

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

**COMMUNIQUÉ**

**Bali, Indonesia, October 11, 2018**

1. We held our 100<sup>th</sup> meeting in Bali, Indonesia with Mangala Samaraweera, Minister of Finance and Mass Media of Sri Lanka, as Chair, Julio Velarde, Governor of the Central Reserve Bank of Peru, as 1<sup>st</sup> Vice-Chair and Yaw Osafo-Maafo, Senior Minister of the Republic of Ghana, as 2<sup>nd</sup> Vice-Chair.
2. We would like to thank the Government of Indonesia for hosting the Annual Meetings and for their warm hospitality. We would also like to express our sympathy and condolences to Indonesia and extend our support following the devastating aftermath of the recent tragic events.
3. While the recovery of global growth continues, risks have shifted to the downside. We are concerned that growth is becoming increasingly uneven, including among emerging market and developing economies (EMDEs). Our members are managing the impact of tightening financial conditions from the ongoing monetary policy normalization in advanced countries, but a rapid shift in financial market sentiment could set back the growth recovery. We are concerned with the uncertainty from the trade tensions and protectionist sentiments that further cloud our growth outlook. We recognize the urgency of domestic policy actions to strengthen resilience, but underscore that multilateral actions are necessary to ensure financial stability and global growth.
4. We strongly call for international cooperation to foster a rules-based, open, transparent, non-discriminatory and equitable multilateral trading system, with the World Trade Organization at its center. We stand ready to participate in global efforts to improve the global trading system so that it facilitates sustainable development, ensures a fair distribution of benefits and keeps pace with technological change. To enhance the benefits of trade for EMDEs, we ask for increased engagement from international organizations on regional integration and more effective global governance of trade.
5. We call for international policy coordination to reduce adverse spillovers from domestic policies in advanced economies so as to limit the recurring periods of instability that disrupt growth in EMDEs. In the context of International Monetary Fund (IMF) surveillance, a continued evenhanded and context-based assessment of macro-prudential and capital flow management measures is important to support countries in implementing appropriate measures to ensure financial stability.
6. The current challenging financial conditions underscore the importance of a strong Global Financial Safety Net with an adequately resourced, quota-based IMF at its center. It is critical to at least maintain the IMF's current lending capacity by increasing quotas and reducing its dependence on borrowed resources. While bilateral borrowing agreements played an important role during the global financial crisis, they will expire at year end 2019. We encourage strengthened cooperation between the Fund and Regional Financial Arrangements. We call for continued adaptation of the Fund's toolkit, including program design and conditionality, to members' evolving circumstances and needs. We encourage the IMF to revive the discussion on a short-term liquidity swap instrument. Furthermore, we call for even-handed surveillance and

lending decisions by the IMF. We support further work to explore a possible enhanced role for Special Drawing Rights as an instrument for international cooperation and as an international reserve currency.

7. Regarding the IMF's review of its facilities for low-income countries (LICs), we call for increased access limits for the Poverty Reduction and Growth Trust (PRGT) and credible mechanisms to boost PRGT resources, effectiveness and impact. We further encourage keeping the Policy Support Instrument alongside the newly established Policy Coordination Instrument, enhancing precautionary financing and increasing the scope for blending with non-concessional financing. We look forward to the Fund's actions to enhance engagement with fragile states in line with the recommendations of the IMF's Independent Evaluation Office.

8. We urge stronger support from international financial institutions (IFIs) and the international community to developing countries that are disproportionately affected by refugee crises and involuntary displacement, which have created severe economic and social pressures in some countries in the Middle East and Africa and, more recently in Asia and Latin America and the Caribbean. There is an urgent need to act collectively to deal with the consequences and causes of the ongoing crises. We encourage continued pursuit of cooperative developmental approaches to address this serious challenge. We look forward to the outcomes of the UN Global Compact for Safe, Orderly and Regular Migration.

9. We are concerned with rising debt vulnerabilities. We urge the international financial community to strengthen its support of developing countries' efforts to deal with the interrelated challenges of debt and growth. Flexible implementation of the LIC Debt Sustainability Framework and Debt Limits Policy should accommodate countries' much needed infrastructure and social spending while preserving debt sustainability. We call for stronger and faster action from the IMF, World Bank Group (WBG), multilateral partners and donors on capacity building for fiscal and debt management, improving debt transparency and developing domestic capital markets. We encourage countries to maintain institutional capacity in these critical areas. We emphasize the joint responsibilities of debtors and creditors in fostering debt transparency and sustainability, and also encourage effective creditor coordination.

10. The success of adjustment and reform efforts to strengthen inclusive growth and improve debt sustainability will equally depend on a supportive external trade and financial environment, timely contingency financing and the adequate flow of concessional financing for LICs. We are concerned with the almost 20 percent decline of Official Development Assistance to LICs between 2013 and 2016, and urge donor countries to take steps to reverse this trend.

11. Debt sustainability risks are also acute for developing countries vulnerable to natural disasters and climate change. We stress the importance of IMF and WBG support, including utilizing innovative approaches to help countries build resilience and unlock climate change financing.

12. We call on the IMF and WBG to strengthen their support for domestic resource mobilization, combating illicit financial flows and mitigating the adverse social and distributional impact of fiscal adjustment. In addition, international tax cooperation is essential to develop fair rules and avert harmful tax practices and competition. International tax cooperation should be cognizant of the challenges, country circumstances and priorities of EMDEs. We

welcome the interim report of the G-24 Working Group on tax policies and international tax cooperation, which lays out approaches to peer learning, capacity building, implementation of the automatic and on request exchange of information and perspectives on issues such as the taxation of the digital economy, extractive industries and indirect transfer of assets.

13. Private financing for infrastructure and development is unlikely to reach the scale envisioned in the Addis Ababa Action Agenda to support the achievement of the 2030 Sustainable Development Goals (SDGs). Multilateral Development Banks (MDBs), individually and jointly, are uniquely placed to play a significant role in supporting an enabling investment environment and de-risking investments in developing countries. They should step up to this role. By working together, they could harness the untapped potential to pool and diversify risks across the MDB system, create new asset classes for private investors and draw on their respective strengths to maximize development impact in supporting country-led programs. More broadly, we call upon MDBs to urgently scale up their financing ambition and development effectiveness to support all client countries in meeting the SDGs, while recognizing countries' priorities and national circumstances.

14. Technological change creates opportunities for inclusive growth but also risks from a wider technological divide as well as economic and social exclusion. We welcome the IMF/WBG Bali Fintech Agenda that lays out key issues to consider in formulating policy approaches to capture the benefits from technological change and safeguard against its risks to financial stability, integrity and consumer protection. We note the WBG's enhanced emphasis on developing human capital and strongly suggest that this be linked to the jobs and economic transformation agenda. We note the ongoing work by the WBG on the Human Capital Index (HCI) and look forward to further improvements of the methodology and new available data through capacity building and investment in data collection. We caution on the inappropriate use of the Index to rank countries' performance.

15. We support global efforts against money laundering and financing of terrorism. However, these efforts have resulted, in part, in unintended consequences for many countries, such as the decline in correspondent banking relationships (CBRs). We encourage the IMF and WBG to continue their efforts to catalyze solutions to address the decline of CBRs, including through a consultative process involving source and destination countries as well as national regulators and global standard-setters.

16. We continue to emphasize the importance of voice and governance reforms in the Bretton Woods Institutions to reflect the changed global economic landscape. We look forward to the completion of the IMF 15<sup>th</sup> General Review of Quotas, including agreement on a new quota formula, by the Spring Meetings of 2019 and no later than the Annual Meetings of 2019. We are concerned with the slow progress to date and call on the IMFC to seek consensus for its timely completion. We reiterate our call for a revised quota formula that increases the weight of GDP PPP within the GDP blend and further shifts quota shares from advanced economies to dynamic EMDEs. The realignment must not come at the expense of other EMDEs and should protect the quota shares and voice of all PRGT-eligible countries and small developing states. We reiterate our calls for completing the implementation of the 2010 IMF Governance Reform on Board representation, and for a third Chair for Sub-Saharan Africa to enhance the voice and representation of the region without this being at the expense of another EMDE Chair.

17. We welcome the approval of the International Bank for Reconstruction and Development (IBRD) capital increase resolutions and encourage all countries to approve the International Finance Corporation (IFC) capital increase resolutions in a timely manner. It is essential for the WBG to engage effectively with all client countries to maximize development impact. The new IBRD shareholding structure will not lead to a notable change in the voice of EMDEs in IBRD governance. For the IBRD shareholding review scheduled in 2020, we strongly encourage outcomes that uphold the Istanbul Principle to achieve equitable voting power over time between developed countries and developing and transition countries.

18. We look forward to the effective implementation of IDA18, which should substantially increase assistance to LICs and deliver on its five themes, including jobs and economic transformation. We welcome the intention to scale up IBRD financing to IDA graduates and strongly urge the elimination of the accelerated payments clause for IDA graduates. Upon graduating from IDA, these countries often have large financing gaps that cannot be filled by borrowing from IBRD and other creditors. Eliminating this clause will contribute to a successful exit from IDA by alleviating the financial burden on graduating countries as they transition to non-concessional borrowing.

19. Finally, we call on the IMF and the WBG to strengthen their efforts toward addressing the severe under-representation of some regions and countries in recruitment and career progression, including at the managerial levels. We reiterate the importance of staff diversity and gender balance at all levels, including the diversity of educational institutions and backgrounds.

## LIST OF PARTICIPANTS<sup>1</sup>

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their one-hundredth meeting in Bali, Indonesia on October 11, 2018 with Mangala Samaraweera, Minister of Finance and Mass Media, Sri Lanka in the Chair; Julio Velarde, President of the Central Reserve Bank of Peru, serving as First Vice-Chair; and Yaw Osafo-Maafa, Senior Minister of the Republic of Ghana, Ghana as Second Vice-Chair.

The meeting of the Ministers was preceded on October 10, 2018 by the one hundred and twelfth meeting of the Deputies of the Group of Twenty-Four, with P. Nandalal Weerasinghe, Senior Deputy Governor, Central Bank of Sri Lanka, as Chair.

**African Group:** Abderrahmane Raouya, Algeria; Mutombo Mwana Nyembo, Democratic Republic of Congo; Adama Koné, Côte d’Ivoire; Tarek Amer, Egypt; Yinager Dessie Belay, Ethiopia; Roger Owono Mba, Gabon; Charles Adu Boahene, Ghana; Raphael Otieno, Kenya; Abdellatif Jouahri, Morocco; Zainab Ahmed, Nigeria; Dondo Mogajane, South Africa.

**Asian Group:** Subhash Garg, India; Peyman Ghorbani, Islamic Republic of Iran; Alain Bifani, Lebanon; Tariq Bajwa, Pakistan; Rommel Herrera, Philippines; Ranepura Samaratunga, Sri Lanka; Maya Choueiri, Syria Arab Republic.

**Latin American Group:** Laura Jaitman, Argentina; Fabio Kanczuk, Brazil; Andrés Pardo, Colombia; Sergio Recinos, Guatemala; Vanette Vincent, Haiti; Rodrigo Carriedo, Mexico; Renzo Rossini, Peru; Alvin Hilaire, Trinidad and Tobago; Jose Rojas Ramirez, Venezuela.

**Observers:** Yisr Barnieh, Arab Monetary Fund; Ping Sun, China; Christophe Perrin, ILO; Adriyanto Adriyanto, Indonesia; Mohamed Jouini, Islamic Development Bank; Suleiman Al-Herbish, OFID; Yousef Al Bassam, Saudi Arabia; Manuel Montes, South Centre; Ahmed Al Qamzi, United Arab Emirates; Mukhisa Kituyi, UNCTAD; Navid Hanif, UNDESA.

**Special Guests:** David Lipton, First Deputy Managing Director, International Monetary Fund  
Joaquim Levy, Managing Director and Chief Financial Officer, World Bank  
Joseph Stiglitz, Professor, Columbia University

**G-24 Secretariat:** Marilou Uy, Aldo Caliari, Angela Hanna, Lana Bleik

**IMF Secretariat for the G-24:** Danny Xufeng Jiang, Aric Maiden

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<sup>1</sup> Persons who sat at the discussion table.