Statement by

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More than a year has passed since the Russian Federation invaded Ukraine. The conflict continues to exact an invaluable toll on the Ukrainian people and to undermine the stability of the global economy. France remains steadfast in its solidarity with Ukraine in the face of this aggression, and will continue to provide Ukraine with the humanitarian, economic and financial support needed to build resilience and at the same time prepare for its reconstruction. All actors are and must remain mobilized: needs and damage assessments are conducted jointly with Ukrainian authorities, the World Bank and the European Commission to help focus our collective efforts; the G7 has established a multi-agency coordination platform to ensure that international efforts and financial assistance are coherent and effective; the International Monetary Fund and Multilateral Development Banks are undertaking massive plans to support Ukraine and neighboring countries impacted by the crisis; significant efforts have been made with support from bilateral partners to support continuity in Ukrainian public services, meet urgent social and sectoral needs and provide support for hosting refugees.

The first half of 2023 has also been marred by major economic and financial uncertainties, which prompt us to reaffirm the importance of multilateralism. Developing countries, especially the most fragile among them, are front and center in this maelstrom of crises. They are the ones grappling with the fallout from the Covid-19 crisis, the rise in food and energy prices, not to mention the multiple shocks ensuing from global warming. This is a scenario that calls for coordinated, massive support from international institutions to tackle these crises and contain their social and environmental impacts.

Beyond their short-term response, international financial institutions must also adapt and evolve in order to better respond to current global challenges. In this connection, the Development Committee has been making a case at recent Annual Meetings for the World Bank to engage in a strategic reflection on its evolution with a view to strengthening its capacity to respond to crises and preserve global public goods. France wishes to highlight the quality of the work undertaken by the World Bank to take up this charge from the Development Committee. The dialogue engaged by the World Bank leadership based on the roadmap issued on December 18 yielded meaningful discussions with the Board on the three tracks envisaged in its evolution: mission, operating model and financing model.

The mission of the World Bank must evolve such as to better address the challenges involved in achieving sustainable, resilient and inclusive development, but without losing sight of its twin goals of eradicating extreme poverty and promoting shared prosperity. This will require the Bank to step up its work to tackle climate change, protect biodiversity, prevent, prepare for and respond to pandemics, prevent crises and conflicts and reduce fragility. This evolution, however, must not come at the expense of support for low-income countries, which account for the vast majority of extreme poverty, and fragile and conflict situations. The African continent in particular is facing major challenges, which is all the more reason why Africans must be able to feel the Bank’s commitment. France is fully in support of an evolution in the mandate of the World Bank, not toward a new suite of activities to be added to its current missions, but, rather, toward a firmer grasp, within its current remit, of the challenges of sustainable, resilient and inclusive development.
In the months to come, discussions of the operating model and actual ways and means to better include global public goods in operations and national strategies will be vital to the success of this renewed vision. It stands to reason, therefore, that national and regional analyses of global public goods such as the Climate Change and Development Reports should be enhanced and mainstreamed by operationalizing them through partnerships with client countries. This will also require developing new nonfinancial incentives, such as the World Bank’s knowledge activities, so they can be better integrated into projects and public policies, thereby scaling up the impact of the World Bank Group’s operations. The World Bank Group must also develop instruments that are better suited to supporting global public goods: instruments such as guarantees, crisis-response tools, and mechanisms that combine the assets of IDA, IBRD, IFC and MIGA as needed.

Regarding the financing model, France welcomes the work undertaken by the World Bank Group to closely study the recommendations of the G20 Capital Adequacy Framework report and explore how they can be implemented. France supports the initial proposals made at the Spring meetings to lift the statutory limit on loans, lower the equity-to-loan ratio and launch a hybrid capital pilot. We call on other multilateral development banks to continue with their own work on the recommendations. Taken together, these measures should make it possible to unlock additional financing while maintaining the World Bank Group’s long-term financial sustainability, its triple-A rating, and its preferred creditor status. France will continue to publicly affirm its support for these core objectives of the IBRD’s financial model as well as its support for this institution. Above and beyond leveraging its own financing, the World Bank Group also has an important role to play in seeing how best it can pool its financing with partners’ existing concessional resources and in seeking to mobilize more private capital. This will mean relying more heavily on risk-sharing mechanisms and supporting reforms geared toward a more stable, transparent, and predictable economic and investment climate; it will also mean supporting efforts to mobilize domestic resources.

It is up to us to keep the momentum going in the coming months so discussions can continue on further proposals to be made at the Annual Meetings in Marrakech. The Summit on a New Global Financial Pact in Paris in June should prove to be a major step in this direction and one where the World Bank should play a key role. The purpose of the Summit is to provide additional impetus to the evolution of the international financial architecture and to come up with innovative ideas and instruments for improved financing of global public goods and the 2030 Agenda, and for achieving the sustainable development goals. In this connection, we expect to make headway on several issues involving multilateral development banks, including advancing efforts to implement the recommendations on the capital adequacy framework, ways to mobilize even more private financing, tapping the potential of guarantees such as those that MIGA is able to offer, and better leveraging of existing concessional financing. Support for the local private sector, especially entrepreneurship and SMEs, is a vital pathway toward the development of countries. For this reason, we support an increase in the number of blended finance mechanisms such as IDA’s Private Sector Window.

Cooperation with other multilateral stakeholders will also be pivotal. We are counting on the World Bank Group to ensure that all actors pool their strengths to tackle these global challenges. As such, the Bank will have to play a central role in configuring optimal coordination between multilateral, regional and national development banks, as well as coordination with trust funds and vertical programs. These funds and programs have concessional resources that multilateral banks could draw on to sharpen incentives for recipient countries to use their own financing to protect global public goods. We are also in favor of looking into options for mobilizing special drawing rights (SDRs) through multilateral development banks. The African Development Bank and the Inter-American Development Bank have put forward a promising proposal that could meet the SDR reserve asset requirements.

France is looking to the World Bank Group to position itself on all these fronts as a champion with the convening power to rally other development actors and spur the international community into collective action to meet the short- and long-term challenges facing the world today.