
Foreword

HILDE FRAFJORD JOHNSON

I am extremely pleased that the proceedings of the roundtable *What Role for Regional Development Banks in Financing for Development?*, which took place in Washington on February 18, 2002, organized by the Center for Global Development and the Institute for International Economics, are now being published.

The roundtable convened with two particularly important goals in mind—both related to the preparations for the Monterrey Conference, which was to take place later the same year. The first goal was to address the role of regional cooperation in financing for development, an issue that until then had been largely overlooked. The second was to identify other issues that should be considered at the political level in Monterrey.

At the start of the roundtable, we found ourselves in a rather unusual situation. We had already agreed on a final document to be issued at Monterrey, the Monterrey Consensus, even before the conference had convened. The document struck a good balance, illustrating a need for contributions from both industrialized and developing countries in combating poverty. It reflected an important conceptual convergence between the United Nations and the Bretton Woods institutions and made clear that considerable additional efforts will have to be made by *all* countries if the Millennium Development Goals are to be achieved.

Although the Monterrey Consensus covers important ground, it is conspicuously silent on specific commitments on the part of industrialized countries. The roundtable discussion provided an opportunity to explore how we could move beyond the agreed document, keeping in mind what was missing from it: in short, to achieve the Millennium Development Goals.

We convened, therefore, in Washington to reflect on the role of the regional development banks and our own role in this effort. For Monterrey

Hilde Frafjord Johnson is Norway's minister of international development.

to move beyond the status quo, we had to arrive well prepared to this historic event, which marked the first time that world leaders gathered to discuss financing for development.

An issue of particular significance, at the roundtable and in this book, is the regional dimension of the emerging new international financial architecture. Recent events have shown that a better-functioning financial system is in the best interests of rich and poor countries alike. International standards are one element of strengthening the financial system. At the same time, there is growing awareness of the fact that one size does not fit all and that reforms are costly and take time.

There is a need for initiatives that take into account different national and regional circumstances and that are thoughtfully sequenced. For instance, we have been made aware of the risks of financial liberalization when the necessary institutions are not in place. The regional development banks can undoubtedly play a constructive role in tailoring standards and institutional reforms to regional and national circumstances.

Another important issue, about which I feel strongly, is the management of global public goods. These goods, which could and should benefit all peoples, need to be protected. Neither the private sector nor the governments can, individually, do that. At the regional level, there are also important public goods that national governments cannot easily or sufficiently safeguard or provide for. Not enough emphasis has been given to regional programs to safeguard or provide crucial public goods like environment, health, transport, or energy.

These initiatives are not only important for the development of the participating countries but are also essential instruments for preventing and resolving regional conflicts and are a prerequisite for development: Peace and development are inextricably linked.

Thus, the challenge addressed by the valuable papers and discussions published in this book goes beyond Monterrey: It encompasses the vicious cycle of poverty and conflict in Africa and elsewhere. It encompasses the need to formulate clear ideas and programs for what regional institutions and regional cooperation can do to confront poverty and conflict. And thus it illuminates the need to ensure adequate financial instruments to address these challenges.

At the roundtable, we succeeded in raising the issue of the role of regional institutions in the fight to achieve the Millennium Development Goals. There is still some way to go, but the issue is on the agenda, and this book will help us keep it there.

The challenge now is for all nations, in the developing and industrialized worlds, to deliver on the commitments we made at Monterrey. It is my hope that the work presented in this book will be one small contribution toward forging the proper tools for our great, common endeavor. We have been challenged by poverty, and we should stand to meet it.