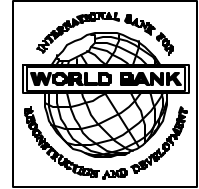




DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)



**SEVENTY-FIRST MEETING
WASHINGTON, D.C. – APRIL 17, 2005**

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April 17, 2005

Statement by

**Mr. Fathallah Oualalou
Minister of Finance and Privatization
Kingdom of Morocco**

**On behalf of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran,
Morocco, Pakistan, and Tunisia**

**SEVENTY-FIRST MEETING
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**STATEMENT BY
MR. FATHALLAH OUALALOU
MINISTER OF FINANCE AND PRIVATIZATION
KINGDOM OF MOROCCO**

**On behalf of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran,
Morocco, Pakistan, and Tunisia**

On behalf of the group that I represent, I would like to begin by paying tribute to Mr. James Wolfensohn, whose term as President of the World Bank Group is nearing completion, for his tireless efforts over the past ten years to build international consensus around the pressing need to make poverty reduction a central concern of the international economic and financial community.

Through his leadership, experience, and personal qualities, President Wolfensohn has left his mark on the Bank and on our Committee. These qualities have made it possible for our institution to discharge fully its role as a knowledge and development bank, and to establish an unprecedented global partnership serving member countries and the interests of economic and social development in general.

I would also like to congratulate Mr. Paul Wolfowitz on his unanimous appointment to the position of President and to wish him complete success in his work. I am confident that Mr. Wolfowitz will strengthen further the work of our institution, in pursuit of the harmonious development of the people of this planet.

The 71st meeting of our Committee is taking place against the backdrop of a deceleration of global growth compared to 2004. According to World Bank projections, global GDP is expected to decline from almost 4 percent in 2004 to 3.1 percent. This may be attributable to more sluggish growth in developed countries (2.4 percent in 2005 compared to 3.2 percent in 2004) and a hike in interest rates and oil prices. This slower growth rate may also result from the decline in the volume of global trade, which is expected to fall from 10.3 percent in 2004 to 7.7 percent in 2005.

This slowdown in growth is also expected to impact developing countries, inasmuch as a rate of 5.7 percent is expected in 2005, compared to 6.6 percent in 2004. This is the average rate; clearly, significant differences exist from one developing country to another, some of which have been impacted by unfavorable exogenous factors.

Another factor contributing to this situation is inadequate financial flows to these countries, despite their significant reform efforts aimed at improving the investment climate, with the assistance of the international financial community.

Compounding this situation is the fact that developing countries continue to face major challenges stemming from the need to reduce poverty in a context of vulnerability to exogenous shocks, in particular those related to the volume of and conditions attached to international financing, the prices of oil and raw materials, and climatic vagaries.

As a result of this situation, the international community must step up its efforts to provide assistance to developing countries aimed at increasing the level and effectiveness of aid, with a view to achieving the Millennium Goals, establishing the necessary conditions and mechanisms for adequate financing of the development agenda, successfully concluding

multilateral trade negotiations, and ensuring a higher level of representation of developing countries in the Bretton Woods institutions.

1. Global Monitoring Report 2005 on the Achievement of the Millennium Goals: From Consensus to Momentum

We commend the IMF and World Bank for preparing the Second Global Monitoring Report on the achievement of the Millennium Goals.

We are all cognizant of the fact that achievement of the Millennium Development Goals will have a positive impact not only on the living conditions of the people of developing countries, but also on fostering long term peace and security the world over.

We agree with the conclusion of the report that the credibility of the global compact forged by the MDGs and Monterrey Consensus hinges on expediting its implementation.

Consequently, and taking into account the scope and urgency of the challenges, we must, working in partnership, undertake action that is concerted, tangible, and expeditious, in order to accelerate the pace of progress towards attainment of the goals by 2015.

Despite the progress made, the conclusions of the report confirm the finding that the current pace of progress in developing countries and in Sub-Saharan African countries in particular remains well below what is required for achievement of the MDGs, particularly those linked to universal completion of primary education, gender equity in education, and a reduction in infant mortality.

The same disturbing situation can be seen with respect to the goals of access to potable water and sanitation.

For this reason, we think that an approach of joint responsibility must be adopted to reverse the current trends, in order to ensure a brighter future for the people of our planet.

In this context, developing countries must assume a significant share of this responsibility and should step up their efforts in the areas of strengthening democracy and good governance as well as achieving strong and sustained economic growth that is private-sector-led and underpinned by macroeconomic and structural reforms.

These countries must also establish the infrastructure necessary for the provision of basic social services and human development targeting the poor.

Developing countries should, in parallel with these efforts, continue to promote a culture of performance-based management. Communication of results regarding achievement of the Millennium Goals through better statistical data production tools is also necessary.

Developed countries must fully assume their responsibilities at several levels, by:

* promoting high levels of growth that are likely to serve as a catalyst for growth of the global economy, while curbing factors that lead to instability such as current account imbalances;

* expediting international trade liberalization so that it can become a veritable engine of global growth, while taking into account the needs of developing countries. Decisions must be made quickly in order ensure greater access to markets, in particular by dismantling tariff and non-tariff barriers to the export of goods and services from developing countries and eliminating agricultural subsidies. In particular, this requires the favorable and rapid conclusion of the Doha Round and the reform of WTO rules. The conclusion of asymmetrical agreements with developing countries should be one of the priorities of this agenda.

* increasing substantially the volume of aid by untying it and making it more predictable and efficient. Against this backdrop, it is our view that despite a slight increase in development assistance compared to previous years, the volume of this assistance was barely 0.27 percent of the GNP of donor countries in 2003 and falls far short of the needs of developing countries and the goal of 0.7 percent agreed to by the international community.

Donors should step up their efforts to harmonize and simplify operational procedures, in accordance with the Paris Declaration of March 2005, aimed in particular at reducing transaction costs linked to aid mobilization. To that end, donor countries and international financial institutions must rise to the challenge of taking expeditious and concrete action to implement the provisions of this Declaration as well as those of Marrakesh on management for results.

International financial institutions, particularly the IMF and World Bank, should also step up their efforts to support reforms led by developing countries and to implement programs linked to poverty reduction and an improved private sector environment.

To that end, these institutions should ensure that their approaches and instruments are adapted, on an ongoing basis, to the needs of member countries.

Moreover, international financial institutions should support trade facilitation and infrastructure development programs that are key to the development agenda and the achievement of the Millennium Goals.

We also call on these institutions to expedite efforts to permit all low-income countries to benefit from the HIPC Initiative.

These institutions should also continue their efforts to establish a debt sustainability evaluation framework for low-income countries, based on a systematic analysis of their debt situation. In that context, just as steps must be taken to ensure that financing tied to achievement of the MDGs is not transformed into a new debt burden, so too we must not allow sustainability concerns to lead to the depletion of concessional funding. In that regard, we support initiatives aimed at achieving more substantial debt relief for all poor countries.

2. Financing the Development Agenda

We support all the efforts of the various development partners to establish mechanisms intended to expedite mobilization of the additional resources needed to achieve the Millennium Goals.

In that regard, we reiterate our support for the establishment of an International Finance Facility and, in view of the groundswell of political support for this initiative, we call for its rapid implementation.

We also hold the view that the institution of a system of global taxes could constitute an important mechanism for generating significant and stable additional flows of development financing. Consequently, an effort should be made to obtain political consensus for this system, in order to establish the conditions for its implementation.

The voluntary contributions collected by NGOs from individuals and corporations to finance development needs should also be encouraged, along with the establishment of mechanisms that pave the way for blend financing.

3. Enhancing the Voice and Participation of Developing and Transition Countries in Bretton Woods Institutions

Enhancing the effective participation of developing and transition countries in decision-making in the Bretton Woods institutions is likely to confer greater legitimacy on the decision-making process of these two institutions and create the consensus needed to facilitate achievement of the Millennium Goals.

Without a doubt, commendable efforts have been made in recent years in terms of logistical and human resources to enhance the representation of developing and transition countries on the Executive Boards of the Bank and IMF.

However, we hold the view that effective participation of these countries, which are home to more than 84 percent of the world's population, requires the establishment of structural measures, aimed in particular at enhancing the voting powers of developing and transition countries in these two institutions.

We hope that a consensus can be quickly reached among member countries, with a view to implementing the structural measures needed to attain this objective.