# International Monetary and Financial Committee

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**IMFC Statement by Rosine Coulibaly/Sori**
**Minister of Economy, Finance and Development**
**Burkina Faso**

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, Madagascar, Mali, Islamic Republic of Mauritania, Mauritius, Niger, Rwanda, Democratic Republic of São Tomé and Príncipe, Senegal, and Togo

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## Global Outlook and Prospects

Advanced, emerging and developing countries all face difficult policy challenges, with the global outlook characterized by an unprecedented number of uncertainties and risks, ranging from macroeconomic policies, economic transitions, and market sentiment. In addition, we note among these risks a large number of noneconomic factors, ranging from climate-related problems notably droughts in Africa; domestic and geopolitical conflicts, cross-border security challenges, and epidemics. The adverse spillovers potentially stemming from materialization of these risks warrant collaborative responses. We share the view that policymakers should now act more forcefully and in a cooperative approach, as increased uncertainty already threatens to weaken, once again, global growth projections.

## Policy Priorities

In light of the very uncertain global outlook and prospects, the Managing Director's Global Policy Agenda (GPA) appropriately carries a strong message of "*comprehensive, coherent and concerted*" policy response. We agree with the policy priorities of the GPA and the need to use policy levers to support growth and enhance resilience.

We agree that all policy levers and available space across fiscal, monetary and structural areas should be used to break the spiral of weaker-than-expected growth, and in some advanced economies, the risk of deflation.

Accommodative fiscal and monetary policies, coupled with structural reforms to improve potential growth, seem to remain the appropriate set of actions in general. That said, there is so much that monetary policy can achieve especially in a protracted environment of weak inflation and low growth, especially in many advanced economies. Thus, we agree that fiscal policy—where space exists—should help support demand while structural reforms, in particular aimed at labor and product markets, should be given more emphasis and should remain growth-friendly.

Furthermore, the mix of demand support and structural reforms to boost growth and ensure medium to long-term growth prospects, remains the right policy implications for most economies. With regard to the slowing productivity, it may well be possible that psychological factors are at play, driven by the continuous and growing economic and political uncertainties affecting investors and workers alike. Thus, reviving confidence is key to improving expectations and strengthening investment.

**Supporting Low-Income Countries and Commodity Exporters**

Low-income countries (LICs), notably in Sub-Saharan Africa, face security, refugee and climate-related challenges that hamper economic activity. These countries are also confronted with relatively low commodity prices. Oil exporters, in particular, are experiencing the full impact of the fall in prices on both their economic growth and fiscal revenue, although the recent slight recovery in prices is welcome and could help to improve economic activity, if sustained.

These developments indicate that it is important to continue putting emphasis on economic diversification and structural transformation in LICs to ensure more sustainable growth and build resilience. This requires steadfast implementation of structural reforms and significant public investments. The issue of resources is of paramount importance for those countries. Policy priorities should include improving tax revenue mobilization, finding new sources of revenues including by tackling illicit financial flows and addressing international taxation issues, and rebuilding fiscal buffers while preserving highly-needed spending on infrastructure, education and capacity development.

The Fund has a critical advocacy and support role to play to assist those countries in those areas. We call on the Fund to adapt its lending facilities to the needs of those members, including an effective precautionary facility and a commodity shocks facility within the Poverty Reduction and Growth Trust (PRGT). We reiterate our call for effective access of LICs to the IMF's General Resources Account (GRA) as needed, notably through blending resources between the GRA and the PRGT.

In addition to its policy advice and lending, the Fund should continue to play a critical role in providing LICs with technical assistance and training with a view to developing their policy design and implementation capacities. In this endeavor, there is scope for the Fund to diversify further its capacity development delivery architecture, notably by exploring ways of formalizing its contribution to peer-to-peer learning activities involving low-income members.

**Proposed Agenda for the IMF**

We broadly support the proposed agenda for the Fund, notably assisting policymakers identify policy space to boost growth, tackling the underlying causes of low productivity, expanding economic opportunities and advocating cooperation and multilateralism. In particular, we welcome the planned expansion of the Infrastructure Policy Support initiative to more pilot countries. We also welcome the plan for the Fund to assist LICs integrate deliverables under the Post-2015 Development Agenda.

That said, we share the view that *Fund's surveillance* should better integrate the effects and implications of climate change and security challenges given their potential macroeconomic nature. Moreover, the Fund has a *toolkit on economic diversification and structural transformation* which, based on the persistent dependence of many LICs on commodity exports, does not seem to fulfill its objective. Thus the Fund's own agenda should include a stocktaking in the use of this toolkit by member countries.

**Institutional Issues**

Strengthening the International Monetary System (IMS) and, in particular, enhancing the Global Financial Safety Net (GFSN) remains a priority in light of the gaps in this framework relative to the multiple transitions taking place and risks in the global economy. We continue to see a central role for the IMF in the global system. We note that the Fund's permanent (quota) resources as a ratio of relevant macroeconomic indicators such as output, international trade, and financial flows are below historical levels even after doubling under the 2010 Reforms.

Given the Fund's universal membership and its mandate in ensuring global monetary stability, it is of paramount importance for the institution to maintain its role at the core of the GFSN. There is a case for further enhancing Fund's resources in this particular global conjuncture to ensure that the membership is adequately served even if tail risks came to materialize. Against this backdrop, while we welcome the renewed borrowing arrangements. we call for continued efforts by the membership to enhance the Fund's quota resources. In this regard, the 15$^{th}$ General Review of Quotas should be completed on the basis of an ambitious but realistic timetable, alongside the work on a new quota formula.

Developing countries have a limited set of options in accessing the GFSN. More acutely, low-income countries face a unique set of risks, including massive capital flow reversals, volatile commodity prices, persistent poverty, inequality, and low per capita income levels. As the Fund is the most reliable option for developing and low-income countries among the elements of the GFSN, we support the Fund's continued commitment to the PRGT which has played and continue to play an important role for the most vulnerable members among LICs, and we call for its replenishment. We welcome the IMF Executive Board's decision to set interest rates to zero for all of the PRGT facilities for at least the next two years. We are hopeful that these rates will be kept at this level beyond 2018 in the event LICs were to continue to face challenging external conditions, as is currently the case. The limited resources of the PRGT should be safeguarded for fragile, post-conflict, and small states which have peculiar vulnerabilities. The needs of other LICs moving towards frontier economy status should be better appreciated under the GRA.

We continue to put high value on staff diversity at the IMF, and call for resolute efforts to recruit and promote nationals from underrepresented regions, notably Africa.