

Development Committee Communiqué

Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries
Washington, DC, April 25, 2010

- 1 . The Development Committee met today, April 25, 2010, in Washington DC.
- 2 . As it emerges from the worst crisis in decades, the world economy faces an uncertain and uneven recovery. The crisis interrupted progress in reducing poverty and the impact will be long-lasting. With only five years to meet the Millennium Development Goals, we must intensify efforts to reach the poor wherever they are – in Middle Income Countries, Low Income Countries, and especially in Sub-Saharan Africa. We welcomed the World Bank Group (WBG)'s response to the crisis through new and creative approaches to help its clients, including IFC's innovative response, as well as the increase since the start of the crisis in the WBG's support to over \$100 billion and the IMF's support to almost \$175 billion.
- 3 . The crisis response underscored the importance of international cooperation and effective multilateral institutions. With global mandates and memberships, the WBG and the IMF must play key roles in a modernized multilateralism.
- 4 . We noted the ongoing discussion at the IMF on its current mandate and the review of its role in surveillance, lending, and the stability of the international monetary system.
- 5 . We recognize the historic nature of the crisis and support the World Bank Group embarking on fundamental reforms and developing a post-crisis directions strategy. The WBG will be better equipped to address the development challenges of the 21st century and its overarching objective of overcoming poverty. These ongoing reforms will strengthen the efficiency, effectiveness and accountability of the World Bank Group. We are increasing its legitimacy through voice reform. We are rebuilding its financial capacity. This transformative agenda is set out in the *Synthesis Paper-New World, New World Bank Group*. Effective implementation will be critical and we look forward to reviewing progress at our future meetings. We look forward to Board proposals for strengthening corporate governance and accountability at the WBG at the 2010 Annual Meetings.
- 6 . In line with our Istanbul commitments, we endorsed voice reform to increase the voting power of developing and transition countries (DTC) in IBRD by 3.13%, bringing it to 47.19%. This represents a total shift of 4.59 % to DTCs since 2008 (<http://www.worldbank.org/voiceibrd>). This 2010 realignment includes a selective capital increase of \$27.8 billion with paid-in capital of \$1.6 billion. The approach used for the 2010 shareholding realignment and its elements are the basis for the current selective capital increase only. For the next shareholding review in 2015, we committed to establish a work program and a roadmap to arrive at a benchmark for a dynamic formula reflecting the principles we agreed in Istanbul, moving over time towards equitable voting power and protecting the voting power of the smallest poor countries. We reiterate the importance of an open, merit-based and transparent process for the selection of the President of the World Bank Group. We will also promote staff diversity to reflect better the global nature of the WBG.
- 7 . As a first step in IFC voice reform, we endorsed an increase in basic votes and a selective capital increase of \$200 million, representing a total shift of 6.07%, to bring DTC voting power to 39.48 % and move towards a broad and flexible alignment with IBRD shareholding (<http://www.worldbank.org/voiceifc>).
- 8 . The WBG must remain financially strong. We endorsed a general capital increase for IBRD of \$58.4 billion of which 6%, or \$3.5 billion, would be paid in capital, as set out in the paper *Review of IBRD and IFC Financial Capacities*. We further endorsed related matters contained in that paper as well as in *Synthesis Paper-New World, New World Bank Group*, including a reform of loan maturity terms to be discussed at the integrated financial review in June 2010. We recognized the importance of the inclusive nature of the GCI and our ongoing commitment to IDA by enhancing the value of IDA transfers, in line with IBRD's financial capacity. We reiterated our support for a successful IDA-16 replenishment through fairer and wider burden-sharing. We also reconfirmed our commitment to ensuring that IFC has the resources necessary for its continued growth. We endorsed the package to enhance IFC's financial capacity, including consideration of a long-term hybrid instrument to shareholders, subject to the Board review of terms and conditions, and earnings retention.

9 . We urged the Boards and WBG management to expedite the necessary procedures so the appropriate resolutions to implement the voice reform and capital packages are submitted to the IBRD and IFC Boards of Governors by end-June 2010.

10 . We thank Kiyoshi Kodera for his services over the past four years as Secretary to the Development Committee. The Committee's next meeting is scheduled for October 10, 2010 in Washington, DC.