



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Eighth Meeting October 13–14, 2023

Statement No. 48-23

Statement by Mr. Edun 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

**International Monetary and Financial Committee
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**Statement by Honorable Adebayo Olawale Edun, Nigerian Minister of Finance and
Coordinating Minister of the Economy 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 due to the recent devastating effects of floods in Libya, and the earthquake in Morocco.

Global growth demonstrated resilience in the first half of 2023, but the recovery pace has been gradual and uneven, and the outlook remains uncertain. The 2023 growth has been slightly upgraded since the Spring, but economic activity remains below pre-pandemic levels, reflecting the repercussions of the pandemic, the war in Ukraine, and increasing geo-economic fragmentation. Moreover, the tightening of monetary conditions to curb persistent inflation and the roll-back of fiscal stimulus measures, has weighed on global growth, while medium-term growth prospects remain weak. Meanwhile, Emerging Markets and Developing Economies (EMDEs) are experiencing anemic recoveries typified by widening income per capita gaps, significant output losses, and rising cost of living. The fading recovery momentum in China owing to the intensified property market crisis, has also worsened cross-country divergences. Nevertheless, global risks are now more balanced following decisive actions by the US and Swiss authorities to contain banking sector turbulences but risks to the outlook remain tilted to the downside.

Divergent growth among economic sectors and regions remains concerning. Growth in the Sub-Saharan Africa (SSA) region is projected to slow in 2023 against the backdrop of the disproportionate effects of the global slowdown, subdued external demand, rising trade barriers, as well as the impact of extreme weather shocks on agriculture and electricity production. For countries dependent on manufacturing and commodity exports, growth continues to fall behind, complicating the important policy trade-offs between confronting inflation and accelerating the post-pandemic recovery. Considering the fragile recovery and uncertain outlook for global growth, the need to constantly monitor the evolution of risks and multilateral actions to tackle shared challenges hampering synchronized growth, cannot be over-emphasized.

We welcome the recent disinflation trend but remain concerned about the persistent underlying inflation. We commend the central banks' efforts to rein-in headline inflation, even as core inflation remains stubbornly high. Exposure to volatile commodity prices and exchange rate pressures kept headline inflation at double-digit levels in SSA, which is expected to persist until 2024. At the same time, the high interest rate environment resulted in high debt service burdens that continue to crowd-out priority social and investment spending, thereby weighing on growth prospects. In addition, elevated food, and energy prices occasioned by external shocks, resulted in rising cost of living that drove millions into poverty and widened inequalities. This,

therefore, calls for stronger but targeted social protection on the back of diminished fiscal buffers. In this regard, we welcome the IMF's focus on supporting vulnerable countries to intensify domestic revenue mobilization efforts as critical to help replenish fiscal buffers, create the much-needed fiscal space, and help cushion the most vulnerable. Importantly, we support the call for timely and tailored Fund advice, including the expeditious rollout of the Integrated Policy Framework (IPF) to help balance inflation objectives and manage risks from volatile capital flows. We also call for concrete actions to help build financial integrity by strengthening AML/CFT frameworks in many of our countries to resolve identified vulnerabilities and comply with FATF standards.

Multilateral solutions would be essential to tackle geo-economic fragmentation and mitigate risks from commodity markets. We urge the IMF to strengthen its advocacy for a robust, open, and rules-based multilateral trading system, to restore the gains from trade and ensure long-term prosperity and productivity growth. The escalation of geopolitical tensions and trade disputes continue to fuel geo-economic fragmentation (GEF), resulting in commodity trade disruptions, with undesirable effects on income convergence, food security, poverty reduction efforts and welfare costs in Low Income Countries (LICs). Against this background, we emphasize the need to eliminate export restrictions, including on fertilizers and grains to prevent food security risks from becoming entrenched. The avoidance of protectionist and inward-looking policies should leverage benefits from normalization of supply chains and turnaround times, as well as declines in shipping costs, to help reinvigorate global trade.

We welcome the Managing Director's Global Policy Agenda (GPA), tailored to accelerate the pace of post-pandemic recovery by restoring macro-stability while fostering prosperity for higher medium-term growth to meaningfully reduce poverty and inequality. The GPA provides a balanced approach to building shared prosperity and collective resilience that aligns well with the emerging risks articulated in the flagship reports. We also endorse the GPA's key policy recommendations which includes enhancing monetary-fiscal interaction to achieve disinflation, tackling capital flow reversals, and transformational reforms to address inequity, elevated debt levels, improve governance, while mainstreaming climate change, and optimizing digitalization's overall benefits and risks.

We support the Fund's continued work to adapt its lending toolkit to the growing financing needs of its members. We welcome the extension of the Food Shock Window (FSW) to Q1-2024 but emphasize the need for the subsequent decision on this window to better reflect the global food security situation given the prevailing extreme weather conditions. Furthermore, we welcome progress in the re-channeling of Special Drawing Rights (SDRs) to the Resilience and Sustainability Trust (RST) and underscore the need for intensified efforts to replenish the Catastrophe Containment and Relief Trust (CCRT) and enhance disaster preparedness. Concurrent efforts will also be needed to close the Poverty Reduction and Growth Trust (PRGT) subsidy resource gap to allow for normalization of access and ensure even-handed treatment of the Fund's members. We also look forward to the forthcoming Review of Concessional Facilities to enhance PRGT self-sustainability and boost the resource envelope in line with the large funding squeeze facing the Fund's poorest members. Additional efforts to explore the viability of the

Fund's internal resources including a modest gold sale, should be explored in a manner that preserves the strength of the Fund's balance sheet. Further, we urge the Fund to facilitate the re-channeling of SDRs to Multilateral Development Banks (MDBs) to optimize their multiplier effects by providing climate and development financing. We also look forward to the review of the surcharge policy and welcome the recent regular review to the precautionary facilities.

An efficient debt resolution framework remains imperative to pave the way for deeper reforms under Upper Credit Tranche (UCT) quality programs. The current elevated debt vulnerabilities in SSA, large financing gaps, and the need to bolster the Fund's lending toolkit, are among other key issues affecting the post-pandemic recovery. We, therefore, welcome Zambia's milestone debt restructuring agreement, marking an important breakthrough for countries in debt distress and the implementation of the G20 Common Framework (CF). Going forward, we call for swift resolution mechanisms to timely conclude debt treatments for Ethiopia and Malawi. Relatedly, we look forward to further deliverables of the Global Sovereign Debt Roundtable (GSDR) and encourage efforts to strengthen communication and foster a common understanding among key stakeholders, both within and outside the CF, in facilitating effective debt treatments. We also look forward to tangible progress in the review of internal Fund policies on debt and lending into arrears, to help explore ways to support vulnerable members in debt distress.

The devastating impact of climate change across the world highlights the urgency of global climate action. We call for greater focus on meaningful climate mitigation actions by systemic emitters to achieve global net-zero targets. Further, we encourage the IMF to come up with clear strategies to support the non-systemic emitters and fossil fuel producers in developing countries through a just and equitable energy transition. At the same time, we urge the IMF to assess the macro-critical implications of climate risks and actions and their impact on development, to inform adequate climate transition and adaptation, while providing support for fossil fuel producers and countries facing energy security risks. We welcome the ambitious COP28 targets, including on adaptation and finance, as well as loss and damage. We also call on developed countries to urgently fulfil their previous pledges made towards the COPs climate initiatives. Additionally, we welcome the IMF's Climate Strategy and emphasize its accelerated implementation to help members address climate-related policy challenges. We strongly encourage effective collaboration among International Financial Institutions (IFIs) to strengthen synergies from their comparative advantages to avoid duplication of efforts.

We support an increase in the size of the Fund's quota resources to re-establish its status as a quota-based institution and restore the primary role of quotas. An adequately resourced IMF at the center of the Global Financial Safety Net (GFSN) would safeguard global financial stability and effectively play its crisis management role as exogenous shocks to the global economy have increasingly become large and frequent. Considering the uncertain global economic outlook, characterized by compounding crises, the need for the IMF to meet the growing financing needs of its members remain vital. Against this background, we call for an increase in quota resources at the high end, to ensure that the IMF primarily relies on permanent rather than borrowed resources. We also reiterate the need to protect the voice of PRGT eligible countries and Small Developing States (SDS). Going forward, greater importance should be attached on

the full re-alignment of quota shares to reduce out-of-lineness for underrepresented countries, such as Ethiopia.

To enhance the voice and representation of African countries, we call for the establishment of a third Chair for the 45 Sub-Saharan African countries at the IMF Board in line with the 2010 governance reforms. We welcome the recent G-20 decision to establish a permanent chair for the African Union to strengthen the voice of Africa in the global forum that take pertinent decisions on global financial matters. In the same spirit, we call for high priority to be accorded to the allocation of the third SSA Chair, to reduce the workload in the two largest Chairs at the IMF Board. We also see merit in the creation of the fifth Deputy Managing Director to improve regional representation in the IMF's senior management.

Finally, promoting staff diversity remains crucial for the IMF to preserve its global image. A diverse IMF better-reflects its near-universal membership, underlines its credentials as a trusted advisor, and enhances traction of policy advice. We acknowledge progress made towards the diversity benchmarks but underscore the need for further efforts to ensure equitable career progression opportunities, especially at the managerial level for nationals from Under-Represented Regions (URR). In addition, we encourage the Fund to prioritize enhanced diversity throughout the career ladder, including for senior management positions to meet the 2025 Diversity Benchmarks. This entails removal of glass ceilings in all staffing decisions above lower grades. Further the Fund should leverage opportunities presented by the emerging areas of climate, gender, digitalization, and Fragile and Conflict Affected States (FCS), to bridge longstanding diversity gaps and avoid reversal of hard-won diversity gains. We also call for enhanced gender representation in the appointment of Executive Directors and Alternate Executive Directors.