

DEVELOPMENT COMMITTEE COMMUNIQUÉS | FISCAL 2008

October 21, 2007

1. We met today in Washington, DC, on Sunday, October 21, 2007.
2. We welcomed the opportunity to discuss the future strategic direction of the World Bank Group, and thanked the President for his presentation. We recognized the potential of the goal of inclusive and sustainable globalization to guide the Bank mission of promoting economic growth and reducing poverty, including helping countries attain the Millennium Development Goals (MDGs). We welcomed the President's commitment to develop and refine the strategic framework in a consultative manner under the guidance of the Bank Board, and looked forward to reviewing progress at our next meeting. We emphasized the importance of efforts to strengthen synergy among the Bank Group institutions, building upon their respective areas of competence.
3. We agreed that strengthened support for the inclusion and empowerment of the poorest in development, especially in Sub-Saharan Africa, and for active engagement by the Bank Group in fragile and conflict-affected states, must be key elements in the strategic framework. We also noted that gender equality and women's rights are crucial for sustainable poverty reduction. The Bank Group must also ensure its continued relevance to the needs and demands of Middle Income Country members. We welcomed progress in implementing the framework for partnership with IBRD clients, and the recent simplification and reduction in IBRD pricing. We urged the Bank to make further progress in reducing the non-financial cost of doing business, including enhancing the use of country systems where appropriate.
4. We welcomed the report on the Bank Group's role in Global Public Goods (GPGs) and its emphasis on integrating the GPG agenda into country-owned programs at country and regional levels. We stressed the importance of the Bank responding to global challenges, while exercising selectivity, focusing on its comparative advantage, filling institutional gaps and cooperating closely with other international institutions. We underlined the importance of innovative financing mechanisms. We also encouraged the Bank to further strengthen its work as a knowledge-broker on development policy.
5. We welcomed the recent adoption of strategies on health and the financial sector. We emphasized the importance of successful implementation of the governance and anti-corruption strategy.
6. We welcomed the progress made by many low-income countries in strengthening development strategies and implementing policy and institutional reforms, and noted that many countries have enhanced their capacity to absorb larger amounts of aid productively. We emphasized the need to sharpen the focus of poverty reduction strategies on stronger, shared, private sector- led growth, to link these strategies better to budgetary frameworks, and to implement them effectively. We reaffirmed the importance of the country-based model, founded on strong country ownership, which is crucial for improving aid effectiveness and harmonization.
7. We called on donors to meet their respective commitments to scale up aid for development, improve aid predictability and address financing gaps for meeting the MDGs. We reiterated our call to those donors who have not done so to make concrete efforts towards the target of 0.7% of gross national income as Official Development Assistance in accordance with their commitments. We noted that emerging new donors and creditors bring much-needed resources and development knowledge, while underscoring that the effectiveness of these resources will depend on their alignment with country priorities, as well as creditors' commitment to the debt sustainability framework. We encouraged wider implementation of the Results, Resources, and Partnership approach. We underlined the need for a strong IDA15 replenishment to enable IDA to play its crucial platform role in the evolving aid architecture. We welcomed the very substantial contribution to IDA from IBRD and IFC earnings, and the proposed enhanced collaboration between IFC and IDA on private sector development.

8. We noted that global economic growth remains strong and the direct impact of recent financial market turbulence on developing countries has been limited. We urged governments to continue implementing policies supporting economic resilience, and urged the Bank and the Fund to support and monitor those efforts.

9. We welcomed progress in implementing the Bank's Clean Energy Investment Framework. We recognized the critical importance of energy access for growth. We asked the Bank Group to increase its support for access to modern, cost-effective, clean energy, especially among the poorest and in Sub-Saharan Africa. We also called for expanded work on energy efficiency and renewable energy, and facilitation of the development and dissemination of related knowledge and technology.

10. Bearing in mind the scale of the challenge of addressing the causes and impacts of climate change, we called on Bank management to develop a strategic framework for Bank Group engagement, including support for developing countries' efforts to adapt to climate change and to achieve low-carbon growth while reducing poverty. In this connection, we urged the Bank Group to enhance cooperation and harmonization with other development partners, based on comparative advantages, and to help catalyze substantial additional resources from both public and private sources, including concessional finance as appropriate (e.g., Global Environment Facility). We welcomed the focus on environmental sustainability in the 2008 Global Monitoring Report.

11. We noted the progress in implementing the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI), and stressed the need for all creditors to participate on an equitable basis, including non-Paris club and commercial creditors. We stressed the importance of providing dollar for dollar compensation for lost credit reflows due to the MDRI and HIPC initiatives, as agreed. We observed that, improved debt burden indicators notwithstanding, the risk of debt distress in many HIPCs remains a challenge to their long-term debt sustainability. In this regard, we emphasized the importance of sound lending and borrowing decisions guided by the Bank-Fund Joint Debt Sustainability Framework (DSF), and the strengthening of public debt management, for preventing unsustainable accumulation of debt by HIPCs. We welcomed the efforts of the OECD Export Credit Group to develop sustainable lending guidelines embodying the DSF.

12. We reiterated our strong support for intensified efforts to agree on an ambitious pro-development Doha Round. We stressed the need to integrate trade and competitiveness within national development strategies, while stepping up support for Aid for Trade, as proposed by the Bank and Fund.

13. We welcomed the Options Paper on Voice and Participation. We recognized that further consultations among shareholders will be necessary to reach a political consensus on a comprehensive package and look forward to a timely report on the progress achieved.

14. We are encouraged that the World Bank Board, together with management, is continuing to review and reform key aspects of the Bank's governance.

15. We took note of the Joint Management Action Plan prepared by the World Bank and the Fund as a follow up to the report of the External Review Committee on Bank-Fund Collaboration.

16. We welcomed Robert B. Zoellick on his appointment as World Bank President and look forward to working with him. We thanked Paul Wolfowitz for his contribution to the work of the World Bank. We expressed our deep appreciation for the leadership of Rodrigo de Rato at the IMF, and welcomed the selection of Dominique Strauss-Kahn as his successor.

17. The Committee's next meeting is scheduled for April 13, 2008 in Washington, DC.

DEVELOPMENT COMMITTEE COMMUNIQUÉS | FISCAL 2008

April 13, 2008

1. We met in Washington, DC, today, Sunday, April 13, 2008.
2. We endorsed the overall World Bank Group (WBG) objective of contributing to an inclusive and sustainable globalization - to overcome poverty, and enhance growth with care for the environment. We welcomed the process underway to develop further and refine a results-oriented strategic framework, and look forward to reviewing progress at our next meeting. In this regard, we look forward to the results of the strategic review of IBRD capital and progress on deploying capital more effectively for development impact. We also reiterated the importance of ongoing efforts to strengthen synergy among, and decentralization of, the WBG institutions. We gave special focus in our own discussions to the WBG's role in the poorest countries and in fragile situations and post-conflict states.
3. We reviewed progress toward the Millennium Development Goals (MDGs), as reflected in the fifth Global Monitoring Report. The world is on course for the goal of halving the percentage of people living in poverty, thanks to strong and sustained growth. Yet progress has been uneven across countries and sectors. Despite improved growth performance, most Sub-Saharan African countries are off track to meet the MDGs. Stronger, sustainable and more equitable growth remains central to more effective poverty reduction. We urged donors, including the WBG, to increase their support for the poorest countries' own development priorities. As the MDG midpoint, 2008 is a crucial year for generating the necessary momentum towards the MDGs.
4. Progress has been made on human development-related MDGs, but the risks of falling short are far greater than for the income poverty goal. We called for improving access to -- and quality and effectiveness of -- health and education services in low and middle income countries and for policy interventions to take into account the strong links between health and education outcomes, nutrition, water and sanitation, and environmental factors, e.g. pollution and climate change. The challenge of malnutrition is heightened by the rise in food prices. We welcomed the progress made so far under the WBG Gender Action Plan. We stressed the need to treat the advancement of girls and women's economic empowerment as central development issues.
5. While the balance of risks to the global outlook has become more negative, emerging and developing economies have so far been less affected by financial market developments. The impact of higher commodity prices is mixed across countries depending on whether they are net importers or exporters. Within countries, large groups of poor people are severely affected by high food and energy prices across the developing world. We asked the WBG and the Fund to respond to developing countries' requests for advice on management of natural resource revenues, and to be ready to provide timely policy and financial support to vulnerable countries dealing with negative shocks including from energy and food prices. We welcomed the call by the World Bank President to the world community to combat hunger and malnutrition through a "New Deal for Global Food Policy", combining immediate assistance with medium and long-term efforts to boost agricultural productivity in developing countries. We urged donors to provide the needed assistance to the World Food Program to enable immediate support for countries most affected by the high food prices, and encouraged the WBG to strengthen its engagement in the agricultural sector.
6. Fragile situations and post conflict states pose special challenges. We asked the Bank, within its mandate, to promote better global understanding of fragility and conflict dynamics and of effective strategic and operational approaches. We emphasized the importance of strong WBG collaboration with international and local partners for effective economic support to peace-building transitions, institution building and governance reforms, progress towards MDGs and private sector development. A flexible approach, a stronger field presence by the Bank and innovative and timely technical and financial support

will be crucial for success. Developing countries can also play a role in this respect through trade, regional integration and South-South cooperation.

7. Increased and more effective aid remains critical. We welcomed the successful IDA 15 replenishment which yielded an unprecedented 36% increase in donors' contribution and an overall envelope that will exceed \$ 40 billion. We called for IDA to continue its crucial platform role in the evolving aid architecture. Many recipient countries have benefited from debt relief and improved the effectiveness with which they utilize ODA. Yet there are concerns that the growth path of overall aid volumes may not be consistent with existing commitments. We therefore agreed on the urgency of achieving international aid commitments, and called on those who have not done so to deliver on their commitments, including the doubling of aid to Sub-Saharan Africa by 2010. More needs to be done to implement the principles of aid effectiveness, including greater focus on results, embodied in the Paris Declaration. This is all the more important as the international aid architecture becomes increasingly diversified and complex, with more donors, the potential for increased volume as well as fragmentation of aid, and increased earmarking through vertical approaches. We recognized the role of South-South cooperation in leveraging resources and development knowledge. We called on all suppliers of development assistance to provide aid in line with the country-based model for improving the effectiveness and transparency of aid, as well as with the debt sustainability framework, which should be subject to regular review. We look forward to the Accra High Level Forum to advance this agenda.

8. We strongly support intensified and decisive efforts to agree on an ambitious pro-development Doha Round that improves access to markets. We stressed the need to integrate trade and competitiveness within national development strategies, while stepping up support for Aid for Trade, including assistance for countries' efforts to strengthen trade logistics and ensure competitive access to services, as these are central to improving poor countries' competitiveness and ability to benefit from trade opportunities.

9. Noting progress in implementing the WBG Middle Income Countries strategy, we welcomed recent changes and ongoing innovations in the WBG's financial and lending products. We urged the Bank to enhance the use of country systems where appropriate, and to make further progress in simplifying and reducing the non-financial cost of doing business without diluting essential environmental and social safeguards.

10. We welcomed the steady implementation of the WBG's Governance and Anticorruption Strategy. We look forward to full implementation of the Volcker Report recommendations to strengthen transparency and internal governance, project integrity, effectiveness against corruption, cooperation with partners, and learning from experience.

11. We welcomed the Concept and Issues Note on the Strategic Framework on Climate Change and Development for the WBG (SFCCD). We stressed the importance of the WBG addressing climate change issues, in the overall context of its core mission of promoting economic growth and poverty reduction. We also underscored the cross-cutting nature of climate change, which requires an integrated approach across many sectors. We acknowledged the important and catalytic role of the WBG in the financial architecture on climate change and its experience in carbon finance. We asked for the SFCCD to elaborate further on the additional financing needs for addressing climate change, the mobilization of private sector funding and the complementarities between existing and new financing mechanisms. We emphasized that financial resources for the climate change agenda must be additional to the present levels of ODA. Noting the primacy of the United Nations Framework Convention on Climate Change negotiation process, we also asked that the SFCCD further articulate the proposed role of the WBG under a division of labor vis-à-vis the UN, and other key international players, including the private sector. Recognizing that access to energy remains key to development, we supported WBG goals of promoting clean technology and renewable energy deployment, technology transfer, and research and development. We acknowledged the work underway on the design, governance, and financing of the new Climate Investment Funds, including the Clean Technology Fund, to address the challenge of climate change. We

welcomed the ongoing consultative process for developing a client-oriented SFCCD and look forward to discussing it at our next meeting.

12. We welcomed the Managing Director's report on the reform of IMF quota and voice. We encouraged the Bank to advance work on all aspects of voice and participation, keeping in mind the distinct nature of the Bank's development mandate, and the importance of enhancing voice and participation for all developing and transition countries in the WBG. We look forward to a process that is inclusive and consultative among shareholders, and to receiving concrete options from the Bank's Board by our next meeting with a view to reaching consensus on a comprehensive package by the 2009 Spring meeting.

13. The Committee's next meeting is scheduled for October 12, 2008 in Washington, DC.