International Monetary and Financial Committee

Thirty-Second Meeting
October 9–10, 2015

Statement by Mr. Godwin Emefiele,
Governor of the Central Bank of Nigeria

On behalf of Angola, Botswana, Burundi, The State of Eritrea, The Federal Democratic Republic of Ethiopia, The Gambia, Kenya, Kingdom of Lesotho, Liberia, Malawi, Republic of Mozambique, Namibia, Nigeria, Sierra Leone, South Africa, Republic of South Sudan, Sudan, Kingdom of Swaziland, United Republic of Tanzania, Uganda, Zambia, Zimbabwe

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Global Economy

1. We note that global growth continues to be moderate but uneven, while risks remain elevated. The robust economic activity in the USA, return to positive growth trajectory in Japan, and strengthening recovery in the euro area are good news in driving growth prospects in the advanced economies. However, the growth prospects in the medium term will likely be subdued, reflecting lower investment, unfavorable demographics, and weak productivity growth.

2. Emerging markets and developing countries continue to grow above the global average. We observe that the decline in GDP growth for EMDCs experienced over the past five years reflects general weaknesses in global growth and heightened uncertainties from lower commodity prices and slower growth in China, as well as domestic structural factors. In addition, the global environment is compounded by the geopolitical tensions in parts of Eastern Europe and the Middle East, which could further escalate the risks and increase disruptions in global trade and financial conditions.

3. The sub-Saharan Africa region continues to show resilience on the back of on-going policy reforms. However, growth is expected to slow reflecting the repercussions of declining commodity prices as well as lower demand from China its largest single trading partner, and the tightening global financial conditions especially for the frontier markets. In particular, oil exporters are expected to experience lower revenues, while countries that leverage, international capital market are expected to have lower infrastructure investments. Policymakers need to find appropriate balance between macroeconomic stability and strong inclusive growth. These include preserving fiscal sustainability, reprioritizing spending and identifying tax policy reforms as well as expand fiscal space to address infrastructure gaps and social spending, allowing exchange rate flexibility to smoothen the adjustment to less favorable external conditions and implementing structural reforms to increase private sector activity and boost confidence.

Supporting growth in sub-Saharan Africa

4. The prevailing shocks have seen a persistent near-term weakening of sub-Saharan Africa economic growth. Rebuilding policy buffers while maintaining growth-friendly policies is a priority to boost resilience to exogenous shocks. In the medium term, diversification of exports and domestic production are important in sustaining strong inclusive growth. While urging continued support to strengthen regional integration in collaboration with other development

partners, it is pertinent for the Fund to support policies for revenue mobilization and structural reforms along country specific needs. In addition, scaling up public investment to close existing infrastructure gaps is a priority and we urge the Fund to continue supporting capacity building to improve public investment efficiency and the quality of public finance statistics.

Fund Surveillance

5. Boosting surveillance activity is critical in maintaining traction of the Fund's policy advice. The effort to achieve full implementation of the 2014 Triennial Surveillance Review is encouraging and we expect that it would continue to remain a priority. We welcome the effort to integrate and deepen analysis of risks and spillovers, and observe that the mapping of these items is critical to the revival of the balance sheet analysis. In welcoming more of these efforts, Fund support in closing existing data gaps remains critical. We appreciate the proposed new enhanced General Data Dissemination System (e-GDDS) aimed at addressing the transition to Special Data Dissemination System (SDDS), and urge the Fund to scale up technical assistance to facilitate the attainment of the benchmarks set for the subscribers. On our part, we will endeavor to create more awareness and build capacity to improve data quality.

6. Structural reforms should continue to be a priority for unleashing growth potential, and we appreciate the ongoing groundwork to strengthen surveillance of structural issues. Efforts to strengthen capacity to drive priority structural reforms are critical in facilitating a successful implementation of the economic diversification and transformation agenda and request the support of the Fund in this regard.

7. We appreciate the on-going pilot work on macro-financial analysis and look forward to supporting country teams in quantifying financial linkages and identifying build up of systemic risks.

Fund's Lending

8. We welcome the recent initiative to enhance the financial safety nets for developing countries as part of the IMF contribution to support development. We also welcome the increased access to PRGT and rebalancing of the concessional and non-concessional financing aimed at boosting access of the poorest and most vulnerable countries to concessional resources. While appreciating the increased access, we urge that the reduction of access limit and norms as a percentage of quotas should be separated from the implementation of the 14th General Review of Quotas. We note the continued application of the PRGT-eligibility as a transparent and rule-based framework to facilitate steady graduation of LICs. However, we urge the Fund to support the transitioning members and middle-income countries with appropriate programs. While urging that low income countries get appropriate programs, the Fund is encouraged to strengthen efforts to increase PRGT resources.

Financing for Development

9. Achieving the sustainable development goals (SDGs) in developing countries is inextricably tied to adequate financial resources. We welcome the commitments of the

international community, including the Fund to the SDGs and funding sustainable development, at the Third International Conference on Financing for Development and look forward to a successful implementation of the Addis Ababa Action Agenda. While supporting the Fund's initiatives to scale up assistance for national capacity building in areas of domestic revenue mobilization, stemming illicit financial flows, expanding infrastructure investments, strengthening debt management capacity, financial market development, and data dissemination, we look forward to the Fund supporting the remaining HIPC-eligible countries to complete the debt relief process. Further assistance is needed in the review of the debt sustainability framework, and continued strengthening of analytical tools for sovereign debt management.

Diversity and Inclusion

10. We are concerned that the 2014 diversity targets were not met particularly, the recruitment and promotion of African nationals at senior and managerial positions in the Fund. While we welcome the new diversity benchmarks for 2020, we note that they are short of addressing the representation of the region. We urge the Fund management to expedite action including identifying key milestones to ensure effective implementation of these targets. In addition, we reaffirm our call to make every effort to expand the pool of institutions to include universities in Africa , and urge that this translates into actual hiring of African nationals. It is our position that diversity of views and experiences will go a long way in enriching the Fund's delivery of services to its membership.

Quota and Voice

11. We regret the protracted slow progress with the 14th General Review of Quotas and Governance Reforms noting its importance in strengthening legitimacy, credibility and the effectiveness of the Fund. In light of the increasing uncertainty in the global environment, the Fund must stand ready to deliver necessary financial assistance to its members. We remain committed to a quota-based institution, and therefore the completion of the 2010 reforms is a priority. These reforms represent a viable option to addressing the concerns of emerging markets and developing countries in terms of voice and representation. Against this background, we urge the IMF Executive Board to speed up work on interim steps to make meaningful progress towards the achievement of the 2010 reform agenda and look forward to the completion of the interim work by December 2015.

Conclusion

12. Rebuilding the momentum of global economic growth within a policy framework that accommodates country specific needs remains a priority. We will continue to strengthen our engagement with the Fund in improving capacity for macroeconomic management, and building firm foundations for sustainable and strong inclusive growth.