



International Monetary Fund

Factsheet - April 2005

The IMF and the Millennium Development Goals

The Millennium Development Goals (MDGs) are a set of development targets agreed by the international community, which center on halving poverty and improving the welfare of the world's poorest by 2015. The IMF contributes to this effort through its advice, technical assistance, and lending to countries, as well as its role in mobilizing donor support. Together with the World Bank, it assesses progress toward the MDGs through an annual Global Monitoring Report.

What are the Millennium Development Goals?

In September 2000, at the United Nations Millennium Summit, world leaders agreed to eight specific and measurable development goals—now called the Millennium Development Goals (MDGs)—to be achieved by 2015. The first seven goals focus on eradicating extreme poverty and hunger; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; improving maternal health; combating HIV/AIDS, malaria and other diseases; and ensuring environmental sustainability. The eighth goal calls for the creation of a global partnership for development, with targets for aid, trade, and debt relief. A significant step toward meeting the MDGs was taken in Monterrey, Mexico, in March 2002, when the international community adopted a two pillar strategy, whereby sustained pursuit of sound policies and good governance by the low-income countries is to be matched by larger and more effective international support.

How does the IMF help countries make progress towards the MDGs?

There are many ways in which the IMF helps poor countries achieve the sustained high levels of growth that establish the basis for poverty reduction—including through policy advice, technical assistance, financial support and debt relief. It also tries to ensure that developed countries' policies are supportive of low-income countries' development efforts, by advocating for increased foreign aid, the opening of markets to developing countries' exports, and the maintenance of a healthy enabling international economic climate.

The pressures to meet the MDGs by 2015 have further focused the IMF's efforts on helping countries assess the macroeconomic consequences of scaling up both their own policy efforts and external financial support. In this context, the IMF encourages countries to develop and analyze alternative frameworks for achieving the MDGs, and to make these underpin their poverty reduction strategies. Typically, one scenario might include a realistic projection that assumes good policy implementation and continued donor support at a level based on current trends and expectations. Another more ambitious projection would take account of absorptive and administrative constraints and try to identify policies to alleviate them so as to put the country on a higher growth path. This can help countries use the MDGs to design their policies, and guide donors in assessing the capacity of a country to absorb increased levels of aid and put it to effective use.

Increasingly, it is recognized that macroeconomic stability and growth depend heavily

on structural and institutional factors. Therefore, in contributing to the achievement of the MDGs, the Fund works closely with partner agencies, especially the World Bank, but also other multilateral and bilateral providers of aid and financing.

The *Global Monitoring Report*—Measuring Progress

The *Global Monitoring Report* (GMR) is an annual report that aims to assess how the world is doing in implementing the policies and actions needed to achieve the MDGs and related outcomes. It is produced jointly by the World Bank and the IMF, in collaboration with other international partners.

GMR 2004: MDG Prospects – Reasons for Optimism, Grave Concerns

The first issue of the GMR, published in June 2004, showed that, on current trends, most MDGs would not be met by most countries. Some progress was being made, but it was uneven and too slow. The first goal of halving income poverty between 1990 and 2015 was likely to be achieved at the global level, but sub-Saharan Africa would fall well short. For the human development goals, the risks were much more pervasive across the regions. Likely shortfalls were especially serious with respect to the health and related environmental goals—child and maternal mortality, access to safe drinking water and basic sanitation. Few, if any, regions would achieve the mortality goals.

The GMR 2004 concluded that achievement of the MDGs required rising above current trends—and that, to that end, there was an urgent need for all parties to scale up action. In a comprehensive and integrated review of the global development policy agenda, the GMR 2004 identified priorities for action by developing countries, developed countries, and international agencies revolved around three elements: (1) accelerating reforms to achieve stronger economic growth; (2) empowering and investing in poor people by scaling up and improving the delivery of human development and related key services; and (3) speeding up the implementation of the Monterrey partnership, matching stronger reform efforts by developing countries with stronger support from developed countries and international agencies.

GMR 2005: From consensus to momentum

Building upon the previous year's conclusions and recommendations, which garnered wide consensus, the 2005 issue of the GMR tackles the question of how to generate momentum to accelerate progress and achieve the MDGs on schedule. With five years elapsed since the Millennium Declaration, and only ten to go until 2015, the year 2005 marks an important juncture. The report has a special focus on Sub-Saharan Africa, because this region is farthest from the MDGs and faces the toughest challenges in accelerating progress.

The report proposes a five-point agenda of accelerated and concerted actions by developing and developed countries: (1) anchor actions to achieve the MDGs in country-led development strategies; (2) improve the environment for stronger, private-led economic growth, as well as policies and governance; (3) scale up human development and relevant key services; (4) dismantle barriers to trade; and (5) substantially increase the level and effectiveness of aid.

Accelerating Progress toward the MDGs: A Five-Point Agenda

Anchor actions to achieve the MDGs in country-led development strategies

- Operationalize the MDGs in country-owned and -led poverty reduction strategies, linked to medium-term fiscal frameworks. Donors should use these strategies as the basis for aligning and harmonizing assistance.

Improve the environment for stronger, private sector-led economic growth

- Strengthen macroeconomic policy, with a focus on fiscal management and the structure of public spending
- Improve the enabling climate for private activity, by removing regulatory and institutional constraints and strengthening infrastructure.
- Improve governance—by upgrading public sector management, combating corruption, and improving transparency in public sector operations.

Scale up human development services

- Rapidly increase the supply of skilled service providers (health workers, teachers).
- Provide increased, flexible, and predictable financing for these recurrent cost-intensive services.
- Manage the service delivery chain to ensure that money produces results.

Dismantle barriers to trade

- Achieve an ambitious outcome to the Doha Round that fully realizes its development promise, including in particular a major reform of agricultural trade policies in high-income countries, completing the Round no later than 2006.
- Augment assistance to poor countries to address behind-the-border constraints to their trade capacity, including through investments in critical trade-related infrastructure.

Substantially increase the level and effectiveness of aid

- Double ODA in the next five years to support the MDGs, particularly in low-income countries and Sub-Saharan Africa—through expanding aid budgets and exploring other innovative mechanisms. Align the pace of the increase in aid with recipients' absorptive capacity.
- Improve the quality of aid, with faster progress on alignment and harmonization, and delivery modalities that increase aid flexibility and predictability.
- Reach closure in 2005 on current proposals for additional debt relief. Any additional debt relief should not cut into the provision of needed new financing.

More resources:

Speeches

[Global Imbalances and Global Poverty - Challenges for the IMF Remarks by Rodrigo de Rato, Managing Director of the IMF \(February 23, 2005\)](#)

[Correcting Global Imbalances -- Avoiding the Blame Game, Remarks by Rodrigo de Rato, Managing Director, IMF \(February 23, 2005\)](#)

[Remarks by Anne O. Krueger, Acting Managing Director, International Monetary Fund \(April 08, 2004\)](#)

Press Releases

[IMF Managing Director Rodrigo de Rato Welcomes UN Millennium Project's Report on Achieving Millennium Development Goals \(January 17, 2005\)](#)

[IMF Executive Board Approves Amendment to General Data Dissemination System Designed to Enhance Statistical Reporting Related to the Millennium Development Goals \(November 06, 2003\)](#)

[IMF Supports UN's Millennium Development Goals \(September 19, 2001\)](#)

Finance & Development Magazine articles:

December 2003 issue: [The Millennium Development Goals](#)

[From Vision to Action - How to put some oomph into the Millennium Development Goals \(September 2004\)](#)

[Pedantry or How Does the IMF Account \(December 2004\)](#)

[Staying on Track \(September 2003\)](#)

[Institutions Matter, but Not for Everything-Jeffrey D. Sachs \(June 01, 2003\)](#)

[Challenges in Expanding Aid Flows \(June 01, 2002\)](#)

Papers

[Understanding Fiscal Space, Policy Discussion Paper No. 05/4, March 1, 2005](#)

[Social Spending, Human Capital, and Growth in Developing Countries: Implications for Achieving the MDGs, Working Paper No. 04/217, November 1, 2004](#)

[The Millennium Development Goals, Capacity Building, and the Role of the IMF, Working Paper No. 03/119, June 1, 2003](#)

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