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

COMMUNIQUÉ

APRIL 16, 2024

1. The G-24 recognizes the profound human suffering from different crises worldwide. Such crises, whether stemming from conflict, natural disasters, violence, or other calamities, have exacted a heavy toll on individuals and communities. We call for strong commitment and emphasize the urgent need for a strong and united international effort to restore peace, stability, and rebuild livelihoods for those affected. We call on International Financial Institutions (IFIs) to provide support to affected countries in an equitable manner.

2. Despite projections of recovery and moderate growth in Advanced Economies (AEs), and stable growth in Emerging Markets and Developing Economies (EMDEs), there are lingering weaknesses and uncertainties in the global economic landscape, especially in EMDEs and Low-Income Countries (LICs). Though inflation is easing in most regions due to reduced supply chain disruptions and tighter monetary policies, the overall outlook remains particularly concerning as the forecast growth for 2025 is below the twenty-year pre-pandemic average. Consequently, a significant portion of the developing world is expected to be poorer by the end of 2024 compared to pre-pandemic levels. This means that the goal of achieving sustainable and inclusive development by 2030 is more challenging than before. We ask all parties of the international community, especially multilateral organizations, to work together and make their best efforts to accelerate progress.

3. The uncertain outlook gives cause for policymakers to be mindful of the heightened trade-offs in policy choices. External risks are likely to remain as disinflation policies prevail. Risks from persistent core inflation could trigger additional monetary policy tightening, further compounding already high levels of debt, fiscal and current account imbalances, with negative effects on economic prospects. Furthermore, the rapid pace of adoption of artificial intelligence and digitalization, while presenting new opportunities, portends uncertain risks, especially in labor intensive sectors in EMDEs and LICs. Finally, frequent geopolitical tensions are disrupting supply chains, adversely impacting economic activity. We urge for renewed multilateral cooperation to support vulnerable countries in mitigating the downside risks and weathering these challenges.

4. Given the uncertain economic environment, meeting countries' evolving needs calls for speed and agility. With the strong demand for the International Monetary Fund's (IMF) *Resilience and Sustainability Facility* (RSF), together with the urgency of needs, assisting countries eligible for the RSF to prepare strong reform packages will accelerate the application and disbursement processes and ensure timely assistance. Furthermore, there is need to proactively motivate interest in programs focused on bolstering resilient health systems. Given the upcoming interim review of the facility in 2024, we call on the IMF to consider expanding the RST beyond climate change and pandemic preparedness to include other sources of Balance of Payments (BOP) vulnerabilities. Additionally, we welcome the increase in access limits for the *Poverty Reduction and Growth Trust* (PRGT) facilities, as it would better support LICs amid the challenging global economic environment. However, considering the anticipated rise in demand for PRGT resources, it is imperative to address the long-term sustainability of PRGT finances, and this may involve

exploring options such as IMF gold sales. To further bolster the resource envelope available for EMDEs and LICs, we call on willing countries with strong BOP positions to voluntarily re-channel their unused Special Drawing Rights (SDR) to needy members. Addressing the impediments to the rechanneling of SDRs to Multilateral Development Banks (MDBs) should also be a priority.

5. The significant increase in the demand for IMF financing since the onset of the pandemic reflects the underlying challenges that countries face. The expected strong financial performance of the IMF in the medium term, driven by a combination of high volumes of lending and higher interest rates, provides an opportunity to further support member countries. In this regard, we call for a normalization of the margin for the rate of charge on IMF lending (SDR rate), in line with the existing policy; and a review of the surcharges. On the margin for the rate of charge, it has been set at above normal levels under the "exceptional circumstances" clause for 13 years. We are of the view that IMF's robust financial performance does not warrant burdening members with high rates at this time, and the application of the existing policy points to a possible reduction in the margin back to normal levels. On surcharges, we reiterate our earlier calls, including for their elimination or substantial permanent reduction. Until such a decision is made, surcharges should be suspended. Such changes to charges and surcharges would have immediate positive impacts on a broad set of members through increased fiscal space and reduced debt service burden, while still securing a prudent management of risks from the perspective of IMF finances. We hope and expect that the planned discussions on surcharge policy later this year will lead to a formal review.

6. We welcome ongoing efforts to review, the joint IMF-World Bank Debt Sustainability Framework for Low-Income Countries (LIC-DSF), and the planned comprehensive review of IMF General Resources Account (GRA) access limits. These endeavors, especially considering the recent increase in quota, are crucial steps towards enhancing the Fund's effectiveness in supporting member countries. We hope and expect that a future review will ensure that the DSF serves as an objective and unbiased tool for assessing debt sustainability. Additionally, we look forward to the forthcoming Review of the Fund's Concessional Facilities and Financing as it holds the potential to further refine and optimize the Fund's concessional lending framework.

7. The recent equi-proportional increase in quotas is a step towards a more quota-based IMF, strengthening its role at the center of the Global Financial Safety Net. Though it does not increase IMF's lending capacity with the reduction in the credit arrangements under the New Arrangements to Borrow (NAB), it will reduce reliance on borrowed resources. We call on members to ensure timely implementation by expeditious approval of the quota increase through their domestic processes by mid-November 2024. Additionally, the approval of a third chair for sub-Saharan Africa is a positive development, as it improves the representation and voice of the region, and we encourage the creation of a fifth Deputy Managing Director post for EMDEs for similar reasons. However, we note that increasing quotas without addressing the current underrepresentation of the EMDEs in the IMF governance structure would continue to undermine the organization's legitimacy and credibility. Therefore, we call for a quota realignment that reflects the evolving economic realities of member countries, and a stronger voice and representation for EMDEs. Such a realignment should not come at the expense of other EMDEs and LICs members. We emphasize the importance of adhering to the June 2025 timeline for proposing options on revising the quota shareholding formula.

8. We acknowledge the steps taken by the World Bank Group (WBG) to roll out the implementation of the Evolution Roadmap. As details on the WBG Scorecards, the Global Challenge Programs, the Knowledge Compact, the WBG Guarantee Platform and other initiatives are being worked out, we look forward to a bigger, better, and more efficient bank. We expect well-balanced results and great improvements in the speed and efficiency of the WBG, and better services to its clients. The commitment to allocate 45 percent of annual financing to climate-related projects should not be at the expense of financing for basic developmental challenges of eradicating poverty and boosting shared prosperity. Rather than setting a fixed target, we believe that the focus should be on supporting the structuring and bankability of projects to ensure the mobilization of resources. Finally, we urge a realistic assessment of the remaining agenda to provide a clear understanding of the trade-offs, risks, and net budgetary implications.

9. The planned improvements to the financing model should deliver a *Framework of Financial Incentives (FFI)* that genuinely encourages clients to address all eight identified global challenges endorsed by Governors in Marrakech last October. It will be beneficial to create stronger alignments between the financing of the eight global challenges and the planned hybrid capital, portfolio guarantee platform, and the Livable Planet Fund instruments, with transparent and objective criteria for resource allocation. Furthermore, the operation of the Global Solution Accelerator Platform (GSAP) should strengthen country ownership and demand-driven engagement and support all eight global challenges in a balanced manner, while providing additional and new concessional financing along with upfront grants to incentivize clients' demands. Prompt redemption of pledges by shareholders and donors is essential to ensure viability and success. We call on MDBs to work together as a system and deepen cooperation on concessional windows and thematic funds to better serve client countries.

10. Significantly larger resources are needed to support the achievement of both development and climate goals, and we welcome recent efforts to increase financial capacity for both the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD). Facing the challenges of achieving the Sustainable Development Goals by 2030, we call for the strongest-ever replenishment of the IDA21. A robust IDA21 replenishment will require strong efforts from contributing countries to safeguard concessional financing for the most vulnerable countries. In view of the economic challenges faced by developing countries, we call on IDA management and contributor countries to avoid hardening funding terms for the most vulnerable members. We note the improvements in the lending capacity of IBRD and IDA due to balance sheet optimization measures. However, mindful of overleveraging, we are of the view that new and additional resources would be required to enhance both IDA and IBRD financial capability and meet global and development challenges. In this regard, we call for faster progress in the implementation of the recommendations of the Group of Twenty (G20) Independent Experts Group on capital increase, within the WBG and across the broader MDB system. We look forward to the 2025 shareholder review under the *Lima Principles*, and we hope it will result in increasing the representation and voice of EMDEs. We call on WBG shareholders to build consensus to ensure a swift and successful review process.

11. Sovereign debt accumulated rapidly between 2013 and 2023 in developing countries, and high debt service costs coupled with currency depreciation are eroding the capacity of countries to finance domestic development programs. The recent progress under the G20 Common Framework

(CF) is a positive step towards addressing some of these challenges. Furthermore, the Global Sovereign Debt Roundtable (GSDR) helped in establishing common practices and procedures for handling debt restructuring cases, contributing to progress in debt restructurings in Ghana and Zambia. Looking ahead, we urge further reforms of the CF to ensure that sovereign debt resolution happens in a predictable, timely, orderly, and coordinated manner. Furthermore, early and effective engagement of both creditors and debtors with Credit Rating Agencies can prevent a short-term liquidity challenge from escalating into a debt crisis. Issues that could be addressed on a case-by-case basis include domestic debt treatment, and sovereign debt linked to state-owned enterprises. To further support developing economies in confronting large refinancing needs and debt service burden, we call for the design of a comprehensive and responsible approach that has concrete and impactful measures to support countries to break the vicious cycle of worsening debt and climate crises. In this regard, we support the launching of the *Global Expert Review on Debt, Nature and Climate*.

12. Recent commitments made towards climate finance and action at the *COP28* underscore the global community's recognition of the urgency to address climate change, but the gap between commitments and financing continues to remain a concern. While noting the renewed commitment to both adaptation and mitigation, we welcome the progress on the operationalization of the Loss and Damage Fund championed by developing countries. We call on donors to fulfill their commitments, currently estimated at US$660 million, in a timely manner; and on the World Bank to expedite the establishment of the fiduciary structure of the fund. In this regard, we underscore that climate financing, including innovative climate financing tools, like debt for climate swaps, should reflect the principle of common but differentiated responsibilities, the respective capabilities of countries, and a just transition. Furthermore, while supporting the renewed focus on biodiversity, we call on MDBs to, in accordance with the "COP28 MDBs Joint Statement", work towards enhancing country-level collaboration among IFIs, to skillfully channel highly concessional resources, unlock private finance, actively share knowledge and experience, and harmonize their approaches to deliver better results based on national climate policy frameworks and country-led strategies. We hope that investment incentives do not turn nature and biodiversity into collateral for debt, but rather into generators of new long-term income. We reiterate that a just transition should ensure energy access, including all forms of energy, and affordability for developing countries. We acknowledge the continued commitment of the OPEC *Declaration of Cooperation* to safeguarding oil market stability.

13. Domestic Resource Mobilization (DRM) is crucial for funding sustainable development, particularly in light of decreasing overseas development assistance and private market financing. We note ongoing efforts within the Organisation for Economic Co-operation and Development/G20 Inclusive Framework on Base Erosion and Profit Shifting (OECD-G20-BEPS) to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment, which are steps towards strengthening tax collection. We reiterate our call for solutions that are simple to administer and that generate substantial new fiscal revenues for EMDEs. We welcome the ongoing discussion at the United Nations towards establishing a *Framework Convention on International Tax Cooperation*, and hope that the process will foster fairness, elevate sustainable development in global tax discussions and generate substantial new fiscal revenues for EMDEs. Multilateral consensus is important to ensure progress on this

initiative, and we therefore call on the IMF and World Bank to lend their support to, and collaborate in this effort, in line with their collaboration with the OECD-led efforts. We commend the initiative of the Global Alliance Against Hunger and Poverty and the inclusion of taxation and inequality in the agenda of the Brazil G20 Presidency. This highlights the growing international recognition of tax policy as a key tool for promoting inclusive growth and reducing inequality. We take note of ongoing discussions on the use of DRM indicators in World Bank lending operations and recommend that DRM requirements should go beyond the amount of tax raised, they should also incorporate measurable indicators on progressive taxation and reducing illicit financial flows.

14. Revitalizing international cooperation remains essential to effectively addressing the numerous challenges confronting the global economy. The benefits derived from globalization and openness were pivotal in driving significant achievements in sustainable development and poverty reduction. However, recent geopolitical tensions, supply chain de-risking through industrial policies, climate-related initiatives, and national security concerns are fueling protectionist tendencies. Protectionism amid uncertainties hampers efforts to achieve sustainable poverty reduction, especially in sectors where a significant portion of the impoverished populace is employed. It is crucial to bolster multilateralism and reform the global trade system, while mitigating risks associated with trade fragmentation. We call upon MDBs and IFIs to coordinate their development agenda closely, and to extend their support to a resilient multilateral trade framework. We call upon nations to secure trade routes and provide safe passage for the movement of goods and commodities across all major trade lines. Additionally, we emphasize the importance of enhancing collaboration between multilateral organizations and the World Trade Organization, particularly in advancing broader global objectives. Collective collaboration and cooperation among diverse multilateral institutions are imperative in addressing the challenges of multilateralism and striving towards a more prosperous and equitable world.

LIST OF PARTICIPANTS[1]

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their one hundred and eleventh meeting in Washington, D.C. on April 16, 2024 with Ralph Recto, Secretary of Finance, Philippines, in the Chair; Leonardo Madcur, Alternate Executive Director at the International Monetary Fund for the constituency that includes Argentina and Peru as First Vice-Chair; and Olawale Edun, Minister of Finance, Nigeria, as Second Vice-Chair.

The meeting of the Ministers was preceded on April 15, 2024 by the one hundred and twenty-third meeting of the Deputies of the Group of Twenty-Four, with Joven Balbosa, Undersecretary for the International Finance Group, Department of Finance, Philippines, as Chair.

African Group: Laaziz Faid, Algeria; Malangu Kabedi-Mbuyi, Democratic Republic of Congo; Adama Coulibaly, Côte d'Ivoire; Rania Al-Mashat, Egypt; Gebreyesus Guntie, Ethiopia; Mays Mouissi, Gabon; Mohammed Amin Adam, Ghana; Njuguna Ndungu, Kenya; Mohamed Taamouti, Morocco; Yemi Cardoso, Nigeria; Marlon Geswint, South Africa.

Asian Group: Krishnamurthy Subramanian, India; Reza Boostani, Islamic Republic of Iran; Wassim Manssouri, Lebanon; Muhammad Aurangzeb, Pakistan; Francisco Dakila, Philippines; Shehan Semasinghe, Sri Lanka; Roman Marshavin, Syria.

Latin American Group: Daniel Pierini, Argentina; Tatiana Rosito, Brazil; Ricardo Bonilla, Colombia; Tatiana Rodriguez, Ecuador; Alvaro Gonzalez Ricci, Guatemala; Ernesto Acevedo, Mexico; Adrian Armas, Peru; Alvin Hilaire, Trinidad and Tobago.

Observers: Luis Epalanga, Angola; Fahad M. Alturki, Arab Monetary Fund; Weifeng Yang, China; Laura Thompson, ILO; Zamir Iqbal, Islamic Development Bank; Mohannad Al Suwaidan, OPEC; Fuad Albassam, OPEC Fund; Ghaith Nader Idrees, Saudi Arabia; Ebrahim Alzaabi, United Arab Emirates; Andrés Miguel Rondón, UNCTAD; Navid Hanif, UNDESA; Raquel Artecona, UNECLAC.

Special Guests: Kristalina Georgieva, Managing Director, International Monetary Fund
Ajay Banga, President, World Bank

G-24 Secretariat: Iyabo Masha, Julius Duran, Estanislao Rengifo, Angelica Huerta Ojeda

IMF Secretariat for the G-24: Najla Nakhle, Sébastien Vanhoucke, Aric Maiden

[1] Persons who sat at the discussion table.