

The World Bank goes “continental”



The World Bank has appointed a new Chief Economist to replace Nicholas Stern, who held the post for the past three years. François Bourguignon, who is known for his work on poverty and inequality, says that he wants the World Bank to focus more on social inclusion and equity.

Bourguignon (who is French) also says his appointment represents a meeting of minds between the liberal and “continental” approaches to development economics. Today, there are no longer any fundamental differences in the philosophy of development aid; everybody agrees on the need to make as

much use of market forces as possible while addressing market failures as they occur.

Bourguignon thinks the major obstacle to poverty reduction is that most people are neither altruistic nor farsighted. The recent failure of the trade talks in Cancún is basically about this. “One part of the world is not willing to reduce its well-being today in order to reduce poverty in other parts of the world today and increase the welfare of all tomorrow.”

More information is available at www.worldbank.org.

Rethinking the United Nations

United Nations Secretary-General Kofi Annan has appointed a blue-ribbon panel to review the role of the UN in the twenty-first century. The panel will analyze future challenges to international peace and security and, on that basis, recommend changes to the UN system of collective action.

The 16-person panel—known officially as the “High-Level Panel on Threats, Challenges, and Change”—will be chaired by Anand Panyarachun, a former prime minister of Thailand. It includes, among others, Qian Qichen, China’s former foreign minister; Yevgeny Primakov, former Russian prime minister; and Brent Scowcroft, national security advisor to former president George Bush.

More information is available at www.un.org.

Get help from FIRST

A country that is eligible to borrow or receive grants from the World Bank can now get help in building its financial sector. Technical assistance is available under a program known as FIRST—the Financial Sector Reform and Strengthening Initiative. Central banks, ministries of finance, and financial sector regulators, as well as stock exchanges and bankers associations, may apply for funding, which is untied.

As of October 31, 2003, FIRST had approved \$6.6 million in grant funding for 44 projects around the world. Sub-Saharan Africa received more than any other region—about 31 percent of the total funding approved. The next largest recipient was eastern Europe and central Asia, with 29 percent. Low-income countries accounted for over half of the grants. More than half of FIRST’s projects are associated with the joint IMF–World Bank Financial Sector Assessment Program and the Reports on the Observance of Standards and Codes. More information is available at www.firstinitiative.org.

Rebuilding Iraq

Donors and international financial institutions pledged to spend more than \$33 billion to help rebuild Iraq at a donors’ conference held in Madrid on October 24. The funds, to be provided in the form of loans and grants, include possible assistance from the World Bank and the IMF.

The IMF is already providing economic policy advice and technical assistance. In terms of financial aid, it has indicated it could provide \$2.5–4.25 billion over a three-year period. The World Bank has indicated it will offer support in the range of \$3–5 billion over a five-year period. Together with the UN, the World Bank will also administer the International Reconstruction Fund Facility for Iraq.

At the Madrid conference, Kofi Annan appealed to donors to give generously to Iraq, but not by reducing aid to other countries. “One ought not to take resources earmarked for major emergencies elsewhere and shift them to Iraq,” he said. “There is a world of suffering out there—deep-rooted crises, from conflict to the spread of HIV/AIDS. But if the will exists, the resources also exist to respond to all of them.”



New money for old in Baghdad

EVENTS COMING UP IN 2004

January 21–25, Davos, Switzerland
World Economic Forum Annual Meeting

January 28–31, Washington, D.C.
National Conference of the World Affairs Councils of America: U.S. and Europe: Partners or Rivals?

April 16–30, New York, New York
Twelfth UN Commission on Sustainable Development

April 24–25, Washington, D.C.
World Bank–IMF spring meetings

May 26–28, Shanghai, China
World Bank: Scaling up Poverty Reduction: A Global Learning Process and Conference

More rice for the world

The United Nations has launched a major drive to increase the production of rice. In announcing “the International Year of Rice 2004,” Jacques Diouf, Director-General of the UN Food and Agriculture Organization (FAO), said that “almost a billion households in Asia, Africa, and the Americas depend on rice systems for their main source of employment and livelihood.” However, rice production is facing

serious constraints because of diminishing land and water resources. FAO figures show that, by 2030, total demand for rice will be 38 percent higher than total production in 1997–99. The Year of Rice will act as a catalyst for country-driven programs around the world to increase rice production.

More information is available at www.rice2004.org.



Weighing the cost of rice in Thailand

Accounting for the environment

A new handbook, *Integrated Environmental and Economic Accounting 2003*, reflects a coordinated drive by the United Nations, Eurostat, the IMF, the World Bank, and the Organization for Economic Cooperation and Development to measure the contribution of the environment to the economy and the impact of the economy on the environment.

The handbook, which is available from the UN Statistics Division, establishes a common statistical framework

for national accounts and environmental information. It is intended to help policymakers monitor environmental interactions, and contains a database to identify more sustainable paths of development.

The four types of accounts covered are: flow accounts for pollution, energy, and materials; environmental protection and resource management expenditure accounts; natural resource asset accounts; and valuation of nonmarket flow and environmentally adjusted aggregates.

30 YEARS AGO IN F&D

An unchanging paradox

“It was one of the paradoxes of the modern world that developed countries lent to developing countries but maintained trade barriers which prevented them from acquiring the means to repay, said Mr. Frank D. Crean, Governor for Australia.”

From “The Bank Group Meeting,” by Martin Shivnan, in the December 1973 issue of Finance & Development.