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Series: Development Committee files

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Fonds: Records of Individual Staff Members

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A1990-019 Other #: 6 Box #166281B Ernest Stern Files: Development Committee, Meetings - Meetings 81-02

2.





File Title Ernest Stern Files: Development Co	mmittee, Meetings - Meetings 81-02	Barcode No.
		1850536
Document Date	Document Type	
May 19, 1981	Memorandum	
Correspondents / Participants Joint Ministerial Committee of the E (Development Committee)	Boards of Governors of the Bank and the fund on the Ti	ransfer of Real Resources to Developing Countries
Subject / Title Lending Operations of the Regional	Development Banks	
Exception(s) Information Provided by Member C	ountries or Third Parties in Confidence	
9		
Additional Comments		
		The item(s) identified above has/have been removed in accordance with The World Bank

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Withdrawn by	Date
Shiri Alon	February 21, 2019





File Title Ernest Stern Files: Development Committee, Meetings - Meetings 81-02		Barcode No.	
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Document Date	Document Type	*	
April 29, 1981	Memorandum		
Correspondents / Participants Joint Ministerial Committee of the I (Development Committee)	Boards of Governors of the Bank and the fund on the	Transfer of Real Resources to Developing Countries	
Cubic at / Title			
Subject / Title Lending Operations of the Regional	Development Banks		
<b>Exception(s)</b> Information Provided by Member C	Countries or Third Parties in Confidence		
Additional Comments			
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Withdrawn by	Date	
Shiri Alon	February 21, 2019	





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Document Date	Document Type		
April 23, 1981	Memorandum		
Subject / Title Task Force on Non-Concessional Fl	Boards of Governors of the Bank and the fund on the Trans lows - Report on Selected Issues	•	
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File Title Ernest Stern Files: Development Committee, Meetings - Meetings 81-02	Barcode No.
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Document Type  Document Type	
March 9, 1981 Outgoing wire	
Correspondents / Participants To: All Members of Development Committee From: David Ibarra, Chairman, Development Committee	
Subject / Title Increased flows of concessional assistance	
Exception(s) Information Provided by Member Countries or Third Parties in Confidence	
Additional Comments	
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File Title Ernest Stern Files: Development Co	mmittee, Meetings - M	Meetings 81-02	i i	Barcode No.	
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Document Date	Document Typ	ре			
March 22, 1981	Report				
Correspondents / Participants					
Subject / Title	*				
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File Title Ernest Stern Files: Development Co	ommittee, Meetings - Meetings 81-02	Barcode No.
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Document Date	Document Type	
May 15, 1981	Report	A CONTRACTOR OF THE CONTRACTOR
Correspondents / Participants To: Mr. McNamara From: Ernest Stern		
Subject / Title Statement Introducing Item 6: "Pro Gabon	gram of Action for Sub-Saharan Africa" - Sixteenth	Development Committee Meeting - May 22, 1981, Libreville,
Exception(s) Information Provided by Member 0	Countries or Third Parties in Confidence	
Additional Comments		
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Shiri Alon	February 21, 2019	

February 13, 1981

### Mr. Ernest Stern

After our meeting last Wednesday, the Fund lawyers persuaded our lawyers that a "resolution" was necessary, and one has been drafted. The last word hasn't been said yet; they are still discussing alternative procedures. The question of tactics - when is the Development Committee to be informed of the proposal not to schedule any further reviews and in what way - still has to be addressed. Apparently, the Bank and Fund Boards have to act on the review before June 30, 1981. Perhaps you would wish to discuss this with Kastoft and Palmer before meeting Ibarra.

S. E. Chernick

#### WORLD BANK / INTERNATIONAL FINANCE CORPORATION

February 12, 1981

TO: Messrs. Kastoft/Ahmed

FROM: Sidney Chernick, PPR

SUBJECT: Review of Performance of the Development

Committee

Attached is a revised version of your draft Review of the Performance of the Development Committee, incorporating comments of the IBRD Legal staff, some of which were agreed with the IMF Legal staff. The draft resolution on page four is tailored for the Bank Board of Governors. I understand that the IBRD and IMF Legal Departments are still exploring the possibility of dealing with this matter through a report of the Joint Procedures Committee rather than through the adoption of a formal resolution by the Boards of Governors.

#### Attachment

cc: Messrs. D. Palmer

H. Scott/L.Forget

## Review of the Performance of the Development Committee

The parallel Resolutions of the Boards of Governors of the Fund and the Bank establishing the Joint Ministerial Committee of the two Boards on the Transfer of Real Resources to Developing Countries (Development Committee) provided that:

"At the end of two years from the effective date of this 1/
Resolution, the Boards of Governors of the Fund and the
Bank shall review the performance of the Committee, and
shall take such action as they deem appropriate." (Article 7)

The 1976 review was postponed until 1978, and the review in 1980 decided upon in 1978 was postponed until 1981 by Resolution No. 344 of the Boards of Governors, the operative part of which reads:

"... At the Annual Meetings of the Bank and the Fund to be held in 1981, the Boards of Governors of the Bank and the Fund shall again review the performance of the Committee and shall take such action as they deem appropriate, taking into account (i) the views and recommendations of the Executive Boards of the Bank and the Fund, expressed at an appropriate time but not later than June 30, 1981, and (ii) the views and recommendations of the Development Committee."

The one-year postponement was suggested by the Development Committee so as to permit a proper and mature evaluation of the effectiveness of the reorganization of the work of the Committee and the restructuring of the Secretariat functions introduced in April 1979 as a result of the 1978 review.

<sup>1/</sup> Resolutions No. 294 (IBRD) and No. (IMF)

The main effect of the changes introduced in April 1979, was a greater involvement of the staffs and the Boards of Executive Directors of the two institutions in the work of the Committee and a concomitant drastic reduction in the size of the Secretariat of the Development Committee. Its Chairman, the President of the Bank and the Managing Director of the Fund, assisted by the Executive Secretary were made jointly responsible for organizing the work of the Committee with a view to more effective performance.

established on the basis of the recommendations made by the Committee of
Twenty — has now been in existence for over six years and there has
been one previous review of its performance besides the present one.

In the previous reviews the importance, the utility and the potential of this
ministerial forum were acknowledged. The avowed objective of its establishment
was to carry forward the study of all aspects of the broad question of the
transfer of real resources to developing countries. It was designed to provide
a focal point at a high political level in the structure of economic cooperation
for the formation of a comprehensive overview of international activities in
the development area, for efficient and prompt consideration of development
issues and for coordination of international efforts to deal with problems of
financing development.

The need for such a high level political forum is probably greater today than when the Committee was established in 1974. The period ahead when the world will face acute and persistent economic difficulties will be one of intense debate and search for solutions in particular to the problems of financing development. In this context, the Development Committee with its broad responsibilities, its compact size, the expertise of its members and the support of the two premier institutions in the field of development and finance would provide an appropriate forum to promote international consensus on a number of vital development issues of mutual interest

to the developing and developed countries and thereby facilitate decisions in appropriate bodies.

The April 1979 reorganization, which placed the organization of the Committee's work under the joint responsibility of the Chairman of the Development Committee, the President of the Bank and the Managing Director of the Fund, has resulted in greater involvement of the staffs and the Boards of Executive Directors of the two institutions. The preparatory work is now done through these Boards or in task forces specially set up on specific subjects. The introduction of the annotated agenda induces a well-focused discussion on key issues arising from various papers prepared for the Committee. The changes introduced in 1979 have significantly contributed to the effectiveness of the Committee. The resolutions establishing the Committee place no time limit on its life and the provision that calls for a review two years after the establishment of the Committee was intended to evaluate the performance and assess the working of the Committee and provide an opportunity to introduce changes to enhance its effectiveness. As this purpose has been served and the work is proceeding smoothly and effectively under the new arrangements, any further review of the Committee's performance should be undertaken only when it was felt that there was a need for such a review. It should be pointed out that the Boards of Governors have the power to conduct such a review at any time they may decide.

## Draft Resolution

WHEREAS the Board of Governors at its 1974 Annual Meeting adopted Resolution No. 294 entitled "Establishment of Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries"; and

WHEREAS the Board of Governors at its 1978 Annual Meeting adopted Resolution No. 327, which provided for a review at the 1980 Annual Meeting of the performance of the Development Committee; and

WHEREAS the Board of Governors at its 1979 Annual Meeting adopted Resolution No. 344, which decided that this review shall be completed at the 1981 Annual Meetings; and

WHEREAS the Executive Directors of the Bank, the Executive
Board of the Fund and the Development Committee have reported their
respective views and recommendations to the Boards of Governors of
the Bank and the Fund, which have taken those views and recommendations
into account;

NOW, THEREFORE, the Board of Governors hereby RESOLVES:

That the review contemplated in Resolutions Nos. 327 and 344 has been completed.



# 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) 477-1234

CORRECTION 1
June 1, 1981

## PRESS COMMUNIQUE

The following typographical correction should be made in the press communique of the sixteenth meeting of the Development Committee held in Libreville, Gabon, on May 22, 1981.

In the eighth line of para. 20, there should be a full stop after the words "developing countries" and the rest of the paragraph should start with the addition of the words "The Committee" before the word "endorsed".

The corrected paragraph with the change underlined is attached.

20. The Committee decided that its future work program should evolve around matters now before it, and on work which is in progress in the Bank, the Fund and Task Forces. In particular, the work includes a regular review of the flow of resources to the developing countries, and the financial needs of these countries, keeping under review the specific recommendations of the G-24 Program of Immediate Action and the Brandt Commission with respect to measures to enhance the flow of resources to developing countries. The Committee endorsed the recommendation included in the Interim Committee press communique regarding the SDR link.



## 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) 477-1234

May 22, 1981

## Press Communique

- 1. The Development Committee held its sixteenth meeting in Libreville Gabon, on May 22, 1981, under the chairmanship of H.E. David Ibarra Munoz, Secretary of Finance and Public Credit of Mexico, and with the participation of Mr. Robert S. McNamara, President of the World Bank, Mr. J. de Larosiere, Managing Director of the International Monetary Fund, and Mr. Hans E. Kastoft, Executive Secretary. Observers from a number of international and regional organizations and Switzerland also attended the meeting.
- 2. The committee noted with concern that the developing countries continue to face serious problems and that their medium-term prospects remain poor. A number of factors are of importance in this respect. These include:
  - persistent international inflation;
  - slowdown in the expansion of world trade, growing protectionist tendencies, and a depressing outlook for exports of developing countries;
  - sharp increases in the current account deficits of non-oil developing countries from \$58 billion in 1979 to an estimated \$80 billion in 1980 and a projected \$97 billion in 1981:
  - continuing slow growth of most industrial countries; the growth of real GDP in these countries had averaged 4% in the 1976-79 period; it slowed down to only 1.5% in 1980 and is expected to fall to less than 1% in 1981.
- The financing of these large deficits has required a substantial rise in external borrowing at higher cost and, consequently, the debt service burden for developing countries has increased perceptibly in recent years. There is little or no expectation that the large imbalances will be corrected quickly and, therefore, problems relating to external financing and debt are likely to persist. The plight of the low-income countries is particularly acute because these countries have limited recourse to international capital

markets and depend heavily on official development assistance; the volume of this type of concessional assistance may not at present be expected to increase at a rate similar to the expansion in requirements. Concerted efforts are necessary to deal with this difficult situation.

- 4. In view of these circumstances, the Committee concentrated its attention on a few selected topics addressing the expanded capital needs of developing countries, and the role of the international financial institutions in meeting them.
- The Committee recognized that in view of the magnitude of the financing needs of the developing countries, including those of China, it was of particular importance and urgency to provide the multilateral development institutions such as the World Bank and the regional banks with additional resources to assist developing countries in their development efforts, to help them restore acceptable levels of growth and to support their structural adjustment. The Committee therefore urged the Executive Board of the World Bank to continue its efforts to reach a consensus on the scale of World Bank activity appropriate to the circumstances of the early 1980s and to seek means of future financing of that activity, including study of a possible change in the gearing ratio.
- Of special concern to the Committee was the delay by some countries in bringing into effect the Sixth Replenishment of the International Development Association (IDA), with the result that IDA ran out of new commitment authority in April this year. Any extended disruption in IDA operations will have serious repercussions on the poorest developing countries. In view of the gravity of the circumstances, the Committee stressed the need for member governments to restore IDA's commitment authority as a matter of great urgency. The Committee noted with appreciation those donors which agreed to make available advance payments to IDA-6.
- 7. The Committee noted with satisfaction the reaffirmation of support for a general capital increase by all major donors. It also urged the Executive Directors to consider sympathetically the maximum lending program which can be sustained for the fiscal year 1982 taking into account the needs of the situation.
- 8. The Committee acknowledged that the world energy situation poses a serious problem of adjustment for producers and consumers. In particular, the oil-importing developing countries face an acute and growing external financing problem and need to reduce their dependence on imported oil. This will involve expanding exploration for and development of domestic oil and gas resources, increased development of coal, major expansion of renewable resources, maximum utilization of hydro-power capacity, and conservation.
- 9. The Committee expressed its support for the Bank's initiative to expand its lending operations in the energy sector. They urged that in the light of the pressing need to reduce the strains on the balance of payments of the oil-importing developing countries, the on-going consultation process be completed expeditiously. They urged that members examine ways to mobilize additional funds for energy development, both through existing mechanisms and through a possible new affiliate or facility. The Committee stressed the importance that these

measures should reflect the global nature of the problem and the international community's interest in a general approach to energy which encompasses conservation and the development of conventional and non-conventional sources of energy.

- 10. The Committee considered the status reports on the future lending of both concessional and ordinary capital resources of the African Development Bank, the Asian Development Bank and the Inter-American Development Bank currently under review within these institutions. Given the pressing need to strengthen the lending operations of the regional development banks, the Committee urged member governments to seek means of financing their activities arising from the changed circumstances of the 1980s.
- In the context of the review of the flow of non-concessional resources, the Committee considered the report on selected issues by the Task Force on non-concessional flows both timely and useful. In its report the Task Force limited its comments to the following issues: (1) cooperation between multilateral development institutions and commercial lenders; (2) external indebtedness of developing countries; and (3) increases in lending capacity of the multilateral development institutions.
- 12. Based on the Task Force report, the Committee considered that a degree of additionality in non-concessional flows could be achieved by actions on the part of multilateral development institutions to help broaden the range of financial instruments and improve the attractiveness of lending to developing countries. In this regard, the Committee endorsed the Task Force recommendation to invite the multilateral development institutions to discuss, as speedily as possible, these proposals with banks and other financial institutions in major financial centers. These discussions would include: (1) the improvement of co-financing arrangements between multilateral development institutions and commercial lenders; (2) the sale of portfolio and loan participations by multilateral development institutions; (3) the use of guarantees by multilateral development institutions; and (4) the issue and placement of pass-through loan certificates by multilateral development institutions.
- 13. The Committee also noted and endorsed the Task Force report on the external indebtedness of developing countries which emphasizes that developments regarding external debt must be viewed in the broader context of the world economic situation. It notes that debt problems are due to many factors and believes that both short and long-term aspects of the debt question must be kept under constant review. The Committee stressed the importance of sound debt management in order to avoid debt servicing problems and thus help sustain large inflows of capital necessary for the economic development of developing countries. The Committee noted that debt indicators, taken on their own, are not a substitute for comprehensive reviews of the economic situation and prospects of the countries involved.
- 14. The Committee expressed concern over the impact of inflation and high interest rates on external debt and encouraged further study of this subject. The Committee recognized the importance of the existing international framework for the rescheduling of official debt which must be viewed as part of a comprehensive effort to assist the requesting debtor country to implement necessary adjustment policies and to restore flows. The International Monetary

Fund, the World Bank and the regional development banks might be able to provide good offices in facilitating private debt rescheduling when requested.

- 15. Regarding ways of increasing the flow of funds to developing countries from the multilateral development institutions, the Committee urged the Task Force to examine various proposals under consideration and supported the request of the Task Force asking the World Bank for the elaboration of a paper examining these proposals.
- 16. The Committee expressed its appreciation to those members of the private international financial community who have actively participated and supported the work of the Task Force on non-concessional flows.
- 17. The Committee discussed the critically important issue of concessional assistance and decided, in principle, to establish a task force to carry forward and widen the continuing study of the problems affecting the volume and quality and effective use of concessional flows, both in the shorter and longer term. The Committee urged that consultations with respect to composition and terms of reference be initiated so as to enable the Task Force to undertake its work at the earliest opportunity.
- 18. The deteriorating prospects for growth in sub-Saharan Africa have been a matter of serious concern to the international community. The Committee was pleased to learn from the President of the World Bank that the formulation of an action program was well under way and looked forward to discussing the program of action at its September 1981 meeting.
- 19. The members reiterated their interest in a relationship between the Committee and United Nations global negotiations on the North-South issues. The Committee reaffirmed its desire to play a very active role in regard to matters pertaining to its competence.
- 20. The Committee decided that its future work program should evolve around matters now before it, and on work which is in progress in the Bank, the Fund and task forces. In particular, the work includes a regular review of the flow of resources to the developing countries, and the financial needs of these countries, keeping under review the specific recommendations of the G-24 Program of Immediate Action and the Brandt Commission with respect to measures to enhance the flow of resources to developing countries, endorsed the recommendation included in the Interim Committee press communique regarding the SDR link.
- 21. The Committee paid a special tribute to Mr. Robert S. McNamara in recognition of his long and distinguished tenure as President of the World Bank. It expressed its deep appreciation for his devoted and outstanding services to the cause of economic development, especially for his deep and abiding concern for the poorest of the world community, and wished him the very best in his future endeavors.
- 22. The Committee expressed its special appreciation to the Government of Gabon for its warm hospitality and for the excellent arrangements provided for the meeting.

23. The Committee agreed to hold its next meeting in Washington, D.C., on September 27 in the afternoon and September 28, 1981, and was pleased to accept the invitation of the Government of Finland to hold is spring 1982 meeting in Helsinki.

DEVELORAGE

JOINT MINISTERIAL COMMITTEE
OF THE
BOARDS OF GOVERNORS OF THE BANK AND THE FUND
ON THE
TRANSFER OF REAL RESOURCES TO DEVELOPE A COMMEN

September 29, 1980

### PRESS COMMUNIQUE

- 1. The Development Committee held its fourteenth meeting in Washington, D.C. on September 29, 1980 under the Chairmanship of Mr. Cesar E.A. Virata, Minister of Finance of the Philippines, and with the participation of Mr. R.S. McNamara, President of the World Bank, and Mr. J. de Larosière, Managing Director of the International Monetary Fund. Mr. M.M. Ahmad, Interim Executive Secretary, took part in the meeting, which was also attended by representatives from a number of international and regional organizations and Switzerland as observers.
- 2. The Committee discussed development policy issues and financing requirements in the light of the current and projected international economic situation. It considered medium-term prospects for the world economy and particularly their impact on the oil-importing developing countries. The Committee also reviewed relevant issues with respect to the Group of Twenty-Four Program of Immediate Action and the recommendations of the Brandt Commission.
- 3. The Committee noted with concern that the medium-term prospects for the world economy are now judged to be more unfavorable than they were a year ago. Because of sustained higher real costs of energy and other factors, the expected slow growth in industrial countries threatening the expansion of world trade, combined with persistent high rates of inflation, and possible constraints on capital flows, particularly on concessionary assistance, oil-importing developing countries as a group are expected to face serious and prolonged payments imbalances. According to the Fund's latest projections, the current account deficits of these countries are expected to rise from \$56 billion in 1979 to \$72 billion in 1980 and around \$80 billion in 1981.
- 4. The Committee recognized that successful adjustment by the oil-importing developing countries to the new international environment should contribute to achieving significantly better growth rates in these countries; on this basis,

a growth rate in excess of 3 per cent could well be attainable in the second The Committee stressed, however, that such an adjusthalf of the decade. ment effort would require strong resource support from industrialized countries and from oil exporters. The Committee encouraged efforts by industrial nations to ensure that, in formulating their own adjustment policies, they take effective measures to conserve energy and do not adopt measures restricting trade or capital flows which might worsen the position of developing coun-The Committee recognized that developing countries would have to take measures to stimulate exports, expand production of new energy sources and economize the use of energy in relation to their industrial growth, and improve the efficient use of capital, human resources and imports, in order to achieve maximum rates of growth in the context of the changed international The Committee stressed that it was of the utmost imporeconomic situation. tance to ensure that increased external capital flows be made available to the oil-importing developing and especially to the least developed and other low-income countries, in support of these efforts.

- 5. The Committee noted with particular concern that the growth prospects of the low-income countries, especially Sub-Saharan Africa, are bleak. It also viewed with deep concern the particularly difficult situation of the least developed and other low-income countries which face large financing needs to meet investments required in agriculture and infrastructure, including longer-term adjustments in investment programs to higher energy costs and changes in comparative advantage. These countries have limited capacity to generate domestic savings, and large borrowing on non-concessional terms, even if possible, could further jeopardize their future development because of too rapid build-up of debt service payments. Increased concessional assistance is therefore required both from capital surplus and industrial countries to avoid declines in already unsatisfactory growth rates in these poor countries.
- 6. The Committee felt that it would be consistent with the objectives of the various donors to increase the amount and proportion of bilateral assistance going to the least developed and other low-income countries. The Committee suggested also that donor countries might examine the budgetary implications of setting aside the equivalent of a modest proportion of future GNP increases to facilitate more rapid progress toward the 0.7 per cent GNP target for ODA by countries that have not yet attained this level in their official development assistance. The Committee also recognized the importance of mobilizing public opinion in favor of official development assistance. In considering these and other suggestions in the Bank paper on the volume and quality of concessionary assistance, the Committee requested that a continuing study be undertaken.
- 7. The Committee welcomed the active consideration that is being given by both the Bank and the Fund to specific recommendations of both the Group of Twenty-four Program of Immediate Action and the Brandt Commission with respect

to measures to enhance the flow of resources to developing countries. It stressed that the Brandt Commission proposals on reduction of poverty receive special attention. The Committee also endorsed the action of the Interim Committee as reflected in their communique.

- 8. The Committee, noting the urgent need to expand investment in energy development in oil-importing developing countries, welcomed the Bank's initiative to examine the possibility of establishing an energy affiliate or facility to promote expansion of its lending operations in the energy sector. It urged the continuing process of consultations be brought speedily to a successful conclusion.
- 9. The Committee welcomed the progress which has been made by the Fund in adapting the compensatory financing facility to meet more adequately the needs of countries with export shortfalls and decided to pursue the matter of the export earnings stabilization programs based on the comprehensive study being prepared by UNCTAD.
- 10. The Committee emphasized the importance of early action by governments to make the agreed Sixth Replenishment of IDA effective. In addition, contributors to IDA were urged to participate in the bridging arrangements to provide IDA interim commitment authority pending the effectiveness of IDA VI.
- 11. The Committee noted the change in the representation of China, and the concomitant increase in demand for the Bank's financial assistance to support China's development efforts. In addition the Bank faces new requirements for structural adjustment and energy lending. The Committee also observed that previous planning assumptions had been based on lower rates of world inflation than those now prevailing and anticipated for the near future. In view of these factors, the Committee urged the Board of the Bank to explore promptly appropriate ways of expanding the lending capacity of the institution and also to consider ways in which lending in the next fiscal years could be expanded above presently planned levels.
- 12. The Committee welcomed the extensive work that had been undertaken by the Task Forces on Non-concessional Flows and on Private Foreign Investment; the reports of the Task Forces provided a useful basis for further consideration of specific proposals to strengthen the functioning of international capital markets and the flow of resources to developing countries. It welcomed the Fund's active response to the current recycling problems and viewed the Fund's role as complementary to the role of international capital markets.
- 13. The Committee reaffirmed the importance of proper supervision in maintaining confidence in the international banking system, thereby enabling it to continue as an important channel of funds over the longer term. The Committee endorsed the conclusion of the Task Force on Non-concessional Flows

that such supervisory activity should avoid abrupt and severe changes which could unduly restrict bank lending to developing countries, and that debt servicing capacity of the borrower should be adequately taken into account in assessing bank portfolio concentration. The Committee also supported the request of the Task Force on Non-concessional Flows to the World Bank for a full study of the various proposals under its consideration.

- 14. The Committee noted that further analysis of private foreign investment might lead to a better understanding of important factors in both investor and host countries that determine volume and nature of such investments. It suggested that the Board of the Bank consider the recommendation of the Task Force on Private Foreign Investment for a study of incentives and performance requirements.
- 15. The Committee took note of the efforts at the United Nations Special Session to organize global negotiations on the North-South issues and expressed its desire to play a very active role in regard to matters pertaining to the IMF and the World Bank within the framework of the UN global negotiations once these negotiations have started.
- 16. The Members placed on record their special appreciation for the Chairman's long and distinguished service to the Committee.
- 17. The next meeting of the Committee will be held in Libreville (Gabon) on May 22.

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# OF THE OF THE LEGACION OF GOVERNORS OF THE BANK AND THE FUND ON THE ON THE



April 24, 1980

## PRESS COMMUNIQUE

- 1. The Development Committee held its 13th meeting in Hamburg, Federal Republic of Germany on April 24, 1980 under the Chairmanship of Mr. Cesar E.A. Virata, Minister of Finance of the Philippines, and with the participation of Mr. J. de Larosiere, Managing Director of the International Monetary Fund, and Mr. Ernest Stern, Vice President, Operations, of the World Bank. Sir Richard King, Executive Secretary, took part in the meeting which was also attended by representatives from a number of international and regional organizations and Switzerland as observers.
- 2. The Committee considered papers submitted by the World Bank on lending for structural adjustment and on co-financing, and a progress report by the IMF on recent developments relating to IMF facilities. They also received preliminary reports from the Chairmen of the two Task Forces on Non-concessional Flows and on Private Foreign Investment. On the basis of a staff study by the Bank and the Fund, the Committee reviewed recent developments relating to the proposals of the Group of 24 for a Program of Immediate Action, which the Committee at its meeting in Belgrade had agreed to keep in view. The Committee had a preliminary discussion on the report of the Brandt Commission.
- The Committee noted with concern that the general impact of the high level of world inflation, including the increase in energy and other prices, and the weakening of demand for LDC exports due to the slowdown of economic activity in the industrial countries, are leading to large current account deficits and placing an increasing burden of adjustment on many non-oil developing countries. Recent developments in international financial markets have made it more difficult and expensive for developing countries to secure appropriate long-term financing for their development programs. Their debt service burden could only be expected to grow further given the large dependence of the middle-income countries on non-concessional public and private financial flows. The Committee also noted that the present flows of concessional official development assistance were inadequate to meet the essential requirements of the poorer developing countries and unless urgent action is taken their condition will further deteriorate. The

Committee therefore emphasized the pressing need for an increase in ODA directed toward achieving the target of 0.7 per cent of GNP. It reaffirmed its intention to consider at its next meeting the issue of ODA flows, both present and prospective, on the basis of a staff paper. Against the background of a generally deteriorating international economic environment, the Committee reemphasized its earlier call for a reduction of protectionist trade measures which adversely affect the exports of developing countries, and stressed the need to avoid restrictions on access to capital markets.

- 4. The Committee welcomed the initiative taken by the Bank to provide assistance through structural adjustment lending on appropriate terms and conditions for developing countries which face difficult medium-term prospects in their balance of payments. Members recognized the contribution that could be made through this type of non-project and program lending both to the rapid transfer of adequate resources and to the active pursuit of appropriate structural policies in the developing countries. Governments and the Bank were urged to give prompt attention to this subject, and Members agreed to review progress in this respect at their September meeting.
- The Committee recognized that it was important to expand net private capital flows in the period ahead. It noted that while there had been substantial growth in recent years in co-financing by the Bank with official aid agencies, export credit institutions and private lenders, the volume was still insufficient compared with the needs. Noting that the Bank was already exploring several new approaches to attract funds for co-financing from a wider range of private sources, Members urged that efforts be continued to improve the effectiveness and the volume of these financial flows in ways that would meet the objectives of the borrowing countries.
- 6. The Committee welcomed the recent decision by the Executive Board of the Fund to increase the maximum repurchase period under the extended facility from eight to ten years, and to reduce the number and frequency of repurchase installments; the combined effect of these measures will increase the average life of a drawing outstanding under the extended facility by almost one-fifth. This action will spread the adjustment effort over a longer period and lessen the financial burden of using the extended facility. The Committee recognized that the Fund should continue to follow a flexible approach as regards the volume of drawings under the supplementary financing facility in cases where additional amounts are justified by the magnitude and nature of a member's need for financing. The Committee expressed the hope that at an early date measures would be taken to reduce the cost of using the supplementary facility and in this way ease access to the facility.
- 7. The Committee welcomed the steps being taken by both the Bank and the Fund to adapt and expand their activities to meet the needs of countries affected by the increasingly difficult economic situation. While recognizing that each institution has its own character and function which should remain distinct, they emphasized the importance of close collaboration between the two institutions.

- 8. The Committee welcomed the progress that had been made toward providing additional capital resources for the World Bank and the regional development banks, and the agreements reached on the replenishment of IDA under the Sixth Replenishment. However, Committee Members expressed concern that legislative difficulties now threatened a hiatus in the commitment authority of the multilateral development institutions, and urged that member governments take all necessary actions to ensure continuity in their operations. Action was particularly urgent in regard to IDA-VI, since resources available from IDA-V will be exhausted by June 30. Equally urgent are actions concerning the replenishment of the Inter-American Development Bank and the increase of the concessional funds of the Asian Development Bank. The Committee further noted that additional resources had been pledged to the OPEC Fund, and that aid commitments under the LOME II convention had been increased.
- 9. The Committee noted that at the time of its next meeting there would be available a final report of the Task Force on Private Foreign Investment, and a progress report of the Task Force on Non-concessional Flows. Members stressed the extreme importance of the review of private financial flows to determine what measures could be taken to facilitate additional flows on appropriate terms and to improve access of a wider range of developing countries to private capital markets.
- 10. The Committee welcomed the publication of the Brandt Commission Report and viewed its recommendations as a useful basis for consideration by the international community. The Committee noted that a number of the recommendations related to the Bank, the Fund, and the regional banks and that these institutions are currently examining these recommendations. They requested that specific papers should be prepared on those recommendations of the Commission's report that were of particular relevance to the Committee's work.
- 11. The Committee reviewed the current state of discussions relating to the Group of 24 Program of Immediate Action for International Monetary Reform. While recognizing that international agreement had been reached on some of these proposals and that some others were under discussion, they nevertheless stressed the importance of reaching early agreement on other items of a developmental character, an increase in the volume of official development assistance, completion of the processes for the Sixth Replenishment of the IDA and a significant increase in the amount of program lending.
- 12. The next meeting of the Committee will be held in Washington at the time of the Annual Meetings of the Governors of the Bank and Fund in September 1980.
- 13. The Committee expressed their warm appreciation to the Government of the Federal Republic of Germany for their hospitality and for the excellent arrangements provided for their meeting.





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			Shiri Alon	February 21, 2019





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		removed in accordance with The World Bank
		Policy on Access to Information or other
		disclosure policies of the World Bank Group.
		Withdrawn by Date

Shiri Alon

February 21, 2019

Ms. J. Henricksen, Development Committee

April 27, 1981

L. Sunderland, SVPOP

## IBRD Attendance at Development Committee Meeting

This is to confirm that the following people should be listed as Participants in the Development Committee Meeting in Gabon on May 22, 1981:

Mr. Robert S. McNamara

Mr. Ernest Stern

Mr. Heribert Golsong

Mr. Joseph Wood

Mr. Sidney Chernick

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#### THE WORLD BANK

ROUTING SLIP	3/20/81
OFFICE OF THE SENIOR VICE	PRESIDENT, OPERATIONS
NAME	ROOM NO.
Mr. Thahane	
	- '
To Handle	Note and File
Appropriate Disposition	Note and Return
Approval	Prepare Reply
Comment	Per Our Conversation

REMARKS

Full Report

Information

Initial

Mr. McNamara has approved the attached. Please use this delegation list to control attendance.

Recommendation

Signature

Send On

FROM

Ernest Stern

# OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: March 13, 1981

FROM:

Ernest Stern, SVP, Operations 80 .

SUBJECT:

Delegation List for Gabon

I propose that the following Bank staff be authorized to attend the Libreville meetings. The list has been kept as small as possible, in line with your instructions. Not included in the list is the Secretary's Department support staff for the conference.

03/16

1. Secretary - Mr. Thahane
2. SVP, Operations - Mr. Stern
3. SVP, Finance - Mr. Wood
4. DPS - Mr. Chernick
5. External Affairs - Mr. Benjenk
6. - Mr. D. R. Clarke

7. - Mr. Koelle (IPA Deputy Director)
8. - Mr. Blackman (IPA - Public Affairs)

Mr. Thahane concurs.

cc & cleared with Mr. Thahane
EStern/1ms

3719 8 Km W