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on Monday, 16 July 2001, at 9.30 a.m.

President: Mr. BELINGA-EBOUTOU (Cameroon)

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The meeting was called to order at 9.50 a.m.

THE ROLE OF THE UNITED NATIONS SYSTEM IN SUPPORTING THE EFFORTS OF AFRICAN COUNTRIES TO ACHIEVE SUSTAINABLE DEVELOPMENT (A/55/45 (chap. IV) and A/56/63-E/2001/21; E/2001/33, E/2001/50 (chap. I), E/2001/56 and E/2001/83; E/2001/CRP.3 and CRP.4; E/2001/NGO.2)

High-level segment

The PRESIDENT greeted, on behalf of the Economic and Social Council, the many eminent persons who had chosen to attend the high-level segment on African development, particularly the Secretary-General of the United Nations, whose re-election as head of the Secretariat was warmly welcomed by the Council.

The international community was hoping to build a “global village”, a concept that symbolized the advent of globalization, but the construction work was still confronted with many obstacles and disparities between the various regions of the world, which left Africa, in particular, like a building site, if not a disaster zone abandoned to its fate. Yet the destiny of the world as a whole was closely linked to that of Africa. The international community must therefore work together to undertake initiatives to help Africans raise their continent to its true position in the world.

The integration of Africa into the “global village” depended more than ever on eradicating poverty and the epidemics and armed conflicts that were aggravating factors. It also involved the economic regeneration of the continent. While achieving those objectives called for an all-out effort by the international community, it also required the African countries themselves to consolidate peace, democracy and good governance. It was those twin concerns that had given rise to the New African Initiative adopted at the most recent summit of the Organization of African Unity (OAU) in Lusaka. The initiative represented a challenge not only for Africa itself but also for the international community and the United Nations, which should make the necessary development resources available for Africa; those resources should be commensurate with Africa’s needs and the commitments regarding Africa entered into by heads of State and Government at the Millennium Summit.

Crucial questions needed to be answered if Africa’s gamble was to pay off. For example, how could the assistance provided by the United Nations system for development policies and programmes at the level of African States be better integrated? How could the system’s capacity-building assistance in Africa be increased? How could the system’s ability to encourage partnerships between the public and private sectors be enhanced so as to benefit Africa's development? How could African countries be helped to ensure better governance and to establish, maintain and consolidate peace? What measures should the international community take to find a long-term solution to the African countries' external debt problem? What assistance should the United Nations system and other development partners provide to those African countries implementing national and regional strategies to integrate and diversify their economies? How could the Economic and Social Council help the General Assembly to assess progress towards the objectives for Africa contained in the Millennium Declaration?

The SECRETARY-GENERAL said that the Economic and Social Council was meeting at a time of uncertainty in the global economy, when the United Nations was called upon to defend the interests of its most vulnerable Members more than ever before. It was therefore timely for the Council to devote its high-level segment to the role of the United Nations system in African development, just as it had been to hold the Third United Nations Conference on the Least Developed Countries and the special session of the General Assembly on HIV/AIDS (human immunodeficiency virus/acquired immunodeficiency syndrome) a few weeks earlier. It was also most appropriate that the World Trade Organization (WTO) would be holding its ministerial conference in autumn 2001, in Qatar, to combat the re-emerging threats of protectionism.

Many developing countries were on the verge of losing confidence in the world trading system; it was therefore important to encourage further market liberalization with a new round of truly development-centred negotiations, or, in other words, negotiations which would genuinely give priority to developing countries' concerns and interests. Unfortunately, very few African countries were currently in a position to take advantage of the opening up of new markets: although most of them had long enjoyed preferential access to European markets, they were still very much on the sidelines of the global economy. Unless there was a spectacular improvement in the coming years, Africa could not hope to meet the targets for poverty reduction and social progress set at the Millennium Summit.

Africa had suffered for decades from mismanagement of its resources, which had not only been wasted by incompetent Governments but also misappropriated by corrupt officials. Moreover, those resources had been at the root of devastating wars, civil wars and wars between the armies of neighbouring countries. It was therefore appropriate that Africans, including their leaders, should now be asking themselves questions, especially as the numerous development initiatives in the past had hardly ever been successful. That was often because the initiatives had been viewed in Africa as the work of distant bureaucrats who knew nothing about the situation in that continent.

The United Nations system must try harder to listen to people in the field and to support local initiatives. That had long been the philosophy of the Economic Commission for Africa (ECA), which had played a fundamental role, through its African Development Forum, in expanding access to new information and communications technology in Africa, and then in the fight against HIV/AIDS. ECA would henceforth also have a vital role to play in implementing the New African Initiative adopted recently at the OAU summit in Lusaka. The United Nations was encouraged to see a serious recovery plan being drawn up for Africa by Africans themselves, at a time when African leaders were talking about setting up an African union. Those leaders were finally showing their determination to put a stop to the conflicts which had devastated the continent and made normal economic activity impossible. If Africans and their leaders were really taking the future into their own hands, the United Nations system would spare no effort in rallying and providing the support they would need.

The United Nations system should champion Africa's cause in efforts to encourage rich countries to reduce their subsidies to farmers. The effect of those subsidies was to lower world prices, which meant lower incomes and impoverishment in Africa. The system should also argue in favour of increasing official development assistance (ODA), encouraging more and faster debt relief, and facilitating the repatriation of funds illegally transferred to western banks by corrupt African leaders and officials. The system should press for more foreign direct investment in Africa, which was the developing region least well served in that respect; meanwhile, 37 per cent of private African capital was held abroad, as opposed to 3 per cent in the case of Asia and 17 per cent in the case of Latin America.

Lastly, the United Nations system must persuade foreign companies and Governments not to be complicit in the destruction of the continent through illegal arms sales and the purchase of illegally mined resources. The Security Council had taken the initiative in that respect by holding a yearly United Nations conference in New York on the illicit trade in small arms.

Mr. KÖHLER (Managing Director of the International Monetary Fund (IMF)) said that the slowdown in world economic activity had made it clearer than ever that countries were interdependent, or, in other words, that prosperity in the so-called advanced countries could not be sustained in the face of widespread poverty. Prosperity had left too many countries behind, particularly the majority of the countries in sub-Saharan Africa. Moreover, talk about economic stability and poverty reduction was meaningless without a strategy to combat the HIV/AIDS pandemic.

The African continent undoubtedly had huge problems, but also great potential. He was very pleased that the resolve shown by Africans, especially by women, had recently led their national leaders to adopt the New African Initiative, which was based on four core elements: first, Africans were now aware that peace, democracy and good governance were preconditions for the reduction of poverty and for investment and growth; second, the initiative called for the establishment of health care and educational systems, infrastructure and agricultural development plans; third, the initiative relied on the private sector and on economic integration at the regional and global levels; and, lastly, the initiative identified concrete steps to develop more productive partnerships between Africa and its bilateral and multilateral and private-sector partners.

He was gratified that the new initiative recognized the poverty reduction strategy papers (PRSPs) process as a key factor in converting continent-wide priorities into national poverty reduction programmes and coordinating the support of the international community. Those papers, with their emphasis on country ownership, the participation of the local people benefiting from development projects and the economic and social fundamentals, should serve as a guide for the partnership between IMF and the African countries. Only five papers had thus far been produced, but the World Bank and IMF were committed to realizing the full potential of the concept.

African leaders had said that the concept might place severe demands on their limited administrative capacities. IMF intended to step up its capacity-building activity in its core areas of responsibility and was pleased to see that the World Bank, the United Nations Development Programme (UNDP) and the African Development Bank were proceeding in the same direction. Towards the end of 2001, IMF and the World Bank would be conducting an in-depth review of the process of preparing PRSPs. Donors wishing to encourage country ownership and aid effectiveness should do more to ensure that their assistance truly served African interests, not least by untying aid, and they should resist the temptation to micromanage from the perspective of their own societies.

IMF, in its efforts to streamline its conditionality, also bore in mind the principle of national ownership and each country's priorities. It wished to focus on achieving the macroeconomic objectives defined in country programmes and to leave it to each country to make choices compatible with their political and cultural traditions. African leaders had been right to make good governance a basic principle of the New African Initiative, as it was essential for attracting private investment. IMF was ready to work with the national authorities which so desired in seeking ways to reduce the risks of mismanagement and corruption. It would therefore continue helping African countries to improve transparency and accountability in macroeconomic and financial policies and in economic statistics. With the PRSPs and the financial and technical assistance they each provided, IMF and the World Bank were helping African countries to establish a dynamic private sector. The two institutions also strongly supported the establishment of "investors' councils" to encourage dialogue between African leaders and local or international business leaders.

More than anything else, Africa needed better export outlets, involving free access to industrialized countries' markets in the sectors that mattered most to the poor countries, namely, agriculture, textiles and clothing. In that regard, he joined with the Secretary-General in calling for a new multilateral trade round under WTO auspices, with emphasis on those three sectors. For their part, the developing countries should remove their own impediments to trade, in part by giving priority to regional economic cooperation and integration, which were two important means of improving competitiveness and attracting investors. In addition, IMF, which had always tried to encourage the harmonization and standardization of subregional trade mechanisms, strongly supported regional trade and financial integration, as exemplified by the West African Economic and Monetary Union (WEAMU) and the Common Market for Eastern and Southern Africa (COMESA). ODA flows - of which only one fifth went to the least developed countries - should also be increased. The industrialized countries should realize that spending a mere 0.7 per cent of their gross national product on ODA was an investment in worldwide peace and prosperity.

It could not be denied that debt relief measures formed an integral part of any comprehensive strategy for poverty reduction. That was why IMF and the World Bank, under the enhanced Heavily Indebted Poor Countries (HIPCs) Debt Initiative, had already provided $25 billion of debt relief to 19 African countries. That relief represented annual budgetary savings for those countries of between 1 and 2.5 per cent of their gross domestic product, thus allowing a significant increase in social expenditure for the benefit of the poorest people. In that respect, it was in the interests of HIPCs to keep track effectively of the use of the resources released in that way, to demonstrate to their people and to donors that those resources were contributing to poverty reduction. Efforts were being made to extend relief to other eligible countries and he welcomed the decision by the G-7 and other donor countries to cancel all bilateral debts in the context of the HIPC initiative. However, debt relief was not a panacea, and credit remained indispensable for economic development. In the long term, therefore, it was crucial for poor countries to convince investors that they were able and willing to repay their borrowings.

He was convinced that the international conference on the financing of development planned for 2002 could make a real contribution to eradicating poverty in Africa. For that purpose, the work should focus on two main objectives: the first was to identify any gaps in the institutional framework set up to combat world poverty; the second was to increase public awareness, particularly in the developed countries, of the measures needed in the areas of trade and aid. He was also convinced of the need to set up a transparent mechanism to monitor and coordinate activities aimed at achieving international development goals. In conclusion, he stressed that the new African recovery and growth initiative was an opportunity not to be missed. IMF, as a part of the United Nations family, was committed to working closely with all those who wished to make that vision a reality.

Mr. WOLFENSOHN (President, World Bank) said that, despite the considerable progress made by some countries (faster economic growth, reduced illiteracy among women and better health statistics), the economic and social situation in Africa continued to be marked by widespread poverty. That being so, African leaders had adopted a new initiative to promote renewal and growth on the continent with the dual advantage of being both clear and consistent with all previous assessments. The challenge now was to determine how the international community should help Africa to put that comprehensive and timely initiative into action.

First of all, it should be noted that the initiative was a medium- to long-term plan that must be applied on a larger scale than that of the tight markets in individual countries. Regional integration was therefore a precondition, as were settlements of the many conflicts raging on the continent and action to combat the AIDS pandemic. Africa also needed support from its partners, namely the international institutions, civil society and the private sector, which, instead of imposing their ideas, should help African leaders to achieve their aims according to their own priorities. Those priorities, namely good governance and, above all, capacity building, were clear and had received widespread endorsement. In fact, any development plan was doomed to failure, regardless of the resources committed, unless mechanisms for protecting human and property rights and reliable credit institutions were set up first. Lastly, it was important to mount a determined drive against the cancer of corruption, which undid any good that development efforts produced.

It was no longer time to discuss, but to act. African leaders had defined a clear set of priorities in the fields of education, health, women's rights and the environment, which had to be applied simultaneously and coherently with constant follow-up. The role of African leaders was, in that respect, crucial, as experience had proved that no initiative would succeed in Africa without a personal commitment on the part of heads of State. It was the role of the international community to rally behind African leaders, providing them with strong and solid support in the fields of aid, trade and debt relief.

Mr. MOORE (Director-General, World Trade Organization (WTO)) said that without an African renaissance, humanity had no hope of reaching the targets contained in the Millennium Declaration, the most important of which was poverty reduction. After decades of experimenting with models of development that were, at times, disastrous, the international community had finally understood that sustainable development was only possible if the countries and communities concerned spearheaded their own initiatives. It was in that spirit that African leaders had adopted a new plan based on a real partnership between Africa and the international community. In order for the plan to be effective, the international community had to support it with coordinated and coherent measures. He reaffirmed his commitment to make aid to developing countries a priority and said that his organization's contribution in that field would be to improve market access and to ensure predictable and transparent trading relations between States.

If developing countries were to overcome poverty, they needed to grow, and trade was the key engine for growth. Products from developing countries faced many obstacles in reaching rich-country markets, and, as a result, exports from the 49 least-developed countries (LDCs) represented less than 1 per cent of the world total. Although the decisions by Norway and New Zealand to remove all barriers to LDC exports were laudable, and the non-weighted tariff applied by major industrial countries to LDC exports had decreased from 10.6 per cent in 1997 to 6.9 per cent in 2001, agricultural tariffs still averaged over 40 per cent, and in some cases rose to 300 per cent. There were also many non-tariff barriers in the form of import regulations which, according to the World Bank, cost Africa $670 million a year. According to other sources, developing countries would gain $155 billion a year from further trade liberalization, three times as much as they received in aid annually. Lastly, the agricultural subsidies in the member countries of the Organization for Cooperation and Development in Europe (OCDE) amounted to two thirds of Africa's total gross domestic product (GDP). Under the circumstances, there was no option but to endorse the request made by the Secretary-General of the United Nations to launch a new round of multilateral negotiations.

At a time when the world economy was showing signs of vulnerability that could jeopardize any chance of economic recovery in Africa, a new round of trade negotiations was imperative. However, trade liberalization had to go hand in hand with other reforms, particularly in the areas of conflict resolution, debt reduction, good governance and capacity building. As far as capacity building was concerned, WTO had decided, in order to improve coordination among international agencies to redesign the Integrated Framework for Trade-Related Technical Assistance. A pilot scheme had already been established and a trust fund set up, to which several countries had contributed a total of $6.2 million. WTO was trying to ensure that trade issues were taken into consideration in LDC development plans and poverty reduction strategies. Mobilizing the resources needed for development was crucial, and WTO was actively involved in the preparations for the international conference on the financing of development to be held in 2002. However, WTO was not a financial institution and the resources available for technical assistance were very limited. In conclusion, he drew attention to the preparations for the fourth WTO Ministerial Conference, in Doha (Qatar), which would take decisions of far-reaching impact on the future of the multilateral trading system. He hoped that the Conference would leave the organization stronger and in a better position to support the African countries' efforts to achieve sustainable development.

Mr. RICUPERO (Secretary-General, United Nations Conference on Trade and Development (UNCTAD)) observed that African countries intended to become the protagonists of their own history, as illustrated by various recent initiatives including the creation of the African Union, the Millennium Africa Recovery Plan proposed by the Presidents of Nigeria, South Africa and Algeria, and the OMEGA Plan. There was talk of a "Marshall Plan for Africa". The analogy was justified, considering that only two African countries had reached the target of average annual growth of 6 per cent set in the United Nations New Agenda for the Development of Africa in the 1990s, and that that figure would have to increase to 7 or 8 per cent to reduce poverty by half by 2015. Such a growth rate meant that the current investment level would have to be raised from 16-17 per cent of GDP to 22-25 per cent over the coming decade. Achieving such a result would require additional resources of about $10 billion a year. Africa could not finance that out of its low savings. As for trade, prior investments were required. The necessary financial resources could only be provided through official aid and debt relief. However, official aid levels had been constantly decreasing for 20 years and, an increasing proportion of it was being used to service debts.

For heavily indebted poor countries, falling commodity prices and increased oil bills jeopardized the effectiveness of debt relief measures. In two thirds of LDCs, foreign debt had reached unsustainable levels despite the traditional debt relief mechanisms. It was therefore crucial to take fresh steps, based on a good-faith partnership between creditors and debtors, to bring a lasting solution to the debt problem.

If Africa was to break the vicious circle that made it dependent on aid - aid that served only to pay off debts - it was necessary, paradoxically, to begin by giving it enough aid to generate the momentum that, in due course, would allow domestic savings, exports and external private flows to take over. In other words, the amount of official development assistance had to be doubled, over at least a decade.

The African renaissance also called for an improvement in the trade framework. The proposals made by the Group of High-Level Experts on Finance for Development were particularly significant and should be considered as a matter of priority in readiness for the fourth WTO Ministerial Conference in November 2001, as they would to some extent influence the results of the international conference on the financing of development to be held in Mexico in March 2002.

UNCTAD, for its part, had already begun to act on the decisions taken at the Conference on the Least Developed Countries in Brussels: it would soon be meeting with the trade ministers of LDCs in Zanzibar to prepare a constructive programme for the conference in Doha and, shortly afterwards, would hold the first meeting of the International Investment Advisory Council in Africa to highlight the fact that trade and investment were interdependent and were considered to be essential components of a real African renewal.

Mr. AMOAKO (Executive Secretary, Economic Commission for Africa (ECA)) said he saw reason for optimism in the willingness shown by Africa to define its own priorities and in the creation of the African Union, two advances that showed a new maturity in Africa's relationships within the continent and with the rest of the world.

The plan for African revival and development adopted by the Organization of African Unity (OAU) at its recent summit in Lusaka was confirmation of that desire to move forward. It focused on policies for sustainable development and highlighted the fact that Africa had to take the first steps towards attracting foreign investment and international partnerships by putting in place sound economic policies, strengthening democracy and rooting out corruption. The priorities at the continental level were clearly defined: emergency mobilization to combat the HIV/AIDS pandemic, improvement of basic health care services and the rehabilitation of education systems. Measures had also been envisaged to bridge the digital divide, to enhance Africa's research capacities and to improve infrastructure in order to increase the competitiveness of African countries. The major reforms in development cooperation - another important element of the plan - provided in particular for enhanced partnerships with those countries making serious progress in matters of good governance, the goal being to encourage an increase in net aid flows to Africa.

The decision to create an African Union was a major breakthrough. It now needed to be made a reality, which implied the implementation of macroeconomic policies to encourage the creation of suitable conditions throughout the continent so that all African countries could develop at the same rate. The institutional mechanisms that were needed to accelerate the process of regional integration also required close assessment, taking into account the subregional groupings, and bearing in mind that peace and security would guarantee a successful conclusion to the whole process.

ECA intended to contribute towards the implementation of the New African Initiative, drawing in particular on the analytical tools it had at its disposal, and to promote regional integration in the context of the African Union.

Mr. BOUTMANS (Observer for Belgium), speaking on behalf of the European Union, said that all players in the international arena were gradually becoming aware that nothing could be done in Africa without African leadership, and that it was the role of African countries themselves to build a future of peace and prosperity. Once African leaders had shaped that common vision of their destiny, the international community would have a central role to play in supporting their efforts. Partnership with Africa was a key element of the European Union's outward-looking policy vis-à-vis the rest of the world. The General Affairs Council of the European Union was in the process of preparing an action plan to advance the process of pacification and reconstruction in Central Africa, a key region for the development of the whole continent. The recently concluded Cotonou Agreement between the European Union and the African, Caribbean and Pacific Group of States established the idea of strategic partnership for building a prosperous Africa, as did the Africa-Europe Summit held in Cairo, which was due to be discussed at a follow-up meeting in the coming months. The European Union and the United Nations system were also going to consider ways of strengthening their cooperation in order to help Africa more effectively.

Belgium, for its part, was going to create a committee of inquiry into the plundering and illicit economic exploitation of Central Africa's natural wealth. Looking beyond the problems specific to that region, an end must be put to the scandalous mismanagement of resources alluded to by the Secretary-General of the United Nations, which highlighted the need for good governance. Both nationally and internationally, the appropriate mechanisms must be put in place to monitor the flow of Africa's wealth and to ensure that it no longer fuelled the war machine but the peace and development effort.

Mr. ISAKOV (Russian Federation) said developing countries themselves should address the illicit exploitation of their natural resources, which represented a drain of some $300 billion annually; he would nevertheless like to know how the United Nations and Bretton Woods institutions respectively intended to help deal with the problem. He asked whether there were any plans to involve other countries in the financing of the trust fund for the highly indebted poor countries; as the new potential donors, for example countries in transition, also had debt problems, were any debt relief measures, such as debt swaps, envisaged to facilitate their participation?

Mr. NGOUBEYOU (Cameroon) endorsed the statement made by the observer for Belgium. Pointing out that the various speakers had considered the New African Initiative from a sector-based point of view, he asked whether they had thought about the practical aspects of their cooperation in the field in order to strengthen coordination and avoid duplication.

Mr. SHARMA (Nepal) said that in spite of all the speeches on the issue, poverty had increased in the majority of LDCs over the last decade. He would like to know whether the United Nations system intended to redirect activities conducted in pursuit of poverty reduction strategies so that they could produce tangible results for the people of Africa in the coming two decades. He also asked whether WTO intended to relax its admission criteria in order to speed up the membership process for LDCs and whether such countries would be offered the same terms as the developing countries that had recently joined.

Mr. SAVANE (Observer for Senegal) said he would like to know how the international community, knowing that peace was a precondition for development, intended to provide African countries with the necessary means to establish and entrench peace over the whole continent. He would also like to know whether, under its human development strategies, the World Bank intended to focus its efforts on education, a field in which the lack of progress was a barrier to development in Africa. Did the World Bank plan to allocate more funding to the promotion of trades and crafts in Africa, a sector that employed large segments of the population and was moderately competitive at the international level? Reference had been made to a "Marshall Plan" for Africa, but if the New African Initiative was not supported by a greatly increased flow of ODA it would remain hard to carry out, and that could make for more, and more persistent, conflicts in Africa.

Ms. KING (United States of America), noting that speakers were unanimously in favour of the notion of a new round of trade negotiations, said she deeply regretted that the Council had declined to take up the issue, and wondered how States could be rallied around the idea.

Mr. GREENSTOCK (United Kingdom of Great Britain and Northern Ireland) asked what steps could be taken to move from the general to the specific, in other words, to ensure that the messages of peace and development voiced at international meetings such as the session of the Council or the Lusaka summit were heard and acted upon in the field. He sincerely hoped that the organizations would introduce practical programmes to encourage disarmament and demobilization so that the population of specific regions (starting with the Great Lakes) need no longer suffer conflict and could begin the process of economic reconstruction and reconciliation.

Mr. PETIT (France) said he shared the views expressed by the Belgian representative and would like to know what the organizations and agencies planned to do in the coming months to cooperate with African leaders in implementing the New African Initiative.

Mr. OGUNKELU (Nigeria) asked how African farming, which was crucial to exports and food safety, could become competitive if the World Bank and the International Monetary Fund (IMF) continued to discourage subsidies to that sector while it was very heavily subsidized in developed countries.

Mr. BOGE (International Fund for Agricultural Development (IFAD)) said that African countries could not achieve the 7 to 8 per cent economic growth rate that was needed for development without significant growth in the farming sector. Not enough attention was paid to the need to invest in farming, on which the majority of the African population was dependent.

Mr. MAGARINOS (United Nations Industrial Development Organization (UNIDO)) emphasized the importance of linking the economies of LDCs and developing countries in general to the world economy, which could be described as a complex mixture of globalization, regionalization and marginalization. UNIDO, which had recently launched an initiative with the European Commission to promote trade facilitation mechanisms under regional projects, starting in Western and Southern Africa, stressed the need to improve the efficiency of such mechanisms.

Mr. FONSECA (Brazil) commented that the conference on the financing of development to be held in Mexico in 2002 should be carefully prepared for if it was to be of real benefit in creating a supportive framework for development, and asked what policy guidelines on the subject should be laid down.

Mr. LICHEM (Austria) asked the President of the World Bank which programmes could be implemented, particularly in post-conflict situations, to improve governance (strengthening of the State and society), as a precondition for inflows of investment, growth and reform.

Mr. KOHLER (Managing Director, International Monetary Fund), with regard to the development of rural areas and the problems with farming mentioned by the Belgian and the Nigerian representatives, said that the Fund did not advise developing countries to subsidize their agricultural sectors because it considered that such action would lead them down a blind alley. The costs of subsidies paid for out of lean budgets were often borne by the very poorest, and subsidies prevented an independent farming sector from emerging. In order to succeed, the fight against poverty required structural reforms not only on the part of developing countries but also, crucially, on the part of developed countries which had to stop subsidizing agriculture.

In reply to the question by the representative of the Russian Federation about debt relief, he said that the Fund had decided to implement the enhanced Heavily Indebted Poor Countries Debt Initiative and applauded the willingness of the G-7 countries to cancel bilateral debt; however, it did not favour blanket forgiveness of debts owed to the Fund by poor countries because that would compromise the renewability of IMF funding and its ability to provide loans to the poorest countries, and could encourage a culture of default. It also had misgivings about debt relief for middle-income countries: the priority, for them, should be to create conditions favourable to investment.

To avoid duplication between institutions, as the representative of Cameroon advised, the Fund and the World Bank had agreed upon a division of work to optimize use of their limited resources. Replying to the representative of the United States, he said that support for the new round of WTO trade negotiations also had to come from countries such as the United States; certain recent developments in the United States had not been very encouraging. In order to “move from the general to the specific”, to use the words of the representative of the United Kingdom, the Fund and the World Bank were taking active measures to intervene swiftly in post-conflict situations. However, it was ultimately the responsibility of African leaders to act, and also that of the major Powers on matters such as the reduction of small arms. It was also the responsibility of African leaders to indicate what part they wanted the international financial institutions to play in their new initiative. Globalization was indeed a controversial issue but there was no doubt that integration into the world economy was an unrivalled source of growth, productivity and employment. Turning back would be a strategic mistake; however that did not mean that solutions should not be sought to issues such as the revival of agriculture in developing countries by focusing more attention on local and regional policies.

Mr. WOLFENSOHN (President, World Bank), replying to the representative of the Russian Federation, said that investments could not be ordered by decree. The only way to attract investment, in Africa as in Russia, was to create favourable conditions by improving governance, restoring peace and strengthening national capacities. With regard to coordination, the Bank was in the process of evaluating the task at hand and had already surveyed some 186,000 projects in progress worldwide. Poverty Reduction Strategy Papers were specifically intended to improve coordination. The Bank was endeavouring to strengthen its poverty reduction programmes, but as it frequently came up against internal difficulties, such as constant changes in government, when implementing them, it was taking a country-by-country approach.

To avoid conflicts, the Bank sought to settle problems before the situation deteriorated. Thus, ten States bordering the River Nile had met recently to discuss the fundamental issue of water in the region. Water problems, but also those relating to poverty or human rights, should be accorded much greater attention.

On the issue of agriculture, it was essential to look beyond specific projects and to make efforts on a larger scale. Finally, as the Austrian representative had pointed out, governance was without a doubt a precondition to development and the Bank was endeavouring, case by case, to help Governments to strengthen their capacity in that field; but, there again, it needed cooperation from leaders.

Mr. MOORE (Director-General, WTO), replying to the representative of Nepal, said that the WTO membership decided whether or not to accept new members; sometimes the obstacles to admission came from applicant countries themselves, and shortcuts were not always the best way of reaching a swift conclusion. WTO support for the new African plan would be one aspect of the significant changes that had taken place within the organization over recent years. The trade facilitation mentioned by the representative of UNIDO was certainly one area in which everybody would benefit. As for the unfairness of the international trading system, and the Nigerian representative had mentioned farming, one should not stop at describing it but start negotiating to try to rectify the situation. The trouble was that when something was done for one group of countries, another often felt hard done by.

Mr. AMOAKO (Executive Secretary, Economic Commission for Africa) agreed with the representative of IFAD that there was no point in talking about poverty reduction unless the problem of agriculture was dealt with. The abandonment of the farming sector was partly due to the disappointments caused by policies followed during the 1970s and 1980s. Agriculture had to be made a priority once again, by according greater importance, in particular, to research, technology and rural infrastructure.

The meeting rose at 1.05 p.m.