Statement by

H.E. Enoch Godongwana
Minister of Finance
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South Africa

On behalf of the Constituency of Angola, Nigeria and South Africa
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105th Meeting of the Development Committee

April 22, 2022
Washington, DC

We welcome the inclusion of Debt and digitalization issues in the DC agenda.

Public debt has been rising rapidly and is becoming an increasing burden to economic growth and development in our countries.

The relatively higher interest rates, together with projected slower growth and rising cost of capital, is expected to have an adverse impact on debt sustainability in many EMDEs, particularly in Sub-Saharan Africa (SSA).

Swift policy actions are required to reduce debt burdens, hence our appreciation of the urgency attached to this topic.

The efforts of the World Bank Group and the IMF to improve the framework for dealing with debt related issues, including measures to enhance debt transparency and management, should be acknowledged.

The importance of the G20 Common Framework, which provides a coordinated platform for effective debt resolutions, is also appreciated.

We are however concerned that slow progress under the Common Framework is not assisting those in need. It may also deter other countries from applying for debt treatment.

It is critical that Development Institutions remain engaged in fragile situations and continue supporting long-term sustainable development.

We urge the World Bank Group and the IMF to help strengthen communication with creditors, especially private creditors, to bring about meaningful and timely debt resolutions.

These actions alone, however, are not enough.

In the medium term, availability of more concessional finance is paramount if high and unsustainable debt levels, particularly in Middle-Income Countries (MICs), are to be arrested.

Regarding digitalization, we must embrace the opportunities offered by technology. The COVID-19 pandemic has demonstrated the value of digital technologies.
But it has also revealed the yawning disparities between regions, especially in terms of the deployment of
digital solutions, as reflected by the very low level of access to digital infrastructure in many of the
developing countries, particularly Low-Income Countries (LICs).

In this regard, we support the framework of digitalization and development presented in the supporting
document.

We acknowledge the World Bank Group’s efforts in supporting the digitalization in client countries. More
needs to be done. We are concerned about the growing digital divide and urge the Bank Group to target a
faster reduction of this divide. Given the low levels of digital penetration, especially in Sub-Saharan Africa
region, some prioritization in digital investment is necessary.

We are deeply concerned about the humanitarian consequences from the Russian-Ukraine conflict,
including the loss of lives. A protracted conflict threatens to destabilize global economic recovery and
inflict lasting economic damage to Low and Middle-Income Countries.

Our preference is for a diplomatic solution to the problem, and we urge all parties involved to end the
conflict as quickly as possible.

We welcome the announcement by the World Bank Group of a $3 billion package of support to assist
Ukraine and neighboring countries hosting Ukrainian refugees in the coming months.

We acknowledge that the urgent financing needs in Ukraine significantly exceed what the International
Bank for Reconstruction and Development (IBRD) could provide within its prudential limits. We will
encourage management to explore additional options to supplement IBRD’s support.