



**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



1818 H Street, N.W., Washington, D.C. 20433

Telephone: (202) 458-2980

Fax: (202) 522-1618

October 9, 1995

COMMUNIQUE

1. The 51st Meeting of the Development Committee was held in Washington, D.C. on October 9, 1995 under the chairmanship of Mr. Mohamed Kabbaj, Minister of Finance and Foreign Investment of Morocco. Ministers welcomed World Bank President James D. Wolfensohn to his first meeting of the Committee. The Committee was pleased that, for the first time, the United Nations Secretary General, Mr. Boutros Boutros-Ghali, addressed the Committee. <sup>1/</sup>
2. SUPPORT FOR POVERTY REDUCTION Ministers reviewed the implications of the United Nations' Social Summit Declaration. They focussed particularly on how World Bank and IMF efforts to reduce poverty could be strengthened through enhanced policy dialogue with governments, based in part on results of poverty assessments. Ministers agreed that multilateral development institutions should accelerate their investments in social sectors and poverty reduction programs. The Committee encouraged the Bank to strengthen its efforts to promote broad-based, labor-intensive growth through increasing access of the poor to land, credit and basic infrastructure.
3. Ministers agreed that efforts to improve the composition and efficiency of public expenditures were needed. The Committee urged the Bank and Fund to work closely with member governments to help them improve their public finances, especially by increasing attention to funding social and economic development programs and reducing non-productive spending (including excessive military expenditures) within a framework of sustainable economic growth.

---

<sup>1/</sup> Mr. Michel Camdessus, Managing Director of the International Monetary Fund, and Mr. N'Goran Niamien (Côte d'Ivoire), Chairman of the Group of 24, also took part in the meeting. Observers from a number of international and regional organizations also attended.

4. In this context, Ministers agreed that donors' support should be consistent with governments' public expenditure programs. The Committee urged donor governments to continue to strengthen assistance for countries demonstrating strong commitment to social sector investments and other high priority poverty reduction programs. The Committee also urged them to take steps to reduce administrative burdens on aid recipients.

5. INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) Ministers recognized the importance of supporting the implementation of effective development policies and programs with adequate resource flows, especially of concessional funds, if poverty is to be reduced. The Committee recognized that funding reductions facing IDA present a very serious risk to poverty reduction and economic growth in the world's poorest countries. Ministers agreed on the importance of a significant replenishment of IDA.

6. The Committee expressed great concern that potential reductions in contributions to IDA were likely to jeopardize its future and stressed the great importance donors attach to equitable burden-sharing. The Committee urged all donors which have not done so to honor their commitments and continue the strong support which has marked IDA's 35-year life.

7. Ministers agreed that every effort should be made to meet the essential financing requirements of poor countries as reflected in IDA's lending plans, and to protect IDA's multilateral character.

8. MULTILATERAL DEBT Ministers resumed the discussion of multilateral debt begun at the previous meeting. Ministers agreed that current instruments should be sufficient to bring debt and debt service for the majority of heavily indebted poor countries down to manageable levels. For a small group of countries, however, this may still leave an unsustainable debt situation, a problem for which appropriate approaches need to be further explored. Ministers requested the Bank and Fund to continue their work on this issue, including detailed country-specific analysis of debt sustainability, and, after presenting their findings and recommendations to the Executive Boards, to report with proposals to the Committee at its next meeting.

9. EXECUTIVE SECRETARY The Committee selected Mr. Alexander Shakow as Executive Secretary.

10. NEXT MEETING The Committee's next meeting will be on April 23, 1996, in Washington, D.C., when its agenda will include consideration of the Report of its Task Force on the Role of Multilateral Development Banks.