Statement by

Mr. Tendai Biti

Minister of Finance
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1. Introduction

The global economy has continued its recovery since the financial crisis, although at slower pace compared to last year, largely due to the fiscal crisis in the Euro Zone and high food prices in some parts of the world. Nonetheless, growth in Sub-Saharan Africa (SSA) remained reasonable mainly on account of sustained public spending on basic infrastructure, higher commodity prices, resilient domestic demand, and rising private consumption. In addition, the improved macroeconomic environment and political stability in recent years have attracted increased foreign direct investment (FDI), especially in the telecommunications and financial services sectors as well as in the extractive industries.

Despite the moderate growth prospects in the medium-term, the African countries still face considerable downside risks and challenges, which include susceptibility to global economic developments and domestic policy challenges related to poverty reduction and underdevelopment in general. The challenges above underscore the importance of sound and counter-cyclical policies. In this regard, we consider the agenda and the main themes of the 2012 Development Committee (DC) Meeting, namely, (i) Jobs, (ii) Managing Disaster Risks for a Resilient Future, and (iii) Gender Equality, relevant and timely.

2. Creating Jobs Good for Development: Policy Directions from the 2013 WDR on Jobs

The reasonable growth rates posted by many African countries in recent years have not generated enough jobs to meet the growing demands of the labor market, especially among the youth. High youth unemployment remains a major risk to socio-economic and political stability in our countries. This calls for an urgent scaling up support to our countries to develop appropriate responses that include policies for job creation, access to finance and gender balance in every sector.

We therefore welcome the main messages of the World Development Report (WDR) 2013 on the need for a cross-sectoral approach to creating jobs; better diagnostics and evidence-based decision making; and capacity building. The problem, as highlighted in the Report, is a multifaceted one. Accordingly, we call on the WBG to operationalize the key recommendations of the Report. This should be done such that there are synergies with our own efforts.

The importance of a cross-sectoral approach towards job creation can hardly be overemphasized. In Africa, manufacturing and agriculture sectors have a huge potential to serve as major sources of job creation. The same is true of infrastructure, especially in the energy, transportation and water sectors. We therefore urge the World Bank Group (WBG) to buttress our efforts and accelerate development of these sectors. In manufacturing and agriculture, enhancing the whole value chain and beneficiation and improving agricultural productivity are urgent imperatives. This also should include small-holder farmers and small-scale manufacturing industries, including agro-industries. In the area of infrastructure development, we call for an accelerated implementation of the new infrastructure strategy that expands the traditional infrastructure engagement in the core areas of water, transport, energy and ICT towards a
transformational approach that addresses cross-sectoral issues and broader development challenges that include the creation of good jobs for sustainable development. In this context, it should be noted that our countries are committed to taking the policy measures necessary to create conducive environment for the private sector to develop and promote public private partnerships (PPPs) wherever possible and appropriate. We also call on the IFC and MIGA to step up their operations in the region to complement our efforts.

3. Managing Disaster Risks for a Resilient Future - The Sendai Report

In the wake of increasing trends of natural disasters in recent years, the imperative for concerted and sustainable measures to enhance resilience is profoundly important. In the African context, drought and floods continue to haunt our continent and the recent crises in the Horn of Africa and the Sahel area present a stark reminder of the devastation natural disasters can cause.

As a continent, we remain most vulnerable and least able to cope. As these hazard-prone disasters are most likely to reoccur, some African governments are adopting national programs to minimize associated impacts through various safety nets programs and recovery mechanisms. Unfortunately, these measures alone are neither adequate nor universal. Therefore, an efficient overarching institutional framework and operational capacity are essential, including enhanced role and functioning of our regional institutions, not only to respond to the situations, but also to serve as an early warning and preventive instrument. The cardinal point being that it is less costly to employ adaptation than mitigation of impacts of a disaster, both in terms of human suffering and resources.

We therefore call for scaled up and continued support of the WBG in our efforts to develop the necessary capacity to better assess and effectively manage disaster risks without undermining development priorities. On our part, we commit to enhance our efforts to put in place firm institutional arrangements to better coordinate, establish early warning and preventive mechanisms.


We recognize that gender equality is a long-term objective, and our Governments remain committed to achieving these goals. In this regard, we note the continued challenges faced by our women, including access to education and finance. We, therefore, welcome the Bank’s efforts to mainstream gender in its operations, as evidenced by its inclusion in Country Assistance Strategies (CASs) and the increase in the share of lending that is gender-informed from 54 percent to 83 percent in FY10 and FY12, respectively.

In this context, since many of our countries are predominantly agricultural, and women form the bulk of the work force in this sector, with limited access to credit, land and inputs, we urge the Bank to ensure that the forthcoming Agriculture Action Plan includes measures to address those aspects.

5. Mobilization of Resources for Financing Development

Addressing the structural and multifaceted development challenges facing our countries requires huge financial resources. As has been estimated, Africa currently faces a daunting annual financing gap of US $93 billion for financing infrastructure development alone. In the face of the rapidly changing landscape for development finance, spurred in part by lingering economic and fiscal difficulties in traditional donor countries, this gap could widen even further. There is, therefore, an urgent need for innovative financing models to leverage current funding approaches through new instruments and new sources. While some African countries are individually making significant progress in funding infrastructure investment through domestic revenues and local capital markets, official development assistance (ODA) remains the main source of financing development in many African countries.
We therefore call on the World Bank to continue to work with other development partners and our countries on innovative financing mechanisms. We encourage the Bank to look into modalities for attracting surpluses in emerging markets, including sovereign wealth funds, remittance, and Islamic finance.

Relatedly, a few of our member countries do not qualify for any form of ODA as a result of debt and arrears. It is therefore important that this issue be addressed as a matter of urgency. In this context, we urge both the Bank and the Fund expedite the ongoing arrears clearance program.

Further, it should be noted that even for countries described as Middle Income Countries (MICs), the challenges of development are similar to those of the Low Income Countries (LICs). However, the MICs are disadvantaged under the current arrangement. Therefore we call for a review of the funding structure and support to accommodate these countries’ needs.

6. Conclusion

In conclusion, we would like to reiterate our national Governments’ strong commitments to sustaining our development and reform programs and policies that are yielding visible results. We also remain committed to allocating prudently the necessary public funding for development programs.

However, lack of sufficient resources to finance our development initiatives is seriously undermining our resolve to promoting growth and hence poverty reduction. We need to once again underscore that the financing gap faced by our countries is huge and impossible to be met solely from domestic resources. Accordingly, as we express our appreciation to our development partners, including the WBG for their partnership, we would like to reiterate the need to further strengthen this partnership for enhanced mutual benefits that come from reduced poverty and sustainable development.