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Opening Address by the Chairman of the Boards of Governors
the Hon. **IMAD NAJIB FAKHOURY**,
Governor of the World Bank Group and the IMF for **JORDAN**
at the Joint Annual Discussion

2017 Annual Meetings
Address by the Chairman of the Boards of Governors
Honorable Imad Najib Fakhoury
Governor of Jordan

IMF Managing Director Christine Lagarde,
World Bank Group President Jim Yong Kim, and
Fellow Governors:

Welcome to the 2017 Annual Meetings of the World Bank Group and IMF, and to the 71st Plenary of the Boards of Governors. Please join me in thanking Madame Lagarde and President Kim for their extraordinary dedication and leadership, and their strong promotion of effective multilateralism at a time when the world most needs it.

The global economy continues to recover, with growth remaining on track in both advanced and developing economies. We witnessed pickups in investment, trade and production. The welcome upturn provides a window of opportunity to tackle key challenges. With the balanced mix of fiscal, monetary, and structural policies, inclusive growth prospects can be raised, and jobs created.

While global growth continues, we are nevertheless faced with mounting challenges: natural and man-made disasters, geopolitical tensions, forced displacement, deep political divisions in countries, and the risk of a more rapid and sizable tightening of global financial conditions. Our meeting today is a reminder for all of us that we can only meet the massive needs of large migrant and refugee populations; prepare for the ever-present threat of natural disasters; and deliver on the ambitious goals of the 2030 Development Agenda, if we all work diligently and, most importantly, work together.

Fellow Governors, ladies and gentlemen,

I come to you from a region that is caught in an unprecedented cycle of conflict and fragility, a region that is paying significant human, economic and social costs, impacting the lives of millions of people.

These challenges cannot be addressed without the effective intervention of multilateral organizations, the likes of the World Bank and the IMF, in ground-breaking partnership with the UN, to manage the impacts of conflict, support stabilization and peace building efforts, and finance a post-conflict recovery and reconstruction program. More importantly, we need the WBG and IMF to help address the root causes of conflict and fragility to prevent the recurrence of future conflicts.

As the situation improves for these countries, Multilateral Development Banks including the WBG would have a key role in providing extraordinary financial and knowledge support, assessing the damage resulting from conflicts and the reconstruction needs, while also designing strategies for recovery and reconstruction at an early stage.

We, in Jordan, have been setting a model and witnessed firsthand the capabilities of these two institutions, when we were confronted with multiple external shocks, including one of the largest mass-scale influx of refugees and humanitarian crisis of our time. Today, Jordan is hosting 2.9 million UN registered refugees. This is 13% of the world's total, making us the largest host in the world, both in absolute number and relative to our population.

With the WBG, IMF and the multilateralism of the international community, we have redefined the moral challenge of hosting refugees into a global public good requiring fair burden sharing. We have also established the principle that assistance needs to relate to a host country's carrying capacity. We also pioneered a resilience based approach that bridges the humanitarian/development nexus through the framework of the Jordan Response Plans. Moreover, we turned the challenge of hosting refugees into a paradigm-shifting opportunity for holistic economic development through the adoption of the Jordan Compact. And we have continued our national development reforms, adopting a roadmap to achieving the SDGs and the cascading approach to development financing.

The WBG and IMF supported this unique Jordan model to cope with these external shocks, providing immediate and significant financial support, and stepping up their technical assistance. Moreover, Jordan and the WBG created the Global Concessional Financing Facility platform to mobilize international assistance at concessional terms, to address the economic and social impacts of the refugee flows, and to meet the huge humanitarian and host communities' needs that Jordan and other host countries are facing.

We too often see the very idea of multilateralism coming under siege. There is too often the temptation to respond to these challenges with inward-looking policies, and with a withdrawal from the global system.

We cannot overlook, however, that this global system we have today has permitted and nurtured an enormous increase in prosperity, and a reduction in poverty across the developing world over the last half century. Many of the challenges we face can only be met by working together. The scale and ingenuity of the solutions we seek require us to reach across borders, from institution to institution and by having the public sector working in full partnership with the private sector and civil society.

Having adopted the 2030 Development Agenda and working in elevated partnerships together, and making sure that we significantly shift the focus on gender and youth, the two most transformative cross-cutting pillars, only then can we maximize the benefits of globalization and technology, mitigate any downside, and ensure that the international

system works better and adjusts to an increasingly connected global economy, without leaving anyone behind. The World Bank Group and the Fund are beacons in this regard, proving time and again that multilateralism works. Several recent examples include:

- The innovative IDA18 replenishment, including new windows for refugees and the private sector.
- The World Bank's innovative approach to catastrophe insurance has also proven itself this summer with successful delivery of rapid payments to several countries affected by recent hurricanes.
- New loan resources of SDR 9.4 billion have been secured as part of the IMF's ongoing effort to raise SDR 11 billion for the Fund's concessional lending for low-income countries, including countries at the center of the current refugee crisis. The Fund has also expanded its support to countries affected by severe natural disasters.
- The Fund continues to work with partners, including the World Bank, on tackling the challenges laid out in the 2030 Development Agenda, including by supporting countries' efforts for revenue mobilization and through various capacity development activities. This is part of the wider Addis Ababa finance-for-development agenda.

Fellow Governors, in formulating a vision for the Bank in the next decades, a vision, which is encapsulated in the Forward Look, we asked the Bank to take on several ambitious new challenges. We asked them to remain relevant to all clients, but we also asked them to pay special attention to situations of fragility and conflict, to the effects of a changing climate, forced displacement and to new challenges to global health.

And of course we still rely on the Bank and the Fund to continue to supply their clients with the finance and advice needed to support inclusive job-creating growth, that is equitable and sustainable, and that promotes a multilateral system that is open, and focused on meeting the needs of all, especially the poorest and most fragile.

But as a result of responding to all that, the World Bank and IFC have reached the limits that their capital can support. Without more resources in the form of a capital increase, the World Bank will be forced to reduce its annual lending considerably, at a time when some of us need it more than ever, and the IFC will fail to create the markets, or mobilize the much needed finance for development.

I call on my fellow Governors to recommit ourselves to strengthening these invaluable institutions. We should commit to making a final decision on a capital increase for IBRD and IFC when we meet next Spring. We should continue strengthening the governance,

efficiency and agility of these institutions and completing the shareholding review. And we should work toward the completion of the IMF's 15th General Review of Quotas with a new quota formula in 2019, to maintain a strong, quota-based and adequately resourced Fund at the center of the global financial safety net.

Fellow Governors, recent global economic developments have shown that conditions evolve rapidly with new risks emerging continuously. I am confident that Madame Lagarde and President Kim will continue to provide the right global leadership needed in ever-changing global economic conditions and ensuring responsive and adaptive institutions. We must all "up our game" to reconcile inclusive economic growth, social inclusion and environmental sustainability. We must focus on long-term stewardship, not short-term maximization; cross-sector convening and not narrow vested interests. This is the transition we must achieve in the 21st century.

Thank you.