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**Statement by Mr. Scholar and Mr. Droop on Global Monitoring Report 2005—  
MDGs: From Consensus to Momentum  
(Preliminary)  
Executive Board Meeting 05/32  
April 1, 2005**

We welcome the paper and commend staff for the extensive work that has gone into producing it, as well as for consultation with the Board throughout the process. We share the vision of the Global Monitoring Report (GMR) as a central element of the framework required to reinforce consensus and momentum, as well as to sharpen accountability, around Monterrey commitments. This year's report marks a big step in the evolution of the GMR towards that vision. We believe that the report should continue to play a central role in the Development Committee's ongoing strategic oversight of the global development agenda in future meetings. The quality and impact of the report will improve as more data and analysis is produced (or disclosed in some cases, like the CPIA ratings) and as familiarity with the product increases.

We also welcome and concur with the key messages of this year's report, including the need to make a step-change on the trade agenda, double aid levels, boost aid effectiveness and further embed the PRSP approach. The special focus on Africa is also very appropriate. It goes without saying that it is imperative for action on all sides this year if the pace towards the MDGs is to be stepped up. The GMR reinforces that message. It is one central vehicle among a range of events, reports and processes that can contribute to those necessary actions being taken. It is therefore important that the paper is read in this wider 2005 context. To achieve that, the Overview/DC paper will need to set out key 2005 milestones, like the Paris High Level Forum (HLF), the Secretary-General's Report, the Sachs Report and the Commission for Africa (CfA) report, and how they fit together. A final point on the structure of the DC paper is that it should mirror the proposed structure of the DC discussion. That means three separate sections focusing on the challenges for developed countries, developing countries and IFIs.

Some more specific comments on some of the separate elements of the Five-Point Agenda and on the challenges for IFIs follow. The comments are set in the order we would propose for the GMR itself.

## **Increasing the Level and Effectiveness of Aid**

We endorse the analysis and messages in this section. On the question of levels of aid we would hope that the DC paper could include a firmer call for action by donors to set out firm timetables for moving to the 0.7 percent of GNI target. Additionally, the section on innovative financing modalities should go beyond referring to ‘progress on ongoing work’ to reflect the need to move towards concrete decisions and implementation.

We welcome the recognition of the role that additional debt relief can play alongside increases in aid in accelerating progress towards the MDGs, and are pleased to see this included in Box 1.1 on the five-point agenda. In our view this box should also recognise the ongoing work on innovative financing mechanisms, including the IFF and international taxes, to deliver increases in aid.

On aid effectiveness, we would hope that the DC paper could:

- Clarify the progress made in Paris
- Place greater stress on the importance of financing mechanisms reinforcing country-led frameworks rather than cutting across them.
- Highlight the need for application of best practice in allocation, procurement and disbursement processes
- Emphasize that streamlining of conditionality is an aid effectiveness issue, and one that applies to all partner countries (rather than just MICs). The conditionality review will obviously be a central element here.
- Point out that developing countries’ need for predictable finance implies the need for donors to make medium-term commitments, aligned to national budget cycles

## **Growth**

Clearly development finance alone is insufficient to spur and sustain higher growth. We would emphasize that development assistance and growth strategies need to be considered in a much more integrated fashion than they currently are in many PRSs. Official resources are especially productive when they leverage private sector investment and decision-making. We would also endorse the report’s strong emphasis both on the need for country-specificity in developing growth strategies and attention to institutional strengthening.

An area that needs to be given more emphasis in the DC paper is the question of the environmental sustainability of growth. Evidence shows that one constraint to private sector-led growth that is common to many developing countries, particularly in Sub-Saharan Africa (SSA) is poor access to energy. But environmental sustainability is also an MDG in its own right, as well as making a major contribution to the achievement of many of the others, particularly in the area of health. So an important element of the growth agenda is enhanced access to reliable, affordable and ‘clean’ energy options. IFIs have an important role in supporting this. We would also like to see the DC paper make more explicit recognition of the threat that increased climatic volatility (to which poor countries and poor people are most vulnerable) poses to achievement of the MDGs. Increased incidence of extreme weather

events has the potential to constrain the capacity and resources available for the broader development agenda.

Finally, we welcome the references to the importance of fiscal transparency and to the specific role that the Extractive Industries Transparency Initiative (EITI) is playing.

### **Country-Led Development Strategies**

We strongly welcome the emphasis on the centrality of country-led strategies in both LICs and MICs. Priorities for the PRS process include:

- Working towards greater integration with government systems
- Helping the approach to show greater flexibility and responsiveness to different country contexts
- Strengthening PRSs as a framework for aligning donor support, making them more predictable and strengthening accountability on all sides
- Acting as an effective vehicle both for aid to be scaled up in line with local priorities and for any possible constraints, like absorptive capacity, to be addressed in a strategic and effective manner.

### **Scaling-Up Service Delivery**

We welcome the intelligent global priorities that are identified for scaling up service delivery in the GMR. In particular we endorse the stress on the need for financing in this area to be flexible and predictable. The DC paper should stress the importance of services reaching poor people. Policy frameworks need to be designed with the objective of extending access to water, health and education services by poor and excluded groups.

### **Trade**

We agree that multilateral, reciprocal and non-discriminatory trade liberalisation holds out the best prospect for development. Successful agreement on an ambitious, pro-poor Doha Round is therefore critical. Clearly though, this is not costless. The Integrated Framework has demonstrated that resources can be pooled to provide co-ordinated assistance to developing countries in the diagnosis of obstacles to trade. The Fund should now work with other partners, through the Integrated Framework, to develop proposals for additional assistance to countries, consistent with debt sustainability, to ease adjustment in these countries, based on a systematic analysis of transition costs and consistent with country-owned development strategies, so they can increase their capacity to take advantage of more open markets.

### **IFIs**

The paper sets out coherent priorities for the agenda. The first point in the agenda set out in Paragraph 52 should stress the role the IFIs (including the IMF) have in supporting countries in developing ambitious plans to reach the MDGs. We should also be clear that support for building institutional capacity is not just for LICUS but applies to all client countries. Indeed,

strengthening support for building institutional capacity is a priority in its own right. The IFIs have an important catalytic role to play in supporting the emergence of strong institutions focused on high-quality service delivery, public financial management and poverty monitoring among other areas. Concrete actions for IFIs in this area include greater coordination behind country-led capacity building efforts and a commitment to minimize the use of self-standing Project Implementation Units (PIUs). Finally, we welcome the emphasis on disclosure at all levels as an important component of the IFI effectiveness agenda.