



## **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



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Washington D. C., April 13, 2003

### **DEVELOPMENT COMMITTEE COMMUNIQUE**

1. We met today to review progress in the work of implementing the strategies, partnerships and actions agreed in Monterrey and Johannesburg to achieve the Millennium Development Goals<sup>1</sup> and to consider ways to enhance the voice and participation of developing and transition countries in our institutions.
2. Since our meeting last fall, the global environment has become more uncertain. Slower economic growth, the war in Iraq, and failure to make more substantive progress on the Doha Development Agenda add to the challenge of implementing the global development agenda. We therefore strongly reaffirmed our commitment to the global effort needed to reduce poverty in developing and transition countries and achieve the MDGs.
3. To accelerate progress toward these and related goals, we emphasized the need for policies by both developed and developing countries in partnership to generate stronger economic growth complemented by actions to enhance the capabilities of poor people to participate in growth and access key social services. For developing countries, three interrelated areas in particular require strengthened efforts: improving the environment for investment and private sector activity, including macroeconomic stability and supporting infrastructure; strengthening governance, including public financial management, and capacity in the private and public sector; and increasing human capital through broader and more effective delivery of basic and social services to the poor. Such stronger reform efforts by developing countries would lay the foundations for enhanced growth and private financing. As agreed at Monterrey, these efforts need to be matched with stronger support from developed countries, in particular through increased market access for developing country exports, debt relief, and increases in the volume, predictability and effectiveness of aid.

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<sup>1</sup> From the U.N. Millennium Declaration, endorsed by Heads of State and Government in the U.N. General Assembly on September 8, 2000.

Proposals to achieve this, including facilities, are being considered and we look forward to progress in the coming months. We are pleased that on April 8, IDA's Thirteenth Replenishment became effective. We also reaffirmed our commitment to increased assistance to the sub-Saharan African and other countries that face special challenges in meeting the MDGs.

4. On improving aid quality, including its delivery and management aspects, we called for swift progress in implementing the results agenda and the agreements in the Rome Declaration on Harmonization. We underlined the central importance of anchoring strengthened efforts in country-owned strategies, as set out for low-income countries in PRSPs, linked to national budget processes and providing the country context within which donors and international agencies can align support.
5. We welcomed the progress on developing a global monitoring framework to allow the Committee to regularly assess progress and to reinforce accountabilities among developing and developed countries, as well as institutional partners, for the policies and actions for achieving the MDGs and related outcomes. We urged the Bank and the Fund to continue to work closely with partner agencies—UN, Regional Development Banks, OECD/DAC and WTO—using institutional mandates to guide the division of responsibilities for monitoring work. We called upon both multilateral agencies and bilateral donors to take the necessary steps to refine and harmonize their instruments of analysis and measurement. In this context, we urged the Bank, working in a participatory manner, to continue to improve the Country Policy and Institutional Assessment (CPIA) methodology and the transparency of its application. The urgency of the work on statistical capacity building, especially for those countries most at risk of not meeting the MDGs, was underlined. We looked forward to the next global monitoring report.
6. Continuing progress on the Fast Track Initiative on Education For All was welcomed although we recognized that more needs to be done to follow up on the commitment to adequately fund the initial seven countries and to provide the required support to other countries that meet the eligibility criteria. Furthermore, extra efforts are needed to achieve the 2005 MDG on gender parity in access to primary and secondary education. We asked, before our next meeting, to be informed on progress. We reviewed progress on water and sanitation and underlined the important contribution that these make to the other development goals. We welcomed the Bank's recent strategy to enhance support to the water sector and look forward to its implementation. We noted the recent report of the Panel on Financing Water Infrastructure, and asked the Bank to consider, before our next meeting, how it can implement relevant recommendations of the Panel report. We also considered progress in health and HIV/AIDS and encouraged the Bank to strengthen further its cooperation with other partners and to intensify its efforts at the country level. While each service sector will have to find its own approach to accelerating progress, we underlined the importance of anchoring the efforts to achieve MDG goals in country-owned strategies such as in PRSPs for low-income countries. We stressed that sound policies and efforts by developing countries should be supported by adequate and

appropriate financing and we asked the Bank to report on progress in this regard at our next meeting.

7. We emphasized the critical role of investment in infrastructure for economic growth, and its linkages with the provision of social services and the attainment of the MDGs. We welcomed the Bank's renewed commitment to increase its support to such investment and asked the Bank to report on its further efforts at our next meeting.
8. Trade remains of crucial importance to growth and poverty reduction. At a time of global uncertainty, it is even more important to demonstrate that multilateral cooperation can succeed in meeting the ambitious targets set for the Doha Development Agenda. We urge countries to come to an agreement quickly in those areas where Doha deadlines have already been missed. It is essential for developed countries to do more to liberalize their markets and eliminate trade-distorting subsidies, including in the areas of agriculture, textiles and clothing, which are of particular importance for developing countries. At the same time, we emphasize the importance of trade facilitation and liberalization efforts in developing countries. These efforts must be integrated into an overall development strategy, in conjunction with the necessary policies, infrastructure and institutional capacities that strengthen their ability to participate in international trade. We call on the Bank and the Fund to continue to step up their efforts to support trade. We urge that future Country Assistance Strategies include trade-enhancing lending operations and capacity building for member countries where such trade-related support is a clear country priority.
9. Enhancing the voice and effective participation of developing and transition countries in the work and decision-making of the Bretton Woods Institutions can contribute importantly to strengthening the international dialogue and the effectiveness of these institutions. We welcomed the recent capacity-enhancing decisions by the Executive Boards of the Bank and the Fund and we urge them to consider additional steps that might be taken. These decisions will help to ensure that a more effective capacity exists to articulate the views and concerns of all members. We encourage potential donors to actively pursue the idea of creating a financing mechanism that could support independent research and advice in key policy areas. Broader and more far-reaching ideas have also been advanced to help achieve enhanced participation in the institutions. We note that a status report by the Fund Executive Board to the IMFC on the adequacy of IMF resources, the distribution of quotas and the strengthening of Fund governance is to be prepared for its next meeting. We requested the Boards of the Bank and Fund to consider and elaborate upon options with a potential for broad support, taking account of shareholder and institutional implications. On this basis, we will pursue our discussions of these matters and requested a progress report for our next meeting.
10. We welcomed the progress made on the HIPC initiative and reconfirmed our commitment to its implementation and full financing. We recalled that achievement of long-term debt sustainability will require actions on the part of HIPC countries as well as development partners to complement debt relief under the enhanced HIPC initiative. We also recalled

that within existing guidelines, additional relief can be provided at the completion point, on a case-by-case basis. We welcomed the donor community pledges to close the financing gap in the HIPC Trust Fund and urged donors to translate these into concrete contributions in the coming months. We welcomed the recent paper by the Bank and the Fund that reviewed the difficult issues of creditor participation, including HIPC-to-HIPC debt relief and creditor litigation and welcomed the decision by the Bank to explore options to assist with HIPC-to-HIPC debt. We once again reiterated the request that all official bilateral and commercial creditors that have not yet done so participate in the HIPC initiative. We look forward to reviewing implementation, including any difficulties encountered in reaching decision and completion points, at our next meeting.

11. We noted that the present situation in Iraq poses significant challenges, with an urgent need to restore security, relieve human suffering and promote economic growth and poverty reduction. We support a further UN Security Council resolution. We further note that engagement by the international community including the Bretton Woods institutions would be essential for sustained economic, social, and political development in Iraq, recognizing that the Iraqi people have the responsibility to implement the right policies and build their own future. The World Bank and the IMF stand ready to play their normal role in Iraq's re-development at the appropriate time. They will also monitor closely the impact of the conflict on all their members and stand ready to help and support those adversely affected. It is important to address the debt issue, and we look forward to early engagement of the Paris Club.
12. The next meeting of the Development Committee will be held in Dubai, United Arab Emirates, on September 22, 2003.