



# 2012 TOKYO ANNUAL MEETINGS

INTERNATIONAL MONETARY FUND  
WORLD BANK GROUP

October 12, 2012

Opening Address by the Chairman of the Boards of Governors,  
the Hon. **RIAD TOUFIC SALAMEH**,  
Governor of the Fund and the Bank for **LEBANON**,  
at the Joint Annual Discussion



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Address by the  
Chairman of the Boards of Governors,  
His Excellency Riad Toufic Salameh,  
Governor of Banque du Liban**

Welcome to the 66<sup>th</sup> Plenary of the Boards of Governors of the International Monetary Fund and the World Bank Group.

I would like to begin by expressing my utmost appreciation to His Imperial Highness, the Crown Prince, for gracing us with his presence. I would like to thank the Government of Japan on behalf of the IMF and the World Bank Group for hosting this year's Annual Meetings. I warmly welcome the World Bank Group's new President, Jim Yong Kim, and I am confident that he and Managing Director Christine Lagarde will help provide the right global economic leadership needed in these uncertain times.

**Japan**

Fellow Governors, this year marks the 60th anniversary of Japan's membership in the IMF and the World Bank. It is fitting that Japan is the host of this year's Annual Meetings, as this provides us with an extraordinary opportunity to appreciate Japan's importance within the global economy and our two organizations.

Being here in Tokyo today, we witness the resilience of the Japanese people in the wake of calamity. The Sendai Dialogue highlighted experiences from Japan and other countries in disaster risk management and response to inform a global consensus on disaster preparedness.

**Global Context**

My fellow Governors, the global economic outlook has been weakening due to protracted concerns surrounding the world's major economies and signs of moderating growth in emerging market and low-income economies.

Since the onset of the crisis in 2008, the IMF has made 126 new financing commitments, totaling 540 billion U.S. dollars. Given prolonged uncertainties, participants in the New Arrangements to Borrow have agreed to activate the arrangements for the full amount for another six-month period. The membership has also committed to increasing the Fund's resources by 456 billion U.S. dollars through bilateral borrowing arrangements. These additional resources will bring the Fund's lending power to a total of 1 trillion U.S. dollars, thereby strengthening the global safety net for members.

The World Bank Group has committed substantial resources to its members this past fiscal year. Support to the Bank's clients amounted to over 53 billion U.S. dollars. The IFC and MIGA provided over 15 billion and 2.7 billion U.S. dollars, respectively.

### **Advanced Economies**

Advanced economies continue to face the formidable task of addressing fiscal challenges, reforming the financial sector, and reviving growth. In particular, risks emanating from fiscal uncertainties in the United States and on-going concerns on the European sovereign debt crisis call for decisive and timely actions to avoid damaging effects on global stability and growth.

The urgency of resolving the euro-area crisis cannot be overemphasized. Euro-area members must persevere in efforts to stabilize the sovereign debt market, and implement the necessary structural reforms to revive growth.

### **Inclusive Growth**

Fellow Governors, creating balanced and inclusive growth is even more of a challenge today. As many as 200 million people worldwide will need jobs this year. The Fund has continued to emphasize structural reforms as prerequisites for inclusive growth. Recent work by Fund staff suggests that well designed policies can boost short-term employment, while improved labor supply incentives, especially for women and older workers, can increase medium-term employment.

As the Bank's World Development Report on Jobs recognizes, the private sector creates most jobs, with the support of sound government policies. Jobs that are good for development can be transformative for countries of all income levels. Good jobs contribute to better living standards, higher productivity, and stronger social cohesion. Jobs are at the core of development, helping fragile societies reject violence, giving dignity to the poorest, and offering youth hope for a better future. Last year's World Development Report argued convincingly that gender economics is smart economics, and we must ensure that women take their rightful place in employment and development.

### **Low-Income Countries**

The Fund and the Bank Group have continued to engage with low-income countries.

Since the beginning of the crisis, more than half of the Fund's financing arrangements have been with low-income countries. Following the review of the Fund's low-income country facilities, the IMF Board has decided to use the Fund's remaining gold sales windfall profits as part of a strategy to ensure the sustainability of the Poverty Reduction and Growth Trust. We must all firmly support this initiative.

This past year the Bank Group brought over 20 billion U.S. dollars to its IDA members. Though reaching the Millennium Development Goal of halving the incidence of extreme poverty, 1.3 billion people continue to live in absolute poverty. I urge all of us to

join in forging a new post-MDG vision that builds on the progress of the last decade and includes prosperity for all. IDA's progress in delivering development results is encouraging, and to this end I note with pleasure that all Bank country strategies this year were gender informed. I am encouraged by the Bank's response to fragile and conflict-affected countries, and especially proposed reforms to enable new flexibility in the institution's approach to these clients. I am also pleased with IFC's expanded work in fragile and conflict-affected markets, including new investments in Africa and the Middle East.

## **Middle East**

The Middle East is experiencing historic changes, and I can attest to the continuing challenges facing our peoples. This past year, the Fund has agreed to provide financing commitments to three of our countries, one of which is under the Precautionary and Liquidity Line—the first of its kind. Negotiations with another country are currently underway.

The Bank Group this past year disbursed over 5 billion U.S. dollars to build schools, reform key sectors such as electricity, and create and grow small and medium enterprises.

In these trying times, it becomes even more urgent for all of us in the Middle East to learn from one another's experience and share knowledge in our quest for better solutions. Lebanon's economy has shown remarkable resilience to severe shocks, thanks to a credible monetary policy, a stable currency, prudent banking practices, including the separation between retail banks and investment banks, and sound public debt management.

## **Governance/Modernization**

We should recognize the efforts undertaken by the Fund and the Bank in improving governance and modernizing operations to better reflect today's world.

Since the last Annual Meetings, significant strides have been made on the ratification of the IMF's 2010 Quota and Governance Reforms. We now have sufficient support for the proposed quota increase, however, for this to come into effect, acceptance of the Seventh Amendment to move to an all-elected Board is required. We have secured the support of the requisite 113 member countries but extra efforts are needed to secure the necessary 85 percent support in voting power. Once completed, the reforms will boost emerging market economies' representation at the Executive Board. Tangible progress has also been made on the quota formula review and we should seize the opportunity at these Annual Meetings to build momentum and move forward.

We also welcome the bold direction of reforms at the World Bank Group. Continued efforts to harness the Group's analytical muscle through evidence-based development practices, supported by staff being encouraged to take more risks and a new transparency about what did not work, will draw the best from an already talented staff. We welcome the renewed emphasis on problem solving for the needs of its wide range of clients and on a culture of results. We look forward to better aligning resources, products, and knowledge in ways that make a difference on the ground.

**Closing**

Fellow Governors, while our two institutions have remained steadfast in their support for member countries, it is ultimately up to us to guide our economies and improve the well-being of our people. I look forward to our upcoming discussions to help us find the way forward.

Thank you.