



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Fifth Meeting April 21, 2022

**IMFC Statement by Adama Coulibaly
Minister of Economy and Finance
Côte d'Ivoire**

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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Minister of Economy and Finance
(Côte d'Ivoire)
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Global Outlook and Policy Priorities

We regret the loss of lives caused by the war in Ukraine and the severe economic repercussions of the conflict on the region and the world. We are concerned by the significant slowdown in global growth projected for 2022, as well as the global surge in inflation, particularly of fuel and food prices. We are worried that growth and inflation could significantly deteriorate further in the period ahead given the extremely uncertain environment and the very elevated risks.

As a result of the new outlook, many countries face stark policy trade-offs but alleviating the impact of the crisis on the poor should remain a key priority. Supporting the recovery and containing inflationary pressures while at the same time continuing efforts for fiscal consolidation, providing support to the most vulnerable, security to limit terrorist threats, is becoming more difficult for policymakers worldwide. While policy responses should depend on countries' exposure to the war in Ukraine, the state of the pandemic in each country, and the strength of the recovery, many members have limited fiscal policy space to help mitigate the impact of the war on their economies amid elevated debt levels, particularly on the poorest segments of the population. For those countries, adequate external support should be made available, when appropriate. In general, countries should continue to provide active support to their economies and step-up fiscal consolidation only when the crisis abates, and geopolitical tensions recede. Central banks, as well, should monitor closely the impact of price pressures on inflation expectations and act accordingly to anchor them while effectively communicating on the outlook for inflation.

Low-income countries (LICs) are disproportionately affected by the spillovers of the war in Ukraine amid surging global food and fuel prices and increased debt vulnerabilities. Therefore, the solidarity of the international community is essential to sustainably support these countries. Although the sharp rise in fuel and food prices will affect all vulnerable populations throughout the world, it will have more damaging effects on LICs and many middle-income countries (MICs) and will increase the risk of social unrest in those countries. We would like to emphasize that in the current context, the IMF should reconsider its fiscal policy recommendations on cutting food and fuel subsidies, as lifting such support can only lead to social and political tensions. Those countries should be able to scale up their efforts to address

food security challenges, including by having access to the necessary resources to meet their food imports but also to support reforms aimed at promoting their agricultural sector and develop agro-business industries. Furthermore, the current crisis has exacerbated LICs' debt vulnerabilities, particularly their capacity to service debt, as interest rates have risen in response to the need to tackle inflationary pressures worldwide and financial conditions are tightening, limiting frontier and emerging countries' access to capital markets. This requires accelerating the debt resolution agenda, notably through debt restructuring, as well as implementing swiftly the G20 Common Framework. We stress the importance of making effective debt restructuring under the framework, including by swaying private sector creditors for their participation.

Despite difficult near-term tradeoffs, countries should continue to undertake major structural changes through renewed domestic efforts and reinforced multilateral cooperation. In particular, members should make further advances in the implementation of their digital transformation agenda, as well as in their green energy transition. We also call on reinforcing multilateral coordination to help mitigate the immediate and longer-term economic challenges facing policymakers as well as to avoid economic and trade fragmentation. In this regard, efforts are particularly needed to maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic.

Accessing a wider range of financing is fundamental for countries to coping with the effects of the crisis as well as the challenges that member countries are facing. The Ukrainian crisis has hampered the access of frontier and emerging countries to international financial markets, due to the tightening of monetary policy in the G7 countries to combat inflationary pressures. In this context, the IMF has a critical role to play to help African countries access more financing to contain the effects of the crisis and to continue their efforts for structural transformation. To this end, we welcome the initiative for Special Drawing Rights reallocation via the Resilience and Sustainability Trust (RST), and encourage the acceleration of its implementation. The IMF should also help support the tremendous role played by regional development banks, including in currency unions, in advancing regional integration and widening the sources of growth, through more sensible treatment of the financial loans provided by these institutions to countries. In currency unions, those banks are local public institutions providing loans in the local currency, and thus their financing should be treated as domestic debt for beneficiary countries, so as not to mechanically downgrade their rating in the debt sustainability analysis.

The Global Policy Agenda

We express our support to the Managing Director’s Global Policy Agenda which highlights the institution’s work priorities moving forward, to assist members in their efforts to address the economic impact of the war in Ukraine and the lingering effects of the pandemic while keeping persistent challenges such as climate change at the forefront of the agenda.

The Covid-19 pandemic continues to weigh on global macroeconomic conditions and prospects. Thus, policymakers should remain vigilant given the uncertain path of the pandemic. Despite the challenges posed by the current geopolitical developments, it is essential that the global initiatives to enhance access and production of vaccines, and treatments for the fight against the pandemic, especially in low-income countries, do not falter.

Accelerating and coordinating efforts to swiftly and effectively implement the G20 Common Framework is paramount. This is all the more urgent now that tightening global financial conditions, combined with rising food, commodity and energy prices have exacerbated many members’ debt vulnerabilities. If debt treatments under the Common Framework are not implemented steadfastly, the efforts in other areas of Fund work could be weakened, notably the new strategy for the fragile and conflict affected states (FCS) and the RST. Indeed, several countries for which these two initiatives are intended, will not be able to benefit from them because of their unsustainable debt. We also call for further fundraising efforts to mobilize grant resources for the Catastrophe Containment and Relief Trust (CCRT) which has provided significant debt relief to many countries in time of crisis.

The pandemic and the war in Ukraine are distressing but compelling reminders that many of the key challenges we are facing are common to all members and that the solutions to those challenges should be addressed globally through enhanced multilateral coordination. The adverse impact of climate change on many countries, including in Sub-Saharan Africa, from destructive cyclones in East Africa, to the droughts in the Sahel region and the poverty and conflicts they generate, should be dealt with urgently at the global level. In addition, the war in Ukraine and its implications on the global food chains and inflation should also prompt the IMF to strengthen its cooperation with other institutions, including for more integrated approaches on fiscal and agricultural policies, notably subsidies as well as the necessary reforms to achieve food security.

To strengthen the Fund’s central role in the global financial safety net, it is essential that the institution be adequately resourced, including through increased resources.

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 the new environment of heightened

uncertainties and enormous challenges. This requires advancing more forcefully and expeditiously 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 while also ensuring that the voice and representation of the poorest members are protected. We continue to support progress in staff diversity, including at managerial levels.