

**STATEMENT
OF
T.A. MANUEL
FINANCE MINISTER OF SOUTH AFRICA
AND
CHAIRPERSON, DEVELOPMENT COMMITTEE
AT
THE HIGH LEVEL MEETING
OF ECOSOC
WITH
BRETTON WOODS INSTITUTIONS
And
WTO**

New York

April 18, 2005

Mr. President and Colleagues

When Heads of Government adopted the Millennium Declaration, we all recognized the tremendous challenge the global community faced to meet the Millennium Development Goals (MDGs). The Monterrey Consensus elaborated a new partnership between developing and developed countries and their institutional partners and set out strategies and actions that need to be undertaken if we are to succeed.

Since then, the Development Committee has clearly signaled that it intends to play an active role in moving the implementation agenda forward. This resolve was very much on our minds at our meeting yesterday in Washington. We welcomed the continued active involvement of the Bank and the Fund in the preparations for and the proceedings at the UNGA Special Session on Financing for Development scheduled for the end of June, as well as the UN High-Level Millennium Review, which will take place here in September.

The Development Committee strongly reaffirmed its commitment to the global effort needed to reduce poverty in developing and transition countries and achieve the MDGs. We also discussed concrete steps on how to accelerate development efforts and achieve measurable results.

Yesterday in our discussions we reviewed the second Global Monitoring Report (GMR), which provided an assessment of how far countries and regions are towards reaching their MDG targets as well as with a comprehensive focus on sub-Saharan Africa. We also welcomed the recent Report of the Commission for Africa.

Preparation of the GMR required strong cooperation between the BWIs and the UN – as well as with other key partners, such as the WTO, the other MDBs and the OECD/DAC and we welcomed the active involvement of all these institutional players. Lious Michel, EU Commissioner of Development, Jose Ocampo, Under-Secretary-General of the UN and Richard Manning of the OECD/DAC joined us at the Development Committee meeting.

We noted that there has been progress on many fronts, including in particular the significant reforms undertaken by developing countries and important gains in reducing income poverty.

However, based on current trends, most MDGs will not be met by most countries, particularly in sub-Saharan Africa. The Committee expressed its concern and called for all parties, developing, developed and institutional partners, to urgently enhance actions to accelerate progress.

Recognizing that faster growth rates will be essential for achieving greater progress, we emphasized that sustainable and inclusive growth needs to be accelerated in many developing countries. In addition, it was underscored that macroeconomic stability remained critical, as was the need to strengthen public sector financial management, the promotion of good governance, including combating corruption, and promoting the rule of law, improvement of business climate and regulation and the development of local financial markets, so as to enable private sector led economic growth.

We endorsed the emphasis on country-led and owned development strategies and urged that MDGs be operationalised in poverty reduction strategies in the case of

low income countries and respective national strategy frameworks in middle-income countries, linked to medium term budgetary frameworks. To this end, we welcomed developing countries progress to take actions to strengthen policies and their institutions which not only provide benefits, but also valuable experience for others.

To meet key development goals will require a major scaling up of education (in particular through the Education For All Fast Track Initiative), health and basic infrastructure services, including water and sanitation. We noted with concern the failure to meet the target to date for achieving gender parity in primary and secondary education. We called upon bilateral donors and multilateral agencies to provide timely, predictable and sustained financing to support these efforts. We reconfirmed the importance of efforts to help developing countries build capacity and address absorptive capacity constraints.

We underlined the vital importance of an ambitious outcome for the Doha Development Agenda and the successful completion of the negotiations in 2006. We stressed the need for "aid for trade" and we called on the Bank and the Fund to work with others to develop proposals to help developing countries adjust to and take advantage of the round, for consideration by our next meeting. We also recognized the benefits to developing countries from a reduction in trade barriers and of strengthening South-South trade.

Financing the development agenda remains a significant challenge, requiring sustained action on domestic resource mobilization, private investment and trade. Although developing countries have made some progress in this regard domestic efforts will have to be complemented by

action on the part of development partners. We emphasized that a significant increase in aid will also be needed for accelerated progress towards the MDGs and that bilateral assistance need to be more optimally utilized. We welcomed the successful conclusion of the IDA 14 replenishment as an important step in mobilizing additional resources and called on all donors to finalize their commitments.

We noted the agreement by the Bank and the Fund on a joint forward-looking framework for assessing debt sustainability in low-income countries. We welcomed the recent proposals for additional debt and debt service relief. We agreed that further debt relief beyond HIPC is needed in specific cases to secure long-term debt sustainability and support progress towards the MDGs. We asked the Bank and the Fund to examine these proposals for the Annual Meetings.

We welcomed further work on innovative sources of development financing. We noted that negotiations among interested parties on the proposed pilot IFF for Immunization were well advanced; and the analysis of technical feasibility of the IFF has created the conditions for the necessary political decision on participation. In the run up to the UN Summit in September we agreed that the necessary political commitment needs to be demonstrated. Going forward a further issue is how to monitor meeting the financing commitments.

We also underlined the importance of further action by multilateral development partners, including support for the PRS process in low-income countries, aligning assistance better with medium-term country strategies, streamlining conditionality, building institutional capacity and strengthening the focus on development results.

We welcomed the Paris Declaration on Aid Effectiveness which responded to our earlier call to make firm commitments on the quality of aid. We noted the agreement on quantitative indicators. We urged the establishment of targets, as agreed, for each of the indicators in 2010. Concerted collective actions will be required now to translate these into concrete actions at the country level and we called on the Bank to show leadership by example, in implementing the Paris framework.

Finally, enhancing the voice and participation of developing and transition countries in international economic policy decision-making and norm setting continues to be an important issue for us. Progress can only be made through broad consensus at the political level. We noted the further efforts by the Boards in this regard and will return to this issue at our next meeting in the light of progress.

We expressed our deep appreciation for the talented leadership for the outgoing President of the World Bank - Jim Wolfensohn and wished him success in his new role as Special Envoy for Gaza Disengagement. We also congratulated Paul Wolfowitz on his selection as President.