

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

**COMMUNIQUÉ  
APRIL 10, 2014**

1. We, the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, held our ninety-first meeting in Washington, D.C. on April 10, 2014 with H.E. Dr. Ashraf El Araby, Minister of Planning and International Cooperation of Egypt in the Chair; Mr. Alain Bifani, Director General of the Ministry of Finance of Lebanon as First Vice-Chair; and Luis Fernando Mejía, Director General of Macroeconomic Policy of the Ministry of Finance of Colombia as Second Vice-Chair.

**Global Economy and Implications for Developing Countries**

2. We are encouraged by the strengthening recovery in major advanced economies (AEs), but note that growth remains tepid and subject to considerable risk. We underscore that emerging market and developing country (EMDC) fundamentals remain generally strong and that EMDCs will continue to account for the bulk of global growth. Nevertheless, they have been impacted by the adverse cumulative effects of the difficult external environment and recent turbulence in financial markets. Despite this challenging environment, many low-income countries (LICs), notably in Sub Saharan Africa (SSA), have been able to maintain high growth momentum supported by generally sound policies. We are concerned by the challenges facing small developing states and fragile and conflict-affected countries, some of which remain highly indebted and vulnerable and face limited prospects for growth.

3. We remain highly concerned about the adverse impact of disruptive capital flow and exchange rate volatility resulting from the potentially abrupt changes in monetary policy in a few major AEs. We urge policymakers, especially in countries that issue reserve currencies, to pursue multilaterally coordinated actions to mitigate adverse spillover effects of monetary policy, including through effective communication. At the same time, AEs must do more to stimulate global demand and facilitate rebalancing. We believe that the IMF has a role to play in facilitating policy coordination and coherence at the multilateral level to navigate policy challenges. We also emphasize the necessity of ensuring that EMDCs have adequate access to financial safety nets, including from the international financial institutions (IFIs). We are particularly concerned about the unique challenges facing Arab countries in transition that have yet to receive the full support of the international community, and call for flexibility by the IFIs in dealing with these countries, in view of their political and socio-economic challenges. We call for additional resources to neighboring countries, in particular, Lebanon, which is facing a disproportionate impact from the influx of Syrian refugees.

4. We note that the economic outlook for EMDCs will be less favorable than in the past because of tighter financing conditions, geopolitical tensions, slower actual and lower potential growth than before the crisis in AEs, more moderate growth in trade and less buoyant commodity prices. Against this backdrop, we are committed to boosting domestic sources of growth and tapping opportunities for trade and investment amongst ourselves. In order to ensure that our countries are on a robust long-term growth path, we will pursue measures to boost productivity and accelerate structural transformation. We are also committed to taking a broad range of actions over the medium term to reduce poverty and inequality and increase social inclusion. We will focus, in particular, on creating more and better jobs by investing in skills and education and facilitating labor mobility.

### **Role and Reform of the IMF**

5. We are deeply disappointed that the IMF quota and governance reforms agreed to in 2010 have not yet come into effect due to non-ratification by its major shareholder. This represents a significant impediment to the credibility, legitimacy and effectiveness of the Fund and inhibits the ability to undertake further, necessary reforms and meet forward-looking commitments. We strongly believe that the IMF must remain a quota-based institution with adequate quota resources to play its systemic role on a sustainable basis. To this end, we feel that all options to sustain voice, representation and governance reforms should be considered. We continue to believe that the fundamental goal of quota and governance reform must be to reflect the underlying shifts in the global economy and enhance the voice and representation of EMDCs, including poor and small low- and middle-income countries. We reiterate our longstanding call for a third chair for SSA on the IMF Executive Board, provided it does not come at the expense of other EMDC chairs, and ask that all available options be explored.

6. We are concerned about the delayed completion of the review of the IMF's policy on debt limits. We urge the IMF to complete the review, with the aim of having in place a structured and unified debt limit framework for all countries, anchored in existing debt sustainability assessments. Given the large and critical financing needs in LICs, particularly for infrastructure, we emphasize the importance of adopting a flexible and non-intrusive operational framework. We are also closely following the litigation in U.S. courts between NML and Argentina and believe it has systemic relevance and potentially profound implications for all countries. Any resolution that incentivizes predatory holdout behavior would undermine the basic architecture for sovereign lending and debt resolution. Given the limited progress towards a comprehensive sovereign debt workout mechanism, EMDCs may have to take leadership in facilitating dialogue.

## **Role and Reform of the World Bank Group**

7. We take note of the major change initiatives and reforms underway in the World Bank Group (WBG). We strongly support the change agenda and repositioning of the organization as ‘One World Bank Group’, respecting the different nature of each institution. We call for an effective, timely approach to implementing this shift. As the reform process progresses, we stress the importance of ensuring continuity in the Bank’s ongoing programs and avoiding disruptive change. We trust that these reforms are strongly anchored in and guided by the ultimate objective of supporting clients by delivering customized development solutions backed by finance, knowledge and convening services. In order to attain this goal, the WBG must meet the financing, technical and advisory needs of clients in a more cost-effective, timely and less bureaucratic manner. We take note of the design of a new country engagement model, including the Country Partnership Framework and Systematic Country Diagnostic and stress that this must reinforce country ownership. In that regard, we welcome the strengthening of statistical capacity of client countries as one of the priorities of the WBG. We are concerned about the stalemate in the engagement of the WBG with some members and reiterate the importance of the WBG engaging with and providing support to all its members on the basis of its development mandate and without political considerations.

8. We are thankful for the timely replenishment of IDA in order to meet the immense needs of the poor and vulnerable. We note the efforts to improve the WBG’s lending capacity through better utilization of the balance sheet and measures to improve efficiency, as outlined in the expenditure review. We believe it will be important to monitor the impact of these proposals for unintended consequences, including on demand. If necessary, the proposals should be adjusted in order to ensure affordability and fair burden-sharing. We feel that a further capital increase should be considered in the long-run as a measure to ensure the balance of demand and supply in IBRD lending and the financial sustainability of the institution.

9. We also take note of the proposal to establish the Global Infrastructure Facility as a constructive contribution to overcoming the gaps and constraints in infrastructure financing and project development. The ultimate proposal must ensure adequate and broader participation of recipient countries and the availability of additional resources, together with sufficient flexibility to meet diverse infrastructure finance needs.

10. We underscore the need to remain committed to the implementation of the 2010 WBG shareholding reform as well as to the conclusion of the next shareholding review by no later than October 2015, as previously agreed.

11. We note the adverse effects of climate change and environmental degradation, particularly for poor, fragile and vulnerable countries, and recognize the importance of addressing shared global challenges. We welcome the progress on incorporating disaster and climate risk management into the WBG's development priorities and operations. We call for continued efforts to implement the recommendations of the Sendai report. We also call for an ambitious replenishment of the Global Environment Facility (GEF) in order to ensure it has adequate resources to meet its mandate.

### **Other Matters**

12. We reiterate the importance of staff diversity at all levels in enhancing the legitimacy and effectiveness of the IFIs, and call for further efforts to increase the share of staff from underrepresented regions, building on diversity initiatives.

13. The next meeting of the G-24 Ministers is expected to take place on October 9, 2014 in Washington, D.C.

## LIST OF PARTICIPANTS<sup>1</sup>

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their ninety-first meeting in Washington, D.C. on April 10, 2014 with H.E. Dr. Ashraf El Araby, Minister of Planning and International Cooperation of Egypt in the Chair; Mr. Alain Bifani, Director General of Finance of Lebanon, as First Vice-Chair; and Luis Fernando Mejía, Director Política Macroeconómica of Colombia, as Second Vice-Chair

The meeting of the Ministers was preceded on April 9, 2014 by the one hundred and third meeting of the Deputies of the Group of Twenty-Four, with Mr. Karim Wissa, Alternate Executive Director at the World Bank, as Chair.

**African Group:** Farid Tiaiba, Algeria; Nialé Kaba, Côte d'Ivoire; Mutombo Mwana Nyembo, Democratic Republic of Congo; A. Shakour Shaalan, Egypt; Sufian Ahmed Beker, Ethiopia; Christophe Akagha-Mba, Gabon; Seth E. Terkper, Ghana; Ngozi Okonjo-Iweala, Nigeria; Pravin Gordhan, South Africa.

**Asian Group:** Arvind Mayaram, India; Ali Taiebnia, Islamic Republic of Iran; Nada Mufarrij, Lebanon; Ma. Cyo Tũaño-Amador, Philippines; Sarath Amunugama, Sri Lanka; Maya Choueiri, Syrian Arab Republic.

**Latin American Group:** Axel Kicillof, Argentina; Carlos Cozende, Brazil; Maria A. Arbelaez, Colombia; Johnny Gramajo Maroquín, Guatemala; Fernando Aportela Rodríguez, Mexico; Julio Velarde, Peru; Larry Howai, Trinidad and Tobago; José Rojas, Venezuela.

**Observers:** Abdulrahman Alhamidi, Arab Monetary Fund; Ping Sun, China; Inés Bústillo, ECLAC; Alvaro Hernandez, Ecuador; Shamshad Akhtar, ESCAP; Steven Ciobo, G-20; Luis-Alberto Arce, G-77; Metellus Alfredfis, Haiti; Stephen Pursey, ILO; Mohamed Taamouti, Morocco; Suleiman Alherbish, OFID; Omar Abdul-Hamid, OPEC; Sulaiman Al-Turki, Saudi Arabia; Manuel F. Montes, South Centre; Sultan Alsuwaidi, United Arab Emirates; Petko Draganon, UNCTAD; Alexander Trepelkov, UNDESA.

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

**G-24 Secretariat:** Amar Bhattacharya, Marilou Uy, Analisa Bala, Rachael Holt, Regina Chengcheng Feng, Ndzouli Mendouga

**IMF Secretariat for the G-24:** Rosalind Mowatt, Veronika Zavačka, Dalila Bendourou

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<sup>1</sup> Persons who sat at the discussion table.