

**Statement by the Chairman of the G24
IMFC Meeting
April 20, 2002**

Mr. Chairman, dear colleagues,

The Ministers of Finance and Central Bank Governors of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development met yesterday to consider issues relating to the agenda before you today. The communiqué has been issued, and I would like to report briefly on our deliberations.

The Group expressed 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. The Group believes that international cooperation should help avoid undue oil price volatility, which is costly for both producing and consuming countries. Among the most significant downside risks are the deterioration in the security situation in the Middle East, the continued 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 Fund to exercise more firm surveillance over the macroeconomic policies of advanced economies—this is all the more important given that the Fund exercises greater influence over developing country economies than the systemically-important advanced economies.

The Group is alarmed about the humanitarian crises afflicting the African continent, such as the pandemics and the risk of famine in several countries . The Group stressed the urgency of international support to help overcome them.

There is a continuous concern about the volatility in international capital markets affecting developing countries' access to capital markets. We discussed the severity of the Argentinean crisis and see an urgent need for a prompt and satisfactory solution with proactive IMF involvement to unlock the support of the international community.

Issues related to the implementation of the Monterrey Consensus were considered carefully. The following four main areas for action were identified. First, there should be a continuous, close engagement of countries and institutions in the follow up process. 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. 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.

Ministers expressed their support for regional efforts aimed at developing greater national ownership of programs in the context of the PRSP 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, we stressed the need for the Fund to explore the sources of growth and the impact of specific policies on poverty reduction, in a closely coordinated manner with the World Bank.

We are concerned about the slow pace of progress under the HIPC Initiative, and the impact of the decline in commodity prices on heavily-indebted poor countries. 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. We noted with concern that some creditors have not provided their share of debt relief.

With regard to combating money laundering and the financing of terrorism, we reaffirmed our support for ongoing international efforts, but stressed that the role of the Fund should be consistent with its mandate and it should not become involved in law enforcement matters.

The ongoing progress at streamlining conditionality and strengthening national ownership of programs, at the initiative of the Managing Director, was welcomed. We nevertheless believe that the improved focus of the Fund's conditionality should not result in shifting conditionalities to the World Bank and regional development banks.

Finally, the representation of developing countries in the decision making structure of the Fund should be improved. In the context of the 12th General Review of Quotas, the aggregate share of developing country quotas and the number of basic votes should be increased.

Against the background of greater volatility in international capital markets, we also stressed the need for a general allocation of SDRs, as the last allocation took place over 20 years ago.

Thank you, Mr. Chairman.