

# Presentation of the World Bank World Development Report 2006

## **1 – What is equity and how can it be taken into account in development policy?**

The 2006 World Development Report (WDR) was presented in Paris on September 13, 2005 at the headquarters of the French Development Agency (AFD) by François Bourguignon, Vice-President and Chief Economist at the World Bank and Francisco Ferreira, one of the report's authors, on the occasion of a meeting chaired by Pierre Jacquet, Director of Strategy and Studies at the AFD.

**The 2006 WDR, entitled Equity and Development, is the fruit of a good deal of methodological rigor and analysis. Its aim is to make a new contribution to the concept of development by approaching the subject from a perspective of equity.**

Equity is an even distribution of opportunities so that each person has equal possibilities to put their talents to use. It is a matter of equal access to facilities, by which is meant education, health, political influence (through democracy) but also access to markets, to credit, to insurance, to landholding, and to work. Equity therefore is upstream of income distribution and equality of results.

This approach to development, which gives pride of place to equity criteria, has been attracting interest for a decade or so and is inspired by the work of economists like Nobel laureate Amartya Sen, who was a consultant to the report. The United Nations Development Program (UNDP) has also adopted equity as the central theme of its annual report. The World Bank's contribution has been to construct working instruments for analysis and aid to policymaking that takes equity into account.

## **2 – An analytic framework for bridging the gap between economic and human development**

This framework is an attempt to harmonize two of the World Bank's central principles: investment conditions and human development. In the authors' judgment, "the determining link between equity and development is the central theme of this report, which highlights **two ways that this link functions. One is the negative effect imperfect markets have on equality of chances, and the other is the negative impact of inequity on the institutions that a society produces.**"

This approach ought to lead to a reevaluation of the effectiveness of aid and its modes of allocation. "Focusing on equality of chances means that **public sector action should focus on the distribution of workers, economic opportunities and means of political expression** instead of seeking to act directly on income equality" ("fuller access to public services and to market information, and property rights guaranteed for all"). Similarly, the report spells out the necessity of trade-offs between short-term outcomes and long-term equity outcomes (conflict reduction, confidence, efficient institutions).

## **3 – WDR themes that dovetail with FARM's thematic agenda**

The first chapter of the Report measures and analyses equity within a country and among countries. It should be noted that world inequality is showing a slight trend downward as result of economic growth in China and India. The second chapter "Why does equity matter?" further develops this analytic framework and the arguments summarised above. The third chapter, entitled "**Leveling the economic and political playing fields**" takes a look at **human capacities; justice, land and infrastructure; markets and the macro economy; and achieving greater global equity.**

**These topics are closely tied to the issues with which we are concerned.**

As examples, here are several excerpts from the Report:

**"Some of the most effective policies against poverty could be those that seek to redistribute influence, advantages and subsidies away from dominant groups."** The Report insists on the necessity to redistribute the right to speak out and the right to influence public decisions.

**"Access to infrastructure – roads, electricity, water, sanitation, telecoms – is typically highly unequal across groups"**. "This often results in a significant curtailment of economic opportunities." The Report takes a balanced approach to the question of the role of the public sector which "in many cases remains the sole source of funds for infrastructural investment for those who have the least", while the private sector's efficiency should also be harnessed.

**"There is substantial heterogeneity in the effects of opening a country's product markets to trade."** If the Report argues at many points for access to the agricultural goods markets of OECD countries, it also recognises that "the advantages tied to free trade probably accrue more to middle-income countries than to the least developed."

**"Patent protection restricts the access of poor countries to innovations."**

The Report refers particularly to drugs, but the same is true for vegetal and animal resources.

∞ The Report insists on the necessity of more equitable international rules and above all the need to **"allow poor countries to participate more effectively in the process that determines international rules"**.

#### **4 – Conclusion: Being open to the process of reflection and debate?**

*Without a doubt this approach opens up new avenues of analysis, while shedding light on the complexity of situations, the multitude of parameters, the importance of time, and the operation of public policies. At this juncture, propositions remain closely aligned with the overall heading of the World Bank. The question remains whether this work will be followed up, and in three directions: deeper exploration of questions raised; dialogue between the Bank and third parties, and rethinking certain of the Bank's positions. This may depend on the capacity of other authors to develop these themes.*

*On the topic of access to influence, the reflections contained in the Report could be applied to rural dwellers (in particular the rural poor) in the least developed countries or to professional agricultural organisations in these countries.*