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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

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Liaison Files - African Governor Caucus - Correspondence - Volume 1

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BRIEFING NOTE FOR YOUR MEETING  
WITH THE AFRICAN CAUCUS  
IN BERLIN, SEPTEMBER 24, 1988

1. Lending Program in Africa

- \* Total Bank lending to Sub-Saharan Africa in FY88 was just over \$3 billion (up from \$2.5 billion in FY87). About \$4 billion projected for next year.
- \* Concessional lending increased by 21% - from \$1.9 billion to \$2.3 billion.
- \* IBRD/IDA disbursements were about \$2 billion in FY88.
- \* Net transfer was positive in FY88 (about \$530 million).
- \* Bank tripled the cofinancing resources mobilized for Africa - up from \$525 million to \$1.5 billion. Will substantially increase again next year with cofinancing under the Special Program of Assistance.
- \* Major lending sectors were agriculture (20%), transportation (20%), energy/industry (14%).
- \* Bank doubled lending for human resources development in FY88 - population, health, nutrition, education.
- \* 40% of lending for sectoral/structural adjustment.

2. Adjustment Process

- \* Must keep our eyes on the long term. Growth is essential for development; and adjustment is the precondition for growth.
- \* As the 1988 WDR and Annual Report point out, there have been some encouraging signs.
- \* What are these? (1) Average growth rates are definitely better in adjusting countries. (2) Agricultural production is better in adjusting countries. (3) Budget deficits/inflation rates are lower in adjusting countries.
- \* Absolutely no conflict between the Bank and the UN on adjustment in Africa. The first recommendation of the Secretary-General's mid-term review is that African countries should "continue to pursue the process of policy reorientation and reform aimed at accelerating recovery and improving the performance of their economies."

- \* So there is now no argument about the need for structural adjustment - but there is plenty of room for discussion on the precise phasing, funding and elements of specific programs. We are open to that discussion. Adjustment is an art not a science, and the effectiveness of each program has to be evaluated and, if necessary, modified in the light of experience. The problem is that this whole process has really only just begun in Africa - and the transformation of economies that been declining for 15 years or so is going to take more than a few years to achieve.
- \* So we should not rush to judgement on this question of adjustment. Like the Secretary-General, we agree that more attention should be paid to the social dimensions of adjustment; we agree that the international community must come up with enough resources for these programs of adjustment. But there is no disagreement on the fundamental need for adjustment.

### 3. Social Dimensions of Adjustment

- \* In 1987 the Bank launched - along with UNDP, AfDB and other donors - the Social Dimensions of Adjustment (SDA) Project to help African countries gather data on and strengthen institutional capabilities to protect and improve people's living standards during the adjustment process. Twenty-five African countries are now participating.
- \* In addition, the Bank is including "social dimension" measures into each adjustment operation - safeguarding health and education for the very poor - and Bank leading the way with special "social dimensions" programs, e.g. PAMSCAD (Program of Actions to Mitigate the Social Costs of Adjustment) in Ghana.
- \* But very important not to confuse the causes and effects of structural adjustment programs. Adjustment did not cause the malady in Africa - and in a growing number of countries, it seems to be providing a remedy.

### 4. Debt

- \* Highly encouraging progress this past year on the debt problems facing the poorest African countries.
- \* Substantial implementation of the Bank's Special Program of Assistance (SPA) for the low-income debt-distressed countries that are undergoing adjustment (initially 17 eligible countries - Kenya and Mali are being added to the list).
- \* The four legs of SPA: Skewing of IDA resources to the debt-distressed group (77% of IDA resources last year went to this group); increased co-financing of IDA adjustment operations - \$6.4 billion mobilized in Paris (\$3 billion additional); IMF's Enhanced

Structural Adjustment Facility of \$8.4 billion approved; and the Toronto Summit's endorsement of menu of options for debt relief that creditors can choose - better rescheduling terms, reductions in interest rates, outright cancellation.

- \* Regarding Toronto, the details remain unclear, although the Paris Club was asked to work them all out by the end of this calendar year. But the very raising of the African debt issue at this high level is a positive sign.
- \* What does it all mean for Africa? Philosophically, the past year has seen a real movement towards consensus on the African debt issue and so now there is running room for even further progress. For example, need to think creatively and realistically about the debt problems of the middle-income debtors like Nigeria and Côte d'Ivoire. Ideas put forward by Babacar N'Diaye and the African Development Bank should be explored.
- \* We believe that resources to be provided under the SPA may be enough to provide both adjustment and growth in the eligible low-income countries. This is the first time that we'll be in this situation because too often in the past adjustment programs have been underfunded. I'm particularly pleased that the World Bank has been able to play a catalytic role in moving the African debt issue to the front burner on the international scene.

## 5. Food Security

- \* The Report is being launched at these Annual Meetings: The Challenge of Hunger in Africa: A Call to Action.
- \* Like our 1986 Poverty and Hunger report, the new report emphasizes that hunger is caused not just because enough food is not being produced, but equally because people do not have access to the food that is available. In short, hunger in Africa is essentially an income or poverty issue.
- \* Structural adjustment programs aimed at income growth and programs aimed at increased agricultural production - both of which the World Bank is actively supporting - will help solve the hunger problem in Africa. But what the Task Force found was that additional measures will also be required to help those large groups of people who may not benefit from growth or increased production.
- \* Among the specific recommendations made by the Task Force were that: more systematic efforts are needed to identify the people at high risk of food insecurity; priority should be given to projects and policies that raise the incomes of the food insecure and dampen fluctuations in food prices and supplies; the institutional capacities of African governments to manage food security programs should be strengthened (NGOs have great potential here); the use of food aid must be made more effective; and, in general, virtually every Sub-Saharan country should have a specific food security action program.

- \* The World Bank intends that these recommendations should be implemented by a partnership of donors. We also hope that our Report will focus attention on the hunger issue in an urgent but long-term manner - so that it doesn't drop out of sight after the next famine.
- \* Key concept is this notion of a partnership of donors - FAO, IFAD, WFP etc. - addressing the issue. This will increase available resources and impact.

## 6. Capacity Building Initiative

- \* No question about the dearth of skilled managers, technical experts in Africa.
- \* And too much technical assistance (\$3 billion a year) is spent on expensive expatriate technical experts who do not transfer the needed human and institutional skills.
- \* Africa desperately needs those personal and institutional capacities if it is to survive and grow into the next century. Asian and Latin American experience clearly indicates the importance of capacity building.
- \* The Bank has been working on this issue - improving its own technical assistance and making strong effort to use more African consultants in its projects (two major seminars on local consultant use were held this year - one in Abidjan and one in Nairobi). But more needs to be done.
- \* In the same style as the Cofinancing Initiative, the Education Report and the Food Security proposals, the Bank believes that a partnership CGIAR-type consortium of donors could be pulled together to form a consensus on what the problems are and what the solutions might be - and to mobilize the funds for indigenous capacity building in Africa.
- \* The Bank feels it can play a catalytic role here in an area which has enormous implications for Africa's long-term development.

## 7. Council of African Advisers

- \* As was proposed to (and endorsed by) the African Governors last year, a Council of African Advisers to the Africa Region has been established.
- \* These are 15 African development intellectuals and practitioners (list attached) who provide our Regional Management with advice on a variety of issues affecting the Bank. The advice is unofficial - the Council members' views in no way represent the views of their governments. But given the high-caliber quality of the Council, Regional Management takes the Council's advice very seriously.



- \* Council has met twice already - will meet again in early 1989. Has discussed various issues - regional integration possibilities, the capacity building problem, the Bank's food security proposals, etc.

#### 8. Long-Term Perspectives Study (LTPS)

- \* The work on the Bank's Long-Term Perspectives Study on Sub-Saharan Africa is going ahead.
- \* Broad consultations and discussions have been carried out with many African academics, government officials and other influentials.
- \* A lot of work has been done; some major themes have emerged: agricultural modernization, entrepreneurial development, regional economic cooperation and integration, institutional development, human resource development.
- \* Study should appear in 1989.

#### 9. Toxic Waste Dumping

- \* The Bank has made a very strong statement on this problem, clearly indicating it abhors the idea of industrial country companies exploiting Africa by dumping their toxic wastes there.
- \* The solution is more awareness of the problem - in the industrial countries and Africa. In this respect, it is encouraging that the OAU passed a resolution condemning toxic waste disposal on Africa soil - so Africans themselves are taking the initiative here.

#### 10. The Population Issue

- \* The Bank's primary interest is in the improvement in the overall quality of life of the African people. That quality of life depends not only on economic gains but also on a population's health status, life expectancy and nutritional status.
- \* A serious constraint on the health and welfare of the African people is the rate of population growth which is currently much higher in several countries than the government can handle. Thus, an adjustment in the rate of population growth is critical to the overall improvement in quality of life. We are referring here to a reduction in the rate of growth of the population and not to its size. Even if fertility were reduced to two children per family tomorrow in Africa, the population will continue to grow for 60-70 years and would double before it stabilizes. Africa will be populated: but the issue is when and at what standards of living.

- \* Those countries that have been able to achieve a better standard of living have done so through an adjustment in the rate of growth of the population in relation to the growth of resources. Apart from Western countries examples abound in East Asia--just to name a few: Japan, Korea, Thailand, and now China and Indonesia not to mention city states like Hong Kong and Singapore--have all achieved economic miracles and slowing in their population growth was an important part of their development policy.
- \* We need to ask whether we shall bring children into the world of whom half will die before their 5th birthday, and those lucky enough to survive will have to face a tougher world full of famine, hunger and unemployment. Should we not strive to have children whose survival is assured and who can expect to have a better life than us? The answers to these questions have to come from the people themselves. But understanding the alternative choices families have in planning their size as well as their cultural values is extremely important.
- \* The situation in Africa is changing and there is growing recognition of the population problem. To date 14 countries have announced explicit population policies. Of these, five countries (Kenya, Ghana, Mauritius, Nigeria and Uganda) have explicit fertility reduction targets.
- \* The Bank proposes to support African Governments and institutions in developing a strategy for improving the implementation of population programs. The objectives of the initiative being proposed is to generate a consensus among African officials and other leaders--in the health/population and related sectors to translate population policies into effective programs of action to improve their implementation.

#### 11. Health Concerns

- \* We are well aware of the painful experience of people suffering from recurrent malaria, diarrhea, riverblindness and other tropical diseases, and now AIDS.
- \* The Bank has worked for years to help develop the appropriate health system to respond to various diseases and by investing about US\$400 million for more than 20 projects in Africa. Between 1989 to 1993 the Bank plans to support 40 health projects with an investment of over US\$1 billion. In addition, the Bank has supported, along with WHO, an ambitious program of research of various tropical diseases including riverblindness and the safemotherhood initiative.
- \* Similarly, the Bank has recently responded to the AIDS crisis by agreeing with WHO's Global Program for AIDS on a strategy to support and strengthen the planning and implementation of AIDS control and prevention in Africa.



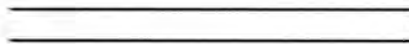
- \* A freestanding AIDS control project in Zaire was approved by the Executive Directors a few weeks ago. An AIDS component is to be included in 19 health projects during FY89-93.

## 12. Enterprise Development

- \* Is private enterprise a viable development option for Sub-Saharan Africa? My answer is an unequivocal "yes". Simply go to any town or village market-place to see a dynamic enterprise ethic at work. And think about the thriving business activities we are all aware are taking place in the so-called "informal" or "parallel" economies of African countries.
- \* Given the proper support, the enterprising energies of Africa's people hold enormous potential for economic development. The most crucial limiting factor to business in Africa is not entrepreneurship, but weaknesses in African institutional and policy environments which tend to inhibit effective investment, and constrain development of the enterprise sector.
- \* What is the World Bank doing to help remove these constraints? In the 1980's the Bank, and other multilateral and bilateral agencies, have been making extensive efforts to help African governments put policy frameworks in place that will be conducive to enterprise development and trade expansion. More than 40 percent of World Bank lending to Africa--a total of which amounted to \$3 billion last year--now goes to Structural Adjustment Programs or programs of policy reform. Some 30 countries of Sub-Saharan Africa are involved.
- \* These adjustment "packages" are tailored to the circumstances of individual countries, but essential elements usually include: realistic exchange rates; improved access to foreign exchange; removing barriers to entry for manufacturers and traders; decontrol of factory and consumer product prices; lifting of excessive bureaucratic procedures and requirements; reduction and harmonization of import tariffs and import controls; parastatal reform and privatization programs for public sector entities; enhanced tax and investment codes, and marketing and pricing mechanisms; and improved management and operation of financial intermediary institutions. A favorable policy environment is a prerequisite to the growth of enterprise and trade in Africa.
- \* Most of the Bank's project work, however, can also be said to enhance enterprise and trade in Africa. For in addition to more favorable economic policies, an improved physical and institutional environment is also essential to encourage the development of a nascent enterprise sector. Industrial and agricultural entrepreneurs rely on a functioning road, rail, and port system to obtain essential inputs and to market their products. Power and

telecommunications must also be reliable. In addition, entrepreneurs must be able to draw upon a healthy and literate labor force--the key input in any business. The Bank's project work helps in all of these areas.

- \* Thus, in promoting enterprise and trade in Africa, the World Bank has adopted a two-track approach. Improved infrastructure and institutions, on the one hand, are necessary to establish a strong foundation. Appropriate economic policies, on the other, provide the incentives for growth and development.
- \* Role of IFC, and MIGA should also be mentioned.



AFRVP  
SEPTEMBER 19, 1988

THE WORLD BANK  
AFRICA REGION

MEMBERS OF THE COUNCIL OF AFRICAN ADVISERS

Name	Professional Background	Nationality
1. Ojejunji Aboyade	Economist; Educator, Former Vice-Chancellor; Consultant	Nigerian
2. Jonathan Frimpong-Ansah	Economist and Banker; Former Governor, Central Bank of Ghana; Senior Adviser, The Standard Bank (U.K.)	Ghanaian
3. Marlyse Issembe	Lawyer and Attorney-at-Law	Gabonaise
4. Joseph Ki-zerbo	Historian, Educator, Professor of History, University of Dakar, Senegal	Burkinabe
5. Henry Lopes	Educator; Former Prime Minister; Former Minister of Finance; Assistant Director General, UNESCO (Paris)	Congolese
6. Ali A. Mazrui	Social Scientist; Educator; BBC Reith Lecturer; and Author and TV Commentator, <u>The Africans</u> ; Professor of Political Science, University of Michigan, Ann Arbor (USA)	Kenyan
7. Harris Mule	Economist and Statistician; Former Permanent Secretary, Ministries of Finance and Planning; Consultant, Nairobi	Kenyan



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|-----|--------------------------|---|-------------|
| 8.  | Aboubacar Ouattara       | Former Secretary-General,<br>ECOWAS; Businessman  | Ivorian     |
| 9.  | Felicien Radilofe        | Lawyer; Attorney-at-Law and<br>Farmer   | Malagasy    |
| 10. | Ousmane Seck             | Former Minister of Finance;<br>Vice President, Islamic<br>Development Bank (Jeddah -<br>Saudi Arabia)   | Senegalese  |
| 11. | Ellen Johnson<br>Sirleaf | Economist; Former Minister of<br>Finance; Former Bank Staff;<br>Former Corporate Manager,<br>Citibank; Vice-President,<br>Equator Bank                  | Liberian    |
| 12. | Mary Tadesse             | Sociologist; Chief, African<br>Training and Research Centre<br>for Women, ECA   | Ethiopian   |
| 13. | Isaac Takawira           | Economist; Former Deputy<br>Permanent Secretary, Ministry<br>of Finance and Economic<br>Planning; Assistant Managing<br>Director, Barclays Bank, Harare | Zimbabwean  |
| 14. | Marcel Yondo             | Economist; Former Minister of<br>Finance; Businessman   | Cameroonian |
| 15. | Dominic Mulaisho         | Economist; Educator and<br>Journalist; Editor-in-Chief<br>of <u>Southern Africa Economist</u><br>(SADCC Press Trust)                                    | Zambian     |

## OFFICE MEMORANDUM

9/24 @ 11

TO: Mr. Barber B. Conable

September 17, 1986

FROM: Ernest Stern *ES*,SUBJECT: African Caucus Materials

During the Bank/IMF Annual Meetings, African Governors meet as a group with the Chief Executive of the Bretton Woods institutions for an exchange of views and discussion of current development and monetary issues. You are scheduled to meet with them on September 27, 1986 at 4:00 p.m. for a review of issues pertaining to Sub-Saharan Africa development problems and prospects. The meeting will adjourn no later than 5:30 p.m. Traditionally, the African Governors submit a Memorandum stating their views and concerns, to which you will provide a written response some time after the Annual Meetings.

Attached are:

- (a) A proposed opening statement. It takes note of some hopeful signs of Africa's recovery but stresses the long-run challenge facing donors and African governments to reverse the decline in per capita income and to establish the basis for growth over the longer run. After you have reviewed it, and made your revisions, we should meet. We should plan to do that no later than September 24.
- (b) A note commenting on the principal issues of interest to the Governors. They are likely to raise some of these in their questions and comments. The African Governors want to hear your views on the priority the Bank intends to give Sub-Saharan Africa in the future, and how you see the Bank's role in supporting Sub-Saharan Africa's recovery program. It is quite likely that there will be other questions, as well. I, Bill Ryrie, and others will be at the head table with you, and it is a common practice for you to ask me or Bill to respond to a point. If necessary, I would call to involve one of the Regional Vice Presidents.  
  
The brief may also be useful in subsequent discussions with African Executive Directors, individual Governors, and others.
- (c) Annexes with data on Bank/IDA and IFC operations in Africa.

Attachments

## ISSUES FOR THE AFRICAN CAUCUS

This note comments on, and provides Bank responses to, the following aid and development issues of special interest to the African Governors.

- (1) Resource mobilization to support growth-oriented adjustment;
- (2) Aid coordination;
- (3) Implementation of recommendations of the UN Special Session on Africa;
- (4) The African debt problem;
- (5) IFC and the private sector in sub-Saharan Africa; and
- (6) Other issues (Board representation; African staff).

### 1. Resource mobilization.

The African Governors will urge the Bank to step up its support to growth-oriented adjustment.

Response: During the 1980s, the Bank substantially increased its concessional lending to sub-Saharan Africa, in terms of both commitments and disbursements. Commitments, including from the Special Facility for Africa (SFA), have risen from an average of \$1,059 million in FY81-84 (IDA-6) to \$1,677 million in FY86.<sup>1</sup> Total gross disbursement of concessional assistance provided by the Bank to sub-Saharan Africa has risen to \$1,147 million in FY86 compared to an annual average of only \$615 million in FY81-84 and \$794 million in FY85. Expectations for FY87 are for a further increase. A growing share of total Bank concessional lending is being allocated to sub-Saharan Africa.

In IDA-7, about 36 percent will go to sub-Saharan Africa. This compares to 32 percent under IDA-6. If we add the resources of the Special Facility for Africa (SFA), up to 45 percent of the Bank's concessional lending during the IDA-7 period (FY85-87) will be committed to Africa.

The creation of the SFA was obviously a key factor in increasing the resources the Bank is allocating to sub-Saharan Africa. The SFA became operational in July 1985. Its resources now amount to close to \$1.7 billion, of which \$1.04 billion is in direct contributions (including \$150 million from IBRD)<sup>2</sup> and \$0.6 billion in Special Joint Financing.<sup>3</sup> During

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1. The figures for FY86 exclude commitments and disbursements from the special joint financing contributions to the SFA.
  2. The direct contributors are Austria, Belgium, Canada, Denmark, Finland, France, Ireland, Italy, Netherlands, Norway, Spain, Sweden, USA and IBRD.
  3. The joint financiers are: Belgium, Germany, Japan, Saudi Arabia, Switzerland, and the UK.



FY86, 22 projects were approved in 15 countries, for \$781 million; another \$700 million is expected to be committed in FY87.<sup>4</sup> (See Annex 1.)

In addition, the Bank has increased the share of quick-disbursing assistance in Africa to support the policy adjustment efforts of African governments. The share of structural and sectoral adjustment credits and other quick-disbursing operations in combined IDA and SFA lending to sub-Saharan Africa has increased to over 50 percent in FY85-86.

If IDA-8 replenishment is at \$11.5 billion or at a higher level, a large share of the increase over IDA-7 will be allocated to sub-Saharan Africa.

## 2. Aid coordination.

The African Governors are likely to urge the Bank to step up its efforts to strengthen aid coordination.

Response: We consider aid coordination a key instrument in mobilizing additional resources from other donors and in assuring that these resources effectively support key policy reforms.

The Bank will continue to improve aid coordination in three ways: (i) provide policy documents that discuss development strategies and estimate overall external financing requirements of sub-Saharan Africa; (ii) provide leadership and active participation in consultative groups and other aid coordination mechanisms; and (iii) cofinancing.

Policy documents. Two recent reports played a major role in focusing the attention of the world donor community on the external financing requirements of sub-Saharan Africa. In 1984, the Joint Program of Action underlined the ongoing decline in overall resource flows. Discussion of the Joint Program of Action in September 1984 led to the establishment of the Special Facility for Africa in 1985. In 1986, Financing Adjustment with Growth publicized successful adjustment efforts being made by African governments and presented a detailed estimate of external financing requirements of IDA-eligible and other sub-Saharan African countries for the 1986-90 period. The discussion of the 1986 report contributed to the positive reaction to proposals presented by African governments to the UN Special Session in May 1986. However, on the basis of currently available evidence, donors, especially bilaterals, have not been responding to the challenge of the African crisis, apart from emergency relief during the recent drought. Even if the growth of official development assistance as projected by the Task Force on Concessional Flows (2 percent a year in real terms) were realized, a substantial aid gap for sub-Saharan Africa would remain.

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4. These figures include Special Joint Financing under the SFA.

Aid coordination mechanisms. Today the Bank chairs 14 Consultative Groups and participates actively in the formulation of policy reform and public investment programs prepared for Round-Tables sponsored by the UNDP. As indicated in the report prepared for the Development Committee,<sup>5</sup> the Bank has made considerable efforts to improve the effectiveness of existing aid coordination mechanisms.<sup>6</sup> We have helped African governments prepare medium-term programs of policy reforms and external assistance that are based on realistic projections of export earnings and debt service payments and that can be used to formulate coherent plans of external financial assistance from multiple donors. We also have asked donors and creditors to provide multi-year indications of development assistance and debt relief to support multi-year adjustment programs adopted by African governments, but this has not met with any response thus far. We also have helped organize more effective follow up to Consultative Groups and Round-Tables through sectoral coordination meetings, local aid coordination arrangements, and joint donor-government monitoring mechanisms. Results achieved so far are only moderately promising, but a strong institutional base is being established.

Cofinancing. Cofinancing has always been an important instrument to mobilize official financing for high priority programs and projects in Africa. What is new is the effort made by the Bank over the last couple of years to design its structural and sectoral adjustment operations so they can be financed jointly or in parallel by other donors. The result is the mobilization of substantial volumes of nonproject and other quick-disbursing assistance from bilateral and other donors to support sound and coherent macroeconomic and sectoral adjustment programs.

3. Implementation of recommendations of the Special Session of the UN General Assembly on the critical situation in Africa.

The Special Session met in May this year and endorsed the African Priority Program for Economic Recovery (APPER) prepared by regional African organizations (OAU and ECA) in 1985-86. We agree with the broad policy orientations of APPER:

- o priority to agriculture and to adjustment measures aimed at improving producer incentives for small farmers,
- o reducing the role of the public and parapublic sector and redirecting public investment and public expenditures to high-priority activities.

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5. Improving the Effectiveness of Aid Coordination in Sub-Saharan Africa (see SecM86-957, August 13, 1986).

6. The use of Bank staff resources to support aid coordination is large and growing. For example, African regional staff time allocated to direct aid coordination is expected to increase from 450 staff weeks in FY85 to 1500 in FY87.

APPER's policy objectives were well received by industrialized countries, which saw in it confirmation that African governments were determined to correct past policy mistakes and to adopt more realistic strategies based primarily on promoting the private sector. The Bank is prepared to assist African governments in the implementation of the policy orientations of APPER. Considerable work will be required to translate these policy objectives into realistic and monitorable programs in which we will participate with African governments.

Two specific recommendations of APPER are likely to be referred to in the African Governors' memorandum: all donors should maintain positive resource flows in all African countries over the next few years; and joint monitoring mechanisms covering both African governments' policy reform commitments and donor programs should be instituted in each and every African country. The first of the two recommendations is based on a similar recommendation in the Bank's report to the Development Committee in April 1986. The Bank plans to abide by the recommendation in all countries that implement sound adjustment programs. Annex 2 shows World Bank commitments and disbursements in the Africa Regions.

Improving monitoring mechanisms and creating joint evaluation and monitoring committees within the framework of existing Consultative Groups and other donor groups have always been a major objective of the Bank's aid coordination efforts. Joint Monitoring Committees--sponsored by the African governments and the Bank, with participation of several other donors--already operate in a number of African countries,<sup>7</sup> but are only beginning to produce results. The Bank will initiate discussions with other governments and the main donors with the view to creating or strengthening monitoring mechanisms.

#### 4. The African debt problem.

Many African countries have severe debt problems. Several countries increased their debt ten times or more in the ten years between 1970 and 1980. In some cases, debt roughly tripled in two or three years. Now, for many of them, debt servicing obligations account for more than 50 percent of their export earnings. Unable to meet their obligations even after repeated reschedulings, many countries are in arrears to their creditors, including, in some cases, the IMF and the World Bank.

In view of the seriousness of the problem, the African leaders have been calling for some dramatic action. The Assembly of the Heads of the African States held in July 1985 called for an International Conference on Africa's External Indebtedness to discuss solutions to the problem. At the UN Special Session in May 1986, the African leaders called for, among

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7. Some kind of Joint Monitoring Committee or similar mechanism has been set up in at least nine sub-Saharan African countries, but not all are fully operational or effective.



other things, conversion of concessional debts and interest obligations into grants and consolidation of nonconcessional, officially guaranteed debts and debt service payments during 1986-90 into long-term loans repayable over 30 to 40 years on concessional terms with a 10-year grace period.

The reaction of the donor community to the above proposals has been, by and large, negative. For reasons noted below, we believe that an international conference on debt will not be productive and African proposals on debt relief are too sweeping to be credible.

An analysis of Africa's debt problem was presented in the Bank's 1986 Africa report. First, it was noted that there is no Africa-wide debt problem and therefore no Africa-wide solution. Several countries such as Kenya, Mauritius, Botswana, and Cameroon, are in a position to service their debts and are not in need of nor asking for extraordinary debt relief. For some others, e.g. Malawi and Cote d'Ivoire, the present mechanisms for debt reschedulings under the Paris and London Clubs is working, and drastic actions, such as a debt moratorium, would be inappropriate. But there are about a dozen countries<sup>8</sup> for which the debt problem is unlikely to be solved along conventional lines. Extraordinary debt relief may be necessary but will clearly have to be considered on a case-by-case basis. Second, we believe that the debt issue has to be seen as a part of the package of external financing for developmental needs rather than in isolation as is indicated in the African leaders' proposals. Whether these financing needs are met by new loans or grants or by debt relief is a question to be decided in the light of legal and procedural constraints facing particular creditors. For example, the African proposal for conversion of all concessional loans into grants or consolidation of nonconcessional official loans into long-term loans is not a feasible alternative for many creditors, most notably the multilaterals.

Instead, the Bank report proposes an alternative approach. Consultative Group meetings, and the Paris and London Clubs, should continue to be the fora for discussing aid and debt relief. But decisions on these issues should be harmonized more than they are now. Furthermore, donors should aim at meeting the total financing requirements of a country for restoring growth momentum through a combination of additional fast-disbursing aid and debt relief. The precise combination of these two instruments will depend on the circumstances of individual donor and recipient; however, as a general rule, no donor country should be a net recipient of resource flows from an African country that is undertaking considerable reform programs.

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8. Benin, Gambia, Liberia, Madagascar, Mali, Mauritania, Niger, Somalia, Sudan, Tanzania, Togo, and Zambia.

5. IFC and the private sector in Africa.

The African Governors will praise IFC Management for setting up the Africa Project Development Facility (APDF) and will make a case for an enhanced effort by the Corporation to expand the private sector in Africa.

Response: In FY86, IFC continued to help the private sector to increase its role in Africa's economic development. IFC supported the financing of 26 private sector projects (31 percent of the total number of IFC financed projects in FY86) in 18 countries. The aggregate cost of these projects was about US\$586 million, of which US\$204 million (24 percent of IFC's total investment in FY86) would be financed by commitments from IFC. Twenty-one of these projects, with a total project cost of US\$308 million and receiving US\$99 million commitment from IFC, were in sub-Saharan Africa. Relative to FY85, this represented an approximately 33 percent increase in the number of projects and 9 percent increase in the dollar volume of business. The new investments were primarily in agro-industry, natural resources and light industry. IFC achieved this performance despite very adverse economic conditions reflecting low prices for Africa's commodity exports, adverse balance of payments and acute foreign exchange shortages among other constraints.

Many of the African countries are beginning to implement policy reforms to establish a positive business climate in which the private sector can confidently flourish, undertake new investments and try to develop as the main driving force for sustained economic growth. However, it is likely that this would be a long process. The super-structure and some of the other policies with regard to public sector ownership and price controls have been in place for many years in a number of countries. These would still need to be dismantled to provide the environment in which the private sector can have real confidence and undertake genuine new investments. Finally, to realize the African countries' hopes of making private sector enterprises the primary instrument for sustained progress and development, IFC needs to strongly support local African entrepreneurs who are an essential element in the development of a successful and resilient private sector.

Africa Project Development Facility (APDF)

The Africa Project Development Facility (APDF) is now at the implementation phase. Preliminary interviews are now being held in order to identify core staff professionals. The facility will be staffed by professionals selected on the basis of their competence and experience. The success of the facility will depend on obtaining high-quality professionals. Efforts are now underway with the African Development Bank and the UNDP to coordinate the recruitment of some African nationals.

Africa Management Services Facility

Apart from the Africa Project Development Facility, which is just beginning its operations (see preceding paragraph), IFC is also working on

another important initiative for Africa, viz. the Africa Management Services Facility (AMSF). The purpose of this facility would be to provide qualified and experienced management services to selected public and private sector enterprises in Africa in order to enhance their effectiveness and contribution. This proposal stems from IFC's review over the past year that a number of these enterprises have serious management problems and are operating well below their capacities and their contribution to the African economies is significantly below their potential. In fact, many of them operate at a severe loss which in the case of public sector enterprises translates into Government subsidies and deficits and, in the case of private sector enterprises, results in underemployment and underproduction. AMSC would not only seek to provide management services but to also finance the cost of such services for the initial few years until the enterprises can be turned around and, as one of its main thrusts, provide training to African Managers to develop them to take over continuing management responsibilities once the AMSC's assignment is completed.

Annex 3 shows IFC's investments in FY86 in Africa.

#### 6. Other issues.

African members have expressed repeatedly over past years their concern that their representation at the Board of the Bank might be reduced because their aggregate relative voting power is small.

Response: You should indicate that a reduction in the number of African Executive Directors is extremely unlikely in the near future because Board representation is not strictly related to voting power. The rules governing the election of Executive Directors can be--and on occasion have been--modified so as to assure "broad geographical representation." You should reiterate the Bank management's long-standing position that it would be inappropriate to alter the geographic representation on the Board. Most shareholders share the view that the status quo regarding the geographic pattern of Board representation should be maintained.

Over the years, African Governors have also pressed the Management to recruit and promote qualified African staff in the Bank. This year, they will point out that the Bank has recently been making efforts to promote Africans to management posts and stress that these efforts should continue.

Response: Progress has been made in the appointment of Africans to management posts. In FY86, six Africans were promoted to senior levels 26 and above, giving a higher promotion rate to these levels (3 percent) than that Bankwide (2 percent). Fourteen (14.3) percent of Africans were at those senior levels, only slightly below 14.7 percent for the staff at large. This is the highest proportion of African Caucus staff at those levels since FY80. The number of Africans at levels 24/25, stepping stones to managerial positions, increased from 49 in FY85 to 56 in FY86. The



overall promotion rate for Africans at levels 21 and above rose from 13 percent in FY85 to 21 percent in FY86, due in part to upgrading of some staff as a result of the Job Grading Program.

The Bank/IFC can be proud of its achievement in recruiting African professional staff: The Bank/IFC average annual growth rate of staff since 1976 was 4.0 percent. Africa Caucus growth in that same period was 7.8 percent annually, and that for sub-Saharan Africans was 8.9 percent.

In FY86, two African Recruitment Officers in the Personnel Management Department undertook extensive missions to sub-Saharan Africa. During those visits they sought the help of governments in identifying qualified candidates and made clear our willingness to appoint staff on fixed-term assignments.

We too would like to see more Africans employed as consultants. you may be interested to learn that the Eastern and Southern Africa region has established a program with its Resident Representatives to identify consultants in the field to work on Bank projects. As they gain experience and their expertise becomes known, we hope they will eventually be selected for international consulting assignments.

Attachments:

Annex 1: Special Facility for sub-Saharan Africa.

Annex 2: World Bank Commitments and Disbursements in Africa.

Annex 3: IFC investment in FY86.

September 17, 1986



Special Facility for Sub-Saharan Africa 1/  
(\$ Millions)

	FY86	FY87	FY88	FY89
<u>East Africa</u>				
Commitments	339	382		
Disbursements	68	143	190	160
<u>West Africa</u>				
Commitments	193	221		
Disbursements	34	87	110	100
<u>Total</u>				
Commitments	532	603		
Disbursements	102	230	300	260

Source: SOA  
Sept. 16, 1986

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1/  
The amounts indicated are for direct contributions to the Special Facility, and do not include Special Joint Financing.

World Bank Commitments and Disbursements to Sub-Saharan Africa  
(\$ Millions)

	<u>Actual</u>		<u>Projected</u>	
	FY83	FY86	FY87	FY88
<u>IDA</u>				
Commitments	1,231	1,145	1,234	1,455
Net Disbursements	678	1,113	1,010	950
Net Transfers	651	1,055	950	880
<u>IBRD</u>				
Commitments	563	909	1,100	981
Net Disbursements	469	390	315	266
Net Transfers	201	(54)	(211)	(270)
<u>TOTAL</u>				
Commitments	1,774	2,590	2,334	2,436
Net Disbursements	1,147	1,504	1,325	1,216
Net Transfers	851	1,001	739	610

Source: FPA  
Sept. 15, 86

IFC FY86 INVESTMENT IN AFRICA

(IN MILLION US\$)

COUNTRY	PROJECT NAME	TYPE OF BUSINESS	PROJECT COST	IFC INVESTMENT (GROSS)			NET IFC
				LOAN	EQUITY	TOTAL	
Cameroon	Cotonniere Industrielle du Cameroun (Cicam)	Textiles	6.80	2.85	0.00	2.85	2.85
Cameroon	Societe Industrielle Laitiere du Cameroun	Food & Food Processing	9.60	1.96	0.49	2.45	2.45
Congo	Congolaise des Bois Impregnes (CBI)	Lumber	5.50	1.60	0.23	1.83	1.83
Congo	Congolaise Industrielle des Bois (CIB)	Logging	2.10	0.86	0.00	0.86	0.86
Cote d'Ivoire	E.R. Gonfreville	Textiles	21.30	7.99	0.00	7.99	7.99
Cote d'Ivoire	Companie Financiere de la Cote d'Ivoire	Money & Capital Market	8.00	4.56	0.00	4.56	4.56
Egypt	Aluminium Sulphate Company of Egypt, S.A.E.	Chemicals & Petrochemicals	16.50	6.90	0.57	7.47	4.27
Egypt	Meleiha Oil Development & Exploration	Chemicals & Petrochemicals	180.00	60.00	19.50	79.50	49.50
Guinea	Banque Internationale Pour Le Commerce et L'Industrie de la Guinee	Money & Capital Market	16.10	0.00	1.00	1.00	1.00
Kenya	Industrial Promotion Services (IPS)- Venture Capital Company	Money & Capital Market	3.00	0.00	1.50	1.50	1.50
Liberia	Liberian Timber & Plywood/LTPO	Timber & Plywood	25.90	8.50	0.00	8.50	8.50
Malawi	Leasing & Finance Company of Malawi (LFCM)	Money & Capital Market	3.70	0.63	0.09	0.72	0.72
Mauritius	Socota Textile Mills Limited	Textiles	22.10	5.00	1.00	6.00	6.00
Morocco	SMI-Imiter Silver Mine	Mining	33.90	4.59	0.00	4.59	4.59
Mozambique	Lomaco Farming	Agribusiness	15.50	2.50	0.00	2.50	2.50
Nigeria	Nigeria Engineering Works Limited (Norsteel)	Motor Vehicles & Accessories	20.00	9.10	0.00	9.10	9.10
Nigeria	Nigerian Textile Mills Limited	Textiles	25.00	11.14	0.00	11.14	11.14
Senegal	Societe de Teinture, Blanchissement, Apprets et d'Impressions Africaines (Sotiba-Simpafic)	Textiles	7.40	2.57	0.00	2.57	2.57
Seychelles	Ailee Development Corporation Limited	Tourism	40.80	8.35	1.10	9.45	9.45
Swaziland	Royal Swaziland Sugar Corporation	Food & Food Processing	3.40	2.09	0.00	2.09	2.09
Swaziland	Swaziland Industrial Development Company Ltd.	Development Finance	31.00	2.30	0.70	3.00	3.00
Tunisia	Adwya Societe Anonyme	Pharmaceuticals	9.90	1.96	0.32	2.28	2.28
Tunisia	Societe Industrielle des Textiles (Sitex)	Textiles	20.20	5.00	3.20	8.20	8.20
Tunisia	Societe Tunisienne de Leasing "Tunisie Leasing", S.A.	Money & Capital Market	17.20	2.93	0.00	2.93	2.93
Zimbabwe	Crest Breeders International Ltd.	Food & Food Processing	12.30	4.71	0.63	5.34	5.34
Zimbabwe	Hunyani Paper & Packaging Company Ltd.	Pulp & Paper Products	28.80	15.67	0.00	15.67	10.57

TOTAL

586.00 173.76 30.33 204.09 163.79

Sub-Saharan

300.70 82.30 1.34 88.10 70.00

Mr. Conable's Opening Remarks to the Meeting of the

African Caucus, 1986

September 27, 1986

Mr. Chairman and Governors,

I am pleased to welcome you today. This is my first meeting with you as President of the Bank. I look forward to constructive working relationships with your Governments, with you individually, and with your Executive Directors in the years to come.

After three months on the job, I am impressed by the importance of the development task that lies ahead, and foremost, by the challenge that Africa's economic crisis continues to pose for all of us.

In these difficult times, it is hard to be optimistic about the future. Nevertheless, despite Africa's current economic difficulties, there is reason for hope.



I see reason for hope in the progress of reform efforts under way in an increasing number of sub-Saharan African countries, and also in the renewed attention given at the international level to the plight of sub-Saharan Africa, as manifested in the recent UN Special Session.

Nonetheless, the challenge remains. Today, I want to review with you the major elements of this challenge, and I want to talk about what the Bank can do to help.

### The Challenge

The current situation is alarming. Although the end of the recent drought brought relief in the form of record harvests in many countries, urgent long-term problems persist. Population growth rates are the highest in the world and are accelerating. Growth in agricultural production still lags behind population growth, and measures that can increase productivity even with present technology are only slowly being implemented in too few countries. National agricultural research needs to be strengthened to provide better adaptive technologies and to develop new technologies. The ecology is fragile and is threatened by deforestation and soil erosion. The international price prospects for a number of African exports are not encouraging and terms of trade are unlikely to improve over the next few years. The picture is further clouded by the heavy debt burden most countries shoulder at a time of slackening concessional aid flows and

decline in commercial lending. Under these circumstances, the achievement of real growth in per capita income is a formidable task.

Yet, there are encouraging signs too. An increasing number of African Governments are implementing adjustment programs that are likely to have a major impact on long-term economic performance. These reform programs include not only stabilization and demand management measures, but also reforms to stimulate economic growth, such as the rationalization of public investment programs, improvements in the incentives for agricultural production and for other private sector activities. In countries which initiated the adjustment process in the early 1980's, there are already signs of substantial gains, particularly in the agricultural sector. These gains, we expect, will trigger economic growth in other sectors, leading to overall economic improvement.

For many countries, the recovery process is under way, but it is a long and painful process. The challenge is not only to reverse the current decline in per capita income, it is to achieve substantial growth on a sustained basis. This will not come about unless adjustment programs are continued, broadened and intensified, and for this to occur, the resolve of African Governments is essential. This is one side of the challenge.

But African efforts must also be matched by a substantial increase in net flows of external assistance. Thus mobilizing additional resources for Africa is the other side of the challenge. The recent UN Special Session on Africa has established a mutual commitment: African Governments as a group expressed their commitment to the reform process and donors reaffirmed their consensus to increase external assistance for Africa. An enhanced opportunity for effective international collaboration in promoting Africa's development now exists. I believe the World Bank can play an important role in helping the international community seize this opportunity.

#### The Role of the World Bank

My predecessors in the Bank have given top priority to Africa, especially sub-Saharan Africa, and I intend to do the same. Two priorities that I intend to emphasize are mobilizing resources and improving donor support for the adjustment process.

Since 1980, an increasing share of IDA resources has been committed to Africa. Commitments, including the Special Facility for Africa (SFA), have reached about \$1.6 billion in FY86, an increase of more than 60% over the FY81-84 average level of IDA-6. During FY85-87, sub-Saharan Africa will receive about 45% of total World Bank concessional lending.

The Special Facility is illustrative of the Bank's efforts to increase the flow of concessional resources to Africa. Since it was established a year ago, direct and joint contributions have amounted to about \$1.7 billion, nearly all of which is expected to be committed by this time next year.

In addition to mobilizing more resources for Africa, we have endeavored to speed up our disbursements by expanding quick-disbursing operations. In FY86, disbursements of concessional resources to African countries were 44% higher than the previous year, and we expect the rate of disbursements to continue to grow during the next few years. This progress has been made possible in large part because many African Governments adopted policy reform programs that can be supported by quick-disbursing assistance.

We expect to be able to continue to support your efforts through an enlarged IDA VIII, in which sub-Saharan Africa's share will increase further.

To complement IDA resources the Bank will continue to work with other donors to increase both the quantity and the quality of aid to Africa. Since our first report on Africa in 1981, we have repeatedly reminded the donor community that adjustment programs will not succeed, and the foundations for long-term productive growth will not be built, unless aid flows increase, particularly concessional aid flows. The



currently projected aid flows will still be inadequate to finance growth oriented adjustment programs over the next five years and we will work with the donor community, both bilateral and multilateral, on ways to fill this aid gap, through both additional concessional assistance and more generous debt relief.

We have also stressed the importance of improving the quality of aid, especially through better coordination among donors. Aid coordination activity in the region has increased sharply over the last few years--more than 30 countries now have some kind of formal aid coordination mechanism and the Bank is chairing 14 Consultative Groups in Africa. But much more remains to be done to improve both the coverage and the effectiveness of these activities.

I was pleased to learn that the African Governments at the UN Special Session on Africa reaffirmed their responsibility for aid coordination efforts. We strongly endorse this approach. Aid coordination can only be effective when African Governments themselves establish a sound development framework and seek donor support only for its priorities. The World Bank not only endorses your central role, we would also like to extend our support to help African Governments become more effective managers of the aid coordination process. We also believe that through the Joint Monitoring Committees (representing both donors and governors) your countries will be able to keep track of and

report on the implementation of decisions made at Round-Tables and Consultative Group meetings.

Let me outline how I see Bank's support to your internal aid coordination efforts. First, in conjunction with the IMF, we can assist governments to elaborate medium-term policy frameworks. By laying out clearly the development needs of each country, these frameworks can indicate more precisely how much and what kind of donor assistance is needed to support adjustment and growth. We are already working closely on this, and we intend to intensify our efforts to support such policy analysis.

Second, we will encourage other donors to design their assistance strategies in light of the medium-term frameworks worked out by African Governments. In particular, there are two improvements that we want to pursue--better integration of debt obligations in the overall calculation of assistance levels, and multi-year indications of aid. We intend to seek these improvements with donor countries and agencies, especially through the Consultative Groups we chair, but more generally as well.

Regarding better integration of debt and aid; you have stressed repeatedly the critical level of Africa's debt and the negative impact that the high debt service burden has on development. We agree that this is a serious problem. And we intend to work closely with both

donors and creditors to see that debt obligations are taken into account in designing financial plans to support the medium-term policy frameworks. Decisions on aid levels and debt relief must be more closely harmonized to temper Africa's debt burden and to allow African countries to increase the imports they need to sustain development.

Regarding multi-year indications of aid, we feel strongly that the success of a medium-term program of stabilization and adjustment depends not only on the commitment of the government to implement it but also on a commensurate commitment from donors to support the program over its entire period.

A word about trade. As aid and debt relief are essential to the adjustment process, I should also emphasize the importance of trade to such a process. As the African countries regain some growth momentum, partly also through more liberal trade policies, reciprocal liberalization in industrialized countries will also be necessary.

Now, a final note on the long-term outlook. Beyond the immediate need for adjustment and policy reform, we believe that special efforts are needed to build the foundation for longer-term, sustainable growth. This has been the traditional domain of Bank projects; we must redouble our efforts and sharpen our focus on sectors that will play a key role in long-term development. First, population. Population growth is outstripping the capacity of African countries to provide

food, shelter, and basic amenities to their populations. More vigorous efforts must be made to lower population growth rates. Second, human resources are at the core of development. Without a healthy, educated population, growth will be constrained. Third, institutional development is a key ingredient in modernization, which is essential if Africa is to play a competitive role in the world economy. Finally, the recent drought in Africa has pointed up the urgent need to address environmental problems, to protect fragile economies, and to intensify African agricultural research. We are stepping up our support in all of these difficult and critical areas, and stand ready to work with African Governments and institutions in designing new strategies and projects.

### Conclusion

I have been looking forward to this opportunity to share with you my thoughts about the priorities for Africa's development and the role the Bank can play in assisting you with this formidable task. I am eager to hear your own views and proposals on how we can work together, and deal with the formidable task ahead.

I thank you Mr. Chairman.



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September 27, 1986

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In these difficult times, it is hard to be optimistic about the future. Nevertheless, despite Africa's current economic difficulties, there is reason for hope.

I see reason for hope in the progress of reform efforts under way in an increasing number of sub-Saharan African countries, and also in the renewed attention given at the international level to the plight of sub-Saharan Africa, as manifested in the recent UN Special Session.

Nonetheless, the challenge remains. Today, I want to review with you the major elements of this challenge, and I want to talk about what the Bank can do to help.

### The Challenge

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growth rates are the highest in the world and are accelerating. Growth in agricultural production still lags behind population growth, and measures that can increase productivity even with present technology are only slowly being implemented in too few countries. National agricultural research needs to be strengthened to provide better adaptive technologies and to develop new technologies. The ecology is fragile and is threatened by deforestation and soil erosion. The international price prospects for a number of African exports are not encouraging and terms of trade are unlikely to improve over the next few years. The picture is further clouded by the heavy debt burden most countries shoulder at a time of slackening concessional aid flows and decline in commercial lending. Under these circumstances, the achievement of real growth in per capita income is a formidable task.

Yet, there are encouraging signs too. An increasing number of African Governments are implementing adjustment programs that are likely to have a major impact on long-term economic performance. These reform programs include not only stabilization and demand management measures, but also reforms to stimulate economic growth, such as the rationalization for public investment programs, improvements in the incentives for agricultural production and for other private sector activities. In countries which initiated the adjustment process in the early 1980s, there are already signs of substantial gains, particularly in the agricultural sector. These gains, we expect, will trigger economic growth in other sectors, leading to overall economic improvement.

For many countries, the recovery process is under way, but it is a long and painful process. The challenge is not only



to reverse the current decline in per capita income, it is to achieve substantial growth on a sustained basis. This will not come about unless adjustment programs are continued, broadened and intensified. For this to occur, the resolve of African Governments is essential. This is one side of the challenge.

But African efforts must also be matched by a substantial increase in net flows of external assistance. Thus, mobilizing additional resources for Africa is the other side of the challenge. The recent UN Special Session on Africa has established a mutual commitment: African Governments as a group expressed their commitment to the reform process and donors reaffirmed their consensus to increase external assistance for Africa. An enhanced opportunity for effective international collaboration in promoting Africa's development now exists. I believe the World Bank can play an important role in helping the international community seize this opportunity.

The Role of the World Bank

My predecessors in the Bank have given top priority to Africa, especially sub-Saharan Africa, and I intend to do the same. Two priorities that I intend to emphasize are mobilizing resources and improving donor support for the adjustment process.

Since 1980, an increasing share of IDA resources has been committed to Africa. Commitments, including the Special Facility for Africa have reached about \$1.6 billion in Fiscal Year 1986, an increase of more than 60 percent over the Fiscal Years 1981-1984 average level of IDA-6. During Fiscal Years 1985-1987, sub-Saharan Africa will receive about 45 percent of total World Bank concessional lending.

The Special Facility is illustrative of the Bank's efforts to increase the flow of concessional resources to Africa. Since it was established a year ago, direct and joint

contributions have amounted to about \$1.7 billion, nearly all of which is expected to be committed by this time next year.

In addition to mobilizing more resources for Africa, we have endeavored to speed up our disbursements by expanding quick-disbursing operations. In Fiscal Year 1986, disbursements of concessional resources to African countries were 44 percent higher than the previous year, and we expect the rate of disbursements to continue to grow during the next few years. This progress has been made possible in large part because many African Governments adopted policy reform programs that can be supported by quick-disbursing assistance.

We expect to be able to continue to support your efforts through an enlarged IDA-8, in which sub-Saharan Africa's share will increase further.

To complement IDA resources, the Bank will continue to work with other donors to increase both the quantity and the quality of aid to Africa. Since our first report on Africa in 1981, we have repeatedly reminded the donor community that adjustment programs will not succeed, and the foundations for long-term productive growth will not be built unless aid flows increase, particularly concessional aid flows. The currently projected aid flows will still be inadequate to finance growth-oriented adjustment programs over the next five years and we will work with the donor community, both bilateral and multilateral, on ways to fill this aid gap, through both additional concessional assistance and more generous debt relief.

We have also stressed the importance of improving the quality of aid, especially through better coordination among donors. Aid coordination activity in the region has increased

sharply over the last few years--more than 30 countries now have some kind of formal aid coordination mechanism and the Bank is chairing 14 Consultative Groups in Africa. But much more remains to be done to improve both the coverage and the effectiveness of these activities.

I was pleased to learn that the African Governments at the UN Special Session on Africa reaffirmed their responsibility for aid coordination efforts. We strongly endorse this approach. Aid coordination can only be effective when African Governments themselves establish a sound development framework and seek donor support only for its priorities. The World Bank not only endorses your central role, but we also would like to extend our support to help African Governments become more effective managers of the aid coordination process. We believe that through the Joint Monitoring Committees (representing both donors



and governors) your countries will be able to keep track of, and report on, the implementation of decisions made at Round-Tables and Consultative Group meetings.

Let me outline how I see the Bank's support to your internal aid coordination efforts. First, in conjunction with the IMF, we can assist governments to elaborate medium-term policy frameworks. By laying out clearly the development needs of each country, these frameworks can indicate more precisely how much and what kind of donor assistance is needed to support adjustment and growth. We are already working together on this, and we intend to intensify our efforts to support such policy analysis.

Second, we will encourage other donors to design their assistance strategies in light of the medium-term frameworks worked out by African Governments. In particular, there are two

improvements that we want to pursue--better integration of debt obligations in the overall calculation of assistance levels, and multi-year indications of aid. We intend to seek these improvements with donor countries and agencies, especially through the Consultative Groups we chair, but more generally as well.

Regarding better integration of debt and aid; you have stressed repeatedly the critical level of Africa's debt and the negative impact that the high debt service burden has on development. We agree that this is a serious problem. And we intend to work closely with both donors and creditors to see that debt obligations are taken into account in designing financial plans to support the medium-term policy frameworks. Decisions on aid levels and debt relief must be more closely harmonized to temper Africa's debt burden and to allow African countries to increase the imports they need to sustain development.

Regarding multi-year indications of aid, we feel strongly that the success of a medium-term program of stabilization and adjustment depends not only on the commitment of the government to implement it but also on a commensurate commitment from donors to support the program over its entire period.

A word about trade. As aid and debt relief are essential to the adjustment process, so is trade. As the African countries regain some growth momentum, partly through more liberal trade policies, reciprocal liberalization in industrialized countries will also be necessary.

Beyond the immediate need for adjustment and policy reform, we believe that special efforts are needed to build the foundation for longer-term, sustainable growth. This has been the traditional domain of Bank projects; we must redouble our

efforts and sharpen our focus on sectors that will play a key role in long-term development. First, population growth is outstripping the capacity of African countries to provide food, shelter and basic amenities to their populations. In connection with basic health programs, more vigorous efforts must be made to lower population growth rates. Second, human resources are at the core of development. Without a healthy, educated population, growth will be constrained. Third, institutional development is a key ingredient in modernization, which is essential if Africa is to play a competitive role in the world economy. Finally, the recent drought in Africa has pointed up the urgent need to address environmental problems, to protect fragile agricultural economies, and to intensify African agricultural research. We are stepping up our support in all of these difficult and critical areas, and stand ready to work with African Governments and institutions in designing new strategies and projects.

Conclusion

I have been looking forward to this opportunity to share with you my thoughts about the priorities for Africa's development and the role the Bank can play in assisting you with this formidable task. I am eager to hear your own views and proposals on how we can work together, and deal with the formidable task ahead.

I thank you, Mr. Chairman.



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MEMORANDUM FROM THE AFRICAN GOVERNORS  
1986 ANNUAL MEETINGS  
WASHINGTON, D.C., U.S.A.

To: Mr. Barber B. Conable  
President of the International Bank for Reconstruction and  
Development and its Affiliated Institutions.

Introduction

1. The African Governors are happy to congratulate you as the new President of the World Bank Group. As in previous years, we are taking the opportunity presented by the Annual Meetings to proceed to an exchange of views with you concerning the economic development problems faced by our countries and the role the World Bank Group can play in seeking realistic and effective solutions to these problems.

2. You are taking over the Presidency of these institutions at a time when the international economic situation is still giving great cause for concern; indeed since our last meeting in Seoul there has been hardly any improvement in the world's economic prospects, at least for the developing countries. You arrive at a time when it is generally recognized that the World Bank will have to play a key role in bringing about economic growth in the poorest countries. Lastly, you are taking office at a time when the Special Session of the UN General Assembly on the Critical Economic Situation in Africa has just adopted the Priority Programme for African Economic Recovery (1986-1990). And while implementation of this Programme is first and foremost the responsibility of the African countries, there is no doubt that the support of the international community, in particular the Bretton Woods

institutions, is indispensable. To be the leader of the Bank Group in such circumstances is a difficult undertaking and one requiring very careful handling, but we do not for a moment doubt that you will be equal to the task.

3. As you know, the recovery of the world economy since 1983 has not brought about any significant improvement in the situation of the African countries. The economies of Sub-Saharan Africa have continuously deteriorated, since the seventies, whereas the countries of Southern Asia have experienced remarkable progress in their per capita income since 1980. Per capita income in Sub-Saharan Africa has continued to deteriorate and today it is below the level of the early sixties.

4. What is even more serious is that Africa's growth prospects for the next few years are gloomy. The major causes of concern are the decline in export commodity prices which in 1985 reached their lowest level for the past 30 years, the persistence of protectionist pressures, the slowing down of trade, the reluctance of commercial banks to grant new loans, the relatively high level of real interest rates, the drop in real terms in official development assistance and the increasing debt service burden. The instability of these trends makes it difficult if not impossible to prepare any forecasts or programs.

5. Thus, if the adjustment efforts of the developing countries are to be achieved with growth, they should be supported not only by an improvement in commodity prices but also by an increase in net resource flows. In this respect, the decline of inflation, the lowering of interest rates, should supply the major industrial countries with additional possibilities for accelerating their economic growth, and modifying their economic, trade and financial policies in order to reestablish a more equitable equilibrium on the international plane and ensure the success of the adjustment policies being implemented by African countries. It is in this

context that we must place our dialogue as we embark on the awesome task awaiting us. For our part, we assure you of our support and cooperation.

Priority Programme for African Economic Recovery (1986-1990)

6. After the recent UN Special Session on Africa, this meeting provides us with an opportunity to review the appeal made to the international community commit itself yet more firmly to join forces with Africa in eliminating the internal and external factors in the grave economic crisis affecting the continent. In this respect, we believe that the World Bank Group has an important role to play in this process as an instrument and privileged agent of economic and financial international cooperation.

7. In particular, it is proposed:

- that the Bank maintain a positive net flow of financial resources to each African country during the period of the Priority Programme;

- that it take due account of the need to support the adjustment programmes of the African States in the distribution of IDA-8 resources.

8. Lastly, the recommendation made to the Special Session by the UN Plenary Committee concerning the utilization of existing structures, as against the creation of new ones, to serve as monitoring and coordination mechanisms in implementing the conclusions of the Special Session, could confer upon the Bank a very important role in terms of working for the success of the Economic Programme for Africa.

Future role of the Bank and problem of the debt

9. We agree that the World Bank, as an institution involved in long-term development, should attach importance to the areas that have always been its strong points, namely project financing, close supervision during project execution, and strengthening of institutions, and that it should seek to preserve and make use of that experience.

10. This does not mean that the support of investments should simply be an extension of the forms of assistance offered in the past. The Bank should continue to adapt its operations to the new economic environment. Also, we are most gratified that the Bank is planning to increase its support of growth-oriented adjustment programs in Africa. At the same time, we wish to stress that the speed and flexibility with which our institution provides its technical and financial support to our countries will play a crucial role in the success or failure of the adjustment policies.

11. It must be emphasized that the medium- and long-term strategy supporting the structural adjustment loans must take into account:

i) the need to safeguard selectively the gains from Government investment,

ii) the indispensable mobilization of all national operators in creating a positive, fruitful symbiosis between the Central Government as indispensable economic agent and the individual, particularly the individual citizen who should become increasingly capable of participating in the major investments which stimulate true growth and sound development.

12. The adjustment programs should include, more than in the past, a range of measures designed to promote growth and development, and restore the balance of payments equilibrium of the countries concerned. We fully subscribe to the idea that economic growth has become the sine qua non for solution of the debt problem.

13. As you know, the volume of the debt and the amount of debt service constitute a central theme of the Priority Programme for Economic Recovery adopted at the 21st OAU Summit and at the Special Session of the UN General Assembly on Africa. The Africa Programme urges the Bank to redouble its efforts to help the African countries to obtain financing that is adequate and appropriate to their adjustment programs. The Bank should also participate in measures designed to ease the African debt burden by flexible and innovative



mechanisms and in seeking specific and lasting solutions. We are consequently gratified at the planned expansion of the World Bank's role in implementing this new strategy.

Financial requirements of growth-oriented adjustment in Africa, 1986-1990.

14. The adjustment measures taken by African countries to reduce external and internal imbalances, to improve the efficiency of resource utilization, to reestablish their creditworthiness in the international financial markets, and to ensure the strong and durable growth of their economies, have not yielded all the hoped-for results, because the donors have not furnished sufficient support for the major structural reforms undertaken by many African countries to solve their long-term development problems. Moreover, if the adjustment efforts of African countries are to be consistent with growth, they need to be accompanied by action on the part of the industrial countries. In this context, it is essential that the industrial countries take measures that will stimulate growth, making their markets more accessible to products from African countries at remunerative prices, reducing real interest rates, adopting provisions for promoting flows of new resources to the African countries, and increasing their official development assistance. It is important that you assist us in conveying this message.

15. In the absence of additional resources in the form of supplementary aid and debt relief measures, the African countries cannot succeed in their efforts to achieve economic recovery. While appealing to the international community at large, we earnestly entreat the World Bank to further expand its contribution to the preparation and financing of growth-oriented adjustment programs without cross-conditionality, and to continue to play the leading role in creating mechanisms designed to strengthen the effectiveness of aid flows through better coordination and improved monitoring.



The Bank's contribution to the implementation of the structural adjustment facility

16. We welcome the establishment of the Structural Adjustment Facility, utilizing resources from the reflows of Trust Fund loans and the role that the World Bank will play in its implementation to support structural adjustment in low-income countries.

17. We regard this measure as a positive step in the right direction toward solving the economic and financial problems of the low-income countries. This initiative is also noteworthy in that it fully recognizes both the structural nature of the economic difficulties encountered by those countries and the need to mobilize supplementary resources to provide efficient support for their adjustment policies.

18. But as you know, the common factor of all the adjustment programs in the African countries is the underfinancing by external sources of their reform measures. Thus the SDR 2.7 billion now available is substantially inadequate to meet the enormous external financing needs of those countries. We sincerely hope that the Facility's procedures and modes of operation will not end up by strengthening conditionality or lead to the emergence of cross-conditionality.

19. Lastly, we believe that the linkage between the Facility and the level of the Eighth IDA Replenishment is extremely important. It will not be possible to achieve the goals set unless IDA-8 is higher than \$12 billion, and unless more than half of IDA's resources are allocated to support adjustment efforts.

IDA

20. It is not necessary to point out to you the importance of IDA resources for most of the African countries. IDA plays not only an essential role in providing flows of concessional funds to the low-income countries, but

also represents an essential element in the efforts deployed to support adjustment and promote growth in the poorest countries. If we take account of the fact that official development assistance (ODA) is declining in real terms and that net transfers of resources to IDA recipient countries in particular have dwindled, we find that IDA is the only major institution that has increased its net transfers to the low-income countries over the past few years.

21. It is in this context that the negotiations should recommend an Eighth Replenishment of at least \$12.5 billion. IDA's efforts should continue to focus on long-term development and the fight against poverty in the poorest countries with the lowest debt-carrying capacity, and that consequently, IDA credits should continue to be granted on traditional and concessional terms, taking into account, in particular, the deteriorating economic situation in a large number of recipient countries.

22. In this connection, we feel that it would not make sense to harden present conditions, in view of the difficult economic situation facing several of the recipient countries, particularly in Africa. Lastly, in the same context, we wish to recommend that Africa's share in the proceeds of IDA-8 be raised to at least 50% and that the annual amount of those resources allocated to Africa not fall below \$2.5 billion.

#### Regional integration

23. It is clear that the Lagos Plan of Action, the Addis Ababa Economic Summit, and the recent UN Special Session on Africa have made cooperation and regional integration the principal instruments for promoting economic development in Africa. We should like to see the World Bank contributing much more than in the past to execution of the Africa Programme, increasing its support for projects designed to promote regional and sub-regional integration

of African countries in conformity with the political resolve reaffirmed at the UN Special Session on the economic crisis in Africa.

#### Drought

24. It is true that emergency aid contributions and the rains of 1985 have eased the plight of the populations affected by the drought. But relief of the displaced population and rehabilitation of the productive apparatus of the countries affected by the drought, not forgetting their development needs, still requires several more years of effort and of supplementary resources from multilateral and bilateral agencies. The African States are determined to give the highest priority to inter-African cooperation in execution of the Special Programme of Action for Improvement of the Food Situation and Rehabilitation of Agriculture in Africa, in order to lay the foundations for the achievement of food self-sufficiency in Africa.

25. In this connection, we turn again to the international community, including the bilateral donors, the World Bank and the UN agencies, and the non-governmental organizations, reiterating our appeal for intensified support in working for a successful outcome to the medium- and long-term battle against drought in Africa. Lastly, we request the World Bank to assist in strengthening our human potential and initiatives for climate research and its application.

#### Technical assistance and aid coordination

26. To improve the quality of foreign cooperation and assistance, the Africa Programme wants this assistance to take account of the priority sectors of the recipient African States. We also wish to recommend the utilization of African expertise as experts and consultants. This would result in a better understanding and analysis of the problems and a substantial cost reduction, without impairing the quality of the studies.

27. In the mobilization of supplementary resources for the African countries, the World Bank may be called upon, at the request of the recipient country, to assist where coordination is concerned. We advise the Bank to continue to play its unique role within the consultative groups and at donor meetings and to participate even more effectively. We believe that the volume, terms and conditions, and type of assistance, and the disbursement of those resources should constitute the essential elements of coordination.

IBRD and IDA operations

28. In FY86, IBRD and IDA commitments totaled US\$16.3 billion, a 13.4% increase over FY85. Although during that same year, IBRD/IDA commitments in Africa increased by 8.5%, Africa's share declined from 17.7% to 16.43%.

29. As regards IBRD commitments in Africa, although in 1986 these increased by 12.4% compared with the previous financial year, the African share of total lending fell from 12.03% in 1985 to 11.66% in 1986. We regret this downward trend, and we urge IBRD to take steps to solve the problem.

30. In recent years, IDA commitments have remained stable in nominal terms; however, in relative terms our share has been reduced, because, as you know, the IDA-7 replenishment was considerably smaller than IDA-6. This underlines the need for a larger IDA-8 replenishment, because the problems facing Africa call for energetic efforts, and an increase in resources for concessional lending.

Special Facility for Sub-Saharan Africa

31. The total resources of the Facility are estimated at \$1,570 million. During FY86, these resources permitted the financing of \$781.6 million in adjustment operations in Sub-Saharan Africa. These funds

are made available to IDA-eligible countries in Sub-Saharan Africa that have embarked on a medium-term program of domestic reforms in the structural and institutional areas in particular and that have also undertaken stabilization measures that are deemed acceptable by IDA. If lending by the Special Facility for Sub-Saharan Africa is included, Africa's share of IDA resources rises from 36.5% in 1986 to 49.1%. Thus, while we congratulate the Bank on its efforts to establish the Special Facility, we nonetheless feel that efforts are needed within IDA to raise Africa's share significantly.

### IFC

32. In FY86, IFC again stepped up its efforts in Africa. In terms of investments, IFC commitments totaled \$117.12 million, an increase of 9.2% over the \$107.2 million recorded last year. The number of projects also rose from 18 to 24. This increase reflects the special attention IFC's management are devoting to our region, and we encourage them to continue in this direction.

33. We wish to congratulate IFC's Management for setting up the Africa Project Development Facility in 1986. This initiative is promising for Africa's business world, and bears witness to the fact that IFC is intensifying its efforts to develop the private sector, in particular in Sub-Saharan Africa.

34. The setting up of this Facility comes at a time that is particularly propitious for the expansion of the private sector that has taken place over the past few year in Africa. Several African countries indeed recognize the useful role that this sector can play in the development process. And, to this end, call for support of the World Bank Group.

35. For these countries, the IFC's initiative thus fits perfectly into this development effort for Africa. If we wish to avoid past failures, we recommend effective and active participation by African personnel in the



activities of this Facility in the promotion of the private sector. Such participation, in our opinion, will be the determining factor in the success of this undertaking.

36. We wish, consequently, to express our gratitude not only to IFC's Management for this initiative, but also to all of the institutions and countries that have contributed to the financing of this project, in particular the World Development Fund and the African Development Bank, which, with IFC, were the promoters of this idea.

African personnel

37. When the Bank itself recognizes the extent and urgency of the reform and adjustment programs in Sub-Saharan Africa, and has committed itself to support resolutely such programs as require comprehension of those countries' economic and institutional conditions, we think that use of the special expertise of African staff from that area, and their comparative advantages, is of primary importance to the Bank in this connection. Promotion of these staff to executive posts is an important instrument for the Bank in exploiting this resource. We should here like especially to commend the efforts already made in this direction by the President of the Bank himself; and we urge him to continue in this course. We are concerned, however, that the effort is not being followed up in some of the Bank's departments working on Africa.

38. As regards the recruitment of Africans, even in 1985 we had confirmed our availability to assist the Bank's staff in seeking qualified African candidates. There was unfortunately no response to our offer, which was again

renewed. Now, finally, we are inviting the Bank's Directors to have much greater recourse to African staff for employment of a duration to be determined by the Bank Group, and also as consultants. For this purpose and for projects financed partially or totally by the Bank Group, we recommend that the real development needs of our countries be taken into account in the determination of quality standards or terms of reference for the recruitment of, in particular, experts or consultants.

African representation on the Bank's Board of Executive Directors

39. We wish to draw your attention to the risk of erosion of the voting power and reduction of the number of African Executive Directors on the Board. This is a point that gives us constant cause for concern. With each increase in the Bank's capital our position deteriorates even further because our economies are not as strong as those of other regions. Moreover, this threat will subsist as long as no effective measures are taken to counter it. We thus earnestly entreat you to continue the search for an appropriate solution.

Conclusion

40. Mr. President, as you take over the management of this institution, the African countries have just succeeded in having a Priority Programme for African Economic Recovery (1986-1990) approved by the Special Session of the UN General Assembly. You will have realized how much importance we assign to this Programme, which is a recovery plan for Africa. This is why we, the African Governors, now urge the World Bank and its President to contribute actively to the effective implementation of this Programme as mentioned in the UN resolution on Africa. We hope, through these exchanges of views, to be able to strengthen our relations with these institutions as we seek together to find innovative and real solutions to Africa's economic crisis in the mutual interest of our countries and of our institution.

ALLOCUTION DE PRESENTATION DU MEMORANDUM DU  
GROUPE AFRICIAN AU PRESIDENT DU GROUPE DE LA BANQUE MONDIALE

(Washington, 27 Septembre 1986)

Monsieur le Président,

Les Gouverneurs africains sont heureux de vous féliciter de votre élection à la tête du groupe de la Banque mondiale.

Vous assumez la présidence de ces institutions à un moment où la situation économique internationale ne laisse d'être inquiétante, car depuis notre dernière réunion à Séoul, les perspectives de l'économie mondiale, tout au moins pour les pays en développement, ne se sont guère améliorées.

Vous arrivez aussi à un moment où il est généralement reconnu que la Banque mondiale doit jouer un rôle capital dans la réalisation d'une croissance économique dans les pays les plus pauvres.

Enfin, vous prenez vos fonctions au moment où la Session Extraordinaire de l'Assemblée générale des Nations-Unies sur la situation économique critique de l'Afrique vient d'adopter le Programme Prioritaire de Redressement Economique de l'Afrique (1986-1990). Bien que la mise en oeuvre de ce programme incombe d'abord et principalement aux pays africains eux-mêmes, il ne fait aucun doute que le soutien de la Communauté internationale et, tout particulièrement, des institutions de Bretton Woods est très attendu.

Diriger le Groupe de la Banque mondiale en pareilles circonstances constitue une entreprise difficile et délicate, mais nous ne doutons pas un seul instant que vous saurez la mener à bien.

Comme chaque année, Monsieur le Président, nous profitons des Assemblées annuelles du Fonds monétaire et de la Banque mondiale pour procéder avec vous à un échange de vues sur ces différents problèmes de développement économique auxquels nos pays se trouvent confrontés et sur le rôle que le Groupe de la Banque mondiale peut jouer dans la recherche des solutions réalistes et efficaces à ce problèmes.

Le mémorandum que nous avons préparé à cet effet aborde tour à tour les points ci-après:

- le programme prioritaire de Redressement Economique de l'Afrique (1986-1990),
- le rôle futur de la Banque et le problème de la dette,
- les besoins financiers de l'ajustement dans la croissance en Afrique subsaharienne, 1986-1990,
- la Coopération de la Banque dans la mise en oeuvre de la Facilité d'ajustement structurel du FMI.
- les ressources et les opérations de l'IDA,
- l'intégration régionale en Afrique,
- les problèmes liés à sécheresse qui sévit dans une bonne partie du continent,
- l'assistance technique et la coordination de l'aide,
- les opérations propres de la Banque et de l'IDA,
- le Fonds Spécial pour l'Afrique au sud du Sahara,
- les opérations de la SFI en Afrique.



Nous reviendrons, une fois de plus sur les efforts que ne cesse de consentir la direction de la Banque pour promouvoir le personnel africain à des postes de responsabilité au sein de l'Institution.

Pour terminer, les Gouverneur Africains attirent votre attention sur le maintien de la représentation africaine au Conseil d'Administration du Groupe de la Banque.

Vous remarquez, Monsieur le Président, que les Gouverneurs Africains n'ont laissé de côté aucun des problèmes qui préoccupent aujourd'hui les économies du continent.

La grave crise économique que traverse l'Afrique, crise qui est accentuée par l'alourdissement du service de la dette extérieure et par des phénomènes tels que la sécheresse et la famine, a nécessité la tenue au cours de cette année d'une Session Extraordinaire de l'Assemblée générale des Nations-Unies.

A l'issue de cette Session Extraordinaire, un Programme Prioritaire de Redressement Economique de l'Afrique pour la période 1986-1990. a été voté sous la forme d'une résolution.

Ce programme, Monsieur le Président, revêt à nos yeux une importance capitale. C'est pourquoi, nous, Gouverneurs Africains, exhortons la Banque mondiale et son Président afin qu'ils contribuent de façon active à la mise en oeuvre effective de ce programme.

Je vous remercie.

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Je vous remercie.



E-277/87 Sept. 26, 1986  
French (English)  
JVS:bas

STATEMENT ACCOMPANYING THE PRESENTATION OF THE MEMORANDUM FROM

THE AFRICAN GROUP TO THE PRESIDENT OF THE WORLD BANK GROUP

(Washington, September 27, 1986)

Mr. President,

The African Governors congratulate you on your appointment as the head of the World Bank Group.

You have taken over as president of these institutions at a time when the international economic situation still gives cause for concern, in that since our last meeting at Seoul the prospects for the world economy, at least as regards the developing countries, have barely improved.

Your arrival also coincides with a general recognition of the fact that the World Bank must play a major role in bringing about economic growth in the poorest countries.

Finally, you have taken up your duties just when the Special Session of the General Assembly of the United Nations on the critical economic situation in Africa has adopted the Priority Program for Economic Recovery in Africa (1986-1990).<sup>\*</sup> Although the implementation of this program is primarily a matter for the African countries themselves there can be no doubt that support from the international community, particularly the Bretton Woods institutions, is most necessary.

To direct the World Bank Group in such circumstances is a difficult and delicate undertaking, but we do not for one moment doubt that you will carry out this task successfully.

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\*T.N.: Strictly speaking, this is the name of the program adopted by the Organization of African Unity. The U.N. adopted a Program of Action for African Economic Recovery and Development, 1986-1990.

As in past years, Mr. President, we are taking advantage of the Annual Meetings of the International Monetary Fund and the World Bank to exchange views with you on the various economic development problems facing our countries and on the role that the World Bank Group can play in finding realistic and effective solutions to these problems.

The memorandum that we have prepared for this purpose takes up the following issues in turn:

- the Priority Program for Economic Recovery in Africa (1986-1990);
- the future role of the Bank and the debt problem;
- the financial needs of adjustment with growth in Sub-Saharan Africa, 1986-1990;
- the Bank's assistance with the implementation of the IMF's Structural Adjustment Facility;
- the resources and operations of IDA;
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- problems related to the drought that is affecting a considerable part of the continent;
- technical assistance and the coordination of assistance;
- the particular operations of the Bank and IDA;
- the Special Fund for Sub-Saharan Africa;
- IFC operations in Africa.

We shall once again refer to the constant efforts by Bank management to promote African staff members to positions of responsibility within the institution.

In conclusion, the African Governors draw your attention to the importance of maintaining African representation in the Board of Executive Directors of the World Bank Group.

You will note, Mr. President, that the African Governors have passed over none of the problems that are currently impacting the economies of the nations of Africa.

The serious economic crisis that Africa is experiencing and which is aggravated by the burden of external debt service and the scourges of drought and famine necessitated the holding during 1986 of a Special Session of the General Assembly of the United Nations.

This Special Session led to a Priority Program for Economic Recovery in Africa for the period 1986-1990 being voted in the form of a resolution.

This program, Mr. President, is in our view of enormous importance. For this reason, we, the African Governors, urge the World Bank and yourself as president to contribute actively to its effective implementation.

Thank you.

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