Statement by the Hon. EDWARD SCICLUNA,
Governor of the Fund for MALTA
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It is once again a pleasure and a privilege to address the Annual Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG), held within the historic city of Marrakesh. I extend my thanks to both institutions, as well as the Moroccan Government, for their hospitality and hard work in making this meeting possible.

I must therefore start by offering, on behalf of Malta, my condolences and solidarity with the people of Morocco in the wake of the recent earthquake, which has tragically claimed a large number of lives and inflicted physical harm and material loss upon many others. I am certain that the resilience of the Moroccan people, backed where necessary by tangible support from other countries and international institutions, will provide the bedrock upon which to rebuild. Our sympathy also goes out to Libya and all of those other nations that have recently fallen victim to natural disasters.

Almost four years on from the outbreak of the COVID-19 pandemic, the global economy continues to struggle in its bid to register a sustained and robust recovery. A positive start to 2023 – including supply chain normalisation and the reduction of instability in the banking sector – is now giving way to headwinds in the form of diminished savings and a persistent manufacturing slowdown, the latter partly a result of prevailing monetary policy tightening efforts to address persistent high inflation. Such efforts, allied with a retraction in commodity prices, albeit still generally at elevated levels, are gradually achieving their intended consequences by reducing inflation from the historical highs, although there is still some way to go to achieve the price stability objective. However, central banks will have to continue to meet a delicate balance between deploying the full arsenal of tools at their disposal to restore price stability and simultaneously ensuring that they minimise any impediments to fiscal policymakers seeking to boost growth and forestall increases in poverty. All of this must be done against a backdrop of balanced but pronounced risk, not least of which is a rapidly shifting international geopolitical landscape which has the potential to unleash additional price volatility and hinder the green transition.

It remains an unfortunate truth that, in the wake of the pandemic, the majority of emerging market and developing countries (EMDCs) remain distinctly adrift from advanced economies (AEs). This difficulty is heightened by the fact that no single factor overwhelmingly leads to this situation; instead, EMDCs are being forced to confront an array of interlocking challenges, each formidable in their own right. Years of global economic malaise, compounded by a worldwide pandemic, have ensured prolonged uncertainty and shaky long-term growth prospects. Substantial debt levels – over half of low-income countries (LICs) currently face a high risk of debt distress – are hampering investment efforts while simultaneously limiting financial policy space and reducing buffers, a situation scarcely helped by high inflation. Last but not least, the rising incidence of natural disasters – many of which are tied to anthropomorphic climate change – disproportionately affects EMDCs, exacting a toll not only in human lives but also in infrastructure and capital which is difficult and costly to replace.

Within this present global context, it remains imperative that countries and international financial institutions act in concert to overcome these obstacles and work towards an economically viable and sustainable future. Each operating from their own unique position, both the IMF and the WBG have a central role to play in shaping this path, both through the deployment of their own resources as well as the fostering of cooperation and collaboration amongst international actors.
Under these difficult circumstances, the importance of a strong, adequately resourced and quota-based Fund at the centre of the Global Financial Safety Net has become even more critical for safeguarding global economic stability. In line with this need, Malta is committed towards the finalisation of the 16th General Review of Quotas by the established deadline. Such a move will serve to maintain the Fund’s ability to support the membership and, in turn, indicate ongoing confidence in the Fund in these uncertain times.

Achieving the global ambition of channelling US$100 billion in SDR or equivalent contributions represents a remarkable milestone in the membership's history and one which undoubtedly will play a crucial role in supporting EMDCs and LICs. In particular, the evolution of the Resilience and Sustainability Trust (RST) from a mere concept into a fully-fledged and operational facility within a three-year period is a clear demonstration of what can be attained through the membership’s collective efforts. The success of the RST likewise acts as encouragement that the existing gap in the Poverty Reduction and Growth Trust’s (PRGT) subsidy resources can be bridged, allowing resources to be made fully available to eligible countries. In the longer-term, we support a review of the PRGT with the aim of enhancing its self-sustainability while meeting the growing demands of LICs in the years to come. As a sign of our commitment towards the Fund and belief in the objectives of the RST and PRGT, Malta has pledged funds towards both trusts and intends to disburse the stated contributions within this year.

With global debt levels at record highs and unlikely to abate in the near-term, alleviating the burden faced by EMDCs and LICs is critical. One of the best avenues for accomplishing such an outcome lies with a restructuring of global debt architecture, an undertaking to which the Common Framework for Debt Treatments (CF) represents the best option. While acknowledging the progress registered this year in the cases of Chad, Ghana and Zambia, significantly more must be done to ameliorate the existing crisis. Enhancing debt transparency remains an essential measure for assessing debt sustainability and accountability. We call upon the IMF, WBG, G20 and Paris Club to strive towards orderly and effective debt treatment through multilateral coordination. We take note of the IMF-WBG Global Sovereign Debt Roundtable (GSDR) launched this year and hope that it will continue to provide support to the CF by providing a greater common understanding of the processes governing debt restructuring.

The uncertain global environment and difficult policy trade-offs lend fresh importance to the Fund’s bilateral and multilateral surveillance work, which allow it to provide both valuable advice to country authorities on the policy-mix best-suited to their circumstances as well as act as an early warning system to the global economy. In a constantly evolving world, it is essential that surveillance efforts take a broad view of global affairs, accounting for non-traditional elements such as the impact of digitalisation and climate change. The latter in particular remains an existential threat, one which cannot afford to be ignored and which demands a series of immediate, coordinated and effective actions at a previous unseen scale to avert the worst effects of the climate crisis.

I would like to conclude by congratulating both the Fund and the Bank for yet another year of vital work. On behalf of Malta, I would like to reiterate our support for both institutions as they continue to pursue their mandates in adverse conditions.