

Reforms in the International Financial Architecture

An IMF perspective



Bikas Joshi
Resident Representative in Russia
International Monetary Fund

... At the heart of the G-20

Ministerial Communiqué (Berlin, Dec 15-16, 1999)

The G-20 was established to provide ***a new mechanism for informal dialogue in the framework of the Bretton Woods institutional system***, to broaden the discussions on key economic and financial policy issues among systemically significant economies and promote co-operation to achieve stable and sustainable world economic growth that benefits all.

Global Crisis and Response

Washington, DC, Summit (November 15, 2008)

Availability of Resources

Mandates and Tools

Structure and Legitimacy

FIREWALL

Why?

- **Interconnectedness could foster systemic risks**

Rapid propagation, large costs

- **What kind of firewall?**

Self-insurance via reserve buildup

Central bank swap lines

FIREWALL

Central Bank Swap Lines



FIREWALL

What kind?

- **Interconnectedness fosters systemic risks**

Rapid propagation, large costs

- **What kind of firewall?**

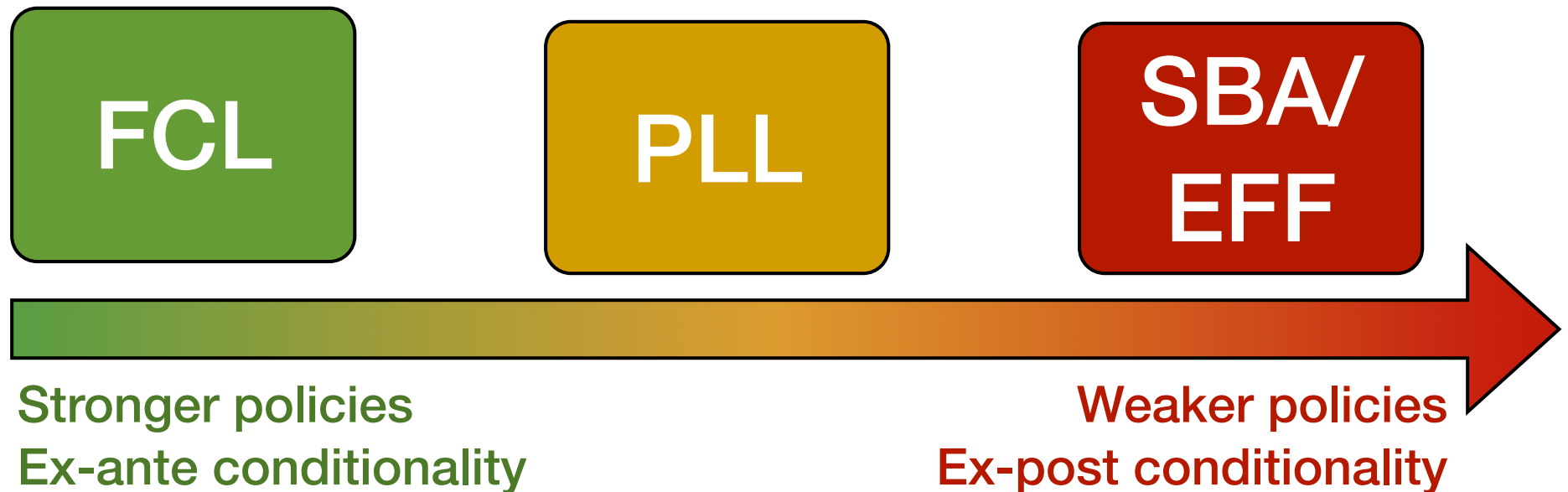
Self-insurance via reserve buildup

Central bank swap lines

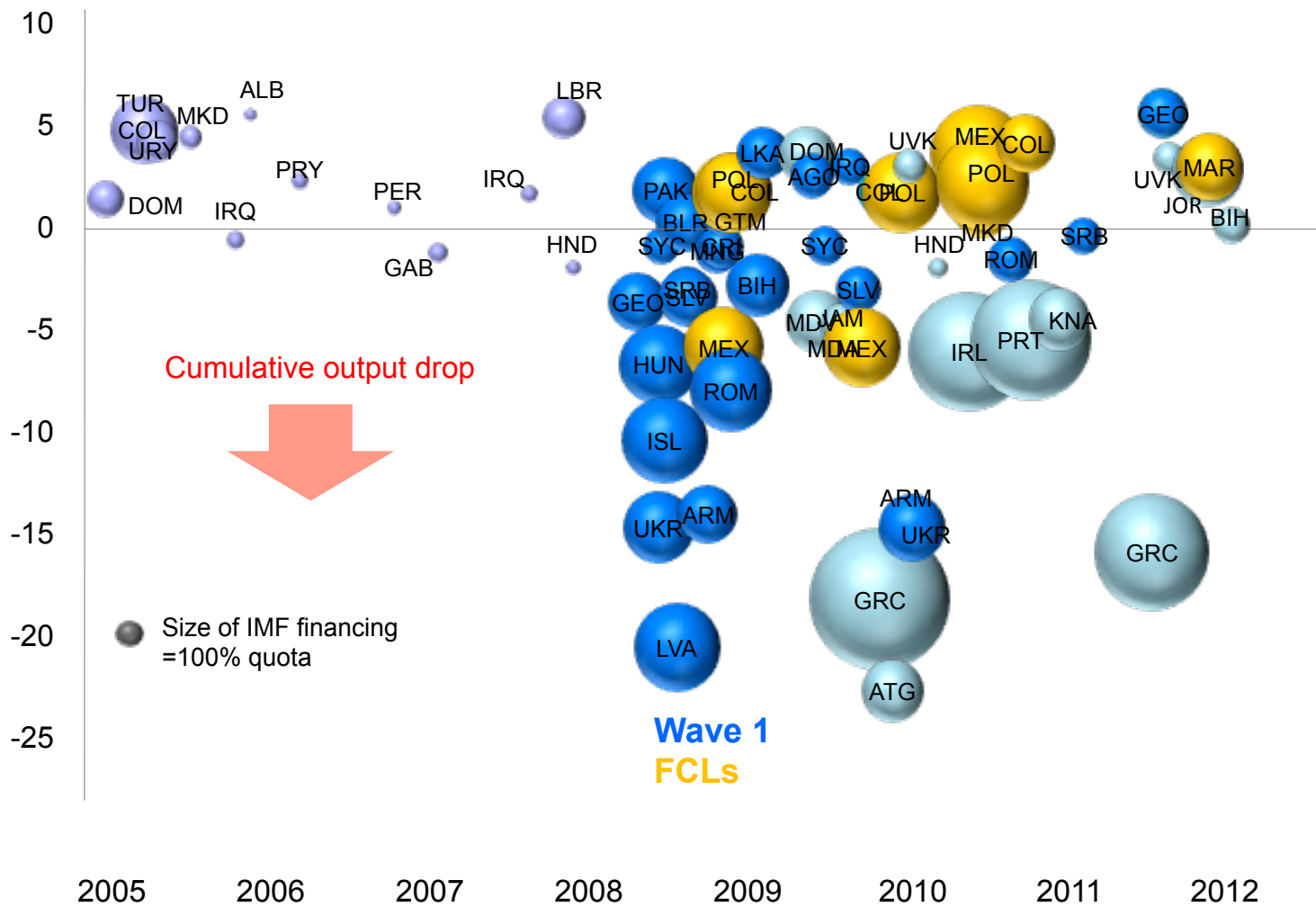
IMF as a global risk pool

IMF firewall: Lending toolkit reformed

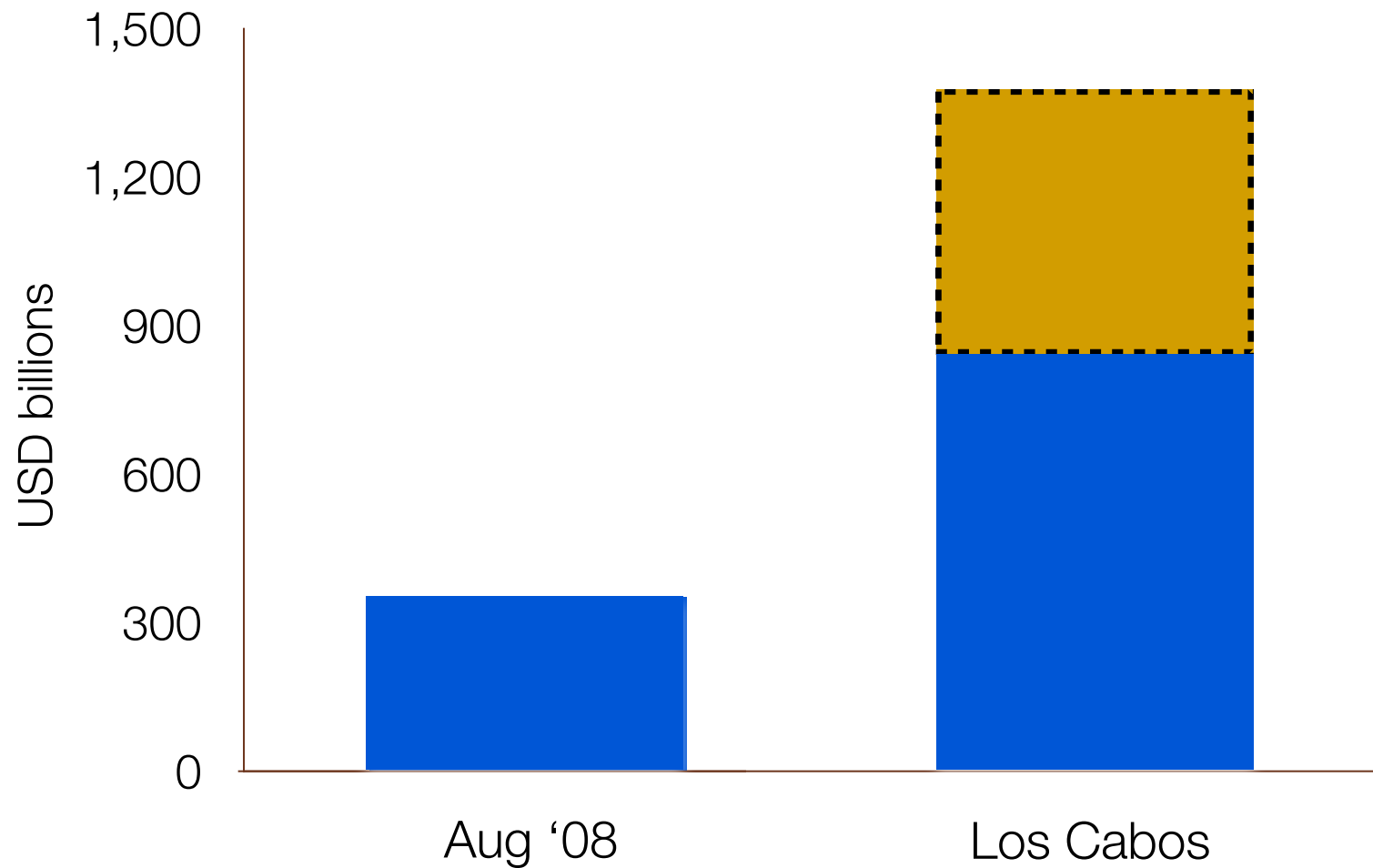
- Increased size of loans, clarified use for budget support
- Lengthened lending maturities, reduced borrowing costs
- Enhanced crisis prevention (FCL, PLL), emergency instruments



Fund programs during the crisis



IMF firewall: Resources quadrupled



FIREWALL

What kind?

- **Interconnectedness fosters systemic risks**

Rapid propagation, large costs

- **What kind of firewall?**

Self-insurance via reserve buildup

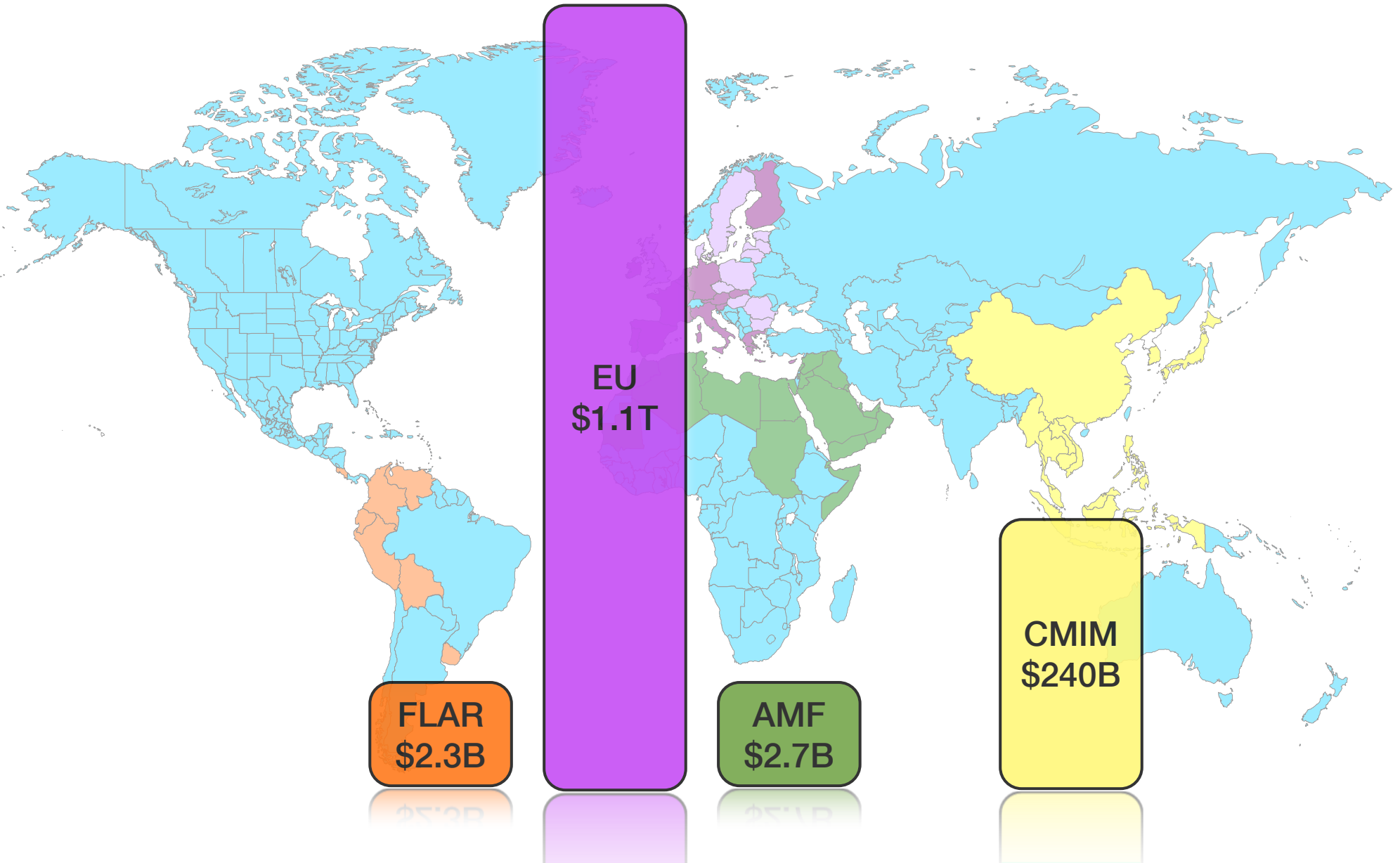
Central bank swap lines

IMF as a global risk pool

Regional firewalls

FIREWALL

Regional Coverage



SURVEILLANCE

Integrated

● Adoption of an Integrated Surveillance Decision

Comprehensive, integrated, consistent spillover analysis

Impact of domestic policies on global stability

Treatment of domestic and exchange rate policies

Multilateral surveillance



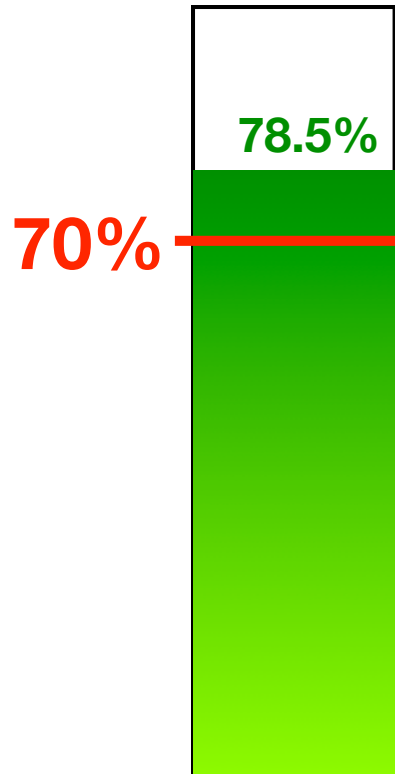
SURVEILLANCE

Broader Agenda

- Institutional view on capital flows
- External positions of major economies
- Assessment of exchange rate misalignments
- Improved financial sector surveillance
- Better liquidity measures
- Ensuring debt sustainability



Quota and Governance **Role of EMDCs**



Quota reform

Shift from advanced economies to emerging markets and developing countries

2008 reform 1.1 pp in quota shares

2010 reform 3.9 pp in quota shares

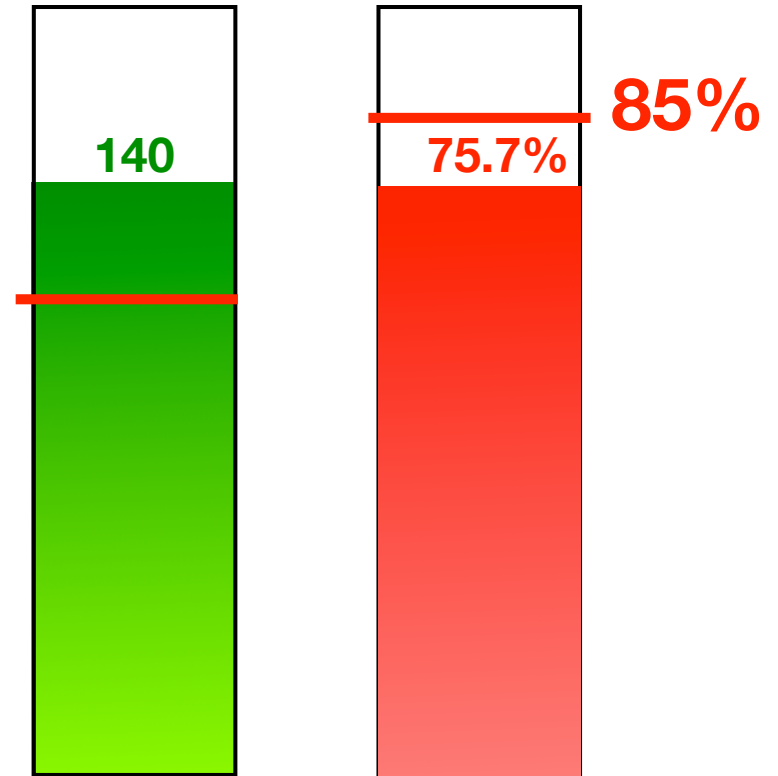
Quota and Governance

Board reform

Two fewer advanced
European chairs

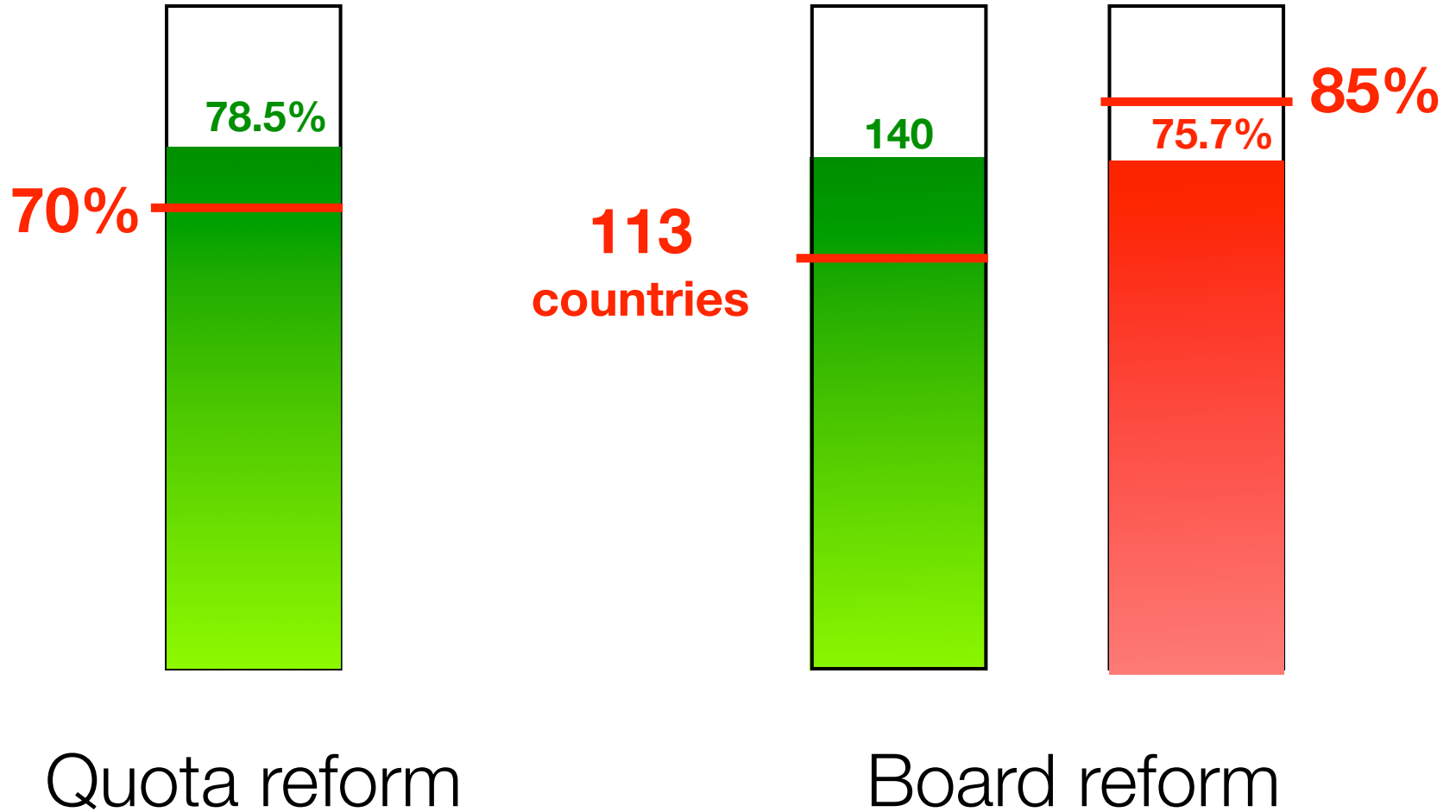
113
countries

*to be effective from the first election
after the 14th Review of Quotas
consents received*



Quota and Governance

Where we stand



Quota and Governance Efforts in 2013

- Completion of the 2010 Reforms
- Quota Formula Review
- Membership data update
- 15th General Review of Quotas

