

Communiqué of the Twenty-First Meeting of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund

Chaired by Dr. Youssef Boutros-Ghali, Minister of Finance of Egypt on April 24, 2010

1. *Global economy.* Signs of a strengthening economic recovery are encouraging but many challenges remain that need to be tackled collaboratively. We will continue to work to phase in country-specific exits from stimulus, recognizing the diverse pace of recovery and potential spillovers across countries and regions. We remain firmly committed to implementing policies that are collectively consistent with our goals for a balanced and stable global economy, renewed job creation, and price stability, and to avoiding protectionism in all its forms. We are strongly committed to ensuring sustainable public finances and addressing sovereign debt risks. We call on the Fund to continue strengthening its monitoring of global economic and financial developments and providing policy advice. We welcome the Fund's support of the G-20 Mutual Assessment Process, which should help guide members toward strong, sustainable, and balanced growth.

2. *Financial sector.* Problems in the financial sector were at the heart of the recent crisis. Strengthening financial regulation, supervision, and resilience remains a critical but as yet incomplete task. We agree to redouble efforts to forge a collaborative and consistent approach for a stable global financial system that can support the economic recovery. We look forward to the report on progress and priorities on these issues. We look forward to the completion of reviews under the Financial Sector Assessment Program of countries with systemically important financial systems. We support continued efforts to map systemic risks and transmission channels, and look forward to a report on addressing data gaps; we also support exploring a possible voluntary financial data dissemination standard based on broad consultation, while respecting country circumstances. We look forward to discussing the work by the Fund on a range of options on how the financial sector can make a fair and substantial contribution to cover the burden of extraordinary government support, while reducing excessive risk-taking, helping to promote a level playing field, and respecting country circumstances.

3. *Low-income countries.* We welcome the recovery in many low-income countries, reflecting their improved macroeconomic frameworks, effective policy responses, and the support of the international community. We thank members that have committed additional loan and subsidy resources for concessional lending, and call on other donors to contribute. We welcome the recent adoption of the framework for facilitating mobilization of loan resources for concessional lending to low-income countries. We look forward to consideration by the Fund of proposals for providing exceptional debt relief to countries hit by catastrophic disasters and, in that context, to joining international efforts to relieve Haiti's debt.

4. *IMF reform.* We commit to accelerate our work to improve the Fund's legitimacy, credibility, and effectiveness through quota and governance reforms and modernizing its surveillance and financing mandates.

- *Quotas and other governance reforms.* We urge all members to promptly consent to the 2008 quota and voice reform. We pledge to complete the quota review before January 2011 in line with the parameters agreed in Istanbul and in parallel deliver on other governance reforms. We take note of the Board's progress report on quota and governance issues, and intend to remain deeply engaged in these matters. We will take up these issues at the Annual Meetings, and in preparation for this, we call for an acceleration of the substantial work still needed on the full range of quota and other governance reforms, including management selection, ministerial engagement, Board composition and size, voting majorities, and staff diversity. We welcome the agreement on the New Arrangements to Borrow. We look forward to full implementation of the new income model, welcome the initiation of the gold sales by the Fund, and urge all members to promptly consent to the 2008 reform to expand the Fund's investment authority.

- *Mandate.* We commend the Fund's intensive efforts in responding to members' needs in dealing with the fallout from this crisis. The crisis has underlined the importance of strengthening the analysis of systemic risks and linkages, of avoiding moral hazard, and of responding to such crises as appropriate with adequate quota and other resources, and well-tailored facilities with adequate safeguards. In this regard, we welcome the important work on the Fund's mandate and responsibilities over surveillance, lending, and the stability of the

international monetary and financial system. We urge full and open debate aimed at enhancing the Fund's effectiveness in these areas, including critically on ways to improve the focus and traction of surveillance, crisis prevention, and options to improve the global financial safety net based on sound incentives. We call on the Fund to study the policy options to promote long-term stability and the proper functioning of the international monetary system. In the meantime, we call on the Fund to strengthen surveillance further, including by sharpening its focus on macro-financial issues, capital flows, and systemic risks and spillovers. We call on members to fulfill their obligations under Article IV of the Articles of Agreement. We look forward to reviewing concrete progress on these issues at our next meeting.

5. *Next IMFC meeting.* Our next meeting will be on October 9, 2010 in Washington, D.C.