



DEVELOPMENT COMMITTEE
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Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

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Statement by

**H.E. Ingrid Olga Ghislaine Ebouka-Babackas
Minister of Planning, Statistics, and
Integration**

Republic of Congo

On behalf of the Group II African Countries

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This written statement, on behalf of the Africa Group II Constituency, covers the topics on the Development Committee's agenda, namely: (1) The Food and Energy Crisis: Weathering the Storm; and (2) Achieving Climate and Development Goals: The Financing Question. It also underscores the specific context in which the 2022 Annual Meetings are taking place.

A World in Crisis

We are meeting against the backdrop of market uncertainty and volatility, as the world grapples with concurrent food, energy, and climate crises that have been exacerbated by the war in Ukraine. In view of what appears to be the greatest shock that humanity has experienced in the food and energy sectors in decades, it is estimated that approximately 100 million more persons will fall into poverty in 2022, owing to the combined effects of the COVID-19 pandemic and inflation, while 925 million persons will face extreme food insecurity. This situation affects Africa in particular, which will have to demonstrate significant adaptability if it hopes to tackle this scourge, as food insecurity continues to spread in the Sahel region, the Horn of Africa, the Lake Chad Basin region, and southern Madagascar, to name a few.

We therefore renew our call for the World Bank Group (WBG) and International Monetary Fund (IMF) to coordinate their interventions and use all the crisis response tools at their disposal to provide urgent assistance to the African continent. Protecting the millions of vulnerable households in Africa is a top priority. We urge the Bretton Woods institutions to deploy programs and financing on an appropriate scale, commensurate with the magnitude of the crisis, in the context of multilateral cooperation that is stronger than ever. As such, we applaud the efforts made by the Global Alliance for Food Security, of which the WBG is a stakeholder, to mobilize a global response. More strategic partnerships will have to be forged in the future around these two critical sectors for the global economy, namely food and energy, because only coordinated action will provide decisive responses to the crises.

The Food and Energy Crisis: Weathering the Storm

We are pleased with the quality of the WBG document that focuses on this topic and clearly and convincingly describes the current challenges facing developing countries in the food and energy sectors. We support most of the recommendations proposed in the document to address the food and energy crisis, including the following three priorities: (1) strengthening social safety net systems targeted at vulnerable populations to ensure their access to essential food and energy products; (2) maintaining trade flows and immediately lifting trade restrictions; and (3) strengthening regional integration in trade in agricultural inputs, food, and energy that would ultimately reduce the prices of essential goods and services, diversify the economy, and create jobs.

In light of the demands imposed by the food crisis, we hold the view that the WBG should provide additional financing to our countries to help them secure access to fertilizers and seeds, while creating the conditions to strengthen the agricultural sector in Africa and make it autonomous in terms of food production. We believe that the WBG should also place greater emphasis on mobilizing investments in climate-smart agriculture, as well as in managing the fertility of soils that degrade as they are used. To this end, we urge the WBG to strengthen initiatives that support climate-appropriate agricultural practices and incentives, especially in regions vulnerable to climate change, and have a positive impact on food and nutrition security. We also call on the WBG to deploy innovative programs and tools necessary for the sustainable development of climate-resilient food production systems.

As an international community, we must collectively rethink the overall food security strategy in light of the lessons learned from the crisis. The current crisis therefore challenges and leads us to prioritize the reform of the food system so as to make it more efficient, resilient, and sustainable. It teaches us about the crucial role that investments play in agricultural research to address future shocks, the role of global trade in building economic resilience, and the role of nutrition security to accelerate progress toward the goal of reducing stunting in children, thus preserving human capital.

On the energy front, access to energy remains the priority for our countries. It should be borne in mind that Africa's electricity generation capacity and access rates remain among the lowest in the world, with half of Sub-Saharan Africa's population having no access to electricity. The context of vulnerability and weak purchasing power make it difficult to remove energy subsidies that place a significant strain on State budgets. The availability of infrastructure for the expansion of generation capacity and the strengthening of the transmission and distribution network to support cross-border trade in electricity also remain a major challenge. To this end, we believe that the WBG should intervene more to help African countries leverage their energy resources in order to generate more electricity, reduce costs, and end the energy insecurity affecting the continent. While maximizing the use of existing renewable energy capacity is an option, it may prove to be costly and insufficient to close the energy access gap in a number of our countries and achieve SDG 7: ensure access to affordable, reliable, sustainable, and modern energy for all. The limited financing available to invest in clean energy compounds this situation.

We therefore urge the WBG to be flexible in its approach to the least polluting fossil fuels, in particular natural gas, which is now recognized as a transition fuel toward a low-carbon energy mix. The implementation of a just, gradual, adapted, and equitable transition to a cleaner energy mix, while mitigating the associated risks, will increase the installed capacity that Africa needs to drive its industrial development, achieve its economic transformation, and create jobs. In addition, regional electricity trade will contain energy costs and expand access, while strengthening transmission and distribution networks to support trade flows.

Achieving Climate and Development Goals: The Financing Question

We would like to thank the staff of the World Bank Group for this other document, which underscores the enormous finance needs for climate change adaptation and resilience. It is estimated that low-income countries (LICs) and middle-income countries (MICs) will need between US\$1.7 to US\$3.4 trillion in climate finance per year by 2030 to support their climate action, while annual climate finance in LICs and MICs reached only around US\$425 billion in 2019/2020. Over the long term, this financing gap could push millions of people to become displaced and result in property damage in our countries, thereby exacerbating existing vulnerabilities and threatening the sustainable development of our economies.

In order to close the climate financing gap for developing countries, we believe that the WBG still has a key role to play. We support the priority actions identified in the document and we encourage the institution to develop strong partnerships to bolster this work in order to leverage the combined resources and comparative advantages of all relevant stakeholders, including the private sector. Our countries need to build an even bigger coalition for the promotion of climate change adaptation finance. We deplore the fact that the developed countries have not met their pre-existing commitment to deploy and mobilize US\$100

billion per year in climate finance. We encourage the WBG to continue working with the development partners to ensure that they live up to this promise.

We congratulate the WBG for the design of its flagship analytic work, the Country Climate and Development Report (CCDR), which should enable the WBG to structure its support to countries, in order to minimize the costs of mitigation and adaptation, while enabling public and private investments for climate action. We call on the WBG to ensure that the implementation of the CCDR findings will support our countries to meet their development objectives. We encourage the WBG to continue to develop innovative approaches to climate action, especially by using the CCDR diagnostics to establish co-financing platforms with institutional investors. We also encourage the WBG to develop de-risking tools to attract even more climate financing.

We appreciate the WBG's view on the need to develop appropriate policies, frameworks, and infrastructure that are aligned with climate objectives. Nevertheless, if developing economies are to develop capable institutions and low-carbon (or climate-resilient) infrastructure, they will need a massive injection of financial resources as well as access to technical expertise, two elements that are often in short supply in developing economies, especially in small States. At the same time, reforms to State-owned enterprises (SOEs), especially those targeting climate action in the energy and water sectors, are particularly difficult to implement given the high levels of investment required. Furthermore, even as climate disturbances become more frequent, the financing needs that flow from these phenomena have to be met by our countries against a background of rising food and energy prices, high levels of public debt, and increasing budgetary constraints. Under these circumstances, it becomes even more difficult for developing countries to carry out climate actions.

In view of the fact that the lack of fiscal space is one of the main constraints to climate financing in our countries and because public sector investments in climate financing are likely to raise government debt further, we believe that climate grants and debt relief should be explored. The public good element of certain climate actions is enough to justify the allocation by the international community of increased levels of concessional and grant financing to reduce the cost of climate action in developing countries. It should be recalled that, despite contributing least to global warming with around two to three percent of global CO₂ emissions, the Africa region is nevertheless the most vulnerable to and the most affected by climate disasters.

Finally, we believe that while seeking to maintain its climate financing target through to 2030, the WBG should take the lead in developing a financing framework that is adapted to the specific economic and environmental needs of each country. The WBG should in particular design a multidimensional vulnerability index for the allocation of concessional resources to Small States and to Small Island Developing States.