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Statement by the Hon. **EDWARD SCICLUNA**,
Governor of the Bank and the Fund for **MALTA**

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It is an honour for me to address the Annual Meetings of the International Monetary Fund (IMF) and the World Bank and wish to thank the outgoing Head of Malta's constituency, Mr Carlo Cottarelli for his invaluable contribution during his term. I take this opportunity to congratulate Mr Alessandro Leipold on being elected as the new Executive Director.

Global economic growth has been steadily gathering momentum particularly during the first half of this year. Following a period of mediocre economic performance that spanned over a number of years, we can now look more optimistically at global prospects with growth accelerating in both advanced and emerging market economies. Indeed, we note with satisfaction that the European Union (EU) is making a significant contribution toward this expansion. It is also encouraging to see stronger GDP growth now becoming more broad-based both across Member States and amongst sectors, accompanied by a steady decline in unemployment. Yet, despite the overall positive picture, we must not overlook the fact that there are still countries experiencing fragile growth.

We strongly concur with the IMF that the current cyclical upturn should be considered as a window of opportunity in order to tackle the most important policy challenges. For us Europeans, structural reforms and growth friendly fiscal policies deserve particular attention. Also vital are policies focused on strengthening resilience and sustaining the economic recovery, including those related to bank balance sheet repair and the completion the Banking Union. However, measures are also needed aimed at making growth benefit a wider segment of society and reduce inequalities to ensure sustainable economic growth.

During this period, the IMF continues to have an important role to play. Indeed IMF surveillance is central in identifying domestic and global imbalances and in preventing crisis. In this respect, we commend the Fund's work on the External Sector Report. Addressing global excess imbalances in a way that is supportive of growth requires the collective effort of membership.

We therefore strongly support work by the Fund on capital flows and the role of macroprudential policies. We also welcome efforts to ensure greater consistency between the Fund's Institutional View and the OECD's Code of Liberalisation of capital movements.

Ensuring an IMF that has enough resources to fulfil its mandate is pivotal. We therefore remain committed to maintaining a strong, quota-based and adequately resourced IMF at the centre of the global financial safety net (GFSN). While the Fund is and should remain a quota based institution, non-quota resources still have an important role to play. As the global economy continues to strengthen, supplementary resources must continue to be made available to the Fund. Yet again, it is encouraging to note that a number of EU Member States have finalized their 2016 Bilateral Loan Agreements. I am pleased to confirm that, in September, the Governor of the Central Bank of Malta endorsed the new agreement to lend up to 260 million euro.

We remain strongly supportive of the ongoing work to complete the 15th Review of Quota by the Spring/Annual Meetings of 2019. The review should continue to be treated as an integrated package with the quota formula, and be fully anchored in the relevant IMF bodies. We strongly believe that the main variables should remain both GDP and openness which best captures the

Fund's role and mandate. We also believe that voluntary financial contributions should be recognized in the upcoming quota and governance discussions.

In line with the broader efforts to enhance the GFSN, I welcome and encourage further progress by the Fund in reforming its lending toolkit. We also support IMF work on enhancing coordination between the IMF and Regional Financial Arrangements while also recognising their respective mandates, governance and lending practices.

Indeed, in fulfilling its responsibility of protecting the interests of the low income countries (LICs), the Fund continues to provide concessional loans to the world's poorest. Fund assistance through the Poverty Reduction and Growth Trust is appropriate for promoting macroeconomic stability, growth and poverty reduction. With regard to LICs with high public debt, we welcome the joint review by the Fund and World Bank of the Debt Sustainability Framework for LICs. Also encouraging is the decision to enhance support for developing countries hit by natural disasters.

We commend the World Bank Group for continuing with its relentless support both in terms of significant financial aid and technical advice to developing countries in all the regions. We note with satisfaction that, for the fiscal year 2017, commitments to help countries combat poverty and boost opportunities will reach nearly US\$59 billion. It is encouraging also that financing for Sub-Saharan African countries over the next three fiscal years will reach a record US\$57 billion.

As the World Bank Group reaffirms its longstanding commitment to help countries meet their national climate targets, it is a pleasure to note that the Bank and the United Nations, plan to accelerate the flow of finance for climate action via a new dedicated platform. Here I conclude by taking this opportunity in also commending IMF work on climate change in support of the Sustainable Development Goals.