



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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**IMFC Statement by Rosthom Fadli
Governor of the Bank of Algeria
Algeria**

On behalf of

Islamic Republic of Afghanistan, Algeria, Ghana, Islamic Republic of Iran,
Libya, Morocco, Pakistan, Tunisia

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On behalf of Islamic Republic of Afghanistan, Algeria, Ghana, Islamic Republic of Iran,
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Since our last meeting in April, the global economic recovery has gained momentum amid increased uncertainties due to the heightened threat of the Delta and new virus variants. Short-term recovery is expected to moderate in 2022, while inflation will continue to be fueled by significant pandemic-induced supply-demand mismatches and rising commodity prices, with employment lagging the recovery. The vaccination rates in advanced economies (AEs) are at or close to herd immunity levels, but the vaccine rollout in most emerging market and developing countries (EMDCs) is falling short of expectations, with vaccination rates in some low-income countries in Africa and elsewhere still in low single digits because of vaccine unavailability. At these rates, it is difficult to envisage that the IMF vaccination targets of 40 percent by end-2021 and 70 percent by mid-2022, in every country, could materialize. The multi-track progress in vaccination is feeding multi-track recovery with the income gap between the rich and poor countries widening. The resource needs of low-income countries are staggering: according to IMF staff estimates, it requires US\$200 billion in spending to combat the pandemic and additional US\$250 billion to revert to the pre-pandemic path of economic convergence. Containing, reversing and ultimately defeating the pandemic is still a top global priority, and with that in mind, we call on the international community to redouble its efforts to significantly increase the production of vaccines and expedite vaccine donations and distribution globally.

We welcome the Managing Director's Global Policy Agenda (GPA) that offers a balanced overview of the recent economic developments, policy challenges and key priorities, including universal vaccination, calibrated policies leading the recovery, and accelerated transformation of the global economy over the longer run. The recent historical general SDR allocation could not have been timelier in supporting members by strengthening their external reserves positions and helping them to finance the lingering pandemic-related spending. We strongly support the channeling of voluntary SDR contributions from members with strong external positions to low- and middle-income countries through the existing Poverty Reduction and Growth Trust and the proposed Resilience and Sustainability Trust to help finance structural reforms and alleviate longer-term balance of payments risks. We also look forward to the completion of the ongoing work on the Covid-19 "Vaccine Window" in support of vaccination programs in countries facing balance of payments needs due to the pandemic.

The economic recovery of countries of our constituency has been uneven, reflecting the relative progress in vaccination, recovery of merchandise trade and remittances, and the sharp rebound in oil prices in the case of oil exporters. Most of the countries in our constituency are experiencing an inflation surge—particularly of food prices—and continue to face both domestic and external imbalances, which in the case of Iran is exacerbated by sanctions. The IMF has a unique role in assisting members through policy advice tailored to country circumstances, initial conditions and priorities in the recovery phase and beyond. Five of eight countries in our constituency benefitted from IMF emergency financial support during the crisis, but Iran's request has been pending since

March 2020. The sharp recovery of oil and natural gas prices has provided some respite for energy exporters in our group, but they still continue to face financial pressures related to the pandemic, as well as longer-term challenges related to economic diversification. The oil importing countries of our constituency, on the other hand, remain vulnerable to stubbornly high twin deficits, compounded by high oil and food prices, a tepid recovery in contact-intensive sectors, and risks of an early tightening of global financial market conditions.

Afghanistan, a country in our constituency, is in the throes of a tragic humanitarian crisis with pandemic resurgence, a severe drought and widespread hunger and economic and human dislocation. An urgent large-scale international response to avert an even greater human tragedy cannot be delayed

The pandemic has had a disproportionately greater adverse impact on vulnerable low-income countries, with an estimated 80 million more people pushed into extreme poverty during the pandemic, adding to millions already there. The low-income countries, many already grappling with pre-existing fragilities, high financing needs and elevated debt levels, have limited options to support their nascent economic recovery in the absence of policy space. Sustained international financial support for these countries is critical. While the recent general SDR allocation and various initiatives have provided liquidity support and temporary debt relief, we call on the international community to help these countries through an integrated and well-calibrated package, incorporating grants, concessional loans, and debt relief to raise their recovery prospects and limit the crisis' scarring effects on their economies. The pandemic has significantly set back the progress many LIDCs had achieved over the last decades in development and in social areas to the extent that meeting their 2030 Sustainable Development Goals are already beyond the reach of most. We welcome the IMF-World Bank joint initiative aimed at strengthening the effective implementation of the G-20 Common Framework on debt relief. The pandemic has further exacerbated the plight of fragile and conflict-afflicted states (FCS), with some facing major refugee and humanitarian crises, particularly those in the MENAP region. We strongly welcome the new IMF FCS Strategy and look forward to the rollout of Country Engagement Strategies. Effective implementation of the Strategy calls for augmentation of the IMF's concessional resources and will require closer collaboration between the IMF, the World Bank and the UN system.

Climate change is a global existential threat to all. In fact, LIDCs and small island economies with negligible carbon footprints are bearing the brunt of a problem essentially created by large carbon emitters over the past few decades. Climate change has many dimensions and features. One that particularly affects many Middle Eastern countries, including countries in our constituency, is water crisis that deserves greater attention in international discourse on climate change. We further encourage the IMF to engage the oil exporting countries more actively on economic diversification in the context of transitional issues related to climate change. There are also a host of other important structural macro-critical challenges facing our developing members, including income inequality and poverty, gender disparity and youth unemployment, and digitalization, where timely IMF policy advice and capacity development will be critical.

We reiterate our call for a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net. We support the ongoing work on the 16th General Review of Quotas with the aim of completing it by December 2023, while protecting the shares of the poorest members. We welcome the first progress report to the Board of Governors on this issue and look forward to further progress. We also call on IMF management to redouble its efforts and try to effectively address the longstanding issue of underrepresentation of MENA countries in staff, particularly of Arab countries and at senior levels.