January 9, 1976

Press Communiqué

1. The Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (the Development Committee) held its fifth meeting in Kingston, Jamaica, on January 9, 1976, under the chairmanship of Mr. Henri Konan Bedie, Minister of Economy and Finance for the Ivory Coast. Mr. Robert S. McNamara, President of the World Bank, Mr. H. Johannes Witteveen, Managing Director of the International Monetary Fund, and Mr. Henry J. Costanzo, 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 reviewed the current situation and prospects of the developing countries and noted with concern that the non-oil developing countries in 1976 are likely to incur extraordinarily large current account deficits for the third successive year. The Committee also noted with grave concern that the minimum 6 per cent growth target of the Second Development Decade appears not likely...
to be met for the non-oil developing countries and that substan-
tial amounts of additional external capital are still required
if the shortfall from this target is to be held to modest propor-
tions. The Committee also discussed the means of improving the
current situation affecting resource transfers, aid targets and
their implementation, current under-utilization of productive
capacity in industrial countries in relation to their aid effort,
and the status of current commodity issues. It was against this
background that the Committee considered various measures to in-
crease the flow of resources to the developing countries.

3. The Committee noted the decision of the Interim Committee to
establish the Trust Fund to provide balance of payments assistance
to low-income countries as well as understandings reached regarding
increased access to IMF resources. The Committee discussed the use
of Trust Fund resources and indicated various considerations to be
taken into account by the Executive Directors of the IMF in com-
pleting their work on establishment of the Trust Fund. The Com-
mmittee noted that the Third Window for loans on intermediate terms
by the World Bank had become operational, that contributions re-
ceived and expected would permit Third Window loans of $600 million
and urged those countries which have not already contributed to
help to increase its resources.

4. The Committee received an interim progress report from its
Working Group on Access to Capital Markets, discussed the proposed
work program on the review of regulatory and other constraints on
access to capital markets by developing countries, and recommended
the completion of studies on other appropriate mechanisms which
might improve access to capital markets, including the possible use
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of multilateral guarantees, the strengthening of secondary markets, and the possible creation of an international investment fund.

5. The Committee noted the progress being made in regard to cofinancing arrangements by international and regional development banks and urged that these arrangements be expanded.

6. The Committee was presented with an initial survey of programs and capital resource situations of major international and regional lending institutions. The Committee expressed its full support for an adequate increase in capital financing of these institutions. In this context, the Committee requested the World Bank's Executive Directors to place before the Board of Governors at an early date a proposal for an increase in the Bank's capital. The Committee also supported an early increase in the capital of the International Finance Corporation. The Committee noted the particularly urgent need for assistance to low-income countries, and in this connection expressed its strong support of a substantially enlarged Fifth Replenishment of the International Development Association, which, in the opinion of many members, should be in real terms. The Committee noted that negotiations were under way to secure agreement in time to permit continuity of operations. The Committee urged timely action to replenish the resources of regional banks, including their soft-loan windows.

7. The Committee gave special attention to the question of commodity price fluctuations and to their consequences on the export
earnings of developing countries. The Committee agreed to give priority attention to these questions, including especially possible measures for the financing of buffer stocks, for the stabilization of export earnings, and other efforts to assist the developing countries in the area of trade.

8. The Committee expressed its unanimous appreciation of the excellent arrangements made for the meeting and the hospitality extended by the Government of Jamaica.