INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS

Thirty-Fifth Meeting of Ministers

COMMUNIQUÉ

September 27, 1986

1. Ministers of the Group of Twenty-Four on International Monetary Affairs held their Thirty-Fifth Meeting in Washington, D.C. on September 27, 1986. Mr. Tesfaye Dinka, Minister of Finance, Ethiopia, was in the Chair, with Mr. Svetozar Rikanovic, Federal Secretary for Finance, Yugoslavia, and Mr. Dilson Funaro, Minister of Finance, Brazil, as Vice-Chairmen. The meeting was attended by Mr. J. de Larosière, Managing Director, International Monetary Fund, Mr. B. B. Conable, President, the World Bank, Ghulam Ishaq Khan, Chairman, Development Committee, Mr. Pedro Malan, United Nations, Mr. Yves Berthelot, Deputy Secretary General, UNCTAD, Mr. G. Arthur Brown, Associate Administrator, UNDP, Mr. Sidney Dell, UNDP/UNCTAD, Mr. Olivier Castro, Executive Secretary, Central American Monetary Council, Mr. A. N. Hersi, Islamic Development Bank, Mr. Massood V. Samil, OPEC, Mr. Y. S. Abdulai, Director General, OPEC Fund, Mr. Isaac Cohen, Director, Economic Commission for Latin America and the Caribbean, Mr. Hikmat Al-Azzawi, Governor, Central Bank of Iraq, Mr. Mohamed Berrada, Minister of Finance, Morocco, Mr. Hamad Al-Sayari, Governor, Central Bank, Saudi Arabia. Mr. Li Peng, Vice Minister of Finance, China, attended as invitee.

2. The meeting of Ministers was preceded on September 25, 1986 by the Forty-Seventh Meeting of Deputies of the Group of Twenty-Four with Mr. Tadesse Gebre-Kidan, Ethiopia, as Chairman, and Mr. Cvitan Dujmovic, Yugoslavia, and Mr. Carlos Alberto Amorim, Brazil, as Vice-Chairmen.

World Economic Outlook

3. Ministers reiterated their serious disappointment over the continued sluggish performance of the global economy with further deceleration in world output and trade, and expressed concern over the deteriorating prospects for future growth. They noted that in the industrial countries economic activity slowed down sharply in 1986 and fiscal deficit, external imbalances and high rates of unemployment persisted in most of them. Most of these developments have adverse consequences for the developing countries. Ministers expressed deep concern over the worsening situation in the developing countries in 1986 as a consequence of the sharp drop in commodity prices -- including oil -- a decline in export earnings, the stringent liquidity situation resulting in a sharp compression of imports and cutbacks in investment expenditures, continued deterioration in terms of trade with a widening current-account deficit, and grossly inadequate resource inflows from commercial, multilateral and official sources further increasing the debt/export ratios and aggravating debt service problems and undermining adjustment efforts. As a result of

these adverse developments, growth in developing countries continued to drop in 1986 with the result that the standard of living in these countries, which is already below its level a decade ago in many countries, has been further eroded.

4. Ministers underscored the interdependence of the economies of industrial and developing countries and emphasized the need for policy coordination among industrial countries for their own growth and stability and for the creation of an international environment conducive to adjustment with growth and smooth debt servicing in developing countries. Such policy coordination supplemented by other appropriate policy measures should ensure stable exchange rates, low real interest rates, sustained expansion in world trade and output, adequate international liquidity, remunerative commodity prices, adequate capital inflows to developing countries and symmetric international adjustment.

5. Ministers deplored the continued intensification of protectionism and urged industrial countries to translate into action their declared commitment to free trade by immediately rolling back existing trade barriers, refraining from further intensification of protectionist measures and eliminating agricultural and other production subsidies.

6. Ministers reiterated the contents of paragraph 5 of Communiqué No. 34 (Washington, D.C., April 1986).

The Evolving Debt Situation

7. Ministers reiterated the contents of paragraphs 3 to 12 of Communiqué No. 33 (Buenos Aires, March 1986) and paragraphs 8, 9, and 11 to 14 of Communiqué No. 34 (Washington, D.C., April 1986).

8. Ministers further emphasized that the advocacy of growth-oriented programs is mere rhetoric unless the present high level of the net transfer of resources from the developing to the developed countries is reversed. This negative transfer is a major element of the stagnation in which many of these countries still find themselves. Such a level of transfer of resources has protected the financial sector in developed countries, but it has seriously and unnecessarily affected the productive sectors, both in the debtor and in the creditor countries. The failure to adopt a consistent and lasting solution to the debt problem is not only affecting the recovery of the world economy but makes the servicing of debt an intolerable burden. A non-traumatic and cooperative solution to the problem of resource transfer would require a combination of different initiatives: a) a reduction of real interest rates, an interest relief mechanism in the form of a facility in the IMF or the IBRD aimed at lessening the burden of interest payments on developing countries' debt, and a further extension of repayment terms and grace periods, aimed at establishing a maximum level of debt service compatible with acceptable levels of growth rates and export revenues; b) an increase in the resour-ces provided by multilateral institutions and governmental agencies; and c) a resumption of voluntary flows of private resources in the form of loans and direct investments.

9. Ministers stressed that despite the consensus existing today that resumption of sustained growth in the debtor countries is the only way out of the debt problem, serious doubts persist as

to the compatibility of the adjustment programs recommended to debtor countries, particularly by the IMF, with the growth resumption objective as well as with social and political stability. In order to be viable, such adjustment programs will have to further take into consideration the peculiarities of each country's economy and national development priorities. It will also be necessary to remove the excessive conditionalities and to allow for more flexibility in the mechanisms and procedures of the present debt strategy, many of which constitute elements of rigidity and create addi-tional difficulties for the debtor countries in their stabilization efforts. An example of this rigidity is the requirement of a preliminary agreement with the IMF for the negotiation of a multi-year rescheduling of debt in the framework of the Paris Club.

10. Ministers expressed their support for the recognition in one recent negotiation with the IMF of the link between financing requirements and a minimum desirable rate of economic growth. Ministers noted with satisfaction that clauses have been included in that negotiation recognizing the need to relate financing requirements and performance criteria to changes in oil prices, and they emphasized the desirability of extending this principle to other primary products whose prices are beyond the control of the affected countries, as well as to other exogenous factors affecting foreign exchange earnings and/or outflows.

11. Ministers called for urgent action by the Development Committee, with the support of the World Bank and the assistance of other international institutions, to re-examine the main aspects of the debt problem in the light of the abovementioned considerations and to recommend the necessary measures to remove obstacles to economic growth. For that purpose, Ministers recommended the creation of an "ad hoc" Committee of Ministers from developed and developing countries to undertake this review and to present its report to the Ministers at the April 1987 meeting.

12. Ministers noted with satisfaction the recent decision adopted at the Forty-First Session of the United Nations General Assembly to include on the Agenda the issue of 'External Debt Crisis and Development."

13. Ministers welcomed the announcement by the Chairman of the Group of 77 in New York of the convening of the first Consultative Meeting on External Debt among developing countries to be held in November 1986 in Lima.

Consideration of Issues Regarding the Functioning and Improvementof the International Monetary System in the Reports of G-24 and G-10

14. Ministers noted with satisfaction that the Fund Executive Board and the Interim Committee have been considering the issues raised in the Reports of the G-24 and the G-10 on the functioning and improvement of the international monetary system, but regretted that only issues relating to the exchange rate system, surveillance and, to some extent, the role of the SDR have so far been taken up. They also expressed their concern at the slow pace of discussion on these topics and urged that all the issues raised in both Reports should be considered expeditiously. They recommended, in particular, that the Fund Board should immediately start examination of the Role of the Fund, an important topic in the reports, covering the design of adjustment programs, conditionality, financing policies of the Fund, and issues relating to access and quotas

as well as the decision-making process, and that the Interim Committee should begin its consideration of this subject at the Spring 1987 meeting.

15. Ministers reiterated the call for the creation of a representative committee of Ministers from developing and industrial countries to examine the proposals of the G-10 and G-24 relating to the reform and improvement of the international monetary system so that necessary follow-up actions are pursued. This committee could perhaps take the form of a joint subcommittee of both the Interim and Development Committees and should conduct its business on the basis of consensus.

Indicators Relating to Policy Actions and Economic Performance

16. Ministers reiterated that the policies of major industrial countries have considerable impact on other countries and the global economy at large and that major industrial countries should take into consideration the international repercussions of their national policies. They re-emphasized that inconsistencies among the policies of major industrial countries have harmful consequences for the international economy, and they called on those countries to coordinate their policies, taking into account the implications for the global economy. Ministers reiterated that Fund surveillance has been ineffective with regard to the economic policies of industrial countries, resulting in an asymmetric adjustment process with a disproportionate burden being placed on developing countries without due regard to their social and economic objectives. The main objectives of Fund surveillance should be to bring about a symmetric international adjustment and facilitate expansion and balanced growth of international trade, high economic growth and orderly financial conditions. To achieve these objectives, Fund surveillance should effectively influence the policies of industrial countries in a manner that would be supportive of growth, particularly of developing countries. In view of this, Ministers called for a strong political will on the part of major industrial countries in favor of policy coordination, international cooperation and effective and evenhanded surveillance.

17. Ministers noted that the Report of the G-24 on the Functioning and Improvement of the International Monetary System made recommendations on the need to use quantitative indicators or targets or systems of reference to trigger consultation and policy actions. They stressed the need for the use of economic indicators in the context of multilateral and bilateral surveillance to enhance policy coordination and reduce inconsistency among the policies of major industrial countries, by giving quantitative content to governments' various economic objectives and achievements, both in policies and performance. They emphasized that analysis in the context of multilateral and bilateral surveillance, using quantitative indicators, should focus on the assessment of the sustainability of balance-of-payments developments of major industrial countries and their impact on the global economy and should concentrate on policy interactions among industrial countries and the international consistency and compatibility of such policies in the context of an optimal pattern of worldwide growth and stability. To strengthen Fund surveillance over the policies of these countries, the surveillance procedure should have two steps: the multilateral setting, which would require negotiation of a framework of mutually consistent objectives and policies for major industrial countries followed up with an assessment of individual country policies in the course of Article IV consultations. Ministers stressed that indicators should provide a triggering mechanism leading to consultation on possible corrective

action in case of emergence of inconsistencies among national objectives and forecasts or when there is divergence from a desired agreed path.

18. Ministers recognized that a start has been made in the use of economic indicators for monitoring of policies for purposes of coordination. They, however, emphasized that beside the use of indicators, the Fund should deploy other instruments available to it to ensure an effective and evenhanded surveillance as envisaged In the Articles of Agreement.

The Role and Allocations of SDRs

19. Ministers emphasized that changes in the international monetary system have not reduced the potential role of the SDR, but have rather reinforced it. They stressed that the present system suffers from systemic weaknesses and does not provide a substitute for the SDR. Because of the volatility of exchange rates and dependence on private financial markets, the system has been characterized by excessive instability, inadequate availability and uneven distribution of liquidity, high cost of reserve acquisition, deflationary tendencies, and asymmetry in the adjustment process.

20. Ministers reiterated that the SDR, by improving the quality of reserve assets, increasing owned reserves in countries' portfolios and easing the liquidity shortage could considerably contribute to the enhancement of the stability of the system and reduce the costs of acquiring reserves. It will help to alleviate the deflationary impact of adjustment measures and could also serve as a safety net for use in contingencies. Ministers re-emphasized that the SDR has a central role to play in improving the system by making reserve creation subject to the will of the entire international community. They called on the industrial countries to cooperate with the majority of the Fund members to allow the SDR to play its key role by making it the principal reserve asset in the system.

21. Ministers deplored the lapse of the Fourth Basic Period without any new SDR allocations being made despite the repeated calls made by developing countries. This lapse was mainly due to the lack of political will on the part of a few major industrial countries and their refusal to join the large majority of the Fund membership in supporting a new allocation of SDRs despite the overwhelming evidence provided by the Fund staff and informed outside sources that an SDR allocation at this time will not only satisfy the requirement for allocation under the Articles of Agreement but would also help to correct the systemic weaknesses of the present international monetary system.

22. Deputies reiterated concern at the relentless pressure on the export earnings of developing countries due to deterioration in their terms of trade, the continuous fall in concessional and nonconcessional resource flows to developing countries, the precariously low level of reserves of many low-income countries, and the massive transfer of resources from the developing to the developed countries. A special allocation of SDRs is required to avert powerful deflationary forces at work in these countries, and Ministers urged the industrial countries to muster the necessary political will to facilitate special allocations of SDRs over the next two years, with that group of countries foregoing its share. The amount for the first year could be SDR 25-30 billion, and the second-year requirement should be determined in the light of circumstances.

23. Ministers expressed concern over the stringent liquidity position of a large number of countries and the reluctance of commercial banks to provide liquidity even to countries undertaking strong adjustment measures. They emphasized that an SDR allocation will help to alleviate this problem, and they urged the few member countries that have not supported an allocation to reconsider their positions and help the international community to develop the consensus needed for an immediate allocation of SDRs. Ministers reiterated their position that substantial annual allocations should be made throughout the Fifth Basic Period to reverse the declining trend in the proportion of SDRs in the non-gold reserve stock.

24. Ministers re-emphasized the need to alter the mechanism for the distribution of allocated SDRs to take into consideration the liquidity needs and development requirements of developing countries. They reiterated the call to link SDR allocations to development financing, and they emphasized that such a link would be consistent with the role of the SDR, not only as a principal reserve asset but also as a mechanism for meeting the long-term global needs for international liquidity and as a means for the transfer of resources. They urged industrial countries that may not have reserve needs to forego their shares for the benefit of countries in need of reserves. Ministers reaffirmed their strong opposition to any change in the unconditional nature of the SDR allocation or any linkage of SDR availability to Fund conditionality.

Fund Policies

25. Ministers expressed their deep concern over the highly restrictive application of the decision to reduce access limits, which has resulted in a progressive decline in the average actual access under the enlarged access policy and in a more than 50 percent drop over the last two years in the amount of Fund financing as a proportion of total financing needs of members with arrangements. They urged the Fund management to reverse this trend and implement access limits with the objective of assisting members to attain viable external positions.

26. Ministers expressed the need for continuation of the enlarged access policy and regretted that access limits have been reduced regularly in recent years. Despite continued import compression, the developing countries' aggregate current-account deficit in 1986 and 1987 is expected to double compared with that in the past two years due to a drop in export earnings caused by a sharp decline in commodity prices, an intensification of protectionism and sluggish growth in industrial countries. As a consequence of those factors, their financing requirements will increase significantly. Ministers stressed that in the light of these circumstances, the need for enlarged access policy is even greater now than it was at the time of its introduction. Therefore, they called for the maintenance of the enlarged access policy and for an increase in access limits in 1987. Ministers reiterated their strong opposition to any reduction in annual, triannual or cumulative limits and deplored the suggestion by some industrial countries to reduce cumulative limits. They emphasized that an increase in access is necessary to enable the Fund to play its role in the debt strategy, to promote growth-oriented adjustment and to permit the Fund to effectively play its catalytic role in the debt strategy, particularly vis-à-vis commercial sources of financing.

27. Ministers noted with serious concern the fact that the present policies of the Fund have

resulted in net repurchases by developing countries, thus adding to the negative transfer of resources from developing countries. They also considered that these policies are applied without regard to the serious balance-of-payments difficulties and liquidity shortages with which developing countries are currently confronted. They emphasized that continuance of these policies would not only bring disastrous financial consequences on member countries but is also likely to reinforce the reluctance of other creditors, notably the commercial banks, to increase or even maintain their own exposure. They therefore called on the Fund to urgently review its policies to reverse this trend.

28. Ministers reiterated that the solution to the payments problems of developing countries in the present unfavorable world economic environment will require adjustment of a structural nature, and of long duration, involving considerable social cost.
They stressed that such adjustment should not be based on traditional deflationary policies but should in fact promote economic and social growth. The developing countries need the support of the international financial institutions, which should be provided on terms consistent with the development of social consensus for adjustment. Ministers, therefore, regretted the tendency in these institutions to tighten conditionality and harden their terms in extending their support. In this connection, Ministers expressed concern over the suggestions of some important industrial countries that these institutions should adopt even stricter conditionality than at present in their lending programs.

29. Ministers recalled that the CFF was established as a permanent facility with low conditionality and was meant to be quick-disbursing in nature. They expressed concern about the recent increasing association of the CFF with adjustment programs under Fund arrangements and the restrictive interpretation of the requirement under the CFF decision, particularly the "test of cooperation" requirement, which has reduced the number of the CFF approvals as well as the amounts purchased, and has subjected the facility to high conditionality, thus defeating the purpose for which the CFF was established. Ministers deplored the recent calls by some Industrial countries to reduce access limits under the CFF, and the attempts to question the relevance of the CFF to the current decline in commodity prices including that of oil and to introduce a phasing in disbursements of this facility. Ministers called for an increase in access limits under the CFF to meet the estimated large export shortfalls in 1986 and 1987, and insisted that access limits be delinked from quotas and related to the size of shortfalls. They urged that the high condi-tionality and close association of the CFF with adjustment programs under Fund arrangements be reversed. They stressed the quick disbursing nature of the facility and opposed the introduction of any phasing of its disburse-ments.

30. Ministers noted with serious concern the high rate of charge and the elimination of grant elements, which have impaired the process of adjustment, especially in low-income countries. To alleviate this, Ministers reiterated that facilities and mechanisms such as the Interest Subsidy Account should be established in the Fund on a stable basis.

The Structural Adjustment Facility

31. Ministers expressed their deep concern over the inflexible manner in which the SAF is being implemented, the linkage being established between the SAF and stand-by arrangements and the

use of performance criteria under stand-by arrangements as benchmarks. Ministers noted that high conditionality and the emergence of cross-conditionality have discouraged many eligible countries from requesting the use of the resources under the facility. They urged the Fund to show greater flexibility in the implementation of the facility and to refrain from imposing excessive conditionality on eligible members requesting the use of the facility, and they stressed the need for the Fund to speed up the negotiation process. They called on donor countries to provide additional resources under the SAF to support growth-oriented structural adjustment in low-income countries.

U.N. Resolution on IMF Relations with South Africa

32. Ministers urged the Fund, in compliance with relevant resolutions of the UN General Assembly and based on Articles of Agreement between the UN and the IMF, to include urgently in the Agenda of the Board of Governors of the Fund an item which would specifically deal with the Fund's relationship with South Africa.

Review of Progress and Further Actions Needed to Revive Growth in Heavily-indebted Middle-income Countries

33. Ministers reaffirmed the consensus reached at the last two Development Committee meetings on the substantial and constructive role that must be played in a coordinated manner by the indebted countries, industrialized countries, commercial banks, and international financial and development institutions.

34. Ministers noted that while some heavily indebted countries have achieved some success in reversing the deteriorating trends in growth, others are still experiencing declining income and worsening financial instability and are being forced to adopt or intensify growth-restricting strategies in seeking improvements in their current accounts through constrained imports and domestic demand.

35. Ministers noted with dismay the deterioration of international trade since 1984, with dim prospects for the near future; the resulting stagnation of developing country export earnings; the increase in protectionist measures, particularly in the form of tariff and non-tariff barriers; the persistence of high interest rates in real terms; the sharp fall in commodity prices in recent months; the negative impact of recent oil price reductions on oil exporting developing countries; and the decline of net long-term capital flows to developing countries.

36. Ministers urged industrial countries to contribute to the success of developing countries' adjustment programs by: a) improving their own economic performance through structural adjustments aimed at assuring a higher level of sustained growth by such means as the reduction of persistently large fiscal deficits, increased coordination of macro-economic policies, further real interest rate declines and greater stability in foreign exchange markets; b) liberalizing international trade through enhanced market accessibility, reduced protectionist measures such as tariff and non-tariff barriers, the abolition of export subsidies, and payments of remunerative prices for commodities from developing countries; c) increasing capital flows through bilateral aid programs, increased contributions to multilateral financial agencies and early resumption and

increase of export credit cover.

37. Ministers expressed disappointment at the slow rate of new money commitments by commercial banks to highly-indebted countries, the discernible reluctance of many smaller, regional banks to participate in new programs, and the reluctance of major banks to increase their exposure.

38. Ministers deplored the sharp decline of international bank lending to all developing countries and the drastic fall in disbursements under concerted lending packages in recent years, particularly while several highly-indebted, middle-income countries are making significant adjustments, which require the substantial support of the commercial banks.

39. Ministers expressed grave concern over the World Bank's excessive resort to policy dialogue aimed at imposing an unacceptably high degree of conditionality and cross-conditionality which leads to protracted and time-consuming negotiations. They strongly urged the Bank to respond quickly and urgently to the resource requirements of its members if further deceleration in growth and adjustment in many countries is to be arrested. Ministers also urged the Bank to be mindful of the sociopolitical objectives and priorities of borrowing member countries in its assessment of their programs.

40. Ministers encouraged the consideration of other means of stimulating greater flows at lower spreads such as through flexible multi-year reschedulings at the lowest interest rates, the mobilization of increased direct foreign investment flows, and the conversion of debt to equity.

World Bank's Lending Program and Adequacy of its Capital

41. Ministers emphasized that the planned lending program of the World Bank cannot be sustained even for the current fiscal year by its present capital base, and they stressed the urgency of increasing the Bank's capital to enable it to expand its lending operations substantially, while having regard for the Bank's enlarged coverage, the increased need of developing countries for external resources, the requirements of adjustment lending, and the need to maintain net transfers at a reasonable level.

42. Ministers welcomed the strong support given by the Development Committee for a substantial expansion in lending by the World Bank to fulfill its role in promoting growth, development and poverty alleviation. In this context, they emphasized that the Bank's lending program should be based on a longer time horizon and that a lending level of $21.5 billion per annum by FY 1990 is the minimum level consistent with the developmental role of the Bank.

43. Ministers expressed concern at the net flow of resources from some developing countries to the World Bank and the dismal prospects of the net transfer of resources from the Bank to the developing countries, and urged that the Bank adopt measures for reversing this trend. In this context, Ministers further emphasized the need, for a revision of its repayment terms.

44. Ministers noted the recent discussions in the Bank's Board on the Modalities of a General Capital Increase, and they urged the Development Committee and the shareholders to reach an

early consensus so that a GCI, involving at least a doubling of the Bank's current capital, may be negotiated within FY 1987.

45. Ministers cautioned that any further delay in arriving at a consensus on the GCI would seriously hamper the realization of the Bank's objectives and exacerbate the deteriorating economic situation of the developing countries.

Prospects for Capital Flows to Low-income Countries

46. Ministers expressed concern at the highly unsatisfactory trend of, and dismal projections for, concessional flows to low-income countries, which have to depend on ODA concessional sources of finance for development. In this regard, Ministers wished to impress upon bilateral donors the need to substantially increase assistance on concessional terms to low-income countries, and urged that the declining trend in multilateral aid be reversed.

47. Ministers reiterated that effective steps must be taken for implementing the recommendations of the Task Force on Concessional Flows, which has called upon donor governments to exert redoubled efforts to increase the supply of ODA as a matter of urgency.

Eighth Replenishment of IDA

48. Ministers urged that the imbalance between the size of IDA-VII and the minimum requirements of all low-income countries be corrected in IDA-VIII; and, in this context, they emphasized that donors reach a consensus as soon as possible on their contributions and that the size of IDA-VIII should represent a substantial increase in real terms over resources available under IDA-VII and the Special Facility for Sub-Saharan Africa.

49. Ministers reiterated their strong opposition to any hardening of IDA terms and emphasized that the circumstances facing the low-income countries do not warrant any change in the current terms and conditions. In this context, they opposed the suggestion of several IDA Deputies to reduce the maturity period of IDA credits and introduce differentiation as between IDA recipients. Ministers also expressed their strong opposition to the proposal that the use of IDA-VIII resources for agricultural lending be linked to additional conditionalities that will have the effect of limiting growth and development in the agricultural sector of low-income countries.

50. Ministers emphasized that the distinctive and global character of IDA assistance for development and poverty alleviation be strengthened and that IDA operations not be burdened with excessive policy conditionality or with cross-conditionality with the IMF.

Recent Developments in Sub-Saharan Africa

51. Ministers commended the initiation of adjustment and reform programs in many countries in Sub-Saharan Africa and urged that bilateral donors should redouble their efforts in order to close the widening ODA financing gap.

52. Ministers stressed that the external resource requirements of Sub-Saharan African countries

which are facing a development crisis should be given high priority represented by massive allocation of resources supported by genuine overall additionality.

Aid Coordination in Sub-Saharan Africa

53. Ministers noted the efforts of the World Bank Group and UN agencies regarding aid coordination for Sub-Saharan Africa, but emphasized that aid coordination should be the primary responsibility of the recipient government, while the donor community should, on request, assist the recipient government in improving its capacity to fulfill the coordinating function. Furthermore, aid coordination should result in improved quality and volume of aid.

54. Ministers welcomed the resolution of the Thirteenth Special Session of the United Nations General Assembly on Africa and called on industrial countries to effectively assist in the implementation of the United Nations Program of Action for African Economic Recovery and Development 1986-1990. They stressed in particular the necessity for the IMF and the IBRD to take up relevant elements in that Program with a view to giving them tangible effect.

Regional Development Banks

55. Ministers reiterated their concern about the weakening of support in some industrial countries for the regional development banks at a time of declining credit flows from private commercial banks. In the view of Ministers, regional banks have an important role to play in assisting countries to face financial problems, and Ministers stressed the need to maintain their basic characteristics and the need to avoid proposals to include higher conditionality for capital replenishments.

Convening of International Monetary Conference

56. Ministers reiterated that an effective reform of the international monetary and financial systems required the convening of an international conference, and they expressed the view that the proposed representative Committee of Ministers mentioned in paragraph 15 will be an effective step in preparing for such a conference.

Expression of Appreciation

57. Ministers of the Group of Twenty-Four expressed their deep appreciation to Mr. de Larosière, as Managing Director of the Fund, for his support of the efforts of the Group of Twenty-Four to find solutions to the financial problems of developing countries.

Note of Welcome

58. Ministers of the Group of Twenty-Four extended their warm welcome to the new President of the World Bank, Mr. B. Conable, and wished him success in his endeavors to promote the development causes of developing countries.

Place and Date of Next Meeting

59. The next meeting of the Group of Twenty-Four will take place in the spring of 1987 at Fund headquarters, Washington, D.C.