

# **The Statement of The Islamic Development Bank**

**Chairman**

**Honorable Ministers, Excellencies**

It gives me a great pleasure to address this respected gathering on the occasion of the Consultative Group Meeting of the Republic of Yemen. On behalf of Mohammad Ali, President of Islamic Development Bank, I would like to express my gratitude and appreciation to the Government of Yemen, Gulf Cooperation Council, World Bank, and the Government of United Kingdom for hosting this important meeting and making extraordinary arrangements for the success of this event.

Excellencies

The challenges of the sustained growth for poverty alleviation in many parts of the world and in Yemen in particular are enormous. The delivery of basic social services in health, education, water, and sanitation remain a major challenge indeed. This is addition to our concern in areas such as human development and meeting the infrastructure needs in relatively huge and geographical variant countries.

Moreover, the challenges come more important and more pressing as the country is inspiring to meet the Millennium Development Goals.

The decision of the Government to implement the economic reforms and to integrate the poverty alleviation strategy into its own development plan is a major step forward in attaining a comprehensive and an effective approach to social and economic development.

In this regard, the prospect of Yemen integration into the GCC will offer an important potential for enhancing the growth in various basic areas, first leading to economic growth, diversity of economic activities, local competitive strength, and increase regional trade and cooperation in the region. Certainly, there are variable where we know opportunities but it can better utilize the resources and skills available in neighboring countries while ensuring regional stability and prosperity at the same time. IDB definitively encourages regional cooperation whenever possible, improving cooperation and coordination is a major strategic objective of IDB and it constitutes the first step towards regional integration among member Countries.

## Excellencies

IDB as well as other financial development institutions recognize that Yemen financing requirements are quite substantial and these essential needs must be met promptly and effectively. It must be highlighted that Yemen is currently receiving an annual paid disbursement per capita of only certain dollars; versus an average about 33 dollars for a group of less developed countries which necessitated a closer look and an increased efforts to enhance the level of aid to Yemen. Hence, the international community has strongly encouraged the rise the level of ODA to Yemen so the country can meet its urgent needs and make substantial progress toward achieving the MDGs. Yemen is one of the founding member countries of IDB. IDB has been and remains strongly committed to supporting Yemen's social and economic development efforts.

IDB has provided an important and meaningful assistance but has been accentuated in the recent years in response to the priorities set by the Government. IDB has, so far, financed a total of 100 operations in projects and trade financing for total amount of about US\$ 630 million. IDB assistance has touched the majority of the important sectors of Yemen while most of IDB operations were successfully completed. The current existing portfolio includes about 16 projects in education, transport, energy, agricultural sectors.

## Excellencies,

IDB financing has mostly been geared toward implementing development projects, however, we recognize that we need to move to program and sector wide approach. IDB, as part of its new vision and strategy, is committed to that and gradually this will show in our interventions in Yemen in the near future. IDB will be coordinating closely with the Yemeni authorities and other NDBs in that respect.

Our future interventions which will be a range of US\$ 200 million for the next programming period 2007-2010, will be in line with the priorities outlined in the government served development plan and IDB will not spare any efforts within its available resources to help Yemen in meeting the challenges in human development, capacity building, fighting

unemployment, diversifying the economy, developing infrastructure and alleviating poverty.

Moreover, we will continue to play a role within the Arab group coordination to better coordinate the financing project in Yemen. IDB will also provide mainly concessional resources; loan and grant while at the same time, we will look for opportunities in productive and commercial sector such as the private sector whereby other mean of appropriate intervention may be envisaged.

Recognizing the private sector as a driving force for sustainable growth and development, IDB is continuing to support various initiatives and programmes to promote private sector development. The Bank is supporting the investment conference that will be held in Sana'a in February 2007 under the sponsorship of GCC which aims at attracting private investment in Yemen. In addition, the Islamic Corporation for the Development of private Sector (ICD), one of the windows of IDB group, is providing financing in the private sector and it will continue to expand its operations and contribute in helping the investment climate to become more attractive and conducive.

IDB is also embarking on the establishment of poverty alleviation fund which will hopefully enable the bank to allocate more resources for the support of the member countries such as Yemen. We are confident that with effective support of the international community, Yemen will make strides in achieving the development objectives. Let me conclude, by re-iterating the commitment of IDB in supporting the ambitious plan of Yemen and we would like to thank you all for the genuine support and continued cooperation for the sake of the development and prosperity of the Republic of Yemen.