

17. The World Bank's Strategic Compact represents a welcome commitment to a new direction, emphasizing greater Bank impact on poverty reduction, strong new partnerships with the private sector, and a concentration of operations on countries genuinely committed to sound policies and the welfare of all their citizens. We fully endorse the Bank's commitment to a stronger focus on building institutional capacity, especially in the poorest countries, and its recognition of the central importance of transparency, accountability, and good governance in this effort. We look forward to full and timely implementation of these commitments. We urge the regional development banks to participate fully in meeting these same challenges. We welcome the World Bank Group's initiative to present at the Hong Kong meetings innovative ways to support private sector infrastructure investment in developing countries.

18. Transparent, accountable, and responsive public institutions are essential to achieving sustained economic development and healthy democracies. In this regard, we welcome the long-standing efforts of the World Bank to promote good governance and adoption by the Asian Development Bank of a good governance policy. We urge the IMF and the World Bank to finalize governance policies, consisting of principles and guidelines on best governance practices.

19. It is incumbent on us to help ensure that the IFIs have the multilateral support and financial resources needed to succeed with their ambitious and important reforms. For the multilateral banks, this means meeting our financial commitments in full, particularly with respect to vital concessional lending operations such as IDA. We also agree that the Multilateral Investment Guarantee Agency (MIGA) needs sufficient resources to continue to support, in close cooperation with other members of the World Bank Group, private sector investment in developing countries. Recognizing the importance of ensuring that the IMF continues to have adequate resources to fulfill its systemic responsibilities, we ask the IMF Board to work toward completing the Eleventh General Review of quotas by the time of the Hong Kong World Bank/IMF meetings in September. Continuation of the ESAF with adequate resources is needed to maintain a full role for the IMF in promoting growth and development in the poorest countries.

Global Partnership for Development

20. We reiterate our commitment to sustainable and widely-shared economic growth and development, and reaffirm our full partnership with developing countries and the multilateral institutions, as agreed in Lyon. We remain committed, through this partnership and our bilateral efforts, to meeting the interrelated challenges of eradicating deep-seated poverty, investing in human potential and promoting dignity, and building on the clear lessons and major achievements of the past decade. We recognize and welcome the complementary and increasingly important role of the private sector in meeting these challenges.

21. This partnership is based on shared responsibilities and shared interests. For our part, we are committed to a sound global financial system, open trade and investment regimes, and consistent and sustainable growth in the advanced economies. We must ensure that adequate development assistance is available, and that it be concentrated primarily where it will have greatest impact, on the poorest countries in danger of being left further behind, and on the priority human resource investments that are the ultimate source of sustainable development. For their part, recipient countries must pursue sound macroeconomic policies; make fiscal choices that genuinely promote development and minimize unproductive expenditures, especially military expenditures; ensure the best possible use of our support; and respect the basic rights of individuals. We will reinforce these efforts with our active support. We reaffirm the Lyon commitment to support the IFIs' efforts to curtail unproductive expenditure in developing countries through our aid and credits.