



**DEVELOPMENT COMMITTEE**  
(Joint Ministerial Committee  
of the  
Boards of Governors of the Bank and the Fund  
on the  
Transfer of Real Resources to Developing Countries)



**SEVENTY-SEVENTH MEETING**  
**WASHINGTON, DC – APRIL 13, 2008**

DC/S/2008-0033

April 13, 2008

**Statement by**

**Mr. Shamsuddeen Usman**  
**Minister of Finance**  
**Nigeria**  
**For the Africa Group 1 Constituency**

**Statement by Dr. Shamsuddeen Usman  
Minister of Finance  
Nigeria  
For Africa Group 1 Constituency**

1. The meeting this year takes place against a backdrop of mixed prospects for Sub-Saharan Africa. Despite the fact that Sub-Saharan Africa, in the past few years, recorded its fastest pace of growth in more than three decades, the region lags behind by far on most of the Millennium Development Goals (MDGs). The situation is particularly difficult in the poorest and fragile states, the majority of which are in Sub-Saharan Africa.

**Global Monitoring Report 2008**

2. We welcome the 2008 Global Monitoring Report (GMR) and its focus on the challenges of development and environmental sustainability. We are however concerned that mid-way to the MDGs target date of 2015, progress on the MDGs has been uneven, with Sub-Saharan Africa lagging behind. The report shows that some countries, many affected by conflict, have remained trapped in low growth and progress in poverty reduction has been slowest in fragile states.

3. In order to address the constraining factors as identified in the GMR, such as slow growth, income inequalities, barriers to trade and financial market instabilities, it is critically important to accelerate the momentum for more inclusive growth at both global and country levels as well as to strengthen aid delivery mechanisms. We therefore call for renewed focus on infrastructure, agriculture, the impact of climate change and on the quality of education.

4. We wish to underscore the importance of developed countries lifting trade barriers, especially on agricultural products including by shifting subsidies from farming activities to mitigating the impact of rising food prices on the most vulnerable populations.

5. We stress the need for additional financing and technology transfers in order to mitigate the impact of climate change in low-income countries. In this regard, strong and more inclusive implementation of environmentally sustainable policies should be pursued simultaneously with urgent action to mobilize appropriate levels of financing resources.

**IDA 15**

6. We applaud IDA donors and Bank Management for achieving a historic increase in IDA's resources in a manner that is consistent with commitments made with respect to the financing of HIPC and MDRI. We commend the World Bank Group for the record increase in contributions to IDA. We regard the increase in IDA's resources as a demonstration of commitment by our development partners to take concrete steps towards addressing the huge financing gaps that stand in the way of progress towards the MDGs and we expect the same level of commitment with respect to overall ODA.

7. Going forward, successful implementation of the IDA 15 framework will be of utmost importance in ensuring maximum development outcomes from the available resources. We therefore urge the President to ensure effective delivery of these resources, especially in Sub-Saharan Africa.

## **Fragile situations and post conflict states**

8. Fragile states face very serious development challenges. They are often characterized by weak institutional capacity, extreme poverty and sometimes, conflict, with potential spill-over effects on neighboring countries. With such conditions, fragile states are least likely to achieve the Millennium Development Goals (MDGs).

9. Recognizing the difficult challenges of working in fragile states, we welcome the on-going efforts by the World Bank Group to increase resource allocations to help address these challenges. We encourage the Bank to strengthen its capacity to provide appropriate assistance in these situations. We also urge the Bank to be more flexible, have less conditions and act in a timely manner, in dealing with fragile states. We call for closer coordination and cooperation among our development partners, in order to maximize the effectiveness of their interventions in fragile and post conflict states.

## **Growth Strategies**

10. Achieving high and sustained rates of economic growth is a key requirement for the attainment of the MDGs in Sub-Saharan Africa. Although progress in attaining the MDGs has been slow, growth prospects are improving in many Sub-Saharan African countries, with exception of fragile and post conflict countries as well as countries where growth rates remain low.

11. In almost all Sub-Saharan African countries, poor infrastructure and inadequate energy constitute the binding constraints to growth and poverty reduction. In view of the huge financing gap for infrastructure development in many low income countries, especially sub-Saharan Africa, we encourage the Bank to develop new IBRD lending instruments for IDA and low middle income countries. Furthermore, there are many unexploited opportunities in key sectors such as agriculture which have not received adequate attention in the past. In addition to improving the policy and institutional environment, addressing these sectoral challenges requires strengthening of public institutions to deliver services. It must also be stressed that growth in Sub-Saharan Africa cannot be sustained without confronting the challenges of global public goods such as HIV/AIDS, malaria and climate change.

12. We therefore urge the Bank to ensure that its operations in Sub-Saharan Africa will address the challenges of uneven performance across and within countries, and take into account the current circumstances and opportunities presented by the external and increasingly globalized environment.

13. One of the key requirements in this regard is significant increases in ODA to close the financing gaps. In this respect we call on the donor community to meet their obligations as agreed in Monterrey and announced during the G8 Gleneagles Summit, including the doubling of aid flows to low-income countries by 2010. However, in the medium to long-term, financing for development is incomplete unless trade liberalization in goods and services is taken into account. Removing trade barriers and improving the business climate in developing countries can do more to generate self-sustaining economic development and reduce debt than any feasible increase in aid volumes. We therefore call on the Bank to further deepen its analytical work and technical assistance to developing countries, to help strengthen their capacities and remove impediments to their market access. It is also critically important to accelerate progress in the implementation of the Paris Declaration on Aid Harmonization and Alignment.

## **Oil Price Volatility and the High Cost of Food**

14. The past few years have witnessed a steady rise in the price of oil, with spillover effects on food prices. The increase in food prices has to a large extent, also been due to the use of agricultural products as inputs for bio-fuels. This has fueled certain agricultural food prices, reduced the supply of these crops

available for food and encouraged substitution of other agricultural land from food to bio-fuel production. Some other factors include increasing costs of production, rising consumption from fast developing economies, droughts and floods.

15. We note that the combined effects of rising oil prices and food prices affect various consumer and income groups differently, with the poor being especially vulnerable. We therefore call on the Bank and development partners to urgently support programmes aimed at improving the availability of food to vulnerable groups. Such safety nets coupled with concerted efforts to improve agricultural productivity in rural populations, present the best way to eliminate hunger and improve the nutritional status of the poor while at the same time accelerating growth.

### **Climate Change**

16. Given Sub-Saharan Africa's geographic position and reliance on agriculture the effects of climate change threaten to derail much of the progress Sub-Saharan Africa has achieved in the last few years and this could deepen levels of poverty. Climate change is therefore a major development challenge for Sub-Saharan Africa.

17. As the Bank's strategy on climate change evolves, we urge that it should be kept in line with the Bank's primary goal of supporting growth and poverty reduction in developing countries, and in accordance with countries' developmental needs. In this regard, we encourage that the role of the WBG in the climate change agenda should reflect the Bank's mandate and comparative advantage.

18. We urge the Bank to advocate and ensure the access by developing countries, particularly in Sub-Saharan Africa, to adequate financial resources without impinging on funds for other developmental needs. Such resources should be mostly grant funds and be made available without conditionality and on an incremental basis, to ensure that the achievement of MDGs is not further derailed.

19. We look forward to a strategy hinged on the foregoing and also based on: (i) priority of economic growth and poverty reduction, (ii) increased access to energy for developing countries, (iii) adaptation to climate variability (iv) mitigation measures and (v) transfer of appropriate technologies.

### **Voice and Participation of Developing and Transition Countries**

20. We note the proposed package deal that was approved by the Executive Board of the IMF which did not lead to the desired outcome of increase in the voice and participation of low income countries. We wish to reiterate our call for an additional chair for Sub-Saharan Africa, in the BWIs. We therefore urge the Bank to come up with a package of options, taking into account its broad and specific development mandate, which would lead to a genuine increase in the voice and participation of low income countries as envisaged, for consideration at our next meeting. Towards this end, we urge for the initiation of a political consensus building process among the major shareholders to help move the process forward.

21. In conclusion, we appreciate and commend the efforts of the Bank in entrenching diversity and representation and urge that more should be done at all levels.