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Statement by the Hon. **STEVEN VANACKERE**,
Governor of the Bank for **BELGIUM**

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Governor of the Bank for Belgium**

I thank the Japanese authorities and the people of Tokyo for hosting these annual meetings.

I would like to thank Mr. Bob Zoellick for the way he led the World Bank Group, and congratulate Dr. Jim Yong Kim with his appointment as the new President. We look forward to the impetus Dr. Kim will provide to this very important institution. Of course, also Christine Lagarde deserves our warmest thanks for the way she inspires the IMF. We count on the management and staff of both institutions during these challenging times for the world economy.

The persisting global economic and financial problems have emphasised the importance of the IMF and its role both in preventing and solving crisis situations. The scale and complexity of the challenges we face, notably in Europe, have a distinct influence on the relationship between the Fund and its members.

In Europe, we very much appreciate the role of the IMF in helping to solve our current problems. The cooperation between the IMF, as a global institution with its own tradition and views, and our regional European institutions, may seem to be a bit difficult from time to time, but is anyway fruitful.

Some question the financial support of the IMF to European countries. In my opinion, the IMF must be able and ready to lend financial support to every one of its members, regardless if the country is developing, emerging or advanced, as long as their appeal on the IMF is justified, and they are committed to make the necessary adjustments.

As a provider of financial support, the Fund needs adequate resources. To restore the quota as the Fund's main source of financial resources, the 14th general quota review, approved in 2010, must be implemented as soon as possible. A large number of countries have agreed to provide the Fund with an important amount of extra firepower, through temporary bilateral loans, for a total of US\$ 456 billion. These pledges are testimony of the importance of the Fund as a vehicle for international cooperation. My country will contribute 9.9 billion euro to this effort.

The 15th quota review should be completed by January 2014. Prior to this review, we need to deliver on our commitment to make the quota formula more simple and transparent. The formula should reflect the multiple purposes of quotas. Its outcome must receive broad approval, thus, extreme solution must be avoided in favour of a balanced compromise. To include the entire membership, the quota formula review process should

be anchored in the IMF's decision-making bodies, with a major role for the IMFC Deputies.

The outcome should be quotas which correctly reflect members' positions and stake in the world economy. It is important that the Fund has the legitimacy and credibility it needs to speak with authority and be a trusted advisor. All members should have a voice in the debate, through their voting rights and through their representation in the Board.

The implementation of the 2010 governance reform, which mainly concerns the composition and functioning of the Executive Board, goes a long way in improving that legitimacy. Belgium has accepted the quota increase and ratified the 7th Amendment of the Articles of Agreement. On the occasion of the 2012 General Election of Executive Directors, a new constituency including Belgium, the Netherlands, Luxembourg and twelve other countries is formed. Belgium and the Netherlands will nominate the Executive Director on an equal rotation basis. Belgium and the Netherlands, thus, each renounce 0.5 Executive Director position, thereby reducing by one the number of Executive Directors nominated by an advanced European country.

Fund credibility also depends on the way the Fund fulfils its role as trusted advisor. Surveillance must be comprehensive, but focused and reflected in concise reports to policy makers. Dialogue between the Fund and its members must be candid while reflecting readiness for open-minded discussions. Without this, surveillance would lack traction. High quality surveillance is a collective responsibility.

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In order to make the Bank Group more effective and efficient, I call on the President and the Board to set clear strategic directions for the Bank Group, to increase the synergy among its different organizations and to optimize its internal organization.

In the context of a rapidly changing world and of the increased complexity of the development cooperation architecture, the World Bank Group has demonstrated ability to engage in a business modernization process. It is now more flexible and responsive to the diverse needs of its client countries in their quest for inclusive growth and development. I encourage the President and the Management team to continue with the reform process, in cooperation with the Executive Board.

The World Bank should not dilute its environmental and social safeguards. These standards are key for sustainable development. The review of these safeguards should focus on improving the effectiveness of its policies and its procedures.

An important aspect and challenge of the inclusive growth agenda is the creation of more and better jobs. With its global presence and knowledge, the Bank could be more ambitious in spelling out how it will assist developing countries in creating an enabling

business environment and in preparing their employment strategy; a strategy which should be country-specific, more gender-focused and in which the private sector should play an important role.

The World Bank Group has been instrumental in helping developing countries address the consequences of the global and regional crises, including food crises and disasters. I appreciate the World Bank Group's continued attention to the ongoing food crisis, especially in the Sahel region. Various initiatives such as the Global Food Crisis Response Program and IDA's Crisis Response Window are good examples of the Bank's commitment to address hunger and malnutrition. I encourage the Bank to vigorously cooperate with other institutions and to look for regional solutions with a focus on rural development, agriculture and climate change, making countries and poor people more resilient for the future.

Finally, while some traditional donors are facing (temporary) budgetary problems, other donors have more potential. I believe that the IDA17 replenishment negotiations should be able to overcome this challenge and should look for ways to ensure IDA's financial sustainability in the long run, ensuring that the poorest countries are able to obtain needed financial resources, knowledge and capacity for designing and implementing their poverty reduction and growth strategies.