Statement by

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Minister of Finance

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We are convening at a time when the world is beset with multiple overlapping crises not seen in decades. Geopolitical tensions, food security crisis, lingering effects of the COVID-19 pandemic, persistent high inflation and impact of rising interest rates on the cost and flow of capital to developing countries, and the looming threat of a global recession have all set back hard-earned development gains and posed unprecedented challenges to many countries. Responding effectively to these shocks will require international collaboration and cooperation, with a renewed spirit of multilateralism.

With its rich knowledge, experience, policy toolkit, and financial resources, the World Bank Group (WBG) is well-placed to lean forward and help client countries. It is important to keep an eye on WBG’s Twin Goals to eradicate extreme poverty and boost shared prosperity by 2030. Therefore, given the scarcity of capital at its disposal, selectivity is key to channel resources where they will make the most development impact consistent with the Twin Goals and the SDGs. Other competing priorities that involve trade-offs with our core objectives should be revisited and reconsidered.

Saudi Arabia appreciates the efforts of the WBG and IMF to stretch their lending capacity to support client countries as they manage the ongoing multiple crises. On its part, Saudi Arabia has provided bilateral financial support amounting to USD 12.7 billion to countries most in need since the last Annual Meetings, equivalent to about 103 percent of our share of the recent SDR allocation. More broadly, Saudi Arabia continues to strongly support the implementation of the G20 Common Framework (CF) to help eligible countries address rising debt vulnerabilities. And it remains committed to support international efforts to restore peace and stability which is necessary for a stable and prosperous global economy.

1. DEVELOPMENT AND CLIMATE FINANCING

Climate change is indeed one of the challenges of our lifetime and must be tackled collectively. However, climate change and climate finance must be seen through the lens of international agreements. The essence of these agreements is the principle of common but differentiated responsibilities and respective capabilities, which has two important implications. One is that countries should contribute to climate finance proportionate to their contributions to historic of GHG emissions. The other is that the focus of climate action should be on countries that contribute significantly to the flow of GHG emissions. The fact that since LICs and LMICs contribute just 14 percent of global emissions should not be lost when advising countries on how they should deliver on their NDCs. Carbon taxes would unfairly burden the poor and most vulnerable and are inconsistent with the affordability element of SDG7.

Given the staggering needs, every possible source of climate finance needs to be harnessed and tapped. Bilateral donors, large philanthropic foundations, and private investors all need to make meaningful contributions. The role of MDBs in my view is to maximize climate co-benefits through their development financing operations. I also believe that IFC can play stronger advocacy and promotional roles in the private climate finance space. Furthermore, considering the frequency and intensity of climate-triggered disasters, adaptation finance should be substantially scaled up with a view to building developing countries’ resiliency and capacity to deal with natural disasters.
With regard to subsidies, it is critical to differentiate between subsidies that encourage wasteful consumption and those targeted at the poor and the most vulnerable. Cash transfers are a good substitute for subsidies, but other options, such as lower electricity rates for low-consumption households, should also be a part of the solution. Furthermore, fossil fuel subsidies should not be considered in isolation but looked at within the broader context of all energy subsidies, including those supporting renewable energy.

Support for rapid advancement of CCSU technologies is critical. I urge that the WBG assume the lead role in promoting and fostering the development, financing and deployment of technologies that can contribute to a reduction of GHG emissions. Moreover, in the energy technologies space, there is a need to strengthen international collaboration and sharing of knowledge and experience between countries and international organizations.

2. FOOD AND ENERGY CHALLENGES

I welcome WBG’s focus on both food and energy security. The 2030 SDGs were agreed upon in 2015, and now seven years later, progress remains slow for some key targets—in particular SDG2 and SDG7. About 8 percent of the global population is projected to still face hunger in 2030, and 660 million people would still be without access to energy. While both issues are intertwined, each poses a unique set of challenges that the global community must address jointly and swiftly.

I welcome the collaboration among the WBG, IMF, FAO, WFP and WTO to address food and nutrition insecurity. In this regard, the Arab Coordination Group launched its food security action with an initial US$10 billion commitment and the Bank must further its outreach to join forces with all development partners. As the food-energy nexus is critical to sustained food security and development in general, it is imperative that policy recommendations accommodate a broad range of solutions consistent with countries’ capabilities and endowments. It is also imperative that they do not focus solely on aggressive and rapid energy transitions. This phenomenon is evident in developed economies’ energy policies and reflect the pragmatism that should also be practiced in developing economies.

It is unconscionable that approximately 14 percent of our food is wasted between farm and market, and another 17 percent is wasted at the retail and consumer levels. I encourage the Bank Group to lead globally coordinated and country-level initiatives to help achieve the SDG’s 2030 target of halving food waste and loss. It is also critical that the Bank plays a robust advocacy and advisory role with the aim to discourage restrictive trade practices, bolster agri-food and fertilizers trade and enhance market predictability. Structuring systematic support for fertilizers supplies to farmers, including through MDBs as well as private-public partnerships, is fundamental for next seasons’ food production with the aim to support supply-demand dynamics and promote free market efficiencies.

I share the concern that achieving SDG7 by 2030 is highly unlikely. Under the net-zero scenario, investments in clean energy would need to rise to over US$4 trillion annually until 2050. In the context of resource scarcity, high debt levels, rising interest rates, and the recent pressure on government budgets brought about by the pandemic, it is hard to envision how this extraordinary level of funding can be mobilized. As things stand, energy investments in LICs and MICs have fallen behind due to lopsided policies that have discouraged investment in hydrocarbons and fossil fuels, which remain an affordable and reliable energy source. The importance of smooth and just energy transitions cannot be overemphasized. It is thus pragmatic, and just, to increase investment in the generation of energy from all available sources, consistent with the G20 Leaders’ call in the Osaka and Riyadh Summits to pursue the "3E+S" strategy: energy security, economic efficiency, and environment + safety.

Finally, the WBG should accelerate efforts to catalyze and mobilize Paris-aligned private sector investments as called for by Governors at the 2022 Spring Meetings.
3. **LEARNING LOSSES**

Akin to the pandemic’s divergent impact, learning loss and remedial response for each country differs. In the case of the pandemic, the impact varied corresponding to technological readiness and pandemic preparedness. I appreciate the Bank’s proposed mitigation of learning losses through developing the Reach, Assess, Priorities, Increase and Develop (i.e., RAPID) framework. The longer-term efforts should seek to reinforce the education system’s resilience. The pandemic demonstrated the value of technology in the learning process, which must guide future education strategies.

**Saudi Arabia has actively invested in its digital infrastructure, which allowed a speedy pivot to remote learning and to limit learning losses.** Once schools were open again, a plan was set to recover learning losses with regular assessments. We welcome opportunities to share our educational experience during the pandemic, which was the focus of the Bank’s published report earlier this year. The pandemic has highlighted the need to reconsider conventional educational systems. It has changed the way we work, and the way we learn should also be revisited. The World Bank has an opportunity now to question and lead paradigm changes in education systems.

4. **WBG CAPITAL ADEQUACY FRAMEWORKS**

The ongoing multiple crises have placed a huge and growing demand on the WBG resources. It is timely that the informative review of MDBs Capital Adequacy Frameworks (CAF) commissioned by the G20 has come up with a range of recommendations that can potentially help MDBs stretch their balance sheets and enhance lending capacity. I encourage WBG management to present detailed technical analysis of the pros and cons of these recommendations to the Board, together with concrete proposals that can be implemented within existing statutes of WBG institutions and without recourse to additional shareholder capital. I also ask that a progress report be presented to Governors at the Spring 2023 Meetings.