



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

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COMMUNIQUÉ

1. The 55th meeting of the Development Committee was held in Washington, D.C. on April 29, 1997 under the chairmanship of Mr. Mohamed Kabbaj, Minister of Finance and Foreign Investment of Morocco.<sup>1</sup>

2. **Implementation of the Debt Initiative for Heavily Indebted Poor Countries** The Committee welcomed the substantial progress made since its last meeting in implementing the HIPC Initiative: the Bank and the Fund Executive Boards have taken a decision on Uganda that would, subject to satisfactory assurances on the participation of other creditors and following a review of Uganda's further progress on adjustment and reform, have an effect on its debt service of a reduction in its multilateral and bilateral debt by about 20 percent—or about \$700 million—in April 1998; there is also a preliminary agreement on the eligibility of three other countries (Bolivia, Burkina Faso and Côte d'Ivoire); and the necessary analysis for several other countries is well underway.

3. Ministers reaffirmed the importance of implementing the Initiative in accordance with the guiding principles and the Program of Action agreed upon by the Committee in 1996. Ministers stressed the importance of adequate interim financing by all creditors. They welcomed the recent Bank and Fund Board decisions on implementing the Initiative which demonstrate that, with determination and close collaboration by all partners, governments that show strong commitment to reform and economic and social development can be placed on a track to achieve a sustainable external debt position.

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<sup>1</sup> Mr. James D. Wolfensohn, President of the World Bank, Mr. Michel Camdessus, Managing Director of the International Monetary Fund, Mr. Antonio Casas Gonzalez, Governor of the Central Bank of Venezuela and Chairman of the Group of Twenty-Four, and Mr. Richard H. Kaijuka, Minister of Planning and Economic Development of Uganda, addressed the plenary session. Observers from a number of international and regional organizations also attended.

4. Ministers expressed appreciation for the close working relationships between the Bretton Woods institutions, other multilaterals, the Paris Club, and other bilateral creditors. They also expressed appreciation to the governments that have made voluntary contributions to the HIPC Trust Fund, and to those that have indicated their readiness to contribute to the IMF ESAF/HIPC Trust; they urged other governments to do so as well.

5. **Multilateral Investment Guarantee Agency (MIGA)** Ministers noted the progress made by MIGA's Board and Management in addressing MIGA's resource constraints. The Committee expressed broad support for MIGA's continued growth in response to expanding demand for its services. As MIGA is rapidly approaching the limits of its financial capacity, ministers urged the MIGA Board, together with other parties involved, to resolve in an expeditious manner the remaining issues on how best to obtain adequate resources, and report to the Committee at its next meeting.

6. **Partnership for Capacity Building in Africa** Africa's future economic and social progress will depend heavily on today's investments in human capital and institutional capabilities. Past efforts in capacity building have not had wide success in fostering effective institutions and sustainable transfer of skills, in part because they did not foster local ownership. Thus, the Committee welcomed the initiative taken by African governments to identify and address this fundamental requirement. The Committee appreciated the high degree of African ownership and commitment to take their own actions on capacity building which are reflected in this effort. Ministers encouraged the World Bank to continue to provide strong support for this African initiative, and to help build support from others in the international community as the Partnership's program develops.

7. **Strengthening Support for Development Cooperation** Developing countries have made progress in reducing poverty in recent years, but in the poorest countries it remains pervasive and deep. Further advances depend primarily on domestic efforts, but integration into the international trading system, and access to adequate external resource flows, are also essential. Ministers stressed the central importance of improving the enabling environment for private investment; moreover, the need to ensure adequate access to Official Development Assistance (ODA), notwithstanding donors increasing budgetary pressures and competing demands, is a matter of great concern.

8. To strengthen support for development cooperation and help generate necessary ODA flows, ministers agreed to redouble their efforts to ensure that aid resources are effectively mobilized, delivered and used. The Committee agreed that improved coordination, and strengthened partnerships between developing countries, the private sector, and bilateral and multilateral agencies, are essential to improving aid effectiveness.

9. Ministers urged the World Bank to continue to work closely with its partners on realistic and monitorable development goals, adapted to specific country conditions and with full ownership by the countries themselves. In this respect, generally accepted goals such as those focused on poverty reduction, human welfare and the environment help demonstrate development achievements and lessons learned. Ministers welcomed the recent endorsement by OECD donors of such goals.

10. Ministers agreed that the primary beneficiaries of development aid should be those poor countries committed to economic growth and the reduction of poverty through sound policies and effective use of domestic and external resources. The Committee encouraged IDA and other multilateral agencies to strengthen further the role of policy performance in the allocation of their resources, bearing in mind factors beyond the control of governments, while continuing to help build the capacity of all countries to improve performance. Bilateral donors were encouraged to move further in this direction as well.

11. Ministers welcomed the IMF support for adjustment and reform programs under the ESAF, and emphasized the importance of continuing ESAF operations to assist low-income countries.

12. Ministers emphasized the great importance they attach to successful implementation of the IDA 11 agreement. The Committee was encouraged by recently concluded agreements for several other multilateral development bank (MDB) replenishments, and reiterated that continued strong support for MDBs by all shareholders, on a fair burden sharing basis, is essential to preserve their multilateral character and to meet the key challenges of sustainable development.

13. **Strategic Compact** The Committee welcomed the World Bank's Strategic Compact, which aims to improve the level and quality of front-line services and strengthen overall development effectiveness by enhancing project quality and by making the Bank more cost-effective, participatory, flexible and responsive to client needs. Members invited the World Bank Board to monitor closely the implementation of the Strategic Compact and requested periodic reports on progress achieved.

14. **Facilitating Private Involvement in Infrastructure** Ministers welcomed the work underway in the World Bank Group to promote private sector investment in infrastructure and they asked the Bank Group to prepare an Action Program on this subject for the Committee's next meeting.

15. **Next Meeting** The Committee's next meeting will be held on September 22, 1997 in Hong Kong, China.