

Transcription (English) of Michel Camdessus' message in the context of CoM 2022

Mr Chair, Honourable Ministers, Honourable Governors, Ladies and Gentlemen, as you are gathered for the fortieth meeting of your Conference, you are doing me the very great honour of inviting me to come and tell you what my long experience suggests to me and is close to my heart as far as the Africa of this world is concerned.

Of this world of today and tomorrow in which the succession of crises makes precariousness and universal anxiety reign. I know I only have few minutes for this intervention. I will therefore try to answer very simply the question that concludes the summary document submitted by the United Nations Economic Commission for Africa. What are the experiences and lessons to be learned regarding financing for development? I will try to do so in the light, not only of this excellent document, but also of the work of the *Emerging Market Forum* which is currently being held in Paris.

My first remark will be to tell you that I am struck by the close convergence of the recommendations of our two institutions. I share them for the most part and would just like to highlight three.

First the fundamental choices of economic and social policies, then the issues of financing and finally because it seems to me that it is essential to prevent the world from a catastrophic crisis of which Africa would be the first victim and the urgent and necessary reform of the international monetary and financial system. That takes us immediately to the fundamental choices of economic and social policies. I will not dwell on it because you are frequently reminded of these choices, these recommendations. They are familiar to you and many of you have already implemented important and exemplary measures, which have led to noticeably improved efficiency.

It is obviously a question of continuing on this path, steep of course, and including the problems of governance, transparency of management, security of people, transactions and goods. In short, you know better than anyone that if, in the absence of these measures, access to international financing would be illusory, their implementation and the most effective strategy for precisely attracting these investments from the private sector, it is therefore a *sine qua non*.

Allow me to add just a few words, regarding the struggle waged everywhere to reverse the trend, apparently irreversible for twenty years, of growing inequalities between countries and within our countries. Beyond the intolerable injustices they imply, such inequalities, and I am thinking of those that affect within our countries. Such inequalities seriously delay growth. They erode the social balance. They threaten the political stability of any country, mine or yours. But what to do against them? How you approach them will obviously depend on the varying circumstances of each of your countries.

But there is a consensus on the need to prioritize measures that will enable the poor to better seize the opportunities that may be offered to them. For example, improving the quality of and

access to education for boys and girls, improving their conditions of access to work and obviously health care from the first years of life. As you know, the first hundred days of any life are decisive for the fullness of a human life.

Of course, this will need an increase in budgetary resources and an improvement in their management, it will be necessary to study whether and by what means the part of the recent allocation of Special Drawing Rights, the well-known SDRs, could be used to finance the substantial increase in these measures.

I will come back to this in a moment, but I repeat, the importance of this fight against inequalities is such for a recovery strategy that it seems to me that it should be given the highest priority. So let's tackle the problem of financing the recovery. The needs are immense. You know the figures provided by the International Monetary Fund.

It is not for me to choose among your priorities. I have just highlighted one, the long-term impact of which is most significant. But when we add to this the strengthening of health systems and access to vaccines, the enormous infrastructure needs essential for the achievement of the Millennium Goals and in particular of sustainable development, the response to climate change, the repair of the other consequences of Covid-19, a change in the scale of funding is necessary.

We are in the presence of massive needs for which funding should be found and maintained in the long term. This will call for synergies between internal and external, public and private financing and major changes in the monetary and financial aspects of the multilateral system.

These synergies and your international partnerships should therefore be assigned in the immediate future, some objectives that you already know, the increase in access to concessional financing and the recapitalization of multilateral development banks. To increase the scope and effectiveness of investments from these banks, support the action of the Financing Common Summit, launched in November 2020 to bring together the 530 public development banks in the world with their total of 2.5 trillion dollars in annual financing, i.e. nearly 15% of public investments and private. These resources must be optimized. It is then, now a formidable network of synergy. Africa must benefit from it. With particular regard to the largest multilateral banks that you know well, World Bank, African Development Bank, Inter-American Bank, European Bank, Asian Bank. There are good reasons to think that the leverage effect of their operations could be significantly increased if they devoted most of their resources to granting guarantees rather than to direct long-term loans for which they compete with international markets.

Another objective is to mobilize the resources of the national private sectors and including, pension funds; strengthen the institutional framework of national capital markets, so that pension funds find it advantageous to invest their resources there. Last but not least, I would attach the greatest importance to optimizing the use of resources from the last allocation of 650 billion Special Drawing Rights.

This will only bring within the framework of the current rules, rules which I once described as villainous and which I tried in vain to have changed when I headed the IMF, it will bring only 23 billion dollars to African countries. It is enough to compare this modest amount, **equivalent to less than 4% of the allocation**, with the fact that at the end of the century, the African population will reach not 4% but **40% of the world population**.

This will be enough to take the measure of the inadequacy of the current system. It is therefore clear that work must be resumed to redirect a substantial part of this allocation to countries most in need. Hence, in recent months, the Executive Board of the IMF has reflected on the means of increasing the efficiency of this allocation. Of course, today we find the taboo that I had come to know and fight 25 years ago and the need to go through a change in the statutes voted by an 85% majority to correct what you will consider with me as nonsense.

But Mr. President, Ministers, in the unprecedented circumstances that we are experiencing, do we have the right to allow ourselves to be paralyzed by the letter of the statutes when they no longer respond to today's realities? I therefore ask for your permission to devote the last minutes of this intervention to the urgency of undertaking the reform of these statutes and therefore the essential reform of the international monetary system.

Let me first tell you that we are not alone in engaging in this reflection. In the course of this work, over the past few days, the Emerging Market Forum, which I continue to co-chair in Paris, has once again raised the world community's attention in a particularly urgent way to the risk of a financial crisis of universal dimension and on the reforms that might provide the most effective means of avoiding it.

These threats appear today after the crises of recent years and the losses they have caused, that mobilization is necessary to prevent a new crisis from adding up to them. Despite the difficulties encountered for this by the multilateral institutions, it is essential to launch this project before it is too late. The stakes are such for African countries that there would be everything to gain from agreeing on the core of the necessary reform and taking the initiative in preliminary multilateral work to launch the first measures to consolidate the system, including obviously, the terms and conditions for allocating SDRs, one of the keys to solving your liquidity and sustainability problems, the adoption of a strengthened system for aid renegotiations, etc. At the broader level of the global monetary and financial system, it is a matter of achieving a transformation of a system that is now out of breath and which, for many years now, has responded increasingly inadequately to the prodigious financial development of emerging economies and to the advent of a financial economy world, which has become multipolar.

It must therefore be a far-reaching reform, obviously ensuring the countries of Africa a commensurate representation of your continent's strength at the global level, a representation that the current system is not able to provide. As time presses, I will just mention in three sentences here, the essential features of this reform and the new characteristics of the World Monetary Fund that should be established. This reform could be carried out in three stages. These are my three sentences which will certainly be spread over several years, but which must be started immediately in its most urgent elements. Three steps.

The first, to relaunch first and without further delay, a series of reforms to strengthen the role of the IMF and enable it to meet current needs. And in particular, Ministers, you know them well, increasing the Fund's own resources from the Fund's shares, strengthening its monitoring functions so that they are exercised with the same force on the rich countries as well as on those which make use of this funding. Create a debt settlement mechanism more suited to current markets than the current system; extend its responsibilities to capital movements; recognize its role as lender of last resort; ensure fair representation of all countries in its management, etc. That's for the first package.

Second package, but preferably simultaneously, to set up an instrument for regulating international liquidity and a market for Special Drawing Rights, public and private, at a time when the SDRs become the central instrument of a new world monetary system. In this way, the climate could be created for engaging in the negotiation of a new Bretton Woods, Bretton Woods 2 if you want to call it that way to provide the world with a genuine global monetary institution at the service of a multipolar world in close cooperation with other organizations in the world.

Given the importance of this subject, I also ask for your permission to submit to your secretariat the outline of a more detailed document on this reform. I have prepared it for you in such a way that if you make this idea of reform yours, you can engage it very quickly with multilateral bodies, thus launching joint action to urgently hasten this negotiation.

I repeat, we cannot waste any more time, we cannot allow another financial crisis to derail not only all the programmes currently underway or in preparation, but also all the other financial measures intended to ensure the essential recovery. Mr. Chair, Honourable Ministers and Governors, Ladies and Gentlemen, your task is historic, it surpasses all of us.

It is no longer allowed to dream of a bright future for the planet, if it is not preceded by the advance towards its own prosperity of the continent of the youth of the world.

You can and must succeed. There is no more important task for the rest of the world than to support your choices and with you to carry the shared objective, to make this world more open and more united and to make it a better world.

Thank you.