# International Monetary and Financial Committee

Thirty-Ninth Meeting
April 12–13, 2019

**IMFC Statement by Zainab Ahmed**
**Minister of Finance**
**Nigeria**

On behalf of
Angola, Botswana, Burundi, The State of Eritrea, Kingdom of Eswatini, The Federal Democratic Republic of Ethiopia, The Gambia, Kenya, Kingdom of Lesotho, Liberia, Malawi, Republic of Mozambique, Namibia, Nigeria, Sierra Leone, Somalia, South Africa, Republic of South Sudan, Sudan, United Republic of Tanzania, Uganda, Zambia, and Zimbabwe

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**Statement by Honorable Mrs. Zainab Ahmed, Minister of Finance for Nigeria**
**On behalf of Angola, Botswana, Burundi, Eritrea, Eswatini, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Nigeria, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe**

1. The momentum of the global economic recovery has decelerated since our last meeting in October 2018. The signs of weakness largely reflect key constraints facing major advanced and emerging market economies. These include the sharp slowdown in global trade and weakening business confidence owing to lingering concerns over trade tensions. Emerging Market and Developing Economies (EMDEs) continue to face risks of tightening financial conditions amidst elevated debt levels. Although financial conditions improved in early 2019 and capital flows in EMDEs recovered, financial conditions remain tight. Further, in an environment of slower global growth and the search for higher yields, a reversal of regulatory reforms could pose additional global financial stability risks.

2. Looking ahead, global growth prospects remain challenged by elevated vulnerabilities related to high policy uncertainty, persistence of trade tensions, uncertainty related to no-deal Brexit, rapid tightening of global financial conditions, and sharp deterioration of market sentiment. Additional downside risks relate to weak productivity growth, demographic shifts, and increasing inequality.

3. Against the backdrop of downside risks to the global outlook, we agree with the key policy priorities outlined in the IMF flagship reports. Specifically, we underscore the importance of strengthening multilateral cooperation to safeguard and broaden global economic gains. In addition, we emphasize the need to strengthen financial resilience through enhancement of macroprudential toolkits and avoid policy slippages that could further dampen growth prospects. Subject to country specific factors, we agree with the need to appropriately calibrate monetary and fiscal policies to rein in inflation, while placing debt and fiscal positions on a sustainable path. In countries, where fiscal consolidation is required, growth trade-offs should be carefully considered. At the same time, greater financial inclusion should remain a priority both within countries and across-borders, including to support entrepreneurship and the deepening of domestic financial markets.

4. We welcome the expected recovery in Sub-Saharan Africa (SSA) in 2019 and 2020. Nevertheless, we note that growth prospects for some economies are weighed by the subdued outlook for oil prices and the impact of the adjustment process to diversify economies from commodity dependence. Downside risks to the outlook include the impact of climate-related events, further retreat in commodity prices, and the generalized decline in global trade volumes. Consequently, we support the Fund’s continued work to help member countries implement structural reforms to strengthen resilience to external shocks by diversifying growth sources, boosting productivity, and raising medium term growth prospects.

### Supporting Growth in Sub-Saharan Africa

5. We re-affirm our commitment to policies that expand opportunities, enhance resilience, and ensure durable and inclusive growth. Considering rising public debt vulnerabilities in several low-income countries (LICs), we support the Fund's work to help in the design of tailored macroeconomic policies that strike the appropriate balance between meeting the growth, infrastructure development, and debt sustainability objectives, while preserving priority social spending. Fund support is also required to sustain domestic revenue mobilization efforts, and advance progress towards achieving sustainable development goals (SDGs). To this end, the need for coordinated international support to facilitate achievement of SDGs, cannot be overemphasized.

6. We underscore the importance of strengthening international coordination and cooperation to tackle shared challenges, particularly in view of the potential effects of escalating trade tensions on global economic developments. Towards this end, the Fund should intensify its advocacy role in promoting an open rules-based multilateral trade system that supports amicable resolution of disputes without recourse to distortionary trade barriers. Strengthening global economic integration also requires closer collaboration in areas of financial regulatory reforms, a strong global financial safety net (GFSN), and corporate taxation. In addition, supporting the poor and more vulnerable economies, strengthening the PRGT and ensuring that the Fund's overall resource envelope is adequate, remains important.

7. We welcome global cooperation efforts geared to curbing illicit financial flows and improving international tax compliance. We support the rollout of the Bali Fintech Agenda, through on-going outreach and efforts to build resilience against cyber risks and reverse the withdrawal of correspondent banking relationships (CBR) in affected jurisdictions. Moreover, existing global financial integrity efforts to combat money laundering and related crimes should be reinforced. We also view as important, the Fund's work to promote cooperative efforts to fight corruption and minimize its negative effects on the attainment of inclusive growth and poverty reduction.

8. The effects of climate change continue to hamper economic and developmental progress, as evidenced by the recent loss of lives and property to floods in Mozambique, Malawi and Zimbabwe. In this regard, the Fund's role to help build resilience in countries vulnerable to natural disasters and provide necessary support, remains critical. We, therefore, welcome the Fund's workstream on Fiscal Policy for Climate Mitigation and Adaptation and view its focus on resilience building strategies, as timely. We further endorse the planned work to extend support to post-conflict recovery in fragile and conflict-affected states, which would deepen engagement and lay a solid foundation for durable economic recovery.

## FUND POLICIES

### Surveillance Reviews

9. We support the Fund's efforts to adapt policy toolkits to enhance the effectiveness of surveillance operations. In this vein, we welcome the on-going Board discussions on the 2020

Comprehensive Surveillance Review (CSR), and the 2020 Review of the Financial Sector Assessment Program (FSAP) to adapt to changes in the global environment. Nevertheless, we underscore the need for integrated reviews to improve the effectiveness and coordination of regular Article IV missions with FSAPs, to optimize policy traction while minimizing diminishing returns associated with costly financial surveillance exercises. Furthermore, there is need to balance the trade-offs between countries with systemically important financial sectors and non-systemic countries to improve the global coverage and regional balance of FSAPs to ensure evenhandedness.

**Review of Low-Income Facilities**

10. We welcome the Fund's continued efforts to strengthen the lending toolkit for LICs on the back of the changing global economic environment and emerging challenges facing this segment of the membership. In this context, we look forward to a comprehensive approach to the review of the Fund's lending toolkit alongside related workstreams, including the Review of Program Design and Conditionality, the Review of the PRGT interest rate structure, and discussion of the eligibility to use Fund resources. We expect these reviews to improve the effectiveness of the LICs lending toolkit and better adapt it to the evolving and diverse membership needs.

**General Review of Quotas**

11. Against the backdrop of the build-up of vulnerabilities to global financial stability and the need to improve the governance credibility of the Fund, we would like to register our concern that the 15th General Review of Quotas (GRQ) failed to reach agreement on a quota increase at this time. We support an adequately-resourced and quota-based IMF and look forward to credible steps for addressing the resource gaps in the international monetary system (IMS) and to strengthen the GFSN. At the same time, we underscore the need for assurances that future discussions will address outstanding governance obligations and adhere to the IMFC's previous commitments to introduce a new quota formula, while prioritizing the realignment of quota shares towards EMDEs. We also continue to support the protection of the voice and representation of the poorest members and small states and reiterate our call for a third chair for SSA.

**Diversity and Inclusion**

12. We acknowledge the progress made in reaching the 2020 diversity benchmarks for our constituency. Going forward, we emphasize the need to maintain these benchmarks until the next review and avoid dilution that may accompany future changes in staff composition. We also underscore the need to maintain an inclusive work environment with agile and diverse skills set among Fund staff. In this regard, we support the Fund's strategic workforce planning initiative aimed to bridge skills and knowledge gaps, consistent with the Fund's diversity objectives.