



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

**ONE HUNDRED AND EIGHTH MEETING
MARRAKECH, MOROCCO – OCTOBER 12, 2023**

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Statement by

**H.E. Mohammed Aljadaan
Minister of Finance**

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108th Meeting of the Development Committee

**October 12, 2023
Marrakech, Morocco**

I am very pleased to attend the 2023 Annual Meetings in Marrakech, and I would like to thank the Moroccan authorities for their hospitality and efforts to make these meetings successful despite the devastating earthquake. And I would like to reiterate my deepest sympathies and condolences to the people of Morocco for the tragic loss of life and destruction. The joint efforts of the World Bank and the IMF, in coordination with the Moroccan authorities, to proceed with holding the meetings without disrupting vital relief and reconstruction efforts remind us of our core mission to work collectively to respond to shocks and crises, both here and elsewhere in the world.

The World Bank Group (WBG) has a long-standing tradition of evolving with the changing development landscape. In the current phase of its evolution the WBG should re-position itself to respond to an unprecedented set of issues and challenges that require, more than ever before, the Bank, IFC, and MIGA to work as a truly “one WBG.” Importantly, all of them should also work in partnership with relevant institutions and investors within and beyond the MDB system.

I deeply appreciate the work that management and the Executive Board have been undertaking, both before and after the last Spring Meetings, on the new World Bank Group vision and mission and its financial and operational models. As we all know, this work is underpinned by great staff efforts that need to be commended. I congratulate all involved parties for the progress that has been achieved to date.

For its part, Saudi Arabia will continue to work toward bridging global development gaps and continuing its support to alleviate countries’ development and humanitarian challenges, including contributing the largest loan to the PRGT since the start of the 2021 fundraising round, totaling SDR 2.8 billion, which represents around 22 percent of total contributions. Saudi Arabia believes that we should focus intently on client countries’ challenges, which vary across countries and regions, while keeping a broader perspective and engagement on global public goods.

Looking ahead, some critical challenges remain to be resolved. In this context, I would like to outline some points of guidance.

Vision and Mission

It is critical to maintain the line of sight to the Bank Group’s core development mandate, which is signified by the Twin Goals of ending extreme poverty and promoting shared prosperity, as well as the 2030 Sustainable Development Goals (SDGs). The Bank can maintain a role in addressing global challenges selectively, but it is important that the Twin Goals and the SDGs remain front and center for its work. I appreciate that the Executive Board has agreed to prioritize eight global challenges. Included among them are food, energy and water security, which are basic human needs. I also take note that, in the coming months, management will discuss with the Executive Board a number of specific global challenge programs.

Operational and Financial Models

Going forward, fundamental changes will be needed in the way the institution works to meet the objective of being: more responsive to client needs; more agile in delivering client services; more efficient in designing and supporting implementation of projects and programs it finances; more effective in delivering development outcomes; more demand-driven in the use of its scarce resources; and more proactive in leveraging its balance sheets, partnerships, and convening power to mobilize significantly more resources from public and private sector partners and institutions, compared to historical levels. This is challenging, but it can be done, given the will.

In this regard, the close cooperation among the Bank, IFC, and MIGA is critical in the context of embedding private sector development and private capital mobilization, with a view to offering a package of assistance to clients. I am pleased that Management and the Executive Board have worked together to enhance the Bank Group's operational model through strengthening country engagement as One WBG, supported by stronger country diagnostics, building on the country-model approach. Importantly these diagnostics will be undertaken with substantive engagement with the country, which will help promote country ownership. It is imperative that the Bank Group's financing and advisory support is driven by demand rather than supply.

I also commend Management and the Executive Board for moving expeditiously on a number of recommendations of the G20 Independent Review of Multilateral Development Banks' (MDBs) Capital Adequacy Frameworks (CAF) to expand the Bank's financing capacity. In this regard, implementation of the approved measures should be accelerated and the work on residual recommendations to be completed as early as possible after the Annual Meetings in Marrakech.

In pursuing financing capacity measures, it is critical to protect IBRD's AAA credit rating, preferred creditor treatment, and financial sustainability. Once all balance sheet optimization measures and mobilization frameworks are in place, their aggregate impact on lending should be weighed against a systematic assessment of client demand in consultation with the Executive Board.

A Bank for All

Being the only global development bank, the World Bank Group has the responsibility to support the development efforts of all its client countries. In this context, key considerations in advancing the Bank Group work include:

- Low-income countries (LICs) offer the greatest potential to contribute to achieving the Twin Goals and the SDGs, but they also have the greatest need for development support. A strong IDA thus remains a top priority. It needs to be equipped with adequate resources and guided by a dynamic policy framework, in tandem with the evolving development paradigm.
- Countries facing debt sustainability issues need to be provided with debt restructuring support under the G20 Common Framework. The IMF and the Bank Group should play a central and critical role in making the Common Framework effective.
- The extremely acute conditions for those living in fragile and conflict-affected situations (FCS) requires a comprehensive and agile operationalization approach to help these countries get back on track toward achieving the Twin Goals and SDGs.
- As regards IBRD, the development needs of its client countries are differentiated by income levels and access to capital markets. Selectivity in the design of country assistance programs is thus important in the context of not just financing but also knowledge, technical assistance, and advisory support—consistent with country needs and priorities.

- Responsiveness to country needs and priorities is critical for both IBRD and IDA, and Bank Group engagement with countries should respect their laws and sovereignty, within the bounds of its non-political mandate.
- IFC should continue to strengthen its critical role in promoting private investment and competition, including by creating new markets. This should be complimented by enhanced innovation in mobilizing resources and setting standards in private sector development financing. In addition, IFC needs to follow a portfolio approach, maintaining the right balance between investing in neediest markets—which are also the riskiest—and investing in profitable enterprises and projects to maintain its own financial sustainability. IFC also needs to accelerate action to implement the CAF recommendation concerning transformation of the Global Emerging Markets Risk Database (GEMs) into a stand-alone entity by early 2024.
- While I commend MIGA’s product innovations to date, any new innovations, in particular offering guarantees to MDBs, would need to be consistent with its objective and purpose as defined in the MIGA Convention, which is to encourage the flow of investments for productive purposes among member countries, and in particular to developing member countries.

A Bank at the Cutting Edge of the MDB System

The CAF review report has reminded us that MDBs working as a system can achieve much more than the sum of their individual efforts. As the world’s premier and most experienced MDB, the Bank Group is in a unique position to chart the way forward for the MDB system to best leverage its collective strength in advancing the development agenda. Expectations are high in this regard, but so are the prospects. I am encouraged by the willingness MDBs have shown to work together, and I look forward to seeing the positive outcomes of this cooperation in the years ahead, including through operationalization of the country platforms’ approach agreed upon by the G20 during the Saudi G20 Presidency.

Energy and Climate

The climate agenda intersects not just with the energy sector but also with other sectors such as agriculture, forestry, and water. In supporting climate mitigation, the WBG should look beyond the energy sector. As forests can absorb large quantities of carbon while releasing oxygen, the WBG should adopt a discrete forest sector strategy, and prioritize and scale up support to client countries to increase tree cover as a means of climate mitigation. In this regard, the Saudi and Middle East Green Initiatives, among other measures, have an ambitious program of planting 50 billion trees. These initiatives will contribute significantly to achieve global climate goals, and they deserve strong support from the Bank Group.

In the energy sector, the foremost priority is to support universal access to electricity as called for by SDG7. This requires tapping all energy sources, in particular to ensure the availability of reliable and adequate baseload electricity. Renewables are no doubt critical for increasing energy access. But in many cases, their incremental costs of intermittency and transmission don’t meet affordability criterion under SDG7. Hydrocarbons will therefore continue to play an important role in balancing the energy mix for the foreseeable future. These realities should be reflected in the Bank Group’s operations and financing, consistent with the 2013 WBG Energy Sector Directions Paper. Moreover, it is important that the Bank Group proactively, and at scale, support the development and deployment of Carbon Capture, Utilization, and Storage (CCUS) technologies, which will help advance the mitigation agenda while allowing for a wide and reliable energy mix.

With regard to adaptation financing, I appreciate that the Bank is targeting to direct 50% of its climate financing to support adaptation. In my view, this target should be implemented at the WBG level, which would require the Bank to assume a greater role in adaptation, since adaptation projects are not always financially attractive to the private sector.

Finally, developing countries with modest contributions to the stock and flow of GHG emissions should be supported by concessional climate finance, consistent with the principle of common-but-differentiated responsibilities and capabilities embedded in UNFCCC. Needless to say, climate goals will not be realized without the provision of large-scale climate finance.