



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

Washington D.C., September 28, 2002

DEVELOPMENT COMMITTEE COMMUNIQUE

1. We met today to discuss implementation of the strategies and decisions agreed in Monterrey and Johannesburg and achieving debt sustainability for heavily indebted poor countries.
2. At our meeting last April, we welcomed the very important progress achieved in Monterrey laying out a new partnership between developed and developing countries, based on mutual responsibility and accountability, to achieve measurable improvements in sustainable growth and poverty reduction. We welcomed the announcements by a number of donors of significant increases in their ODA. Earlier this month, the WSSD concluded in Johannesburg with a number of decisions that provide additional direction to our task of eradicating poverty and achieving sustainable development. A series of important commitments were made in the areas of water and sanitation, energy, health, agriculture, biodiversity and ecosystem management, accompanied by the launch of implementation initiatives. Today we committed ourselves with a new vigor and determination to implement the agreed strategies and partnerships and to use our future meetings regularly to review progress through clear and measurable indicators. Building on the outcomes of Monterrey and Johannesburg, we also intend to have further discussions on global public goods.
3. The global community must now convert the ideas and the shared approaches agreed in Doha, Monterrey and Johannesburg into concrete action and measure ongoing progress. Experience has repeatedly shown that progress will only be made through implementation of sound and sustainable country-driven strategies. To make existing and new aid commitments more effective, these strategies must also be supported by better coordination and cooperation amongst development partners and by effective alignment of donor support with country strategies. We underline our commitment to work together and with civil society and the private sector, under the leadership of the government concerned, in a coherent way to achieve concrete results.

4. We reaffirmed the crucial importance of trade as a source of growth and poverty reduction. We recognized that it is essential for developed countries to do more to open their markets and eliminate trade-distorting subsidies for products that represent major potential exports for developing countries, such as agriculture, textiles and clothing. At the same time, we recognized the importance of continued efforts towards trade liberalization in developing countries as part of an overall development strategy, in conjunction with the necessary policies and capacities that facilitate an appropriate supply response and minimize the adjustment burdens on the poor. We therefore welcomed the increased attention to trade issues in the work of the World Bank and International Monetary Fund in support of a successful Doha Development Agenda. We urged intensified efforts to mainstream trade in the development dialogue with the Bank's members, with an enhanced operational focus on building both institutional and physical capacity to help developing countries take advantage of new trade opportunities.
5. Last April, we endorsed a World Bank plan to help make primary education a reality for all children by 2015 and gender equality in primary and secondary education by 2005. Today we reviewed implementation of the Fast Track Initiative and requested a progress report on results achieved for our next meeting. In addition, we considered the challenges of scaling up activities in two additional areas – HIV/AIDS/Communicable Diseases and water and sanitation. We urged the World Bank to pursue its work in these areas.
6. We endorsed the overall approach set out for discussion today for making results central to the management of development programs in both developing countries and in development agencies. We urged the Bank to expedite implementation of the action plan for increasing its results orientation and to intensify its work with multilateral and bilateral partners to share information on planned and ongoing country development activities, including diagnostic work and operational support, as a basis for enhanced alignment of donor support for national development strategies. We also urged increased use of joint evaluations of donor programs, especially for country and sector program support, to complement assessments of individual agencies' performance, including as development partners. We highlighted the need for increased and coordinated donor support for capacity building, including for results-oriented monitoring and evaluation and statistics. We asked the Bank to report on these efforts at our next meeting.
7. We recognized the need for intensified efforts to harmonize operational policies and procedures of bilateral and multilateral agencies at the institutional and country levels so as to enhance aid effectiveness and efficiency and promote greater ownership by developing countries. We committed to further action in streamlining such policies, procedures and requirements over the period leading to the high-level forum scheduled in Rome in February 2003 and beyond.
8. Recognizing the special challenges faced by Africa in meeting the millennium development goals, we urge the Bank and the IMF to scale up assistance to these countries and to build on the NEPAD initiative as a unique opportunity to make significant and quick progress building on African leadership.

9. Our discussions have reinforced our conviction that major progress on achieving the Millennium Development Goals is possible. What is needed now is determined implementation of agreed strategies and partnerships on the part of both developed and developing countries, as well as multilateral agencies and the setting out of a clear framework identifying responsibilities and accountabilities by which progress can be regularly measured. The Development Committee intends to contribute to moving this implementation agenda forward through regular monitoring and review of the policies, actions and outcomes needed to achieve these goals. We request the Bank and the Fund to present proposals at our next meeting for taking this forward, whilst recognizing the role of the United Nations in monitoring the MDGs.
10. The Monterrey Summit also stressed the importance of greater coherence, coordination and cooperation among multilateral organizations and the need to broaden and strengthen participation of developing countries and countries with economies in transition in international decision-making and norm-setting. The Summit encouraged the World Bank and the IMF to find pragmatic and innovative ways to further enhance participation of these countries and thereby to strengthen the international dialogue and work of these institutions. We requested the Bank and the Fund to prepare a background document to facilitate consideration of these important issues at our next meeting.
11. We welcomed the continued progress made on the HIPC initiative and reconfirmed our commitment to its implementation and full financing. We fully support the objective of helping our poorest, most heavily indebted members achieve an enduring exit from unsustainable debt but we recognize that considerable challenges remain. Success will require: a sustained commitment by HIPC countries to improvements in domestic policies and economic management; capacity building for the management of financial assets and liabilities; full participation and delivery of relief by all affected creditors; and adequate and sufficiently concessional financing by international financial institutions and the donor community. We call upon all official and commercial creditors that have not yet done so to fully participate in the HIPC Initiative. We have asked the Bank and the Fund to undertake an early review of the difficult issues of HIPC-to-HIPC debt relief and creditor litigation. We stressed the urgency of meeting the financing shortfall of the HIPC Trust Fund which could be up to \$1 billion. We welcome the recent announcements of support and call upon other donor countries to make firm pledges and contributions as early as possible. At the same time, we reaffirm our commitment to ensuring that the cost of debt relief to IDA is not permitted to compromise IDA's resources, and we note the arrangements in place to accomplish this objective.
12. We reviewed further experience with PRSPs which confirmed the broad findings of the joint Bank/Fund review earlier this year. The Committee is encouraged by the increased momentum in countries' efforts to develop and implement their PRSPs. We call on the Fund and Bank together with all donors to align their support with country PRSPs and to collaborate with each other to: strengthen their analysis of the sources of growth; streamline conditionality; help countries improve their public expenditure management systems; facilitate an environment conducive to private sector development; and intensify

efforts to help countries undertake poverty and social impact analyses on a more systematic basis.

13. Finally we reviewed the role being played by the Bank and Fund, in collaboration with other international institutions, in combating money laundering and the financing of terrorism (AML/CFT). We endorse the conditional addition of the FATF 40+8 Recommendations to the list of international standards and codes useful to the operational work of the Bank and the Fund, and the conditional beginning of the 12 month pilot program of comprehensive AML/CFT assessments and accompanying ROSCs, in accordance with the voluntary, cooperative and uniform approach. We encourage the Bank and the Fund to continue to integrate these issues into their diagnostic and surveillance work in line with their respective mandates and to enhance their technical and capacity-building efforts.
14. We express our deep condolences to the family of the late Mr. Bernard Chidzero, former Minister of Finance of Zimbabwe. Minister Chidzero served with great skill and distinction as Chairman of the Development Committee from 1986 to 1990.
15. The next meeting of the Development Committee will be held in Washington, D.C. on April 13, 2003.