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Nigeria

On behalf of
Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Islamic Republic of Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo

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Statement by Honorable Wale Edun, Minister of Finance and Coordinating Minister of the Economy, for Nigeria, On behalf of Benin, Burkina Faso, Cote D'Ivoire, The Gambia, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

The global growth recovery is marked by elevated uncertainty and transformative potential. The global economy is experiencing slow growth, with divergent regional growth trajectories, cooling inflation, and increased policy uncertainty. We expect the medium-term growth outlook to moderately slow down, falling short of the pre-pandemic historical average. Key risks are elevated on the downside, including escalating protectionism, trade policy uncertainty, financial vulnerabilities, the impacts of climate-related shocks, and an aging population. Emerging markets face high debt service costs amid tighter financial conditions and lingering cost-of-living crises, while reduced international aid risks deepening debt and austerity measures. Against this background, policymakers should prioritize domestic policy and structural reforms, balancing inflation control and growth support, using tools like the IMF's Integrated Policy Framework to mitigate FX volatility, and improving labor, product, and financial markets to boost growth and reduce cross-country disparities. At the same time, policymakers should rebuild buffers and fiscal sustainability via credible medium-term plans while addressing critical spending needs and protecting vulnerable households. Furthermore, fostering multilateral collaboration is vital for fragmentation mitigation, debt restructuring, addressing shared challenges, supporting vulnerable economies, nurturing green and digital transitions, and sustaining global growth.

Sub-Saharan Africa's (SSA) growth remains modest, divergent, and below pre-pandemic averages. We welcome and broadly share the main facts and figures of the IMF's 2025 report on macroeconomic developments and prospects in LICs. The growth for SSA indicates some improvement but remains uneven and vulnerable to external and domestic shocks. We note that the best performers among LICs are countries with more diversified economies and subsequent larger export bases. Economic transformation and diversification should therefore take a center stage in the discussion between LICs and their partners, on long-term growth, job creation, and resilience. The LIC report also concludes that the pandemic has left lasting scars, reducing medium-term growth potential, particularly for the poorest Low-Income Countries (LICs). Climate damage is more severe in LICs compared to Emerging Markets (EMs) and Advanced Economies (AEs), and the increase in conflicts further presents major challenges. Although debt levels are declining, the service burden remains high, limiting spending on essential services, and putting LICs at risk of debt distress. Sustained progress requires domestic reforms and global solidarity to address debt, climate, and fragmentation risks. Policy actions should focus on fiscal consolidation without harming growth, attracting external financing, boosting productivity, improving governance, and managing climate risks. Furthermore, we urge strengthening multilateral frameworks to address trade barriers, debt distress, and climate financing gaps. At the same time, we support tailored approaches for different subgroups in social safety nets, conflict resolution, and basic infrastructure, given their heterogeneity.

The economic outlook and challenges faced by LICs and SSA countries in particular require stepped-up policy actions from policymakers with the support of their partners including the IMF and the World Bank. In the face of elevated pressures from priority spending and high debt service, revenue-based fiscal consolidation remains an important policy priority. Domestic revenue mobilization is the critical leeway for LICs to meet their debt service responsibilities without crowding out priority spending and development financing. We call on the Bretton Woods institutions to help LICs with adequate and innovative strategies to leapfrog domestic revenue mobilization, including designing relevant capacity development programs, facilitating peer learning among successful countries and others and including the informal sector in the tax base. Furthermore, policymakers and their partners should join forces to advance economic transformation and diversification which has been the key differentiating factor between high performers and others among LICs. We urge the Breton Woods institutions to follow up their analyses on economic transformation with concrete policy deliverables to help LICs achieve strong and sustained inclusive growth, job creation, and convergence with EMs and AEs.

The global inflation landscape is complex and uncertain, with short-term inflation expectations in the U.S. still high due to trade shocks and market volatility. The April 2025 tariff announcements have intensified financial pressures and raised concerns about price stability. Inflation swap curves reflect shifting market sentiment, as investors weigh inflation risks against potential policy rate cuts. Policymakers must balance the need to anchor inflation expectations with the risk of deepening economic vulnerabilities. Emerging markets, already strained by currency pressures and external debt refinancing challenges, must navigate these crosscurrents with limited fiscal buffers. Central banks and governments must remain vigilant, while international cooperation is crucial. Resilience and structural reforms can help mitigate inflationary risks and foster inclusive growth. Additionally, we believe that the IMF's Integrated Policy Framework (IPF) advice is essential for creating suitable policy responses to manage currency volatility and capital flows.

Global migration dynamics require stronger international coordination to prevent uneven burdens and enhance shared benefits. As restrictive policies in AEs increasingly redirect migration flows, developing countries—often with limited capacity—are absorbing a rising share of displaced populations. Additionally, since Emerging Markets and Developing Economies (EMDEs) now host most displaced populations, policy changes in AEs are increasingly pushing migration to countries that struggle to accommodate them. We welcome the Fund’s timely analysis of global spillovers from migration and refugee policy changes and hope it can serve as a basis for more comprehensive international cooperation on these issues. A collective approach to managing flows and supporting host countries can foster regional stability, inclusive growth, and long-term resilience. Strengthening migration data will be critical to enhancing monitoring and informing policy responses, particularly in vulnerable regions.

We welcome the Managing Director's Global Policy Agenda (GPA), which outlines the Fund's medium-term strategy to address a rapidly evolving global economy marked by transformative forces such as digitalization, AI, climate transitions, demographic shifts, and geopolitical tensions alongside high public debt and weak growth. The strategic roadmap in the GPA demonstrates the Fund's resolve to uphold its mandate of promoting macroeconomic stability, fostering balanced growth, and acting as a lender of last resort while adapting to new challenges through policy innovation, enhanced surveillance, and international cooperation. The Fund’s role as a trusted advisor is critical, and its candid analysis and clear communication on the risks to global stability, along with a strong defense of rules-based multilateralism, are crucial in navigating current uncertain times. We broadly endorse the key priorities laid out in the GPA. We note the emphasis on the rapid evolution of finance, including the rise of non-bank financial institutions, crypto assets, and new payment platforms. In this context, we emphasize the need for regular updates to tools for assessing emerging macro-financial risks, given the growing connections between bank and nonbank institutions and cross-border financial exposures.

We acknowledge the warnings about geopolitical fragmentation, policy uncertainty, and financial stability risks, and commend the clearer linkages between stability, growth, and transformative forces. With so much at stake, the Fund's unwavering commitment to providing effective support to member countries in addressing these critical challenges is very important. Along this trajectory, we welcome the IMF Advisory Council on Entrepreneurship and Growth, aimed at supporting countries in identifying barriers to growth and encouraging policies that boost productivity and investment. We also commend the IMF Managing Director for ensuring diversity in the constitution of the Advisory Council on Entrepreneurship and Growth, with the appointment of a distinguished Nigerian, Mr. Tony Elumelu.

We note that the upcoming Comprehensive Surveillance Review (CSR) will be key in refining the Fund's surveillance priorities and modalities. We welcome the advice on fiscal policy, emphasizing the need for sustained fiscal adjustments and the importance of efficiency and equity in revenue mobilization. For LICs, we underscore the importance of capacity development in support of revenue-driven fiscal consolidation that nurtures growth while protecting the vulnerable populations. We also appreciate the specific recommendations for integrating climate risks into macroeconomic and financial policies. Considering that many developing countries are facing serious debt challenges, we applaud the 3-pillar approach's detailed focus on structural reforms, international support, and debt servicing measures to address liquidity pressures. Furthermore, we commend and welcome the forthcoming updates to the debt sustainability framework for low-income countries (LIC DSF), including references to the SRDSF guidance update aimed at simplifying the LIC DSF and the planned review of the IMF's role in debt restructuring.

The IMF's efforts to fortify its Lending Toolkit and improve coordination among different layers of the Global Financial Safety Net (GFSN) are relevant, particularly for LICs. We welcome the planned review of the toolkit, aimed at enhancing IMF-supported programs. Additionally, the ongoing efforts to strengthen precautionary facilities, making them more effective as crisis prevention tools, are critical for member countries. We support the emphasis on advancing the 17th General Review of Quota (GRQ) to ensure the Fund's legitimacy, effectiveness, and representation, which are crucial for supporting the membership through these transformative times.

We note that the risks to global financial stability and the volatility of financial markets have increased amid heightened policy uncertainty and geopolitical tensions. The concentration of global investors' asset allocation in IT and financial innovations exacerbates concerns about financial stability, especially with the recent correction of asset prices. Investors have significantly decreased their exposure to emerging markets (EM) and developing countries. While some EM economies have been able to rely on local investors to cover the financing gap, most emerging and developing countries remain dependent on costly foreign capital. Furthermore, shifting trade patterns and geopolitical tensions have fueled policy uncertainty across the globe, particularly in emerging markets. These developments should be closely monitored, as they could harm global financial stability. Tightening global financial conditions could further heighten debt vulnerabilities due to sovereign debt rollover risks. We note that investment flows in nonbank financial intermediaries (NBFI) have increased, showing a stronger and potentially risky nexus with banks. Since NBFIs hold over half of the world's financial assets and are increasingly borrowing from banks, greater vigilance is warranted to mitigate the related financial stability risks and prevent contagion.

We commend the thorough analysis regarding the impact of geopolitical risk events on financial stability and asset prices. This is particularly timely considering the recent surge in global geopolitical shocks that are disrupting international relations and economic stability. The analysis clearly demonstrates that geopolitical shocks can significantly affect asset prices, increase market tail risks, elevate sovereign risk premiums, and trigger financial contagion and market volatility. These effects can destabilize both bank and nonbank financial institutions, especially in countries with limited fiscal and international reserve buffers, while also causing cross-border contagion through trade and financial linkages. Considering these findings, we support the recommendation to reflect geopolitical risks in financial oversight frameworks and ensure that institutions allocate adequate resources to effectively manage these risks. In emerging markets and developing economies, enhancing resilience against geopolitical shocks requires advancing and deepening financial markets to better support investors in managing and hedging financial risks. We agree that effective regulatory frameworks are necessary to ensure safe and transparent risk management through hedging activities.

We agree that the current global environment requires building resilience and implementing agile financial sector policies to mitigate risks. We take note that key vulnerabilities include further correction of asset prices, a stronger bank-nonbank nexus, and high public debt. In this regard, central banks, supervisory institutions, fiscal authorities, and international financial institutions should join efforts to closely monitor and address vulnerabilities in the financial sector. The IMF is encouraged to continue to adapt its tools to the evolving macro-financial risks, to provide valuable advice to the membership. This will enable member countries to embrace financial innovations while safeguarding stability.

A timely and robust multilateral approach is essential to address SSA's debt crisis and depleted fiscal buffers. We call on the IMF to continue its leadership role in supporting member countries' engagement with bilateral and multilateral partners to address SSA's debt burden, which continues to crowd out critical spending priorities, threatening progress toward the Sustainable Development Goals (SDGs). With rising global policy uncertainties coupled with the challenges of addressing multiple shocks**—**including the lingering effect of the COVID-19 pandemic, spillover effects from geopolitical conflicts, rising global energy prices, and global financial tightening**—**many SSA countries face the risk of debt distress and worsening poverty and inequality levels.

We call for measures to rebuild eroded fiscal buffers and to ensure fiscal and debt sustainability. Sub-Saharan African countries are confronted with limited fiscal buffers. Meanwhile, the elevated debt levels and high debt service costs make it extremely difficult to maintain fiscal and debt sustainability, particularly for low-income countries and emerging markets in Africa. In this regard, we emphasize the need for Fund support to member countries to create fiscal space, reduce debt vulnerabilities, and promote reform measures, notably on energy subsidies and social safety net programs, including for countries facing insecurity and terrorist attacks, with consequent pressures on public finances and crowding out effects on priority social and development spending.

The Fund should continue to adapt its lending toolkit to address evolving global financing needs. With the Food Shock Window ending in early 2024 and worsening food security due to the El Niño phenomenon, we urge the strengthening of lending mechanisms, including emergency financing. Replenishing the Catastrophe Containment and Relief Trust (CCRT) is vital for disaster preparedness. A favorable review of the Poverty Reduction and Growth Trust (PRGT) is essential to enhance sustainability. Successful PRGT fundraising and the Resilience and Sustainability Trust (RST) are crucial for empowering developing economies in an era of interconnected crises. Countries cannot build economic resilience if they are constantly battling climate disasters, health crises, multiple shocks, including the recent tariff announcement, or infrastructure gaps without affordable support. Without such mechanisms, systemic risks could escalate into cascading economic and humanitarian disasters. Therefore, we need these Trusts, including the RST, as they provide a financial safety net for long-term planning and sustainable growth.

Given the risk of social unrest in some SSA countries, Fund support to promote well-targeted and sequenced energy subsidies reforms remains critical to mitigate the impact of high global energy prices. While energy subsidies measures in LICs often occur in the form of fuel price adjustments, they come at higher costs, adversely impacting public finances and budget execution. Therefore, policy measures are needed to improve public sentiment among households, civil society organization (CSO), unions and opposition parties regarding these reforms. We call on the Fund and development partners to support reforms needed to ensure a well-designed, appropriately timed, well-communicated and gradual approach to strengthen institutions, build trust and lessen the negative sentiment associated with energy subsidy reforms.