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

1. I thank the staffs of the Fund and the Bank for a comprehensive report for today's discussion. The report presents a candid account of the challenges facing all parties to the Monterrey Consensus. Since the progress toward meeting the Millennium Development Goals (MDGs) has been slower than envisaged, I welcome the realistic assessment about the work that lies ahead. The Fund has an important role to play in this regard by continuing to foster macroeconomic and financial stability through policy advice, capacity building, and financing. Implementation of additional macroeconomic, trade, and structural reforms should help low-income countries increase growth rate to the level necessary for halving income poverty by the year 2015.

2. I welcome the five-point agenda proposed in the report to accelerate the progress toward the development goals, namely: country-led development strategies; private-sector led economic growth; scaled-up service delivery; ambitious outcomes for the Doha Round; and increasing the level and effectiveness of development assistance, including the role of the International Financial Institutions. In this connection, the focus of this year's report on Sub-Saharan Africa is appropriate. Indeed, the region needs special attention in view of the difficult challenges facing most of the countries in accelerating progress toward achieving the development goals.

3. I agree that country-owned and -led poverty reduction strategies (PRSs) should continue to be the framework for operationalizing the MDGs at the country level in low-income countries. Indeed, the PRSs should articulate a clear national agenda and priorities for achieving these goals. In this regard, I welcome the finding that there has been good progress in extending and deepening the PRS process. Going forward, further effort is needed to strengthen the links between the PRSs and the fiscal frameworks by aligning the budget allocations with the program priorities.

4. The report makes a strong case on the centrality of economic growth to meeting the MDG objectives. Countries should indeed create the conditions for sustainable high economic growth to help lift disadvantaged countries out of the poverty trap. In this regard, it is encouraging to note that GDP growth in developing countries averaged 6.5 percent in

2004, the highest level in more than a decade. To help sustain this performance, I agree that the policy agenda for growth needs to be prioritized and sequenced in a country-specific context.

5. Improving market access for developing country exports, especially agricultural products, would provide a major boost to growth and progress toward the MDGs. In this regard, I fully share the report's view that a timely and pro-development outcome to the Doha Round is crucial. Indeed, the report confirms the potential gains from an ambitious Doha Round to the GDP of the low-income countries of about 2 percent and that of Sub-Saharan Africa of 1.3 percent. Therefore, the focus should be on a speedy dismantling of the existing barriers to trade, including particularly a widening of world market access for exports from the low-income countries. The report rightly emphasizes the need to support trade-related capacity building in these countries. Here, particular attention should be given to link producers in the developing countries to the international markets.

6. The report underscores in a very articulate manner the need for more aid and increasing its effectiveness. Two points are worth stressing here: first, in paragraph 14 in chapter 5 of the report, the reference to non-Development Assistance Committee (DAC) donors and the mention of the leading role of Saudi Arabia is welcome, but in future reports, and in light of recent meetings on DAC-non-DAC cooperation, such references should be mainstreamed in the report and not confined to a single paragraph. Second, on innovative mechanisms to supplement traditional official development assistance (ODA), I note the progress made on the technical aspects of the International Financial Facility (IFF) proposal, but I remain cautious about the merit of delving further into some of the controversial Global Taxes ideas which still lack political traction.

7. The report has analyzed in a comprehensive and substantive manner the role of international financial institutions (IFIs) in helping developing countries achieve the MDGs and related development objectives. In this regard, I welcome the ongoing collaboration between the Fund and the Bank on PRSs, debt sustainability analysis, and further streamlining of structural conditionality. Further strengthening of Bank-Fund collaboration, based on comparative advantage and a mandate-driven division of labor, remains essential.