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

COMMUNIQUÉ
APRIL 16, 2015

1. We, the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, held our ninety-third meeting in Washington, D.C. on April 16, 2015 with Alain Bifani, Director-General of the Ministry of Finance of Lebanon in the Chair; Andres Escobar, Vice-Minister of Finance and Public Credit of Colombia as First Vice-Chair; and Sufian Ahmed, Minister of Finance of Ethiopia as Second Vice-Chair.

Global Economy and Implications for Developing Countries

2. The global recovery remains uneven, with divergences across countries and regions. Emerging markets and developing countries (EMDCs) continue to be the major drivers of global growth, although growth is moderating in some countries. Weakness in the Euro area and Japan continues, while growth in the U.S. has shown some improvement. Important downside risks remain. We are concerned about potential spillover effects on EMDCs from monetary policy normalization in the U.S. and divergent monetary policies among advanced economies, with potential for increased exchange rate and capital flow volatility. We are also concerned about the continued uncertainty associated with Greece and a possible fallout. Collective efforts in the form of international policy coordination and responses will be needed to boost demand and rekindle business confidence in order to enhance prospects in the years ahead. In the face of economic headwinds, G-24 countries commit to continue efforts to put in place sound macroeconomic and structural policies to sustain higher and more inclusive growth.

3. The overall impact of the fall in oil prices on the global economy has been positive. In addition to the income effect of the price decline, oil importers have experienced improvements in their fiscal space. On the other hand, oil and commodity exporters face the challenge of managing their fiscal positions and improving their resilience to oil price shocks, including through diversifying the export base. We welcome the opportune steps taken to reform energy subsidies and taxes. The recent framework agreement between Iran and P5+1 countries is likely to have a stabilizing impact on oil markets over the long term.

4. Domestic policy efforts to improve resilience to external shocks remain critical and must be complemented by adequate financial backstops, including from the IMF and other international financial institutions (IFIs). In this context, we look forward to further work by the IMF to strengthen its lending framework, including to protect its resources, drawing lessons from recent experiences in restructuring. We also welcome the progress in the implementation of the BRICS's Contingent Reserve Arrangement. We support continued global reforms to strengthen financial regulation, but call for vigilance in monitoring unintended consequences, including on the availability of long-term finance and financial inclusion and deepening.

5. We are concerned with heightened geopolitical tensions and security concerns, particularly in the Middle East, Ukraine, and West Africa, which have regional and global implications. Some countries, such as Lebanon, Chad, Jordan, and Niger, have been disproportionately affected, including through the economic and social impact of heavy flows of refugees, which calls for continued support by the international community. We support diplomatic efforts for resolving regional tensions as political stability in these regions would enhance growth prospects.

6. We welcome continued efforts by international organizations to assist countries affected by the Ebola epidemic and to put in place mechanisms that improve the ability to prevent and respond to future global epidemics and catastrophes. In particular, we welcome the establishment of the International Monetary Fund's (IMF) Catastrophe Containment and Relief Trust and look forward to progress in the development of the World Bank Group's (WBG) Pandemic Emergency Facility.

7. We remain concerned by the continued difficulties faced by countries in fragile and conflict-affected situations. We look forward to the upcoming review of Fund engagement with these countries and urge the issuance of new guidelines for such engagement. We call for greater attention and support by the IFIs to countries in fragile situation, including through higher levels of access to concessional financing.

8. We welcome the discussion on macroeconomic issues in small developing states and encourage its use to leverage IFIs' engagement with these countries. We call for greater IFI support to small developing states, including by enhancing their access to concessional financing.

Financing for Development

9. 2015 is a pivotal year for action on development and climate change, and marks the deadline for the achievement of the Millennium Development Goals. We look forward to the upcoming Third International Conference on Financing for Development (FfD), the launch of the post-2015 development agenda, including the Sustainable Development Goals (SDGs), and the U.N. Climate Change Conference (COP21). We look forward to a credible financing framework for the SDGs. Country level actions will be crucial in meeting the SDGs, but global efforts will also be essential to support these actions and address collective challenges. We support the focus and collaboration on FfD by the WBG, the IMF, and other multilateral development banks (MDBs), consistent with their mandates and areas of expertise. We also support a review of the role, scale, and effectiveness of existing MDBs to determine how they can scale up support for the implementation of the SDGs.

10. We note the "Zero Draft of the Outcome Document of the Third International Conference on Financing for Development" with its emphasis on the importance of leveraging various sources of public and private financing for development as a good starting point. We support the focus that is placed on investment in people and sustainable infrastructure, among others, which will be transformative for our countries if taken to scale. We stress that a robust FfD framework needs to be underpinned by collaborative efforts for sustained, inclusive growth that creates jobs, reduces poverty, and addresses inequality.

11. We underscore that domestic resource mobilization (DRM) is an important source of development financing. There is scope for enhancing tax revenues as well as improving the efficiency of public expenditures and developing domestic capital markets in ways that promote growth and equity. We call for increased global cooperation in addressing harmful tax practices that erode domestic resource bases in developing countries. We acknowledge the G20 and OECD initiatives on base erosion and profit shifting (BEPS) and the automatic exchange of information (AEoI). We welcome the continued efforts to engage with developing countries in the process of joining and implementing BEPS and AEoI, in ways that are meaningful and on equal footing, while taking into consideration the different levels of capacity and readiness across countries. We also welcome the recommendations of the High-Level Panel on Illicit Financial Flows from Africa that highlights the negative impact of outflows emanating from lawful but harmful cross-border practices, as well as illicit outflows due to corruption and criminal activities. We call for strong supportive actions and commitments by the international community to help countries curb these flows as well as to facilitate asset recovery and repatriation of funds to countries of origin.

12. ODA flows remain a key source of development finance and play an effective role as catalysts of private investment. We call on advanced economies to meet their ODA commitments and on all development partners to continue providing development assistance, with an increased share for the least developed countries and a focus on leveraging resources for greater impact. New sources of development financing should also be explored.

13. Climate change mitigation and adaptation is inherently related to the challenges of development, growth, poverty reduction, and sustainability. We underscore that, in line with commitments made, there should be adequate, new, and additional finance to assist developing countries, particularly those most vulnerable to climate change.

14. We stress the critical importance of infrastructure investments for increasing growth. We underscore the central role of the public sector in putting in place sound regulatory policies, project preparation, and management of contingent liabilities. Leveraging private finance for long-term investment, including for infrastructure, is crucial, and will require effective approaches and innovative instruments. MDBs need to play a greater role in supporting governments in their efforts to scale up investment in infrastructure. We look forward to the full implementation of the various financing and capacity building mechanisms underway in existing MDBs and ambitious efforts to increase their financing for infrastructure, while also crowding in private financing. In this regard, we also look forward to the operational launch of the New Development Bank and the establishment of the Asian Infrastructure Investment Bank.

15. We note the recent reform of the IMF's Debt Limits Policy, which recognizes that some low-income countries (LICs) need to tap external financial markets to complement limited concessional financing and domestic financial resources. We call for flexible implementation of this policy to take into account member countries' capabilities and needs while preserving evenhandedness. We emphasize that access to external financing, along with sound debt management and effective use of borrowed funds, should enable the

financing of productive investments. We welcome the Fund's extension, until December 2016, of the temporary waiver on interest rates applicable to the Poverty Reduction and Growth Trust.

16. We continue to call for urgent review and greater flexibility of the International Development Association's (IDA) non-concessional borrowing policy for LICs, taking into account their large financing needs as well as the changing landscape of global financing. We call for care and caution while considering any proposal to leverage IDA resources to raise debt to provide non-concessional loans to countries, as this may fundamentally alter the character of IDA and reduce availability of concessional funds to LICs.

17. In order to address incentives for holdout behavior that seriously undermines sovereign debt restructuring processes, we welcome the progress made in the work to strengthen the contractual framework for debt issuance, in particular regarding the reformed pari passu and collective action clauses at the IMF. Also, we recognize as positive the creation of the U.N. Ad Hoc Committee on Sovereign Debt Restructuring Processes, which will be reviewing this issue in coming months.

Reform and Governance of International Financial Institutions

18. We reiterate our deep disappointment with the lack of progress in implementing the IMF quota and governance reforms agreed to in 2010 and strongly urge the U.S. to complete ratification. This remains an impediment to IMF credibility, legitimacy, and effectiveness and has considerably delayed forward-looking commitments, namely, a new quota formula and the 15th General Review of Quotas. Implementing the 2010 reforms remains our key priority. Nevertheless, we believe that a decision to de-link quota reform from the Board reform amendment, which is the element of the 2010 reforms that requires ratification by the U.S. Congress, would be the preferred option in the interim, as it increases IMF resources and also realigns quotas to reflect the increased economic weight of EMDCs. The alternative option, interim ad hoc increases, can, if properly designed, achieve meaningful progress towards the shifts in representation under the 2010 reforms, although it would increase IMF quota resources only marginally. It is important that any interim measures be designed so as not to lower incentives to complete the 14th General Review of Quotas.

19. We call for the initiation of the work on the IMF 15th General Review of Quotas, including a new quota formula, without further delays so as to complete it by the December, 2015 deadline, as mandated under the Articles of Agreement. We reiterate our longstanding call for a third chair for Sub-Saharan Africa in the IMF Executive Board, provided this does not come at the expense of other EMDC chairs.

20. We reiterate our commitment to conclude the next World Bank shareholding review by no later than October, 2015, as agreed by our Governors in 2010, and call for a roadmap for this review. We stress that any future shareholding realignment formula must meaningfully increase the voting power of developing and transition countries and move towards equitable voting power, while protecting the voting power of the smallest poor countries.

21. We welcome progress made in implementing the reform agenda of the WBG, particularly in articulating a new country engagement model. We call on the Bank to further strengthen its operating model in order to enhance its relationship with clients and achieve greater development results. We welcome the ongoing World Bank reviews of safeguards and procurement policies, aimed at streamlining environmental and social safeguard policies and moving away from a one-size-fits-all procurement policy towards a fit-for-purpose policy. Furthermore, we appreciate the greater role envisaged for the use of national systems and we look forward to revised policies that recognize diversity among countries and promote capacity building. Going forward, we urge the Bank to remain responsive to the views of developing countries and to ensure that the new frameworks and their implementation serve to improve operational efficiency and enhance development results, without imposing undue burden on borrowers.

22. We continue to believe that the financing of the IFIs, particularly the WBG, should be based solely on countries' economic conditions without any political considerations.

23. We call for concrete efforts for greater representation of nationals from underrepresented regions and countries in the form of recruitment, career progression, and promotions to achieve balanced representation in the WBG and IMF. To that end, we reiterate the importance of staff diversity and gender balance at all levels, including diversity of educational institutions.

Other Matters

24. The next meeting of the G-24 Ministers is expected to take place on October 8, 2015 in Lima, Peru.

LIST OF PARTICIPANTS[1]

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their ninety-third meeting in Washington, D.C. on April 16, 2015 with Alain Bifani, Director-General of the Ministry of Finance of Lebanon in the Chair; Andres Escobar, Vice-Minister of Finance and Public Credit of Colombia as First Vice-Chair; and Sufian Ahmed, Minister of Finance of Ethiopia as Second Vice-Chair.

The meeting of the Ministers was preceded on April 15, 2015 by the one hundred and fifth meeting of the Deputies of the Group of Twenty-Four, with Alain Bifani, Director-General of the Ministry of Finance of Lebanon, as Chair.

African Group: Mohamed Djellab, Algeria; Nialé Kaba, Côte d'Ivoire; Mutombo Mwana Nyembo, Democratic Republic of Congo; Naglaa El Ehwany, Egypt; Sufian Ahmed, Ethiopia; Denis Meporewa, Gabon; Seth Terkper, Ghana; Ngozi Okonjb-Iweala, Nigeria; Nhlanhla Nene, South Africa.

Asian Group: Manoj Govil, India; Valiollah Seif, Islamic Republic of Iran; Talal Salman, Lebanon; Amin Lodhi, Pakistan; Roberto Tan, Philippines; Ravi Karunanayane, Sri Lanka; Hazem Beblawi, Syrian Arab Republic.

Latin American Group: Axel Kicillof, Argentina; Joaquim Levy, Brazil; Rodrigo Suescún, Colombia; Julio Suárez, Guatemala; Rodrigo Turrent, Mexico; Julio Velarde, Peru; Jwala Rambarran, Trinidad and Tobago; Luis Revero, Venezuela.

Observers: Abdulrahman Al Hamidy, Arab Monetary Fund; Shaolin Yang, China; Alvaro Hernandez, Ecuador; Hakan Tokac, G-20; Kingsley Mamabolo, G-77 Chair; Castel Charles, Haiti; Stephen Pursey, ILO; Jamel Zarrouk, IsDB; Mohamed Taamouti, Morocco; Suleiman Alherbish, OFID; Omar Abdul-Hamid, OPEC; Yuefen Li, South Centre; Mubarak Al Mansoori, United Arab Emirates; Mukhisa Kituyi, UNCTAD; Alexander Trepelkov, UNDESA; Inés Bústillo, UNECLAC;

Special Guests: Christine Lagarde, Managing Director, International Monetary Fund
Jim Yong Kim, President, World Bank

G-24 Secretariat: Marilou Uy, Natalia Speer, Rachael Holt, Shichao Zhou, Lana Bleik

IMF Secretariat for the G-24: Veronika Zavacka, Maria Guerra Bradford, Dalila Bendourou

[1] Persons who sat at the discussion table.