Statement by

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France
The past few months have seen significant progress in the fight against the Covid-19 pandemic and its health, economic and social consequences, but the recovery remains fragile. The rapid roll-out of vaccination has contributed to containing the virus in many countries, despite the emergence of new strains. On the economic front, after an unprecedented recession in 2020, the global economy is expected to grow by 5.6% in 2021, the strongest rebound in over 80 years. However, this positive outlook should not divert us from the significant challenges we are still facing in order to overcome the consequences of the pandemic and return to a green, sustainable, resilient and inclusive development.

The fight against the pandemic will remain our priority in the coming months, with the main objective of ensuring access to safe, effective and affordable vaccines for all. Only a massive roll-out of vaccines could ensure sustained containment of the virus and prevent the emergence and spread of resistant strains that could jeopardize recovery. The international community must continue working to increase access to Covid-19 vaccines in every country, to increase the industrial production capacity of developing economies, and to remove barriers to vaccination, with enhanced transparency.

In that respect, I welcome the efforts led by the World Bank Group to support the affordable procurement and deployment of vaccines worldwide. These efforts must be continued and expanded, in coordination with multilateral initiatives and in particular with WHO, the Access to Covid-19 Tools Accelerator (ACT-A) and its COVAX vaccine pillar. To accompany this effort, governments must also rally and show solidarity. This is why France pledged to donate 120 million doses of vaccines to respond to the emergency, and encourages all those who can to do the same.

France supports the creation of a Global Health Council to improve pandemic preparedness. Here again, the World Bank will have an important role to play. As a board member of the Coalition for Epidemic Preparedness Innovations (CEPI), a major contributor to programmes improving disease surveillance systems, and as a major investor in health systems strengthening, we encourage the World Bank to work with the WHO, WTO and FAO and to bring its expertise to this new governance.

The international community must also rally for a green, sustainable, inclusive and resilient recovery in line with the 2030 Agenda and the objectives of the Paris Climate Agreement. The fight against climate change will be the challenge of our decade, as underlined by the IPCC this summer, if we wish to remain within the 1.5° limit and avoid reaching the 2.7° announced by the UNFCCC by the end of the century. France will be very careful that the Bank also significantly strengthens its commitments in favor of biodiversity and presents a dedicated action plan by the
end of the year, in accordance with the 2021-2025 Action Plan on climate change, which we welcome. In the run-up to COP 15 in Kunming and COP 26 in Glasgow, France invites the World Bank to play a leading role in this area, both in terms of financing and in the definition of ambitious accounting methodologies. Here again, a collective effort is needed to make real progress.

Financing the recovery will require massive investments and the mobilization of both public and private resources. France is strongly committed, within the international community, to help fill the massive financing gap we observe in developing countries, particularly in Africa. Expectations are high and legitimate, as demonstrated by the summit on the financing of African economies held on 18 May in Paris. Thus, France encourages the multilateral financial institutions, and in particular the IMF and the World Bank to explore innovative solutions. In this respect, France welcomes the progress made in this area in recent months with the proposal to create a resilience and sustainability trust within the IMF, financed by channeling the Special Drawing Rights (SDRs) of advanced countries that wish to and we encourages a partnership between World Bank and IMF for the implementation of the RST in beneficiary countries, mobilizing notably World Bank’s expertise on policy reforms, in particular regarding climate change. We encourage the World Bank to continue exploring options to increase the impact of SDR allocations to the vulnerable countries through SDR on-lending to multilateral development banks.

The Debt Service Suspension Initiative has been a landmark agreement involving all the Paris Club and G20 members. It allowed suspending public debt service payments for the poorest countries. This initiative, which has been extended until the end of 2021, has provided real financial support to many low-income countries. It is important that all official bilateral creditors remain fully committed to its implementation.

Also, the current implementation of the Common Framework for Debt Treatments beyond the DSSI by G20 and Paris Club creditors in a timely manner and with the technical support of IMF and WB must help countries to address structural pressures arising from debt vulnerabilities. The participation of private creditors, in line with the comparability of treatment principle, will be key to provide appropriate debt treatments to countries which have made a request under the Common Framework.

Beyond the treatment of debt inherited from the past, it is essential to provide developing countries with positive net flows of financing, including concessional financing.

France is therefore calling for an ambitious 20th replenishment of the International Development Association (IDA). Donor countries already demonstrated their solidarity with the countries most severely affected by the crisis by advancing the 20th cycle by one year. The effort of the contributing countries will have to be accompanied by new measures to optimize IDA’s balance sheet in order to further increase the leverage effect on their contributions and thus maximize the resources made available to the recipient countries. This will have to be complemented by more ambitious actions to mobilize private capital. In terms of priorities, particular attention should be paid to the most vulnerable countries and those particularly affected by the climate emergency, especially the Sahel countries, as well as to biodiversity issues.

The conclusion of the IDA voting rights review is excellent news. It modernizes the distribution of voting rights while maintaining recognition of the past efforts of historical contributors. IDA governance is strengthened by this success and adapted to the 21st century.
Beyond concessional funds, Multilateral Development Banks (MDBs) should maintain high levels of commitment in the coming years by making a more optimal use of their existing resources. To this end, I welcome the ongoing efforts of the G20, through the work done on optimizing the balance sheets of MDBs and the launch of an independent review of their capital adequacy frameworks to identify potential capital buffers and free up additional financing at constant capital levels.

Furthermore, private sector development and attraction of private investments are critical to boost growth and create jobs in the long term in developing countries in the long term, beyond what Multilateral Development Banks can do. We encourage the international financial institutions to support reforms towards a more stable, transparent and reliable business environment and investment climate. This includes supporting domestic resource mobilization through sustainable, transparent and accountable tax systems. I welcome the efforts of the International Finance Corporation (IFC) to strengthen private sectors, develop new markets and foster the emergence of bankable projects in emerging and developing countries. We call on the IFC and the Multilateral Investment Guarantee Agency (MIGA) to strengthen their policy regarding the financing of entities domiciled in non-cooperative jurisdictions listed by the European Union, and to deepen their due diligence on the excessive tax optimization schemes implemented by some of them.

The Summit on the Financing of African Economies held on 18 May 2021 built momentum by mobilizing all partners willing to combine their financial and technical resources for the development of the private sector in Africa, and in particular micro, small and medium enterprises (MSMEs). I particularly thank the IFC for its leading role in launching the Alliance for Entrepreneurship in Africa. This dynamic must now be continued and expanded.

All these challenges will only be met through a strong, multilateral, collective action that will contribute to sustainable, inclusive and green development, consistent with our ambitions and our duty of solidarity with the most vulnerable.