Appendix III
Press communiqués of the International Monetary and Financial Committee and the Development Committee

Development Committee Communiqué
Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries
Tokyo, Japan
October 13, 2012

1. The Development Committee met today, October 13, 2012, in Tokyo.

2. The global economy remains vulnerable. Challenges persist in many developed economies, while growth is slowing in major emerging economies that have been important sources of global economic dynamism in recent years. We recognize the measures taken by many member countries to support growth, while acknowledging the need for continued fiscal, financial and structural efforts. We reiterate our commitment to taking decisive actions to promote growth and development, to continued support for an open global economy and to meeting our pledges of development assistance. We reaffirm our commitment to achieving the Millennium Development Goals and encourage the World Bank Group (WBG) to contribute actively to the post-2015 development framework. We welcome the recent decision by the International Monetary Fund (IMF) to put its concessional lending facilities on a self-sustained footing, using the windfall profits from sales of gold.

3. Recent financial crises mean fewer jobs where millions are needed. Jobs are engines of poverty reduction and empower people, especially women and young adults. Jobs have the potential to drive the transformation that leads to sustainable development and social cohesion. The WBG *2013 World Development Report on Jobs* highlights that there is no magic formula for creating jobs and the mix of job enabling policies will differ between countries. The private sector generates most jobs, but the public sector also has an important role to play. The WBG must continue to help countries strengthen the enabling environment for job creation given their specific challenges, and the role of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency will be especially crucial in supporting the private sector, including through innovative initiatives. We encourage the WBG, in partnership with member countries and other stakeholders, to build on its cross-cutting analytical and policy work around jobs and to share this knowledge.

4. Gender equality is smart economics and a key factor in poverty reduction. We welcome progress made by the WBG in implementing its gender equality agenda, although much remains

to be done. We are encouraged that all country strategies discussed in the past year are gender-informed. We urge the WBG to sustain the momentum to support client countries' efforts, especially where gender inequality persists, and to report on further progress in one year.

5. We thank the Government of Japan for hosting these Annual Meetings as well as the Sendai Dialogue. Natural disasters can be a serious impediment to poverty reduction and affect poor and vulnerable people the most, and their impact is on the rise. We thank Japan for sharing lessons from its experience of disaster risk management, and welcome the *Sendai Report: Managing Disaster Risks for a Resilient Future*. Disaster risk management is often less costly, in financial and human terms, than disaster relief and response. Recognizing that disaster risk management and adaptation to climate change are collaborative efforts, we call on the WBG to integrate them into its work with client countries, while continuing to play a major role in supporting effective responses and reconstruction operations, when disasters do occur.

6. Food security and food price volatility remain persistent threats to development and merit continued attention. We are troubled by the acute humanitarian emergency in the Sahel region where hunger threatens the lives of 19 million people and the stability of the region. We call on the WBG to accelerate work with other multilateral agencies and donors on a comprehensive regional approach to develop and scale up solutions to enable the Sahel region to permanently escape the cycle of emergency aid, and reach a more resilient and sustainable future in the medium term. Over the longer term, mechanisms such as the Global Agriculture and Food Security Program, agricultural research, infrastructure investments and south-south learning will reduce vulnerabilities. The IMF should continue to provide prompt balance of payments financing where needed.

7. We also encourage the WBG to increase its effectiveness in fragile states and align the development objectives of its country programs to the specific challenges member countries face. We welcome the renewed focus on recruiting and supporting talented staff to serve in these difficult environments. We are pleased to see that the IFC has increased its activities in fragile states.

8. Following the discussions at Rio+20, the Ministerial Dialogue on Sustainable Development sharpened our focus on sustainability and allowed us to exchange views about the effective use of policies to support inclusive green growth and how to pursue better measures of growth and welfare. We call on the WBG to provide support to countries that want to use natural capital accounting to help chart their next phase of growth. We are encouraged that the WBG-supported Global Partnership for Oceans has attracted new members and created a sense of urgency about the need for action to restore oceans to productive health and for sustainable aquaculture.

9. We welcome Dr. Jim Yong Kim as the new President of the WBG and value his strong commitment to focus on how the Group can further accelerate progress towards our core mission of eradicating poverty and boosting shared prosperity. We support his vision of a WBG

that focuses on impact, provides evidence-based assistance with integrated development solutions to its member countries, and promotes global public goods. We look forward to an update at the Spring Meetings on the implementation of the modernization agenda and the next steps toward a more results-oriented, knowledge-based, open, transparent, and accountable WBG which can help deliver transformative change for client countries. To help facilitate this, we support a cultural shift to focus further on results and implementation, backed by the necessary human resources reforms and stronger leverage of WBG synergies.

10. The next Development Committee meeting is scheduled for April 20, 2013, in Washington DC.

Communiqué of the Twenty-Sixth Meeting of the International Financial and Monetary Committee

Chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and Minister for Finance
Tokyo, Japan
October 13, 2012

Global growth has decelerated and substantial uncertainties and downside risks remain. Key policy steps have been announced, but effective and timely implementation is critical to rebuild confidence. We need to act decisively to break negative feedback loops and restore the global economy to a path of strong, sustainable and balanced growth. Advanced economies should deliver the necessary structural reforms and implement credible fiscal plans. Emerging market economies should preserve or use policy flexibility as appropriate to facilitate a response to adverse shocks and support growth.

Advanced economies. There is a need to secure a sustained recovery from the crisis. Further monetary easing has created more accommodative financial conditions. The implementation of credible medium-term fiscal consolidation plans remains critical in many advanced economies. Fiscal policy should be appropriately calibrated to be as growth-friendly as possible. In the euro area, significant progress has been made. The ECB's decision on Outright Monetary Transactions and the launch of the European Stability Mechanism are welcome. But further steps are necessary. We look forward to timely implementation of an effective banking and a stronger fiscal union to strengthen the monetary union's resilience, and structural reforms to boost growth and employment at the national level. In the United States, resolving the fiscal cliff, raising the debt ceiling, and making progress toward a comprehensive plan to ensure fiscal sustainability are essential. In Japan, securing funding for this year's budget and further progress in medium-term fiscal consolidation are needed.

Emerging market and developing countries. Activity is slowing in emerging market and developing economies, reflecting weaker external and domestic demand and, in some cases, policy tightening to address inflationary pressures. Risks are compounded for some countries by falling prices for non-food commodities and upward price pressures on some food items. These economies will need to ensure flexibility in policy implementation to support growth, consistent with global rebalancing. The potential impact from large and volatile cross-border capital flows should be closely monitored. The Fund has increased its support for Arab countries in transition and continues to work with these authorities as they develop home-grown national reform strategies to deliver inclusive growth and jobs. We call on the international community to provide broader support for this region. We welcome the increased engagement of the IMF with small states and look forward to further work in this area.

Low-income countries. While growth remains buoyant in most low-income countries, fiscal and reserve positions have weakened and buffers need to be restored. In the near term, the Fund is adequately resourced to provide additional financial support to low-income countries, should the need arise. We welcome the IMF Executive Board's decision on the use of US$2.7 billion in remaining windfall gold sales profits as part of a strategy to ensure the long-term sustainability of the Fund's concessional financing facilities. This comes on top of the receipt of the assurances needed for the use of US$1.1 billion in resources linked to gold sales profits to bolster PRGT resources in the near term. We call on members to expedite the unlocking of this financing.

Global Policy Agenda. We welcome the directions set forth in the Managing Director's Global Policy Agenda and share its emphasis on the need to address the current crisis and build a strong foundation for future growth. Policies for jobs and growth, debt sustainability, repair of financial systems, and reducing global imbalances are key priorities. We will review progress on implementing these measures at our next meeting. We are committed to strengthening domestic sources of growth in surplus economies, boosting national savings while enhancing export competitiveness in deficit countries, and fostering greater exchange rate flexibility, where appropriate. We reaffirm our commitment to avoid any form of trade and investment protectionism.

Surveillance. We welcome the strengthening of the IMF's surveillance framework through the adoption of a new Integrated Surveillance Decision, a Financial Surveillance Strategy as well as the launch of a pilot External Sector Report. These initiatives will bring together bilateral and multilateral perspectives in the Fund's policy advice and support better assessment of global and country-level risks and spillovers to economic and financial stability. We look forward to the evenhanded and effective implementation of the strengthened surveillance framework and will assess progress at the next Annual Meetings.

Resources. Members have significantly augmented Fund resources. Pledges have been received from more members since April to increase the borrowed resources available to the Fund by US$461 billion. We welcome the signing of the first batch of bilateral borrowing agreements and encourage the conclusion of the remaining borrowing agreements soon.

2010 Quota and Governance Reforms. We have made considerable progress in ratifying the 2010 quota and governance reforms. Most of the conditions required for the entry into force of the reforms have been achieved. We reaffirm the urgency of making these important reforms effective and call on members who have yet to complete the necessary steps to do so.

Quota Formula Review. The comprehensive review of the quota formula is well underway. The key issues and differences have been clearly identified. We call on the membership to develop the consensus needed through further engagement of the IMF Executive Board, with input from the IMFC Deputies after their meeting in December, to complete the review by January 2013. We reaffirm our commitment to conclude the Fifteenth General Review of Quotas by January 2014.

IMFC meeting. We would like to express our gratitude to the government of Japan for hosting these meetings. The next IMFC meeting will be held in Washington D.C. on April 19-20, 2013.

Attendance can be found at http://www.imf.org/external/am/2012/imfc/attendees/index.htm

Development Committee Communiqué
Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries
Washington, DC
April 20, 2013

1. The Development Committee met today, April 20, 2013, in Washington, DC.

2. Sustained economic growth in developing countries over the past decade has resulted in the achievement of the first Millennium Development Goal (MDG), to halve extreme poverty by 2015, well ahead of schedule. We remain strongly committed to the MDGs and we call on the World Bank Group (WBG) to scale up its efforts to support countries in reaching the MDG targets and to participate actively in setting an ambitious post-2015 agenda.

3. Significant global challenges remain. While the outlook for developing economies is promising and downside risks have diminished in the short-run, global macroeconomic stability is not yet restored, unemployment is still high, and food prices continue to be volatile and to bear down on the poorest. Conflicts and poor governance hinder development in many regions, and climate change and natural disasters put social and economic achievements at risk. Meeting these challenges requires successful domestic policy responses, international cooperation and effective international institutions.

4. A world free of poverty remains the WBG's overarching mission. We support the development of a unified WBG Strategy that will relentlessly focus its activities and resources on fulfilling its mission. We therefore welcome the paper, *A Common Vision for the World Bank Group*, and we look forward to discussing the upcoming WBG Strategy at this year's Annual Meetings. We also welcome the change process outlined to support the WBG Strategy, building on the ongoing reform initiatives and the five building blocks, the measurable goals, and the incorporation of the science of delivery and evidence-based approaches. The Strategy should help the WBG maximize its impact, be more selective, and ensure its financial sustainability.

5. We believe that we have a historic opportunity to end extreme poverty within a generation and we endorse the WBG goal set out in this regard. The global target of reducing the extreme poverty rate - the percentage of people living on less than $1.25 a day - to 3 percent by 2030, is ambitious. Achieving this goal will require strong growth across the developing world, as well as translation of growth into poverty reduction to an extent not seen before in many low income countries. It will also require overcoming institutional and governance challenges, and investing in infrastructure and in agricultural productivity. We call on the WBG to remain committed to all client countries, paying special attention to countries and regions with the highest incidence of poverty and to Fragile and Conflict-Affected Situations (FCS), as well as to the particular challenges facing small states.

6. We equally endorse the WBG goal to promote shared prosperity, which will entail fostering income growth of the bottom 40 percent of the population in every country. We recognize that sustained economic growth needs a reduction in inequality. Investments that create opportunities for all citizens and promote gender equality are an important end in their own right, as well as being integral to creating prosperity. Shared prosperity also means focusing on those who, although not currently poor, are vulnerable to falling into poverty.

7. The goals of ending extreme poverty and promoting shared prosperity must be achieved in an environmentally, socially and economically sustainable manner. Climate change deserves special attention in this context. We welcome the WBG's commitment to work with the international community to improve the indicators related to environmental sustainability. The welfare of current and future generations requires securing the future of our planet, ensuring social inclusion, and limiting the economic debt inherited by future generations.

8. The International Development Association (IDA) is of critical importance to the WBG's mission. We welcome IDA17's overarching theme of maximizing development impact, including by further leveraging synergies with the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), as well as its focus on inclusive growth, gender equality, FCS, and climate resilience, including disaster risk management. We call for a robust IDA17 replenishment with strong participation from all members.

9. We welcome the contribution of the private sector to growth and job creation. Private investment flows have grown as sources of development finance and are a key factor in achieving our goals. With a proper enabling environment, adequate infrastructure, and policies that promote competition, entrepreneurship and job creation, the private sector can support shared prosperity and offer real opportunities to all citizens, especially women and young adults. We strongly value the mandate of IFC and MIGA in supporting the development of a dynamic private sector and encourage the WBG to adopt a group wide approach to leverage its development impact.

10. The Third Ministerial Dialogue on Sustainable Development provided an opportunity to sharpen our focus on sustainability within the broader perspective of poverty reduction. We encourage the WBG and the International Monetary Fund (IMF) to provide support to countries that want to catalyze low-carbon growth and climate resilience in cities; scale up efforts towards climate-smart agriculture; and rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, with due regard to affordability of energy for the poor.

11. In the last two decades, the number of people living in urban settlements rose from 1.5 billion to 3.6 billion. Many live in areas exposed to disasters and climate risks, which poses an urgent and direct threat to development efforts. We welcome the *Global Monitoring Report*'s findings and recommendations. Urbanization must be managed effectively so slums do not overwhelm cities, exacerbate urban poverty, and derail MDG achievements. We also support

disaster risk management and climate change adaptation as sound investments that should be integrated into the WBG's work. We look forward to a progress report on the implementation of the recommendations of *The Sendai Report: Managing Disaster Risks for a Resilient Future* at the next Spring Meetings.

12. We are concerned by the continued deterioration of living conditions in the Sahel and the Horn of Africa, which threatens the stability and the development prospects of these regions. We call on the WBG to assist countries to escape permanent crisis cycles by deepening its commitments on infrastructure, job creation, social reintegration, agricultural production and food security. We also encourage the WBG and the IMF to remain actively involved in MENA countries, especially supporting policy reforms. We welcome the new phase of the partnership with Myanmar and urge the WBG and the IMF to offer strong support in accelerating sustainable growth and shared prosperity. We also call on the WBG to foster regional integration and, where appropriate, to support regional projects.

13. The next meeting of the Development Committee is scheduled for October 12, 2013 in Washington, DC.

Communiqué of the Twenty-Seventh Meeting of the International Monetary and Financial Committee

Chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and Minister for Finance
Washington, DC
April 20, 2013

Policy actions have defused key short-term risks. An uneven recovery is emerging but growth and job creation are still too weak. New risks are arising while several old risks remain. We need to act decisively to nurture a sustainable recovery and restore the resilience of the global economy. Financial sector repair and reform remain a priority. Advanced economies need to balance supporting domestic demand with reforms to tackle structural weaknesses that weigh on growth, while implementing credible fiscal plans. Emerging market and developing economies that are experiencing relatively high growth should begin to rebuild policy space while those exposed to volatile capital flows should avoid financial vulnerabilities. We welcome the directions set forth in the Managing Director's Global Policy Agenda.

Advanced economies. A moderate and steady private sector-led recovery is in the making in the United States, while Japan has stepped up efforts to combat deflation. Growth in the euro area as a whole has yet to materialize. Continued progress in improving public finances is essential in most advanced economies. Where country circumstances allow, fiscal policies should avoid pro-cyclicality, focus on structural balances, and let automatic stabilizers operate fully to support growth. Credible medium-term fiscal consolidation plans remain crucial, in particular for the United States and Japan. Accommodative monetary policy is still needed to help bolster growth but needs to be accompanied by credible medium-term fiscal consolidation plans and stronger progress on financial sector and structural reforms. This will also help contain any potential impacts of monetary easing on capital flows and exchange rates. Eventual exit from monetary expansion will need to be carefully managed and clearly communicated. In the euro area, further progress in repairing bank balance sheets and reducing financial fragmentation is crucial. Structural reforms to boost productivity and employment need to continue. Further tangible progress is needed on core elements of an effective banking union and a stronger fiscal union, to strengthen the resilience of the monetary union.

Emerging market and developing countries. With activity picking up, policies should be recalibrated to rebuild buffers and guard against financial vulnerabilities. When dealing with macroeconomic or financial stability risks arising from large and volatile capital flows, macroeconomic policy adjustment could be supported by prudential measures and, as appropriate, capital flow management measures. Such measures should not, however, substitute for warranted macroeconomic adjustment. We note the Fund's increased support for Arab countries in transition and welcome the bilateral support thus far. More needs to be done by the Fund and the wider membership to support countries undertaking difficult reforms. We also welcome the Fund's strengthened engagement with small states to better reflect their needs in program design and technical assistance.

Low-income countries. Continued robust growth in many low-income countries provides room for replenishing policy buffers while addressing pressing infrastructure and social needs, including targeted support to the poor through subsidy reform. We note recent changes to the Fund's facilities for low-income countries and the temporary extension of the zero interest rate. We urge members to unlock the financing necessary to ensure the self-sustainability of the Fund's concessional lending, following the 2012 decision on gold sale windfall profits. We call on the Fund to closely monitor the sustainability of the PRGT in relation to the needs of low-income countries. We also look forward to the finalization of the review of the debt limits policy in Fund-supported programs.

Restoring resilience. We welcome the work of the Fund on jobs and growth as a basis for tailored policy advice, in collaboration with other organizations. Reforms to put debt on a sustainable trajectory are critical. We call on the Fund to draw lessons from experiences of dealing with high debt. Renewed commitment to implement financial reforms is needed. We stress the important role of the Fund's Financial Surveillance Strategy in moving this agenda forward, including assessing the global impact of regulatory reforms. Further progress should be made on closing data gaps. Global imbalances have continued to narrow, but more needs to be done to reduce the structural sources of these imbalances. To support rebalancing, deficit countries must continue to raise national saving and surplus economies must boost domestic sources of growth. In addition, fiscal and structural reforms, supported by greater exchange rate flexibility where appropriate, are needed to ensure that the correction continues. We affirm our commitment to refrain from competitive devaluations and any form of trade and investment protectionism. Fighting tax evasion is critical to help strengthen fiscal resilience of all our member states. In this regard, we are determined to promote transparency in the tax, anti-money laundering and counter-financing of terrorism areas.

IMF surveillance. Evenhanded and effective implementation of the strengthened surveillance framework is necessary to improve the integration of multilateral perspectives in bilateral surveillance and the Fund's analysis of risks and spillovers. We welcome the Integrated Surveillance Decision, the outcome of the Fund's work on capital flows, the pilot External Sector Report, and the Spillover Report. We look forward to the upcoming review of transparency policy. We call for further analysis of the impact of unconventional monetary policy on capital flows and asset and commodity prices, the role of capital flows in driving exchange rates, and global liquidity.

Governance reforms. We urge members who have yet to complete the necessary steps to ratify the 2010 reforms to do so without delay. We remain committed to complete the reform of the Fund's quota and governance structure, which is key to its credibility, legitimacy, and effectiveness. We will integrate work on a new quota formula with work on the Fifteenth

General Review of Quotas. The quota formula should be simple and transparent, consistent with the multiple roles of quotas, produce results that are broadly acceptable to the membership, and be feasible to implement statistically based on timely, high quality and widely available data. We urge the Executive Board to agree on a new quota formula as part of the Fifteenth General Review of Quotas. Any realignment is expected to result in increases in the quota shares of dynamic economies in line with their relative positions in the world economy, and hence likely in the share of emerging market and developing countries as a whole. Steps shall be taken to protect the voice and representation of the poorest members. We reaffirm our commitment to complete the Fifteenth Review by January 2014.

We welcome the conclusions of the second external evaluation of the Independent Evaluation Office and look forward to the implementation of its recommendations.

Next IMFC meeting. Our next meeting will be held in Washington, D.C. on October 11–12, 2013.

Attendance can be found at:
http://www.imf.org/external/spring/2013/imfc/attendees/index.htm