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 HUNDRED AND SIXTH MEETING
WASHINGTON, DC – OCTOBER 14, 2022

DC/S/2022-0045
October 14, 2022

Statement by

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Republic of South Sudan

For Africa Group 1 Constituency

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The world continues to face various development challenges due to domestic and international factors including but not limited to flooding, drought, the war in Ukraine, and the lingering effects of COVID-19. These challenges have continuously created debates among policymakers about their worldwide social and economic implications, especially for fragile and/or developing countries, including those in Sub-Saharan Africa (SSA). Amid the multiplicity of crises, we highlight the food and energy crises, on the one hand, and development financing and the impact of climate change, on the other, which have emerged as the most urgent.

A. Global Food and Energy Crisis

1. Over the past three decades, and especially in the wake of the Russia-Ukrainian war, food prices rose sharply, severely impacting vulnerable populations in developing countries and thereby threatening hard-earned gains in reducing food insecurity and improvements in other human development indexes. While the current obstacles to the food supply are caused by many factors, the disruptions triggered by the Russia-Ukraine war have put a heavy emphasis on the intertwined nature of the world's energy and food supply chains. The direct use of energy for water irrigation, and agricultural machinery among others has grossly affected the total factor productivity of the agriculture sector thereby disrupting food supply chains including processing, packaging and transportation.

2. The production and use of pesticides and mineral fertilizers as enablers of increased agricultural productivity have also been hampered by the energy crisis. Natural gas is used both as a feedstock and energy source in the production of ammonia (a base material for nitrogen fertilizer). It accounts for 70% - 80% of the operating costs of producing ammonia and urea, which leads to a close correlation of prices. The resultant effect of the interaction between higher energy costs and the corresponding increase in the price of fertilizers is reduced yields and increased food prices.

3. The rise in food prices since mid-2020 has been driven by factors such as a rebound in consumer demand following the Covid-19 crisis, higher agricultural commodity prices, transport bottlenecks, export restrictions on food products, and surging input costs, particularly energy and fertilizers. Russia and Ukraine are key food producers and exporters, together accounting for nearly 30% of world wheat exports and more than 50% of sunflower oil with Africa being one of their export destinations. Since the conflict started in February 2022, Africa has faced food and cooking oil shortages that have left millions of people food insecure. These countries also play a major role in the global supply of fertilizers. The blockade of the Black Sea ports has disrupted exports of food and other goods from Ukraine, while the conflict has put this year's crop harvest at risk.

Implications for Africa

4. According to the World Bank, 2022 was forecasted to be the second-worst year for poverty reduction in decades, particularly for SSA. The poorest are the hardest hit by the crisis because a large

proportion of their consumption expenditure is on food and transport. The World Food Programme estimates that the number of people facing acute food insecurity, a significant proportion of whom are in Africa, more than tripled between 2017 and 2021, and could further increase by 17% to 323 million in 2022 due to the recent food and energy crisis.

5. The continuous distortions in the food and fertilizer markets are likely to have a trigger-down effect on the production and consumption of rice. The scarcity of rice in the African market will affect millions of people and could lead to malnutrition and spiral into social unrest. The World Bank's commodity market outlook also indicates that the rise in fossil fuel prices may continue into 2023, with serious consequences for African countries that have less access to alternative sources of energy and technological means of efficient production.

6. SSA has weak adaptative capacities, is heavily reliant on food and energy imports, has affordability challenges, and will suffer severely from the ongoing crisis. Further, limited import substitutions and fiscal space make it difficult to lower prices and accommodate the rise in inflation. The use of stimulus packages, tax breaks, export restrictions, and subsidies to mitigate the higher prices of affected commodities has yielded minimum results while stagnating growth in other sectors. It is difficult for us to implement other national development goals under these devastating economic conditions borne out of natural and manmade crises without external assistance.

7. Countries in fragile and conflict situations (FCS), Small Island Developing States (SIDS), and Low-Income Countries (LICs) are highly vulnerable to the current crisis due to compounding pressures from the balance of trade deficits. The ongoing food and energy crisis have exposed the weaknesses of their macroeconomic structures and capacity to absorb global shocks, build resilience and recover from the crises. Resolving this plethora of economic paralysis will require in the immediate term, both humanitarian assistance and concessional financing proportionate to the shocks. In the long run, additional support will be needed to rebrand, rebalance and re-engineer these economies to build resilience against current and future shocks.

Short and medium-term responses concerning the food and energy crisis:

Food Sector:

8. We call on the WBG to develop and fund an Emergency Food and Energy Program for Africa as part of its global response to the ongoing food security crisis to:

- Increase support for short- and long-term investments in food security;
- enhance food and fertilizer production, enhance food systems, facilitate greater trade by enhancing agricultural value chains, and support vulnerable households and producers;
- Support African countries with comparative advantage to produce and export surplus food to reduce food insecurity in other parts of Africa and the rest of the world;
- Support livestock and animal production using climate-friendly and modern technologies;
- Collaborate with regional institutions, such as AfDB and Exim Bank of Africa, in the development and implementation of this plan;
- Invest substantially in climate-smart agriculture, especially investment in irrigation infrastructure, and innovative technologies that will build capacity and lead to increased production through an integrated process that also benefits Africa’s small-scale farmers;
- Scale up and implement the World Bank East Africa Food Security and Resilience Program;
- Develop and support programs for the rapid production of cereals, oil seeds, and other demand-driven commodities; and
- Collaborate with key continental institutions, such as AfCFTA Secretariat, and other regional bodies to launch a digital trade platform to pool-procure bulk basic commodities and ensure securing better terms for countries to access scarce commodities supplies.

9. We also urge the IFC, in partnership with MIGA to increase support to the agriculture sector, especially in producing fertilizers, and grains and the construction of storage facilities in MICs and LICs. This could help in strengthening countries' resilience to absorb short-term supply shocks of staple foods and fertilizers.

10. We call on BWIs to advocate for agricultural policies in advanced economies that do not adversely affect LICs' agricultural production and access to international markets.

Energy Sector:

11. We call on the WBG to provide strong support to African countries which aim to:

- Accelerate the energy transformation and pursue ambitious renewable energy targets as a basis for long-term prosperity;
- Collaborate with governments, multilateral organizations, such as AfDB, and existing national, regional (AfCFTA Secretariat, COMESA Secretariat, Africa Electrification Initiative, Horn of Africa Initiative, etc.), and global initiatives, such as the International Renewable Energy Agency (IRENA) and other African Power Pools to support the clean energy transition in Africa;
- Establish Public-Private Partnerships for cost and risk sharing to attract private sector participation and financing;
- Support governments to create an enabling policy and regulatory framework that can catalyze investments into renewables and maximize socio-economic benefits;
- Expand regional grid integration and power trade through regional planning, harmonization of standards and procedures, equitable commercial terms, and coordination at the power pool level;
- Encourage renewable energy deployment in the industry, transport, health, and social sectors through dedicated policies and initiatives; and
- Reduce perceived risks and create an enabling business environment to attract investments (either foreign direct investment, local or official development assistance) into the energy sector.

12. For the longer term, we urge the Bretton Woods Institutions (BWIs) to support Africa to develop and implement programs, policies, and regulatory environments that will focus on improving climate resilience, reducing the risks of conflicts, and attracting private sector and foreign direct investments in climate-smart agriculture and renewable energy with more emphasis on technology transfer.

13. Global partners are pivotal in ensuring that Africa is included in the conversation on supply chain resilience. To demonstrate leadership and ownership over its development, Africa commits to developing a more secure and stable business environment to facilitate the production of crucial commodities, increase productivity and cultivate stronger intra-African trade links to ensure food security. We also commit to developing our abundant renewable energy resources to help accelerate economic growth and development while ensuring equitable access to modern energy services in an environmentally sustainable manner. In this regard, fellow African countries are encouraged to design sustainable support structures to protect the most vulnerable citizens from rising food prices. Subsidies and safety nets and transfers must be carefully designed to target vulnerable groups including women and the youth.

B. Achieving Climate and Development Goals: The Financing Question

14. Although Africa's contribution to global warming is the least, climate change is increasingly affecting the Continent, particularly, the poor and most vulnerable populations. It contributes to food insecurity, population displacement, migration, and social unrest and puts stress on scarce resources including water. In recent years, the continent has experienced increased incidents of devastating floods, desert locust infestation, desertification, and droughts, which have resulted in famine, stunting, starvation, and loss of livestock. The inability of developing countries to fully address these

challenges through economic means has given rise in several instances to conflicts and political instability and in a few cases used as the rationale for military coup de 'tat.

15. The latest estimates, covering the five years from 2020 to 2024, indicate continued warming, decreasing precipitation, especially over Eastern and Southern Africa, and increased precipitation over the Sahel. This trend is expected to continue until the end of the century. It is expected that these extreme weather conditions could lead to the migration of more than 216 million people, within their own countries by 2050 and the migration of millions of others internationally, thereby exacerbating existing vulnerabilities and fragility.

16. The Inter-governmental Panel on Climate Change (IPCC) notes that climate change has reduced economic growth across Africa and increased income inequality between African countries and those in temperate northern hemisphere climates. The World Bank estimates that low-income countries (LICs) and middle-income countries (MICs) will need between $1.7-$3.4 trillion in climate finance per year by 2030 to support their climate action plans. According to the Global Adaptation Centre "*Financial Innovation for Climate Adaptation in Africa"* - August 2022, the Nationally Determined Contributions (NDCs) of 51 African countries cumulatively indicate a need for an estimated $579 billion in investment for adaptation through 2030. This does not compare to the $11.4 billion in tracked adaptation finance to Africa on average annually from 2019 to 2020. If this trend were to continue through 2030, cumulative adaptation finance would be $125.4 billion - less than one-quarter of the estimated needs stated in NDCs. Consequently, there is an urgent need to increase both the volume and diversity of capital available for adaptation in Africa.

Responses concerning climate finance in Africa:

17. We call on the WBG to develop a Financing Program for Africa to deliver rapid responses and mitigation of present and adaptation to future impacts through:

- The development of early warning systems to monitor and take preventative measures against the negative impacts of climate change;
- Identifying and managing climate transition risks through formulation and implementation of National Adaptation Plans in African countries;
- Facilitating access to green and affordable climate financing. In this context, we urge the WBG to prioritize support to Africa as it implements its 2nd Climate Change Action Plan (CCAP, 2021-2025), which aims to increase climate finance to reduce emissions, and strengthen adaptation, by investing in climate-resilient infrastructure and supporting green, resilient, and inclusive development;
- Enhancing Africa's capacity for climate action, boosting resource mobilization efforts and scaling up the pipeline of adaptation projects so that the Continent does not end up disproportionately paying for climate change;
- Collaborating with other MDBs and global partners to enhance their financing for Africa's adaptation to levels commensurate with their needs. In this regard we also urge the BWIs to collaborate across their respective areas of comparative advantage, including on green budgeting and greening the financial sector;
- Collaborating with regional institutions, such as AfDB, and the World Metrological Organization, in addressing the gap in reliable and timely climate information for adaptation planning in Africa, as well as with the African Regional Economic Communities (RECs) and IFIs to launch a regional climate adaptation plan for Africa; and
- Strengthen Africa's capacity in increasing its forest cover with commensurate benefits from the carbon credit markets.

18. We also urge the IFC, in partnership with MIGA, to provide financing instruments to increase energy production and distribution, and private sector participation in the implementation of green and climate-friendly projects.

19. Finally, we reiterate our call on the BWIs, in collaboration with other IFIs, to facilitate inclusive debt relief and restructuring commensurate with the resources required to recover from the impact of climate change and the compounding crises (including for countries still in arrears).