

**Statement by the Chairman of the G24
ECOSOC Event
April 22, 2002**

Distinguished colleagues,

As a way to spur discussion, I would like to present the main conclusions of Friday's meeting in Washington, D.C. of the Ministers of Finance and Central Bank Governors of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development.

Before turning to issues relating to development and implementing the Monterrey consensus, allow me to briefly turn to the Group's views regarding the general economic outlook, and how it can impact development prospects of low and middle-income countries.

There was some caution about the prospects for a sustained recovery in the global economy. In particular, nonoil commodity prices remain depressed and a number of downside risks continue to cloud the outlook. Among the most significant risks are the deterioration in the security situation in the Middle East, the weak demand in the Japanese economy, and the lower growth performance in Europe relative to the United States. There was also concern about the potential harm emanating from a disorderly and sudden correction in advanced economy external imbalances and exchange rates. In this regard, there is a need for the IMF to exercise more firm surveillance over the macroeconomic policies of advanced economies—this is all the more important given that the IMF exercises greater influence over

developing country economies than the systemically-important advanced economies.

The alarming humanitarian crises afflicting the African continent were a source of great concern. This calls for the urgent and substantial support from the international community to help overcome these crises. The debilitating effects of pandemics, such as HIV/AIDS, as well as the risk of famine, cannot be overemphasized.

Ministers highlighted that volatility in international capital markets continues to affect developing countries' access to capital markets. This underscores the need to explore ways to improve access in line with improvement in fundamentals.

Ministers concentrated much of the meeting on issues related to the implementation of the Monterrey Consensus. This body knows very well the critical importance of moving from words to action. In this context, the Group highlights the following four main areas for action. First, there should be a continuous, close engagement of countries and institutions in the follow up process. Meetings such as these high-level events are excellent examples of the kind of dialogue and exchange of views that can help generate the needed consensus. Second, there is a clear need for access of developing countries' exports to the markets of advanced economies, which is currently constrained by trade-distorting measures and barriers, in particular agricultural subsidies. In this regard, they highlighted that agricultural subsidies in advanced economies amounts to about \$1 billion a day, which

is equivalent to 5 times the current level of official development assistance (ODA). Third, there is a crucial need to increase the amount, effectiveness, and coordination of ODA, notably through the harmonization of policies and procedures. This should include timely delivery of untied, direct budgetary support to programs designed and owned by the recipient countries. Fourth, ratification of the Fourth Amendment of the IMF's Articles of Agreement is urgently called for, and advanced economies are encouraged to donate their SDR allocation to an international development fund.

It is clear that the success of the Monterrey consensus will depend on the strength of the two pillars on which it rests.

Developing countries are ready and willing to do their part,

and the international community is called upon to provide the necessary support.

Ministers expressed their support for regional efforts aimed at developing greater national ownership of programs in the context of the PRSP/CDF process, and especially welcomed the New Partnership for Africa's Development. Specific recommendations were made in the context of the reviews of the PRSP/PRGF initiatives. In particular, there is a need for the IMF, the World Bank, and other relevant agencies to explore the sources of growth and the impact of specific policies on poverty reduction, and to continue to harmonize their efforts.

After six year of operation, progress under the HIPC Initiative remains disappointingly slow. This is compounded by the impact of the decline in commodity prices on heavily-indebted poor countries. In this context, there is a need to streamline the conditions associated with debt relief and to demonstrate greater flexibility, particularly with regard to post-conflict HIPC eligible countries. It is essential that all creditors provide their share of debt relief as soon as possible.

Ministers stressed the importance of effective universal primary education and welcomed the constructive partnership of the World Bank with UNESCO and other appropriate agencies in the context of the Education for All initiative.

In conclusion, the G24 welcomes the new spirit of international partnership and solidarity which has come out of Monterrey. It is now up to all of us to ensure that we breath life into the spirit of Monterrey.