ANNUAL MEETINGS
2025 | WASHINGTON DC
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

Governor's Statement No. 13

October 20, 2025

Statement by the Hon. **EDWARD SCICLUNA,**
Governor of the Fund for **MALTA**

Statement by the Hon. Edward Scicluna
Governor of the Fund for Malta

It is once again my pleasure and privilege to address the Annual Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG). I extend my thanks to both institutions' staff, as well as to everyone else involved, for their hard work in making this meeting possible.

Half a decade on from the COVID-19 pandemic, the global economy remains highly uncertain. Several factors are at play; heightened trade tensions and protectionism, elevated policy uncertainty, market instability, ongoing armed conflicts and rising public debt have all played their part in leaving markets in turmoil and adversely affecting businesses and consumers alike. While the global economy has proven to be resilient so far, this in large part reflects temporary factors – notably the front-loading of investment and trade in the first six months of the year – rather than indicating any particularly firm foundations or inherent stability. With these transitory effects now having mostly run their course, a moderate slowdown now appears to be on the cards in an outlook that is mainly dominated by downside risks.

Tariffs, other protectionist measures and the absence of clear and durable trade agreements will impact the international economy both directly and indirectly. While inflationary effects have been muted in some countries, in others inflation is stabilising above central bank targets. Reductions in trade flows have also started to result in lower employment and stifled growth. In turn, the upsetting of tried and tested supply chains will lead to suboptimal reallocation of productive resources and loss in production efficiencies. One potential upside to the latter is that, in embarking on a mission to form new trading partnerships or bolster existing ones, in the long run some countries and firms might unearth new efficiency gains. As equally damaging as the active effects of protectionism is the high level of persistent uncertainty. Policymakers face the substantial challenge of adapting to a rapidly fluctuating environment in which little can be anticipated. The same applies to businesses and individuals, leading to a scaling back or entire postponement of investment and spending decisions.

Elsewhere, global debt, while having declined from 258% of gross domestic product in 2020 to 235% in 2024, remains excessively elevated. A lessening in the amount of private sector lending has been offset by greater borrowing by governments, with global public debt standing at 93%. Nor does this tell the full story; the burden of public debt is not distributed evenly across the world's countries. Over half of the world's emerging and developing economies – the majority located in the global south – are deemed to be at high or significant risk of debt distress. In 2023 54 nations with a collective population of 3.3 billion spent over 10% of government revenue on servicing debt payments – a figure higher than that dedicated to health or education. The situation has resulted in countries facing constrained fiscal space precisely when increased spending is required to maintain development.

Although initiatives such as the Global Sovereign Debt Roundtable and other initiatives undertaken by the IMF, WBG and multilateral development banks have encouraged collaboration and debt restructuring, more action is needed. In this regard I am pleased to see the plan for action reached at this year's 4th International Conference on Financing for Development in Seville. Debt pauses and swaps will give indebted countries breathing room, while reforming the international financial architecture, efficient allocation of resources and promoting information sharing and transparency represent essential long-term solutions to the debt crisis.

The presence of various economic challenges means that a strong, adequately resourced and quota-based IMF at the heart of the global financial safety net has never been more indispensable. The most urgent matter at hand is the finalisation of the 16th General Review of Quotas, which will greatly enhance the Fund's available resource envelope and enable staff to maintain adequate support to those in need. While noting the progress made in obtaining member states' approvals, the threshold of consent required for the realisation of both the 16^{th} GRQ itself as well as the New Arrangements to Borrow is still to be reached. Accordingly, I look forward to the attainment of the necessary consent threshold. On my part, I am glad to state that Malta consented to the 16^{th} GRQ and stands ready to meet its commitments. Furthermore, to help assure the Fund's financial resources during this transition period, Malta has also renewed its Bilateral Borrowing Agreement.

The realisation of the 16^{th} GRQ is but one step. As already highlighted, we live in an era of rapid change. It is of paramount importance that the Fund remains equipped with the tools and expertise to continue fulfilling its mandates in the face of new circumstances and scenarios. These priorities should be kept in mind during the reviews of the Comprehensive Surveillance Review, Financial Sector Assessment Program and Program Design and Conditionality. A macro-critical approach through which the Fund can remain agile and adaptive is crucial.

I am glad to note the continued use of the Resilience and Sustainability Trust. Now three years old, the trust has made SDR9.1 billion available to 23 countries; an important set of contributions for policymakers in their attempts to instil climate resilience and pandemic preparedness.

In conclusion, I would like to applaud IMF and WBG staff's work in what is a relentlessly challenging environment. 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 volatile global economic environment.