

**BOARDS OF GOVERNORS • 2009 ANNUAL MEETINGS • ISTANBUL, TURKEY**

**WORLD BANK GROUP**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES  
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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**INTERNATIONAL MONETARY FUND**

Press Release No. 6

October 6-7, 2009

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Report to the Board of Governors of the  
International Monetary Fund by the Chairman  
of the International Monetary and Financial Committee  
of the Board of Governors, the Hon. **YOUSSEF BOUTROS-GHALI**



**Report to the Board of Governors of the International Monetary Fund by the Chairman of  
the International Monetary and Financial Committee of the Board of Governors, the  
Honorable Youssef Boutros-Ghali  
October 6, 2009**

Mr. Chairman, Fellow Governors, Ladies and Gentlemen:

I would like at the outset to express the gratitude of the IMFC members to the Government of Turkey for the superb organizations of these meetings. I would also like to commend on behalf of the members and myself the great leadership of Mr. Dominique Strauss-Kahn during the past eighteen months in steering the Fund with initiative ingenuity and efficiency. Let me also commend the great work done by the staff of the Fund in meeting extraordinary challenges during the past several months.

I am pleased to report to the Board of Governors on the outcome of Saturday's and Sunday's discussions of the IMFC, which I had the honor to chair. The meetings were held in a positive atmosphere, amid the signs of an early recovery. We reaffirmed our commitment to help spur the global economy forward, both in terms of economic and financial policies and the institutions that govern the world economy. Our deliberations touched on reforming the IMF so that it can remain the central organization to provide the impetus, coherence, and clearinghouse function for economic and financial policies around the world.

We committed to maintaining supportive fiscal, monetary, and financial sector policies until a durable recovery is secured, as well as to stand ready to act further as needed. We emphasized that agreed financial sector and regulatory reforms should be completed without delay, and reaffirmed the collective responsibility to avoid protectionism in all its forms. The Committee also stressed the need to continue international support for low-income countries' efforts.

We welcomed the outcomes of the G-20 Summit in Pittsburgh. We support the G-20 commitment to articulating policies for strong, sustained, and balanced growth in the global economy, and called on the Fund to assist the G-20 mutual assessment.

We committed to work together, as the recovery takes hold, in articulating and implementing credible and coordinated exit strategies for the withdrawal of public support for the financial sector, orderly unwinding of monetary policy support, and fiscal consolidation needed to underpin long-term sustainability. In this regard, the Fund was asked to develop principles for orderly and cooperative exit strategies taking into account country specific circumstances, and to advise on the development of exit policies.

We further affirmed that quota reform is crucial for increasing the legitimacy and effectiveness of the Fund. We supported a shift in quota shares to dynamic emerging market and developing countries of at least five percent from over-represented countries to under-represented countries, using the current quota formula as the basis to work from. The Committee also committed to protecting the voting share of the poorest members. All members were urged to promptly consent to the still pending 2008 quota and voice reform. We further called on the Executive Board to meet the agreed target of January 2011 for completing the Fourteenth General Review of Quotas.

The Committee thanked the Executive Board for its report on Fund governance reforms, and asked the Executive Board to continue to examine the full range of governance reforms. We intend to adopt at our next meeting an open, merit-based and transparent process for the selection of IMF management.

Important strides have been made to enhance Fund surveillance, including the launch of the IMF-FSB Early Warning Exercise, and ongoing efforts to strengthen financial sector and cross-country analysis. The Committee asked the Fund to begin implementing rapidly the new flexible framework for the Financial Sector Assessment Program (FSAP), and to ensure that it can deliver sharper macro-financial surveillance and better integration into bilateral surveillance.

On a broader level, the crisis has shown that a further reassessment of the Fund's mandate is in order. We, therefore, called on the Fund to review its mandate to cover the full range of macroeconomic and financial sector policies that bear on global stability.

The Committee thanked members that have committed temporary resources to the Fund, and welcomed the expected agreement on a renewed and more flexible NAB. The Committee agreed that the Fund should examine the appropriate size and composition of its resources needed—including the size of the overall increase in quotas—in light of the outcome of the Fourteenth General Review of Quotas.

The Committee commended the Fund's innovative efforts to improve financial safety nets for member countries. Fund financial support to many members, as well as the SDR allocations of US\$283 billion have helped restore confidence. The Flexible Credit Line (FCL), in particular, has provided important support to a number of emerging market economies .

We welcomed the overhaul of the Fund's concessional lending framework and the commitment to more than double concessional lending. We welcomed the commitment by some members to provide additional loan and subsidy resources, and urged other potential contributors to step up expeditiously their loan and subsidy contributions.

We look forward to full implementation of the new income model, including the agreement on gold sales, and the commitment to provide additional subsidy resources.

Finally, we have asked the Fund to study and report on its future financing role, as well as study other options to promote long-term global stability and the proper functioning of the international monetary system.

Ladies and Gentlemen,

At this time last year, the world economy was in free fall. Today we are hopeful that the worst is behind us. And I have felt a commitment among the members of the Committee to rise above our differences to bring about the necessary changes that will make us better prepared to deal with what might come our way in the future.

Thank you.