Statement by Yashwant Sinha
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GLOBAL PUBLIC GOODS

There is widespread agreement that attention to global and regional public goods should be an important aspect of the Bank’s work, although it should remain small as compared to the Bank’s country focus. The Bank’s proposed definition of global public goods and the criteria for Bank involvement were supported. There is also much support for the four areas of proposed Bank concentration. But many ministers also suggest that the categories are too broad and more selectivity is needed. In short, it was said, the Bank’s interventions should be selective, disciplined, pragmatic and focused on the Bank’s core issues and comparative advantage! It was acknowledged by some that this is easier said than done.

Some ministers suggest a concentration on the topics which are most poverty oriented and linked to country programs, others on those where the Bank most clearly adds value, others on those where the Bank is the only agency that can take the lead - although it is also suggested that the Bank should encourage partners to develop the capacity to take the lead more often.

Ministers also express a wide variety of views about which particular areas cited by the Bank for current and future attention should be given highest priority. Environment, HIV/AIDS and other communicable diseases, and knowledge development receive quite wide support; trade and architecture receives support from a number of ministers, as does increased attention to financial abuse and to core labor standards. But clearly views are widely dispersed, and perhaps in our restricted session we can gain greater clarity on priorities.

Financing of global public goods is of considerable interest. Many ministers emphasize that the concessional resources needed for these programs should be largely additional to the Bank’s own resources and not result in excessive use of Bank net income, while others are less
concerned with this aspect and think the Bank is was best placed to put significant additional resources into these programs. One minister suggests that raising new resources for development is in itself one of the Bank’s most important contributions to global public goods.

Many ministers request a further discussion of global public goods in April after the Bank has established a more complete program.

**SUPPORTING COUNTRY DEVELOPMENT**

There is broad agreement that it was timely to discuss this subject given the great diversity and change in Bank member countries. There is significant support for the PRSP process in IDA countries, although the concern is also expressed that countries with existing well-developed poverty strategies should not be asked to create a new strategy document for the Bank. The PRSP-CAS linkage has been broadly endorsed, although it was also suggested the July 1, 2002 deadline should be considered with some flexibility.

There is considerable support for establishing the proposed poverty reduction support credit (PRSC) (including especially its link to country budget cycles), although it is recognized that greater clarity is required in its definition and operational role. Many support a move towards more programmatic adjustment lending for countries with strong track records, but express concern that this not unduly limit the number of investment projects or neglect attention to safeguards and other policy concerns. In discussing country programs, many ministers stress the importance of enhanced donor coordination, based on the country’s PRSP, and the need for greater harmonization of MDB and donor procedures to increase efficiency and reduce burdens on poor countries.

There is a strong consensus that the Bank has an important continuing role to play in middle-income countries. The establishment of a Bank task force to address key issues and
develop new ideas on this role has been welcomed. There is widespread agreement on a broad agenda for the task force; particular stress is placed on the need to examine how the use of conditionality can be made more productive; on the cost of doing business with the Bank; and on how best to support countries in times of market dislocation, including through the development of new instruments. The Task Force has been encouraged to consult closely with borrowers to determine their priorities. Many ministers note the recent decline in Bank lending levels as a problem needing close attention by the Bank and this task force.

All ministers stress the importance of country ownership, although it was quite clear from some statements that this did not mean that the Bank should relinquish its concern for quality and the benefits that derive from its global experience and knowledge.

Many other points have been raised which I am sure will arise in the restricted session.

CDF

The progress made in introducing the CDF concept in pilot countries has been welcomed and strong support expressed for the CDF principles and approach. The difficulties of implementing some CDF programs on the ground have also been noted, as is the fact that it will take many years for the ambitious agenda set forth in the CDF approach to be fully accomplished. While additional countries are urged to join the pilot process, some ministers caution that countries should be given adequate time to ensure full ownership and the necessary widespread popular participation in CDF development.

HIPC/PRSP

Yesterday we had a very useful discussion of HIPC and PRSPs and issued a joint communiqué, and our communiqué today is quite comprehensive. As we are already fully
committed to this process, in the interest of time I will not report further on the key points in this area.

**IBRD FINANCIAL CAPACITY**

There is general agreement that the Bank’s finances remain sound. Many members believe, however, that it is prudent for Bank management and Board to keep the situation under careful review, particularly given the very important role they believe Bank lending has played at times when borrowers’ access to private funds has been more limited. They also consider it important to build up Bank reserves at this time against such a future need.

**FINANCIAL ARCHITECTURE**

Ministers give broad support for a continuing Bank role in helping to strengthen international financial architecture. Some emphasize that the Bank’s work should be focussed on working with countries to build capacity, and on those issues most directly relevant to the Bank’s mandate. Close collaboration with other agencies, particularly the IMF, is considered essential. And while development of common standards was encouraged, many ministers also want it to be clear that the acceptance of the resulting standards should remain voluntary.

**OTHER AREAS**

There are also a number of very interesting comments on globalization, the impact of high oil prices and other terms of trade shocks on poor countries, the special needs of Africa and of small states, proposals for further reform of the MDBs, political pressure on the Bank, and many other subjects. I urge you to read these statements in full as they are rich in advice and ideas.

This concludes my review.