DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

DC2013-0006
April 19, 2013

G-24 COMMUNIQUÉ

The attached Communiqué of the Ministers of the Intergovernmental Group of Twenty-Four, held in Washington, D.C., on April 18, 2013, is circulated for the information of the Development Committee at the request of their Chairman, Mr. Luis Videgaray Caso, Secretary of Finance and Public Credit of Mexico.

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INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS AND DEVELOPMENT

COMMUNIQUÉ
APRIL 18, 2013

1. We, the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, held our eighty-ninth meeting in Washington, D.C. on April 18, 2013 with Mr. Luis Videgaray Caso, Secretary of Finance and Public Credit of Mexico in the Chair, Dr. Ashraf El-Araby, Minister of Planning and International Cooperation of Egypt as First Vice-Chair, and Mr. Alain Bifani, Director General of Finance of Lebanon as Second Vice-Chair.

Growth and Productivity Post-Crisis

2. Though policy actions in advanced economies (AEs) and emerging markets and developing countries (EMDCs) have reduced short-term risks, we remain concerned about the fragility and pace of the global recovery because of the protracted difficulties and uncertainties in many AEs, including the Euro area and the United States. More is needed to reduce uncertainties, restore confidence and strengthen growth. We call on AEs to take into account the negative spillover effects on EMDCs of prolonged unconventional monetary policies, including on inflation and the volatility of capital flows and commodity prices. We urge the IMF and the World Bank Group to be more active in pursuing greater coherence in global economic policy-making.

3. Growth in EMDCs continues to be strong despite the weak performance in AEs. Appropriate macroeconomic policies and structural reforms remain critical to encourage productivity-led growth and rebuild policy buffers, to safeguard financial stability and to manage volatile capital flows, including through precautionary measures. We agree to initiate further work and promote dialogue on lessons from our respective experiences on how to boost productivity and job creation in order to lay the foundations for sustainable and inclusive growth.

IMF Reform

4. We reiterate the importance of meeting the commitments made as part of the IMF's 2010 quota and governance reform to give credibility to the ongoing efforts to enhance the legitimacy and effectiveness of the IMF. We regret that the October 2012 deadline for entry into force of the 2010 quota and governance reform was missed and that there was no agreement for a new quota formula by the review deadline of January 2013. We emphasize the importance of not postponing the discussion, in order to reach agreement on a comprehensively reformed quota formula in time for it to serve as a basis for the 15^{th} General Review of Quotas, to be completed by the January 2014 deadline. We reiterate our view that any quota realignment to reflect the growing weight of dynamic EMDCs in the world economy should not come at the expense of other EMDCs.

5. We strongly believe that the fundamental goal of quota reform must be to enhance the voice and representation of EMDCs, including the poor and small low- and middle-income countries, and to better reflect changes in relative weights in the global economy. There remain serious flaws with the current formula and it does not meet these objectives. Several steps are

therefore required to address the existing deficiencies. The relative economic weights of countries have changed substantially. GDP at PPP terms is the most robust measure of comparable economic weight and its role should be increased in the formula, while reducing the size bias, including through higher compression. We recognize that the shortcomings of the variability measure must be addressed in order to adequately reflect the need for IMF resources if it is to be maintained in the formula and ask that any compensation with respect to variability must take into account its primary goal of enhancing the quota shares of vulnerable countries, including the poor. We also call for the serious conceptual and measurement flaws in the openness measure to be addressed if it is to remain in the formula. We agree that reserves should be maintained in the formula at the current weight. We also reiterate that enhancing the quota shares of the poor must be done directly through the quota formula.

6. We regret that the recent Board realignment did not go far enough towards meeting the goal of enhancing the voice and representation of EMDCs. We call on advanced European countries to fulfill their commitment towards the consolidation of chairs. We reiterate our longstanding call for a third chair for Sub-Saharan Africa, provided this does not come at the expense of other EMDCs. Dialogue to achieve this goal should be continued and all available options explored.

7. We welcome the decision of the IMF Board to facilitate the use of the remaining windfall gold sales to enhance the resources of the Poverty Reduction and Growth Trust (PRGT) and call on all countries that have not done so to submit their pledges on the gold distribution. However, we have strong reservations about halving access norms and limits to the IMF's concessional facilities when the 14th General Review of Quotas takes effect. We call on the IMF to ensure that no PRGT-eligible country is worse off by making a concerted effort to raise additional resources, including through bilateral contributions and continued non-reimbursement to the General Resources Account (GRA) of administrative expenses of the PRGT. Donors should take the necessary steps to meet the financial commitments for poverty reduction and growth in low-income countries (LICs), as this remains crucial for their development. We welcome the proposal to make more flexible the IMF's policy on debt limits, based on country circumstances and agree that the ultimate goal must be to preserve debt sustainability, including through incentives for appropriate concessionality of financing.

8. We acknowledge the IMF's renewed focus on small and vulnerable states and call for the expeditious completion of consultations with country authorities and other development partners to inform new and revised guidelines for IMF engagement with some of its smaller members.

Development Agenda and Role of the World Bank

9. As the deadline for the Millennium Development Goals approaches, we stress the critical importance of accelerated efforts to meet these internationally agreed targets, especially for those countries that are lagging behind. We welcome the work initiated and coordinated by the UN towards developing a framework for the post-2015 development agenda, and encourage the World Bank Group to continue to support the UN-led efforts. We call for an ambitious set of goals, with a clear plan and solid commitment to mobilize the necessary resources, and to strengthen partnerships and enable conditions for development, including financial system strengthening, recognition of countries' special needs, and improved aid delivery.

10. We call on the World Bank Group to contribute to the post-2015 development agenda based on its mandate and comparative strengths. We welcome the vision and goal for accelerating the end of extreme poverty and achieving shared prosperity, as proposed by President Kim, and agree on the need to focus on inclusive and equitable growth in order to lay the basis for enduring poverty reduction and job creation. We welcome the emphasis on sustainability, which should include social, economic and environmental sustainability. We agree that climate change and natural disasters pose immense threats to development prospects, but the Bank's role in helping countries mitigate and adapt to these challenges should be based on its core mandate of poverty reduction. We recognize the Bank's efforts to strengthen the private sector and call for improved and strengthened partnerships with all partners and stakeholders.

11. We note the elements outlined as a part of the proposed unified World Bank Group strategy, and look forward to their elaboration. We reiterate our call for the Bank to improve the flexibility and responsiveness of its policies and instruments. We recognize the Bank's work to address the unique challenges and needs of countries in transition, and call for special efforts to assist Arab countries in transition as well as other fragile and conflict-affected states through stepped-up financial and policy support and with due regard for social and political realities.

Development Financing

12. We emphasize the fundamental importance of adequate, sustainable financing for achieving global development aspirations. We call for timely and adequate replenishment of IDA based on the immense needs of the poorest and most vulnerable, as well as of Global Environment Facility (GEF), given the imperative to protect the environment for future generations. We are concerned about the sustainability of IBRD financing and reiterate our call for new and innovative solutions to bolster the financial capacity of the World Bank and IFC.

13. We note the particular importance and significance of the mobilization of resources and investment in infrastructure for realizing our countries' crucial economic development, inclusion and human development goals. The scale of the infrastructure financing needs, and the deficiencies in the existing development financing architecture necessitate the strengthening and reorientation of all pillars of long-term financing. The international financial institutions, including the World Bank Group, have a key role to play towards this end, but given the magnitude of the needs and the financing gap, alternative, complementary mechanisms will also be important. In this context, we welcome the agreement among the BRICS to establish a New Development Bank and look forward to further elaboration of the bank's engagement with other EMDCs and relevant financial institutions.

Other Matters

14. We reiterate the importance of staff diversity at all levels in enhancing the legitimacy and effectiveness of the IFIs and call for further efforts to build on diversity initiatives to increase the share of staff from underrepresented regions.

15. The next meeting of the G-24 Ministers is expected to take place on October 10, 2013 in Washington D.C.

LIST OF PARTICIPANTS[1]

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held held their eighty-ninth meeting in Washington, D.C. on April 18, 2013. Mr. Luis Videgaray Caso, Secretary of Finance and Public Credit of Mexico, was in the Chair, with Dr. Ashraf El-Araby, Minister of Planning and International Cooperation of Egypt, as First Vice-Chair, and Mr. Alain Bifani, Director General of Finance of Lebanon as Second Vice-Chair.

The meeting of the Ministers was preceded on April 17, 2013 by the hundred and first meeting of the Deputies of the Group of Twenty-Four, with Messrs. Alfonso Guerra, Director of International Affairs at the Bank of Mexico and Bosco Marti, Head of International Affairs at the Ministry of Finance and Public Credit of Mexico, as Chairmen.

African Group: Omar Bougara, Algeria; Nialé Kara, Côte d'Ivoire; Jean Claude Masangu, Democratic Republic of Congo; Elmorsy Hegazy, Egypt; Atnafu Teklewold, Ethiopia; Luc Oyoubi, Gabon; Kofi Wampah, Ghana; Ngozi Okonjo-Iweala, Nigeria; Pravin Gordhan, South Africa.

Asian Group: P. Chidambaram, India; Mahmoud Bahmani, Islamic Republic of Iran; Nada Mufarrij, Lebanon; Yaseen Anwar, Pakistan; Cesar Purisima, Philippines; Sarath Amunugama, Sri Lanka; Maya Choueiri, Syria.

Latin American Group: Hernan Lorenzino, Argentina; Rogerío Studart, Brazil; Luis Fernando Mejia, Colombia; Johnny Gramajo, Guatemala; Manuel Ramos Francia, Mexico; Bosco Marti, Mexico; Julio Velarde, Peru; Larry Howai, Trinidad and Tobago; José Rojas-Ramirez, Venezuela.

Observers: Jassim Almannai, Arab Monetary Fund; Guanjyao Zhu, China; Ines Bústillo, ECLAC; Ramon Espinel, Ecuador; Winston Thompson, G-77; Stephen Pursey, ILO; Abdul Aziz Al Hinai, IsDB; Mohammed Daïri, Morocco; Manuel Montes, South Centre; Suleiman Al-Herbish, OFID; Yousef Al Bassam, Saudi Arabia; Sultan Alsuwaidi, United Arab Emirates; Yuefen Li, UNCTAD; Shamshad Akhtar, UNDESA.

Special Guests: Christine Lagarde, Managing Director, International Monetary Fund

Jim Yong Kim, President, World Bank

G-24 Secretariat: Amar Bhattacharya, Analisa Bala, Susanne Quadros, Rachael Holt, Ndzouli Mendouga

IMF Secretariat for the G-24: Rosalind Mowatt, Iulia Teodoru, Dalila Bendourou

[1] Persons who sat at the discussion table.