

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

**COMMUNIQUÉ  
SEPTEMBER 16, 2006**

**I. VOICE AND REPRESENTATION OF DEVELOPING COUNTRIES**

1. Ministers stress the importance of reaching early agreement on a credible and time-bound package of reforms that would ensure an increase in the voice and representation of developing countries in the Bretton Woods Institutions (BWIs). While welcoming the proposed ad hoc quota increase for China, Korea, Mexico, and Turkey, Ministers point out that the current package of reforms does not adequately address the fundamental issue of the underrepresentation of developing and low-income countries as groups. They note that the emerging market countries, other developing countries, and economies in transition account for over half of global GDP measured in terms of purchasing power parity, hold most of the world's international reserves, and represent a majority of the world's population. In order to reflect this new reality in the world economy and increase the legitimacy and relevance of the BWIs, the voting power of developing countries and low-income countries as groups should be expeditiously increased and protected.

2. Ministers reiterate that any package of reforms should include both an early and substantial increase in basic votes—at least a tripling—and a new quota formula that accurately reflects the relative economic size of developing countries in the world economy. Such a formula should take into account GDP at purchasing power parity, as well as countries' vulnerabilities to commodity price fluctuations, capital flows, and other exogenous shocks. These reforms should include measures to enhance the participation of low-income countries in the decision-making and management structures of the BWIs, including through, but not limited to, additional Alternate Executive Directors and Senior Advisors for chairs with the largest constituencies.

**II. GLOBAL ECONOMIC PROSPECTS**

3. Ministers welcome the ongoing and broad-based global growth performance in 2006. While the prospects for 2007 are encouraging, they underscore that risks to the global outlook have increased, particularly amid concerns over growing global imbalances, rising inflation and tighter monetary policies, volatile oil prices, the breakdown in the Doha Round of trade negotiations, a cooling in the U.S. housing market, and increased geopolitical tensions. Ministers stress the pressing need for early and meaningful efforts to address global imbalances. This must involve a concerted response, including fiscal adjustment and efforts to increase household savings in the United States, structural reforms in Europe and Japan, financial sector reform and increased exchange rate flexibility in emerging market countries where warranted by economic fundamentals, as well as improvements in the business climate in many other developing countries. In this context, Ministers support the IMF's efforts to undertake a more proactive surveillance role, particularly through the recently initiated multilateral consultation exercise.

4. Ministers express deep concern about the loss of life and economic devastation experienced during the recent hostilities in Lebanon. They call on the international community to provide urgent and substantial assistance and compensation to help the people of Lebanon to

rebuild the physical and social infrastructure and invigorate the Lebanese economy. Ministers strongly welcome the intention of the World Bank to establish a Trust Fund for Lebanon to finance an emergency recovery program for Lebanon, and support the transfer of \$70 million from IBRD surplus to the Trust Fund.

### **III. TRADE**

5. Ministers express deep disappointment about the suspension of the Doha Round of multilateral trade negotiations. They stress that the current trading system is heavily biased against developing countries, especially the least developed, particularly owing to the wide array of harmful subsidies, tariff escalation schemes, and non-tariff restrictions maintained by industrialized countries. Ministers reiterate that an ambitious and appropriately balanced conclusion of the Round holds the potential to yield significant global welfare gains and to deliver on its promise to support development and poverty reduction in low- and middle-income countries. A failure to overcome the current impasse risks squandering years of effort and an important opportunity to make progress in areas of interest to all countries, while opening the door to an exacerbation of protectionist trends across the globe. Ministers call for an urgent resumption of negotiations. They urge the IMF and World Bank to support this effort, including by helping to make the case for the Round by highlighting its potential economic benefits, as well as the costs to all countries of trade distortions and barriers, particularly from agricultural subsidies and tariff escalation schemes in advanced economies. Ministers welcome recent proposals regarding the “aid for trade” agenda, while reiterating the view that this initiative should not be a substitute for an ambitious Doha Round. In addition to their concerns regarding the future of the Doha Round, Ministers also regret recent attempts at inappropriate political interference in the smooth functioning of the international trade, banking, and financial system.

### **IV. SUPPORT FOR LOW-INCOME COUNTRIES**

6. Ministers are concerned that while some progress toward the Millennium Development Goals (MDGs) has been achieved over the past few years, the prospects for sub-Saharan Africa remain challenging. Official development assistance to low income countries has not increased, despite the renewed pledge made by the international community at the UN Millennium Review Summit in 2005 to help accelerate progress toward the MDGs. Ministers underscore that success will require significant scaling up of efforts on the part of both donors and aid recipients, in terms of increased resources, better policies and improved governance, and enhanced aid effectiveness.

7. Ministers welcome the debt reduction delivered through the enhanced HIPC Initiative and the MDRI. They call on the donor countries to provide the necessary resources to extend the MDRI to all LICs. They stress that the debt sustainability framework that has been designed by the IMF and the World Bank for LICs must be flexible and pay due regard to country circumstances. Ministers call on donors to provide enough grants and highly-concessional loans to LICs to finance development needs, while ensuring debt sustainability. They encourage donors to deliver their assistance more efficiently and predictably, and to align such flows with countries’ own strategies for reaching the MDGs. Ministers urge the full implementation of the Paris Declaration on Aid Effectiveness.

## **V. STRATEGIC ISSUES FOR THE IMF AND WORLD BANK**

8. Ministers welcome the initial discussion in the IMF on a new instrument that would guarantee high-access financial support to developing countries with market access that have strong macroeconomic policies but nonetheless remain vulnerable to shocks. They urge the IMF to move expeditiously to develop and implement such an instrument. Ministers underline that such a facility must allow automatic and upfront drawings for eligible countries. Ministers stress that there should be no conditionality associated with the new facility beyond maintaining macroeconomic stability and reducing vulnerabilities.

9. Ministers support a comprehensive approach to strengthening governance and fighting corruption, covering both supply and demand sides. They emphasize that, as poverty reduction and the achievement of the MDGs are at the heart of the World Bank's mission, any strengthening of its work on governance and anticorruption should serve to advance this mission. Ministers stress the fundamental importance of country ownership to ensure sustainable outcomes, and they encourage the Bank to work closely with government authorities to support their own plans and priorities. In this context, and recognizing its multilateral character, Ministers underscore that the Bank should not disengage from supporting its members, so as not to penalize the poor. Given the political dimension of governance, they stress the need to delineate more clearly the aspects of governance that are within the Bank's mandate.

10. Ministers note with concern the large and growing negative net transfers from the World Bank to middle-income countries (MICs), which is due in large part to the high costs of doing business with the institution. Continued engagement with MICs is fundamental to the Bank's development mandate, its financial health, and its sustained role as a knowledge bank. Poverty in its various dimensions is still high in MICs, with most MICs continuing to face major challenges in reaching the MDGs. Ministers view that, to be successful, any enhanced strategy in MICs must be flexible, multi-pronged, and comprehensive so as to respond to differentiated and evolving demands across the full continuum of MICs. They note that there has been little progress on the use of country systems, and note their importance in reducing the non-financial cost of doing business and in strengthening countries' institutional capacity. Ministers urge the Bank to take the necessary actions to achieve timely progress in this critical area.

## **VI. NOTE OF APPRECIATION AND DATE AND PLACE OF NEXT MEETING**

11. Ministers express their appreciation to the Singaporean authorities for the excellent arrangements for the meetings and to the people of Singapore for their warm hospitality.

12. The next meeting of the G-24 Ministers is expected to take place on April 13, 2007, in Washington, D.C.

## LIST OF PARTICIPANTS<sup>1</sup>

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their seventy-sixth meeting on September 16, 2006, in Singapore. Mr. Margarito B. Teves, Secretary of Finance, Philippines, was in the chair; with Ms. Felisa Miceli, Minister of Economy and Production, Argentina, as First Vice-Chair; and Mr. Jean-Claude Masangu Mulongo, Governor of the Central Bank, Democratic Republic of the Congo as Second Vice-Chair.

The meeting of the Ministers was preceded on September 15, 2006, by the eighty-eighth meeting of the Deputies of the Group of Twenty-Four, with Mr. Roberto Tan, Undersecretary of Finance for the Philippines, as Chairman.

**African Group:** Mourad Medelci, Algeria; Kablan Yao Sahi, Côte d'Ivoire; Joseph Kabwe, Democratic Republic of Congo; Mohamed Amr, Egypt; Atnafu Teklewold, Ethiopia; Paul Toungui, Gabon; Mahamudu Bawumia, Ghana; Nemadi Usman, Nigeria; Jason Milton, South Africa.

**Asian Group:** Yaga Reddy, India; Ebrahim Sheibany, Islamic Republic of Iran; Alain Bifani, Lebanon; Salman Shah, Pakistan; Cyd Amador, Philippines; Ranjith Siyambalapatiya, Sri Lanka; Adib Mayaleh, Syrian Arab Republic.

**Latin American Group:** Hector Torres, Argentina; Paulo Vieira de Cunha, Brazil; Alejandro Gamboa, Colombia; Oscar Monterioso, Guatemala; Roberto Marino, Mexico; Renzo G. Rossini, Peru; Conrad Enill, Trinidad and Tobago; Armando León, Venezuela.

**Observers:** Jomo Kwame Sundaram, UN; Dirk Bruinsma, UNCTAD; Mohammed Daïri, Morocco; Hu Xiaolian, China; Suleiman Alherbish, OPEC Fund; Mohammad Alipour Jeddi, OPEC; Zanele Makina, G-77; Hamad Albazai, Saudi Arabia; Damo Baro, BCEAO; Mohammad Zubair, IsDB; Sultan N Al Suwaidi, UAE.

**Special Guests:** Rodrigo de Rato, Managing Director, International Monetary Fund; Paul Wolfowitz, President, World Bank.

**International Monetary Fund:** Goodwill Ukpang  
**World Bank:** Nada Mufarrij

**G-24 Secretariat:** Ariel Buirá

**IMF Secretariat for the G-24:** Patrick Cirillo, Jones Morco, Henry Mooney, Beryl Keary, Nazlina Nasarudin.

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<sup>1</sup> Persons who sat at the discussion table.