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)

ONE HUNDREDTH MEETING
WASHINGTON, DC – OCTOBER 19, 2019

Statement by
H.E. Thambo Gina
Minister of Economic Planning & Development
Eswatini
For Africa Group 1 Constituency
Statement by

H.E. Thambo Gina
Minister of Finance and Planning

Eswatini

For Africa Group 1 Constituency

100th Meeting of the Development Committee

October 19, 2019
Washington, DC

1. We concur with the *World Development Report 2020* assertion that *Global Value Chains (GVCs)* remain important contributors to growth and poverty reduction. We note that a one percent increase in GVC participation still makes a much more significant impact on per capita income growth than standard trade. We, therefore, desire to see the pursuance of more avenues for the effective support of African countries to share in the benefits of GVCs.

2. We, therefore, note with concern that Africa’s share in global trade is still less than one percent and GVC growth is concentrated in a few sectors where Africa does not even have a comparative advantage. We call on the World Bank Group (WBG), through the Regional Integration & Cooperation Assistance Strategy, to increase support for international cooperation to facilitate more participation in GVCs. While recognizing specific needs for each country, we thus encourage the WBG to embrace and support the implementation of the African Continental Free Trade Area (AfCTA) as well as trade and investment policies to bolster successful development outcomes.

3. We further call for the fair distribution of gains from GVC participation. We note with concern that large corporations realize huge increases in markups and profits, whilst businesses and partners based in developing countries inversely see declines in their markups and profits. Moreover, with the changing nature of work, exposure to trade contributes to the reallocation of value-added from labor to capital and raises the premium for skilled workers. We, therefore, urge the WBG to increase support to African countries to develop the requisite skills, invest in technology and create an enabling environment for Small and Medium Enterprises (SMEs) to participate in GVCs. Relatedly, we call upon the WBG to support Africa with data collection on GVCs; identifying key sectors where GVCs can be developed beyond the current sectors of concentration; establishing functional special economic zones where appropriate; and promoting interfirm linkages, particularly between SMEs and Foreign Direct Investments.

4. We call on the WBG to leverage resources to close financing gaps in human capital development. We reiterate our call for the WBG to catalyze technical support to countries, especially in Fragile, Conflict and Violent situations, to achieve desired human capital development outcomes. We are of the view that success in human capital development rests on ownership of efforts by client countries and solid partnership with development partners and the private sector.

5. We encourage the alignment of country strategies with global development strategies, enhanced collaboration across the WBG and consideration of all factors that enhance returns on investment in human capital development which include capacity building, financing, governance, erecting solid infrastructure and embracing technology. We further encourage investment in health and nutrition, maternal health, early
childhood development including reducing stunting and infant mortality. We look forward to the development of a Global Education Policy Dashboard, that should be aligned with SDGs to enable countries to monitor how well their education systems are oriented towards improving learning and educational attainment for all children. We also call for WBG support in developing national training institutions and implementing business programs focused on improving the productivity of youth and women.

6. Preserving IDA’s financial sustainability given IDA’s concessional financing model to meet client demands is critical for this Constituency which has the largest number of IDA borrowers. We thus endorse the roadmap and Management’s proposal that IDA’s Board of Executive Directors is best suited to conduct the review of IDA Voting Rights considering the time needed and the complexity of the discussions. We, therefore, look forward to the Board of Executive Director’s update to the Board of Governors at the 2020 Annual Meetings.

7. We are deeply concerned with the persistently high rate of joblessness across the world, which is fueling global poverty and contributing to fragility and large-scale migration. The challenge is particularly daunting for Sub-Saharan Africa where the demand for more and better jobs is high and hundreds of millions are underemployed in the informal sector. The sub-region has the difficult task of generating about 14 million jobs per annum up to 2030, compared to an average of only 4 million jobs created over the period 2007-2017. We, therefore, concur with the World Bank Group that economic transformation as a pathway to poverty reduction is critical to creating more and better jobs.

8. We are pleased that the World Bank has tabled this topic for discussion during these Annual Meetings. We acknowledge the Bank’s long-standing support for Jobs and Economic Transformation (JET) agenda through its suites of lending facilities and analytical tools. As we head for the conclusion of the IDA19 Replenishment discussions we call for more resources to implement the proposed ambitious policy commitments that will enable the JET agenda to be fully embedded in all country programs.

9. Finally, we would like to see the framework for JET complementing national development strategies and not adopt a “one size fits all” approach, thus recognizing that countries are at different levels of economic transformation and that their endowment structure varies. We urge the WBG to further support countries by enlarging and connecting markets through deepening regional integration and value chains; investing in demand-driven technical and vocational skills; investing in hard and soft infrastructure; catalyzing spatial transformation through technology; and addressing the sizeable informality of the private sector.