INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Eighth Meeting
October 13–14, 2023

Statement No. 48-15

Statement by Mr. Addison
Ghana

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

Statement by Honorable Ernest Addison Governor of the Bank of Ghana on behalf of Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan, and Tunisia

The global economy has shown resilience, but the recovery has been slow and uneven, and economic activity is still lagging its pre-pandemic trend, particularly in Emerging Market and Developing Economies (EMDEs). Subdued medium-term growth prospects, income divergence across and within regions and countries, and geoeconomic fragmentation along the political divide—against a backdrop of continued high global uncertainty—are sources of great concern. Their intensification would further deepen the long-term negative effects of scarring from a series of severe global shocks over the past few years. Fragmentation risks are real, and, unless addressed effectively and quickly, the process could be difficult to reverse. Vulnerable countries and people stand to lose the most, setting back their hard-won sustainable development achievements over the past decades. We should also keep our guards high against the resurgence of new Covid-19 variants.

There have been positive global economic developments in the past few months to be sure. The global inflation, after peaking and receding steadily, has remained sticky above central bank targets in most countries. While we agree that lowering inflation decisively should remain a top policy priority, monetary policy should be tailor-fit to specific country circumstances and policymakers should ensure balanced macroeconomic policies and make use of all available policy tools. Exceptionally tight monetary policy was instrumental—although lower global commodity prices also contributed—in lowering inflation, but growth has also suffered. However, the risks to the inflation-growth tradeoff are now more double-sided. The policy of "high-for-long" has had serious adverse repercussions on exchange rates, borrowing costs, and capital flows in EMDEs. We are concerned that these pressures will intensify if policy rates stay too high for too long. In addition to supporting monetary policy, the fiscal policy plays an important distributional role and should be deployed to ensure adequate support to vulnerable households, particularly in regions also facing food insecurity.

Food insecurity—always a common feature of many low-income developing countries—has been pushed to the forefront following the recent surge in global food prices. We commend the Fund for reacting to the crises and establishing the Food Shock Window of its emergency facilities, but stronger international efforts are called to fight hunger in many parts of the world.

With more than half of low-income developing countries already in, or at high risk of debt distress, the debt issue in these countries is a cause for great concern, In just a decade, the average debt ratio in Sub-Saharan Africa has almost doubled. We support the global debt restructuring architecture, including the G-20 Common Framework for Debt Treatment, the Global Sovereign Debt Roundtable, as well as envisaged reforms to promote the Fund's capacity to support countries undertaking debt restructurings. We welcome the recent progress in the application of the Common Framework (CF) in the case of a few high-indebted members, but more needs to be done to enhance the operational effectiveness of the global debt resolution architecture and expand its coverage to middle income countries.

We support the Managing Director's Global Policy Agenda (GPA) and welcome the recent joint statement of the IMF Managing Director and the World Bank President on enhancing institutional collaboration. We support the IMF's recommendations on the need for sound domestic economic policies and well-calibrated and sequenced structural reforms to enhance medium-term growth and bolster the standards of living worldwide. We concur with the GPA's assessment that EMDEs are facing serious challenges due to tight global financing conditions, limited policy space, and dwindling buffers. We support the Fund's ongoing work on governance, business regulation, and external sector, which could potentially contribute to substantial output gains over time.

We welcome the IMF's work on macro-critical challenges confronting members, including climate change, economic transformation, and digitalization. Climate change is an existential threat worldwide, and our region is no exception. Unprecedented floods and devastating wildfires have become a recurrent feature in our region, with water scarcity being the most critical environmental challenge at the same time. As important as it is, however, the climate crisis is not the only crisis facing the low-income developing countries. We would give poverty alleviation and reducing income and gender inequalities the same high priority. We call on the Fund to broaden the scope and coverage of the Resilience and Sustainability Trust to provide long-term financing to these and other macro-critical challenges.

The countries in our constituency—a diverse mix of oil-importing and oil-exporting countries—have benefitted from the IMF policy advice and capacity development, and in the case of three of our seven members, are benefiting from Fund financial support. The common challenge among our countries is to strengthen the fiscal policy stance, build buffers and deepen structural reforms, in particular in support of private sector activity and job creation. The oil-importing middle-income countries in our group are facing high financing needs against the backdrop of tight global financial markets. The recent strengthening of the oil market provided our oil-exporting countries with the opportunity to deepen and broaden their ongoing efforts in economic diversification to reduce reliance on production and exports of oil and gas, and guard against the vagaries of energy markets.

We reiterate our support for greater multilateral cooperation in areas of global common interest, including reversing fragmentation of the global economy, fostering global trade, and accelerating the green transition. A successful completion of the 16th General Review of Quota by mid-December 2023 is an imperative. Failure is not an option. The IMF is, and should remain, a strong, quota-based, and adequately resourced institution at the center of the Global Financial Safety Net. To that end, and for the sake of reaching a compromise in the coming weeks, we support a substantial equiproportional increase in quotas of at least 50 percent. This is not our first option, neither is the size of the increase commensurate with the growing financing needs of members, nor would an equiproportional help reflect the relative positions of a few highly underrepresented members in the world economy.

Finally, we support an additional Chair dedicated to the Sub-Saharan Africa. We further reiterate our call to boost the hiring of staff from underrepresented regions particularly from MENA.