DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

ONE HUNDRED AND FIFTH MEETING
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Statement by
H.E. Bruno Le Maire
Minister for Economy, Finance and the Recovery
France
The Russian Federation’s unjustified military invasion of Ukraine, besides violating international law and the United Nations Charter, is a serious attack on the security, stability and prosperity of Europe and the world as a whole. The unity of the European Union countries, based on a sense of belonging and common values, is essential to preserve the rules-based international order as well as Europe’s collective security architecture. The French Presidency of the Council of the European Union will continue to work closely with its European and international partners to provide direct assistance to Ukraine, impose sanctions on Russia and Belarus and increase their isolation in multilateral forums. In this regard, I commend the World Bank Group for its decision to halt its investment and financing programmes in both countries. We will continue to work with our partners on additional measures whenever the need arises.

Russia’s aggression, which has caused the largest population displacement in Europe since the Second World War, comes at a tragic cost for the Ukrainian people. In the face of this major crisis, France stands in solidarity with Ukraine and its people. In coordination with our European and international partners, we supported the allocation of emergency financial assistance to Ukraine and disbursed a €300m emergency budget support loan, which comes on top of the humanitarian aid released by France and the €1.2bn assistance package to finance projects presented on 8 February. This expands on other emergency funding provided earlier by the European Union, with its “Team Europe” approach, and notably those from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

France also welcomes the adoption and disbursement of large-scale support packages to Ukraine and neighbouring countries impacted by the crisis by the International Monetary Fund (IMF) and multilateral development banks, particularly the World Bank Group. The World Bank’s swift response enabled the approval of a supplemental budget support package of nearly $700m, which is part of a larger package totalling $3bn to be provided in the coming months. Furthermore, I commend the International Development Association (IDA) for using its resources to allocate a $1bn loan to Ukraine and $100m worth of additional assistance to Moldova. For Ukraine to receive the support it needs in the months ahead and to prepare to rebuild, we must mobilise the full range of instruments available to the World Bank and other international financial institutions.

Moreover, Russia’s war on Ukraine threatens global food security, especially in Africa and the Middle East, by severely disrupting the production and global supply chain of several staple foods, including grains. This aggression is exacerbating what was already a critical food security situation around the world. The effects of the war in Ukraine have already sent food prices soaring, exceeding the peak reached during the 2007–2008 food crisis, and the situation could worsen if the war drags on. To avert a food crisis and the social ramifications it could entail, the international community must work together to mount a coordinated response. With the proposal of the Food and Agriculture Resilience Mission (FARM) initiative, France intends to ensure food security in the world’s most vulnerable countries. The initiative aims to attract the involvement of public- and private-sector stakeholders, giving
every partner country a role to play in its governance in order to ease pressure on food markets, facilitate the supply of food to vulnerable populations while strengthening their resilience through support for local and sustainable agricultural production.

The war in Ukraine has become yet another source of uncertainty weighing on the recovery and the global economic outlook, even as measures implemented in recent months have helped tame the pandemic and its adverse impacts on public health, the economy and society. On the public health front, the emergence of the omicron variant in November 2021 underscores the risk that future COVID-19 surges could pose to the economic recovery. Keeping the pandemic under control and getting vaccines in as many arms as possible should remain our priorities. In the near term, we must continue to support the Access to COVID-19 Tools Accelerator (ACT-A) initiative and the COVAX facility to make COVID-19 vaccines readily available across the globe, increase manufacturing capacity in developing countries and break down barriers to vaccination within such populations through improved transparency. This short-term agenda must be articulated with longer-term objectives such as strengthening the global health architecture to ensure that we are more prepared for future pandemics, improving the coordination of actors, optimising the allocation of resources and strengthening the resilience of health systems in the most fragile countries.

On the economic front, enormous challenges lie ahead of us as we try to undo the damage the pandemic has wrought and get back on the path to green, sustainable, resilient and inclusive development, in line with the sustainable development goals and the objectives of the Paris Climate Agreement. Though the global economy continued to rebound throughout 2021, the recovery remains uneven and many economies are still falling short of pre-pandemic GDP levels. The war in Ukraine is expected to worsen supply bottlenecks and increase underlying inflationary pressure, pushing up the cost of energy, goods and other commodities, which are expected to remain high over the course of 2022 and experience significant volatility. In this difficult economic environment, international organisations must mobilise their instruments and maintain high levels of financing to support the recovery, mitigate the repercussions of the invasion of Ukraine on the international economic situation and protect the poorest and most vulnerable populations.

Major progress has been made in this regard in recent months, with public and private resources being marshalled to bridge the funding gap in developing countries. For example, the 20th IDA replenishment (IDA20) package raised a record $93bn for the world’s poorest countries, even though this replenishment was anticipated, which in itself was a major effort of donor countries. The creation within the IMF of the Resilience and Sustainability Fund (RST), which should provide an important channel for mobilising Special Drawing Rights for the benefit of the most vulnerable countries, is also a very important step forward. France encourages the World Bank and the IMF in their partnership for the implementation of the IMF’s RST by mobilising the Bank's expertise in terms of reforms and climate change action.

The European Union-African Union Summit, held under the French Presidency of the Council of the EU on February, 17th and 18th in Brussels, highlighted the progress made since the Summit on the financing of African economies. A joint declaration was adopted, emphasizing, in economic and financial matters, the channelling of SDRs to Africa and providing details in the composition of the €150bn European investment package aimed at financing investments in infrastructure, health and education.

In addition, the implementation of the Common Framework for Debt Treatments, which was adopted in a timely manner by the G20 and the Paris Club in November 2020 with technical support from the IMF and the World Bank, aims at providing a structural response to the debt-related vulnerabilities. The effective coordination of the World Bank and the IMF is a key element of the Common Framework’s implementation. Participation by private creditors, in accordance with the comparability of treatment principle, will be essential to providing debt treatments appropriately tailored to debtor countries that have submitted a formal request.
But these efforts can only ensure lasting growth and create jobs in the long term if they are accompanied by a strong and resilient private sector in developing countries and support to SMEs. Bolstering the private sector in these countries involves providing entrepreneurs with support and making financing available to SMEs. Regarding this point, I would like to thank the International Finance Corporation (IFC), along with our other partner financial institutions (the African Development Bank, EBRD, EIB, the Association of European Development Finance Institutions, Proparco) for their leading role in the launch of the Alliance for Entrepreneurship in Africa on 21 March in Dakar, Senegal. The Alliance will help to pool and direct technical and financial resources of its members in order to improve the business climate in Africa and support the development and success of SMEs as well as women- and youth-led businesses.

Lastly, fighting climate change and land degradation and preserving biodiversity should remain priorities for multilateral development banks. Significant headway was made during the COP26 climate summit in Glasgow, including more ambitious greenhouse gas emissions reduction targets and a reaffirmed commitment to mobilising $100bn of climate finance for developing countries every year until 2025. However, we will have to go much further to limit the temperature rise to 1.5°C by 2100. Multilateral development banks must develop as soon as possible a common methodology for aligning their operations with Paris Agreement goals. We also welcome the World Bank’s pledge to define a methodology for measuring biodiversity co-benefits ahead of the IDA20 mid-term review. This is however not sufficient. France encourages the World Bank Group to move forward quickly so that we can set quantifiable targets by the end of IDA20. The preservation of biodiversity should be a top priority of the World Bank in the coming years to contribute fully to the implementation of the future post-2020 global framework for biodiversity to be adopted at the COP15 of the Convention on Biological Diversity to be held in Kunming, China next summer. France is also counting on the World Bank's convening power on the other multilateral development banks to carry forward this agenda. The international community must take decisive, assertive action if we are to meet these challenges and secure the opportunities of the next generations.