

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

COMMUNIQUÉ

April 11, 2023

1. G-24 members express their condolences over the human suffering experienced from various crises globally. We recognize that these crises are stretching the capability of governments as well as humanitarian agencies to cope with the challenges, and strongly support international efforts to restore peace, stability and livelihoods.

2. Multiple crises and shocks threaten global stability and narrow the scope for smooth macroeconomic adjustment in many countries. Human development is suffering major setbacks as a consequence of these crises. Extreme and severe poverty are increasing, food insecurity is worsening, learning losses are immense, migration and forced displacement are at record highs and inequality has risen worldwide, particularly in low- and middle-income countries (LICs and MICs). COVID-19 severely limited economic activity and continues to hold many countries on a low growth path. Global growth remains below pre-pandemic levels with risks heavily skewed to the downside, and many emerging market and developing economies (EMDEs) are projected to grow below their potential in 2023. Geopolitical conflicts are a major contributor to food and fuel price inflation, and, together with extreme weather conditions, a source of food and energy insecurity in parts of the world. The World Food Programme estimates that the number of food insecure persons will rise to 345 million in 2023, more than double the number in 2020. While the oil market remains well supplied as maintained by OPEC and countries in the Declaration of Cooperation, recent financial market turmoil is creating volatility in the futures market for fuel, with the possibility for near-term inflation. Geopolitical tensions threaten to upend prior global commitments, including on trade and climate change.

3. External risks are rising as interest rate spreads increase and risk premia rise. These factors are compounded by high levels of debt, fiscal and current account imbalances, and high inflation. At the same time, the scope for financing is narrowing as domestic exchange rates weaken. Capital flow dynamics are highly uncertain in EMDEs given the much faster than expected pace of global monetary tightening. The recent developments in some advanced economies' (AEs) banking sector raise concerns about the risks of systemic financial instability and contagion effects. Systemically important economies should remain vigilant about inflation but should also be mindful of the trade-offs in policy choices, and guard against adverse spillovers of their policies, while EMDEs affected by tighter conditions should implement policies to preserve and increase resilience.

4. Given the rising risks, more support is needed to expand global liquidity. We commend the International Monetary Fund (IMF) for improving international liquidity through the recent *Food Shock Window (FSW)* and the *Resilience and Sustainability Trust (RST)* initiatives, which provide countries liquidity to adjust to shocks. We call for expanding the RST beyond climate change and pandemic preparedness to include other sources of BOP vulnerabilities and an early review of the FSW. While we welcome the existing pledges to recycle Special Drawing Rights (SDRs) to the

RST, we call on additional member countries to join the effort to increase the RST's lending capacity.

5. We also welcome the IMF's decision to raise the annual cumulative limits of access for borrowings under the General Resources Account (GRA), which could help countries facing increased financing pressures. We regret the lack of increase in access limits for the Poverty Reduction and Growth Trust (PRGT) account, due in part to a large subsidy resource gap, and call on donors to help to narrow this gap as this will maintain the low cost of using SDRs for developing countries. We reiterate our call for additional pledges from willing countries to re-channel their SDRs to meet the global ambition of USD 100 billion of voluntary contributions. While this would support more concessional lending from the IMF, it would not be enough to meet the urgent need for financial support. Therefore, urgent solution towards addressing global liquidity is required. We encourage exploring other viable mechanisms to voluntarily channel SDRs including through regional development banks (RDBs), multilateral development banks (MDBs) and through regional financing arrangements.

6. Allocations of new SDRs, together with reforms of IMF precautionary financing instruments, could further expand global liquidity and contain systemic risks. By strengthening the level of reserves, country authorities will be able to broaden their range of policy options to tackle the ongoing economic and social challenges. An additional SDR allocation would mitigate balance of payments (BOP) and debt crises, including by lowering countries' borrowing costs. However, any new allocation of SDRs must be accompanied by a commitment from countries with large quota shares to increase the level of re-channeling of new SDRs to countries most in need. Precautionary financing instruments, such as the Flexible Credit Line (FCL), Precautionary and Liquidity Line (PLL) or Short-Term Liquidity Line (SLL), offer additional help to eligible countries to deal with external risks and build liquidity buffers. Since the ideal candidates for these facilities are EMDEs with sound policy frameworks and fundamentals that are in a vulnerable condition, the additional financing will minimize the risk of shocks evolving into deeper crises and adverse systemic spillovers. Thus, we encourage strengthening the precautionary facilities toolkit, including increasing the access limit of the SLL. We look forward to the IMF's review of these instruments.

7. We welcome the recent IMF Board discussion of the surcharge policy and note the failure to launch a formal review. Due to its regressive and pro-cyclical character, we reiterate our calls for a comprehensive review of the policy to partially compensate the substantial increase in the financing burden of membership while allowing for the required accumulation of precautionary reserves in the medium term. The review should consider a suspension of surcharges to support countries with severe BOP constraints, a significant permanent reduction in surcharges or their elimination. We underscore that in the medium term, the IMF should review its income model with a view to reduce reliance on income from lending.

8. Global financial stability requires a well-resourced, quota-based IMF at the center of the global financial safety net, capable of playing the role of international lender of last resort. We call for the timely completion of 16th General Review of Quotas, and we urge for reaching a meaningful quota increase and quota share realignment agreement this year. The fundamental goal of quota and governance reform should be to enhance the voice and representation of EMDEs, at the same

time protecting the share of least developed countries (LDCs) while shoring up IMF finances. Therefore, the review should recognize the growing weight of EMDEs in the global economy, but not at the expense of other EMDEs. In addition, it should provide enough resources to allow the IMF to comply with its mandate with quotas as the main source of financing, while leveraging borrowed resources that have worked well and remain a more efficient means to cover tail risks in the future. We reiterate our calls for the creation of a third chair for Sub-Saharan Africa on the IMF Executive Board to improve the representation of the region. This should not come at the expense of other EMDE and LDC chairs. We also called for the strengthening of the staffing resources available to those Executive Directors elected by many members whose workload is particularly heavy.

9. We welcome the ongoing discussions on the World Bank Group's (WBG) *Evolution Roadmap*. We reaffirm the centrality of the twin goals to end extreme poverty and promote shared prosperity and supporting developing countries to achieve the SDGs. We look forward to a more efficient and inclusive WBG, capable of meeting the needs of all client countries. We urge the WBG to provide clear definition of global development challenges and selectivity criteria that is consistent with the WBG's mandate and comparative advantage, and in line with the SDGs. In addition to climate change, conflict and fragility, and pandemic preparedness and prevention, we urge the WBG to scale up support for access to affordable water, food and energy, human capital development, digital development and debt sustainability. We recognize that a new vision and mission could create potential for tradeoffs in investments and policies. These tradeoffs should not come at the cost of development finance.

10. We welcome the proposals to enhance the Bank's operational model. We are of the view that the integration of global and regional dimensions in the country engagements must maintain the centrality of the country-based model and preserve the country ownership principle, which are the core of the WBG operational model. We recommend close cooperation with other multilateral organizations including the UN Green Climate Fund, other MDBs and RDBs, to explore comparative advantages. We emphasize that the WBG should be guided by complementarity and synergies.

11. The scale of the new ambition and ongoing high cost of addressing multiple challenges highlights the need to substantially scale-up the WBG's financing capacity. We reiterate that this should be done while preserving the Bank's financial sustainability, AAA ratings and preferred creditor status. Current loan prices should be maintained to avoid increasing the burden on borrowing costs. The WBG should optimize its balance sheets, better leverage existing capital, including from financial intermediary funds, and increase efficiency and lower transaction costs on trust funds. Leveraging existing resources should not necessarily foreclose capital increase in the medium-term, which remains the most powerful mechanism for increasing financing capacity with the lowest risk. We urge MDBs to increase their efforts to discuss and implement recommendations from the G20-convened Independent Expert Panel on Capital Adequacy Frameworks and encourage strengthened communications with credit rating agencies to support methodological revisions that would better factor in MDBs particularities.

12. A real evolution requires additional financial capacity to avoid an unfunded enhanced mandate. We welcome the plan to leverage private financing and urge the doubling of efforts in

areas such as private capital mobilization. Enhancement of IBRD financing to ensure support for MICs should not be at the expense of IDA's long-term financial sustainability, future IDA replenishments and country allocations. Also, expanded concessionality and lending volumes for MICs should not come at the expense of current portfolios and financial conditions of both IBRD and IDA countries, and cross-subsidies must be avoided.

13. Multilateralism can only emerge if there is an expanded consultation process between developed and developing countries, the broader UN system and the Bretton Woods Institutions for a more balanced governance structure. We expect an ambitious, concrete and balanced *WBG Evolution Roadmap* moving towards the Annual Meetings in Marrakesh and underscore the need to listen to voices of all stakeholders, especially developing countries, and develop actions throughout the ongoing discussion.

14. Urgent globally coordinated actions are required to support EMDEs manage worsening debt vulnerabilities to avoid a debt crisis that retards sustainable and inclusive growth. The implementation of the G20 Common Framework (CF) should be strengthened to deliver timely, orderly and coordinated debt restructuring for countries through fair burden sharing, increased participation of private creditors and comparability of treatment among private and official bilateral creditors. Strengthening multilateral coordination by official, bilateral and private creditors is needed to address the deteriorating debt situation and facilitate coordinated debt treatment for debt distressed LICs and MICs. We encourage the engagement of debtors and creditors through the Global Sovereign Debt Roundtable to foster common understanding of all debt issues and call for stepping up the implementation of the CF. Coordination with creditors is important for preemptive and orderly restructurings when in debt distress. We call attention to the fact that many debt-vulnerable countries have substantial domestic creditors, and debt resolution mechanisms, if not properly designed, could create domestic financial market instability. We call on the IMF and WB to stand ready to support these countries' financial sector as they restructure, especially to ensure adequate liquidity for their banks.

15. Combating climate change and its effects need to be accelerated. Climate financing and actions should reflect the principle of common but differentiated responsibilities and the respective capabilities of countries. We therefore call for AEs to fulfil their commitments under the United Nations Framework Convention on Climate Change (UNFCCC), including the 2009 goal of mobilizing USD100 billion annually, and provide new and additional financial resources to support developing countries. Delivering on climate finance by the global community is a critical and fair way to support developing countries to implement their Nationally Determined Contributions to meet climate goals in line with the Paris Agreement. We welcome the COP27 outcomes, especially the historic commitment on funding arrangements to respond to loss and damage associated with the adverse effects of climate change in the Sharm el-Sheikh Implementation Plan and look forward to strong commitments in COP28. We urge the IMF, WBG and other MDBs to intensify their support for developing countries' mitigation, adaptation and resilience efforts, in line with their respective mandates, in coordination with the UNFCCC institutions. Enhanced support should be through provision of adequate finance, technology transfer and capacity building. Access to affordable energy remains a lynchpin of economic growth and development, and requires a stronger focus, as well as stepping up climate finance to support

loss and damage, adaptation and just transitions. The WBG and IMF have a catalytic role to play in crowding-in private finance to scale-up and support efficient green public investments.

16. International tax reform is important to provide the resources necessary to invest in economic recovery, climate action and the SDGs. We therefore call for the creation of a more effective, inclusive, sustainable and equitable international tax architecture, scaling-up international tax cooperation, fighting illicit financial flows and combating aggressive tax avoidance and evasion with greater focus on capacity building to underpin next wave of international tax reforms. The introduction of a global minimum tax and taxation of the digital economy are welcome reform principles under the global tax deal agreed upon by the G20/OECD BEPS Inclusive Framework. We reiterate our calls to address the remaining issues and that the solution should be simple to administer and generate substantial new fiscal revenues for EMDEs. We welcome the United Nations (UN) General Assembly's resolution on *Inclusive and Efficient Tax Reform Initiative*. We hope that this would open the door for negotiations on international tax cooperation agreement through inclusive intergovernmental negotiations at the UN that could address the urgent issues that have so far been excluded from the OECD workstream. We support the continued efforts of the G-24 Tax Working Group to promote peer dialogue and cooperation on key tax challenges and international advocacy where it is needed.

17. Rising trade protectionism amid economic uncertainties and slow progress in global trading system reforms are key concerns. Global trade is important for sustainable inclusive growth and poverty reduction, but many EMDEs experience unequal distribution of the benefits of trade, limited market access and unfair trade practices, especially the agriculture sector, which is often the main source of livelihood for the poor. Some recent policies meant to resuscitate domestic production or meet net-zero targets have the potential to increase the relative costs of some tradable commodities, which deviates from the principle of comparative advantage, distorts trade and investment decisions and further affects developing countries. We call on the IMF and WBG to analyze the costs and benefits of free trade and globalization, including the threats to economic security during crisis such as the pandemic when concentration risks and supply chain risks upended the global markets. We urge World Trade Organization support in the design of a robust multilateral trade system, so that agreement on basic principles, including on nontariff barriers and services could be reached at the multilateral level. In this regard, we welcome the IMF review of the Role of Trade to help guide policy advice on increasing supply-chain resilience while avoiding distortive protectionist measures. We urge that measures taken to combat climate change should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

18. We call for an enhanced and sustained collaboration of the WBG and IMF and greater regional partnerships to better serve the membership given the highly uncertain global prospects. Additional coordination is necessary both at the country and institutional level, as has been stressed during different reports of the independent evaluation bodies of both institutions.

19. We thank WBG President David Malpass for stewarding the WBG through a very challenging time in multilateral cooperation. We wish him great success in future endeavors and look forward to a very smooth transition.

LIST OF PARTICIPANTS¹

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their one hundred and ninth meeting in Washington D.C. on April 11, 2023 with Adama Coulibaly, Minister of Economy and Finance, Côte d'Ivoire, in the Chair; Benjamin Diokno, Secretary of Finance, Philippines, serving as First Vice-Chair; and Candelaria Alvarez Moroni, Undersecretary for International Coordination and Management of the Secretariat of International Economic and Financial Affairs of the Ministry of Economy, Argentina, as Second Vice-Chair.

The meeting of the Ministers was preceded on April 10, 2023 by the one hundred and twenty-first meeting of the Deputies of the Group of Twenty-Four, with Chalouho Coulibaly, BCEAO National Director for Côte d'Ivoire, as Chair.

African Group: Abdelhak Bedjaoui, Algeria; Malangu Kabedi Mbuyi, Democratic Republic of Congo; Adama Coulibaly, Côte d'Ivoire; Rania Al-Mashat, Egypt; Mamo Mihretu, Ethiopia; Francis Lendjougou, Gabon; Kenneth Ofori-Atta, Ghana; Njuguna Ndungu, Kenya; Mohammed El Qorchi, Morocco; Zainab Ahmed, Nigeria; Ismail Momoniat, South Africa.

Asian Group: Parameswaran Iyer, India; Bahador Bijani, Islamic Republic of Iran; Saade Chami, Lebanon; Jameel Ahmad, Pakistan; Benjamin Diokno, Philippines; Shehan Semasinghe, Sri Lanka; Roman Marshavin, Syria.

Latin American Group: Candelaria Alvarez Moroni, Argentina; Tatiana Rosito, Brazil; Jose Antonio Ocampo Gavira, Colombia; Bernardo Acosta, Ecuador; Jose Alfredo Blanco, Guatemala; Jean Baden Dubois, Haiti; Alejandro Gonzalez, Mexico; Julio Velarde, Peru; Brian Manning, Trinidad and Tobago.

Observers: Vera Daves de Sousa, Angola; Zhengxin Zhang, China; Pedro Luis Pedrosa Cuesta, G77; Massimiliano La Marca, ILO; Ayed Shaya S. Al-Qahtani, OPEC; Aseel Turki Alaqla, Saudi Arabia; Yuefen Li, South Centre; Ebrahim Al Zaabi, United Arab Emirates; Richard Kozul-Wright, UNCTAD; Navid Hanif, UNDESA; Raquel Artecona, UNECLAC.

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

G-24 Secretariat: Iyabo Masha, Angela Hanna, Rita Kyomukama, Angelica Huerta Ojeda.

IMF Secretariat for the G-24: Andrea Arevalo Arroyo, Najla Nakhle, Aric Maiden.

¹ Persons who sat at the discussion table.