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Statement by the Hon. **KOEN GEENS,**
Governor of the Bank for **BELGIUM**

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Developments since our last Annual Meetings in Tokyo have confirmed that the global economy faces challenges and spillovers that call for closer cooperation among all countries and regions. The Bretton Woods institutions play a central role in helping countries to gain from the opportunities offered by international integration. In light of the rapidly changing nature of global interdependence, we must reflect and agree on the longer term ambition for our cooperation and the functioning of the global institutions.

International Monetary Fund

The central role of the Fund in promoting orderly international financial and economic relations as an essential condition for shared prosperity is more relevant than ever. The IMF has made significant progress with integrating bilateral, regional and multilateral aspects of surveillance. The effectiveness of surveillance hinges on the quality of the Fund's analysis and policy advice and on the readiness of governments and stakeholders to pursue and support policies of balanced sustainable growth for all partners in the international community. The 2014 Triennial Review of Surveillance offers an opportunity to update the Fund's surveillance strategy.

The Fund is and should remain the leading institution of which all its members are committed to cooperate and promote the common goals laid down in the IMF charter. With global and regional integration becoming more widespread and complex, the Fund should cooperate with other regional and global institutions that are active in the different domains of the Fund's work, including providing financial support and capacity development assistance. The Fund's cooperation with the World Bank is built on a long and evolving tradition. The Fund's close cooperation with the EU institutions, in particular the EU Commission and the ECB, notably in providing financial support to Euro Area and other EU countries, has become intense and very helpful. The Fund benefits a lot from the high quality research and know-how generated by the OECD. We applaud the more recent progress in the cooperation with the International Labor Organization. The Managing Director displays a prolific activity in outreach to other regional and global institutions. With Fund leadership in its core domains of competence, all this will enhance effectiveness and avoid unnecessary overlap.

To maintain a leadership role, the Fund needs adequate human and financial resources. Members should be clear about what they expect from the Fund and provide it with the necessary resources. The balance of payment problems in several advanced and emerging market countries during the last 5 years have shown a significant increase in size, exceeding in several instances the financial capacity of the Fund. Thus, the Fund will need to cooperate with regional financing pools to help assist large balance of payment needs. At the same time, member countries need to provide the Fund with financial resources that are adequate for the leading role the Fund has in financially assisting countries with balance of payment needs or fragilities.

The Fund is, and should remain, a quota-based institution. Quota contributions should remain the main component of the resources that the IMF uses to lend to its member countries. Of course, in times of exceptional stress and financing needs, the Fund can borrow on a temporary basis, to supplement its quota resources. In such circumstance, the Fund should borrow according to a transparent and predictable framework, preferably the NAB.

A country's quota in the Fund is not only a yardstick for its financial contributions to the Fund, it also determines its voting power in the Fund's governance structure. If the Fund would rely more systematically on borrowed resources, countries that lend to the Fund should receive additional voting rights.

The current trend of emerging market and developing countries generally growing faster than advanced economies, is likely to persist for some time. Countries' changing positions in the world economy should be reflected in the governance of the Fund. Regular quota reviews on the basis of a fair, balanced and widely accepted formula ensures that the process will be cooperative rather than antagonistic, that the Fund's quota resources will remain adequate to assist members with balance of payment problems and that quota shares reflect the position of each member in the world economy.

The composition of the Fund Executive Board and of the IMFC should reflect the diversity of the Fund's membership and ensure that all members feel represented. Maintaining a mixture of large and small, advanced, emerging market and low income countries is crucial for the legitimacy of the Fund. We must avoid polarization of the Fund. A balanced composition of the Executive Board and the role of mixed constituencies promote the quality of deliberations and ensure that decisions are, and are seen as, legitimate and enjoying widespread acceptance and support.

World Bank Group

2013 is an important year for the World Bank Group and it could mark a new start. We will discuss the new corporate strategy and its implementation arrangements at tomorrow's Development Committee meeting.

I would like to thank President Kim for his leadership in preparing this World Bank Group strategy geared towards a clear set of development goals, which should be carried forward by the whole leadership, its staff and shareholders. I would also like to underline that the second goal of promoting shared prosperity should encompass more than fostering income growth of the bottom 40% and should also target equality, redistribution, and inclusion. In this connection - and in line with our thinking on the IDA17 special theme of inclusive growth - we believe that more attention needs to be paid to redistributive aspects of growth, not only through specific measures such as cash transfers but also through job creation and taxation policies.

With a view to implementing this strategy and operationalizing the goals, the Bank Group will need to engage in important structural, organizational, and cultural change processes.

The change agenda will be an evolving process. Therefore, regular updates on the implementation of the change agenda will be needed. The focus should be on prioritizing and sequencing reform efforts, delivering some quick results perceivable by beneficiaries, staff and shareholders. These changes cannot be accomplished without proper incentives for staff who will need to implement them.

The new framework for country engagement with more emphasis on diagnostics, impacts and internal coordination, seems promising. We also welcome the commitment to produce results through the science of delivery, ensuring that intended benefits of projects and government programs supported by the Bank Group are actually achieved in an efficient manner, and that these experiences and knowledge are being shared across the institution and with partners.

The ongoing review of the Safeguard Policies is part of this change agenda and of our drive towards sustainable development. This review, which is still in its early stages, presents an opportunity to look at the safeguards from a broader perspective rather than just limiting it to IBRD/IDA investment lending and to the present policies only. This would be fully in line with the new World Bank Group strategy's sustainable development aspirations. At least, the Safeguard Policies should not be diluted.

We appreciate that maximizing development impact has been selected as the overarching theme of the IDA17 replenishment negotiations. We also support the selection of the four special themes (inclusive growth, gender equality, climate change, and fragile and conflict-affected states) which will help IDA to address important bottlenecks to the development process in IDA countries. The choice of these IDA17 themes seems to be consistent with the World Bank Group strategic goals and focus on results and outcomes. Ensuring the integration of the IDA17 process within this strategy is a key priority for my country.

A substantial IDA17 replenishment effort is needed in order to step up core development spending in the poorest countries and to help realizing the MDGs by 2015 and beyond. I call on traditional as well as emerging donors to contribute their share of the IDA17 burden, in line with their responsibility as a shareholder of the IBRD and IDA, and despite budget constraints in some donor countries.

For the near future, it would be helpful to review the experience of previous replenishments and to make proposals on some IDA replenishment arrangements, including chairmanship, organization and participation.