



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**

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Statement by
His Excellency Paul Antoine Bohoun Bouabré
Minister of State for Planning and Development
Côte d'Ivoire

On behalf of the following countries: Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Republic of Congo, Rwanda, São Tomé and Príncipe, Senegal, Somalia (informally), and Togo

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I would like to begin by extending warm congratulations, on behalf of the 24 countries I represent, to Mr. **Dominique Strauss-Kahn** on his appointment to head the International Monetary Fund, along with my best wishes for success during his term.

My statement focuses on three items appearing on our agenda, namely: overcoming poverty in the poorest countries, particularly in Africa; effective assistance to fragile and conflict-affected States; and challenges and opportunities for developing countries in light of higher agricultural product and commodity prices. I would, however, like to take the liberty of commenting briefly on the items listed for information purposes and for the informal discussion that we will have during lunch.

1. Overcoming Poverty in the Poorest Countries, Particularly in Africa

The staffs of the World Bank and International Monetary Fund prepared the Global Monitoring Report 2008, the quality of which is excellent. I commend them for this work.

At this juncture, it is worth noting that previous reports, in particular the 2005 report, had already provided a rather gloomy assessment of the progress made toward achievement of the Millennium Development Goals. Clear recommendations were made to enable us to expedite progress if we wish to meet the 2015 target. We are now in the year 2008, the mid-point of the target date, and the report provided to us validates the observations made in previous reports. Indeed, we note that while remarkable progress has been made in many developing countries, current trends indicate that most MDGs will not be achieved by the majority of countries. We note also that while some regions of the world are positioned to achieve a number of the goals, projections are that Africa, regrettably, will not achieve any of these goals.

However, despite this observation, we have good reason to be optimistic. While the challenge is indeed daunting, it is possible to expedite progress. Progress can be achieved even in those countries that lag the furthest in Africa. This has been demonstrated by Ghana, Mozambique, Tanzania, and Uganda in the area of expediting growth and reducing poverty; by Malawi in the area of boosting agricultural productivity; by Ghana, Kenya, Tanzania, and Uganda in the area of increasing primary school enrolment rates; by Niger, Togo, and Zambia in the area of combating malaria; by Senegal and Uganda in the area of expanding access to water and sanitation; by Niger in the area of reforestation; and lastly, by Rwanda in the area of post-conflict reconstruction, which has been impressive. This progress will have to be expedited and expanded to include all the MDGs, all the countries, and all the people of Africa.

In this regard, I wholeheartedly endorse the six recommendations made in the Global Monitoring Report 2008 to expedite progress toward achievement of the MDGs. In particular, I support those pertaining to: (i) accelerating sustainable and inclusive growth; (ii) scaling up aid and increasing its effectiveness; and (iii) harnessing trade for strong, inclusive, and sustainable growth.

In the area of accelerating growth in Africa, I support the notion that economic growth is heavily dependent on the situations and specificities of each country. In other words, there is no general formula that can be successfully applied in all countries. For this reason, our focus should be on analyzing the drivers of growth in each country. I therefore call on the Bank to invest heavily in enhancing its knowledge of the growth factors in the various countries. I also commend the Bank for taking the initiative to establish a commission on economic growth, whose achievements will be closely followed.

I would also like to underscore once more the important role played by the private sector in stimulating economic growth. In this regard, I think that the International Finance Corporation (IFC) can and must play a decisive role in private sector development in Africa. I am pleased to note that the IFC has made a commitment to addressing the key problems that thwart private sector development in Africa. The updating of its strategy, along with a triennial action plan that provides for significant scaling up of these interventions in Sub-Saharan Africa, constitutes irrefutable evidence of this commitment.

Development assistance remains essential to permit countries to achieve the MDGs. I am heartened by the success achieved with the replenishment of IDA15 resources, which amounted to US\$41.6 billion for the period 2009-2011, a 30 percent increase over IDA14. This remarkable achievement should not cloud the fact that overall, the volume of official development assistance (ODA) is declining. At this juncture, I would like to emphasize the importance of honoring the many commitments made, particularly the Gleneagles commitments, which provide for a US\$50 billion increase in ODA and the doubling of assistance to Sub-Saharan Africa by 2010. Furthermore, I would like to stress the fact that many African countries have demonstrated their capacity to absorb scaled up assistance.

In the area of trade, successful Doha negotiations could permit poor countries to boost their growth rates. I think that the current spike in agricultural product prices should provide an opportunity to reach an agreement in the area of agriculture. However, it is important for the Bank to continue its assistance to poor countries, with a view to helping them develop their capacity to derive benefit from trade opportunities.

2. Fragile and Conflict-Affected States

We recognize that all fragile States generally face daunting challenges. I should note that our constituency includes a large number of such States. I am impressed with the quality and relevance of the analyses on this topic, which seek to have the international community develop a greater response capacity to the specific needs of the countries in this category.

What is a fragile State? Such a State could be defined as one with inadequate capacity to withstand internal and external shocks. The impact of these shocks is reflected in: (a) the stability of institutions; (ii) macroeconomic stability and economic development; (iii) general equilibrium and social cohesion; and lastly (iv) the State's capacity to honor its international commitments.

In this regard, I would like to take advantage of my dual role as Governor for a post-conflict and fragile State as well as Chairman of a constituency that includes fragile States to share a few lessons learned with you.

First, it is imperative for us to work collectively on all fronts in order to avoid the collapse of State institutions. If we fail to do so, the countries' road to recovery will become a long and arduous one.

The case of Somalia readily comes to mind. Our small countries cannot, by themselves, remain viable without the assistance of the international community. Our situation stands in contrast to big countries such as the United States, Spain, and the United Kingdom, which have demonstrated their ability to withstand terrorist attacks in recent years.

Second, we must not become inward looking. It seems to me that the case of Côte d'Ivoire is fairly instructive in this regard. Indeed, the international community has been closely associated with the management of this crisis since its onset. The World Bank was the main partner involved with the design and formulation of the Disarmament, Demobilization, and Reintegration (DDR) Program. Furthermore, although the two Bretton Woods institutions suspended programs and projects in Côte d'Ivoire, the Government chose to maintain technical dialogue with these institutions. It was this ongoing dialogue that facilitated the welcome recovery currently being experienced.

Third, we must learn how to make the best trade-offs in the area of budget management. These trade-offs should be based solely on the desire to maintain State institutions and social balance, and to honor international commitments.

Concomitant with the development challenges facing fragile States are transborder conflict, public health, and humanitarian crisis risks.

It is at this gathering that we should ask the following question: how could the international community make key resources available to fragile States to assist with the delivery of services, post-conflict recovery, and reforms?

It is for this reason that my constituency unreservedly supports the recommendations targeting more tailored assistance to fragile States through greater coordination of interventions, policies, and instruments that are suited to situations on the ground. Consequently, for our fragile States, particularly post-conflict States, the international community should respond more quickly to the urgent problems faced by these States, which include accumulated debt arrears.

I would like to avail myself of this opportunity to commend the Bank on its innovative approach to seeking solutions that have permitted a number of countries in our constituency such as the Central African Republic, Côte d'Ivoire, and Togo to reestablish relations with the international financial institutions. It could go further by reducing the delay experienced by these countries with the HIPC process by linking progress more to PRSP performance, given the magnitude of needs and the time constraints for PRGF implementation.

3. Higher Agricultural Product and Commodity Prices

For a number of weeks, many countries in my constituency have been grappling with the sudden rise in food prices, particularly oil and grains such as wheat and rice. These higher food prices have led to social upheaval that is threatening the peace and stability of several countries. Burkina Faso, Cameroon, Côte d'Ivoire, Niger, and Senegal are a few examples of countries that have experienced social unrest triggered by higher commodity prices.

Rising food and fuel prices suggest that we are in the midst of a period of global shortages, the causes of which are not only cyclical, but unfortunately, long term and thus structural.

Along with factors linked to climate events (floods, bad weather, and drought) are also long-term factors that point to the structural nature of this situation.

Indeed, the sharp increase in the purchasing power and burgeoning middle classes in emerging economies as a result of continuous wealth creation are exerting strong demand pressures and fueling a need for improved food quality.

Furthermore, protectionist trends are gaining ground in big industrialized countries, which are reducing their exports in order to protect their domestic markets or curb inflation. Lastly, the search for alternative energy sources, in particular biofuels, has increased the demand for foods that can be used for biofuel production.

The impact of these rising food prices (viewed as a global food shock) on the African people and economies could be likened to what some observers are calling an “economic and humanitarian Tsunami” that will erode the foundation and threaten the existence of fragile States.

This impact is being felt in these countries on at least four levels:

- (i) It is jeopardizing the work being done by these countries in the area of economic recovery and the reforms undertaken more than two decades ago, which have allowed them to strengthen their economic fundamentals. These areas include the following, in particular: (i) public finance, through a decline in revenue attributable to emergency measures which governments are expanding; and (ii) effectiveness of the economic system, through the introduction of distortions triggered by short-term administrative measures and fees proposed to dampen the effect of the shock. More importantly, this shock could prompt changes in the behaviors of economic agents and affect the efficiency of the production system. Consequently, it would cast a pall over the effective implementation of the long-term measures needed to achieve a lasting solution to this crisis.
- (ii) Furthermore, this spike in global food prices is creating a security problem for fragile States. Indeed, riots, social unrest, and disorderly demonstrations accompanied by the destruction of public and private property pose a veritable threat to societies.
- (iii) Price hikes are undermining the foundation of States and sorely testing the ability of these countries to restore some level of institutional stability. This global food shock is in fact considerably curtailing the room that institutions in these fragile States have to maneuver. Such countries have already been hard-hit by the effects of crises and the work required for national reconstruction. This shock is therefore shaking the foundations of development, given that development cannot take place without a viable State.
- (iv) Lastly, spiraling global food prices are having a negative effect on the promotion of democracy. The specter of destabilization is creating panic in countries. In addition, faced with the threat of social upheaval, social discontent, and the growing influence of trade unions, these burgeoning democracies run the risk of developing autocratic reflexes to curb social unrest.

To sum up, African countries are the least equipped to cope with this spreading global food shock. Rising global prices are not only threatening the survival of the most vulnerable populations, given its impact on real income, but is also imperiling the national reconstruction work of fragile States and thus their very ability to exist in a sustainable and sovereign manner. This food crisis calls for a reassessment of our agricultural policies. It underscores the need to find a proper response to food and energy security, which are challenges of the twenty-first century in a context of heightened globalization.

Countries must immediately adopt short-term policies to reduce the impact of price hikes on the poor and most vulnerable, particularly women and children, and institute medium- and long-term policies to achieve a sustainable solution to structural problems.

Against this backdrop, I call on the International Monetary Fund to review its Exogenous Shocks Facility (ESF) with a view to permitting countries to avail themselves of this mechanism where necessary. Also, the Bank is called upon to implement a similar mechanism to resolve structural problems. Furthermore, the World Bank and IMF could lobby on behalf of countries affected by spiraling food prices by calling on donors to increase their contributions to the World Food Program and other United Nations agencies working in the area of food aid.

Lastly, I call upon the Bank to quicken the pace of implementation of the recommendations set forth in the most recent World Development Report, which underscored the importance of agriculture.

4. Strategic Framework on Climate Change and Development for the World Bank Group

I would like to commend the Bank on its concept note on climate change and development. I fully agree with the World Bank Group that broad-based consultation should be held with all stakeholders before the note is finalized.

The foundation, principles, and pillars that underlie development of this framework seem to me to be relevant. I support the idea of the establishment of a Climate Change Investment Fund as well as an action plan to streamline financing instruments that already exist or are being established, and to facilitate the development of new instruments and financial products.

At this stage of my remarks and to this end, I would like to underscore four points that I consider important as this strategic framework is finalized:

- (i) The Bank should, first and foremost, be a development bank rather than an institution for environmental promotion. Consequently, primary responsibility for managing environment issues should be entrusted to the United Nations Framework Convention on Climate Change (UNFCCC).
- (ii) The Bank should ensure establishment of a mechanism that guarantees the effective and transparent application of the principle of additionality.
- (iii) The international community should help Africa develop its vast potential in the areas of hydroelectric and solar energy, which are quintessential forms of clean energy. Resolution of this issue at a regional or subregional level should not be ruled out.
- (iv) The Bank should set aside appropriate funding for carbon project preparation.

5. Options to Strengthen the Voice and Representation of Developing Countries and Transition Economies within the Bretton Woods Institutions

I take due note of the decisions of the IMF with respect to quotas and voice and representation, despite the fact that the issue of the number of African representatives has not yet been satisfactorily resolved. It is regrettable that significant progress has not been made at the Bank despite all the appeals we made at previous meetings. I would like to point out that at the Monterrey Summit, the international community advised the Bretton Woods institutions to find ways and means to strengthen the voice and representation of developing and transition countries in their decision-making

processes. This decision was prompted by the fact that it would facilitate strengthening of the mutual accountability requirement, the legitimacy, and the credibility of the two institutions and ultimately enhance their effectiveness.

For all these reasons, I encourage the Bank to expedite its work so that it can propose to us a package of measures that we can discuss at our next meeting. The Bank's approach should take IMF reforms into account, but also its unique status as a development bank. From our vantage point, the package of measures should include the following:

- (i) Tripling basic votes and ensuring that they are proportionately maintained;
- (ii) Increasing the IBRD's shares held by developing countries; and lastly
- (iii) Significantly increasing the number of Executive Directors representing Sub-Saharan Africa.