Statement by

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Minister for Economy and Finance

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(VIRTUAL)

First of all, my thoughts are with everyone around the globe affected by COVID-19. I wish to express my deepest gratitude for those who are on the first lines of defence and who are doing crucial work to the benefit of us all.

These are unprecedented times. The scale of this health crisis is generating huge challenges for the global economy, through a negative shock of exceptional magnitude in recent history. The pandemic will be highly detrimental to many emerging markets, frontier economies, and low-income countries. In the Sub-Saharan Africa region, the outbreak is likely to set off the first recession in 25 years, and it has the potential to create a severe food security crisis. The effect of the crisis will be felt even more strongly in countries with weaker institutions, particularly the Fragile, Conflict and Violent (FCV) countries. Today more than ever, we must not forget the poorest in our efforts to remedy the situation, and leave no one behind. In this regard, a strong priority must be our collective response to the consequences of the crisis for Africa.

The pandemic requires an unprecedented response in terms of scope, scale and speed of reaction. In this regard, I commend the timely decisions taken by the World Bank Group and all the MDBs to adopt comprehensive emergency response packages, based on their respective mandates and geographical scopes. In order to maximize their development impact, MDBs should work as a system. It requires close coordination between MDBs and with development partners at the country level to ensure consistency, optimize the use of resources, ensure debt remains sustainable and safeguard progress toward the SDGs and the Paris Agreement.

The financial support presented by the World Bank Group amounts to US$160 billion for emerging and low-income countries. I commend the WBG for its reactivity to set up a robust and commensurate package to its clients, and now look forward to the swift implementation of this funding, around four main areas of priorities. First, targeted, rapidly-disbursed investment programs in the health sector, designed in close coordination with specialized institutions such as the World Health Organization and the regional development banks. Second, support to the poorest through safety nets and cash transfer programs. Third, emergency fiscal support to affected countries, notably through general and sectorial budget support consistent with IMF programs. Fourth, support to the private sector, both to companies and financial institutions, notably through trade finance, liquidity and working capital programs.

France supports very strongly the temporary suspension of debt service payment for the poorest countries. France, who chairs the Paris Club and co-chairs with Korea the “G20 International Financial Architecture Working Group ”, where G20 discussions on debt-related issues have been handled in the last few weeks, has played a pivotal role, alongside the key role played by the Saudi G20 Presidency, in helping creditor countries converge on a common term sheet for this initiative. France is committed to following
up and monitoring closely the implementation of this debt service suspension initiative, and to help ensure that the strong creditors coordination that is needed to deliver adequately is maintained in the implementation phase. The next step to this initiative will be, once the world economic outlook will have stabilized, to undertake an in-depth assessment of the economic and financial situation of each beneficiary countries, and to initiate as appropriate possible debt relieves for some countries, on a case by case basis and through a multilateral framework.

As shareholders and donors, we are giving the World Bank Group the financial power to respond to this crisis. Two years ago, we agreed on two historic capital increases for the International Bank for Reconstruction and Development and the International Finance Company, and I note with satisfaction that all conditions are now met to complete the latter. In December last year, France significantly increased its commitment to the International Development Association, thus contributing to a record replenishment of $82 billion. Out of this amount, $53 billion will be devoted to sub-Saharan Africa between mid-2020 and mid-2023, including at least $7 billion for the Sahel countries. IDA will play a critical role in the WBG response to the crisis. I strongly encourage the WBG to continue to increase its commitments, maximizing its lending capacity and mobilizing all resources available.

Looking beyond the immediate impact of the crisis, the World Bank Group will have a key role to play to restore strong, inclusive and sustainable growth in developing countries. The crisis risks to erase development gains for many countries. It is important for the Bank and its client countries to get back on track towards the twin goals of poverty reduction and shared prosperity, and the wider SDGs. The support needed is an opportunity to respond both to immediate economic needs and long-term development outcomes. Any post-crisis recovery objectives should include mitigating climate change, making all economies more resilient to natural disasters, and tackling threats to the environment and biodiversity. It should also support long term investment to spur sustainable development, promote inclusion and reduce inequalities. It is only by building back better that future setbacks can be minimized and more inclusive and sustainable development outcomes can be achieved. The time is now for a new development model. To design a fairer and more sustainable model, we will need to continue work together and to try to learn the lessons this crisis will leave us, including on the functioning of world value chains and the vulnerabilities of our own economies.

The pandemic has reinforced a growing recognition that the development community increasingly faces global challenges that can be overcome only through collective action and innovation. Undoubtedly, our commitment towards multilateralism is needed, more than ever.