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-FIFTH MEETING
WASHINGTON, DC— APRIL 15, 2007

DC/S/2007-0011(E)

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Statement by
Mr. Fathallah Oualalou
Minister of Finance and Privatization
Kingdom of Morocco

On behalf of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran, the Kingdom of Morocco, Pakistan, and Tunisia

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On behalf of the group that I represent, I would like first to congratulate Mr. Agustin Carstens, Mexican Minister of Finance, on his appointment as Chairman of our Committee and to wish him great success in his new assignment. I am confident that his experience working with international organizations and managing public affairs will prove to be extremely enriching for our Committee.

I also wish to avail myself of this opportunity to congratulate the teams from the World Bank and other development institutions for the quality of the working documents submitted by them for this session of the Development Committee, and more specifically for their contribution to the Global Monitoring Report 2007, which has become an indispensable tool for the periodic tracking of progress made with achievement of the Millennium Development Goals (MDGs).

Global Monitoring Report 2007 and Africa Action Plan

In our view, the emphasis placed in this report on promoting gender equality and strengthening the role of women reflects extremely sound judgment, insofar as it mirrors the international community's recognition of the need to step up efforts to curb the constraints that block access by half of the world's population to rights, resources, and political representation.

Cognizant of the fact that gender equality and an expanded role for women in society foster an increase in universal primary education rates, reduce infant mortality, improve maternal health, and reduce the odds of contracting HIV/AIDS, I fully endorse the notion that gender equality is key to achievement of the MDGs.

The specific development challenges faced by fragile states must also be tackled if the MDGs are to be achieved by 2015. These challenges create risks that spawn wars, public health hazards, and humanitarian crises that can extend beyond the borders of these countries.

In addition, we would like to take advantage of this opportunity to underscore the importance of the issues set forth in the World Bank's Africa Action Plan, as well as their assessment and updating, and to thank our Committee for selecting this topic as one of its agenda items. This will enable to us to expedite achievement of the MDGs in Africa by 2015.

In this regard, we are pleased to note that implementation of the Africa Action Plan over the past 18 months has been broadly satisfactory, that economic and social trends on the continent have been positive, and that the pace of achievement of the MDGs is more sustained. Indeed, despite the oil shock, average growth stood at 5.5 percent in 2005 and at 5.3 percent in 2006. Similarly, in 1990, 47 percent of Africans were living in poverty while in 2007 this figure stood at only 41 percent.

However, while the Africa Action Plan has to a large extent served as a successful framework for World Bank Group commitment to Africa, we share the view that this Plan requires adjustment in order to make it a more useful results-based management tool, with a view to accelerating achievement of the MDGs.

We therefore welcome the new approach of this Action Plan based on eight flagship areas that focus on those sectors of greatest concern to countries, among them energy, water, and infrastructure and private sector development.

We also support the new classification identifying four categories of countries. This will likely sharpen the Bank's focus on real needs in each category and lead to the identification of specific strategies and the provision of assistance to countries with implementation of these strategies.

However, our satisfaction with implementation of this Plan notwithstanding, the progress made with achievement of the Millennium Agenda for Africa falls well short of our expectations.

Indeed, as the 2015 deadline draws closer, the international community is facing major challenges. While the work of the international development community needs to be stepped up on all fronts, we think that priority should be accorded to greater consistency of national policies, closer alignment of international organizations and other development partners with national strategies, as well as greater coordination and a higher volume of international aid.

Aid Architecture and the Main Trends in Official Development Assistance

Total aid plummeted to approximately US$100 billion in 2006. This figure demonstrates that international aid is declining in relative terms owing to insufficient international commitment. If this downward trend continues, the objective of doubling aid to Africa by 2010, as recommended at the Gleneagles Summit, will clearly be unattainable, a situation that will jeopardize chances of achievement of the MDGs.

We have also noted that while the volume of aid increased by more than 50 percent between 2001 and 2005, this increase was, regrettably, concentrated in a small number of countries, given that aid rose by 50 percent or more in only 16 of the 81 IDA-eligible countries. In this instance also, this high concentration of aid is hardly supportive of efforts to make the MDGs accessible to as many countries as possible.

Nonetheless, with regard to the projected trend in development aid architecture, we have reason to feel some satisfaction, given that despite the decline in aid from DAC (Development

Assistance Committee) donors in 2006, aid from non-DAC donors and new donors is rising. The latter category of donors is expected to double its aid to over US$2 billion by 2010.

Strengthening World Bank Group Engagement on Governance and Anticorruption

We are pleased that the management of the Bank responded favorably to our Committee's desire for this institution to engage in a broad consultative process related to the Bank's governance and anticorruption strategy.

These consultations have led to a better strategy that revolves around seven leading principles. We have been particularly receptive to the principles enshrining the concept of governments as the main interlocutors of the World Bank with respect to implementation of this strategy and to the principle that stresses the use and strengthening of country systems.

We are mindful of the implementation difficulties posed by this strategy, whose success depends on achievement of a broad consensus and firm commitment at the international level with respect to governance reforms. We therefore hold the view that the successful implementation of this strategy is contingent on close collaboration among the Bank, governments, and all the other development partners. It is also important to ensure the establishment of reliable indicators that are adapted to situations on the ground. This must be done in consultation with governments. Similarly, we support, without reservation, the full involvement of the Board in every phase of implementation of this strategy as well as in its supervision.

Fiscal Policy for Growth and Development

We welcome the preparation of case studies, which have permitted us to draw useful lessons from best practices related to the design of fiscal policy targeting the stimulation of growth and development.

We are pleased to note that the working document prepared by the World Bank teams recognizes once again the value of fiscal policy as an instrument of economic growth and stresses its importance to poverty reduction.

This extremely relevant work contributes significantly to the process of formulating a sound fiscal policy aimed at maintaining a balance between growth and macroeconomic stability as interdependent and complementary goals of fiscal policy.

In this regard, we view the role of and collaboration between the Bank and Fund as important to assisting developing countries that are undertaking work in this area, with the aim of providing them with the support and expertise necessary for coordination at all levels so that fiscal policy can be oriented toward this dual objective.

Bank-Fund Collaboration (Malan Report)

We salute the initiative of the President of the World Bank and Managing Director of the International Monetary Fund to call on an external committee to review collaboration between the two Bretton Woods institutions. We are grateful to the group, headed by Mr. Malan, which has been formed at just the right time, given that the two institutions are currently reviewing their intervention strategies.

Given their undeniably positive effects on aid effectiveness to developing countries and on the global economy in general, we forcefully endorse the proposals and initiatives put forward to strengthen Bank-Fund collaboration at all levels.

In this regard, we share the view that the strengthening of this collaboration should take place in the context of shared roles and responsibilities at the global, regional, and country levels and in all areas of intervention, taking into account the skills residing within each institution, their expertise, as well as their comparative advantages, while making the concerns, priorities, and constraints of the countries themselves central to the process.

Voice and Representation of Developing and Transition Countries in International Financial Institutions

We must thank the World Bank teams for the preparation of the highly useful document on the thorny issue of voice and representation of developing and transition countries, an item that has appeared time and time again on our Committee's agenda.

Given our belief that the ultimate aim of strengthening voice and participation is to strike a better balance between developed countries on one hand, and developing and transition countries on the other, we endorse the proposal to restore basic votes to their initial level established when the Bank was founded. Also, the introduction of a mechanism in the future capable of guaranteeing that basic votes are maintained at the desired level is highly recommended.

We agree with the priority accorded to the establishment of additional seats for Executive Directors, a move intended to benefit constituencies with large numbers of member countries, in particular those representing Sub-Saharan Africa.

Furthermore, we urge the management of the Bank to make every effort to recruit more senior staff from developing and transition countries to high-level positions at the Bank.

Lastly, given the fact that progress in the area of strengthening the voice and representation of developing and transition countries has thus far been slow, and with a view to achieving progress on this front, we suggest adopting an approach which, in the first phase, encompasses all proposals to enhance representation on which a consensus has been or is likely to be quickly reached before tackling, in the second phase, those sensitive issues on which achievement of consensus is more difficult.

We call the attention of the World Bank and IMF to the need to strengthen their commitment to middle-income countries, which alone are home to more than 70 percent of the world's poor, but also to the need to enhance the ability of these institutions to react to and tailor their assistance to the specificities of these countries. In the case of the World Bank, this commitment could be reflected in the enhanced competitiveness of financial instruments offered by making financial terms and conditions more attractive. In this regard, we stress the need to continue efforts aimed at reducing transaction costs through greater transparency and streamlining of the cost and financial fee structure of the Bank. Clearly, greater use of country systems represents a step in this direction.

We therefore deem it imperative for the Bank to retain its multi-dimensional role of providing funding, fulfilling the role of catalyst, and serving as a knowledge bank.

Debt Relief Trends

We are pleased that the Multilateral Debt Relief Initiative (MDRI) has actually been implemented by the African Development Fund (AfDF), IDA, and the IMF. This implementation demonstrates the great importance of strong international commitment to the success of initiatives of such scope.

It is heartening to note that currently, 21 HIPC countries that have reached the completion point have benefited from the MDRI, thereby benefiting from full relief of their US$38 billion in debt. We are also pleased to note the substantial progress made with the HIPC Initiative, as evidenced by the 30 HIPC countries that have reached the decision point, thereby making them eligible for debt relief.

Global Trade Developments

We reiterate our belief that a rapid and balanced conclusion to the Doha Round would potentially brighten prospects for global well-being as a result of trade expansion and would facilitate achievement of the objectives outlined by the stakeholders in this round with respect to development assistance and poverty reduction. In this regard, we think that the Bank plays a key role in promoting, relaunching, and contributing to the successful outcome of these negotiations.

We regret the fact that despite all the work done to conclude the Doha Round in 2006, negotiations were suspended in July of that year, owing to disagreement on access to the agricultural market and the lowering of subsidies. Nonetheless, we hope that in the wake of the informal agreement reached last February to continue negotiations, the parties will conclude an agreement on the main issues during the first half of 2007. Failure by the international community to conclude the Doha Round is certain to send a strong negative signal to the global economy regarding the ability of countries to forge ahead on a path of multilateralism.