



INTERNATIONAL MONETARY FUND
International Monetary and Financial Committee of the Board of Governors

Chair's Statement

Forty-Seventh Meeting of the IMFC

Chaired by Ms. Nadia Calviño, First Vice President of the Government of Spain and Minister for Economy and Digitalization

Since February 2022, we have witnessed the war in Ukraine further adversely impact the global economy. There was a discussion on the issue. We reiterated our national positions as expressed in other fora, including the UN Security Council and the UN General Assembly, which, in Resolution No. ES-11/1 dated 2 March 2022, as adopted by majority vote (141 votes for, 5 against, 35 abstentions, 12 absent), deplores in the strongest terms the aggression by the Russian Federation against Ukraine and demands its complete and unconditional withdrawal from the territory of Ukraine. Most members strongly condemned the war in Ukraine and stressed that it is causing immense human suffering and exacerbating existing fragilities in the global economy - constraining growth, increasing inflation, disrupting supply chains, heightening energy and food insecurity, and elevating financial stability risks. There were other views and different assessments of the situation and sanctions. Recognizing that the IMFC is not the forum to resolve security issues, we acknowledge that security issues can have significant consequences for the global economy.

It is essential to uphold international law and the multilateral system that safeguards peace and stability. This includes defending all the Purposes and Principles enshrined in the Charter of the United Nations and adhering to international humanitarian law, including the protection of civilians and infrastructure in armed conflicts. The use or threat of use of nuclear weapons is inadmissible. The peaceful resolution of conflicts, efforts to address crises, as well as diplomacy and dialogue, are vital. Today's era must not be of war.

We express our deepest sympathies to the people of Türkiye and Syria for the tragic loss of life and widespread destruction caused by the devastating earthquakes in February 2023, and to the people of Malawi, Mozambique, and Madagascar for the loss of life and devastation caused by tropical cyclone Freddy in February and March 2023.

1. The global outlook faces increased uncertainty. So far, the global economy has shown resilience, and the worst macroeconomic outcomes contemplated in the Fall have not materialized. Nevertheless, the growth outlook remains subdued and downside risks have increased. Successive shocks, including Russia's war against Ukraine, in the context of tightening monetary policy stances needed to bring down inflation, are weighing on the recovery and macro-financial stability, as shown by recent banking and financial-market stress episodes. Inflation has moderated somewhat, but underlying price pressures remain sticky. Debt vulnerabilities are elevated, while food and energy insecurity persist, affecting vulnerable countries and people the most. In addition, inequality is increasing, climate shocks are intensifying, and fragmentation risks are rising.

2. In this uncertain global context, decisive, well-calibrated, and agile policies tailored to country-specific circumstances are key to entrench a sustainable recovery, safeguard macroeconomic and global financial stability, support the vulnerable, and strengthen resilience. Policymakers have taken swift actions to strengthen confidence in the banking system, which remains sound and resilient, supported by the reforms implemented after the 2008-09 global financial crisis. Our priorities are to reduce inflation, maintain financial stability, rebuild fiscal buffers while reinforcing social safety nets to protect the most vulnerable, and bolster inclusive long-term growth. In line with their respective mandates, central banks remain strongly committed to achieving price stability and ensuring that inflation expectations stay well anchored, while carefully calibrating the pace of tightening in a data-dependent manner and communicating policy objectives clearly. They will work closely with supervisory and regulatory authorities, both to monitor financial sector developments and deploy appropriate policy instruments within their full toolkit, to ensure financial stability. We also stand ready to deploy macroprudential policies to guard against systemic risks and, where relevant, we will address data, supervisory, and regulatory gaps in the bank and in particular the non-bank financial sectors, where further progress in addressing vulnerabilities is important. Fiscal policy will continue to reduce elevated debt levels over the medium term, where needed. We will continue to support vulnerable groups from the effects of multiple shocks through well-targeted and temporary measures that preserve price signals, while ensuring fiscal sustainability. We will ensure coherence of the overall monetary and fiscal stances, with due consideration to the role of structural policies in easing trade-offs, including, where relevant, growth-enhancing reforms to strengthen labor markets, improve the investment climate, advance economic diversification, and strengthen sustainable, affordable and accessible energy markets. We reiterate our commitment on exchange rates, excessive global imbalances and governance, and our statement on the rules-based trading system, as made in April 2021, reaffirming our commitment to avoid protectionist measures.

3. International cooperation and strengthened multilateralism are essential to bolster global growth, protect the stability of the International Monetary System, address persisting health risks, and accelerate mutually reinforcing efforts toward a green, digital, and inclusive future. Our efforts are firmly directed toward overcoming the food crisis, where we will focus on lifting trade restrictions on food and fertilizers, as well as promoting sustainable investment to strengthen production and agricultural value chains in vulnerable economies. We will also continue to support vulnerable countries as they address their financing needs and debt vulnerabilities. Mobilizing further concessional support for Low-Income Countries is urgent. We reiterate our strong resolve to further accelerate climate action in line with the Paris Agreement and UN Framework Convention on Climate Change (UNFCCC) commitments, taking into account country-specific circumstances. We look forward to strong ambition for the 28th meeting of the Conference of the Parties (COP28) to ensure timely, smooth, and just transitions to net zero. We will utilize policy mixes based on all effective tools, ranging from fiscal, market, and regulatory actions, including efficient policy instruments to reduce greenhouse gas emissions, while supporting the most vulnerable groups. We note the need to gradually adapt energy markets and systems, and promote the role of renewables as part of the energy mix, as well as strengthening the social support to green and sustainable transitions. Along with strong climate policies, we also recognize the importance of stepping up climate finance from all sources, including by mobilizing private investment, to support both adaptation and mitigation efforts. We will ensure that digital transformation plays a key role in making our economies more resilient and inclusive, being mindful of cyber resilience, data protection, data sharing, interoperability, and portability. We will work toward a well-designed, financial ecosystem to increase competition and expand access on fair, transparent terms, which can foster financial inclusion and productivity gains. We will also work together to make cross-border payments faster, more cost-effective, safer, transparent, and inclusive, considering the G20 Roadmap for Enhancing Cross-Border Payments. We will ensure that the crypto-assets ecosystem, including so-called stablecoins, is closely monitored and subject to robust regulation, supervision, and oversight.

4. We welcome the Managing Director's Global Policy Agenda.

5. We support the IMF's surveillance focus on tailored advice to respond to ongoing challenges, supported by in-depth analysis. We support the IMF's policy advice and analytical work on policies to address financial sector vulnerabilities; contain inflation, including monetary-fiscal interactions and policy responses to commodity-price shocks; the interplay between capital flows, capital flow management measures, and crises; fiscal policies to tackle elevated debt levels; and the impact of geo-economic fragmentation. In light of recent financial turbulence and increased financial stability risks, we support the IMF's continued efforts to upgrade macro-financial surveillance, with focus on strengthening systemic risk analysis and policy advice to help members manage risks. We also support the

IMF's ongoing work to operationalize the Integrated Policy Framework, guiding members on the appropriate use of multiple policy tools to deal with spillovers, shocks, and multiple risks, taking into account country-specific circumstances and in line with the Institutional View. We welcome the recently completed review of the Framework for Enhanced Fund Engagement on Governance, which reaffirms the criticality of IMF's policy advice to strengthen governance and address macro-critical corruption issues in domestic and transnational contexts and the importance of evenhanded engagement across members. We also welcome the review of the Role of Trade in the Work of the Fund and welcome additional surveillance on macro-critical impacts of trade policy and advice on increasing supply-chain resilience. We look forward to the upcoming review of the Fund's Strategy on Anti-Money Laundering/Combating the Financing of Terrorism, which will explore ways to strengthen its support to members, the Financial Action Task Force (FATF) and FATF-Style Regional Bodies, to promote the integrity and stability of the international financial system.

6. The IMF's role in providing financial support is critical, including on a precautionary basis to help members address balance of payments needs. We welcome the IMF's strong policy and financial support to low-income countries, including those benefiting from the new temporary food shock window and under Poverty Reduction and Growth Trust-supported programs. We will ensure that the Poverty Reduction and Growth Trust can continue to provide strong support to meet the growing needs of low-income countries in the coming years. We will redouble our efforts to reach, by the 2023 Annual Meetings, the agreed 2021 fundraising targets for the subsidy and loan resources for the Poverty Reduction and Growth Trust. These resources need to be mobilized from a broad range of members—including through voluntary Special Drawing Rights (SDR) channeling or equivalent contributions. We also ask the IMF to provide an analysis, by the 2023 Annual Meetings, of the full range of options to put the Poverty Reduction and Growth Trust on a sustainable footing which will inform its burden-shared medium-term funding strategy, to be elaborated as part of the upcoming Poverty Reduction and Growth Trust review. We also welcome the approval of the first pilot programs under the Resilience and Sustainability Trust. We will deliver on existing pledges and generate additional contributions to the Resilience and Sustainability Trust. We welcome the recent temporary increase in general resources account (GRA) access limits to better support the membership during continued challenging and uncertain times. We also welcome the flexibility entailed by the changes to the Fund's financing assurances policy that allow the possibility of upper-credit tranche engagement—subject to adequate safeguards—with members facing exceptionally high uncertainty and welcome the clarity of requirements which helps with even-handed application. We note the additional voluntary contributions made to the IMF's multi-donor Administered Account to facilitate bilateral financial assistance to Ukraine. We look forward to the upcoming policy reviews of: precautionary facilities, the access limits under the emergency financing instruments, the impact of the food shock window, as well as the Resilience and

Sustainability Trust interim review scheduled for April 2024. We also look forward to the ex-post report on the use of Special Drawing Rights following the 2021 General Allocation, including the impact on members' reserves and consistency with the principles of transparency and accountability.

7. We reaffirm our commitment to a strong, quota-based, and adequately resourced IMF at the center of the global financial safety net. We remain committed to revisiting the adequacy of quotas and will continue the process of IMF governance reform under the 16th General Review of Quotas, including a new quota formula as a guide, and ensure the primary role of quotas in IMF resources, by December 15, 2023. In this context, we support at least maintaining the IMF's current resource envelope. We also welcome the fourth progress report to the Board of Governors and will accelerate our discussions to achieve considerable progress by the time of our next meeting toward the conclusion of the review as part of a package approach.

8. We support the IMF's efforts to address ongoing debt challenges in collaboration with partners. We support the IMF's work with the World Bank to help strengthen and accelerate the implementation of the G20 Common Framework for debt treatments on a case-by-case basis in a predictable, timely, orderly, and coordinated manner. We look forward to the IMF's ongoing work with the World Bank to improve the information-sharing process with creditors, including on information underlying the Debt Sustainability Analysis, subject to confidentiality undertakings and institutions' governance rules. Building on the momentum from the agreement on a debt treatment for Chad under the Common Framework, we call for a swift conclusion of a debt treatment for Zambia. We look forward to the rapid formation of the official creditor committee and its work toward the provision of financing assurances for Ghana. We encourage progress on a debt treatment for Ethiopia under an envisaged IMF-supported program. Given the rise in vulnerabilities in middle-income countries, it is critical that the international community find ways to promote stronger creditor coordination for debt restructuring. We welcome the provision of financing assurances that paved the way for the approval of a new program for Sri Lanka and look forward to a swift resolution of its debt situation. We also welcome the launch of the Global Sovereign Debt Roundtable (GSDR), which aims at fostering greater common understanding among key stakeholders on concepts and principles, including on comparable treatment of private sector claims and its statement of April 12. The Global Sovereign Debt Roundtable can help address the main bottlenecks observed in sovereign debt restructurings, complementing the work of the G20, Paris Club and creditor committees, including under the Common Framework. We look forward to the Fund's continued efforts to improve debt transparency and strengthen the contractual approach to support sovereign debt restructurings.

9. We reiterate the IMF's important role in responding to members' demands and diverse needs for guidance on the macroeconomic and financial implications of climate change and on effective policy responses. We support the IMF's commitment—in line with its mandate, when deemed macro-critical, and in continued effective collaboration with relevant partners—to help members tackle climate change, reap the opportunities, and mitigate the risks of digitalization, support fragile and conflict-affected states and address inequality, poverty, and food insecurity. We note the ongoing analytical work on energy security and climate stress testing; the work on policies to scale up private sector climate finance, including for countries that are benefiting from financing under the Resilience and Sustainability Trust; and the review of the IMF's Climate Macroeconomic Assessment Program. We welcome the IMF's analytical work on policy elements and the macro-financial impacts of crypto-assets and look forward to further analytical work on digital cross-border payment platforms and the implications of digital money for the International Monetary System. We continue to support the new IMF gender strategy, aiming to help narrow gender disparities, consistent with national policies, in our member countries, as well as the IMF's continued efforts to provide customized support to fragile and conflict-affected states in addressing their unique needs, including macroeconomic issues arising from security and humanitarian challenges.

10. We support the IMF's efforts to further integrate country-tailored capacity development with surveillance and lending activities, in line with its mandate, and secure appropriate financing for capacity development. We support the continued capacity development provision in traditional areas, including fiscal and debt-related issues, and welcome the increasing focus of IMF capacity development support for fragile and conflict affected states, and members' other emerging needs, including on climate and digital issues. We welcome the review of the capacity development strategy that will focus on further enhancing the impact of IMF capacity development.

11. We urge the IMF to step up its efforts to attract talent to support existing and new priority areas, improving staff diversity and inclusion, responding to the specific challenges identified in the FY 2020 - FY 2021 Diversity and Inclusion Report, some of which are long-standing. We also stress the importance of members committing to increase gender diversity in the Executive Board.

12. We support the IMF's implementation of its Enterprise Risk Management framework to underpin appropriate identification and treatment of risks in fulfilling its mandate and look forward to a progress report at the Spring Meetings in 2024. We also support the recommendations of the Institutional Safeguards Review—including by strengthening the IMF's internal Dispute Resolution System—to ensure the robustness of IMF's governance

structure. We look forward to the IMF's review of the Transparency Policy to improve openness and clarity while strengthening process, traction, and accountability.

13. Our next meeting is expected to be held in October 2023, in Marrakech.