

OFFICE OF THE EXECUTIVE DIRECTOR

Arab States and the Maldives

SEMIANNUAL MEMBERSHIP REPORT

May 2021–September 2021



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A WORD FROM THE EXECUTIVE DIRECTOR



The world has indeed been “challenged like never before,” as recently stated by António Guterres at the [UN's 2021 General Assembly](#). The health, social, and economic impacts of the COVID-19 pandemic are threatening to reverse the development gains that many countries had achieved prior to the onset of the crisis. Though the economic recovery is under way in advanced and some emerging economies, low income, small developing island states, and fragile and conflict-affected countries continue to face mounting challenges. The [World Bank estimates](#) that 90 million more people were poorer in 2020 -- a figure they describe as an “historically unprecedented increase in global poverty” -- and a more concerted global effort is needed to support an equitable economic recovery for all. The IMF's historic SDR Allocation of \$650 billion and its effective channeling can help support the economic recovery of developing economies in need.

The current state of vaccine inequality lies at the center of the world's divergent recovery, including among our constituency countries. For instance, vaccination rates vary from [75% in the GCC](#) to [56% in the Maldives](#) and under [1% in conflict-affected countries](#) such as Yemen. Across the entire Middle East and North Africa, only [12% of the total population](#) on average has received at least one dose of the vaccine. If the world does not end the pandemic, then an entrenched global recovery will continue to be elusive.

Possibly one of the most notable messages emerging from the COVID-19 crisis is the criticality of [the 2030 Agenda for Sustainable Development](#). Whereas pre-COVID-19, the 2030 Agenda aimed at helping less developed economies achieve inclusive and sustainable growth, the pandemic has highlighted a new purpose for the SDGs; they offer a lifeline to help jump start and entrench the economic recovery. Across our constituency, the confluence of rising [food security vulnerabilities](#), inflation, elevated public deficits, growing natural resource scarcity, mounting risks to natural disasters, a still delicate tourism sector, and escalating conflict is troubling. The pandemic laid bare the effectiveness, or lack thereof, of some of our countries' structural reform outcomes, despite the political will that lay at the heart of these reform efforts. It will be necessary to develop a comprehensive sustainability process consisting of concrete strategies and programs to achieve the 17 SDGs adopted by the UN in 2015. Policymakers will need to address legacy structural rigidities, while making sure the vulnerable are protected, to avoid severe socioeconomic scarring. Moving forward, an integrated approach is needed that addresses development challenges, including substantial investments in human capital and the mitigation of climate change risks, within the 2030 Agenda for Sustainable Development, paying close attention to aligning and localizing the objectives of national development strategies and plans with those of the SDGs.

All, however, is not bleak. Despite the health, social, and economic devastation brought about by the COVID-19 crisis, we are seeing some kernels of hope and positivity. Policymakers are recognizing the need to, once and for all, effectively address legacy macroeconomic and structural challenges and deficiencies. Governments responded to their mounting resource constraints with a greater targeting of social protection programs as well as by intensifying the use of technological innovations to support pandemic containment measures, accelerating the advent of the fourth industrial revolution. Strategic regional and multilateral collaborations and partnerships are taking center stage with the realization that overcoming the impacts of the pandemic will have to be a joint effort. Furthermore, rising public debt has highlighted the pivotal role of the private sector in the economic recovery, emphasizing the need to improve the business environment. I hope this issue of our report helps highlight our Office's and our membership's positions on the above topics currently being discussed at the IMF Executive Board.

Dr. Mahmoud Mohieldin
Executive Director

TOPICS OF INTEREST

Climate Change

The IMF is integrating macro-critical climate-related policy challenges in its core activities, including the comprehensive coverage of climate change-related policy challenges in surveillance (Article IV consultations) aiming to discuss these challenges with member countries every 5-6 years, and more frequently with the largest emitters of greenhouse gases as well as countries particularly vulnerable to climate change. In the July 2021 [climate strategy paper](#), IMF staff proposed expanding the coverage of climate risk in all financial stability assessments (FSAPs), advising to substantially scale up climate-related capacity development (CD) to satisfy demand from the membership.



Photo Credit: [FAO Website](#)

The [links](#) between climate change and sustainable development are strong. For instance, climate change



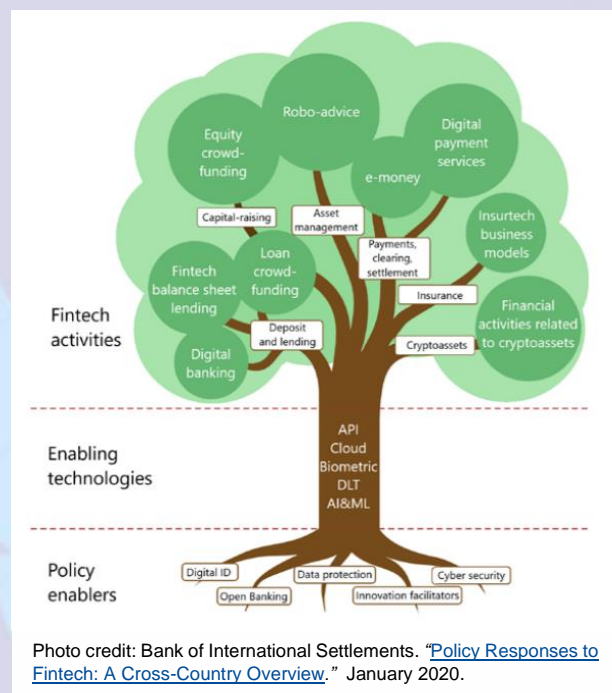
Photo Credit: [Maldives](#) Floating City

is one of the main drivers of food insecurity, together with conflict and economic inequality. Our office has been encouraging the IMF to follow a pragmatic approach to advance the climate agenda based on differentiated country needs, priorities, and capabilities, and within a broader development framework, the Sustainable Development Goals (SDGs). This allows countries to benefit from a wider range of viable and sustainable solutions to address poverty, spur growth, and build sustainable, inclusive, and resilient economies. The IMF's work on climate change must respond to the needs of the whole membership by addressing both adaptation and mitigation needs. Managing countries' transitions in the Fund's work on climate change is crucial, notably in hydrocarbon-exporting countries and in countries that are reliant

on extractive industries. The IMF's work on climate change must also be carried out in the context of the Paris Agreement, and in cooperation with other relevant international organizations, such as the World Bank, other multilateral development banks, and the United Nations to leverage their expertise and comparative advantage in this area.

Digitalization

The IMF continues to expand and deepen its expertise in the area of digital money in line with its mandate of ensuring domestic and international financial and economic stability. In two recent papers, the Fund discussed the [driving forces and policy challenges](#) facing countries in this rapidly changing field of knowledge, as well as how it can [update its operational strategy](#) to engage with member countries on digital money issues.



First, on the driving forces and policy challenges, the Fund has thoroughly discussed the diverse and evolving forms of digital money, including the publicly issued Central Bank Digital Currencies (CBDCs) or private initiatives including eMoney or stablecoins.¹ Recent IMF research suggests that the adoption of digital money can bring enormous benefits by fostering greater efficiency and financial inclusion, as digital money offers cheaper and faster [cross-border payment systems](#). Nonetheless, there are significant challenges and risks that digital money can pose to the domestic and international monetary systems particularly in the absence of carefully designed public-private partnerships and continued gaps in countries' digital capabilities.

The IMF's operational strategy on digital money allows it to deliver on its mandate to support the stability of the international monetary system (IMS) in light of the rapid developments in the rise of digital money. Moreover, a new vision has been shaping up for how the IMF's core activities and output could evolve to respond to the growing needs in this area.

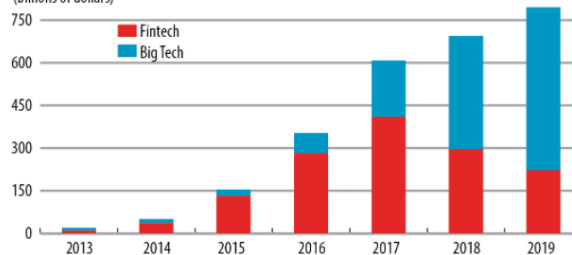
To this end, the Fund is expanding existing partnerships with other organizations and exploring new ones to help in fulfilling its digitalization agenda.

Our office continues to stress the important role of the IMF as a trusted advisor to the membership in helping countries to reduce the existing [digital divide](#) and benefit from opportunities arising from public and private digital money while maintaining the stability and integrity of their domestic economic and financial systems. We support a flexible strategy that allows the Fund to expand the scope of its work as developments in this area unfold. We are also in favor of building sufficient internal capacity that allows the Fund to form independent policy views on digital money issues. Going forward, the Fund will expand the scope of its [surveillance](#) and [capacity development](#) activities in the short to medium term to respond to the growing needs from membership in the area of digital money.

Our office particularly emphasizes the importance of capacity development for our countries, especially in areas related to CBDC implications and design, risk management and cyber security, as well as legal and regulatory frameworks. In this regard, we positively

Big money

Lending from large tech companies is booming worldwide.
(billions of dollars)



Source: Cornelli, G., J. Frost, L. Gambacorta, R. Rau, R. Wardrop, and T. Ziegler. 2020. "Fintech and Big Tech Credit: A New Database." BIS Working Paper 887, Bank for International Settlements, Basel.

Note: 2019 fintech lending volume figures are estimated.

Photo credit: IMF. "[Making Financial Innovation More Inclusive](#)".

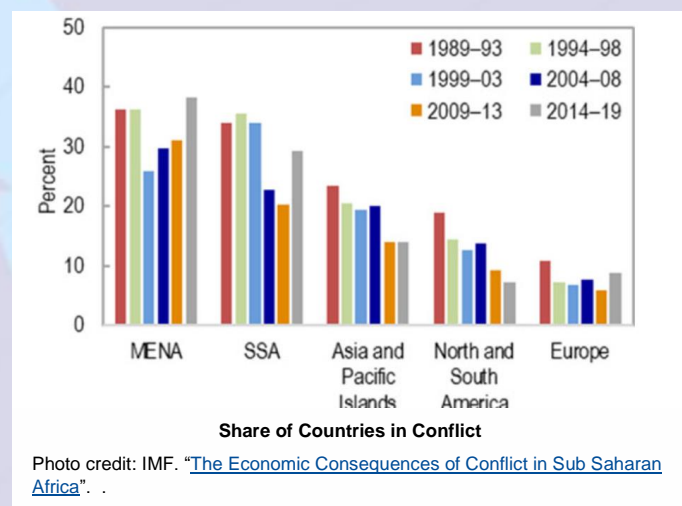
¹ Digital tokens backed by external assets, like USD-coin

note that the Fund is planning to expand the size and scope of its capacity development activities to include more topics related to digitalization and digital money.

IMF staff plan to increase their research on digital money, including Staff Discussion Notes (SDNs), Fintech Notes, and How-To Notes and strengthen their engagements on these issues during and outside of the Spring/Annual meetings.² Moreover, the IMF will strengthen its collaboration and partnership with other international organizations including the World Bank, Bank for International Settlements, the [BIS Innovation Hub](#), [Committee on Payments and Market Infrastructure \(CPMI\)](#), and the [Financial Action Task Force \(FATF\)](#) on a complementary basis to avoid duplication of work. The Fund will also continue its close collaboration with these organizations to implement the [G20 Roadmap to enhance cross-border payments](#). Further, the Fund will increase partnerships with national authorities, including through secondment programs to draw from experiences on the ground and share best practices.

Engagement on Fragile and Conflict-Affected States (FCS)

Fragile and Conflict-Affected States (FCS) are lagging further behind in achieving their SDG objectives and are expected to face greater setbacks as a result of the pandemic. In the Arab World, the pandemic threatens 55 million people in need of [humanitarian](#) aid, around 26 million of whom are forcibly displaced (refugees and internally displaced persons) and of whom nearly 16 million are moderately to severely food insecure.



FCS look to the Fund to provide much-needed financial and technical support—including through tailored policy advice, capacity development, and additional financing, as well as through debt service relief, if needed, and through catalyzing support from other partners.

The Fund is taking steps to better help this important group of countries, and to strengthen its engagement with FCS, building on a [2018 IEO evaluation of the Fund's FCS](#) work. The Fund's FCS work should focus on mitigating fragility in borderline countries and helping FCS to correct their external imbalances, promote macroeconomic stability, and

strengthen core institutions that will ultimately help these countries exit fragility and deliver good policies for sustainable and inclusive economic growth.

In August 2021, the Fund launched an extensive [external consultation process around its upcoming FCS Strategy](#), with member countries and other stakeholders. The Strategy will put forward a renewed vision for the Fund's FCS engagement and provide a framework for a differentiated approach tailored to the unique challenges and policy space of FCS in line with the Fund's comparative advantage and mandate.

² Here is, for example, a recent event hosted by the IMF on [Taxation and Digitalization in Asia](#)

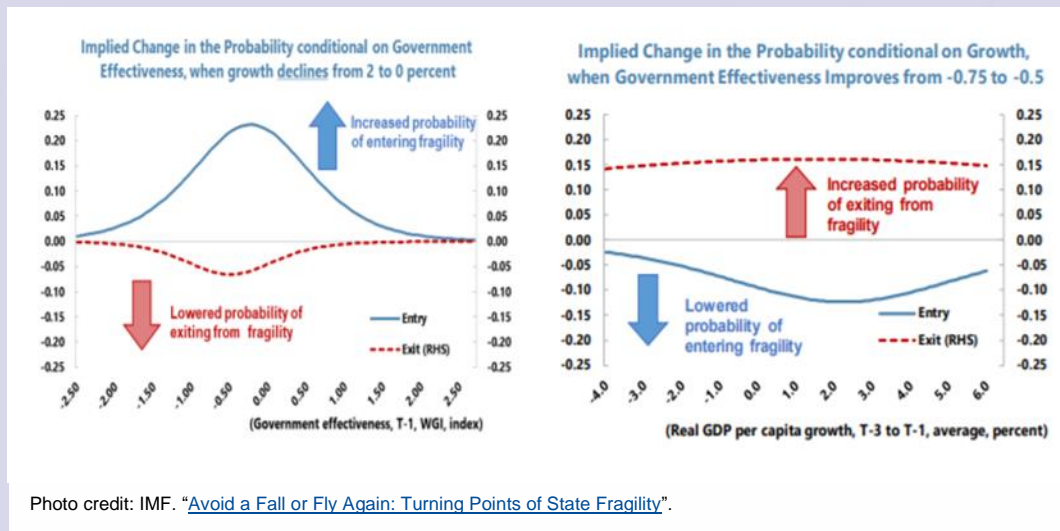


Photo credit: Mercy Corps [Website](#).

The FCS Strategy will propose specific measures aimed at enhancing the effectiveness of the Fund's engagement with FCS. Some of these measures will include rolling out Country Engagement Strategies that integrate well-tailored capacity and financing support to FCS. The strategy will also aim to significantly scale-up capacity development and to review the Fund's financing toolkit, program design, and conditionality to ensure their alignment with the special circumstances and policy space in FCS. The FCS Strategy will be submitted for consideration and approval to the Executive Board in December 2021.

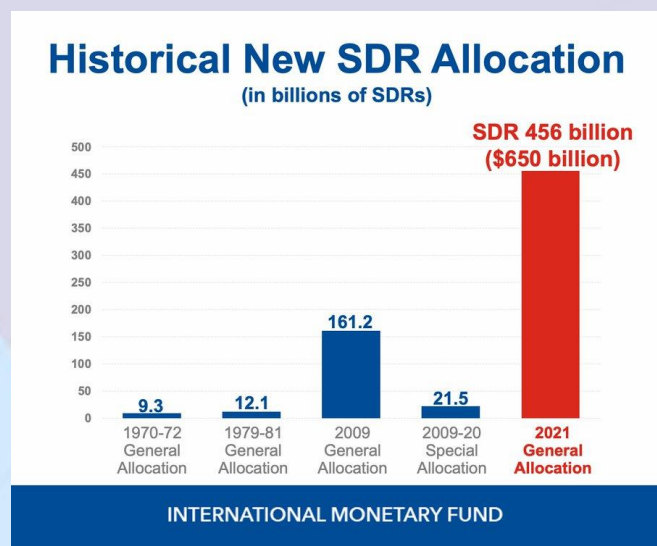
Fragile and Conflict-Affect States (FCS): The Case of Sudan

The IMF Executive Board on [June 29](#) approved the restoration of Sudan's eligibility to access IMF resources, and approved a [\\$2.5 billion Extended Credit Facility \(ECF\) arrangement with Sudan over the next 39 months in support of Sudan's reform program](#). The Board also agreed that Sudan has met all preconditions for reaching the Highly Indebted Poor Countries (HIPC) decision point, and commended Sudan's ongoing commitment to reforms in a challenging social and economic environment. Sudan was deemed eligible for debt relief under the Enhanced Heavily Indebted Poor Countries (HIPC) initiative, immediately reducing Sudan's debt from about US\$56 billion to US\$28 billion. This historic moment was only made possible thanks to the generous support of more than 120 Fund member countries, including from members of our constituency, who approved the use of their shares of the SCA-1 account, deferred charges, and provided cash grants for the use of clearing Sudan's arrears to the IMF.

If Sudan continues its steadfast commitment to economic reforms, the country has the potential to reach the HIPC Completion Point by June 2024, which could further drop Sudan's debt to about US\$6 billion. This can be accomplished once Sudan implements the floating Completion Point triggers - including satisfactory implementation of their full Poverty Reduction Strategy - and maintains a track record of satisfactory macroeconomic performance under the Extended Credit Facility arrangement. As such, it will be important to make sustained progress over the coming period, and for donors and the international community to

provide Sudan with sufficient support to facilitate its transition to a stronger, more inclusive economy that benefits the Sudanese people.

Proposals for SDR Channeling



The IMF's [Special Drawing Rights \(SDRs\)](#)³ allocation of SDR 650 billion is the largest in the IMF's history, [approved](#) by the IMF Executive Board in March. It [came into effect](#) in August 2021. To help guide the membership on the treatment and use of their allocations, the IMF issued a [guidance note](#) for the different IMF country teams. The note aims to help country teams assess the various macroeconomic implications of the SDR allocations at the country level focusing on the following areas: Statistical and accounting treatments, general macroeconomic implications and advice, debt sustainability analysis, transparency and accountability, reserve management, and implications for Fund-supported programs.

IMF member countries with strong external positions may wish to channel all or part of their SDR allocations to the PRGT and to low- and middle-income countries (MICs) through a new [Resilience and Sustainability Trust](#) (RST), two channeling potentials that our office supports. Other possible channeling options would be less preferred. The proposed RST could help LICs and MICs, which constitute a significant segment of the IMF's membership, in addressing macro-critical issues related to economic resilience and sustainability and address challenges such as climate change, health, and refugee flows. The RST Fund should complement the IMF's core lending with additional resources that facilitate a longer-term structural transformation. MICs are facing rising vulnerabilities and are among the countries hardest hit by the pandemic and projected to have lower per capita GDP levels in 2025 compared with the precrisis period. Moreover, MICs host eight out of ten people suffering from extreme poverty. In discussions around the RST Fund, our office emphasizes that eligibility under the RST be as inclusive as possible to provide timely support to countries in need. We look forward to the full and rapid implementation of the proposal.

Member Country	General SDR Allocation (Millions - effective August 23)
Bahrain	378.59
Egypt	1,952.47
Iraq	1,594.68
Jordan	328.85
Kuwait	1,853.17
Lebanon	607.18
Maldives	20.32
Oman	521.78
Qatar	704.56
United Arab Emirates	2,215.18
Yemen	466.77
Total	10,176.78

Source: Staff estimates.

³ For more information on the IMF's SDRs, please visit the IMF's [SDR Webpage](#) or refer to our [August 2021 SDR Special Issue](#) which compiles all the information the public needs to know about the IMF's historic SDR Allocation.

Adequacy of the IMF's Resources and the Sixteenth General Review of Quotas

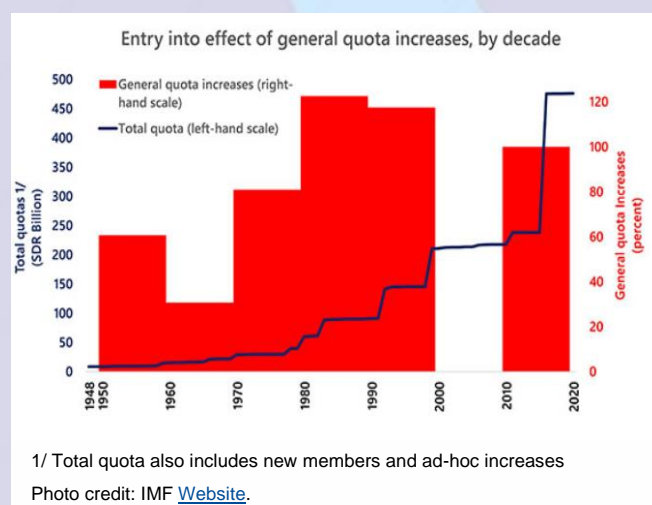


Photo credit: IMF [Website](https://www.imf.org/).

of large economies are made largely at the expense of smaller ones, as was the case in past quota reforms. This is crucial to ensure the Fund's legitimacy and its efficiency. It is also important in the context of COVID-19, which has severely affected many EMDEs. The four principles underpinning the 2008 reform remain valid, namely, that the formula should (i) be simple and transparent; (ii) be consistent with the multiple roles of quotas; (iii) produce results that are broadly acceptable to the membership; and (iv) be feasible to implement statistically based on timely, high quality, and widely available data. Our office is of the view that the current quota formula works well as it continues to reflect dynamic developments in the world economy.

Decisions involving the adequacy of Fund resources, potential [quota](#) increases and their distribution, as well as the quota formula, are closely associated. Our Chair is committed in engaging in the discussion on the adequacy of quotas and the process of IMF governance reform under the 16th General Review of Quotas (GRQ) by December 15, 2023.

It is essential that the 16th GRQ avoid an outcome where shifts in quota shares to dynamic emerging markets and developing economies (EMDEs) are achieved largely at the expense of other EMDEs and where shifts in favor



CONSTITUENCY MATTERS

2021 World Bank–IMF Annual Meetings

The International Monetary and Financial Committee (IMFC)

(UAE is an IMFC member)

IMFC Plenary Session

IMFC Press

Regional Meetings

African Caucus Meeting of Ministers and Governors (Egypt is a member)

Middle East, North Africa, Afghanistan, and Pakistan (MENAP) Ministers and Governors Meeting with the IMF Managing Director

Middle East and Central Asia Department (MCD) Governors Meeting

Other

Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development

(Egypt and Lebanon are members)

(UAE is an observer)

Surveillance and the Use of Fund Resources

Bahrain



On March 17, 2021, the Executive Board concluded [its 2021 Article IV consultation](#) with the Kingdom of Bahrain. Executive Directors commended the authorities' swift and well-coordinated policy actions to address the health and economic effects of the pandemic. They emphasized that the recommended fiscal adjustment should lead to a gradual unwinding of central bank lending to the government to rebuild external buffers and support the peg. Directors also welcomed the authorities' structural reform agenda and called for continued efforts to reduce scarring and encourage economic diversification and private sector-led growth and employment.

Egypt



Egypt has had a successful partnership with the IMF since 2016, beginning with the [EFF \(\\$12 billion\)](#) supporting an historical reform program of macroeconomic stabilization followed by emergency assistance from [the Rapid Financing Instrument approved in May and a Stand-by Arrangement](#) (SBA) for an additional \$8 billion approved in June 2020 to mitigate the COVID-19 shock.

On [June 23, 2021](#), the Executive Board completed the Second and Final Review for the SBA. The Fund confirmed Egypt's strong performance under the SBA. All targets were met or over-achieved and Egypt has managed very well policies to mitigate the impact of the COVID-19 shock. Even difficult structural measures, such as developing a reform plan for the National Investment Bank, were completed. Staff also praised important progress on several structural fiscal reforms (public finance law, customs law, debt management strategy, revenue strategy, social protection policies and review). The staff carried out analytical work on the fiscal cost of SDGs and on performance of state-owned enterprises. They were encouraged by what they heard about the recently launched National Structural Reform Program and the ongoing work to achieve Vision 2030.

Iraq



The IMF Executive Board [concluded](#) its Article IV consultation with Iraq on February 8, 2021. Executive Directors noted that the COVID-19 pandemic and a sharp decline in oil revenues have exacerbated Iraq's longstanding economic vulnerabilities. Nonetheless, the Iraqi authorities have begun to take much-needed steps towards ensuring macroeconomic stability while protecting the vulnerable. Executive Directors noted the efforts to strengthen the health policy response, boost social safety nets, and reduce the fiscal and external deficits but cautioned that risks to the economic outlook remained significant amid a challenging socio-political environment. Directors stressed that wide-ranging structural reforms are necessary to cement macroeconomic stability and pave the way for higher and more inclusive growth.

Iraq has remained closely engaged with the IMF on capacity development in the past six months, with technical assistance mission taking place in the areas of banking supervision, revenue administration, and statistics.

Jordan



On June 30, the IMF Executive Board completed the second review of Jordan's program supported by the [Extended Fund Facility \(EFF\)](#). Executive Directors considered that the impact of the COVID-19 pandemic had been attenuated by the authorities' timely and well-targeted measures to save lives, protect the most vulnerable, and safeguard jobs. Nevertheless, successive COVID-19 waves and the sharp decline in tourism have taken a significant human and economic toll, with unemployment reaching record high levels, and the recovery delayed. Notwithstanding these challenges, the authorities have successfully maintained macroeconomic stability, notably by meeting all key fiscal and reserve targets, and made very strong progress on a large number of critical structural reforms. Moreover, Jordan's vaccination program, one of the first in the world to cover refugees, has recently accelerated. Executive Directors also considered that in the near term, the priority remains to manage the fallout from the pandemic. They saw that monetary policy had been appropriately accommodative since the onset of the pandemic while supporting the peg. Continued progress on structural reforms remains essential to ensure a durable and inclusive recovery. Executive Directors also stressed that the pandemic had significantly increased Jordan's external financing needs, underscoring the criticality of continued donor support, including to help shoulder the disproportionate burden Jordan has borne in hosting refugees.

On July 23, 2021, H.M. King Abdullah II of Jordan [met with Managing Director Kristalina Georgieva](#) and discussed global and regional developments and the efforts of the Kingdom to achieve job-rich inclusive growth, preserve macroeconomic stability, and protect the poor, especially during the COVID-19 crisis. Managing Director Georgieva commended Jordan on its strong performance under the IMF-supported reform program, despite challenging circumstances. She also congratulated Jordan for its successful and inclusive national vaccination program that also covers refugees. She considered that continued donor support remained crucial to assist Jordan's reform efforts as well as help shoulder the country's disproportionate burden in hosting 1.3 million Syrian refugees.

Kuwait



An IMF staff team worked closely with Kuwaiti Central Bank, the Kuwait Capital Market authorities, and the Ministry of Finance on issues related to public debt management and financial market infrastructure, while also exchanging views on international good practices to support domestic bond market development. This followed the [virtual staff visit](#) in April 2021, where staff concluded that the authorities had acted quickly and decisively to address the health and economic effects of the COVID-19 pandemic, although the challenges posed remained significant. A gradual recovery is expected in 2021, supported by the rebound of domestic and external demand as vaccinations proceed. Staff commended the central bank's sustained proactive

monitoring of credit risks and efforts to strengthen the regulatory and supervisory frameworks aimed at bolstering financial stability.

Lebanon



Lebanon is going through the worst economic and financial crisis of its modern history. The country is simultaneously suffering from an economic crisis since October 2019, the COVID-19 pandemic, and the lingering aftermath of the Port of Beirut explosion. The challenges ahead are exceptionally large. Lebanon's socioeconomic conditions have continued to deteriorate to untenable levels. The economy has already contracted by about 30 percent since 2017 and is expected to contract further in 2021–22. The Lebanese lira has lost approx. 90 percent of its value, while food prices have increased almost ten-fold since May 2019. Unemployment is exceptionally high, and over half of households are below the poverty level. In addition, the pandemic continues to take a heavy toll on the economy and the population. As a result, Lebanon needs significant financial and technical assistance to overcome this deep humanitarian, social, and economic crisis. Most importantly, it needs to initiate comprehensive reforms to bring public finances into order, restructure public debt, rehabilitate the banking system, expand the social safety net, reform state-owned enterprises (SOEs), and improve governance.

An international conference organized by France and the United Nations on August 4th, 2021 to support the Lebanese people raised some \$370 million in aid to meet the country's humanitarian needs, one year after the massive explosion at Beirut's port. On September 10th, 2021 and after 13 months of political deadlock, Lebanon announced a new government under Prime Minister Najib Mikati. The IMF has announced that it stands [ready to engage](#) with the new government in the period ahead.

The Maldives



The COVID-19 pandemic is the largest shock to hit the Maldives' economy. With an estimated GDP contraction of 32% in 2020, Maldives suffered one of the sharpest economic declines in the world, due to its heavy dependence on the tourism sector. On [April 22, 2020](#), the Executive Board approved the disbursement of SDR 21.2 million to the Maldives, to be drawn under the Rapid Credit Facility, to help cover balance-of-payments and fiscal needs stemming from the COVID-19 pandemic. The authorities acted quickly to mitigate the impact of the pandemic, responding with a combination of fiscal, monetary, and prudential measures that sought to reduce its economic impact and provide temporary support for

vulnerable households and businesses most affected by the crisis. Eighteen months into the pandemic, the Maldivian economy is in a much better position than in mid-2020 and is experiencing one of the quickest rebounds from the crisis in 2021. The partial recovery in the tourism sector has exceeded expectations when compared to initial forecasts for the first half of 2021.

Oman



On August 25, 2021, the Executive Board [concluded](#) its 2021 Article IV consultation with the Oman. Executive Directors commended the Omani authorities' swift and well-coordinated policy actions to address the health and economic effects of the COVID-19 pandemic. Looking ahead, Directors emphasized that macroeconomic policies should remain supportive until the recovery is fully entrenched and underscored providing additional time-bound and targeted policy measures for hard-hit sectors and households if needed. Directors welcomed the authorities' strong commitment to implementing the Medium-Term Fiscal Balance Program to contain expenditure, reduce the dependency of revenue on hydrocarbon prices, and put debt on a firm downward path. As regards the financial sector, Directors welcomed the continued resilience of the sector and ongoing capital market reforms. Directors welcomed recent progress in structural reforms aiming at boosting non-hydrocarbon sector growth and supporting external sustainability and they welcomed the authorities' decision to publish the staff report for the consultation

Qatar



The IMF team held virtual meetings with Qatar's [Ministry of Finance](#) and the [Qatar Central Bank](#) as well as with other stakeholders September 20-30, 2021, to discuss recent developments, the Authorities' policy response to the pandemic, and the economic outlook for the State of Qatar as well as the possible risks to the outlook. Qatar has reopened the economy, with among the highest vaccination rates in the region and a limited health impact from the Delta virus variant thus far. The Government of Qatar and the [Qatar Central Bank](#) introduced swift and effective support measures that protected the economy and greatly mitigated the adverse impacts of the COVID-19 pandemic. Growth is projected between 2.5-3 percent in 2021 and the growth outlook is expected to improve ahead of the 2022 World Cup. Prudent fiscal policies and substantial buffers are contributing to Qatar's robust fiscal position. Banks have remained well-capitalized, profitable, and resilient to shocks due to the Qatar Central Bank's continuous vigilance over the sector and liquidity support measures put in place that served to greatly diminish any possible disruption to banking activity. On the sustainability front, Qatar held its first [Qatar Climate Change Conference](#) in September 2021. It aimed to showcase and spark discussion around their climate change strategy towards a sustainable future, including abiding by the country's commitment to the Paris Agreement. Qatar has also joined Saudi Arabia,

the US, Canada, and Norway in establishing the [Net-Zero Producers Forum](#) to help in a collective fight against the climate crisis. The four countries represent 40% of the global gas and oil production.

United Arab Emirates



The IMF staff [concluded a virtual Article IV mission](#) to the UAE September 14th-28th, 2021 aimed to review recent economic developments, key policy issues and the economic outlook. The mission also discussed the policy response to the COVID-19 pandemic, the renewal and/or withdrawal of response measures, and policies to avoid scarring effects on sectors that have been affected by the pandemic. The mission also discussed recent reforms introduced by the authorities including the 2050 UAE Strategy and progress on the digitalization and sustainability agenda.

Yemen



The IMF team working with Yemen conducted a virtual staff visit with the Yemeni authorities May 24-June 3, 2021. The team discussed the recent economic developments in Yemen, including the outlook and economic challenges and policies, against the backdrop of the COVID-19 pandemic. The pandemic has greatly exacerbated fragilities, hastening the deterioration in the health and humanitarian situation, and added further pressures to the country's already strained fiscal budget. At the end of the IMF staff visit, the Mission Chief for Yemen [highlighted the devastating effects the six-year-long conflict has had on the economy](#) and emphasized that absent a resolution to the conflict, Yemen's near-term economic prospects are grim. A recent [World Bank Policy Note](#) stated that only half of the health facilities are fully functional and more than 80 percent of the population are finding it difficult to access food, drinking water, and health care services. Insufficient government revenue, nearly depleted foreign currency reserves, and the swiftly depreciating local currency [have jeopardized import financing sources](#), exerting further pressures on the prices of basic needs including food. Without additional external financing, the socio-economic conditions will further deteriorate. Yemen is not under a Fund-supported program and has not received emergency support under the Fund's [Rapid Credit Facility](#). On April 15, 2020, the IMF Board [approved](#) disbursements under the first tranche for the [CCRT](#) for SDR 14.4 million. On October 2, 2020, another SDR 10.96 million of support was [approved](#) under the second tranche. In April 2021, the IMF Board [approved](#) the disbursement of SDR 17.05 million for repayment of Yemen's debt service falling due to the Fund during the six-month period from April 14 to October 15, 2021. In addition to financial support and debt relief, our office is in continuous engagement with the Board and Fund staff to encourage close engagement with Yemen to provide much needed capacity development and analytical work to help guide the authorities' policy responses to the pandemic.

OFFICE ENGAGEMENT

Past Events

Global Councils on SDGs

September 26, 2021

Dr. Mohieldin participated in the inaugural meeting and soft launch of the Global Councils on SDGs, held virtually on September 16 under the theme “[Galvanizing the Global Acceleration of the SDGs](#)”. This event took place on the sidelines of the United Nations General Assembly (UNGA) and was organized by The Global Councils on Sustainable Development, along with the UAE Permanent Mission to the United Nations, the Federal Competitiveness and Statistics Centre (FCSC), and the World Government Summit (WGS). As the Chairperson for the Global Council on SDG 1 (No Poverty), Dr. Mohieldin touched upon the lessons learned from the previous term and the challenges facing the world today due to the COVID-19 pandemic. The pandemic was expected to push the total number of additional people living in poverty to 150 billion by the end of 2021. Dr. Mohieldin said that “today we are at a critical crossroads as the COVID-19 pandemic has caused major setbacks for achieving the sustainable development goals (SDGs), which were already off-track even prior to the pandemic. The road to recovery is therefore steeper than ever. Bringing the SDGs back on track requires prioritizing them in national budgets while, at the same time, forcefully building the partnerships that are crucial to achieve them.” During the event, Dr. Mohieldin also talked about the interconnectedness of the SDGs and the importance of enhancing cross-council collaboration to foster partnerships to achieve the goals. We are now embarking on a decade of action for the SDGs. He also pointed out the importance of continuing the strong coordination among the Council and the Secretariat to facilitate and implementation of the Council’s work program

“Working towards greater multilateral coherence on conflict prevention and peace-building in the context of COVID19 recovery”

September 9, 2021

Dr. Mohieldin participated in an event organized by the Center on International Cooperation (CIC) at New York University and the Center for Global Development (CGD). In his remarks, Dr. Mohieldin highlighted the need to improve collaboration between all development partners, particularly in mitigating fragility. Dr. Mohieldin also discussed the need to avoid a great divergence in economic recovery. Diverging economies will not be diverging in peace, as there will be significant spillover effects on poverty and unemployment, with clear implications for fragility and conflict. Finally, Dr. Mohieldin stressed the need for development support to be delivered for budgets and for systems to improve the effectiveness of development assistance and engage local institutions better.

46th Annual Islamic Development Bank Group Private Sector Forum Board of Governors Meeting

September 2, 2021

Dr. Mohieldin participated in the executive session of the Private Sector Forum, as part of the annual meetings of the Islamic Development Bank held in [Tashkent](#), capital of the Republic of Uzbekistan. The session began with two opening speeches by His Excellency the Deputy Prime Minister and Minister of Investment and Foreign Trade of Uzbekistan, Sardor Umarzkaov, and the new chairman of the Islamic Economic Development Bank Group, H.E. Dr. Mohammed Al-Jasser. The session was attended by Osama al-Qaisi, CEO of the Islamic Investment Insurance and Export Credit Corporation, Engineer Hani Sanbel, CEO of the Islamic International Foundation for Trade Finance, and Ayman Al-Assani, CEO of the Islamic Foundation for Private Sector Development, and a representative of the Uzbek government, moderated by Abdul Qadir Thomas. Dr. Mohieldin discussed the role of the private sector in the Bank's 57 member states in light of fallout from the COVID pandemic and its effects on economic and development performance.

“Aligning ESG and Climate Targets with SDGs in Africa”

IAC-CAFRAD Seminar Series

July 01, 2021

Dr. [Mohieldin](#) delivered a webinar on "Aligning ESG and Climate Targets with SDGs in Africa" to the IAC-CAFRAD - African Training and Research Centre in Administration for Development seminar series. In his [remarks](#), Dr. Mohieldin highlighted the state of progress with achieving the SDGs in Africa that were off-target even before the [COVID19](#) crisis added additional hurdles. He also showed the projected impact of climate change on Africa's economic growth. Dr. Mohieldin highlighted that the recovery efforts, including climate policies of adaptation and mitigation, are being developed within the [SDGs](#) framework. Dr. Mohieldin asserted that the global recovery efforts will ensure alignment between ESG factors (Environmental, Social, and Governance), climate action, and sustainable development goals.

“Role of the Business Sector in a Post-COVID 19 Economy”

German-Arab Chamber of Industry and Commerce (AHK Egypt)

June 28, 2021

Dr. [Mohieldin](#) delivered a webinar on "The Role of the Business Sector in a Post-COVID19 Economy" to the [German-Arab Chamber of Industry and Commerce](#) (AHK Egypt). In his remarks, Dr. Mohieldin highlighted that the shape of the health recovery from the pandemic will define the shape of the economic recovery from the COVID19 pandemic. Dr. Mohieldin also noted that global recovery efforts need to ensure the alignment of ESG factors with climate action and with sustainable development goals. Dr. Mohieldin emphasized that recovery efforts require investments in sustainability & green economy, digital transformation, governance, and social protection in order to get back on track to achieving the SDGs emphasizing the importance of crowding in the private sector to help achieve the goal of sustainable development goals.

“Sustainability and Localization of Development”

Rotary Egypt

June 25, 2021

Dr. [Mohieldin](#) delivered a keynote speech to Rotary Egypt titled: “Sustainability and Localization of Development.” Dr. Mohieldin [highlighted](#) the importance of alignment between environmental, social, and governance factors, climate action, and sustainable development goals in the efforts for recovery. Dr. Mohieldin concluded his remarks by stressing the importance of pushing investments in sustainability and the green economy, and digital transformation to achieve the SDGs which will have a great impact on the economy.

“Banking Recovering Strategies Post Crisis: Restoring Sustainable Development and Debt Sustainability”

Union of Arab Banks

June 25, 2021

Dr. [Mohieldin](#) delivered a keynote speech at the opening session of [The Union of Arab Banks](#)' International Arab Banking Summit "Banking Recovering Strategies Post Crisis: Restoring Sustainable Development and Debt Sustainability." In [his address](#), Dr. Mohieldin indicated that prospects for recovery were diverging, with some economies expected to grow faster while others might not grow at all or see negative growth. Dr. Mohieldin noted that vaccination availability and deployment were necessary to build back from the economic and humanitarian crisis, yet he warned of a two-track recovery as rich countries made progress with their vaccination programs, while low-income countries were left behind. Dr. Mohieldin highlighted the global agenda to build back better, focusing on the alignment between ESG factors, climate action, and sustainable development goals and the role digitalization and innovation of financial services in achieving long-term success.

“3rd Forum on Strategies for Transition to Green Economy”

CSR Egypt

June 14, 2021

Dr. [Mohieldin](#) delivered a [keynote speech](#) at the "3rd Forum on Strategies for Transition to Green Economy" [CSR Egypt](#). Dr. Mohieldin talked about the importance of aligning efforts and investments to achieve the [ESG](#), [SDGs](#), and [net zero carbon](#) targets to support an effective response and a sustainable recovery.

“Where are we right now with regard to PPP & ESG?”

World Association of PPP Units & Professionals

June 14, 2021

Dr. [Mohieldin](#) participated in the [panel discussion](#) opening the Annual Congress 2021 of [WAPPP | World Association of PPP Units & Professionals](#) titled "Where are we right now with regard to PPP & ESG?" with [Ziad Alexandre Hayek](#), [Imad N. Fakhoury](#), and [Piers Cumberlege](#). Dr. Mohieldin asserted that Public-Private Partnerships (PPPs) not only offered an additional source of finance but also a mechanism to help align the public and private investment targets to achieve the [SDGs](#).

“Macro-Economic/Market Forces in MENA”

The Bankers Association for Finance and Trade

June 10, 2021

Dr. [Mohieldin](#) joined a fireside chat with [Simon Ballard](#) at the 2021 [BAFT \(The Bankers Association for Finance and Trade\)](#) Virtual Global Annual Meeting in a session titled "Macro-Economic/Market Forces in MENA." The discussion went through the economic impact of the pandemic on the region and future prospects from a macroeconomic perspective. Dr. Mohieldin [highlighted](#) the importance that recovery efforts should include investing in sustainability and the green economy, digital transformation, and social protection within partnerships between all stakeholders.

Egyptian Junior Business Association (EJB)

June 7, 2021

The Egyptian Association of Business Youth [hosted Dr. Mohieldin](#) at a meeting with members. Dr. Mohieldin opened by stating that before the pandemic there were concerns about the slowdown of the global economy due to increased debt and competition in world trade and increased inequity of income and wealth. Developed and developing countries were recovering from the pandemic at different speeds. Differences had already been seen in the unequal financial response to the crisis and the unequal distribution of vaccines worldwide. Dr. Mohieldin also noted that the disparity in recovery was also occurring across different sectors within the same country. He advised that public policies must be flexible so that employment was encouraged in sectors with an interest in localization of development, as well as support for social security and social protection in order to get back on track to achieve the Sustainable Development Goals. Dr. Mohieldin noted that recovery efforts require investments in the green economy, sustainability, digitization, and governance in partnership with the private sector, and that the state and regulators should set uniform standards for measuring and evaluating those efforts. Dr. Mohieldin stressed the importance of the role of SMEs in driving economic growth and employment through the integration of production baskets and an integrated industrial policy that encouraged exports, digital transformation, and sustainability.

“Prospects of Post COVID-19 Economic Recovery and Sustainability: A Regional Perspective”

American Chamber of Commerce| MENA Regional Council

May 31, 2021

Dr. [Mohieldin](#) delivered a webinar on "Prospects of a Post COVID-19 Economic Recovery and Sustainability: A Regional Perspective" to the AmCham MENA Regional Council. In [his remarks](#), Dr. Mohieldin asserted that the shape of the health recovery from the pandemic will define the shape of the economic recovery. Dr. Mohieldin highlighted that the recovery efforts require investments in sustainability and the green economy, digital transformation, governance, and social protection in order to get back on track to achieve the [#SDGs](#). Dr. Mohieldin asserted the importance of encouraging private sector engagement in economic development and in achieving the Sustainable Development Goals.

“Innovative Finance: New Models of Financing the Gap”

World Humanitarian Forum

May 20, 2021

Dr. [Mohieldin](#) participated in the [World Humanitarian Forum](#) in a panel titled “Innovative Finance: New Models of Financing the Gap” with Ms. [Preeti Sinha](#), Executive Director of the UNCDF, [Jurgen Rigtterink](#), EBRD First Vice President, and moderated by Ms. [Charlie Bronks](#), WHF Advisory Board Member. In his [opening remarks](#), he indicated that even before the COVID crisis, the world was not on track to meet the [SDGs](#) and that the crisis widened the SDG financing gap by 70%. Innovative finance offered new tools in the market that could improve the efficiency of existing channels by increasing competitiveness and mobilizing additional resources. He noted that while financial inclusion was increasing globally, vulnerable groups were still facing barriers to access. Those barriers may be addressed through innovations that are not limited to digital solutions. Conventional systems that have been essential for the financial sector are still needed in the digital world, including effective regulation, transparency, consumer protection, and fair competition. Dr. Mohieldin concluded by saying that financial inclusion was not limited to owning a bank account but rather should be access to full-fledged financial services including savings, credit, leasing, insurance, mortgage, and advisory.

“A Global Economic System in Turmoil”

Economic Research Forum

May 17, 2021

Dr. [Mohieldin](#) participated in the civil society [meeting](#) on the international debt architecture and liquidity March 29, 2021, which was held ahead of the [UN High-Level Event on Debt and Liquidity](#). On behalf of the Deputy Secretary-General of the United Nations, Dr. Mohieldin [commended](#) the participation and commitment of the speakers. He praised the moments of true multilateralism that occurred in 2020, including the creation of the [COVAX](#) Facility, the creation and extension of the [DSSI](#) and the Common Framework for Debt Treatment, and the adoption by several countries of net-zero greenhouse gas targets. Much still had to be done to protect the most vulnerable and achieve the [SDGs](#); policymakers need to be more ambitious and address the root causes of these problems rather than providing piecemeal solutions. The United Nations counted on civil society's grassroots networks and presence on the ground around the world. These organizations could count on the United Nations as an ally and partner.

Upcoming Events of Interest

November 22-24, 2021: [“Fintech Abu Dhabi Festival”](#), Virtual.

Communication

Monthly Newsletter

Watch out for our [Monthly Newsletter](#) at the end of every month.

Website

[Our website is now live!](#) Please visit us for country news and documents, IMF research, news from our constituency, past and future events of interest, opportunities for capacity development, and a portal through which registered users can access Board items through IMF Connect.

Membership Report

Twice a year, we will share the ways in which our office has engaged with our members and with the IMF Board. These reports will present topics of interest and positions that aim to further the interests of our members. The next issue will be released on April 31, 2021. Past reports can be found on our website [here](#).

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