



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-SEVENTH MEETING
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Statement by

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At present, the faltering global economic recovery, decelerating international capital flows into developing countries, and unstable geopolitical situation have increased the volatility of financial markets and global uncertainty. Living in this environment, developing countries are facing daunting challenges to achieve economic development and poverty reduction. At this unusual period of time, therefore, it is important that this development committee meeting focuses on key issues such as Millennium Development Goals and strengthening the voice and participation of developing and transition countries in the global economic development. The global partnership forged at Monterrey last year calls for shared responsibility and enhanced cooperation by both developed and developing countries in their joint efforts to counter challenges ahead, reduce poverty through growth and achieve the targets of MDGs. While striving for its own economic development, China stands ready to work with other countries and make due contribution to global economic development and poverty reduction.

I would like to share with you some of my observations on the specific issues on the agenda:

I. Achieving MDGs and Related Outcomes
a. A Framework For Monitoring Policies and Actions

We support the general monitoring framework proposed by the Bank and Fund. The framework reflects the spirit of global partnership towards achieving the MDGs. We agree that a progress report regarding the implementation of the commitments of all parties concerned should be provided to the Development Committee each year on a regular basis. We hold the view that the MDGs monitoring framework should fairly define the due responsibilities to be shared by all parties. The framework should not only look at the developing countries' policy measures and their results, but also the commitments and actions of the developed countries, especially in terms of the increase of ODA and the opening up of their markets to developing countries. The efforts of IFIs to foster developing countries' economic development should also be measured and monitored.

We share the view that economic growth plays a key role in achieving MDGs. And for developing countries, the measurement should focus on those policies that are most relevant to achieving economic growth and poverty reduction. Countries differ in their circumstances including the stages of development, and those differences should be taken into full account in implementing the monitoring framework to avoid a "one-size-fits-all" approach. It is our view that the whole process should be flexible, country-owned and result-oriented. International standards and codes can only work when the international

good practices are applied in the context of country-specific situation to improve economic management and promote growth in developing countries. .

We agree to the view as raised in the proposed framework on the importance of trade policies and aid effectiveness of developed countries. Developed countries should step up efforts to open up their markets to developing countries, reduce trade barriers, thus creating a fair and enabling external environment for developing countries. In the meantime, it is important that all countries should be able to participate in the process of globalization to ensure a balanced development of global economy. In our view, aid quantity is no less important as aid quality. ODA contribution from developed countries should be measured and monitored with the 0.7% UN target as benchmark.

Given the important role of IFIs in economic development, it is also necessary to monitor the efforts of both the Bank and Fund in helping countries achieve MDGs. Currently, the Bretton Woods Institutions are facing tremendous challenges as to how to formulate appropriate country development strategy based on their comparative advantages. There is no better approach to measure aid effectiveness than looking at whether aid has helped economic and social development and stability. We welcome the work done by BWIs in streamlining conditionality and strengthening country ownership. We hope that the two institutions would further enhance their coordination in MDGs. We commend the Bank's recent move towards paying more attention to the actual demand of client countries, and refocusing on the role of infrastructure in promoting economic development and poverty reduction. These efforts would undoubtedly contribute to economic growth and the achievement of MDGs.

2. Progress Report and Critical Next Steps in Scaling Up: Education for All, Health, HIV/AIDS, Water and Sanitation

We welcome the emphasis by the Development Committee on the importance of Education for All (EFA), Health, HIV/AIDS, Water and Sanitation. It is encouraging to note that, through concerted efforts of the international community, positive progress has been made in those important areas of MDGs. We support the efforts for scaling up as highlighted in the EFA Fast Track Initiative (EFA FTI). The demonstration effect of EFA FTI in improving policy effectiveness and mobilizing resources will be conducive to the acceleration of progress towards the MDGs in general. We welcome and would like to further discuss the constructive suggestions made by Camdessus report of the World Panel on Financing Water Infrastructure.

In the meantime, however, there are formidable challenges ahead in achieving MDGs. The lack of adequate fund is one of the biggest hurdles. We note that, even in those areas of MDGs within reach, there is an urgent need to mobilize additional financial resource to support countries that are policy-ready. Last year in Monterrey, some developed countries, notably EU countries, committed to increase their official development aid. We hope these developed countries will take prompt actions to fulfill their commitment. However, aid commitments fall considerably short of what is needed. It is estimated that approximately US\$50 billion additional financial aid is needed each year to achieve

MDGs. In this regard, we note the proposal put forward by the UK government to establish International Financial Facility (IFF) to further increase development finance. We hope that the proposal would invite more attention and further exploration by other developed countries, particularly the major developed countries on this important issue.

II. Enhancing the Voice and Participation of Developing and Transition Countries

The participation of developing countries in world affairs is indispensable to establish a fair and balanced world economic order. Strengthening participation of developing countries in the decision-making of the World Bank would serve as an institutional guarantee for the Bank, as a development agency, to achieve its objective of promoting economic growth and poverty reduction.

Since the Bretton Woods System was created 59 years ago, the developing world has made great progress in their economic development. The weight of developing countries in the world economy has increased substantially. This development should be properly reflected through the IMF quota and the Bank's share allocation. Given the reality that voting power in both the Bank and the Fund is strongly influenced by Fund quotas, we hope that the 13th Fund quota review could make positive progress in modifying quota formula and capital increase. Political consensus, in our opinion, is a prerequisite for the rationalization of the quota/share allocation of the BWIs that would properly reflect the current picture of the world economy and developing countries. We support the continuous attention of the Development Committee to this issue, and hope the BWIs would continue to work on the feasible options.

We support the moves that work for a fair and balanced global economic order, reflect the interests of developing countries, and help to strengthen the cooperation of all member countries, especially among developing countries. We are in favor of the proposal to provide more technical support for large multi-country constituencies, particularly African country constituencies, and more technical and research support for developing country chairs.

In the meantime, we would also like to emphasize that the ratio of developing countries' share in the two institutions should be reflected in the ratio of staff from developing countries. And the two institutions should increase the recruitment of professionals from developing countries, and make efforts to assign and promote the staff from developing countries to senior positions.