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Statement by the Hon. **ALEXANDER DEMARCO**,
Governor of the IBRD for **MALTA**

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It is my pleasure to participate in the 2024 Annual Meetings of the International Monetary Fund (IMF) and World Bank Group (WBG). My congratulations and thanks go out to all staff and organisers for their excellent organisational efforts.

On behalf of Malta I wish to commence by extending my sympathy and solidarity with the citizens of the United States in the wake of the recent hurricanes, which have tragically claimed hundreds of lives and inflicted severe material loss upon many others. My heartfelt condolences also go out to all the victims of military conflicts and natural disasters around the world, who are forced to confront life-threatening risks and deprivation on a daily basis. It is of critical importance that members of the global community – be they individual countries or international institutions – act rapidly and in concert to both alleviate the effects of ongoing crises as well as rebuild buffers and promote resilience in vulnerable countries and regions.

Going forward, the global economic outlook remains decidedly mixed. Stable – albeit historically low – growth forecasted for 2025 is a welcome development following the ravages of the COVID-19 pandemic and despite the persistent geopolitical tensions. However, this must be weighed against the downside risks and high uncertainty that continue to characterise the global economy. Moreover, the current situation threatens to heighten the disparity between advanced economies and developing countries, the former now having largely caught up to pre-pandemic activity with much lower inflation, while the latter are demonstrating signs of permanent scarring. While goods inflation has moderated, inflation in the services sector remains challenging and to be monitored in many countries. Careful calibration of monetary policy is essential to ensure the smooth restoration of price stability without hampering economic growth and employment.

The prevailing challenges confronting the global economy render paramount the necessity of a strong, adequately resourced and quota-based IMF at the heart of the global financial safety net. In line with this need, Malta is committed towards the finalisation of the 16th General Review of Quotas (GRQ) through the payment of its allocated quota share by the established deadline. Such a move will preserve the Fund's ability to support member countries and, in turn, demonstrate ongoing confidence in the Fund during these uncertain times. Accordingly, I also urge all other members to finalise the relevant processes in a timely manner. Nevertheless, we recognise that the completion of the 16th GRQ by end-2024 may prove ambitious and, in the eventuality that it materialises in 2025 or later, encourage members to renew their Bilateral Borrowing Agreements (BBAs) in order to preserve the Fund's financial resource base.

Global public debt levels, now forecast to surpass US\$100 trillion in 2024 and exceed 100% of global gross domestic product (GDP) by the end of the decade, constitute an issue that must be tackled sooner rather than later. Governments must carefully formulate credible fiscal policies that strike a delicate balance between reducing their debt-to-GDP

ratio without negatively impacting growth, social safety nets, public investment or the green transition. Essential to achieving this objective are strengthened fiscal governance in terms of revenue collection as well as transparency and oversight on expenditure.

It is therefore critical that the Fund continues its work of enhancing public debt data coverage – including through the reconciliation of creditor and debtor data – and promoting transparency. The Fund also stands to play a valuable role through more direct means, not least the alleviation of borrowing costs and debt service burdens via its Review of Charges and Surcharges. In this vein, Malta acknowledges the importance of a fully functioning Poverty Reduction and Growth Trust (PRGT) endowed with sufficient resources to ensure the requisite levels of concessional financing for Low-Income Countries (LICs). Given the required scale of finances, we believe that every viable avenue for generating the necessary funds, including gold sales, should be explored. Additionally, we also greet the progress being made by the G20 Common Framework (CF) for Debt Treatments, which has succeeded in completing creditors' agreement with Ghana and Ethiopia. However, more international coordination and cooperation is required for countries not covered by the CF and to encourage debt relief efforts from non-Paris Club bilateral creditors.

In these times it is understandably challenging to look beyond addressing the most immediate crises. Nonetheless, however challenging the current period may appear, longer-term goals must not be allowed to fall by the wayside. An increasingly frequent array of destructive natural disasters, water shortages and harsher weather conditions, among other events, stand as a collective testament to the tangible consequences of climate change. One conclusion is inescapable; concrete, coordinated and far-reaching action to promote the green transition and mitigate the worst effects of climate change must be taken now. Delay will inevitably lead to global repercussions and higher costs, not only for Low-Income Countries (LICs), which are disproportionately affected, but also for advanced economies.

We are therefore glad to note that both the Bank and the Fund continue to acknowledge the importance of this issue through their various fundraising and lending activities, not least the former's Climate Change Action Plan 2021-2025, under whose auspices the Bank was able to deliver a record US\$38.6 billion in climate finance in FY23. In turn, the IMF's efforts to systematically integrate climate change into its surveillance activities are a positive step forward, as has been the launch of the new Resilience and Sustainability Trust (RST) towards which Malta is pleased to have contributed. We welcome the results of the first interim review on the RST and look forward to the compilation of a more comprehensive review.

Among all other ongoing activities, we are pleased to note that the IMF has experienced an increase in its membership through the addition of Liechtenstein. We are certain that this will be of mutual benefit and look forward to future collaboration. We also welcome the establishment of the 25th Chair on the Executive Board for sub-Saharan Africa.

In conclusion, on behalf of Malta I would like to reiterate our support for both the Fund and the Bank as they seek to fulfil their respective mandates in this highly uncertain global economic environment.