



2024 Africa Caucus Meeting with the Managing Director of the International Monetary Fund, Kristalina Georgieva

Theme: Overcoming Fiscal Challenges in Africa

Remarks by

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Thank you, Chair.

I appreciate the opportunity to speak today on behalf of my fellow Governors on the critical theme of “*Overcoming Fiscal Challenges in Africa*”.

My sincere gratitude to Managing Director, Kristalina Georgieva, for her outstanding leadership and support to Africa. The continent faces numerous fiscal challenges, including debt vulnerabilities, weak domestic revenue mobilisation, and limited access to international capital markets, exacerbated by the pandemic, geopolitical tensions, and climate-related shocks. According to AfDB, Africa needs up to \$170 billion annually for infrastructure, with a financing gap of up to \$108 billion. The rising ratio of interest payments to revenue since the early 2010s has compromised investment in essential services, leaving about half of Sub-Saharan African countries at high risk or already in debt distress by the end of 2023.

Overcoming these challenges requires a multifaceted approach combining domestic reforms with stronger international support. The African Governors are committed to fiscal reforms, medium-term consolidation, improving public financial management, rebuilding fiscal buffers, and strengthening governance to bolster durable economic growth. Given Africa’s constrained fiscal outlook, climate risks, and the global environment, these efforts will need increased international cooperation and support from development partners, including the IMF.

To this end, we will highlight a few of the most important topics as they pertain to the IMF today:

- **First, the IMF's support should remain flexible, adapting to global conditions and country-specific needs, while ensuring sufficient resources.** In this context, maintaining the high concessionality of the Poverty Reduction and Growth Trust is critical while ensuring adequate financing through all possible options, such as gold sales. In this regard, it is crucial to highlight that the timing for the resumption of charging interest rates on PRGT funds (tiered interest rate structure) is inappropriate as most PRGT-eligible countries are still facing significant challenges. Relatedly, the IMF's charges and the surcharges policy should avoid adding financial burdens on countries facing fiscal challenges. With the expiry of the Food Shock Window and rising food insecurity, especially in Africa, timely emergency financing through CCRT resources and program augmentations is essential. Intensified fundraising efforts under the second phase of resource mobilisation are paramount.
- **Second, a collaborative approach to address Africa's fiscal challenges is crucial.** We urge the IMF and World Bank to coordinate their support to develop resilient fiscal policies, considering Africa's diverse needs. Programs should account for regional specificities to ensure sustainable and impactful reforms that do not disproportionately affect vulnerable populations. The IMF should leverage its catalytic role and convening power to deepen dialogue with regional MDBs for additional concessional finance and grants, aiding debt restructuring for members at high risk of debt distress.
- **Third, we call for tailored and enhanced technical support from the Fund and other international partners to strengthen institutional capacity in Africa.** This is a key prerequisite to address the underlying causes of fiscal challenges and other bottlenecks to achieve durable and inclusive economic growth in member countries. To this end, a stronger partnership between the IMF and the Africa Peer Review Mechanism would help boost institutional capacities for country-specific fiscal governance and economic reforms across Africa, and enhance the framework for identifying, managing, assessing, and integrating fiscal risks and debt sustainability.
- **Finally, we urge the IMF to continue to lead in debt restructuring and relief efforts for heavily indebted countries.** In this respect, the Global Sovereign Debt Roundtable (GSDR) should ensure swift, fair, and effective debt resolution under or outside the G20 Common Framework, focusing on providing timely debt relief for the most vulnerable countries. At the same time, we call for greater private sector involvement in the Common Framework to ensure Comparability of Treatment and faster progress on debt resolution initiatives. The Fund, through the GSDR, should also explore innovative financing solutions—such as blended finance, and debt-for-climate swaps via enhanced RSF—to address both the continent's debt vulnerabilities and climate change risks.

Thank you, Chair and Madam Managing Director.