



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-EIGHTH MEETING
WASHINGTON, DC— OCTOBER 12, 2008**

DC/S/2008-0057(E)

October 12, 2008

**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

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

Development Committee

Washington D.C., October 12, 2008

My statement focuses mainly on two items listed for discussion on the agenda for our meeting today, namely, items I and II.

I. Development and Climate Change: A Strategic Framework for the World Bank Group

On behalf of the 24 countries of Group II of the Africa region, I would like to congratulate the management of the World Bank for having made available to us a guideline document for integrating the challenges of climate change into the operations of the World Bank Group (WBG). I would like not simply to recognize the quality of the work accomplished, but in particular to laud the internal and external consultation process that guided the finalization of this important document.

The countries of our group are in agreement with the guiding principles and action areas set forth for interventions by the World Bank Group. However, the document should ensure that the implementation of this framework will not affect the main mandate and fundamental objective of the WBG, namely to promote economic growth and combat poverty. In this regard, the document requires a more thorough examination and specific information regarding the need for different approaches in the areas of energy efficiency (EE) and renewable energy (RE). This is an opportunity for us to reiterate that access to energy remains a priority for our development. Indeed, Africa has vast potential in the areas of hydroelectric and solar power, which are quintessential forms of clean energy. For this reason, we ask that the development of this potential be included as a pillar of the strategic framework.

Moreover, you will agree with us that mitigation and adaptation are complementary in combating the effects of climate change. Consequently, with a view to sustainable medium- and long-term solutions, we call on the Bank to place emphasis on adaptation in this document, which focuses largely on mitigation.

The document must clearly address the role of the Bank in the area of research and technology. It should be borne in mind that technology development, transfer, and its financing are crucial components of the global agenda under the Bali Action Plan. We are concerned that at this stage, the Bank, which has an important role in shaping this agenda, is still seeking to determine its role. We recognize that the Bank cannot by itself help developing countries to make their contribution to the global climate change agenda. For this reason, new and vital technical, technological, and financial assistance from developed countries is being requested. The strategic framework must clearly indicate the direction and the actions that the Bank Group intends to take within the carefully crafted framework of the provisions of the UNFCCC.

While the document acknowledges the need for additional resources, it commits the Bank to climate change actions without any guarantee of the provision of additional resources. Taking into account the effects of climate change in our development strategies requires additional resources that are completely separate from those that are available and have already been programmed. It is for this reason that it is important to develop new financing mechanisms.

Lastly, I am pleased to note that the WBG will advise against any attempt to transform climate change concerns into aid conditionalities for countries.

II. Enhancing Voice and Participation of Developing and Transition Countries: Options for Reform

The countries of our group are confident that enhancing the voice and participation of developing and transition countries in the spirit of the Monterrey Consensus is important to bolster the legitimacy, credibility, and effectiveness of the World Bank Group.

Following the adoption by the IMF Board in April of the package of measures on quotas and representation, it is the World Bank's turn to take the lead. I therefore welcome the significant progress made in achieving a voice reform package. This is a fitting occasion to thank the President of the Bank and his team for their tireless efforts to reach an agreement that is acceptable to the various members of the Board.

First, I would like to say that I support the two-phased approach proposed by the President of the World Bank. As such, with the exception of the realignment of voting power within the IBRD and reform of the IFC, the first phase, which includes the other elements of the package, can be adopted immediately. However, realignment and reform of the IFC require more work and time to reach a consensus. For this reason, I support the proposed work schedule to allow us to assess the progress at the upcoming 2009 Spring and Annual Meetings. In order to forge ahead, we should set ourselves a deadline to complete this exercise. In this regard, we maintain that the deadline be set for the 2010 Annual Meetings at the latest.

We welcome the proposal to enhance the voice of low-income countries through the establishment of a third Executive Director to represent Sub-Saharan African countries, in addition to the 24 current seats on the Board.

We are advocating that basic votes at least be tripled and that a mechanism be developed to ensure that these basic votes are properly maintained. However, for consensus reasons we accept a less ambitious reform, while hoping that in the second phase the proposed level of 5.5 percent could be revised upward.

We welcome the proposal for an exceptional distribution of the current IBRD shares available to mitigate the erosion of the voting power of certain developing countries owing to the doubling of basic votes. Moreover, we will continue to encourage our countries to accept all IDA shares granted to us.

With respect to realignment, we believe that the voting power of member countries within the IBRD must continue to reflect their relative position in the global economy. As a result, this realignment should have IMF quotas as a point of departure, to which other elements could be added to take into account the specific World Bank mandate. We also support a periodic review of the realignment (every five years) to make this process effective and take into account the highly volatile developments in the global economy.

We welcome the recommendation that the selection process for the World Bank President be transparent and merit-based. Lastly, we support the measures adopted by the Bank to increase the diversity of its staff, decentralization, and country ownership of programs. I am confident that all these measures will allow for the viewpoints of developing countries and in particular low-income countries to be better taken into account by this esteemed institution.

III. Fiscal Vulnerabilities in Developing Countries and the Twin Oil-Food Shocks

Let me first commend the World Bank and the IMF for having prepared an excellent note highlighting the levels of fiscal vulnerability arising from high oil and food prices.

I endorse the methodological approach adopted for the preparation of this note, which combines the available information on the terms of trade. This approach used Country Policy and Institutional Assessment (CPIA) scores for fiscal policy and debt policy from mid- to end-2007 from the World Bank, and the findings of an IMF survey of 147 countries on the fiscal costs of measures taken by governments. Using these two information sources bolsters the credibility of the findings.

I agree that the responses to the high oil and food prices have led to fiscal pressures in several developing countries. Indeed, countries have, as a matter of urgency, used fiscal measures to mitigate the effects of the rise in prices. These measures have in particular been directed toward decreasing tax rates on foods, increasing food and oil subsidies, lowering income or corporate taxes, reducing the price of oil or gas-generated power, and increasing social transfer programs.

I am also cognizant of the fact that the effects of the rise in prices are experienced differently in each country and that some are more vulnerable than others. I am of the opinion as well that countries dependent on foreign aid and which have no available debt space are by far the most vulnerable and, as a result, their ability to weather the crisis will depend on the volume of aid granted to them. Consequently, donors must make a concerted effort to increase the availability of resources for countries hardest hit by the food and oil price shocks.

I will also add that beyond the need to increase aid flows to countries affected by this crisis, our countries as a whole continue to reel from the effects of the volatility and lack of predictability of aid to support development programs. We note with regret that there has been too little progress, in spite of donor commitments at the 2005 Paris Forum to improve aid predictability, including the agreement to halve the proportion of non-disbursed commitments by 2010. We reiterate our call for greater predictability in development aid.

I note with satisfaction that countries facing increased fiscal vulnerability subsequent to the price shocks will be eligible for additional budgetary assistance operations within the framework of specific instruments set up for this purpose. These operations will support specific reforms to mitigate oil and food price shocks, and to strengthen social safety nets. We await the operationalization of the response window for the energy price crisis, which is in the process of being established, and express the hope that it will be done rapidly in view of the urgency of the crisis.

In terms of analysis, the Bank, in collaboration with the IMF and other partners, should examine the potential risks to which these economies are exposed with a view to assessing the appropriateness of their macroeconomic policies.

IV. Rising Food and Oil Prices: Addressing the Risks to Future Generations

I would like to thank the Bank for this information note on the impact of the surge in oil and food prices on future generations. I recognize that while oil and food prices have declined in recent months, they are still very high when compared to previous years and could remain that way for a long time.

I recognize that our countries are most affected by the food crisis, malnutrition, and social vulnerability fueled by rising oil prices. We also support the Bank's renewed interest in agriculture,

nutrition, and social protection as demonstrated by the establishment of instruments to provide appropriate responses to the twin shocks of surging food and oil prices (**Global Food Crisis Response Program**, along with **food crisis response funds** and the provisional **Energy Crisis Response Fund**).

Our Governments acted expeditiously and have adopted measures to counter the crisis. We will continue to bolster existing programs or to develop programs as needed to reduce social vulnerability and malnutrition. We call on the international community, including the World Bank, to ensure that these programs supplement those in the area of agricultural production in which the Bank and the countries have already made commitments to invest more. In this regard, it is important for additional resources to be mobilized to finance strengthening of the nutrition and social protection programs.

In light of the irreversible effects of malnutrition and social vulnerability, rapid and effective action is essential to the success of this effort. We also urge the World Bank to support us with streamlined and effective delivery mechanisms, given the urgent nature of these interventions. In this context, **country systems** represent the most effective intervention and coordination frameworks for aid from all development partners. We urge the World Bank and all other partners to use these systems where applicable, and to provide greater support to regional programs and institutions to promote more effective actions.

V. Strategic Directions of the World Bank Group - Progress Report

We are delighted that after a mere 100 days at the helm of the World Bank, President Zoellick clearly articulated his vision of the strategic directions of the World Bank.

We recognize the pressing need to address certain new challenges such as climate change, particularly with regard to those aspects affecting countries in our group (drought, flooding, or other natural disasters). We believe that it is important for the World Bank to keep focusing on its main mission despite the importance of global public goods, particularly in the absence of other means of intervention.

The pillars of the current strategy have served the Bank and its clients well, and they remain relevant despite their limitations. We recognize, however, that the current strategy calls for modification to incorporate the evolution of aid architecture and the lessons learned from development experiences. We believe that the strategic discussion must focus on institutional effectiveness and the internal reforms required for the World Bank Group to help countries achieve the best results on the ground. This is why we think that in addition to the Bank's response to the needs of middle-income countries, support for fragile states, and commitment to global public goods, it must address such issues as internal governance, the effectiveness of management costs, human resources, and Bank decentralization.

We take note of the six priorities identified by the President and are of the view that the two pillars of the current strategy must be developed in such a way as to take into account two perspectives linked to development policies: strengthening institutions and improving governance; and commitment to global public goods. While the World Bank Group is already involved in these sectors, it is important that its role be clearly defined. The World Bank Group should also explore a number of options, with a view to bolstering its internal synergy.