



PARLIAMENTARY NETWORK ON THE WORLD BANK

Discussion points at World Economic Forum Annual Meeting 2011

31 January 2011

The 2011 Annual Meeting of the World Economic Forum took place from 26-30 January in Davos-Klosters, Switzerland. The meeting, themed 'Shared norms for the new reality', was attended by heads of government, CEOs, senior officials from international organisations, academics and CSO representatives. The priorities in the discussions revolved around designing a new system for global governance, addressing the problem of unemployment, particularly of the youth and long-term unemployed, as well as the rapid increase of population, inclusive growth, and the relationship of the G20 with non-member countries. The role of the private sector in bringing about economic growth in new markets such as Africa was also a central issue, which was especially highlighted by World Bank Managing Director Ngozi Okonjo-Iweala

Global Economic Outlook

One of the main themes of discussion was the global economic outlook. While emerging economies have recovered strongly, developed countries are slowly rebounding. In view of diminishing public stimulus, there was a consensus that it is up to the private sector to invest for continued economic growth, in particular in currently growing economies such as Asia and Brazil. Montek Singh Ahluwalia, Deputy Chairman of India's Planning Commission expects foreign investment in his country to pick up in 2011, while China might have to move away from solely promoting exports to sustain economic growth, according to Yu Yongding, Senior Fellow at the Institute of World Economics and Politics in the Chinese Academy of Social Sciences (CASS). European Union countries still have to address their fiscal deficits, while inflation, commodity and food price volatility remain a risk.

Sustainable Development and Climate Change

Davos participants seemed to agree that economic growth should not come at a cost to the environment. During a session on Redefining Sustainable Development, Finland's President Tarja Halonen, co-chair of the UN High-Level Panel on Global Sustainability, called for an approach that combines growth with social justice and environmental sustainability, which she called a 'modern trinity'. The COP17 meeting in Durban, South Africa, should not be a missed opportunity to further climate change negotiations and should focus on encouraging private sector participation through clear incentives, guidelines, and regulations. The case for investment needs to become more convincing. Finally, the specifics of the Clean Development Mechanism system, whereby rich countries can offset their own carbon emissions by developing clean technologies in the developing world must be a priority in Durban.

Fighting Polio

At the Davos conference, UK Prime Minister David Cameron joined forces with the Bill and Melinda Gates Foundation in increasing the funding available to fight polio. Polio is a debilitating disease leading to muscle weakness and ultimately paralysis. The UK government committed to doubling its funding to US\$60mn, while the Gates Foundation will add US\$100mn in funding in an attempt to partly eradicate the disease.

Fighting Corruption

The battle against corruption was also high on the Davos agenda. In emerging markets, fighting corruption means establishing the rule of law, educating its citizens, and raising awareness on the issue through the media. However, corruption exists in every country and eradicating it has to start in areas where it is chronic. For instance, public procurement laws need to include a zero tolerance policy on bribery. Compensation of public officials should be high enough to reduce the likelihood of bribes. Citizens have to be informed that it is in their own interest to fight corruption so that they can apply pressure on their public officials. Finally, there is a need for creating – and enforcing – a single common global regulatory standard to initiate a level playing field for all businesses.

Unrest in the Middle East and North Africa (MENA) region

The recent social and democratic revolution that started in Tunisia has had spill-over effect on neighbouring countries. The risk to executive power is due not only to social uprising in the streets but also to the choice of the military not to take a political role. The current lack of stability and uncertainty regarding future outcomes is worrisome to many Middle Eastern and Western nations. In an interview in Davos, World Bank President Robert Zoellick stated that it was difficult to predict what exactly might happen but the situation is a threat to development in Tunisia. There is a disaffected educated class, which faces high unemployment. High unemployment and low economic growth are among the biggest challenges for the entire MENA region. This needs to be addressed with job creation, and therefore, investments. MENA countries need to diversify their exports and find ways to integrate into the global supply chain. Political reforms are necessary in the long term to sustain economic growth. Corruption is also a major concern in the country and has to be considered in the context of moving towards a market system, aiming at accountability, transparency, fairness and equality.

"Anything that threatens development is a concern for us," said Angel Gurría, Secretary General of the Organisation for Economic Cooperation and Development (OECD), on the similar situation in Egypt.

How can PNoWB Members get involved?

The annual meetings of the World Economic Forum provide a discussion platform for political and economic leaders to revise current systems and explore new strategies and solutions in an ever more complex world. The outcomes of such discussions should not be lost in the political routine of countries. Instead, they should be the starting point for real transformation and lead to positive outcomes for development. Parliamentarians have the opportunity to initiate and follow through on reforms. PNoWB Members can play a vital role in pushing their governments to sign on to international agreements and make sure that they are enforced, be it on shared norms for environmental standards, financial transactions, or transparency rules.

PNoWB International Secretariat

66, Avenue d'Iéna 75116 Paris, France

T +33 (0)1 40 69 30 55 / F +33 (0)1 40 69 31 64

E-mail : secretariat@pnowb.org

Check our website at <http://www.pnowb.org>

