



# INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

## **Forty-Second Meeting October 15, 2020**

**IMFC Statement by Mohammed Aljadaan  
Minister of Finance  
Saudi Arabia**



**Statement to The International Monetary and Financial Committee**

**By**

**Mohammed Aljadaan**

**Minister of Finance**

**Saudi Arabia**

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*Global Economic Context*

**We welcome the upward revision of the global growth projection for 2020, but the recovery is uneven.** Many countries have taken swift and bold actions to mitigate the socioeconomic impact of the COVID-19 crisis. In particular, concerted efforts have been made to strengthen health care systems and provide lifeline support to the most vulnerable households and firms. Such efforts have been instrumental in mitigating the adverse impact of the crisis on human lives, jobs, and economic activity. However, we are not out of the woods yet, given the heightened global uncertainty and the risk of virus resurgence. Fiscal space in many countries, especially LICs, has been limited and financing gaps are rising given the growing spending needs. Therefore, countries should continue their efforts individually and collectively to mobilize resources to support the recovery. International cooperation is also needed to coordinate affordable manufacturing and distribution of vaccines worldwide and these efforts should be enhanced. We should use this crisis as an opportunity to invest in stronger and more inclusive growth for the benefit of all.

**The Saudi G20 Presidency is determined to continue supporting the global efforts to fight the health and economic crisis.** In March 2020, G20 Leaders committed “to do whatever it takes and to use all available policy tools to minimize the economic and social damage from the pandemic, restore global growth, maintain market stability, and strengthen resilience”. Building on this commitment, G20 Finance Ministers and Central Bank Governors (FMCBG) endorsed in April the Action Plan in response to the COVID-19 pandemic, which sets out the key principles guiding our response and our commitments to specific actions to drive forward international economic cooperation as we navigate this crisis. Recognizing that members are in different stages of responding to the crisis and that the global economic outlook continues to evolve, the G20 FMCBG have just endorsed the updates to the G20 Action Plan ensuring that we promptly respond to the evolving health and economic situation and take steps to support the return to strong, sustainable, balanced and inclusive growth. They reiterated their commitment that the G20 Action Plan is a living document and to regularly review, update, track implementation of, and report on it. Moreover, the G20 joint Finance and Health Ministers meeting issued a [statement](#) on the COVID-19 response. They emphasized the importance of taking forward their collective action to accelerate the research, development, manufacturing and distribution of COVID-19 diagnostics, therapeutics and vaccines, including through the Access to COVID-19 Tools Accelerator (ACT-A) initiative and its COVAX facility and voluntary licensing of intellectual property. The Saudi G20 Presidency will continue to promote global efforts to support equitable and affordable access for all, which is key to overcoming the pandemic and supporting global economic recovery.

**A key priority under the Saudi G20 Presidency is to enhance access to opportunities for all, especially for women and youth.** Particularly, the focus is on enhancing efforts to create high-quality jobs and adapting to the changing patterns of work resulting from this crisis while ensuring appropriate social protection schemes. To this end, the G20 has recently developed a [Menu of Policy Options](#) that countries can draw from to enhance access to opportunities for all and move economies toward a more inclusive recovery. Moreover, the Saudi G20 Presidency has recently co-organized a high-level event with the IMF on “Enhancing Access to Opportunities in Arab Countries”, which has been useful in sharing knowledge and exchanging views about the lessons learned in this important area. Our economies should also benefit immensely from the current wave of innovation. The G20 advanced work on this front includes developing the Riyadh InfraTech agenda that promotes technology in quality infrastructure investment to achieve better environmental and social outcomes. Furthermore, the G20 Roadmap to Enhance Cross-Border Payment Arrangements includes practical steps and indicative timeframes to facilitate cheaper, faster, more inclusive and more transparent payment transactions, including for remittances.

### *The Saudi Economy in the Context of COVID-19 Pandemic*

**Saudi Arabia has faced the pandemic from a position of strength.** The Saudi government remains committed to continue protecting its citizens and residents. To this end, sizable fiscal and monetary measures and bold policy actions have been directed at protecting lives and livelihoods. As highlighted in the [2021 Pre-Budget Statement](#), the government has launched a number of initiatives to address the socioeconomic fallout of the pandemic, where additional resources have been allocated to the health care sector, social benefits, and temporary targeted support schemes among others. As the country moves from crisis containment to recovery, we are seeing green shoots of economic recovery. At the same time, the government will continue its efforts to strike the right balance between supporting the recovery and maintaining fiscal sustainability. With ample reserves, deep local debt market, and access to international markets, the government has been able to finance the pandemic-induced public deficit without crowding out financing to the private sector. Indeed, the public debt level is expected to remain comfortably below the debt ceiling over the medium term.

**Saudi Arabia remains committed to implementing its reform agenda under Vision 2030.** The government is determined to achieve stronger economic diversification, with a more thriving private sector and growing job opportunities. Enhancing digitalization of the economy has been a key objective, and our earlier investments in the digital infrastructure have borne fruit during this crisis. Relatedly, reforms in the financial sector are progressing well. Notably, the completion of TASI’s inclusion in several emerging market indices is a milestone. Furthermore, nine new Fintech companies have recently been licensed to provide financial services aimed at promoting household savings and unlocking SMEs financing. Implementations of other structural reforms will help promote economic diversification and ensure stronger and more inclusive and sustainable growth.

## *Global Policy Agenda*

**We broadly welcome the Managing Director’s Global Policy Agenda.** We appreciate the emphasis on promoting close international cooperation, as it remains key for restoring global growth. We agree with the importance of avoiding a premature withdrawal of policy support, which would need to be carefully assessed to allow the recovery to take hold. We support the Fund’s plan to expand its work on social protection and take positive note of the Fund’s commitment to helping its members overcome the crisis and restore confidence. We welcome the Fund efforts to provide timely capacity development, policy advice and emergency lending where needed. Here, we encourage the Fund to continue its support to the MENA region, including fragile and conflict-affected states.

**We are encouraged by the Fund’s focus on addressing the rising debt vulnerabilities, especially in low-income countries (LICs).** In this context, we welcome the rapid and timely support during this difficult time, including under the Catastrophe Containment and Relief Trust (CCRT), which is providing valuable support to many fragile states and low-income countries. Nonetheless, we underscore the importance of restoring debt sustainability, including through strengthening debt management and debt transparency practices. In this context, we welcome the emphasis on providing country-centered capacity development and policy advice and urge the Fund to remain nimble in responding to the membership’s evolving needs. Most recently, the G20 Finance Ministers and Central Bank Governors have agreed to extend the Debt Service Suspension Initiative (DSSI) for six months, to ensure that the most vulnerable countries continue to receive the needed liquidity relief during this unprecedented crisis. We will also examine by the time of the 2021 IMF/WBG Spring meetings if the economic and financial situation requires to extend further the DSSI by another 6 months. In this regard, we expect the Fund to continue to provide the necessary support to accelerate the implementation of the DSSI, including by fostering greater private sector participation. We also welcome the commitments by multilateral development banks (MDBs) of USD 75 billion to DSSI-eligible countries over the period between April-December 2020. In addition, we welcome of the debt relief provided by the IMF to 28 DSSI-eligible countries and the financial assistance provided to 53 DSSI-eligible countries during the COVID-19 crisis.

Building on the successful emergency responses, we agreed to take additional actions and adopt a progressively longer-term structural approach to address the remaining issues in the international debt agenda and unlock different sources of financing for LICs beyond debt. In this context, and to provide maximum support to DSSI-eligible countries, the G20 agreed in principle on a Common Framework for debt treatments for the long-term, beyond the DSSI. It allows countries in need to have better debt treatment through coordination among all major official bilateral creditors. This unprecedented common framework is a breakthrough in international coordination and cooperation and showcases the G20 and their partners’ commitment to swift recovery from this crisis.

We also call on the IMF to prepare an analysis of the external financing needs in low-income developing countries in the coming years and the feasible financing options. We also look forward

to the completion of the ongoing reviews of the Debt Sustainability Analysis for Market Access Countries and the Debt Limits Policy and to advancing the work under the IMF/WBG Multipronged Approach for addressing Debt vulnerabilities.

**Addressing climate change-related issues is a shared responsibility and remains high on the Saudi G20 Presidency's agenda.** In this context, we encourage the Fund to pursue a more balanced approach that considers not only carbon pricing, but also alternative climate change-related policy options taking into account the distortions they can create and their adverse distributional impacts. In particular, we suggest the Fund to focus on countries' pledges under their "Nationally Determined Contributions (NDCs)", which should be the basis for any action to mitigate climate change. We believe that technologies particularly carbon capture, use and storage (CCUS) can play a key role in achieving prosperity and sustainable development. In particular, CCUS is a central part of efforts to achieve net zero emissions while reliably meeting the energy needs of billions of people for decades to come. Achieving climate goals by closing the loop in a circular carbon economy is an innovative concept that needs to be explored, and Saudi Arabia has taken key [steps](#) in this area. We also encourage the Fund to continue enhancing its collaboration with other international organizations and industry practitioners that have the right expertise in this area. More broadly, it is important that the Fund focuses its work in its core areas of expertise and work on climate change only when it is macro-critical and by taking into account country-specific circumstances.

**Achieving the Fund's diversity and inclusion objectives, especially for the under-represented regions (URR), remains important.** In this connection, we reiterate our call for further progress on staff diversity, particularly through recruitment of staff from the URR, especially from the MENA+ countries, for which meaningful progress is clearly lacking. Nonetheless, the initial proposals underpinning the 2025 Diversity Benchmarks are broadly sensible and lay the ground for clear measures and enhanced accountability framework among others. We look forward to achieving meaningful outcomes in this area.