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Statement by the Hon. **DATUK JOHARI BIN ABDUL GHANI,**
Governor of the Bank for **MALAYSIA**

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Governor of the Bank for Malaysia

Mr. Chairman, distinguished fellow Governors, President of the World Bank Group, Managing Director of the International Monetary Fund, ladies and gentlemen.

Global Economy

1. The backdrop of the annual meetings is once again modest global growth. The WEO has revised downwards global growth for 2015, with the U.S. and UK charting moderate growth while recovery in the euro area is gaining momentum, backed by accommodative monetary and fiscal policies; while China is undergoing structural economic rebalancing aimed at achieving a more sustainable pace of growth. Several emerging markets and developing economies are affected by low oil and commodity prices as well as slowing trade. The gradual tightening of the U.S. monetary policy, which is widely expected to begin in December 2015, has exerted downward pressure on many developing countries leading to capital outflows and currency depreciation.

2. As a highly open economy, Malaysia is also affected by these external headwinds. The impact of declining oil prices on the fiscal position, sharp depreciation of the ringgit amid prolonged financial market uncertainties and volatile shifts in financial flows continued to pose challenges for policymakers in Malaysia. Concerted international efforts are necessary to address the challenges confronting the global economy. While countries take action based on their specific circumstances, they have to be mindful of the impact on others. In this regard, the IMF, WBG and other international organisations have a critical role in ensuring that global economic growth is sustained and financial stability maintained.

Policy Responses in Malaysia

3. Backed by strong fundamentals including a diversified economic structure, sound banking system and anticipated GDP growth of 4.5% - 5.5% for 2015, Malaysia remains vigilant and is taking steps to strengthen economic resilience. Cognisant of the difficulties ahead, the Government set up a Special Economic Committee to implement immediate and medium-term measures to address vulnerabilities and boost confidence. Several other reform initiatives such as the implementation of GST, subsidy rationalisation, establishing the Fiscal Policy Committee, adopting a Medium-Term Fiscal Framework, are already in place to strengthen public finance management and ensure fiscal sustainability. On the regional front, as the chair of ASEAN, Malaysia will play a key role in realising the vision of an economically integrated ASEAN community to enhance prosperity and stability in the region.

Sustainable Development Goals

4. Considering that growth continues to be uneven across countries and regions and poverty remains an issue with 700 million people around the world still living below the poverty line of USD1.90 per day, Malaysia supports the post-2015 Sustainable Development Goals (SDGs) which will guide global development for the next 15 years. The SDGs offer a chance to meet the global

citizenry's aspirations for a more peaceful, prosperous and sustainable future. In this regard, we welcome the role of the WBG and the IMF in providing financial and technical assistance to achieve the SDGs.

5. The WBG is expected to play a more significant role in supporting the SDGs and it is our fervent hope that the WBG is well structured and positioned to undertake these new challenges in support of this 2030 Agenda. We would like to see the WBG deepen their engagement with poorer countries, with clear strategies and action plans for realising the SDGs along with fulfilling the mandate of reducing extreme poverty and promoting shared prosperity.

6. Modern and efficient infrastructure is fundamental for economic development and the well-being of people. A critical gap exists between the demand for funds and financing available for infrastructure projects in developing countries. This calls for innovative sources of infrastructure financing to assist low-income countries to achieve their sustainable development goals. We hope that the WBG can work closely with the new multilateral development banks to bridge the financing gaps.

World Bank Group Office in Malaysia

7. As part of efforts to enhance the involvement in global partnership for sustainable development and South-South cooperation, the Malaysian Government has partnered with the WBG to establish a WBG Office in Kuala Lumpur. The office will serve as a knowledge and research hub, bringing together local and WBG experts to conduct development policy research and analytical work that focuses on promoting the best practices on economic development. It will also facilitate the sharing of Malaysia's development experience and successes with other countries in selected areas such as poverty eradication and financial sector development.

Impact of Climate Change and Natural Disasters

8. Unsustainable and indiscriminate development over the past few decades has wrought serious climate change issues including global warming. There are more frequent occurrences of natural and man-made disasters manifesting through flood, drought and trans-border haze affecting many countries. We need to mitigate the impact of climate change through concerted joint efforts. The WBG can play a pertinent role by increasing its technical and financial support to help build resilience to climate change as well as step up disaster risk management, particularly for small island states.

Shareholding Review

9. We welcome the review principles and a dynamic formula to be discussed during the Spring meeting in 2016 to ensure equitable representation. We agree with the WBG's plan to implement the Roadmap to enhance its long-term role as an effective multilateral financial institution. It is hoped that WBG would take the necessary initiatives to implement relevant reforms to improve its responsiveness and accountability to its shareholders.

Quality Data

10. One of the focus areas for South-South cooperation can be in improving the quality and coverage of data used for decision-making both for the public and private sectors. There is an urgent need to catalyse data revolution and promote optimum investment in development data and statistics through more efficient and timely data collection, data analytics as well as enhance countries' capacity to utilise good data for policy formulation and policy outcome evaluation. In this regard, the WBG is encouraged to intensify efforts to help member countries which are in need of building capacity.

IMF Governance and Operation

11. We remain disappointed with the delay in progressing the 2010 IMF quota and governance reforms and reaffirm the urgency for its earliest implementation while the IMF Executive Board works out an interim solution. These are pertinent to strengthen the legitimacy, credibility and effectiveness of the Fund.

12. We also look forward to the completion of the review of the method of valuation of the SDR with the key objective to enhance the attractiveness of the SDR as an international reserve asset.

Conclusion

13. In concluding, the Government of Malaysia would like to thank the Government of the Republic of Peru for their excellent hosting of the 2015 Annual Meetings.