



IMF Managing Director Rodrigo de Rato and World Bank President Paul Wolfowitz Welcome Report on Enhancing IMF-World Bank Cooperation

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Rodrigo de Rato, Managing Director of the International Monetary Fund (IMF), and Paul Wolfowitz, President of the World Bank Group, today welcomed the report by the External Review Committee on IMF-World Bank Collaboration, saying they endorsed the positive message that close cooperation between the two institutions is key to delivering services more effectively and efficiently to their 185 member countries, as past and present efforts have proven.

The Committee's Chairman, Pedro Malan, Chairman of the Board of Unibanco and a former Minister of Finance of Brazil, and Committee member William McDonough, Vice Chairman of Merrill Lynch and a former President of the Federal Reserve Bank of New York, today presented, on behalf of the entire Committee, their findings and recommendations to the Executive Boards of the IMF and World Bank Group in a joint informal briefing.

Messrs. de Rato and Wolfowitz expressed their deep appreciation to the Review Committee for its vital contribution "to helping improve the collaboration between our institutions, which is to the benefit of our entire memberships and the global community." They said, "the time, energy, and experience devoted by the Committee are clearly evident in the high quality of this report. The Committee's findings and recommendations provide a solid foundation upon which, we, our Boards, and our shareholders can continue to build. We will be guided by your report as we work with our membership to reach broad consensus on how to enhance further Bank-Fund collaboration."

Mr. Malan said the Bank and Fund are the only two international financial institutions with near universal membership. They have an important role to play in providing global public goods and in helping countries obtain the benefits of globalization, as well as handle the pressures it creates. While the Bank and Fund have separate mandates, they are inherently linked and close collaboration is vital. Indeed, the costs to members of poor collaboration would be significant. Although there are many examples of good collaboration and there have been clear improvements over the years, there is scope for further improvements in the view of the Committee. "We in the Committee feel that the Fund and the Bank are remarkable institutions," Mr. Malan noted. "We have confidence in their ability to continue to rise to the challenges posed by an ever changing world environment, and we are deeply convinced of the importance of further improvements in Bank/Fund collaboration."

The report's main recommendations are to:

- Strengthen the culture of collaboration by having the Bank and Fund Governors, Executive Boards and management set good examples for the staffs, and creating a standing Bank-Fund Board working group to actively promote and monitor collaboration;
- Promote staff exchanges between the two institutions;
- Develop a new "Understanding on Collaboration"—a high-level framework—approved by both Boards of Governors;
- Strengthen cooperation on crisis management;
- Improve integration and harmonization of work on fiscal issues;
- Clarify the Fund's role in low-income countries;
- Continue to improve collaboration on financial sector issues, with the Fund taking the lead where there are significant domestic or global stability issues, and the Bank where financial sector development issues are paramount;

- Better coordinate the delivery of technical cooperation, avoiding "distortions" in either the demand or delivery, and being responsive to the needs of the countries;
- Make procedural changes to be more flexible in mobilizing resources and services for member countries;
- Monitor progress of collaboration by having management of the institutions report periodically to their Boards and to their Governors.

In March 2006, Mr. de Rato and Mr. Wolfowitz created the Fund-Bank Review Committee, which comprised the Committee's Chairman, Pedro Malan, Chairman of the Board of Unibanco and a former Minister of Finance of Brazil; Michael Callaghan, Executive Director of the Australian Treasury's Revenue group and a former IMF Executive Director; Caio Koch-Weser, Vice Chairman of Deutsche Bank, Germany's former Deputy Finance Minister and a former World Bank Managing Director; William McDonough, Vice Chairman of Merrill Lynch and a former President of the Federal Reserve Bank of New York; Sri Mulyani Indrawati, Indonesia's Minister of Finance and a former IMF Executive Director; and Ngozi Okonjo-Iweala, Nigeria's former Foreign and Finance Minister, and a former Vice President and corporate Secretary of the World Bank Group.

Contacts:

IMF: William Murray (202) 623-7064

wmurray@imf.org

World Bank: Alejandra Viveros (202) 473-4306 aviveros@worldbank.org

IMF EXTERNAL RELATIONS DEPARTMENT

Public Affairs

Media Relations

Phone: 202-623-7300

Phone: 202-623-7100

Fax: 202-623-6278

Fax: 202-623-6772