



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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**Statement by Mr. Franco
Italy**

On behalf of
Albania, Greece, Italy, Malta, Portugal, and Republic of San Marino

Spring Meetings – April 5-11, 2021
**IMFC Statement by Mr. Daniele Franco, Minister of the Economy
and Finance, Italy**

*On behalf of Albania, Greece, Italy, Malta, Portugal, and Republic of
San Marino*

More than one year into the pandemic that shook the world, causing immense loss of human lives, there have been many noteworthy achievements, but significant challenges still lie ahead. The supply and demand shocks triggered by the pandemic left no country unscathed and dipped the world into a sharp recession. Policymakers actively and successfully used all the tools at their disposal to mitigate the unprecedented impact on people's lives and livelihoods. The development and rollout of vaccines has laid the groundwork for overcoming the health crisis, but **the pandemic has not yet been brought under control.**

The economic policies that have so far addressed the emergency will now have to move on to sustaining the recovery. As we overcome the health challenges, policymakers need to cautiously move their gear from managing the crisis to decisively laying the foundations for a greener, fairer, more inclusive and digital recovery. Fiscal, monetary, and financial policies need to remain supportive and complement each other, while becoming more targeted in due course.

With Italy holding the Presidency of the G-20 for the year and Portugal holding the Presidency of the Council of the European Union (EU) for the semester, we are committed to finding multilateral solutions to contribute to a broad-based global recovery, counteract diverging development trends and promote fair access to opportunities for all. Eradicating the pandemic remains the key priority. At the same time, we must deal with the economic and social impact of the crisis, which has affected countries differently, reflecting their structural features and policy space, as well as the unpredictable evolution of the pandemic. Now more than ever, global challenges – such as addressing climate change, adapting to an increasingly digitalized society, and ensuring opportunities for all – require coordinated efforts.

International cooperation should provide an equitable access to Covid-19 vaccines, regardless of countries' income. The availability of several vaccines is an outstanding scientific achievement and there is an ever-increasing share of the population being immunized against the disease. However, access to vaccines is everything but even, raising equity issues. This may undermine the effectiveness of the ongoing immunization efforts, by facilitating the propagation of new variants of the virus and threatening global recovery. Under Italy's leadership, in May the G-20 will hold a Health Summit to define guiding principles for broader vaccination campaigns. In addition, the EU strengthened its

contribution to the COVAX initiative. As supply shortfalls are overcome, ensuring a rapid distribution of vaccines in all corners of the globe is the key priority.

Within the European Union, we will push ahead decisively with the implementation of the plans for recovery in 2021. After the historical agreement on the Next Generation EU in 2020, the Portuguese Presidency of the Council of the EU is striving to facilitate the implementation of the framework and the swift approval of the national Recovery and Resilience Plans. Our countries are committed to using these plans and resources to foster a green, digital and resilient transformation. We will work toward a stronger European social model to promote access to education and employment opportunities to everyone, as well as to alleviate inequalities, which have been exacerbated by the pandemic, and hit women and youth particularly hard.

We welcome the increasing alignment of goals and priorities across the international community. The G-20 will focus on strengthening the recovery from the pandemic in a way that fosters prosperity and benefits all people and our planet. As many countries face **debt pressures**, against the background of a still unfolding crisis that requires additional spending, the G-20 has agreed on a further extension of the **Debt Service Suspension Initiative (DSSI)** until the end of 2021. To alleviate the

pressures on countries that may require debt restructuring, the G-20 is promoting the effective implementation of the **Common Framework** for Debt Treatments, which involves for the first time Paris Club and non-Paris Club creditors, as well as the private sector through the comparability of treatment clause. These initiatives will unfold alongside continuous effort to improve debt transparency. We expect the Fund to continue supporting this work, in the context of the multipronged approach for addressing debt vulnerabilities.

The G-20 will advance a broad and important digital agenda, endeavoring to reach an agreement on international taxation of multinational companies, including digital businesses, and working on digital financial services and cross-border payments. The Fund's analytical work in these areas can be very valuable to inform the political discussion.

The G-20 will also pursue an ambitious Green Agenda aimed to promote a worldwide fair transition towards modern, resource-efficient and competitive economies, in line with the objectives of the Paris agreement. Notably, displaying alignment of priorities among different fora, the UK and Italy will partner within the 2021 United Nations Climate Change Conference (COP26) and leverage on the respective G-7 and G-20 Presidencies. The countries in our constituency are committed to

contributing to the EU's leadership in addressing climate change, through the implementation of the European Green Deal, aimed at achieving carbon neutrality by 2050 and reducing CO2 emissions, by at least 55% by 2030 (in relation to 1990). The role of the Fund in fostering the transition to a low-carbon economy cannot be understated. The Fund should strive to better integrate climate issues into surveillance when reviewing its frameworks for surveillance and financial sector assessment. A more systematic inclusion of both climate mitigation and adaptation in bilateral surveillance can help identify costs associated with climate change and design policies aimed at facilitating the transition to lower-carbon economies and building resilience to climate change.

The role of the Fund will be as important moving forward as it has been during the first phases of the pandemic. The Fund has successfully played its role at the center of the Global Financial Safety Net, first through immediate emergency financing and then increasingly through Upper-Credit Tranche programs. Recently the Fund resumed its bilateral surveillance that will be paramount in the recovery phase. Fund's advice should help countries design policies that contribute to a greener, more digital, and more inclusive world. In addition, the Fund should continue to stand ready to lend to members in need, by flexibly deploying its toolkit to the benefit of the membership. In this regard, we appreciate the work to review the lending framework for Low Income Countries

(LICs) and to develop a more integrated strategy to support LICs and Fragile States that includes developments on the G20 DSSI and Common Framework, as well as funding from other International Financial Institutions and the private sector. We welcome the broad support expressed by the Executive Board to a new general **Special Drawing Rights (SDR) allocation**, to generate liquidity that can be held as reserves or channeled to where it is most needed. Finally, we remain committed to a strong, quota-based, and adequately resourced Fund and to a timely completion of the 16th General Review of Quotas.

We support increasing gender diversity in the Executive Board and look forward to working on further proposals to facilitate this process.

A greener, fairer, more inclusive, and digital recovery cannot be just a motto; it must be the true outcome of our joint contribution to the future. The time to deliver is now.