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

COMMUNIQUÉ

OCTOBER 22, 2024

1. The G-24 expresses its deep concern over the humanitarian crises and conflicts afflicting numerous regions across the globe, resulting in loss of lives, immense suffering, forced displacement and migration for countless individuals. We call for a strong, united, multilateral approach to restore peace, stability, and livelihoods. To this end, we urge all parties to prioritize diplomacy, de-escalation, and cooperation. Furthermore, we call for robust multilateral support for recovery, reconstruction, and long-term development efforts in affected areas.

2. Global economic growth is forecast to remain relatively stable in the coming year, but risks and uncertainties persist, especially for some Emerging Markets and Developing Economies (EMDEs). Despite a projected stabilization of global growth in 2024 and 2025, the relatively optimistic forecast masks the tepid economic prospects in the most vulnerable countries. Furthermore, geopolitical tensions, trade fragmentation, increasingly frequent extreme weather conditions, and a more pronounced slowdown could pose significant headwinds to global growth and worsen some EMDEs' prospects of as they deal with the spillover effect of Advanced Economies' policies.

3. Although inflationary pressures are gradually easing, the outlook remains uncertain due to elevated risks. Food price inflation is declining or stabilizing, and energy prices have remained low, in part reflecting the role of the *OPEC Declaration of Cooperation* in safeguarding oil market stability. Though many advanced economies have successfully brought inflation back to target levels, some EMDEs are still grappling with high inflation rates. Looking ahead, trade tensions and increased policy uncertainty would contribute to heightened upside risks to inflation. Furthermore, escalating geopolitical tensions could lead to heightened volatility in food and energy prices. Given the uncertainty, central banks may likely maintain a cautious approach to monetary easing, potentially keeping interest rates high for an extended period.

4. Against this background, some EMDEs are confronted with significant challenges, as a prolonged period of elevated or slower reduction of policy rates increases external, fiscal, and financial risks. Furthermore, depreciation of some EMDE's currencies, together with high debt and rising debt-servicing costs, is constraining fiscal space, impacting capital flows and growth, while straining financial stability. As EMDE policymakers struggle to balance sizable investment needs with fiscal sustainability, real growth could suffer.

5. Given the uncertain economic environment, the International Monetary Fund (IMF) should stand ready to fulfill its role as the center of the Global Financial Safety Net. Strengthening the international monetary system by enhancing crisis prevention and adjustment mechanisms; coordinating global stability; and providing timely, predictable, and adequate liquidity support to members facing balance of payments difficulties will contribute to a more resilient and interconnected global economy.

6. We welcome the ongoing reviews and updates of IMF procedures and policies, as this will support members. The incorporation of emerging challenges such as climate-related risks,

domestic public debt, and complex debt restructuring scenarios in the review of the *Low-Income Countries Debt Sustainability Framework* (LIC-DSF) is welcome. However, we look forward to the comprehensive review which we hope will address the fundamental concerns about the methodology. Furthermore, the recent approval of the use of Special Drawing Rights (SDRs) for the acquisition of hybrid capital instruments by prescribed holders is a significant step forward. The approved limit of SDR15 billion could increase lending by four-fold, including through supporting the goals of G20 Global Alliance against Hunger and Poverty, the sustainable development and climate goals. We call on countries with strong external positions to voluntarily explore rechanneling SDRs, including through Multilateral Development Banks (MDBs), where legally possible, while respecting the reserve asset quality of the SDR and ensuring their liquidity.

7. Ongoing refinements to the IMF's lending toolkit provide another opportunity to address the challenges confronting members while strengthening IMF's financial resilience. We welcome the refinements to the *Resilience and Sustainability Trust* (RST), including adjustments to its design to facilitate early disbursements, eliminate dual-purpose reforms, and ensure program continuity. We look forward to further work to operationalize the RST mandate on pandemic preparedness. We also call for the comprehensive review planned for 2026 to address the remaining issues, especially with respect to the requirement of an upper credit tranche program and expansion of focus into other medium-term challenges facing EMDEs. Additionally, we welcome the completion of the review of charges and surcharges that resulted in a reduction of the cost of borrowing from the General Resource Account. The approved changes are in the right direction, but we call on the IMF to consider initiating, as soon as possible, further reforms to provide more significant reduction of surcharges, and additional cut in the margin for the rate of charge. Furthermore, we welcome the Poverty Reduction and Growth Trust (PRGT) reforms, including the increase in resources for concessional financing, and the additional boost to the subsidy resources.

8. The approval of a Third chair for Sub-Saharan Africa at the IMF Executive Board would strengthen the region's voice, improve its representation, and simultaneously, reduce the workload of the region's officials. Additionally, we recommend further pursuit of governance reforms in MDBs and International Financial Institutions, (IFIs), to correct the regional and gender underrepresentation in their top management and senior staff positions. We call upon all countries to complete the internal approval procedures for the 16th General Review as soon as possible. We await the result of the ongoing efforts to develop possible approaches for a new quota formula and we hope that it will serve as a guide for quota realignment that reflects members' relative economic weight and strengthen the voice of EMDEs under the 17th General Review of Quotas. As the review is crucial for the legitimacy of the IMF, we emphasize the importance of adhering to the June 2025 deadline.

9. We welcome the progress in the implementation of the World Bank Group (WBG) *Evolution Roadmap*. The launch of the *Portfolio Guarantee Platform*, and stronger private capital mobilization efforts have the potential to help bring additional resources to support client countries in meeting their development needs. We hope that more contributions to the *Livable Planet Fund* would incentivize global challenge related projects across borders, and that the launch of the *Grant Facility for Project Preparation Trust Fund* would enhance clients' institutional capacity in project preparations. Not only is it paramount to increase investment, but such investment must be at an affordable cost in order to ensure the debt sustainability of

EMDEs as they pursue new growth strategies aligned with the Sustainable Development Goals (SDGs) and the Paris Agreement. Therefore, we look forward to a timely and successful conclusion of the 2-stage International Bank for Reconstruction and Development (IBRD) loan pricing adjustments to enhance affordability of IBRD loan.

10. International Development Association, (IDA21), replenishment will be crucial for supporting vulnerable populations, breaking the cycle of poverty, and promoting global stability. We welcome the focus on key areas of *People, Planet, Prosperity, Digitalization, and Infrastructure,* which are at the core of the development challenges of the Global South. Given rising external financing needs amidst declining Overseas Development Assistance and Foreign Direct Investments, we hope that the ongoing IDA21 replenishment discussions will result in a robust and impactful outcome, increasing support for LICs in real terms, supported by an expanded donor base. We call on donors to be ambitious, and to align their contributions with the scale of the challenges. It is also important to thoroughly consider the different levels of fragility before applying any adjustment to loan terms that may impact debt sustainability. While we welcome the proposed *Global and Regional Opportunities Window* (GROW), which aims to address regional and global challenges, such as adaptation, we call for an expanded focus on other issues that impact the Global South such as biodiversity, desertification, carbon and methane gas emissions from agricultural production, and rising sea level.

11. Considering the need for significant resources, and the misalignment of shareholding structure, the upcoming 2025 Shareholding Review for IBRD and the International Finance Corporation, (IFC), is crucial. We call on shareholders to build consensus for a speedy and successful review in line with the *Lima Shareholding Principles*, resulting in the increase of the voice and representation of EMDEs and ensuring a more equitable balance of voting power to improve legitimacy and effectiveness. In addition, the review should propose specific options to address misalignment.

12. We look forward to the implementation of the G20 Brazil Presidency *MDB Roadmap Towards Bigger, Better, and more Effective MDBs,* building on the mandate from *G20 New Delhi Leaders Declaration*, and based on the recommendations of the *G20 Independent Experts Group*. To further increase scale and impact, we call for deepening of engagement and cooperation between WBG and the MDBs with a view to operating as a system to address countries' development priorities and needs, as well as global and regional challenges. We call for regular reviews of the alignment of MDBs resources and strategies. These reviews would lay a solid basis for MDB Boards' consideration on if and when additional capital may be needed. In addition, to enhance private capital mobilization, we advocate for providing support aimed at removing regulatory bottlenecks to private investment, developing innovative risk-sharing and hedging instruments, including through local currency lending and domestic capital market reforms. To further maximize the impact of public investment, and its ability to boost growth, improve productivity, and reduce poverty, EMDEs should be supported with comprehensive policy reform programs to improve public investment efficiency, governance and fiscal administration, subject to the country's specific circumstance.

13. We commend the recent progress under the *G20 Common Framework* and the *Global Sovereign Debt Roundtable* (GSDR), including establishing a common understanding of processes and practices. We call for a step up of the implementation of the *G20 Common Framework* in a predictable, timely, orderly, and coordinated manner and more meaningful debt relief. Additionally, we welcome the joint efforts of all stakeholders to enhance debt

management and transparency and encourage private creditors to follow suit. We draw attention to the need for further reforms, especially with respect to early engagement with creditors and interaction with credit rating agencies. Ultimately, we urge for a comprehensive reform of the sovereign debt framework that addresses debt vulnerabilities in low and middle-income countries in an effective, comprehensive and systematic manner. We call for consideration of options - including the support of the IMF and the World Bank - to help countries facing short-term liquidity challenges whose debt is sustainable.

14. The global community is falling short of attaining climate and development goals, and in providing the commensurate financial support to developing countries towards achieving them. The frequency, intensity, and scale of extreme weather events, particularly in developing countries, are increasing, necessitating urgent action. Recognizing the varying national circumstances, we call for accelerating climate action based on equity and the principle of *common but differentiated responsibilities and respective capabilities*. Therefore, climate change strategies must incorporate the needs of EMDEs, and mitigation and adaptation actions should aim at ensuring accessibility to all types of energy, and energy security, bearing in mind sustainable development and efforts to eradicate poverty. Furthermore, MDBs and IFIs should support investment in the research and development of green technologies that reduce greenhouse gas emissions. We acknowledge the need to significantly scale up finance, and hence call for a concrete goal that is commensurate with the pressing challenges, and that is therefore greater than the $100 billion per year planned during the upcoming CoP29. We look forward to faster progress on the operationalization and capitalization of the *Loss and Damage Fund.* We reiterate our call for new and additional grant-based, highly concessional finance and non-debt instruments to support both middle- and low-income countries, especially as they transition in a just and equitable manner.

15. Domestic Resource Mobilization is essential for sustainable development. We strongly support national efforts to prevent and combat illicit financial flows, corruption, money-laundering and tax evasion, as such efforts would increase domestic resources. We call for increased capacity building to support members, to improve their expertise in domestic resource mobilization. We acknowledge the work of the Organization of Economic Co-operation and Development on tax base erosion and profit shifting, and welcome the progress made on the Two-Pillar Solution under the OECD Inclusive Framework. Additionally, we look forward to the forthcoming negotiation of the United Nations *Framework Convention on International Tax Cooperation* and its two early protocols. We call for a constructive engagement as well as multilateral consensus to achieve lasting progress on this initiative. Finally, we commend the work of the Brazil G20 Presidency on taxation and inequality.

16. Challenges to multilateralism are not abating. It is concerning that policymakers in some of the world's largest economies continue to pursue protectionist or nationalist policies that are not in line with global integration on trade and development. We reaffirm our support for a rules-based, non-discriminatory, fair, open, inclusive, equitable, sustainable, and transparent, multilateral trading system with the World Trade Organization at its core. We encourage countries to contribute to the strengthening of multilateralism through ongoing initiatives. These include the *Bretton Woods Initiative*, which seeks to develop a long-term perspective on the global economy and the roles of the IMF and World Bank, and the Fourth Conference on *Financing for Development*, a forum aimed at identifying obstacles and constraints to the achievement of the SDGs and supporting the reform of the international financial architecture.

We call for enhanced collaboration and cooperation among multilateral institutions to ensure a coherent and collaborative approach towards multilateralism.

LIST OF PARTICIPANTS[1]

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their one hundred and twelfth meeting in Washington, D.C. on October 22, 2024 with Ralph Recto, Secretary of Finance, Philippines, in the Chair; Candelaria Alvarez Moroni, Undersecretary for International Coordination and Management of the Secretariat of International Economic and Financial Affairs of the Ministry of Economy, Argentina, as First Vice-Chair; and Olawale Edun, Minister of Finance, Nigeria, as Second Vice-Chair.

The meeting of the Ministers was preceded on October 21, 2024 by the one hundred and twenty-fourth meeting of the Deputies of the Group of Twenty-Four, with Sharon P. Almanza, Treasurer of the Philippines, as Chair.

African Group: Ali Bouharaoua, Algeria; Malangu Kabedi-Mbuyi, Democratic Republic of Congo; Adama Coulibaly, Côte d'Ivoire; Rania Al-Mashat, Egypt; Ahmed Shide, Ethiopia; Rodrigue Bissielou, Gabon; Ernest Kwamina Addison, Ghana; John Mbadi Ng'ongo, Kenya; Mohamed Taamouti, Morocco; Olayemi Cardoso, Nigeria; David Masondo, South Africa.

Asian Group: Parameswaran Iyer, India; Bahador Bijani, Islamic Republic of Iran; Saade Chami, Lebanon; Muhammad Aurangzeb, Pakistan; Rosalia De Leon, Philippines; Ajith Abeysekera, Sri Lanka; Roman Marshavin, Syria.

Latin American Group: Emmanuel Andrin, Argentina; Tatiana Rosito, Brazil; Leonardo Villar, Colombia; Tatiana Rodriguez, Ecuador; Alvaro Gonzalez Ricci, Guatemala; Ronald Gabriel, Haiti; Ernesto Acevedo Fernandez, Mexico; Adrian Armas, Peru; Alvin Hilaire, Trinidad and Tobago.

Observers: Fahad M. Alturki, Arab Monetary Fund; Odalis Marte-Alevante, Central American Monetary Council; Ming Ai, China; Richard Samans, ILO; Anasse Aissami, Islamic Development Bank; Mohannad Al Suwaidan, OPEC; Shaimaa Al-Sheiby, OPEC Fund; Saud M. AlBarrak, Saudi Arabia; Yuefen Li, South Centre; Ebrahim Alzaabi, United Arab Emirates; Penelope Hawkins, UNCTAD; Navid Hanif, UNDESA; Raquel Artecona, UN-ECLAC.

Special Guests: Kristalina Georgieva, Managing Director, International Monetary Fund
Axel van Trotsenburg, Senior Managing Director, World Bank

G-24 Secretariat: Iyabo Masha, Julius Duran, Isata Keita, Gwladys Boukpessi

IMF Secretariat for the G-24: Najla Nakhle, Zahir Sakhi, Aric Maiden

[1] Persons who sat at the discussion table.