Welcome Remarks

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When in July 1944 delegates from 44 countries held the Bretton Woods Conference, two multilateral organizations constituting a framework for international economic cooperation after World War II resulted from it within 22 days: The International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) or World Bank. Also to mention in this context is of course the General Agreement on Tariffs and Trade (GATT) becoming the main global trade organization in 1948 – which had a somewhat more difficult history. These organizations were part of a complex institutional framework to help manage the postwar global economy. In spite of some basic differences, the 44 countries could agree on the postwar international institutional order. Above all, they wanted to avoid a repetition of the interwar period experiences, when exchange controls and trade protectionism contributed to the 1930s Great Depression and consequently to World War II.

From today's perspective those decisions of policy makers to take action, learning from the past and shaping an effective international order, deserves our deep respect. The need for global multilateral institutions with a significant degree of influence in the economic sphere was clearly felt and they were put into reality.

But when the situation changed, the IMF and the World Bank were flexible enough to adopt appropriately and to continue their necessary global role under new circumstances.

The IMF lost one of its main functions when the fixed-exchange-rate system for currencies collapsed in the 1970s and was replaced by floating exchange rates. However, the IMF's role increased again in the 1980s and 1990s when it became the lead international agency for foreign debt and financial crises. Again, before the global financial crisis, the IMF faced decreasing demand and was downsized, only to bring it back to full strength when the global crisis hit in 2008.

Similar in the case of the World Bank: European reconstruction was a larger task than anticipated, and the United States established the European Recovery Program (or Marshall Plan) in 1948 to give bilateral aid to Western Europe. This and the fact that Western European countries quickly graduated from World Bank lending, made the World Bank shift the bulk of its financing to developing countries for economic development.

Let's not forget, there were the turbulences of the cold war and the institutions were not truly global for a long time, they were not free of error and of wrong or at least disputed approaches, they have been heavily criticized and at times fought against – but despite all possible mistakes they always remained a symbol of working and efficient international cooperation, they have always been seen as a basis for the delivery of some global public goods, they were always an expression of international solidarity to help those in need, and, not least, they have always been contributing to find a common way forward. They are an important part of an international cooperative insurance system, which has, against many odds, shown its usefulness and indispenability.

The World Bank Group falls specifically under our portfolio in the Ministry of Finance, and we have come, over the time, to form a very good and healthy relationship with it, finding a lot of linkages and areas of cooperation.

After the reconstruction phase in Europe, reconstruction has remained an important focus of the World Bank's work, given the natural disasters, humanitarian emergencies, and postconflict rehabilitation needs that affect developing and transition economies. But the World Bank has gone further and sharpened its focus on poverty reduction as its overarching goal. It has become a multidisciplinary and diverse institution. 40% of staff are now based in country offices in order to have direct and constant touch with the clients. The Bank has become far more complex, it turned into a Group, encompassing five associated development institutions, catering for the specific needs of different groups of countries and also taking into account the vital role of the private sector in development.

The World Bank Group has become the most important, most influential and truly global development institution. Even the fast growing middle income countries value IBRD-loans because of their favorable terms, the long maturities helping them to manage their overall sovereign debt and because of the knowledge which comes with them. The World Bank has become a knowledge institution and one of the major levers to spread knowledge from one part of the world to another. Still, middle income countries, despite their growing global economic role, are home of 70% of the world's poor and effectively benefit from the Bank's financing, its economic management advice and its technical expertise.

Even more so in the poor countries, in particular in Africa or South Asia, but even at our door step in Southeastern Europe: The concessional arm of the World Bank Group, the International Development Association (IDA) is the backbone of assistance to these countries to bring about inclusive growth, not only highly significant and reliable in volume, but also in quality, as international ratings of aid agencies demonstrate. It is exactly that quality of assistance that makes IDA so highly development effective. We are proud in Austria to deliver a strong portion of our ODA through IDA because we can be sure to get the highest development impact in poor countries for it.

The remaining three members of the World Bank Group deal with the private sector, giving it the proper recognition and support for the vital role it plays in the development process. Today, the private sector is on everyone's mind when we discuss development, but the World Bank was an innovative forerunner of making the private sector and the markets work for development and poverty reduction.

At the end of the period of the Millennium Development Goals we see that some goals have been achieved, but much still remains to be done in terms of poverty reduction. Whatever the post-2015 development regime will look like, it will contain many and difficult challenges and the World Bank Group will inevitably play a central role in it.

The global financial and economic crisis which started 2008, coming immediately after the food and fuel crises, resulted in sharp reductions in global growth, trade, and access to finance for developing countries.

The World Bank Group responded with record amounts of financing for education, health, nutrition, and infrastructure in developing countries, committing more than USD 189 billion between 2008 and the end of fiscal year 2011. Also the Europe and Central Asia region benefited significantly, enabling many countries to carry through with their most important investment projects, to keep the economy going and to stem against the downturn in employment. In straight cooperation with the European Commission it has even assumed some role in South European Countries in the context of crisis resolution.

The Bank Group's commitments to social protection for the poorest and most vulnerable exceeded USD 9 billion in 72 countries during fiscal years 2009-2011. That figure was more than seven times the pre-crisis level of USD 1.2 billion. Thus, human suffering and the deterioration of human capital as an obstacle for the after-crisis economic upswing could be effectively reduced.

Also in terms of food security and in order to respond to the critical and volatile global food situation, the Bank has provided annual financing for agriculture of USD 6 billion to USD 8 billion a year, up from USD 4.1 billion in 2008. Agriculture commitments in FY13 reached USD 8 billion, and the Global Food Crisis Response Program, established in response to the 2008 food crisis, has helped 66 million people in 49 countries.

We are very glad and proud that the World Bank unfolds its activities also from Vienna as a regional base for Southeastern Europe, and further in some instances. The Vienna Office is one of the big achievements in the relation between the World Bank and Austria in recent years. It took a long time to prepare, but we finally got there. Some of the architects and early implementers of that undertaking have moved on and only watch the fruits of their hard work from some distance. We remember them with warm feelings. Most of all we hope that the beneficiaries will be the clients in Eastern and Southeastern Europe which the World Bank serves from its Vienna base.

Today we see a World Bank very different than 70 years ago. We cannot think a world without it in terms of development and poverty reduction in middle as well as low income countries, it has demonstrated to be highly effective in crisis response and crisis preparation, directly and directly reaching even into the sphere developed countries and now, if we carefully follow the ongoing reform process under President Jim Yong Kim, it see fighting climate change and global warming emerging as a third strong focus and area of global World Bank action.

We believe, at 70 the World Bank Group is on the right track. It provides and will continue to provide solutions to reduce and manage global risks in these three major areas.

But the IMF and the World Bank might not be strong enough for all global challenges. Maybe some bold decisions like those 70 years ago in Bretton Woods would be needed in order to further strengthen our global governance.