



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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**IMFC Statement by Mohammed Aljadaan  
Minister of Finance and Acting Minister of  
Economy and Planning  
Saudi Arabia**

**Statement to The International Monetary and Financial Committee**  
**By**  
**Mohammed Aljadaan**  
**Minister of Finance and Acting Minister of Economy and Planning**  
**Saudi Arabia**  
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*Global Economic Context*

**A year ago, the global economy was hit hard by a crisis like no other, and the world subsequently entered a period of extreme uncertainty.** Today, the international community stands at a critical juncture as it continues to grapple with the devastating health and socioeconomic consequences of the COVID-19 pandemic. We are beginning to see signs of economic recovery and slowdown in the spread of the virus. However, downside risks remain significant, including those arising from renewed virus outbreaks. On the health front, the development of safe and effective vaccines has given the world hope in beating the virus and returning to normalcy. On the economic front, the forceful policy response to the pandemic has helped in avoiding deeper global economic downturn and in mitigating economic hardship and job loss. I commend IMF's swift response to the COVID-19 pandemic with unprecedented support to member countries through emergency financing and policy advice. Going forward, we must turn this crisis into an opportunity and invest in stronger and more inclusive growth for the benefit of all.

**The continuous improvement in the global economic outlook is encouraging.** However, widespread and equitable access to vaccines worldwide is key to address divergent paths to recovery. In this unprecedented global health crisis, we see that countries are still required to maintain their policy support, where warranted, to mitigate economic scarring and support the recovery. Given that limited fiscal space is a key challenge in many countries, fiscal support measures should be targeted towards the most affected sectors and firms. While easy financial conditions continue to support the recovery, financial stability risks need to be closely monitored while striking the right balance between supporting the economy and safeguarding the stability of the global financial system.

**Multilateral cooperation is key to overcome the health crisis and ensure lasting economic recovery.** We've witnessed the impact of global cooperation and coordination on fiscal and monetary support, which helped avoid a deeper economic recession last year. Building on that, the international community must come together and act swiftly in contributing more to the funding of the COVAX facility and ensuring accelerated access to vaccines. Indeed, the world will not be safe from the COVID-19 pandemic unless everyone is safe in every part of the world. The G20, under the Saudi Presidency, called for equitable and affordable access to safe and effective COVID-19 vaccines, diagnostics, and therapeutics for all. Saudi Arabia, on its part, remains fully committed to supporting these efforts and has pledged 500 million US dollars to muster international efforts to fight the pandemic. Further, global trade that is more open and less

restrictive would be instrumental in ensuring a faster and more resilient recovery. Hence, facilitating the supply of health products and vaccines and its free movements across borders should be the immediate priority to fight the pandemic worldwide and exit the crisis, and more importantly to prevent the risk of new and more infectious mutations.

### *The Saudi Economy: from Containment to Sustainable and Inclusive Recovery*

**Strong economic fundamentals together with the forceful and wide-ranging containment and support measures allowed Saudi Arabia to hold up strongly against the pandemic fallout.** In addition to a notable reduction in unemployment rate after slight increase, economic activity picked up strongly in the second half of last year, following a robust rebound in non-oil sector growth. This has been made possible thanks to the effective measures taken by the government of Saudi Arabia to address the pandemic. In view of the uncertainty surrounding the COVID-19 and the risks associated with it, the Kingdom is firmly committed to continue implementing targeted health and supportive macroeconomic policies to protect lives and livelihoods and support recovery as highlighted in the 2021 Budget Statement. Among others, targeted social benefits and subsidies will continue to be prioritized through reform of the social protection system. Also, it is worth mentioning that in recognition of the importance of continued global solidarity and cooperation in combatting the pandemic, Saudi Arabia stands ready to continue to build on the noteworthy achievements of the Kingdom's G20 presidency.

**Saudi Arabia remains committed to advance its structural reform agenda towards a more sustainable and inclusive growth, guided by Vision 2030 and the newly announced Green Initiatives.** Over the past few years, several milestones have been realized following the implementation of initiatives under the thirteen Vision Realization Programs (VRPs), including structural, economic and fiscal reforms. Aside from stimulating economic growth, especially for the private sector, these efforts have helped greatly in supporting economic resilience during the health crisis, including through the advancements made on the digital infrastructure. Looking ahead, the Kingdom remains determined to achieve stronger economic diversification and spur job creation. To this end, Saudi Arabia will continue to strengthen the role of the private sector. This will be supported by the launch of an ambitious program “**Shareek**”, which envisages investments amounting to SR12 trillion (\$3.2 trillion) covering the period until 2030. Other priorities include further improving the business climate and facilitating new investment opportunities in various sectors, including manufacturing, telecom, digital transformation, tourism, entertainment, infrastructure and logistic services. In addition, Saudi Arabia remains committed to addressing the climate change challenges at the national, regional, and international levels. At the national and regional levels, Saudi Arabia has recently launched two new green initiatives: the Saudi Green Initiative and the Middle East Green Initiative, with the aim of combating climate change,

protecting coral reefs, reducing land degradation and strengthening the role of Saudi Arabia in the green era.

### *Global Policy Agenda (GPA)*

**We welcome the Managing Director's GPA. We agree that the global economic outlook is marked by high uncertainty and great divergence.** We need to remain vigilant and responsive to mitigate downside risks and proactively address current and preexisting challenges. The IMF's response has been critical since the onset of this pandemic. We welcome deployment of the Fund's resources to combat the virus outbreak and look forward to further advancing work on the global recovery. We also take positive note of the work on exploring reforms of the Fund's facilities for providing financial support to low-income countries (LICs) in response to the extraordinary situation that these countries face in the coming years.

**Given the elevated risks for high debt distress in many countries, we should remain focused on addressing the more urgent concerns of these countries and ensure a path towards debt sustainability.** In this spirit, we would like to express our appreciation to the IMF and WBG for the support provided to the G20 DSSI and Common Framework for Debt Treatments beyond the DSSI, including the committed net positive transfers to DSSI-eligible countries during this difficult period. On the DSSI, we are pleased that this emergency response continues to provide breathing space for the poorest countries and support greater transparency of public debt. Given the continued liquidity pressure, we support a six-month extension of the DSSI through December 2021 to help eligible countries meet their enlarged financing needs and fight poverty. However, solvency risks need be tackled through deeper debt treatments and longer-term structural approaches. The Common Framework provides much-needed platform for coordination among creditors to facilitate timely and orderly debt treatments for beneficiary countries on a case-by-case basis while ensuring fair burden sharing. To this end, it is critical to implement the Common Framework swiftly and effectively. Here, we underscore the important role of the IMF and WBG in the implementation phase, as the restructuring will be based on an IMF-WBG Debt Sustainability Analysis (DSA) and consistent with the parameters of an IMF-supported upper credit tranche (UTC) program. In addition, we call on the IMF and WBG to enhance their communication with eligible countries as well as the broader public to clarify the nature of the Common Framework and the DSSI. The G20 has also a critical role to play in this area, and we call on the private sector, when requested by eligible countries, to take part in the DSSI on comparable terms. In this context, we reaffirm Saudi Arabia's commitment to actively engage with all stakeholders, including eligible countries, other creditors, and international organizations to help in implementing the G20 Common Framework effectively. More broadly, advancing the implementation of the joint IMF/WB multipronged approach for addressing debt vulnerabilities remains a priority.

**Against this background, we encourage more reprioritization of the Fund’s budgetary resources and human capital towards the debt agenda, which is a core area for the Fund.** Relatedly, the capacity development agenda needs to focus on addressing elevated risks associated with the rising public debt levels and building institutional capacity in key areas such as domestic revenue mobilization, sovereign debt management, domestic capital markets development, and economic diversification.

**More generally, the IMF should also prioritize its work on sustainable and inclusive economic growth, covering all three dimensions of sustainable development, economic, social and environmental.** Here, the Fund should look at sustainable recovery by covering all these dimensions rather than having a narrow focus on one of these aspects. In addition, given the uneven recovery and the disproportionate impact on youth, women, low-skilled workers, and contact-intensive sectors, we support the planned work on inclusive growth. This is emphasized by the uneven access to COVID-19 vaccines in many emerging and developing economies. In this respect, we strongly encourage the Fund to continue building on the extensive work done under the G20 Saudi Presidency on enhancing access to opportunities for the benefit of all.

**Where macro-critical, we envisage a role for the Fund in advancing the agreed global agenda on climate change, in line with its mandate and in cooperation with relevant international organizations, consistent with the Paris Agreement (PA) and the sustainable development goals’ integrated framework.** Absent international cooperation, efforts to combat climate change will not be sufficient to yield the desired results and can even be counterproductive. In this regard, the Fund’s climate strategy must adopt a broad-based and inclusive approach that includes all sectors and all greenhouse gases (GHGs), and should further consider the G20 endorsed Circular Carbon Economy (CCE) approach with its 4 Rs framework (Reduce, Reuse, Recycle and Remove), which integrates system efficiency and national circumstances into consideration and aim to provide a sustainable, pragmatic and cost-effective approach to mitigating or neutralizing carbon emissions. In addition, the Fund should closely follow developments related to new and clean energy sources, including the use of hydrogen, Carbon Capture, Utilization, and Storage (CCUS), among other technologies and the role they will play in an orderly transition and enabling hydrocarbons to become more environmentally sustainable. Working with the WBG on this topic can’t be overemphasized given the expertise they have developed over many years. Also, on the same note, we are concerned about the possible duplication of work with our international partners such as the FSB’s work on disclosures, and emphasize that each international organization, including the Fund, should base its work in line with its mandate and comparative advantage.

**Finally, we consider that a general SDR allocation of US\$650 billion will serve the global economy very well in the context of the unprecedented shock of the Covid-19 to meet the long-term global need to supplement reserves.** In this context, we look forward to a concrete proposal for a new SDR allocation to supplement existing reserves and bolster global financial resilience.