International Monetary and Financial Committee

Thirty-Eighth Meeting
October 12–13, 2018

Statement No. 38-20

Statement by Ms. Ahmed
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, Somalia, South Africa,
Republic of South Sudan, Sudan,
United Republic of Tanzania, Uganda, Zambia, and Zimbabwe

International Monetary and Financial Committee
Thirty-Eight Meeting
October 13, 2018

Statement by Honorable Mrs. Zainab Shamsuna Ahmed, Minister of Finance for Nigeria

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

1. We wish to express our condolences to the people and Government of Indonesia for the recent natural disaster which led to the loss of lives and properties.

2. We welcome the steady expansion of the global economy recorded since mid-2016, but believe that growth could be more durable, stronger and inclusive. As outlined in the flagship reports, both the near- and medium-term risks are tilted to the downside. Elevated policy uncertainty, rising trade tensions, inadequate expansion of services trade, and lack of policy coordination among advanced economies, are adversely impacting global growth. Consequently, we are deeply concerned that the opportunity to achieve greater convergence is not being fully utilized.

3. As emerging markets gradually liberalize foreign exchange markets and adopt measures to improve fiscal buffers while investing for higher potential growth, a supportive global environment is critical for improving welfare and reducing geopolitical tensions. Therefore, we support the key messages in the flagship reports and the Managing Director's Global Policy Agenda (GPA) for a renewed effort to reinvigorate multilateralism and global cooperation. We call on the IMF to play a more active role among international institutions in this regard. We also consider that the Fund should stand ready to act as a critical component of the global financial safety net (GFSN) and its capacity in this regard is becoming increasingly important in the face of rising risks for emerging market and developing countries (EMDCs).

4. The recovery in sub-Saharan Africa (SSA) continues, albeit unimpressive, reflecting the contrasting fortunes of commodity producers and oil importers, while infrastructure deficits remain a daunting challenge. Rising debt vulnerabilities in low income countries (LICs) poses additional risks. Given these dynamics, we strongly support the inclusion of macro-structural issues in Fund surveillance and call for more detailed analysis on the overall balance sheet effects of rising debt levels, including on rates of public investment in SSA economies.

Supporting Growth in sub-Saharan Africa

5. The unwinding of monetary policy in advanced economies is having unintended consequences in the developing economies, especially in capital markets. The Fund should therefore be prepared to provide balance of payments support to our countries. In addition, greater weight should be placed on structural diversification efforts aimed at strengthening economic fundamentals, implementing appropriate measures to achieve sustainable fiscal positions, and enhancing financial sector resilience. Exchange rate flexibility remains essential to absorb external shocks. In view of rising public debt levels, fiscal policy efforts will focus on preserving and rebuilding buffers, intensifying domestic

revenue mobilization, and implementing growth-friendly fiscal policy measures to make progress towards achievement of the Sustainable Development Goals (SDGs). We support the Fund's efforts to strengthen debt sustainability frameworks, especially for countries seeking more infrastructure financing.

6. We recognize that the fintech revolution promises strong numerous efficiency gains, but it also has potential financial stability and cybersecurity risks. The digital revolution presents an opportunity for financial inclusion and entrepreneurial growth in our region. In line with the key elements of the Bali Fintech Agenda, we view Fund support as essential to assisting member countries optimize the benefits of fintech, while monitoring the evolution of accompanying risks and making appropriate adjustments to domestic financial regulatory frameworks. Clear delineation of roles among international bodies in the agenda remains crucial at this early stage. In parallel, considering the strong potential of fintech for cross border transfers, we encourage sustained Fund engagement, including by providing advice and support on institutional and regulatory arrangements to SSA countries.

7. Further, we remain supportive of cooperative efforts to tackle global challenges, including addressing the scourge of illicit financial flows from our countries. We also support ongoing work to review the Fund's Anti-Money Laundering/Countering Financing of Terrorism framework to ensure resilience and safety of domestic financial institutions and the integrity of the international financial architecture, while reaffirming our commitment to complete financial sector reforms to enhance the stability and resilience of the financial system. At the same time, we call on the Fund to use its convening influence to assist countries in our region that are dealing with the withdrawal of correspondent banking relationships to stem the trend.

8. We believe that closing the income and gender gaps in SSA is essential to reducing income inequalities and attaining inclusive growth. In this regard, we continue to advance policies to help achieve the SDGs by directing our efforts towards reducing youth unemployment and improving education outcomes through vocational training programs. Further efforts to uplift living standards have resulted in the deployment of substantial resources towards increasing access to clean water and sanitation, electricity, roads, and health. In this context, current efforts to close long standing infrastructure gaps, including in remote areas, and improved access to finance are expected to create additional employment opportunities and integrate previously excluded communities into formal economic activity. We call on the Fund to tailor a more specialized engagement with small middle-income countries in view of their unique macro-economic characteristics.

Fund Policies

9. We welcome the on-going Board discussions on review of facilities for low income countries (LICs), as well as the review of conditionality of Fund-supported programs. Specifically, we support the regular review of the Fund's lending toolkit aimed at enhancing the effectiveness of Fund program engagement and their tailoring to the needs of the diverse IMF membership. We continue to emphasize the need for flexibility in the design of country programs to cater for their peculiarities and vulnerabilities, particularly in small states, countries in fragile situations, and those prone to natural disasters. Further, the Fund's catalytic role in unlocking further financial support from development partners remains key.

10. We also welcome the recent Board discussion on Spending Needs for Achieving the Sustainable Development Goals (SDGs). In view of the large social spending needs to fulfill the 2030 SDGs in LICs within our constituency, we look forward to practical solutions from selected pilot cases to help our countries bridge expenditure gaps while keeping public debt on a sustainable footing.

11. We support the regular review of the Fund's capacity development (CD) strategy in the delivery of training and technical assistance by aligning capacity building activities with the evolving priorities of IMF members. However, we encourage the Fund to sustain its efforts to align technical assistance (TA) to the preferences of member needs and enhance the flexibility in CD delivery to fragile states, given their unique situations, constraints, and absorptive capacity.

Governance and Finance

12. We reiterate our support to strengthening the Fund's preparedness in the face of emerging vulnerabilities to global financial stability. To this end, we underscore the need for the timely conclusion of the 15th General Review of Quotas to ensure a quota-based and adequately resourced IMF at the center of the GFSN. Therefore, we view reliance on permanent quota resources as important to preserve the Fund's role in the GFSN and the credibility of its governance structure. Lastly, we reiterate our call for a third chair for sub-Saharan Africa and protection of the voice and representation of the Fund's poorest members and small states.