

Address by Dr. Barham Salih,  
The President of the Republic of Iraq

HIGHT-LEVEL EVENT ON FINANCING FOR DEVELOPMENT IN THE ERA OF  
COVID-19 AND BEYOND

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Excellencies, ladies and gentlemen,

I am deeply grateful to the Prime Ministers of Canada and Jamaica, and to the Secretary General of the United Nations, for organizing this important meeting.

Sharing ideas and finding solutions for sustaining development in this era of COVID-19 are vitally important for the world as it faces up to this pandemic and the economic and social destruction that it has left in its wake.

The challenges that we, as a global community, face are immense and urgent, all the more so in the Middle East and the developing world, where the impact of virus could be more protracted and damaging as it strains already stretched health infrastructure.

But these challenges are not insurmountable, if we show common purpose and stand together. The temptation may be to look inward, and to leave each country to fend for itself. But while the impact of the virus is felt locally, the crisis is a global one, and it requires a global response. We need to be united in our commitment to combat the spread of COVID-19, to find a vaccine, and to restoring our economic well-being. The issues identified in this forum are core to achieving these goals.

Like others around the world, my country urgently seeks to chart a path out of the current crisis. The measures that we have taken to restrict the physical spread of the virus within our borders have, to date, been comparatively successful. But we have nevertheless felt the full force of the pandemic's economic consequences. Social distancing has brought many sectors of our economy to a virtual standstill, and, according to the World Bank, the number of Iraqis under the poverty line have risen from below 20% at the end of 2019 to approximately 40% now.

Iraq has been battered by a plurality of shocks: the collapse of domestic demand due to restrictions imposed to combat COVID-19; the sharp fall in oil prices since March; and, most recently, the precipitous fall in Iraqi oil production, which was cut by approximately 23% as part of the April OPEC+ agreement.

Our dependence on oil receipts means that our budget revenues are down over 70% compared to pre-crisis levels, forcing us to take emergency

measures to meet non-discretionary spending. Eventually, our spending may need to be rationalized, but even then we face the prospect of a significant budget deficit this year that will need be financed by drawing down reserves and increasing debt. Overall, our economy is forecast to contract by almost 10% in 2020, with a possible rebound expected in 2021.

All of this comes at a sensitive time for Iraq. We are still a country in recovery. We have overcome civil war, violence, and the terrorism of so-called Islamic State, but our rebuilding process is fragile. The popular demonstrations of last autumn and winter, and the tragic deaths that accompanied them, were a stark reminder that the patience of the Iraqi people has its limits.

People are willing to lay down their lives for a better, more prosperous future; it is our responsibility, as leaders, to meet those expectations. This is no easy task. Every year approximately 350,000 reach working age, but many struggle to find jobs. The government tries to employ some of them, but in doing so it creates longer-term fiscal problems for the country.

Delivering a more prosperous future and tackling the weaknesses of Iraq's economy are promises that the new government of Prime Minister Mustafa al-Kadhimi has made in its program. It has committed to beginning the process of structural reform in Iraq: to bolstering the role of the private sector; to stamping out corruption and promoting the rule of law; to strengthening our institutions; to rationalizing and galvanizing our public sector; and to using our abundance of natural resources more productively.

We have no illusion that the road ahead will be long and arduous. But we have no option but to persevere and prevail. We need to act with a sense of urgency, compassion and resolution to deliver results. Otherwise, we will be letting down our population, especially our youth.

We cannot hope to succeed without the cooperation of the international community, including international financial institutions and partner states. The fiscal and liquidity crises that we face make meeting our basic financing and debt obligations difficult. We hope that the international community will support these efforts, including assisting us with economic restructuring and helping us to realize our investment budget, which is crucial for building infrastructure, maintaining essential services, and creating jobs.

For developing countries like Iraq that face these challenges, access to vehicles that will help us to ensure domestic liquidity, private-sector access to credit, and which reduce the immediate debt burden on the government are critical if we are to ensure that the current crisis does not cripple us and undermine our ability to push through much-needed reform in the longer-term.

We need bridging mechanisms that will allow us to implement counter-cyclical fiscal stimulus policies now in order to stabilize our finances and our economy as we face up to impact of COVID-19. We can then use this as a platform to make smarter spending choices in the future that will stimulate economic growth.

Sustainability and resilience are key to building a better future for all Iraqi. We must ensure economic growth and development and not allow this crisis to become a choice between lives and livelihoods, or a catalyst for renewed social upheaval, violence and terrorism that threaten state structures. But first we need to establish stable foundations to build upon, and we are looking to this forum to discuss the ideas and the initiatives that will help us achieve this.

Thank you.