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Statement by Mr. Taleb
Algeria

On behalf of
Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

Statement by Honorable Salah-Eddine Taleb Governor of the Bank of Algeria On behalf of Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

Since our last annual meeting, the war in Gaza has ushered in a new serious element of uncertainty for the region and beyond and created a humanitarian crisis of unfathomable proportions. The war in Gaza has widened the geopolitical and geoeconomic divides that already existed due to other wars and conflicts creating obstacles in trade facilitation, migration, and global capital flows. We continue to strongly believe that enduring peace in Ukraine and Gaza are essential to global stability and prosperity.

Barring additional major shocks, the global economy seems to be heading toward a soft-landing and sustained disinflation, following the pandemic and cost-of-living crises of the past few years. The global economic recovery, however, has been uneven, widening divergences between and within country groups. Global disinflation has been more broad-based driven by the decline in global food and commodity prices and the sharp monetary policy tightening by leading economies.

While risks to the global outlook are now more balanced than six months ago, the persistent tight global financial conditions, low productivity, and climate shocks, in addition to geopolitical tensions, continue to weigh on the medium-term growth prospects, especially in Emerging Market and Developing economies (EMDEs), hindering their access to higher income levels. Moreover, the tightening of global financial markets is contributing to capital outflows and currency deprecation in EMDEs, with the sharp rise in the cost of debt servicing adding to the burden of high indebted countries. In the case of Low-Income Countries (LICs), most with little or no policy space, the increase in interest payments—which doubled in the past 15 years—together with declining external financial support are hampering the necessary growth-enhancing investment making the achievement of their Sustainable Development Goals by the end of the decade all that less likely. In fact, the expected gradual increase in growth of LICs will be predicated on the easing of all impediments to investment and growth and securing adequate financing on most concessional terms if they were to meet their development goals, promote inclusiveness and eradicate deep-rooted poverty.

Countries are in different stages of recovery from the recent overlapping external shocks and preserving the hard-won gains requires gradual, yet sustained, macro policy adjustments and structural reforms tailored to each country's circumstances. We are of the view that fiscal consolidation and rebuilding fiscal buffers are indispensable to medium-term debt sustainability without losing sight of protecting the most vulnerable segments of the population through targeted social spending. The recent strength of the international oil and gas markets has provided a window of opportunity for energy exporters in our region to reinforce their ongoing long-term efforts to increase public saving and diversify their economies. We agree with the Fund that implementing targeted and well-sequenced supply-enhancing reforms—notably in governance, business regulations, labor market and external sector—is central to achieving a stronger inclusive growth in all countries.

We endorse the Managing Director's Global Policy Agenda (GPA) and call for clear plans of action to address the challenges highlighted by the GPA, consistent with the IMF mandate. We support the IMF's ongoing work on climate, digitalization, gender, macro financial stability and particularly commend the IMF's deepening work on fragile and conflict-affected states. We also welcome the IMF's efforts to adapt its lending toolkit to changing circumstances and evolving challenges. The Resilience and Sustainability Facility (RSF) has been a major addition to the IMF toolkit in support of policy reforms that reduce macro-critical risks associated with longer term structural challenges. The RSF is being utilized by an increasingly number of members to strengthen their resilience to climate change, but so far only two MENAP countries have been able to access the RSF despite the region's significant proven vulnerabilities to climate shock. Climate change is clearly a macro-critical challenge facing a wide range of members but is not the only challenge facing the LICs that are also grappling with other equally important challenges in creating jobs and addressing income and gender inequality. We urge the Fund to consider widening the scope of the RSF financing coverage. We further support the IMF's efforts to ensure the long-term sustainability of the Poverty Reduction and Growth Trust and review the Fund's Surcharges Policy. We eagerly anticipate the upcoming Review of Program Design and Conditionality, as well as the reviews of the IMF concessional financing and the General Resources Account access limits.

We commend the IMF's commitment to help mitigate debt vulnerabilities by supporting global efforts and updating debt policies. In this context, we commend the progress being made in the context of the G-20 Common Framework for Debt Treatments which has begun yielding tangible outcomes and is expediting debt restructuring processes. We concur with the imperative of further strengthening these efforts.

We are concerned by the geoeconomic fragmentation which has eroded some of the hard-earned gains of globalization of the past few decades. In line with the IMF's recommendations, we emphasize the critical role of multilateral efforts to preserve the welfare gains from trade and economic integration, accelerate climate transition, and harness artificial intelligence for collective benefit. It is crucial to emphasize that effective cooperation can only be achieved when all members genuinely commit to working together towards these common goals.

We welcome the recent IMF initiatives in developing the Capacity Development Strategy and the launch of the Global Public Finance Partnership (GPFP). We look forward to the completion of the CBDC Virtual Handbook.

Finally, we reiterate our resolute support for a strong, quota-based, and adequately resourced IMF at the center of the Global Financial Safety Net and call on the IMF for accelerated work on a new quota formula in the context of the 17th GRQ.