

**WORLD BANK GROUP**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES  
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Opening Address by the Chairman,  
the Hon. **ANDRE-PHILIPPE FUTA**,  
Governor of the Bank and the Fund for the  
**DEMOCRATIC REPUBLIC OF THE CONGO**,  
at the Joint Annual Discussion

**Chairman's Opening Address**  
**2005 Annual Meetings of the World Bank/IMF Boards of Governors**  
**September 24, 2005**

President Wolfowitz, Managing Director de Rato, my fellow Governors, Excellencies, ladies and gentlemen:

I would like to welcome you all to the 2005 Annual Meetings of the World Bank Group and the International Monetary Fund. It is a great honor for my country and me personally to be chairing these meetings.

From the outset, please allow me to extend our deepest condolences to those who have suffered as a consequence of latest natural disasters – famine in Niger, hurricane Katrina in the US and Tsunami in the East Asia region. In memory of those who lost their lives during these tragic disasters let us observe one minute of silence. In the present complex international environment, often characterized by uncertainty, wars and acts of terrorism, natural calamities of that magnitude once again confirm the urgent need for better international cooperation at all levels. Poverty and desperation often are breeding grounds for disaffection and violence. We live in an interdependent world, and what happens in one region will affect all of us.

Fellow Governors,

I would like to extend a warm welcome to the new President of the World Bank, Mr. Paul Wolfowitz. We look forward to his leadership of the Bank. We also welcome the continued strong leadership of the IMF by Mr. Rodrigo de Rato. Let me also express our profound appreciation to former President James Wolfensohn, for the energy and focus which he had brought to the work of the World Bank Group throughout the ten years of his exceptional stewardship.

### **Global Macroeconomic Issues**

I am pleased to note that the global economy has continued to expand strongly, with inflationary tendencies remaining subdued. Nonetheless, despite the favorable economic conditions, growth divergences remain, and global imbalances continue to increase. At the same time, oil prices have continued to rise, and while the increases appear to have had a limited impact thus far on the global economy, the situation needs to be continuously monitored.

More than ever, the roles of the Bank and the Fund in enhancing the coherence and consistency of the international monetary, financial, and trading systems are crucial. Bank assistance and IMF surveillance provide the foundation for international cooperation to address economic risks and threats.

## **Assistance to LICs and the Millennium Development Goals**

Fellow Governors,

Earlier this month, at the UN Summit in New York, world leaders and development partners took stock of progress toward achieving their vision for development. They reaffirmed their commitment to the goals set by a UN Millennium Summit in 2000 to half poverty by 2015. At the same time, they have voiced concerns that without bold actions the MDGs will not be reached.

I am pleased to note that the World Bank and the IMF remain fully engaged in efforts to help countries foster growth and reduce poverty through the attainment of the Millennium Development Goals (MDGs). The two institutions need to continue their efforts in assisting low-income member countries to maintain macroeconomic and financial stability, build institutions, and provide important policy advice. In this regard, I welcome the recognition of the need to adapt to new challenges and changing needs of the member countries in the IMF's medium-term strategy. Providing more fiscal space for investment in key areas such as infrastructure is now long overdue.

The second Global Monitoring Report, published jointly by the Bank and the Fund, set out an agenda of actions that can help build the momentum needed to attain the MDGs. The report specifically called for special attention to be given to accelerating progress in Sub-Saharan Africa, the region farthest from attaining the goals.

Fellow Governors, ladies and gentlemen,

As I invite your attention to the issues pertaining to developments in Africa and the important lessons that can be learned from African and specific country experience, please allow me from now on to continue my speech in French.

### **Focus on Africa**

Fellow Governors,

Assistance to Africa was one of the major topics on the agenda of UN Summit in New York and the G-8 summit at Gleneagles. Their outcomes represented not just a commitment by the Heads of State and Government to increased assistance but also to increased performance by the countries in Africa

Why focus on Africa? It is the only region where people are poorer today than they were 30 years ago. Poverty is being exacerbated by the spread of HIV/AIDS, malaria, and other diseases, lack of basic services and infrastructure, corruption and poor governance, violence and a technology deficit. Yet, Africa is changing. There are more elected governments and fewer civil wars. A number of countries have enviable growth rates. African governments, through the African Union and New Partnership for Africa's Development (NEPAD), are showing the leadership necessary to take this progress further.

Some key outcomes of the UN and G-8 summits captured this momentum very well. It was recognized that positive change is taking place in Africa. The international

community made some unprecedented commitments, the most significant of which is the doubling of aid to Africa—from \$25 billion to \$50 billion by 2010. Strong impetus was given to debt reduction with the proposal by the G8 to cancel the debts to the IDA, the Fund, and the African Development Bank of many countries, the majority of which are in Africa. The importance of investing in infrastructure was also emphasized, and indeed should be the focus of the Bank and the Fund.

## **Trade**

While the recent commitments made by donor countries indicate a great step forward, the developed world can do more than reduce debt and increase financial aid, particularly when it comes to liberalizing trade, especially in agricultural products. There are many artificial barriers in developed countries against imports from poor countries, while developing countries need equitable market access. These policies are mandating continuing poverty around the globe.

Phasing out agricultural subsidies in rich nations would be an important part of tackling poverty in the world's poorest ones. African countries are anxious to receive a positive response to a call made four years ago by a group of Sahel countries for a “Compensation Fund” to redress damage caused to cotton producing economies by the OECD subsidies.

While we acknowledge the important role of Bretton Woods Institutions, results will always take place at the country level and the countries themselves have to take the lead in advancing the reform agenda.

### **Lessons from DRC**

Fellow governors,

When you elevated me to this Chair last year, you not only honored me personally, but you also honored my country, the Democratic Republic of the Congo. I would like to take this opportunity to share with you a lesson or two from my experience in managing a strong partnership that my country has built with the Bretton Woods Institutions in the last few years.

For a decade, my country was affected by armed conflicts and natural disasters which led to millions of fatalities and enormous collateral damage. As was to be anticipated, political divisions and disastrous economic consequences ensued. In spite of these difficult conditions, the Government decided to adopt, with the IMF's technical assistance, followed by the Bank's financial support, a staff monitored program (SMP) aimed at breaking the long standing hyper-inflation cycle and introducing rigorous monetary and budgetary policies along with a set of first generation structural reforms.

The outcome was outstanding. The budget's deficit, which varied between -3 and -7 per cent of GDP during the 90s, turned into a surplus of 0.6 per cent of GDP by 2001. Inflation dropped from 600 percent per annum through the 90s down to 135 per cent in

2001 and to 16 per cent in 2002. Real GDP growth reached 3 per cent, turning positive for the first time in 10 years.

In June 2002 based on the success of the SMP, the country adopted a three-year economic growth and poverty reduction program. A year and a half later, DRC reached a Decision Point under the Heavily Indebted Poor Countries (HIPC) Initiative. As we speak today, the country is striving to finalize the Poverty Reduction Strategy Paper (PRSP) and is determined to move to the Completion Point by 2006.

In this regard, I just want to draw one or two lessons from my country's experience. First, conflict affected countries are faced with a double challenge: the population lives in great misery and the state is almost nonexistent. The first order of business must therefore be the restoration of peace, within and outside the borders. This can only be achieved with the help of and under the leadership of the international community. A second lesson concerns the magnitude of aid and the quickness with which aid is delivered. The faster and the deeper aid is delivered the faster one can stop the deterioration in economic indicators and ultimately the faster poverty reduction can be achieved. Third and last lesson, no program can be accomplished successfully in the absence of ownership of the program by the leadership and if certain norms of good governance and transparency are not met.

## **Conclusion**

Fellow Governors,

Those are the few thoughts I wanted to share with you on several important issues we are going to discuss, among others, in the course of our meetings – the global macroeconomic situation, trade, assistance to low-income countries, with special focus on Africa and lessons to be learned from specific country experience, as well the achievement of the Millennium Development Goals.

The international community set the stage by the endorsement of the Millennium Development Goals that pledged to substantially reduce poverty in the developing world by 2015. The leaders of developing countries have responded with an impressive commitment to pursue economic and political reforms. While bold statements have been made on both sides, the world is now expecting bold action.

Fellow Governors,

Let us now turn to the work at hand. I hereby declare the 2005 Annual Meetings of the World Bank Group and the International Monetary Fund open.