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Statement by the Hon. **MATEUSZ SZCZUREK,**
Governor of the Fund for the **REPUBLIC OF POLAND**

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Since the 2014 Annual Meetings we have seen the world economy continuing the process of modest recovery from the global financial crisis. Fulfilling its mandate, the IMF plays a critical and unique role in navigating the world economy through the process of the post-crisis recovery whereas the World Bank Group is instrumental in the process of implementing the 2030 Sustainable Development Agenda. Yet, with the newly endorsed Sustainable Development Goals, 2015 is a year of crucial importance for global action on development which calls for mobilization of the whole international community. The need for decisive and quick action is further amplified by the migration developments in various regions. In this regard we welcome an active engagement of the Fund in supporting the implementation of the development agenda. Joint efforts and making use of comparative advantages of the international financial institutions allow us to look more positively at the challenges ahead.

In 2015, the global economy continues to recover from the crisis at a gradual but persistently moderate pace. This recovery is underpinned by very supportive monetary conditions, financial system repair and low oil prices. However, it is also saddled with unfinished post-crisis adjustments and hampered by a number of new challenges and emerging risks. The GDP growth for the majority of world economies has shifted to a noticeably lower path compared to pre-crisis levels. This was reflected in the Fund's projections for global GDP growth revised down, which we agree with. The pattern of the global recovery remains uneven and includes a mixture of diverse performances. Generally, it is marked by the gradual, albeit recently weakened, pickup in growth in advanced economies and the gradual slowdown in growth in emerging and developing economies. In the EU a cyclical economic upswing has been underway during 2015, although a recovery, driven mainly by private consumption, occurs at a moderate pace. In the short term the process will likely benefit from supportive macroeconomic policy, low oil prices and the weaker euro. The contribution of quantitative easing applied by the ECB as well as differentiated and growth-friendly fiscal consolidation through the framework of EU fiscal rules needs to be emphasized.

Still, global risks are clearly tilted to the downside. They include the uncertainty with regard to the trajectory of the lift-off in the US and its possible global implications including further strengthening of the US dollar and the likelihood of disruptive exchange rate adjustments and asset price shifts in developing countries; further slowdown of growth in China and its spillovers; and finally low productivity growth and low inflation in advanced economies. Mitigating these risks and moving global economy to a higher, more stable and more balanced growth requires appropriate monetary, fiscal and structural policies, including support of demand, structural reforms and completion of the reforms of the financial system. In this context, the significance of the Fund's surveillance can hardly be overestimated. In particular the path towards stabilization in Greece and Ukraine depends heavily on the reform efforts by these countries and on the support from a broad international financial community, including bilateral creditors. We strongly appreciate the IMF engagement in Ukraine and expect the Fund's full re-engagement in Greece.

Notwithstanding rather positive short-term outlook for the EU economy, its medium-term perspectives are affected by structural and crisis-related weaknesses. During 2014 and 2015 the EU has been undertaking efforts designed to overcome these weaknesses. Five Presidents have published a report on Completing Europe's Economic and Monetary Union by 2025. Then in July 2015 an Investment Plan for Europe entered into force. Its aim is to overcome low levels of investment, the fundamental problem holding back the EU economy, both in the short run, as it slows economic recovery, and in the long run, as it hurts potential growth and competitiveness. The Plan has the potential to add to the EU's GDP and create new jobs.

We consider the 2015 Spillover Report and the 2015 External Report to be important elements of the Fund's multilateral toolkit. We look forward to the forthcoming review of the valuation of the SDR. We believe that any change in the SDR basket should safeguard the purpose and the role of the SDR as an international reserve asset and contribute to the stability of the international monetary system.

The global financial crisis and its resolution have highlighted the issues of both adequate Fund's resources and an extended lending framework. In response to the crisis the IMF augmented its financial resources through increasing quotas and the NAB as well as bilateral loan agreements with a number of the Fund's members. At the same time, we are very disappointed that the quota increase agreed in 2010 is not effective yet. In these circumstances, along with the current quota resources, the IMF reliance on the NAB and the bilateral loans (in which National Bank of Poland is participating) plays a key role in providing additional confidence to markets as regards the Funds' financial adequacy. However, we would like to reaffirm that it is of critical importance for the IMF to remain a quota-based institution and consequently, to treat the NAB and bilateral loans as backstop resources of temporary and extraordinary nature. The delay in the entry into force of the 2010 Quota and Governance Reform weighs heavily on the Fund's effectiveness, credibility and legitimacy. Until these reforms are fully ratified, the prompt agreement on adequate interim steps is important. Those steps should by no means be seen as a substitute for the 2010 reforms. Swift agreement on a new quota formula and the completion of the 15. General Review of Quotas should also be reached.

Measures in the area of IMF lending framework and policy should include, inter alia, an analysis of the existing exceptional access programs, progress on the implementation of collective action and *pari passu* clauses as well as further deepening and developing debt sustainability and sovereign debt restructuring analysis. We recognize ensuring long term debt sustainability as a significant factor to financial stability and global growth. We also maintain the view that precautionary lending instruments – the FCL and the PLL – effectively could play their role in assisting beneficiary countries to withstand shocks. Poland's economy which turned out to be resilient to global financial crisis, has in 2014 re-entered, after a temporary slowdown, the path of a relatively robust growth. Continued fiscal consolidation has resulted in the exit from the EU's Excessive Deficit Procedure one year ahead of schedule with the financial sector remaining sound and resilient. Strong fundamentals and responsible policies have contributed to the decision to decrease the FCL amount. Further gradual exit from the FCL is foreseen by the authorities if circumstances allow.

As regards the World Bank Group (WBG), we assess very positively the implementation of the Bank's strategy aimed at ending extreme poverty and promoting shared prosperity in a sustainable manner. We share the conviction expressed in the strategy that economic growth is in the centerpiece of development, but it needs to be inclusive and sustainable. At the same time we are aware of the challenges ahead, as both the newly endorsed Sustainable Development Goals and the WBG's twin goals are very ambitious. We note with satisfaction that the WBG is fit-for-purpose to support the 2030 Agenda and well-equipped (in terms of its mission, track record, human resources, operational structure etc.) to take an active part in the SDGs' implementation Against this background we are convinced that the Bank should not lose its focus on the poorest countries and be able to provide sufficient levels of concessional financing in order to effectively respond to their development needs.

We welcome the outcome of the 2015 Shareholding Review process – a comprehensive task that engaged the Member States and Management throughout 2015. While we approve the results of this process as presented in the Report to Governors, we are also aware of the challenges to implement the ambitious tasks ahead, incl. the work on the shareholding dynamic formula in the IBRD. We also look forward to preparing a medium to long term view of the WBG future and its role in the international financial architecture, taking account of changing development environment and with an aim to make the best use of the WBG's comparative advantages.

We are glad that the Bank remains engaged also in more advanced countries, like Poland. We have cooperated with the Bank for more than 25 years and we still see room for benefitting from Bank's assistance, both financial and technical, in support of various economic policy measures and goals pursued by our authorities. In particular with the financial and expertise support of the World Bank Group, Poland has made progress in improving its business environment by creating one-stop shops for business startups and by streamlining the process for obtaining construction permits for SMEs; improving the insolvency law to promote the restructuring of viable enterprises; promoting research and development activities; enhancing labor market flexibility and facilitating job creation. But we also see the World Bank Group as a partner to share our knowledge and experience with other countries, especially those undergoing economic transition.