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)

**EIGHTY-FIFTH MEETING**
**WASHINGTON, D.C. – APRIL 21, 2012**

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**Statement by**

**Dr. Jafar Hassan**
**Minister of Planning & International Cooperation**
**Jordan**

**On behalf of Bahrain, Egypt, Iraq, Jordan, Kuwait,**
**Lebanon, Libya, Maldives, Oman, Qatar, Syria,**
**United Arab Emirates and Yemen**

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Economic opinion suggests that we are on the verge of a fragile and moderate global recovery, with improvements being seen in trade, and industrial production - particularly in emerging and developing economies. However, the global economy remains vulnerable. The key risks include a persistence of the euro area crisis, weakening growth in several big emerging economies, weaker export demand, tighter trade finance conditions, volatile exchange rates and capital flows, a tightening of the policy stance in some key emerging countries, and depleted macroeconomic buffers in Low Income Countries. Thus, developing countries were left with tighter fiscal and monetary space to remedy the ongoing global risks and their need to prepare for further downside risks.

Economic recovery in developing countries, negatively impacted by the global crisis, depends on the development of domestic policies and instruments i.e. prudent fiscal policies, efficient, affordable and sustained social safety mechanisms, subsidies, enhancing productivity in real economic sectors, foreign reserves and debt management. However, these measures are necessary but not sufficient. Because their recovery, after the global crisis, depends also on recovery in developed economies whose economic revival will be a critical factor contributing to commodity imports, and an increase in remittances of guest workers, from developing countries. Add to this, is how far developed countries would relax their trade barriers facing imports from developing economies.

Therefore, at this stage, the key focus for us and for both Breton Woods Institutions should be to convert this fragile recovery in to sustainable and inclusive growth for all. This requires a delicate balancing of efforts to ensure greater macroeconomic stability, rebuilding fiscal policy space and strengthening prudential policies, with the pressing need to preserve aggregate demand, including through public investment, and to buttress social protection.

Despite the fiscal pressures, it is critical that developing countries protect their investments in human capital. **Social protection programs**, including social safety nets, perform precisely that role. Having said that, existing social safety nets systems in many developing countries need to be made more effective, inclusive, well-targeted, pro-poor and fiscally sustainable. The Bank's comparative advantage in the diagnosis, implementation, monitoring and assessment of Social Safety Net policy options, and its knowledge sharing ability, therefore, needs to be fully utilized. Linking jobs to the safety nets programs would enhance their role as a poverty-fighting instrument and help families become more independent of these programs. Related to this, is the need for strong statistical capacity to monitor results and inform policy decisions.

Supporting the enabling environment for **private sector investment and development**, through lending, investment, technical assistance and political risk insurance is especially important during this fragile recovery period. We therefore appreciate the important and innovative programs of the International Finance Corporation (IFC) in these areas, and the creation of various financing facilities and funds. We call for further innovative work in promoting private-public partnerships and South-South investments, trade facilitation, blending finance, and support for Micro, Small and Medium Enterprises (MSMEs). There is also scope for further enhancing the role of the IFC in advancing the food security agenda.

Though the world has achieved two of the Millennium Development Goals (MDGs) ahead of the 2015 deadline, the fact remains that one billion people live under poverty and a number of MDGs not yet met, especially in Low Income Countries (LIC) and fragile and conflict countries. Thus, we still have a long way to go with the need to plan for global international development framework post 2015.

Despite recent spikes in food prices, ODA commitment to agriculture, food and nutrition has not increased and remained about 10 percent since 2000. We urge the World Bank to invest in agriculture for development agenda and to improve aid effectiveness. The WB needs to invest in nutrition sensitive interventions and mainstream nutrition in development programs, as well as, invest in increasing women's human capital, which is one of the most effective ways to reduce poverty and decrease children's malnutrition.

As MENA represents one of the largest net food importers, which increases the region's vulnerability to food price shocks, we urge the WBG to continue developing instruments tailored to the region's needs. The World Bank should also continue supporting the region in designing policies that address demand, increase production, and mitigate risk associated with food price volatility. Investing in research and development and transferring knowledge is also crucial in improving agricultural productivity and manage water and land resources effectively, as well as, in enabling countries to adapt to, and mitigate climate change.

Protectionism and trade-restricting measures implemented during the food price crisis contributed to the global food price volatility. A commitment to open global trade, a continuation of prudent trade liberalization policies, and the prompt conclusion of the Doha Round would assist the global recovery.

The Bank has recognized that dynamic economic circumstances demand a modern way of working, one that would maximize Results, Openness and Accountability. While this is not an easy endeavour, the rewards of a modern World Bank Group that is nimble, adaptable and cost effective with increased synergies and complementarities, outweigh the challenges that could be faced in the short-term. Achieving this is critical to the Bank's future success. Having said that, any Human Resource (HR) policy reform needs to balance HR needs and aspirations with potential impact of Human Resources on the quality of the Bank's work, given that human capital remains this Knowledge Bank's key asset.

During the past few years, economic activity in the developing Middle East and North Africa region has been dominated by the events of the "Arab Spring", compounded by the prospect of a deterioration of trading conditions with the Eurozone area. The decline in tourism to the region has been unprecedented.

We recognize and appreciate the World Bank support to our MENA region, as part of the international response. Similarly, the IFC's role in encouraging private sector activities across the MENA region have contributed to the overall counter-cyclical effort. IFC programs - whether through direct investment or resource mobilization, or advisory services - are critical in boosting market confidence and addressing the key challenges facing private sector development, and need to be further strengthened.

Such active support, policy advice and technical assistance need to be sustained and strengthened as our countries formulate their medium-term economic framework and work toward economic models that would foster inclusive growth, while maintaining economic stability and building investor confidence. We also urge IFC to focus on MSMEs, agribusiness and infrastructure; and to include the MENA region in its blending finance program and to expand the country targets of the Education for Employment

Initiative. We look forward to a further strengthening of support for this strategic region from the new leadership.

This is the last meeting in which we will have Mr. Robert Zoellick as President of the World Bank Group. On behalf of the Governors in our constituency, I would like to thank Mr. Zoellick for his initiatives, and his dedication to the objective of poverty reduction and development over the past five years. In particular, the Governors of the Arab world appreciated his unwavering support to our Middle East region. We take this opportunity to wish Mr. Zoellick success in his future endeavours.