



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Eighth Meeting October 13–14, 2023

**IMFC Statement by Bruno Le Maire
Minister of the Economy, Finance and the Industrial and Digital Sovereignty**

France

International Monetary and Financial Committee – Marrakesh, 13-14 October 2023

Statement by Bruno LE MAIRE, Minister of the Economy, Finance and the Industrial and Digital Sovereignty, FRANCE

France reiterates its full solidarity with the Moroccan authorities and people following the dreadful earthquake of 8 September 2023.

We express our steadfast and united support to the State of Israel, and our unequivocal condemnation of Hamas and its appalling acts of terrorism.

The world economy navigates through uncertain times. The Russian war of aggression against Ukraine continues to hold a devastating impact. Economic growth has remained uneven, inflation remains high, costs of financing have increased significantly. From a more structural perspective, climate change already has devastating effects, and low productivity growth is expected to be persistently low. This calls for agile economic policies and for cushion-building against next crises. We must engage into structural reforms now and pursue fiscal consolidation at the appropriate pace, to maintain medium term fiscal sustainability and invest efficiently in order to address the financing needs of the climate and digital transitions.

Against this backdrop, the role of the International Monetary Fund is more crucial than ever. We must ensure that its tools can respond to current and future challenges in a shock-prone world and that its governance duly reflects the world of today. The Fund's actions to support macroeconomic stability contribute to catalyse the twin fights against poverty and for the protection of the planet. This message was front and centre at the occasion of the *Summit for a New Global Financing Pact* held on 22-23 June 2023. France calls all the willing to endorse the principles of the *Paris Pact for People and the Planet*.

* *

The 16th General Review of Quotas is a test for the IMF's ability to evolve and remain fit for purpose. France actively supports the successful completion of the review by 15 December 2023 and a swift implementation of its outcome by members. In the meantime, borrowed resources of the IMF should be maintained at their level, on a transitory basis.

The review must address the need for an improved representation of emerging markets and developing economies within the Fund's governance. We share the goal of a quota share realignment, combined with commitments to applying and promoting multilateralism in international financial matters. However, we also recognize the need to find an agreement by 15 December. For this review, France is therefore ready to endorse an equiproportional quota increase at least commensurate to the size of Bilateral Borrowing Agreements. This outcome would reinforce the IMF as a quota-based institution with more stable resources. We welcome the creation of a 25th chair at the Executive Board, to be attributed to Sub-Saharan Africa.

France will constructively engage in the 17th General Review of Quotas, bearing in mind the need for a realignment in quota shares with a fair burden-sharing among overrepresented countries and the protection of the voice and representation of poorest members.

* *

The reviews of the IMF lending policies are timely. France strongly welcomes the outcome of the review of the precautionary facilities. We look forward to a broader use of these instruments as an essential component of the global financial safety net (GFSN), given their strong potential to provide insurance against tail risks and bolster market confidence.

The review of the Poverty Reduction and Growth Trust (PRGT) facilities and financing

should remain the utmost priority. Considering the high and rising financing needs of low-income countries, the access limits of the facilities under the PRGT should be increased.

We should also urgently close the gap in PRGT subsidy resources as soon as possible, both through fundraising and new sources of funding. To this end, France will deliver a €90 million grant to the PRGT subsidy account in 2024, atop of €40 million already disbursed in 2023. Besides, SDR 1.9 billion will go to the PRGT *Deposit and Investment Account* with investment returns serving as subsidy resources for the PRGT loans. France welcomes the preliminary IMF analysis on the use of internal resources and calls for further work to operationalise these solutions, including a sale of a fraction of the Fund's gold reserves.

Concessional lending requires resources from SDR channelling. Pledges have matched the ambition of USD 100 billion in SDR channelling and equivalent contributions for vulnerable countries as set in 2021. Now, it is time to translate these pledges into effective contributions. France committed to channelling SDR 7.8 billion, i.e. 40% of SDRs allocated in 2021. SDR 4 billion have been lent in 2023 (SDR 3 billion for the Resilience and Sustainability Trust (RST) and SDR 1 billion for the PRGT), and further SDR 3.8 billion will be lent to the PRGT in 2024.

* *

France praises the IMF continued efforts to support countries undertaking debt restructurings and to address their debt vulnerabilities. Progress has been made in the G20 Common Framework, as demonstrated by the cases of Chad and Zambia thanks to the efforts of all G20 and Paris Club creditors. Additional efforts are needed to make debt restructuring more predictable, timely, orderly and coordinated. We look forward to the conclusion of the ongoing discussions at the IMF Board on policy reform options to promote the Fund's capacity to support countries undertaking debt restructuring.

France underlines the need for official bilateral creditors to provide more clarity to debtor countries, including through indicative timelines. For countries not eligible to the Common Framework, an agile coordination among creditors is welcomed and has been performed, while an extension of the Common Framework could be explored.

Ahead of the COP28, France underlines the macro criticality of climate change. Bridging the gap between economic and climate policies helps the IMF to better support macroeconomic and financial stability in accordance with its mandate. We look forward to the RST interim review, with particular attention on ambitious climate mitigation and adaptation policies. France supports the inclusion of climate vulnerabilities in debt sustainability analyses.

Domestic resource mobilisation (DRM) is of utmost relevance for the Fund's capacity development (CD) activities. DRM is one of the levers for financing the achievement of Sustainable Development Goals, along with external funding and private finance mobilisation. CD should aim at enhancing institutional capacities and delivering results.

* *

We need International Financial Institutions to work as a system; the IMF and the World Bank have a critical role to play in that regard. We welcome the joint statement issued on 7 September by Mr. Banga and Ms. Georgieva and look forward to the implementation of the related commitments, in order to significantly improve the Fund-Bank collaboration.

For almost 80 years, the IMF has proved an effective shield against economic and financial shocks, at the centre of the Global Financial Safety Net. Adapting the Fund's instruments and governance is part of our efforts to make the international financial architecture ever more fit-for-purpose.