

**Statement by the Chairman of the G24
Press Conference
April 19, 2002**

The Ministers of Finance and Central Bank Governors of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development met today to consider issues relating to international financial and development matters. At this time, I will briefly report on our deliberations.

Ministers expressed some caution about the prospects for a sustained recovery in the global economy. They noted in particular that nonoil commodity prices remain depressed and that 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.

Ministers were very concerned about the humanitarian crises afflicting the African continent, and stressed the urgency of international support to help overcome them.

Ministers highlighted that volatility in international capital markets continues to affect developing countries' access to capital markets. They discussed the severity of the Argentinean crisis and the need for a prompt and satisfactory solution with proactive IMF involvement to unlock the support of the international community.

Ministers concentrated much of the meeting on issues related to the implementation of the Monterrey Consensus. They highlighted the following four main areas for action. 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. 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.

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, Ministers stressed the need for the IMF and the World Bank to explore the sources of growth and the impact of specific policies on poverty reduction, and to continue to harmonize their efforts.

Ministers expressed their concern about the slow pace of progress under the HIPC Initiative, and the impact of the decline in commodity prices on heavily-indebted poor countries. They stressed the need to streamline the conditions associated with debt relief and to demonstrate greater flexibility, particularly with regard to post-conflict HIPC eligible countries. They also noted with concern that some creditors have not provided their share of debt relief.

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.

With regard to combating money laundering and the financing of terrorism, Ministers reaffirmed their support for ongoing international efforts, but stressed that the role of the IMF and the World Bank should be consistent with their mandates and that the two institutions should not become involved in law enforcement matters.

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

Finally, Ministers call for an improvement in the representation of developing countries in the decision making structure of the IMF and the World Bank. In the context of the 12th General Review of Quotas, they request an increase in the aggregate share of developing country quotas and an increase in basic votes. Against the background of increased volatility in international capital markets, Ministers also stressed the need for a general allocation of SDRs, as the last allocation took place over 20 years ago.

These were the main issues discussed at today's meeting. I will now happy to take any questions.