

Financing Development for Peace Through Enduring Partnerships

by
James D. Wolfensohn
President
The World Bank Group

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Distinguished Excellencies, Delegates, Ladies and Gentlemen: please allow me to thank both our host, President Vicente Fox of Mexico and Secretary-General Kofi Annan, for organizing this Conference on Financing for Development.

As most of you know, the World Bank has been very closely involved in the FfD process. We believe this is a great opportunity to reinforce our collective commitment to expand the opportunities and resources necessary to halve world poverty by 2015 and meet the other Millennium Development Goals.

It is apt that we meet here in Monterrey, Mexico. For Mexico today exemplifies much of what can be achieved from open markets, capacity building, the creation of an investment climate, good fiscal and monetary policies, an attack on corruption, and a commitment to democracy. Mexicans should be proud of their progress. But Mexico also shows how resilient inequality and exclusion can be. Development is a long road. We must not underestimate the challenge ahead.

This conference brings together Heads of State and Government; foreign, finance, development and trade ministers; civil society, business leaders and international institutions for perhaps the first time in an international meeting. And for perhaps the first time in an international meeting there is greater consensus than ever before about what needs to be done.

We must not squander that opportunity.

Nor must we forget why we are here. All people have a right to human dignity. That is why we are here.

All people have a right to control their own lives. Yet for billions poverty snatches that right away. That is why we are here.

People have a right to opportunity - in education, in trade, in building a better future for their children. That is why we are here.

We must not fail them

I have spoken before of an imaginary wall that separates the rich world from the poor. For too long belief in that wall, and in those separate and separated worlds, has allowed us to view as normal a world where less than 20% of the population - the rich countries - dominates the world's wealth and resources and takes 80% of its income.

There is no wall. There are not two worlds there is only one. Here at Monterrey we must rid ourselves of that wall once and for all. Here at Monterrey we must recognize the link between progress in development and progress in peace. So that generations to come will point to Monterrey and say " something new began at Monterrey. A new global partnership was born at Monterrey." And we will remember, and we will tell our children - we were there and we did not fail.

For the opportunity is ours to seize.

What is this new partnership? It is an understanding that leaders of the developing and developed world are united by a global responsibility based on ethics, experience and self-interest. It is a recognition that opportunity and empowerment - not charity - can benefit us all. It is an acknowledgement that we will not create long-term peace and stability until we acknowledge that we are a common humanity with a common destiny. Our futures are indivisible.

And we have the makings of just such a new partnership before us.

A new generation of leaders is taking responsibility in developing countries. Many of these leaders are tackling corruption, putting in place good governance, giving priority to investing in their people, and establishing an investment climate to attract private capital. They are doing it in the private sector, in civil society, in government and in communities. They are doing it not because they have been told to. But because they know it is right. We must support more and more countries to take this path.

And in rich countries growing numbers of people are beginning to understand that poverty anywhere is poverty everywhere; that imaginary walls will not protect us. And their leaders are listening.

I very much welcome - as should we all - the recent decisions by President Bush and the European Union to boost aid spending. There is no debate that our efforts need to be focused and effective. On this we are all agreed. Too much money has been squandered in the past by decisions borne of politics not development. I look forward to the forthcoming discussions on increasing the effectiveness of the development community as a whole.

Your Excellencies: We have come a long way in just a week.

But we must not stop there.

This is not just about resources.

It is about scaling up - moving from individual projects to programs, building on and then replicating, for example, microcredit for women or community driven development, where the poor are at the center of the solution not the end of a handout.

It is about recognizing that any effort to fight poverty must be comprehensive. We know there is no simple formula that alone will defeat poverty; but we know too that there are conditions that foster successful development: Education and health programs to build the human capacity of the country; good and clean government; well-functioning infrastructure; an effective legal and justice system; and a well-organized and supervised financial system.

It is about recognizing that debt-reduction for the most highly indebted poor countries is a crucial element in putting countries back on their feet, and that the funds freed up by debt relief can and must be used effectively for poverty programs. And we must push ahead with this program.

We know that in countries with good governance and strong policies aid can make an enormous difference. Yet we know too that corruption, bad policies, and weak governance will make financial aid ineffective - even counterproductive.

We must support nations to build capacity so that they can create an investment climate and invest in their people. So that they can create jobs, so that they can increase productivity and boost investment in health and education. This is not about rich countries telling developing countries what to do. This is about creating a chance for developing countries to put in place policies that will enable their economies to grow. Policies that are home grown and home owned. For the surest foundation for long-term change is not development by fiat, but social consensus.

But even if developing countries do all this, we estimate that it will take somewhere between \$40-60 billion in additional resources a year to meet the Millennium Development Goals. We have made a fine start. But we must not stop here. Let us work together for results and build the pressure for additional funds as we succeed in using effectively the funds now promised.

Nor can we shrink from taking action on trade. We must keep urging rich countries to tear down trade barriers that harm the world's poorest workers, depriving them of markets for their products. Yes there will be powerful lobbies ranged against any such action. But it is the task of leaders to remind electorates that lowering of trade barriers will not cost the rich countries anything in the aggregate; they gain from freer trade in these areas, far in excess of any short-term costs of adjustment. There is little sacrifice required, no excuse for failing to take action that would leave all countries better off.

Rich nations must also take action to cut agricultural subsidies - subsidies that rob poor countries of markets for their products; subsidies that are six times what the rich countries provide in foreign

aid to the developing world. Trade and agriculture must be a crucial part of the new global deal.

Your Excellencies: In one week alone we have seen new commitments on resources, we have heard new words on interdependence. In recent months we have seen the launch of a promising new Trade Round. We have had a taste of what is possible.

But we do not have much time. In 25 years 2 billion more people will join our planet - the challenge will be greater, the pressure on resources will be more acute, the chances of success may be slimmer.

Let us not have come this far to stop now. Let us build on this momentum as we move forward to Johannesburg. Let us tell our children, "We seized the moment. We did not fail."