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Statement by Mr. Le Maire
France

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The state of the global economy continues to require our greatest attention. Activity is recovering, inflation is receding, and risks are broadly balanced. However, geopolitical risks, the Russian war against Ukraine and the recent tensions in Middle East, have become the main source of uncertainties, in the context of tighter financing conditions and higher debt levels, the growing impact of climate change, and distortive practices creating overcapacity and imbalances which are detrimental to the economy. France condemns the unprovoked and illegal war launched by Russia against Ukraine. France also calls for an immediate ceasefire in Gaza and the immediate and unconditional release of hostage and a massive increase of humanitarian aid to the affected people in Gaza. France condemns in the strongest terms Iran's direct and unprecedented attack against Israel which threatens the stability of the region.

We, as policymakers, must address three priorities: fiscal consolidation, green transition and structural reforms. First, it is now critical to rebuild fiscal buffers and ensure medium- and long-term fiscal sustainability, in a well-calibrated manner that protects the most vulnerable. Second, we have to scale up investments related to climate change mitigation and adaptation. Third, structural reforms need to remain central in our agenda to boosting economic growth while maintaining fiscal sustainability.

Ongoing challenges are even more acute for vulnerable and low-income countries. They must invest to meet the Sustainable Development Goals and for climate action while continuing to deal with vulnerabilities exacerbated by an unprecedented succession of crises (Covid-19 pandemic, Russia's war against Ukraine, sharp increase in commodity prices, among others), which have increased financing needs. Meanwhile, they also have to restore fiscal sustainability and face increasing cost of local, regional or international markets financing, resulting in short-term liquidity difficulties for some of them.

The 2024 Spring Meetings of the International Monetary Fund and the World Bank Group should serve to drive a momentum behind the IMF's renewed support to its whole membership. We warmly congratulate Ms Kristalina Georgieva for her second term as Managing Director of the IMF, we praise her energy and her leadership, and we look forward to continuing to work with her.

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Financial support for low-income countries facing balance of payments issues is a core mission of the IMF's mandate and France has constantly backed it and will continue to do so. The Banque de France has finalised loans to the Poverty Reduction and Growth Trust's (PRGT) of SDR 3.8 billion in early 2024 (split evenly between the lending account and the deposit and investment accounts). In total, France's SDR channelling amounts to SDR 7.8 billion, i.e. 40% of the SDRs received in 2021.

France welcomes the launch of the review of the PRGT facilities and financing, and looks forward to fruitful discussions at this critical juncture. The PRGT must have sufficient resources to respond adequately to the financing demand in the context of growing needs of low-income countries in a more shock-prone world. However, its subsidy resources are under pressure from higher lending demand and from a higher SDR interest rate. Thus, all options, notably those related to the use of the Fund's internal resources (e.g. distribution of net income or reserves of the General Resource Account, or gold sales), must be thoroughly explored to ensure the financial sustainability of the PRGT. We should also take advantage of this review to revisit the design of lending arrangements under the PRGT so that it can support more effectively low-income countries in light of their increasing heterogeneity and deliver longer-run results. Interactions between the PRGT and the support provided by the World Bank Group's International Development Association should also be taken into account.

The upcoming reviews of the Fund's lending policies (for non-concessional and concessional facilities) would benefit from a holistic approach. We look forward to the review of surcharges; this discussion will have to deal with the accumulation of precautionary balances as part of the Fund's financial risk management framework while the cost of borrowing should remain reasonable for countries paying surcharges. Access limits also deserve a joint approach, given they will be discussed for both in the case o the General Resource Account facilities and the PRGT facilities. Moreover, the review of program design and conditionality will provide room for assessing how IMF programs can effectively help borrowing countries conduct policies with successful and long-lasting results, with a specific attention to well-calibrated conditionalities on social spending (to ensure the social buy-in and the sustainability of fiscal adjustments), domestic resources mobilisation, and the design of programs in fragile and conflict-affected states.

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In addition to lending, the Fund plays an important role in support of its membership, through surveillance, capacity development, and the inputs it provides in the context of debt vulnerabilities. Policy advice on economic and financial policies is extremely valuable for the global economy and in informing country-specific policies.

We commend the work of the IMF on debt and liquidity vulnerabilities. Thanks to coordination among debtor and creditor countries, significant progress has been achieved recently on debt treatments, as illustrated by the cases of Zambia, Ghana, Sri Lanka and Ethiopia (for the temporary debt service suspension). We must continue our efforts for predictable, timely, orderly and coordinated debt treatments both within and outside the G20 Common Framework. We look forward to the review of the joint IMF-World Bank debt sustainability framework for low-income countries (LIC-DSF), to better take into account climate vulnerability and climate policy efforts in debt sustainability analyses, and the growing heterogeneity of situations among low-income countries. In addition to debt issues, ongoing work on packages to support vulnerable countries against the risk of liquidity stress is particularly relevant.

France supports the IMF's capacity development activities, as demonstrated by its financing contributions. We welcome the conclusion of the capacity development strategy and the launch of the Global Public Finance Partnership (GPFP) during these Spring Meetings. We expect the GPFP to deliver support on domestic resource mobilisation, as EMDEs have a significant untapped tax potential that can prove instrumental to meet financing needs. France will provide €11.5 million to the GPFP's phase I (2024-2028). In addition to this contribution, France will also increase its support to two regional capacity development centres, AFRITAC Central and AFRITAC West through an additional €8.2 million, which will take our total contribution for these centres to €15 million over 2023-2029.

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Addressing macro-critical challenges such as climate change implies going beyond short-term responses and building long-lasting resilience. International financial institutions must revisit their operations in light of climate change, and France supports enhanced efforts for the implementation of the Fund's climate strategy. The operationalisation of the Resilience and Sustainability Trust (RST) since April 2022 has been a success and we look forward to its interim review. We encourage the Fund to rely on its full range of expertise in the design of RST arrangements, and to ground them in country-owned strategies to achieve long-lasting results. An update on the ongoing work for the RST operationalisation on pandemic preparedness would be welcome as the Fund proceeds to the interim review.

We need to step up our efforts to make the IMF fit for the world of today. We look forward to welcoming later this year a new 25th chair on the IMF Executive Board for Sub-Saharan Africa to improve their voice and representation of this region at the Board. France will be in a position to consent to the agreed quota increase by 15 November 2024 and calls on other members to complete their domestic processes by that date in order to ensure a timely implementation of the 16th General Review of Quotas. We fully concur with the need to achieve a realignment of quota shares to better reflect members' relative positions in the world economy under the 17th General Review, and we are ready to discuss all possible options to achieve such a realignment while protecting the voice and representation of the poorest members and ensuring a fair burden sharing among all advanced economies. France stresses that a greater representation should also reflect greater responsibilities in the international financial system.

We have to accelerate ongoing work to achieve more effective collaboration among international financial institutions, especially between the IMF and the World Bank, to maximise synergies and avoid duplications. Among others, the implementation of the RST is an opportunity to coordinate the Fund's and the Bank's respective financings of climate-related reforms. More widely, making multilateralism deliver more effectively implies that institutions like the Fund and the Bank work closer together and with other partners in the international financial system: this message was front and centre of the Paris Pact for the People and the Planet that is now supported by a growing community (with 52 supporting countries at the current juncture).

As the eightieth anniversary of the Bretton Woods agreements approaches, France is convinced of the enduring relevance of the International Monetary Fund and of its ability to timely evolve in order to fulfil its mandate and respond to moving challenges.