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Statement by Mr. Mouissi
Gabon

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

IMFC Statement by Mr. Mays MOUISSI
Minister of Economy and Participations of Gabon
October 25, 2024

We would like to express our deepest compassion for the countless human victims of on-going wars and conflicts around the globe. We call for decisive concerted international efforts to restore peace and stability worldwide.

Global Economic Outlook and Policy Priorities

The global economy has demonstrated remarkable resilience, with prospects for a soft landing noticeably improving. Despite multiple shocks, global growth has remained resilient, and disinflation has progressed, driven by easing of cyclical imbalances. Inflation rates have moved closer to targets, particularly in advanced economies (AEs) and emerging Asia, though less so in other emerging market and developing economies (EMDEs). However, inflation remains high in many low-income countries (LICs), exacerbated notably by the recent food price increases. Furthermore, while projections remain unchanged, global growth still lags behind historical norms, and important divergences persist both within and across regions. Regarding our region, Sub-Saharan Africa, it should be recalled that prolonged periods of low growth would have serious implications, including undermining recent gains in the fight against poverty, threatening progress toward the Sustainable Development Goals (SDGs), and further weakening the prospects for income convergence. In this context, we are particularly concerned by the projected downgrade, albeit on a small scale, of the growth outlook for our region. Food insecurity stemming from adverse climate events and inadequate agriculture productive, storage and transport capacities continue to weigh on economic and social prospects in the continent.

Against this backdrop, stronger and carefully calibrated economic policies are necessary to keep recession risks in check and steer the global economy away from the feared path of low growth and high debt. With the balance of risks still tilted to the downside—stemming notably from intensifying geopolitical conflicts, policy uncertainty, increased trade restrictions, and the impacts of climate-related shocks—policy actions should continue to focus on ensuring a smooth landing, addressing financial sector vulnerabilities, and implementing well-sequenced structural reforms to lift medium-term growth prospects. However, we stress the need to calibrate the pace and scale of policies to country-specific circumstances. In this perspective, the macroeconomic policy mix should aim at completing the last mile in the disinflation process, supported by continued fiscal consolidation, where needed, to rebuild buffers and ensure medium-term debt sustainability, while protecting vulnerable households. For LICs, we underscore the importance of capacity development in support of revenue-driven fiscal consolidation that nurtures growth while protecting the vulnerable populations.

The increasing number of EMDEs facing high debt vulnerabilities is a major global economic challenge that needs to be addressed urgently and forcefully. The high global public debt should be tackled through decisive proactive fiscal policies. Related policy actions should be complemented by effective debt resolution mechanism for many EMDEs in debt distress. We welcome the efforts to date in this critical area and would like to stress the need for further urgent advances in establishing a global debt resolution framework that is commensurate with the scale of the daunting challenge. In this regard, we are encouraged by the Fund's continued engagement in the global efforts to facilitate the resolution of still pending more complex debt restructuring processes, including in the context of the Global Sovereign Debt Roundtable.

In the financial sector, stable regulatory frameworks and enhanced communication strategies are essential in support of effective monetary and fiscal policy making. Financial institutions and markets must adeptly navigate a complex landscape of high inflation and elevated interest rates. For LICs, particularly in Sub-Saharan Africa, this translates in prohibitively high cost of borrowing in a context of limited availability of concessional financing, undermining the region's capacity to finance its development programs. Prudential frameworks must continue to be strengthened to mitigate financial sector risks and bolster the resilience of the global financial system. In this vein, ensuring timely broad-based compliance with Basel III regulation is paramount.

With medium-term growth prospects weaker than historical norms, structural policies remain crucial to boost productivity, improve human capital, and promote inclusive, green and sustainable growth. We note that the crises of the past several years have subdued potential growth, highlighting the need for strong structural policy responses. The focus should be on efforts to enhance productivity, secure stronger gains in employment, and lift the global growth trajectory. In this context, it is critical to avoid a reversal of reforms already on course while paying attention to current political economy factors to prevent social unrests. Policymakers should always endeavor to shield the most vulnerable from potential adverse impacts of the policy actions carried out, and devise appropriate strategies to foster social consensus over difficult growth-supporting reforms, thus ensuring their sustainability.

Progress in both climate adaptation and mitigation should also be high on the list of policymakers' priorities. To support these efforts, mobilizing climate finance, including from the private sector, is essential. It is also important to find the most relevant ways to encourage countries, particularly developing countries, which are working to preserve the environment. We regret that available resources continue lagging identified financing requirements, which hinders progress on urgently needed reforms and policy actions.

The Managing Director's Global Policy Agenda

We broadly endorse the key priorities identified in the Managing Director's Global Policy Agenda (GPA). In a shock-prone environment marked by elevated risks, we welcome the reaffirmation of the Fund's continued commitment to help member countries in addressing both current and future economic challenges. In this context, we appreciate the GPA's clear recognition of the risk that our economies could be trapped on a low medium term growth trajectory—with potentially serious implications, notably for the fight against poverty and inequality in many LICs and developing middle-income countries (MICs).

Regarding the need for sustained fiscal consolidation amid easing monetary policies, the GPA rightly stresses that efforts in this critical area should be gradual and attentive to country-specific conditions. We strongly support this judicious recommendation and positively take note of the institution's efforts to mainstream the advice in program design, including for countries facing civil insecurity and terrorism attacks, with consequent pressures on public finances and crowding out effects on priority social and development spending.

We take positive note of the completion of the review of IMF charges and surcharges policy which resulted in a reduction of IMF's credit costs borne by borrowing members in a challenging environment. We note that the agreed changes are consistent with strong financial position and income model of the Fund. We look forward to periodical reviews of this policy on charges and surcharges related to the General Resource Account (GRA).

We congratulate the Executive Board for the successful review of the IMF Concessional Facilities to enhance the institution's lending toolkit available to low-income countries. Addressing the challenges linked to debt sustainability, notably in Sub-Saharan Africa, requires, among others, access to significantly larger concessional resources from the international community to meet the region's balance of payments and development needs in these times of overlapping crises. In this context, it is crucial to ensure that the interest rates charged on the Poverty Reduction and Growth Trust (PRGT)'s facilities are not prohibitive for LICs to meet their daunting needs. At the same time, the IMF's unique role as the global lender of last resort cannot be overemphasized, and we welcome that the conclusion of the PRGT Review will ensure higher self-sustained lending to LICs. We continue to view an IMF gold sale as a viable contingent option to secure such lending capacity if required.

The GPA rightly underscores the critical necessity of restoring strong multilateral cooperation and trade to address the global challenges we are facing. IMF Management's call for revamped multilateralism and international cooperation is more pertinent than ever. Accordingly, we underscore the urgency for all members to proactively participate in the global efforts to address the threats posed to our common prosperity, including in the areas of climate change, debt relief, food insecurity, pandemics, international taxation, and mobilization of concessional financing for LICs. Strong multilateralism remains also essential to adequately addressing ongoing conflicts and wars that are uniquely destabilizing for the world economy.

We laud the IMF for the achievements in the accomplishment of its mandate over the last 80 years. The IMF at 80 is an important milestone. We welcome the institution's renewed commitment on this occasion to continue adapting and remolding itself as needed to better serve its member countries. IMF assistance to member countries is critical for harnessing their respective comparative advantages while minimizing the many risks they face. To be successful, the Fund would have to discharge this responsibility together with the World Bank and other multilateral institutions in a coordinated manner and consistent with a well-defined and expertise-based division of responsibilities. Importantly in this context, the IMF will need to remain a trusted advisor and a fair and equitable lender; and the institution's interventions across the areas of its competency, namely macroeconomic policy advice, financing and capacity development, must always remain grounded in unwavering evenhandedness. In its low-income member countries, consideration will have to always be given to ensuring that increased attention is paid to development of social safety nets that mitigate the negative effects of reform programs the institution supports, particularly on the most vulnerable. This is essential to securing the buy-in and much needed public support for critically important reforms.

Finally, the IMF should continue deepening the efforts on course to reinforce its quota-based identity, strengthen the adequacy of its resource base, and enhance the institution's legitimacy. This entails timely effectiveness of quota increases decided under the 16th General Review of Quotas; a realignment of quota shares under the next quota review, based on a new quota formula; and increasing the voice and representation of low-income members in the institution. In this regard, the creation and operationalization on November 1, 2024, of the long-awaited third chair for Sub-Saharan Africa in the IMF Executive Board is a historic milestone that should be celebrated by the whole membership.