INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-First Meeting
April 24–25, 2025

Statement No. 51-10

Statement by Mr. Warjiyo
Indonesia

On behalf of
Brunei Darussalam, Cambodia, Republic of Fiji, Indonesia,
Lao People's Democratic Republic, Malaysia, Nepal, Philippines, Singapore, Thailand,
Tonga, and Vietnam

IMFC Statement by Perry Warjiyo

Governor, Central Bank of Indonesia

International Monetary and Financial Committee, April 25, 2025

On behalf of Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao P.D.R.,

Malaysia, Nepal, Philippines, Singapore, Thailand, Tonga, Vietnam

Global and Regional Outlook

1. **The global growth outlook remains subdued, largely constrained by ongoing uncertain and substantial trade policy adjustments.** These unfavorable developments could disrupt the downward trajectory of inflation and significantly impede global income convergence. Over the medium-term, growth prospects are dampened due to weak productivity and elevated levels of public debt in many countries. Five global risk factors warrant close attention, given their potential to worsen the global outlook: high geopolitical risks and rising trade fragmentation; shifting patterns of economic growth; high interest rates and debt vulnerability; evolving trends in global financial investment; and the rapid pace of digitalization across countries.

2. **The recent adverse developments are expected to negatively affect economic outlook for members of our constituency, with declining export activity amid intensifying trade tensions and increased tariffs.** Foreign direct investment is also at risk, as multinational corporations reassess their supply chains strategies. Inflationary pressure could be mounting, driven in part by rising global price. Moreover, heightened financial market volatility, as reflected in capital flows and exchange rate fluctuations, underscores the growing uncertainty in the global economy.

3. **Implementing an optimal policy mix and pursuing synergies among policies are key in mitigating risks.** The authorities within our constituency remain vigilant in navigating this uncertain environment and are committed to developing and implementing comprehensive policies, including Foreign Exchange Intervention (FXI), Capital Flows Management (CFM), and Macroprudential Measures (MPM), aimed at safeguarding macro-financial stability while addressing long-term challenges to foster sustainable growth and enhance economic resilience.

Roles and Priorities of the Fund

4. **The Fund plays a crucial role in addressing global risks and challenges faced by its members.** The Fund should enhance its role as a trusted advisor in delivering objective and insightful policy guidance, while also serving as a platform for fostering constructive engagement and facilitating cohesive and coordinated solutions. The Fund must maintain its central position in the international monetary system and the global financial safety net (GFSN). To this end, it should continue to strengthen and refine its approach to surveillance, lending, and capacity development.

5. **The Fund, in consultation with member authorities, should improve their ability to advise the most effective policy mix to address evolving macroeconomic conditions, financial sector risks, and medium-term challenges.** While we commend the Fund's efforts to improve its surveillance policy and framework, particularly the Integrated Policy Framework (IPF), we emphasize the need for flexibility and consideration of country-specific circumstances in its implementation.

6. **With the increasing adoption of digital finance and digital forms of money, we urge the Fund to deepen its analysis of their macro-financial implications at the national, regional, and global levels.** Risks such as frauds, scams, and digital crimes are global concerns that can erode trust in the financial system. Reliance on a few third-party providers poses a single point of failure risk, threatening global financial stability. Additionally, fair infrastructure and market environments are essential for equitable access to digital finance. Policy advice should ensure that risks to financial stability from digital transformation are thoroughly assessed and mitigated, while ensuring safe and inclusive financial access. The Fund should expand its context-specific guidance to help members prudently leverage digitalization for productivity-enhancing growth and financial inclusion, while safeguarding financial stability. Efforts to raise awareness of the macro-financial implications from digital transformation should continue to support this work.

7. **Climate-related shocks pose growing macroeconomic and financial risks, especially for small developing states (SDS) and emerging market and developing economies (EMDEs).** We encourage the Fund to continue provide tailored and country-specific guidance on integrating climate risks into macro-fiscal planning and improving access to climate-related financing tools. Climate risk assessments and advisory provided by the Fund remain highly invaluable to EMDEs and low-income countries (LICs). Therefore, the Fund's continued advocacy and efforts in climate adaptation should be integrated in its policy agenda, surveillance process, support programs, and capacity development (CD). Given the IMF's central role in global economic stability, it is crucial to clarify the Fund's approach, available toolkits, and collaboration with other institutions in global climate adaptation efforts.

8. **We welcome the Fund's effort to strengthen credibility, effectiveness, and policy traction.** The completion of the 2024 review of the Transparency Policy and Open Archive Policy will facilitate timely communication of the IMF's views and publication of documents while preserving the independence and candor of staff analysis. We underscore the importance of improving access to the authorities' statements to ensure accurate and balanced representation of both staff and the authorities.

9. **We support the review of the General Resources Account (GRA) access limits, which helped maintain stability and predictability in accessing IMF resources, while safeguarding resources.** For the next GRA review, we look forward to a more thorough analysis of how these limits respond to the diverse needs of members, including whether the access limits adequately meet the specific financing requirements of SDS.

10. **We broadly support the proposed enhancements to the Debt Sustainability Framework for Low-Income Countries (LIC-DSF**), emphasizing the need for a simple, transparent, and user-friendly tool. Strengthening the framework is critical to ensuring sustainable borrowing while minimizing unnecessary risk signals and avoiding unintended impacts on borrowing costs.

11. **We emphasize the importance of providing capacity development (CD) to developing countries that are well integrated with surveillance and lending initiatives to maximize its impact.** Focusing on key areas such as public finances, monetary policy, financial systems, statistics, and macroeconomic frameworks remains crucial to help members formulate and implement sound macroeconomic and financial policies that will enhance economic resilience. Effective CD programs need a robust risk management approach, enhanced planning, and improved coordination with area departments and regional hubs. Looking ahead, demands for CD toward emerging areas such as climate, Central Bank Digital currencies, and digitalization will increase, necessitating a greater role for regional hubs in tailoring programs to specific country needs and sourcing the right expertise for targeted support.

12. **Against the backdrop of an evolving macroeconomic and financial landscape, we look forward to the upcoming policy reviews that will help shape the Fund's approach to surveillance, lending, and CD.** It is essential that these reviews integrate cross-cutting issues, such as climate considerations, and establish high-level principles emerging from the Comprehensive Surveillance Review (CSR) to enhance the Fund's engagement and ensuring its policy advice remains effective and relevant. We also welcome the 2026 Financial Sector Assessment Program (FSAP) Review, which is expected to increase the program's traction and identify future priorities as the financial system landscape evolves. Additionally, we support the Review of Program Design and Conditionality, the Review of the Short-Term Liquidity Line (SLL), and PRGT-related reviews, which will strengthen the Fund's capacity to meet members' diverse financing needs. We also support ongoing efforts to align CD priorities with the Fund's strategic goals and look forward to the proposed CD Stabilization Mechanism to support sustainable and flexible funding.

13. **Finally, we call for the swift implementation of the 16th General Review of Quotas (GRQ) to secure a stronger permanent resource base and reinforce the Fund's quota-based structure.** Given the current geopolitical divergence, we are concerned that repeated delays in governance reform and the lack of timely progress in the quota realignment pose heightened risks to the Fund's credibility and effectiveness. We urge the Fund to adopt a more proactive strategy to mitigate risks associated with the possible postponement. In parallel, the Fund should promptly initiate preparatory work for the 17th GRQ, including developing possible approaches for quota realignment, to ensure timely progress by June 2025, as agreed with the Board of Governors. This realignment is crucial to ensure a fair distribution of quota shares, considering the relative position of member countries.