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THE WORLD BANK

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Annual Meeting Speeches

1987



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G 24



OPENING STATEMENT OF  
BARBER B. CONABLE

G-24 MEETING

SATURDAY, SEPTEMBER 26, 1987

THANK YOU, MR. CHAIRMAN:

MR. CHAIRMAN, WHEN WE LAST MET I STRESSED THREE POINTS - 1) THE NEED TO SHARPEN OUR COMMON ATTACK ON POVERTY, EVEN AS WE CONTINUE OUR CONCERN FOR ADJUSTMENT; 2) THE IMPORTANCE TO OUR COMMON WELFARE OF A STRENGTHENED INTERNATIONAL TRADING ENVIRONMENT; AND 3) THE NEED TO ENSURE AN ADEQUATE FLOW OF RESOURCES TO THE DEVELOPING WORLD TO SECURE SUSTAINABLE GROWTH.

WHILE THERE HAS BEEN LIMITED PROGRESS IN SOME AREAS, THE BASIC AGENDA HAS NOT CHANGED. MOREOVER, WE REMAIN, AS I SAID AT UNCTAD-7, "AT A CRUCIAL JUNCTURE FOR THE WORLD ECONOMY - A PERIOD WHEN, BY DECISION OR BY DEFAULT, THE NATIONS REPRESENTED HERE WILL SET A COURSE EITHER TOWARD

RENEWED GLOBAL GROWTH OR TOWARD STAGNATION AND EVENTUAL RECESSION. "

THE G-24 HAS CONSISTENTLY CALLED UPON THE BANK TO EXPAND ITS PROGRAM OF SUPPORT FOR DEVELOPING COUNTRIES AND TO STRENGTHEN ITS LEADERSHIP ON DEVELOPMENT ISSUES. OUR REORGANIZATION WAS DESIGNED TO DO JUST THAT. WE HAVE NOW COMPLETED OUR INTERNAL RESTRUCTURING, AND WE ARE READY TO PROVIDE MORE RESPONSIVE AND TIMELY ASSISTANCE TO ALL OUR MEMBERS.

THE RENEWED WORLD BANK HAS A NUMBER OF KEY OBJECTIVES WHICH I WILL OUTLINE FOR YOU TODAY, AND WHICH I WILL DISCUSS IN DETAIL IN MY ANNUAL MEETING SPEECH. THEY ARE:

- 0 FIRST, TO HELP ALLEVIATE THE DEBT PROBLEMS OF THE HEAVILY INDEBTED MIDDLE-INCOME COUNTRIES BY PROVIDING ENHANCED SUPPORT TO THEIR EFFORTS TO ACHIEVE SUSTAINED DEVELOPMENT AND RESTORE CREDITWORTHINESS.

- 0 SECOND, TO PROVIDE SPECIAL ATTENTION TO THE PROBLEMS OF SUB-SAHARAN AFRICA. WE WILL CONTINUE TO SUPPORT THEIR COURAGEOUS ADJUSTMENT EFFORTS AND WILL UNDERTAKE A SPECIAL PROGRAM OF ASSISTANCE FOR THE DEBT-DISTRESSED COUNTRIES. WE WILL ALSO ATTEMPT TO CREATE A MORE FAVORABLE ENVIRONMENT FOR LONG-TERM DEVELOPMENT AND FOOD SECURITY.
- 0 THIRD, TO RE-ASSERT AND EXPAND OUR ROLE IN THE ATTACK ON POVERTY THROUGH TARGETTED PROGRAMS FOCUSED ON ERADICATING THE WORST FORMS OF POVERTY, PARTICULARLY IN THE VERY LOW-INCOME COUNTRIES OF ASIA.
- 0 FOURTH, TO CONTINUE AND, IF NECESSARY, INCREASE BANK INVOLVEMENT AND SUPPORT FOR TRADITIONAL PROGRAMS OF INFRASTRUCTURE AND HUMAN RESOURCE DEVELOPMENT, WITH A GROWING ROLE IN THE AREA OF ENVIRONMENTAL PRESERVATION AND MANAGEMENT; AND

0 FIETH, TO ASSIST IN A MORE FORCEFUL AND RELEVANT MANNER, THE DEVELOPMENT EFFORTS OF THE RELATIVELY MORE ADVANCED MIDDLE-INCOME COUNTRIES IN LATIN AMERICA, EAST ASIA AND EASTERN EUROPE, MANY OF WHICH CONFRONT INCREASED FINANCIAL AND ECONOMIC DIFFICULTIES AS THEY ADJUST TO A RAPIDLY CHANGING GLOBAL ENVIRONMENT.

BUT WE OBVIOUSLY CANNOT DO THIS WORK ALONE. IF WE ARE TO SUCCEED IN THESE OBJECTIVES, WE MUST CONTINUE TO HAVE THE HELP AND SUPPORT OF G-24 WHICH CAN MAKE A SUBSTANTIAL CONTRIBUTION TO REACHING CONSENSUS ON THE ISSUES BEFORE US.

THIS MUST BE A JOINT VENTURE, A COOPERATIVE ENTERPRISE OF DEVELOPING COUNTRIES, INDUSTRIAL COUNTRIES, THE PRIVATE SECTOR AND INTERNATIONAL INSTITUTIONS.

THERE ARE AT LEAST TWO TANGIBLE WAYS TO DEMONSTRATE THIS INTERNATIONAL COOPERATION AT THE DEVELOPMENT COMMITTEE MEETING.



THE FIRST IS TO ACHIEVE BROAD SUPPORT FOR THE BANK/FUND INITIATIVES FOR LOW-INCOME COUNTRIES. WE MUST CONTINUE TO SEEK ADEQUATE INCREASES IN FLOWS OF CONCESSIONAL ASSISTANCE TO THESE COUNTRIES. THE PICTURE IS NOT ENCOURAGING AND WE MUST NOT RELAX OUR EFFORTS. IDA-8 MUST BE BROUGHT INTO FORCE AS SOON AS POSSIBLE, AND SUPPORT FOR THE IMF EXPANDED STRUCTURAL ADJUSTMENT FACILITY PROVIDES AN IMPORTANT AVENUE FOR ADDITIONAL RESOURCES.

THERE IS A SPECIAL GROUP OF DEBT-DISTRESSED LOW-INCOME COUNTRIES THAT REQUIRE PARTICULARLY URGENT ACTION IF THEY ARE TO HAVE ANY CHANCE OF RESUMING A SATISFACTORY GROWTH PATH. THE BANK HAS PROPOSED A FLEXIBLE PACKAGE OF ACTIONS WHICH PERMITS DONORS AND CREDITORS TO MOVE QUICKLY TO MEET THE ESPECIALLY URGENT NEEDS OF THESE POOR COUNTRIES UNDERTAKING DIFFICULT ADJUSTMENT PROGRAMS. G-24 SUPPORT FOR THIS GENERAL PROGRAM AND A CALL FOR EARLY ACTION WOULD BE MOST HELPFUL.

SECOND, WE NEED A CLEAR SIGNAL FROM SHAREHOLDERS THAT THEY STAND FULLY BEHIND THE BANK - IN TERMS OF BOTH FINANCIAL AND MORAL SUPPORT - AS WE ENTER AN EVEN MORE TURBULENT PHASE IN FINANCING DEVELOPMENT. SPECIFICALLY, THE TIME HAS COME FOR EARLY ACTION ON A SUBSTANTIAL GENERAL CAPITAL INCREASE IF WE ARE TO EXPAND OUR LENDING PROGRAM TO MEET THE REQUIREMENTS OF THE FUTURE.

WE ARE COMMITTED TO CONTINUE OUR GREATLY EXPANDED SUPPORT FOR THE RECOVERY EFFORTS OF OUR HEAVILY-INDEBTED MEMBERS; TO ACHIEVE THIS WHILE MAINTAINING AND INCREASING OUR ESSENTIAL COMMITMENTS TO THE GROWTH AND POVERTY ALLEVIATION PROGRAMS OF ALL OUR BORROWERS, WE MUST HAVE INCREASED RESOURCES. THE DRIVE FOR INCREASED RESOURCES HAS RECEIVED A BIG BOOST THIS WEEK FROM THE UNITED STATES; SUPPORT FROM OTHER COUNTRIES HAS ALREADY BEEN VOICED IN OTHER FORA.

AGREEMENT AT THE POLITICAL LEVEL AS TO SIZE AND

PAID-IN PORTION SHOULD BE POSSIBLE NOW SO THAT THE GCI WILL BE NEGOTIATED BEFORE THE END OF THIS YEAR. YOU HAVE ALWAYS BEEN STRONG SUPPORTERS OF A GCI; ONCE AGAIN WE WILL CALL UPON YOU FOR YOUR HELP.

WE MUST WORK TOGETHER TO ACHIEVE CONSENSUS ON THESE TWO AREAS AT LEAST, AND OTHERS AS WELL WHICH CAN LEAD TO A HEALTHIER, GROWING WORLD ECONOMY.

THANK YOU.



REMARKS OF BARBER CONABLE  
AFRICAN CAUCUS  
SEPTEMBER 26, 1987

CHAIRMAN MMUSI, GOVERNORS, LADIES AND GENTLEMEN:

WELCOME, ONCE AGAIN, TO WASHINGTON. I VERY MUCH HOPE THAT THESE ANNUAL MEETINGS WILL BE AS PRODUCTIVE FOR YOU AS MY VARIOUS MEETINGS OVER THE PAST YEAR IN AFRICA HAVE BEEN FOR ME.

I TRAVELED THERE BECAUSE I HAVE MUCH TO LEARN ABOUT YOUR COUNTRIES AND BECAUSE THE WORLD BANK, WITH YOUR HELP, HAS MUCH TO DO IN SUB-SAHARAN AFRICA.

I RETURNED FROM MY VISITS NOT JUST BETTER INFORMED ABOUT THE CHALLENGES WE FACE TOGETHER BUT ALSO FIRMLY PERSUADED THAT THROUGH COMMON, STRENUOUS EFFORT WE CAN MEET THOSE CHALLENGES AND, OVER TIME, MASTER THEM. THE DEVELOPMENT PROGRESS OF SUB-SAHARAN AFRICA REMAINS THE WORLD BANK'S NUMBER ONE PRIORITY.

THE PROBLEMS OF DEVELOPMENT IN AFRICA ARE AS CRITICAL AS THEY ARE FAMILIAR.

THEY START WITH WHAT CHAIRMAN JULIUS NYERERE OF TANZANIA HAS CALLED "THE THREE ENEMIES: POVERTY, IGNORANCE AND DISEASE." BUT THEY ALSO INCLUDE EXTERNAL DEBT AND INTERNAL ENVIRONMENTAL DANGER.

THE WORLD BANK REMAINS COMMITTED TO WORKING WITH YOU TO TURN THOSE PROBLEMS INTO OPPORTUNITIES FOR PROGRESS, PROGRESS TOWARD ECONOMIC RECOVERY, PROGRESS AGAINST POVERTY. THE BANK HAS NO HIGHER PRIORITY THAN ITS LONG-TERM INVESTMENTS IN AFRICA'S SUSTAINED DEVELOPMENT.

ONE MEASURE, BUT NOT THE BEST OR THE ONLY INDEX OF OUR FIRM COURSE IN SUB-SAHARAN AFRICA, IS THE LEVEL OF OUR LENDING. IN THE PAST YEAR, BANK AND IDA LENDING TO SUB-SAHARAN AFRICA TOTALLED ABOUT \$2.1 BILLION. OVER THE COMING YEAR, LENDING SHOULD REACH A RECORD LEVEL OF ABOUT \$3.5 BILLION. AND OVER THE NEXT THREE YEARS, WE PROJECT

THAT ROUGHLY HALF THE RESOURCES FROM THE NEW \$12.4 BILLION IDA-8 REPLENISHMENT WILL GO TO SUB-SAHARAN AFRICA -- AGAIN, A RECORD LEVEL.

ALONG WITH THESE NEW FUNDS, HOWEVER, GOES A TWO-TRACK EFFORT TO REDUCE THE BURDEN OF OLD DEBT AND TO HELP AFRICAN NATIONS IMPLEMENT POLICY REFORMS THAT WILL PUT THEM ON FIRM GROUND FOR FUTURE GROWTH.

PROGRESS ON THESE PARALLEL FRONTS HAS BEEN ENCOURAGING BUT INCOMPLETE. LET ME GIVE YOU MY VIEW OF HOW FAR WE HAVE MOVED, AND HOW FAR WE STILL HAVE TO GO.

FIRST, ON THE ISSUE OF DEBT RELIEF AND NEW FINANCING, THE BANK AND THE IMF HAVE BEEN WORKING TOGETHER TO FORMULATE A SPECIAL ASSISTANCE PROGRAM FOR THE LOW-INCOME, DEBT-DISTRESSED COUNTRIES OF SUB-SAHARAN AFRICA THAT ARE UNDERTAKING ADJUSTMENT. WE ARE WORKING WITH THE PARIS CLUB DONORS TO ARRANGE CONCESSIONAL DEBT RELIEF, WITH IDA TO INCREASE AND SPEED UP NEW CAPITAL FLOWS, AND WITH THE FUND TO ENLARGE THE STRUCTURAL ADJUSTMENT FACILITY.

I HAVE ASKED THE DEVELOPMENT COMMITTEE TO ENDORSE THIS SPECIAL PROGRAM DURING THESE ANNUAL MEETINGS, AND I HAVE ALSO CHARGED THE BANK'S SENIOR MANAGERS TO DEVISE FURTHER, IMAGINATIVE APPROACHES TO OBTAIN BOTH DEBT RELIEF AND NEW RESOURCES. LET THERE BE NO MISTAKE ABOUT IT: THE DEBT-DISTRESSED COUNTRIES OF SUB-SAHARAN AFRICA NEED, AND NEED RIGHT NOW, ADDITIONAL FINANCIAL RESOURCES WHICH ARE CONCESSIONAL, QUICK-DISBURSING AND BETTER COORDINATED. THESE COUNTRIES ALSO NEED SOME FORM OF IMMEDIATE DEBT RELIEF.

THE WORLD BANK IS NOT A DEBT AGENCY, BUT WE WILL NOT SIMPLY STAND BY WHILE DEBT PROBLEMS THREATEN TO CHOKE OFF DEVELOPMENT IN AFRICA. AS THOSE PROBLEMS HAVE BEEN LONG IN COMING, THEY WILL REQUIRE MANY YEARS AND MUCH WORK TO OVERCOME. THE BANK WILL CONTINUE TO BE A FULL PARTNER IN THAT LONG-HAUL EFFORT.



WE HAVE CONDITIONED OUR PARTICIPATION, HOWEVER, ON THE COMPANION EFFORT OF THE AFRICAN NATIONS THEMSELVES TO UNDERTAKE STRUCTURAL REFORM OF THEIR ECONOMIC POLICIES. NO ONE -- INCLUDING THE 25 SUB-SAHARAN COUNTRIES THAT HAVE LAUNCHED OR ARE ABOUT TO INITIATE SUCH ADJUSTMENT PROGRAMS -- EXPECTS THE PROCESS TO BE QUICK, EASY OR MIRACULOUS IN CURING EITHER PAST ERRORS OR CURRENT ILLS.

I COMMEND THOSE GOVERNMENTS WHICH HAVE ALREADY ADOPTED COURAGEOUS POLICY REFORMS AND I URGE THOSE THAT HAVE NOT YET FORMULATED PROGRAMS TO DO SO.

WE RECOGNIZE THAT ADJUSTMENT CAN ENTAIL SEVERE SOCIAL COSTS. THE WORLD BANK WILL STAND BY OUR BORROWING COUNTRIES THROUGH THE DIFFICULT TIMES AHEAD, AND WILL WORK WITH THEM TO MAKE REFORM A STARTING POINT FOR INITIATIVES IN POVERTY ALLEVIATION. WE RECOGNIZE THAT WITHOUT ADDITIONAL EXTERNAL RESOURCES, IT WILL BE DIFFICULT FOR COUNTRIES TO UNDERTAKE THESE REFORMS. ALL DONORS MUST WORK TOGETHER TO SEE THAT THESE RESOURCES ARE FORTHCOMING.

OURS IS A SUPPORT ROLE. IT IS AFRICANS THEMSELVES -- FARMERS, TEACHERS, ENTREPRENEURS AND OFFICIALS -- WHO MUST LEAD FROM WITHIN TO BUILD AND CONSOLIDATE THE MOMENTUM FOR PATIENT, PRODUCTIVE CHANGE.

THE BANK ITSELF IS CHANGING SO THAT IT CAN BETTER SUPPORT THAT INDIGENOUS EFFORT.

OUR REORGANIZATION -- THE NEWLY MERGED AFRICA REGION AND THE FORMATION OF SPECIALIZED COUNTRY DEPARTMENTS -- WILL ALLOW US TO SPEAK WITH ONE VOICE IN AFRICA, AND TO FOCUS MORE SHARPLY ON REGIONAL ISSUES SUCH AS DEBT, TRADE, FOOD SECURITY AND NATURAL RESOURCE MANAGEMENT. THE REDUCTION IN MANAGEMENT LAYERS AND THE FORMATION OF SPECIALIZED COUNTRY DEPARTMENTS WILL ALLOW A FASTER DELIVERY OF SERVICES AND PRODUCTS SPECIFICALLY TAILORED TO INDIVIDUAL COUNTRY CIRCUMSTANCES.

IN RECOGNITION OF THE IMPORTANCE OF A CLOSER PARTNERSHIP BETWEEN THE BANK AND THOSE WITH WHOM WE WORK, WE

INTEND TO ESTABLISH A COUNCIL OF AFRICAN ADVISERS. THIS COUNCIL WILL ALLOW THE BANK'S SENIOR MANAGEMENT TO DRAW ON THE EXPERIENCE AND UNDERSTANDING OF DISTINGUISHED AFRICANS FROM DIVERSE PROFESSIONAL BACKGROUNDS. WE NEED TO LISTEN AND TO LEARN FROM THOSE WHO KNOW AFRICA BEST, AFRICA'S OWN MOST KNOWLEDGEABLE AND RESPECTED CITIZENS.

IN THAT SAME SPIRIT, YOU WILL FIND A NEW EMPHASIS IN OUR TRADITIONAL LENDING ACTIVITIES: A STRESS ON DEVELOPING LOCAL CAPABILITIES, AFRICAN MANAGEMENT IN THE BROADEST SENSE, IN BOTH THE DESIGN AND DELIVERY OF BANK PROGRAMS.

THAT PRIORITY WILL BE REFLECTED IN A NEW INITIATIVE TO INCREASE AGRICULTURAL PRODUCTIVITY BY IMPROVING FARM EXTENSION SERVICES. THE BENEFITS OF THIS APPROACH HAVE BEEN DEMONSTRATED IN PILOT PROJECTS ALREADY UNDERWAY IN KENYA, COTE D'IVOIRE, BURKINA FASO, TOGO AND NIGERIA.

THIS PROGRAM IS TRAINING AFRICAN EXPERTS TO WORK WITH AFRICAN FARMERS, PARTICULARLY WOMEN, WHOSE VITAL ROLE IN

FOOD PRODUCTION HAS TOO OFTEN BEEN IGNORED. OUR OBJECTIVE IS TO ACHIEVE TOTAL FOOD SECURITY FOR THE COUNTRIES OF SUB-SAHARAN AFRICA BY THE YEAR 2000. WE DO NOT BELIEVE THIS TO BE AN OVERLY AMBITIOUS GOAL.

IF WE ARE TO SUCCEED, ONE OVER-RIDING CONCERN MUST NOT BE FORGOTTEN - THE DEVELOPMENT OF AFRICA'S HUMAN RESOURCES. THE BANK'S LENDING FOR POPULATION, HEALTH AND NUTRITION PROGRAMS WILL DOUBLE BETWEEN NOW AND 1990. A SUBSTANTIAL PROPORTION OF THIS INCREASE WILL GO TO SUB-SAHARAN AFRICA.

AS WE WORK TO STRENGTHEN AFRICA'S HUMAN RESOURCES, PRIORITY MUST ALSO BE GIVEN TO A CONTINENT-WIDE EFFORT AGAINST THE ADVANCE OF THE DESERT AND THE DESTRUCTION OF FORESTS. AS PART OF THIS EFFORT, WE WILL SUBSTANTIALLY INCREASE OUR LENDING FOR FORESTRY PROJECTS, AND UNDERTAKE A SPECIAL PROGRAM OF TECHNICAL STUDIES TO IDENTIFY SPECIFIC ENVIRONMENTAL PROTECTION PROJECTS.

IN THE AREA OF PRIVATE ENTERPRISE, YOU WILL ALSO FIND THE INTERNATIONAL FINANCE CORPORATION CONTINUING TO BREAK GROUND IN AIDING THE GROWTH OF SMALL AND MEDIUM-SIZED BUSINESS IN AFRICA. THE ESTABLISHMENT OF THE AFRICAN MANAGEMENT SERVICES CORPORATION IS THE MOST RECENT INSTANCE OF THE IFC'S EFFORTS TO ASSIST WITH THE TRAINING OF AFRICAN MANAGERS. IN ADDITION, IFC HAS BEEN STEADFASTLY SUPPORTING THE ECONOMIC POLICY REFORMS OF AFRICAN COUNTRIES.

PRIVATIZATION IS NOT AN EASY OR AUTOMATIC PROCESS; IT REQUIRES LONG-TERM COMMITMENT TO THE QUEST FOR EFFICIENCY AND PRODUCTIVITY THROUGH THE ENCOURAGEMENT OF MARKET FORCES.

IN SUM, THE WORLD BANK INTENDS TO BE A FULL PARTNER IN AFRICA'S FIGHT FOR ECONOMIC GROWTH, IN AFRICA'S DRIVE TO COMBAT POVERTY, IN AFRICA'S ENDEAVOR TO ACHIEVE SUSTAINED DEVELOPMENT.

TO BUILD A NATION, PRESIDENT SENGHOR SAID, "WE MUST TRY TO EMPLOY NOT ONLY ENLIGHTENED REASON BUT ALSO DYNAMIC

IMAGINATION." LET US TAKE OUR LEAD FROM HIS WORDS AS WE  
MOVE FORWARD INTO A NEW ERA OF FRUITFUL COLLABORATION  
BETWEEN THE BANK AND ITS MEMBER COUNTRIES IN AFRICA.

THANK YOU.



REMARKS OF BARBER B. CONABLE  
BRETTON WOODS COMMITTEE DEBT COLLOQUIUM  
SEPTEMBER 25, 1987

THANK YOU FOR ALLOWING ME TO JOIN THIS DISTINGUISHED GATHERING. I WELCOME THE CHANCE TO DISCUSS WITH YOU THE URGENT ISSUES OF THIRD WORLD DEBT AND THE WORLD BANK'S ROLE IN THE COOPERATIVE RESOLUTION OF THESE PROBLEMS.

IT IS, FIRST OF ALL, AN EXPANDING ROLE. LOOKING JUST AT THE 15 HIGHLY-INDEBTED BAKER PLAN COUNTRIES, THE BANK HAS COMMITTED OVER \$33 BILLION IN LENDING TO THEM IN THE LAST SEVEN FISCAL YEARS. ALMOST HALF THIS AMOUNT HAS BEEN COMMITTED IN THE PAST THREE YEARS, AND AN INCREASING PROPORTION OF THE FUNDS HAS GONE OUT AS QUICK-DISBURSING LOANS.

SECOND, THE BANK'S ROLE -- IN THE ABSENCE OF STRONG, NEW COMMERCIAL LENDING -- HAS BEEN CRUCIAL. WE HAVE BEEN THE LEADING SOURCE OF NET FUNDS FOR THE 15-NATION GROUP, AND LAST YEAR PROVIDED OVER FOUR-FIFTHS OF THEIR TOTAL NET LENDING.



THIRD, THE WORLD BANK HAS BEEN AN EFFECTIVE INSTRUMENT OF THE OVERALL DEBT STRATEGY. OUR LENDING HAS SUPPORTED THE GROWTH-ORIENTED SECTORAL ADJUSTMENT POLICIES THAT BOTH DEBTORS AND CREDITORS ACCEPT AS THE FOUNDATION FOR RECOVERY.

I DO NOT CLAIM THAT EVERY ADJUSTMENT PROGRAM HAS GONE WELL. MANY HAVE, BUT A NUMBER HAVE BEEN DIFFICULT TO SUSTAIN -- WHETHER BECAUSE OF INTERNAL FACTORS SUCH AS POLITICAL PRESSURES OR POLICY MISTAKES, OR BECAUSE GLOBAL ECONOMIC GROWTH HAS BEEN SO SLUGGISH.

WHATEVER THE REASONS FOR THE SLOW AND UNEVEN PACE OF PROGRESS SO FAR, THE BANK'S ROLE -- TO COMPLETE MY DESCRIPTION WITH A FOURTH POINT -- IS ONE OF LONG-TERM COMMITMENT.

THE WORLD BANK IS A DEVELOPMENT AGENCY. WHERE DEBT BURDENS STAND BETWEEN THE DEVELOPING COUNTRIES AND SUSTAINED PROGRESS IN VITAL AREAS SUCH AS AGRICULTURE, EDUCATION,

HEALTH AND RESOURCE MANAGEMENT, THE BANK WILL STAND WITH THEM IN EFFORTS TO LIGHTEN THE LOAD AND REGAIN MOMENTUM FOR GROWTH.

THE KEY QUESTION IS WHETHER OUR OUTSIDE SUPPORT, EVEN IN TANDEM WITH THEIR DOMESTIC REFORMS, WILL BE ENOUGH TO BRING THESE COUNTRIES BACK TO ECONOMIC HEALTH.

WITHOUT A SIGNIFICANT RESUMPTION OF PRIVATE LENDING AND INVESTMENT, WITHOUT OFFICIAL DEBT RELIEF AND INCREASED CONCESSIONAL AID IN SUCH REGIONS AS SUB-SAHARAN AFRICA, WITHOUT CONVINCING PROGRESS TOWARD FURTHER LIBERALIZATION AND EXPANSION OF GLOBAL TRADE, THE OVERALL OUTLOOK FOR THE RECOVERY OF THE DEVELOPING WORLD IS NOT GOOD.

FOR POLITICAL, ECONOMIC AND HUMANITARIAN REASONS, THE WEALTHY NATIONS CANNOT ASSENT TO THE PROSPECT OF A DIVIDED AND SHRINKING GLOBAL ECONOMY. SUCH A FUTURE IS UNACCEPTABLE.

IT IS ALSO AVOIDABLE. IN FACT, AN IMAGINATIVE AND FLEXIBLE MIX OF DEBT INITIATIVES CAN RESTORE THE STRONGEST OF THE HIGHLY-INDEBTED NATIONS TO CREDITWORTHINESS WITHIN THE NEXT FIVE TO SEVEN YEARS.

AS I WILL TELL OUR ANNUAL MEETINGS NEXT WEEK, THAT TARGET, [BASED ON SUSTAINING ANNUAL GDP GROWTH RATES OF TWO PERCENT,] WILL BE A MAJOR BANK OBJECTIVE.

FOR OTHER LESS RESILIENT MIDDLE-INCOME COUNTRIES THAT ARE PURSUING ADJUSTMENT, OUR GOAL HAS TO BE A LENGTHIER RETURN TO NORMAL CREDIT STATUS. WE MAY HAVE TO ACCEPT LOWER, SLOWER GROWTH, LESS USE OF FINANCING THAT ADDS TO INDEBTEDNESS, MORE ACCESS TO OFFICIAL SOURCES OF CAPITAL AND NEW UNDERTAKINGS BY PAST COMMERCIAL LENDERS TO FORESTALL ANY CRIPPLING BUILD-UP OF DEBT AND ARREARS.

FINALLY, FOR THE LOW-INCOME, DEBT-DISTRESSED AFRICAN STATES, IN PARTICULAR, OUR IMMEDIATE AIM IS A COOPERATIVE EFFORT WITH THE IMF AND THE PARIS CLUB DONORS BOTH TO

PROVIDE CONCESSIONAL DEBT RELIEF AND TO EXPAND OFFICIAL FINANCING FOR URGENT ADJUSTMENT PROGRAMS AND LONG-TERM DEVELOPMENT INVESTMENTS.

THE WORLD BANK WILL PURSUE ITS EXPANDED ROLE IN VARYING WAYS THROUGHOUT THE DEVELOPING WORLD. BECAUSE TIME IS SHORT, HOWEVER, I WISH TO FOCUS NOW ON OUR PLANS FOR ASSISTING THE MIDDLE-INCOME COUNTRIES IN BOTH THEIR ADJUSTMENT AND DEBT-REDUCTION EFFORTS.

WE WILL BE PURSUING THREE PARALLEL COURSES:

- FIRST, WHERE COUNTRIES CONTINUE TO IMPLEMENT APPROPRIATE REFORMS, WE WILL BACK UP THEIR ADJUSTMENT PROGRAMS WITH SUBSTANTIAL AMOUNTS OF NEW LENDING.

- SECOND, WE WILL SEEK A WIDER ARRAY OF DEBT RESTRUCTURING AND DEBT CONVERSION APPROACHES, AS

WELL AS TECHNIQUES FOR AMELIORATING UNMANAGEABLE DEBT SERVICE BURDENS.

- THIRD, THE BANK AND IFC WILL HELP COUNTRIES TO STRENGTHEN THEIR DOMESTIC FINANCIAL SECTORS, ESPECIALLY THEIR CAPITAL MARKETS. WE WILL INITIATE A PROGRAM OF FINANCIAL TECHNICAL ASSISTANCE, IN WHICH THE HEAVILY-INDEBTED COUNTRIES WILL HAVE PRIORITY. THE PROGRAM WILL DRAW ON THE EXPERTISE OF THE BANK TO ASSIST COUNTRIES IN UTILIZING FINANCIAL TECHNIQUES TO MITIGATE THE INTEREST AND CURRENCY RISK IN THE MANAGEMENT OF THEIR DEBTS AND FOREIGN ASSETS.

THE SUCCESS OF THE OVERALL DEBT STRATEGY TO WHICH THE BANK IS FULLY COMMITTED REQUIRES, AS WE ALL KNOW, SUBSTANTIAL NEW RESOURCE TRANSFERS FROM OFFICIAL AND PRIVATE

CREDITORS TO THE HIGHLY-INDEBTED COUNTRIES. THOSE TRANSFERS HAVE NOT BEEN FORTHCOMING IN ANYTHING NEAR THE NECESSARY AMOUNTS. BY ITSELF, THE BANK CANNOT CLOSE THE GAP.

BUT AS LONG AS THE DEBTORS ARE MAKING CREDIBLE ADJUSTMENT EFFORTS, WE ARE COMMITTED TO PROVIDING THEM MAXIMUM ASSISTANCE, FINANCIAL AND NON-FINANCIAL.

WE WILL NOT TAKE OVER THE DEBTS OF OTHERS NOR WILL WE ASSUME RISKS THAT PROPERLY BELONG IN THE PRIVATE SECTOR. BUT WE WILL ASSUME ADDED RESPONSIBILITIES, INCREASED RISKS OF OUR OWN, TO REALIZE THE PROGRESS IN DEBT REDUCTION WE BELIEVE TO BE AS REALISTIC AS IT IS URGENT.

THE EIGHTH REPLENISHMENT OF IDA ALREADY HAS BEEN AGREED UPON AT A LEVEL APPROPRIATELY HIGHER THAN IDA-7. LEGISLATIVE SUPPORT MUST BE PRESSED IN THIS SESSION OF CONGRESS.

THE EXPANSION OF OUR LENDING AND THE INCREASED CATALYTIC ROLE EXPECTED OF THE BANK REQUIRE EXPEDITIOUS

PROGRESS IN THE CONSIDERATION OF A SUBSTANTIAL CAPITAL INCREASE. WE WELCOME SECRETARY BAKER'S RECENT ANNOUNCEMENT THAT THE U.S. IS READY TO BEGIN NEGOTIATIONS WITH OTHER COUNTRIES ON A GENERAL CAPITAL INCREASE. A NUMBER OF IMPORTANT ISSUES REMAIN TO BE DEALT WITH, HOWEVER. WITHOUT PREJUDGING THE DISCUSSIONS WHICH LIE AHEAD IN THE BANK'S BOARD, I BELIEVE WE SHOULD AIM FOR A GCI OF A SIZE SUFFICIENT TO SUPPORT OUR PLANNED EXPANSION OF LENDING FOR THE NEXT SIX YEARS OR SO. WE WILL COMPLETE OUR DISCUSSIONS AS SOON AS POSSIBLE, AND HOPE TO HAVE A FINAL AGREEMENT THIS YEAR.

WHEN THAT DECISION IS TAKEN, I COUNT ON YOUR SUPPORT AND COUNSEL AS WE WORK WITH OUR MEMBER GOVERNMENTS AND THE PRIVATE SECTOR IN A CONCERTED, LONG-RANGE DRIVE FOR RENEWED GLOBAL GROWTH AND STEADY ECONOMIC DEVELOPMENT.

THANK YOU.

DEVELOPMENT  
COMMITTEE





# Record Removal Notice



<b>File Title</b> Presidential Speeches : Annual Meetings, 1986 - 1990 - Speeches, 1987		<b>Barcode No.</b>  1782201		
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<b>Exception(s)</b> Information Provided by Member Countries or Third Parties in Confidence				
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LATIN AMERICAN  
GOVERNORS LUNCH

REMARKS OF BARBER B. CONABLE  
LATIN AMERICAN LUNCH  
SEPTEMBER 26, 1987

IT IS A GREAT PLEASURE FOR ME TO WELCOME YOU TO WASHINGTON. I LOOK FORWARD TO A STIMULATING AND PRODUCTIVE DISCUSSION OF ISSUES WHICH ARE THE FOCUS OF THESE ANNUAL MEETINGS.

THE PROBLEMS FACING THE LATIN AMERICAN COUNTRIES ARE AT THE FOREFRONT OF THESE DISCUSSIONS. WE WILL BE REVIEWING THE STATUS OF GROWTH-ORIENTED ADJUSTMENT PROGRAMS IN THE HEAVILY-INDEBTED MIDDLE-INCOME COUNTRIES. WE WILL ALSO ASSESS THE EFFECT OF THE EXTERNAL ENVIRONMENT ON THE EFFORTS OF THESE COUNTRIES TO WORK OUT OF DEBT. WHILE THERE HAS BEEN SOME PROGRESS, PROBLEMS REMAIN. THERE IS STILL A LONG WAY TO GO BEFORE THE CONDITIONS NECESSARY FOR SUSTAINED GROWTH ARE ESTABLISHED.

THE WORLD BANK'S LENDING HAS SUPPORTED THE

GROWTH-ORIENTED SECTORAL ADJUSTMENT POLICIES THAT BOTH DEBTORS AND CREDITORS ACCEPT AS THE FOUNDATION FOR RECOVERY. I DO NOT CLAIM THAT EVERY ADJUSTMENT PROGRAM HAS GONE WELL. MANY HAVE, BUT A NUMBER HAVE BEEN DIFFICULT TO SUSTAIN.

IN MANY CASES, THE DETERIORATING EXTERNAL ENVIRONMENT OFFSETS THE GAINS BROUGHT ABOUT BY IMPROVED POLICIES. WE RECOGNIZE THE INCREASINGLY SEVERE PRESSURES THIS CREATES. THE WORLD BANK IS NOT A DEBT AGENCY, BUT WE WILL NOT STAND BY WHILE DEBT PROBLEMS THREATEN TO CHOK OFF DEVELOPMENT IN LATIN AMERICA.

THE KEY QUESTION IS WHETHER OUR SUPPORT, EVEN IN TANDEM WITH DOMESTIC REFORMS, WILL BE ENOUGH.

WITHOUT A SIGNIFICANT RESUMPTION OF PRIVATE LENDING AND INVESTMENT, WITHOUT CONVINCING PROGRESS TOWARD FURTHER LIBERALIZATION AND EXPANSION OF GLOBAL TRADE, THE OVERALL OUTLOOK FOR THE RECOVERY OF THE DEVELOPING WORLD IS NOT GOOD.

FOR POLITICAL, ECONOMIC AND HUMANITARIAN REASONS, THE WEALTHY NATIONS CANNOT ASSENT TO THE PROSPECT OF A DIVIDED AND SHRINKING GLOBAL ECONOMY. SUCH A FUTURE IS UNACCEPTABLE.

IT IS ALSO AVOIDABLE. IN FACT, OUR GOAL SHOULD BE AN IMAGINATIVE AND FLEXIBLE MIX OF INITIATIVES THAT WILL RESTORE THE STRONGER OF THE HIGHLY-INDEBTED NATIONS TO CREDITWORTHINESS WITHIN THE NEXT FIVE YEARS.

FOR OTHER LESS RESILIENT MIDDLE-INCOME COUNTRIES THAT ARE PURSUING ADJUSTMENT, OUR GOAL HAS TO BE A LENGTHIER RETURN TO NORMAL CREDIT STATUS. WE MAY HAVE TO ACCEPT LOWER, SLOWER GROWTH, LESS USE OF FINANCING THAT ADDS TO INDEBTEDNESS, MORE ACCESS TO OFFICIAL SOURCES OF CAPITAL AND NEW UNDERTAKINGS BY PAST COMMERCIAL LENDERS TO FORESTALL ANY CRIPPLING BUILD-UP OF DEBT AND ARREARS.

WE ARE PREPARED TO DO OUR PART:

- FIRST, WHERE COUNTRIES CONTINUE TO IMPLEMENT APPROPRIATE REFORMS, WE WILL BACK UP THEIR

ADJUSTMENT PROGRAMS WITH SUBSTANTIAL AMOUNTS OF NEW LENDING.

- SECOND, WE WILL SEEK A WIDER ARRAY OF DEBT RESTRUCTURING AND DEBT CONVERSION APPROACHES, AS WELL AS TECHNIQUES FOR AMELIORATING UNMANAGEABLE DEBT SERVICE BURDENS.
- THIRD, THE BANK AND IFC WILL HELP COUNTRIES TO STRENGTHEN THEIR DOMESTIC FINANCIAL SECTORS, ESPECIALLY THEIR CAPITAL MARKETS. WE WILL INITIATE A PROGRAM OF FINANCIAL TECHNICAL ASSISTANCE, IN WHICH THE HEAVILY-INDEBTED COUNTRIES WILL HAVE PRIORITY. THE PROGRAM WILL DRAW ON THE EXPERTISE OF THE BANK TO ASSIST COUNTRIES IN UTILIZING FINANCIAL TECHNIQUES TO MITIGATE THE INTEREST AND CURRENCY RISK IN THE MANAGEMENT OF THEIR DEBT AND FOREIGN ASSETS.

IN ADDITION, WE EXPECT THAT MIGA WILL CONTRIBUTE TO NON-DEBT RESOURCE FLOWS. AS YOU MAY KNOW, TEN LATIN AMERICAN COUNTRIES HAVE SIGNED THE MIGA CONVENTION TODAY.

THE SUCCESS OF THE OVERALL DEBT STRATEGY TO WHICH THE BANK IS FULLY COMMITTED REQUIRES SUBSTANTIAL NEW RESOURCE TRANSFERS FROM OFFICIAL AND PRIVATE CREDITORS TO THE HIGHLY-INDEBTED COUNTRIES. THOSE TRANSFERS HAVE NOT BEEN FORTHCOMING IN ANYTHING NEAR THE NECESSARY AMOUNTS. BY ITSELF, THE BANK CANNOT CLOSE THE GAP.

WE COUNT ON YOU TO PERSIST IN THE DIFFICULT ADJUSTMENT PROCESS WHICH IS ULTIMATELY THE BEST GUARANTY OF LONG-TERM GROWTH. AS LONG AS DEBTORS ARE MAKING CREDIBLE ADJUSTMENT EFFORTS, WE ARE COMMITTED TO WORKING TO ENSURE ADEQUATE EXTERNAL FINANCIAL SUPPORT AND ALL APPROPRIATE TECHNICAL ASSISTANCE.

WE WILL NOT TAKE OVER THE DEBTS OF OTHERS, NOR WILL WE ASSUME RISKS THAT PROPERLY BELONG IN THE PRIVATE SECTOR. BUT WE WILL ASSUME ADDED RESPONSIBILITIES, INCREASED RISKS



OF OUR OWN, TO REALIZE THE PROGRESS IN DEBT REDUCTION WE BELIEVE TO BE AS REALISTIC AS IT IS URGENT.

I COUNT ON YOUR CONTINUED COOPERATION AS WE WORK WITH ALL OUR MEMBER GOVERNMENTS IN A CONCERTED LONG-RANGE DRIVE FOR RENEWED GLOBAL GROWTH AND STEADY ECONOMIC DEVELOPMENT.

THANK YOU.

ANNUAL MEETING  
ADDRESS

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ADDRESS

ADDRESS TO THE BOARD OF GOVERNORS

BY

BARBER B. CONABLE  
PRESIDENT, THE WORLD BANK

WASHINGTON, D.C.  
SEPTEMBER 29, 1987

THANK YOU, MR. CHAIRMAN, AND THANK YOU FOR LENDING  
YOUR STATURE TO THE DIRECTION OF OUR ANNUAL MEETING. GOOD  
MORNING GOVERNORS, LADIES AND GENTLEMEN. WELCOME TO THE 1987  
ANNUAL MEETING. TODAY I SHARE THE PLATFORM WITH MICHEL  
CAMDESSUS WITH GREAT PLEASURE. IN THE SHORT TIME WE HAVE  
WORKED TOGETHER, I HAVE LEARNED TO RESPECT HIS JUDGMENT, CANDOR  
AND COMMITMENT TO THE TASKS OUR INSTITUTIONS JOINTLY FACE. THE  
FUND AND BANK HAVE A LONG HISTORY OF COLLABORATION ON WHICH TO  
BUILD. I AM CONFIDENT OUR PRODUCTIVE RELATIONSHIP WILL  
INTENSIFY IN THE YEARS AHEAD, THANKS IN LARGE PART TO THE  
QUALITIES OF HIS MIND AND CHARACTER.

MY PURPOSE TODAY IS TO OUTLINE THE BANK'S STRATEGY FOR STEADY ADVANCE TOWARD RESTORED GLOBAL ECONOMIC GROWTH AND FOR PROGRESS IN THE FIGHT AGAINST POVERTY. A RENEWED WORLD BANK IS READY WITH AN AGENDA FOR A BETTER FUTURE.

THE BANK'S OFT-NOTED REORGANIZATION IS NOW COMPLETED. THIS REVIEW AND CHANGE IN STRUCTURE, THE FIRST SINCE 1972, WAS LONG OVERDUE. NO UNDERTAKING OF THIS MAGNITUDE COULD BE ACCOMPLISHED WITHOUT SOME PERSONAL DISRUPTION, AND I WANT TO PAY SPECIAL TRIBUTE TO THE BANK STAFF FOR THE EXTRAORDINARY DEDICATION AND PROFESSIONALISM THEY HAVE SHOWN DURING RECENT MONTHS. THE STAFF IS AN OUTSTANDING COLLECTION OF HIGHLY MOTIVATED AND UNIQUELY TALENTED INDIVIDUALS. WITH OUR IMPROVED INSTITUTIONAL CAPACITIES, THESE REMARKABLE HUMAN RESOURCES CAN NOW PROVIDE MORE SENSITIVE, EFFECTIVE AND TIMELY SUPPORT TO EACH OF OUR CLIENT COUNTRIES AND TO DEVELOPMENT AS A CONCEPT.

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IN LOOKING AHEAD TO THE CHALLENGES THAT FACE US, I CONFESS THAT I AM FUNDAMENTALLY AN OPTIMIST. I RECOGNIZE, HOWEVER, THAT THESE ARE THREATENING TIMES.

CONTINUED STABLE GROWTH OF THE LEADING INDUSTRIAL NATIONS IS UNCERTAIN -- AND THAT MEANS UNCERTAIN GROWTH FOR THE REST OF THE WORLD AS WELL.

THE DEBT PROBLEM IS STILL VERY MUCH WITH US, AND ITS IMPACT ON DEVELOPMENT IS SEVERE.

MUCH OF SUB-SAHARAN AFRICA CONTINUES TO SUFFER FROM ACUTE ECONOMIC CRISIS AS WELL AS FROM MAJOR LONG-TERM DEVELOPMENT PROBLEMS.

EVEN IN ASIA, WHERE MOST COUNTRIES HAVE MANAGED THEIR ECONOMIES TO MINIMIZE THE IMPACT OF THE WORLD'S ECONOMIC TROUBLES, POVERTY REMAINS WIDESPREAD.

THE BANK, AS THE WORLD'S PRINCIPAL DEVELOPMENT AGENCY, MUST CONFRONT THESE PROBLEMS WITH RESOLVE AND A CLEAR SENSE OF DIRECTION. AND WE MUST DO SO IN PARTNERSHIP WITH THE

IMF, OUR MEMBER COUNTRIES AND THE INTERNATIONAL FINANCIAL COMMUNITY. WE ALL HAVE IMPORTANT RESPONSIBILITIES TO DISCHARGE.

DEVELOPING COUNTRIES NEED TO SUSTAIN DEMANDING REFORMS TO RESUME GROWTH AND MAKE THEIR DEVELOPMENT STRATEGIES EFFECTIVE.

INCREASES ARE NEEDED IN INDUSTRIAL COUNTRIES' GROWTH RATES, AND IN THE ELEMENTS OF THEIR DIVERSE SUPPORT TO DEVELOPING COUNTRIES' ADJUSTMENT AND GROWTH. THERE REMAINS A SERIOUS GAP BETWEEN THE EXTERNAL RESOURCES NEEDED FOR DEVELOPMENT AND WHAT MOST INDUSTRIAL NATIONS AND COMMERCIAL CREDITORS ARE DOING.

THE ALTERNATIVE -- STULTIFIED GROWTH, INTRACTABLE DEBT BURDENS, AND GROWING POVERTY FOR HUNDREDS OF MILLIONS OF PEOPLE -- IS OBVIOUSLY UNACCEPTABLE. IT IS UNACCEPTABLE FROM A MORAL AND ETHICAL STANDPOINT. BUT IT IS ALSO UNACCEPTABLE FROM THE STANDPOINT OF SIMPLE SELF-INTEREST.

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THE WORLD BANK IS READY TO PLAY A REINVIGORATED ROLE IN THE FUNDAMENTAL TASKS OF DEVELOPMENT -- TO PROMOTE ECONOMIC GROWTH AND TO COMBAT POVERTY.

WE WILL GIVE STRONG AND RELIABLE SUPPORT TO THE ADJUSTMENT EFFORTS OF OUR MEMBER COUNTRIES. WE WILL WORK TO PRESERVE THE OPEN GLOBAL AND FINANCIAL TRADING SYSTEM WHICH IS ESSENTIAL FOR GROWTH. AND WE WILL VIGOROUSLY PROMOTE THE MARKET-ORIENTED POLICIES AND REFORMS WHICH BEST MOBILIZE PRIVATE CAPITAL FLOWS AND ENCOURAGE THE CREATIVE ENERGIES OF MILLIONS OF PEOPLE FOR EFFICIENT GROWTH.

RESTORING AND STRENGTHENING GROWTH IS ESSENTIAL FOR ACHIEVING OUR ULTIMATE GOAL -- TO REDUCE THE POVERTY, MISERY AND DESTITUTION WHICH BLIGHTS OUR WORLD.

BUT GROWTH, BY ITSELF, IS NOT ENOUGH.

THE BANK WILL INCREASE LENDING AIMED DIRECTLY AT IMPROVING THE ACCESS OF THE POOR TO BETTER FOOD, SHELTER, HEALTH CARE AND SCHOOLING. WE WILL PROMOTE POLICY AND



INSTITUTIONAL CHANGES TO DIRECT THE BENEFITS OF PUBLIC PROGRAMS MORE EFFICIENTLY TO POOR PEOPLE. WE WILL WORK MORE CLOSELY WITH THE PRIVATE SECTOR, AND WITH NON-GOVERNMENTAL ORGANIZATIONS TO MULTIPLY THEIR EFFECTIVENESS AT THE GRASSROOTS LEVEL.

WE WILL DEVOTE MORE OF OUR STAFF RESOURCES AND FINANCIAL STRENGTH TO HELPING BORROWERS SAFEGUARD AND IMPROVE THE ENVIRONMENT -- BY SUPPORTING BETTER POLICIES AND STANDARDS AND BY SPECIFIC ENVIRONMENTAL INVESTMENTS.

THIS MORNING I WANT TO FOCUS SPECIFICALLY ON HOW THESE COMMITMENTS FOR THE FUTURE WILL AFFECT THE ROLE OF THE WORLD BANK IN THE HEAVILY INDEBTED MIDDLE-INCOME COUNTRIES, SUB-SAHARAN AFRICA, AND ASIA -- COUNTRIES WHICH ILLUSTRATE BUT BY NO MEANS EXHAUST THE RICH DIVERSITY OF OUR MEMBERSHIP.

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FIRST, THE HEAVILY INDEBTED MIDDLE-INCOME COUNTRIES; MOSTLY IN LATIN AMERICA: THESE COUNTRIES FACE AN EASILY

IDENTIFIED PROBLEM -- HOW TO RESUME GROWTH AND DEVELOPMENT WHILE DEALING WITH THE BURDEN OF DEBT.

RESOLUTION OF THEIR DEBT PROBLEMS IS CRUCIAL IF THEIR OWN DEVELOPMENT GOALS ARE TO BE ACHIEVED. IT IS ALSO CRUCIAL TO THE HEALTHY GROWTH OF THE INDUSTRIAL COUNTRIES. ECONOMIC DECLINE IN THE INDEBTED COUNTRIES HAS CAUSED A DROP OF OVER \$100 BILLION IN THEIR IMPORTS BETWEEN 1980 AND 1985. THE RESULT HAS BEEN FOREGONE EXPORTS, JOBS AND PROFITS FOR THE INDUSTRIAL WORLD.

DESPITE MAJOR ADJUSTMENT EFFORTS IN THESE NATIONS, RECENT GLOBAL ECONOMIC TRENDS HAVE CREATED GREAT DIFFICULTIES. THE BURDEN OF DEBT HAS RISEN, NOT DECLINED, SINCE THE ONSET OF THE DEBT CRISIS FIVE YEARS AGO, AND INCOMES HAVE FALLEN BY ABOUT 20 PERCENT IN THIS DECADE. THE CONSEQUENCE HAS BEEN AN ALARMING GROWTH IN ABSOLUTE POVERTY, WORSENING UNEMPLOYMENT AND DETERIORATING SOCIAL WELFARE.

THERE IS NO ALTERNATIVE TO ADJUSTMENT AND THE CORRECTION OF PAST POLICY MISTAKES. BUT THE ADJUSTMENT PROCESS AND THE RESUMPTION OF SUSTAINED GROWTH ARE PROVING MORE DIFFICULT THAN WE HAD HOPED. AT THE SAME TIME, IT IS BECOMING HARDER FOR HEAVILY INDEBTED COUNTRIES TO OBTAIN TIMELY NEW FINANCING.

AS PRESIDENT REAGAN SAID IN HIS STATEMENT THIS MORNING, THERE IS NO QUICK SOLUTION FOR THESE LINKED DEBT AND DEVELOPMENT PROBLEMS. BUT LEARNING FROM OUR PAST EXPERIENCE, WE NEED TO AGREE ON FEASIBLE GROWTH AND DEVELOPMENT OBJECTIVES AND WORK TOGETHER TO FIND THE NECESSARY SOLUTIONS. AN ANNUAL GROWTH RATE OF 2 PERCENT PER CAPITA AND THE EARLY RESTORATION OF CREDITWORTHINESS SHOULD BE THE OBJECTIVES WE ALL AGREE TO SUPPORT AS KEY ELEMENTS OF EVERY ADJUSTMENT PROGRAM.

THE WORLD BANK IS AN ACTIVE PARTNER OF MANY HEAVILY INDEBTED COUNTRIES, AND WE EXPECT TO PLAY AN EVEN MORE VIGOROUS ROLE IN THE FUTURE. TOGETHER WITH THE FUND, WE WILL HELP TO

ASSEMBLE SPECIALLY DESIGNED DEBT RESTRUCTURING AND FINANCING PACKAGES, INCLUDING THE DEVELOPMENT OF A BROADER RANGE OF INSTRUMENTS TO FACILITATE THE REDUCTION OF DEBT AND TO SUPPLEMENT DIRECT NEW LENDING.

THESE SOLUTIONS WILL BE DESIGNED TO BENEFIT BOTH DEBTORS AND CREDITORS AND WILL BE CONSISTENT WITH THE PRUDENT MANAGEMENT OF THE BANK'S OWN FINANCING.

INNOVATIVE, MARKET-BASED APPROACHES WILL INCLUDE THE WIDER AND MORE CREATIVE USE OF DEBT CONVERSION, TO TURN DEBT INTO EQUITY OR WORKING CAPITAL. THIS WILL NOT BE AS QUICKLY ACHIEVED AS GENERALLY BELIEVED.

INCREASED USE OF MORE MARKET-BASED INSTRUMENTS REQUIRES A STRONG AND SOPHISTICATED DOMESTIC FINANCIAL STRUCTURE. THUS, THE BANK AND IFC WILL PROVIDE SPECIAL HELP TO COUNTRIES TO STRENGTHEN THEIR FINANCIAL SECTORS AND, PARTICULARLY, THEIR CAPITAL MARKETS.

I BELIEVE OTHER APPROACHES WHICH SIMPLIFY NEGOTIATION, REDUCE OUTSTANDING DEBT AND ANNUAL INTEREST PAYMENTS -- SUCH AS REALISTICALLY DESIGNED EXIT BONDS -- CAN ALSO PLAY A VALUABLE ROLE.

WE WILL WORK WITH THE COMMERCIAL BANKS AND EXPORT CREDIT AGENCIES TO ENSURE THAT EXTERNAL FINANCING IS AVAILABLE EXPEDITIOUSLY, AFTER AGREEMENT HAS BEEN REACHED ON A SATISFACTORY GROWTH-ORIENTED ADJUSTMENT PROGRAM. THIS NECESSITY IS SUGGESTED BY THE REALITY THAT FOR THE PAST SEVERAL YEARS THE BANK HAS BEEN THE LEADING SOURCE OF NET FUNDS FOR THE HEAVILY INDEBTED MIDDLE-INCOME COUNTRIES. LAST YEAR THE BANK PROVIDED MORE THAN 80 PERCENT OF TOTAL NET LENDING TO THE 15 COUNTRIES THAT ARE CENTRAL TO THE DEBT STRATEGY. THE BANK WAS PREPARED TO ACCEPT THIS INCREASED EXPOSURE TO HELP ENSURE A RESUMPTION OF GROWTH AND DEVELOPMENT.

WHERE COUNTRIES PERSIST IN APPROPRIATE REFORMS, THE BANK WILL CONTINUE TO SUPPORT THEIR PROGRAMS WITH SUBSTANTIAL

NEW LENDING. WE CANNOT SHIRK THIS RESPONSIBILITY. WE DO NOT WISH TO DO SO. BUT WE CANNOT STAND ALONE.

WE WILL NOT GIVE COMFORT TO RISKS WHICH PROPERLY BELONG IN THE PRIVATE SECTOR, BUT WE WILL ENERGETICALLY DEVELOP OUR RELATIONSHIPS WITH COMMERCIAL BANKS AND BUILD CONFIDENCE IN THESE COUNTRIES' PROSPECTS. WE WILL NOT ASSUME THE DEBTS OF OTHERS, BUT WE ARE PREPARED TO MAINTAIN SUBSTANTIAL DISBURSEMENTS AS LONG AS WE SEE CREDIBLE ADJUSTMENT EFFORTS, AND APPROPRIATE PARTICIPATION BY OTHER OFFICIAL AND PRIVATE CREDITORS.

WE SHOULD ALL SEEK TO RESTORE THE STRONGER DEBTOR COUNTRIES TO SPONTANEOUS ACCESS TO THE WORLD'S CREDIT MARKETS IN FIVE TO SEVEN YEARS. THIS WILL DEMAND SUSTAINED EFFORT BY BOTH CREDITORS AND DEBTORS. FOR SUCH COUNTRIES, THE RIGHT APPROACH REMAINS ONE OF STRONG ADJUSTMENT PROGRAMS TOGETHER WITH IMAGINATIVE PACKAGES BASED ON NEW BORROWING FROM PRIVATE AND PUBLIC SOURCES, AS WELL AS ON OTHER TYPES OF FINANCING.

FOR SOME LESS RESILIENT MIDDLE-INCOME COUNTRIES PURSUING ADJUSTMENT, HOWEVER, THERE MAY BE LEGITIMATE CONCERNS ABOUT FINANCING SOLUTIONS WHICH RELY SIGNIFICANTLY ON INCREASED COMMERCIAL INDEBTEDNESS. THEIR RETURN TO NORMAL CREDIT STATUS IS LIKELY TO BE MORE PROTRACTED AND THEIR GROWTH AND DEBT SERVICING CAPACITY MORE LIMITED, WHILE FINANCING ON APPROPRIATE TERMS IS INCREASINGLY DIFFICULT TO ARRANGE.

SUCH DIFFERENCES -- WHICH UNDERLINE THE WISDOM OF THE CASE-BY-CASE APPROACH -- MAY REQUIRE EXTENSION OF THE PRESENT RANGE OF FINANCING OPTIONS. THESE MAY INCLUDE GREATER RELIANCE ON OFFICIAL SOURCES OF FINANCE, AND UNDERSTANDINGS BETWEEN BANKS AND DEBTOR GOVERNMENTS ON WAYS TO AVOID INCREASING THE STOCK OF DEBT ON COMMERCIAL TERMS AND THE UNMANAGEABLE BUILD-UP OF ARREARS. THESE ARE AREAS WHICH NEED FURTHER EXPLORATION IN THE SEARCH FOR INDIVIDUALLY TAILORED ARRANGEMENTS TO RESTORE GROWTH AND CREDITWORTHINESS AS RAPIDLY AS POSSIBLE.

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NEXT, AFRICA: IN AFRICA, LONG-TERM RECOVERY MUST START FROM A DETERMINED EFFORT TO CONTAIN AND MANAGE THE PRESENT CRISIS, WHILE MAINTAINING LONG-TERM ADJUSTMENT PROGRAMS TO LIBERATE THE ENTREPRENEURIAL AND PRODUCTIVE POTENTIAL OF AFRICA'S ECONOMIES AND PEOPLE. AFRICANS, AS NIGERIA'S FORMER HEAD OF STATE, OLUSEGUN OBASANJO, HAS SO ELOQUENTLY WRITTEN, "MUST SERIOUSLY ORGANIZE AND MOBILIZE THEIR SOCIETIES FOR A MORE SUSTAINED DEVELOPMENT PROCESS, PREDICATED ON THE CONVICTION THAT THEY CANNOT HAVE DEVELOPMENT WITHOUT SACRIFICE. ... DEVELOPMENT MEANS HARD WORK, SWEAT, FOREBEARANCE AND DISCIPLINE."

HERE, AS ELSEWHERE, STRUCTURAL ADJUSTMENT IS FUNDAMENTAL TO THE BANK'S ASSISTANCE STRATEGY, AND IS NOT IN ANY SENSE SEPARATE FROM OUR DEVELOPMENT ROLE IN THAT CONTINENT. WE WILL CONTINUE TO CONCENTRATE IDA RESOURCES ON THE GROWING NUMBER OF AFRICAN COUNTRIES WHICH ARE MAKING DETERMINED AND REALISTIC ADJUSTMENT EFFORTS.



THESE COURAGEOUS REFORM EFFORTS ARE BEING HAMPERED BY AN OVERALL LACK OF RESOURCES. FOR THIS REASON, THE BANK HAS PROPOSED AN AMBITIOUS BUT REALISTIC INTERNATIONAL PROGRAM OF SPECIAL ASSISTANCE TO A GROUP OF LOW-INCOME, ESPECIALLY DEBT-DISTRESSED COUNTRIES UNDERTAKING SIGNIFICANT ADJUSTMENT PROGRAMS.

THE INITIAL RESPONSE OF THE DONOR COMMUNITY TO THIS INITIATIVE IS ENCOURAGING. BUT THERE IS NOT YET SUFFICIENT TANGIBLE PROGRESS TO MAKE THE PROGRAM A REALITY. I URGE DONOR COUNTRIES TO SUPPORT THESE EFFORTS NOW BY UNDERTAKING CONCESSIONAL DEBT RELIEF, COMPLETING IDA-8, APPROVING AN ENLARGED STRUCTURAL ADJUSTMENT FACILITY, AND BY DIRECTING THEIR OWN DEVELOPMENT ASSISTANCE MORE RAPIDLY TO THESE SPECIAL CASES.

THE PROCESS OF RECOVERY WILL INEVITABLY BE PAINFUL AND PROLONGED. IN THE MEANTIME, AFRICA'S 450 MILLION PEOPLE, THE VAST MAJORITY OF THEM VERY POOR, WILL CONTINUE TO BE VULNERABLE TO THE PANGS OF AUSTERITY AND TO THE NATURAL

CALAMITIES WHICH HAVE BLIGHTED THE CONTINENT IN RECENT YEARS. THEY MUST BE PROTECTED WHILE GROWTH GRADUALLY RESUMES.

THE AVAILABILITY OF ADEQUATE SUPPLIES OF FOOD IN ALL COUNTRIES MUST BE ENSURED, WHILE STRONG EFFORTS ARE MADE TO INCREASE FOOD PRODUCTION. FOOD SECURITY, THEN, IS A KEY ASPECT OF OUR AFRICAN AGENDA. WE EXPECT TO WORK IN CLOSE COLLABORATION WITH AFRICAN GOVERNMENTS AND OTHER DONORS TO ACHIEVE FOOD SECURITY.

FIRST, AFRICAN COUNTRIES NEED TO CONCENTRATE THEIR EFFORTS ON IMPORTANT FOOD CROPS WHICH THEY CAN EFFICIENTLY PRODUCE, RATHER THAN ADOPT EXPENSIVE AND WASTEFUL POLICIES OF SELF-SUFFICIENCY IN ALL FOODS;

SECOND, FLUCTUATIONS IN THE FOOD SUPPLY MUST BE REDUCED AND PRODUCTION AND PURCHASING POWER WITHIN FOOD-DEFICIT AREAS INCREASED;

THIRD, FOOD DISTRIBUTION SYSTEMS AND MARKETS NEED TO BE IMPROVED; AND

LAST, ENVIRONMENTAL DEGRADATION AND THE LOSS OF VALUABLE FOOD-PRODUCING LAND MUST BE REVERSED.

THE BANK WILL EXPAND LENDING TO HELP MEET THESE OBJECTIVES, AND TO ASSIST GOVERNMENTS ESTABLISH POLICIES AND INCENTIVES TO ENCOURAGE FARMERS TO PRODUCE AND SELL MORE.

AT THE SAME TIME, WE WILL PAY CAREFUL ATTENTION TO THE NEED FOR SAFEGUARDS FOR GROUPS WHOSE FOOD SECURITY MAY BE THREATENED DURING THE PROCESS OF ADJUSTMENT.

WELL-TESTED PILOT AGRICULTURAL EXTENSION PROGRAMS INDICATE THAT THE PRODUCTION OF SMALL AFRICAN LANDHOLDINGS CAN BE SHARPLY INCREASED. THE BANK WILL SUPPORT NEW NATIONAL PROGRAMS TO BRING RESEARCH RESULTS, TECHNOLOGY AND AGRICULTURAL SERVICES TO SMALL FARMERS, ESPECIALLY THE WOMEN WHO PRODUCE THE BULK OF THE CONTINENT'S FOOD BUT WHOSE ROLE IN FOOD PRODUCTION HAS TOO LONG BEEN IGNORED. THESE PROGRAMS WILL SOON BE UNDERWAY IN 14 AFRICAN COUNTRIES.

NORMAN BORLAUG HAS DESCRIBED AGRICULTURE AS "THE MOTHER OF SCIENCE ... THE SCIENCE WHICH MAKES LIFE POSSIBLE." AFRICA'S FARMERS MUST ALSO BENEFIT FROM THE GREAT STRIDES MADE ELSEWHERE IN RECENT YEARS IN BIOLOGY AND GENETICS. WE WILL THEREFORE CONTINUE TO SUPPORT THE SPECIAL PROGRAM FOR AFRICAN AGRICULTURAL RESEARCH, WHICH IS FOCUSING INTERNATIONAL EFFORTS TO DEVELOP EFFECTIVE TECHNICAL SOLUTIONS FOR THE SPECIAL PROBLEMS OF AFRICAN AGRICULTURE.

FOOD SECURITY WILL ALSO REQUIRE A MAJOR ENVIRONMENTAL RESCUE AND DEVELOPMENT EFFORT. CLOSING LAND FRONTIERS AND INCREASING POPULATION PRESSURES ARE TURNING THREE-QUARTERS OF A BILLION HECTARES OF LAND TO DESERT, WHILE ALMOST FOUR MILLION HECTARES OF FOREST AND WOODLAND ARE DISAPPEARING ANNUALLY.

POVERTY BREEDS ENVIRONMENTAL NEGLECT AND ABUSE, AND RESOURCE DEGRADATION DEEPENS THE DISASTER OF POVERTY. WE MUST BREAK THIS VICIOUS CYCLE. THIS IS A TOP BANK PRIORITY.

FAR FROM INCREASING THE INCENTIVES FOR ENVIRONMENTAL DEGRADATION, OUR DEVELOPMENT EFFORT MUST BRING ABOUT A SYNERGY BETWEEN FOOD PRODUCTION AND THE RENEWAL OF AFRICA'S NATURAL RESOURCES. AMONG OTHER INITIATIVES, WE WILL TREBLE LENDING FOR FORESTRY, MUCH OF IT CONCENTRATED IN SUB-SAHARAN AFRICA, BECAUSE FORESTS PRESERVE THE RAINFALL AND SOILS ESSENTIAL TO FOOD.

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WE WILL COMPLEMENT THESE EFFORTS BY EXPANDED LENDING TO BUILD AFRICA'S HUMAN RESOURCES, MALE AND FEMALE, AND ESPECIALLY TO MAKE ALL LEVELS OF EDUCATION MORE EFFICIENT AND MORE WIDELY ACCESSIBLE. WE WILL CONTINUE SUPPORT FOR SAFE MOTHERHOOD AND OTHER PROGRAMS AIMED PARTICULARLY AT FEMALE AND CHILD WELL-BEING. AND WE WILL DOUBLE LENDING TO SUB-SAHARAN AFRICA FOR POPULATION, HEALTH AND NUTRITION PROGRAMS BY 1990. WE WILL SUPPORT THE WORLD HEALTH ORGANIZATION'S WORLDWIDE EFFORT TO COMBAT AIDS, A DISEASE WHICH HAS POTENTIALLY GRAVE CONSEQUENCES FOR SOME COUNTRIES IN AFRICA.

TOO MUCH OF AFRICA'S RECENT HISTORY HAS BEEN WRITTEN IN SPURTS OF BENEFICENCE, TOO LITTLE IN STEADY ATTENTION TO DEEP-ROOTED PROBLEMS THAT PRECLUDE SIMPLE, SPEEDY REMEDY. THE CHALLENGE AFRICANS FACE IS TO SALVAGE THE GAINS OF THE PAST IN ORDER TO BOLSTER THE FOUNDATION FOR FUTURE RECOVERY. THE BANK WILL DO EVERYTHING POSSIBLE TO HELP AFRICA MEET THIS CHALLENGE.

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IN ASIA, WE WILL BUILD ON OUR ENDURING PARTNERSHIPS WITH COUNTRIES WHICH TOGETHER COMPRISE THE MOST DIVERSE, DYNAMIC AND FASTEST GROWING REGION ON EARTH.

WE PLACE PARTICULAR IMPORTANCE ON FACILITATING THE PROCESS OF MARKET-ORIENTED REFORM IN MAJOR ASIAN COUNTRIES. THE PRIVATE SECTOR IN ASIA IS VIGOROUS BUT COULD PLAY A LARGER ROLE IN PROMOTING ECONOMIC GROWTH AND TECHNOLOGICAL ADVANCE, IF IT IS GIVEN THE FREEDOM TO DO SO.

THE DYNAMISM OF ASIAN ECONOMIES REQUIRES SUSTAINED INVESTMENT FOR LARGE-SCALE PROJECTS IN INFRASTRUCTURE, ENERGY

AND COMMUNICATIONS. THE BANK WILL SUPPORT THESE INVESTMENT AND INSTITUTION BUILDING NEEDS, PROVIDING AS MUCH ROOM AS POSSIBLE FOR ASSOCIATING PRIVATE AND OFFICIAL COFINANCING WITH THE BANK'S FUNDS.

THESE ARE ESSENTIAL PROGRAMS TO PROMOTE GROWTH. BUT TODAY I WANT TO HIGHLIGHT ANOTHER MAJOR OBJECTIVE OF OUR WORK IN ASIA.

DESPITE THE GREAT PROGRESS WHICH MANKIND HAS MADE IN THE LAST FEW DECADES, MILLIONS OF PEOPLE CONTINUE TO LIVE IN ABJECT POVERTY -- 500 MILLION OF THEM IN ASIA. RAPID ECONOMIC GROWTH FOR SOME AND ADVANCES IN MODERN TECHNOLOGY SEEM OF TRAGICALLY LITTLE CONSEQUENCE IF SO MANY PEOPLE DO NOT HAVE ENOUGH FOOD, CLEAN WATER OR SHELTER.

IN THE LARGE, POOR COUNTRIES OF ASIA WE WILL SUPPORT GOVERNMENT STRATEGIES TO ELIMINATE THE WORST ASPECTS OF ABSOLUTE POVERTY BY THE YEAR 2000. THIS IS A BOLD OBJECTIVE, BUT NOT AN IMPOSSIBLE ONE. LOW-INCOME ASIA HAS TRIPLED ITS

GROSS DOMESTIC PRODUCT AND ALMOST DOUBLED ITS PER CAPITA INCOME OVER THE LAST 20 YEARS. WE BELIEVE THERE IS EVERY PROSPECT THAT MOST OF THESE COUNTRIES CAN DOUBLE THEIR PER CAPITA INCOME AGAIN BY THE TURN OF THE CENTURY.

FUTURE GROWTH ALONE WILL NOT ACHIEVE THE PROGRESS AGAINST POVERTY WHICH IT HAS FAILED TO SECURE IN THE PAST. BUT WE CAN AND WILL TARGET AN INCREASED PROPORTION OF OUR IDA LENDING IN THESE COUNTRIES TO HELP TACKLE THE POVERTY WHICH HAS REMAINED LARGELY IMPERVIOUS TO THE BENEFITS OF GROWTH: AMONG THE LANDLESS AND ASSETLESS RURAL POOR, AMONG VULNERABLE SOCIAL GROUPS SUCH AS RURAL WOMEN AND CHILDREN, AND IN DISTANT OR BACKWARD AREAS OF THE LARGE COUNTRIES.

OUR STRATEGY WILL CONCENTRATE ON THE DELIVERY OF BASIC SERVICES TO ENSURE ADEQUATE FOOD, SHELTER AND HEALTH CARE, AND ON CONSERVING THE OFTEN FRAGILE ENVIRONMENT OF RURAL AREAS. WE WILL SUPPORT EDUCATION, NUTRITION AND FAMILY PLANNING PROGRAMS, AND INCREASED ATTENTION TO RURAL EMPLOYMENT



AND INCOME GENERATION FOR LANDLESS LABOR, IN WAYS CONDUCTIVE TO ECONOMIC EFFICIENCY AND GROWTH.

MANY OF THE TECHNOLOGIES TO COMBAT THIS ENTRENCHED POVERTY ARE CHEAP, SIMPLE AND EFFECTIVE: VILLAGE HAND-PUMPS TO DRAW CLEAN AND SAFE WATER, ORAL REHYDRATION TABLETS COSTING A FEW CENTS WHICH SAVE THE LIVES OF THOUSANDS OF CHILDREN, CONTRACEPTIVES WHICH CAN PROVIDE POOR PEOPLE WITH THE FAMILY CHOICE FROM WHICH SOME OF ASIA ALREADY BENEFITS.

BUT THE INSTITUTIONS TO DELIVER THESE SERVICES TO POOR PEOPLE AND TO INACCESSIBLE AREAS ARE OFTEN INEFFECTIVE. WE WILL WORK WITH GOVERNMENTS TO FIND NEW WAYS TO INVOLVE VOLUNTARY, NON-GOVERNMENT ORGANIZATIONS AND THE PRIVATE SECTOR IN POVERTY ERADICATION EFFORTS, AND TO REMOVE THE BARRIERS WHICH INHIBIT THE DEVELOPMENT OF FAIR MARKETS AND BETTER INCENTIVES FOR THE POOR.

TOGETHER WITH OUR ASIAN PARTNERS WE CAN ENSURE THAT CONTINUED RAPID DEVELOPMENT IS MORE WIDELY AND EQUITABLY

SHARED, SO THAT THESE COUNTRIES ENTER A NEW CENTURY FREE OF THE TERRIBLE POVERTY THAT HAS STAINED EVERY CENTURY BEFORE.

\* \* \* \* \*

THERE HAS BEEN A DRAMATIC DECLINE IN THE RESOURCES FLOWING TO DEVELOPING COUNTRIES IN RECENT YEARS -- IN A PERIOD WHEN THEIR NEEDS HAVE BEEN VERY PRESSING. THE PROGRAM OF GROWTH AND DEVELOPMENT I HAVE OUTLINED TODAY DEPENDS NOT JUST ON THE WORLD BANK ACTING IN PARTNERSHIP WITH DEVELOPING COUNTRIES. A SUBSTANTIAL EXPANSION IN THE FLOW OF ALL TYPES OF RESOURCES TO THE DEVELOPING WORLD IS ESSENTIAL. THE WORLD BANK'S ROLE IN HELPING TO MOBILIZE THESE RESOURCES IS OF PARTICULAR SIGNIFICANCE, AND I CLOSE MY ADDRESS TODAY WITH SOME REMARKS ON OUR OWN NEEDS.

THE BANK CAN LEAD THE WAY IN HELPING BORROWERS HARNESS THE ENERGIES AND RESOURCES OF THE PRIVATE SECTOR. ADJUSTMENT EFFORTS ARE CREATING PROMISING NEW CLIMATES FOR INVESTMENT, ENCOURAGING OPENINGS FOR ENTREPRENEURSHIP, AND

PRIVATE FORCES SHOULD RISE TO THE OPPORTUNITY. IN THIS TASK, THE INTERNATIONAL FINANCE CORPORATION OFFERS VITAL BACKING TO PRIVATE INITIATIVE, AND HELP IN STRENGTHENING THE INFRASTRUCTURE ESSENTIAL TO THE WORKINGS OF MARKET FORCES. I PROMISE YOU THAT IFC WILL CONTINUE TO EXPAND, IN THOUGHTFUL COORDINATION WITH THE PRIVATE SECTOR INITIATIVES OF THE REST OF THE WORLD BANK FAMILY.

THE MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA) IS POISED TO BACK UP BANK AND IFC EFFORTS THROUGH PROGRAMS TO HELP IMPROVE INVESTMENT CONDITIONS, ATTRACT CAPITAL AND FACILITATE JOINT VENTURES. I AM HOPEFUL THAT MORE INDUSTRIAL COUNTRIES WILL RATIFY ITS CONVENTION SO THAT MIGA CAN BECOME A REALITY SOON. GIVEN THE MOMENTUM ALREADY BEHIND MIGA, WE CAN EASILY EXTEND THE DEADLINE FOR EFFECTIVENESS IF THAT BECOMES NECESSARY.

FOR THE POOREST COUNTRIES, IDA IS FUNDAMENTAL TO THE WHOLE STRUCTURE OF INTERNATIONAL ACTION. THE RATIFICATION OF

IDA-8 MUST NOW BE SWIFTLY FOLLOWED BY GOVERNMENTS NOTIFYING THE ASSOCIATION OF COMMITMENTS AND INITIAL PAYMENTS INTO THE REPLENISHMENT. I ESPECIALLY WISH TO THANK THOSE DONOR COUNTRIES -- AMONG THEM, CANADA, DENMARK, JAPAN, KUWAIT, SWEDEN AND TURKEY -- WHICH HAVE ALREADY DONE SO. IT IS ALSO CRITICAL THAT BANK AND FUND INITIATIVES TO RAISE RESOURCES FOR THE MOST DISTRESSED DEBTORS BE TRANSLATED INTO CONCRETE ACTION WITH ALL POSSIBLE SPEED.

FOR THE HIGHLY INDEBTED MIDDLE-INCOME COUNTRIES, THE BANK IS CURRENTLY THE MAIN SOURCE OF NET FUNDS. OTHERS MUST DO MORE, AND SO MUST THE BANK. I HAVE PLEDGED TO YOU TODAY THAT WE WILL CONTINUE OUR GREATLY EXPANDED SUPPORT FOR THE RECOVERY EFFORTS OF OUR HEAVILY INDEBTED MEMBERS, ON THE BASIS OF THOROUGHGOING AND SUSTAINED PROGRAMS OF ECONOMIC AND INSTITUTIONAL REFORM.

TO ACHIEVE THIS WHILE MAINTAINING AND INCREASING OUR ESSENTIAL COMMITMENTS TO THE GROWTH AND POVERTY ALLEVIATION

PROGRAMS OF ALL OUR BORROWERS, WE MUST MOVE FORWARD NOW WITH A SUBSTANTIAL GENERAL CAPITAL INCREASE FOR THE BANK SUFFICIENT TO SUPPORT OUR EXPANDING LENDING PROGRAM WELL INTO THE 1990S.

FOLLOWING THE RECENT U.S. ANNOUNCEMENT, I AM CONFIDENT THAT YOUR STRONG GENERAL SUPPORT FOR A SUBSTANTIAL INCREASE IN OUR CAPITAL CAN BE TRANSLATED INTO A SPECIFIC AGREEMENT LATER THIS YEAR.

\* \* \* \* \*

MR. CHAIRMAN, I HAVE SET OUT TODAY A CHALLENGING AGENDA OF ACTION FOR THE WORLD BANK.

I HAVE RE-DEDICATED A REORGANIZED AND RENEWED WORLD BANK TO ECONOMIC GROWTH AND TO THE FIGHT AGAINST POVERTY.

IN PURSUIT OF THESE GOALS, I HAVE PLEDGED STRONG ACTION ON DEBT, FIRM SUPPORT FOR ECONOMIC REFORM AND ADJUSTMENT, NEW INITIATIVES TO PROMOTE THE PRIVATE SECTOR, AND RENEWED AND INNOVATIVE PROGRAMS TO SAFEGUARD THE HUMAN ENVIRONMENT.

I REALIZE THAT THE BANK IS PUTTING A DEMANDING LOAD  
ON ITS MEMBERS.

THE BURDEN OF A POSITIVE RESPONSE, HOWEVER, IS  
LIGHTER THAN THE WEIGHT HISTORY WOULD ATTACH TO OUR FAILURE.

WITH SO MANY LIVES, SO MUCH PAST PROGRESS AND FUTURE  
POTENTIAL AT RISK, THE INTERNATIONAL DEVELOPMENT COMMUNITY MUST  
NOW PUT NEW EFFORT AND ADDED RESOURCES INTO THE WORK OF  
RECOVERY AND RENEWED PROGRESS.

WITH ALL OF US WORKING TOGETHER, I AM CONFIDENT WE  
CAN SUCCEED.

THANK YOU.

CLOSING  
STATEMENT

CLOSING STATEMENT



CLOSING STATEMENT OF  
BARBER B. CONABLE  
1987 ANNUAL MEETINGS  
OCTOBER 1, 1987

THANK YOU, MR. CHAIRMAN.

GOOD AFTERNOON, LADIES AND GENTLEMEN.

THIS YEAR'S ANNUAL MEETING WAS A DAY SHORTER, BUT THE ATMOSPHERE WAS CONSTRUCTIVE, AND WE ARE ENCOURAGED BY THE DEGREE OF READY CONSENSUS ON IMPORTANT ISSUES.

COMMITMENT TO DEVELOPMENT THROUGH OUR MULTILATERAL INSTITUTIONS WAS REPEATED FROM PRESIDENT REAGAN'S OPENING SPEECH UNTIL THE LAST GOVERNOR HAD SPOKEN.

IN YOUR ELOQUENT OPENING ADDRESS, MR. CHAIRMAN, YOU DESCRIBED THE WORLD BANK AS "THE CENTRAL GLOBAL INSTITUTION SUPPORTING THE DEVELOPMENT PROCESS." THIS WEEK, OUR MEMBER COUNTRIES HAVE MADE CLEAR THAT THEY INTEND THIS SUPPORT TO BE FURTHER STRENGTHENED. MEMBERS HAVE ENDORSED THE ACTION

AGENDA I LAID OUT ON TUESDAY AND HAVE SIGNALLED SOME IMPORTANT STEPS TO ENABLE US TO IMPLEMENT IT.

SUPPORT FOR A GENERAL CAPITAL INCREASE FOR THE BANK HAS BEEN SO UNIVERSAL THAT SECRETARY BAKER'S ANNOUNCEMENT LAST WEEK OF THE UNITED STATES' READINESS TO NEGOTIATE TRANSFORMED THE ATMOSPHERE OF THESE MEETINGS. WE WILL NOW ACT UPON THIS WELCOME CONSENSUS AND WILL WORK WITH OUR BOARD TO SEEK TO FINALIZE PROPOSALS FOR SUBMISSION TO THE GOVERNORS BY THE END OF THIS CALENDAR YEAR.

GOVERNORS HAVE BEEN WISE TO STRESS THAT A CAPITAL INCREASE FOR THE BANK WILL NOT BE A SUBSTITUTE FOR CONTINUED PRIVATE LENDING TO THE DEVELOPING COUNTRIES. HOWEVER STRONG THEY ARE, THE INTERNATIONAL FINANCIAL INSTITUTIONS CANNOT GO IT ALONE. THE RETURN TO CREDITWORTHINESS IN THE HEAVILY INDEBTED COUNTRIES WHICH WE ALL WANT WILL COME ONLY WITH SUCCESSFUL ADJUSTMENT AND SUSTAINABLE GROWTH. AND THAT REQUIRES AN INCREASE IN ALL RESOURCE FLOWS. THE

SELF-INTEREST FACTOR HERE OUGHT TO BE CLEAR TO ALL, AND PLAIN DOWN-TO-EARTH COMMON SENSE DEMANDS THAT COMMERCIAL LENDERS ACT ACCORDINGLY.

FROM ASIA, WE HAVE HEARD GOVERNORS RESPOND FAVORABLY TO MY COMMITMENT TO REINFORCE EFFORTS TO ELIMINATE THE WORST EFFECTS OF ENDEMIC POVERTY BY THE END OF THE CENTURY.

THE CRISIS -- AND IT IS A CRISIS -- IN THE LOW-INCOME COUNTRIES OF SUB-SAHARAN AFRICA HAS BEEN DISCUSSED AT LENGTH HERE THIS WEEK. A VARIETY OF LARGELY COMPLEMENTARY PROPOSALS HAS BEEN PUT FORWARD TO HELP THOSE COUNTRIES WHERE THE DEBT BURDEN IS CRUELLY UNDERMINING ADJUSTMENT EFFORTS. WE WILL PUT OUR WEIGHT BEHIND THESE INITIATIVES. WHAT MATTERS NOW IS THAT WE ALL ACT TO ENSURE THAT THE ADJUSTMENT EFFORT CONTINUES. IT IS VITAL THAT THOSE OFFICIAL DEVELOPMENT ASSISTANCE FLOWS ALREADY COMMITTED TO THE COUNTRIES IN CRISIS ARE QUICKLY PUT TO WORK

THERE. AS I TOLD THE GOVERNORS OF THE AFRICAN CAUCUS MEETING, WE WILL BE LENDING \$3.5 BILLION TO SUB-SAHARAN AFRICA IN FY88 COMPARED TO \$2.1 BILLION LAST YEAR.

AN EXPANDED IDA WILL PLAY A KEY ROLE IN THIS CONTEXT. WE ARE PARTICULARLY PLEASED THAT THE ADVANCE CONTRIBUTION SCHEME FOR THE 8TH REPLENISHMENT OF IDA BECAME EFFECTIVE A WEEK AGO TODAY WHEN JAPAN GAVE NOTICE OF ITS AGREEMENT TO PARTICIPATE. AS A RESULT, IDA-8 IS NOW OPERATIONAL, AND I WANT TO THANK ALL THOSE DONOR COUNTRIES WHO MADE THIS POSSIBLE.

LET ME ALSO CONGRATULATE JAPAN ON THE DECISION ANNOUNCED BY GOVERNOR SUMITA HERE ON TUESDAY THAT THE ORIGINAL SEVEN-YEAR TARGET FOR JAPAN'S OFFICIAL DEVELOPMENT ASSISTANCE WILL BE ADVANCED BY TWO YEARS, SO THAT ODA DISBURSEMENTS WILL EXCEED \$7.6 BILLION BY 1990. WE WARMLY APPLAUD THIS EXEMPLARY DECISION.

WARNINGS OF THE DANGERS OF PROTECTIONISM HAVE BEEN LOUD, CLEAR AND WIDESPREAD HERE THIS WEEK. THAT IS ENCOURAGING, AND WE MUST EARNESTLY HOPE THAT ACTION TAKEN WILL PROVE AS FIRM AS INTENTIONS EXPRESSED. ECONOMIC GROWTH FOR BOTH THE DEVELOPED AND THE DEVELOPING WORLD DEPENDS ON AN OPEN TRADING SYSTEM. WE CANNOT AFFORD TO FAIL IN THIS.

IFC AND MIGA OFFER VITAL BACKING TO PRIVATE INITIATIVE IN OUR DEVELOPING MEMBER COUNTRIES. YOUR SUPPORT FOR IFC'S EXPANDING ACTIVITIES IS MUCH APPRECIATED. WITH REGARD TO MIGA, A NUMBER OF INDUSTRIALIZED COUNTRIES HAVE TOLD US THIS WEEK THAT THEY INTEND TO RATIFY IN THE COMING DAYS. CLEARLY THERE IS NOW MOMENTUM BEHIND MIGA, AND IF IT PROVES NECESSARY TO DO SO, I WILL CALL THE REQUIRED CONFERENCE OF SIGNATORIES TO WORK OUT AN EXTENSION OF THE NOTIFICATION DEADLINE. MIGA IS NEEDED TO ENCOURAGE DIRECT CAPITAL INVESTMENT, OUR MOST NEGLECTED RESOURCE FOR DEVELOPMENT. IT HAS VITAL WORK TO DO.

THE MESSAGE YOU HAVE GIVEN TO US AT THESE MEETINGS IS CLEAR. YOU EXPECT A REINVIGORATED WORLD BANK TO PRESS FORWARD. WE SHALL DO SO, COUNTING ON THE SUPPORT AND COOPERATION YOU HAVE PLEDGED.

MR. CHAIRMAN, WE ARE HEARTENED BY THE CONSTRUCTIVE SPIRIT THAT HAS PREVAILED HERE THIS WEEK. AND FOR MUCH OF THAT, YOU MUST TAKE PERSONAL CREDIT. WE ALL HAVE APPRECIATED THE STATURE AND SKILL WITH WHICH YOU HAVE GUIDED THESE MEETINGS.

MY CONGRATULATIONS TO THE GOVERNOR OF SWEDEN, WHO WILL BE CHAIRMAN OF NEXT YEAR'S MEETINGS.

WE IN THE BANK LOOK FORWARD TO WELCOMING YOU TO WEST BERLIN A YEAR FROM NOW. LET US BE SURE THAT IN THE MONTHS AHEAD WE ALL DO OUR UTMOST TO ACT VIGOROUSLY ON THE GOOD INTENTIONS WE HAVE SPOKEN HERE IN THE CAUSE OF DEVELOPMENT AND THE ALLEVIATION OF POVERTY.

I WISH YOU ALL A SAFE RETURN TO YOUR HOMES AND FAMILIES.

ADDRESS TO THE BOARD OF GOVERNORS

BY

BARBER B. CONABLE  
PRESIDENT, THE WORLD BANK

WASHINGTON, D.C.  
SEPTEMBER 29, 1987

THANK YOU, MR. CHAIRMAN, AND THANK YOU FOR LENDING YOUR STATURE TO THE DIRECTION OF OUR ANNUAL MEETING. GOOD MORNING GOVERNORS, LADIES AND GENTLEMEN. WELCOME TO THE 1987 ANNUAL MEETING. TODAY I SHARE THE PLATFORM WITH MICHEL CAMDESSUS WITH GREAT PLEASURE. IN THE SHORT TIME WE HAVE WORKED TOGETHER, I HAVE LEARNED TO RESPECT HIS JUDGMENT, CANDOR AND COMMITMENT TO THE TASKS OUR INSTITUTIONS JOINTLY FACE. THE FUND AND BANK HAVE A LONG HISTORY OF COLLABORATION ON WHICH TO BUILD. I AM CONFIDENT OUR PRODUCTIVE RELATIONSHIP WILL INTENSIFY IN THE YEARS AHEAD, THANKS IN LARGE PART TO THE QUALITIES OF HIS MIND AND CHARACTER.

MY PURPOSE TODAY IS TO OUTLINE THE BANK'S STRATEGY FOR STEADY ADVANCE TOWARD RESTORED GLOBAL ECONOMIC GROWTH AND FOR PROGRESS IN THE FIGHT AGAINST POVERTY. A RENEWED WORLD BANK IS READY WITH AN AGENDA FOR A BETTER FUTURE.

THE BANK'S OFT-NOTED REORGANIZATION IS NOW COMPLETED. THIS REVIEW AND CHANGE IN STRUCTURE, THE FIRST SINCE 1972, WAS LONG OVERDUE. NO UNDERTAKING OF THIS MAGNITUDE COULD BE ACCOMPLISHED WITHOUT SOME PERSONAL DISRUPTION, AND I WANT TO PAY SPECIAL TRIBUTE TO THE BANK STAFF FOR THE EXTRAORDINARY DEDICATION AND PROFESSIONALISM THEY HAVE SHOWN DURING RECENT MONTHS. THE STAFF IS AN OUTSTANDING COLLECTION OF HIGHLY MOTIVATED AND UNIQUELY TALENTED INDIVIDUALS. WITH OUR IMPROVED INSTITUTIONAL CAPACITIES, THESE REMARKABLE HUMAN RESOURCES CAN NOW PROVIDE MORE SENSITIVE, EFFECTIVE AND TIMELY SUPPORT TO EACH OF OUR CLIENT COUNTRIES AND TO DEVELOPMENT AS A CONCEPT.

\* \* \* \* \*



IN LOOKING AHEAD TO THE CHALLENGES THAT FACE US, I CONFESS THAT I AM FUNDAMENTALLY AN OPTIMIST. I RECOGNIZE, HOWEVER, THAT THESE ARE THREATENING TIMES.

CONTINUED STABLE GROWTH OF THE LEADING INDUSTRIAL NATIONS IS UNCERTAIN -- AND THAT MEANS UNCERTAIN GROWTH FOR THE REST OF THE WORLD AS WELL.

THE DEBT PROBLEM IS STILL VERY MUCH WITH US, AND ITS IMPACT ON DEVELOPMENT IS SEVERE.

MUCH OF SUB-SAHARAN AFRICA CONTINUES TO SUFFER FROM ACUTE ECONOMIC CRISIS AS WELL AS FROM MAJOR LONG-TERM DEVELOPMENT PROBLEMS.

EVEN IN ASIA, WHERE MOST COUNTRIES HAVE MANAGED THEIR ECONOMIES TO MINIMIZE THE IMPACT OF THE WORLD'S ECONOMIC TROUBLES, POVERTY REMAINS WIDESPREAD.

THE BANK, AS THE WORLD'S PRINCIPAL DEVELOPMENT AGENCY, MUST CONFRONT THESE PROBLEMS WITH RESOLVE AND A CLEAR SENSE OF DIRECTION. AND WE MUST DO SO IN PARTNERSHIP WITH THE

IMF, OUR MEMBER COUNTRIES AND THE INTERNATIONAL FINANCIAL COMMUNITY. WE ALL HAVE IMPORTANT RESPONSIBILITIES TO DISCHARGE.

DEVELOPING COUNTRIES NEED TO SUSTAIN DEMANDING REFORMS TO RESUME GROWTH AND MAKE THEIR DEVELOPMENT STRATEGIES EFFECTIVE.

INCREASES ARE NEEDED IN INDUSTRIAL COUNTRIES' GROWTH RATES, AND IN THE ELEMENTS OF THEIR DIVERSE SUPPORT TO DEVELOPING COUNTRIES' ADJUSTMENT AND GROWTH. THERE REMAINS A SERIOUS GAP BETWEEN THE EXTERNAL RESOURCES NEEDED FOR DEVELOPMENT AND WHAT MOST INDUSTRIAL NATIONS AND COMMERCIAL CREDITORS ARE DOING.

THE ALTERNATIVE -- STULTIFIED GROWTH, INTRACTABLE DEBT BURDENS, AND GROWING POVERTY FOR HUNDREDS OF MILLIONS OF PEOPLE -- IS OBVIOUSLY UNACCEPTABLE. IT IS UNACCEPTABLE FROM A MORAL AND ETHICAL STANDPOINT. BUT IT IS ALSO UNACCEPTABLE FROM THE STANDPOINT OF SIMPLE SELF-INTEREST.

\* \* \* \* \*

THE WORLD BANK IS READY TO PLAY A REINVIGORATED ROLE IN THE FUNDAMENTAL TASKS OF DEVELOPMENT -- TO PROMOTE ECONOMIC GROWTH AND TO COMBAT POVERTY.

WE WILL GIVE STRONG AND RELIABLE SUPPORT TO THE ADJUSTMENT EFFORTS OF OUR MEMBER COUNTRIES. WE WILL WORK TO PRESERVE THE OPEN GLOBAL AND FINANCIAL TRADING SYSTEM WHICH IS ESSENTIAL FOR GROWTH. AND WE WILL VIGOROUSLY PROMOTE THE MARKET-ORIENTED POLICIES AND REFORMS WHICH BEST MOBILIZE PRIVATE CAPITAL FLOWS AND ENCOURAGE THE CREATIVE ENERGIES OF MILLIONS OF PEOPLE FOR EFFICIENT GROWTH.

RESTORING AND STRENGTHENING GROWTH IS ESSENTIAL FOR ACHIEVING OUR ULTIMATE GOAL -- TO REDUCE THE POVERTY, MISERY AND DESTITUTION WHICH BLIGHTS OUR WORLD.

BUT GROWTH, BY ITSELF, IS NOT ENOUGH.

THE BANK WILL INCREASE LENDING AIMED DIRECTLY AT IMPROVING THE ACCESS OF THE POOR TO BETTER FOOD, SHELTER, HEALTH CARE AND SCHOOLING. WE WILL PROMOTE POLICY AND

INSTITUTIONAL CHANGES TO DIRECT THE BENEFITS OF PUBLIC PROGRAMS MORE EFFICIENTLY TO POOR PEOPLE. WE WILL WORK MORE CLOSELY WITH THE PRIVATE SECTOR, AND WITH NON-GOVERNMENTAL ORGANIZATIONS TO MULTIPLY THEIR EFFECTIVENESS AT THE GRASSROOTS LEVEL.

WE WILL DEVOTE MORE OF OUR STAFF RESOURCES AND FINANCIAL STRENGTH TO HELPING BORROWERS SAFEGUARD AND IMPROVE THE ENVIRONMENT -- BY SUPPORTING BETTER POLICIES AND STANDARDS AND BY SPECIFIC ENVIRONMENTAL INVESTMENTS.

THIS MORNING I WANT TO FOCUS SPECIFICALLY ON HOW THESE COMMITMENTS FOR THE FUTURE WILL AFFECT THE ROLE OF THE WORLD BANK IN THE HEAVILY INDEBTED MIDDLE-INCOME COUNTRIES, SUB-SAHARAN AFRICA, AND ASIA -- COUNTRIES WHICH ILLUSTRATE BUT BY NO MEANS EXHAUST THE RICH DIVERSITY OF OUR MEMBERSHIP.

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FIRST, THE HEAVILY INDEBTED MIDDLE-INCOME COUNTRIES; MOSTLY IN LATIN AMERICA: THESE COUNTRIES FACE AN EASILY

IDENTIFIED PROBLEM -- HOW TO RESUME GROWTH AND DEVELOPMENT  
WHILE DEALING WITH THE BURDEN OF DEBT.

RESOLUTION OF THEIR DEBT PROBLEMS IS CRUCIAL IF THEIR  
OWN DEVELOPMENT GOALS ARE TO BE ACHIEVED. IT IS ALSO CRUCIAL  
TO THE HEALTHY GROWTH OF THE INDUSTRIAL COUNTRIES. ECONOMIC  
DECLINE IN THE INDEBTED COUNTRIES HAS CAUSED A DROP OF OVER  
\$100 BILLION IN THEIR IMPORTS BETWEEN 1980 AND 1985. THE  
RESULT HAS BEEN FOREGONE EXPORTS, JOBS AND PROFITS FOR THE  
INDUSTRIAL WORLD.

DESPITE MAJOR ADJUSTMENT EFFORTS IN THESE NATIONS,  
RECENT GLOBAL ECONOMIC TRENDS HAVE CREATED GREAT DIFFICULTIES.  
THE BURDEN OF DEBT HAS RISEN, NOT DECLINED, SINCE THE ONSET OF  
THE DEBT CRISIS FIVE YEARS AGO, AND INCOMES HAVE FALLEN BY  
ABOUT 20 PERCENT IN THIS DECADE. THE CONSEQUENCE HAS BEEN AN  
ALARMING GROWTH IN ABSOLUTE POVERTY, WORSENING UNEMPLOYMENT AND  
DETERIORATING SOCIAL WELFARE.

THERE IS NO ALTERNATIVE TO ADJUSTMENT AND THE CORRECTION OF PAST POLICY MISTAKES. BUT THE ADJUSTMENT PROCESS AND THE RESUMPTION OF SUSTAINED GROWTH ARE PROVING MORE DIFFICULT THAN WE HAD HOPED. AT THE SAME TIME, IT IS BECOMING HARDER FOR HEAVILY INDEBTED COUNTRIES TO OBTAIN TIMELY NEW FINANCING.

AS PRESIDENT REAGAN SAID IN HIS STATEMENT THIS MORNING, THERE IS NO QUICK SOLUTION FOR THESE LINKED DEBT AND DEVELOPMENT PROBLEMS. BUT LEARNING FROM OUR PAST EXPERIENCE, WE NEED TO AGREE ON FEASIBLE GROWTH AND DEVELOPMENT OBJECTIVES AND WORK TOGETHER TO FIND THE NECESSARY SOLUTIONS. AN ANNUAL GROWTH RATE OF 2 PERCENT PER CAPITA AND THE EARLY RESTORATION OF CREDITWORTHINESS SHOULD BE THE OBJECTIVES WE ALL AGREE TO SUPPORT AS KEY ELEMENTS OF EVERY ADJUSTMENT PROGRAM.

THE WORLD BANK IS AN ACTIVE PARTNER OF MANY HEAVILY INDEBTED COUNTRIES, AND WE EXPECT TO PLAY AN EVEN MORE VIGOROUS ROLE IN THE FUTURE. TOGETHER WITH THE FUND, WE WILL HELP TO

ASSEMBLE SPECIALLY DESIGNED DEBT RESTRUCTURING AND FINANCING PACKAGES, INCLUDING THE DEVELOPMENT OF A BROADER RANGE OF INSTRUMENTS TO FACILITATE THE REDUCTION OF DEBT AND TO SUPPLEMENT DIRECT NEW LENDING.

THESE SOLUTIONS WILL BE DESIGNED TO BENEFIT BOTH DEBTORS AND CREDITORS AND WILL BE CONSISTENT WITH THE PRUDENT MANAGEMENT OF THE BANK'S OWN FINANCING.

INNOVATIVE, MARKET-BASED APPROACHES WILL INCLUDE THE WIDER AND MORE CREATIVE USE OF DEBT CONVERSION, TO TURN DEBT INTO EQUITY OR WORKING CAPITAL. THIS WILL NOT BE AS QUICKLY ACHIEVED AS GENERALLY BELIEVED.

INCREASED USE OF MORE MARKET-BASED INSTRUMENTS REQUIRES A STRONG AND SOPHISTICATED DOMESTIC FINANCIAL STRUCTURE. THUS, THE BANK AND IFC WILL PROVIDE SPECIAL HELP TO COUNTRIES TO STRENGTHEN THEIR FINANCIAL SECTORS AND, PARTICULARLY, THEIR CAPITAL MARKETS.

I BELIEVE OTHER APPROACHES WHICH SIMPLIFY NEGOTIATION, REDUCE OUTSTANDING DEBT AND ANNUAL INTEREST PAYMENTS -- SUCH AS REALISTICALLY DESIGNED EXIT BONDS -- CAN ALSO PLAY A VALUABLE ROLE.

WE WILL WORK WITH THE COMMERCIAL BANKS AND EXPORT CREDIT AGENCIES TO ENSURE THAT EXTERNAL FINANCING IS AVAILABLE EXPEDITIOUSLY, AFTER AGREEMENT HAS BEEN REACHED ON A SATISFACTORY GROWTH-ORIENTED ADJUSTMENT PROGRAM. THIS NECESSITY IS SUGGESTED BY THE REALITY THAT FOR THE PAST SEVERAL YEARS THE BANK HAS BEEN THE LEADING SOURCE OF NET FUNDS FOR THE HEAVILY INDEBTED MIDDLE-INCOME COUNTRIES. LAST YEAR THE BANK PROVIDED MORE THAN 80 PERCENT OF TOTAL NET LENDING TO THE 15 COUNTRIES THAT ARE CENTRAL TO THE DEBT STRATEGY. THE BANK WAS PREPARED TO ACCEPT THIS INCREASED EXPOSURE TO HELP ENSURE A RESUMPTION OF GROWTH AND DEVELOPMENT.

WHERE COUNTRIES PERSIST IN APPROPRIATE REFORMS, THE BANK WILL CONTINUE TO SUPPORT THEIR PROGRAMS WITH SUBSTANTIAL



NEW LENDING. WE CANNOT SHIRK THIS RESPONSIBILITY. WE DO NOT WISH TO DO SO. BUT WE CANNOT STAND ALONE.

WE WILL NOT GIVE COMFORT TO RISKS WHICH PROPERLY BELONG IN THE PRIVATE SECTOR, BUT WE WILL ENERGETICALLY DEVELOP OUR RELATIONSHIPS WITH COMMERCIAL BANKS AND BUILD CONFIDENCE IN THESE COUNTRIES' PROSPECTS. WE WILL NOT ASSUME THE DEBTS OF OTHERS, BUT WE ARE PREPARED TO MAINTAIN SUBSTANTIAL DISBURSEMENTS AS LONG AS WE SEE CREDIBLE ADJUSTMENT EFFORTS, AND APPROPRIATE PARTICIPATION BY OTHER OFFICIAL AND PRIVATE CREDITORS.

WE SHOULD ALL SEEK TO RESTORE THE STRONGER DEBTOR COUNTRIES TO SPONTANEOUS ACCESS TO THE WORLD'S CREDIT MARKETS IN FIVE TO SEVEN YEARS. THIS WILL DEMAND SUSTAINED EFFORT BY BOTH CREDITORS AND DEBTORS. FOR SUCH COUNTRIES, THE RIGHT APPROACH REMAINS ONE OF STRONG ADJUSTMENT PROGRAMS TOGETHER WITH IMAGINATIVE PACKAGES BASED ON NEW BORROWING FROM PRIVATE AND PUBLIC SOURCES, AS WELL AS ON OTHER TYPES OF FINANCING.

FOR SOME LESS RESILIENT MIDDLE-INCOME COUNTRIES PURSUING ADJUSTMENT, HOWEVER, THERE MAY BE LEGITIMATE CONCERNS ABOUT FINANCING SOLUTIONS WHICH RELY SIGNIFICANTLY ON INCREASED COMMERCIAL INDEBTEDNESS. THEIR RETURN TO NORMAL CREDIT STATUS IS LIKELY TO BE MORE PROTRACTED AND THEIR GROWTH AND DEBT SERVICING CAPACITY MORE LIMITED, WHILE FINANCING ON APPROPRIATE TERMS IS INCREASINGLY DIFFICULT TO ARRANGE.

SUCH DIFFERENCES -- WHICH UNDERLINE THE WISDOM OF THE CASE-BY-CASE APPROACH -- MAY REQUIRE EXTENSION OF THE PRESENT RANGE OF FINANCING OPTIONS. THESE MAY INCLUDE GREATER RELIANCE ON OFFICIAL SOURCES OF FINANCE, AND UNDERSTANDINGS BETWEEN BANKS AND DEBTOR GOVERNMENTS ON WAYS TO AVOID INCREASING THE STOCK OF DEBT ON COMMERCIAL TERMS AND THE UNMANAGEABLE BUILD-UP OF ARREARS. THESE ARE AREAS WHICH NEED FURTHER EXPLORATION IN THE SEARCH FOR INDIVIDUALLY TAILORED ARRANGEMENTS TO RESTORE GROWTH AND CREDITWORTHINESS AS RAPIDLY AS POSSIBLE.

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NEXT, AFRICA: IN AFRICA, LONG-TERM RECOVERY MUST START FROM A DETERMINED EFFORT TO CONTAIN AND MANAGE THE PRESENT CRISIS, WHILE MAINTAINING LONG-TERM ADJUSTMENT PROGRAMS TO LIBERATE THE ENTREPRENEURIAL AND PRODUCTIVE POTENTIAL OF AFRICA'S ECONOMIES AND PEOPLE. AFRICANS, AS NIGERIA'S FORMER HEAD OF STATE, OLUSEGUN OBASANJO, HAS SO ELOQUENTLY WRITTEN, "MUST SERIOUSLY ORGANIZE AND MOBILIZE THEIR SOCIETIES FOR A MORE SUSTAINED DEVELOPMENT PROCESS, PREDICATED ON THE CONVICTION THAT THEY CANNOT HAVE DEVELOPMENT WITHOUT SACRIFICE. ... DEVELOPMENT MEANS HARD WORK, SWEAT, FOREBEARANCE AND DISCIPLINE."

HERE, AS ELSEWHERE, STRUCTURAL ADJUSTMENT IS FUNDAMENTAL TO THE BANK'S ASSISTANCE STRATEGY, AND IS NOT IN ANY SENSE SEPARATE FROM OUR DEVELOPMENT ROLE IN THAT CONTINENT. WE WILL CONTINUE TO CONCENTRATE IDA RESOURCES ON THE GROWING NUMBER OF AFRICAN COUNTRIES WHICH ARE MAKING DETERMINED AND REALISTIC ADJUSTMENT EFFORTS.

THESE COURAGEOUS REFORM EFFORTS ARE BEING HAMPERED BY AN OVERALL LACK OF RESOURCES. FOR THIS REASON, THE BANK HAS PROPOSED AN AMBITIOUS BUT REALISTIC INTERNATIONAL PROGRAM OF SPECIAL ASSISTANCE TO A GROUP OF LOW-INCOME, ESPECIALLY DEBT-DISTRESSED COUNTRIES UNDERTAKING SIGNIFICANT ADJUSTMENT PROGRAMS.

THE INITIAL RESPONSE OF THE DONOR COMMUNITY TO THIS INITIATIVE IS ENCOURAGING. BUT THERE IS NOT YET SUFFICIENT TANGIBLE PROGRESS TO MAKE THE PROGRAM A REALITY. I URGE DONOR COUNTRIES TO SUPPORT THESE EFFORTS NOW BY UNDERTAKING CONCESSIONAL DEBT RELIEF, COMPLETING IDA-8, APPROVING AN ENLARGED STRUCTURAL ADJUSTMENT FACILITY, AND BY DIRECTING THEIR OWN DEVELOPMENT ASSISTANCE MORE RAPIDLY TO THESE SPECIAL CASES.

THE PROCESS OF RECOVERY WILL INEVITABLY BE PAINFUL AND PROLONGED. IN THE MEANTIME, AFRICA'S 450 MILLION PEOPLE, THE VAST MAJORITY OF THEM VERY POOR, WILL CONTINUE TO BE VULNERABLE TO THE PANGS OF AUSTERITY AND TO THE NATURAL

CALAMITIES WHICH HAVE BLIGHTED THE CONTINENT IN RECENT YEARS. THEY MUST BE PROTECTED WHILE GROWTH GRADUALLY RESUMES.

THE AVAILABILITY OF ADEQUATE SUPPLIES OF FOOD IN ALL COUNTRIES MUST BE ENSURED, WHILE STRONG EFFORTS ARE MADE TO INCREASE FOOD PRODUCTION. FOOD SECURITY, THEN, IS A KEY ASPECT OF OUR AFRICAN AGENDA. WE EXPECT TO WORK IN CLOSE COLLABORATION WITH AFRICAN GOVERNMENTS AND OTHER DONORS TO ACHIEVE FOOD SECURITY.

FIRST, AFRICAN COUNTRIES NEED TO CONCENTRATE THEIR EFFORTS ON IMPORTANT FOOD CROPS WHICH THEY CAN EFFICIENTLY PRODUCE, RATHER THAN ADOPT EXPENSIVE AND WASTEFUL POLICIES OF SELF-SUFFICIENCY IN ALL FOODS;

SECOND, FLUCTUATIONS IN THE FOOD SUPPLY MUST BE REDUCED AND PRODUCTION AND PURCHASING POWER WITHIN FOOD-DEFICIT AREAS INCREASED;

THIRD, FOOD DISTRIBUTION SYSTEMS AND MARKETS NEED TO BE IMPROVED; AND

LAST, ENVIRONMENTAL DEGRADATION AND THE LOSS OF VALUABLE FOOD-PRODUCING LAND MUST BE REVERSED.

THE BANK WILL EXPAND LENDING TO HELP MEET THESE OBJECTIVES, AND TO ASSIST GOVERNMENTS ESTABLISH POLICIES AND INCENTIVES TO ENCOURAGE FARMERS TO PRODUCE AND SELL MORE.

AT THE SAME TIME, WE WILL PAY CAREFUL ATTENTION TO THE NEED FOR SAFEGUARDS FOR GROUPS WHOSE FOOD SECURITY MAY BE THREATENED DURING THE PROCESS OF ADJUSTMENT.

WELL-TESTED PILOT AGRICULTURAL EXTENSION PROGRAMS INDICATE THAT THE PRODUCTION OF SMALL AFRICAN LANDHOLDINGS CAN BE SHARPLY INCREASED. THE BANK WILL SUPPORT NEW NATIONAL PROGRAMS TO BRING RESEARCH RESULTS, TECHNOLOGY AND AGRICULTURAL SERVICES TO SMALL FARMERS, ESPECIALLY THE WOMEN WHO PRODUCE THE BULK OF THE CONTINENT'S FOOD BUT WHOSE ROLE IN FOOD PRODUCTION HAS TOO LONG BEEN IGNORED. THESE PROGRAMS WILL SOON BE UNDERWAY IN 14 AFRICAN COUNTRIES.

NORMAN BORLAUG HAS DESCRIBED AGRICULTURE AS "THE MOTHER OF SCIENCE ... THE SCIENCE WHICH MAKES LIFE POSSIBLE." AFRICA'S FARMERS MUST ALSO BENEFIT FROM THE GREAT STRIDES MADE ELSEWHERE IN RECENT YEARS IN BIOLOGY AND GENETICS. WE WILL THEREFORE CONTINUE TO SUPPORT THE SPECIAL PROGRAM FOR AFRICAN AGRICULTURAL RESEARCH, WHICH IS FOCUSING INTERNATIONAL EFFORTS TO DEVELOP EFFECTIVE TECHNICAL SOLUTIONS FOR THE SPECIAL PROBLEMS OF AFRICAN AGRICULTURE.

FOOD SECURITY WILL ALSO REQUIRE A MAJOR ENVIRONMENTAL RESCUE AND DEVELOPMENT EFFORT. CLOSING LAND FRONTIERS AND INCREASING POPULATION PRESSURES ARE TURNING THREE-QUARTERS OF A BILLION HECTARES OF LAND TO DESERT, WHILE ALMOST FOUR MILLION HECTARES OF FOREST AND WOODLAND ARE DISAPPEARING ANNUALLY.

POVERTY BREEDS ENVIRONMENTAL NEGLECT AND ABUSE, AND RESOURCE DEGRADATION DEEPENS THE DISASTER OF POVERTY. WE MUST BREAK THIS VICIOUS CYCLE. THIS IS A TOP BANK PRIORITY.

FAR FROM INCREASING THE INCENTIVES FOR ENVIRONMENTAL DEGRADATION, OUR DEVELOPMENT EFFORT MUST BRING ABOUT A SYNERGY BETWEEN FOOD PRODUCTION AND THE RENEWAL OF AFRICA'S NATURAL RESOURCES. AMONG OTHER INITIATIVES, WE WILL TREBLE LENDING FOR FORESTRY, MUCH OF IT CONCENTRATED IN SUB-SAHARAN AFRICA, BECAUSE FORESTS PRESERVE THE RAINFALL AND SOILS ESSENTIAL TO FOOD.

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WE WILL COMPLEMENT THESE EFFORTS BY EXPANDED LENDING TO BUILD AFRICA'S HUMAN RESOURCES, MALE AND FEMALE, AND ESPECIALLY TO MAKE ALL LEVELS OF EDUCATION MORE EFFICIENT AND MORE WIDELY ACCESSIBLE. WE WILL CONTINUE SUPPORT FOR SAFE MOTHERHOOD AND OTHER PROGRAMS AIMED PARTICULARLY AT FEMALE AND CHILD WELL-BEING. AND WE WILL DOUBLE LENDING TO SUB-SAHARAN AFRICA FOR POPULATION, HEALTH AND NUTRITION PROGRAMS BY 1990. WE WILL SUPPORT THE WORLD HEALTH ORGANIZATION'S WORLDWIDE EFFORT TO COMBAT AIDS, A DISEASE WHICH HAS POTENTIALLY GRAVE CONSEQUENCES FOR SOME COUNTRIES IN AFRICA.



TOO MUCH OF AFRICA'S RECENT HISTORY HAS BEEN WRITTEN IN SPURTS OF BENEFICENCE, TOO LITTLE IN STEADY ATTENTION TO DEEP-ROOTED PROBLEMS THAT PRECLUDE SIMPLE, SPEEDY REMEDY. THE CHALLENGE AFRICANS FACE IS TO SALVAGE THE GAINS OF THE PAST IN ORDER TO BOLSTER THE FOUNDATION FOR FUTURE RECOVERY. THE BANK WILL DO EVERYTHING POSSIBLE TO HELP AFRICA MEET THIS CHALLENGE.

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IN ASIA, WE WILL BUILD ON OUR ENDURING PARTNERSHIPS WITH COUNTRIES WHICH TOGETHER COMPRISE THE MOST DIVERSE, DYNAMIC AND FASTEST GROWING REGION ON EARTH.

WE PLACE PARTICULAR IMPORTANCE ON FACILITATING THE PROCESS OF MARKET-ORIENTED REFORM IN MAJOR ASIAN COUNTRIES. THE PRIVATE SECTOR IN ASIA IS VIGOROUS BUT COULD PLAY A LARGER ROLE IN PROMOTING ECONOMIC GROWTH AND TECHNOLOGICAL ADVANCE, IF IT IS GIVEN THE FREEDOM TO DO SO.

THE DYNAMISM OF ASIAN ECONOMIES REQUIRES SUSTAINED INVESTMENT FOR LARGE-SCALE PROJECTS IN INFRASTRUCTURE, ENERGY

AND COMMUNICATIONS. THE BANK WILL SUPPORT THESE INVESTMENT AND INSTITUTION BUILDING NEEDS, PROVIDING AS MUCH ROOM AS POSSIBLE FOR ASSOCIATING PRIVATE AND OFFICIAL COFINANCING WITH THE BANK'S FUNDS.

THESE ARE ESSENTIAL PROGRAMS TO PROMOTE GROWTH. BUT TODAY I WANT TO HIGHLIGHT ANOTHER MAJOR OBJECTIVE OF OUR WORK IN ASIA.

DESPITE THE GREAT PROGRESS WHICH MANKIND HAS MADE IN THE LAST FEW DECADES, MILLIONS OF PEOPLE CONTINUE TO LIVE IN ABJECT POVERTY -- 500 MILLION OF THEM IN ASIA. RAPID ECONOMIC GROWTH FOR SOME AND ADVANCES IN MODERN TECHNOLOGY SEEM OF TRAGICALLY LITTLE CONSEQUENCE IF SO MANY PEOPLE DO NOT HAVE ENOUGH FOOD, CLEAN WATER OR SHELTER.

IN THE LARGE, POOR COUNTRIES OF ASIA WE WILL SUPPORT GOVERNMENT STRATEGIES TO ELIMINATE THE WORST ASPECTS OF ABSOLUTE POVERTY BY THE YEAR 2000. THIS IS A BOLD OBJECTIVE, BUT NOT AN IMPOSSIBLE ONE. LOW-INCOME ASIA HAS TRIPLED ITS

GROSS DOMESTIC PRODUCT AND ALMOST DOUBLED ITS PER CAPITA INCOME OVER THE LAST 20 YEARS. WE BELIEVE THERE IS EVERY PROSPECT THAT MOST OF THESE COUNTRIES CAN DOUBLE THEIR PER CAPITA INCOME AGAIN BY THE TURN OF THE CENTURY.

FUTURE GROWTH ALONE WILL NOT ACHIEVE THE PROGRESS AGAINST POVERTY WHICH IT HAS FAILED TO SECURE IN THE PAST. BUT WE CAN AND WILL TARGET AN INCREASED PROPORTION OF OUR IDA LENDING IN THESE COUNTRIES TO HELP TACKLE THE POVERTY WHICH HAS REMAINED LARGELY IMPERVIOUS TO THE BENEFITS OF GROWTH: AMONG THE LANDLESS AND ASSETLESS RURAL POOR, AMONG VULNERABLE SOCIAL GROUPS SUCH AS RURAL WOMEN AND CHILDREN, AND IN DISTANT OR BACKWARD AREAS OF THE LARGE COUNTRIES.

OUR STRATEGY WILL CONCENTRATE ON THE DELIVERY OF BASIC SERVICES TO ENSURE ADEQUATE FOOD, SHELTER AND HEALTH CARE, AND ON CONSERVING THE OFTEN FRAGILE ENVIRONMENT OF RURAL AREAS. WE WILL SUPPORT EDUCATION, NUTRITION AND FAMILY PLANNING PROGRAMS, AND INCREASED ATTENTION TO RURAL EMPLOYMENT

AND INCOME GENERATION FOR LANDLESS LABOR, IN WAYS CONDUCTIVE TO ECONOMIC EFFICIENCY AND GROWTH.

MANY OF THE TECHNOLOGIES TO COMBAT THIS ENTRENCHED POVERTY ARE CHEAP, SIMPLE AND EFFECTIVE: VILLAGE HAND-PUMPS TO DRAW CLEAN AND SAFE WATER, ORAL REHYDRATION TABLETS COSTING A FEW CENTS WHICH SAVE THE LIVES OF THOUSANDS OF CHILDREN, CONTRACEPTIVES WHICH CAN PROVIDE POOR PEOPLE WITH THE FAMILY CHOICE FROM WHICH SOME OF ASIA ALREADY BENEFITS.

BUT THE INSTITUTIONS TO DELIVER THESE SERVICES TO POOR PEOPLE AND TO INACCESSIBLE AREAS ARE OFTEN INEFFECTIVE. WE WILL WORK WITH GOVERNMENTS TO FIND NEW WAYS TO INVOLVE VOLUNTARY, NON-GOVERNMENT ORGANIZATIONS AND THE PRIVATE SECTOR IN POVERTY ERADICATION EFFORTS, AND TO REMOVE THE BARRIERS WHICH INHIBIT THE DEVELOPMENT OF FAIR MARKETS AND BETTER INCENTIVES FOR THE POOR.

TOGETHER WITH OUR ASIAN PARTNERS WE CAN ENSURE THAT CONTINUED RAPID DEVELOPMENT IS MORE WIDELY AND EQUITABLY

SHARED, SO THAT THESE COUNTRIES ENTER A NEW CENTURY FREE OF THE TERRIBLE POVERTY THAT HAS STAINED EVERY CENTURY BEFORE.

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THERE HAS BEEN A DRAMATIC DECLINE IN THE RESOURCES FLOWING TO DEVELOPING COUNTRIES IN RECENT YEARS -- IN A PERIOD WHEN THEIR NEEDS HAVE BEEN VERY PRESSING. THE PROGRAM OF GROWTH AND DEVELOPMENT I HAVE OUTLINED TODAY DEPENDS NOT JUST ON THE WORLD BANK ACTING IN PARTNERSHIP WITH DEVELOPING COUNTRIES. A SUBSTANTIAL EXPANSION IN THE FLOW OF ALL TYPES OF RESOURCES TO THE DEVELOPING WORLD IS ESSENTIAL. THE WORLD BANK'S ROLE IN HELPING TO MOBILIZE THESE RESOURCES IS OF PARTICULAR SIGNIFICANCE, AND I CLOSE MY ADDRESS TODAY WITH SOME REMARKS ON OUR OWN NEEDS.

THE BANK CAN LEAD THE WAY IN HELPING BORROWERS HARNESS THE ENERGIES AND RESOURCES OF THE PRIVATE SECTOR. ADJUSTMENT EFFORTS ARE CREATING PROMISING NEW CLIMATES FOR INVESTMENT, ENCOURAGING OPENINGS FOR ENTREPRENEURSHIP, AND

PRIVATE FORCES SHOULD RISE TO THE OPPORTUNITY. IN THIS TASK, THE INTERNATIONAL FINANCE CORPORATION OFFERS VITAL BACKING TO PRIVATE INITIATIVE, AND HELP IN STRENGTHENING THE INFRASTRUCTURE ESSENTIAL TO THE WORKINGS OF MARKET FORCES. I PROMISE YOU THAT IFC WILL CONTINUE TO EXPAND, IN THOUGHTFUL COORDINATION WITH THE PRIVATE SECTOR INITIATIVES OF THE REST OF THE WORLD BANK FAMILY.

THE MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA) IS POISED TO BACK UP BANK AND IFC EFFORTS THROUGH PROGRAMS TO HELP IMPROVE INVESTMENT CONDITIONS, ATTRACT CAPITAL AND FACILITATE JOINT VENTURES. I AM HOPEFUL THAT MORE INDUSTRIAL COUNTRIES WILL RATIFY ITS CONVENTION SO THAT MIGA CAN BECOME A REALITY SOON. GIVEN THE MOMENTUM ALREADY BEHIND MIGA, WE CAN EASILY EXTEND THE DEADLINE FOR EFFECTIVENESS IF THAT BECOMES NECESSARY.

FOR THE POOREST COUNTRIES, IDA IS FUNDAMENTAL TO THE WHOLE STRUCTURE OF INTERNATIONAL ACTION. THE RATIFICATION OF

IDA-8 MUST NOW BE SWIFTLY FOLLOWED BY GOVERNMENTS NOTIFYING THE ASSOCIATION OF COMMITMENTS AND INITIAL PAYMENTS INTO THE REPLENISHMENT. I ESPECIALLY WISH TO THANK THOSE DONOR COUNTRIES -- AMONG THEM, CANADA, DENMARK, JAPAN, KUWAIT, SWEDEN AND TURKEY -- WHICH HAVE ALREADY DONE SO. IT IS ALSO CRITICAL THAT BANK AND FUND INITIATIVES TO RAISE RESOURCES FOR THE MOST DISTRESSED DEBTORS BE TRANSLATED INTO CONCRETE ACTION WITH ALL POSSIBLE SPEED.

FOR THE HIGHLY INDEBTED MIDDLE-INCOME COUNTRIES, THE BANK IS CURRENTLY THE MAIN SOURCE OF NET FUNDS. OTHERS MUST DO MORE, AND SO MUST THE BANK. I HAVE PLEDGED TO YOU TODAY THAT WE WILL CONTINUE OUR GREATLY EXPANDED SUPPORT FOR THE RECOVERY EFFORTS OF OUR HEAVILY INDEBTED MEMBERS, ON THE BASIS OF THOROUGHGOING AND SUSTAINED PROGRAMS OF ECONOMIC AND INSTITUTIONAL REFORM.

TO ACHIEVE THIS WHILE MAINTAINING AND INCREASING OUR ESSENTIAL COMMITMENTS TO THE GROWTH AND POVERTY ALLEVIATION

PROGRAMS OF ALL OUR BORROWERS, WE MUST MOVE FORWARD NOW WITH A SUBSTANTIAL GENERAL CAPITAL INCREASE FOR THE BANK SUFFICIENT TO SUPPORT OUR EXPANDING LENDING PROGRAM WELL INTO THE 1990S. FOLLOWING THE RECENT U.S. ANNOUNCEMENT, I AM CONFIDENT THAT YOUR STRONG GENERAL SUPPORT FOR A SUBSTANTIAL INCREASE IN OUR CAPITAL CAN BE TRANSLATED INTO A SPECIFIC AGREEMENT LATER THIS YEAR.

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MR. CHAIRMAN, I HAVE SET OUT TODAY A CHALLENGING AGENDA OF ACTION FOR THE WORLD BANK.

I HAVE RE-DEDICATED A REORGANIZED AND RENEWED WORLD BANK TO ECONOMIC GROWTH AND TO THE FIGHT AGAINST POVERTY.

IN PURSUIT OF THESE GOALS, I HAVE PLEDGED STRONG ACTION ON DEBT, FIRM SUPPORT FOR ECONOMIC REFORM AND ADJUSTMENT, NEW INITIATIVES TO PROMOTE THE PRIVATE SECTOR, AND RENEWED AND INNOVATIVE PROGRAMS TO SAFEGUARD THE HUMAN ENVIRONMENT.



I REALIZE THAT THE BANK IS PUTTING A DEMANDING LOAD  
ON ITS MEMBERS.

THE BURDEN OF A POSITIVE RESPONSE, HOWEVER, IS  
LIGHTER THAN THE WEIGHT HISTORY WOULD ATTACH TO OUR FAILURE.

WITH SO MANY LIVES, SO MUCH PAST PROGRESS AND FUTURE  
POTENTIAL AT RISK, THE INTERNATIONAL DEVELOPMENT COMMUNITY MUST  
NOW PUT NEW EFFORT AND ADDED RESOURCES INTO THE WORK OF  
RECOVERY AND RENEWED PROGRESS.

WITH ALL OF US WORKING TOGETHER, I AM CONFIDENT WE  
CAN SUCCEED.

THANK YOU.