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In contrast to last year's meetings in Tokyo, this year's meetings take place amid more favourable financial and market conditions. Strong action and credible commitments by policy makers have been crucial to ward off global tail risks and calm financial markets. This was especially the case during the recent sovereign debt crisis in the euro area.

Yet global economic conditions remain subdued and the recovery remains fragile across regions. Many downside risks remain on the back of slower growth in key emerging market economies. It is encouraging that many of the advanced economies are now emerging from the recession. The early stages of the recovery however have yet to filter through to the labour market. In Europe unemployment is still unacceptably high. Decisive actions must continue to address structural weakness and maintain medium-term consolidation plans in order to sustain the recovery.

Despite a difficult global economic environment, during the past year the World Bank Group committed 53 billion US dollars in loans, grants, equity investments, and guarantees to help promote economic growth, increase shares prosperity, and fight extreme poverty in developing countries. Moreover the Bank is also helping countries build resilience to external shocks associated with market volatility and natural disasters by facilitating access to market-based risk management tools and capital market solutions.

On its part, the IMF has continued to be at the forefront in mobilising resources, making funds available to countries with balance of payments needs. As the sovereign crisis in Europe escalated in 2012 and the adequacy of IMF resources was put into question, IMF members committed to increase the Fund's temporary resources by around 461 billion US dollars. As part of this global initiative, a number of European countries have already concluded agreements to provide bilateral loans to the Fund's General Resources Account.

Malta has made available €260 million to the IMF through a bilateral loan agreement signed by the Authorities earlier this year. The Fund's global membership must now deliver on their respective pledges.

Concurrently, regional initiatives in Europe and elsewhere have played a key role in crisis prevention and resolution. The recent experience in Europe showed that collaboration between the IMF and regional financial arrangements resulted in significant added value for all parties involved. In this regard, as part of the IMF's efforts to further strengthen global financial safety nets**,** the Fund must continue to assess the possibilities of enhancing its collaboration with regional financial arrangements, with each party respecting the other's mandate and relative strengths.

There is a broad consensus among its membership that the Fund remains a quota-based institution. It is recalled that the agreement by the Board of Governors in 2010 on 14th Review will result in a doubling of quotas. Thus the conclusion of the 2010 Quota and Governance reforms is critical to the credibility, legitimacy and effectiveness of the institution. In this regard all EU member states and other countries have already successfully concluded the ratification of both reforms. All other member countries must complete the process as soon as possible.

The completion of the 2010 reforms will facilitate the discussions on the review of the quota formula and 15th General Review, for their timely conclusion by January 2014. Within the integrated approach, it is essential to the discussion process that no individual element is discussed in isolation from the broader context of the quota review. It is emphasised that GDP and Openness should remain the main variables of the quota formula as they best reflect the Fund's mandate. Moreover, the role of openness in the quota formula is crucial as it reflects interconnectedness and the stake of countries in the global economy. On the 15th General Review, discussions should be based on a medium to long-term need for IMF resources following the implementation of the 2010 reforms. All these discussions within the integrated approach should be conducted in IMF bodies where the whole membership of the IMF is represented.

The ongoing efforts by the IMF to bolster lending to low income countries are essential, given the scarcity of their resources. The set of measures taken by the Fund in this regard should continue to be supported. These include the decision to allocate the remaining portion of the windfall gold sales profits as subsidy contributions to the Poverty Reduction and Growth Trust (PRGT), the refinement of its lending instruments and the postponement of the review of its interest rates.

In support of low income countries, in November, Malta confirmed its willingness to transfer its share of the final distribution of windfall profits from IMF gold sales to the Fund's PRGT General Subsidy Account.

A pivotal role within the Fund's mandate is surveillance. Particularly in this respect are the set of improvements that resulted in the Integrated Surveillance Decision, which became effective earlier this year. The Fund has continued to work on the spillover and the pilot external sector reports which are invaluable additions to the IMF's multilateral surveillance. Also within its mandate, the Fund regularly monitors and assesses capital flows, their transmission channels and implications for other countries. In this context, the transposition of its institutional view on capital flows into general policy advice was essential in order to ensure clear and consistent guidance on capital flows and policies.

Meanwhile the coverage of financial sector issues and macro-financial linkages is being clarified and improved through the Fund's Financial Surveillance Strategy. There is the need to enhance the Fund's financial surveillance through close collaboration with the Financial Stability Board. There is support for strengthening the IMF's debt sustainability analysis as reflected in the Fund's updated note on this issue.

However, the Fund lacks sufficient traction on its policy advice to its members. There is perhaps scope for further work in this sense and it is recommended that the Fund follows up on its policy advice and that there is a strong engagement by the respective authorities.

Malta will continue to strongly support the World Bank and the IMF as they continue to undertake their mandates in a difficult and challenging environment. Thank you for your attention.