Statement by

Mr. Nhlanhla M. Nene
Minister of Finance

South Africa

On behalf of the Constituency of Angola, Nigeria and South Africa
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Global Economy

We are concerned about the prevailing uncertainty in the global economy, with growth prospects being marred by downside risks. These risks are not just reflective of cyclical weaknesses but point to structural limitations that need to be addressed, in both advanced economies (AEs) and emerging markets and developing countries (EMDCs). We are particularly concerned that the low growth being experienced may become the “new normal”. The robust growth experienced in the last two decades in Africa, spurred by high commodity prices, improved governance and enhanced macroeconomic management, among others, contributed to a significant increase in the per capita income of many countries on the continent. Sustained growth and economic progress on the continent is however challenged by a number of factors, including the direction and divergence of monetary policy in and between high-income countries, exacerbation of geopolitical tension, a slow down in growth of large systemically important emerging market economies, stagnation in the high-income countries and health concerns, specifically the outbreak of Ebola.

At the outset, we would like to acknowledge the important role the World Bank Group (WBG) is playing in partnership with the World Health Organization, the United Nations, International Monetary Fund (IMF) and African Development Bank, among others, in containing and eliminating the Ebola virus. We echo the sentiments of President Kim, where he noted recently that the pandemic brought to the fore the ‘deadly cost’ of unequal access to basic health services and the consequences of the failure to fix this problem. Much more needs to be done to contain and eradicate this deadly virus, we therefore call on the international community to do more, to avoid further human and economic losses, which in turn threatens to erode the positive gains made to date in the three worst affected countries of Liberia, Guinea and Sierra Leone, with the possibility of wider contagion effects in the rest of the region and beyond. On our part, we will continue to contribute within our means, noting that Nigeria and South Africa have provided support.

Shared Prosperity

The outlook of the global economy is particularly important for the WBG’s twin goals of ending extreme poverty and boosting shared prosperity, endorsed a year ago by the Development Committee (DC). When the DC approved these twin goals, there was optimism with regard to the growth forecast, despite downside risks. The World Bank has however revised the projected global growth downward, four times from June 2013 to date. Growth is central to achieving the twin goals. As we ponder the future of global growth, the DC topic of “Promoting Shared Prosperity in an Unequal World”, gives us an opportunity to
reflect on how to make it more inclusive, by ensuring that the bottom 40% also benefit from the gains of economic growth. Discussion on this topic, we believe, is beneficial to both AEs and EMDCs.

We therefore welcome the timing of this discussion and commend the Bank for its analysis of the key challenges on the issue of shared prosperity, the on-going work and positioning of the WBG to assist client countries, as well as President Kim’s leadership role in this regard. We concur with the Bank’s main findings on the significance of jobs and the private sector, investing in people and social safety nets and inclusive growth in addressing challenges to promoting shared prosperity. We therefore agree with the Bank that countries face a three-fold agenda of enhancing human capabilities and building assets of the bottom 40%; improving access to markets; and strengthening tax and tax transfer systems. The journey in terms of how countries get to the point of identifying the most appropriate responses is particularly important, since it will vary from one country to another and region to region.

Understanding the dynamics of our particular countries, including the adequacy of data and prioritization of policy choices, as well as the linkages between polices, among others, is critical for the structural transformation of our economies. To this end, we note the reorganization of the Bank’s structure, with a focus on becoming a knowledge repository particularly in reflection to what policy choices and interventions work; the new Country Engagement Model (CEM), focusing on providing in depth analyses of the key challenges and opportunities in focusing on the bottom 40% of our respective countries, with the Bank targeting its assistance to where it has a comparative advantage; and enhancing the Bank’s lending capacity.

We also welcome the 2014 Global Monitoring Report (GMR), which we find extremely informative in outlining the progress and challenges to achieving the Millennium Development Goals (MDGs). The report is particularly significant because it incorporates the WBG’s twin goals in its assessment, as well as monitoring shared prosperity in developed countries, making this year’s GMR a truly global report. In addition to noting that the MDGs will not be achieved by 2015, the report is also not optimistic about the future prospects of eradicating extreme poverty by 2030. Achieving the WBG’s corporate goals will therefore require a significant shift in growth patterns, including engaging closely with client countries on what needs to be done, the Bank will also need to increase its engagement and partnership with global and regional entities to deliver what is considered a global public good.

**Macroeconomic Developments in Low-Income Developing Countries**

We note the IMF’s recent release of a report on the macroeconomic developments in low-income developing countries (LIDCs). We look forward to further engagement with the WBG and the IMF not only in assisting LIDCs in developing appropriate comprehensive responses to these challenges but also putting in place metrics that assist us in tracking progress.

**Gender Progress Report**

We note the progress made in the integration of gender equality in the operations of the WBG and we look forward to the revised gender and development strategy.

**Diversity of the World Bank Group**

The on-going change process not only provides an opportunity for the WBG to make important internal changes regarding the way it does business; it is also an opportunity to entrench diversity and inclusion as a culture of the WBG through matching words with actions. We want to see an organization that is diverse, one that includes gender, regional representation and a range of educational institutions from around the world, at all levels of the WBG. This adds richness to what the Bank has to offer. We look
forward to seeing concrete efforts on this matter by the next meeting of the DC, with further updates on progress on a regular basis.