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ISLAMIC DEVELOPMENT BANK GROUP

Statement of the IDB Governor for the Democratic and Popular Republic of Algeria

The 42nd Annual Meeting of the IDB Board of Governors
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(Arabic)

In the Name of Allah, Most-Gracious, Most-Merciful

Peace be Upon the Noblest of Prophets

**Your Excellency, Mr. Chairman,
Your Excellencies the Governors,
Your Excellency, the President of the Islamic Development Bank,
Ladies and Gentlemen.**

It is a great honor for me to have this opportunity to express in the name of the Government of Algeria on my own behalf and on behalf of my delegates our thanks and appreciation to the King, the Government, and the people of the Kingdom of Saudi Arabia for the customary generous hospitality and warm welcome. There is no doubt that the generous facilities provided by the Saudi Government to hold our meeting will contribute to the success of its work.

I also commend those in charge of the proceedings of this meeting for the effort they have exerted to ensure proper smooth operation of the meeting.

I would also like to welcome His Excellency Dr. Bandar bin Mohammed Al-Hajjar as new President of the IDB, and to wish him all success in his mission. I wish to assure him that we, in Algeria, will spare no effort to support him in his endeavour to promote the noble goals of the IDB.

I also wish to congratulate the members of the Board of Directors and the Bank's Management for the outstanding results our valued institution has achieved this past year, in terms of its financing activities, which have progressed greatly in terms of financing private sector projects and trade, while maintaining rapid progress in public sector funding. As to financial performance, the Bank achieved significant results in the past year thanks undoubtedly to its prudent policies pertinent to investment management including diversifying mechanisms, caution, rigorous follow-up, risk management, and taking necessary measures against exposure to risks.

We look forward to maintaining the pace of these achievements and to further strengthen them in the coming years with a view to achieving the aspirations and hopes of the Member Countries, which expect our pioneering institution to serve them effectively.

We are also proud of the excellent "AAA" rating that the Bank has received from leading international rating organizations. There is no doubt that upholding this rating for several consecutive years reflects the Bank's farsighted policy.

**Mr. President,
Excellencies,**

Allow me to seize this opportunity to present key progress indicators of the Algerian economy following the launch of the new development model which was sanctioned in July 2016, with the purpose of seeking new and innovative ways to support and upgrade national production.

In this context, the current situation compels us to remain vigilant on the financial front, with the aim of preserving adequate standards to ease socio-economic conditions in the country.

It is important to note that the State's huge efforts to drive growth and fulfil social obligations have been exerted in a world situation characterized by receding growth, whereas the Government worked in parallel on three fronts: controlling public expenditure, reducing imports, and supporting production investment.

The Government has managed to achieve macroeconomic stability without resorting to austerity policies, preferring to always seek ways to achieve growth and create wealth under strict accounting processes.

Moreover, and thanks to rationalizing public expenditure through eliminating wastages, we have been able to stabilize the operational budget, and reduce the capital budget significantly, knowing that exchange reserves remained at a considerable level ; the same applies to cash availability in banks – contrary to pessimistic views.

The volume of imports clearly shows the success of this flexible rationalization approach, which allowed significant reductions in the past two years. We are aiming to achieve even further reductions this year.

These results have been achieved without causing shortages or disruptions in the national means of production. Algeria has not and will not prohibit any product, nor will it halt housing health, and education programs. The government is merely practicing caution to deal with its “shrinking” financial resources, and making sure it channels these resources towards generating more added-value in terms of employment opportunities and socioeconomic development.

Boosting investments and business creation will continue through a series of financial measures that aim to achieve streamlining and transparency, while continuing to promote loans that benefit the economy, which already grew by 25% between 2016 and 2017.

Social welfare continues to represent a considerable part of the government budget; it will be mainly aimed at helping households through subsidizing basic commodities, education, and access to water and energy. Assistance is also provided for health and housing, pensions, and lastly helping low-income individuals, the poor, and the disabled. This will be coupled with stricter monitoring of the prices of consumption goods.

The sustainability of our social model, which is centered on solidarity among the social groups and generations and the continuation of government programs in housing, health, and education, demand the rise of wealth and employment creating economy, where institutions are the cornerstones and the state will not remain the sole funding agent.

It is worth mentioning that alternative and innovative tools to finance the economy have been and/or will be launched and adopted, similar to the financial market and the partnership, which are important pillars in the field of investment.

Our vision is to give preference to partnerships, structured projects, and expand the national industrial and production base, through providing necessary guarantees, enabling an adequate

organizational, economic, and financial environment to facilitate skill acquisition and the exploitation of funding opportunities in both the local and the international markets by Algerian economic actors.

Our business actors are starting to feel the positive effects of the arrangements relating to the management of farm lands and the new provisions of the investment law, as well as the measures provided for in the successive financial laws which aim to encourage and facilitate investment.

However, our entrepreneurs' excitement and vigorousness should not draw them towards redundant activities and saturation of some sectors that are seen in some branches of mills and cement factories, while others remain underutilized, forcing us to resort to foreign services.

There is no doubt that agriculture, agrifood, renewable energy, leasing, engineering, research, information and communication technology and local tourism, along with other areas, create opportunities to achieve personal successes as well as contribute to the efforts aimed at diversifying national economy.

**Mr. President,
Excellencies,**

Before concluding, I wish to salute my dear brother Dr. Ahmed Mohamed Ali for the efforts he exerted and his prudent administration of this institution to promote its performance and realize the hopes of the Muslim Ummah.

In conclusion, I wish to express again my thanks and appreciation to the King, Government, and People of the Kingdom of Saudi Arabia for hosting this meeting and for the facilities they have provided. We wish this country further progress and prosperity.

May Allah bestow success upon our work. I pray that the Bank will achieve even further accomplishments, and that our nation will be blessed with progress and prosperity.