

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
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Statement by the Hon. **DAVOUD DANESH JA'FARI**,
Governor of the Bank for **THE ISLAMIC REPUBLIC OF IRAN**,
at the Joint Annual Discussion

In the Name of God, the Compassionate, the Merciful

***Lecture to be delivered by H.E. Dr. Davoud Danesh-Jafari,
Minister of Economic Affairs and Finance
of the Islamic Republic of Iran
on the Occasion of the Joint Annual Meetings of
World Bank and International Monetary Fund***

***World Bank and IMF Annual Joint Meetings
Washington-October 2007***

In the Name of God, the Compassionate, the Merciful

***Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen,***

I am very much delighted to have the opportunity to attend this august meeting and to be able to express my views.

The economic gap between rich and other countries is increasing. The current rigid structure and mechanism governing the world economy is designed in such a way that, even the most optimistic intellectuals in the field of development, do not see the decrease in this gap at sight. Although the rapid world economic growth in 2006 has provided a favorable ground for making progress in achieving the Millennium Development Goals (MDGs), but the expected programs pertaining to poverty alleviation throughout the world has not yet been met. World Bank as one of the most important international organizations should pursue its main goals as comprehensive development and poverty reduction mission in member countries. But, it seems that, unfortunately there has been some dualism between words and actions of the Bank.

***Mr. Chairman,
Ladies and Gentlemen,***

On the issue of enhancing the "Voice and participation of Developing and Transition Countries in Decision Making at the World Bank and IMF", while we welcome the overall increase of the shares and voting rights of

these countries as a whole, we would like again to emphasize on the principle, that any increase in the shares and voting rights of a given group of countries should not be at the expense of some other developing countries. This should be formulated in a way that leads to the increase of the voting power of developing countries as a whole without reallocation among them. This should be the crucial objective to be considered in the changes. Furthermore, we believe that the overarching aim has to be bringing the total voting power shares of Part II countries to the level of 50 percent in order to observe the equity and equal voice between developed and developing countries.

In this direction we believe that restoring the basic votes to their original level or at least tripling them should be considered as a way, among other things, in closing the gap between voting power of Part I and Part II countries. The voice of developing countries can also be enhanced by providing level playing field for the selection of the World Bank president and IMF Managing Director in future. We believe that a transparent, open and merit based selection procedure without the consideration of the country of origin should be established as the principle framework for the section.

***Mr. Chairman,
Distinguished Delegates,***

Middle income countries are vital stakeholders and shareholders of the Bank. They are the main source of income and demand for World Bank loans and home for 70% of the poor living with less than 2 dollars a day. There are huge needs for development loans in these countries. Despite this

fact, we observe negative net transfer to these countries from the Bank. Also, the loan portfolio of the Bank has been shrinking which is a matter of concern. We believe that the Bank should be more forthcoming and active in simplifying and modifying its procedures in doing its business in an efficient and effective manner.

And last but not least, as it is also stipulated in the Articles of Agreement of the World Bank, it should analyze and consider implementing projects in different countries only on the basis of the economic merits of the respective projects. The political considerations under no circumstances should undermine or bias the position of the World Bank Management in making the right economic decisions in cooperation with member countries on any program or project.

***Esteemed Participants,
Ladies and Gentlemen,***

The performance of the Iranian economy in recent years demonstrates its resilience and vibrancy despite the strong enmity of an unreasonable and willful power that, over the last three decades, has unilaterally used all means to force the Islamic Republic of Iran to submit to its will. Having failed in all threats and intimidation, this power has resorted to subverting the international economic and monetary system to damage the integrity of Iran's financial system. It abuses its power in all international fora to weaken my country's financial system. It uses misinformation, disinformation and outright lies in its fear-creating efforts. While we are

confident that it will fail in its attempt to intimidate the global financial system to isolate Iran, the actions of this power is a warning to all nations that rely on the global economic system for orderly trade and finance. This power has used unilateral economic sanctions against some 55 countries in the last five decades and can victimize any country. This is a very unsound policy. If allowed to carry out its very wrong intents by subverting the integrity of the international economic and monetary order and to deprive Iran of its rights of trade and finance, no country will be safe in relying and trusting the global financial system. International community should not remain silent in face of this phenomenon which could be called “financial terrorism”.

Thank you