



**ECOSOC High-Level Policy Dialogue on Current Developments in the World Economy
and International Economic Cooperation in the Context of Achieving the MDGs
New York, June 29, 2005**

Remarks by

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Secretary-General, Ambassador Akram, Ladies and Gentlemen:

In order to meet the MDGs, it is necessary that all partners do their share. Developing countries should adopt sound macroeconomic, structural, and sectoral policies. But a healthy global economy and adequate support from the developed world are equally important. Implementation is key. The IMF stands ready to do its part.

The global economy grew by an impressive 5.1 percent last year. Growth this year is expected to slow moderately to about 4.3 percent, but will remain relatively robust. Growth in sub-Saharan Africa reached an impressive 5 percent last year, the highest level in a decade. But more is needed to make decisive progress in poverty alleviation and meet the MDGs. Indeed, NEPAD targets the necessary level of growth at about 7 percent per year. Inflation remains relatively subdued. To date, higher oil prices have not significantly affected core inflation or inflationary expectations. The average rate of inflation in sub-Saharan Africa was below 10 percent last year, the lowest level in decades.

The International Monetary and Financial Committee noted at its last meeting that widening imbalances across regions and the continued rise in oil prices and oil market volatility have increased risks. There are substantial gaps in growth performance between the regions of the world. The U.S. current account deficit has increased significantly in recent years while emerging Asia continues to run large surpluses. Addressing global imbalances and restoring and sustaining balanced growth to the world economy require vigorous collaborative efforts.

Indeed, effective poverty reduction needs high and sustainable growth. Developing countries need to intensify their reform efforts, including through further development of their own poverty reduction strategies. This also requires well-targeted structural reforms to boost competitiveness and productive investment. Poor countries need to find ways to harness the benefits of foreign direct investment and private sector activity. They can lay the foundation by strengthening institutions and governance and by establishing predictable legal and regulatory frameworks.

Developed countries need to scale up their aid to low-income countries, as pledged in the Monterrey Consensus. The recent declarations to raise aid levels are to be applauded. And we welcome efforts by member states to find ways to generate innovative sources of finance. The IMF will continue providing assistance to help poor countries manage aid inflows and to strengthen their institutions and human resources to manage their economic and financial policies. We fully support the ongoing efforts to enhance overall aid effectiveness and to reduce transaction costs by simplifying and harmonizing donor procedures and requirements for aid delivery. We also encourage donors to align their support more fully with country-led poverty reduction strategies, consistent with the principle of country ownership. IMF financing will continue to remain available for low-income countries, including at concessional rates. Regarding low-income countries, we are considering a new facility to cope with economic shocks, and for countries that do not borrow from us, how to enhance the IMF's role in signaling the strength of their policies to others.

Debt relief is important. The HIPC initiative has significantly cut the debt of 27 countries and freed up resources for social spending. But more can be done. The Group of Eight's debt relief proposal is a welcome development. We are examining the details, and we look forward to an early agreement by our members on those matters. In addition, debt sustainability analysis and effective debt management will be essential.

Developing countries need more trade in order to generate the kind of sustained and rapid growth that is needed for meaningful poverty reduction. Greater trade opportunities contribute to higher and more stable growth. The IMF supports an early completion of the Doha Round. To help countries cope with potential adjustment costs of trade opening, financing is available under our new Trade Integration Mechanism. We have also sharpened our surveillance of countries with potential trade-related vulnerabilities, and we continue to provide technical assistance in this area.

Thank you, Mr. President.