



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)



SIXTY-SEVENTH MEETING
WASHINGTON D.C. – APRIL 13, 2003

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Statement by

The Honorable Famara L. Jatta
Secretary of State for Finance and Economic Affairs
The Gambia
On behalf of the Africa Group I Constituency

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Economic Growth Prospects

Mr. Chairman, when we met in September 2002, the global Economic Outlook was uncertain because of the slowdown and the downside risks associated with geopolitical uncertainties for a number of regions. At the moment, the risks are more pronounced and growth projections for the developing countries in 2003 continue to be restrained by uncertainties in the global economy. In the circumstances, enhanced macroeconomic policy coordination among major industrial countries is important, as well as structural reform in strengthening consumer confidence and improving the functioning of labor and product markets.

On the basis of improved macroeconomic policies growth in the Sub Saharan Africa region averaged 3 percent in 2002. While there are different expectations for different countries, projections for 2003 reveal that this trend is to continue at 3.2 percent conditioned on continued implementation of pro-growth policies, with an emphasis on trade. The aggregate masks vast differences between countries and sub-regions. Oil producing countries are expected to grow faster than average, while a group of conflict countries are growing at lower rates. While it is possible that policies pursued by African countries could spur trade, the benefits will be lower if reciprocal actions are not undertaken in a global context. High agricultural subsidies, low access for developing country products in developed country markets and escalating tariffs have long been recognized as obstacles to growth.

Furthermore, at a time when world attention is focused on the attainment of the Millennium Development Goals (MDGs), it is important to again highlight the effect of declining commodity export prices on African economies. In 2002, the world price of coffee, cocoa and cotton declined sharply, reducing growth prospect in several countries which had recorded satisfactory growth in the 1990s. Given the dependence of the SSA region on primary commodity production, it would be difficult to make progress toward sustainable growth and poverty reduction if agriculture issues are not addressed.

We are disappointed about the uneven progress and the missed deadlines for advancing multilateral negotiations under the WTO. Among others, lack of progress on pharmaceuticals and on the modalities for agricultural tariff reductions means that key issues which were supposed to be addressed well before the forthcoming ministerial meeting in Cancun, Mexico, remain unsolved.

The undertaking to reduce the debt of HIPC remains valid. We are concerned that progress is much slower than anticipated. At the same time, some of the countries that reached their completion point are yet to attain debt sustainability. We call upon the Bank and the Fund to work harder on assisting HIPCs to attain a permanent exit from unsustainable debt. This should include resolving the problem of obligations to other HIPCs. As stated in our last

meeting, the problem of litigation against HIPCs is drawing scarce resources away from productive uses. We would therefore welcome practical suggestions in settling these cases.

Achieving the MDGs and Related Outcomes: A Framework for Monitoring Policies and Actions

The various multilateral institutions including the UNDP, the World Bank and the IMF are taking steps in the right direction by adopting a strategic orientation that focuses more pointedly on the road map for achieving the MDGs. We therefore encourage greater collaboration among these institutions to ensure consistency in our efforts.

It is against this background that we endorse the framework for monitoring policies and actions that are being put forward by the Bank. It is an acceptable basis for assessing whether the policies and actions adopted by developing countries and the support given by donors and multilateral agencies are having the desired impact. The framework should give priority, inter alia, to an assessment of the Poverty Reduction Strategy Papers (PRSP) and how the issues they contain are addressed through actual programs in the Bank's Country Assistance Strategies (CASs); taking stock of the quantity and quality of ODA; and assessing progress on the trade agenda, including measures aimed at trade facilitation and addressing the issue of price volatility of primary commodities.

Effectiveness in measuring results will require transparent and coordinated reporting on the part of the many international institutions that are involved. Current assessment methodologies, including the Country Policy and Institutional Assessment (CPIA) of the World Bank are not comparable. We therefore, urge speed in the development of transparent and comparable indices, taking full account of the views of the developing countries on how the monitoring process could be coordinated and strengthened. Regarding transparency, we would caution disclosure without first taking into account views of the borrowing countries on the impact of the CPIA on allocation decision by the Bank and other donors.

We welcome the efforts being made to improve the collection of primary statistics on human development. This is also a critical step which will give credibility to the monitoring process. In this vein, we strongly recommend that technical assistance and other measures aimed at improving data collection, analysis and dissemination in low-income countries be a prominent feature of the CASs.

On the method of reporting by the Bank, there is merit in the proposal that a single apex report be produced annually for the Development Committee on the implementation of policies and actions needed to achieve the MDG.

Progress Report and Critical Next Steps and Scaling Up.

Given that the PRSPs are a framework for economic and social reform, it is imperative that scaling up for MDGs be done within that context. Such scaling up should give special attention to Sub Saharan Africa in view of the fact that the region is likely to fall far behind in achieving the MDGs by 2015 based on the current rate of progress.

Resources needed for attaining MDGs are estimated at \$50 billion annually, which is substantially more than what is currently available. There is still a wide gap even when account is taken of the possible \$16 billion that could be raised by 2006 from the new commitments made in Monterrey. In the circumstances, every effort must be made to use resources effectively while we continue to advance the dialogue on getting additional resources to match the development goals set by the international community. It should also be stressed, at this juncture, that aid effectiveness is highly linked to the predictability of aid flows. This is a point that often gets lost in the application of conditionality, and we urge that this matter be given the attention it deserves.

Harmonization of donor processes and procedures is a pressing need. We thus acknowledge with appreciation the outcome of the High Level Meeting on Donor Harmonization held in Rome in March 2003, and urge all partners to swiftly implement the recommendations from that meeting. We would like to get a progress report on implementation results at the country level during the next Development Committee Meeting.

We are concerned that post-conflict countries and low-income countries under stress (LICUS) may not have policy frameworks that would qualify them for immediate focus in scaling up. We urge the donor community to support the LICUS programs of the Bank, with an understanding that such programs are a means of reengaging LICUS in the global effort to achieve the MDGs.

Education For All Fast Track Initiative:

Our initial discussion of the EFA established that 23 countries qualify for the fast track initiative (FTI). Subsequent to that discussion, we expected the number of qualifying countries to increase to reflect the urgency and the universal support for the education goal. Noting that the tone of our previous discussion was positive, including topics like strengthening country accountability mechanisms and establishing conducive environment for recurrent cost financing, we concluded that we were on the right track.

We note the progress made on the EFA FTI to date. However, the difficulties encountered in raising the \$430 million for 7 countries have raised doubts about the pace of implementing the global commitment to education. We believe that more countries with full PRSP should qualify for the FTI.

The limited experience with the EFA suggests a need to ensure a proper alignment of country education goals with other development priorities expressed in PRSPs so that a country's medium term expenditure framework reflects resources that will be targeted for EFA goal.

We call for a speedy resolution of the implementation problems and request that periodic progress reports on the EFA initiative be made available to the Development Committee.

Water Supply and Sanitation and the Millennium Development Goals.

Water supply and sanitation goals have direct relevance to the attainment of other MDGs such as environmental sustainability and gender equality. A neglect of this sector is an impediment to economic growth and poverty reduction. Since the required actions for improving service delivery in water and sanitation include the upgrade of existing infrastructure and new capital investments, we therefore call on the Bank to increase investments in this sector.

We are concerned by the fact that fewer countries are on track for achieving WSS objectives. It is to be noted that few PRSPs have systematically incorporated the WSS goals, a situation that should be corrected. Given the policy and institutional knowledge on this sector and the lessons of the water decade, 1981-1990, there should be little impediment for the Bank to scale up.

The agenda for upgrading urban sector slums, providing clean water and sanitation to all, and ensuring that rural communities are served is important for Sub-Saharan Africa. Current efforts undertaken by UN Habitat and the World Bank deserve particular mention. We urge that most of this work be incorporated in the PRSPs.

The WSS sector continues to attract private sector interest and it should be explored in view of the large financing requirements of this sector. We encourage the Bank to examine ways of promoting public/private partnership that provide for financial sustainability in the long run.

Health, Nutrition and Population MDGs

Sub-Saharan Africa compares very poorly with other regions on health, nutrition and population MDGs. Yet better health is the strongest contributor to overall improvements in human development indicators. Social gains, improved productivity and growth cannot take place without good health. It is therefore obvious that, notwithstanding the challenge, the HNP goals must be addressed.

It is worth noting that there have been successes in managing communicable diseases in Sub-Saharan Africa. The reduction of HIV prevalence in Uganda and the reduction of malaria in Mozambique, Swaziland and South Africa demonstrate that with commitment and leadership notable gains can be made.

Doing better on the health MDGs require effective health systems. In our experience, the capacity of government to provide health care has been overburdened. Increasingly, consumers have to rely on alternative non government suppliers. The government's role in this sector is thus changing to emphasize the regulatory aspect and leadership on international commitments.

The Bank has had a commendable start in the fight against HIV/AIDS with the multi country program (MAP). Eighteen projects worth \$611.8 million have been approved. However, the pace of disbursement has been slow. We recommend a simplification of the procurement process so as to enable disbursement to proceed at a pace commensurate with the urgency of the problem.

To facilitate service delivery, governments have formed partnerships with different service providers. Based on our experience we would recommend that the Bank considers partnerships with faith based organizations, NGOs and the private sector for HIV/AIDS program interventions. The Bank has had notable successes with Community Driven Development and Social Funds which could be used as models for faster implementation of HIV/AIDS agenda.

Enhancing The Voice and Participation of Developing And transition Countries in Decision-Making at the World Bank and IMF

The discussion on enhancing the voice of developing and transition countries in decision-making at the World Bank and the Fund comes at the time of heightened awareness of the need for development institutions to be more transparent and accountable. We find the options presented in the paper to be a good start for advancing the discussion; firstly, on the administrative issues which have largely been discussed by the two Boards of Directors and secondly, on the broader structural issues of control.

We welcome the actions taken by the Boards of the Bank and Fund to strengthen capacity in the offices of the SSA Executive Directors.

The decision to strengthen technological communication linkages with capitals is equally welcome. Such linkages will facilitate information flow and ensure that views from capitals are speedily reflected in positions taken by the Executive Directors.

The Boards also correctly noted that policy support from developing country capitals need to be enhanced. We look forward to the results of deliberations on options for further country capacity building, including the provision of opportunities for staff from capitals to get training within the Bank and the Fund. Most developed country Executive Directors receive substantial policy advice from institutions other than the BWIs. In this regard, we warmly welcome statements of support for a trust fund to be set up for this purpose. We call upon other donors to extend support to this proposal.

Regarding the structural issues, our comments are informed by the tone of the meeting of the Developing Committee Deputies. Recognizing that the issues to be discussed in this respect are political and technically intricate, we advocate a cautious approach. The proposal of a consultative group (CG) to be set up jointly by the IMF and World Bank Boards has some merit. Such a group should provide options for consideration by the two Boards which will then be reported as a substantive issue for discussion by the Governors at next year's Annual Meetings.