INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Sixth Meeting
October 13–14, 2022

Statement No. 46-28

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

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Statement by Ms. Zainab S. Ahmed, Nigerian Minister of Finance, Budget, and Planning
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, and Zimbabwe

Global growth is forecast to slow down in 2022, reflecting the negative spillovers from the Russia-Ukraine war, and the effects of the lingering pandemic. The accelerated tightening of monetary conditions to tackle high inflation has also dampened the strong recovery momentum attained in 2021. Consequently, growth in advanced economies has decelerated, underpinned by marked slowdowns in the US, and the Euro-area. Similarly, growth in Emerging Market and Developing Economies (EMDEs) is expected to decline in 2022, weighed by the resurgence of the pandemic in China, tight global financial conditions, and portfolio outflows. Against this backdrop, the hikes in interest rates and the associated US dollar appreciation in the context of policy normalization in advanced economies has led to tighter financial conditions, thereby compounding debt vulnerabilities in low-income countries (LICs). In the short-term, high energy, food, and fertilizer prices pose significant risks to living standards and social cohesion in vulnerable countries including in Sub-Saharan Africa. Therefore, an optimal mix of monetary, financial, fiscal, and structural measures will be needed to bring down inflation, while also supporting vulnerable segments of the population, and safeguarding the growth recovery.

Multilateral solutions are important to support the free flow of trade and capital. We, therefore, view multilateral actions as critical to remove export and import restrictions that allow free trade of grains and fertilizer from surplus regions and associated payments and encourage their continuation. This will help to curb extreme welfare impacts and prevent prevailing food shortages from becoming entrenched. Similarly, the removal of trade restrictions on medicines would be important to enable countries in SSA to reach their COVID-19 vaccination targets.

In SSA, real GDP growth is projected to slow down in 2022 amidst high food and fuel import prices, capital flow reversals, **public debt vulnerabilities, rising inflation, and frequent climate shocks**. The broad-based increase in inflation occasioned by higher energy, fertilizer, and food prices has generated dire consequences for the most vulnerable populations, particularly in SSA**.** Rising inflation, and associated food security risks amplified by climate change, also raise the risk of social and political tensions that have already crystallized in some countries. At the same time, fiscal policy space has diminished amidst high debt service payments and debt sustainability concerns. In this setting, coordinated global policies – especially monetary policies – can help to manage inflation expectations and contain negative spillovers to the region.

At the country level, public finances will need to be consolidated within credible medium-term fiscal frameworks and the pace of monetary tightening should be carefully calibrated to prevent inflation expectations de-anchoring while also safeguarding growth. Importantly, the Fund's support through timely policy advice, surveillance, lending, and capacity development (CD), will be important to help countries address these challenges.

We welcome the Managing Director's Global Policy Agenda (GPA) and in particular, the call for the membership to urgently coordinate policies and act cooperatively to resolve shared global challenges. The GPA's priorities on strengthening multilateral cooperation and avoiding fragmentation are well aligned with the current context outlined in the flagship reports. To this end, we support the GPA's emphasis on adapting the lending toolkit, tackling rising debt vulnerabilities through improved debt transparency and an effective debt resolution framework, and intensifying the fight against inflation. We also welcome IMF strategies on gender, digital money, fragile and conflict affected states, and climate change (including resilience and adaptation), given their potential to help overcome structural impediments and support recovery. We look forward to the timely implementation of these strategies and to deepening the Fund's engagement with the membership on these emerging macro-critical issues.

We welcome continued efforts to adapt the Fund's lending toolkit to the rapidly evolving needs of the diverse membership. The newly approved Food Shock Window in the emergency financing facilities has an important role to play in helping countries tackle the food supply and food and fertilizer price crisis. We encourage the Fund to ensure that all vulnerable countries facing acute food security risks are able to access the window. Beyond the short-term, we look forward to the full operationalization of the Resilience and Sustainability Trust (RST) this year. We regard the RST as an essential addition to the Fund's lending toolkit. Going forward we also stress the need for intensified efforts to replenish the CCRT, PRGT subsidy (and loan) resources, and to meet the RST funding targets through the fulfillment of pledges made to re-channel SDRs.

We support faster and effective debt resolution for all countries in need. We welcome the progress made on debt restructuring for Zambia and encourage timely delivery of relief, while positively noting work underway to resolve Ethiopia's debt. That said, strengthening the efficiency of the G20 Common Framework remains critical, with clearly laid out timelines for key milestones essential to pave the way for timely Fund engagement. Further, we support the ongoing complementary work on the Multi-Pronged Approach to debt vulnerabilities, and on promoting data and debt transparency, as this underpins smoother debt resolution. In addition, we welcome recent reviews of Fund policies on sovereign arrears that better reflect changes in the creditor landscape and help ensure that the IMF can continue to provide critical financial support to affected member countries making good-faith efforts to resolve their debt burdens. We also urge the Fund to provide technical support in critical areas such as revenue and expenditure policy, governance and financial safeguards, public financial management, and debt management. With respect to revenues, we also underline the need to tackle the longstanding challenge of illicit

financial flows and ensuring a fair international corporate tax system that benefits developing countries. We call for continued improvements, and implementation of the next phase of the framework for international corporate tax reform, focused on developing countries. Reforming international taxation rules and ensuring that multinational enterprises pay a fair share of tax wherever they operate remains a pressing need for developing countries.

The Fund's bilateral and multilateral surveillance remains key in helping countries to navigate both fiscal and monetary pressures simultaneously, as they work to overcome overlapping challenges, including the effects of monetary policy normalization. We note the adverse effects of tightening global financial conditions on portfolio flows, reserve buffers, and currency movements. We, therefore, call for Fund support in facilitating the application of the Integrated Policy Framework (IPF) and the updated Institutional View (IV) on the Liberalization and Management of Capital Flows as needed, to help manage volatile capital flows and moderate financial stability risks. Furthermore, we stress the need for Fund policy guidance to formulate measures to mitigate the growing risk of sovereign debt defaults in frontier markets. In this connection, as we work to engage proactively with creditors to forestall defaults and sustain market access for EMs and frontier markets, we seek analysis that quantifies and illustrates to private and public creditors, the benefits of pre-emptive debt restructurings and the costs to everyone if delayed restructurings result in default.

SSA continues to bear the brunt of climate shocks that threaten to reverse hard-won development gains and undermine food production. We call for global efforts, especially by the largest emitters, to meet carbon emission targets and avert catastrophic climate events in the future. We look forward to concrete proposals and commitments emerging from the Conference of the Parties (COP27). Given limited fiscal space, it will be important to strengthen access to concessional-official and private finance for climate mitigation and adaptation, particularly in the SSA region, while filling the information gap. Innovative financing instruments, including green bonds and debt-for-climate swaps, should be actively explored to help close climate financing gaps. As global emissions are not the same across regions and countries, this necessitates a fair and just climate transition which includes aligning environmental policies with labor market policies to foster reallocation towards green job opportunities in low-emission, high unemployment regions, such as SSA. To this end, technical support will be critical to ensure that transition risks are balanced as LICs and EMDEs seek to comply with international climate standards while supporting growth objectives.

We reiterate our longstanding call for the IMF to prioritize staff diversity and achieve set benchmarks in a timely manner. While we continue to seek a review of the low benchmarks set for SSA, every effort must be made to meet current benchmarks for qualified staff from underrepresented regions, such as SSA. Particular attention should also be given to internal progression of SSA staff to senior levels in the Fund. Promotion of gender-diversity should also remain a priority. We urge the IMF to take advantage of the growing work in critical emerging

areas to accelerate achievement of diversity and inclusion benchmarks and avoid reversal of progress achieved thus far. Concrete plans are also needed to attract, retain, and develop diverse talent, that reflects the Fund's near-universal membership. This in turn will help to re-establish the Fund's position as a trusted advisor.

Considering projected frequent and large global shocks, the adequacy of Fund resources over the medium term remains crucial to enable the IMF to play its global stability-enhancing role. In this context, an adequately resourced and quota-based IMF that effectively plays its crisis management role and preserves its position at the center of the Global Financial Safety Net is critical. We, therefore, call for the timely conclusion of the 16th General Review of Quotas (GRQ) no later than December 15, 2023. In addition, we call for measures to preserve or enhance both the voice and representation of poor members. Furthermore, we echo our call for a third chair for SSA on the IMF Board, in line with the governance reforms agreed in 2010.