

Rosthom Fadli: IMFC Statement

Statement by Mr Rosthom Fadli, Governor of the Bank of Algeria, on behalf of the Islamic Republic of Afghanistan, Algeria, Ghana, Islamic Republic of Iran, Libya, Morocco, Pakistan and Tunisia, at the forty-second meeting of the International Monetary and Financial Committee, Virtual IMF Autumn Meetings, Washington DC, 15 October 2020.

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The global economy is showing tentative signs of recovery, thanks to nimble, proportional, and synchronized global policy responses. The October 2020 WEO's cautious optimism about the outlook, however, should not overshadow the fact that the Covid-19 pandemic is still evolving and the virus is spreading, with a serious possibility of new infection waves, including in areas where the pandemic was believed to have been contained. While the lockdowns continue to exert a heavy economic and social toll worldwide, containing the pandemic and saving lives are still top priorities. The path of the economic recovery is closely intertwined with the path of the pandemic, which is subject to significant uncertainty. An effective vaccine will be found—hopefully sooner than later—but the vaccine and medical treatments will only be effective if they are available worldwide and at affordable prices, especially for poorer countries. No country or region is safe as long as the virus is spreading somewhere else.

We endorse the Managing Director's focused and streamlined Global Policy Agenda (GPA) which, amid great uncertainty and significant downward risks to the outlook, lays down a holistic policy framework to restore confidence, build up economic resilience, and help the most vulnerable countries and people. We firmly support the GPA's advice against a premature withdrawal of policy support before the recovery has gained sufficient traction. We also strongly endorse the GPA's call for close global cooperation in health, economic, technology and trade areas to see us through the crisis and the subsequent recovery phases.

Our constituency is a heterogeneous group of countries at different stages of containing the spread of the virus and kick-starting their economies, but are all united in their common goal of safeguarding the lives and livelihoods of their citizens. Policy responses have been swift and comprehensive, including supportive fiscal and monetary packages, and innovative social protection programs. Nevertheless, in the oil importing countries in the constituency, macroeconomic stability has been undermined by increased fiscal and external imbalances and soaring public debt. The oil exporting countries have been additionally hit hard by the sharp drop in international oil prices, that not only has put significant pressure on their public finances and balance of payments, but has also derailed their long term diversification plans; while oil prices have recovered somewhat, economic activity is expected to remain subdued for some time.

The low-income countries, many already under considerable social and economic strain, are facing daunting challenges because of the crisis and are falling further behind in income convergence.

Their heavy debt burden, limited financing options, and little or no policy space make it almost impossible for them to meet the challenges on their own. We call on the international community to rise to the occasion in helping these countries generously through grants, concessional financing and debt relief. We support the extension of the G20 Debt Service Suspension Initiative, as well as the extension of the Catastrophic Containment and Relief Trust, and welcome the progress in securing additional resources for the Poverty Reduction and Growth Trust. We encourage all public and private creditors to participate in similar debt relief operations. The plight of fragile and conflict-affected states in the MENAP region, some facing refugee and humanitarian crises, calls for a timely and proportional international response.

The role of international institutions—particularly the Fund—has been instrumental in helping

countries to alleviate their significant financing pressures arising from the pandemic. We laud the agile response of the IMF to support more than 80 members in the first few months of the crisis through its emergency and other financing facilities. The IMF moved swiftly to expand and adapt its lending toolkit to the needs of the members, including through temporary increases in access limits to its emergency facilities. Yet, requests by some other 20 members for emergency support are still pending for various reasons. We call upon the Fund to ensure that its support is available to all members in an evenhanded manner without exceptions, and that emergency financing lives up to its name. We look forward to further refinements of the Fund's lending toolkit, including the introduction of a pandemic support facility.

As the global economy is bracing for a challenging post-crisis recovery, the Fund must stand ready to assist members through financial support and tailor-made as well as country specific policy advice and capacity development to ensure that the transition and the subsequent recovery proceed smoothly. This could only be achieved by a strong, quota-based, and adequately resourced IMF, with the quotas remaining the core source of financing. With this mind, we are looking forward to an accelerated timeframe for the review of the overall size of the IMF quotas. We would also support an initiative discussed at the Executive Board to make better use of existing SDRs for the benefit of poorer members, and repeat our call for a new general allocation of SDRs.