

# **Appendix III**

## **Press communiqués of the International Monetary and Financial Committee and the Development Committee**

### **Development Committee Communiqué**

Washington, D.C.

September 24, 2011

1. The Development Committee met today, September 24, 2011, in Washington, D.C.
2. We note with concern the turbulence in global financial markets and widespread fiscal strains, which put at risk the robustness and sustainability of global economic recovery. Volatile commodity prices and pressures on food security are critical challenges. We are alert to the possible global impacts of these issues, particularly for the poor. While developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks. We commit to do everything within our means to support strong, sustainable, balanced and inclusive growth in all our member countries. We reaffirm the need to work cooperatively to meet our development commitments to achieve the Millennium Development Goals by 2015 and to support the poor in developing and emerging countries through this period of instability, as well as in the long term. We commend the G20 for anchoring development in its agenda.
3. Jobs are vital in translating growth into lasting poverty reduction and broad-based economic opportunities. We reiterate our commitment to job creation, especially by supporting the expansion of a vibrant private sector. In this connection, we recognize the important role IFC and MIGA play in poorer countries and in challenging markets. We welcome and encourage the cooperation of the World Bank Group (WBG) with member governments and other partners, such as the G20, the International Labor Organization and the International Monetary Fund (IMF), to pursue a comprehensive approach to job creation for women and men. We look forward to discussing the next World Development Report (WDR) on jobs.
4. The WBG must continue to help member countries build resilience and respond to crises. To do this effectively, the WBG must remain prepared with human, knowledge and financial capacity. We welcome the WBG's enhanced focus on innovative approaches to support countries in the Middle East and North Africa region to address the social and economic consequences of their current transition. We call on the WBG to scale up support and strengthen collaboration with all relevant stakeholders, in particular other Multilateral Development Banks.

5. We are saddened by the scale of human tragedy caused by the drought and famine in the Horn of Africa. We welcome the WBG's \$1.88 billion contribution to tackling the crisis and its underlying causes, including \$250 million from the recently created IDA Crisis Response Window, as well as the steps the IMF is taking to provide additional concessional financing. An emergency of this magnitude needs swift, coordinated and effective international action to save as many lives and livelihoods as possible. We also need to build national capacity and resilience to speed recovery, reduce the risk of future disasters and create longer-term solutions. We must put agriculture and food security at the top of our development priorities. To do this, we need to harness the creativity and resources of the private sector. We call for continued innovation to tackle longer-term challenges, including climate change and infrastructure investment.
6. We strongly welcome the WBG's *World Development Report on Gender Equality and Development* and its clear message that equality between women and men is smart economics and an essential ingredient in poverty reduction. We agree that the WDR has important lessons globally and that gender equality requires specific action from governments, the private sector and development partners. To this end, we endorse the recommendations for the WBG set out in the accompanying implications note and look forward to reviewing its implementation in a year. We urge the WBG to integrate further equality between women and men into its operations and reporting, working within its mandate and respecting national values and norms.
7. We welcome progress the WBG has made in institutional reform to meet new challenges. Greater transparency through the Open Data, Open Knowledge, Open Solutions Initiative and improved accountability via the new Corporate Scorecard will contribute to a more efficient and effective WBG. We call on the WBG to continue to promote staff diversity. We urge the WBG to maintain the momentum on its modernization agenda and look forward to discussing further progress at our next meeting.
8. We welcome the addition of the 25th Chair to the WBG Boards and look forward to a proposal in the spring to align the Development Committee with the new structure.
9. We thank Mr. Ahmed bin Mohammed Al Khalifa for his valuable leadership and guidance as Chairman of the Committee during the past two years.
10. The Development Committee's next meeting is scheduled for April 21, 2012, in Washington DC.

## **Communiqué of the Twenty-Fourth Meeting of the IMFC: Collective Action for Global Recovery**

Chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore  
and Minister for Finance

Washington, D.C.

September 24, 2011

*The global economy has entered a dangerous phase, calling for exceptional vigilance, coordination and readiness to take bold action from members and the IMF alike. We are encouraged by the determination of our euro-area colleagues to do what is needed to resolve the euro-area crisis. We welcome that the IMF stands ready to strongly support this effort as part of its global role.*

Today we agreed to act decisively to tackle the dangers confronting the global economy. These include sovereign debt risks, financial system fragility, weakening economic growth and high unemployment. Our circumstances vary, but our economies and financial systems are closely inter-linked. We will therefore act collectively to restore confidence and financial stability, and rekindle global growth.

The advanced economies are at the core of an effective resolution of current global stresses. The strategy is to restore sustainable public finances while ensuring continued economic recovery. Taking into account different national circumstances, advanced economies will adopt policies to build confidence and support growth, and implement clear, credible and specific measures to achieve fiscal consolidation. Euro-area countries will do whatever is necessary to resolve the euro-area sovereign debt crisis and ensure the financial stability of the euro area as a whole and its member states. This includes implementing the euro-area Leaders' decision of July 21 to increase the flexibility of the European Financial Stability Facility, maximizing its impact, and improve euro-area crisis management and governance. Advanced economies will ensure that banks have strong capital positions and access to adequate funding; maintain accommodative monetary policies as long as this is consistent with price stability, bearing in mind international spillovers; revive weak housing markets and repair household balance sheets; and undertake structural reforms to boost jobs and the medium-term growth potential of their economies.

Emerging market and developing economies, which have displayed remarkable stability and growth, are also key to an effective global response. The strategy is to adjust macro-economic policies, where needed, to rebuild policy buffers, contain overheating and enhance our resilience in the face of volatile capital flows. Surplus economies will continue to implement structural reforms to strengthen domestic demand, supported by continued efforts that achieve greater exchange rate flexibility, thereby contributing to global demand and the rebalancing of growth. Fostering inclusive growth and creating jobs are priorities for all of us.

We reaffirm the importance of the financial sector reform agenda and are committed to its full and timely implementation. We will continue our coordinated efforts to strengthen the regulation of systemically important financial institutions, establish mechanisms for orderly domestic and cross-border resolution of troubled financial institutions, and address risks posed by shadow banking.

We call on the Fund to play a key role in contributing to an orderly resolution of the current crisis and prevention of future crises. We welcome the Consolidated Multilateral Surveillance Report as an important tool to focus our discussions on key risks and policy issues. We welcome the directions set out in the Managing Director's Action Plan. In particular, we encourage the Fund to focus on the following priorities and report to the IMFC at our next meeting:

- A more integrated, evenhanded, and effective surveillance framework that better captures risks to economic and financial stability, drawing on the Fund's Triennial Surveillance Review and spillover reports;
- Early assessment of current financing tools and enhancements to the global financial safety net;
- Review of the adequacy of Fund resources;
- Ensuring adequate policy advice and financing to support low-income countries, including to address volatile food and fuel prices; and
- Further work on a comprehensive, flexible, and balanced approach for the management of capital flows, drawing on country experiences.

Governance reform is crucial to the legitimacy and the effectiveness of the IMF. We will intensify our efforts to meet the 2012 Annual Meetings target for the entry into force of the 2010 quota and governance reform. We call on the Fund to complete a comprehensive review of the quota formula by January 2013 and to report on progress at our next meeting. We reaffirm the commitment to complete the Fifteenth General Review of Quotas by January 2014. We look forward to further enhancing the role of the IMFC as a key forum for global economic and financial cooperation.

We thank Mr. Strauss-Kahn and Mr. Lipsky for their outstanding service at the helm of the Fund in difficult times. We warmly welcome Ms. Lagarde, Mr. Lipton, Ms. Shafik, and Mr. Zhu. Our next meeting will be held in Washington, D.C. on April 21, 2012.

Attendance can be found at <http://www.imf.org/external/am/2011/imfc/attendees/index.htm>

**Development Committee Communiqué**

Washington, D.C.

April 21, 2012

1. The Development Committee met today, 21 April 2012, in Washington, D.C.
2. The global economic outlook remains challenging. Policy adjustments and improved economic activity have reduced the threat of a sharp global slowdown. Growth in emerging and developing economies continues to be relatively strong, but poor countries still need support. Implementing policies and structural reforms to promote poverty reduction and inclusive growth must continue.
3. The likely achievement of the Millennium Development Goal (MDG) to halve global poverty by 2015 is welcome news, but we remain vigilant and continue to work with all stakeholders to advance the other MDGs and to learn from experience. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to support the implementation of the New Deal for Engagement in Fragile States. We call on the WBG to develop more innovative and stronger partnerships with middle income countries. Providing knowledge and financing for global public goods will also remain key. We welcome steps being taken by the IMF to implement the agreed funding package for the Poverty Reduction and Growth Trust, which should enable it to meet likely demand for the IMF's concessional support through 2014.
4. Higher, more volatile food prices threaten poverty reduction and other lagging MDGs, especially reducing hunger and child and maternal mortality. Food insecurity and malnutrition have devastating effects, especially on women and children. The Global Monitoring Report: Food Prices, Nutrition and the MDGs is timely and builds on our discussion last spring and the G20 conclusions at Cannes. We call on the WBG to continue to pursue multi-sectoral solutions to food insecurity and malnutrition through instruments such as the Global Agriculture and Food Security Program.
5. Social protection makes sound development sense. Social safety nets bolstered poor people's resilience to the last financial crisis and are also an important component of longer-term poverty reduction when they are well-targeted, affordable, gender sensitive and sustainable. The WBG has increased support for social safety nets, including conditional cash transfers, public works, and school feeding. We welcome the report Safety Nets Work: During Crisis and Prosperity, with its focus on improving the design and efficiency of existing social safety net programs and building new ones where needed, particularly in low income countries. We urge the WBG to promote south-south learning and to allocate sufficient resources to this work, continuing to collaborate with relevant institutions such as the IMF, the regional development banks and the International Labor Organization.

6. A vibrant private sector is crucial for growth, jobs and poverty reduction. We therefore welcome the report on the WBG's Innovations in Leveraging the Private Sector for Development. Building on its mandate of poverty reduction, the WBG is uniquely placed to innovate and advise clients about how to harness the private sector for development and to promote an enabling environment. The IFC has effectively supported development through the private sector and grown its investment portfolio and advisory services, and innovative products such as local currency and short term finance, while maintaining its focus on IDA countries and frontier markets. MIGA has also expanded its guarantee portfolio. We ask management to prepare a group-wide approach that assesses the implications for priorities and use of resources, and optimizes synergies between IBRD, IDA, IFC and MIGA to enhance responsiveness to clients and provide integrated solutions.
7. We are encouraged by progress on the modernization agenda, designed to improve the Bank's effectiveness and efficiency to deliver more and better results. Cultural and organizational change will be needed and we fully support management in bringing this about. The Update on the Bank's Business Modernization: Results, Openness and Accountability indicates a clear way forward. Critical areas for reform include human resources and knowledge building and sharing. Promoting staff diversity is vital to enhance operational effectiveness and attract motivated talent. The Corporate Scorecard is beginning to drive a results culture through the organization. Building on recent World Development Reports, the incorporation of gender equality and greater focus on fragile and conflict affected situations (FCS) will incentivize improved WBG performance. The momentum behind modernization must be maintained, and we look forward to a progress report next spring and to an updated Corporate Scorecard this autumn. Modernization, innovation, and greater creativity in the use of capital will achieve a more efficient WBG and contribute to its long term financial sustainability.
8. The Ministerial Dialogue on Sustainable Development, with the participation of the United Nations Secretary General Ban Ki-moon, sent an important signal about the need for global partnership to advance this demanding agenda. We look forward to continued discussion about inclusive, green growth in the context of poverty reduction and sustainable development, natural capital accounting and oceans, feeding into the Rio + 20 and G20 processes.
9. We express our profound appreciation and gratitude to Robert B. Zoellick for his leadership of the WBG over the last five years. He has positioned the WBG at the forefront of effective and timely responses to food and financial crises and natural disasters, as well as reinvigorating delivery of longer-term poverty reduction and tangible results. He has championed gender equality, better performance in FCS, adaptation to climate change, and renewed attention to agriculture and infrastructure. Under his leadership, the Bank secured the first capital increase in over twenty years and two unprecedented IDA replenishments, and launched a host of private sector initiatives, such as the IFC's Asset Management

Company. He has helped transform the WBG, making it more open, transparent, accountable and ready for a new era of “modernized multilateralism”. Reflecting this change, Mr. Zoellick has overseen the rise in the voting share of developing countries to 47%, to be followed by a further review of voice by 2015.

10. We congratulate Dr. Jim Yong Kim on his selection as President of the WBG and commit to working in close partnership with him. We thank Dr. Ngozi Okonjo-Iweala and Dr. José Antonio Ocampo for their candidacies and for sharing their valuable ideas for the WBG.
11. We welcome Mr. Marek Belka as the new Chair of the Development Committee and look forward to working with him. We also note with satisfaction the proposed revision of the Development Committee’s membership to reflect the addition of a third chair for Sub-Saharan Africa in the WBG’s Board.
12. The Development Committee’s next meeting is scheduled for 13 October 2012, in Tokyo.

## **Communiqué of the Twenty-Fifth Meeting of the IMFC**

Chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore  
and Minister for Finance

Washington, D.C.

April 21, 2012

The global economy is recovering gradually. Since we last met, important policy actions have been taken in the euro area, both at the national and regional levels, including through an enhancement of the European firewall. Economic indicators in the United States have improved. Emerging market and developing countries on the whole remain a source of strength for the world economy. But more remains to be done. The outlook remains one of moderate growth globally, and risks remain high. We will continue to act collectively to restore confidence, rekindle growth, and create jobs.

- In ***advanced economies***, further actions are needed in many countries to achieve credible fiscal consolidation and government debt reduction, while avoiding excessively contractionary fiscal policies. Where conditions permit, automatic fiscal stabilizers should be allowed to operate. In all countries, viable medium-term consolidation strategies should be in place. Monetary policy will need to remain accommodative as long as inflation prospects remain anchored and weak growth persists. The potential impact and cross-border spillovers of such a policy should be closely monitored. Structural reforms to boost potential output and employment are critical, and need further momentum. In the euro area, continued progress on ensuring debt sustainability, securing financial stability, and undertaking bold structural reforms will be crucial to boosting confidence and productivity, facilitating rebalancing within the monetary union, and promoting strong and balanced growth.
- ***Emerging market and developing countries*** continue to grow, while facing spillovers from the advanced economies. Ongoing stresses in Europe, high and volatile oil and commodity prices, and large and volatile capital flows pose significant policy challenges. This requires the right balance between attenuating downside risks with appropriate policies to support growth and curbing inflationary pressures. Rapid credit growth in some economies warrants attention. Low-income countries should preserve macroeconomic stability and debt sustainability while pursuing their development objectives and addressing infrastructure gaps to enhance their growth potential. We call on the membership to complete the low-income-country financing package under the Poverty Reduction and Growth Trust through 2014–15, and will consider proposals to ensure its long-term sustainability, by our 2012 Annual Meetings. We call on the Fund to support the efforts of Arab countries in transition with policy advice, technical assistance, and appropriate financing at this historic time; we support these efforts, including through collaboration with the Deauville Partnership, to facilitate economic transition while safeguarding financial stability. We encourage the Fund to enhance attention to small states, especially those that are most vulnerable to external shocks.



- **Global collaboration** is key to sustaining growth everywhere and ensuring stability. Further actions are needed to build on the progress made to date in reducing global imbalances. In general, deficit countries need to continue with their efforts to strengthen national saving while enhancing export competitiveness, and surplus countries need to continue to implement structural reforms to strengthen domestic demand, supported by continued efforts that achieve greater exchange rate flexibility. It is also crucial to press ahead cooperatively in strengthening financial systems by completing and implementing the agreed international financial reform agenda in an internationally consistent and non-discriminatory manner, including in the area of Basel standards, derivatives, and cross-border resolution of financial institutions. In addition, fostering and protecting investment is crucial for the global recovery. We reaffirm our collective responsibility to avoid protectionism in all its forms.

The next *Consolidated Multilateral Surveillance Report* provides an opportunity to assess progress in our efforts.

We will ensure that the IMF has the tools and resources to effectively support the membership and welcome the directions in the *Managing Director's Action Plan*.

- **Resources.** We remain committed to take the necessary actions to secure global financial stability. We welcome the euro area members' decisions in March to strengthen European firewalls as part of broader reform efforts and the availability of central bank swap lines. Together with the G-20, we have reached agreement to enhance IMF resources for crisis prevention and resolution. This is the result of a broad international cooperative effort that includes a significant number of countries. There are firm commitments to increase resources made available to the IMF by over \$430 billion in addition to the quota increase under the 2010 reform. These resources will be available for the whole membership of the IMF, and not earmarked for any particular region. The resources would be channelled through temporary bilateral loans and note purchase agreements to the IMF's General Resources Account. Should it become necessary to use these resources, adequate risk mitigation features, conditionality, and adequate burden sharing among official creditors would apply, as approved by the IMF Board. This effort, together with the national and regional structural, fiscal, and monetary actions that have been put in place in the past months, shows the commitment of the international community to safeguard global financial stability and put the global economic recovery on a sounder footing.
- **Governance.** We reaffirm the urgency of making the 2010 quota and governance reforms effective by the 2012 Annual Meetings, to enhance the Fund's legitimacy and credibility. We urge members to ratify these reforms expeditiously and call on the Fund to monitor progress transparently and more frequently. We look forward to an agreement, by January 2013, on a simple and transparent quota formula that better reflects members' relative positions in the world economy. We reaffirm our commitment to complete the Fifteenth General Review of Quotas by January 2014. Any realignment is expected to result in increases in the quota

shares of dynamic economies in line with their relative positions in the world economy, and hence likely in the share of emerging market and developing countries as a whole. Steps shall be taken to protect the voice and representation of the poorest members. We call on the Fund with the input from our Deputies to report on progress at our next meeting.

- **Surveillance.** We welcome recent initiatives on Fund surveillance, and agree that the current surveillance framework should be significantly enhanced. We welcome the progress by the Fund in advancing consideration of an integrated surveillance decision and commit to support the decision process. Strengthening surveillance should bring together bilateral and multilateral perspectives in Fund policy advice and enable better assessment of global and country level risks and spillovers to economic and financial stability, and engage more effectively with policymakers. The IMFC has a key role to play in regularly guiding strategic and operational priorities for Fund surveillance.

The next *Action Plan* provides an opportunity to report on progress.

**Next IMFC meeting.** Our next meeting will be held in Tokyo on October 12-13, 2012.

Attendance can be found at <http://www.imf.org/external/spring/2012/imfc/attendees/index.htm>