

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

J

INTERNATIONAL MONETARY FUND

Press Release No. 26

October 22, 2007

---

Statement by the Hon. **DAVID VEGARA FIGUERAS**,  
Alternate Governor of the Bank for **SPAIN**,  
at the Joint Annual Discussion



**Statement by the Hon. David Vegara Figueras,  
Alternate Governor of the Bank for Spain,  
at the Joint Annual Discussion**

**(1. Salutations)**

Mr. Chaiman,  
Fellow Governors,  
Ladies and gentlemen,

Let me start by greeting a warm farewell and wishing the best to the current IMF Managing Director, Mr. De Rato, to whom we should credit his leadership in setting the ground for IMF reform. We look forward to continuing working in this fundamental process with the next Managing Director, Mr. Strauss-Kahn, as well as with Mr. Zoellick, who attends his first Annual Meetings.

**(2. World Economic Outlook)**

In spite of the recent financial turmoil, the world economy has continued to grow at a very significant rate in 2007, keeping a pace of around 5%. It is particularly relevant that the main impulse has come from emerging markets as a consequence of the implementation of sound macroeconomic policies, which is excellent news.

**(Risks and recent developments in financial markets)** In this generally favourable context, we are also observing that, while financial innovation contributes to the efficiency of financial markets, it also poses new challenges for regulatory and supervisory authorities. In this regard, the European Ministers of Finance have recently agreed on a road map aimed at reinforcing transparency, improving valuation standards and reinforcing prudential surveillance. With all necessary prudence, we are confident that the implementation of this road map, jointly with the soundness of the financial sector and the solid base of economic growth will overcome the current situation.

**(Global imbalances)** Along with the recent financial turbulences, there still remain some global imbalances, whose adjustment should occur in an orderly way in all areas involved. The weight of the adjustment should not rely solely on the euro exchange rate, as the multilateral consultations have rightly concluded.

**(Spanish economy)** As far as Spain is concerned, our outlook is that we will end up the current year growing at a rate close to 3.8%. Moreover, the composition of growth provides a solid base to face the new international environment. Our financial sector is sturdy, profitable, solvent and highly endowed for risk. In the next quarters we expect a soft slowdown, in synchrony with the world economy, but maintaining the strong growth pattern of the latest years. We trust in the capacity of the Spanish economy to withstand

the current uncertainties, supported additionally on our firm commitment to a prudent fiscal policy and on an economic policy oriented towards productivity gains.

### **(3. IMF: Medium term strategy)**

**(IMF's role and relevance)** Focusing now on the IMF agenda, firstly I would like to underline the IMF's essential role in maintaining international economy's stability. The IMF's relevance cannot only be measured by the amount of outstanding credits but also by its vital nature of coordination forum and its importance as supervisor.

**(Quota and voice reform)** In this context, quota and voice reform is essential to reinforce the IMF's legitimacy. The current distribution of quotas does not reflect the current economic situation of its members. This is the problem we agreed to solve in Singapore one year ago and this is why the IMF can not afford a deadlock in this process.

We have made some progress on some technical issues in the last year, but we have now reached the moment of commitment and decision-taking. There are valid and balanced technical options and I therefore encourage all members to take up our joint responsibility and commit ourselves to find a solution within the timeframe established.

**(Other reforms)** Fortunately, there have been some improvements in other areas. We welcome the important steps taken in Surveillance reform, particularly the recent 2007 Decision. We also look forward to implementing other necessary reforms, such as improving the equity and stability of IMF's finances, and setting up a new liquidity instrument.

### **(4. World Bank)**

We are extremely pleased to acknowledge that the World Bank Group has successfully overcome the institutional crisis it faced some months ago. The challenges ahead should be seen as a tremendous opportunity for the Bank both to better respond to the needs of its clients in the fight against poverty and inequality, and to effectively contribute to reaching the MDGs.

**(Strategy)** Spain shares the view that the basic pillar of the Bank's strategy should be inclusive and sustainable development. In the process of elaboration of the strategy, some key aspects will have to be kept in mind: flexibility, permanence, consensus, coordination, financial sustainability and impact on the Bank's organisational structure.

In addition, in the long run, we must be aware that around two thirds of the population fighting poverty will live in middle income countries. How the Bank adjusts and reshapes its engagement with these countries will become key to its future relevance.

**(International Development Association, IDA)** Although we have seen progress in terms of growth and poverty alleviation in poorer countries, we are still far from reaching the MDGs, particularly in Africa. We believe there is an urgent need to accelerate and step up our joint actions, which calls for a successful replenishment of IDA. In the growingly complex aid architecture, IDA plays a pivotal role in delivering aid to poorer countries. Spain would like to restate its commitment to the Institution and encourage other donors, including new and emerging donors, to act likewise.

**(Global Public Goods: Environment)** Climate change is without doubt one of the major challenges the world faces today. I would like to strongly support the Bank for all its activities in this field. The Group has been a pioneer and exercised leadership in advancing the agenda, accumulating a valuable experience that needs to be scaled up. We encourage the Bank to keep broadening the scope of the Clean Energy Action Plan, defining clear and ambitious targets, in close coordination within the group, with Regional Banks and other actors.

#### **(5. Conclusion)**

Mr. Chairman, let me conclude by stressing, once again, Spain's commitment to contribute to overcome the challenges our institutions are currently facing.

Thank you.