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INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
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Statement by the Hon. **MOURAD MEDELCI**,
Governor of the Bank for **ALGERIA**,
On Behalf of the Arab Governors
at the Joint Annual Discussion

Arab Group's Speech
Delivered by H.H. Mr. MOURAD MEDELCI

Finance Minister of Algeria
On Behalf of the Arab Governors
At International Monetary Fund (IMF) and World Bank Group (WBG) 2006 Annual Meetings

Mr. Chairman,

1. It is my pleasure to deliver this year's unified Arab speech on behalf of the Arab Group at this year's Annual Meetings. First, I would like to thank the Government of Singapore for hosting these meetings and striving to make them a success.
2. We welcome forecasts indicating that growth would continue this year at a high rate, and would be more balanced across regions. To ensure sustainability of this recovery, we believe that major economies specifically should rectify their imbalances, particularly that global economic conditions are favorable to undertake such reforms.
3. As for countries in the Arab region, they have achieved high growth rates last year. This growth is expected to continue this year. Not only is this improvement the result of increases in oil export revenues, but also of sound economic policies and progress in implementing structural reforms by the region's countries.
4. However, we realize the need for further reforms in Arab economies, particularly in the areas of improving the investment climate and trade liberalization, in order to boost economic growth. This is particularly true in connection with **the major challenge still facing our region, namely the creation of sufficient jobs for the increasing numbers of young people, who represent nearly half of the population, half of them are women. We also take into consideration the need to increase participation in economic activities by Arab women to raise productivity, which can in turn be reflected on living standards of the Arab family.** In this respect, we **look to the two international institutions to intensify their support for continued reform efforts in these countries, and to the World Bank to develop suitable mechanisms and tools to finance regional integration programs and pay attention to women's issues in its regional operations.** Regional growth prospects, however, remain vulnerable to risks which always contribute to instability in the region.
5. Recognizing their international responsibility for helping control the fluctuation of world oil prices, Arab oil exporters have considerably boosted their production rates. We think that use of oil revenues should be linked to each country's special circumstances.

Mr. Chairman,

6. The IMF plays a major role in stabilizing the global monetary system. In this context, we welcome the IMF's proposed medium-term strategy to enable it to deal with new global economic challenges. We look forward to a discussion by the Fund's Executive Board of various aspects of this strategy. We also look forward, in particular, to strengthening the Fund's supervisory role, especially multilateral supervision. Concerning emerging economies, we encourage the Fund to consider a new mechanism that would provide quick financing to such economies, if needed. We also think that the IMF should approve a sustainable budget that would enable it to carry out its required role. In this respect, we welcome the formation of a committee composed of eminent personalities from the financial sector to consider a mechanism for the Fund's income, and look forward to its recommendations.
7. In order to bolster the credibility of the Bretton Woods institutions, various member states should have a voice in the ownership and management of these institutions. In this context, and with respect to a decision on quotas and votes, we call for ensuring the support for developing country role in the ownership and management of the two institutions according to the Monterey Consensus.

Mr. Chairman,

8. We follow with concern stalled progress at multilateral trade negotiations under the Doha round. In view of the importance of global trade, and with a view to strengthening efforts to reduce poverty, we urge member countries to avoid protectionist policies and to seek to lower tariff and non-tariff barriers. We also encourage countries to take advantage of opportunities for economic integration provided by liberalization of world trade. We call for continuing support and technical assistance to developing countries to improve their trade capacities.
9. We welcome achievements in the area of official assistance flows to developing countries, and the agreement to increase the resources of the International Development Association (IDA) and the Multilateral Debt Reduction Initiative (MDRI). However, these efforts still fall short of the development and poverty reduction requirements, particularly of low-income countries that lack necessary resources to achieve the Millennium Development Goals (MDGs). We look forward to more efforts to meet major donor commitments to increase the volume of assistance and improve its quality and to more contributions by international development institutions, particularly the International Finance Corporation, to providing necessary financial resources. In this respect, we would like to note the effective role of Arab donor countries, as they lead all donor countries in providing assistance, as a percentage of their national product. Meanwhile, it is worth mentioning the considerable increase in foreign private investment flows into the region, reflecting growing confidence in adopted structural reforms.
10. Concerning middle-income countries, to which many countries in our region belong, we support suggestions included in a report submitted to the Development Committee. We

hope that this strategy would enhance the Bank's expertise and adapt its financial and technical assistance products to the countries' special and varied needs through the development of an action plan that helps the follow-up of such strategy and the assessment of its results.

11. Efforts of the bank and the IMF in our region should be mostly focused on supporting those countries experiencing the effects of conflict. Lebanon is in the forefront of those countries that require extensive and urgent support from all international institutions and donor countries, in view of the massive destruction to its houses, other buildings and infrastructure and the deteriorating living conditions as a result of the Israeli aggression. In this context, we welcome the establishment by the World Bank of a trust fund to help reconstruction efforts in Lebanon. We also welcome grants promised at the Stockholm seminar, and look forward to get them fulfilled as soon as possible. We also call for continued support to the Palestinian people who are much suffering under occupation and economic and political siege, and for continued support for reconstruction efforts in Iraq, the reduction of its debt and support for its joint initiative with the United Nations to launch "the International Covenant with Iraq", aiming at building a partnership with the international community. Continued sanctions and economic and banking boycott against Syria by some major powers prevent necessary structural reforms and the provision of technical and financial assistance from the Bank and the IMF. We stress the importance of accelerating efforts to allow the Sudan to take advantage of the Multilateral Debt Reduction Initiative (MDRI) and the Heavily Indebted Poor Countries (HICPs) Initiative, particularly since it had met all economic and financial requirements set by international financial institutions. We hope it can get use of such initiatives away from political considerations.

Mr. Chairman,

12. We welcome the increased attention paid by international institutions, including the Bank and the Fund, to encourage good governance and combating of corruption in member countries. I would like to note the steps taken by Arab Group countries in this respect, recognizing the fundamental role of good governance in achieving sustainable development.
13. In this context, we support current efforts by the Bank and hope member states would enhance such efforts for broader and faster progress in this area. We stress the importance that the new proposal includes all aspects of fighting corruption, at concerned country representatives or the international private sector. We realize this is a task that requires considerable efforts. To achieve desired goals in this sensitive area, we believe that it is necessary for the Bank to respect the sovereignty of states, to avoid heavy Bank conditionality that impede development programs and to focus efforts on responding to demands by member states for financial and technical assistance to facilitate the design and development of their reforms in a framework of cooperation.
14. We have followed the developments contained in the World Bank's report on clean energy sources. In this respect, we welcome additional consultations, including those

with Arab oil producers. While modern energy sources are the engine of development, large numbers of the world population still use conventional sources, resulting in adverse impacts on the local environment, especially in the area of health. In this respect, we encourage the World Bank to focus its efforts on facilitating access of the poor to modern energy sources.

15. In conclusion, I thank you, Mr. Chairman, for chairing this year's Annual Meetings, hoping for more progress towards a more stable and prosperous global economy. We also look forward to increased cooperation with the Fund and Bank to strengthen stability and growth in our region's countries.