INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Fifty-Fourth Meeting
October 16–17, 2026

Statement No. 54-1

Statement by Mr. Kganyago
South Africa

On behalf of
Angola, Botswana, Union of the Comoros, Kingdom of Eswatini, Kingdom of Lesotho, Republic of Madagascar, Malawi, Mauritius, Republic of Mozambique, Namibia, South Africa, United Republic of Tanzania, Zambia, and Zimbabwe

International Monetary Fund Africa Group 1 Constituency (AfG1)
International Monetary and Financial Committee
Fifty-Fourth Meeting
October 17, 2026

Statement by Honorable Lesetja Kganyago, Governor of the South African Reserve Bank on behalf of Angola, Botswana, Comoros, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Tanzania, Zambia, and Zimbabwe

The global economy remains resilient, supported by stronger fundamentals, technology investment and temporary adjustment mechanisms. However, economic activity is becoming increasingly uneven alongside depleted buffers, raising concerns about the durability of current growth dynamics in the face of future shocks. Growth is largely concentrated in economies benefiting from rapid adoption of artificial intelligence (AI) and favorable terms of trade, while many low-income countries (LICs) and Fragile and Conflict Affected States (FCS) remain less connected to these drivers. For the latter economies, greater exposure to the prolonged war in the Middle East and related external shocks risk slowing global income convergence. Higher energy and food prices are also pushing up global inflation, benefiting some energy exporters while weighing on commodity-importing economies. The medium-term growth outlook is subdued and subject to significant downside risks, including further conflict escalation, energy and trade disruptions, extreme weather events, financial-market volatility, and a reassessment of AI-related expectations. Meanwhile, stronger productivity gains and more sustained AI investment offer upside potential.

Financial conditions remain broadly accommodative, but underlying vulnerabilities continue to build. For many emerging markets and developing economies (EMDEs), including countries in Sub-Saharan Africa (SSA), a correction in AI-related asset prices, further sharp rise in sovereign bond yields, or severe cyber incidents could trigger tighter global financing conditions, increased capital-flow volatility, and renewed pressures on market access and borrowing costs. These pressures could be further amplified by liquidity mismatches, concentrated exposures, growing sovereign-financial linkages, interconnected nonbank financial institutions and climate events, increasing the risk of financial stress. We are concerned that elevated public debt and persistent fiscal pressures in systemic economies may heighten vulnerabilities in the international monetary system and reduce the scope for policy adjustment when future shocks materialize. As such, we welcome greater attention to debt transparency and financing structures, particularly where complex creditor compositions or financing instruments may create contingent liabilities, obscure sovereign risk exposures, or complicate debt sustainability assessments.

We support timely and well-calibrated policy action to safeguard macroeconomic stability for durable growth. Monetary policy should preserve price stability and keep inflation expectations anchored, with the Integrated Policy Framework (IPF) guiding the use of complementary tools where needed to address macrofinancial risks. Strengthening financial

regulation, supervision and market oversight will be important to contain growing vulnerabilities and enhance market resilience. Fiscal policy should rebuild buffers while safeguarding priority transformational investment and social spending. Growth-friendly tax reforms can strengthen revenue mobilization while reducing distortions to production, investment, innovation, and jobs. AI offers significant potential to raise productivity and support structural transformation, but realizing these gains will require multilateral cooperation, along with sequenced and pragmatic adoption pathways that reflect countries' institutional capacity and development priorities.

Differentiated and comprehensive Fund support for Sub-Saharan Africa (SSA) remains essential. While regional growth is expected to remain broadly stable, the aggregate outlook masks concerning growth divergence and weaker regional resilience to recurring and future shocks. We remain committed to implementing sound macroeconomic policies and advancing reforms to rebuild fiscal buffers, address debt vulnerabilities, enhance climate mitigation and adaptation strategies, and strengthen institutional capacity. The pace and sequencing of these reforms should reflect country circumstances and financing constraints. Continued Fund support in these areas will assist with transitioning towards durable growth, thereby supporting both national resilience and positive regional spillovers. The update on the FY26 FCS Strategy highlights encouraging progress in the Fund's engagement with the region.

We welcome the Global Policy Agenda's (GPA) focus on strengthening the coherence of the Fund's policy toolkit in an increasingly uncertain and fragmented global environment. We particularly appreciate the recognition of elevated debt and mounting fiscal pressures, persistent global imbalances and the disproportionate impact of energy, geopolitical, and inflationary shocks on vulnerable members. These challenges underscore the need for an agile and flexible Fund toolkit alongside country-specific policy advice. A more integrated approach across surveillance, lending, debt sustainability analysis, and program development should improve the Fund's ability to help members navigate an increasingly complex landscape. We welcome the outcome of the IMF's 2026 Comprehensive Policy Reviews and emphasize that successful policy traction hinges on realism, transparency, evenhandedness, capacity development, and informed sequencing that reflects country constraints. International cooperation is important to address common challenges.

Elevated global imbalances continue to threaten macroeconomic stability. We therefore support orderly and symmetric adjustment in both surplus and deficit economies, underpinned by sound domestic policies, including trade policies. While contributing little to these vulnerabilities and imbalances, SSA bears a disproportionate share of the resulting spillovers. Against the backdrop of persistent trade tensions and policy uncertainty, we support continued efforts to champion multilateralism and advance an open, rules-based trading system. We also welcome ongoing efforts to refine external sector assessments and stress that they should adequately reflect the country-specific structural characteristics and development needs of the membership.

The conclusion of the Comprehensive Surveillance Review (CSR) offers an important opportunity to sharpen the Fund's surveillance within its core mandate. The review strives to

strengthen the Fund's ability to identify risks early and provide granular, forward-looking policy advice that would help members prepare for future shocks. Prioritization of surveillance should remain anchored in country-specific macro-financial critical issues, while preserving flexibility and allowing deeper coverage of key risks, including outward spillovers, technological change, and geoeconomic fragmentation, particularly where these have significant implications for vulnerable economies. We caution against a narrow application of prioritization that could inadvertently dilute attention to climate-related risks that have already materialized in many SSA countries. Persistent data gaps and analytical capacity constraints underscore the need for closer integration of surveillance and capacity development to strengthen the Fund's policy guidance.

The Financial Sector Assessment Program (FSAP) Review reinforces the Fund's role in safeguarding financial stability. We support reforms that make assessments more agile, risk-based, and responsive to country circumstances, while strengthening integration with Article IV consultations. Greater emphasis on implementation, follow-up, and policy traction should strengthen the effectiveness and impact of financial sector surveillance. We also support maintaining a robust, transparent, and evenhanded framework for identifying systemically important financial sectors (SIFSs), while preserving meaningful access to voluntary assessments for EMDEs and smaller jurisdictions. As financial systems in SSA become increasingly developed and interconnected, periodic reassessments should help ensure that the framework continues to capture evolving regional risks, cross-border linkages, and systemic importance.

The review of the Low-Income Countries Debt Sustainability Framework (LIC-DSF) represents an important step toward more resilient, transparent, and credible debt vulnerability assessments. We particularly welcome reforms that better distinguish external debt risks from overall public debt stress, enhance measurement of debt carrying capacity, and introduce a domestic debt module to improve country risk assessment. Reforms that improve debt data quality and coverage and more systematically integrate climate and development challenges are also important, particularly for countries facing difficult trade-offs between development imperatives and debt sustainability obligations. Effective implementation will require sustained technical support and outreach to help authorities engage fully with the revised debt framework and monitor methodological changes that could materially affect debt assessments or borrowing constraints under the Debt Limits Policy (DLP). We also see scope to strengthen timely, orderly, predictable and coordinated debt resolution, including through continued improvements to the Common Framework and ongoing work under the Global Sovereign Debt Roundtable (GSDR). As the current financial conditions magnify liquidity challenges, we support strong crisis prevention and response mechanism for countries facing temporary liquidity pressures, including through the implementation of the IMF-WB three-pillar approach. We have recently launched the Global Borrowers' Platform as a tangible expression of borrowers' efforts to strengthen ownership, coordination, and collective engagement on sovereign debt challenges. We look forward to the Fund's support as we take this work forward.

We welcome the 2026 Review of Program Design and Conditionality (ROC) and support its objective of strengthening the coherence and calibration of Fund-supported programs. The review appropriately builds on the 2002 Guidelines on Conditionality and reinforces that adjustment strategies reflect country circumstances, in particular balance of payments needs. In vulnerable countries, excessive reliance on front-loaded fiscal consolidation could risk weakening growth-enhancing investment, constraining essential social spending, and undermining program ownership. The review recognizes that appropriate adjustment efforts and lasting program success therefore requires a more balanced and credible policy mix, supported by realistic financing strategies, systematic risk assessment, scenario analysis, and contingency planning. In this regard, greater realism must be reflected not only in macroeconomic assumptions, but also in the calibration of adjustment paths, conditionality, and reform agendas. This calls for disciplined prioritization and sequencing of fewer but deeper reforms, explicit recognition of political economy constraints, stronger social and distributional analysis, closer alignment between reform objectives and implementation capacity, and earlier course correction when circumstances change.

A strong and flexible Fund lending toolkit remains essential to meeting members' evolving needs. As many countries continue to pursue difficult macroeconomic and structural reforms, we urge the Fund to leverage its catalytic role in mobilizing financing and providing an anchor for macroeconomic stability amid declining official development assistance, tighter financing conditions, and limited fiscal buffers. Regular assessments of the adequacy of concessional facilities, access limits, and financing terms should ensure that vulnerable members continue to receive appropriate support in addressing persistent financing gaps. We urge remaining members to operationalize the Poverty Reduction and Growth Trust (PRGT) subsidy framework and safeguard concessional financing for LICs. Accelerated SDR rechanneling, including through Multilateral Development Banks (MDBs) and other prescribed holders, would further strengthen support for vulnerable members.

A strong, quota-based and adequately resourced IMF is central to the global financial safety net. The completion of the 16th General Review of Quotas (GRQ) is urgent and should be completed alongside the 17th GRQ. The Diriyah Guiding Principles provide an important foundation for future quota and governance reforms. As discussions advance, preserving the voice and representation of poorer members, and ensuring that quota reforms do not further disadvantage EMDEs, should remain a central consideration. We continue to urge deeper cooperation between the Fund and Regional Financing Arrangements (RFAs) to strengthen support for vulnerable members and reinforce the global financial safety net.

Finally, Diversity and Inclusion (D&I) is integral to preserving the Fund's legitimacy, effectiveness, and global character. More ambitious efforts are needed to strengthen gender and geographical diversity and ensure equitable opportunities and treatment for staff at all grades and from across the entire membership. To this end, we reiterate the need to strengthen the recruitment, retention, and advancement of citizens of SSA countries and other underrepresented regions throughout the career pipeline. We remain concerned by the limited progress in increasing the

number of elected women Executive Directors, in line with the set voluntary targets, to improve gender diversity at the IMF Executive Board.