Statement by

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Federal Republic of Somalia

For Africa Group 1 Constituency
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1. We welcome the progress made in the World Bank Group (WBG) evolution process. We particularly appreciate the continued focus on the twin goals of ending extreme poverty and boosting shared prosperity which remain Africa’s priorities even in the face of overlapping crises and global challenges. We applaud the new WBG playbook’s emphasis on country-driven engagement, redoubling impact, speed, efficiency, and sustainability and minimizing trade-offs. We equally recognize the progress made on establishing the Financial Incentives Framework, the guarantee platform and the Livable Planet Fund.

2. We appreciate the prioritization of the Eight Global Challenges and concur that the pursuit of sustainable growth and development requires collective action in addressing these challenges. For this purpose, we acknowledge the emphasis placed on the critical issues affecting our constituency such as addressing the impact of fragility, conflict and violence; increasing access to affordable energy; adapting to the impact of climate change; accelerating digital transformation; increasing private investment; and reducing public debt. We believe energy access and digitalization are enablers of economic growth, essential to Africa’s major goal of halving poverty by 2030. The realization of these priorities requires concessional funding for all our Constituency countries. Thus, securing a robust replenishment of IDA21 is paramount for a constituency that is predominantly composed of IDA beneficiaries.

ON IDA21 REPLENISHMENT

3. We recognize the results delivered by IDA investments in Africa and call for an ambitious IDA21 replenishment, considering that SDGs are off-track in most African countries. We also call for an increased focus on IDA’s long-term financial sustainability and initiatives to simplify IDA policies and procedures and streamline approval and operational processes to achieve speed and impact during the delivery of IDA21.

4. We call for prioritizing development finance through the IDA21 replenishment cycle to support poverty reduction, deliver quality public services, create decent jobs at scale, and promote equitable, ecologically sustainable and inclusive development in Africa. IDA21 resources must be used to support the long-promised economic transformation that would enable African countries to add value to their commodity exports, meet and sustain their development objectives and achieve the WBG mission where poverty is reduced, and prosperity is shared on a livable planet.

5. In this regard, leveraging private capital is essential to complement public resources, given the fiscal constraints that limit public spending. IDA21 must enable the development of risk mitigation instruments tailored to the unique political, social, and economic challenges in IDA countries, to facilitate the development of the private sector in IDA countries. The IDA21 Replenishment should, therefore, prioritize an increase in the allocations to IDA Private Sector Window (PSW) to catalyze private sector investments in PSW-eligible countries. We call on IDA donors to substantially raise
their contributions for IDA21 to enable IDA and FCS countries to leverage the transformative potential of the private sector to create more and better jobs, and to free up additional fiscal space.

**ON ADDRESSING FRAGILITY, CONFLICT, AND VIOLENCE (FCV)**

6. We acknowledge the progress made in implementing the WBG’s updated FCV Strategy and IDA FCV Financing Toolkit, as well as the scaling up of WBG’s physical footprint in FCV countries. The scale-up in WBG funding in FCV situations has thus far proved critical for articulating tailored responses toward addressing fragility and the impact of conflict and violence in diverse circumstances, including in Africa. In this respect, FCV should remain a special theme in IDA21 and the WBG should ensure that its Africa portfolio is FCV-sensitive by systematically integrating FCV drivers and sources of resilience in Country Partnership Frameworks and strategy implementation. We also call upon the WBG to intensify efforts to increase the footprint and deploy experienced staff in FCV countries.

7. We also call for the scale-up of IDA21 resources to support building infrastructure and IT capabilities, strengthen governance and attract private sector investment in countries in FCV situations. We further call on the World Bank to keep partnerships at the center of the FCV strategy implementation to maximize collective impact, paying special attention to partners who help in crisis preparedness and resilience building. Recognizing that lack of decent jobs is one of the drivers of fragility, we call for a renewed commitment to the Jobs and Economic Transformation (JET) agenda, with a particular focus on women, the youth and other vulnerable groups.

**ON TACKLING CHALLENGES OF CLIMATE CHANGE**

8. Despite contributing less than 3% of global carbon dioxide emissions, Africa is one of the world’s most susceptible regions to the severe consequences of climate change. Small states are particularly prone to external shocks and bear the brunt of climate-related impacts. However, African countries’ vulnerability is further exacerbated by the limited resources available to adapt to the impact of climate change. As extreme climate events become more frequent and severe, Africa’s heavy reliance on agriculture — a large contributor to Gross Domestic Product (GDP) and employment — adds to income losses, worsens food insecurity and heightens vulnerability since 95% of SSA agriculture is rain-fed.

9. We applaud the Bretton Woods Institutions (BWIs) for leading on climate finance, and welcome the ongoing effort for both institutions to work in synergy to meet the challenge of climate change adaptation. While we recognize the WBG as the principal financier of climate actions among the MDBs, we are convinced that the WBG can further leverage its convening authority to mobilize additional finances for climate adaptation. Estimates suggest that climate investment needs will surge to US$200 billion annually by 2025 and nearly US$400 billion by 2030. Despite these pressing demands, the current architecture for climate and development finance is complex and ill-equipped to operate at the required speed and scale. Closing the climate adaptation financing gap, particularly in strengthening food systems, remains a key challenge.

10. In this regard, we commend the World Bank’s efforts in establishing the Financial Intermediary Fund for Loss and Damage. It is imperative, however, that the Bank meets its commitments to operationalize the fund. This is critical because, the current pledges, amounting to just over $700 million, represent a mere fraction – less than 0.2%—of the annual irreversible economic and non-economic losses that developing countries endure due to global warming.

11. We call on the World Bank to ensure that climate adaptation finance is accessible to all client countries. We also call upon the bank to include vulnerability criteria as a means of accessing its products, especially for Small Island Developing States (SIDS) and countries not benefiting from IDA.
12. We further appeal to the Bank, through its knowledge compact, to facilitate knowledge sharing and expertise on addressing climate change impact with clients and encourage cooperation between Africa and more experienced countries in this field.

ON ACCESSING AFFORDABLE ENERGY

13. Despite hosting 18% of the world’s estimated population of eight (8) billion, the continent consumes a disproportionately low amount of energy, accounting for less than 6 percent of global energy consumption. There is, therefore, an urgent need for increased investments in sustainable energy solutions on the continent.

14. Significant financing is also required to ensure African countries have universal access to modern energy while concurrently meeting their nationally determined contributions (NDCs) to the Paris Agreement. The International Energy Agency has stated that US$200 billion per year in energy investment will be required to achieve this by 2030. This translates to an estimated US$28 billion in concessional financing on an annual basis to unlock US$90 billion of private sector investment in the energy sector—10 times as much as current financing. Attaining universal energy access in sub-Saharan Africa requires connecting 90 million people annually – a threefold increase from the current rates.

15. We welcome the WBG’s commitment to providing affordable energy access to 200 million Africans by 2030. However, we call on the WBG to support investment to increase Africa’s access to affordable energy, while allowing and providing advisory support for the just transition toward cleaner energy sources. We also urge the WBG to establish a full-fledged Energy Strategy for Africa, with an associated 5-year "Energy Action Plan" (EAP), to address the continent’s energy gap and harness its untapped energy potential.

ON ACCELERATING DIGITAL TRANSFORMATION

16. We underscore the importance of digital development in the context of an interconnected world. Digitalization is one of the greatest transformative opportunities and enablers of productivity of our time. It is also an enabler for responsible development and adoption of generative Artificial Intelligence (AI) which marks a distinct shift in how businesses can deliver value in an increasingly competitive world. However, African countries lag on most digital development rankings relative to other regions, particularly on digital infrastructure, digital government, and the enabling environment for the digital economy.

17. We welcome the Bank’s Evolution Roadmap recognition of digital development as one of the eight global challenges. We also welcome the institutional arrangement to create a new Vice-presidency on Digital, starting this year, which will scale up the Bank’s capacity to harness the transformative potential of digital technologies in client countries. However, digital development also requires appropriate measures to mitigate its associated risks. We, therefore, call for a dedicated technical and institutional support to help countries define and document IT governance policies, procedures, and controls aligned with digital development objectives and requirements for its expected positive outcomes.

18. We also call on the World Bank to fast-track digital services and infrastructure projects in the continent as a special focus of IDA21 and support of the African Union’s Digital Transformation Strategy 2020-2030. The Bank should further support reforms to encourage competition and regulatory capacity to reduce costs, such as through infrastructure sharing. Beyond country-level engagement, the Bank could also support regional efforts to build the foundations for integrated digital markets in the region - facilitating cross-border data flows to unlock the economic and social value of data products and digital services within the region. We also urge the World Bank to support
investments to expand broadband coverage to underserved areas in the region while forging strong partnerships to leverage synergies and complementarity in digital connectivity to maximize the impact on development.

ON INCREASING PRIVATE INVESTMENTS

19. The private sector is critically important for economies to create jobs, move up in global value chains by adding value to commodity exports through economic transformation, promote growth and poverty reduction, and improve the livelihoods of people in Africa. More decent private sector jobs are needed to improve the lives and livelihoods of people in the region. Unemployment is high in SSA, at 7.11% in 2023, and with the population growth rate of 2.34% per annum, youth unemployment is likely to rise, threatening development outcomes and political stability. The engagement of the private sector—both foreign investments and domestic firms—is essential.

20. We call on the WB to effectively implement its approach of Private Capital Mobilization (PCM) in Africa, which entails working with governments to crowd in the private sector while optimizing the use of public resources. The World Bank should leverage expertise and resources across its institutions, including IFC and MIGA, to accelerate sustainable and inclusive economic growth by strengthening Africa’s private sector. Furthermore, we welcome the launching of the Unified Guarantee Platform, which will enable the rapid delivery of a range of guarantees that have the potential to better respond to the constraints and challenges faced by the private FDI.

ON RESTORING SUSTAINABLE PUBLIC DEBT

21. Debt is an important source of funding for development in Africa, serving as a catalyst for inclusive growth and sustainable development. Yet, over the past decade, public debt in SSA has increased to unsustainable levels, with nominal debt reaching an estimated US$1.14 trillion in 2024. The repayment of public foreign currency debt has strained international reserves, as export revenues are insufficient to comfortably manage debt service, especially with rising import needs. Moreover, sixty percent of low-income countries are either in debt distress or at high risk of debt distress and twelve of our constituency countries fall in this category.

22. In this regard, we welcome the review of the low-income country debt sustainability framework (LIC-DSF) expected to conclude in 2026. The review is expected to enhance realism of the framework by differentiating debt carrying capacity among LICs instead of a single threshold, factoring in risks of climate change, and facilitating debt restructuring and resolution. We urge the World Bank to collaborate with the IMF and other development partners, including the private sector, to deliver a structured and practical approach to Africa’s debt resolution. This approach should include improving debt transparency and helping countries to manage their debt sustainably, converting short-term high-interest loans to long-term low-interest loans, a debt repayment standstill during times of negotiation, and outright debt cancellation for countries in debt distress. It should also support a swifter and more effective implementation of the G20 common framework for debt treatment.

23. We also encourage the WBG to mobilize more concessional resources in support of our constituency countries' development whilst backing Africa’s efforts to mobilize more domestic resources and curb illicit financial flows. Moreover, the WBG’s assessment through the Public Finance Reviews should mainstream illicit financial flows, a huge obstacle to Africa’s development.

24. We recognize the Republic of Zimbabwe’s commitment to implementing economic and governance reforms, including a Staff Monitoring Program with the IMF, notwithstanding the significant debt burden. We commend the establishment of the Structured Dialogue Platform which is underpinning the arrears clearance and debt resolution process. Against this backdrop, we urge donors of IDA to support Zimbabwe’s re-engagement process with the international community. This support
includes resources to address the urgent needs arising from the El-Nino-induced drought and set aside a pre-arrears clearance grant as part of the IDA 21 Replenishment.

25. We strongly urge the World Bank Group to consider countries, such as Somalia, that have recently graduated from the Heavily Indebted Poor Countries (HIPC) initiative. Ensuring a smooth transition from debt relief to sustainable growth and resilience is important for regional and global economic stability. Therefore, IDA21 must address the unique challenges these nations encounter during this pivotal phase of their development journey by providing favorable, sustainable financial modalities that prevent them from falling back into debt distress.

ON THE FRAMEWORK FOR FINANCIAL INCENTIVES (FFI)

26. We acknowledge that there is an urgency for IBRD to secure additional financing capacity to support client country efforts to achieve the expanded mission of fighting poverty and inequality on a livable planet. We therefore welcome the Framework for Financial Incentives (FFI) as an important step forward in closing the gap in IBRD financing and recognizing the longstanding efforts of IBRD clients to invest in Global Public Goods. We also recognize the significant progress made in the implementation of the Capital Adequacy Framework recommendations and balance sheet optimization which added $50 billion to IBRD lending capacity over 10 years.

27. We call on the Bank to create the right incentive package to our Middle-Income Countries (MICs) to undertake Global Challenges related operations, including increasing their lending cap, grants, and technical assistance from the resources channeled through the proposed Global Solutions Accelerator Platform (GSAP) and Livable Planet Fund (LPF). We also call for the provision of price incentives to our MICs in a manner that commensurate with their needs and circumstances across the eight identified global challenges. We further call on the Bank to do more to attract additional voluntary resources from donors through measures such as the Portfolio Guarantee Platform and Development Partner Purchased Hybrid Capital. We also hope that the FFI's focus will extend to other sectors beyond the eight Global Challenges that can produce positive cross-border externalities.

OPERATING MODEL

28. We reiterate that, in line with the principles of sovereignty, respecting cultural norms and beliefs, and honoring international agreements, the World Bank should create an enabling environment where countries can pursue their development goals in harmony with their unique cultural identities and values. Through such respectful and inclusive engagement, the World Bank can make meaningful contributions to addressing global challenges while embracing the diverse contexts and cultural richness of the nations it serves. We also refer to the quote by the late former World Bank President, James Wolfenson “I have also been struck by the critical importance of history and culture. We must build upon local tradition, not disrupt it. We must encourage the young to respect their heritage, and we must accord dignity to the individual. Without respect for cultural continuity and for social institutions, I believe there can be no true development.

We call on the WBG to take all necessary steps to respond to all these critical issues and seize the opportunity to mobilize an ambitious IDA21 Replenishment needed to end extreme poverty on a livable planet and achieve the SDGs by 2030.