



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Seventh Meeting April 13–14, 2023

**IMFC Statement by Zainab Ahmed
Minister of Finance, Budget, and Planning
Nigeria**

On behalf of

Angola, Botswana, Burundi, The State of Eritrea, Kingdom of Eswatini,
The Federal Democratic Republic of Ethiopia, The Gambia, Kenya,
Kingdom of Lesotho, Liberia, Malawi, Republic of Mozambique,
Namibia, Nigeria, Sierra Leone, South Africa,
Republic of South Sudan, Sudan, United Republic of Tanzania,
Uganda, Zambia, and Zimbabwe

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On behalf of Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya,
Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, South Africa,
Republic of South Sudan, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe**

We express our deepest sympathies for the loss of lives and destruction of properties resulting from the floods in Malawi, Mozambique, and Madagascar, as well as the devastating earthquakes in Turkey and Syria.

We note the projected slowdown in global growth in 2023, reflecting the lingering pandemic effects, conflict spillovers, and monetary tightening to combat inflation. Emerging Market and Developing Economies (EMDEs) remain vulnerable to growth weaknesses in Advanced Economies (AEs), as well as domestic challenges attributed to limited fiscal space, constrained labor markets, supply-side constraints, and subdued domestic demand. Moreover, EMDEs are facing rising borrowing costs that have amplified debt vulnerabilities and increased budget outlays. The sustained interest rate hikes by major central banks have implied capital flow reversals, exerted currency pressures, and generated adverse feedback loops on inflation. Although food prices have moderated, they are still elevated even after retreating from record highs in early 2022 and many vulnerable countries still face heightened food insecurity. We, therefore, remain highly concerned about the risk of food insecurity in low-income countries (LICs), alongside rising poverty and inequality levels amidst heightened global uncertainties. Further, the growing geo-economic fragmentation poses risks to the cross-border allocation of capital, and international payment systems with negative implications for the stability of the global financial system. Nevertheless, we positively note that the re-opening of the Chinese economy and the strengthening of consumer demand in AEs, is expected to moderate the global slowdown in 2023.

Growth in Sub-Saharan Africa (SSA) continue to mask the differential terms of trade effects on commodity exporters and importers, and the lagged scarring effects of the COVID-19 pandemic. Persistent inflation, tight global financial conditions, and declining external demand continue to constrain the post-pandemic recovery in SSA. Further, the still elevated food and energy prices occasioned by the war in Ukraine, culminated in a high cost of living that pushed millions into poverty. We remain concerned with the widening income divergence between the SSA and AEs, which calls for deliberate efforts to support countries in the region. The financing required to support post-pandemic recovery remains substantial, amidst emerging risks to global growth. Moreover, fiscal space to cushion vulnerable households has diminished in the context of muted growth rising borrowing costs, and elevated debt vulnerabilities. In addition, the intensity and frequency of climate shocks pose significant risks to food security, with dampening effects on growth and poverty reduction efforts.

We reiterate our strong call for global cooperative efforts to promote a robust, open, and rules-based multilateral trading system to consolidate the hard-won gains from decades of economic integration. We encourage decisive actions to reverse the recent increase in export restrictions and allow the free flow of essential supplies, including vaccines, grains, and fertilizers to avoid food insecurity in SSA from becoming entrenched. We, therefore, support the IMF workstream on the Role of Trade in the Work of the Fund, which would be instrumental in providing policy guidance on enhancing the resilience of supply-chains and eliminating distortive protectionist measures. We urge the IMF to keep providing financial support through new or existing programs, with a focus on strengthening social safety nets and addressing the impact of the food crisis. Further, we urge the Fund to address the effects of geo-economic fragmentation (GEF) to safeguard the stability of the International Monetary System and mitigate risks from the dislocation of the cross-border payments system, and possible weakening of the Global Financial Safety Net (GFSN). Collaboration among relevant institutions to leverage the IMF's expertise, near universal membership, and convening powers, would be vital to mitigate GEF risks.

We welcome the Managing Director's Global Policy Agenda (GPA), which rightly focuses on the criticality of safeguarding economic stability to lay the foundation for stronger growth, meaningful support for the most vulnerable, and cooperative efforts to tackle shared global challenges. Specifically, we support the GPA's thrust on the need to focus fiscal policy on protecting the vulnerable, while staying the course in the fight against inflation. That said, the IMF's timely policy guidance on the appropriate monetary and fiscal policy mix to achieve disinflation objectives, while preserving the recovery and supporting the vulnerable, remains critical. In this vein, we look forward to the operationalization of the Integrated Policy Framework (IPF), consistent with the revised Institutional View, to help manage spillover risks, volatile capital flows, and exchange rates. We also look forward to further work on tackling the supply-side sources of inflation, and welcome related IMF work on rebuilding supply chain resilience to alleviate price pressures. Nevertheless, greater prominence should be attached on strengthening financial surveillance and supervision, given the emerging vulnerabilities in the US banking sector. To this end, we call for a renewed focus on completing outstanding global financial regulatory reforms across all banks and non-banks irrespective of their sizes.

We appreciate the GPA's dedicated focus on scaling up support to the Fund's most vulnerable members. We welcome the support provided to LICs to address the food crisis through the Food Shock Window (FSW) but stress the need to ensure increased access for the most vulnerable countries facing food insecurity. We, therefore, look forward to the upcoming review of emergency financing facilities, and call for the relaxation of exclusion clauses on related policies, to ensure that countries most in need, are not left behind. We welcome the recent review of the GRA access limits but underline the need to replenish PRGT loan and subsidy resources to ensure the normalization of access limits and uniformity of treatment. In this context, we encourage intensified fundraising efforts ahead of the 2023 Annual Meetings in Marrakech to enable the timely normalization of access. That said, we are encouraged by the RST pilots, and urge fulfillment of SDR rechanneling pledges, to enable the rollout of the RST. Further, we look forward to continued implementation of the Fragile and Conflict-affected States (FCS) strategy

and expect the associated Staff Guidance Note to provide further impetus to this work. We also look forward to further work to optimize excess SDRs by re-channeling them through Multilateral Development Banks (MDBs) to support developing countries in making progress towards achieving the 2030 Sustainable Development Goals (SDGs).

Faster and effective debt resolution has become more urgent to pave the way for deeper reforms under upper credit tranche (UCT)-quality programs. The lack of progress on debt restructuring for Zambia and Ethiopia remains concerning, considering the authorities' efforts to undertake ambitious reforms. We, therefore, reiterate our call for the effective implementation of the G20 Common Framework through enhanced creditor coordination, as well as ensuring timebound, orderly, and predictable processes. We welcome the launch of the Global Sovereign Debt Roundtable (GSDR) and look forward to tangible outcomes on common principles to facilitate debt restructuring and strengthen the global debt architecture. We also support the IMF's efforts, in close collaboration with the World Bank, to improve information sharing with creditors, including the Debt Sustainability Analysis (DSA). Priority should also be accorded to reviewing internal Fund policies on debt, and lending into arrears, to further explore ways to enable the IMF to support its vulnerable members.

We view the finalization and implementation of the IMF's Enterprise Risk Management (ERM) Framework as timely, to support the Fund in taking calculated risks, including in its new areas of work. We, therefore, look forward to a full progress report on the implementation of the ERM and the application of risk tolerance levels. We also endorse the robust recommendations of the Institutional Safeguards Review, which remain vital to bolster the IMF's governance structure and urge their speedy implementation. Further, we welcome completion of the review of the Framework for Enhanced Fund Engagement on Governance.

We urge accelerated climate action by honoring commitments made under the Paris Agreement, and UNFCCC to ensure a just, timely, and fair transition to net zero. To this end, we commend the international community for the recent wins resulting from COP27 in Egypt, particularly the establishment of the fund to help EMDCs with adaptation and mitigation. We, however, note with concern the recent reversal of climate commitments, particularly from systemic emitters in AEs. Intensified support for mitigation and adaptation remains essential to achieve emissions standards considering the devastating effects of climate change in SSA, as evidenced by recent floods in Malawi and Mozambique. Specifically, increased support through technical assistance, speeding up investments in green energy technologies to bolster energy security, and adequate climate financing would be essential to advance the green transition. In this vein, an appropriate calibration of effective policy tools to reduce emissions and decarbonize in a cost-effective way would be critical to protecting the most vulnerable segments of the population. The IMF's role in catalyzing additional climate financing from MDBs and other relevant institutions remain important.

Accelerated progress towards achieving diversity benchmarks remains important to preserve the credibility of the Fund. The IMF should continue to ensure that underrepresented regions are considered in all staffing decisions. Specifically, we stress the need for enhanced diversity throughout the career ladder, including for senior management positions. Therefore, removing glass ceilings above lower grades should be prioritized if the diversity agenda is to deliver timely and meaningful results. The Fund should also capitalize on the emerging areas of climate, gender, digitalization, and FCS to close attendant diversity gaps. To this end, we urge the Fund to attract, retain, and develop diverse talent to better reflect its near-universal membership, cement its position as a trusted advisor, and enhance the traction of its policy advice.

Finally, we view the timely completion of the 16th General Review of Quotas (GRQ) as essential to help preserve the Fund's role at the center of the GFSN. We underscore the need for a strong quota-based IMF with sufficient resources to adequately respond to the membership's rapidly evolving financing needs, amplified by the overlapping shocks. While we acknowledge the important role played by borrowed resources as an effective backstop, the need to adequately resource the Fund to re-establish the primary role of quotas and preserve its legitimacy and relevance as a crisis management institution and a lender of last resort, cannot be overemphasized. We, therefore, urge the Fund to complete the 16th GRQ by December 15, 2023, in a manner that preserves the voice and representation of poor members. In addition, we reiterate our call for a third chair for SSA to improve the region's representation on the IMF Executive Board, consistent with the 2010 governance reforms.