



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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Statement by Mr. Kganyago South Africa

On behalf of

Angola, Botswana, Union of the Comoros, Kingdom of Eswatini, Kingdom of Lesotho,
Republic of Madagascar, Malawi, Mauritius, Republic of Mozambique, Namibia, South
Africa, United Republic of Tanzania, Zambia, and Zimbabwe

International Monetary Fund Africa Group 1 Constituency (AfG1)
International Monetary and Financial Committee
Fifty-second Meeting
October 17, 2025

**Statement by Honorable Lesetja Kganyago, Governor of the South African Reserve Bank
on behalf of Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Malawi,
Mauritius, Mozambique, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe**

The global economy is in transition and demonstrating resilience to recent overlapping shocks. However, the medium-term outlook is dim amid elevated risks. Temporary factors supporting growth, such as the frontloading of trade and investment ahead of higher tariff hikes, are fading. Combined with heightened protectionism, policy uncertainty and elevated debt levels, these factors are dragging growth well below pre-pandemic averages. While disinflation is expected to continue, underlying disparities remain in the region. To navigate these challenges, policies must be carefully calibrated to promote macroeconomic stability. Monetary policy should safeguard price stability, while fiscal policy facilitates credible consolidation and rebuilding buffers and structural reforms help promote inclusive and sustainable growth and future resilience.

Protectionist trade measures have emerged as a significant downside risk to global macroeconomic stability. For the Sub-Saharan Africa region, these measures amplify fragmentation, disrupt established export partnerships, diminish competitiveness, and potentially fuel inflationary pressures. We urge the Fund to continue leveraging its convening power to advocate for stronger multilateral cooperation and a fair, rules-based multilateral trading system with the World Trade Organization (WTO) at its core. We also call for transparent and inclusive trade policies, mindful of vulnerable economies. As trade systems evolve, especially with digitalization and Artificial Intelligence (AI), it is vital to strengthen institutional capacity to ensure inclusive cross-border commerce.

While global financial stability has shown signs of improvement, uncertainty and downside risks remain elevated, where some middle-income countries and many low-income countries face heightened exposure to FX volatility, capital flow reversals, and debt rollover risks. The expanding role of non-bank financial institutions (NBFIs), their interconnectedness with banks, and the rise of global stablecoins amplify systemic vulnerabilities, especially for emerging markets and developing economies (EMDEs), Small Middle-Income Countries (SMICS) and LICs. We support extending stress-testing frameworks to NBFIs and foreign exchange (FX) markets and call for tailored IMF policy advice to help countries strengthen oversight, deploy macroprudential tools and build resilience. We call on the IMF to provide support to countries in the development of regulatory frameworks that address emerging risks from digital assets and cross-sector linkages, ensuring that the frameworks are aligned with the work developed by the Financial Action Task

Force (FATF), particularly in the application of AML/ CFT standards to virtual asset service providers. These efforts should align with the Fund's review of the Financial Sector Assessment Program (FSAP).

Sub-Saharan Africa remains highly vulnerable to external shocks, with widening income gaps and constrained growth. Limited fiscal space, climate-related events and shifting migration patterns further weigh on the outlook. Capital flow reversals, currency volatility and renewed pressures in food and energy prices could create spillovers, which threaten the disinflationary trends. To address these challenges, we urge the Fund to support the optimization of monetary policy frameworks and macroprudential oversight. The Fund's guidance through the Integrated Policy Framework, updated Institutional View on Capital Flows, and the Code of Liberalization of Capital Flows remains critical. We welcome guidance on enhancing domestic resource mobilization, alongside predictable concessional financing and timely disbursement of existing donor commitments to advance inclusive and sustainable growth, particularly in LICs. For middle-income countries, we encourage the use of blended finance and risk-sharing instruments to catalyze private investment and address development financing gaps.

We acknowledge that structural reforms are essential to lift medium-term growth and unlock private sector-led development particularly for middle-income countries seeking to overcome productivity stagnation and avoid the middle-income trap. Well-sequenced and targeted reforms—addressing governance, business regulation, labor and product markets, infrastructure, education, healthcare, and digitalization—are necessary to boost productivity, strengthen competitiveness, and ease macroeconomic trade-offs. Labor market policies that upgrade skills and expand labour force participation, particularly among women and youth, can support inclusive growth. Strengthening institutions and processes is essential to enhance public spending efficiency and boost economic growth. Additionally, Economic diversification and improving conditions to enhance job creation are critical for progress toward achieving the Sustainable Development Goals (SDGs). We endeavor to implement robust reforms to enhance private sector led growth and achieve macroeconomic stability.

We support the Managing Director's Global Policy Agenda (GPA), that highlights urgent steps for macroeconomic stability during transitions. We support its strategic focus on restoring domestic resilience and affirming the Fund's advisory role during times of heightened uncertainty. We further urge the Fund to give sustained attention to climate risks, which pose an existential threat to many economies in our region, and to advancing gender equality, which is critical for boosting productivity and inclusive growth. In this regard, we look forward to the integration of these macro-critical issues and associated cross-border spillovers, in the Comprehensive Surveillance Review (CSR) and FSAP that are currently underway. Further, we see scope for strengthening engagement with LICs and fragile and conflict-affected states (FCS) in the GPA, providing country-specific, tailored guidance to support their transition out of fragility.

We note with concern an increase in global imbalances, and we welcome the Fund’s focus in this regard. Excessive imbalances are costly, create sectoral dislocations and raise protectionist sentiment, while posing challenges to macroeconomic stability and exacerbate fragile growth. We call on the Fund to focus on its core ambition to reduce long-term global imbalances through sound macroeconomic policies that promote rebalancing, supported by coordinated and mutually beneficial policies. To this end, we further call on the Fund to exercise evenhandedness in this area and advocate for rules-based multilateral solutions.

We welcome the Program Design and Conditionality Review as timely and critical. Given institutional weaknesses, data limitations, and vulnerability to shocks, program design must be adaptable and context sensitive. Conditionalities, especially on fiscal consolidation, subsidy reform, social spending and buffer accumulation, should reflect the socio-political economy. We support equitable access to Fund resources and urge practical measures to improve macroeconomic projections and contingency planning. We encourage broader donor engagement and flexible funding mechanisms aligned with country needs, particularly in areas such as debt management, digital finance and climate resilience.

We recognize the ongoing debt challenges experienced by low-income countries (LICs) and acknowledge the implications of current global economic conditions on fiscal sustainability. Given heightened public debt levels and significant risks of debt distress, particularly in Sub-Saharan Africa (SSA), it is essential to strike an appropriate balance between priority expenditures and rebuilding fiscal buffers, while preserving debt sustainability. We appreciate the notable advancements made in enhancing debt restructuring frameworks and mitigating debt service pressures, through emphasizing the necessity for more timely, transparent, orderly, and predictable restructuring processes. Recent cases have illustrated improved coordination and reduced timelines within the G20 Common Framework for Debt Treatment. Additional clarity has been provided through instruments such as the Global Sovereign Debt Roundtable’s (GSDR) Restructuring Playbook, the GSDR Compendium of Common Understanding, and the G20 note outlining the steps of debt treatment under the Common Framework. We encourage the proactive application of the IMF–World Bank three-pillar approach in countries with liquidity constraints and sustainable debt. We note that pilot initiatives are already demonstrating positive results. The Low-Income Countries Debt Sustainability Framework (LIC-DSF) and the Sovereign Risk and Debt Sustainability Framework for Market Access Countries (SRDSF-MAC) continue to serve as key tools in supporting credible fiscal sustainability, and we endorse the ongoing review of the LIC-DSF. We underscore the importance of improving debt transparency and request that the IMF provide necessary technical support to countries as needed.

It is imperative that the Fund’s lending instruments evolve to address an increasingly volatile and dynamic global landscape. The ongoing self-sustainability of the Poverty Reduction and

Growth Trust (PRGT) remains essential in providing reliable and concessional finance to low-income countries, including efforts to replenish the Catastrophe Containment and Relief Trust (CCRT). We acknowledge the progress achieved since the 2024 reforms, including the initial income transfer and enhancements to the investment strategy. While member commitments currently account for one-third of total contributions, closing the remaining gap will necessitate broad-based support. We commend the efforts to increase resources for the Resilience and Sustainability Trust (RST) beyond original targets and anticipate the forthcoming review to further reinforce its effectiveness and operability beyond climate vulnerabilities to include pandemic preparedness. Multilateral collaboration is key to securing accessible climate finance, enhancing governance frameworks, and advancing technology transfer. We also recognize the importance of tailored capacity development, particularly in climate resilience, debt management, and digital finance, and encourage continued support for regional delivery models.

We reiterate our commitment to a strong, quota-based and well-funded IMF, as a central component of the global financial safety net. We urge those members who have yet consented to ratify the 16th General Review of Quotas (GRQ), to do so without delay, thereby upholding the Fund's credibility as a quota-based institution, capable of meeting the evolving demands of its varied membership. Consistent with the April 2025 Diriyah Declaration, we support the formulation of guiding principles for future quota and governance reforms by the 2026 Spring Meetings. Recognizing that not all members have access to all layers of the global financial safety net (GFSN), we encourage the IMF to enhance coordination with the Regional Financing Arrangements to better support members during crises and enhance alignment of management protocols.

We reaffirm our commitment to advancing Diversity and Inclusion as fundamental components of institutional strength. We acknowledge the progress achieved toward regional benchmarks outlined in the five-year review (FY2021–2025), particularly improvements in mid-career representation for the SSA region. Nevertheless, persistent challenges remain in achieving gender parity and enhancing diversity at managerial levels, highlighting the necessity for continued efforts, including strengthening the pipeline for leadership roles and ensuring equitable representation across all levels.

Lastly, we welcome Daniel Katz as the new First Deputy Managing Director to the Fund and wish him success in his role. We look forward to working with him to enhance multilateral cooperation and deliver effective collective actions to tackle global challenges.