

developing countries and some developed countries also. They noted that, among other serious and persisting factors, recent developments in the oil market had aggravated these problems. This would call for appropriate adjustment policies and might necessitate emergency assistance in many cases. They recognised that orderly arrangements for financing these deficits were in the interest of all countries and therefore constituted an important challenge to the international community. They welcomed recent agreement on an increase in the IMF quotas, new allocations of SDRs and the establishment of the Supplementary Financing Facility since it represented a step towards the goal of much-needed monetary reform. They also welcomed prospects for an early enlargement of the capital of the IBRD, and stressed the need to keep under close review the resources available from international institutions.

45. Heads of Government noted the new guidelines on conditionality which had been adopted by the IMF. While all countries accepted the need for reasonable conditions, and the need to adopt appropriate adjustment policies, it was important to have regard to individual domestic, social and political circumstances. These considerations are of special importance to small island developing and other specially disadvantaged states. They accordingly recognised the need for the international financial institutions to keep their operational policies under review.

46. Heads of Government discussed the effects of recent developments in the field of energy on the growth prospects of developed and developing countries. Mindful of the serious effects on the world economy of recent trends, they noted that the developing countries consumed only a small proportion of the world's oil and this mostly for essential purposes in agriculture, industry and transport. In discussing the relationship between the supply and cost of energy they recognised the particularly difficult economic problem that the energy-deficient developing countries were currently having to face. Heads of Government noted that many countries had embarked upon major programmes to conserve energy and reduce their dependence on imported oil. They called upon the international community to develop the necessary institutional mechanisms to deal with this most important subject and to ensure that the necessary financial and technological resources were mobilised to ensure rapid development of both renewable and non-renewable sources of energy. The Heads of