2015 LIMA
ANNUAL MEETINGS
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

Governor's Statement No. 20

October 9, 2015

Statement by the Hon. **BILL ENGLISH,**
Governor of the Bank and the Fund for **NEW ZEALAND**

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This year is a pivotal year for the global community. The international development landscape is being reshaped with the Financing for Development Conference in July, the adoption of the Sustainable Development Goals (SDGs) in September, and the upcoming Climate Conference in Paris. But as we look at our goals out to 2030, we are conscious that global growth remains modest and uneven, and is clouded by a range of risks in different parts of the world. The prospects for medium-term global growth currently fall short of what we aspire to. We need to work hard to achieve our objectives.

Individually and collectively we must all do our part to ensure robust, resilient and sustainable growth that creates jobs, allows people to improve their livelihoods and prospects, and preserves our environment for future generations. The IMF and World Bank Group have key roles to play in this agenda.

Lifting growth, building resilience

Advanced economies are achieving modest growth but the task to secure stronger sustainable growth is not yet complete. While emerging markets continue to make a significant contribution to global growth they are slowing and vulnerabilities have increased. Low income developing countries are also facing a more challenging environment than they have for some time, resulting in a somewhat weaker outlook. Weaker commodity prices are having a marked effect on all commodity exporters while other risks also exist, including from tightening financial conditions. Countries that have put in place sound macroeconomic frameworks and sensible policies are benefiting as their economies weather these headwinds better than they would otherwise – and better than many have in the past.

New Zealand is well aware of the uncertainties in the global environment. Economic growth in New Zealand has been moderating in 2015 from robust rates of over 3% per annum, due to the effect of lower dairy prices and as rebuild activity in Christchurch appears to have peaked. As a small open economy our own experience has taught us the value of sound macroeconomic fundamentals and a flexible economy, including allowing the flexible exchange rate to act as a buffer. The Reserve Bank of New Zealand (RBNZ) has reduced interest rates and the exchange rate has fallen, supporting the economy. The Government remains focused on rebuilding fiscal buffers, with net government debt peaking at around 26 percent of GDP around now. Macroprudential tools are helping to support financial stability.

But we cannot be complacent. Countries should use appropriate policy levers and reform opportunities to lift growth now and for the future, and continue to strengthen frameworks and monitor risks in order to build resilience. This needs to be done without undermining medium-term fiscal positions and while preserving the environment for future generations.

New Zealand is focused on how to lift productivity and potential growth – a challenge shared widely. Structural reforms must be part of the solution, although the specific reforms needed will differ across countries. Achieving reforms requires realism about what is needed and how this can be achieved. Outreach is important to build a broader ownership for reforms. We should also look to learn from the experiences of others. The IMF and World Bank have a key role to play here through their vast cross-country experience; this is a key strength we encourage both institutions to draw on.

Stronger fundamentals, frameworks and buffers in EMEs and LIDCs are welcome. But in an environment of uncertainties we are mindful of the critical role the IMF plays, through its surveillance, its integral role as part of the international financial safety net, and as a provider of high-quality technical assistance. We welcome the IMF's efforts to better integrate its advice – across sectors; and between policy advice and technical assistance – and to be responsive to members. It is also vital that the IMF has access to sufficient resources to assure confidence in the financial safety net.

The challenge of the Sustainable Development Goals

The SDGs represent a renewed commitment by all development partners to the achievement of a better life for all, and we welcome the collective international effort that has resulted in the final set of goals.

The SDGs are ambitious and wide-ranging. They cover all aspects of development. Yet sustained economic growth will be a key pre-condition for the achievement of these goals. At the same time, countries will need to ensure that the benefits of growth are distributed in such a way that no-one is left behind.

The breadth and ambition of the SDG agenda means that many different sources of financing will be required to achieve the goals. In addition to the traditional sources of bilateral and multilateral assistance, greater domestic resource mobilization will be necessary to finance development outcomes. The private sector will play a critical role, so it will be vital for countries to ensure they have the appropriate policy and regulatory frameworks to encourage private sector investment. Sound macroeconomic fundamentals are the necessary platform that will allow finances for sustainable development to continue to grow over time.

Climate change and natural disasters in small island developing states

Even with the best efforts, however, the achievement of the SDGs may be compromised by the impact of unexpected shocks and increasing vulnerabilities. Climate change and natural disasters pose a high risk to the small island developing states in our region, and the impact of natural disasters in those states will only increase as climate change accelerates.

The IMF plays an important role in building resilience against natural disasters by assessing the impact of such disasters on the fiscal sustainability of small states and the implications for fiscal management. This analytical contribution helps small states prepare for and respond more effectively to natural disasters. The IMF also plays a catalytic role in providing rapid financing – and we commend the IMF's engagement with Vanuatu after Cyclone Pam as an excellent demonstration of responsiveness.

We welcome, also, the WBG's leadership in the area of climate change, as well as its efforts to strengthen resilience in small island developing states. But there is more to be done. The unique circumstances of small island developing states – their isolation and distance from markets, and their limited ability to raise finance – place significant constraints on their ability to recover from natural disasters.

We therefore call upon the WBG, the IMF and other financing partners to ensure that development financing frameworks respond appropriately to the challenges facing our smaller and more vulnerable members.

More broadly, we acknowledge and commend the strong engagement by the IMF and the WBG with small island developing states. The unique challenges faced by these members mean that the benefits from getting it right can be significant. We call upon the IMF and World Bank Group to continue to invest in small Pacific Island countries in support of their economic future – by assigning quality and experienced staff to work with these countries, by providing relevant and practical analysis and advice, and by delivering technical assistance that is fit for their circumstances. We encourage international financial institutions to work closely together to minimize their aggregate impact on limited capacities in small states.

Ensuring the effectiveness and relevance of our institutions

We welcome the measures taken over the last few years to improve the operational and financial performance of both institutions. We expect a continuing focus on efficiency and effectiveness.

In addition, we welcome the progress that has been made in the WBG on the 2015 Shareholding Review and on the roadmap for future work on voice and representation. It is of critical importance to the legitimacy of the institution that the roadmap is implemented as agreed. We therefore look forward to the presentation of a dynamic shareholding formula, to guide future discussions on shareholdings, at the 2016 Annual Meetings.

The IMF must also better reflect its membership to ensure it remains relevant and effective. Implementation of the 2010 Reforms is a necessary step to enhance the IMF's legitimacy, relevance and credibility, and to ensure the IMF has access to sufficient resources. We remain deeply disappointed that the 2010 IMF Quota and Governance Reforms are yet to be ratified. We urge all members yet to do so to ratify these reforms.