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WBG Governor's Statement No. 8

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Statement by the Hon **SEYED EHSAN KHANDOOZI**,
Governor of the Bank for **THE ISLAMIC REPUBLIC OF IRAN**

**Statement by the Hon. Seyed Ehsan Khandoozi,
Governor of the Bank for the Islamic Republic of Iran**

In the Name of God

Dear Colleagues,

It is with great pleasure and honor that I address (in written format) the World Bank Group (WBG) and the International Monetary Fund's (IMF) Joint Board of Governors 2021 Virtual Annual Meetings.

The pandemic has introduced many challenges to global health and to the global economy. The recorded COVID-19 death toll is around 5 million and many countries are still grappling with new waves of Delta outbreaks within their borders. The pandemic has also caused massive supply chain disruptions, high inflation, alarming levels of sovereign debt – especially in emerging markets – and increasing levels of poverty and inequality in many countries.

Large-scale vaccine production has raised hopes for reducing COVID-19 infections and death rates and improving global economic conditions. However, wide gaps remain in vaccination rates across countries. While some countries have started offering booster shots to some groups of their populations, many developing and low-income economies continue to face many challenges in obtaining and administering the first dose of vaccine to their citizens. The WBG and other international organizations play a critical role in ensuring more equitable vaccination strategies in the global community. This is crucial as the existing wide vaccine inequities will undermine global economic recovery efforts. The pandemic will not end anywhere until it ends or is, at the least, under control everywhere.

The frequency and severity of crises – economic and financial, natural disasters due to climate change, and pandemics – have been increasing, leading to surges in public expenditures, tightening of fiscal spaces, increasing debt burdens, and contractions in economies. These challenges call on international financial institutions (IFIs), particularly MDBs, to explore new and effective approaches in helping member countries devise and implement fiscal and monetary policies that take heed of the growing uncertainties and volatilities in their domestic economies and the global economy. Moreover, the increasing digitalization of the global economy and trade during the pandemic and the growing relevance of fintech and cryptocurrencies in the past few years have introduced new fronts and dynamics in the global economy and finance for IFIs to consider in their next generation policies.

At this stage, our focus in the I.R. Iran remains on strengthening the capacity of the public healthcare system to better respond to possible and expected future variants of COVID-19 outbreaks, while safeguarding our economic recovery. Although relatively modest in quantity, we acknowledge the humanitarian gesture of the WBG to I.R. Iran during the early stages of the pandemic. However, the politicization of COVID relief programs at the WBG and IMF is of serious concern. While I.R. Iran is the 17th and 29th largest shareholder of the IBRD and IMF, respectively, and has met all its obligations to these organization, the I.R. Iran has been facing serious hurdles in accessing and obtaining COVID related assistances from these organizations in a timely manner.

To respond to the challenges of the pandemic more effectively, the I.R. Iran has implemented a wide range of measures to reduce the disproportionate economic impact of the pandemic, especially those in the lower income groups. Some of these measures include tax cuts, deferral of loan installments, and providing interest-free microloans to households in lower income groups. As the I.R. Iran's new Minister of Economic Affairs and Finance, my priority is to expedite the post-COVID recovery efforts and to reverse the adverse impacts of both the pandemic and the illegally imposed U.S. sanctions on average Iranians. The WBG and IMF play a critical role in this regard, and I hope, as multilateral institutions, they will be able to avoid political pressures from some members of their shareholders when interacting with and serving the needs of their other members.

At the end, with sincerity and warmth, I shake the hands of all ministers, central bank governors, policymakers, and the management and staff of the WBG and IMF in this virtual gathering and, God Willing, look forward to an opportunity of meeting you all in person soon. On behalf of the Iranian people, I wish you all the best.

Thank you