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## Developing the Agenda for Poverty Reduction and Growth

Closing Remarks by Stanley Fischer  
First Deputy Managing Director of the International Monetary Fund  
at the Libreville Summit Meeting of African Heads of State  
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President Bongo, Excellencies, Ladies and Gentlemen: During the past several days we have heard a frank and valuable dialogue among the distinguished delegates to this conference. Your statements, both in the formal conference sessions and in informal encounters, have demonstrated your determination to attack the problem of poverty in Africa, and to do so in a spirit of partnership—on new terms—with the international community.

We came to this meeting mainly to listen, and to see how we at the IMF, the World Bank, and the African Development Bank, can most effectively support your efforts. Although we are far from drawing final conclusions from the events of the last few days—in part because there were different views among the delegations—let me, in these closing remarks, address some of the concerns that have been raised, and offer a few tentative thoughts on the elements that appear to be essential for achieving sustained high-quality growth and meeting the International Development Goals that we have all adopted—a copy of which has been given to each of you as a reminder to keep on your desk.

As President Bongo stressed, increasing growth and reducing poverty will require concrete and innovative solutions in many areas. Two of these broad areas are highly familiar and were restated by many of you:

First, as several speakers have stressed, **macroeconomic stability** remains the essential prerequisite to growth and poverty reduction. I need not elaborate, because many of your countries are already demonstrating the positive effects of such policies.

Second, as experience around the world, including in some of your own countries, has demonstrated, the key to accelerated and sustainable growth lies in **policies to promote higher and more efficient investment in human and physical capital**. I will not detail all the relevant policies, which are also familiar to you, but will emphasize a few points that were mentioned frequently in the conference:

- President Diouf has reminded us of the need for *good governance, transparency, and accountability* to ensure a more secure and predictable environment for domestic and foreign investment;
- *Progressive trade liberalization and deeper regional integration*, in order to promote intra-African trade and job creation, and help Africa to integrate more fully with, and benefit from, the world economy;
- *Unrestricted access to industrial country markets for your exports*—which we will continue to push for; and
- *Tackling AIDS and other endemic diseases* with the help of your development partners.

Furthermore, as President Bongo and President Moi reminded us in their opening remarks, the past decade has been marked by the intensification of armed conflict in Africa. We all agree that **there can be no lasting development without peace and social stability**—and we all applaud the Presidents who took part in this conference, and other African Presidents, who have been working to bring peace to their neighbors. The Fund stands ready to provide assistance rapidly in post-conflict situations, as we have done in some recent cases.

The third element—and this is the new and critical feature of the Poverty Reduction and Growth Facility—is to **put policies directed at poverty reduction at the heart of the policy process**. There was no disagreement on this point. Virtually all delegations stressed that key social and poverty reduction goals must be given renewed emphasis: education, health, nutrition, sanitation, and basic infrastructure are the priority areas in need of stronger support. And of course, all of these are policies that also support growth directly.

The fourth element is the need to foster **ownership within each country of the poverty reduction strategy**. This is bound to be a complicated process. It will clearly not be the case that whatever anti-poverty strategy a country presents will automatically receive financial support from the Bretton Woods institutions. The Executive Boards of the Fund and the Bank will have to be convinced that any anti-poverty strategy they are asked to support will indeed reduce poverty. What is likely to be different now is that the Boards and the staffs of the two institutions will have to form an overall judgment of whether the anti-poverty strategy is likely to work, but will not insist on agreeing with every aspect of such a policy. We will have to see just how the tradeoff between ownership and some form of Board agreement—sufficient to justify providing financial support—works out in practice; all we can say now is that the intention to give much greater weight to country ownership is there. And it is there for a good reason, for much evidence supports the fact that programs that are owned by a country tend to be more successful than those that the country is reluctant to implement. Of course, the Fund and the Bank will stand ready to provide assistance that countries may ask in formulating their poverty reduction strategies.

Delegates also expressed a number of concerns about the new approach. Let me mention five. First was concern about the proposal that the process of preparing the national poverty reduction strategy should be a participatory one. We have heard clearly the view that while the participation of civil society should be as representative as possible, the process cannot be

identical for each country. Here too we will have to see how what is at its core an important and constructive idea—that policies are likely to be better when both those who they are intended to benefit, and others with expertise, are consulted—can be made to work in practice. One reason I believe the process will work is that several countries have already developed national anti-poverty strategies based on consultation with civil society.

Second concern: several delegations worried that the new framework may place heavy demands on already overstretched institutions and organizations. We in the Fund will continue to assist you by providing policy and technical advice, and we are strengthening our collaboration with our colleagues in the World Bank and the African Development Bank to serve you better in this area.

Third concern: we heard clearly your call for better coordination and the avoidance of multiple and overlapping conditionalities among donors. Even more important, all those present, including members of the Executive Boards of the IMF and the World Bank, heard the message that the new framework should not produce a further burden of conditionality.

Fourth concern: the need for speed. Most delegations called on the international community to ensure that debt relief is provided as quickly as possible. As the Managing Director said in his opening remarks yesterday, we are working to bring as many countries as possible to their decision points under the HIPC Initiative by the end of this year. But in this, we will need your active help. We will also not lose sight of the problems of domestic debt facing many of your countries, or of the difficulties confronting the highly indebted middle-income countries in Africa.

The fifth and final concern that stood out in the discussion is the need to ensure that the debt relief from the HIPC Initiative is truly additional, not a replacement of one form of financial assistance by another.

President Bongo, Excellencies, Ladies and Gentlemen, as this conference draws to a close, permit me a few reflections. These have been an extremely interesting and important few days for us in the IMF, and I am sure for our World Bank and African Development Bank colleagues. Listening to the discussion, one receives the clear impression that the exceptional difficulties of the past two decades have hardened Africa's resolve and improved its capacity to seek solutions to its own problems. Your presence here demonstrates your determination that the solutions should be African. In the words of Vice President Mills of Ghana yesterday, "The solution is in our hands".

Of course, you look to the rest of the world for a true partnership in development. In the past 13 years under the leadership of Michel Camdessus, the IMF has become progressively better equipped to respond to the specific needs of Africa, and the new Poverty Reduction and Growth Facility (PRGF) is a further major step in that direction. We look forward to working closely with you, and with our development bank colleagues, in implementing this new framework, seeking to ensure its success in tapping Africa's potential, in promoting the

growth and development of your economies, and in significantly reducing poverty in the continent.

If you succeed—if we together succeed, then we will make substantial inroads in the monumental task of reducing poverty and setting Africa on the path to sustained growth and prosperity. But we should be realistic: this conference comes near the beginning of a new process, not its end. Important uncertainties remain, for instance the concerns expressed about ownership and about the participatory process. Resolving the uncertainties will take goodwill and cooperation. This conference proves that the goodwill and the desire to cooperate are there. Accordingly, we welcome the suggestion of President Konare of Mali to follow up on how the new process is working and how to improve it, and to possibly to convene another such conference in two to three years.

I am sure I speak for all of us in expressing our deep gratitude to His Excellency, President Bongo for his initiative in organizing this extremely important Summit, and to the People of Gabon for the warm reception and wonderful hospitality they have given to us.

Thank you very much.

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