



INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS AND DEVELOPMENT

MARCH 30, 2009

This special Statement is being issued to convey the views of the Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development in advance of the London Summit of G20 Leaders.

1. The global economy is mired in perhaps the deepest and most widespread crisis in modern history. Although the crisis originated in advanced economies, it is having a disproportionate negative impact on developing countries. The sharp contraction in exports, falling prices for primary commodities, declining remittances, and a massive withdrawal of private capital flows have led to sharply falling growth and a severe credit crunch, culminating in rising unemployment and poverty. We underscore that this crisis requires collective solutions that pay due attention to their impact on developing countries. Emerging markets and developing countries will need urgent and unprecedented support from the international financial institutions and the bilateral official community on a sustained basis commensurate with the impact of the crisis. We call on G20 leaders to take all necessary measures to stabilize and reform the international financial system, stimulate global demand, offset the shortfalls in finance to developing countries caused by the crisis and the responses of advanced countries, and reform the governance of the international financial institutions.

2. We welcome the commitments made by the G20 members to restore lending and confidence in the stability of the financial system; to undertake exceptional and coordinated fiscal actions to restore growth and jobs; to strengthen the national foundations of regulation of financial markets; and to enhance international cooperation including on tax transparency. We call for concerted and swift implementation of all these actions. We welcome the expansion in membership of the Financial Stability Forum and the Basel Committee, and call on other standard setting bodies to follow suit. We remain extremely concerned by the threat of protectionism, especially the increased recourse to subsidies, and call on G20 leaders to strongly resist protectionist measures in trade, investment, finance, and labor services. We reaffirm the crucial importance of placing the needs of developing countries at the centre of the Doha Round.

3. With respect to the IMF, we welcome the decision to introduce more flexible crisis prevention and crisis resolution instruments that will enable the IMF to respond more effectively to the needs of all of its members. We call for streamlined and focused conditionality and for evenhanded implementation recognizing the exogenous nature of the crisis for developing countries. This will enhance ownership and help redress the stigma factor in IMF lending.

4. We call on the IMF to rapidly and substantially expand access under its concessional facilities to the poorest countries and for the donor community to correspondingly increase the IMF's concessional lending capacity. We also call for an urgent and comprehensive reform of the IMF's financing framework for low income countries so as to be able to better meet their diverse needs.

5. Given the scale of actual and potential financing requirements, the IMF will need a very sizeable increase of its resources. We concur that in the short-term these resources have to come from borrowing. We firmly believe that such borrowing must be a bridge to a permanent expansion in the

IMF's resources through a general quota increase to be completed no later than January 2011. In addition, we strongly support a new substantial SDR allocation which would boost resources to all members including the poorest countries.

6. We call on the IMF to redress deficiencies in its surveillance function through more evenhanded and effective surveillance of systemically important advanced countries and financial markets. We call for an early review of the role of the IMF in the international monetary system in light of the lessons of the crisis, including with respect to the major reserve currencies.

7. The World Bank and the other multilateral development banks have a critical role to play in this crisis in enabling countercyclical policies and sustaining investment in developing countries. Therefore, there is an urgent need to expand and adapt their instruments and to substantially expand their lending without unwarranted conditionality. MDBs should be prepared to modify their operational and financial policies so that they can use their balance sheets to the fullest to meet the unprecedented financing needs, with the full backing of all shareholders. In order to ensure that they have the capacity to respond to the crisis and to sustain long-term development financing in the aftermath of the crisis, MDBs will need a substantial boost to their capital. We call therefore for timely reviews and urgent actions where appropriate to boost the capital adequacy of the MDB system including the World Bank Group.

8. Given the plight of the poorest countries, there is an equally urgent need for IDA and the other concessional windows of the multilateral development banks to expand substantially and frontload their assistance, with the recognition that this will call for additional replenishments of these concessional windows. We support the call for exceptional efforts to mobilize additional financing to protect the vulnerable in the poorest countries. None of this will be possible without much larger volumes of development assistance than presently committed.

9. The effectiveness and legitimacy of the international financial institutions and of the IMF and the World Bank in particular, depend crucially on actions to redress the democratic deficits in the institutions by enhancing the voice and representation of developing countries in the decision making structures. This will require strong commitment and political will at the highest level. We strongly support a substantial realignment of quotas in the IMF to be completed no later than January 2011 after a comprehensive reform of the quota formula to correct the measures of openness and variability. We call for the realignment of votes in the World Bank to be completed no later than April 2010 based on a formula that reflects its development mandate. Such realignments in both institutions should be aimed at moving over time towards an equitable voting power between developed and developing countries without diluting the quotas and shares of individual developing countries.

10. The Heads and Senior Management of the IFIs should be chosen on the basis of an open, competitive, merit-based process without regard to nationality. We also call for the rebalancing of representation in the Boards and in the Ministerial Committees to ensure more equitable representation including from sub-Saharan Africa.