

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **GUY QUADEN**,
Governor of the Fund for **BELGIUM**,
at the Joint Annual Discussion

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First of all, I wish to thank Rodrigo de Rato for his inspired leadership. I would also like to welcome Robert Zoellick as President of the World Bank and Dominique Strauss-Kahn as Managing Director of the Fund.

The IMF faces a number of important challenges. I will talk about three of those challenges:

The first challenge is no doubt the most delicate one. The Fund has to find a way to connect with the new realities of a changed global environment. All members have a right to a fair and adequate representation in the IMF. I recognise that the current distribution of quotas and voting rights does not reflect the shifts in the global economy which have taken place over the last decades; therefore the calls for change are justified. Discussions over the past 13 months have shown that it is not easy to find a comprehensive solution. The often complicated technical details of the issue should not obscure the ultimate objective : a shift of actual quota shares to dynamic economies, while preserving and preferably enhancing the voting power of low income countries. For those who might have doubts : I am fully committed to this objective. Although a compromise has not yet been reached, I feel a lot of progress has been made and a solution is within reach.

Developing a new income and expenditure model is the second major challenge the IMF is facing. The Fund cannot continue to rely solely on the revenue generated by its lending activities. The report of the Committee of eminent persons represents an excellent basis for developing a new income model, broadening the Fund's income base in correspondence with the multiple tasks of the Fund.

We should however not limit this exercise to the income side, but also look at the Fund's expenditures, based on an analysis of what we view as the Fund's strategic priorities. The Fund must establish a costing framework, enabling it to calculate precisely the cost of the different elements of its mission. This will allow us, shareholders, to clearly indicate in what areas expenditures should be reduced.

The third challenge I want to mention here, is the need for the Fund to enhance the effectiveness of its surveillance. A candid but even-handed exercise of surveillance is crucial for the relevance and legitimacy of the Fund. With its recent decisions, the Executive Board has created the framework for a more focused and effective bilateral surveillance. The Fund should also design a similar framework to govern its multilateral surveillance.

Like the IMF, the World Bank Group is facing important challenges, particularly in defining the strategic directions for the coming years. In my view fair governance and anti-corruption principles must maintain a central place in the work of the World Bank Group. I share President Zoellick's vision on the Bank's objectives to work towards an inclusive and sustainable globalisation.

Tackling poverty remains the major strategic objective. Sub-Saharan Africa remains the region with the biggest needs and the most challenging environment to reduce poverty. In this context I would like to emphasize the important role of IDA as the premier development agency. Belgium supports a substantial IDA15 replenishment, which is crucial for our effort to reach the MDGs, re-emphasizing IDA's prominent role within the complex aid architecture.

The World Bank Group will also need to redefine its role in middle income countries, taking into account their specific needs. The World Bank Group's institutions need to formulate and implement joint strategies to assist this group of countries in realizing inclusive and sustainable growth with a particular emphasis on the poorest segments of society.

The Bank's active role regarding further integrating the regional and global public goods should be reinforced with the objective of demonstrating to individual countries that investments in these areas are in their own interest.

The triple objective of the Bank's energy policy remains more than ever important : providing low income countries with sufficient energy for growth, the transition to a low carbon environment and adapting to climate change.

The Bank's current business model is well adapted to face all those challenges. I can assure you, Mr. President, of my full cooperation in your important mission. Thank you for your attention.