



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)



SIXTY-EIGHTH MEETING
DUBAI, UNITED ARAB EMIRATES – SEPTEMBER 22, 2003

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Statement by His Excellency Fathallah Oualalou
Minister of Finance and Privatization
Kingdom of Morocco

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**STATEMENT BY HIS EXCELLENCY FATHALLAH OUALALOU
MINISTER OF FINANCE AND PRIVATIZATION
KINGDOM OF MOROCCO**

Our Committee's 68th Meeting comes at a time when global economic growth is experiencing a fragile recovery, essentially because the macroeconomic factors that stimulate growth in rich countries, particularly investment, have run out of steam.

The context is further characterized by an inadequate flow of funds to developing countries, insufficient to meet these countries' needs in terms of promoting growth and reducing poverty. Net direct foreign investment fell from \$172 billion in 2002 to \$143 billion in 2003. In real terms, official development assistance increased by just 4.9% in 2002 compared with the previous year, and was no more than \$57 billion, which is only 0.23% of the donor countries' GDP.

For these reasons, the international financial community is urged to intensify its efforts to improve the capital flow to developing countries, particularly those of the African continent, so as to support the actions undertaken by these countries as they give concrete form to the Millennium Development Goals under the Monterrey Consensus.

Support for sound policies through adequate and appropriate funding

Globalization encourages a tighter web of interdependence between developed countries and developing countries. As a consequence, economic policies implemented in industrialized countries do indeed have a direct impact on developing countries and, in particular, on emerging economies.

This is why it appears imperative to us that **industrialized countries take this dimension into consideration as they develop their economic and financial policies** in order to give effective support to sound policies set in place by developing countries and to promote sustainable growth of the global economy.

Within this framework, **developed countries are called upon to honor the commitments made at a number of international gatherings, particularly the Monterrey and Johannesburg meetings, and to give concrete form to the Millennium Development Goals** by doubling the volume of development assistance.

In addition, **the efficiency of this assistance should be improved by strengthening cooperation between donors, by standardizing their operational procedures** and simplifying these procedures to reduce the cost for beneficiary countries, and by adapting them to the specific features and needs of individual countries.

International financial institutions also have a major role to play in providing support for building the capacity of developing countries to implement national strategies and action plans designed to realize the Millennium Development Goals.

The developing countries, for their part, should continue their macroeconomic adjustment efforts and implement appropriate economic and social policies. They should step up their efforts to improve their regulatory and institutional framework and their business environment, as well as to develop human resources and set in place adequate infrastructure, one

of the determining factors in promoting growth and reducing poverty. Furthermore, these countries are called upon to strengthen democracy and undertake the reforms needed to improve public expenditure management, institute good governance and transparency and fight corruption.

The IMF has a central role to play in keeping watch over the balance and stability of the global economy through efficient and effective monitoring of both developing countries' and developed countries' policies. As such, the IMF should give special attention to the preservation of macroeconomic stability within the industrialized countries and to their structural reform policies aimed at strengthening economic growth and reducing the vulnerabilities of the financial system. The IMF should also monitor more closely the trade and exchange rate policies of these countries, which have a decisive impact on developing economies.

The quantitative and qualitative aspects of the assistance provided by industrialized countries to developing countries should also be monitored.

Participation and representation of developing and transitional countries

We support the efforts undertaken by the Bank and the Fund to identify ways to strengthen the involvement of developing and transitional countries in the decisions of the two Bretton Woods institutions so as to better reflect the interests of developing countries.

We are convinced that effective participation of these countries in the decisions made by both financial institutions cannot be achieved without short-term measures aimed at upgrading the human, logistical and technological resources available to the administrators representing them, in tandem with structural measures aimed at strengthening the voting power of these countries.

Our Committee is aware of the need to improve the ability of developing and transitional countries to contribute in an effective way to the decisions made by the Bretton Woods institutions. We are pleased that a consensus has already been reached concerning the implementation of short-term measures, and that a number of these measures have already been put into concrete form.

With respect to the structural measures, which require an overhaul of the capital structure of both our institutions, as well as a revision of the formulas for calculating quotas, we regret that a broad consensus has not yet been reached in favor of their adoption. We believe, however, that such measures are the only way to permit these countries to contribute more effectively to decisions on matters that will affect their future.

Accordingly, we believe that such measures need the political support that our Committee could provide, and we hope that a consensus can be reached on this issue in the near future. In the meantime, we urge both institutions to continue to give this issue all the necessary attention.

Making trade a tool for development

Trade is one of the key vectors of growth and poverty reduction.

The international financial institutions and the WTO are called upon to help strengthen the role of global trade as a development tool and to encourage trade liberalization, specifically by eliminating barriers to exports from developing countries and by eliminating subsidies, particularly for agricultural products.

Despite the failure of the Cancun Conference, we continue to believe that developed countries and developing countries should overcome their differences and capitalize on the significant advances already made under the Doha Agenda.

For the Doha Agenda to succeed, developed countries should make additional efforts to push forward multinational trade negotiations because we are convinced that this agenda offers a genuine opportunity to establish a more equitable system of multinational trade.

The Bank and the Fund, for their part, are urged to provide the technical assistance needed to upgrade the capacities and expertise of developing countries so that they can actively participate in increasingly complex trade negotiations, as well as the financial assistance needed to meet the short-term costs resulting from trade liberalization.

Global monitoring of necessary policies and actions for achieving the Millennium Development Goals

We reiterate our support for the substantial efforts made by the Bank and the Fund to develop a global framework for implementing and monitoring the progress of Millennium Development Goals in the areas of poverty reduction, education, health, HIV/AIDS control, potable water and sanitation.

We are aware that there is still a long road ahead before we arrive at our ultimate goal, which is to achieve the objectives outlined for 2015 by optimizing available resources in terms of official development assistance and domestic resources.

Still, by reaching a consensus among the developing countries and all the developed countries on the necessity of a solid global partnership and accountability on all sides in order to realize these objectives and, with appropriate instruments and oversight mechanisms, provide regular monitoring of the progress made, we are confident that, all together, we will succeed in meeting the challenges.

Within this context, we call upon the Bank and the Fund to continue their efforts to help developing countries take ownership of their strategies for achieving the Millennium Development Goals, and to firmly establish the centrality of Poverty Reduction Strategy Papers (PRSPs) in the goals implementation and monitoring process, as well as to set in place appropriate instruments for assessing policies and actions, particularly through statistical indicators and Country Policy and Institutional Assessment (CPIA) reports.

These institutions and all their partners should, however, better coordinate their respective efforts and strive to ensure the efficiency of this mechanism for implementation and global monitoring of Millennium Development Goals.

Status of debt relief initiatives for heavily indebted poor countries and Poverty Reduction Strategy Papers

We are very pleased with the efforts made by low income countries, in partnership with the Bank and the IMF in particular, which have enabled 27 of the 40 eligible countries to reach the point of decision, and eight to reach the point of completion, allowing them to benefit in toto from debt relief.

We encourage all partners involved in this initiative to step up efforts to speed implementation of the initiative and adopt greater flexibility so as to help eligible countries reach their points of decision and completion, as well as maintain the sustainability of their debt.

We also support the efforts made to prepare Poverty Reduction Strategy Papers (PRSPs), which have enabled 32 countries to develop their strategies in this area. We encourage the Bank and the countries involved to intensify their efforts to firmly establish the central role of PRSPs in achieving the Millennium Development Goals and we also encourage the Bank to provide poor countries with the technical assistance required for this purpose.

Development of an action plan for infrastructure, particularly with respect to water supply

We support the World Bank's efforts to develop an action plan for infrastructure, particularly with respect to water supply, which will serve as a guide for relevant Bank activities over the next three years and address the increasingly serious shortage of investments in this area in developing countries.

In view of the fact that infrastructure is one of the key factors of economic growth and poverty reduction, and given the tremendous needs of developing countries for the equipment necessary for water supply, it is imperative that the Bank and all financial institutions and developing countries make every effort to ensure that efficient and sustainable infrastructure is set in place by raising the public and private funds needed for this purpose.

The institutions of the World Bank Group are urged to play a major role in this area on behalf of developing countries, and particularly middle income countries, through financial support, technical assistance, sector analyses and specialized interventions so as to build the capacity of developing countries to set in place efficient infrastructure that meets their citizens' needs.