

# Press communiqués

## of the International Monetary and Financial Committee and the Development Committee

### Development Committee Communiqué

Washington, DC  
October 12, 2008

1. We met in Washington, D.C., today, Sunday, October 12, 2008.

2. We are concerned by the impact of the turmoil in world financial markets and the continued high prices of fuel and food. We welcomed member countries' commitment to take comprehensive and cooperative measures to restore financial stability and the orderly functioning of credit markets. The World Bank Group (WBG) and the IMF must help address these critical challenges, in particular the impact on developing countries, and draw lessons from the current crises. It will be crucial to maintain a focus on support for sustainable growth, poverty reduction, and the achievement of the Millennium Development Goals (MDGs). We welcomed world leaders' renewed commitment to the MDGs at the recent United Nations (UN) high-level event, and we reiterated the urgent need to forge a deepened global partnership at next month's *Financing for Development Conference* in Doha.

3. Developing and transition countries (DTCs) could suffer serious consequences from any prolonged tightening of credit or sustained global slowdown. Prices for fuels and staple foods remain at high levels. This is pushing up inflation in many countries and worsening income distribution, setting back progress towards meeting the MDGs, in particular the poverty and human development MDGs. Higher food and energy prices are also causing balance of payments problems, which are especially severe for low-income energy importing countries, many in Africa. We recognized that countries face difficult policy challenges, including dealing with the distributional effects of the commodity price shocks and protecting the most vulnerable groups with carefully targeted assistance, controlling inflation, and managing the shocks, while maintaining sound public finances and sustaining growth.

4. We recognized the important role of the DTCs in the global economy, and called on the international community, including the WBG and the IMF, working in a coordinated way, to draw on the full range of their financial, analytical, and technical assistance resources and policy advice to help DTCs strengthen their economies and maintain growth, and protect the most vulnerable groups within their populations against the short- and medium-term impact of the current crises. Poorer countries, with their limited sources of fiscal revenue, will be especially dependent on timely and predictable flows of Official Development Assistance (ODA). In this regard, we emphasized the enhanced importance, in the current context, of donors meeting their ODA commitments. We especially appreciate the strong increase in overall WBG commitments to members in fiscal year 2008. We welcomed the WBG's collaboration with the UN and other partners, particularly through the *UN High Level Task Force on the Global Food Crisis*. Supporting President Zoellick's call for a *New Deal for Global Food Policy*, we welcomed the expedited financing provided

through the *Global Food Crisis Response Program* and parallel efforts to increase substantially the level of WBG financial and analytical support for food and agriculture. We welcomed the progress on the Energy for the Poor initiative and encouraged the WBG, with the help of donors, to finalize the proposal. This will provide rapid assistance to social safety nets, and support projects to reduce countries' longer-term vulnerability to high and volatile fuel prices. We also welcomed the IMF's mobilization of the *Poverty Reduction and Growth Facility (PRGF)* in response to its members' needs, and the recent reform of its *Exogenous Shocks Facility*, which provides for easier and more rapid access to concessional assistance in response to shocks.

5. The need to address these new global stresses adds to an already extensive agenda of critical issues confronting the international community. These include meeting the challenges embodied in the MDGs and providing the necessary funding for their achievement in a transparent and accountable way. ODA volumes need to be consistent with existing commitments and we called for full compliance with these commitments. We also highlighted the role of domestic resources for development. We called for: continued attention to the sustainability and full delivery of debt relief initiatives; addressing issues of global public goods including climate change; supporting health delivery systems in developing countries and countering international health scourges including HIV-AIDS; promoting gender equality and the empowerment of women; and maintaining and building upon the system of open international markets, including completing the *Doha Development Round* and delivering increased aid for trade. These challenges are particularly acute in conflict-affected countries and those in fragile situations, where we need to step up our efforts at collaboration, knowledge-sharing and ensuring adequate and timely resources. We called upon the Bank to intensify its efforts to operate flexibly and effectively in fragile and post conflict situations, and we welcomed the upcoming signing of the *UN-World Bank Partnership Framework and Fiduciary Principles Accord for Crisis and Emergency Situations*. The above agenda serves as a reminder of the crucial importance of intensified international co-operation and multilateralism in effectively addressing shared global challenges.

6. In this context, we welcomed the endorsement of a substantive *Agenda for Action at the Accra High Level Forum on Aid Effectiveness* by a broad partnership including stakeholders engaged in South-South cooperation. We noted in particular the reinforced commitment to: mutual accountability; support for country ownership through capacity development and institution building and increased use of strengthened country systems; enhancing value for money; transparency and predictability of aid and its underlying conditions; and the reduction of aid fragmentation. We urged development partners including the WBG to develop action plans to implement the Accra Agenda for Action and look forward to seeing the Bank's action plan before our next meeting.

7. In light of the new global challenges, we called on the Bank to urgently review the implications for its strategy and operations, and

to articulate detailed objectives and actions. We asked management and the Board to work together to enhance Group synergy and make the Bank a more efficient, flexible, decentralized, and client-focused organization. We look forward to reviewing progress in this regard. We encouraged the Bank to complete its strategic review of IBRD's capital.

8. We discussed and welcomed the strategic framework for the World Bank Group on *Development and Climate Change*. The framework benefited from extensive consultations with member countries and other stakeholders. It provides a basis for the WBG to fulfill its core mission of promoting economic growth and poverty reduction, at the global, regional, and country levels, in the context of the challenges posed by climate change. While re-emphasizing the primacy of the UNFCCC negotiation process, and taking account of the *Bali Action Plan*, we encouraged the WBG to support climate actions in country-led development processes in a holistic manner, and to customize support to climate change adaptation and mitigation efforts, as well as capacity building needs, in its member countries. Recognizing the enormous financial gap for addressing climate change, we encouraged the WBG to strengthen its resource mobilization efforts, including facilitating access to additional concessional financing, ensuring complementarity with other financing mechanisms (notably the *Global Environment Facility* and the *Adaptation Fund*), supporting the development of market-based financing mechanisms, leveraging private sector resources, and seizing opportunities for innovation. We encouraged the WBG to play an active role in supporting the development and deployment of clean and climate-resilient technologies, and facilitating relevant R&D and technology transfer. In this context we welcomed the recent successful launch of the *Climate Investment Funds (CIF)*, including the *Clean Technology Fund* and the *Strategic Climate Fund*, as a positive first step, and called on the WBG to give increased attention to mobilizing resources for adaptation.

9. The package of reforms enhancing voice and participation of all developing and transition countries (DTCs) in WBG governance and work, brought forward by the Bank's Board, addresses many aspects of voice and participation in light of the Monterrey Consensus. This is an important first step in the ongoing process of comprehensive reform. This package includes both concrete immediate steps and commitments to further work. An additional Board seat for sub-Saharan Africa on the Bank's Board will be created. DTC voting shares in IBRD and IDA will increase, giving special emphasis to smaller members. Further realignment of Bank shareholding will be taken up by the Bank's Board in an important shareholding review that will develop principles, criteria, and proposals for Bank shareholding. The review will consider the evolving weight of all members in the world economy and other Bank-specific criteria, consistent with the WBG's development mandate, moving over time towards equitable voting power between developed and developing members. The Board would develop proposals by the 2010 Spring Meeting and no later than the 2010 Annual Meetings, with a view to reaching consensus on realignment at the following meeting. There is considerable agreement on the importance of a selection process for the President of the Bank that is merit-based and transparent, with nominations open to all Board members and transparent Board consideration of all candidates. In addition, Bank Management has committed to continue enhancing diversity of management and staff and decentralizing decision-making. We asked the WBG's Boards and Management to take prompt action to implement this agreed first step. We look forward to the periodic reports on progress and future proposals for a subsequent realignment of Bank shareholding as part of comprehensive reform.

10. We welcomed the continuing work by the Board to review and further strengthen internal governance at the World Bank.

11. The Committee's next meeting is scheduled for April 26, 2009, in Washington, D.C.

## Communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund

Washington, DC  
October 11, 2008

1. The International Monetary and Financial Committee held its eighteenth meeting in Washington, D.C. on October 11, 2008, under the Chairmanship of Dr. Youssef Boutros-Ghali, the Minister of Finance of Egypt. The Committee welcomes Dr. Boutros-Ghali, the new IMFC Chairman. The Committee expresses its deep gratitude to Mr. Tommaso Padoa-Schioppa for his invaluable role as the Committee's Chairman in securing the membership's support for critical IMF reforms, and extends its best wishes.

2. Yesterday, October 10, the G-7 met and agreed the following plan of action:

- "Take decisive action and use all available tools to support systemically important financial institutions and prevent their failure.
- Take all necessary steps to unfreeze credit and money markets and ensure that banks and other financial institutions have broad access to liquidity and funding.
- Ensure that our banks and other major financial intermediaries, as needed, can raise capital from public as well as private sources, in sufficient amounts to re-establish confidence and permit them to continue lending to households and businesses.
- Ensure that our respective national deposit insurance and guarantee programs are robust and consistent so that our retail depositors will continue to have confidence in the safety of their deposits.
- Take action, where appropriate, to restart the secondary markets for mortgages and other securitized assets. Accurate valuation and transparent disclosure of assets and consistent implementation of high quality accounting standards are necessary.

The actions should be taken in ways that protect taxpayers and avoid potentially damaging effects on other countries. We will use macroeconomic policy tools as necessary and appropriate. We strongly support the IMF's critical role in assisting countries affected by this turmoil. We will accelerate full implementation of the Financial Stability Forum recommendations and we are committed to the pressing need for reform of the financial system. We will strengthen further our cooperation and work with others to accomplish this plan."

3. Today the International Monetary and Financial Committee strongly endorsed the above commitments.

4. The Committee recognizes that the depth and systemic nature of the crisis call for exceptional vigilance, coordination, and readiness to take bold action. It underscores that the Fund has a critical mandate to foster the multilateral cooperation needed to restore and safeguard international monetary and financial stability. The Committee considers that, using its

emergency procedures, the Fund stands ready to quickly make available substantial resources to help member countries cover financing needs. The Committee calls for further intensive Fund engagement across the membership to discuss and develop robust policy responses to the crisis.

5. Moreover, the Committee notes that many emerging market economies, which have implemented sound policies in recent years, may experience spillover effects from the financial crisis. The difficult global financial environment, including elevated food and fuel prices, adds to the challenges for emerging market and developing countries to preserve macroeconomic stability, sustain growth, and make progress on poverty reduction. For these reasons, it is critically important that collaborative action be coordinated between advanced and emerging economies.

6. The Committee calls on the Fund—given its universal membership, core macro-financial expertise, and its mandate to promote international financial stability—to take the lead, in line with its mandate, in drawing the necessary policy lessons from the current crisis and recommending effective actions to restore confidence and stability. It asks the Fund to focus discussion, and enhance cooperation, with a wide range of perspectives with the FSF, the G-20, and others on this issue in an inclusive setting. The Committee asks the IMF to start this initiative immediately and to report to the IMFC at the latest at its next meeting.

7. The next regular meeting of the IMFC will be held in Washington, D.C. on April 25, 2009. The attachment summarizes the Committee's discussion on other key points.

#### *Supporting Growth and Tackling Global Challenges*

8. The Committee emphasizes that macroeconomic policies in the advanced economies need to provide essential stimulus in the face of the risk of a pronounced economic downturn, as confidence in the financial system is restored. Given the decline in commodity prices from their recent peaks and the expected slowing activity in many countries, policymakers should consider the most appropriate policy actions depending on national conditions. The Committee welcomes the recent coordinated monetary policy actions undertaken by several central banks. In a number of economies, fiscal policy has provided timely support to boost activity. Further fiscal initiatives should take account of medium-term consolidation objectives and, if undertaken, should give priority to dealing with financial problems. While macroeconomic policy priorities vary considerably across emerging market and developing economies, the Committee notes that the risk of a marked slowdown owing to financial market strains and sluggish export markets is becoming the primary concern for many of them. The Committee calls on the IMF to stand ready to assist members to prepare timely, effective, and appropriate policy responses to alleviate the impact of negative spillovers from the financial crisis.

9. The Committee is concerned that the progress made by low-income countries in achieving macroeconomic stability, fostering growth, and reducing poverty is being undermined by the adverse global environment. Many low-income countries, particularly in sub-Saharan Africa, have been severely hit by higher food and fuel prices. The Committee calls on low-income countries to pursue strengthened adjustment efforts with increased donor assistance, in particular grants, to limit the effects on real income and poverty. The Committee welcomes the mission statement on low-income countries, and considers that the Fund should continue to play its part in the areas of its core expertise. The Committee welcomes the reforms to the Exogenous Shocks Facility, which allow it to be used more quickly and adequately.

10. The Committee notes the challenges posed by higher commodity prices in many countries, even though food and fuel prices have receded from their recent peaks. It recommends that shifts in international food and fuel prices be passed through to domestic markets, backed by targeted measures and adequate safety nets to protect the poor and taking into account country-specific circumstances.

11. Progress toward a more multilateral trading system has never been more important given risks to global growth. The Committee therefore calls on members to resist protectionist pressures, and reiterates its strong support for a prompt and ambitious conclusion of the Doha Development Round of trade negotiations.

12. The Committee emphasizes that it remains important to guard against global imbalances. The multilateral strategy for addressing global imbalances remains relevant, even though short-term measures will need to focus on stabilizing financial markets.

#### *Advancing the IMF's Surveillance Agenda*

13. The Committee underscores the central role of Fund surveillance in providing clear, advance warning of risks, helping members understand the interdependence of their economies, and promoting globally consistent policy responses. The Committee takes note of the conclusion of the Triennial Surveillance Review, and endorses the Fund's first Statement of Surveillance Priorities.<sup>1</sup> The Committee calls on all members to work together cooperatively and with the Fund toward achieving the economic and operational objectives that it sets forth. The Committee calls on the Fund to press ahead with the enhanced early warning of risks and vulnerabilities, including through enhanced financial sector liaison, analysis of macro-financial linkages, and scenario analysis, and by completing the extension of its vulnerability exercise to advanced economies. The communication of these risks and vulnerabilities should be concise, authoritative, and timely, including through an enhanced World Economic Outlook and Global Financial Stability Report. Work should also be undertaken toward a reshaped Financial Sector Assessment Program that is better integrated with the Fund's surveillance mandate, and embraces regional perspectives. The Committee looks forward to regular reporting by the Managing Director on the progress made against surveillance priorities.

#### *Reviewing the IMF's Lending Role*

14. The Committee stresses that Fund financing has a critical role to play in giving confidence to members—subject to adequate safeguards—by helping them cope with the challenges of globalization in general and the current financial crisis in particular. It emphasizes that the Fund is ready to make full use of the flexibility already embodied in its lending instruments, particularly in the emergency procedures and provisions for exceptional access. But additional efforts are needed to review the Fund's lending instruments, which might need to be adapted to the evolving needs of the membership. The Committee welcomes the ongoing review of the Fund's lending role, and supports the plan to advance work in the following five areas: (i) reviewing the analytical framework for Fund lending and its coherence, including the scope for innovation in and streamlining of lending instruments, and exploring new modalities for Fund financing; (ii) creating a new liquidity instrument; (iii) re-examining Fund conditionalities; (iv) reviewing the Fund's lending facilities for low-income members;

<sup>1</sup>The Statement of Surveillance Priorities is attached, and also can be found at <http://www.imf.org/external/np/pdr/surv/2008/index.htm>.

and (v) increasing access limits and financing terms for using Fund resources. The Committee urges the Executive Board to take this agenda forward expeditiously. The Committee strongly recommends that decisions be taken on an accelerated basis in those areas where there is strong consensus and particular urgency—such as the establishment of a new liquidity instrument—and on the full range of issues by the time of the 2009 Annual Meetings.

*The Santiago Principles—Generally Accepted Principles and Practices for Sovereign Wealth Funds*

15. The Committee welcomes the development of the Santiago Principles by the International Working Group of Sovereign Wealth Funds (SWFs). The Principles represent a collaborative effort by SWFs from across advanced, emerging, and developing country economies to set out a comprehensive framework, providing a clearer understanding of the operations of SWFs. Their adoption on a voluntary basis signals strong commitment to the Principles and their implementation should further enhance the stabilizing role played by SWFs in the financial markets, and help maintain the free flow of cross-border investment. The Committee welcomes the intention of the International Working Group to consider establishing a Standing Group to keep the Principles under review and explore the scope for collecting and disseminating aggregated information on SWF operations. It emphasizes that continued Fund support, if requested, should be consistent with budgetary constraints. The Committee also stresses the importance of clear and nondiscriminatory policies by recipient countries toward SWF investments. It looks forward to the completion of the work of the OECD in this area, and encourages continued dialogue and coordination between the OECD and SWFs.

*Other Issues*

16. The Committee welcomes the approval by the Board of Governors of the Resolution on quota and voice reforms, including the amendment of the Fund's Articles of Agreement to enhance voice and participation in the Fund. It notes that this is an important first step toward a realignment of members' quota and voting shares. These realignments are expected to result in increases in the quota shares of dynamic economies, and hence in the share of emerging market and developing economies as a whole. The Committee also looks forward to further work by the Executive Board on elements of the new quota formula that can be improved before the formula is used again. The Committee also welcomes the approval of the amendment broadening the Fund's investment authority as part of the Fund's new income model. The Committee urgently calls on all members to work toward the early completion of the domestic legislative steps required for making the quota and voice reforms and the Fund's new income model effective.

17. The Committee recommends members' acceptance of the amendment of the Articles of Agreement for a special one-time allocation of SDRs.

18. The Committee welcomes the ongoing re-assessment of the Fund's governance. This involves the follow-up by the Fund's Executive Board to the IEO Evaluation of Aspects of IMF Corporate Governance; the work of the committee of eminent persons on IMF governance reform, chaired by Mr. Trevor Manuel; and the engagement of civil society and other concerned audiences. The Committee underscores that governance reforms will require joint and collaborative efforts by all organs of the Fund. It looks forward to a progress report at its next meeting.

## Annex

### Surveillance Priorities for the International Monetary Fund, 2008–11<sup>2</sup>

*In pursuit of its mandate to promote international monetary and financial stability, IMF surveillance will be guided through 2011 by the following priorities:*

*Economic priorities*

The global economy faces a period of severe financial distress and slower growth alongside the challenges of sharp commodity price changes and global imbalances. The following interrelated policy objectives will be key to return to an international environment more conducive to sustainable noninflationary growth:

- **Resolve financial market distress.** Restore stability and minimize the adverse impact of the current crisis in financial markets on the real economy;
- **Strengthen the global financial system** by upgrading domestic and cross-border regulation and supervision, especially in major financial centers, and by avoiding the exposure of capital-importing countries, including low-income countries, to excessive risks;
- **Adjust to sharp changes in commodity prices.** React to commodity price shifts in domestically appropriate and globally consistent ways, with emphasis on keeping inflationary pressures in check in boom phases and minimizing risks that could arise when prices fall;
- **Promote the orderly reduction of global imbalances** while minimizing adverse real and financial repercussions.

*In coordination with other International Financial Institutions, the IMF should **promote a common understanding** of the forces and linkages underlying these challenges; **draw key lessons** from different experiences to share across the membership; **provide clear advance warnings of risks** to global economic and financial stability; and **advise on how best to use policy**—in particular monetary, fiscal, exchange rate, and financial sector policies—in support of these objectives.*

*Operational priorities*

- **Risk assessment.** Refine the tools necessary to provide clear early warnings to members. Thorough analysis of major risks to baseline projections (including, where appropriate, high-cost tail risks) and their policy implications should become more systematic;
- **Financial sector surveillance and real-financial linkages.** Improve analysis of financial stability, including diagnostic tools; deepen understanding of linkages, including between markets and institutions; and ensure adequate discussion in surveillance reports;
- **Multilateral perspective.** Bilateral surveillance to be informed systematically by analysis of inward spillovers; outward spillovers (where relevant); and cross-country knowledge (as useful); and,
- **Analysis of exchange rates and external stability risks.** In the context of strengthening external stability analysis, integrate

<sup>2</sup>Adopted by the IMF Executive Board on October 7, 2008.

clearer and more robust exchange rate analysis, underpinned by strengthened methodologies, into the assessment of the overall policy mix.

*The Executive Board has set the above priorities to foster multilateral collaboration and guide IMF management and staff in the conduct of surveillance. These priorities look ahead three years, but may be revised if circumstances warrant. They will guide the Fund's work within the framework for surveillance provided by the Articles of Agreement and the relevant Board decisions, including the 2007 Decision on Bilateral Surveillance. Moreover, traditional areas of strength (such as fiscal policy and debt sustainability analysis) and relevant country-specific issues should not be overlooked.*

*The Executive Board is responsible for conducting, guiding, and evaluating surveillance in order to ensure the achievement of these priorities. Management and staff are responsible for delivering on the operational priorities, subject to members' cooperation in line with commitments under the Articles of Agreement. To foster progress toward economic priorities, management and staff are responsible for providing candid high-quality analysis and effective communication. The Managing Director will report: (i) regularly on actions toward priorities and readily visible results; and (ii) at the time of the next Triennial Surveillance Review on progress in attaining these priorities; management's and staff's contributions; and factors that impeded progress.*

## International Monetary and Financial Committee Attendance

October 11, 2008

### Chairman

Youssef Boutros-Ghali

### Managing Director

Dominique Strauss-Kahn

### Members or Alternates

Ibrahim A. Al-Assaf, Minister of Finance, Saudi Arabia

Sultan N. Al-Suwaidi, Governor, United Arab Emirates Central Bank  
(Alternate for Obaid Humaid Al Tayer, Minister of State for Financial Affairs, United Arab Emirates)

Stefan Ingves, Governor, Sveriges Riksbank, Sweden  
(Alternate for Anders Borg, Minister of Finance, Sweden)

Wouter Bos, Minister of Finance, Netherlands

Duvvuri Subbarao, Governor, Reserve Bank of India  
(Alternate for Palaniappan Chidambaram, Minister of Finance, India)

Alistair Darling, Chancellor of the Exchequer, United Kingdom

Carlos Fernández, Minister of Economy and Production, Argentina

James Michael Flaherty, Minister of Finance, Canada

Aleksei Kudrin, Deputy Prime Minister and Minister of Finance, Russian Federation

Christine Lagarde, Minister of Economy, Industry and Employment, France

Mohammed Laksaci, Governor, Banque d'Algérie

Hervé Nzé Nong, National Director, Bank of Central African States, Gabon  
(Alternate for Blaise Louembe, Minister of Economy, Finance, Budget and Privatization, Gabon)

Guido Mantega, Minister of Finance, Brazil

Tito Mboweni, Governor, South African Reserve Bank

Jean-Pierre Roth, Chairman of the Governing Board, Swiss National Bank  
(Alternate for Hans-Rudolf Merz, Minister of Finance, Switzerland)

Shoichi Nakagawa, Minister of Finance, Japan

Henry M. Paulson, Jr., Secretary of the Treasury, United States

Bernard Clerfayt, Secretary of State, Belgium  
(Alternate for Didier Reynders, Deputy Prime Minister and Minister of Finance, Belgium)

Floria María Caricote Lovera, Director of Public Credit, Ministry of Finance, Venezuela (Alternate for Ali Rodríguez Araque, Minister of Finance, República Bolivariana de Venezuela)

Peer Steinbrück, Minister of Finance, Germany

Wayne Swan, Treasurer of the Commonwealth of Australia

Giulio Tremonti, Minister of Economy and Finance, Italy

Tarisa Watanagase, Governor, Bank of Thailand

Yi Gang, Deputy Governor, People's Bank of China

(Alternate for ZHOU Xiaochuan, Governor, People's Bank of China)

## Observers

Mohammad Alipour-Jeddi, Head, Petroleum Studies Department, Organization of the Petroleum Exporting Countries (OPEC)

Joaquín Almunia, European Commissioner for Economic and Monetary Affairs, European Commission (EC)

Agustín Carstens, Chairman, Joint Development Committee (DC)

Mario Draghi, Chairman, Financial Stability Forum (FSF)

Heiner Flassbeck, Director, Globalization and Development Strategies Division (UNCTAD)

Angel Gurría, Secretary-General, Organisation for Economic Co-operation and Development (OECD)

Hervé Hannoun, Acting General Manager, Bank for International Settlements (BIS)

Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development, United Nations (UN)

Juan Somavía, Director-General, International Labour Organization (ILO)

Jean-Claude Trichet, President, European Central Bank (ECB)

Robert B. Zoellick, President, World Bank Group

## Development Committee Communiqué

Washington, DC  
April 26, 2009

1. The Development Committee met today, April 26, in Washington, D.C.

2. The global economy has deteriorated dramatically since our last meeting. Developing countries face especially serious consequences, as the financial and economic crisis turns into a human and development calamity. Hard-earned progress towards the Millennium Development Goals (MDGs) is now in jeopardy. The crisis has already driven more than 50 million people into extreme poverty, particularly women and children. We must alleviate its impact on developing countries and facilitate their contribution to global recovery.

3. The World Bank Group (WBG) and the IMF have shown leadership and complement each other in helping developing countries respond to the crisis, enabling countercyclical measures, and helping to bridge the huge financing gap, including efforts to revive private capital flows. Multilateral institutions need the resources and capacity for effective crisis response and prevention. We welcomed member countries' commitments to a substantial increase in resources for the IMF.

4. More needs to be done as the crisis unfolds further. We now need to translate our respective commitments, including those made by the participants at the recent London Summit, into concerted action and additional resources. We urged all donors to accelerate delivery of commitments to increase aid, and for us all to consider going beyond existing commitments.

5. We welcomed the WBG's efforts to ensure a timely crisis response while maintaining its focus on long-term development challenges, including those posed by climate change and the need to accelerate progress towards the MDGs. We noted the expected trebling of IBRD lending this fiscal year and the fast tracking of IDA 15 commitments. We supported the initiatives the WBG has launched and encouraged their timely implementation:

- **To protect the poorest**, the Bank has set up the Vulnerability Financing Facility, including the Global Food Crisis Response Program and the new Rapid Social Response Program. IFC has also created the Microfinance Enhancement Facility to help poor borrowers.
- **To reinvigorate trade finance**, IFC has expanded its Global Trade Finance Program from \$1 billion to \$3 billion, and has also launched its Global Trade Liquidity Program, expected to support up to \$50 billion of trade over the next three years.
- **To maintain infrastructure development and create jobs**, the Bank has established the Infrastructure Recovery and Assets Platform. The Bank will lend up to \$15 billion a year for infrastructure, while IFC has launched the Infrastructure Crisis Facility.
- **To help support the financial sector**, IFC has created the Capitalization Fund, to provide additional capital for developing country banks. MIGA has extended guarantees to loans to Eastern Europe for coverage of \$500 million.

Many of these initiatives are designed to mobilize more resources, both public and private. We welcomed the additional contributions that have been made and urged governments to consider further support. In addition, we called upon the WBG to update as appropriate its policies, instruments and strategies in light of lessons learned from the crisis.

6. We confirmed our support for making optimal use of IBRD's balance sheet with lending of up to \$100 billion over three years. Given the possibility of a slow recovery, we considered the potential need to deploy additional resources and asked the WBG to review the financial capacity, including the capital adequacy, of IBRD and IFC, and the adequacy of the concessional resources going to IDA countries, for our further consideration at the 2009 Annual Meetings.

7. The crisis and the need for a strong multilateral response further highlight the relevance of ensuring enhanced voice and participation of developing and transition countries in the governance of the WBG. Based on agreement at our last meeting for the Board to develop principles, criteria and proposals for Bank shareholding, we agreed to accelerate work on the second phase of the reform with a view to reaching agreement by the 2010 Spring Meetings. This must involve all shareholders in a transparent, consultative, and inclusive process.

8. We welcomed the Board's review of internal governance and asked the WBG to continue the work, as part of the comprehensive approach to strengthening WBG governance and overall effectiveness.

9. The Committee's next meeting is scheduled for October 5, 2009, in Istanbul.

## Communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund

Washington, DC  
April 25, 2008

1. The International Monetary and Financial Committee held its nineteenth meeting in Washington, D.C., on April 25, 2009, chaired by Dr. Youssef Boutros-Ghali, the Minister of Finance of Egypt. It will hold its next meeting in Istanbul, Turkey, on October 4, 2009.

### *Crisis Management*

2. We restate our resolve to work collaboratively to restore international financial stability and global growth. We underline the central role of the IMF and welcome the vigorous actions taken to support countries in responding to the crisis. We commit ourselves to further strengthening the Fund's ability to assist in meeting members' external needs. We welcome the prompt response by Fund members in committing sizable support to the Fund's loanable resources, and encourage others to come forward.

3. We are committed to taking additional actions needed to ensure economic recovery, and in particular to:

- Take further decisive and cooperative action necessary to ensure the soundness of systemically important institutions, and to restore the financial health of banks, domestic lending, and international capital flows;
- Deliver the scale of sustained fiscal effort necessary to restore growth, within credible fiscal frameworks to ensure long-term sustainability;
- Maintain expansionary monetary policies where appropriate and for as long as needed, consistent with price stability; and
- Develop credible exit strategies from extensive government action as the crisis subsides.

4. We stress the importance of members taking account of the effects of their economic, financial, and investment policies on others, and refraining from protectionism in any form. The IMFC calls for urgently concluding an ambitious and balanced Doha Development Round, which will help boost the recovery of the global economy, and emphasizes the importance of ensuring the availability of sufficient trade finance.

5. We call on the IMF to assess regularly the actions taken and still required to restore macroeconomic stability, sustainable growth, and international financial stability. We will evaluate progress and the need for further action at our next meeting.

6. We welcome the G-20 Leaders' Statement, including the Declaration on Strengthening the Financial System. We underscore the importance of enhancing sound regulation, strengthening transparency, and reinforcing international cooperation. We urge the IMF to play a key role in contributing to international efforts toward these ends, consistent with its mandate.

### *Mobilizing Fund Resources*

7. We call on the IMF to continue acting promptly to make available, under adequate safeguards, substantial resources to member countries with external financing needs. Since the IMF is, and shall remain, a quota-based institution, we urge a prompt start to the fourteenth gen-

eral review of quotas so that it is completed by January 2011. We have agreed to increase the resources available to the IMF through immediate financing from members of US\$250 billion, subsequently incorporated into expanded and more flexible New Arrangements to Borrow (NAB), increased by up to US\$500 billion, and to consider market borrowing if necessary. We welcome progress by the NAB meeting yesterday, chaired by Japan and attended by NAB current and potential participants, and ask the group to carry this work forward expeditiously. While an expanded NAB is an important backstop for Fund resources, we recognize that it is not a substitute for a quota increase. We also stress the need to ensure that the Fund has adequate financing capacity to meet the needs of low-income countries.

8. A key achievement of today's meeting is ensuring the doubling of the Fund's loanable resources. The Committee commends the loan by Japan already approved, and recent commitments made by Canada, members of the European Union, Norway, Switzerland, and the United States.

#### *Fund Programs and the Global Financial Safety Net*

9. We welcome the overhaul of the IMF's lending and conditionality framework, including the new Flexible Credit Line (FCL) and high access precautionary arrangements (HAPAs). We also welcome the doubling of normal access limits for all borrowers, including under the PRGF and ESF. We support sufficient flexibility within IMF-supported programs, consistent with the Fund's mandate. In particular, we support giving due attention to the fiscal needs of countries with solid medium-term fiscal prospects, and the needs arising from bank restructuring and recapitalization, working with MDBs as appropriate. We call on the IMF to ensure the successful and evenhanded implementation of this new lending and conditionality framework, and ask the Managing Director to report on progress at our next meeting.

10. To strengthen the global financial safety net in the face of this severe crisis, the Committee supports:

- Doubling the Fund's concessional lending capacity for low-income countries, while ensuring debt sustainability, and exploring scope for increased concessionality. Subsidies could be financed through a combination of bilateral contributions—possibly by new donors—and the Fund's resources and income, including the use of additional resources from agreed gold sales, consistent with the new income model. Separately, the Committee calls on donors to honor their existing ODA commitments;
- Rapid completion of the reform of the Fund's facilities for low-income countries to make them more responsive to diverse country needs, and the review of options to enhance the flexibility within the Debt Sustainability Framework; and
- Rapid approval by members of (a) the pending amendment of the Articles of Agreement for a special one-time allocation of SDRs; and (b) a general allocation of SDRs equivalent to US\$250 billion, to become effective well before the 2009 Annual Meetings. We call on the IMF to put forward a concrete proposal assessing the case for the allocation and describing how it could be implemented.

#### *Surveillance*

11. We stress the need for efforts by both the Fund and members to enhance the effectiveness of surveillance and follow up by members of the Fund's recommendations. Particular attention to sources of systemic risks

will be essential to help prevent future crises. We call for improving the surveillance process through, inter alia, greater focus on the effectiveness of the policy dialogue and clear communications, with an emphasis on candor, evenhandedness, and independence. We look forward to reviewing the Fund's transparency policy by the Annual Meetings.

12. We call for enhancing IMF surveillance through improving its analysis of the macro-financial linkages, cross-border spillovers, and sources of systemic risk wherever they may arise. We welcome the work of the IMF with the Financial Stability Board (FSB) to provide better indicators of systemic risks and address data gaps, and underline the importance of international cooperation in preventing such systemic risks. We welcome the work so far on the joint IMF-FSB early warning exercise, and look forward to discussing means of facilitating peer review and incorporating continuous monitoring of risk indicators in surveillance exercises that would provide signals of increased vulnerability and needed policy responses at our next meeting. We will also review progress in reshaping the FSAP. Embedding financial sector surveillance more effectively as an element of the Article IV consultation, and integrating its results into the broader macroeconomic surveillance work are important. We welcome the commitment by G20 members to undertake an FSAP.

#### *Quota and Voice Reform*

13. Early action by national authorities to make the April 2008 agreements on quota and voice reform and on the Fund's new income model effective is crucial. The upcoming review of quotas is expected to result in increases in the quota shares of dynamic economies, particularly in the share of emerging market and developing countries as a whole. The Committee also looks forward to further work by the Executive Board on elements of the new quota formula that can be improved before the formula is used again. This work should start before the 2009 Annual Meetings.

14. Also, broader reforms to ensure International Monetary and Financial Committee active participation in the Fund's strategic decision making process should be promptly considered. The Committee calls on the Executive Board to report on this issue, as well as the Report by the Eminent Persons Group, and the work done by other groups, on enhancing the IMF governance structure by the next Annual Meeting in October 2009.

## **International Monetary and Financial Committee Attendance**

*April 25, 2008*

### **Chairman**

Youssef Boutros-Ghali

### **Managing Director**

Dominique Strauss-Kahn

### **Members or Alternates**

Ibrahim A. Al-Assaf, Minister of Finance, Saudi Arabia

Sultan N. Al-Suwaidi, Governor, United Arab Emirates Central Bank

(Alternate for Obaid Humaid Al Tayer, Minister of State for Financial Affairs, United Arab Emirates)

Boediono, Governor, Bank Indonesia

Anders Borg, Minister of Finance, Sweden

Nout Wellink, President, De Nederlandsche Bank

(Alternate for Wouter Bos, Minister of Finance, Netherlands)

Duvvuri Subbarao, Governor, Reserve Bank of India  
(Alternate for Palaniappan Chidambaram, Home Minister, India)  
Alistair Darling, Chancellor of the Exchequer, United Kingdom  
Carlos Fernández, Minister of Economy and Production, Argentina  
James Michael Flaherty, Minister of Finance, Canada  
Timothy F. Geithner, Secretary of the Treasury, United States  
Aleksei Kudrin, Deputy Prime Minister and Minister of Finance, Russian Federation  
Christine Lagarde, Minister of Economy, Industry and Employment, France  
Mohammed Laksaci, Governor, Banque d'Algérie  
Blaise Louembe, Minister of Economy, Finance, Budget, Investment Programming and Privatization, Gabon  
Guido Mantega, Minister of Finance, Brazil  
Tito Mboweni, Governor, South African Reserve Bank  
Hans-Rudolf Merz, Minister of Finance, Switzerland  
Didier Reynders, Deputy Prime Minister and Minister of Finance, Belgium  
Elena Salgado Méndez, Second Vice-President and Minister of Economy and Finance, Spain  
Joerg Asmussen, State Secretary, Federal Ministry of Finance, Germany  
(Alternate for Peer Steinbrück, Minister of Finance, Germany)  
Giulio Tremonti, Minister of Economy and Finance, Italy

Kyung Wook Hur, First Vice Minister, Ministry of Strategy and Finance, Korea (Alternate for Jeung-Hyun Yoon, Minister of Strategy and Finance, Korea)

Kaoru Yosano, Minister of Finance, Japan  
Zhou Xiaochuan, Governor, People's Bank of China

#### Observers

Joaquín Almunia, European Commissioner for Economic and Monetary Affairs, European Commission (EC)  
Agustín Carstens, Chairman, Joint Development Committee (DC)  
Jaime Caruana, General Manager, Bank for International Settlements (BIS)  
Mario Draghi, Chairman, Financial Stability Board (FSB)  
Angel Gurría, Secretary-General, Organisation for Economic Co-operation and Development (OECD)  
Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development, United Nations (UN)  
Pascal Lamy, Director-General, World Trade Organization (WTO)  
Juan Somavia, Director-General, International Labour Organization (ILO)  
Supachai Panitchpakdi, Secretary-General (UNCTAD)  
Jean-Claude Trichet, President, European Central Bank (ECB)  
Robert B. Zoellick, President, World Bank Group