

INTERNATIONAL MONETARY FUND

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

J

Press Release No. 1

September 29, 2002

Opening Address by the Chairman,
the Hon. **AHMED MACKI**,
Governor of the Fund and the Bank for **OMAN**,
at the Joint Annual Discussion

**OPENING ADDRESS BY
THE CHAIRMAN OF THE BOARDS OF GOVERNORS
H.E. AHMED MACKI
GOVERNOR OF THE FUND AND THE BANK FOR
THE SULTANATE OF OMAN**

Introduction

Managing Director Köhler, President Wolfensohn, my fellow Governors, Excellencies, Ladies and Gentlemen:

It is my great privilege to welcome you to the 2002 Annual Meetings of the International Monetary Fund and the World Bank Group. On behalf of the Boards of Governors, I would like to express our sincere appreciation to the President and the people of the United States of America for their hospitality. I would also like to extend our deep gratitude to the authorities and the people of Washington D.C. for hosting these meetings.

Let me also extend a special welcome to the newest member of the Fund and the World Bank Group, the newly-independent nation of East Timor.

There is much to be accomplished during these meetings, and we will all need to work together if we are to make tangible progress. I come from a region where we fully recognize that we need to cooperate with our neighbors to address issues of common concern and to strengthen and deepen relationships. The Sultanate of Oman has developed rapidly during the last 30 years by achieving the stability that comes from the collective cooperation of our people and from working together with our regional neighbors and key trading partners.

The economic development of Oman has been achieved by maintaining a strict fiscal policy and by ensuring that inflation is kept under control. In more recent years there has also been a strong drive for privatization. Oman has encouraged international investors to participate in the expansion of the power sector. We have also encouraged international investors to participate in the privatization of the management, operation, and maintenance of our main air and sea ports to ensure the efficient use of our national assets. We have also cooperated with a number of international institutions to update our legal and health systems and to improve education.

At the regional level, Oman is cooperating with our neighbors in the Gulf Cooperation Council (GCC) to harmonize our economic policies. We are also working to achieve the GCC customs union by January 2003. Oman is a strong advocate of international cooperation as the best way to tackle the various challenges facing us all.

Managing Global Integration through Increased International Cooperation

Fellow Governors, an outstanding fact of our world today is its growing integration and interdependence. The process of globalization has presented our countries with tremendous opportunities for growth and prosperity, but has introduced new risks as well. As this global integration deepens, concerted action on the part of developed and developing countries, national and international authorities, and the public and private sectors alike is needed to ensure that the benefits of globalization are shared by all.

The various initiatives for globalization are important and we must all do more to address the concerns that are being raised in various quarters in both developed and less developed countries.

There is now more than ever a need to strengthen international cooperation to guide the process of global integration and the pursuit of our common goals—the fight against poverty, the sustained development of our economies, and the prevention of financial crises—and in light of our universal membership, no institutions are better equipped than the Fund and the Bank to facilitate such cooperation and to ensure that all our voices are heard. Nevertheless, it is critical that each country, for its part, demonstrate the necessary political will and commitment to follow appropriate policies and create the necessary institutions, as well as establish an environment conducive to economic growth based on good governance and the rule of law.

The Global Economy

Fellow Governors, the global economic outlook is improving slowly, and global economic growth is expected to be 2.8 percent this year. However, the recovery has yet to take firm hold, and the downside risks to the global economy have increased. The recent volatility in equity markets and new concerns in the area of corporate governance clearly indicate that the risks and vulnerabilities arising from industrial countries are as significant, if not more so, as those in emerging market and developing countries. In this regard, I welcome the prompt action taken by the US authorities to strengthen regulation and enforcement in the financial sector.

A major risk to the economies in my region in particular, but also to the global economy in general, is the deteriorating security situation in the Middle East. I, therefore, urgently call for greater efforts by the international community and all parties involved to seek a peaceful resolution to this and all other conflicts, especially as political turmoil, civil unrest, and conflict all severely hold back progress in tackling poverty and achieving economic prosperity.

Poverty Reduction

Fellow Governors, the greatest challenge that continues to face us today is to eliminate poverty, which, sadly, remains widespread in many parts of the world. It is our responsibility to ensure that the world's poorest also benefit from the increasing integration of the world economy.

In this regard, an unprecedented degree of agreement about what is required to overcome poverty and promote global development was reached at the International Conference on Financing for Development in Monterrey. The Conference recognized that both developed and developing countries have important roles to play if real improvements in growth and poverty reduction are to be realized. The Monterrey Consensus reaffirmed the importance of sound policies and good governance to ensure the effectiveness of official development assistance (ODA). I welcome the announcements made by the European Union, the United States, Canada, and others at Monterrey to boost their levels of ODA. Oman and other Arab donor countries have demonstrated our long-standing commitment to international cooperation by contributing substantial concessional assistance and aid to developing countries. Indeed, we have consistently exceeded the target of 0.7 percent of GNP for ODA set for the industrial countries.

The recent United Nations World Summit on Sustainable Development held in Johannesburg reaffirmed the primacy of sustainable development as a central element of the international agenda. It concluded with significant commitments in the areas of water and sanitation, energy, health, agriculture, biodiversity, and ecosystem management. The challenge before us now is to implement these commitments in order to improve the lives of people living in poverty and to reverse the degradation of the environment.

I am pleased that the recent review of the Poverty Reduction Strategy Paper (PRSP) process by the Fund and the Bank confirmed the effectiveness of the PRSP approach to help countries reduce poverty, as it promotes ownership of policies by the countries themselves and requires a broad-based participatory effort in which all stakeholders in the fight against poverty can have a voice.

The Bank and the Fund have also made substantial progress in approving debt relief for heavily indebted poor countries through the HIPC Initiative. Twenty-six countries have so far benefited from the Initiative, and will receive over \$40 billion dollars in nominal debt service relief over time. The debt relief has allowed these countries to increase their spending in such critical areas as health, education, and basic infrastructure. We hope that additional countries will soon be receiving debt relief under this program.

Fellow Governors, it is clear that education and adequate health care are central to poverty reduction. However, more than 113 million children of elementary school age in developing countries are not in school, two-thirds of them girls. I therefore particularly welcome the adoption of the 'Education For All' initiative as one of the Millennium Development Goals.

Sadly, today 40 million people live with HIV/AIDS. I am pleased therefore that the Bank's lending and technical support for HIV/AIDS have increased significantly, and that today more countries than ever are turning to the Bank for assistance in combating the epidemic.

Trade

Fellow Governors, international trade has a vital role to play in fostering economic development and reducing poverty. In this regard, enhanced market access for developing countries and their effective participation in the Doha Development Agenda are essential to ensure that the benefits of further trade liberalization are shared by all. It is, however, regrettable that the trade policies of many industrialized countries continue to restrict access to the exports of developing countries, particularly textiles and agricultural products. I call upon the industrial countries to commit themselves to a meaningful opening of their markets. Developing countries should also push ahead with their own liberalization efforts.

Financial Sector Issues

Fellow Governors, globalization of the financial markets has created new opportunities for both industrialized and developing countries. It has also underscored that in today's global financial system, which is characterized by vast and volatile cross-border capital flows, strong financial sectors are necessary to promote savings, investment, and growth.

The Fund and the Bank have a special responsibility to help members better protect themselves against financial crises. In this connection, I welcome the efforts by the Fund over the past several years to sharpen and focus its surveillance function in order to identify vulnerabilities better and provide timely advice and support for preventing future crises.

Another area where the Fund and the Bank are playing an important role in safeguarding the stability and the integrity of the international financial system is in combating money laundering and the financing of terrorism. These issues are of critical importance to the entire membership as they affect countries at all stages of development.

Conclusion

Fellow Governors, in conclusion, I believe that our institutions are now stronger and ever more committed to ensuring that the opportunities and benefits brought about by globalization are made available to and shared equitably by all members, particularly the less fortunate. I am certain that the synergies of our working together will help achieve much more than the sum of our individual efforts.

Fellow Governors, I hereby declare open the 2002 Annual Meetings of the International Monetary Fund and the World Bank Group.