1. The 48th meeting of the Development Committee was held in Washington DC on April 26, 1994, under the chairmanship of Mr. Rudolf Hommes, Minister of Finance and Public Credit of Colombia.  

RESOURCE FLOWS

2. Ministers welcome the increased flows of resources to developing countries; 1993 was another record year. Particularly noteworthy was the sustained growth in private flows, which went mainly to the faster-growing and outwardly oriented countries which have implemented successful reforms. Similarly, much of the increase in official flows has been concentrated on nonconcessional loans to middle-income countries. Much of the concessional official development assistance has been targeted on poorer countries, although its total increased only modestly in 1993 and the outlook continues to be unfavorable. In that connection, Ministers welcome the progress made and the increased amounts pledged at last week's meeting on the Special Program of Assistance for Africa, and the recent extension and enlargement of the IMF’s Enhanced Structural Adjustment Facility.

POPULATION

3. The Committee reviewed some of the issues which will be raised at the forthcoming United Nations Conference on Population and Development to be held in Cairo in September 1994. They welcomed the Secretary-General of the Conference, Dr. Nafis Sadik, who addressed their meeting. 

4. Trends The world's population has grown by 1.7 billion in the past two decades. Almost all the increase was in the developing countries. The total population now stands at nearly 5.7 billion, about a billion of whom still live in poverty. Although the rate of growth is now slowing down.

1/ Mr. Lewis T. Preston, President of the World Bank, Mr. Michel Camdessus, Managing Director of the International Monetary Fund, Mr. Willy W. Zapata, President of the Banco de Guatemala and Chairman of the Group of 24, and Mr. Peter Mountfield, Executive Secretary, took part in the meeting. Observers from a number of international and regional organizations also attended.
another 2.8 billion will be added to the total by 2025, on the current United Nations "most likely" projections. On this basis, world population will probably double in less than 50 years. Ministers agree that the massive economic, social, political and environmental consequences of these changes cannot be ignored.

5. **Policies** Ministers believe that an integrated population policy in developing countries must recognize the links between economic growth, population, poverty reduction, health, investment in human resources and environmental degradation. All couples and individuals have the right to decide freely and responsibly on the number and spacing of their children. Family planning is only one of the available instruments and needs to be seen in the broader context of changing social patterns and the increased awareness of women's role. Population programs are therefore becoming increasingly diverse, depending on the stage of the demographic transition in each country. Moreover, experience demonstrates that improved education and employment prospects (particularly for girls), improved health, and increased income all tend to reduce the birth rate. Institutional arrangements for the delivery of services may need to be strengthened, and must be tailored to local conditions and needs, taking full advantage of available non-governmental and private sector organizations. They must pay full regard to the social and cultural traditions of each country.

6. **Priorities** Ministers note that the Cairo Conference will seek to establish clear and realistic objectives for future population policy. Without prejudging the outcome of the Conference, they agree that three objectives in particular deserve special attention:

   First, improvements in the primary school enrollment rate in low-income countries to achieve universal primary education;

   Second, improving access to family planning and related health services, estimated by UNFPA to require a doubling of investments by the year 2000;

   Third, reductions in maternal and child mortality in developing countries.

7. **Developing Countries** In general, the resource requirements are affordable, compared with other major expenditure programs. Many developing economies can meet the costs. In some cases costs are already covered by user fees. But for the poorest people, continued public support will be essential, and is justified by the benefits. Ministers agreed that developing countries should consider giving these three objectives priority within total budgets.

8. **Donors** The poorest countries will still need help from donors. Bilateral and multilateral donors currently contribute about $1 billion a year to population programs in developing countries. Ministers hope that many individual bilateral donors will be able to improve the present average 1.25% share of existing aid budgets allocated to population programs, as well as their support for health and education.

9. **The World Bank** At the multilateral level, Ministers welcome the increasing share of the World Bank's social sector programs which have risen from 6% to 16% of the total portfolio in the past five years. Within this program, about $1.8 billion annually is currently allocated to population, health and nutrition, and $1.9 billion to education. Much of this affects the demand for population services indirectly. There are currently ten or more projects a year with significant direct population components, costing $200 million, concentrated mainly in the poorest developing countries. Ministers welcome the Bank's readiness to respond rapidly to requests for more
assistance in this field. Ministers recognize that the Bank is not the principal organization concerned with population, but that its policy dialogue and wider operations give it a unique opportunity to promote population policies. They therefore call on the Bank, other donors, the other multilaterals such as UNFPA, and the borrowing governments to collaborate fully in operations and in mobilizing the institutional and financial resources needed; and re-evaluate their efforts following the Cairo Conference.

10. Migration Ministers discussed the related issue of international migration, and its social, political and financial consequences for importing and exporting countries alike. They note that relatively little is known about the nature of these issues. Ministers noted the need for policies addressing these issues. They call for more policy-oriented research on migration and closer collaboration between the different international agencies concerned.

TRADE

11. Impact of the Uruguay Round on the Developing Countries and Countries in Transition Ministers greatly welcome the successful conclusion of the Uruguay Round and the agreements reached at Marrakesh and call for their rapid ratification and full implementation. These agreements reduce the risk of a relapse into protectionism, which would have greatly damaged many developing countries and countries in transition. They open up the prospect of faster economic growth for the world as a whole. All countries stand to gain. For countries to reap the full benefits from the Round, it is essential that they maintain stable macroeconomic environments and intensify their structural reform programs and trade liberalization, while improving their access to world markets.

12. Ministers note that some developing countries may be adversely affected in the transition to the new world trading system, by the loss of preferences or by higher prices for food imports, although these effects will only be felt gradually, leaving time for adjustment. They urge the Bank and the Fund to take account of these possible adverse effects in designing country assistance strategies and operational support for the affected countries.

13. Ministers welcome the creation of the new World Trade Organization. They urge the WTO, the Bank and the Fund to cooperate fully and, within their own areas of responsibility, to help developing countries and countries in transition to take advantage of the new market opportunities. They also hope that all developing countries and countries in transition will soon join, so as to increase market access for their exports. They note that both Bank and Fund are engaged in fuller study of the impact of the Round, of future trade policy, and of their own future activities in the trade area. Ministers will resume discussion of these questions at their next meeting.

14. Commodities Ministers also reviewed recent work in the Bank and the Fund on commodity prices. They agree that despite signs of a modest recovery in the short term, prices are unlikely to return to the levels of the 1970s and early 1980s. Given these uncertainties, Ministers agree it would be prudent not to assume an improvement in the long term, and wise to err on the side of caution.

15. Ministers agree that if price shocks are expected to be only temporary, then provision of compensatory finance may be appropriate. But if the fall in prices is expected to be permanent, then an adjustment-oriented response should not be deferred in the hope of a recovery. Ministers therefore believe that developing country governments should continue to diversify their economies.
They will need the ongoing support of the World Bank, the Fund and the donor community. Ministers call on the Bank to explore additional measures in its investment work in this area. The continuing volatility of prices also requires the maintenance of contingency measures to safeguard programs supported by the Fund.

16. Ministers note that few international commodity agreements have maintained price levels in the face of falling demand, increased production, and lower costs. Government price stabilization schemes do not generally work well when commodity prices are expected to fall further or remain low; they tend to create distortions and place considerable strain on government budgets. For many countries and products, hedging instruments in commercial futures markets now permit private agents to protect themselves against price fluctuations, although there remain a number of legal, financial and technical barriers. Ministers welcome the technical assistance being given by UNCTAD, the World Bank and other agencies, to help smaller producers overcome these obstacles and take advantage of such markets. They welcome the studies being undertaken by the Bank of new guarantee mechanisms which would permit these poorer and less creditworthy countries to undertake market-based hedging operations.

DEVELOPMENT BANKS

17. The Committee agreed in principle to establish a small Task Force to review the development role being played by the Multilateral Development Banks, including the World Bank, and the four main regional banks. This Task Force, whose Chairman, terms of reference, and composition will be agreed after consultation with the governments, and will aim to complete its work by October 1995.

CHAIRMAN

18. The Committee selected Mr. M'Hamed Sagou of Morocco to be its next Chairman in succession to Mr. Rudolf Hommes of Colombia. The Committee expressed its warmest thanks to Mr. Hommes at the end of his period in the Chair.

NEXT MEETING

19. The Committee agreed to meet again in Madrid, Spain, on October 3, 1994, when it will discuss the question of Aid Effectiveness and the work on the World Bank and IMF in the light of the Uruguay Round.