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

COMMUNIQUÉ
OCTOBER 12, 2017

1. We held our ninety-eighth meeting in Washington, D.C. on October 12, 2017 with Abraham Tekeste, Minister of Finance and Economic Cooperation of Ethiopia as Chair, Mangala Samaraweera, Minister of Finance and Mass Media of Sri Lanka as First Vice-Chair, and Julio Velarde, Governor of the Central Bank of Peru as Second Vice-Chair.

Managing the Impact of Developments in the Global Economy

2. We welcome the increasing momentum in global growth, trade and investment. Emerging market and developing economies (EMDEs) will continue to account for the bulk of global growth. Commodity prices are stabilizing, providing commodity exporters the opportunity to continue undertaking reforms, rebuild buffers, further diversify their economies and stimulate growth. We remain concerned about the medium-term downside risks, which include a potential increase in protectionism, sudden tightening of global financial conditions, roll back of regulatory reforms, and geopolitical risks. International cooperation and policy coordination in key areas are essential to minimize adverse spillovers on growth and financial markets. Multilateral commitment is necessary to maintain an open, rules-based trading system.

3. The IMF is central to the Global Financial Safety Net. We encourage greater cooperation between the IMF and the Regional Financial Arrangements. We welcome the ongoing review of the IMF's toolkit, including possible new instruments, to meet adequately the liquidity and precautionary needs of its member countries and look forward to its early conclusion. We call for evenhanded surveillance and lending decisions, and for the extension of the mandate of the IMF's Evenhandedness Committee to include the Fund's lending activities. More work is needed to address and minimize the stigma attached to IMF's facilities. We support further work to broaden the role and use of the Special Drawing Rights (SDR) as a reserve currency.

4. In the 2018 review of the IMF's Facilities for Low-Income Countries (LICs), we support a more comprehensive engagement with LICs. This includes substantially expanding the resources of the Poverty Reduction and Growth Trust (PRGT), increasing access commensurate with countries' needs, and introducing a precautionary instrument for LICs.

5. We welcome the IMF's review of country experiences in addressing systemic risks arising from volatile capital flows. We call for a fair assessment of the intent, content and design of macro-prudential and capital flow management measures available to and used by countries to deal with capital flow volatility.

6. We call for all countries to implement the Intended Nationally Determined Contributions under the Paris Climate Agreement, reflecting the principle of common but differentiated responsibilities, in light of country-specific circumstances and in the context of poverty reduction and sustainable development. Extreme weather events have substantial adverse human and economic consequences in developing countries, in particular LICs and small island states, which

have contributed very little to climate change. We call for a strong global response to the recent devastating hurricanes that hit the Caribbean. We call for supporting the efforts of developing countries to cope with and build resilience to climate-related natural disasters. We look forward to developed countries delivering on their commitment to provide US$100 billion per year new and additional financial resources by 2020 to support developing countries' climate actions. We urge them to authorize the use of reflows to enhance financing from the Clean Technology Funds.

7. We urge continued support from International Financial Institutions (IFIs) and the international community to developing countries that are disproportionately affected by the refugee crisis, including internally displaced populations, and encourage the continued pursuit of developmental approaches to address this serious challenge. We call on IFIs to monitor and address the macroeconomic and development consequences of tightening migration regulations in some countries. We call on IFIs to strengthen their support for conflict affected, fragile, and small states, including deploying innovative financial instruments and partnerships.

8. While we welcome global efforts against money laundering and financing of terrorism, we call for more concrete global actions to address the decline of correspondent banking relationships in some countries. We call for stronger multilateral cooperation to effectively combat illicit financial flows.

Building the Foundations for Inclusive Growth

9. Our key objective is to transform our economies to boost growth, improve job creation and reduce inequality and poverty. Improving productivity and diversifying our sources of growth are key elements of this agenda. We support the focus of the African Caucus on agricultural transformation as an essential driver of job creation and inclusive growth, and the G20 Compact for Africa. We face the continuing challenge of capturing the benefits of trade and technological change. We call on IFIs to strengthen their support for human capital development, skill building and labor market policymaking, in order to foster quality jobs and smooth labor market adjustments. We ask IFIs to support greater financial inclusion and economic opportunities for women. We encourage their stepped-up support for south-south cooperation on trade, knowledge and investments.

10. We urge the IMF and the World Bank Group (WBG) to continue strengthening their assistance in improving domestic resource mobilization and enhancing its contribution to inclusive growth through progressive tax policies, as well as more efficient and better targeted public spending. Peer learning among emerging market and developing countries (EMDCs) through collaborative platforms and capacity building through regional seminars can bring value to this process. We also welcome the work of the Platform for Collaboration on Tax and look forward to its engagement with tax officials of EMDCs for enhanced technical assistance. The IMF and the WBG should also continue to assess the social and distributional impact of fiscal adjustment programs and ensure that these programs include adequate social protection measures for the poor.

11. We highlight the importance of effective international tax cooperation that addresses the challenges faced by EMDCs. We support the Automatic Exchange of Information initiative and the inclusive framework on Base Erosion and Profit Shifting, and call for measures for their effective

implementation in EMDCs, mindful of their country-specific circumstances. We appreciate the work of the UN Tax Committee and encourage multilateral support to upgrade the Committee to an intergovernmental body. We also call for more attention to developing fair tax rules to guide the taxation of multinational corporations and for international cooperation to prevent harmful international tax competition.

12. We reiterate the importance of scaling up infrastructure investments to achieve our sustainable development goals. We welcome the support of the IMF, WBG, and other IFIs in increasing the efficiency of public investments in infrastructure, as well as their impact in improving connectivity, including at the regional level, and addressing distributional and climate objectives. Multilateral Development Banks (MDBs) need to activate financing approaches to make renewable energy affordable. We underscore the key role of MDBs in supporting policy and institutional frameworks, strengthening project preparation and catalyzing private sector financing. In this regard, we welcome the WBG's focus on maximizing financing for development, and look forward to its effective implementation at the country level. We call on MDBs to deliver on their Joint Declaration of Aspirations on Actions to Support Infrastructure Investments, including through concrete and time-bound actions, to develop new risk mitigation instruments and infrastructure investment as an asset class.

13. We welcome the reform of the Joint World Bank-IMF Debt Sustainability Framework for LICs. We stress the importance of providing the necessary time for, and support to, country authorities to prepare and ensure readiness to implement the new framework. It is essential for the debt sustainability assessments to consider the quality of public investments and the significant impact of reducing infrastructure gaps on growth.

14. We support the strengthening of the work and collaboration between the WBG and the IMF, based on their expertise and mandates, in supporting countries' efforts to improve governance and tackle corruption comprehensively. We note the IMF's review of its role in addressing governance and corruption issues at the country level in an evenhanded manner.

Reforming the Governance of the Bretton Woods Institutions

15. We support a quota-based, adequately-resourced IMF that is less dependent on borrowed resources. We call for at least maintaining the current lending capacity of the IMF. We look forward to the completion of the 15th General Review of Quotas, including a new quota formula, by the Spring Meetings of 2019 and no later than the Annual Meetings of 2019. We call for a revised formula that emphasizes greater weight of GDP PPP within the GDP blend and further shifts quota shares from advanced economies to dynamic EMDCs, reflecting their growing weight in the global economy, while protecting the quota share of the poorest countries. The realignment of quota shares must not come at the expense of other EMDCs. We reiterate our longstanding call for a third Chair for Sub-Saharan Africa to enhance the voice and representation of the region, provided that it does not come at the expense of other EMDCs' Chairs.

16. For the World Bank, we call for a Shareholding Review that upholds the Istanbul Principles to achieve equitable voting power between developed and developing and transition countries (DTCs) and produces an outcome that has broad support from the membership. We call for its

successful conclusion by the Spring Meetings of 2018. It is essential to enhance and safeguard the financial strength of IBRD and IFC, including through capital increases, further balance sheet optimization, and review of financial transfers. We urge the WBG to put robust measures in place to ensure the effective implementation of IDA18 by the time of the mid-term review.

17. We call for strengthening the efforts of the IMF and the WBG towards greater representation of under-represented regions and countries in recruitment and career progression, including at managerial levels. We reiterate the importance of staff diversity and gender balance at all levels, including diversity of educational institutions and backgrounds.

Other Matters

18. We welcome Kenya and Ecuador as new members of the Group.

19. We thank Ethiopia for its Chairmanship of the Group and welcome Sri Lanka as the incoming Chair. We also welcome Ghana as the Second Vice-Chair. The next meeting of the G-24 Ministers is expected to take place on April 19, 2018 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-eighth meeting in Washington D.C. on October 12, 2017 with Abraham Tekeste, Minister of Finance and Economic Cooperation of Ethiopia in the Chair; Mangala Samaraweera, Minister of Finance of Sri Lanka, serving as First Vice-Chair; and Julio Velarde, Governor of the Central Bank of Peru as Second Vice-Chair.

The meeting of the Ministers was preceded on October 11, 2017 by the one hundred and tenth meeting of the Deputies of the Group of Twenty-Four, with Fisseha Aberra, Director of the International Cooperation Directorate at the Ministry of Finance of Ethiopia, as Chair.

African Group: Abderrahmane Raouya, Algeria; Mutombo M. Nyembo Deogratias, Democratic Republic of Congo; Adama Koné, Côte d'Ivoire; Sahar Nasr, Egypt; Teklewold Atnafu, Ethiopia; Regis Immongault, Gabon; Kenneth Ofori-Atta, Ghana; Patrick Njoroge, Kenya; Mohamed Taamouti, Morocco; Kemi Adeosun, Nigeria; Sfiso Buthelezi, South Africa.

Asian Group: Subir Gokarn, India; Gholamali Kamyab, Islamic Republic of Iran; Alain Bifani, Lebanon; Shahid Mahmood, Pakistan; Maria Edita Tan, Philippines; Mangala Samaraweera, Sri Lanka; Maya Choueiri, Syria Arab Republic.

Latin American Group: Nicolás Dujovne, Argentina; Erivaldo Gomes, Brazil; Jose Antonio Ocampo, Colombia; Francisco Rivadeneira, Ecuador; Oscar Monterroso, Guatemala; Jean B. Dubois, Haiti; Gerardo Zuniga, Mexico; Renzo Rossini, Peru; Alvin Hilaire, Trinidad and Tobago; Jose A. Rojas Ramirez, Venezuela.

Observers: Abdulrahman Al Hamidy, Arab Monetary Fund; Zhenyu Lu, China; Inés Bustillo, ECLAC; Deborah Greenfield, ILO; Suleiman Al-Herbish, OFID; Ayed S. Al-Qahtani, OPEC; Naif Alghaith, Saudi Arabia; Manuel F. Montes, South Centre; Mubarak Al Mansoori, United Arab Emirates; Richard Kozul-Wright, UNCTAD; Alexander Trepelkov, UNDESA.

Special Guests: Christine Lagarde, Managing Director, International Monetary Fund
Kristalina Georgieva, Chief Executive Officer, World Bank

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

IMF Secretariat for the G-24: Marushia Gislén, Rasheeda Smith Yee, Danny Xufeng Jiang, Aric Maiden

[1] Persons who sat at the discussion table.