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IMFC Statement by Déogratias Mutombo Mwana Nyembo
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Democratic Republic of the Congo

On behalf of
Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Union of the Comoros, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Republic of Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Republic of Madagascar, Mali, Islamic Republic of Mauritania, Mauritius, Niger, Rwanda, Democratic Republic of São Tomé and Príncipe, Senegal, and Togo

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I. GLOBAL OUTLOOK, RISKS AND POLICY PRIORITIES

Global Setting and Risks

1. We welcome the fact that the global economy has continued to expand in the past six months but are concerned with the less balanced expansion, the downward revisions of growth projections; and heightened downside risks.

2. Trade disputes continue to weigh heavily on prospects through potential adverse effects on consumer and market sentiment, investment, and productivity. Alongside these tensions, tightening financial conditions pose a significant risk to macroeconomic and external stability in a number of emerging market and developing economies (EMDEs), with some already experiencing strong market pressures, including capital outflows and exchange rate volatility. While countries most affected thus far are those with weaker policy frameworks, who experience idiosyncratic events or who are directly exposed to trade conflicts, investor differentiation may fade as financial tightening accelerate. Attention should also be paid to the spillovers of financial conditions and trade setbacks to low-income countries (LICs).

3. Other factors of risk weigh on the outlook. These include debt vulnerabilities which concern a large spectrum of countries around the world where debt ratios—both private and public—are at record highs and threaten macroeconomic and financial stability. It is also important to sustain the focus on noneconomic sources of risks, notably those related to security challenges and geopolitical tensions, which often have macroeconomic implications.

Policy and Reform Priorities

4. Against the backdrop of the current global conjuncture characterized by rising risks and significant policy uncertainty, there is a need for urgent and coordinated policy actions.

5. Structural reforms should be pursued with the view to enhancing potential output, including through increased labor and product market flexibility, enhanced product market competition, more advanced integration, and greater youth and female labor participation.

6. Macroeconomic policies should remain growth-friendly while of addressing persistent and new vulnerabilities. Monetary policy should continue to be accommodative where inflation remains well below targets with the view to sustain growth. Where inflation is close to target, monetary policy normalization should proceed gradually and be carefully communicated to minimize abrupt asset price movements and adverse spillovers. Fiscal policies should complement monetary policy in sustaining the expansion while rebuilding buffers and tackling current public debt dynamics. Emerging economies should continue to put in place macro-prudential measures to tackle leverage and minimize liquidity and market risks, enhance resilience and safeguard financial stability.

7. Regarding debt vulnerabilities, we share the view that a holistic and evidence-based approach is warranted. This should include increasing transparency and improving public debt management, while entailing building capacity in debt contracts and management in LICs. Moreover, preserving debt sustainability will require overcoming the daunting challenges facing many countries in mobilizing resources needed to achieve infrastructure development objectives, notably through increased domestic resource mobilization. Clearly, it will also be important to foster private investment, while enhancing public investment efficiency. Furthermore, we collectively should aim at establishing effective debt restructuring mechanisms involving all creditors, particularly for the benefit of developing countries in debt distress, notably those in fragile situation and those affected by severe commodity price shocks and natural disasters.

8. Progress has been made in strengthening regulatory frameworks since the global financial crisis. However, efforts should be pursued to complete the global regulatory agenda. In addition, while financial technological advances carry significant potential benefits, including for financial development, efficiency and inclusion, it has brought about new challenges for financial stability and integrity, consumer and investor protection, and the global financial system. We support the Bali Fintech Agenda which lays out actions for national, regional and international bodies. We call for greater international cooperation, information sharing, support to developing countries in building robust financial and data infrastructure, and collective surveillance to address emerging issues, including challenges posed by crypto-assets and in cybersecurity.

Challenges Facing Low-income Countries

9. In many LICs, notably non-resource intensive countries, macroeconomic fundamentals, growth performance and the outlook remain robust. However, many other LICs, especially commodity exporters, fragile countries and small states, continue to face difficult circumstances, notably in rebuilding buffers, tackling sources of fragility, and strengthening resilience to shocks. They must continue to improve policy frameworks,

advance financial deepening and inclusion, and foster economic diversification. While pursuing fiscal consolidation efforts will be unavoidable in these countries, it will be critical to ensure that the pace and composition of fiscal adjustment are carefully calibrated to be sustainable and consistent with targeted social development outcomes.

10. LICs also face challenges associated with demographic trends, notably in Sub-Saharan Africa (SSA). Fast-rising youth populations present risks but also opportunities as these countries could reap significant benefits from demographic dividend if they invest efficiently in education and healthcare systems to increase human capital, and advance necessary labor market reforms.

II. THE GLOBAL POLICY AGENDA

11. We agree with the directions of the Managing Director's Global Policy Agenda (GPA). It is critical that the membership continue to support multilateral cooperation in addressing common challenges, including trade conflicts, illicit financial flows, undesirable effects of globalization, climate change and security-related threats. We join calls for promoting an open and rules-based global trade system in which the concerns of all countries, including developing economies, are addressed.

IMF Support to Members

12. We encourage the IMF to step up its bilateral and multilateral surveillance to monitor the impact of recent trade policy measures in stakeholders and bystanders, advise on containing potential costs, and promote open and balanced trade, consistent with its mandate. We also believe that the Fund's advocacy role and support in favor of regional trade arrangements such as the new African Continental Free Trade Agreement (ACFTA) would be helpful.

13. We welcome Fund's contribution to the international tax debate, including through its participation in the Platform for Collaboration on Tax. We see scope for enhancing international cooperation on information sharing regarding illicit transactional flows and in engaging with jurisdictions that host stolen assets.

14. On the financial sector, we call on the IMF to actively contribute to the Bali Fintech Agenda, in line with its mandate, to help members leverage the benefits of financial technological progress while minimizing associated risks. We also urge the Fund to step up efforts in helping countries address the challenges brought about by the withdrawals of correspondent banking relationships.

15. Regarding the SDGs, the IMF's role remains instrumental in sustaining countries' efforts to enhance domestic revenue mobilization, deepen financial markets, attract private investment—including through continued contribution to initiatives such as the G20's Compact with Africa—and catalyze affordable development assistance.

16. On debt issues, the Fund should help countries address rising vulnerabilities facing them. That said, it is important to avoid unduly constraining debt-financed infrastructure investment with adequate rates of economic and social return. For the benefit of countries in debt distress, the institution should also advocate and facilitate the establishment of effective debt restructuring mechanism involving all creditors as argued above. Moreover, we continue to see merits in enhancing Fund's capacity development assistance to members, particularly LICs, and fragile and small states in debt management.

17. The Fund should play a key role, within the confines of its mandate, in helping fragile states address the core roots and macroeconomic impact of fragility, notably through institutional and human capacity building. We welcome the Management Implementation Plan on the recommendations of the Independent Evaluation Office (IEO) regarding the role of IMF in fragile states and look forward to its forceful and timely implementation.

18. We look forward to modifications to the Fund facilities for LICs to better assist those members prepare for, and respond to, shocks stemming from natural disasters, commodity price declines, conflicts, and security-related threats. It is critical to adapt Fund instruments to these challenges, notably through streamlined program conditionality, increased access levels, and an extension of the zero-interest rate waiver. We also call on a more flexible use of the Rapid Credit Facility (RCF) for fragile countries under a staff-monitored program (SMP) affected by a shock. Moreover, we urge the membership to enhance the lending capacity of the Poverty Reduction and Growth Trust (PRGT) and ensure that disbursements under the Trust match Fund's commitments under its three-pillar strategy for PRGT self-sustainability.

IMF Governance and Institutional Matters

19. The progress report on the 15th General Review of Quotas highlights limited progress towards its completion and an agreement on a new quota formula. We call on efforts by all to reach a consensus on quota increases and a new formula, in a spirit of compromise and keeping in mind the agreed objectives. These include maintaining the Fund as a quota-based institution at the center of the global financial safety net (GFSN)

and realigning quota shares with members' relative positions in the world economy—thus likely increasing the shares of dynamic emerging market and developing countries—while protecting the quota and voting shares of the poorest members. We view poorest members as comprising all PRGT-eligible countries. We also support the protection of shares of small developing states.

20. We continue to stress the importance of promoting a quality, diverse and inclusive workforce, including by ensuring the presence of more staff from underrepresented regions such as Sub-Saharan Africa. We also see merits in advancing gender diversity, including at the Executive Board.