

**DOCUMENTS AND RESOLUTIONS  
OF THE  
BOARD OF GOVERNORS**

## **SCHEDULE OF MEETINGS<sup>1</sup>**

### **Sunday**

October 8              9:30 a.m. — Interim Committee<sup>2</sup>  
                             2:30 p.m. — Interim Committee

### **Monday**

October 9              9:00 a.m. — Joint Development Committee  
                             3:45 p.m. — Joint Development Committee

### **Tuesday**

October 10            10:00 a.m. — Opening Ceremonies  
   Address from the Chair  
   Annual Address by President,  
   World Bank Group  
   Annual Address by Managing  
   Director, International  
   Monetary Fund  
  
   3:00 p.m. — Annual Discussion

### **Wednesday**

October 11            9:30 a.m. — Annual Discussion  
   3:00 p.m. — Annual Discussion  
   6:15 p.m. — Joint Procedures Committee  
   6:30 p.m. — MIGA Procedures Committee

### **Thursday**

October 12            9:30 a.m. — Annual Discussion  
   Following the conclusion  
   of the Annual Discussion                                Procedures Committees Reports  
   Comments by Heads of  
   Organizations  
   Adjournment

<sup>1</sup>Meetings of the Joint Development Committee were held jointly with the Board of Governors of the Bank. The sessions of the Annual Meetings were held jointly with the Boards of Governors of the World Bank Group.

<sup>2</sup>Fund only.

## PROVISIONS RELATING TO THE CONDUCT OF THE MEETINGS

### *Admission*

1. Sessions of the Boards of Governors of the World Bank Group Organizations and the Fund will be joint and shall be open to accredited press, guests, and staff.
2. Meetings of the Joint Procedures Committee shall be open only to Governors who are members of the Committee and their advisers, Executive Directors, and such staff as may be necessary.

### *Procedure and Records*

3. The Chairman of the Boards of Governors will establish the order of speaking at each session. Governors signifying a desire to speak will generally be recognized in the order in which they ask to speak.
4. With the consent of the Chairman, a Governor may extend his statement in the record following advance submission of the text to the Secretaries.
5. The Secretaries will have verbatim transcripts prepared of the proceedings of the Boards of Governors and the Joint Procedures Committee. The transcripts of proceedings of the Joint Procedures Committee will be confidential and available only to the Chairman, the President of the World Bank Group, the Managing Director of the Fund, and the Secretaries.
6. Reports of the Joint Procedures Committee shall be signed by the Committee Chairman and the Reporting Member.

### *Public Information*

7. The Chairman of the Boards of Governors, the President of the World Bank Group, and the Managing Director of the Fund will communicate to the press such information concerning the proceedings of the Annual Meetings as they may deem suitable.

## AGENDA

1. 1995 *Annual Report*
2. Report of the Chairman of the Interim Committee  
(Fund Document No. 4)
3. Report of the Chairman of the Joint Development Committee  
(Fund Document No. 5)
4. Application for Membership  
(Fund Document No. 6)
5. Financial Statements and Audit Report  
(Appendix X of 1995 *Annual Report* and Fund Documents  
Nos. 7 and 8)
6. Administrative and Capital Budgets for Financial Year  
ending April 30, 1996 (Appendix IX of  
1995 *Annual Report* and Fund Documents Nos. 8 and 9)
7. Selection of Officers and Joint Procedures Committee  
for 1995/96

# REPORTS OF THE JOINT PROCEDURES COMMITTEE

*Chairman* — Benin  
*Vice Chairmen* — Paraguay, Romania  
*Reporting Member* — Korea

## *Other Members*

Barbados, Chile, China, Ecuador, Finland,  
France, Germany, Israel, Italy, Japan, Kiribati,  
Lithuania, Mauritius, Saudi Arabia, Tanzania,  
Ukraine, United Kingdom, United States, Zimbabwe

## Report I<sup>1</sup>

October 10, 1995

Mr. Chairman:

The Committee considered, by correspondence, one item on the agenda of the Board of Governors of the Fund concerning membership of Brunei Darussalam and submits the following report and recommendation:

### *Membership of Brunei Darussalam*

The Committee considered the Report by the Executive Board on the admission of Brunei Darussalam to membership in the International Monetary Fund, as set forth in Fund Document No. 6.

The Committee recommends that the Board of Governors of the Fund adopt the draft Resolution attached to the said Report.<sup>2</sup>

Approved:

/s/ Paul Dossou  
*Benin—Chairman*

/s/ Kyung Shik Lee  
*Korea—Reporting Member*

<sup>1</sup>Report I and the Resolution contained therein was adopted by the Board of Governors of the Fund in Joint Session with the Boards of Governors of the Bank, IFC, and IDA on October 10, 1995.

<sup>2</sup>Resolution No. 50-3; see pages 261–63.

**Report IV<sup>1</sup>**

October 12, 1995

Mr. Chairman:

At the meeting of the Joint Procedures Committee held on October 11, 1995, items of business on the agenda of the Board of Governors of the International Monetary Fund were considered.

The Committee submits the following report and recommendations:

1. *1995 Annual Report*

The Committee noted that provision had been made for the annual discussion of the business of the Fund.

2. *Report of the Chairman of the Interim Committee*

The Committee noted the presentation made by the Chairman of the Interim Committee.<sup>2</sup>

The Committee recommends that the Board of Governors of the Fund thank the Interim Committee for its work.

3. *Financial Statements, Report on Audit, and Administrative and Capital Budgets*

The Committee considered the Report on Audit for the Financial Year ended April 30, 1995, the Financial Statements contained therein (Fund Document No. 7 and Appendix X of the 1995 *Annual Report*), and the Administrative Budget for the Financial Year ending April 30, 1996 and the Capital Budget for capital projects beginning in Financial Year 1996 (Fund Document No. 9 and Appendix IX of the 1995 *Annual Report*).

The Committee recommends that the Board of Governors of the Fund adopt the draft Resolution set forth in Fund Document No. 8.<sup>3</sup>

Approved:

/s/ Paul Dossou  
*Benin—Chairman*

/s/ Kyung Shik Lee  
*Korea—Reporting Member*

<sup>1</sup>Reports II and III dealt with the business of the Boards of Governors of the Bank, IFC, and IDA. Report IV and the recommendations contained therein were adopted by the Board of Governors of the Fund in Joint Session with the Boards of Governors of the Bank, IFC, and IDA, on October 12, 1995.

<sup>2</sup>See pages 37–40.

<sup>3</sup>Resolution No. 50-4; see page 263.

## Report V<sup>1</sup>

October 12, 1995

Mr. Chairman:

The Joint Procedures Committee met on October 11, 1995, and submits the following report and recommendations:

1. *Development Committee*

The Committee noted that the Report of the Chairman of the 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) has been presented to the Boards of Governors of the Bank and Fund pursuant to paragraph 5 of Resolutions Nos. 29-9 and 294 of the Fund and Bank, respectively (Fund Document No. 5 and Bank Document No. 3).<sup>2</sup>

The Committee recommends that the Boards of Governors of the Bank and the Fund note the report and thank the Development Committee for its work.

2. *Officers and Joint Procedures Committee for 1995/96*

The Committee recommends that the Governor for Chile be Chairman and that the Governors for Papua New Guinea and South Africa be Vice Chairmen of the Boards of Governors of the World Bank Group and of the Fund, to hold office until the close of the next Annual Meetings.

It is further recommended that a Joint Procedures Committee be established to be available, after the termination of these meetings and until the close of the next Annual Meetings, for consultation at the discretion of the Chairman, normally by correspondence and, if the occasion requires, by convening; and that this Committee shall consist of the Governors for the following members: Belarus, Belgium, Chile, Denmark, El Salvador, Equatorial Guinea, Ethiopia, France, Germany, India, Jamaica, Japan, Mauritania, Moldova, Papua New Guinea, Portugal, Saudi Arabia, South Africa, United Arab Emirates, United Kingdom, United States, Venezuela, and Vietnam.

It is recommended that the Chairman of the Joint Procedures Committee shall be the Governor for Chile, and the Vice Chairmen shall be the

<sup>1</sup>Report V and the recommendations contained therein were adopted by the Board of Governors of the Fund, in Joint Session with the Boards of Governors of the Bank, IFC, and IDA, on October 12, 1995.

<sup>2</sup>See pages 40–42.

Governors for Papua New Guinea and South Africa, and that the Governor for Portugal shall serve as Reporting Member.

Approved:

*/s/ Paul Dossou*  
*Benin—Chairman*

*/s/ Kyung Shik Lee*  
*Korea—Reporting Member*



## RESOLUTIONS

### Resolution No. 50-1

#### Tenth General Review of Quotas—Completion of Review Under Article III, Section 2

*Article III, Section 2(a) of the Articles of Agreement provides that “[t]he Board of Governors shall at intervals of not more than five years conduct a general review, and if it deems it appropriate propose an adjustment, of the quotas of the members.” The five-year period prescribed by Article III, Section 2(a) for the Tenth General Review of Quotas ended on March 31, 1993, five years from the date on which the Ninth General Review of Quotas should have been concluded. As the Tenth General Review was not completed by March 31, 1993, the Board of Governors decided to continue its review of quotas under the Tenth General Review (Resolution No. 48–3, adopted April 14, 1993). In connection with its work on the Tenth General Review, the Executive Board considered the adequacy of the quotas of members in the Fund. The Executive Board was of the view that the overall size of the Fund for the time being was broadly sufficient to enable the Fund to promote effectively its purposes and to fulfill its central role in the international monetary system. In view of the foregoing considerations, the Executive Board decided on December 12, 1994 to submit a report entitled “Tenth General Review of Quotas - Completion of Review Under Article III, Section 2” to the Board of Governors, containing a proposed Resolution which was recommended for adoption.*

*In accordance with Section 13 of the By-Laws, the following Resolution was submitted to the Governors on December 14, 1994 for a vote without meeting:*

**RESOLVED:**

That the Tenth General Review of Quotas is hereby completed and requests the Executive Board to continue its work on quotas in connection with the Eleventh General Review of Quotas, as indicated in its report entitled “Tenth General Review of Quotas - Completion of Review Under Article III, Section 2.”

*The Board of Governors adopted the foregoing Resolution, effective January 17, 1995.*

**Resolution No. 50-2**Direct Remuneration of Executive Directors  
and Their Alternates

*Pursuant to Section 14(e) of the By-Laws, the 1995 Joint Committee on the Remuneration of Executive Directors and Their Alternates on June 28, 1995 directed the Secretary of the Fund to transmit its report and recommendations to the Board of Governors of the Fund. The Committee's report contained the following proposed Resolution for adoption by the Board of Governors.*

In accordance with Section 13 of the By-Laws, the following Resolution was submitted to the Governors on July 7, 1995 for a vote without meeting:

## RESOLVED:

That, effective July 1, 1995, the annual rates of remuneration of the Executive Directors of the Fund and their Alternates pursuant to Section 14(e) of the By-Laws shall be as follows:

- (i) As salary, \$131,660 per year for Executive Directors and \$112,360 per year for their Alternates;
- (ii) As supplemental allowance (for expenses, including housing and entertainment expenses, except those specified in Section 14(f) of the By-Laws), \$9,000 per year for Executive Directors and \$7,200 per year for their Alternates.

*The Board of Governors adopted the foregoing Resolution, effective August 14, 1995.*

**Resolution No. 50-3**

## Membership for Brunei Darussalam

WHEREAS, Brunei Darussalam on May 16, 1995 requested admission to membership in the International Monetary Fund in accordance with Article II, Section 2 of the Articles of Agreement of the Fund;

WHEREAS, pursuant to Section 21 of the By-Laws of the Fund, the Executive Board has consulted with the representative of Brunei Darussalam and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors may wish to prescribe for admitting Brunei Darussalam to membership in the Fund;

NOW, THEREFORE, the Board of Governors, having considered the recommendations of the Executive Board, hereby resolves that the terms and conditions upon which Brunei Darussalam shall be admitted to membership in the Fund shall be as follows:

1. *Definitions:* As used in this Resolution:
  - (a) The term “Fund” means the International Monetary Fund;
  - (b) The term “Articles” means the Articles of Agreement of the Fund, as amended; and
  - (c) The term “SDRs” means special drawing rights of the Fund.
2. *Quota:* The quota of Brunei Darussalam shall be SDR 150 million.
3. *Payment of Subscription:* The subscription of Brunei Darussalam shall be equal to its quota. Brunei Darussalam shall pay 23.5 percent of its subscription in SDRs or in the currencies of other members selected by the Managing Director from those currencies that the Fund would receive in accordance with the operational budget in effect at the time of payment. The balance of the subscription shall be paid in the currency of Brunei Darussalam.
4. *Timing of Payment of Subscription:* Brunei Darussalam shall pay its subscription within six months after accepting membership in the Fund.
5. *Exchange Transactions with the Fund and Remuneration:* Brunei Darussalam may not engage in transactions under Article V, Section 3, or receive remuneration under Article V, Section 9, until its subscription has been paid in full.
6. *Exchange Arrangements:* Within 30 days after accepting membership in the Fund, Brunei Darussalam shall notify the Fund of the exchange arrangements it intends to apply in fulfillment of its obligations under Article IV, Section 1 of the Articles.
7. *Representation and Information:* Before accepting membership in the Fund, Brunei Darussalam shall represent to the Fund that it has taken all action necessary to sign and deposit the Instrument of Acceptance and sign the Articles as contemplated by paragraphs 8(a) and 8(b) of this Resolution, and Brunei Darussalam shall furnish to the Fund such information in respect of such action as the Fund may request.
8. *Effective Date of Membership:* After the Fund shall have informed the Government of the United States of America that Brunei Darussalam has complied with the conditions set forth in paragraph 7 of this Resolution, Brunei Darussalam shall become a member of the

Fund on the date when Brunei Darussalam shall have complied with the following requirements:

- (a) Brunei Darussalam shall deposit with the Government of the United States of America an instrument stating that it accepts in accordance with its law the Articles and all the terms and conditions prescribed in this Resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this Resolution; and
  - (b) Brunei Darussalam shall sign the original copy of the Articles held in the Archives of the Government of the United States of America.
9. *Period of Acceptance of Membership:* Brunei Darussalam may accept membership in the Fund pursuant to this Resolution not later than six months after the effective date of this Resolution, which date shall be the date of its adoption by the Board of Governors; provided, however, that if the circumstances of Brunei Darussalam are deemed by the Executive Board to warrant an extension of this period during which Brunei Darussalam may accept membership pursuant to the Resolution, the Executive Board may extend such period until such later date as it may determine.

*The Board of Governors adopted the foregoing Resolution, effective October 10, 1995. The Articles of Agreement were signed by His Excellency Dato Ahmad Wally Skinner, Deputy Minister of Finance, on behalf of the Government of Brunei Darussalam, on October 10, 1995.*

#### **Resolution No. 50-4**

##### **Financial Statements, Report on Audit, and Administrative and Capital Budgets**

RESOLVED:

That the Board of Governors of the Fund considers the Report on Audit for the Financial Year ended April 30, 1995, the Financial Statements contained therein, and the Administrative Budget for the Financial Year ending April 30, 1996 and the Capital Budget for capital projects beginning in Financial Year 1996 as fulfilling the requirements of Article XII, Section 7 of the Articles of Agreement and Section 20 of the By-Laws.

*The Board of Governors adopted the foregoing Resolution, effective October 12, 1995.*

## **Interim Committee of the Board of Governors on the International Monetary System**

PRESS COMMUNIQUÉ

October 8, 1995

1. The Interim Committee held its forty-fifth meeting in Washington, D.C., on October 8, 1995 under the chairmanship of Mr. Philippe Maystadt, Deputy Prime Minister and Minister of Finance and External Trade of Belgium.

2. The Committee welcomed the encouraging global economic situation and outlook, which are due in large part to the pursuit of sound policies in many countries. It reaffirmed that the Madrid Declaration continues to be a useful guide for policies.

3. In reviewing progress in implementing the Madrid Declaration, the Committee observed that:

- In the industrial countries, prospects are for sustained noninflationary growth and policies should continue to be aimed toward this objective. Broad based expansion will help to create jobs, reduce external imbalances and contribute to financial market stability. The Committee welcomed the recent economic stimulus measures announced by the Japanese authorities, the easing of interest rates in Europe, progress toward fiscal consolidation in many countries, and the broad movements in the exchange rates between the key currencies since last April. In many countries, strengthened efforts at fiscal consolidation, and prudent monetary policies, have permitted lower long-term interest rates. Nevertheless much remains to be done, and the current expansion should be taken as an opportunity for vigorous action to tackle fiscal imbalances, to enhance labor market flexibility and to reduce unemployment particularly in Europe and Canada, and to further deregulate and open markets in Japan.
- The Committee commended the impressive growth performance of an increasing number of developing countries. Strong fundamentals and prompt policy adjustments, and avoidance of recourse to exchange controls, have helped restore investor confidence in the aftermath of the Mexican crisis. Strong adjustment efforts by Mexico and other affected countries, with timely and substantial international support, have enabled them to weather the crisis, al-

though the social costs of the crisis have been severe in some of the countries. Elsewhere, especially in Asia, some of the strongest-performing countries now must guard against overheating, with an appropriate use of exchange rate and monetary policy.

- Many low-income countries now enjoy improved growth prospects as a result of their implementation of comprehensive adjustment policies and more favorable external conditions. However, the Committee expressed deep concern about the plight of a number of low-income countries. It called for the full and constructive implementation of Naples terms by the Paris Club, but emphasized the need to maintain sufficient flows of concessional assistance to low-income countries implementing strong adjustment and reform programs.
- The Committee was encouraged by the resumption of growth in a number of economies in transition that had established firm macroeconomic discipline and implemented early and wide-ranging systemic reforms. Many countries that were less advanced in the transition process have also recently strengthened their stabilization and reform efforts, and are now showing signs of economic recovery. The Committee urged all countries in transition to pursue bold policies that the Fund could support. There is a pressing need for improved enterprise efficiency, cost-effective social safety nets, and financial sector reform. Many of these countries need to address without delay the level and structure of government expenditure and the unsustainable decline in budgetary revenues by improved tax policies and administration. Many also need effective debt control and monitoring, and concern was expressed that some are accumulating external debt unsustainably.

4. The Committee welcomed trade liberalization under the Uruguay Round, and reiterated the importance of further market opening, avoidance of protectionist measures, and reliance on the multilateral framework of the WTO to resolve disputes.

5. The Committee stressed that increased freedom of capital movements and globalized markets bring significant benefits to all countries. Consistent implementation of firm economic policies should help to reduce the volatility of capital movements. The Committee encouraged the Fund, in promoting liberalization in a global market setting, to pay increased attention to capital account issues and the soundness of financial systems, and emphasized the need for improved prudential supervision.

6. The Committee endorsed the conclusions and recommendations of the report of the Executive Board on the regular and timely provision of comprehensive and good quality data to the Fund by members for surveillance

purposes, including the identification of a set of 12 core data categories, and on the establishment by the Fund of standards to guide members in their publication of economic and financial data, (including a two tier approach consisting of a general standard for all members and the more demanding standard for those having or seeking access to the capital markets and public identification of countries adhering to the more demanding standard). The Committee stressed the importance of providing technical assistance to interested member countries. It supported publication of the report and requested the Executive Board to complete its work soon, taking into account the views of market participants, so that members who wish to subscribe to the more demanding standard should have the opportunity to do so before the Committee's April 1996 meeting.

7. The Committee stressed the crucial need to safeguard the Fund's liquidity at an adequate level at all times. Accordingly the Committee discussed strengthening the Fund's financial resources:

- The Committee welcomed the progress already made by the Executive Board on Fund quotas, and requested the Board to move forward with the Eleventh Quinquennial Review, and to report on progress made at the next meeting of the Committee in April 1996.
- The Committee noted with interest the initiative of the Group of Ten countries to develop new parallel financing arrangements, complementary to the General Arrangements to Borrow, with the aim of doubling the resources currently available under the General Arrangements to Borrow through contributions from members of the G-10 and from other countries with the capacity to support the international financial system; it expressed the strong hope that early progress would be made through a constructive dialogue between the G-10 and potential new participants. The Committee emphasized the importance that all participants should be treated equally, and agreed that expanded borrowing should not be a substitute for a quota increase.

8. The Committee welcomed the consensus in support of continuation of the Enhanced Structural Adjustment Facility (ESAF), including the establishment of a self-sustained ESAF. It agreed that ESAF should continue to be the centerpiece of the Fund's strategy to help the lower-income countries, including those that are heavily indebted. It requested the Executive Board to submit proposals on the future financing of ESAF and to report to the Committee at its next meeting.

9. The Committee noted the on-going work in the Fund, in close collaboration with the World Bank, on how best to address the problems of those low-income countries that are undertaking strong adjustment and re-

form programs but whose debt situation, including debt to multilateral institutions, may prove unsustainable, even after debt reduction on Naples terms. It encouraged the two institutions to continue their cooperative work on these issues, including country-specific analysis of debt sustainability, and requested the Executive Board to report to the Interim Committee at its next meeting.

10. The Committee endorsed the Board's decisions:

- to establish exceptional procedures (the emergency financing mechanism) that would enable the Fund to respond promptly and prudently in the event of serious financial crises. It emphasized that use of these procedures would not necessarily imply exceptional financing, and would be subject to strong conditionality.
- on the conditions under which the Fund should be prepared to support currency stabilization funds, on a short-term basis, in the context of an exchange-rate-based disinflation strategy, and within the limits and guidelines of the current access policy.
- on expanding the scope of the Fund's involvement in post-conflict situations, including the circumstances under which the Fund could provide emergency support in a context of coordinated international assistance.

11. The Committee requested the Executive Board to continue its examination of ways to achieve the agreed objective of participation of all members of the Fund in the SDR system. As part of the wide-ranging review of the role and functions of the SDR in the world financial system, the Committee also looked forward to the results of the seminar to be held in March 1996, with the involvement of outside experts.

12. Members of the Committee had a fruitful informal discussion with Mr. Michel Hansenne, Director General of the International Labor Office on collaboration between the ILO and the IMF in light of the commitments of the UN Social Summit. The Committee agreed that cooperation should be strengthened, with a view to helping Fund missions to acquire a better understanding on labor markets and social protection issues, and ILO staff to further integrate in their own policy advice the view of the Fund on macroeconomic policies and targets for the country concerned. The Committee also recommended that regular exchanges of views and sharing of information should be pursued in the preparation of the Fund's *World Economic Outlook* and the ILO's *World Employment Outlook*.

13. The Committee will meet again on April 22, 1996.



INTERIM COMMITTEE  
COMPOSITION

*as of October 8, 1995*

Philippe Maystadt, *Chairman*

|                                    |                      |
|------------------------------------|----------------------|
| Soliman A. Al-Solaim <sup>1</sup>  | Saudi Arabia         |
| Ahmed Humaid Al-Tayer <sup>2</sup> | United Arab Emirates |
| Jean Arthuis                       | France               |
| Domingo Felipe Cavallo             | Argentina            |
| Anatoli Chubais                    | Russian Federation   |
| Kenneth Clarke                     | United Kingdom       |
| Dai Xianglong <sup>3</sup>         | China                |
| Lamberto Dini                      | Italy                |
| Marcel Doupamby Matoka             | Gabon                |
| Sigbjørn Johnsen                   | Norway               |
| Abdelouahab Keramane               | Algeria              |
| Pedro Sampaio Malan                | Brazil               |
| Paul Martin                        | Canada               |
| Philippe Maystadt <sup>4,5</sup>   | Belgium              |
| Guillermo Ortiz                    | Mexico               |
| Robert E. Rubin                    | United States        |
| Tomaz Augusto Salomao              | Mozambique           |
| Manmohan Singh                     | India                |
| Otto Stich                         | Switzerland          |
| Masayoshi Takemura                 | Japan                |
| Vijit Supinit                      | Thailand             |
| Theo Waigel                        | Germany              |
| Ralph Willis                       | Australia            |
| Gerrit Zalm                        | Netherlands          |

Alternate attending for member:

<sup>1</sup>Hamad Al-Sayari.

<sup>2</sup>Sultan N. Al-Suwaidi.

<sup>3</sup>Chen Yuan.

<sup>4</sup>Alfons Verplaetse (a.m. session).

<sup>5</sup>Klaus Liebscher (p.m. session).

**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 9, 1995

1. The fifty-first meeting of the Development Committee was held in Washington, D.C., on October 9, 1995, under the chairmanship of Mr. Mohamed Kabbaj, Minister of Finance and Foreign Investment of Morocco. Ministers welcomed World Bank President James D. Wolfensohn to his first meeting of the Committee. The Committee was pleased that, for the first time, the United Nations Secretary-General, Mr. Boutros Boutros-Ghali, addressed the Committee.<sup>1</sup>

2. *Support for Poverty Reduction.* Ministers reviewed the implications of the United Nations' Social Summit Declaration. They focussed particularly on how World Bank and IMF efforts to reduce poverty could be strengthened through enhanced policy dialogue with governments, based in part on results of poverty assessments. Ministers agreed that multilateral development institutions should accelerate their investments in social sectors and poverty reduction programs. The Committee encouraged the Bank to strengthen its efforts to promote broad-based, labor-intensive growth through increasing access of the poor to land, credit, and basic infrastructure.

3. Ministers agreed that efforts to improve the composition and efficiency of public expenditures were needed. The Committee urged the Bank and Fund to work closely with member governments to help them improve their public finances, especially by increasing attention to funding social and economic development programs and reducing non-productive spending (including excessive military expenditures) within a framework of sustainable economic growth.

4. In this context, Ministers agreed that donors' support should be consistent with governments' public expenditure programs. The Committee urged donor governments to continue to strengthen assistance for countries demonstrating strong commitment to social sector investments

<sup>1</sup>Mr. Michel Camdessus, Managing Director of the International Monetary Fund, and Mr. N'Goran Niamien (Côte d'Ivoire), Chairman of the Group of 24, also took part in the meeting. Observers from a number of international and regional organizations also attended.

and other high priority poverty reduction programs. The Committee also urged them to take steps to reduce administrative burdens on aid recipients.

5. *International Development Association (IDA)*. Ministers recognized the importance of supporting the implementation of effective development policies and programs with adequate resource flows, especially of concessional funds, if poverty is to be reduced. The Committee recognized that funding reductions facing IDA present a very serious risk to poverty reduction and economic growth in the world's poorest countries. Ministers agreed on the importance of a significant replenishment of IDA.

6. The Committee expressed great concern that potential reductions in contributions to IDA were likely to jeopardize its future and stressed the great importance donors attach to equitable burden-sharing. The Committee urged all donors which have not done so to honor their commitments and continue the strong support which has marked IDA's 35-year life.

7. Ministers agreed that every effort should be made to meet the essential financing requirements of poor countries as reflected in IDA's lending plans, and to protect IDA's multilateral character.

8. *Multilateral Debt*. Ministers resumed the discussion of multilateral debt begun at the previous meeting. Ministers agreed that current instruments should be sufficient to bring debt and debt service for the majority of heavily indebted poor countries down to manageable levels. For a small group of countries, however, this may still leave an unsustainable debt situation, a problem for which appropriate approaches need to be further explored. Ministers requested the Bank and Fund to continue their work on this issue, including detailed country-specific analysis of debt sustainability, and, after presenting their findings and recommendations to the Executive Boards, to report with proposals to the Committee at its next meeting.

9. *Executive Secretary*. The Committee selected Alexander Shakov as Executive Secretary.

10. *Next Meeting*. The Committee's next meeting will be on April 23, 1996, in Washington, D.C., when its agenda will include consideration of the Report of its Task Force on the Role of Multilateral Development Banks.

DEVELOPMENT COMMITTEE  
COMPOSITION*as of October 9, 1995*Mohamed Kabbaj, *Chairman*

|                                   |                    |
|-----------------------------------|--------------------|
| Ibrahim Abdul Karim               | Bahrain            |
| Soliman A. Al-Solaim <sup>1</sup> | Saudi Arabia       |
| Anthony A. Ani                    | Nigeria            |
| Anwar Ibrahim                     | Malaysia           |
| Jean Arthuis                      | France             |
| Orlando Bareiro Aguilera          | Paraguay           |
| Franz Blankart                    | Switzerland        |
| Anatoli Chubais                   | Russian Federation |
| Kenneth Clarke                    | United Kingdom     |
| Roberto F. De Ocampo              | Philippines        |
| Lamberto Dini <sup>2</sup>        | Italy              |
| Mohamed Kabbaj <sup>3</sup>       | Morocco            |
| Liu Zhongli                       | China              |
| Paul Martin                       | Canada             |
| Philippe Maystadt                 | Belgium            |
| N'Goran Niamien                   | Côte d'Ivoire      |
| Robert E. Rubin                   | United States      |
| Manmohan Singh                    | India              |
| Pedro Solbes                      | Spain              |
| Carl-Dieter Spranger              | Germany            |
| Masayoshi Takemura                | Japan              |
| Iiro Viinanen                     | Finland            |
| Ralph Willis                      | Australia          |
| Gerrit Zalm <sup>4</sup>          | Netherlands        |

Alternate attending for member:

<sup>1</sup>Hamad Al-Sayari.<sup>2</sup>Antonio Fazio.<sup>3</sup>Mohamed Seqat.<sup>4</sup>J.P. Pronk.