**Conference notes EGMONT**

Summary of the Presentation:

 ***"Securing the 21st Century"***

**by James D. Wolfensohn,**
President of the World Bank
Brussels, 20 Oct. 2004

This is not an official record of the proceedings and specific remarks are not necessarily attributable.

**Summary**

The European Policy Centre, the World Bank and the Belgian Royal Institute of International Relations (IRRI-KIIB) welcomed James D. Wolfensohn, President of the World Bank Group, who presented his views on "Securing the 21st Century." Ambassador Jan Grauls, Vice-President of the Royal Institute for International Relations introduced the speaker. A question and answer session, moderated by EPC Director of Studies, Fraser Cameron, followed the presentation.

Speaking to an audience of over 300, Mr. Wolfensohn stressed the need for the international community to raise its game. It had to do a better job of managing the key global issues that would determine the future. He highlighted three urgent priorities, including a scaling up on effective poverty reduction, better stewardship of the environment and a more positivistic approach to education worldwide to prepare children for the challenges ahead, while giving them hope for the future.

**Event Report**

Introducing the speaker, Ambassador **Jan Grauls** praised Mr. Wolfensohn's track record at the World Bank, including his committed fight against poverty and corruption. Achieving global security was paramount to eradicating the breeding ground for global terrorism and easing existing uncertainty.

**James Wolfensohn** opened his presentation on a pessimistic note, recalling his experiences in the early days at the World Bank, when he perhaps naively planned to judge the success of efforts by the World Bank and the wider international community on the "smiles on the face of children." These days, however, "there are a lot of children that aren't smiling," he said. He was doubtful that the Millennium Development Goals could be reached stressing that both developing and developed countries had a long way to go.

At the same time, there was proof that development worked: in the last four decades, life expectancy in developing countries had increased by 20 years and adult illiteracy had been halved to 22%. Nevertheless, 2.8 billion people were still living on $2 a day and a billion had no clean drinking water. Five billion people in developing countries had 20% of global income, while one billion had 80%. "It is a simple fact, many are not sharing in the benefits of development," he said. Demographically, the world was getting younger, and "we owe these kids chance and opportunity." The central aim of the Millennium Goals had been to prevent destabilization. If poverty and inequity were not addressed adequately, then stability and lasting peace could not be achieved.

This year had been the best in terms of global growth, which had averaged 4%. Developing countries had grown by 6% on average. Still, there had been no celebration at the annual World Bank meeting - instead, a sombre mood had pervaded proceedings. Where once World Bank officials had to be protected from protestors, the cordon of security had now been put in place to protect attendees from a suspected terrorist attack. "There are real uncertainties about the global political situation," Mr. Wolfensohn said. The world was no longer separated by a cement wall, with the rich protected from the plagues of the developing world. "The wall came down after September 11," he said and the effect of this change could be felt in health, the environment and mass communications. Poverty and terrorism were having a profound effect on the world, heightening a sense of unease about current changes, including the economic rise of demographically powerful developing countries like China and India and the effect of militant Islam.

Inequity would be the main theme for the next 25 years, Mr. Wolfensohn projected. Europe would be older and smaller, faced with tackling immigration, how to pay for pensions as well as healthcare and social services. In the meantime, the developing world would grow eight-fold by 2050, to represent 40% of the world economy, while the developed world would only grow by three-fold.  Many found it hard to believe that developed countries spent $900 billion on defence, when it gave only $68 billion to developing countries, while investing $140 billion in upholding agricultural subsidies that prevented products from developing countries from entering its markets. "We are crazy in the way we address these issues," he said, "we should be addressing equitability."

Education was a further key point. "We are not educating our children to deal with these future challenges. Children in the developed world had little understanding of what was going on in China, India, Africa, or knew much about Islam, while children in the developing world are often educated for hate, not for peace and democracy. We need education that brings the world together, because it is one world with respect to the changes it faces and the challenging effects these changes have," he said. The World Bank was trying to increase its educational support.

Protecting the planet through better stewardship of the environment was another fundamental point. "Every year we are destroying timber fields the size of Portugal," Mr. Wolfensohn reminded the audience. Recalling a personal encounter with a Peruvian farmer, he highlighted that the disappearance of glaciers in Peru due to global warming were eroding the farmers' livelihood and thus increasing poverty and dependence on outside assistance.

The three interlinked issues of inequality, education and environmental protection had to be the underlying priorities for the international community. "If we can get the Monterrey promises off the ground then that would be real progress."  Many developing countries were in the process of implementing reforms, but would not succeed without secure funding. "If we can give assurances of real long-term benefits of reforms to African leaders, then we would have real leverage. But we haven't stepped up our assistance, we haven't opened our markets sufficiently," he said.

Concluding, he said, "This is not a pessimistic assessment." The fight against terrorism had to be accompanied by tackling the three core issues he had outlined. "We are doing a pretty lousy job, but it's comfortably in our power to make a difference. If we don't, then we are letting down our children," he concluded.

**Q & A Session**

Asked **how to mobilise the necessary political will** to spur the changes he had addressed, Mr. Wolfensohn said that without top level leadership these changes would not be possible. Leadership had to come from "a group of people that represent the G-8 and the developing world." Recounting a statement by Brazil's President Lula at the last G-8 summit, Mr. Wolfensohn pointed out that the current G-8, while powerful, hardly represented the world. "Let's get a G-something to spend 5% of their time dealing with global problems seriously for ten days a year." He suggested the group meet in different global capitals and be composed of political leaders ready to shoulder this international responsibility on top of their domestic agenda. He acknowledged that "international issues don't win elections unless you're at war." Implicitly criticising the UN system, he said that global solutions could not be found in fora in which 200 people made four-minute speeches.

On the **idea of a Global Marshall Plan** and an increased involvement of faith and religious groups in achieving some of his underlying goals, Mr. Wolfensohn responded that he was generally in favour of the idea. He had held three meetings with the spiritual leaders of 30 different religions, which had not always been welcomed by World Bank shareholders. At the same time, healthcare and education was still largely delivered by religious institutions in many developing countries. Another meeting would likely be held in January, which would focus on AIDS and education.

Countries which the World Bank considered **"success stories"** were the subject of an audience question to which Mr. Wolfensohn replied that China, Korea and most Asian Tigers were obvious examples. In addition, Mozambique, South Africa and Ethiopia now had "first class plans" on how to move forward. If new leaders in Africa succeed in their plans, then positive things could happen. They needed to be supported in their efforts. Still, sub-Saharan Africa was still worrisome and "in a very difficult situation."

Mr. Wolfensohn reflected briefly on plans for a **peaceful end to the Middle East conflict**, saying that the World Bank was categorical that Gaza could not survive without access to employment possibilities in Israel, following Israeli withdrawal. The West Bank and Gaza had to be linked and port and airport access guaranteed. He said that a December 2004 report by the World Bank would detail the Bank's views. The breakdown of trust on both sides was by far the most troubling factor at present.

The President concluded on a reflection about the **changes in projects undertaken by the Bank**: when he assumed his post, his first review measure was to ensure that projects went where they were wanted and were designed with the partner countries - not in Washington. "We must engage our partners in the solutions we propose and have a multiplicity of solutions available. We must increase the ownership of the process." He felt that the World Bank had now reached a good balance between major projects and those with a distinct social dimension.

Ambassador Grauls thanked Mr. Wolfensohn for his "realistic assessment" of the global situation, and supported his call for action now, before it was too late.