

## **2006 Spring Meetings of the International Monetary Fund and World Bank: UK OBJECTIVES FOR THE DEVELOPMENT COMMITTEE**

The Spring Meetings of the IMF and World Bank will take place on 22-23 April in Washington. The meetings will comprise the International Monetary and Financial Committee (IMFC) and the Development Committee (DC).

The Development Committee will discuss

- Clean Energy and Development: Towards an Investment Framework
- The Global Monitoring Report 2006: Strengthening Mutual Accountability – Aid, Trade and Governance

In addition, ministers are invited to comment on the following papers in their statements: Fiscal Policy for Growth and Development: An Interim Report; The Doha Development Agenda and Aid for Trade: Hong Kong and Beyond – Progress Report; and Heavily Indebted Poor Countries (HIPC) Initiative: Final List of Countries Potentially Eligible for Assistance under the Initiative.

The Secretary of State for International Development and the Chancellor of the Exchequer will submit a joint written statement to the Development Committee setting out UK views.

### **Clean Energy and Development: Towards an Investment Framework**

Climate change is the greatest environmental challenge facing the world today and its impact will be felt across the world. The poor in developing countries are most vulnerable to the impacts of climate change, such as floods and droughts. The UK therefore welcomes the Bank's work on developing an investment framework for clean energy and development, as part of wider global efforts to tackle climate change. Access to energy is critical for growth so ensuring developing countries' access to affordable, reliable and clean energy will be critically important if we are to meet the Millennium Development Goals (MDGs).

Therefore, we will call for the World Bank to prioritise investment in clean energy and energy efficiency and research into adaptation to climate change. We will ask the World Bank Group to co-ordinate closely with other partners to make the best use of our available resources. We will seek a clear timetable of action and milestones for the further development and implementation of an ambitious, international energy investment framework over the next three years. This should demonstrate how existing sources of financing will be more effectively used, and show where new solutions are needed. We will ask for the final investment framework proposal to be presented to the Annual Meetings in September.

### **Global Monitoring Report 2006: Strengthening Mutual Accountability – Aid, Trade and Governance**

The UK considers that the Global Monitoring Report (GMR) provides an excellent overview of recent progress towards achieving the MDGs and of the challenges that remain to be overcome. We welcome the central messages about the need for more

and better aid, and for actions to improve governance in the developed and developing world to help maximise aid effectiveness.

#### Aid

Almost all countries are off-track to meet the MDGs, and progress is especially poor in Africa. The international community must deliver more and better aid and we will use the Spring Meetings to press for renewed efforts to implement the 2005 commitments on aid. We will also be calling for new efforts to provide more flexible and predictable assistance, which supports country-owned plans and is provided through country systems.

The World Bank has a crucial role to play. The Results and Resources Consultative Groups (RRCGs), first suggested in the Africa Action Plan, are a good vehicle for improving mutual accountability and we will be calling on the Bank to start implementing them, as agreed at the DAC High-Level Meeting in Paris on 5 April.

The UK has made new commitments in recent months, including earlier this month in Mozambique, on education. We will be seeking support from other donors to make faster progress in addressing the continuing challenges of eradicating poverty in Africa and ensuring that all children go to school by encouraging developing countries to draw up long-term plans to achieve this.

#### Debt

We are pleased that the Fund and Bank Boards have approved the new Multilateral Debt Relief Initiative (MDRI), which will provide increased resources to accelerate progress towards the MDGs. We welcome the Fund's implementation of the initiative and note that debt relief to 19 countries started on 1 January. We will be pressing the Bank to implement fully the MDRI on 1 July.

#### Governance

We welcome the focus this year on governance, which is critical for development. The proposed framework for monitoring governance is a useful starting point but needs further refining. We support the diagnosis that corruption is an outcome of poor governance, but it should not be tolerated, given its enormous impact on poor people. The challenge for the international community is to find smarter and more effective ways of engaging in environments where corruption is an issue. We will call on the Bank to develop a framework for dealing with this important matter, including ensuring that aid is used for the purpose for which it was intended.

### **Fiscal Policy for Growth and Development: An Interim Report**

Public investment for growth is essential so we welcome the useful framework put forward by staff to help countries better understand how they can responsibly increase their spending in this area. We also welcome the report's emphasis on the importance of spending resources to encourage private sector growth. We will press for the Bank and Fund to continue to work closely together on this issue in their dialogue with countries.

### **The Doha Development Agenda and Aid for Trade: Hong Kong and Beyond – Progress Report**

The UK welcomes this review of the outcome of Hong Kong, and supports the call to significantly increase assistance to help developing countries benefit from increased

trade. However, that is no substitute for a successful outcome to the Doha Development Round that must include increased market access and significant reductions in trade-distorting subsidies. The UK will press the G8 to deliver on their Gleneagles commitments to contribute to and promote additional assistance for poor countries to build their capacity to trade and enable them to maximise and secure the benefits from the Doha Development Round. Effective delivery mechanisms for Aid for Trade need to be put in place in 2006, so we endorse the Bank's work on an Enhanced Integrated Framework to help Least Developed Countries identify priorities and build these into national development plans. We will call for the Bank and Fund to work more closely on this in future.

### **Heavily Indebted Poor Countries Initiative (HIPC): Final List of Countries Potentially Eligible for Assistance under the Initiative**

The UK is committed to the full implementation of the HIPC Initiative. We will welcome the agreement that additional countries be added to the list of those potentially eligible. We will call on all parties to take the necessary actions to allow countries to progress through the Initiative.

### **Investment Climate Facility (ICF) for Africa**

Africa has made great strides in reforming its business environment, but deeper and wider reform is needed if it is to take full advantage of the opening up of global trade markets. The ICF will help make Africa a better place to do business by encouraging more business friendly policies, laws and regulations across the continent, and by helping strengthen the institutions that enable these to be administered. The UK has agreed to contribute \$30m to the Facility. We will be calling on the international community and the private sector to give support to this African initiative.