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)

DC2016-0006
April 15, 2016

G-24 COMMUNIQUÉ

The attached Communiqué of the Ministers of the Intergovernmental Group of Twenty-Four, held in Washington, D.C., on April 14, 2016, is circulated for the information of the Development Committee at the request of their Chairman, Mauricio Cárdenas, Minister of Finance and Public Credit of Colombia.

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

COMMUNIQUÉ
APRIL 14, 2016

1. We, the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, held our ninety-fifth meeting in Washington D.C. on April 14, 2016 with Mauricio Cárdenas, Minister of Finance and Public Credit of Colombia in the Chair, Abdulaziz Mohammed, Minister of Finance and Economic Cooperation of Ethiopia as First Vice-Chair; and Ravi Karunanayake, Minister of Finance of Sri Lanka as Second Vice-Chair.

2. We congratulate Ms. Christine Lagarde on her appointment for a second term as Managing Director of the IMF.

The Global Economy and the International Monetary System

3. The recovery of the global economy remains modest, with greater downside risks. Growth in advanced economies remains sluggish, while it is moderating in emerging markets and developing countries (EMDCs), which still account for the bulk of global growth. The sharp drop in commodity prices has not materialized in positive effects globally, as has been expected, as we continue to face weaker global demand, tighter financial conditions, more volatile capital flows, and heightened security challenges. These headwinds could further weaken our growth outlook and contribution to global growth.

4. In light of this global reality, managing our policy space, making our economies more resilient to support macroeconomic stability, as well as achieving higher, more balanced and inclusive growth remain our priorities. Exchange rate flexibility, where appropriate, and reserve buffers, where available, could contribute to cushioning the impact of external shocks. We will continue to strengthen our fiscal and structural reforms and our financial systems, based on country-specific priorities, to diversify our economies and enhance our growth prospects, promote employment, competition, and productivity, while implementing macroeconomic and social policies to address inequality and alleviate poverty.

5. We welcome the IMF's ongoing work towards strengthening the International Monetary System (IMS) with efforts in three key areas: mechanisms for crisis prevention and adjustment; global cooperation on issues and policies affecting global stability, including spillover effects from systemic economies; and a large enough and more coherent Global Financial Safety Net (GFSN). We also support the IMF's review of the GFSN, including the adequacy of the IMF resources and its lending toolkit, and look forward to concrete follow-up steps. In this regard, we reiterate our call for predictable and adequate liquidity support in times of need. We note the potential for greater and more effective cooperation between the different layers of the GFSN, especially between the Fund and regional financing arrangements (RFAs). We also call for further work from the IMF and other International Financial Institutions (IFIs) on mechanisms to support countries coping with the sharp drop in commodity prices. We welcome the inclusion of the renminbi in the SDR basket. We look forward to the discussion on possible allocation of SDRs and support further work to examine the broadening of SDR use in the IMS.

6. We support the continued reform of global financial regulation and the strengthening of the anti-money laundering and combating the financing of terrorism (AML/CFT) framework, but highlight the need to address their unintended consequences. In this regard, we call on the IMF, the World Bank and global financial regulators, to develop concrete measures to address the decline of correspondent banking, as a result of de-risking by global banks, in order to mitigate financial exclusion. This phenomenon, which could adversely impact the functioning of the financial system of affected countries, further constrains access to credit and other financial services, including remittance transfers.

7. To facilitate timely and orderly debt restructuring, we support the IMF's continued efforts to promote the use of strengthened *pari passu* and collective action clauses in sovereign bond issues. We take note of the large outstanding stock of sovereign debt that does not include these provisions, and support more work to explore solutions to address potential holdout problems for such debt. At the same time, we welcome Argentina's efforts to end a decade long dispute with holdout creditors to regain access to international capital markets.

8. We continue to call for support, including through additional non-IDA concessional financing, from IFIs for developing countries disproportionately affected by the refugee and security crises, as well as by internally displaced populations. These countries are providing a global public good by hosting those that are forcibly displaced. We welcome the MENA Concessional Financing Facility and other initiatives of the World Bank Group (WBG), and call for a mainstreaming of such instruments in supporting other middle-income countries in such fragile situations, in partnership with others. We also call for IFIs to strengthen their attention on the impact of migration, including those that occur for economic reasons.

Financing for Development

9. We reiterate the importance of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. We welcome the Paris Agreement that sets out our global, shared responsibility to deliver on the climate and development agenda, while respecting the principle of common but differentiated responsibilities. The availability of concessional finance will play a key role in lowering the up-front costs of greenhouse gas emissions, climate-resilient investments as well as in mitigating the risks related to climate change. We look forward to a concrete roadmap from developed economies toward providing USD 100 billion per year by 2020 to support mitigation and adaptation in developing countries and strong advocacy by the MDBs in this regard. We also seek the urgent replenishment of the Climate Investments Funds. We continue to urge the international community to work with small middle-income countries and those in fragile situations that are vulnerable to climate change, in improving their debt sustainability, including through enhancing their access to concessional financing. We look forward to the successful outcomes of the 22nd Session of the Conference of the Parties (COP) to be held in Marrakech, Morocco later this year.

10. Multilateral Development Banks (MDBs) should emerge as a strong partner for developing countries in Disaster Risk Management (DRM) to enable them to achieve the Sendai Framework targets by 2030. We call for MDBs to increase financial support to developing countries and facilitate their access to new technologies. Overall, continuous work on DRM will

prevent disasters from undermining the progress towards achieving the Sustainable Development Goals (SDGs).

11. Adequately and appropriately scaling up quality investments in sustainable infrastructure will be particularly critical to delivering the development, climate and economic growth agenda. In addition to mobilizing our domestic resources through financial deepening, we call for scaled-up support from MDBs through strengthening policy and institutional frameworks, increasing lending, and effective leveraging of private sector resources. We note the ongoing efforts by MDBs to optimize the use of their own balance sheets, while promoting dialogue with credit rating agencies to foster more appropriate methodologies in assessing the MDBs' financial strength. We welcome the forthcoming inaugural global infrastructure forum. We call for further and productive dialogue towards ensuring the adequate capitalization of MDBs.

12. Effective international tax cooperation is an essential complement to our efforts to mobilize domestic resources. We strongly support the participation of developing countries on an equal footing in the widespread and consistent implementation of outcomes of the G20/OECD Base Erosion and Profit Shifting (BEPS) Project. We welcome the joint initiative of the IMF and the WBG on capacity building on tax administration and call for delineating concrete steps on how they can support enhancing the participation and voice of developing countries on international tax issues. Furthermore, we urge the IMF and the WBG to strengthen their support to combat illicit financing flows.

13. Concessional finance will continue to be a vital source of financing in low-income countries (LICs). We welcome the advancement of innovations under IDA18 to leverage financing flows across all sources of finance. We stress, however, that as IDA integrates non-concessional finance among its instruments, it should ensure adequate targeted concessional resources for the poorest and most vulnerable clients, and guard against burdening them with higher cost liabilities. These resources should be additional, rather than substitute for contributions from development partners in the light of ambitious global agreements on SDGs, COP21, and the Sendai Agreement. We call on the IMF to step up efforts to mobilize additional resources for the Poverty Reduction and Growth Trust (PRGT) and to allow more flexibility in accessing General Resources Account (GRA) resources by eligible LICs. More broadly, we ask for further strengthening of the IFIs' engagement with and support for fragile and conflict affected countries, especially by enhancing institutional capacities and providing financial support towards higher resilience. We call on advanced countries to fulfill their commitments to Official Development Assistance (ODA). We look forward to increased donor contributions to IDA18.

Governance and Reform of International Financial Institutions

14. We welcome the entry into force of the 2010 Quota and Governance Reforms of the IMF that have made progress in shifting the distribution of quota shares to EMDCs, and note that there is still a long way to go in this respect. We call for the full implementation of the 2010 governance reforms, including those on Board representation. We look forward to the completion of the 15th General Review of Quotas by the Annual Meetings in 2017, and to a new quota formula that further shifts quota shares to EMDCs while protecting the quota share of the poorest countries. The realignment of quotas must reflect the rapidly growing weight of EMDCs

in the global economy, and this must not come at the expense of other EMDCs. We call for putting greater weight to GDP measured in Purchasing Power Parity (PPP) in determining the economic weight of countries. We express our strong and continued support for a quota-based and adequately resourced IMF. We reiterate our longstanding call for a third Chair for Sub-Saharan Africa in the IMF Executive Board, provided it does not come at the expense of other EMDCs' Chairs.

15. We call for a World Bank's shareholding reform process that reflects its original and overarching goal, as established in the Istanbul Principles: to enhance the voice and representation of Developing and Transition Countries for strengthening the legitimacy and effectiveness of the Bank. In this regard, we call for a World Bank's shareholding review that meaningfully increases the voting power of developing countries and moves toward equitable voting power, while also protecting the voting power of the smallest poor countries. Economic weight should be the primary component of the new formula with as much weight on this component as possible. In addition, we ask that greater weight be given to the GDP PPP in determining the economic weight of countries in the formula. We caution against regressive outcomes that could compromise the gains from previous reforms and look forward to an agreement on the dynamic formula by the 2016 Annual Meetings and consideration of Selective Capital Increase and General Capital Increase, by the Annual Meetings of 2017. We also call upon the World Bank to strengthen the pillar of Representation in its Board of Executive Directors in the voice reform process.

16. We look forward to an implementable, simple, transparent, and predictable Environmental and Social Safeguards Framework of the World Bank that gives a greater role to the use of country systems and does not impose undue burden in terms of cost and time on borrower countries, maintaining the primacy of their development objectives. We call on the World Bank to allocate budgetary resources necessary to strengthen countries' capacity to implement the new Framework.

17. Finally, we reiterate our call for strengthening the ongoing efforts towards greater representation by nationals from under-represented regions and countries in the form of recruitment and career progression to achieve balanced regional and gender representation, including at managerial levels, in the WBG and the IMF.

Other Matters

18. The next meeting of the G-24 Ministers is expected to take place on October 6, 2016 in Washington, D.C.

LIST OF PARTICIPANTS[1]

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their ninety-fifth meeting in Washington D.C. on April 14, 2016 with Mauricio Cárdenas, Minister of Finance and Public Credit of Colombia in the Chair; Abdulaziz Mohammed, Minister of Finance and Economic Cooperation of Ethiopia as First Vice-Chair; and Ravi Karunanayake, Minister of Finance of Sri Lanka, as Second Vice-Chair.

The meeting of the Ministers was preceded on April 13, 2016 by the one hundred and seventh meeting of the Deputies of the Group of Twenty-Four, with Andrés Escobar, Vice-Minister of Finance and Public Credit of Colombia, as Chair.

African Group: Abderrahmane Benkhalfa, Algeria; Mutombo Mwana Nyembo, Democratic Republic of Congo; Adama Koné, Côte D'Ivoire; Sahar Nasr, Egypt; Ahmed Mohamed, Ethiopia; Regis Immongault, Gabon; Seth Terkper, Ghana; Kemi Adeosun, Nigeria; Pravin J. Gordhan, South Africa.

Asian Group: Subhash Garg, India; Gholamali Kamyab, Islamic Republic of Iran; Alain Bifani, Lebanon; Saeed Ahmed, Pakistan; Cesar V. Purisima, Philippines; Nandalal Weerasinghe, Sri Lanka; Maya Choueiri, Syrian Arab Republic.

Latin American Group: Alfonso Prat-Gay, Argentina; Antonio Silveira, Brazil; Maria Arbelaez, Colombia; Johny R. Gramajo-Marroquín, Guatemala; Rodrigo Turrent, Mexico; Julio Velarde, Peru; Maurice Suite, Trinidad and Tobago; Armando Leon, Venezuela.

Observers: Abdulrahman A. Al Hamidy, Arab Monetary Fund; Angel Arita, Central American Monetary Council; Yi Gang, China; Inés Bustillo, ECLAC; Alvaro Ivan Hernandez, Ecuador; Jean B. Dubois, Haiti; Stephen Pursey, ILO; Suahasil Nazara, Indonesia; Savas Alpay, IsDB; Mohamed Taamouti, Morocco; Fuad AlBassam, OFID; Hojatollah G. Fard, OPEC; Ahmed Alghannam, Saudi Arabia; Yuefen Li, South Centre; Mubarak R. K. Al Mansoori, United Arab Emirates; Mukhisa Kituyi, UNCTAD.

Special Guests: Christine Lagarde, Managing Director, International Monetary Fund
Jim Yong Kim, President, World Bank
Jin Liqun, Asian Infrastructure Investment Bank

G-24 Secretariat: Marilou Uy, Shichao Zhou, Alida Uwera, Lana Bleik

IMF Secretariat for the G-24: Maria Guerra Bradford, Veronika Sola, Aric Maiden

[1] Persons who sat at the discussion table.