

Opening Statement
May 15, 2001
The Honorable Doug Bereuter
Chairman
Subcommittee on International Monetary Policy and Trade
World Bank and International Monetary Fund Activities in Africa

The Subcommittee on International Monetary Policy and Trade meets today in open session to receive testimony and to conduct oversight of World Bank and International Monetary Fund (IMF) activities in Africa. In particular, we are going to focus on poverty alleviation, HIV/AIDS, and debt relief in Africa. Today's distinguished panel should provide an objective view on the activities of the World Bank and the IMF in Africa.

This is the second Subcommittee hearing on the subject of Africa. On April 25, 2001, the House International Monetary Policy and Trade Subcommittee conducted a hearing on the African Development Bank and Fund, the region's multilateral development bank.

With respect to today's hearing, as is well known, the United States was the leading founder and continues to be the largest contributor to both the World Bank and the IMF. The Secretary of Treasury and his representatives are responsible for implementing U.S. policy towards these institutions. As required by the FY1999 Omnibus Appropriations Act, Secretary of the Treasury, Paul O'Neill, will testify before the House Financial Services Committee on efforts to reform international financial system and the international financial institutions, on Tuesday, May 22. Today's hearing should provide valuable information on the activities of the World Bank and the IMF in preparation for this upcoming full committee hearing.

The United States, with the urging and support of the U.S. Congress, has been a key supporter of reform efforts at the international financial institutions. Our goals have included increasing transparency of the financial institutions, and promoting greater financial disclosure by member countries. The U.S. has urged that the Bank and the Fund focus on crisis prevention and on the importance of developing strong, open financial systems with better debt management policies. Most relevant to this hearing's topic, we have urged the international financial institutions to focus their resources for the world's poorest countries on key priorities, such as education, health care and economic and government reform, insisting that poverty reduction and economic growth be the central goals of these countries' economic programs.

Moreover, this hearing on World Bank/IMF activities in Africa is very timely for at least two different reasons. First, the joint World Bank/IMF spring meetings were just completed in Washington, DC during the weekend of April 28. At these spring meetings, members of the World Bank and the IMF emphasized ways to coordinate their activities, effectively focus their resources on helping the poorest countries, and combat the HIV/AIDS pandemic. Second, last Friday, May 11, President George Bush pledged an

initial \$200 million for FY2002 for a new global fund to fight the HIV/AIDS pandemic, which I will discuss later.

Before introducing our very distinguished panel of witnesses, I am going to briefly discuss the following items, which among other things, are important to today's Subcommittee hearing: current World Bank and IMF Activities in Africa, the Highly Indebted Poor Countries (HIPC) Initiative, and HIV/AIDS.

First, with regard to activities in Africa, the World Bank's primary mission is economic development and poverty alleviation. This mission supports the international community's commitment to reduce the proportion of people living in extreme poverty by at least ½ between 1990 and 2015. In order to accomplish this goal, the World Bank's current Africa portfolio is just over \$13 billion, with the new commitments in FY2000 of \$2.2 billion.

With respect to the IMF, the mission of this organization is to promote exchange rate stability and to provide loans (conditioned on economic reforms) to countries that are facing economic problems. The IMF provides concessional lending through its Poverty Reduction and Growth Facility (PRGF). The IMF's PRGF program supports economic policy programs in some 20 Sub-Saharan countries, which is roughly half of the countries in the region. I am interested in hearing from our witnesses, particularly from Dr. Westin, regarding the impact of the PRGF's activities in Africa.

Second, the Highly Indebted Poor Countries (HIPC) Initiative has provided both bilateral and multilateral debt relief to 18 countries in Sub-Saharan Africa. The U.S. and other donor countries have pledged to provide 100% bilateral debt relief to the HIPC countries. Furthermore, this initiative also includes World Bank and IMF multilateral debt relief to the HIPC countries.

It is important to note that Congress has already fully authorized and appropriated funding for U.S. bilateral debt relief. However, further authorization and appropriation for the World Bank/IMF multilateral debt is still needed to complete the U.S. pledge of \$600 million to the HIPC trust fund. The Administration has requested that \$224 million be appropriated for FY2002, with \$165 million required to be authorized for FY2002. Since this Subcommittee has jurisdiction over multilateral financial institutions, we need to authorize this additional \$165 million figure.

Third, with regard to HIV/AIDS, the World Bank has recently become more active in the fight against this deadly plague. However, obviously much more remains to be done. For example, UNAIDS, who is providing testimony today, has estimated that 36 million people are now living with HIV/AIDS. Seventy percent of these people are in Sub-Saharan Africa.

Last Friday, May 11, President Bush pledged an initial \$200 million to a global trust fund to combat HIV/AIDS. In addition to the President, the United Nations Secretary General and the President of the World Bank have called for the creation of this

international fund. This fund will focus on prevention and treatment of HIV/AIDS. The Administration has said it will work with our allies in the G-8, and different private foundations, corporations, faith-based groups to increase support for this global fund.

To assist the Subcommittee in examining these issues, I am pleased that we will have the opportunity to hear from our distinguished panel of witnesses. First, Dr. Susan Westin will testify. Dr. Westin is the Managing Director for International Affairs and Trade for the General Accounting Office (GAO). In May 2001, GAO published a report titled, "International Monetary Fund: Few Changes Evident in Design of New Lending Program for Poor Countries." In addition, GAO has issued a number of reports on the HIPC debt relief initiative.

Next, Dr. Nancy Birdsall, of the Carnegie Endowment for International Peace, will testify. Dr. Birdsall is the Senior Associate and Director of the Economic Reform Project at Carnegie. Dr. Birdsall has extensive experience with a wide array of multilateral financial institutions. She held various management positions at the World Bank, including the Director of Policy Research Department, where her focus included African poverty. Dr. Birdsall received her doctorate from Yale University.

Our third distinguished panelist is Dr. James Sherry, M.D. Ph.D of the Joint United Nations Programme on HIV/AIDS called UNAIDS. In particular, Dr. Sherry, who is the Director of Programme Development and Coordination of UNAIDS, also testified before the former House Banking Committee in March of 2000. It is important to note that the World Bank is a founding cosponsor of UNAIDS.

Subsequently, Dr. Dyna Arhin-Tenkorang (Die-na R-heen Ten-kor-ang) , a citizen of Ghana, will testify. She works at both the Harvard Kennedy School's Center for International Development (CID), and the World Health Organization's Commission on Macroeconomics and Health. She advises on issues of developing country public health systems. She is a graduate of the University of Ghana Medical School and she received her Ph.D in Health Economics from the London School of Economics.

Lastly, the Reverend Dr. Leon Spencer, the Executive Director of the Washington Office on Africa, will testify. Dr. Spencer is an Episcopal priest with extensive experience in Africa. As the Executive Director, Dr. Spencer has given considerable attention to debt cancellations he was a member of Jubilee 2000 USA's steering committee.

We welcome the distinguished panel to our hearing. Without objection, your written statements will be included in their entirety in the Record.