Statement by

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France
Dear Colleagues,

Four years after the Millennium Summit, two years after the Monterrey Conference but also two-and-a-half years after the tragic events of September 2001, we are now, each in so far as he or she is concerned, faced with our responsibilities. Whether poor countries, rich countries or multilateral institutions, we have set ourselves ambitious goals, the Millennium Development Goals, and we have built on these goals which form a new partnership. We have done so responsibly, agreeing to monitor the efforts accomplished by each partner. The report presented here today by the World Bank is therefore a milestone, from which I can draw three conclusions.

First of all, extreme poverty in our globalizing world remains an undiminished challenge. As we know, globalization fosters closer contact between rich and poor countries, which can no longer ignore each other's existence. It sharply highlights the profound destitution burdening the lives of far too many people in the world. This is a source of despair for entire societies, and despair is all too often a breeding ground for the extremism and violence by which we have been, we are and most probably we will all be victimized.

Based on current trends, most Millennium Development Goals will not be reached. While the first Goal, to halve the proportion of people living on less than one dollar a day, could be achieved worldwide, the aggregated data nevertheless conceals large disparities. In particular and still according to the latest figures, Africa will remain far behind the goal by 2015.

We have also set a goal for access to water and sanitation. Once again, there is a wide gap between this objective and current trends. Yet, on this specific goal the G8 endorsed in Evian an action plan, and the report of the World Panel on Financing Water Infrastructure chaired by Mr. Camdessus paved the way. I know that the World Bank and the Regional Development Banks, in response to last year's appeal by the G8, are striving to implement the recommendations set forth by this report. It is essential to continue and step up this effort if we want to see genuine progress in this area.

The same applies to access to basic education. Human capital is a prerequisite for the economic take-off of poor countries. Today, we have outstanding examples (particularly in Southeast Asia) of salient economic and human success stories built upon education. Once again, we have set a common framework for action in this area: the Education for All - Fast Track initiative. I welcome the progress of this initiative and the World Bank's renewed commitment to its achievement. France will naturally continue to provide strong support. We do not yet know
exactly how much financing is required or available for its success and I am therefore calling for enhanced cooperation from all stakeholders in this respect. What is certain is that the financial requirements are very high. But we should not allow this initiative to fail due to a lack of resources!

We all know that trade can also be an engine of economic growth and can help many poor countries to escape from the grasp of poverty. I therefore share with you the desire to see the Doha trade round completed as soon as possible. But for trade liberalization to be a genuine success, it must factor in the situation of the poorest countries, in the spirit of the proposals made last year by the President of the French Republic, and be accompanied with the necessary technical assistance. The World Bank and the International Monetary Fund have a specific role to play in this respect.

My second, more hopeful observation is this: while this call for urgent action reaches us all, rich and poor countries alike, most of our partners in the South are determined to implement the necessary political and economic reforms.

The New Partnership for Africa's Development (NEPAD) is a symbolic initiative in this respect, and rightly so. Helped by a transparent peer review mechanism which permits emulation, it rallies an entire continent behind the implementation of sound policies and the creation of an enabling environment for private investment and growth. These reforms are indeed particularly vital to support the development of small and medium-size enterprises and the creation of jobs. Let's not forget, as our African partners have recalled, that economic growth is the engine needed by these countries to eradicate poverty and that growth is a good shared by all in our globalized world.

These renewed governance efforts are being made at a time when, thanks to the initiative for Heavily Indebted Poor Countries (HIPC), many of the poorest and most highly indebted countries on the planet are gradually returning to sustainable debt levels. The success of this initiative and therefore the credibility of the international community is contingent on their debt remaining permanently sustainable. The joint efforts of the IMF and the World Bank on the debt sustainability framework for low-income countries are therefore of the highest importance. I would just like to stress two points which seem particularly noteworthy here.

First of all, we need to grant priority to the rapid success of the HIPC initiative while naturally seeking to maintain a fair and equitable treatment among the beneficiaries. Several countries are still lagging behind. These vulnerable countries need a new start. Let's no longer keep them waiting because of never-ending, methodological debates, as unfortunately happened in the recent past.

My second observation is that I would like the IMF and the World Bank to operationalize their work in order for us to have a framework allowing to better adjust the financing granted to each country according to its debt level. Once again, on this specific point we should not get mired in dogmatic attitudes but remain pragmatic and be attentive in using all bilateral and multilateral instruments at our disposal as effectively as possible.
But these reforms must also concern the multilateral institutions and their governance framework. As noted at our previous meeting, it is unfortunately impossible today to make substantial progress towards the resolution of this problem. However, thanks to the initiative launched by the United Kingdom and supported in particular by France, a trust fund is presently operational, which will provide the offices of African executive directors in the Bretton Woods institutions with the additional analysis capacity they need to influence the decisions of these institutions.

My final point will be a call to action. Failure to act and fatalism are unacceptable. Solutions are within our reach and we need to take action to carry them out.

This is the very obvious conclusion I have drawn from the ministerial forum on innovative approaches for development finance I had the pleasure to host on April 8th in Paris and which I co-chaired with the Chancellor of the Exchequer.

First, we have noted that donors are now strongly and broadly committed to improve the effectiveness of development assistance. This is essential to allow the recipient countries to absorb volumes that we would like to see even larger tomorrow. I note already that efforts accomplished by developing countries result, according to World Bank studies, in an increased absorptive capacity of about 30 billions dollars. I therefore wish everyone to turn his intentions into actions to achieve this priority. The second High Level Forum on Aid Effectiveness, which France will host early next year, needs to be a milestone on this path.

Second, innovative solutions exist to boost the financial volumes earmarked for development assistance. To begin with, the British idea of creating an International Finance Facility is gradually gaining a broader support. This idea is highly pragmatic and clear: it leverages the political will of Northern countries, using the financial markets to frontload the resources for development in exchange of their commitment to fund the facility. Thus, the additional resources needed by us are immediately and predictably available. I wholeheartedly support this ingenious project, which is underpinned by an ambitious challenge: making a breakthrough in underdevelopment by concentrating, over a short period of time, a critical mass of sufficient resources to trigger a virtuous circle of development.

Other solutions also deserve to be explored, such as the introduction of one or more international taxes to finance the necessary fight against worldwide poverty, thus taking advantage of the flows generated by globalization itself. France wishes the debate on this issue to make strides. However, it is not alone here. Our desire is shared by other countries, such as Sweden and Brazil.

I therefore sincerely hope that the World Bank and the IMF deepen their work on all these issues and be in a position to present at our next meeting a report enabling us finally to move from reflection to action. Our world is in great need of this.