

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

**COMMUNIQUÉ
APRIL 24, 2009**

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their eighty-first meeting in Washington, D.C. on April 24, 2009. Mr. Adib Mayaleh, Governor of the Central Bank of Syria, was in the Chair, with Mr. Guido Mantega, Minister of Finance of Brazil as First Vice-Chairman, and Mr. Trevor Manuel, Minister of Finance of South Africa as Second Vice-Chairman.

Ministers stressed that the global financial and economic crisis that originated in mature markets was continuing to have a disproportionate effect on developing countries through various channels, including falling prices of primary commodities, sharply contracting exports, declining remittances, negative net private capital flows, and credit crunch affecting many countries. As a result, developing countries are faced with sharp declines in growth and falling reserves culminating in rising unemployment and poverty. Ministers expressed particular concern about the impact of the crisis on the poorest and most vulnerable countries that also face the risk of falling ODA. They noted that the risks of a further and more protracted deterioration in the world economy remain considerable.

Ministers stressed that the global crisis requires global solutions with the participation of all countries and with due consideration of the impact of actions on developing countries. They welcomed the commitment made by G20 Leaders to take the needed measures to stimulate demand and restore confidence in the financial system, and to address the deep-seated weaknesses in the regulation of national and international financial markets, and called for concerted and swift implementation of these commitments. Ministers called on all countries to resist protectionist measures in trade, investment, and labor services. They underscored the importance of an early conclusion to the Doha Round, that places the needs of developing countries at its center, and urged developed countries to eliminate subsidies that are hurting the agricultural sector and the poor in developing countries. They welcomed the decision of the UN General Assembly to convene a conference on the World Financial and Economic Crisis and its Impact on Development to be held in New York on June 1-3, 2009.

Ministers underscored that developing countries will need an urgent and unprecedented level of support from the international financial institutions and the bilateral official community to cope with the immediate and prolonged effects of the crisis. With respect to the IMF, the G24 has been calling for some time for reforms in instruments, conditionality, and policies so that the Fund can promptly and effectively meet the needs of all its members. They welcomed, therefore, the reform of the IMF's crisis prevention and resolution instruments that would enable the IMF to respond more flexibly and on the scale needed. In this respect, they viewed the new Flexible Credit Line as a useful addition to the IMF's toolkit and are encouraged by the interest that it has raised so far. They also welcomed the steps proposed to focus and streamline conditionality, including the greater recourse to *ex ante* and review-based conditionality. However, Ministers called for evenhanded and broad-based implementation of the new lending and conditionality framework in recognition of the diverse needs of the membership and the exogenous nature of the crisis.

Given the scale of actual and potential demand, Ministers supported the proposal to treble the available resources for IMF lending, including through bilateral loans, issuance of notes and bonds, and enhanced and more flexible New Arrangements to Borrow. Ministers firmly believe, however, that such borrowing can only be a bridge to a permanent expansion in the IMF's resources through a general quota increase. Ministers strongly supported and called for early implementation of a new general SDR allocation of at least \$250 billion to meet global needs and boost members' reserves through unconditional resources. They called for the consideration of an appropriate mechanism for *ex post* reallocation to enhance the benefits for developing countries, especially the poorest. Ministers reiterated their call for the ratification of the Fourth Amendment for a one-time SDR allocation, which would benefit in particular those countries that had not benefited from earlier allocations. They also called for an early ratification of the IMF's new income model.

Ministers welcomed the decision to double access limits on concessional lending by the IMF to low-income countries (LICs), and to adjust PRGF access norms accordingly. Ministers welcomed the proposal to use resources from the agreed sale of gold, consistent with the new income model, to provide additional concessional financing for the poorest countries in response to the crisis. They asked for further consideration of how this would be achieved. They called on the donor community to provide the subsidy resources needed to augment the IMF's concessional lending capacity. Ministers called for an urgent and comprehensive reform of the IMF's financing framework for LICs so as to be able to respond more flexibly to their diverse needs. Ministers encouraged the IMF to apply in its LIC lending the same flexibility and streamlined and review-based conditionality as agreed for other lending facilities and asked for an early review of the debt sustainability framework to reflect diverse LIC circumstances.

Ministers reiterated their call on the IMF to strengthen its surveillance function through greater evenhandedness and more effective surveillance of systemically important advanced countries, international capital flows, and financial markets. They also supported an early review of the role of the IMF in the international monetary system in light of the lessons of the crisis, including with respect to the major reserve currencies.

Ministers affirmed the critical role the World Bank Group has to play during the crisis in supporting countercyclical policies including for social safety nets, sustaining infrastructure and other priority investments, trade finance, and bank recapitalization. Ministers welcomed the proposal to scale up World Bank lending as well as the steps taken to adapt its instruments in the face of the crisis. They also welcomed the proposal to increase the single borrower limit. Ministers asked for World Bank support to be provided in a timely way so as to counter the immediate effects and prevent full-fledged crises. They also called on the World Bank to avoid undue conditionality in its stepped-up lending. Ministers cautioned against any increases in loan pricing policies. They noted that the crisis has also highlighted the need for the World Bank to enhance its engagement with client countries, including through greater decentralization of decision making, as well as the need to redress long-standing impediments that have contributed to the non-financial costs of its operations.

In order to ensure that the World Bank has the capacity to respond adequately to the crisis, and to maintain its long-term lending capacity, Ministers called for a review of capital adequacy by the 2009 Annual Meetings. Such a review should take into account the

long-term development financing needed in the aftermath of the crisis while maintaining IBRD financial sustainability and ability to sustain IDA transfers.

Given the grave impact of the crisis on the poorest countries, Ministers called for a significant increase in assistance from IDA. Ministers agreed with the importance of frontloading of the IDA-15 program in this regard, and stressed the need for prompt identification and delivery of programs. They also called for additional replenishments of IDA to maintain financing levels in the outer years. Ministers welcomed the initiatives announced by the Bank to protect the most vulnerable from the effects of the crisis including the establishment of the Vulnerability Financing Facility. Ministers called upon the donor community to support these additional financing needs and to deliver on their earlier commitments at a crucial juncture in collective efforts to meet the Millennium Development Goals.

Ministers noted that the crisis has further underlined the necessity of redressing the democratic deficits in the Bretton Woods institutions and enhancing the voice and representation of developing countries in the decision-making structures. The G24 has long stressed that the effectiveness and legitimacy of the IMF and the World Bank depend crucially on bold actions in this regard. Ministers therefore welcomed the commitment by G20 leaders for ambitious and expeditious reform. They called for prompt ratification of the April 2008 IMF reform package. Ministers strongly support a substantial increase and realignment of quotas in the IMF to be completed no later than January 2011, after a comprehensive reform of the quota formula to address the existing bias against developing countries. Ministers also supported the call for the realignment of votes in the World Bank, to be completed no later than April 2010, based on an approach that reflects its development mandate. Such realignments in both institutions should be aimed at moving over time toward an equitable voting power distribution between developed and developing countries without diluting the quotas and shares of individual developing countries. They also called for the rebalancing of representation in the Executive Boards and in the Ministerial Committees to increase the representation of developing countries. Ministers also support an additional chair for sub-Saharan Africa in the IMF within this broader agenda of reform.

Ministers reiterated their call that the Heads and Senior Management of the IMF and the World Bank should be chosen on the basis of an open, competitive, merit-based process without regard to nationality. They called for greater staff diversity, including at the managerial level in the IMF and the World Bank, through better representation from severely underrepresented regions. Ministers took note of the report of the Manuel Committee as a contribution to the ongoing governance discussions.

Ministers emphasized the importance of close collaboration amongst the IMF, the World Bank, and the other multilateral development banks in ensuring an effective response to the crisis. They also supported timely reviews of capital adequacy in the regional development banks to enable them to expand and sustain their lending.

The next meeting of the G24 Ministers is expected to take place on October 3, 2009, in Istanbul, Turkey.

LIST OF PARTICIPANTS¹

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their eighty-first meeting on April 24, 2009 in Washington, D.C. Mr. Adib Mayaleh, Governor of the Central Bank of Syria was in the Chair; with Mr. Guido Mantega, Minister of Finance of Brazil, as First Vice-Chair; and Mr. Trevor Manuel, Minister of Finance of South Africa, as Second Vice-Chair.

The meeting of the Ministers was preceded on April 23, 2009 by the ninety-third meeting of the Deputies of the Group of Twenty-Four, with Mrs. Maya Choueiri, Senior Advisor to IMF Executive Director, as Chair.

African Group: Karim Djoudi, Algeria; Charles Koffi Diby, Côte d'Ivoire; Jean-Claude Masangu Mulongo, Democratic Republic of Congo; Mahmoud Mohieldin, Egypt; Sufian Ahmed, Ethiopia; Blaise Louembé, Gabon; Paul Acquah, Ghana; Mansur Mukhtar, Nigeria; Lesetja Kganyago, South Africa.

Asian Group: Arvind Virmani, India; Seyed Shamseddin Hosseini, Islamic Republic of Iran; Mohammed Chatah, Lebanon; Shaukat Tarin, Pakistan; Maria Edita Tan, Philippines; Sarath Amunugama, Sri Lanka; Samir El-Khouri, Syrian Arab Republic.

Latin American Group: Carlos R. Fernández, Argentina; Rogério Studart, Brazil; Andrés Escobar, Colombia; Oscar Monterroso, Guatemala; Roberto Marino, Mexico; Julio Velarde, Peru; Karen Nunez-Tesheira, Trinidad and Tobago; Rubín Villavicencio, Venezuela.

Observers: Lual A. Dena, G-77; Abdul Aziz Al Hinai, IsBD; Yisr Barnieh, Arab Monetary Fund; Sultan Al-Suwaidi, United Arab Emirates; Yong Li, China; Hamad Albazai, Saudi Arabia; Oscar de Rojas, UN-DESA; Juan Somavia, ILO; Karim El Aynaoui, Morocco; Supachai Panitchaphandi, UNCTAD; Dem Ismaïla; BCEAO; Inés Bustillo, ECLAC.

Special Guests: Dominique Strauss-Kahn, Managing Director, International Monetary Fund
Robert B. Zoellick, President, World Bank

IMF Executive Board: Mohammed Daïri

World Bank Executive Board: Abdulrahman Almofadhi, Nada Mufarrij

G-24 Secretariat: Amar Bhattacharya, Ndzouli Mendouga

G-24 Research Coordinator: Jomo Sundaram

IMF Secretariat for the G-24: Simran Maxwell, Dalila Bendourou

¹ Persons who sat at the discussion table.