

G8 Conclusions on International Financial Institutions Reform, 1975-2009

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Summary of Conclusions on Reform of International Financial Institutions in G8 Summit Documents

Year	# of Words	% of Total Words	# of Paragraphs	% of Totals Paragraphs	# of Documents	% of Total Documents	# of Dedicated Documents
1975	116	10.2	1	6.6	1	100	0
1976	228	14	3	12	1	50	0
1977	559	20.9	7	17.9	2	100	0
1978	229	7.6	4	8.2	1	50	0
1979	0	0	0	0	0	0	0
1980	243	6	2	4.1	1	20	0
1981	54	1.7	1	1.9	1	33.3	0
1982	138	7.6	2	10	1	50	0
1983	46	2.1	1	2.7	1	50	0
1984	97	2.9	1	2	1	20	0
1985	125	3.9	2	4.7	1	50	0
1986	73	2	1	3.1	1	25	0
1987	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0
1989	274	3.8	6	5	1	9	0
1990	225	2.9	4	3.2	1	25	0
1991	288	3.5	4	7.1	1	20	0
1992	169	2.2	2	1.2	1	25	0
1993	0	0	0	0	0	0	0
1994	121	2.9	2	2.9	1	50	0
1995	177	2.4	1	0.75	1	33.3	0
1996	392	2.5	6	2.6	1	25	0
1997	748	5.7	6	4.2	1	20	0
1998	0	0	0	0	0	0	0
1999	1258	12.5	11	12.7	2	66.6	0
2000	522	3.8	7	4.8	1	20	0
2001	364	5.8	5	6.8	1	14.2	0
2002	74	0.6	1	0.7	1	12.5	0
2003	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0
2005	0	0	0	0	0	0	0
2006	0	0	0	0	0	0	0
2007	256	1	3	1	2	16.6	0
2008	105	0.62	2	1.1	1	9	0
2009	561	3.3	6	1.8	2	15.3	0
Average	212	3.8	2.6	3.7	0.8	26	0

Notes:

Data are drawn from all official English-language documents released by the G8 leaders as a group. Charts are excluded.

"# of Words" is the number of subjects related to reform of international financial institutions (IFIs) for the year specified, excluding document titles and references. Words are calculated by paragraph because the paragraph is the unit of analysis.

"% of Total Words" refers to the total number of words in all documents for the year specified.

"# of Paragraphs" is the number of paragraphs containing references to IFI reform for the year specified. Each point is recorded as a separate paragraph.

"% of Total Paragraphs" refers to the total number of paragraphs in all documents for the year specified.

"# of Documents" is the number of documents that contain IFI reform subjects and excludes dedicated documents.

"% of Total Documents" refers to the total number of documents for the year specified.

"# of Dedicated Documents" is the number of documents for the year speaks that contain a subject related to IFI reform in the title.

Introduction

The reform of the international monetary and financial system, which was the seminal purpose and accomplishment of the G7 in 1975, returned as a priority issue in the mid 1990s with the 50th anniversary of the Bretton Woods system and the effort since 1997 to construct a new international financial architecture for a globalizing world. Reform of international financial institutions (IFIs) has now arisen again in regard to “voice and vote” and “mission and mandate” at the International Monetary Fund (IMF) and World Bank and the role of other IFIs. How well and why has the G8 performed this system reform role?

Reform of the IMF includes those features that pertain to its governance structure, including voice and vote reform (also referred to as chairs and shares) and also mentions of reforming the IMF's executive board. Voice and vote reform includes the voting power allocated to each IMF member, as well as the financial quota shares (input) contributed by each member. This issue area also includes any mentions of the selection of the executive direction. It does not include parallel reforms suggested for the World Bank (or broad governance reform references either to the IMF or the World Bank), nor does it refer to any other features of the IMF's international role such as loans (output) or surveillance activities.

Definition of Issue Area

IFIs include the following:

- International Monetary Fund (IMF), including the Interim Committee, the International Monetary and Finance Committee (IMFC) and the G24
- World Bank Group (WBG) and its five components: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), the International Center for the Settlement of Investment Disputes (ICSID)
- regional development banks: the Asian Development Bank (ASB), the Inter-America Development Bank (IADB), the African Development Bank (AfDB) and the European Bank for Reconstruction and Development (EBRD)
- the Bank for International Settlements (BIS) and the Basle Committee, G10, G22
- Financial Stability Board (FSB) and its predecessor the Financial Stability Forum (FSF)
- private standard setters such as the International Organization of Securities Commissions (IOSCO) and the International Accounting Standards Board (IASB) (and its predecessor the International Accounting Standards Committee [IASC]).

For the purposes of this study the decision and action of the G20 are also included as part of IFI reforms.

Search Terms

The following keywords were used for this report.

Inclusions

African Development Bank (AfDB), Bank for International Settlements (BIS), Basle Committee, board of governors, Financial Stability Board (FSB), Financial Stability Forum (FSF), European Bank for Reconstruction and Development (EBRD), executive board reform, financial

contributions, financial governance reform, G10, G20, G22, G33, Inter-American Development Bank Group (IADB), governance reform, International Accounting Standards Board (IASB), International Accounting Standards Committee (IASC), international financial institutions (IFIs), International Monetary Fund (IMF), International Organization of Securities Commission (IOSCO), inward funds, multilateral development banks (MDBs), quotas, vote, vote share

Exclusions

Surveillance, debt, financial architecture in general

Coding Rules

The unit of analysis is the paragraph/sentence.

There must be a direct reference to IFI reform or a cognate term.

Cognate or extended terms can be used without a direct reference to “IFI reform” if they have previously been directly associated together in summit document history.

Conclusions on IFI Reform in G8 Summit Documents

1975 Rambouillet, France

Communiqué: Declaration of Rambouillet

11. With regard to monetary problems, we affirm our intention to work for greater stability. This involves efforts to restore greater stability in underlying economic and financial conditions in the world economy. At the same time, our monetary authorities will act to counter disorderly market conditions, or erratic fluctuations, in exchange rates. We welcome the rapprochement, reached at the request of many other countries, between the views of the U.S. and France on the need for stability that the **reform of the international monetary system must promote**. This rapprochement will facilitate agreement through the **IMF** [International Monetary Fund] at the next session of the Interim Committee in Jamaica on the outstanding issues of **international monetary reform**.

1976 San Juan, Puerto Rico, United States

Communiqué: Joint Declaration of the International Conference

At the meeting last November, we resolved differences on **structural reform of the international monetary system** and agreed to promote a stable system of exchange rates which emphasized the prerequisite of developing stable underlying economic and financial conditions.

With those objectives in mind, we reached specific understandings, which made a substantial contribution to the **IMF meeting** in Jamaica. Early legislative ratification of these agreements by all concerned is desirable. We agreed to improve cooperation in order to further our ability to counter disorderly market conditions and increase our understanding of economic problems and the corrective policies that are needed. We will continue to build on this structure of consultations.

...At Rambouillet, the importance of a co-operative relationship between the developed and developing nations was affirmed; particular attention was directed to following up the results of the Seventh Special Session of the UN General Assembly, and especially to addressing the balance of payments problems of some developing countries. Since then, substantial progress has been made. We welcome the constructive spirit which prevails in the work carried out in the framework of the Conference on International Economic Co-operation, and also by the positive results achieved in some areas at UNCTAD IV in Nairobi. **New measures taken in the IMF** have made a substantial contribution to stabilizing the export earnings of the developing countries and to helping them finance their deficits.

1977 London, United Kingdom

Declaration: Downing Street Summit Conference

The world economy can only grow on a sustained and equitable basis if developing countries share in that growth. We are agreed to do all in our power to achieve a successful conclusion of the CIEC [Conference on International Economic Co-operation] and we commit ourselves to a

continued constructive dialogue with developing countries. We aim to increase the flow of aid and other real resources to those countries. We invite the COMECON [Council for Mutual Economic Co-operation] countries to do the same. We support **multilateral institutions** such as the **World Bank**, whose general resources should be increased sufficiently to permit its lending to rise in real terms. We stress the importance of secure private investments to foster world economic progress.

To carry out these tasks we need the assistance and cooperation of others. We will seek that cooperation in appropriate international institutions, such as the United Nations, the **World Bank**, the **IMF**, the GATT [General Agreement on Tariffs and Trade], and OECD. Those among us whose countries are members of the European Economic Community intend to make their efforts within its framework.

Appendix to Downing Street Summit Declaration

Balance-of-Payments Financing

The **International Monetary Fund** must play a prominent role in balance-of-payments financing and adjustment. We therefore strongly endorse the recent agreement of the Interim Committee of the **IMF** to seek additional resources for that organization and to link **IMF** lending to the adoption of appropriate stabilization policies. These added resources will strengthen the ability of the **IMF** to encourage and assist member countries in adopting policies which will limit payments deficits and warrant their financing through the private markets. These resources should be used with the conditionality and flexibility required to encourage an appropriate pace of adjustment.

This **IMF** proposal should facilitate the maintenance of reasonable levels of economic activity and reduce the danger of resort to trade and payments restrictions. It demonstrates cooperation between oil exporting nations, industrial nations in stronger financial positions, and the **IMF**. It will contribute materially to the health and progress of the world economy. In pursuit of this objective, we also reaffirm our intention to strive to increase monetary stability.

We agreed that the **international monetary and financial system**, in its new and agreed legal framework, should be strengthened by the early implementation of the **increase in quotas**. We will work towards an early agreement within the **IMF** on another increase in the **quotas** of that organization.

North-South Relations

The progress and the spirit of cooperation that have emerged can serve as an excellent base for further steps. The next step will be the successful conclusion of the Conference on International Economic Cooperation and we agreed to do all in our power to achieve this. We shall work:...

- ii. To facilitate developing countries' access to sources of international finance;
- iii. To support such **multilateral lending institutions** as the **World Bank**, whose lending capacity, we believe, will have to be increased in the years ahead to permit its lending to increase in real terms and widen in scope;...

It is desirable that these actions by developed and developing countries be assessed and concerted in relation to each other and to the larger goals that our countries share. We hope that the **World Bank**, together with the **IMF**, will consult with other developed and developing countries in exploring how this could best be done.

1978 Bonn, Germany

Communiqué: Declaration

Energy

16. We stress the need for improvement and coordination of assistance for developing countries in the energy field. We suggest that the **World Bank** explore ways in which its activities in this field can be made increasingly responsive to the needs of the developing countries, and to examine whether **new approaches**, particularly to financing hydrocarbon exploration, would be useful.

Relations with Developing Countries

25. The poorer developing countries require increased concessional aid. We support the soft loan funds of the **World Bank** and the three regional **development banks**. We pledge our governments to support replenishment of the International Development Association on a scale that would permit its lending to rise annually in real terms.

26. As regards the more advanced developing countries, we renew our pledge to **support replenishment of the multilateral development banks' resources**, on the scale needed to meet the growing needs for loans on commercial terms. We will encourage governmental and private co-financing of development projects with these banks.

International Monetary Policy

29. Although exchange rates need to respond to changes in underlying economic and financial conditions among nations, our monetary authorities will continue to intervene to the extent necessary to counter disorderly conditions in the exchange markets. They will maintain extensive consultation to enhance these efforts' effectiveness. We will support surveillance by the **International Monetary Fund** to promote effective functioning of the **international monetary system**.

1979 Tokyo, Japan

No references.

1980 Venice, Italy

Communiqué: Declaration

Monetary Problems

27. The situation created by large oil-generated payments imbalances, in particular those of oil-importing developing countries, requires a combination of determined actions by all countries to promote external adjustment and effective mechanisms for balance-of-payments financing. We look to the international capital market to continue to play the primary role in rechanneling the substantial oil surplus funds on the basis of sound lending standards. We support the work in progress by our monetary authorities and the **Bank for International Settlements** designed to improve the supervision and security of the **international banking system**. The private banks could usefully supplement these efforts.

28. Private lending will need to be supplemented by an expanded role for international institutions, especially the **International Monetary Fund**. We are committed to implementing the agreed increase in the **IMF quotas**, and to supporting appropriate borrowing by **the Fund**, if needed to meet financing requirements of its members. We encourage the **IMF** to seek ways in which it could, within its guidelines on conditionality, make it more attractive for countries with financing problems to use its resources. In particular, we support the **IMF's** examination of possible ways to reduce charges on credits to low-income developing countries. The **IMF** and the **World Bank** should work closely together in responding to these problems. We welcome **the Bank's** innovative lending scheme for structural adjustment. We urge oil-exporting countries to increase their direct lending to countries with financial problems, thus reducing the strain on other recycling mechanisms.

1981 Montebello, Canada

Communiqué: Declaration of the Ottawa Summit

The Economy

7. In a world of strong capital flows and large deficits it is in the interests of all that the **financial soundness of the international banking system and the international financial institutions** be fully maintained. We welcome the recently **expanded role of the IMF** in financing payments deficits on terms which encourage needed adjustment.

1982 Versailles, France

Communiqué: Declaration of the Seven Heads of State and Government Representatives of the European Union

Development Assistance

... We believe that there is now a good prospect for the early launching and success of the global negotiations, provided that the independence of the specialized agencies is guaranteed. At the same time, we are prepared to continue and develop practical cooperation with the developing countries through **innovations within the World Bank**, through our support of the work of the **regional development banks**, through progress in countering instability of commodity export earnings, through the encouragement of private capital flows, including international arrangements to improve the conditions for private investment, and through a further concentration of official assistance on the poorer countries....

In the field of balance-of-payments support, we look forward to progress at the September **IMF** [International Monetary Fund] annual meeting towards settling the increase in the size of the Fund appropriate to the coming eighth **quota review**.

1983 Williamsburg, United States

Communiqué: Declaration on Economic Recovery

5. We have invited Ministers of Finance, in consultation with the Managing Director of the **IMF**, to **define the conditions for improving the international monetary system** and to consider the

part which might, in due course, be played in this process by a high-level international monetary conference.

1984 London II, United Kingdom

Communiqué: The London Declaration

(6) To invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways **to improve the operation of the international monetary system**, including exchange rates, surveillance, the creation, control and distribution of international liquidity and the role of the **IMF**; and to complete the present phase of their work in the first half of 1985 with a view to discussion at an early meeting of the **IMF** Interim Committee. The question of a further allocation of Special Drawing Rights is to be reconsidered by the **IMF** Interim Committee in September 1984; ...

1985 Bonn II, Germany

The Bonn Economic Declaration: Towards Sustained Growth and Higher Employment

Introduction

4. Our discussions of these challenges have led us to the following conclusions:

...(d) We seek also to make the functioning of the **world monetary system** more stable and more effective.

Multilateral Trading System and International Monetary System

11. It is also essential to improve the functioning of the international monetary system. We take note that the Finance Ministers of the **Group of Ten**, at their meeting in Tokyo in June, intend to complete their current work on ways to improve the functioning of the monetary system and to put forward proposals, to be discussed at the next meeting of the Interim Committee of the **International Monetary Fund** in Seoul in October, with a view to making the international monetary system more stable and more effective.

1986 Tokyo II, Japan

Tokyo Economic Declaration

The Heads of State or Government: - Request the Group of Five Finance Ministers to include Canada and Italy in their meetings whenever the management or the improvement of the international monetary system and related economic policy measures are to be discussed and dealt with;

- Invite Finance Ministers to report progress at the next Economic Summit meeting.

These improvements in coordination should be accompanied by similar efforts within the **Group of Ten**.

1987 Venice II, Italy

No references.

1988 Toronto, Canada

No references.

1989 Paris, France

Economic Declaration

International Monetary Developments and Coordination

There has been progress in the multilateral surveillance and coordination of economic policies with a view to ensuring internal consistency of domestic policies and their international compatibility. The procedures to be used have been more clearly defined and improved in cooperation with the **International Monetary Fund**.

11. The coordination process has made a positive contribution to world economic development and it has also contributed greatly to improving the functioning of the **International Monetary System**. There has also been continued cooperation in exchange markets.

It is important to continue, and where appropriate, to develop this cooperative and flexible approach to improve the functioning and the stability of the **International Monetary System** in a manner consistent with economic fundamentals. We therefore ask the Finance Ministers to continue to keep under review possible steps that could be taken to **improve the coordination process, exchange market cooperation, and the functioning of the International Monetary System**.

12. We welcome the decision to complete the work on the ninth review of the **International Monetary Fund quotas** with a view to a decision on this matter before the end of the year.

We note that the question of a resumption of SDR allocation remains under consideration in the Executive Board of the **International Monetary Fund**.

The Situation of the Poorest

26. The **enhancement** of the **International Monetary Fund** Structural Adjustment Facility, the **World Bank** special program of assistance for the poorest and most indebted countries and the fifth replenishment of the African Development Fund are all important measures benefiting those countries having embarked upon an adjustment process. We stress the importance attached to a substantial replenishment of International Development Association resources.

1990 Houston, United States

Houston Economic Declaration

International Monetary Developments and Policy Coordination

15. We call on the member countries of the **International Monetary Fund** (IMF) to implement the agreement by the **IMF** to **increase quotas** by 50 percent under the Ninth General Review of Quotas and to strengthen the IMF arrears strategy.

Direct Investment

31. All countries should therefore seek to reduce their barriers to investment and resist protectionist pressures to discourage or discriminate against such investment. The OECD and the GATT should continue to promote investment liberalization. The **multilateral development banks** and the **IMF** should require investment liberalization in their programs in Central and Eastern Europe and developing countries.

Reform in Central and Eastern Europe

36. We commend the work done by the Commission of the European Communities on the coordination by the **Group of 24** (G-24) of assistance to Poland and Hungary inaugurated at the Summit of the Arch, which has made a significant contribution to helping these countries lay the foundation for self-sustaining growth based on market principles. We welcome the decision of the **G-24** to enlarge the coordination of assistance to other emerging democracies in Central and Eastern Europe, including Yugoslavia.

39. We expect the new **EBRD** to play a key role in fostering investment in those countries and to contribute to orderly transitions toward market economies and a sound basis for democracy. We urge the rapid entry into force of the Bank.

1991 London III, United Kingdom

Houston Economic Declaration

Central and Eastern Europe

24. All the Central and East European countries except Albania are now members of the **International Monetary Fund** (IMF) and the **World Bank**. We welcome the steps being taken by those countries that are implementing **IMF-supported** programmes of macro-economic stabilisation. It is crucial that these programmes are complemented by structural reforms, such as privatising and restructuring state-owned enterprises, increasing competition and strengthening property rights. We welcome the establishment of the **European Bank for Reconstruction and Development** (EBRD), which has a mandate to foster the transition to open, market-oriented economies and to promote private initiative in Central and East European countries committed to democracy.

27. The **Group of Twenty-four** (G24) process, inaugurated by the Arch Summit and chaired by the European Commission, has mobilised \$31 billion in bilateral support for these countries, including balance of payments finance to underpin **IMF-supported** programmes. Such programmes are in place for Poland, Hungary and Czechoslovakia. We welcome the contributions already made for Bulgaria and Romania. We are intensifying the **G24** coordination process and we reaffirm our shared willingness to play our fair part in the global assistance effort.

The Soviet Union

31. We commend the **IMF**, **World Bank**, OECD and **EBRD** for their study of the Soviet economy produced, in close consultation with the European Commission, in response to the request we made at Houston. This study sets out many of the elements necessary for successful economic reform, which include fiscal and monetary discipline and creating the framework of a market economy.

Developing Countries and Debt

46. We note the key role of the **IMF**, whose resources should be strengthened by the early implementation of the **quota increase** under the Ninth General Review and the associated Third Amendment to the Articles of Agreement.

1992 Munich, Germany

Economic Declaration: Working Together for Growth and a Safer World

Developing Countries

20. Negotiations on a substantial replenishment of IDA funds should be concluded before the end of 1992. The **IMF** should continue to provide concessional financing to support the **reform programmes** for the poorest countries. We call for an early decision by the **IMF** on the extension for one year of the Enhanced Structural Adjustment Facility and for the full examination of options for the subsequent period, including a renewal of the facility.

Central and Eastern Europe

25. We welcome the substantial multilateral and bilateral assistance in support of reform in the CEECs (Central and Eastern European countries). Financing provided by the **EBRD** is playing a useful role. Since 1989, total assistance and commitments, in the form of grants, loans and credit guarantees by the **Group of 24** and the **international financial institutions**, amounts to \$52 billion. We call upon the **Group of 24** to continue its coordination activity and to adapt it to the requirements of each **reforming** country. We reaffirm our readiness to make fair contributions.

1993 Tokyo III, Japan

No references.

1994 Naples, Italy

Economic Declaration: A Strengthened Commitment to Jobs and Growth

Developing Countries

2....We welcome the renewal of the ESAF and the measures under consideration by the **IMF** to increase support to developing countries and to ensure that all members take part in the SDR system. In addition we agree to explore ways to mobilize more effectively the existing resources of the **international financial institutions** to respond to the special needs of countries emerging from economic and political disruption and the poorest most indebted countries.

Russia

2....The increases in **IMF** limits, provision of SDRs to new **IMF members** and acceleration of **World Bank** lending that are now under consideration will significantly augment the ability to support Russian **reform efforts**. The recently agreed comprehensive rescheduling of Russia's 1994 debt obligations will also help.

1995 Halifax, Canada

Economic Declaration: A Strengthened Commitment to Jobs and Growth

Reinforcing Coherence, Effectiveness and Efficiency of Institutions

35. To fulfill their missions effectively into the future, multilateral institutions must continue to undertake reforms and to improve coordination and reduce overlap. The **international financial institutions** have shown flexibility in responding to the changing needs of the world economy; there nevertheless remain a number of areas where **improvements are desirable** to better prepare the institutions for the challenges ahead. We will encourage:

- the **World Bank** and the **regional development banks** to decentralize their operations wherever possible; the **IMF** and the **World Bank** to concentrate on their respective core concerns (broadly, macroeconomic policy for the IMF and structural and sectoral policies for the World Bank);
- revision of the Ministerial committees of the **IMF** and the **World Bank** to promote more effective decision-making;
- the **World Bank Group** to integrate more effectively the activities of the International Finance Corporation and the Multilateral Investment Guarantee Agency into its country assistance strategies;
- the **multilateral development banks** to coordinate their respective country programmes more effectively with bilateral and other multilateral donors.

1996 Lyon, France

Economic Communiqué: Making a Success of Globalization for the Benefit of All

V. Enhancing the Effectiveness of Multilateral Institutions for the Benefit of Development

38. To be effective in supporting this global partnership for development, the **multilateral institutions** must pursue their efforts to **adapt and reform**. We welcome the widespread support for **institutional reform** that has arisen in the past year and we are determined to help increase this momentum.

39. In Halifax a year ago, we called for reforms of the **international financial institutions** in order to **improve coordination, reduce overlap, and increase their effectiveness**. **Reform efforts** have intensified over the past year. The reform of the Development Committee has made it possible for Ministers from developed and developing countries to consider issues together and provide guidance to the institutions. The **World Bank** and the **IMF** are cooperating more closely with tangible results, for example in their joint studies on debt and public spending. Collaboration among the heads of the multilateral development banks has been intensified. Operational and administrative reforms are underway and attention must be directed to effective implementation.

We commend the work undertaken by the **Multilateral Development Banks** to make procurement processes more transparent. We encourage efforts by all the **multilateral institutions** to support **reforms** that will help to promote good governance and to reduce corrupt commercial practices.

A sustained effort is needed in **reforming the development banks** to achieve better results on the ground, while reducing costs further. We endorse the recommendations of the Development Committee Task Force for closer cooperation between banks at all levels.

Providing the Necessary Multilateral Support for Development

48. We also welcome the replenishment of the resources of the **African Development Fund**, whose work is of vital importance for this continent, recognizing the **reforms** already made by the management of the Bank. Timely replenishment of the Asian Development Fund is also important.

49. We are committed to a continuing Enhanced Structural Adjustment Facility (ESAF) as the centerpiece of the **International Monetary Fund** support for the poorest countries, and we welcome the proposals of the Managing Director of the **IMF** for greater concessionality in ESAF lending for a limited number of poor and highly indebted countries, as the IMF's contribution to putting them in a sustainable position.... If needed, the **IMF** should consider optimizing its reserves management in order to facilitate the financing of ESAF. This will enable the IMF to hold out to the poorest countries the prospect of macro-economic stability and structural reforms aimed at growth.

1997 Denver, United States

Confronting Global Economic and Financial Challenges: Denver Summit Statement by Seven

Strengthening the Stability of the Global Financial System

11. International financial markets are becoming increasingly global and complex. This presents new opportunities that can lead to **increased efficiencies** in the functioning of **the international financial system**, thereby facilitating growth and prosperity. At the same time, these changes present new challenges. Beginning in Halifax and continuing through Lyon, we have encouraged financial regulators and **the international financial institutions** to take measures to deal effectively with possible systemic or contagion risks and foster financial stability, without stifling innovation or undermining the benefits of globalization, liberalization and competition. We welcome the concerted **effort to strengthen the international financial system** and endorse our Finance Ministers' report, which outlines the progress achieved in the key areas we identified in Lyon.

Building an Integrated Global Economy: The International Financial Institutions in a Changing World

15. The rapid growth of global trade and private capital flows requires continuing adaptation **and reform of the international financial institutions** (IFIs). We therefore reaffirm our support for the ambitious program of **IFI reforms** underway following Halifax, and our conviction that their comprehensive implementation will substantially strengthen the effectiveness of the **international monetary system**. We pledge to work collaboratively with the institutions as they pursue these efforts, and to cooperate among ourselves and with others having a stake in the **international monetary system** to provide them the resources and multilateral support needed for success.

16. We value the IMF's surveillance of the international monetary system. We place particular importance on the IMF helping countries build long-term potential through trade and investment liberalization. By the time of the World Bank/IMF annual meetings in Hong Kong, we seek substantial agreement on key elements of an **amendment to the IMF Articles** to give the specific mandate to promote capital account liberalization to meet the new challenges in global capital markets. We welcome the IMF's progress in strengthening surveillance and promoting improved transparency. Increased attention to financial sector problems that could have significant macroeconomic implications, and to promoting good governance and transparency, will help prevent financial crises. Equally important is appropriate transparency in the Fund's activities with member countries. We welcome the **IMF's progress** in these areas. We seek substantial agreement toward a proposed **amendment of the IMF Articles** to provide for an "equity" allocation of Special Drawing Rights, and ask the IMF to work toward completing agreement by the time of the **World Bank/IMF** meetings in September.

17. The **World Bank's Strategic Compact** represents a welcome commitment to a new direction, emphasizing greater Bank impact on poverty reduction, strong new partnerships with the private sector, and a concentration of operations on countries genuinely committed to sound policies and the welfare of all their citizens. We fully endorse the Bank's commitment to a stronger focus on building institutional capacity, especially in the poorest countries, and its recognition of the central importance of transparency, accountability, and good governance in this effort. We look forward to full and timely implementation of these commitments. We urge the regional development banks to participate fully in meeting these same challenges. We welcome the **World Bank Group's** initiative to present at the Hong Kong meetings innovative ways to support private sector infrastructure investment in developing countries.

18. Transparent, accountable, and responsive public institutions are essential to achieving sustained economic development and healthy democracies. In this regard, we welcome the long-standing efforts of the **World Bank** to promote good governance and adoption by the **Asian Development Bank** of a good governance policy. We urge the **IMF** and the **World Bank** to finalize governance policies, consisting of principles and guidelines on best governance practices.

19. It is incumbent on us to help ensure that the **IFIs** have the **multilateral support** and financial resources needed to succeed with their ambitious and **important reforms**. For the **multilateral banks**, this means meeting our financial commitments in full, particularly with respect to vital concessional lending operations such as IDA. We also agree that the Multilateral Investment Guarantee Agency (MIGA) needs sufficient resources to continue to support, in close cooperation with other members of the **World Bank Group**, private sector investment in developing countries. Recognizing the importance of ensuring that the **IMF** continues to have adequate resources to fulfill its systemic responsibilities, we ask the **IMF Board** to work toward completing the Eleventh General Review of **quotas** by the time of the Hong Kong **World Bank/IMF** meetings in September. Continuation of the ESAF with adequate resources is needed to maintain a full role for the IMF in promoting growth and development in the poorest countries.

1998 Birmingham, United Kingdom

No references.

1999 Köln, Germany

G8 Communiqué Köln

Strengthening Social Safeguards

23. We call on the **International Financial Institutions** (IFIs) to support and monitor the **development** of sound social policy and infrastructure in developing countries. We commend actions already being taken in this regard. We urge the **International Monetary Fund** (IMF) to give more attention to this issue in designing its economic programs and to give particular priority to core budgets such as basic health, education and training to the extent possible, even during periods of fiscal consolidation. We welcome the efforts of the **World Bank**, in collaboration with the UN, to **develop principles** of good practice in social policy and their work to strengthen partnerships with borrower countries through the comprehensive development network. We invite the **World Bank** and the **IMF** to **work together to develop** a set of policies and practices that can be drawn upon, by donors and borrowers alike, in the design of adjustment programs that ensure the protection of the most vulnerable.

Deepening the Development Partnership

27...- We call on the UN and the IFIs to help developing countries mobilize sufficient means for social services and basic infrastructure and continue to support and to mainstream democratization, good governance and the rule of law into country development strategies.

G7 Statement

II. Strengthening the International Financial Architecture

5. In the increasingly integrated world economy, the challenge is to promote global financial stability through national action and enhanced international cooperation.

6. The financial crises of the past two years in Asia, Russia and Latin America have revealed key weaknesses in the **international financial system**, including weak policies and institutions in many developing countries and an inadequate focus on risk on the part of banks and investors in industrialized countries. In our statement on the world economy of 30 October last year, we identified some actions already taken to address these problems and a number of key areas where further **reform** was required. Since then, important progress has been made in a number of these areas. We welcome the report from our Finance Ministers published today highlighting this progress and recommending further steps. Taken together, we believe these recommendations represent a significant **strengthening of the international financial system** which will help reduce the risk of financial crises and make it easier to manage future crises effectively.

7. We attach particular importance to the following measures:

A. Strengthening and reforming the International Financial Institutions (IFIs) and arrangements

This does not require new institutions, but the existing institutions to adapt to meet the demands of today's global financial system. The IMF and the World Bank have the central role in the international economic and financial system, and in facilitating cooperation among countries in these fields. We welcome:

- the establishment of the **new Financial Stability Forum** to enhance international cooperation and coordination in the area of financial market supervision and regulation;
- the **strengthening and reform of the governance structures of the IFIs**, inter alia by giving the Interim Committee of the **IMF** a permanent standing as the "International Financial and Monetary Committee", and by further improving IMF surveillance and programs;
- the commitment to work together to establish an informal mechanism for dialogue among systemically important countries, within the framework of the Bretton Woods institutional system.

B. Enhancing transparency and promoting best practices

This will enable market participants to make informed judgments about risks and provide greater incentives for policy-makers to implement sound policies. We call for:

- rapid development and completion of internationally agreed codes of transparency and standards of best practice, both for the public sector and where appropriate for private financial institutions. In addition, priority should be given to the provision of more timely and comprehensive data on capital flows. Steps should be taken to improve the quality and timeliness of public disclosure of direct material exposure to Highly Leveraged Institutions (HLI's) and of relevant information by HLI's;
- compliance with these codes and standards, in particular through enhanced surveillance and publication of the results in the IMF's transparency reports and compilation of the various financial and economic policy standards and best practices into a common reference such as a compendium on international financial and economic policy standards;
- enhanced transparency of the IFIs through greater release of IMF and World Bank documents, and further steps to undertake internal and external evaluation of their functions.

C. Strengthening financial regulation in industrialized countries

Creditors must be induced to act with greater discipline and encouraged to assess more prudently the risks associated with their lending. We call for concrete action to:

- improve risk assessment and risk management, including through the Basle Committee's proposed revisions to the Capital Accord;
- address the implications of Highly Leveraged Financial Institutions for supervisors and regulators, including through improved transparency;
- encourage offshore financial centers to comply with internationally agreed regulatory standards and to cooperate more effectively in the fight against money laundering.

D. Strengthening macroeconomic policies and financial systems in emerging markets

The recent crises have demonstrated the need for emerging market borrowers to strengthen their policy framework and financial systems if they are to reap the full benefits of integration into the international financial system. In this respect, we encourage:

- emerging economies to strengthen their financial systems as they carry out a careful and well-sequenced approach to capital account liberalization, and to avoid excessive reliance on short-term capital borrowing;
- emerging economies to maintain appropriate and sustainable exchange rate regimes backed by a consistent macroeconomic and a robust financial system reflecting the economic circumstances of countries. The policies of the IMF need to be focused on promoting this objective more effectively;
- the IMF and the World Bank to enhance their cooperation in providing advice and assistance to emerging economies on strengthening financial systems.

E. Improving crisis prevention and management, and involving the private sector

In a world of increasingly open capital markets we need to shape expectations so that private-sector creditors know they will bear the consequences of the risks they take, and to reduce the risk of financial market contagion. We call for:

- support through the IMF's new Contingent Credit Line (CCL) for countries pursuing sound and sustainable policies but potentially affected by financial market contagion;
- greater use of market-based tools to involve the private sector in forestalling and managing crises, including through stronger efforts to broaden the use of collective action clauses in sovereign debt contracts, as well as better communication and cooperation between emerging market countries and their creditors;
- agreement on a broad framework for involving the private sector in crisis resolution, which sets out in advance principles, considerations and a broad range of tools for actions as described in our Finance Ministers' report;

F. Promoting social policies to protect the poor and most vulnerable.

Social policies are the cornerstone of a viable international financial architecture. Economic development and reform must benefit all members of society.

- The poor and most vulnerable must be better protected from the burden of adjustment in times of crisis.
- The international community must work with governments and national authorities to foster investment in people through education, health and other basic social needs, which are the foundations for long-term development.

The IFIs and other organizations must make these objectives an essential part of their policies.

8. We believe the full implementation of these initiatives and reforms will make a significant contribution to enhancing the stability of the world financial system. We ask our Finance Ministers to take them forward urgently in close cooperation with other countries, the IFIs and the private financial community.

2000 Okinawa, Japan

G7 Statement

Strengthening the International Financial Architecture

5. Following a series of crises since 1997, the international community has endeavoured to promote greater stability of the global economy through **strengthening the international financial architecture**, in view of the drastic changes to the global financial landscape, particularly in light of the increasing size and importance of private capital markets.

6. We welcome the progress made thus far and support the further steps set out by our Finance Ministers in the following areas.

7. We will continue to work together with other members of the international community to **further strengthen the international financial architecture**.

Reform of the International Monetary Fund (IMF)

8. The **IMF** should continue to play a central role in advancing macroeconomic and financial stability as an important precondition for sustainable global growth and should continue to **evolve** to meet the challenges of the future. As a universal institution, the **IMF** must work in partnership

with all its members, including the poorest, based on shared interests. In this regard, we attach particular importance to the following measures:

- Strengthening IMF surveillance to prevent crises: A substantial qualitative shift in the nature and scope of the surveillance is needed in light of globalisation and large scale private capital flows.
- Implementation of international codes and standards: We are determined to strengthen our efforts to this end, including through their incorporation in IMF surveillance.
- Reform of IMF facilities: To adapt to the globalisation of capital markets, we attach priority to early progress in achieving a streamlined, incentive-based structure for IMF lending as set out by our Finance Ministers.
- Safeguarding IMF resources and post-programme monitoring: It is imperative to implement the strengthened safeguard measures and to enhance IMF's capacity for post-programme monitoring.
- Strengthening governance and accountability: It is important that the IMF's decision-making structure and its operation remain accountable taking into account changes in the world economy.
- Promotion of private sector involvement in crisis prevention and resolution: We welcome that private external creditors have contributed to the financing of recent IMF programmes, confirming the importance of making operational the approach agreed by our Finance Ministers last April based on the framework we laid out in Cologne.

Reform of the Multilateral Development Banks (MDBs)

9. The core role of the **MDBs** should be accelerating poverty reduction in developing countries while improving the efficiency of assistance and avoiding competition with private financial flows. The **MDBs** should increase their resources devoted to core social investments such as basic health and education, clean water and sanitation. The Comprehensive Development Framework (CDF) and the Poverty Reduction Strategy Papers (PRSPs) should become the basis for programmes that have strong ownership by the recipient countries.

10. All the **MDBs** should allocate their support increasingly on the basis of borrower performance. Country assistance strategies should take full account of borrowers' policy environments, including governance issues. The **MDBs'** own governance and accountability should also be strengthened.

11. We look to the **MDBs** to play a leadership role in increasing the provision of global public goods, particularly for urgently needed measures against infectious and parasitic diseases including HIV/AIDS, as well as environmental degradation.

2001 Genoa, Italy

G7 Statement

Strengthening the International Financial System

10. Increasing global growth and prosperity depends crucially on a sound and stable **international financial system**. We are united in our determination to continue to strengthen it to prevent financial crises, to limit the impact of those that inevitably do occur, and to tackle financial abuses.

11. Since the Okinawa Summit a number of important steps have been taken, including: measures to increase the effectiveness of crisis prevention by reinforcing **the International Monetary Fund (IMF)** surveillance and encouraging the implementation of the key international codes and standards; involving the private sector in crisis prevention and resolution; streamlining and **reforming IMF lending** facilities; and enhancing IMF transparency and accountability. These efforts should be maintained.

12. Looking forward, we endorse our Finance Ministers' recommendations for action to further **strengthen the international financial system** and their commitment to foster international consensus in this endeavour. In particular, the **international financial institutions** and the G7 countries should stand ready to help countries adopt the policies required to ensure sustained access to capital markets. We also support our Finance Ministers' suggestions to further develop the framework for private sector involvement.

13. The **Multilateral Development Banks (MDBs)** have a central role to play in combating poverty by promoting productivity growth and supporting equitable and sustainable economic development, thus contributing to the achievement of the 2015 International Development Goals. To this end, we welcome and endorse our Finance Ministers' recommendations for reforming the **MDBs** and sharpening their focus on core social and human investments, in particular health and education. We encourage the **MDBs** to continue to evaluate their internal structure in order to enhance their operational effectiveness. We attach particular importance to:

- strengthening co-ordination among MDBs;
- enhancing their internal governance, accountability and transparency;
- reviewing their pricing policies with a view to enhancing the development impact of the resources available;
- promoting good governance in borrowing countries.

We call on **MDBs** to provide support for global public goods, such as fighting infectious diseases, facilitating trade, fostering financial stability and protecting the environment. We support a meaningful replenishment of IDA and, in that context, we will explore the increased use of grants for priority social investments, such as education and health.

2002 Kananaskis, Canada

Statement by the G7 Leaders: Delivering on the Promise of the Enhanced HIPC (Heavily Indebted Poor Countries) Initiative

A. Securing the Participation of All Creditors

We will ask the **IMF** and **World Bank** to continue to work with regional and small multilateral development institutions to encourage and facilitate their participation in the Initiative. We will also write to the **Boards** of those institutions that have not yet committed to participate in order to ask them to take part in the Initiative. Furthermore, we will encourage those multilateral institutions that are late in providing debt relief to accelerate their efforts.

2003 Evian, France

No references.

2004 Sea Island, United States

No references.

2005 Gleneagles, United Kingdom

No references.

2006 St. Petersburg, Russia

No references.

2007 Heiligendamm, Germany

Growth and Responsibility in the World Economy: Summit Declaration

Systemic Stability and Transparency of Financial Market/Hedge Funds

8. In this context, we welcome the **Financial Stability Forum's (FSF) update** of its 2000 Report on Highly Leveraged Institutions and support its **recommendations**. The global hedge fund industry should review and enhance existing sound practices benchmarks for hedge fund managers; in particular in the areas of risk management, valuations and disclosure to investors and counterparties in the light of expectations for improved practices set out by the official and private sectors. Counterparties and investors should act to strengthen the effectiveness of market discipline, including, by obtaining accurate and timely portfolio valuation and risk information. Supervisors should act so that core intermediaries continue to strengthen their counterparty risk management practices. In the exercise of their supervision of hedge funds counterparties, relevant authorities should monitor developments and cooperate among themselves. We welcome that the **Financial Stability Forum (FSF)** will report to finance ministers as from October of this year on the progress and actions taken in respect of these recommendations. Freedom of Investment, Investment Environment and Social Responsibility.

Chair's Summary

Growth and Responsibility in the World Economy: Systemic Stability and Transparency of Financial Market/Hedge Funds

We also discussed the situation on financial markets and, in particular, issues related to hedge funds. While noting the positive contribution of hedge funds to financial-market stability we also want to minimize systemic risks by increasing transparency and market discipline on the part of all parties involved. We welcomed the **Financial Stability Forum's (FSF)** work, support its **recommendations** and look forward to its report to finance ministers as from October this year.

2008 Hokkaido-Toyako, Japan

World Economy

Global Growth

4. We invite **international organizations**, in particular the **World Bank**, the **International Monetary Fund (IMF)**, the World Trade Organization (WTO), the International Labor

Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD), to enhance **their cooperation and to improve coherence**.

International Institutions

56. In the 21st century we face new challenges with global impacts, including those we have addressed at this Summit. In responding to these challenges, international institutions have a key role to play, and we reaffirm our commitment to supporting them. We encourage ongoing open dialogue and work on **reforming and adapting international institutions** so that they be able to respond effectively.

2009 L'Aquila, Italy

Responsible Leadership for a Sustainable Future

World Economy: Economic and Financial Crisis: The Way to Recovery

8. We strongly reaffirm commitments undertaken at the London Summit to take all necessary steps to support demand, restore growth and maintain financial stability, including **strengthening** financial regulation and **International Financial Institutions** (IFIs) and maintaining open markets worldwide. We will continue to implement swiftly these decisions and call on all countries to act decisively to reinforce the **international economic and financial system**, and to work cooperatively and responsibly with regard to the impact on other countries.

15. Besides ensuring access to liquidity, it is crucial to deal decisively with distressed assets and to recapitalize viable financial institutions. We recognise the importance of further international cooperation in dealing with impaired assets, based on common principles and on an objective and transparent valuation of these assets, and in assessing the adequacy of banking capital and reserves, where necessary. Strong coordination on the principles underlying public capital injections, their conditions, and incentives to private interventions is also relevant. We ask the **Financial Stability Board** (FSB) to continue monitoring developments in financial systems and to help promote a coordinated approach, consistent with avoiding distorting competition and regulatory arbitrage.

Financial and Regulatory Reform

24. We strongly support the work undertaken at the Washington and London Summits for the **reform** of financial regulation, **IFIs** and the **FSB**. We are fully committed to implement these decisions in a timely manner and we urge other partners to join our efforts.

26. We are fulfilling the commitments to provide resources to the **International Monetary Fund** (IMF) and for trade finance. We have led efforts to provide the **IMF** with the necessary resources to expand its lending capacity and urge other countries to participate. We are also exploring ways to substantially increase the **IMF capacity** for concessional lending and we encourage the Fund to explore the scope for increased concessionality to low-income countries. We remain committed to reforming the **IMF** to enable it to carry out its critical role in the modern global economy. We support the completion of the **IMF quota review** by January 2011 and the agreement on the second phase of voice and representation reform in the **World Bank Group** by the 2010 Spring Meetings. We welcome the **actions** being taken by the **World Bank** and other **Multilateral Development Banks** (MDBs) that highlight their important countercyclical role in responding to the global crisis. After comprehensively reviewing their capital positions, including

a thorough resource demand analysis based on agreed medium to long-term strategies, we are prepared to consider additional financing needs. Additional elements to be considered include a clearer division of labor and collaboration among institutions, enhanced balance sheet flexibility, good governance, better risk management, effective use of aid, progress on promoting innovation, and an adequate focus on the world's poorest.

Joint Statement: Promoting the Global Recovery

Discussing a Global Recovery Agenda for Balanced, Inclusive and Sustainable Growth

4. We are committed to working together to ensure a green global recovery based on firm and lasting foundations for sustainable, balanced, innovative and inclusive growth in the medium term. We have discussed a global recovery agenda and future sources of growth, both in terms of macroeconomic patterns and of structural issues. To this end:

...We will continue to **reform the IFI's mandates, scope and governance**, to enhance their relevance, effectiveness, and legitimacy and improve accountability and credibility and to give emerging and developing economies, including the poorest, greater voice and representation.