Statement by
H.E. Mrs. Fayza Aboulnaga
Minister of Planning and International Cooperation, Egypt
On behalf of Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, Syria, United Arab Emirates and Yemen
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The situation in the Middle East and North Africa (MNA) region provides an opportunity for countries as well as the leading development institutions, such as the World Bank Group (WBG), to assess and revisit their business model. The upheavals in the MNA region illustrates that the average income level of the country alone is no guarantee against the existence of fragility within countries and their impact regionally and globally. Countries need strong institutions and governance structure that are able to address and respond to internal and external stresses. Strong institution are crucial in meeting the citizen’s needs and in providing inclusive governance, economic and social justice, which are essential in maintaining stability and attracting investment.

Integrating lessons learned from the MNA region will put the Bank in a better position to achieve short and long term development results. Bank’s country analysis and strategies should take into account the internal and external stresses that could cause fragility, in both low and middle income countries. These analyses should be the basis for developing innovative ways and instruments in which the Bank could manage these risks in its programs.

The WBG in the MNA region will need to focus on the source of fragility, such as weak institutions and governance structure, high poverty rate, high unemployment especially among the youth and women and water and food shortage. The WBG should adapt an integrated strategy to help the region in building accountable and capable institutions; addressing labor and employment policies, especially those related to youth and women; improving infrastructure and regional integration.

The MNA region like many other regions is exposed to external shocks. Although countries are still dealing with the rampant consequences of the 2008 food, fuel and financial crises, they were hoping that the economic recovery will rise ahead in 2011. This economic recovery will provide them with the fiscal space to focus on meeting the Millennium Development Goals (MDGs) as well as implementing reforms and inclusive and pro-poor economic growth strategies.

However, since the last Annual Meeting, the cost of food continues to march upward in an alarming fashion and is expected to reach the 2008 levels. This rise in food prices has driven an additional 44 million people into poverty in developing countries and increased the potential of starvation. It also aggravates the existing balance of payments problems due to government’s additional subsidy to food stuff that many countries are facing and adding pressure on government budgets. These significant risks are further exacerbated by the increase in oil prices and population; the impact of climate change; and the unpredictability of the trade distortion. In addition, countries with weak institutional capacity are unable to respond to economic shocks, and therefore, become more likely to suffer violent social unrest. As the case during the 2006-
2008 price spikes, in which occurrence of violence in countries with less capable governance was much higher than countries with strong institutions.

Unfortunately, the escalation in the commodity prices is threatening the poor and the overall global economic growth. It risks reversing the gains made in achieving the MDGs, as well as, causing unrest and instability in some countries. The volatility in the commodity prices reminds us that food security should continue to be a priority for all, especially for those regions that are large net importers of food like MNA. These regions are already facing high import bills, reduced fiscal spaces and greater transmission of food prices to local prices for imported goods.

Multilateral institutions, such as the World Bank, will continue to play an important role in helping countries to weather external shocks in general and most specifically the potential food crisis and to support countries in building institutions that are able to respond to endogenous and exogenous shocks.

The Bank should learn from its experience in responding to the 2008 global food crisis and from its current experience in dealing with food security. These lessons should be integrated when developing new initiatives. Sharing this knowledge with other parts of the globe is beneficial. The Bank should continue to stress the importance of creating opportunities for growth through promotion of agriculture and food security and of helping clients manage risk and prepare for crises through its Post Crisis Direction strategy and in the Agriculture Action Plan.

The WBG should be strategic and innovative when addressing the food security issues. An integrated policy and investment approach for rural infrastructure, job creation, agriculture, health and nutrition, climate change and natural resource management is essential in achieving sustainable food security. Scaling up resources and technical assistance especially for IDA countries is crucial for supporting countries to develop and implement their food security policies and programs. The WBG should work closely with other multilaterals and donors to ensure that pledges and assistance are materialize. IFC has a crucial role in building a stronger partnership with the private sector to enhance food security.

The World Bank should also continue to enhance the effectiveness of the social safety nets to protect the most vulnerable segment of society. Strengthening resilience that involves adopting practices that enable vulnerable people to protect existing livelihood should continue to be a core element of the WBG adaptation and mitigation agenda. In addition, the WBG should support research, as well as, the transfer of technology and knowledge related to agriculture productivity and efficient water management and irrigation systems. In particular to Consultative Group on International Agricultural Research (CGIAR) to contribute to this objective, and make sure that knowledge generated is captured and fully shared.

The WBG’s efforts to continue the internal reform of the institution form a fundamental pillar that will assist the institution to play its crucial role and enhance its response in helping developing countries realizing their developmental aspiration. WBG should review its HR policy to ensure that it has the right mix of skills and the incentives for staff to respond and be more engaged in fragile situations.