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INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
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Statement by the Hon. **M. SAIFUR RAHMAN**,
Governor of the Fund and the Bank for **BANGLADESH**,
at the Joint Annual Discussion

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Mr. Chairman,

It is indeed an honor and a privilege for me to have the opportunity to address once again the Annual Meetings of the Bank and the Fund. I would like to express my sincere appreciation to the Government of Singapore for the excellent arrangements made for holding this annual event of the Bretton Woods Institutions.

2. Five years have elapsed since the signing of the Millennium Declaration. But the world is still far from achieving the MDGs. Time has come to ask ourselves whether we delivered on our promises of implementing the framework of mutual accountability to achieve these goals as enshrined in the Monterrey Consensus.

3. Meeting commitments of donors to scale up aid is a central facet of the framework of mutual accountability. We welcome the recent reaffirmation of the international community to increase aid and advance the harmonization and alignment agenda. The decline in actual disbursement of aid to low-income countries by the Multilateral Development Banks (MDBs) in 2005 is, however, a matter of concern. ODA will have to grow at an accelerated pace to reach the target of 0.7 percent of GNI of donor countries by 2015. Disbursement of committed aid should also be ensured. To mitigate exogenous risks like oil price shock further reforms of the existing Bank-Fund facilities and their augmentation are urgently needed. We also strongly emphasize the urgent need for a working out a simple and transparent formula for redistribution of quotas among the Fund's member countries that reflects developments in the world economy and strengthens the voice of the developing countries including the low income ones in the governance of the Fund.

4. The quality and composition of aid are crucial for attaining the MDGs. Stronger economic growth across the developing world is possible through sizeable investment in infrastructure. Reduction of human poverty calls for substantial scaling up of investment in health and education sectors particularly their recurrent costs. Aid will also have to be delivered in a flexible, cost-effective and predictable manner. While appreciating the Paris Declaration that highlighted ‘harmonization’ and ‘aligning to country procedures’, I feel uncomfortable to mention that the recipient countries are still flooded with multiplicity of missions and the country procedures and the countries’ capacity still being ignored. The harmonization and alignment agenda has to be accelerated and progressive use of country systems emphasized to ensure sustainable development.

5. While we deeply appreciate the World Bank’s latest move about corruption and governance issues, I am afraid, the attention on them seems rather too much compared to its mandated focus on poverty reduction. We must do our best to address the corruption and governance issues, with a cautionary note that we do not shift main attention from our poverty reduction mandate. I agree with the concerns in this regard raised by some multilateral and bilateral agencies including those of UNCTAD in their recent report and I think it is high time to revise the World Bank’s aid framework to further accelerate efforts targeted mainly to reduction of poverty.

6. World Bank’s estimates indicate that global welfare gains from full liberalization of merchandise trade will amount to US\$ 280 billion annually by 2015 of which \$86 billion would accrue to developing countries. In view of the unfortunate status of negotiations under the Doha Round we urge upon the multilateral donors to reinforce their advocacy role for immediate resumption and successful conclusion of negotiations and ensuring that hundred percent duty-free access is extended by developed countries to exports originating from LDCs.

7. The mutual accountability framework requires the developing countries to pursue sound development strategies and good systems of governance to ensure that resources are effectively used. We emphasize the need to further deepen the Poverty Reduction Strategy approach through joint Country Assistance Strategies depending on specific country circumstances and country ownership. We also support the need to strengthen development results measurement and monitoring of governance. However, we urge upon the donor community to support country-owned governance reforms and at the same time assess the governance standards on the basis of objective and actionable disaggregated indicators rather than on perception – based aggregate indicators. In aid allocations, country performance and needs should be given the highest priority.

8. Let me now briefly reflect on the developments in my country. Despite recurrent natural calamities and exogenous shocks the economy grew at a rate of nearly 7 percent last year with annual budget deficit contained below 4 percent of GDP. Export continues to record robust growth reaching 21 percent last year. Poverty has been reduced by 9 percent over the last five years, the highest rate achieved so far in my country. The country has achieved significant progress across a range of social indicators. We are on track to reach most of the MDGs. The World Bank, ADB, DFID and Government of Japan have adopted a Joint Country Assistance Strategy in support of our PRSP.

Let me conclude, Mr. Chairman, by wishing success of our common efforts to fulfill our mutual commitment to the poverty stricken people of the world.