

*Development Committee communiqué*

## Ministers chart course for eradicating poverty, achieving sustainable growth

*Following is the text of the communiqué issued by the Development Committee in Washington, D.C., on September 28.*



Jassim Al-Mannai (left), Director General, of the Arab Monetary Fund, greets Fathallah Oualalou, Morocco's Minister of Finance, Economy, Privatization, and Tourism.

We met today to discuss implementation of the strategies and decisions agreed on in Monterrey and Johannesburg and achieving debt sustainability for heavily indebted poor countries.

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 official development assistance.



JIN Lian (left), China's Vice-Minister of Finance, confers with Clare Short, U.K. Secretary of State for International Development.

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Earlier this month, the World Summit on Sustainable Development 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 new vigor and determination to implementing 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.

The global community must now convert the ideas and the shared approaches agreed on in Doha, Monterrey, and Johannesburg to concrete action and measure ongoing progress. Experience has repeatedly shown that progress will be made only 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 among 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.

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 toward 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 the IMF 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.

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 for our next meeting a progress report on results achieved. In addition, we considered the challenges of scaling up activities in HIV/AIDS/communicable diseases and in

water and sanitation. We urged the World Bank to pursue its work in these areas.

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 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.

We recognize 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 ourselves to further action in streamlining such policies, procedures, and requirements over the period leading to the high-level forum scheduled for February 2003 and beyond in Rome.

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 New Partnership for Africa's Development initiative as a unique opportunity to make significant and quick progress building on African leadership.

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 IMF to present proposals at our

next meeting for taking this forward while recognizing the role of the United Nations in monitoring the Millennium Development Goals.

The Monterrey summit also stressed the importance of greater coherence, coordination, and cooperation among multilateral organizations and the need to broaden and strengthen participation in international decision making and norm setting of developing countries and economies in transition. The summit encouraged the World Bank and the IMF to find pragmatic and innovative ways to further enhance participation by these countries and thereby to strengthen the international dialogue and work of these institutions. We requested the Bank and the IMF to prepare a background document to facilitate consideration of these important issues at our next meeting.

We welcomed the continued progress made on the Heavily Indebted Poor Countries (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 HIPCs to improve 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 IMF to undertake an early review of the difficult issues of HIPC-to-HIPC debt relief and creditor litigation. We stressed



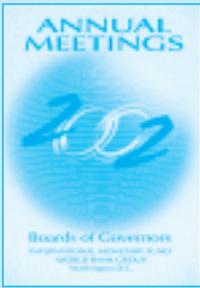
Trevor Manuel, Development Committee Chairman and South African Finance Minister, speaks at a press conference as World Bank President James Wolfensohn looks on.



Awaiting the beginning of the Developing Committee session are Francis Mer (left), France's Minister of Economy, Finance, and Industry, and Canada's Finance Minister John Manley.

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In the foreground, at the signing ceremony for the memorandum of understanding between the African Capacity Building Foundation (ACBF) and the IMF, are Soumana Sako, Executive Secretary of the ACBF, left; Kwesi Botchwey, Chair of the ACBF, center; and IMF Deputy Managing Director Eduardo Aninat.

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 the International Development Association (IDA) is not permitted to compromise IDA's resources, and we note the arrangements in place to accomplish this objective.

We reviewed further experience with poverty reduction strategy papers (PRSPs), which confirmed the broad findings of the joint Bank-IMF 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 IMF and the 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.

Finally, we reviewed the role being played by the Bank and the IMF, in collaboration with other international institutions, in anti-money-laundering efforts and efforts to combat the financing of terrorism (AML/CFT). We endorse the conditional addition of the Financial Action Task Force on Money Laundering's 40+8 Recommendations to the list of international standards and codes useful to the operational work of the Bank and the IMF, and the conditional beginning of the 12-month pilot program of comprehensive AML/CFT assessments and accompanying Reports on the Observance of Standards and Codes (ROSCs), in accordance with the voluntary, cooperative, and uniform approach. We encourage the Bank and the IMF 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.

We express our deep condolences to the family of the late Bernard Chidzero, former Minister of Finance of Zimbabwe. Minister Chidzero served with great skill and distinction as Chair of the Development Committee from 1986 to 1990.

The next meeting of the Development Committee will be held in Washington, D.C., on April 13, 2003. ■

**IMF and African Capacity Building Foundation pledge close cooperation**



On September 28, Eduardo Aninat, IMF Deputy Managing Director, and Soumana Sako, Executive Secretary of the African Capacity Building Foundation (ACBF), signed a memorandum of understanding between the two institutions on their future collaboration.

The ACBF is the implementation agency for the Partnership for Capacity Building in Africa (PACT) and a leading African institution in partnership with the devel-

opment community in the building of sustainable capacity throughout the African continent. The IMF and the ACBF will work closely primarily on training activities related to capacity building and on strengthening knowledge networking in Africa in the areas of the IMF's core competencies.

Close collaboration with the ACBF and the PACT is part of the IMF's new Africa Capacity-Building Initiative, under which the IMF increases its technical assistance to the African continent while focusing it more squarely on capacity building. Under this initiative, the IMF will also establish African Regional Technical Assistance Centers (AFRITACs) to provide capacity-building assistance through a team of resident experts, supplemented by short-term specialists in the core areas of the IMF's expertise, including macroeconomic policy, monetary and exchange rate policies, financial sector policies, tax policy and revenue administration, public expenditure management, and macroeconomic statistics. The AFRITACs will work closely with the ACBF, the African Development Bank, the World Bank, and donor partners. The first AFRITAC will open this fall in Dar es Salaam, Tanzania.