1. CODE’s discussion of the Cote d’Ivoire CAR earlier this week provided extremely useful background for today’s discussion. I am pleased that the majority of recommendations in the CAR are reflected in this CAS, including the recommendation that cooperation between the Bank and IFC be strengthened. I welcome this joint Bank/IFC CAS and look forward to future joint CASs in the Africa region.

2. Cote d’Ivoire’s performance during the previous CAS period is commendable. Critical reforms have been undertaken since the 1994 CFA devaluation. GDP growth has improved. I applaud Bank staff for their efforts to encourage cocoa/coffee reforms, lower tariffs and tighter spending control. However, I am concerned about the Government’s commitment to free market reforms and the possibility of backsliding. The Bank should continue to press the government to deepen reforms, with particular attention to business climate issues. I applaud the CAS emphasis on governance issues, including corruption and fraud, and the inclusion of improved governance as a trigger under the base case lending scenario. The recent placement of the Country Director in Abidjan has undoubtedly made an important contribution to expanded and strengthened country dialogue on these crucial issues.

3. The joint IFC/IDA Private Sector Development Strategy, which addresses the business environment as well as direct support to the private sector, is a welcome addition to this CAS. The strategy focus on the judiciary and financial system and weaknesses in the regulatory and fiscal regime is necessary if Cote d’Ivoire is to become a “good business address”. The CAS does not discuss IFC and MIGA’s experience to date in Cote d’Ivoire. I would appreciate staff comment on this experience.

4. I fully support the poverty reduction focus of this CAS, including the targets outlined in Box 4. The recognition by the authorities that policies oriented towards rapid growth do not automatically lead to poverty reduction (para. 17) is significant. Government efforts to reduce poverty, through pro-poor policies and programs, should be vigorously supported by the Bank. Since the poverty focus marks the beginning of a new direction in Cote d’Ivoire’s development policy, I would be interested in staff’s assessment of the government’s commitment to this new direction.
5. A sustained commitment to poverty reduction will be necessary if social indicators are to improve. Performance in the social sectors has been disappointing. Even with an abnormally high share of current public expenditures on education and health, infant mortality and illiteracy rates remain unacceptably high. HIV/AIDS is also a problem with major negative economic and social impacts. What will the Bank do differently to ensure that investments and expenditures in the social sectors are used more efficiently and effectively than in the past? What discussions have Bank staff had with the authorities to ensure that the benefits of HIPC debt relief are channeled to the social sectors? How will the policy reform trigger for the base case, i.e. efficiency of public spending in the social sectors, be monitored and measured? What health, population and nutrition projects are planned for the future? The CAR recommended a focus on primary education, yet the CAS indicates that the Bank plans to follow the current basic education project with a higher education project. Since there is much to do to improve primary school enrollment and literacy rates, I would appreciate staff comment on the rationale for the planned move to higher education.

6. The Bank’s 1997 Poverty Report on Cote d’Ivoire noted that the most pervasive constraint to long term poverty reduction is rapid population growth. This rapid growth puts stress on the environment, public infrastructure and basic health and education services. The report indicates that there is an urgent challenge to make the government’s family planning program effective. I would appreciate staff comment on the nature and extent of the role of the Bank in addressing this challenge, compared to other donors, and on the extent to which this is a government priority.

7. The participatory nature in which this CAS was developed is to be commended. Bank and IFC staff should build upon the momentum of this participation by continuing the dialogue with civil society. Concerns expressed during these consultations should be taken very seriously, e.g. issues of governance, public service management, environment and effective decentralization. I was therefore pleased to see that a second client feedback survey will be conducted this Fall.

8. I was particularly interested in the concerns expressed by civil society during CAS consultations about the fair access of women and children to the benefits of public investments and growth and that this is reflected in the pro-poor expenditure policies section of the CAS (para. 69). However, I am concerned by the government’s poor performance regarding gender and the continued low priority it is given (Annex B9). The priority that the Bank accords to this issue is considered to be moderate. The CAS indicates that a gender strategy will not be completed until FY99. Given civil society’s concerns about fair access of women and children to the benefits of growth, what is the Bank currently doing to increase the priority given to this critical issue? Is gender sufficiently highlighted in the Poverty Reduction Action Plan? If not, what is being done to address this deficiency? What is the Bank doing to address the issue of female genital mutilation, which has a reported 60% prevalence rate in Cote d’Ivoire?

9. The CAS notes official and public awareness on environmental issues has increased, but that much is needed in the way of effective actions. Annex B9 shows that the Government gives the environment low
priority, while the Bank gives it moderate priority. I hoped that higher priority would have been given to this critical development issue. What is the Bank doing to increase commitment and actions in the environment, particularly the forestry area? Was an environmental trigger for the base case scenario considered?

10. Finally, the CAR recommended a shift from adjustment lending, which has been the bulk of the Bank’s portfolio for the last several years, to more adaptable lending and more institution-building and long-term lending. OED views this longer term lending to be more appropriate for successful and sustainable support to social sectors. I agree with this recommended shift and hope that the Bank will move in this direction. Are any of the new adaptable lending instruments being considered for use in this CAS?