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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Material
Professor Joao Pinheiro - Commissioner of Development, Commission of the [?]

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A. CLASSIFICATION

- ☒ Meeting Material
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- ☐ Communications with Staff

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

- ☐ JDW Transcripts
- ☐ Social Events
- ☐ Other

B. SUBJECT: PROFESSOR JOAO PINHEIRO, COMMISSIONER OF DEVELOPMENT, COMMISSION OF THE EUROPEAN UNION (EU) (B) (N)
VENUE: E1227 (CONF. RM.)

DATE: 07/10/96

IN ATTENDANCE: JDW, SARBIB*, KIRBY-ZAKI (FOR MALLOCH-BROWN),
ATSUKO,
EU ATTENDEES:

Professor Joao Pinheiro
Mr. Carlos Costa, Chief of Cabinet
Ambassador Paeman, EC Ambassador in Wash. D.C.
Mr. Aslam Aziz, Minister Counsellor for Development

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

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

DATE: 11-Jul-1996 12:18 EST

TO: Mark Malloch Brown (MARK MALLOCH BROWN)

FROM: Jane Kirby, EXTVP (JANE KIRBY)

EXT.: 80576

SUBJECT: Mr. Wolfensohn's Meeting with Prof. Joao Pinheiro
EC Commissioner for ACP countries and Lome Conventions

CONFIDENTIAL

Professor Joao Pinheiro, EC Commissioner for relations with the ACP countries and the Lome Convention, came to see Mr. Wolfensohn. He was accompanied by Mr. Carlos da Silva Costa, his Chef de Cabinet; Mr. Hugo Paemen, EU Ambassador to the U.S.; and Mr. Aslam Aziz, Development Affairs Counsellor at the EU Washington office.

Also present in the meeting were Jean-Louis Sarbib, Vice President, Africa; Hartwig Schafer, Special Assistant to the Africa VP's; and myself, representing EXT.

Prof. Pinheiro's main objective at the meeting was to discuss his plans for closer collaboration between the EU and the WB Group with the President. The discussion focussed on a series of recent events that had been launched to deepen the collaboration between the AFR region and the DG8.

Mr. Wolfensohn welcomed the EU delegation.

Prof. Pinheiro noted that the EU is by far the largest donor to Africa now and that support to ACP countries under the Lome convention had been by 34% in ECU terms for the period 1996-2000. But increasingly, EU member countries want to see results, and therefore he is exploring ways to increase efficiency through better coordination with development partners. He said he was very much encouraged by Mr. Wolfensohn's many statements on partnership and agreed that coordination was needed for both strategies and approaches and in the field. He had had good discussions with Mr. Sarbib earlier in the visit.

Mr. Sarbib mentioned the upcoming joint EU-World Bank seminar on Africa in Lisbon, for which they had developed six key topics (adjustment lending, capacity building, regional integration, human face of development, private sector development, and micro issues/micro finance). Mr. Sarbib will lead a team of 7 staff from AFR/FPD/IFC to represent the Bank at the Lisbon seminar. He also mentioned their efforts to pick a few countries in Africa for joint preparation of country assistance strategies. Mr.

Pinheiro echoed the importance of the Lisbon seminar and mentioned several other initiatives; including his contact with Mr. Piciotto on monitoring and evaluation and the ongoing collaboration with Mr. Rischard and FPD.

Mr. Sarbib also mentioned that an EU/WB exchange program is entering its second round. Hartwig Schafer would be seconded to the EC as of August 1 and an EC staff would be coming to the Bank as well. PSD is also considering financing an infrastructure specialist to be housed in the Bank's Brussels office and work part-time (50%) with the EC on Mediterranean countries.

Prof. Pinheiro said that he wants to focus on private sector development and the banking sector in Africa, particularly in southern Africa and west Africa. He indicated his interest in the Bank's help in this regard. Mr. Wolfensohn welcomed this and again stated his positive views towards coordination in general.

Mr. Wolfensohn said he would repeat the message he had sent to everyone he'd met from the EC, namely that we want to be good partners and he does not care whether we lead or follow; just that we get the job done. Our cooperation with the EU in Bosnia represented a new level, which he would like to extend to other spheres. But, he believes, the World Bank needs to be more efficient within itself - this had been his preoccupation this past year. Nowhere is this more dramatic than in the Africa region, and he briefly described the efforts taken by the new VPs to appoint new country managers and the best technical people. In sum, he was keen to embrace the EU as a new partner, but he had also been involved in an internal revolution.

Mr. Wolfensohn also mentioned that the Bank should be judged on the quality of its work, not just the volume of loans. He expressed an interest in the EU's work on judging the effectiveness of its programs. He described the thorough cleaning of portfolios underway in the Bank and said that we are adjusting our procedures for measuring the effectiveness of projects, towards earlier and more frequent assessments, with a view towards learning from bad results and adapting active projects accordingly. The effectiveness issue for us is how to be a better partner. We are all squeezed for resources.

Mr. Pinheiro said that the EU was also delegating more power to field missions, but they were pursuing their goal of efficiency more cautiously.

Mr. Wolfensohn asked about the EC's role in coordinating the bilateral development cooperation work of its 15 member countries. The potential benefit of such coordination was, he thought, huge. Prof. Pinheiro said that efforts among the 15 member states varied considerably, with fairly good cooperation from the French and Germans, but less from the UK. In those recipient countries where the 15 managed to speak with one voice, the approach is working very well.

Mr. Wolfensohn said that he had told Mr. Santer at the Lyon Summit that there were numerous cases where cooperation between multilateral organizations was very good, including the West Bank/Gaza. But coordination with bilaterals remains an issue - we have no line authority over this and must rely on persuasion. Prof. Pinheiro could make a contribution in bringing the bilaterals along. He mentioned his many meetings with the Japanese and of his objective of bringing them in and forming a front. As Prime Minister Hashimoto had mentioned at Lyon, the Japanese are planning a major conference on Africa next year in Tokyo, and they announced a \$100 million program for Africa. Prof. Pinheiro added his positive views about the Japanese role in Africa.

(based on notes from Jane Kirby-Zaki and Hartwig Schafer)

CC: SPIROS VOYADZIS
CC: ABDALLAH EL MAAROUFI
CC: Hartwig Schafer
CC: Atsuko Horiguchi

(SPIROS VOYADZIS @A1@BRUSEL)
(ABDALLAH EL MAAROUFI @A1@PARIS)
(HARTWIG SCHAFFER)
(ATSUKO HORIGUCHI)

JDW: You are tentatively slated for an EU-visit to Brussels post-Bilderberg mtgs this Nov (around the 18th). Atsuko

Mr. Wolfensohn's Meeting with Prof. Pinheiro (Commissioner, European Union)¹

Date & Venue: Wednesday, July 10, 1996, at 12:30 - 1:00 p.m., in E 1227

Participants: EC Delegation

- Prof. João de Deus Rogado Salvador PINHEIRO, Commissioner, (generally referred to as "The Professor")
- Mr. Carlos da Silva COSTA, Chef de Cabinet
- Mr. Luis RITTO, Head of Division, PSD
- Mr. Aslam AZIZ, Minister Counselor, Development Affairs, Delegation of the European Commission in Washington

Bank Staff

- Jean-Louis Sarbib, Vice President, Africa
- Mark Malloch Brown, Vice President, External Affairs
- Atsuko Horiguchi, Assistant to the President
- Hartwig Schafer, Special Assistant to the Africa RVPs

Purpose: Our relationship with the European Commission (EC) has long been a cordial one. The level of interaction between the Bank and the EC has markedly increased over the past few months as **Prof. Pinheiro is eager to enter into a strategic partnership with the Bank on Africa** and strengthen collaboration both on a conceptual level (new sources of growth, globalization) as well as on a technical level. **Prof. Pinheiro's visit is one in a sequence of events** towards this objective:

- Bernard Petit, the Africa Region's primary interlocutor and the EC's representative to the SPA, and Carlos Costa and Aslam Aziz have all recently met with the Africa VPs.
- The Bank opened a **Resident Mission** (headed by Mr. Spiros Voyadzis) in Brussels in February 1996.
- A videoconference between the Africa VPs (with participation of FPD and IFC) and Mr. Steffen Smidt (Director General of DG8) was held on June 10, to discuss the agenda for future collaboration.
- Senior Managers (e.g., Messrs. Koch-Weser, Rischard, Picciotto) have recently visited EC to discuss collaboration at the regional levels as well as in thematic areas (such as PSD, Monitoring and Evaluation).

¹ drafted by Spiros Voyadzis/Hart Schafer (x.34421)/Myra Holsinger; July 5, 1996

- A EC/WB Seminar on Africa is scheduled for July 22-24 in Lisbon to reach agreement on how to take collaboration to the technical level in the following areas: adjustment, the human side of development, capacity building, regional integration, and private sector development. Jean-Louis Sarbib will lead the Bank delegation which will include representatives from FPD and IFC.

Business Context: With US\$4.6 billion in 1994, the European Union is the second largest multilateral donor after IDA. Over the past 5 years, the EC has become the Bank's second largest multilateral cofinancier (with US\$ 1 billion p.a.) after the IDB. African, Caribbean, and Pacific Countries (ACP; 70 countries) are covered by Lomé Convention and will benefit from US\$19 million, mostly in grants, from 1995-2000. The EC has consistently made a strong intellectual contribution as a member of the SPA (Special Program of Assistance to Africa) with particular efforts to improve the quality of adjustment aid. The EC has also advocated regional integration (and is a driving force behind the Cross Border Initiative for 14 Eastern and Southern Africa; co-sponsored by the EC, AfDB, IMF and the Bank), and greater donor involvement in public expenditure reviews.

Key Issues:

1. The European Commission (EC) is involved in practically all of the activities of the World Bank and is the second largest donor to Africa after the Bank. It wishes to be considered as an important interlocutor by the Bank and the IMF with weight in decision-making. Prof. Pinheiro is particularly interested in:

- an increased exchange of information, access to the AFR's live data base, and AFR Best Practices Rapid Response System on the WEB;
- closer cooperation in the area of PSD;
- support in helping set up a Monitoring and Evaluation System (like OED); and
- need for strengthening macro and sectoral coordination to ensure we are - to the extent possible - speaking with "one voice" on the ground.

WB response: Endorsement of enhanced level of cooperation between the Bank and the EC and welcoming the opportunity to exchange views at the Lisbon seminar in a couple of weeks. Particularly emphasize our interest in working with EC on private sector development; both IFC and FPD will be represented at the Lisbon meeting. We would be prepared to make the Africa Region's live database (comprehensive country statistics) and the on-line best practice system available to the EC.

2. **Prospects for the Future of the Lomé IV Convention (1990-2000)** are not promising. Recession, stringent budget discipline in member states, competing demands for resources, new geo-strategic interests (accession of Central and Eastern European countries) and establishment of a free trade area with the Mediterranean have all

impacted on Lomé IV. Some EU member states question the effectiveness of EC programs and rejected any increase (in real terms) in funding during the mid-term review of Lomé IV and the replenishment of the European Development Fund (EDF 8).

Prof. Pinheiro has commissioned a Green Paper (Perspective 2000) on a possible successor to the Lomé Convention. This will be circulated to the Member States and ACP countries in the fall for consultation. The EC wishes to consult with the Bank during the preparation of the Green Paper and would welcome the Bank's comments and input to the first draft expected in August.

WB response: We are prepared to fully cooperate with the EC in the preparation of this paper; in part to avoid duplication of work.

Points Mr. Wolfensohn should make:

- Updates on the **G-7 Summit in Lyon**, the **Multilateral Debt Initiative**, the status of the **IDA-11 replenishment**.
- **Renato Ruggiero of the World Trade Organization** has been invited to participate in the Development Committee meetings. You may wish to expand on the **relationship between trade and aid**.
- **World Bank/EC Staff Exchange:** AFR and the EC are in the second round of exchanges of staff; **Hartwig Schafer** will join the EC this August for 2 years. PSD is planning to place an expert on private sector participation in infrastructure in the Brussels RM to work primarily with the EC in the Mediterranean countries (cost and terms-of-reference would be shared with EC). **Acknowledgment of the success of such exchange programs and their role in furthering our understanding of the EC and in bringing the EC perspective to our work.**

*currently
Assistant to
AFRVPs - he'll
be @ this mtg.

Sensitive Issues (Hidden Agenda):

- **Portugal has not had a high profile in the EC, and Prof. Pinheiro is trying to strengthen its position -- the "media/PR" dimension of the EC/WB seminar in Lisbon is a start.**
- Sources at the EC believe Prof. Pinheiro is trying to build a political support base in Portugal with the **long-term objective of running for a high level political in his home country.**
- There is obviously **some friction (turf battle) between the Cabinet of Prof. Pinheiro (as Commissioner he is a political appointee) and the Senior Management in the Directorate General (headed by Steffen Smidt) and we should avoid being drawn into the middle of this conflict.**

Table Annex

Official Cofinancing with the World Bank		
FY91-95	US\$ Million	%
<i>European Development Fund</i>	1,639	4
<i>European Investment Bank</i>	1,507	4
<i>Other EU Cofinancing</i>	1,221	3
<i>Bilateral Cofinancing from EU Countries</i>	4,309	12
Bilateral Cofinancing from Non-EU Countries	12,456	34
African Development Bank/Fund	2,035	6
Asian Development Bank	2,112	6
European Bank for Reconstruction and Development	1,026	3
Inter-American Development Bank	8,062	22
UN Institutions	1,297	4
Other (GEF, WWF, etc)	1,183	3
TOTAL	36,847	100

Cofinancing by EC and EIB with the World Bank by Region		
FY93-95	US\$ Million	% of Total Cofinancing
Africa Region	770	20
Middle East and North Africa Region	558	24
Europe and Central Asia Region	512	17
South Asia Region	257	7
Latin America Region	207	3
East Asia and Pacific Region	113	6
TOTAL	2,417	12



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Secretariat-General
Legal Service
Security Office
Forward Studies Unit
Inspectorate-General
Joint Interpreting and
Conference Service (JICS)
Spokesman's Service
Monetary matters (with Mr de Silguy)
Common foreign and security
policy and human rights
(with Mr Van den Broek)
Institutional questions and
Intergovernmental Conference
(with Mr Oreja)

President Jacques SANTER
Luxembourgish



Vice-President Sir Leon BRITTAN
British

External relations with
North America, Australia,
New Zealand, Japan,
China, Korea, Hong Kong,
Macao and Taiwan
Common commercial policy
Relations with the OECD
and WTO



Vice-President Manuel MARÍN
Spanish

External relations with southern
Mediterranean countries,
the Middle East, Latin America
and Asia (except Japan,
China, Korea, Hong Kong,
Macao and Taiwan) including
development aid



Martin BANGEMANN
German

Industrial affairs
Information
and telecommunications
technologies



Karel VAN MIERT
Belgian

Competition



Hans VAN DEN BROEK
Dutch

External relations with the
countries of Central and Eastern
Europe (CEECs), the former
Soviet Union, Mongolia, Turkey,
Cyprus, Malta and other
European countries
Common foreign and security
policy (CFSP) and human rights
(in agreement with the President)
External missions



João de Deus PINHEIRO
Portuguese

External relations with African,
Caribbean and Pacific countries
(ACP) and South Africa,
including development aid
Lomé Convention



Pádraig FLYNN
Irish

Employment and social affairs
Relations with the Economic
and Social Committee



Marcelino OREJA
Spanish

Relations with the European
Parliament
Relations with the Member States
(transparency, communication
and information)
Culture and audiovisual policy
Office for Official Publications
Institutional matters
and preparations for the 1996
Intergovernmental Conference
(in agreement with the President)



Anita GRADIN
Swedish

Immigration, home affairs
and justice
Relations with the Ombudsman
Financial control
Fraud prevention



Édith CRESSON
French

Science, research and development
Joint Research Centre
Human resources, education,
training



NOTE



Ritt BJERREGAARD
Danish

Environment
Nuclear safety



Monika WULF-MATHIES
German

Regional policies
Relations with the Committee
of the Regions
Cohesion Fund
(in agreement with Mr Kinnock
and Mrs Bjerregaard)



Neil KINNOCK
British

Transport (including
trans-European networks)



Mario MONTI
Italian

Internal market
Financial services
and financial integration
Customs
Taxation



Franz FISCHLER
Austrian

Agriculture and
rural development



Emma BONINO
Italian

Fisheries
Consumer policy
European Community
Humanitarian Office (ECHO)



Yves-Thibault de SILGUY
French

Economic and financial affairs
Monetary matters
(in agreement with the President)
Credit and investments
Statistical Office



Erkki LIIKANEN
Finnish

Budget
Personnel and administration
Translation and in-house
computer services



Christos PAPOUTSIS
Greek

Energy and
Euratom Supply Agency
Small business
Tourism