

development process of poor countries. In line with this, the following areas deserve closer examination.

Allocating Resources More Effectively

Greater attention needs to be paid to the use of increasingly scarce public resources. Budget constraints in many donor countries are leading to growing pressures on concessional programs. As a result, priorities must be sharpened and difficult choices made concerning both the sectoral and country focus of assistance efforts and we reaffirm our support to the MDBs' endeavour in this regard.

- **It is essential that the MDBs narrow their focus and increasingly direct their lending toward the provision of "public" goods, for which private support is inadequate or simply not available. This argues for a stronger focus on programs such as those which support primary education and health care or protection of the environment. Such investments are not only economically sound, but typically demonstrate exceptionally high social rates of return as well.**
- **Wherever feasible, traditional lending for capital projects should be left to the private sector and more generally the MDBs should ensure that their lending is genuinely additional to private sector finance, and not replacing it. In order to promote private involvement in the development process, the MDBs should: encourage private sector financing of capital projects through various financing mechanisms; encourage the development of a healthy private sector by establishing a policy environment conducive to private enterprise; and support the provision of sufficient infrastructure for sustainable growth.**
- **Concessional resources should be allocated primarily to the countries that need them most and have a demonstrated capacity to use them effectively. Countries with sustained and growing access to capital markets should be progressively "graduated" from the concessional to the ordinary capital windows of these institutions.**
- **In line with our objective of supporting efficient and effective multilateral institutions, we urge all donor countries to fulfil promptly their commitments to IDA 10 and to support a significant replenishment of IDA 11.**