



INTERNATIONAL MONETARY FUND

International Monetary and Financial Committee of the Board of Governors

Chair's Statement **Fifty-Third Meeting of the IMFC**

Mr. Mohammed Aljadaan, Minister for Finance of Saudi Arabia

The global economy has been tested by repeated shocks over the past few years from wars and conflicts, including the new one in the Middle East. In addition to its humanitarian impacts, the economic effect is global, and it will once again hit the poorest and most vulnerable the hardest. This comes at a time when policy space has eroded and international cooperation is weaker. The appropriate policy response depends on how the shock propagates through the domestic economy, calling for timely and adaptable policies backed by credible frameworks and international cooperation. Ending wars and conflicts and securing lasting peace around the world remains essential for sustainable growth and long-term stability.

IMFC members agreed on the following text:

1. The global economy has remained resilient over the past few years despite repeated shocks, including from wars and conflicts. The conflict in the Middle East is a major new global shock, whose economic impact will depend on its duration, intensity, and geographical expansion. However, it is already clear from the infrastructure damage and transport disruptions thus far that it poses a serious threat to the global economy, despite notable efforts to sustain the flow of energy, including through the redirection of transport routes to enhance supply security. The impact of the shock is highly asymmetric across countries, hitting the poorest and most vulnerable the hardest. If prolonged, it could keep fuel and fertilizer prices elevated for an extended period, disrupt the supply of key inputs, and amplify risks to energy and food security, global growth, inflation, and external sector accounts. Tighter financial conditions and possible spillovers to financial stability could further weigh on the outlook. At the same time, the world is undergoing profound structural transformations in technology, demographics, and climate-related risks. These changes are set to reshape our economies and test their ability to adapt, creating significant risks but also opportunities.

2. In this highly uncertain environment, our priority is to reinforce macroeconomic and financial stability, while enabling strong and broad-based growth, through timely, adaptable, and credible policies, effective policy coordination and multilateral cooperation. Central banks remain strongly committed to maintaining price stability in line with their respective mandates. Central bank independence and clear communication remain essential for policy credibility and keeping inflation expectations anchored. Fiscal policy should be appropriately calibrated and

anchored in credible medium-term frameworks to ensure debt sustainability. Where action is needed and fiscal space is available, temporary and targeted measures can help respond to the new shock, especially to protect the most vulnerable. We will continue to adhere to international standards and closely monitor and tackle financial vulnerabilities and risks to financial stability, including by strengthening surveillance of systemic risks stemming from artificial intelligence, non-bank financial institutions, and digital assets, while harnessing the benefits of financial and technological innovation. We will advance structural reforms to enable private sector-led investment, increase productivity, safeguard energy security, and elevate medium-term growth prospects. We will continue to cooperate to address global challenges and to ensure the stability and effective functioning of the international monetary system. We will work together to address excessive global imbalances and trade tensions and build more resilient supply chains, through country-specific reforms and multilateral coordination, supporting a fair and open global economy. We reaffirm our April 2021 exchange rate commitments.

3. We welcome the Managing Director's Global Policy Agenda. We underline the critical role of the IMF in helping us navigate the current challenging environment and welcome its active support to member countries through tailored policy advice, capacity development, and financial support, where warranted, in close collaboration with other relevant institutions.

4. We will continue to support countries in their efforts to promote stability and growth, including through sound macroeconomic policies, domestic resource mobilization, and better governance, with specific attention to low-income and vulnerable countries, including fragile and conflict-affected states and small developing states, especially where debt and financing pressures are mounting. We remain committed to further improving debt restructuring processes, including under the Common Framework, building on the progress already achieved, and advancing the work at the Global Sovereign Debt Roundtable (GSDR) to ensure debt restructurings are delivered in a predictable, timely, orderly, and coordinated manner. We welcome the updated GSDR "Restructuring Playbook". We call for enhanced debt transparency from all stakeholders, including private creditors. We encourage increasing support to countries with sustainable debt and a strong reform and growth-enhancing agenda, but facing short-term financing challenges, by accelerating the implementation of the IMF-World Bank 3-Pillar Approach. We look forward to the finalization of the review of the Low-Income Country Debt Sustainability Framework (LIC-DSF). We call on members that have not yet done so to provide their assurances of additional subsidy resources that will ensure the Poverty Reduction and Growth Trust's self-sustained lending capacity.

5. We support further sharpening the focus of surveillance based on analytical rigor, evenhandedness, and tailored policy advice. We look forward to the finalization of the Comprehensive Surveillance Review that will set future surveillance priorities, as well as the review of the Financial Sector Assessment Program (FSAP) to strengthen macrofinancial surveillance in a focused, risk-based and cost-effective manner. We welcome the Fund's multipronged work on global imbalances, including through enhanced integration of external sector issues into bilateral surveillance, the ongoing refinements to the External Balance Assessment methodology, the [Understanding Global Imbalances paper](#), and the planned analysis on capital flows and stock imbalances and implications for global financial stability.
6. We support the ongoing efforts to fortify the Fund's lending framework and look forward to the finalization of the Review of Program Design and Conditionality (ROC) to enhance program effectiveness. We also support the ongoing work on Monetary Policy Frameworks for Crisis and Near-Crisis Countries to further improve design considerations of monetary and exchange rate policies.
7. We support the enhancement of capacity development (CD)—further building on the April 2024 CD Strategy Review—by integrating it with policy advice and program design and ensuring the sustainability of CD financing, while appreciating donor contributions to sustain continued support.
8. We endorse the Diriyah Guiding Principles for Quota and Governance Reforms, which represent a significant collective achievement by the membership and an important milestone in the Fund's governance reform agenda. We thank the IMFC Deputies, the IMF Executive Board, management, and staff for their deliberations and efforts. The Principles will serve as a guide for future discussions on quota and governance reforms, including under the 17th General Review of Quotas (GRQ). We reaffirm our commitment to a strong, quota-based, and adequately resourced IMF at the center of the Global Financial Safety Net. We look forward to finalizing the domestic approvals for our consent to the quota increase under the 16th GRQ with no further delay.
9. We welcome the ongoing streamlining efforts at the IMF to deliver efficiency gains and best value to the membership. We reiterate our appreciation for staff's high-quality work and dedication under the IMF's merit-based system, and continue to encourage further efforts to improve regional and women's representation within staff positions, and women's representation at the Executive Board and in Board leadership positions.
10. Our next meeting is expected to be held in October 2026 in Bangkok, Thailand.

DIRIYAH GUIDING PRINCIPLES ON IMF QUOTA AND GOVERNANCE REFORMS

PREAMBLE

WHEREAS:

- A strong, inclusive, and representative governance framework is fundamental to maintaining the IMF's credibility and legitimacy among its diverse membership.
- The IMF is a quota-based institution. Quotas determine members' mandatory contributions to the Fund's financial resources; together with basic votes, they determine members' voting power; they guide decisions on members' access to IMF resources; and they determine a member's share in a general SDR allocation.
- Voluntary financial contributions also play a role in providing financial resources to the IMF.
- As per Article III, section 2 (a) of the IMF's Articles of Agreement, "the Board of Governors shall at intervals of not more than five years conduct a general review, and if it deems it appropriate propose an adjustment, of the quotas of the members".
- The current quota formula was agreed in 2008. The January 2013 Report of the Executive Board to the Board of Governors on the Outcome of the Quota Formula Review reaffirmed the four principles underpinning the 2008 quota formula, namely that *"the quota formula should be simple and transparent, consistent with the multiple roles of quotas, produce results that are broadly acceptable to the membership, and be feasible to implement statistically based on timely, high quality and widely available data"*. However, views differ at this time on whether the 2008 formula still meets all these principles. The membership has agreed to work to develop a new quota formula.
- The April 2025 Diriyah Declaration emphasized that progress toward consensus on quota and governance reforms should be made in stages and, as a first step, called on the Executive Board to develop a set of general principles to help foster convergence of views. In response to this call, the following principles have been developed to guide future discussions on quota and governance reforms, including under the 17th GRQ and beyond.

DIRIYAH GUIDING PRINCIPLES ON IMF QUOTA AND GOVERNANCE REFORMS

1. The IMF must remain a strong, quota-based, and adequately resourced institution at the center of the global financial safety net (GFSN).
2. Voice and representation at the IMF entail both rights and responsibilities, including the commitment to and the effective support of the IMF, and the promotion of its purposes as set out in the IMF's Articles of Agreement.
3. Quota and governance reforms should support the IMF's legitimacy, representativeness, and effectiveness, financial and operational soundness, and ability to promote consensus and cooperation among the membership while ensuring efficient deliberations and decision-making processes.
4. Quota and governance reforms should be pragmatic, gradual, transparent, inclusive, widely acceptable, and reflective of the interests of the entire membership. Discussions and decisions on quota and governance reforms should remain firmly anchored in IMF governing bodies.
5. General reviews of quotas provide an opportunity to review the adequacy of Fund resources and the distribution of quota shares among members. Adjustments to overall quotas must ensure that the level and the composition of the resources available to the IMF enable the Fund to fulfill its mandate and meet the needs of its members. Adjustments to quota shares should continue to be guided by quota formulas underpinned by the four principles agreed in 2008, in conjunction with other considerations deemed relevant by the membership; better reflect members' relative positions in the world economy, which should reduce representation gaps, while protecting the quota shares of the poorest members; and be conducted in a regular and timely manner while avoiding excessive change—whether increases or decreases—in individual members' quota shares in any single review.
6. Any evolution in the size and composition of the Executive Board and the IMFC should ensure regional balance and protect the representation of the poorest members. The 2025 Executive Board and IMFC should serve as a baseline reference.
7. The selection process of the Managing Director should uphold an open, inclusive, merit-based, and transparent procedure.
8. All quota and governance-related commitments arising from completed reviews and agreed reforms should be implemented by all members in a timely manner.