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Regarding global public goods, many developing countries are raising the question of whether in fact we are shortchanging the traditional development agenda by using the same limited pot of ODA for these other, equally important but different, purposes. That of course was part of the conversation in Sharm El Sheikh. It has been a focus in a lot of the discussion about the way in which you can mobilize private capital. Bertrand Badré, you have been thinking about it and acting on these issues for many years. I know you have recently been talking about the outcome of Sharm El Sheikh as well on this. I want to get your sense of where the debate stands and where you think the challenges lie in terms of making progress, coming back to Aminata's first suggestion that we start looking at how to move to the solutions.

Bertrand Badré

Thank you, Masood, and it is great to be here. Thank you, Thierry. Yes, we already discussed that last year. I think the waters are even more troubled than they were last year, as you rightly said in your opening remarks, Thierry. At the moment, we have convergence of traditional crises – economic crisis, social crisis, energy crisis, etc. – and the also an underlying transformation of many things. The combination of these crises and transformation is pretty difficult to handle. The transformation is geopolitical, such as the decarbonization of our economy and what is being discussed on biodiversity in Montreal starting today. Of course there are the technological changes in AI. All these things are making this puzzle a little bit difficult to apprehend.

On top of that, we have – and this is really what matters – as you said, this growing tension between what I would say the North and the South or maybe the West and the South. Let me put it that way. We have seen that with the vaccines. We have seen that, as you know Madam Touré, with the debate on the gas in Africa. Two years ago it was bad to finance gas. Now we have a little gas problem, so we turn back to Africa and say, 'Maybe we should reopen the door'. We also have these tensions on demography. On the one hand, we have this demographic push. We are an aging world and I have read some papers on Europe's demography and the need to open up to migrations. On the other hand, people do not want migrations. All of this makes this a little bit difficult.

On top of that, you have what Mr. Macron has called the two elephants. You have China and the US, which are two elephants fighting each other and they do not care about what is around them. We are in a world where on top of that, and this is really a concern to me, we are trying to develop new sets of norms and standards, and in particular, seen from Europe, we are developing everything connected to ESG and impact and a new way to discuss sustainable finance and sustainable investment, which I think is well intentioned. I have been supporting that one must recognize that it is also increasing the gap between several parts of the world. Sometimes when I want to be provocative I say I do not want Europe to become Boboland, where we are very nice and cozy between us and we explain to the rest of the world, 'You should be like us'.

However, it is not working this way, and so that is really where I want to come from, to come to your questions, and all of this is also at a moment where I believe – Jean Marie tries to mitigate my feeling – that a lot of people are less and less concerned about what is happening far away from them. Maybe some of you will remember the short novel *Candide* by Voltaire, written 250 years ago, which ends with, 'We have to cultivate our garden'. I think people read this literally today: 'My garden'. I mean the world is too complex, climate is too big, the refugee problem is too big, cyber security is too big. 'I just cannot handle this, so I am taking care of my garden', literally understood, 'with fences, and if I take care of my garden the world will be okay'. The problem is that I think Voltaire and we today should not think about the garden as a closed, ring fenced area, but as our planet and how we move from the garden to the planet and back and forth.

That is really where we are today and I think it is very difficult, including from a private sector perspective, because now your garden is yielding more money. Two years ago, when you kept your money at home you got zero. Now you get 4%. Therefore, why should I go to Africa if I can get 4% at home? Everything is converging in that direction, so I think we really have to take into account a number of avenues to explore, and the sooner the better. That is probably what President Macron has in mind by convening this summit next June on resetting the relationship with the global south.

I think that there is one avenue which has been discussed for ages, and you mentioned it, which is the Security Council, the Bretton Woods system and so forth. Of course it must be discussed and as the French we probably have more to lose than ours. I think it is difficult, but it definitely needs to be put on the table. Then we also have to put the use of new financing on the table. You have mentioned that you have proposed to work with at SDR. What can we do with the SDR? This is real money that can be created, distributed and leveraged accordingly. This is taking time. It is difficult, but we have to put this on the table.

We also have to look at the IDA. The IDA is concessional money from the World Bank Group. We need to do more. I tried to do more when I was there. We can leverage IDA – there are hundreds of billions which are available there – provided we show a little bit of courage and imagination. We have, and I have said this many times, to have the development institutions work together as a system. Everybody is working in their silos. They do not want to cooperate. Let us face it, they compete with each other. Here again it is not so much the shareholders and the institution. It is the system together. I think we have ample resources to hand that we

do not use for a number of reasons. I think this is more actionable than to just say, 'Let us reform Bretton Woods'. There is money that we can mobilize.

Maybe Maurice Gourdault-Montagne will remember that we worked with President Chirac 20 years ago on a new innovative mechanism. President Chirac had a good formula. He said, 'Globalization should pay for globalization'. 20 years ago, we created the tax on plane tickets to finance medical research. I think we have to find new global resources. That is a nice way to unite people. Maybe it is a tax, and I know it is always suspicious when French people talk about taxes, maybe taxes on extractive industries, maybe a tax on carbon. I have no idea, but find something that puts us into the same boat and that guarantees a steady flow of money over time and that is not dependent on the whim of parliaments year after year after year. I think we have to work in that direction. That is probably also a way to work on global public goods.

I think we also have to develop new instruments. You mentioned some of them. The question is not to move money from one pot to another with the same amount of money. I think we have to redesign our ODA in an appropriate manner. I mean we talk about public goods, but we do not do much about this. It is true that if you tell a development institution, 'Oh, you have to finance public goods', they will take money out of the bilateral aid in favor of public goods, and then people will be angry, and rightly so. Then comes the mobilization of the private sector, which is extremely dear to my heart. It is increasingly difficult precisely because of what I mentioned. The financial conditions have changed. People's interests have changed. They are less interested in emerging markets and developing economies. They are more risky. They are far away. Some people tell me, 'My clients do not want their money to be sent so far away. They want their money to be used in France, in the US, America First'. That is true. How, therefore, do we really find a way to mobilize?

I think that now is the time to address all types of issues which have been known for ages. I have participated in hundreds of panels on mobilizing private money, on blended finance, on public private cooperation. We know all the solutions, so we do not need another one, but we really need to say, 'Okay, what are the technical obstacles?' I mean there are technical obstacles regarding the definition of ODA. How do you take guarantees into account? Guarantees are not taken into account in ODA. I mean with guarantees you can leverage more money than by direct transfer. Again, I do not want to be boring, but that is one idea. You have to look at the Basel III constraints. You have to look at the Solvency II constraints. You have to take them one by one. What are the obstacles? Then you have to really make a push on the cultural issue. It is important. We will not win the climate battle in Paris, Brussels or Washington. We will win the climate battle in Lagos, Delhi and Bogotá, so if we want to win the battle we have to transfer the money and the skills and so forth. If we do not do it we are going to lose it. We have to really shift the needle and go in that direction. I think it is extremely important.

We also have to make sure that the development institutions agree that the way they should be incentivized and the way they should be assessed is based on whether they mobilize private money. It is not the case today. It is still marginal and we really have to change that. If we do not change that the private money will not move. Let us face it: there is no incentive whatsoever to move in a scalable manner. I do not think we will have a revolution. I think we



need a revolution. That again is my French flavor. I do not think we will get it. Let us face it. We will not reform Bretton Woods this year. We will not find the magic system to mobilize the private sector, but I think we need a serious evolution. We need to be really serious about this. I am really tired of fooling myself with all these conversations where people say, 'Yes, we should do that, we should do that', and so little is changing. I think, again, we will not find a way to calm the waters, but if we can find a way, as the song says, to build a bridge over the troubled water that would be good enough. Thank you.

Masood Ahmed

Very good. Now we have a garden which we thought we could protect, but actually, as you say, unfortunately, no matter how much you tend your own garden, the forces that are impacting it are global. Also, you have identified, Bertrand, a number of technical things that could be done. You mentioned SDRs. About two years ago, there was, as many of you know, a big allocation of new SDRs equivalent to USD 650 billion, and this was a really remarkable achievement in the middle of the pandemic. There was also a big effort to say that a lot of the SDRs, more than two thirds, went to rich countries that did not really need them and they should recycle these SDRs to countries that needed the money. Many mechanisms were discussed. Here we are, two years later, and the fact of the matter is that while some of those SDRs have moved from the central banks of rich countries to the account of the IMF, not a single SDR has yet reached any poor country. We have, therefore, just had a big conversation and a moving of numbers across accounts, but so far no real transfer has taken place.