



2012 TOKYO ANNUAL MEETINGS

INTERNATIONAL MONETARY FUND
WORLD BANK GROUP

Governor's Statement No. 16

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Statement by the Hon. **P. CHIDAMBARAM**,
Governor of the Fund and the Bank for **INDIA**

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Governor of the Fund and the Bank for India**

Mr. Chairman,

1. I express my gratitude to the people and the Government of Japan for being the most gracious hosts for the 2012 Annual Meetings.
2. Recent global macroeconomic developments raise several concerns. The global recovery that appeared to have begun, albeit at a gradual pace, has now become uncertain. Lack of an adequate and timely response by the authorities to the problems facing some major advanced economies has added to financial market fragility and interrupted the pace of global recovery.
3. We need determined and coordinated policy action and recalibration of policy instruments to deal with the critical challenges facing the global economy. Policymakers in crisis hit economies must quickly resolve long pending issues to put the global economy on a sustainable growth path. Policymakers need to quell the doubts about the sustainability of the euro by moving quickly and decisively. Some of the important policy decisions already announced must be implemented expeditiously. Fiscal adjustment must be recalibrated to ensure that growth in euro area economies is not weakened further even as efforts must be made to reduce the public debt to a sustainable level over the medium term.
4. The recent crisis has underlined the need for strengthening of surveillance by the IMF. Recently, the IMF has taken several substantive steps towards modernizing surveillance in the context of changing global economic realities in the post-crisis world. However, while doing so, there is need to ensure that bilateral surveillance, which is at the core of the Fund's mandate, is not weakened. It is also important to recognize that traction, the final objective of surveillance, depends on trust and the perception of even-handedness without any sacrifice of candour. This is inextricably woven with the IMF's governance structure.
5. Even as we all focus on dealing with the ongoing crisis, we should not lose sight of the fact that the 2010 quota reforms remain incomplete. We must make sincere efforts to complete the quota formula review by the timeline of January 2013 so that it becomes the basis for the 15th General Review of quotas to be accomplished no later than January 2014. We must not let the quota formula discussions move into areas which are not part of the overall understanding reached at different G 20 Summits and the IMFC meetings. In these meetings, it has been decided that there will be a clear shift of the quota shares in favour of the Emerging Market and Developing Countries (EMDCs). This should be our aim.

6. I am happy to welcome Dr Jim Yong Kim as the new President of the World Bank. I hope that his rich, grassroots experience in developing countries will provide a new direction to the World Bank Group in defining its agenda of a “World Free of Poverty.”
7. Excellencies, ladies and gentlemen, the road before us is certainly not smooth.. The current economic crisis demands a much stronger response as it comes too quickly on the heels of the financial crisis of 2008-09. There is need to think afresh regarding the growth process, as we manage the present and move into the future. These are tough times, and we all need to measure up to the task.
8. The World Bank Group had responded to the financial crisis of 2008-09 in an exemplary manner. However, a marked deterioration in the capacity of the Bank and the declining capital situation of the International Finance Corporation are matters of considerable concern. The developing world has huge expectations from the World Bank Group. We need a well-coordinated, collaborative and bold effort to address these expectations.
9. A part of the answer may lie in taking a fresh look at the existing international financial architecture, in making it more representative, and thus more responsive to the needs of clients. But, even as we deliberate on these issues, the World Bank Group must focus on meeting the challenges that stare us in the face.
10. The World Bank Group must give unwavering attention to its core mandate of “poverty removal”, wherever it exists. The changing “geography of poverty” today makes middle-income countries (MICs) home to the largest number of poor people; they are also a storehouse of knowledge, expertise and experience for taking forward the international development agenda. It, therefore, falls upon the WBG to develop strong partnerships with middle-income countries and provide flexible and customized instruments, products and services to address their changing needs.
11. Any development bank will find it difficult to meet the challenges it faces, if it is not financed adequately, and if it does not resort to innovative and creative use of the capital it has. The world needs access to energy, infrastructure, and food security at affordable prices. Above all, it needs good jobs for all.
12. We are, therefore, happy to have the **World Development Report 2013 on Jobs**. We recognize the catalytic role that the World Bank Group can play in partnering with countries in prioritization, diagnosis and implementation of policies essential for creation of good jobs. The WDR insights will therefore be used by policy makers to devise tools specific to country needs. For example, India has one of the largest safety net programmes; it is implementing a very large skills development initiative; and it has launched an ambitious livelihoods programme, all designed to our specific needs.

13. As a follow-up to the WDR 2012 on Gender, we have received the **Update on the Implementation of the Gender Equality Agenda of the World Bank Group**. We are encouraged with what has been achieved, but we remain clear that much more needs to be done.
14. We also see the **Corporate Score Card (CSC)** as an important instrument of accountability of the World Bank Group to its shareholders. We would like the CSC to be as concise as possible, with a direct focus on the action taken to fight poverty.
15. The **Sendai Report** marks a good beginning for knowledge sharing and preparing for further action. We expect to see disaster risk management and preparedness as one of the key components in future development plans, aimed at mitigating the impact of disasters on vulnerable communities.
16. We do not see the WDRs on Conflict, Gender and now on Jobs, and the Sendai Report, as being in different silos. We see them in a continuum; they tie in appropriately to what can form a strong future agenda for the World Bank Group – to remove poverty and create new jobs, within a policy framework that is free of conflict, is gender sensitive, and resilient. We hope to see a much larger engagement of the Bank on these issues with all developing countries.
17. In meeting these challenges emerging from a changing global landscape, it is time now to think about a reformed and fully representative World Bank Group and the International Monetary Fund, to further our common objectives of poverty reduction, growth and sustained development.
