

**JOINT MINISTERIAL COMMITTEE  
OF THE BOARDS OF GOVERNORS OF THE BANK AND THE FUND  
ON THE TRANSFER OF REAL RESOURCES TO DEVELOPING  
COUNTRIES (DEVELOPMENT COMMITTEE)**

PRESS COMMUNIQUÉ

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 COMPOSITION

*As of October 21, 2007*Agustín Carstens, *Chairman*

Ibrahim Al-Assaf	Saudi Arabia
Douglas Alexander	United Kingdom
Ahmed bin Mohammed Al Khalifa	Bahrain
Wouter Bos <sup>1</sup>	The Netherlands
Bohoun Bouabré	Côte d'Ivoire
Velasco Brañes	Chile
P. Chidambaram	India
Peter Costello <sup>2</sup>	Australia
Michael Flaherty <sup>3</sup>	Canada
Ingibjorg Solrun Gísladóttir	Iceland
Aleksei Kudrin	Russian Federation
Christine Lagarde	France
Doris Leuthard <sup>4</sup>	Switzerland
Guido Mantega	Brazil
Trevor Manuel	South Africa
Salaheddine Mezouar <sup>5</sup>	Morocco
Nor Mohamed Yakcop	Malaysia
Fukushiro Nukaga <sup>6</sup>	Japan
Tomasso Padoa-Schioppa <sup>7</sup>	Italy
Henry M. Paulson	United States
Didier Reynders <sup>8</sup>	Belgium
Pedro Solbes Mira <sup>9</sup>	Spain
Heidemarie Wieczorek-Zeul	Germany
Xie Xuren <sup>10</sup>	China

Alternate attending for the member:

<sup>1</sup> Bert Koenders<sup>2</sup> David Parker<sup>3</sup> Mark Carney<sup>4</sup> Jean-Daniel Gerber<sup>5</sup> Zouhair Chorfi<sup>6</sup> Otohiko Endo<sup>7</sup> Mario Draghi<sup>8</sup> Sabine Laruelle<sup>9</sup> David Vegara Figueras<sup>10</sup> Li Yong