Statement by

H. E. Matia Kasaija
Minister of Finance, Planning and Economic Development
Uganda

For Africa Group 1 Constituency
1. **Introduction**

   After a decade and half of robust economic growth, Sub-Saharan Africa’s (SSA) economies have slowed down, as the region’s economic growth has on average decelerated, and is projected at 2.5 percent in 2016 – the lowest rate in 17 years. Our countries continue to face severe headwinds, which include lower commodity prices; weaker trade volumes; climate change, including El Nino-induced droughts and floods; and internal conflict in some countries. These headwinds counter our efforts to sustain progress in our pursuit of economic and social development, including attaining the Sustainable Development Goals (SDG), ultimately putting our hard won economic gains at risk.

   In spite of that, our countries remain resolute and continue their efforts to be true to the emerging narratives of ‘Africa Rising’ and ‘Aspiring Africa.’ As such, we reaffirm our determination and intensify our efforts to reduce extreme poverty and promote shared prosperity in line with the World Bank Group’s (WBG’s) twin goals, through policies that preserve macroeconomic stability, promote inclusive growth and create employment opportunities, particularly for the youth and women. These efforts will require enhanced collaboration with our development partners, including the WBG, in terms of both financial and technical assistance. It is against this background that we welcome the ‘Forward Look’ exercise that recognizes the evolving development landscape and the need for the WBG to remain fit-for-purpose to all its clients.

2. **Forward Look**

   We endorse the vision of the ‘Forward Look,’ as we focus on achieving the SDGs in the midst of lingering and emerging challenges. We welcome its focus on the poorest countries that most need support, including those specifically affected by fragility, conflict and violence. The ‘Forward Look’ should ensure that the WBG is fit for purpose. We agree that continued in-depth evaluation and regular adjustments to policies, practices and staff incentives would be important to make the WBG, less bureaucratic, more efficient and sustainably effective. We also agree with the complementary measures to ensure that the WBG’s financial capacity is significantly strengthened and that funding support, through enhanced concessional financing facilities, are strategically deployed to meet the multifaceted needs of its clients, and targeted to areas of the world that needs most of such support. We are pleased to note that this approach would include appropriate mechanisms to address the challenges of Middle Income Countries (MICs), Small States, Sub-national clients and State-Owned Enterprises (SOEs) as well as to more effectively engage with the private sector. In this regard, while we appreciate the recently produced paper, captioned ‘WBG Engagement with Small States: Taking Stock,’ much more needs to be done in terms of specific strategy and targeted operations to address the unique needs of Africa’s Small States. We urge the WBG to
take the necessary actions as a commitment to this cause. Focus should also be placed on the needs of Africa’s MICs in achieving the WBG’s twin goals, accessing capital for development and for withstanding external shocks. To support the realization of the vision, therefore, we call for a robust IDA18 Replenishment, adequate capital base and enhanced instruments, products and services of IBRD, IFC and MIGA.

3. The 2015 Shareholding Review

We welcome the proposed Dynamic Formula, which represents an important milestone towards the completion of the 2015 Shareholding Review, and endorse the package of commitments contained therein. We appreciate that the Dynamic Formula aims to ensure a more transparent, objective and systematic approach to share allocation during future shareholding reviews. However, when the formula is applied to our Constituency countries, in all the scenarios of the ‘Calculated Shareholding’, we note that there is a serious dilution of our countries’ shareholdings. It is, therefore, evident that without complementary measures, the Dynamic Formula will not meet the fundamental objectives of the 2015 Shareholding Review, which are to increase both the diversity within the WBG and voting power of developing countries over time, and to protect the shareholding of the smallest and poorest countries. Meeting these objectives in the next phase of the review will be important for the legitimacy, credibility and effectiveness of the WBG. In line with the 2009 Istanbul Principles, and in the spirit of SDG10.6 target, we endorse the proposals to address the shortcoming of the Dynamic Formula through Basic Votes and issuance of Selective Capital Increases (SCIs). We also call for additional measures, including placing caps on dilution, and commitment on forbearance. The outcome of the review should therefore not reduce the voting power of Developing and Transition Countries (DTCs). We are looking forward to the fulfilment of these commitments.

4. IDA18 Replenishment

We look forward to a successful and robust IDA18 Replenishment in December 2016. We consider this replenishment as the first opportunity for donor partners to make concrete their commitment to match the ambitions of the 2030 Agenda for the Low Income Countries (LICs). In this regard, we welcome and support the innovative approaches to increase IDA financing, which effectively makes use of its balance sheet. We welcome the proposed doubling of funding to foster increased engagement in Fragile and Conflict-Affected States (FCSs), scale up financing for climate change and related natural disasters, which continue to increase in frequency, intensity and duration. We also consider appropriate the special themes for IDA18 relating to economic transformation, job creation, and private sector development, gender mainstreaming, and strengthen governance and institutions building. The proposed instruments such as the Risk Mitigation Regime, Regional Window with a Set Aside for Refugees, Catastrophic Risk Deferred Drawdown Options for IDA clients and the IFC-MIGA Private Sector Window are welcome as they would offer a paradigm shift in the IDA delivery toolkit. We, however, expect that support for internally displaced peoples, would be incorporated in one of the crisis response instruments proposed. We welcome the proposed support to recent graduates and IDA18 graduating countries, through the Transition Support and call on IBRD to take on a much more formidable role in the overall graduation process going forward. We call for sustained cooperative synergies between IBRD, IFC and IDA, including a principle-based approach to net income transfers from IBRD to IDA.

5. WBG Environmental and Social Safeguard Framework (ESSF)

We note the new Environmental and Social Safeguards Framework (ESSF), which has emerged from an elaborate consultative process, including with members of our Constituency. We particularly appreciate the basic features of the Framework that recognize our countries’ distinct values and cultures, as well as the national laws and Constitutions. In the preliminary phase of its implementation, we urge the
WBG to work closely with national authorities, in preparing country specific plans to capture countries’ sensitivities. We also urge the WBG to put in place an effective capacity building program that aims to address borrowers’ capacity bottlenecks, while enhancing the use of their own frameworks. At the same time, we urge the WBG to work on guidance notes to help staff and borrowers, in the interpretation and implementation of these standards. In this regard, efforts should be made to ensure that any additional and unintended costs to borrowers are averted.

6. Migration and Development

We note the proposed WBG’s role in the global agenda on migration and development, and welcome the four areas in which the WBG will contribute to addressing this global challenge. We support the mainstreaming of migration and its operationalization through the Country Partnership Framework (CPF) and the Systematic Country Diagnostics (SCD). We welcome the diagnostics on the drivers of migration, as well as the analysis of benefits and risks for countries of origin and destination. Knowledge and data services will be particularly pertinent for many of our countries to improve the frequency and quality of data for overall macroeconomic management. It will also be important for evidence based policy formulation and management of the benefits and mitigation of risks of migration.

7. Other Recurring Development Issues

a. Debt Relief: We have been following with keen interest the efforts being made with respect to the re-engagement with the Republic of Zimbabwe, Federal Republic of Somalia, Republic of Sudan, and the State of Eritrea. However, we are concerned that without concerted efforts to fast track the process, there is little prospect for any of these countries to reengage within the IDA17 window. Consequently, we reiterate our call on the WBG to take the lead in rallying development partners to provide urgent debt relief to these countries, including the use of the arrears clearance provisions in the current IDA 17 cycle.

b. Diversity and Inclusion: We welcome the progress made through recruitment missions to Africa and the continued efforts to recruit SSA nationals through the Young Professional Program. However, this progress on diversity and inclusion remains slow, particularly at the IFC and MIGA, and the WBG as a whole is yet to meet the target related to staff from SSA. We, therefore, reiterate our call for greater African representation both at the technical and managerial levels across all entities of the WBG.

c. The World Bank Group Global Crisis Response Platform: We welcome the WBG Global Crisis Response Platform. We welcome also the enhancements to all existing instruments and the new initiatives to strengthen the WBG’s crisis response, recovery and reconstruction capacity. The Pandemic Emergency Facility (PEF) to help IDA countries respond to severe disease outbreak with pandemic potential is also welcome. We urge the WBG to support the strengthening of countries’ capacity for prevention, preparedness, response, and recovery, noting their central role in effective crisis response. We further encourage institutional coherence and international coordination with other partners to avoid red-tape and bolster the speed of response, as well as develop and share knowledge on response mechanisms.

d. Illicit Financial Flows (IFF): We welcome the WBG’s position paper on addressing illicit financial flows. We call on the WBG to expeditiously roll out and mainstream a robust implementation plan to assist countries build systems and technical capacity to track and stop leakages resulting from illicit financial flows.
8. Conclusion

Growth in African countries has recently slowed down, due to internal and external shocks. However, we believe that the region’s medium-term prospects remain favorable, given the promising underlying drivers of growth, especially investments in infrastructure, favorable demographics and the improving business environment. In this regard, we reaffirm our commitment towards promoting conducive macroeconomic policies, structural transformation and economic diversification, so as to strengthen our countries’ resilience to emerging shocks and boost growth aimed ultimately at reducing extreme poverty and promoting shared prosperity. Against this backdrop, we reiterate our support for the proposals of the ‘Forward Look’ as well as the package of commitments in the Report on Dynamic Formula. We look forward to the introduction of innovative instruments that will support our efforts towards the realization of Africa’s structural transformation and economic development.