

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

COMMUNIQUÉ October 17, 2019

1. We held our meeting in Washington D.C. with Julio Velarde, Governor of the Central Reserve Bank of Peru as Chair, Ken Ofori-Atta, Minister of Finance of Ghana as 1st Vice-Chair, and Jafar Mojarad, Executive Director at the International Monetary Fund (IMF) for Iran as 2nd Vice-Chair.

Navigating the Challenges to Global Growth and Stability

2. Global growth is subdued, and the projected growth pickup in 2020 is subject to high downside risks. Continued escalation in trade tensions and their potential implications on financial markets further cloud this outlook. Concerted policy efforts and multilateral cooperation in key areas are essential to avoid further economic slowdown and secure inclusive growth.

3. Supporting the rules-based global trading system is important for development. We call on policymakers to find the path to constructive dialogue to speedily resolve trade tensions and address concerns in the global governance of trade. The erosion of trust in the trading system and reliance on bargaining strength could create more uncertainty and take a toll on growth prospects of developing countries. It is critical for countries to take the necessary actions to foster a modern, rules-based, open, non-discriminatory and equitable trading system, with the World Trade Organization at its center. Under this system, access to trade in goods and services should benefit all countries, and the existing dispute settlement process should continue to function and be made more effective.

4. We reiterate our call for a strong, quota-based and adequately resourced IMF at the center of the Global Financial Safety Net. In view of rising risks and the buildup of vulnerabilities in the global economy, we call for at least maintaining the current lending capacity of the IMF. We deeply regret the insufficient support for a quota increase under the 15th General Review of Quotas (GRQ), and highlight the urgency of reaching a rapid agreement on a package, including the New Arrangements to Borrow, that will maintain the current level of Fund resources. We believe, however, that continued reliance on borrowed resources should not be a permanent substitute for quota increases. We are disappointed at the lack of progress in the quota realignment that was intended to reflect the greater share of dynamic emerging market and developing economies (EMDEs) in the global economy and increase the share of EMDEs as a group, while protecting the share of the poorest countries. All these elements are critical to the legitimacy and effectiveness of the IMF. It is essential to meet the objectives of the 15th GRQ in the context of the 16th GRQ. We call for the completion of the 2010 reforms on Board representation, and a third chair for Sub-Saharan Africa to improve the region's voice and representation without this being at the expense of another EMDE chair.

5. We urge the IMF to explore alternative ways to expand global liquidity, including through a more active use of Special Drawing Rights (SDRs) as a reserve asset. We ask the IMF to continue to adapt its lending toolkit to meet the diverse needs of member countries by considering a broader set of contingency arrangements, including revisiting a short-term liquidity swap instrument. We welcome the increase in the access limits for low-income countries (LICs) under the Poverty Reduction and Growth Trust (PRGT). Timely adjustments are necessary to address the erosion of these limits relative to GDP levels and external financing needs. We welcome recent efforts to better tailor engagements with countries in fragile and conflict-affected situations, and look forward to further progress in this area. Increasing the overall envelope of PRGT resources would ensure the Fund's adequate support for LICs.

6. We call on the IMF to ensure that its surveillance delivers evenhanded and balanced assessments of countries' policy mix, including monetary, fiscal, macroprudential and structural policies. In this regard, we recognize the IMF's ongoing effort to formulate an integrated policy framework to better assess the impact and interconnectedness of these policies and inform the Fund's advice, particularly regarding the management of capital flow volatility. We urge the IMF to further integrate macroeconomic and financial analysis in bilateral surveillance to promptly identify and address macroeconomic vulnerabilities.

7. While developing countries have contributed much less than developed countries to climate change, extreme weather events triggered by climate change disproportionately affect LICs and small states. Responding to the adverse effects of climate change requires international commitment to undertake the required unprecedented transition to a low-carbon world, reflecting the principle of common but differentiated responsibilities. We call on all countries to implement their Nationally Determined Contributions (NDCs) within the 2015 Paris Agreement. It is essential for developed countries to deliver on their commitment to provide new and additional USD100 billion annually by 2020, and further scale up their contributions thereafter, to support developing countries' efforts in addressing climate change. We urge the IMF, the World Bank Group (WBG) and other Multilateral Development Banks (MDBs) to intensify their support for developing countries' mitigation and adaptation efforts. In implementing our NDCs, we recognize the need for enhanced support through adequate provision of finance, technology transfer and capacity building.

8. Despite evidence of its economic gains and social benefits, migration continues to pose challenges as income gaps, demographic changes, climate change and geopolitical factors will likely lead to larger migration flows in the coming years. Cooperative action is needed in dealing with the migration challenge and the ongoing refugee crises that disproportionately affect some developing countries. We urge the IMF and WBG to undertake more analytical work to deepen understanding of the macroeconomic and developmental impacts of migration and refugee flows in source and destination countries and provide advice to design cooperative approaches and national policies.

Mobilizing Financing for Growth and Development

9. Our key priority is to transform our economies in order to raise living standards for all, reduce inequalities and achieve the Sustainable Development Goals (SDGs). For many

developing countries, widening income and employment gaps pose significant social and political risks. Every country is responsible for putting in place policy measures to increase productivity and quality investment, and broaden economic opportunities. We emphasize the role of strong institutions and good governance in development strategies to enable access to quality jobs, boost entrepreneurship and support fiscal sustainability. We call on the WBG, working with other MDBs, to intensify and enhance the effectiveness of its support for country-led and country-owned strategies for job creation and economic transformation. We also call for their strengthened support for regional solutions, such as the recently ratified African Continental Free Trade Area agreement.

10. Domestic resource mobilization (DRM) is key to the timely achievement of the SDGs. Many LICs, including countries in fragile and conflict-affected situations, however, will not be able to rely solely on DRM to support the additional spending necessary to achieve the SDGs. Thus, it is vital for advanced countries to deliver on their commitment to increase the amount of concessional resources, which have declined for least developed countries since 2013. We call for a robust IDA19 replenishment to support job-creating economic transformation in LICs.

11. International tax cooperation is essential to develop rules that are globally fair and avert harmful tax practices and competition. The views of developing countries and sound analyses of the impact of tax reform proposals on their revenues should be central in the reform of these rules. We support the continued efforts of the G-24 Working Group to promote peer dialogue and South-South cooperation on key tax challenges and enhance our international advocacy where it is needed. In addressing the challenges arising from the taxation of the digital economy within the OECD Inclusive Framework on Base Erosion and Profit Shifting, we look forward to a multilateral solution that generates equitable benefits for developing countries. It should recognize that digitalization enables firms to have a significant economic presence in our economies, even without physical presence. The goal should be to put in place rules that are fair and simple, allocate profits by taking into account the contribution of markets and users in creating these profits and can be effectively implemented in developing countries. In addition, there should be a focus on dispute prevention from the design stage of the solution.

12. Improving governance, fighting corruption and promoting transparency are essential to boost productivity and growth. We welcome the work of the IMF and WBG on monitoring and combating illicit financial flows (IFFs), and call on them to intensify their work with source and destination countries and in developing multilateral solutions to tackle the various forms of IFFs. We remain committed to strengthening the AML/CFT framework to protect the integrity of the global financial framework. We call for international cooperation to develop an international platform, along the lines of the Stolen Asset Recovery Initiative, to recover and return stolen assets and repatriate fugitive offenders. We also call for continued engagement by the IMF and the WBG to support countries in addressing the withdrawal of correspondent banking relationships and its adverse consequences.

13. We reiterate our commitment to addressing debt vulnerabilities and achieving the right balance between debt and growth objectives. We welcome the IMF/WBG multipronged approach to improve debt transparency and reporting and look forward to the adoption of an effective Sustainable Development Financing Policy and Debt Limits Policy. We call for

stronger support for fiscal and debt management and the development of domestic capital markets. We urge the IMF and WBG to work with stakeholders to promote sustainable and transparent borrowing and lending practices, including timely and market-friendly sovereign debt restructuring when this is necessary. We emphasize the joint responsibilities of debtors and creditors in fostering debt sustainability.

14. Developing countries' demand for IMF and WBG capacity development has risen in recent years. The Fund's Regional Capacity Development Centers have enabled substantive peer learning and agile responses to country requests. It is, therefore, important to ensure the financial sustainability of these Centers. We encourage the WBG to assess the effectiveness of its capacity development instruments in helping developing countries overcome implementation challenges.

15. We call for the timely implementation of the WBG's Capital and Policy Package so that the WBG works effectively with all client countries and leads on the global public goods agenda. The next Shareholding Review of the WBG, which will take place in 2020, should achieve the objectives of the agreed upon shareholding principles.

16. We reiterate the importance of staff diversity and gender balance at all levels in the IMF and WBG, including the diversity of educational institutions and backgrounds. We ask that they take decisive action to address the severe under-representation of some developing countries and regions in their staff recruitment and career progression, including at the managerial levels. Modernization initiatives at the IMF should ensure that the Fund continues to attract and retain high-caliber and diverse staff.

17. We congratulate Ms. Kristalina Georgieva on her appointment as Managing Director of the IMF. We would also like to thank Ms. Christine Lagarde for her outstanding leadership of the Fund during her tenure.

LIST OF PARTICIPANTS¹

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their one hundred and second meeting in Washington D.C. on October 17, 2019 with Julio Velarde, President of the Central Reserve Bank of Peru, in the Chair; Kenneth Ofori-Atta, Minister of Finance, Ghana, serving as First Vice-Chair; and Mr. Jafar Mojarad, Executive Director at the IMF Executive Office for Iran as Second Vice-Chair.

The meeting of the Ministers was preceded on October 16, 2019 by the one hundred and fourteenth meeting of the Deputies of the Group of Twenty-Four, with Armando Morales, Senior Advisor to the IMF Executive Director for Peru, as Chair.

African Group: Mohamed Loukal, Algeria; Deogratias Mutombo Mwana Nyembo, Democratic Republic of Congo; Chalouho Coulibaly, Côte d'Ivoire; Sahar Nasr, Egypt; Ahmed Shide, Ethiopia; Roger Owono Mba, Gabon; Maxwell Opoku-Afari, Ghana; Patrick Njoroge, Kenya; Mohamed Taamouti, Morocco; Zainab Ahmed, Nigeria; Mfundo Hlatshwayo, South Africa.

Asian Group: Aparna Subramani, India; Reza Nadali, Islamic Republic of Iran; Alain Bifani, Lebanon; Reza Baqir, Pakistan; Carlos G. Dominguez, Philippines; Samaratunga R.H.S., Sri Lanka; Lev Palei, Syria.

Latin American Group: Laura Jaitman, Argentina; Erivaldo Gomes, Brazil; Jose Antonio Ocampo, Colombia; Verónica Artola Jarrín, Ecuador; Sergio Recinos, Guatemala; Marc-Kenley Mogene, Haiti; Alfonso Guerra, Mexico; Renzo Rossini, Peru; Alvin Hilaire, Trinidad and Tobago.

Observers: Vera Daves de Sousa, Angola; Abdulrahman Al Hamidy, Arab Monetary Fund; Wensong Guo, China; Riyadh Mansour, G-77; Dalyono Dalyono, Indonesia; Deborah Greenfield, ILO; Mohamed Jouini, Islamic Development Bank; Fuad Albassam, OFID; Joerg Spitzzy, OPEC; Yousef Al Bassam, Saudi Arabia; Ahmed Al Qamzi, United Arab Emirates; Mukhisa Kituyi, UNCTAD; Navid Hanif, UNDESA; Ines Bustillo, UNECLAC.

Special Guests: Kristalina Georgieva, Managing Director, International Monetary Fund
David Malpass, President, World Bank

G-24 Secretariat: Marilou Uy, Aldo Caliarì, Angela Hanna, Lana Bleik, Deborah Ofori

IMF Secretariat for the G-24: Daniela Alcantara, Aric Maiden

¹ Persons who sat at the discussion table.