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WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES  
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **CHRISTIAN NOYER**,  
Alternate Governor of the Fund for **FRANCE**,  
at the Joint Annual Discussion

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Alternate Governor of the Fund for France,  
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*Dear Colleagues,*

**I – FIRSTLY, THE STRENGTHENING ECONOMIC RECOVERY MUST BE SUSTAINED THROUGH THE STEADFAST CURBING OF GLOBAL IMBALANCES**

In recent months, the world economic recovery has strengthened, but risks remain.

The trend in oil prices is a first concern and its repercussions can be damaging to industrial countries and even more detrimental to emerging and developing non-oil producing countries.

Finding the appropriate fiscal and monetary policy mix is also a significant challenge. The adoption of accommodating fiscal and monetary policies helped support economic activity and promote recovery at a time of global economic slowdown. However, the sustainability of such policies is of concern, as they can magnify global imbalances. Fiscal consolidation must therefore be a priority.

**II – SECONDLY, THE WORK OF THE INTERNATIONAL COMMUNITY TO IMPROVE CRISIS PREVENTION AND RESOLUTION MUST BE STEPPED UP**

**Enhanced surveillance must be consolidated.**

Renewed attention to exchange rate issues, as well as the new framework for analysis of debt sustainability in low-income countries, which has to be a joint product of the World Bank and the IMF, are key steps.

**Additions are needed to the IMF's toolkit for crisis prevention and resolution.**

For the poorest countries frequently exposed to exogenous shocks, precautionary arrangements with concessional financing are a response to an actual need.

In parallel, the IMF should remain at the heart of discussions on crisis resolution.

The large spreading of collective action clauses is one side of the response. I hope that the proposal for a Code of Conduct, which is being considered by several emerging countries together with the private sector, will rapidly lead to useful results.

We welcome the progress which has been achieved and encourage the international community to incorporate all of this work in actual crisis management and resolution.

**Progress toward greater financial transparency is warranted.**

The focus on greater transparency also helps prevent the use of the international financial system for criminal or terrorist purposes. I welcome the Executive Boards' decision in March of this year to fully integrate anti-money laundering and combating the financing of terrorism into the assessments of member countries' financial systems and to adopt a common methodology with the FATF for conducting these assessments. France, which this year is chairing the FATF, would like to see this cooperation between the Bretton Woods institutions and the FATF continue.

**III – THIRDLY, EFFORTS OF THE INTERNATIONAL COMMUNITY IN FAVOR OF DEVELOPMENT SHOULD BE STRENGTHENED IN TWO DIRECTIONS**

**Ensuring debt sustainability for developing countries in the context of a financing policy tailored to each country.**

First, France welcomes the fact that the sunset clause for the HIPC Initiative has been extended for two more years, as this will provide a window of opportunity for the eligible countries to benefit from the Initiative.

The next step is to ensure the debt sustainability of developing countries beyond the implementation of the HIPC Initiative.

It is necessary, in particular, to ensure as soon as possible the perpetuation of the FRPC financing so as to maintain the continued momentum of its activities beyond 2006. We are pleased to see that a consensus among Fund members supports this development.

**But beyond debt, our second priority should be to mobilize additional resources for development.**

We know that to achieve our objectives, financial needs are estimated to amount to 50 billion dollars per year for the next ten years. The international community should therefore allocate additional resources to this goal.

However, we need to be realistic. Increasing fiscal efforts can offer only a progressive response; and financial needs to achieve the millennium goals are pressing. That is the reason why we need to keep an open mind in considering innovative mechanisms of financing, including the IFF and global taxes. France welcomes yesterday's International Monetary and Financial Committee and the Development Committee's decisions on this issue.

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We should take the opportunity of the current recovery to implement reforms necessary to strengthen a non-inflationary and thus sustainable growth and to deepen our commitment to fight against poverty. The IMF and the World Bank are the key instruments in this endeavour and we want to reaffirm our support to these institutions which embody the spirit of the international cooperation which we advocate, and in which all voices should be listened to.