



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Third Meeting April 8, 2021

**IMFC Statement by Déogratias Mutombo Mwana Nyembo
Governor of Banque Centrale du Congo
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

Statement by Mr. Déogratias Mwana Nyembo MUTOMBO
Governor of Banque Centrale du Congo
(Democratic Republic of Congo)
April 8, 2021

We wish to express our deepest sympathies for the loss of lives and the suffering caused by the Covid-19 pandemic worldwide.

I. GLOBAL OUTLOOK AND POLICY PRIORITIES

Global Outlook and Policy Priorities

The global economy is projected to rebound strongly in 2021 albeit at a various pace depending on regions, country income, and vaccine rollout. Swift and bold policy actions across all countries have helped mitigate the social and economic impact of the pandemic in 2020 and continued accommodative fiscal and monetary policies in 2021 would help increase global activity this year. Countries in general should avoid a premature withdrawal of policy support given the highly uncertain global outlook.

Over the medium-term, global growth is projected to decelerate somewhat as a result of the scarring effects of the pandemic and the impact on potential growth, as well as the net effects of demographics and human capital on the supply of labor. Despite the medium-term growth deceleration, upside risks dominate due in part to the vaccine rollout in several countries, as well as the abundant savings accumulated worldwide. That said, given the uncertain path of the pandemic and the uneven vaccine coverage—much more widespread in advanced economies than in emerging markets and low income-countries—policies moving forward should be tailored to country circumstances depending on the stage of their economic recovery.

Tackling the longer-term challenges of supporting productivity-enhancing investments and strengthening resilience to climate change while also reducing inequalities within countries will also be essential to sustain growth moving forward.

Addressing a Growing Divergence

The economic damages caused by the pandemic on emerging markets and low-income countries have been more severe than in advanced economies and are likely to be long-lasting, thus requiring strong and sustained support from the international community. Easing access to vaccines is key, and we call on continued global efforts to assist in their purchase and distribution, including through multilateral support to the COVAX initiative. This is not a morale issue but an economic and financial imperative.

Many emerging market economies and low-income countries, most notably in Africa, are experiencing major setbacks in their achievements in key social areas of recent years, as well as in their efforts to reduce poverty, as they entered the crisis with very limited fiscal space and elevated debt levels. This reduced room for maneuver has considerably hampered their efforts to fight the pandemic and protect the poor, with women and the youth being hit the hardest. The crisis, as a result, is leading to a divergence in per capita incomes between advanced economies, on the one hand, and emerging market and developing economies, on the other. While the latter should continue to actively support their economies and resume their pre-pandemic structural reforms as soon as feasible, multilateral and bilateral partners should remain closely engaged with them and support their policy efforts to put growth on a more robust and sustainable path. As advanced economies emerge more rapidly from the crisis, they should also be mindful of the impact of their policies, notably monetary policy tightening, on emerging market economies and low-income countries.

II. GLOBAL POLICY AGENDA—BOLSTERING THE RECOVERY AND COUNTERING THE DIVERGENCE

The support that the IMF has provided to the membership during these unprecedented times has been significant and should be maintained until the world economy fully recovers from the crisis. The Global Policy Agenda (GPA) adequately outlines the relevant priorities and the important areas of work that the Fund should pursue in the period ahead to help the membership exit the crisis and lay the foundations for a strong and sustained recovery. We are pleased to express our broad support to the GPA.

We continue to highly value the role of Fund surveillance in its traditional areas of intervention as well as in macro-financial analysis, and we look forward to forthcoming reviews of its surveillance toolkits, including the IMF's Institutional View on capital flows.

Given the high uncertainty and great divergence between advanced economies and emerging markets and developing countries regarding the pace of the recovery and per capita income paths, we emphasize the importance of policy coordination and strong international cooperation, including on vaccine distribution, to support a more even global recovery. Securing a transformational recovery by seizing the moment to support a green, digital, and inclusive global economy is also vital. In particular, the Fund should provide adequate support to members with less-diversified economies that embark on transformative policies to spur economic diversification and boost resilience. Low- and middle-income countries, notably those that are tourism-dependent and/or commodity exporters, have suffered disproportionately from the current

crisis. These countries will require a tailored approach of Fund support that takes into account their specific circumstances and needs.

Ensuring that the membership can access adequate financing to finance their recovery efforts is crucial. Significant resources will also be needed to narrow the convergence gap and enable low-income countries to invest in priority expenditures in the areas of health, education, basic infrastructure, and social protection while preserving macroeconomic stability. Boosting domestic resources through enhanced domestic revenue mobilization is needed to create the fiscal space necessary to tackle these challenges as well as invest in digital transformation. In this regard, efforts should include promoting progressive taxation, making progress on the agenda of international taxation, and addressing illicit and tax-avoiding financial flows. It will also be critical for the international community to contribute to the massive resources required to achieve the SDGs which are to experience major setbacks due to the pandemic. We call on the IMF to continue to support the development agenda, in line with its mandate.

We welcome the temporary increases in access limits for emergency and medium-term support by the Fund to its low-income members under the Poverty Reduction and Growth Trust (PRGT) and hope that such changes could be extended, with a view to aligning them more permanently with those under the General Resource Account (GRA). Exploring more permanent reforms of the PRGT towards a substantial increase of its lending capacity, commensurate with the needs of LICs in the post Covid-19 era, should be a key priority. We welcome the broad support expressed by the membership for a new SDR allocation and we strongly advocate for a voluntary channeling of SDRs from advanced economies to support the recovery efforts of low-income countries, including by scaling up PRGT loan resources. We would also welcome the Fund to explore alternative options to increase its concessional resources, including continued bilateral contributions and internal sources of financing.

The current initiatives to address debt vulnerabilities and secure debt service relief, including the G20 Debt Service Suspension Initiative (DSSI) and the IMF's assistance under its Catastrophe Containment and Relief Trust (CCRT), are helping ease financing constraints and free up limited resources for urgent needs. However, an effective participation by private creditors to the G20's Common Framework is key to the success of the initiative, which should be made operational as swiftly as possible. A constructive dialogue with credit rating agencies to prevent unduly downgrades of debtor countries set to benefit from the Common Framework is also warranted.

Providing the necessary technical assistance to the membership, despite the significant challenges of the moment is crucial and is particularly vital for fragile and conflict-affected countries and small developing states. We urge the IMF to scale up its capacity development assistance to these members.

Ensuring that the IMF remains a quota-based institution, adequately resourced and at the center of the global financial safety net is even more relevant in this new environment of heightened uncertainties and tremendous challenges. This requires advancing the IMF's quota and governance reforms, with a view to completing the 16th General Review of Quotas, including a new quota formula, in a timely manner.

The IMF has continued to make some progress on staff diversity, including through the appointment and promotion of nationals from Sub-Saharan Africa. Nevertheless, more remains to be done to achieve all targets relative to underrepresented regions and aim at more ambitious targets. Further progress on this front will help make the Fund a more diverse institution that reflects the composition of its membership.