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

We thank the staffs of the Fund and the Bank for a comprehensive report. In our view this year's Global Monitoring Report (GMR) has improved by taking into account many of the recommendations proposed during last year's discussion of the GMR. We particularly welcome the focus on the "five point agenda" which we consider appropriate. We have the following comments:

First, we support the view that country-owned and -led poverty reduction strategies (PRSs) are central to achieving the MDGs. It is also crucial that a PRS is linked to a medium-term fiscal framework and annual budgets to align budget allocations with program priorities.

Second, the report rightly emphasizes that growth is central to achieving the MDGs and related development outcomes. We also share the view that strong institutions matter for growth. But, as underlined by Mr. Padoan, the Fund should focus on and promote macro critical economic institutions.

Third, as mentioned by Mr. Lynch and Ms. Gust, future GMRs would profit from highlighting further the complementarity of policies needed for growth (macroeconomic stability, good institutions, good public sector governance).

Finally on debt relief, we believe that the wording on debt relief in the Overview (paragraph 44) should respond to a recent report by the UN Secretary-General to the General Assembly which noted on the debt issue: "To move forward, we should redefine debt sustainability as the level of debt that allows the country to achieve the MDGs..."<sup>1</sup> During the recent discussion on Further Debt Relief for LICs, this chair supported the view (put forth by Mr. Duquesne) that it would not be appropriate to assess debt sustainability on the basis of financing needs to meet the MDGs. At a minimum, we suggest to include in the Overview a reference to the Fund's and the Bank's Executive Boards' endorsement of the key elements of a new debt sustainability framework for LICs aimed at supporting them in their efforts to achieve the MDGs without creating future debt problems and to keep countries that have received debt relief under the HIPC initiative on a sustainable track (as was done in the main text of the GMR). Staff comments would be welcome.

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<sup>1</sup> Doc A/59/2005, page 18, paragraph 54.