Statement by

Hon. Matia Kasaija
Minister of Finance, Planning and Economic Development

Uganda

For Africa Group 1 Constituency
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1. Introduction

Sub-Saharan Africa (SSA) has continued to show impressive growth rates, though well below rates necessary to effectively reduce poverty and address income inequalities in the countries. Many of our countries are still facing a number of challenges, including high unemployment, shortage of energy, food insecurity, climate change, lack of access to trade opportunities, and recently, low prices for oil and non-oil commodities. All these factors add to our existing development challenges, which translate into poverty. To attain necessary growth rates and improve livelihoods, our countries continue to focus on economic transformation to tap into their natural and human resources potential and comparative advantages in various sectors, including agriculture and energy. Against this backdrop, we cannot overemphasize the value we place on building stronger collaboration with our development partners to attract quality long-term investments with a view to modernize our economic structures, and boost real GDP growth rates in our countries.

2. Development Financing and the Post-2015 Development Agenda

We welcome the Development Committee (DC) paper on the Post-2015 Financing for Development. Indeed, the focus of the Multilateral Development Banks (MDBs) and the International Monetary Fund (IMF) on partnering with developing countries to move beyond the traditional financing framework is a welcome paradigm shift to unlock resources needed to achieve the Sustainable Development Goals (SDGs).

This partnership is very important for Africa - a continent that has a large financing gap to support its current economic growth and fund its transformation. In the face of limited Official Development Assistance (ODA) flows, we reiterate our call for flexibility in the MDBs and IMF financing and lending policies. Specifically, for the World Bank Group (WBG), we urge that actions be taken to increase access to IBRD enclave lending to our countries. We also call on WBG to exploit its Balance Sheet to extend IBRD lending to performing IDA-only countries and leverage the equity on IDA’s Balance Sheet to scale up support to all IDA clients. In the same vein, while recognizing the need to maintain debt sustainability, we call for flexibility in the debt limits and in the WBG’s non-concessional borrowing policy.

Relatedly, we call on development partners to deliver on their ODA commitments in support of sustainable development in developing countries. We cannot overemphasize the need for expanding access by our countries to available resources as well as for the establishment of instruments and mechanisms that would help our countries build resilience to adverse shocks, including for social protection. In this regard, climate-related financing must be protected from any associated conditionality.
The current debate on resource mobilization also seems to be overlooking the full extent of the problem of illicit financial flows, which constitute a major leakage of vital resources and untapped source of funding for our countries. The estimated annual loss of over $50 billion by Africa in illicit financial flows, as reported in the recent *Mbeki Report*, should receive urgent global attention and concerted actions especially in the context of the Continent’s dire poverty indicators and glaring financing gaps. The *Mbeki Report* makes clear recommendations on the role institutions such as the WBG can play in this matter. We find merit in the recommendations for multilateral institutions to bring their global knowledge on tax transparency and expertise in building national capacities to monitor and curb tax base erosion. Therefore, as we focus on domestic resource mobilization, we call on the Management of Multilateral Development Institutions, especially the WBG, to take the lead in global efforts to reversing and curbing these flows which are depriving our countries of much needed resources to end poverty.

3. **Implications of Declining Oil and Other Commodities Prices**

During the past year, we have witnessed an unprecedented drop in the prices of oil, as well as those of some minerals. Non-mineral prices, especially for agriculture commodities have, however, remained strong though prospects of the prices remaining high could be undermined by falling incomes, particularly in countries that have experienced a negative price shock in key export commodities.

Regarding the low oil prices, we remain cautiously optimistic about their long term impact on our economies, given also the decline in major primary commodity prices. That notwithstanding, we are concerned about the impact of the drop in oil prices on our oil-producing countries, as they are likely to experience a huge deterioration in their fiscal and external accounts. The latter affects the delivery of urgently needed economic and social services in countries still facing internal challenges, such as Sudan and South Sudan, which entirely depend on oil revenue to meet their fiscal commitments. This development has also the potential to reverse gains realized so far in some of our countries that are struggling to emerge from conflict.

In this regard, we call upon the WBG and other development partners to step up engagements with these countries to facilitate their efforts in adjusting to the evolving dynamics of the oil market. We strongly urge the WBG to assist South Sudan and Sudan to diversify their economies away from oil, partly through budgetary support and investments in their private sector, whereby IFC and MIGA can play an important role.

4. **World Bank Support to Health and Other Emergencies and Risks**

We appreciate the WBG response to the Ebola crisis in Guinea, Liberia and Sierra Leone. With the unprecedented scale of the outbreak in these countries, the relatively weak national health systems and the unpreparedness of the international community, the disease has had a devastating impact on human lives and their economies.

While progress has been made in combating the disease, the general situation offers lessons for the international community and national authorities. Efforts to combat the disease must be sustained in order to avoid a recurrent outbreak. Enhancing the preparedness of developing countries and the international community deal with future pandemics must be strengthened for a much more effective, efficient and timely response. We concur with the evolving consensus that success in such endeavors critically depends on the availability of robust health systems in our countries and adequate financing.

We, therefore, welcome the WBGs’ commitment to invest in strengthening public health capacities throughout the developing world by continuing to frontload IDA/ IBRD and Trust Funds resources, as
well as develop new instruments with private sector participation. We also note that the WBG has initiated the articulation of a Pandemic Emergency Facility (PEF), with the capacity and design to disburse funds speedily to countries and other entities to carry out critical and timely response functions to the outbreak of pandemics in the future. We urge the WBG to fast track the setting up of the PEF. In this regard, and more specifically, we call on the WBG for the actualization of the Marshall Plan, which the affected countries need to complete the recovery from the crisis as well as for their economic development. More generally, the WBG needs to allocate more resources, enhance and fast-track support to help our countries manage natural risks, including drought and flood, as well as to ensure food security. In the same vein, we call on the WBG to strengthen its partnership with the relevant UN agencies to help overcome security challenges that some of our countries are confronted with at the moment.

5. The World Bank Group Change Process

We take note of the progress on the WBG Change Process. We also note that the Bank’s new model of engagement with client countries through Country Partnership Framework (CPF) and Systematic Country Diagnostics (SCD) is taking shape. The Global Practices (GPs) are in place and the Monitoring and Evaluation Framework (MEF) has been finalized. Mindful that it may take some time for these structures to be operational to their full potential, we reiterate our expectation for the Change Process to deliver in terms of shortening the project cycle. We also expect the Process to strengthen decentralization so as to empower managers and staff in the field to become more efficient and flexible in terms of service delivery. Moreover, we urge the WBG to prioritize the implementation of regional projects that would promote regional integration and help our countries pool resources towards promoting development and shared prosperity.

We understand that the Expenditure Review (ER) and the New Budget Framework (NBF) are aimed at strengthening WBG’s financial capacity and improving resource utilization across the institution. Notwithstanding this, we reiterate that it is imperative to simplify and streamline internal processes and procedures to ensure quicker and efficient flow of human and financial resources.

As we proceed with the discussions on 2015 voice reforms in the WBG, we continue to call for principles and processes that would lead to a balanced outcome which does not dilute the gains of the 2010 reforms, especially with regard to the voice and representation of small, poor and underrepresented member countries.

6. Other Recurring Development Issues

Diversity and Inclusion: We are encouraged by President Kim’s positive response to our call in the 2014 ‘Memorandum of African Governors to the President of the WBG’ for concrete measures to achieve the set diversity targets for SSA nationals at all levels in the institution. We also welcome the commitment expressed by the President to raise the share of African managers in the WBG and the specific timeline within which the WBG intends to meet the set targets. Similarly, we note the additional measures the WBG is taking to identify and recruit staff from SSA through the Fellowship Program (FP) targeted at talented Africans and the efforts to diversify the pool of candidates for the Young Professional Program (YPP) and the Youth Recruitment Programs (YRP). We look forward to tangible targets and results being delivered going forward.

Support to Africa’s Middle Income Countries (MICs) and Small Island Developing States (SIDS): Middle Income countries in SSA continue to face major development challenges, including high levels of poverty, poor social standards, especially in education and health sectors. While we recognize the WBG’s interventions in some of the African MICs, we would like to, once again, call on the WBG to come up with a clear strategy tailored for long-term solutions to address the challenges these countries are facing.
Similarly, we welcome the WBG’s Small Island States Resilience Initiative, and look forward to the effective implementation of this initiative. Relatedly, we note the call on the WBG made at the Small States Forum 2014, to leverage climate change funds more effectively for sustainable development.

**Debt Relief:** We are greatly concerned about the continued delays and indecision by the development community to complete the debt resolution process for heavily indebted countries namely, Eritrea, Somalia, Sudan, and Zimbabwe. It is the right thing to do, and a matter of fairness, not to leave any country behind as we all strive towards the achievement of the WBG’s twin goals. We thus call on the Bank to urgently champion the debt relief initiative for these countries using the provision set aside in IDA 17 Replenishment. Indeed, we strongly believe that action should be taken now in favor of full debt cancellation, including for the recently Ebola-affected countries to enable them use freed-up resources for supporting their development efforts.

**WBG’s Environmental and Social Safeguards Policies:** We recognize and agree with the objective of the WBG’s safeguard policy, which is to protect people and the environment, and welcome the consultative process in the review of the Environmental and Social Safeguards Policy. We, however, cannot overemphasize the need to recognize the heterogeneity among the WBG’s member countries, with the view to avoiding unintended negative consequences if the policy is applied in a ‘one-size-fits all’ approach. In particular, we expect that our countries’ distinct values and cultures as well as national Constitutions be respected. In this regard, we urge the WBG to give due consideration to the views and opinions expressed by our countries on the issue of ‘Indigenous Peoples.’

7. **Conclusion**

Africa needs sustainable development financing, to fund its development strategies which define the aspirations of our people in the 21st century. In this context, we, as African policymakers, reaffirm our commitment to strengthen our efforts on domestic resource mobilization, including reversing illicit financial flows and in leveraging private capital, as a means to complement ODA, and with the aim to diversify the sources of our development finance. We reiterate our resolve to continue to coordinate our efforts and engage with different development partners, and call on the WBG to spearhead efforts in finding innovative instruments to finance our development initiatives.