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

COMMUNIQUÉ

OCTOBER 10, 2023

1. We express our condolences on the human suffering experienced from various crises globally. We strongly support international efforts to restore peace, stability and livelihoods, and call on development partners to "leave no one behind" in the provision of necessary relief and financing. We commend the people of Morocco for hosting our meetings under these trying circumstances.

2. The global economy is recovering from multiple shocks, but the recovery is slow and uneven, growth is below its long-run average, and the medium-term outlook is uncertain. Although core inflation remains stickier, inflationary pressures are gradually receding as major central banks raise interest rates. However, the benefits of declining inflation are offset by negative consequences stemming from tightening financing conditions. Rising interest rates are impacting external balances and increasing borrowing costs in low- and middle-income countries (LICs and MICs), putting fiscal positions under stress.

3. Against this background, we encourage the International Monetary Fund (IMF) to reduce barriers to access to its financing. We note that for longer-term programs from the Resilience and Sustainability Trust (RST), and Poverty Reduction and Growth Trust (PRGT), access is limited by underfunding, program preconditions, long application and disbursement processes, and high unsustainable debt burdens of prospective applicants. Considering these factors, we encourage the IMF to reassess the requirement of prior Upper Credit Tranche facility for RST. At the same time, the scope could be expanded to more pressing development challenges and the access limit set at a higher level. Furthermore, it is imperative to address the subsidy gaps in the PRGT, and the underfunding of the Catastrophe Containment and Relief Trust, which supports the poorest and most vulnerable nations. We call on countries committed to Special Drawing Rights (SDRs) rechanneling to redeem their pledges in a timely manner, and encourage members with stronger external positions to make voluntary contributions to the trust accounts. While we welcome the recent extension of the Food Shock Window, we urge the IMF to stand ready to continue to support countries that face external financing constraints after the facility expires. To further improve global liquidity, we call for faster progress in addressing the technical issues related to the proposal on voluntarily channeling SDRs through regional development and multilateral development banks (RDBs and MDBs), and Regional Financing Arrangements.

4. We welcome the current discussion on IMF's charges and reiterate our previous call for an urgent review of its surcharges policy, which in the context of monetary tightening environment, exacerbates their pro-cyclical and regressive nature. We call for a suspension of surcharges while the review—which we hope will lead to substantial permanent reduction or complete elimination—is being conducted.

5. We welcome the reforms of precautionary credit facilities, which represent a significant step forward in putting the IMF at the center of the global financial safety net, playing the role of international lender of last resort. It is essential to acknowledge the heightened demand for

liquidity in LICs and MICs. An additional SDR allocation could play a pivotal role in mitigating balance of payments and fiscal crises, while also effectively reducing borrowing costs for nations. At the same time, it would provide additional liquidity to address climate action, which is becoming more frequent for many countries.

6. We reiterate our commitment to a quota-based IMF and are concerned about the limited progress on the IMF's 16th General Review of Quota (GRQ). We emphasize that the legitimacy and effectiveness of IMF hinges on quota realignment; and any meaningful quota increase should be part of a quota realignment, which, at the same time protects the share of least developed countries. This process is crucial for bolstering the voice and representation of LICs and MICs within the IMF. Therefore, we call for a timely agreement that will restore the IMF as a quota-based institution and make the Fund's quota share distribution reflect members' relative positions in the world economy. If the 16th GRQ is completed with only an equiproportional quota increase without quota realignment, it will weaken, rather than strengthen the IMF, because it will be a very bad precedent that sends a clear but negative signal to the international community about IMF's commitment to multilateralism and governance reform.

7. We commend the G-20 decision to grant permanent membership to the African Union. We call on IMF to implement the outstanding request for the creation of a third chair for Sub-Saharan Africa on the IMF Executive Board to enhance the voice and improve the representation of the region. We endorse the recent recommendation for a fifth Deputy Managing Director for Emerging Market and Developing Economies (EMDEs), who should be selected in consultation with the Executive Directors of the regions. We call for increased transparency in the process and balanced regional representation in the selection of the heads and senior management of the Bretton Woods Institutions (BWI). Additionally, we recommend further pursuit of governance reforms aimed at correcting regional underrepresentation in the IMF and addressing prolonged use of IMF resources, which have been highlighted in past Independent Evaluation Office reports.

8. We appreciate the World Bank Group's (WBG) reaffirmation of the twin goals, the broadened scope of its vision and mission, and of tackling global challenges. The renewed emphasis on understanding and addressing the unique development challenges and national priorities of all clients is welcome. It is crucial to strike a balanced approach that ensures the collective progress of LICs and MICs. Furthermore, the revamped operational model should strengthen country-ownership, the demand-driven principle, and promote enhanced operational efficiency and effectiveness of the Bank, to make it more agile and less bureaucratic for clients. We look forward to the presentation of a more comprehensive strategy and implementation plan beyond Marrakech. To further enhance their effectiveness and to respond with the scale and urgency needed, we encourage the WBG and other MDBs to align their framework to the recommendations of the G-20 Independent Review of MDBs' Capital Adequacy Frameworks, and the Report of the G-20 Independent Expert Group on Strengthening MDBs, as relevant and appropriate.

9. We acknowledge the recent efforts to increase lending capacity for both the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD), and strongly urge all donors to redeem their pledges. It is crucial to reiterate the significance of providing incremental financing at affordable financial terms, including grant and concessional terms, for IDA21 and IBRD instruments, as this will facilitate the achievement of sustainable development. In addition, an IBRD capital increase may need to be considered in order to meet the new mission at scale. Furthermore, we call for a review of the funding terms for *Fragile*

and Conflict-Affected Situations countries, especially in the context of the ongoing discussion to stop grants and convert all IDA facilities to loans. Concessional financing should be accessible to all client countries of the WBG, and financing for global challenges should be offered at below market rates, without imposing additional conditionality. In the spirit of aligning lending operations with the genuine needs of borrowing nations, we advocate against any kind of earmarking or preferencing, including, for the planned hybrid capital instrument and the Portfolio Guarantee Platform. We should remain cautiously optimistic regarding proposals for private capital mobilization given the need for a dynamic combination of public and private sector cooperation to foster sustainable development worldwide. Recognizing the imperative of achieving the Sustainable Development Goals (SDGs), we take note of the 2023 SDG Summit Declaration relating to the reform of International Financial Architecture. We welcome the recent call by G-20 Leaders for collectively mobilizing more headroom and concessional finance to boost the World Bank's capacity to support LICs and MICs that need help in addressing global challenges.

10. Recognizing the escalating debt vulnerabilities and their adverse consequences on sustainable and inclusive growth, we underscore the urgency of addressing sovereign debt challenges. For the poorest and most vulnerable countries, we emphasize the importance of durable debt resolution measures while collaborating on resolving the structural issues leading to such vulnerabilities. Such actions will play a vital role in alleviating the debt burden and promoting economic stability and growth in these countries. We commend the progress of Ghana, Ethiopia and Zambia under the G-20 Common Framework (CF), and of Sri Lanka outside the CF, but the overall experience reveals that there are still barriers to swiftly and effectively addressing debt distress. We therefore call for continued discussions on improving the implementation of the CF. Debt vulnerabilities in LICs and MICs should be addressed in an effective, comprehensive, and systematic manner. This should be as part of a comprehensive reform of the International Financial Architecture (IFA) that reaches all relevant institutions and stakeholders, including the Credit Rating Agencies. We also encourage the efforts of the Global Sovereign Debt Roundtable participants to strengthen communication and foster a common understanding among key stakeholders, both within and outside the CF. The substantial portfolio of domestic debt in many LICs and MICs with high risk of debt distress calls attention to the need for debt resolution mechanisms that mitigate domestic financial market instability. In this regard, we call on the IMF and WBG to promote financial stability.

11. We acknowledge recent commitments made to improve climate finance and to further climate goals, including those outlined in the Paris Accords, the Africa Climate Summit, and the newly launched Global Biofuel Alliance, and we call on countries to deliver on their pledges for climate action and finance. We urge the IMF, the WBG, and other MDBs to further amplify their support for developing countries requiring mitigation, adaptation, loss and damage finance, and resource allocation. This support should encompass the provision of adequate and affordable financial resources, innovative instruments, technology transfer, and capacity-building initiatives. In this regard, we emphasize that the principle of *common but differentiated responsibilities and respective capabilities* must be adopted in letter and spirit in the context of climate finance and Global Public Goods financing. There should be a stronger emphasis on ensuring energy access and affordability to all. In this regard, we note the OPEC *Declaration of Cooperation* commitment to fostering an inclusive dialogue and cooperation with all stakeholders to ensure effective energy transitions moving forward, and we look forward to further discussions during CoP 28. Given that some climate action financing imposes additional fiscal burden on countries, we endorse the call

for a Global Expert Review panel that will assess debt sustainability and incorporate climate action needs, recognizing the multifaceted nature of the challenges posed by climate change and the need for holistic solutions that benefit communities. Furthermore, the multifaceted impact needs to be recognized by the IMF, WBG and MDBs.

12. Domestic Resource Mobilization (DRM) plays a crucial role in sustainable development financing, therefore multilateral collaboration and consensus are essential in achieving equitable and effective international tax reform that enhances compliance and combats evasion and avoidance. We note the ongoing efforts within the OECD Inclusive Framework to address gaps in global tax architecture, and we welcome the United Nations members' plan to begin intergovernmental discussions at the United Nations on making international tax cooperation fully inclusive and more effective, and call for swift, ambitious, and enduring progress on this initiative. We endorse the continued endeavors of the G-24 Tax Working Group to facilitate peer dialogue and South-South cooperation, addressing key tax challenges and advocating for international tax reforms that benefit all nations. In addition, we express support for the ongoing efforts of Global South countries to promote cooperation and collaboration among tax authorities while sharing information and best practices. In this regard, we commend the work of the *African Tax Administration Forum*, and the newly established *Platform for Taxation in Latin America and the Caribbean*. We take note of ongoing discussions on the use of DRM requirements in lending operations, but caution that in recognition of the diversity of economic landscapes and resource capabilities, BWI should not impose DRM requirements or conditionalities that exceed the capacity of developing countries.

13. Global trade is important for sustainable inclusive growth and poverty reduction. We take note of the rising trend in protectionist policies, especially from the advanced economies, with adverse repercussions on food security, global integration, investment, trade, and global output. Many developing economies experience unequal distribution of the benefits of trade, due to limited market access and unfair trade practices, especially in the agriculture sector, which is often the main source of livelihood for the poor. Considering these challenges, we call upon the BWI to lend their support to a robust multilateral trade system. We advocate for comprehensive reforms within the World Trade Organization (WTO) to ensure that LICs and MICs have a meaningful and equitable role in its decision-making processes. It is crucial that their concerns and interests on various matters are adequately addressed, fostering a more inclusive and balanced global trade. Furthermore, we emphasize the importance of strengthening the interlinkages between multilateral organizations and the WTO, particularly in pursuing broader global objectives such as the SDGs. Collaboration and cooperation with other multilateral institutions are essential to ensure a coherent and coordinated approach to the challenges of multilateralism, working collectively towards a more prosperous and equitable world.

LIST OF PARTICIPANTS[1]

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their one hundred and tenth meeting in Marrakech, Morocco, on October 10, 2023 with Adama Coulibaly, Minister of Economy and Finance, Côte d'Ivoire, in the Chair; Benjamin Diokno, Secretary of Finance, Philippines, serving as First Vice-Chair; and Cecilia Nahon, Executive Director at the World Bank Group (WBG) representing the constituency of Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay as Second Vice-Chair.

The meeting of the Ministers was preceded on October 9, 2023 by the one hundred and twenty-second meeting of the Deputies of the Group of Twenty-Four, with Chalouho Coulibaly, BCEAO National Director for Cote d'Ivoire, as Chair.

African Group: Abdelhak Bedjaoui, Algeria; Marie-Françoise Malangu Kabedi, Democratic Republic of Congo; Adama Coulibaly, Côte d'Ivoire; Rania Al-Mashat, Egypt; Mamo Mihretu, Ethiopia; Thierry Nguema-Affane, Gabon; Ken Ofori-Atta, Ghana; Njuguna Ndungu, Kenya; Mohamed Taamouti, Morocco; Wale Edun, Nigeria; David Masondo, South Africa.

Asian Group: Parameswaran Iyer, India; Mohammad Shirijian, Islamic Republic of Iran; Wassim Manssouri, Lebanon; Shamshad Akhtar, Pakistan; Benjamin Diokno, Philippines; Nandalal Weerasinghe, Sri Lanka; Kenan Yaghi, Syria.

Latin American Group: Cecilia Nahon, Argentina; Tatiana Rosito, Brazil; Ricardo Bonilla, Colombia; Tatiana Rodriguez, Ecuador; Alvaro González Ricci, Guatemala; Vanette Vincent, Haiti; Ernesto Acevedo, Mexico; Julio Velarde, Peru; Alvin Hilaire, Trinidad and Tobago.

Observers: Mário João, Angola; Yisr Barnieh, Arab Monetary Fund; Yang Weifeng, China; Pedro Luis Pedroso Cuesta, G77; Massimiliano La Marca, ILO; Muhammad Al Jasser, Islamic Development Bank; Behrooz Baikalizadeh, OPEC; Fuad Albassam, OPEC Fund; Majed Alsharif, Saudi Arabia; Yuefen Li, South Centre; Ebrahim Alzaabi, United Arab Emirates; Richard Kozul-Wright, UNCTAD; Navid Hanif, UNDESA.

Special Guests: Kristalina Georgieva, Managing Director, International Monetary Fund.
Axel van Trotsenburg, Senior Managing Director, World Bank.
N.K. Singh, Co-Chair, G20 Independent Expert Group.

G-24 Secretariat: Iyabo Masha, Julius Duran, Angelica Huerta Ojeda.

IMF Secretariat for the G-24: Bo Zhao, Aric Maiden.

[1] Persons who sat at the discussion table.