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Statement by Mr. Oyedele
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)
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Statement by Honorable Taiwo Oyedele, Minister of Finance and Coordinating Minister of the Economy, for Nigeria, On behalf of Benin, Burkina Faso, Côte d'Ivoire, The Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

The global economy remains resilient, but the headline figures mask a widening divergence that weighs most heavily on EMDEs and LICs. The World Economic Outlook (WEO), Global Financial Stability Report (GFSR), and Fiscal Monitor (FM) show that growth is shifting rather than being broadly sustained: stable global growth of 3.1 percent in 2026 coexists with a slowdown in emerging market and developing economies (EMDEs) to 3.7 percent and downgrades across a sizable share of the membership. While economies with favorable terms of trade or linked to the AI investment cycle are proving resilient, many energy importers outside technology value chains, including many of our countries, face rising import bills, exchange rate pressures, and shrinking fiscal space. Repeated shocks and reduced external support risk deepening poverty and food insecurity, especially in fragile and conflict-affected states. Because the burden of adjustment falls most heavily on EMDEs, especially low-income countries (LICs), we call on the Fund to place this divergence at the center of its surveillance, policy advice, and lending; give the EMDE and LIC dimensions, including the distributional effects of technology-driven growth, greater prominence in the WEO; and ensure that the forthcoming baseline update fully captures the impact of the war in the Middle East on vulnerable economies.

Global financial conditions remain broadly supportive, but elevated interest rates, high financing costs, and refinancing risks remain a central concern for EMDEs and LICs, underscoring the need for stronger multilateral support. Stretched valuations, high public debt, and greater financial interconnectedness leave markets vulnerable to abrupt repricing, and higher yields, wider spreads, and capital outflows could quickly strain countries with thin buffers and shallow markets. With EMDE public debt projected to rise from 74 to 84 percent of GDP by 2031 and official development assistance (ODA) falling, higher borrowing costs are crowding out development and social spending. We support stronger medium-term fiscal and debt-management frameworks, longer maturity profiles and broader investor bases where feasible, stronger buffers, and exchange rate flexibility where appropriate, complemented where warranted by a pragmatic and even-handed application of the Integrated Policy Framework (IPF).

We also call for greater transparency around innovative debt instruments such as total return swaps, with proportionate, risk-based regulation, and for Fund advice on commodity price shocks that reflects their nature and persistence in low-income energy importers. Above all, timely Fund financing and adequate concessional resources through the Poverty Reduction and Growth Trust (PRGT) and the Resilience and Sustainability Trust (RST) are indispensable.

The WEO highlights the difficult trade-offs between shielding households from supply shocks, containing inflation, and preserving fiscal sustainability, these trade-offs are most acute in EMDEs and LICs with limited fiscal space and institutional capacity. We welcome the finding that targeted, temporary income support protects vulnerable households more effectively and at lower cost than price-suppressing measures. However, many of our countries still rely on subsidies and price controls because they lack the systems to deliver targeted assistance and removing them without adequate safety nets risks social hardship. We also share the concern that debt-financed tax cuts in large economies can raise global interest rates, with adverse spillovers for financially constrained countries. We therefore call for tailored advice that reflects the pace of subsidy reform, and for scaled-up capacity development on social protection, in close collaboration with the World Bank and other partners. We also encourage the Fund to translate its findings on anti-avoidance frameworks into practical guidance on domestic revenue mobilization, tax incentives, and international tax cooperation.

The growing systemic footprint of non-bank financial institutions (NBFIs) requires close monitoring, while tokenization must rest on sound foundations and careful sequencing. High leverage, crowded positions, derivatives exposures, and reliance on short-term funding among hedge funds and other NBFIs can amplify market stress and generate spillovers, including for EMDEs. We therefore support efforts to address data gaps, strengthen systemwide stress testing, and enhance international supervisory cooperation. Assessments of private credit and equity should distinguish between structural vulnerabilities and long-term investment strategies, taking account of funding structures, liability profiles, and risk-bearing capacity. Tokenization could improve efficiency, transparency, and market development, evidence on its macro-financial implications and net efficiency gains remain limited. Progress must be anchored in sound legal and regulatory frameworks, strong governance, supervisory capacity, and careful evaluation of pilot initiatives before broader adoption.

Well-designed tax reform is essential for rebuilding fiscal space in our countries, but it must be growth-friendly, carefully sequenced, and backed by adequate capacity and long-term financing. Limited fiscal space, high debt, informality, and capacity and governance constraints continue to hinder revenue mobilization in sub-

Saharan Africa. We therefore welcome the Fiscal Monitor's focus on making existing tax systems more efficient rather than simply raising tax burdens: how revenue is raised matters as much as how much is raised. Better-designed value-added taxes, fewer inefficient exemptions, better-targeted incentives, and stronger tax administration can deliver sizable gains in output and welfare. Success will depend on political commitment, stakeholder engagement, digital transformation, and sequencing consistent with capacity, with core tax administration functions an immediate priority for LICs. Experiences within our constituency, including efforts to strengthen revenue administration in Nigeria and advances in domestic revenue mobilization and public financial management in Côte d'Ivoire notably, illustrate the benefits of sustained and well-sequenced reforms. However, taxation alone cannot close development financing gaps. We therefore call on the Fund and development partners to scale up capacity development and support access to long-term financing that crowds in private investment.

We welcome the Managing Director's Global Policy Agenda (GPA) and its central message that global resilience must not breed complacency. Its policy recommendations should, however, take fuller account of their implications for EMDEs and LICs. Vulnerabilities are most acute for LICs, fragile states, and other EMDEs with limited buffers, where rising borrowing costs, higher debt service, capital outflows, and scarcer ODA put hard-won stabilization gains at risk. Many are being asked simultaneously to consolidate fiscal positions, maintain tight monetary policy, and absorb external shocks. We therefore call for advice that recognizes country-specific trade-offs, protects essential social and growth-enhancing spending, and accounts for implementation capacity. Where warranted, credible fiscal consolidation in systemic economies is a global public good: it helps contain global borrowing costs and limit spillovers to vulnerable economies. We also support adapting financial-sector policies to emerging vulnerabilities, including cyber risks and sovereign–financial sector linkages. We would nevertheless welcome greater attention in the GPA to the food security and cost-of-living effects of ongoing supply shocks and to the interplay between climate-related extreme weather events and narrow fiscal space.

Ensuring that private sector development, innovation, and AI benefit EMDEs and LICs will require deliberate domestic reforms, targeted support, and stronger international cooperation. We note with interest the finding that AI could lift productivity by up to four percent in sub-Saharan Africa over the next decade. Realizing this potential, however, requires significant investment in digital infrastructure, reliable and affordable energy, and skills that most of our countries cannot mobilize on their own, and the risk of a widening digital divide must be treated as a central concern, not a footnote. Greater subregional cooperation on skills development, labor mobility, digital infrastructure, and

knowledge sharing could help address labor market mismatches and broaden access to the opportunities created by technological change. At the national level, priorities include improving the business environment and regulatory predictability, deepening domestic financial markets and access to finance for small and medium-sized enterprises, investing in education and digital skills, and establishing proportionate data, competition, and AI governance frameworks that encourage innovation while managing risks. We call on the Fund, within its mandate, to integrate the macro-critical aspects of digitalization and AI into surveillance and capacity development, including their labor-market and fiscal implications, and to work with the World Bank, regional development banks, and the private sector to de-risk investment in digital and energy infrastructure, support technology transfer, and help vulnerable economies adapt, diversify, and participate in emerging value chains.

Excess global imbalances and deepening trade fragmentation pose major risks to EMDEs and LICs and require coordinated action by both surplus and deficit economies. Persistent external imbalances in large economies, combined with the proliferation of trade restrictions and distortive industrial policies, risk disorderly adjustments in exchange rates, capital flows, and global interest rates, with disproportionate spillovers to commodity-dependent and small open economies. For our countries, these pressures translate into volatile commodity prices, weaker export demand, reduced market access, and higher financing costs at a time when buffers are thin. Imbalances should be addressed through domestic macroeconomic and structural policies rather than through tariffs and inward-looking measures that shift adjustment costs onto others. We therefore support even-handed Fund surveillance of external imbalances and the cross-border spillovers of industrial and trade policies in systemic economies, and call for transparent, predictable, and mutually beneficial trade frameworks that preserve market access and policy space for developing economies, including support for regional integration initiatives such as the African Continental Free Trade Area (AfCFTA), and other initiatives that deepen regional value chains, labor mobility, and market integration.

Debt vulnerabilities continue to constrain growth and development in many EMDEs, particularly in sub-Saharan Africa, and require faster, more predictable debt resolution and more realistic debt sustainability assessments. Rising debt service, high borrowing costs, declining ODA, exchange rate pressures, food and energy shocks, climate disasters, and insecurity are crowding out investment in infrastructure, health, education, and social protection, and could turn liquidity strains into solvency problems. We welcome continued engagement under the G20 Common Framework, the Global Sovereign Debt Roundtable, and the Three-Pillar Approach with the World Bank,

and call for faster creditor coordination, more predictable restructuring timelines, better treatment of liquidity pressures in solvent but squeezed countries, and closer attention to the terms of new financing. We also encourage staff to ensure that the revised LIC Debt Sustainability Framework (LIC-DSF) reflects the growth payoff of climate and development investments, and to keep strengthening capacity development in debt management and transparency.

A strong, quota-based, adequately resourced Fund at the center of the Global Financial Safety Net (GFSN) is indispensable in a world of increasingly frequent and asymmetric shocks. We call for full implementation of the 16th General Review of Quotas and meaningful progress, under the Diriyah Guiding Principles, toward a quota realignment under the 17th General Review that better reflects members' economic positions while protecting the voice of the poorest members. Securing the PRGT's self-sustainability and adequate subsidy resources is equally critical for LICs with limited access to other safety-net layers. We welcome the Comprehensive Surveillance Review, the FSAP Review, and the Review of Program Design and Conditionality, particularly their emphasis on tailored advice, realism, more selective conditionality, and country ownership, and urge that risk-based surveillance does not add to the burden on low-capacity members. Capacity development should be adequately resourced and integrated with surveillance and programs. Finally, global resilience requires stronger international cooperation and burden sharing, including for countries hosting displaced populations; we reiterate our support for the Fund's efforts to help the membership navigate an increasingly uncertain environment.