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President: Mr. KAMAL (Pakistan)

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DEVELOPMENT OF AFRICA, INCLUDING THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s (continued)

GE.95-62655 (E)

The meeting was called to order at 11 a.m.

DEVELOPMENT OF AFRICA, INCLUDING THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s (agenda item 2) (continued) (E/1995/50, 81 and 105)

Policy dialogue and discussion on important developments in the world economy and international economic cooperation with heads of multilateral financial and trade institutions of the United Nations system

The PRESIDENT said that the policy dialogue was taking place against the backdrop of an intense development debate. Proponents of the "End of History" thesis claimed that the content of the political and economic model that would ensure development and prosperity for all had been settled. That was not correct, since the exact nature of such a model had yet to be determined. There was broad agreement on the main principles, namely, that economies should be market based, encourage competition and promote free trade, but there was also a consensus that economic growth and efficiency must not take precedence over considerations of equity and social justice.

The forces of globalization and technology were leading to unsettling changes and in many cases were undermining the efforts of Governments to promote development. Inadequate understanding of those structural forces reduced the ability to mitigate their negative effects on the development prospects of States and a thorough discussion of ways to manage those forces would be useful. In that regard, there were a number of specific questions that might be addressed: (i) ways in which the negative ripple effects of potential financial crisis in one country on other major markets could be minimized; (ii) measures that might be envisaged to provide for a stable exchange regime through enhanced macroeconomic policy coordination; (iii) the role of the International Monetary Fund (IMF) in the regulation of world financial markets and the surveillance of country policies and economic conditions; (iv) the steps that could be taken to consolidate and support the emergence of new markets in developing countries and to minimize risks and enhance stability; (v) the steps that could be taken by the multilateral trade and financial institutions to encourage and promote private flows to Africa and other least developed areas and to integrate them gradually into the mainstream of world economic growth; and (vi) the lessons that could be drawn from the experience of the past few years of policy advice and financial support to the economies in transition.

There was also a need to address the institutional hurdles in the way of ensuring development. Initiatives by various organizations in the areas of finance, trade and development assistance were taken in near isolation and it was not surprising that they were often at cross-purposes.

The fragmentation of development efforts must cease. Organizations dealing with finance, trade and development assistance had to come together in a common forum to align their policies. The Council, which was intended to be such a forum, could promote the integration of development activities by holding policy dialogues between the relevant actors on a more frequent and regular basis. In that context, there were several questions that arose such as the manner in which greater complementarity and better integration could be achieved with respect to financial, trade and development cooperation policies and the cooperative arrangements between the World Trade Organization, the Bretton Woods institutions and the rest of the United Nations system that would be needed to support that objective.

Greater input from non-governmental organizations (NGOs) was also necessary in the consultation process. There was thus need for an exchange of ideas on ways and means of bringing together, in an institutional framework, Governments, intergovernmental organizations and NGOs.

In short, to ensure development in the contemporary world, whether of African countries or others, it was essential to imbue development strategies with an ethical content, to acquire a greater understanding of the implications of the current global economic trends and to integrate all key actors in the development field within an institutional framework.

Mr. WOLFENSOHN (President, World Bank) said that the private sector, which was not a substitute for the international institutions, needed a stable system, an educated population, good communications, stable and competitive exchange rates, an independent and impartial judicial system, a favourable international environment and, most important of all, people who were ready and willing to tackle their own problems.

Africa was a continent to which the private sector had been less attracted than to other parts of the developing world. In many African countries, the domestic conditions he had mentioned were lacking. The issues involved were African ones, which could not be remedied by the World Bank or any other international organization. The development process was the responsibility of the Africans themselves. Solutions had to be found in Africa. What the World Bank could do was provide guidance, and sometimes money, to enable the Africans to deal with their problems.

However, his recent visit to Africa had left him very optimistic since it was clear that the issues involved were well understood by Africans. If the international community worked in conjunction with the African countries, it was possible that considerable progress could be made.

In the World Bank, he was not a chief executive as he had been in his own firm but was subject to his directors and to Governments. He had thus to achieve a consensus with them concerning the activities that the Bank should undertake. The Bank's major concern was to help alleviate and eradicate poverty throughout the world and achieve sustainable development.

That was not, of course, something that it could do alone. It needed to work with its partner international organizations as well as with its partners at the national level, both public and private. It was a systematic issue, and all those concerned had to work together in every possible way to address the extremely difficult problems that faced them. In that connection, the communiqué issued after the Summit meeting of the Group of Seven major industrialized countries (G-7), which called for increased coordination, was very welcome. He assured the Council that the Bank was ready to cooperate with the organizations of the United Nations system, and the Council itself, in every possible way.

Mr. CAMDESSUS (Managing Director, International Monetary Fund (IMF)) said, with reference to the constraints currently placed by the international environment on African development, that Africa's external environment was the world. It was clear that the size of the largely globalized financial markets gave them an increasingly decisive influence on global economic prospects and the capacity to call into question any Government's policies if market discipline was challenged.

While there were risks arising from globalization, there was also the hope of enhanced economic efficiency that might result therefrom. The international integration of financial markets was irreversible and could not but broaden and intensify in the future. It would be a mistake to think that the answer to financial crises lay in reversing that globalization through exchange controls and less open markets. The task before the international community was to ensure that the developing countries, especially those in

Africa, gained more and more from the opportunities that such a globalized world could offer them. If they failed to take advantage of those opportunities, the risk of their marginalization would be increased.

The question thus arose how financial market disruptions of the Mexican type could be prevented and cured. The answer lay partly in strong economic policies at the national level and partly in strong international cooperation at the global level, where the responsibilities of IMF were well known. Those issues had been central to its work in the first half of the current year and he welcomed the fact that the G-7 Summit had ratified its conclusions regarding both the strengthening of its surveillance and the increased financial resources that it would require to deal with new crises.

Since globalization was an important aspect of Africa’s external environment, the next question related to the current situation and prospects. In fact, the performance of the global economy had been generally favourable in the past year and, despite the adverse effects of the financial market disturbances, the outlook remained positive and world growth seemed likely to remain in the three and a half to four per cent range in 1995 and 1996.

There were many immense problems that still remained to be tackled, but the performance of and outlook for the global economy provided a relatively auspicious backdrop to Africa’s external environment. However, apart from the risks posed by globalization itself, there were other challenges that faced Africa in the period ahead. While the conclusion of the Uruguay Round should benefit the developing countries in the medium term, some of them might be adversely affected by possible increases in food import prices and reductions in preference margins. Persistent pressures on aid budgets in most industrial countries seemed likely to mean continuing stagnation in official development assistance (ODA) flows, even though Africa’s proportion of the total was still rising.

Africa’s potential for progress had become clearer in recent years. There was wider and stronger agreement on what needed to be done. That had been apparent in a broader context at the World Summit for Social Development and was reflected in the programme of action that had emerged therefrom. There was broad agreement that no country could achieve high-quality growth if it became marginalized from the mainstream of international trade and financial flows. There was also broad agreement on the ingredients of the strategy needed to achieve such growth.

Those ingredients were: sound and stable macroeconomic policies, the elimination of unproductive public spending and the strengthening of investment in human capital, removal of structural constraints on growth and job creation, maintenance of a realistic exchange rate, liberalization of trade and investment regimes, the provision of cost-effective social safety nets and good governance. That consensus on the strategy and its ingredients should not, however, cause the international community to lose sight of the effort required at the individual country level. The experience of the most successful African countries was noteworthy in that regard and furnished yet another reason for recognizing Africa’s potential for progress.

A range of broader developments had also enhanced the prospects for growth in Africa. First of all, there was South Africa’s closer integration into the regional and world economy, which should boost trade and growth throughout southern Africa and beyond. Then there was the courageous parity adjustment made by the CFA-franc countries, which was beginning to bear fruit. Furthermore, the implementation by the Paris Club of the Naples terms was providing the poorest African countries with more concessional debt relief in the context of IMF-supported adjustment programmes. Lastly, he echoed the Secretary-General’s report (E/1995/81) in welcoming the trend evident in a number of countries towards establishing and consolidating genuine democracy, maintaining an environment of peace and reducing military spending.

With regard to the efforts required, there were first of all the tasks facing the African countries themselves: to transform their economies, avoid marginalization, and achieve high-quality growth. Despite the diversity of individual situations, there were five key challenges that must be addressed in virtually all countries. First, fiscal imbalances were still too large and intensified efforts were required to strengthen government revenue mobilization and reduce unproductive government spending. Secondly, stronger efforts to boost private-sector savings as well as domestic and foreign private investment were critical to the promotion of growth. That required the establishment of a stable macroeconomic environment, the restructuring of public enterprises, and many other structural reforms.

The third challenge was to accelerate the liberalization of exchange and trade regimes in order to facilitate the integration of the African economies into the global economy and boost investment confidence. He, therefore, welcomed the acceptance by eight African countries over the past two and a half years of the obligations of current account convertibility under the Fund’s articles, as also moves in Africa towards outward-oriented regional integration. Fourthly, a more responsible approach to population growth must be achieved. It was clear that, if living standards in Africa were to be raised more rapidly, national policies must include the priorities agreed at the International Conference on Population and Development, particular regarding improvements in education, health care and employment opportunities for girls. The final challenge was to improve governance: Governments must be accountable and participatory, and laws must be transparent. The need to fight corruption was widely acknowledged, but courage and perseverance were required to carry it through to a successful conclusion, which was essential to strengthening the development process.

IMF was making a substantial contribution to capacity-building by providing technical assistance to African countries, including training for many government officials. Its most important financial instrument was the Enhanced Structural Adjustment Facility (ESAF). The enlargement of ESAF resources in 1994 had made it possible to provide substantial financial support for growth-oriented structural-adjustment programmes in Africa. The facility was scheduled to expire in a few years’ time, but its continuation was essential to enable the Fund to hold down the interest on its loans to 0.5 per cent.

He intended to do everything in his power to ensure that it did continue, even if that meant mobilizing all IMF resources. It was encouraging that the Interim Committee had asked the Fund to examine the options for the continued financing of such operations, and that support had also come from the G-7 Summit. IMF was also considering options to deal with special cases in which the debt service burden to multilaterals was likely to remain excessively high for excessively long periods.

On the basis of the strength of its programmes and the commitment of national authorities to structural-adjustment efforts, both of which were essential to win the support of other bilateral and multilateral donors, the Fund had been collaborating closely with the World Bank, especially in the formulation of policy framework papers (PFPs). Collaboration was also being strengthened with other members of the United Nations family: with ILO on employment policies, with the Country Strategy Notes and the UNDP technical assistance programmes, and with a number of United Nations organs in providing the Governments of countries emerging from situations of conflict with technical assistance in framing macroeconomic policies.

Africa would, however, continue to be dependent also on bilateral support, particularly in obtaining market access to industrial countries for its exports. Debt relief would also have to continue as long as poor countries were prevented by their debt burdens from realizing their growth potential. While both developing countries and multilateral organizations must make every effort to ensure that ODA was used more efficiently, donor countries still had a duty to increase aid provision as a proportion of their GNP. The globalization of the world economy was improving the chances of success of countries with adequately financed high-quality programmes but was also increasing the risks of marginalization for the others.

Mr. RUGGIERO (Director-General, World Trade Organization (WTO)) said that WTO, as the youngest - and in terms of financial and human resources the least-developed - international organization, was dedicated to working with other organizations in the pursuit of global growth and stability.

The establishment of WTO marked a giant step towards the full integration of all countries, whatever their level of development, into a global trading system of shared commitments, shared rules and shared opportunities. When its predecessor, the General Agreement on Tariffs and Trade (GATT) had been signed in 1947, only 11 of its members had been developing countries and, in spite of a widening membership, it had had difficulty in shaking off the label of "a rich man’s club". With the creation of the new organization, that label had become a thing of the past. WTO had been constructed by the developing countries as much as by anyone else, and the ultimate success of the Uruguay Round had been due in large part to the courage and leadership of those countries in keeping to the liberalizing path at times when the industrialized countries appeared to be wavering.

More than two thirds of the 100 full members of WTO had developing or transitional economies, as had the great majority of those in the process of becoming members. There were currently 25 candidate members and nearly as many prospective members, including China and Russia, whose inclusion in the multilateral system was vital both to the completion of the global market and to global stability.

The changes in the make-up of the organization reflected a fundamental shift in the economic geography of the world. Developing countries had become major and dynamic exporters and importers. Their share of the world trade in manufactured goods, for example, had doubled between 1983 and 1993, reaching a level of 20 per cent. The world had become economically interdependent to a far greater extent than Governments were sometimes prepared to admit, which was why the commitments and rules of the multilateral system had primordial importance for the peaceful development of the global economy. To maintain the effectiveness and credibility of the system, it was imperative that the commitments entered into in the Uruguay Round should be implemented and respected in full, including the expansion of export benefits to the least developed countries (LDCs).

Concern with the implementation of those commitments, and the completion of unfinished business from the Uruguay Round, such as services negotiations, should not blind the economic policy makers to the challenges that lay ahead. The first was the danger of resurgent protectionism in a new and insidious form that would seek to use trade restrictions as a response to concerns over labour, social, or environmental standards. But limiting the export capacity of the developing countries would merely reduce their growth prospects and their capacity to improve labour standards.

There were other more appropriate ways of addressing the concerns he had mentioned, and the work currently being carried out within the International Labour Organization (ILO) was of the utmost importance in that regard. They included political representations, moral suasion and cooperation between Governments, industry, international organizations and donors on specific projects.

The second challenge was the persistence of the debate between the supporters of the multilateral system and those who advocated bilateral solutions. The third challenge was the risk of creating an imbalance between regional initiatives and the multilateral system. Hitherto they had interacted beneficially, but warning signs had appeared recently of a growing preference for regional initiatives which, unless firmly grounded in the principles and rules of the multilateral system, could create divisions between areas and reopen the North/South division that the Uruguay Round had done so much to reduce.

What was at stake was much more than specific trade barriers; it was the creation of barriers between peoples. Any weakening of the cohesion of the multilateral system, with its fundamental principle of non-discrimination, would increase the risks of tension and instability not only in the economic and political spheres but even in relation to security.

The last and most urgent challenge was that of the virtual absence of African and other LDCs from the growth-creating possibilities of the trading system. As a basis for well targeted action to remedy that situation, the WTO secretariat has launched a major research effort into the implications of the Uruguay Round for African countries. Many Governments in the region had expressed concern over reduced preference margins in traditional markets and the possibility of higher world food prices.

If those fears proved justified, research into appropriate policy responses would be an important part of the project, as part of a broader dynamic effort to make trade contribute more to the economic development of the region. Efforts would focus on helping the African countries to avail themselves more fully of the opportunities for trade growth, and for diversification across markets and products resulting from the Uruguay Round agreements. In that connection, WTO was also working to improve cooperation with other organizations within the United Nations system and with the Bretton Woods institutions.

He believed that general acceptance was closer than at any time in the past 50 years that trade was the engine of growth, that open markets were the key to expansion, and that a rules-based multilateral system was the guarantee of openness. It was, however, also agreed that the situation of the LDCs, particularly those of Africa, needed special attention. Trade was not the answer to all their problems, but it was crucial to economic growth, without which very few of those problems could be resolved. Enabling those countries to share more fully in the benefits of the global trading system was a top priority for WTO and one to which he pledged his personal commitment.

The SECRETARY-GENERAL said that his colleagues of the World Bank, IMF, and WTO had mentioned various prerequisites for progress in Africa, but none of them had referred to the prerequisite of peace. There were currently 10 or more military confrontations in Africa, and the problem was what action could be taken by the United Nations system against that background.

There were three types of situations that arose. The first was one in which there was an imminent threat of war. It had, for example, been evident that, in spite of the negotiations that had been in process, war would inevitably break out in Rwanda. In such cases, the problem for the United Nations was how to assist in preventing the outbreak of conflict. That was the preventive-action phase.

A second situation was one in which conflict had broken out and, as a result, United Nations cooperative efforts were being distorted and financial and other forms of assistance transferred from economic development to relief for refugees and displaced persons - the largest number of whom were in Africa. That was what had happened, for example, to the resources of the World Food Programme that had originally been intended to promote development in agriculture and food production.

The third situation was one in which hostilities had ceased and some continuum between relief and development had to be ensured. A peace-building operation had to be mounted to help the countries involved through a long transitional period during which they could not meet the preconditions referred to by his colleagues - even if they had been able to do so before the outbreak of the armed conflict. Millions of refugees had to be returned to their homes, and military personnel reintegrated into civil life.

During that last phase, accidents could easily happen and hostilities break out once again, as had occurred in Angola, when neither of the two parties was prepared to accept the results of the elections and a new and terrible war lasting two years had ensued.

In a discussion they had held in 1994, the Managing Director of IMF had told him that, in the case of renewed war, the Fund would not intervene, since that was not its business. Nevertheless, the fact remained that there were 10 armed conflicts taking place in Africa and there might well be many more throughout the world. When such a conflict occurred, it was necessary to begin operating all over again.

That was the new dimension facing the United Nations. Studies showed that increasing numbers of military confrontations might occur in the coming years, one of the precipitating factors being the end of the cold war. A new phenomenon, which might be called "micronationalism", was occurring in which every small ethnic group or minority sought independence and autonomy, and proliferation of small armed conflicts presented a basic obstacle to all United Nations action in the field of economic cooperation.

In addition to the three familiar categories of developed, developing and least developed countries there was currently a fourth category - that of countries engaged in armed conflict. One of the consequences was the damaging effects of economic sanctions not only on the Member States against which they were applied but also on others that were applying them. That fourth category of States might number as many as 30 to 40 - a very high percentage. All previous analyses had been based on the assumption that peace prevailed, but it would henceforth be necessary to take that new dimension and that new category of countries into account.

Mr. FORTIN (Officer-in-Charge, United Nations Conference on Trade and Development (UNCTAD)) said he agreed with most of the comments made by the Secretary-General and the other preceding speakers, although UNCTAD had slightly different views on certain points. His remarks would focus on those differences.

The twin processes of globalization and liberalization that defined the current international economy offered challenges to, but also enormous opportunities for, the developing countries. To realize those opportunities, purposeful and vigorous intervention by the international community and national Governments alike was required in order to supplement and correct the two processes. That, in turn, called for coordination among the various international institutions and national Governments. There were two areas, however, in which no constructive effects could be expected from globalization and liberalization, namely, poverty alleviation and environmental protection.

UNCTAD had tried to assess the impact of the Uruguay Round on poverty alleviation, and the results of its research showed that the Uruguay Round would not, of itself, have a significant effect on world poverty. As a result of the Uruguay Round, the number of impoverished individuals throughout the world would be reduced by 15.8 million, or 1.4 per cent of the total; of that number, less than 1 per cent lived in developing countries. In the specific case of Africa, the effect of the Uruguay Round would actually be an increase of 269,000 in the number of poverty-stricken individuals, corresponding to 1.2 per cent of all the extremely poor in the continent and 0.5 per cent of the total population of Africa. Those figures gave the measure of the task ahead and showed that a great deal would have to be done to reap the benefits of trade liberalization.

UNCTAD’s response to that challenge had been to launch a trade-efficiency initiative - an effort to take advantage of the progress made in communications, information and telecommunications technology. The idea was to introduce electronic trading and thereby enable small- and medium-scale enterprises in developing countries to link up through an electronic network so as to clinch commercial deals internationally and thus take advantage of the opportunities offered by the Uruguay Round.

Another challenge was to prevent the volatility of financial markets and fluctuations in exchange rates from having an adverse effect on developing economies. The UNCTAD Trade and Development Report issues for 1993 and 1994 analysed the composition of financial flows to Latin America, and particularly to Mexico and gave clear warning that the nature of those flows was such that the financial bubble would soon burst. Those warnings had gone unheeded, and the results were well known. The question was whether the right lessons had been learned.

The received wisdom seemed to be that the crisis had been the result of a "policy slippage" which had somehow remained hidden from the international community and that close surveillance would suffice to avoid such crises in the future. However, the crisis had been predictable, and had, indeed, been predicted by UNCTAD, on the basis of analysis of the scale and character of the capital inflows and the absence of concomitant vigorous investment of real capital. The real "policy slippage" had been acceptance of the common, but mistaken, view that growth naturally followed disinflation and that current account deficits were not a problem when they were generated by private-sector borrowing.

From its analysis of exchange-rate fluctuations, UNCTAD had concluded that the real economic aspects of such movements had to be scrutinized and that coordination in respect of demand creation was a prerequisite for maintaining stable forms of international transactions. As far back as 1987, it had endorsed a proposal - initially put forward by Professor James Tobin of Yale University - for a uniform tax on international currency transactions as a measure that would both discourage speculation and generate significant resources for development. That proposal merited serious consideration, since there was a growing awareness that the "hands-off" approach would not work.

There could be no doubt that Africa was being marginalized. In 1993, there had been a good flow of foreign investment to the developing countries as a group but its distribution had been highly skewed: 60 per cent to Asia; 34 per cent to Latin America; 6 per cent to Africa as a whole, and 0.6 per cent to the LDCs. While UNCTAD had no quarrel with the basic policy prescription for Africa that structural adjustment was needed, it considered that country-specific programmes should be designed and implemented. No single recipe could be used: programmes must be tailored to and "owned" by individual countries.

Moreover, in addition to structural-adjustment measures, the international community must make a major effort to help sub-Saharan Africa reach the point of being able to compete internationally and benefit fully from the international economic and trading system. The debt crisis there was not over, as revealed by the accumulation of arrears and the need for debt rescheduling. The Naples terms should be improved and applied to the greatest possible number of countries, and the multilateral financial institutions should think seriously about ways of alleviating the multilateral debt of low-income African countries.

While some diversification had taken place with respect to commodities, African countries essentially remained dependent on a few primary ones. Their prices had recently improved, but showed no real sign of remaining at sufficiently high levels. UNCTAD thus supported the proposal submitted to the General Assembly for the establishment of a diversification fund for African commodities, the purpose of which would be to establish pre-feasibility studies and attract investors.

The figures for foreign direct investment (FDI) were depressing although Africa offered some good investment opportunities, the potential profitability of which was, in fact, higher than elsewhere in the third world. The question was what could be done to attract private investors to Africa. UNCTAD had suggested that a partnership arrangement be introduced involving the donor community, African Governments and the private sector. Packages would be discussed in which each partner would contribute in the area of its greatest competence; the international community providing basic support for the public-sector infrastructure, including human resources development, and the private sector furnishing capital and entrepreneurship. If that objective could be achieved, it might be possible to break the vicious circle that kept Africa on the margin of the financial flows.

Africa also faced some major challenges in respect of international trade. It needed to adjust the emphasis in its foreign trade activities from preferences to competitiveness. There again, the provision of resources remained a key problem.

Lastly, he was able to report that UNCTAD was cooperating with WTO, the International Trade Centre and the World Intellectual Property Organization - and it hoped to include other bodies in those efforts - to help the African countries implement the Uruguay Round and take advantage of the opportunities it offered.

Mr. SPETH (Administrator, United Nations Development Programme) said he was gratified by what seemed to be a new spirit of cooperation between United Nations organs and the Bretton Woods institutions. It was encouraging that the heads of some of those entities recognized the necessity to forge a new framework for development cooperation and to build complementarity and coherence in the areas of trade, foreign investment, debt policy and access to technology. It was particularly encouraging that they acknowledged the need for continued increases in ODA to nurture development cooperation and enable the developing countries to obtain access to the benefits of globalization and of private-sector investment.

In line with the move towards complementarity and division of labour, he would like the heads of the multilateral financial and trade institutions to comment further on the role of the United Nations in policy-setting and providing guidance within the new framework for development cooperation. In particular, he would like to hear their views on how the United Nations could best help to frame agreements and build bridges, including bridges of peace, to promote development and whether they agreed that poverty alleviation and initiatives for Africa, like the one launched by the Secretary-General within ACC, were an appropriate focus for collaboration at the operational level. In that connection, it should not be forgotten that the ODA flowing through the United Nations system was equivalent in quantity to that within the Bretton Woods institutions.

Mr. WOLFENSOHN (President, World Bank) said that the Bank was already collaborating in specific activities in Africa. He was glad to hear that the United Nations was mobilizing as much ODA as the Bretton Woods institutions since he did not see the activities of the respective systems as engaged in a contest for maximum funding. He intended to work with the organizations of the United Nations system in every possible way and would do his utmost to ensure a full partnership with them. He did not, however, desire guidance from the United Nations or coordination of the Bank's activities by it, those being duties entrusted to the Bank's Board of Governors.

Mr. CAMDESSUS (Managing Director, International Monetary Fund) said he had been surprised by the reference to a new spirit of cooperation: he had been attending sessions of the Economic and Social Council for nine years, and had been aware of that spirit from the very start. Of course, major world conferences such as those held in the past few years enhanced that spirit of cooperation and, through their programmes of action, provided inspiration for specific actions.

He considered that the Council's current meeting was an extremely valuable opportunity to share experience and thus respond more effectively to the problems of the world and would welcome a strengthening of the Council's role in that regard. It had been rightly pointed out in the communiqué of the G-7 Summit meeting that the United Nations system and the Bretton Woods institutions should build upon their respective strengths. The more effectively the United Nations performed the tasks for which it had an immense comparative advantage - for example, conflict prevention and emphasizing human development and social concerns as components of development strategies - the more the Bretton Woods institutions, for their part, could contribute.

Mr. RUGGIERO (Director General, World Trade Organization) said that he was aware of the calls for improved coordination between the Bretton Woods institutions and United Nations agencies. Indeed, there was a list of cooperation objectives agreed upon at various levels, including the agreement resulting from the latest G-7 Summit meeting. If there was not a new spirit, there was certainly a receptive climate with regard to the new tasks envisaged.

It should be stressed that a good spirit of cooperation already existed, although there was always room for improvement, and he had been given a number of instructions from Governments concerning the enhancement of cooperation. A pragmatic approach was needed, in which the various agencies and institutions would be used in terms of their best comparative advantage.

WTO operated on a contractual basis, which meant that it could apply only the measures already agreed upon. It also had a strong dispute-settlement procedure as one of its features. However, its clearly defined mandate did not prevent it from having relations with bodies outside the United Nations system, and it intended to improve such relations wherever appropriate.

Mr. GERVAIS (Côte d'Ivoire) said, with reference to the comments by the Managing Director of IMF, that one of the difficulties facing the African countries in general was that the terms and conditions relating to international financial assistance usually implied that the efforts required of the African countries themselves were always for the purpose of "making good", thus reflecting the, all-too-prevalent, perception of Africa as a constant "CNN topic" and thereby exacerbating donor fatigue. He wondered, therefore, what the Bretton Woods institutions were doing to correct that erroneous image. He also wished to know whether, despite that adverse image, sufficient resources could be ensured for the eleventh replenishment of the International Development Association (IDA), so as to provide an effective new impetus to Africa's development.

Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that he was aware of the image mentioned by the previous speaker, but felt it was clear that IMF was in no way pessimistic with regard to Africa. For example, it had welcomed the efforts made by the CFA-franc countries to enhance their own collective and individual activities, and would continue to do its utmost to combat donor fatigue. In that regard, it should be noted that, the stronger a country's programmes, the more funding was attracted - an unwritten law which all should do their utmost to apply constantly.

IMF would continue to ensure that the softest terms were available where appropriate, through the various "windows", including the availability of special drawing rights (SDRs) for the poorest countries. It would also seek to make appropriate services available, such as anti-crisis measures, to which reference had been made at the recent G-7 Summit, and hoped that contributions to the Fund could be doubled.

Mr. WOLFENSOHN (President, World Bank) said that the "CNN image" of Africa was something that the World Bank strove to dispel, _inter alia_ by means of donor seminars. However, the problem stemmed not simply from that image but from the reality that, over the past 30 years, average per capita GDP in the countries concerned had remained flat, while having soared elsewhere in the developing world. The various institutions had thus to try to work, with the African Governments, to promote a climate favourable to investment, including investment by donor Governments.

In that regard, the fact that the G-7 was prepared to support the eleventh IDA to the amount of some $6 billion was welcome, although the tenth IDA appeared somewhat vulnerable with regard to certain contributions. The donor countries' parliaments, with which the final decisions rested, were indeed often influenced by the unfortunate image that had been mentioned, whether it was justified or not. Therein lay the problem which the institutions were striving to overcome, a task for which they needed the African countries' collaboration.

Mr. LOPEZ DE CHICHERI (Observer for Spain), speaking on behalf of the European Union, welcomed the panel's collaboration with the Council. It was important that ways be sought of ensuring closer relations between United Nations bodies and other multilateral forums, including the Bretton Woods institutions, on the basis of a better division of labour in accordance with each institution's sphere of comparative advantage.

It was generally recognized that, following the conclusion of the Uruguay Round and the Marrakesh agreement, Africa had lost some of the "preferential" trade treatment it had hitherto enjoyed; it had, however, the possibility of more regulated treatment of its trade and of exercising more influence on multilateral trade policy. The question was how the African countries could derive the utmost benefit from that new situation in order to increase their share of world trade.

Since the international financial institutions had, coincidentally with the fiftieth anniversary of the Bretton Woods conference, begun a "reconsideration" of their tasks, he wondered how those institutions viewed their role for the coming years and how they felt they could best adapt to the concept of sustainable development and development assistance.

Mr. RUGGIERO (Director General, World Trade Organization) said he did not wish to imply that any argument existed about the consequences of the Uruguay Round. To stress the erosion of preferential situations was, perhaps, to take a static view, whereas a dynamic perception was a less pessimistic approach. He thought it as well, before drawing conclusions, to study what the impact on the various African countries would be, with a view to considering a possible plan of action, involving not just WTO but other bodies; in that regard, the Organization's mandate allowed it to consider, together with other agencies, what problems might arise from the conclusion of the Uruguay Round and there was already a dialogue in that regard.

Mr. WOLFENSOHN (President, World Bank) said that he endorsed the previous speaker's comments. Without trade, investment would not succeed; therefore, the hope lay in external markets. The Bank took a positive view of Africa's development efforts, and continued to look into ways of providing assistance.

The Bank's perception of its role had changed greatly since its establishment as an agent for reconstruction at the end of the Second World War, and that role continued to evolve. Africa, it had been said, suffered from a "bad press"; but so, at times, did the Bank. He hoped that future partnership would dispel all such bad impressions and emphasize the good and the positive.

Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that the previous speaker's observations, especially the last remark, applied to IMF also. There was a United Nations New Agenda for the Development of Africa, but the Bretton Woods institutions had still to complete the tasks incumbent upon them under the old agenda. For example, they were still heavily involved in assisting the countries in various regions, such as Eastern Europe and the former Soviet Union, in making the transition to market economies.

The institutions also had to adapt to a climate of globalization - a far cry from the system of firmly established blocs and exchange controls in which they had begun their operations. In having to adapt to the global scope of capital flows, they must also become more effective - as the recent example of Mexico had shown - in providing early warnings and preventive measures to avert huge financial crises; a task which would, *inter alia* require greater transparency and an ability to act rapidly. In that regard, it was heartening to note that the G-7 had, after expressing some concern about the situation, endorsed the steps taken.

Mr. MAGANGA-MOUSSAVOU (Gabon) said that his delegation appreciated the presence of the panel and its members' collaboration with the Council. The African countries, including the CFA-franc countries, far from benefiting from the globalization of the economy, were faced with mounting indebtedness, donor fatigue and burdensome conditionality. The CFA-franc countries deplored that situation, including the unenthusiastic climate which prevailed with regard to investment.

Africa was indeed beset by many problems, particularly those stemming from strife and conflict and the resultant diversion of effort and resources, but the question was whether the remedies being offered by the international agencies and institutions were not worse than the disease. Suitable measures appropriate to each individual situation should, perhaps, be sought. For example, countries of intermediate-level income would, if their debt burden was alleviated, be able to undertake development steps with a reasonable chance of success, thereby providing a suitable example for the poorest countries to follow.

Mr. WOLFENSOHN (President, World Bank) said that the Bank was indeed seeking non-traditional solutions; precisely that sort had been considered during his recent visits to African countries. To pursue the analogy of disease and cure, it should be stressed that the doctor's efforts could not succeed without the patient's cooperation. In his view, the Bank's remedies had by no means always been wrong; and the Bank did seek to use local prescriptions.

Mr. CAMDESSUS (Managing Director, International Monetary Fund) said he did not think that IMF's remedies were outmoded. The purpose of conditionality was, after all, to promote a suitably dynamic climate which would encourage further investment. The more that was learned about the development process, the clearer it became that dialogue must be expanded so as to involve as many partners as possible, within an open framework in which the State's role was impartial and confined to the necessary minimum.

The meeting rose at 1.20 p.m.