



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
On the
Transfer of Real Resources to Developing Countries)

**NINETY-NINTH MEETING
WASHINGTON, D.C. – APRIL 13, 2019**

DC/S/2019-0031
April 13, 2019

Statement by

**H.E. Tito Titus Mboweni
Minister of Finance**

South Africa

On behalf of the Constituency of Angola, Nigeria and South Africa

Statement by

**H.E. Tito Titus Mboweni
Minister of Finance**

South Africa

On behalf of the Constituency of Angola, Nigeria and South Africa

99th Meeting of the Development Committee

**April 13, 2019
Washington, D.C.**

Global economic context

1. We are meeting at a time of subdued global growth. Though growth is projected to pick up by 2020, that will come almost entirely from the continuing strong dynamics in emerging markets and developing economies (EMDEs) since growth has significantly slowed in advanced economies. Africa will be left behind in the EMDE's contribution to global recovery as the projected growth within the EMDEs would be uneven with a more favorable outlook for Asia than the prospects in other regions including Africa. These developments require renewed global policy responses that would boost output growth, resolve trade tensions, improve inclusiveness, and strengthen resilience to ease the global uncertainty and pave way for sustainable growth.
2. We urge all actors in the global trade tensions to resolve all outstanding issues and minimize protectionist sentiments which hurts growth in EMDEs, and Africa in particular. We call for a rule-based and fair-trade arrangements that will be beneficial to all. We also urge the global community to support Africa to implement the Africa Continental Free Trade Agreement (CFTA). On tightening of financial conditions, we underline clear communication and sequencing of monetary policy normalization and request greater support for development of local currency financing instruments.
3. While progress has been made by some African countries to strengthen domestic resources mobilization, expand the tax base and scale up tax revenues more work lies ahead to achieve the required revenues to support public sector expenditure on social services. We call on the WBG, the IMF and other Multilateral Development Banks (MDBs) to work with Africa to achieve the requisite skills, broad band connectivity and digital capacities necessary to scale up taxable revenues to boost Africa's growth.
4. Debt sustainability remains a concern with more than one third of African countries facing deterioration of debt sustainability levels. Risks are escalating mainly due to increased recourse to external private capital, and consequent higher borrowing costs, declining commodity prices and subsequent lower growth. We welcome the joint IMF/WBG multipronged approach for addressing debt vulnerabilities. We call for stronger action from the WBG, IMF, and other international organizations to support capacity building for fiscal and debt management, ensuring debt transparency, building a comprehensive database and developing domestic capital markets. Also needed are an urgent set of policies and good practices to help countries in shifting this trend. Key interventions should include better recognition of the structural constraints to growth that could improve the quality of the debt, as well as new financing instruments and financial innovation that could enable or boost maximizing Finance for Development (MFD) approaches.

World Bank Group Strategic Priorities

5. We welcome the update on the implementation of the Forward Look approved by the Governors in 2016 and the IBRD/IFC capital package approved last Spring. We commend the WBG for the commitment to the main elements of the Forward Look and the capital package which include: serving all clients, leading on global issues, creating markets, and improving the business model. We acknowledge the reforms and progress made by the WBG to support the objective of engaging with all clients across the income spectrum, while prioritizing additional financing towards countries below the Graduation Discussion Income (GDI). Additionally, we commend the progress so far with climate change, gender, the IFC 3.0, the MFD approach and regional integration. We called on the WBG to strengthen partnership for implementation monitoring and to focus on results and impact.

6. We call on the WBG to strengthen its strategic engagement with Africa middle-income countries. Critical for this group of countries is the need to scale up investments in critical infrastructure, manufacturing, agribusiness, disruptive technologies and services. These investments have the much-needed positive externalities on labor mobility and growth in neighboring economies through trade channels.

7. We welcome the outcome of all internal efficiency measures and encourage the WBG to continue to improve its business model (including IBRD/IFC balance sheet optimization) to enhance its financial sustainability and support productivity, performance and agility.

8. We are encouraged by the WBG progressive approach to mainstreaming disruptive and transformative technologies in its business model and support the five corporate priorities and the programmatic approach that the Bank is adopting. We look forward to the implementation of the GovTech and Digital Economy Moonshot for Africa initiative. We support the objective of the Initiative which is to digitally enable every African citizen, business and government by 2030. We call on the WBG to partner with our governments, regional and sub-regional development organizations in the implementation of schemes under the digital initiative. We encourage the WBG to adopt a regional approach in the implementation of this initiative to maximize the benefits of scale, efficiency, and capacity. Additionally, a regional approach enhances integration, access and inclusion. We urge the WBG to strengthen support for design and implementation to ensure a comprehensive and sustainable approach, while avoiding fragmentation and proliferation of operations and platforms.

9. We welcome the bold steps taken by the WBG in doubling its current 5-year investments in ***climate change and climate financing*** to \$200 billion to help countries take more ambitious climate actions. We are of the view that the WBG can play a greater role to support countries mainstream approaches to systematically manage climate risks at every phase of policy planning, investment design, and implementation. We call on the WBG and other Multilateral Development Banks (MDBs) to support Africa to scale up investments in renewable energy infrastructure and transition to sustainable green growth paths. There is also a strong need to strengthen capacities across the public and private sectors on climate mitigation and adaptation choices. It is regrettable that the process of accessing specialized climate related funds has remained complex and protracted. We call on the WBG to: (i) assist countries with capacity building to access relevant Funds created for climate mitigation and adaptation, and (ii) use its convening power to work towards simplifying access to such Funds.

IDA19 First Replenishment Meeting

10. We welcome the ongoing comprehensive preparation for IDA19 replenishment and the general consultative approach to the process since its launch in Livingstone, Zambia in November 2018. We are supportive of the proposed ***strategic directions of IDA19***. We underscore the need to focus on growth,

people and resilience; and on deepening the five special IDA18 themes by targeting cross-cutting issues including debt, human capital, disruptive and transformative technologies and disability as measures to intensify progress toward the 2030 Sustainable Development Goals (SDGs).

11. We underscore the remarkable success of IDA18 in scaling up financial resources for development. The growing needs in IDA countries, coupled with new challenges from climate, fragility, conflict and violence demand an even stronger IDA19 replenishment that builds on IDA18's strong deliveries. We have greater expectation to a much stronger solidarity around IDA19 and called on the WBG to use its convening power and reach to mobilize strong support for IDA19 Replenishment. We are supportive of work towards IDA balance sheet optimization and urge the team to remain creative and innovative to ensure IDA's financial viability.

12. We look forward to a "more impact and action-focused" IDA19, which focuses on jobs and economic transformation (JET). Other priorities for Africa include; catalyzing private finance; scaling up of transformative sectors especially in manufacturing and digitalization; and improving impact in sectors that enable economic transformation especially, infrastructure, cities and agribusiness. We believe that a focus on these aspects is not only a productive way of channeling IDA resources, but a better way of strengthening multisector partnership and ownership at various levels to improve IDA deliveries.

Governance of the World Bank Group

13. We thank Dr Jim Kim for his leadership of the WBG and for his dedication to the fight against poverty. We thank Kristalina Georgieva for her courage and strong leadership, and especially for so effectively and efficiently filling the leadership gap created by the sudden resignation of Dr Kim. We welcome and congratulate Mr David Malpass for his appointment as the president of the WBG. We are encouraged by his promise to commit to the twin goals of eradicating extreme poverty and boosting shared prosperity. We look forward to working with him to achieve the objectives of the Forward Look and the 2018 IBRD/IFC Capital Package. In furtherance of continuous learning and experiences, we encourage the Executive Board to undertake a comprehensive review of the process for the appointment a president for the World Bank Group with a view of enhancing its transparency, merit-based, and competitiveness. Such a review could also benefit from the progress that some MDBs have made over the year with the selection/appointment of presidents.