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Statement by the Hon. **SHEIKH SALEM ABDUL-AZIZ AL-SABAH**,
Governor of the Bank and the Fund for **KUWAIT**,
on Behalf of the Arab Governors

The Arab Group Speech

Delivered by

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On behalf of the Arab Governors

International Monetary Fund and World Bank

Joint Annual Meetings

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**Mr. President,
Ladies and Gentlemen,**

Allow me first to express my pleasure for giving me the opportunity to address your meeting this year on behalf of my colleagues in the Arab region. My region, today, is under the focus of international community, for its recent developments have a significant impact on the world stability and prosperity.

The economies of Arab countries still face significant risks and challenges due to the continuous unrest taking place in the region. The resulting uncertainty regarding the status of the affected countries and the repercussions of the slow recovery of the global economy are among these challenges. The results of such status are manifested in declining growth rates, high unemployment, particularly among young people, and reduced fiscal space. This is very clear in the Arab countries which witness political disorders or transitions. Some of these countries were forced to respond to social pressures by increasing subsidies and wages. Such measures deepened their fiscal imbalances. You are all aware of the negative implications of these developments on the lives of citizens. Their sufferings are undoubtedly of high concern to all of us in the international community.

The Arab countries are fully aware of the need for further work to meet these challenges in the medium and long terms. This includes strengthening economic and social reforms, enhancing opportunities for economic cooperation and regional integration, and furthering integration into the global economy. It also requires more efforts to diversify production bases and economic activities, and meeting the needs in vital areas, such as food, energy, water and infrastructure. There is a great need for reforming educational systems to meet the demand for qualified and productive labor. Such need requires stronger labor markets to provide new job opportunities for young people.

The Arab countries are also fully aware of the great role of our international development partners, including international financial institutions, in meeting these challenges. They are crucial in supporting the necessary reforms, as supplements to the regional efforts, initiatives and financial aid. There is no doubt that it needs more

cooperation and mutual work to find appropriate solutions. We certainly look forward to a greater involvement on the part of the international community in this regard.

**Mr. President,
Ladies and Gentlemen,**

My colleagues and I would like to emphasize the great importance of expanding cooperation between our governments, the IMF and the World Bank. Taking note, on this occasion, of the new strategy of the World Bank Group, we express our support for its quest to eradicate extreme poverty and promote opportunities of prosperity for all. At the same time, we call the World Bank to translate this new strategic vision into specific development programs, which focus on achieving tangible and measurable results in the Arab region.

Hence, in light of the current situation in our region, let me refer to three topics that need more focus. The first and most important is the role of the IMF and the World Bank in the Arab region. The second revolves around the subject of reviewing the quotas formula in the IMF. The third relates to the Millennium Development Goals after 2015.

Regarding the role of the IMF and the World Bank, we recognize the critical role played by the two institutions to encourage economic reform in the region. They are doing so through advice on appropriate policies, financial support and technical assistance. But we are also aware that there is a real need today for more of their support. This includes supporting economic and social development, strengthening the capacity and durability of the economies of the countries in our region in the face of political conflicts and upheavals. We ask the two institutions, especially the World Bank, to intensify their support to these countries - particularly Yemen, Palestine and the Horn of Africa, in addition to the countries surrounding Syria.

It is true that the IMF and the World Bank have intensified their analytical work in our region over the past year. This was clear particularly in the areas of addressing subsidies, social protection and employment. We appreciate these efforts; however, we see that there is more space for further advice and support which should take into account considerations of political economy factors in this region.

In addition to the technical support, there is an urgent need for wide financial assistance for the countries which experience political transformations. There is no doubt that they need direct support from the IMF and the World Bank. They also need the help of both institutions in the formulation of specific short-term and long-term plans and programs for stability and development, according to measurable results which represent incentives to provide financial support on a larger scale. We see a great importance of the role played by both the IMF and the World Bank in mobilizing the necessary financial support.

In this context, I would like to emphasize that the Arab donor countries, and other Arab and regional institutions, are ready to cooperate closely with the two institutions in this regard. Perhaps it is also appropriate to have both the IMF and the World Bank as connecting points between the Arab region and the international community. They

might use their financial, technical and most importantly convening capabilities to help the region and the concerned countries to overcome this critical transitional period. The availability of greater resources of the World Bank and the IMF is necessary in some cases to maintain processes of adaptation and to enhance the confidence of investors in these economies.

We also call our partners and friends in the Group of Twenty (G-20) and the European Union to exert more efforts to provide funds that are equal to the support provided by the Gulf Cooperation Council. We call on the Group of Eight (G8), in the framework of “The Deauville Partnership with Arab Countries in Transition”, to intensify its participation in the reform efforts in the region. Such efforts would result in enhancing this partnership as a supportive platform for appropriate and balanced reforms backed by adequate levels of external funding.

On the other hand, we would like to point out that the programs and projects supported by both the IMF and the World Bank should take into account the political economy considerations faced by the concerned countries. It is time for both institutions to demonstrate that their policies regarding our region are moving beyond traditional approaches and isolated programs and projects. They can achieve such end through developing a special strategy which strongly addresses the new challenges in the region. We know that the World Bank and the IMF have done so in various regions of the world during critical times. We hope that our region receives such treatment. We aspire that each of the World Bank and the IMF will take the initiative in designing the appropriate strategies and plans, and actively participate in their implementations. I assure you that the Arab countries are ready to support them in this regard.

As for revising the quotas formula, including the Fifteenth general revision of the quotas of the IMF, we would like to reaffirm that these reforms should lead to a fair representation of the Arab countries. It is no secret that most of the quotas transferred to some emerging markets and developing countries, according to the reforms of 2008 and 2010, was at the expense of other emerging markets and other developing countries, including most of the Arab countries. The revision must as well take into account the financial contributions of emerging economies and developing countries, which wish to receive support from IMF resources through the quotas. We reaffirm that this issue should not be at the expense of other emerging markets and developing countries.

With regard to the third topic: the Millennium Development Goals beyond 2015, we wish to reiterate our full support for the World Bank Group in its quest to back the United Nations efforts in building the financial framework of these goals’ agenda. We also support the World Bank efforts in finding appropriate and innovative solutions to enhance prosperity, equality and sustainability. We do so by encouraging governments, civil society, international organizations and private sector, to have greater roles in providing the necessary funding to support these goals and build a better future for all.

We would like, in this context, to praise the endeavors of the World Bank and the IMF in improving the preparation and dissemination of statistics and building the necessary statistical capacities.

**Mr. President,
Ladies and Gentlemen,**

For all the above issues, I would like to emphasize that we, the Arab Group, intend to do beyond what is in this annual speech. We need the World Bank and the IMF to provide a clear-cut vision and specific timetables which can be followed up periodically to check the progress of its implementation, according to measurable results. Among these are the amount of funding allocated to the region, the percentage of Arab employees to the total staff of the two institutions, in addition to the results of mobilizing international community contributions and increasing access to financial markets. This helps in creating economies which are able to absorb more labor and achieve stability and social integration.

You are our partners in development. We ask you to double your efforts to achieve the desired goals for strengthening this partnership. We also ask you to contribute to the efforts to overcome this critical moment in the history of our region.

Thank you.