



# **International Monetary and Financial Committee**

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**IMFC Statement by Calixte Nganongo  
Minister of Finance and Budget  
Republic of Congo**

On behalf of

Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Union of the Comoros,  
Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Republic  
of Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Republic of Madagascar, Mali,  
Islamic Republic of Mauritania, Mauritius, Niger, Rwanda,  
Democratic Republic of São Tomé and Príncipe, Senegal, and Togo

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**I. GLOBAL OUTLOOK, RISKS AND POLICY PRIORITIES**

*Global Outlook and Risks*

1. The global economy is showing signs of slowdown amid fiscal vulnerabilities, rising debt, policy uncertainties—notably related to monetary stance, financial conditions, and trade—and the need for furthering the financial regulatory agenda. We also note that, over the past six months, financial markets have somewhat retreated or have become more volatile. In addition, global prospects are filled with heightened downside risks. Growth forecasts for this and next years are marked down while the medium to long-term outlook face a multitude of challenges which are global in nature or carry significant potential spillovers. These include demographic changes, migrations, technological progress, resistance to global integration, and climate change.
2. Against this backdrop, coordinated actions are needed to sustain activity, tackle vulnerabilities, build resilience, and raise potential output. We stress that while policy priorities have not changed much since last October, the degree of urgency has increased, requiring swift action.

*Policy and Reform Priorities*

3. We, policymakers, should press ahead with macroeconomic policies to support growth while addressing macroeconomic and financial vulnerabilities. Among shared vulnerabilities is rising public debt which needs to be tackled through fiscal consolidation and improved governance and debt management but also better lending practices, notably vis-à-vis low-income countries. Structural reforms should be implemented in financial sectors, labor productivity and product market competition to create policy space and foster resilience.

*Macroeconomic Policies*

4. In the current environment, it is relevant to reflect on the role of fiscal policy in the pursuit of both growth and sustainability objectives. Countries with a positive output gap or facing heightened risks to financial stability and lacking fiscal space, should undertake vigorous fiscal adjustment in a growth-friendly manner as possible, with the

view to reduce public debt and build adequate buffers that are critical to confronting downturns. On the other hand, countries that have fiscal space should not frontload their adjustment efforts but rather take an intertemporal perspective in ensuring fiscal sustainability through credible and gradual medium-term consolidation plans. We share the view that part of the efforts to raise budget revenue should lie on countries improving governance and fighting corruption which can also have broader macroeconomic and development implications, notably in terms of growth, per capita income, inequalities, and financial stability where the sovereign-bank nexus is strong.

5. Monetary policies should remain broadly accommodative at this juncture to support activity while building external buffers and ensuring price stability, consistent with their mandate. We note in this regard the reassessment of the outlook for monetary normalization by major central banks.

#### *Curbing Trade Tensions and Protectionism*

6. We fully share the importance of a multilateral approach to tackling global challenges, including trade tensions, risks to financial stability, international taxation issues, illicit financial flows, climate change, and cyber threats. Trade tensions and rising protectionism are a major roadblock to further global integration and a serious threat to the already slowing global economy. Attention should be paid not only to removing recent distortionary barriers to trade but also collectively reflecting on the rules of the world trading system to advance open trade. Regional trade agreements also help progress integration. We, in Africa, are advancing towards the entry into effect of our recently agreed *African Continental Free Trade Agreement (AfCFTA)* and would welcome Fund's support in the implementation of this important initiative.

#### *Emerging Market and Frontier Economies Facing the Risk of Tighter Financial Conditions*

7. The resilience of emerging market economies to foreign portfolio outflows in 2018 and the resumption of net capital inflows in those countries is particularly noteworthy. However, the high sensitivity of some capital movements to global factors increase the risk of flow turnaround and propagation of vulnerabilities if monetary policy stance in advanced economies came to change abruptly or significantly. Vigilance is therefore warranted. Emerging and frontier economies should continue to pursue fiscal and macroprudential policies and build buffers to prepare for potential capital flow reversal.

#### *Challenges Facing Low-Income Developing Countries*

8. Low-income developing countries (LIDCs) need to address fiscal and debt sustainability issues while creating the fiscal space necessary to meet their

infrastructure building objectives and broader development agendas. Scaling up domestic revenue mobilization is of the essence. This should include broadening the tax base, strengthening tax administrations but also tackling cross-border tax avoidance and illicit financial flows through international cooperation. In building resilience, our countries should also enhance their policy frameworks and, for commodity exporters, press on economic diversification.

9. In pursuing development objectives, notably the Sustainable Development Goals (SDGs), our countries face the daunting challenge of increasing spending and mobilizing external resources to close their infrastructure gaps while striving to preserve debt sustainability. For some countries, notably in Africa, these efforts take place in an environment of security threats which heavily weigh on their budgets. This constraint should be better integrated in Fund policy advice.
10. Furthermore, in a context of large financial needs, it is important that the actions of LIDCs aimed at raising revenue mobilization and improving the efficiency of public investment management be complemented by an access to both concessional and non-concessional finance when their debt situation makes it possible. There is also the case of LIDCs in debt distress requiring swift debt restructuring. We call on the Fund to play a more central role in catalyzing such process.

## **II. THE GLOBAL POLICY AGENDA**

### ***IMF Support to Members***

11. We welcome the Managing Director's Global Policy Agenda (GPA) and broadly agree with its priorities, including the need to update global cooperation and the importance of multilateralism in addressing global challenges.
12. We agree that the Fund should relentlessly promote free trade in a rules-based multilateral system. We underscore the importance of Fund communication on these issues. This communication should not only focus on the gains accrued from trade but should also emphasize the need to protect vulnerable groups from adverse effects of open trade.
13. We note Fund's increased focus on governance issues. The institution has a position to relay country experiences and conduct cross-country analyses on corruption channels. It should continue to provide technical assistance in establishing strong fiscal governance frameworks, including digitalization of fiscal structures.

14. We welcome the ongoing work on the impact of fiscal policy and financial services on inequalities as well as the tax policies and social safety nets needed to close these inequalities. We expect the outcomes of this workstream to be translated into adequate program design under the ongoing Review of Conditionality and Program Design. We continue to support Fund's engagement with countries in efforts to meet the SDGs, including support in domestic revenue mobilization, financial market deepening, and contribution to the Compact with Africa to attract private investment on the continent. We call on the Fund to continue helping countries cope with the withdrawal of correspondent banking relationships.
15. We appreciate the current review of Fund's facilities for low-income countries and urge the institution to bring access norms and limits closer to those under the General Resource Account (GRA) and in line with the evolution of key relevant macroeconomic indicators of those members. Attention should also be paid in this review to the needs of countries exposed to commodity price volatility. We welcome the stated enhancement of Fund support to fragile countries and conflict-affected states and ask the Fund to adopt greater flexibility in assisting them, including through more rapid access to its concessional financing as warranted. The Fund should also play a key role, within the confines of its mandate, in helping those members tackle the core roots and macroeconomic impact of fragility, notably through institutional and human capacity building. Moreover, we call on augmenting the lending capacity of the Poverty Reduction and Growth Trust (PRGT).

### ***IMF Resources and Governance***

16. We regret that the large support for a quota increase under the 15<sup>th</sup> Review falls short of the required majority. This is a missed opportunity to ensure an adequately resourced, quota-based IMF and a realignment of quota shares while protecting the voice and representation of the poorest members. Going forward, given the uncertainties and elevated risks facing the global economic outlook, we must ensure that the Fund maintains adequate resources to meet all the current and emerging needs of members and that we resume, as quickly as possible, the discussions to reform the institution's quota system and governance. We must meet the expectations agreed upon at the beginning of the 15<sup>th</sup> Review, including a new quota formula. It should be recalled that many members rely only on the Fund for support in case of macroeconomic and external instability and inadequate reserve buffers.
17. Finally, we continue to call on further progress to enhance staff diversity in the IMF, especially the necessary increase in nationals from underrepresented regions.