Statement by
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growth challenges

The global economic outlook foresees a slowdown, while risks continued to be tilted to the downside. This underscores the need for coordinated actions not just to accelerate growth, but also to make it sustainable and inclusive. In this respect, we re-affirm the World Bank Group (WBG) critical role in helping developing countries embrace the opportunities and address the challenges created by the changing economic and development dynamics. In doing so, we urge the WBG to remain focused on its core mandate and comparative advantage: where it can make the most impact and deliver optimal development outcomes.

The global economy is facing the challenge of sustaining global trade growth that is critical to economic growth and job creation. Open and free trade has helped integrate the global economy, promote investments and stimulate global economic growth. Thus, it is critical for policymakers and multilateral institutions, including the WBG, to use every opportunity to foster cooperation that promotes an open, rules-based, multilateral trade system.

Increased debt vulnerabilities are another major issue for many countries. Addressing this issue will require a range of interventions that support strengthening debt sustainability frameworks, enhancing debt transparency, increasing domestic resource mobilization, developing local capital markets and making revenue and expenditure management more effective. In this respect, we welcome that the WBG and IMF are working together through a multipronged approach to analyze and address debt vulnerabilities in both low- and middle-income countries and we look forward to the positive results of this work.

Policy actions today impact the future, and this is most evident in the case of human capital development. Investments in health and quality education today not only generate productivity gains and support growth but are also critical for increasing potential output to sustain long run growth. Realizing the full economic benefits of human capital development requires policies oriented toward creating jobs. As private sector is key to creating jobs, it is essential to strengthen reforms to create conducive conditions for private investment. These are indeed areas where developing countries can benefit most from the WBG’s demonstrable comparative advantage.

The Forward Look and IBRD-IFC Capital Package Implementation

We welcome the progress made on the Capital Package commitments. In particular, we support the Financial Sustainability Framework, which will regulate IBRD lending and provide a buffer for crisis lending. We appreciate the efforts that the WBG is making to improve its business model, including the measures taken to enhance internal cost efficiencies and increase business revenues. We support the
enhanced focus on low-income countries and countries facing fragility and conflict, while staying engaged with all client countries with tailored solutions to their specific development issues.

**IFC is a critical instrument in the WBG’s development toolkit.** But, IFC appears to be financially constrained to play its role effectively. We remain concerned that the realization of IFC ambitions in the context of the Capital Package will be at risk without timely effectiveness of the Governors’ resolutions relating to increase in IFC capital. It is critical therefore that IFC’s capital increase becomes effective as soon as possible.

**We welcome the emphasis on private sector solutions to development challenges.** Indeed, the private sector solutions that emerge from the WBG diagnostics, deep dives and various pilot initiatives have shown a good development promise and we would encourage the WBG to build on this work. Further efforts are needed to fully realize the Maximizing Finance for Development (MFD) strategy. This requires WBG institutions working together to identify and structure sound projects and help client countries create conducive business environment with appropriate use of risk mitigation instruments.

**The WBG institutions need to be agile, simpler and better.** Making the business model of the WBG more agile, simpler and better is a continual undertaking that needs a wide range of administrative reforms to trim bureaucracy, simplify procedures, and create efficiencies.

**Disruptive Technologies**

We welcome the WBG approach to mainstreaming disruptive technologies in its operations, with the aim of unlocking new development opportunities while mitigating potential risks. We support the proposed five corporate priorities in disruptive technologies and encourage the WBG to develop a plan that translates these priorities into clear commitments and measurable results metrics.

**The development impact of disruptive technologies can be maximized when it is complemented by capacity building, training and responsible use.** The WBG should therefore build the necessary capacity internally and in client countries to adapt to, and productively employ, disruptive technologies.

**Challenges for the MENA Region**

We appreciate the WBG’s continued support for countries in the MENA region. We emphasize the need for scaling up this support, given the enormous economic and development challenges facing the countries in the region. Youth unemployment in MENA is notably among the highest in the world. We therefore support the intention of the WBG to deepen its engagement in areas related to youth economic empowerment and job creation and look forward to the development of specific initiatives in these critical areas. In addition, we ask IFC and MIGA to strengthen engagement in the region to attract foreign direct investment and encourage private sector participation in the development process. We also urge the WBG to continue supporting countries in designing and implementing recovery and reconstruction plans and programs that minimize the risk of conflict recurrence, enhance social cohesion and restore confidence in institutions.

**IDA19 Replenishment**

We reiterate our support to the role of the International Development Association (IDA) in helping poor countries. We would like to see IDA19 building on the solid progress of delivery and policy commitments of IDA18 with greater focus on impacts and results. We also encourage IDA to address emerging challenges and opportunities such as debt vulnerabilities and disruptive technologies. To enhance its effectiveness further, we urge IDA to continue drawing upon WBG synergies and keep optimizing its
balance sheet while pursuing prudent long-term planning for IDA finances. As for IDA voting rights, it is critically important that the review of IDA voting rights does not interfere with the IDA19 replenishment process nor with any future IBRD shareholdings review. In our view, the review should be conducted within the framework of IDA articles of agreement.

Energy

Energy is a critical engine for the development of practically every economic sector and every aspect of human life. Yet, about a billion people on this planet are still without electricity. It is therefore imperative to make energy a top development priority. This will require support for the entire energy supply chain starting with upstream development of energy sources and electricity generation. In view of the large and growing energy deficits in many countries, the WBG should ensure that all viable and affordable sources of energy are an integral part of the solution. In addition, technologies can be transformative for improving the efficiency and quality of energy systems and should have a frontal role in the energy agenda. In particular, Carbon Capture, Utilization and Storage (CCUS) technologies can play an important role in enabling the development and use of all forms of energy sources to bridge the large and growing energy gap. Support for advancement and deployment of CCUS should therefore be an essential part of the WBG strategy for the energy sector.

To conclude, we welcome the appointment of Mr. David Malpass as the WBG President and look forward to working with him. We also thank Ms. Kristalina Georgieva for her valuable service as the Interim President.