



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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Revised

Statement by Mr. Wale Edun Nigeria

On behalf of

Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Guinea, Guinea-Bissau, Liberia, Mali,
Islamic Republic of Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo

International Monetary Fund Africa West Constituency (OEDAW) International Monetary
and Financial Committee

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**Statement by Honorable Wale Edun, Minister of Finance and Coordinating
Minister of the Economy, for Nigeria, On behalf of Benin, Burkina Faso, Cote
D'Ivoire, The Gambia, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger,
Nigeria, Senegal, Sierra Leone, and Togo.**

The war in the Middle East underscores, once again, that developing economies bear a disproportionate share of global shocks. While global growth has been revised downward to 3.1 percent in 2026, this aggregate figure masks pronounced cross-country divergences. Commodity-importing emerging market and developing economies (EMDEs) experience cumulative growth downgrades nearly twice as large as those of advanced economies, alongside renewed inflationary pressures transmitted through higher energy, food, and fertilizer prices. By contrast, net energy exporters receive upward revisions. For many of our countries, which are commodity importing, food insecure, and highly reliant on remittances, these channels are particularly damaging. Rising input costs ahead of planting seasons threaten food security, while currency depreciation amplifies imported inflation, and tighter global financial conditions heighten risks of capital flow reversals and rising debt distress.

Downside risks clearly dominate the outlook and are concentrated in economies least equipped to absorb them. Beyond immediate geopolitical escalation, the WEO identifies an unprecedented clustering of risks: trade and industrial policy fragmentation, repricing of borrowing costs amid fiscal vulnerabilities, abrupt corrections linked to shifts in AI related market expectations, and erosion of confidence in economic institutions. For sub-Saharan Africa, the report explicitly highlights heightened susceptibility to political instability arising from the economic toll of ongoing conflicts. At the same time, official development assistance has continued to decline as a share of GDP, and Chinese lending, which previously provided partial relief, now records negative net transfers. This combination of tighter financial conditions, declining concessional resources, elevated

commodity prices, and limited fiscal buffers risks reversing hard won stabilization gains in several countries.

Policy prescriptions must be calibrated to the binding constraints facing developing economies. We welcome the emphasis on price stability, exchange rate flexibility in the concerned EMDEs, and the rebuilding of fiscal buffers. However, advice to protect the vulnerable through targeted transfers is operationally hollow in the absence of adequate concessional financing and fiscal space. Guidance that discretionary fiscal support should “typically be avoided,” and when unavoidable, financed through reprioritization within existing envelopes, should also reflect the reality that many low income and high debt countries have already exhausted reprioritization capacity after successive pandemic, food, and energy shocks. Fiscal advice must therefore be anchored in realistic financing assumptions with concessional financing and debt resolution placed at the core of the policy framework. We urge the Fund to elevate these pillars to the core of its surveillance and program design, so that adjustment does not fall disproportionately on social spending and growth enhancing investment.

Medium-term growth prospects for developing economies remain structurally constrained and risk further divergence. The WEO projects global growth to average just 3.1 percent over 2028–31, well below the pre-pandemic average, with sub-Saharan Africa among the regions expected to decelerate. While labor mobility, deregulation, and AI adoption are rightly highlighted as potential growth drivers, low-income countries will struggle to realize productivity gains without closing persistent gaps in energy and digital infrastructure and reducing concentration in low-productivity sectors. Structural reforms advice must therefore be matched with credible and concrete commitments to expand concessional lending, strengthen the PRGT, accelerate the operationalization of debt resolution mechanisms—including the G20 Common Framework—and ensure that trade policy modernization does not discriminate against developing country market access. Without such support, reform ambition risks outpacing implementation capacity. The Fund’s own scenario analysis shows that reducing tariffs and policy uncertainty could lift global growth by 0.6 percentage points. This dividend must be shared equitably, rather than being concentrated within advanced economies’ supply chains.

Defense spending can support short-term activity, but growth gains are uneven and come with significant tradeoffs. While the average defense multiplier is close to one, it is substantially smaller in countries that rely heavily on imported military equipment, a structural feature of most of our countries. Evidence suggests that during a typical boom, arms imports exceed half of total defense outlays, leading to demand leakages, weaker external balances, and limited domestic spillovers. Multipliers are larger when

spending is deficit financed and concentrated on current expenditures, but this also heightens risks of overheating, inflation, and debt distress.

We support embedding defense spending in credible, medium-term fiscal frameworks, with careful country-specific calibration. Many developing countries lack domestic defense industries, face high sovereign risk premia, and have limited capacity to absorb shocks. In such contexts, defense buildups risk crowding out critical social and growth enhancing spending that is essential for long term stability. We support the empirical conclusion that defense related R&D can foster innovation and sustainable growth and we encourage policies that strengthen domestic productive capacity through technology transfer and regional cooperation to reduce import leakages. We urge the Fund to ensure that its surveillance and program advice fully reflects these constraints and that defense needs in fragile and conflict affected states do not come at the expense of concessional financing for development, social protection, or climate adaptation.

Financial and fiscal pressures have intensified amid geopolitical shocks and tighter financial conditions. The war in the Middle East has pushed energy prices higher, added pressure on inflation expectations, and further narrowed monetary policy options. Risk repricing has contributed to sell-offs in both equity and bond markets, with scope for nonlinear spillovers and amplification through liquidity strains, wider risk premia, and margin calls. For EMDEs and low-income countries, these dynamics interact with high debt service burdens, shorter maturities, elevated rollover risks and shallow markets reinforcing sovereign–bank nexus risks.

We support the call for forceful, data dependent monetary policy, strong macroprudential oversight, and clear communication. In this vein, strengthening central banks' independence, operational frameworks, and accountability remains key, as is the need for credible communication to stabilize bond and funding markets. Anchoring inflation expectations and preserving price stability remain paramount. It is crucial to maintain adequate reserve buffers alongside well-designed emergency liquidity facilities. To support vulnerable and frontier economies, stronger global cooperation is essential, including the expansion of bilateral and regional swap lines and reinforced multilateral coordination. On the role of the Fund, we call for further strengthening of the Fund's lending capacity, including bolstering concessional resources and ensuring that access limits are commensurate with members' needs.

Non-Bank Financial Institutions (NBFIs) are reshaping capital flow dynamics in emerging markets. Greater reliance on nonresident nonbank investors has supported market development and maturity lengthening, but has also increased sensitivity to global risk sentiment, particularly during periods of volatility spikes. We welcome the granular

findings showing heterogeneity across investor types, with investment funds exhibiting pronounced procyclicality, while insurers and pension funds are more stable. Countries with weaker institutions, lower reserves, and higher public debt experience sharper retrenchments during risk-off episodes. Rebuilding fiscal and external buffers, deepening local currency markets, improving liquidity management, and closing data gaps on NBF1 exposures are therefore critical. These efforts must be complemented by capacity development and stronger international coordination, including greater attention to source-country regulation.

We agree that global fiscal conditions have worsened sharply and that rebuilding buffers is urgent. Global public debt continues to rise, driven by persistent deficits, higher interest costs, and structural spending pressures, while interest payments have increased rapidly and fiscal space has largely eroded. The war in the Middle East has further tightened financial conditions, raised energy prices, and heightened downside risks. These trends underscore the need, especially in large systemic economies, for credible, well-sequenced medium-term fiscal frameworks that rebuild buffers while supporting growth.

Pressures are most acute for EMDEs, including the many countries in our constituency. EMDEs face tighter financing conditions, while low-income countries confront record-high interest burdens and widening gaps from declining ODA. African and oil-importing members are particularly exposed to higher import bills, subsidy pressures, and limited buffers. We urge that policy priorities should focus on domestic revenue mobilization, stronger tax administration, subsidy reform, and improved SOE governance, while protecting essential social and development spending. The international community should scale up concessional financing, debt relief, and more predictable ODA to help countries manage these challenges.

We welcome the Managing Director's Global Policy Agenda (GPA) for Spring 2026 and share the assessment that the global economy faces a major new test from the spillovers of the war in the Middle East, coming at a time of eroded policy space and weakened international cooperation. We particularly appreciate the GPA's candid recognition that the poorest and most vulnerable countries, many of which are in our constituency—will be hit the hardest by this shock, through elevated fuel and fertilizer prices, tighter financial conditions, and declining donor assistance. We support the call for policy agility anchored in credible frameworks, including central bank independence, well-targeted and temporary fiscal support, and structural reforms to lift medium-term growth. We also welcome the emphasis on pragmatic international cooperation and the Fund's readiness to deploy all its tools in support of the membership. In this regard, we underscore the importance of the Fund's lending toolkit—including the Poverty Reduction

and Growth Trust (PRGT)—and urge that its capacity be strengthened to meet the growing balance-of-payments needs of low-income countries. We further note the relevance of the Fund’s enhanced surveillance, including through the Comprehensive Surveillance Review and the FSAP Review, and encourage that these efforts incorporate the specific vulnerabilities of developing economies, including commodity dependence, governance challenges, and limited fiscal buffers.

Our constituency attaches great importance to the GPA’s focus on supporting low-income and fragile and conflict-affected states and on addressing high debt burdens. We welcome the implementation of the 2024 PRGT Review and the Strategy for Fragile and Conflict-Affected States and call for continued attention to the unique challenges facing Small Developing States in a shock-prone environment. We encourage further progress in enhancing the predictability and speed of debt restructuring processes, including under the Common Framework and through the Global Sovereign Debt Roundtable, and look forward to the finalization of the joint IMF–World Bank Debt Sustainability Framework review for low-income countries. The Three-Pillar Approach is a valuable initiative, and we urge that its implementation prioritize countries facing the most acute financing constraints. On the Fund’s medium-term direction, we support the ongoing efforts to sharpen surveillance, fortify the lending toolkit, enhance capacity development, and keep the institution strong and agile. We particularly welcome the adoption of the Diriyah Guiding Principles and urge that the 17th General Review of Quotas deliver meaningful governance reforms that give developing and emerging economies a stronger voice. Such reforms are essential to sustaining the Fund’s legitimacy and effectiveness in an increasingly fragmented global economy. Finally, we call on the Fund to ensure that the benefits of technological transformation, including AI and digital finance—are shared broadly, with particular attention to helping emerging market and low-income countries access the tools, infrastructure, and capacity needed to harness these opportunities for inclusive growth.

A strong and adaptable lending framework remains essential to addressing the evolving needs of members in an increasingly volatile global landscape. We welcome the reforms to the Poverty Reduction and Growth Trust (PRGT) subsidy framework and call on members to expedite the completion of their domestic procedures and furnish the requisite assurances to enable the transfer of General Reserve Account (GRA) resources to the PRGT subsidy account, thereby safeguarding continued support for low-income members. We encourage members with strong external positions to accelerate efforts to re-channel SDRs toward the acquisition of hybrid capital instruments by prescribed holders, bolstering lending capacity for vulnerable economies. We further underscore the critical role of the Resilience and Sustainability Trust (RST) in helping

countries strengthen long-term resilience to climate-related shocks. While we take note of the Fund's review of the adequacy of precautionary balances, the persistent concentration of credit exposure among a limited number of borrowers reinforces the imperative for rigorous and uniform credit risk assessments across the membership. We express concern over the scheduled reversion of cumulative access limits for the Rapid Credit Facility and Rapid Financing Instrument to pre-pandemic levels by 2028. In view of elevated global uncertainty and increasingly constrained financial conditions, preserving flexible crisis-prevention instruments and ensuring adequate liquidity options remain of paramount importance.