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President Wolfensohn - Briefings Books for Presidents Meetings - Speeches -
Professional Bankers Association [PBA] - June 3, 1996

Archive Management for the President's Office

Document Log

Reference # : Archive-00570

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Edit

Print

A. CLASSIFICATION

- ☐ Meeting Material
- ☐ Trips
- ☒ Speeches

- ☐ Annual Meetings
- ☐ Corporate Management
- ☐ Communications with Staff

- ☐ Phone Logs
- ☐ Calendar
- ☐ Press Clippings/Photos

- ☐ JDW Transcripts
- ☐ Social Events
- ☐ Other

B. SUBJECT: PROFESSIONAL BANKERS' ASSOCIATION (PBA)
JDW TO MAKE SPEECH // (Confirmed) (B)
VENUE: H AUDITORIUM
CONTACT: J.F. RISCHARD @ 80920
PROGRAM: 20-25 SPEECH & THEN Q&A PERIOD (1 HOUR)
(B) SPEECH/SPEAKING POINTS: G. BERGEN TO PREPARE
4/30 - CFMD. BY JDW // 5/1 - CFMD. BY ALI TO THELMA
EXC: BERGEN (RL)

DATE: 06/03/96

C. VPU

Corporate

- ☐ CTR
- ☐ EXT
- ☐ LEG
- ☐ MPS
- ☐ OED
- ☐ SEC/Board
- ☐ TRE

Regional

- ☐ AFR
- ☐ EAP
- ☐ ECA
- ☐ LAC
- ☐ MNA
- ☐ SAS

Central

- ☐ CFS
- ☐ DEC
- ☐ ESD
- ☐ FPD
- ☐ FPR
- ☐ HRO

Affiliates

- ☐ GEF
- ☐ ICSID
- ☐ IFC
- ☐ Inspection Panel
- ☐ Kennedy Center
- ☐ MIGA

D. EXTERNAL PARTNER

- ☐ IMF
- ☐ UN
- ☐ MDB/Other IO
- ☐ NGO
- ☐ Private Sector

- ☐ Part I
- ☐ Part II
- ☐ Other

E. COMMENTS:

A L L - I N - 1 N O T E

DATE: 31-May-1996 05:12pm

TO: Message Distribution Suppressed By Sender

FROM: Ayo Akingbade, CSHOC (AYO AKINGBADE@A1@WBWASH)

EXT.: 82764

SUBJECT: PBA INVITATION

The President and the Executive Council of the
Professional Bankers' Association (PBA)
World Bank/IMF/IFC/IDB/EXIMBANK USA/USAID/MIGA/IIC/OPIC/
EMXIMBANK India/EXIMBANK Japan/EXIMBANK Korea
Cordially invite you to a

SPECIAL
PBA 7TH ANNIVERSARY

P R E S E N T A T I O N

"The Role of International Development Agencies in a Global Economy"

*
Speaker

James D. Wolfensohn

President
The World Bank Group

*
Venue:

The World Bank, H Building, (HB-1-201 Auditorium)

600, 19th Street, N.W. (Use G Street entrance between 19th and 20th Streets
Washington, D.C., 20433

Monday, June 3, 1996, 1:00 PM

*
Program of Events

1:00 PM
Opening Remarks and Introduction of Speaker
Jean-Francois Rischard, President, Professional Bankers' Association

1:10 PM
Speaker's Presentation
(approximately 20 minutes)

Followed by Questions and Answers

2:00 PM

Closing

*

All staff are welcome

No RSVP and no paper available

Your official ID will be required at the gate

Ayo Akingbade
Secretary General

Mr. James D. Wolfensohn

The Role of International Development Agencies in a Changing Global Economy

Remarks to the Professional Bankers' Association

Monday, June 3, 1996

It's a very real pleasure to be with you today. I'd like to thank Jean-Francois Rischard [President of the Association] and Ayo Akingbade [Secretary General since 1989] for organizing this event, which I understand is the highlight in the series of seminars organized to mark the seventh anniversary of the Association.

Your association is exactly the kind of mechanism we need in the development business: it expands professional contacts at the level of operational staff – and this is just as important as the meetings between top officials of all our organizations. You are the ones in the line of fire on a daily basis, and staff from different development agencies need to be able to support one another.

I think the importance of this kind of association can be witnessed in the impressive speakers you have had. [including within the last sixth months: Larry Summers (last week); Jean-Claude Trichet (Governor of the Bank of France); Sir Brian Unwin (President of the European Investment Bank); Ruth Harkin (President of OPIC); and Kenneth Brody (President of the Export Import Bank of the US)]

I am particularly pleased that your membership, which includes the staffs of international and regional development institutions, also extends to national agencies involved in international development financing. The participation of the Export-Import Banks of India, Japan, Korea and the United States, as well as of the US Agency for International Development underpins the partnerships that we are building with your governments, which are the critical working relationships in the development effort.

I understand that the PBA is entirely voluntary, and receives neither dues nor financial support from any of our institutions. I believe that what you are doing is extremely important, and I think we should look into ways of making sure that you can continue and expand your activities.

What I'd like to talk about today is something I know concerns you all: The role for international development institutions in today's world economy, with its rapidly increasing global integration and the explosive growth of private capital flows.

At first glance, things look as if our role is being marginalized by the globalization of private trade and investment.

The developing countries – which are the principal concern of our organizations—are central to the massive change taking place in the world economy. It is a world in which some of the poorest countries of a decade or two ago have become leaders in economic growth.

During the first half of the 1990s, developing countries contributed 70 percent of the growth in global GDP and half the growth in world trade. The estimated average growth for developing countries over the coming decade will be around 5 percent.

And international private investors have not been slow to react to the improved environment for investment. Private investment flows to the developing world have nearly quadrupled from around \$44 billion in 1990 to over \$170 billion today.

There are people out there, in the press and in think tanks, who would say these facts make international financial institutions irrelevant. They are dead wrong. Globalization makes us more relevant today than ever before.

This is because both among countries and within individual countries there are winners as well as losers. For example:

- Of the private investment flows I mentioned, going to the developing areas 75 percent is concentrated in just 12 countries; while all of sub-Saharan Africa is receiving under 3 percent (less than \$5 billion) of the total.
- Official development assistance – which might have filled the gap -- is falling, and is now at its lowest point (\$59 billion) in 23 years.
- While merchandise exports from developing countries (totalling \$950 billion) now constitute a third of total world trade in goods, more than half of this amount comes from Asia, while only a fraction (totalling less than \$60 billion) comes from Africa.
- Large numbers of countries in the developing world cannot sustain the reforms they need to make because of their huge burdens of debt. The total stock of developing countries' debt has just passed the \$2 trillion mark. For perhaps 20 countries (identified by the Bank-IMF debt task force) the debt has reached the point of unsustainability.

There is a great deal that we are doing – that all our organizations are doing – to change all this. We are working hard to help our clients build the policy and regulatory frameworks that would attract some of this private investment. And we are promoting export-led growth in as many ways as we can.

In addition, we are working with the IMF and our shareholders we are working to find a way to alleviate the burden of debt that keeps a number of developing countries from moving forward. At our Spring Meetings in April, the ministers present endorsed the general principles of the comprehensive proposal we have developed, and this will be a major topic of discussion at Lyons

But the bottom line is people; and there are still multitudes of people in the poorest countries who are suffering in the most intolerable conditions of poverty:

- We still live in a world where 1.3 billion people continue to live below the line of what the World Bank considers absolute poverty -- \$1 per day – and in

Africa the absolute number of poor people is expected to continue growing into the next century.

- A quarter of the developing world's population lacks access to safe drinking water, and almost half of it lacks electricity.
- In the least developed countries (those that are IDA-eligible, with per capita incomes of less than \$835), more than half the people do not have access to health services, and the same number do not have access to safe drinking water.
- Armed conflict, fuelled by poverty, has cropped up in over 50 places worldwide. In the past decade, 70 million people have been displaced from their homes or become refugees.
- We are also facing a pending global environmental crisis. With high population growth, global food production will need to double over the next decade. Access to water will be a huge issue in the next century. So, too, will energy.

The critical challenge facing our world is that it runs on two sets of tracks.

There are countries and people who are seizing the opportunities made possible by globalization, and there are those who are falling behind.

And that is the fundamental reason for the relevance of our organizations.

International development agencies are not just in business to solve localized problems of poverty, war, disease, and the environment. These are increasingly global problems that cannot be ignored by the developed countries. And our institutions are in the front lines in the effort to solve these problems.

All of us have different mandates and special areas of concern. But what it all comes down to is reducing poverty through market-led growth that is both socially and environmentally sustainable.

Let me just mention what we are doing about this at the Bank. The Bank has become the largest external provider of resources for social investments in the developing

IBRD

IBRD members: 179 (including Bosnia)

IBRD eligibility: Below \$5,055 and above \$1,395

Number of IBRD eligible borrowers: 62

Subscribed capital (12/31/95): \$179,319 billion
of which \$10.95 billion was paid-in capital

IBRD terms: 50 basis points over cost of funds
15-20 year maturities and 5 years grace

IBRD Net Income FY95: \$1.1 billion

IBRD Lending by Sector FY 95 (millions of US dollars)

Agriculture	\$1,154
Multisector	2,295
Education	1,280
Population, Health & Nutrition	451
Energy	2,264
Public Sector Management	1,411
Urban Development	1,264
Financial Sector	2,435
Transportation	2,026
Environment	444
Other	1,829
Total	\$16,853

Largest IBRD borrowers FY95 (millions of US dollars)

Mexico	\$2,387
China	2,370
Russia	1,741

IBRD/IDA Combined

Lending by Sector FY95 (millions of US dollars)

Agriculture	\$2,649
Multisector	3,166
Education	2,097
Population, Health & Nutrition	1,162
Energy	2,845
Public Sector Management	1,706
Urban Development	1,450
Financial Sector	2,565
Transportation	2,131
Environment	485
Other	2,266
Total	22,522

Ten Largest Borrowers FY 95 (millions of US dollars)

China	\$3,000
Mexico	2,387
India	2,063
Russia	1,741
Argentina	1,425
Indonesia	1,417
Pakistan	706
Ukraine	646
Brazil	552
Thailand	513

IDA

Number of IDA members: 158

IDA eligibility: \$835 per capita GDP;
average income of recipient countries is \$400/year.

IDA terms: 35-40 years with 10 year grace
no interest (but 0.75 service charge)

Number of countries IDA lends to: 78, with a population of 3.2 billion

Ten largest IDA borrowers FY 95 (millions of US dollars)

India	\$944
China	630
Viet Nam	415
Cote d'Ivoire	303
Ghana	294
Pakistan	240
Senegal	219
Zambia	192
Bangladesh	163
Ethiopia	142

IDA Lending by Sector FY 95 (millions of US dollars)

Agriculture	\$1,495
Multisector	871
Education	816
Population, Health & Nutrition	711
Energy	581
Public Sector Management	294
Urban Development	186
Financial Sector	129
Transportation	104
Environment	41
Other	441
Total	\$5,669

Seven largest Donors (IDA-10; millions of US dollars)

United States	\$3,750
Japan	3,596
Germany	1,978
France	1,312
United Kingdom	1,105
Italy	953
Canada	719

IFC

Member countries: 165

Total financing including syndications: \$5.5 billion

Project Financing: \$2.9 billion for 213 projects in 67 countries in FY 95.
57 (27%) were in countries with annual per capita incomes of \$695 or less

Total project costs: \$19.5 billion.

Net Income FY 95: \$188 million

Resource Mobilization: For every \$1 dollar in financing approved by IFC
in FY95, other investors and lenders provided \$5.73

Regional Distribution (dollar share):

Latin America and Caribbean	37%
Asia	24%
Europe	14%
CAMENA	13%
Sub-Saharan Africa	11%

Sectoral Distribution (millions of US Dollars)

Infrastructure	\$1,783
Capital markets, development finance and financial services	1,038
Mining (metals, ores and fuel minerals)	692
Food and agribusiness	335
Textiles	302
General manufacturing	285
Chemicals	206
Timber, pulp and paper	171
Hotels and tourism	33
Oil refining	25

MIGA

Member countries: 128

Guarantee Contracts FY 95: 54

Total guarantee contracts issued: 155

Contingent liabilities assumed FY 95: \$672 million

Total contingent liabilities assumed: \$1.6 billion

Subscribed capital: Now exceeds \$1 billion

Net income FY95: \$12.8 million before provisioning; \$2.6 million after provisioning.

Guarantee portfolio by sector (as of June 30, 1995):

Financial	39%
Mining	21%
Manufacturing	20%
Infrastructure	10%
Agribusiness	4%
Oil and Gas	3%
Tourism	2%

Guarantee Portfolio by Host Country (as of June 30, 1995; by percentage of maximum contingent liability)

Pakistan	9.7%
Argentina	9.2%
Peru	8.5%
Brazil	6.5%
Turkey	5.7%
China	4.9%
Jamaica	4.3%
Czech Republic	4.1%
Tunisia	4.0%
Bangladesh	4.0%

world. About \$5.4 billion, or about 32 percent of our lending in 1995, directly targeted poverty; and in the poorest countries. This will continue to be our top priority.

But to keep pace with the needs of our clients in a changing global economy, we are also going to have to move into new product lines, some of them having nothing to do with our traditional role as a lender:

- Our role as a **policy advisor** will grow as reforming economies grope forward towards ways to catch up with more advanced countries in the globalized economy. . For example, we are already providing advice, holding seminars and working through all means possible to help our clients in the former Soviet Union countries and in Africa to meet the obligations that would help them become WTO members, and thereby open the door to a massive expansion in their ability to export.
- We will be a kind of **honest broker in bringing about partnerships** – particularly between developing country governments and international investors – that would not happen without our presence and our guarantee instruments.
- We will be a **global clearing house** of information and dissemination of cutting edge knowledge and best practices in the entire range of development, from agriculture to health care.
- And we will act as **trustees** – putting our good name and the faith others have in us to do something on behalf of others. For example, the **Global Environment Facility** is a trusteeship, as is our work on the West Bank and Gaza, and in the Consultative Group in International Agricultural Research.

But, as we change our services in response to changing conditions facing our clients, we also need to address our ability as an institution to *deliver*. What we have learned from our clients – and what I have heard in the nearly 40 countries I have visited – is that we are too slow, too unresponsive and too bureaucratic as an organization.

For this reason, we are launching changes at the Bank designed to increase our responsiveness to our clients, our effectiveness and the sustainability of the reforms we help support. We have sped up operations (e.g., our loan approvals for Bosnia) by

eliminating multiple bureaucratic reviews; but not at the price of effectiveness. We are changing our internal culture – from one of approval to one of implementation, and results.

Above all, we have been striving for a high standard of excellence and responsiveness in both our managerial and technical capabilities through improving our training capacity and through exchanges with both private and public organizations around the world.

One of the key changes we are making in the interest of effectiveness is a closer integration of the various facets of development we pursue. For those of you here today who are with the IFC and MIGA, you will confirm how important it is that we work together more systematically as a group.

We are making sure, for example, that the different elements of the Bank Group that deal with private sector issues are pulled together into a tighter working relationship under the aegis of the Private Sector Development Group.

But the aspect of the changes that have occurred in the last year that I want to emphasize is that we have expanded and deepened our *partnerships*. We can't handle all the challenges of development I've been talking about by ourselves – nobody could. By combining forces, all the actors involved in development – whether they be governments, official donors, NGOs, private firms, or international financial institutions – come up with products that are greater than the sum of their individual contributions.

This is why we are working more than ever before in expanding our partnerships at both the international and local levels in countries where we operate. Since becoming President of the Bank, I have met and deepened our cooperation with NGOs, heads of foundations, regional development banks, the UN system, the European Union and the World Trade Organization.

For us, partnership is not just limited to Washington and European capitals. We are engaging local organizations on the ground. Our ultimate partnerships are with people – with those we are in business to serve – and it is critical that we be in communication with the organizations that represent them. For example, we now have NGO liaison and participation staff in all our resident missions Latin America.

But above all, a critical aspect of partnership is the interaction that takes place between the staffs of development institutions, such as those represented here. Our organizations have an increasingly important and in many ways difficult role in the context of a changing global economy, and it is in working together, not apart, that we will succeed.

After all, we are all in this business for the same reason: to improve the lives of the ultimate beneficiaries of our work.

Thank you.

The President and the Executive Council of the
Professional Bankers' Association (PBA)
World Bank/IMF/IFC/IDB/EXIMBANK USA/USAID/MIGA/IIC/OPIC/
EXIMBANK India/EXIMBANK Japan/EXIMBANK Korea
cordially invite you to a

P R E S E N T A T I O N

"A STRATEGIC APPROACH TO INTERNATIONAL TRADE FINANCING"

*

Speaker:

Frederico Sacasa

Group Executive Vice President
Bank of America

*

Venue

Inter-American Development Bank, (Andres Bello Auditorium, 9th floor)

1300 New York Avenue, N.W.
Washington, D.C., 20577

Thursday, June 13, 1996, 1:00 PM

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Program of Events

1:00 PM

Opening Remarks and Introduction of Speaker
Jean-Francois Rischard
President, Professional Bankers' Association

1:10 PM

Speaker's Presentation
(approximately 20 minutes)
Followed by Questions and Answers

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Ayo Akingbade
Secretary General