TD(X)/Misc. 11
17 February 2000

Original: ENGLISH

United Nations Conference on Trade and Development
Tenth session
Bangkok, 12-19 February 2000

INTERACTIVE DEBATE

Keynote speaker:
Mr. James Wolfensohn, President,
The World Bank

Summary

***Prepared by the UNCTAD secretariat. Not an official record*.**

I. Keynote statement

Mr. Wolfensohn said that UNCTAD and the World Bank share a sense of special urgency on critical issues, such as the integration of developing countries into the globalizing economy; the concentration of FDI in a few developing countries; the reduction of developed-country protectionism and subsidies; concern about implementation issues for developing countries with respect to trade agreements; developing countries' special need for agricultural trade liberalization, in particular in the case of LDCs and the countries covered by the HIPC initiative; the call for duty-free access for all LDC exports; and the prospects for new commodity risk management arrangements. He congratulated UNCTAD on the inclusion of all these issues in the draft Plan of Action to be adopted by the Conference.

Taking stock of the current poverty and development agenda, he said that progress in poverty reduction has been slow and uneven. Recent World Bank estimates, based on current trends, show that by 2008, the number of people living on less than a dollar a day would remain stable at about 1.2 billion. The East Asia and Pacific region has been the only one where poverty has declined, both as a percentage and in absolute terms. All other regions have seen absolute increases, and prospects do not appear bright.

The gap between the rich and the poor is widening. Global peace is linked to greater social justice, and the issue of poverty must be a central objective for all.

For a long period of time this task has been exclusively entrusted to national and international institutions, but now the involvement of the private sector and civil society networks is increasing dramatically. This is a very welcome development, but it calls for going beyond existing stereotypes and for complementary action. "We are all actors in development", he said; "the time for conflicts of interests and approaches is over, and it is now time for partnerships". Successful development requires a properly integrated development mandate, reflecting a parallel broadening of the understanding of what it takes to achieve successful development. The picture is therefore one of a cooperative mandate, for both countries and their development partners. Everyone has learned the critical importance of the capacity of developing countries to own, frame and implement their development strategies and to get the appropriate support to do so. Those who are closest to the problems are those best able to frame the solutions. In this respect the example of communal participation in development projects in Thailand is commendable.

Against this background, the Bank has been rethinking its development approach through what is now known as the "Comprehensive Development Framework" (CDF). This new framework is a holistic and integrated approach to development strategies and programs that highlights the interdependence of all aspects of development strategy: social, human, institutional, environmental, economic and financial. This is not a new concept. What the CDF intends to do is to make these linkages explicit within a coherent overall strategic framework. One needs to recognize that issues related to development are not simply a question of dollars. A comprehensive approach at the national level is needed, and therefore such questions as good governance, trained personnel, a good legal framework that protects intellectual property rights and a fair justice system are crucial elements. There is also the need for a financial system that works properly with transparency in public accounts, a fair social system, and democratic institutions able to act against corruption. This does not need dollars but rather rules and a framework. This focus on leadership and institutions is of course one that will take time and commitment at the national level. The key features of the CDF are: country ownership, partnerships, long-term vision. Results must be focused and give equal weight to social and structural issues as well as macroeconomic and financial issues.

The challenge for all the partners in the fight against poverty is to harness the positive aspects of globalization and to offset its negative aspects. If we want the poorest countries to share in the benefits of globalization, trade liberalization and debt have to be looked at with bold and imaginative action by the international community. Common sense and equity alike dictate that liberalizing market access for HIPC countries is an essential complement to debt relief. Debt relief without market access runs the risk of crippling those countries' efforts to create the resources they need to attack poverty and to improve social welfare and equity. But trade liberalization alone is not a panacea for growth and poverty reduction. A range of complementary actions in such areas as infrastructure upgrading, governance and institutional reform, and social investment – for example in education and health care -- are needed.

Global problems require global solutions. This means partnerships between international institutions to bring together their combined capacities in a cooperative and transparent manner.

The technological revolution and its consequences are linking us together in one world. A time when all the villages of the world will be linked by satellite is not far. However, if not properly handled, this revolution can be an instrument of exclusion rather than of inclusion. Mr. Wolfensohn concluded on an optimistic note by saying that the information technology revolution is a formidable tool for eradicating poverty and that the opportunities it provides should not be missed.

II. Ensuing discussion

During the ensuing debate, several participants supported the central notion of partnership that Mr. Wolfensohn had highlighted in explaining the elements needed for a comprehensive development framework. There was apparent consensus on the importance of creating a convergence, within the international development community and within national societies, to facilitate development partnership as one of the essential components of that framework. UNCTAD’s work on behalf of societal partnership is a vital factor in this regard, speakers said.

Several participants, while agreeing with Mr. Wolfensohn on the merits of encouraging a partnership approach to development, stressed the paramount objectives of enhancing supply capacities and facilitating market access. In particular, the objective of enhanced market access for the most disadvantaged countries was a necessary complement to debt relief measures. Speakers insisted on the role of productivity and innovation factors, which closely relate to human resource development, as fundamental conditions for alleviating poverty. The comprehensive approach to development advocated by Mr. Wolfensohn should not be based solely on well-established macroeconomic pre-conditions, but should also recognize the paramount importance of enhancing supply capacities and competitiveness in addition to reducing debt and meeting basic human needs. In this respect, the need to maintain adequate levels of investment in infrastructure was mentioned by several participants. While the Bank was right to give priority in its poverty-reduction strategy to investment in basic education and health services, it should keep in mind that infrastructure is an area in which it has a comparative advantage over bilateral donors. Other speakers expressed doubts about the amount of private investment flowing into physical infrastructure in developing countries.

Several speakers raised the issue of the threat of a “digital divide” between those who enjoy and those who lack access to the Internet, which Mr. Wolfensohn had referred to in his initial intervention. Concerns were voiced about the constraints that may prevent developing countries from benefiting from the advent of electronic commerce, such as a poor telecommunications infrastructure and limited skills and training in this area. It is important to ensure that the Bank and other institutions join forces to prevent the exclusion of developing countries from the emerging “knowledge society”. Another view was that high telecommunications costs, due to the persistence of monopolies and oligopolies in developing countries, are a major issue to be tackled by Governments and the Bank working in partnership.

In answering the concerns of several participants on the support extended by the World Bank to the heavily indebted poor countries (HIPC), Mr. Wolfensohn said that support should not entail additional conditionalities that would defeat the purpose of debt relief as a starting point for a new development thrust. A pragmatic approach to debt reduction should always be pursued in the light of the concerns of relevant countries when the latter embrace development issues in a well-rounded manner.

Protection of the traditional knowledge of indigenous communities; corruption; the linkages between economic and financial stability on the one side, and social stability and respect for workers' rights on the other; and the possibility of giving greater weight to developing countries in the decision-making processes of multilateral institutions were also the subjects of concern.
