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Statement by Mr. Ondo Mañe on Global Monitoring Report 2005—
MDGs: From Consensus to Momentum
(Preliminary)
Executive Board Meeting 05/32
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We thank the staffs of the Fund and the World Bank for their informative and insightful monitoring report 2005 on the achievement of the Millennium Developments Goals. We welcome the analysis presented in the report and in particular its focus on African region. We note that East Asia has already achieved the poverty goal, and South Asia is in target while in Sub-Saharan Africa, the momentum has been much slower and most countries in that region are at risk of falling far short. This situation sheds light on the daunting challenges facing African countries. But the success recorded in the performing regions provide reasons for hope and underscore the urgent need for African countries to speed up the already recognized culture of macroeconomic stability to sustain economic growth with improvement on governance and transparency. We also note that for many regions, the human development goals are not yet met and they require further intensified efforts.

The Board discussion on the outcomes of this report is appropriate as we are in 2005 meaning only one decade before the deadline set out in five years ago towards the achievement of the MDGs. Based on the current trend in mobilizing external financing and if this is to continue we remain concerned that most of the developing countries would not meet all the MDGS at the due date. Therefore we broadly agree with staff on the five–point agenda set out in the report with a view to accelerate the MDGs'achievement.

On dismantling barriers to trade, it is important to be cautious as in some developing countries the bulk of government revenue derived from import duties. In this regard, there is need to strengthen fiscal administration with a view to enhance revenue collection. While we recognize the equal importance of the five points highlighted in the agenda, developing countries should further put emphasis on operationalizing the MDGs in their owned and led poverty reduction strategies. In this regard, better coordination of donors' programs with PRSPs is needed in order to ensure improvement in funds allocation in accordance with PRSPs. This will lead to an enhanced coherence in setting and implementing national priorities as well as in increasing donor's support to countries.

On spurring and sustaining economic growth, there is a need to strengthen fiscal management, improve business climate for private activity and enhance good governance. To this end our authorities are committed to further deepening progress on macroeconomic management, notably achieving fiscal consolidation and improving the structure and quality of public expenditure. We share the view that sound fiscal management and macroeconomic stability is a key element in improving the conducive environment for private sector activity and growth.

While such a framework is of critical importance for attracting foreign direct investment flows, however we are also of the view that country specific policies are required in order to align specific foreign direct investment with specific country endowment. Furthermore, we take good note that to help achieve strong economic growth and speed up the delivery of social services policies to be put in place should be aimed at encouraging knowledge and technology transfer. However, would the needed technological transfer take place if there is no spending on tertiary and higher scientific education? It is in this spirit that sub-Saharan Africa countries through the African Union have resolved to create an African network of centers of excellence. We appreciate donors who have already pledged support. Moreover, we would like to underscore the fact that industrial manufacturing is an other key medium for conducting technological transfer.

In addition it is important to state that in order to move the agenda forward, the key outcomes to achieve in this year is to put in place a permanent and sustainable solution debt problems as well a system to increase financial assistance to Low Income Countries. The international community should convince creditors to cancel external debt with a view to allow countries to start afresh. There is also a need to help countries wipe out their domestic debt whose amount and negative impact can put the debt sustainability at risk. At any rate, to ensure debt sustainability in heavily indebted poor countries that are implementing sound policies a larger proportion of additional assistance should be provide in form of grants. We welcome the US Millennium Challenge Account with its reliance on grants, which we think, will contribute significantly to long term growth. We also welcome the recent British initiatives towards canceling the debt of low income countries to multilateral institutions and putting in place an additional financial facility such as the International Financing Facility(IFF). In the same vein we support the French initiative for the implementation of international taxes in order to help finance this facility as well as the Japanese proposal promoting the development of a strong African private sector playing the role of an engine of economic growth in the continent. We see merit for more active role of other trade and financial instruments that can support the private sector and protect export and investment in developing countries.

As regards the support from the international financial institutions, we welcome the analysis and recommendations stated in the report. Indeed there has been progress in supporting countries development but there is need to do more and step up the efforts. The World Bank and the IMF need to continue and strengthen their support to Low income countries in their efforts to implement the poverty reduction strategies. While we agree with the priorities recommended in order to strengthen and sharpen the IFIS'support for action and monitoring progress, we see these institutions, in particular the Fund, helping low income countries establish and maintain macroeconomic and financial stability as well as playing its signaling role to donors and private sector to attract foreign direct investments which is essential to foster sustainable growth, reduce poverty and achieve the MDGs. As underlined in several occasions, achieving the MDGs will require a significant increase in development assistance. In this regard, we welcome the increased efforts of the Bank and the Fund to assist low income countries through the PRGF arrangements and the HIPC Initiative implementation. However regarding the latter serious concerns have been voiced as many low income countries, even after reaching the completion point will not reach debt sustainability due to the vulnerabilities of their economies to exogenous shocks. In that context meeting the MDGS raise serious concerns. In accordance to the Monterrey consensus, low income countries are doing their part in maintaining macroeconomic stability and in pursuing structural reforms but the external financial assistance is not delivered as promised. It is important to note that for low income countries, building of appropriate and strong institutions is crucial in the meeting of the MDGs. Therefore, IFIs and the international community should strengthen their assistance in this area and put in place an conducive framework meant to promote the human resources development Moreover, on the trade issues we recognize that strong efforts are needed to improve market access for developing countries exports in particular their agricultural exports. In this context, we call on developed countries to eliminate their agricultural and export subsidies. The Bretton Woods Institutions are invited to intensify their efforts to develop clear strategies to assist low income countries in adjusting to greater trade liberalization. On regional integration in particular in sub-Saharan Africa, the BWIs should enhance their support to help these countries to integrate better and more efficiently.

In concluding, we reiterate our call for the IFIs and the Fund in particular to elaborate more clearly its role in mobilizing the aid flows needed to meet the MDGs. The Fund should play an advocacy role by assessing how much aid is already pledged, how much more is needed, how much debt service the country can serve and how the aid could be timed to minimize or caution macroeconomic disruption. In this regard, it is important to encourage the Fund to participate actively in the United Nation Summit on the MDGs scheduled to take place in New York in September of this year.