

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

**COMMUNIQUÉ
APRIL 19, 2012**

1. We the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held our eighty-seventh meeting in Washington D.C. on April 19, 2012. Mr. Pranab Mukherjee, Minister of Finance of India was in the Chair, with Mr. Alfonso Guerra, Director of International Affairs of the Bank of Mexico as First Vice-Chair and Mr. Mohamed Salem, Minister of Communications and Information Technology of Egypt as Second Vice-Chair.

Actions to Secure Global Economic Recovery

2. Despite some recent improvement, we remain concerned about the fragility of the global economic recovery. Recent policy actions have reduced immediate threats arising from the Euro area crisis but downside risks remain high, including from possible renewed tensions in the Euro area and from high and volatile oil prices. The pace of global growth remains subdued and uncertain, with adverse impact on growth in many emerging markets and developing countries (EMDCs). We believe that immediate and concerted actions are needed to restore confidence and boost global growth through mutually consistent policies and taking into account spillovers.

3. We call on advanced economies (AEs) to follow through on actions to restore stability and to implement credible and sustainable fiscal adjustment programs as needed to strengthen confidence in debt sustainability without unduly depressing domestic demand and for more vigorous structural reforms and conducive macroeconomic policies to boost global growth. We also ask for a better policy mix to curb negative spillovers in the form of volatile capital flows and commodity prices. We call for careful monitoring of the deleveraging by Euro area banks to ensure that it does not have an adverse impact on the availability of finance for EMDCs, including for trade and infrastructure.

4. We are committed to supporting strong, inclusive, sustainable and equitable growth thereby contributing to the global recovery. We will focus on job creation and on effective and affordable social safety nets that protect the poor and the vulnerable. We are deeply concerned about the drop in ODA flows and call for the timely and full delivery of aid commitments to support low income countries to realize their full economic potential and sustain progress towards the Millennium Development Goals (MDGs).

5. We take note of the ongoing work on a comprehensive, balanced and flexible approach to the management of capital flows. We have strong reservations on the integrated approach proposed by IMF staff and insist that it should not result directly or indirectly in new obligations on members. Policy makers must have the flexibility and discretion to adopt policies that they consider to be appropriate and effective to mitigate risks associated with large and volatile capital flows. Capital flow management measures should be seen as an integral part of the macroprudential toolkit. The Euro area crisis has also highlighted the need for further study of sovereign debt restructuring mechanisms.

6. We call for action to mitigate excess volatility in commodity prices, both for food and energy, which is undermining growth prospects and adversely affecting the poor and vulnerable. Such actions should include better regulation of commodity derivative markets and concerted steps to enhance food and energy security, especially in low income countries. Careful attention must be given to smoothing out the effects of price increases on the economy and on protecting the vulnerable.

Role and Reform of the International Financial Institutions (IFIs)

7. We reiterate the utmost importance of meeting the forward looking commitments on IMF quota and governance reform on a full and timely basis, as agreed by the Board of Governors of the IMF. This includes the comprehensive review of the quota formula by January 2013 and the completion of the Fifteenth General Review of Quotas by January 2014. We believe that the ultimate goal must be to better reflect the growing role of EMDCs as a whole in the global economy, while enhancing the voice and representation of the poor, small and vulnerable states. The reformed formula should lead to an increase in the calculated and actual quota shares of dynamic EMDCs in line with their relative positions in the world economy, and must not come at the expense of other EMDCs. We call on members to implement the 2010 IMF quota and governance reforms by the Annual Meetings of October 2012. We ask that the realignment of the Board result in an increase in the number of chairs held by EMDCs. We call for a third chair for sub-Saharan Africa but this must be in place of a chair held by an advanced country.

8. We take note of the range of proposals to enhance, better integrate and balance the IMF's bilateral and multilateral surveillance activities. We support the goal of strengthening the ability of the IMF to identify systemic risks wherever they may lie, but underscore that the effectiveness and traction of IMF surveillance will depend on the quality and even-handedness of its analytical work and advice, the trust between the Fund and its members and on further progress on governance reforms, taking into consideration the recommendations of the IEO report.

9. We welcome ongoing efforts to ensure that the IMF has the necessary resources to play its appropriate role in responding to heightened risks in the global economy and to help meet the needs of all members that may be affected, but stress that the efforts to strengthen the IMF's lending capacity must not undermine its character as a quota based institution and must be anchored in a firm commitment to governance reform.

10. We call on the IMF to be prepared in responding to the additional financing needs of low income countries, including in dealing with the impact of the increase in energy prices. The immediate priority is to complete the 2009 financing package in order to enable the IMF to meet expected needs through 2014. We call for increased efforts to mobilize donor support and for an early discussion by the IMF on how to meet longer term financing needs in order to ensure that there is no gap in needed financing

11. We stress the importance of strengthening the flow of development finance to EMDCs to respond to immediate challenges and support longer-term development needs. We are concerned that World Bank lending is projected to decline at this crucial juncture because of constrained financial capacity. We call therefore for new solutions to bolster the financial capacity of the World Bank and IFC including a discussion by the shareholders on the adequacy of their capital.

We urge the Bank to improve its responsiveness through more flexible and innovative policies and instruments. The recently approved program-for-results instrument is a first step in that direction.

12. We support the Bank's initiative to promote social protection and safety nets in its operations in order to assist countries to design and implement effective social nets. Effective social protection and safety nets are necessary not only during crises but also under normal situations as they enhance productivity and build human capital. We believe that there is considerable scope for South-South learning and call on the Bank to facilitate such knowledge transfer. We welcome the new World Development Report on jobs and look forward to concrete proposals on how to implement its recommendations.

13. We urge the Bank to remain engaged with middle income countries (MICs) and to draw upon MICs' own capacity more meaningfully to produce greater development benefits, particularly in addressing poverty. The Bank should find innovative ways for leveraging its resources and knowledge to achieve these goals including through fostering South-South exchange.

14. We reiterate the importance of the IMF and the World Bank to adequately respond to the developmental needs of Middle East and North Africa (MENA) countries in transition, and call for a scaling up of resources, policy advice and technical assistance essential for addressing the region's enormous economic and development challenges, including high and persistent unemployment.

15. We welcome the commitment of the Bank and more recently of the Fund to give adequate attention to small states, taking due account of their high levels of fragility and vulnerability to natural disasters and economic shocks, as well as constraints linked to their size. We welcome the establishment of a working group of IMF Executive Directors representing small states to give greater visibility to the concerns of these countries. We call for appropriate adjustments and enhancements in financing facilities and policy frameworks to respond to the particular circumstances of small states.

16. We recognize that for the first time in the history of the World Bank there was an open process for the selection of the President that involved a debate on the priorities and the future of the institution. Developing countries presented two outstanding candidates—Ngozi Okonjo-Iweala and José Antonio Ocampo – and we are grateful for their commitment and willingness to bring new ideas and highlight the need for change in the governance of the World Bank. We congratulate Dr. Jim Yong Kim for his selection as President of the Bank and extend our support with the expectation that he will stand by the commitments he made during the run up to his selection. Future selection processes must build on this process, but must be transparent and truly merit-based.

Infrastructure and Sustainable Development

17. We believe that realizing the growth potential of our economies and meeting our crucial development, inclusion and environmental goals will require a step increase in investment in infrastructure over the next few decades. We anticipate a large financing gap and call on efforts

to strengthen the existing architecture of global, regional and national institutions. We believe that enhanced public private partnerships can make an important contribution and call on the IFC to support greater private sector involvement. Given the growing pool of savings in EMDCs, we call for enhanced South-South cooperation including through the private sector to channel these savings into stable, predictable and scaled finance to address this looming challenge. We look forward to the outcome of the review called for by BRICS leaders to explore the merits and viability of a development bank for mobilizing resources for infrastructure and sustainable development projects in BRICS and other EMDCs.

18. We look forward to the UN Conference on Sustainable Development (Rio+20) as an important opportunity for the international community to renew its political commitment to supporting the overarching goals of sustainable development, in accordance with the principles and provisions of the Rio Declaration on Environment and Development, including the principle of common but differentiated responsibilities, Agenda 21 and the Johannesburg Plan of Implementation.

Other Matters

19. The next meeting of the G-24 Ministers is expected to take place on October 10, 2012 in Tokyo, Japan.

LIST OF PARTICIPANTS¹

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their eighty-seventh meeting in Washington D.C. on April 19, 2012. Mr. Pranab Mukherjee, Minister of Finance of India was in the Chair, with Mr. Alfonso Guerra, Director of International Affairs of the Bank of Mexico as First Vice-Chair and Mr. Mohamed Salem, Minister of Communications and Information Technology of Egypt, as Second Vice-Chair.

The meeting of the Ministers was preceded on April 18, 2012 by the ninety-ninth meeting of the Deputies of the Group of Twenty-Four, with Mr. Alok Sheel, Deputy Director-General of National Treasury of India, as Chair.

African Group: Karim Djoudi, Algeria; Jean-Baptiste Aman, Côte d'Ivoire; Jean-Louis Kayembe, Democratic Republic of Congo; Mohamed Hammam, Egypt; Atnafu Teklewulu, Ethiopia; Luc Oyoubi, Gabon; Franklin Belnye, Ghana; Ngozi Okondjo-Iweala, Nigeria; Pravin Gordhan, South Africa.

Asian Group: Ping Sun, China; Kaushik Basu, India; Shams-O-Din Hosseini, Islamic Republic of Iran; Alain Bifani, Lebanon; Abdul Hafeez Shaikh, Pakistan; Roberto Tan, Philippines; Sarath Amunugama, Sri Lanka; Maya Choueiri, Syria.

Latin American Group: Alfredo MacLaughin, Argentina; Rogério Studart, Brazil; Ana Fernanda Maiguashca, Colombia; Johny Gramajo, Guatemala; Carlos Perez Verdía, Mexico; Oscar Hendrick, Peru; Maurice Suite, Trinidad and Tobago; José Rojas-Ramirez, Venezuela.

Observers: Yisr Burnieh, Arab Monetary Fund; Inés Bustillo, ECLAC; Nathalie Cely, Ecuador; Stephen Pursey, ILO; Birama Sidibe, IsDB; Karim El Aynaoui, Morocco; Manuel Montes, South Centre; Fuad Albassam, OFID; Hasan Qabazard, OPEC; Suleiman Alofi, Saudi Arabia; Sultan Alsuwaidi, United Arab Emirates; Rob Vos, UNCTAD; Alex Trepelkov, UNDESA.

Special Guests: Christine Lagarde, Managing Director, International Monetary Fund
Robert B. Zoellick, President, World Bank

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

G-24 Research Coordinator: Jomo Sundaram

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

¹ Persons who sat at the discussion table.