Statement by
H.E. Enoch Godongwana
Minister of Finance
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South Africa
On behalf of the Constituency of Angola, Nigeria and South Africa
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107th Meeting of the Development Committee

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Washington, DC

Global economic Context

1. We are meeting at a time of subdued Global growth, which was estimated at 3.4 percent in 2022 and is now projected to fall to 2.9 percent in 2023 before it would rebound to 3.1 percent in 2024. This is below the historical (2000–19) annual average of 3.8 percent. We believe that the forecast of low growth in 2023 reflects the central bank rates hike to fight inflation especially in advanced economies as well as the ongoing crisis in Ukraine. We also believe that the growth decline in 2023 is driven mostly by advanced economies; emerging market and developing economies growth is estimated to have bottomed out in 2022. While oil prices are projected to fall by about 16 percent, non-oil commodity prices are expected to fall by, on average, 6.3 percent in 2023. Global interest rate assumptions are revised upward, reflecting intensified actual and anticipatory policy tightening by major central banks since October. Given these scenarios, many economies are adversely impacted by the negative spillovers from some of these tightening financial market conditions, which manifest as exchange rate depreciation and high inflationary pressures. It is pertinent to note that all these substantially put pressure on the deteriorating external debt situation in our constituent countries.

Sub Saharan African and the ANSA Constituency

2. In SSA and specifically Angola, Nigeria and South Africa constituency, we are facing multiple crises ranging from climate change, rising debt, access to reliable and affordable energy, digitalization, affordable health care and pandemic preparedness, some of which have become existential threats. Indeed, to us they have become global challenges (threats) with cross border implications. Many of our countries suffered loss of decades of developmental gains in the areas of human capital including learning losses, while malnutrition levels became elevated in some of our countries on account of the pandemic and the current multiple crisis pervading the global economy. Additionally, the multiplier effects of lack of reliable and affordable energy to undertake basic manufacturing activities that can provide decent jobs for bulging youthful population has become an increasing source of concern to all. The recent publication of the IEA on SDG 7 which is energy access shows that today 770 million people live without access to electricity, mostly in Africa and Asia. The Covid-19 crisis put an end to several years of continued progress and worsened the already low energy purchasing power of households in developing countries. In Sub-Saharan Africa, the number of people without energy access increased in 2020 for the first time since 2013. Sub-Saharan Africa’s share of the global population without access to electricity rose to 77% from 74% even before the pandemic. Needless to talk about the growing challenges of food insecurity and malnutrition pervading the length and breadth of Sub-Saharan Africa.
WBG Evolution

3. It is in this regard, that we welcome progress in the Evolution process of the World Bank Group, which has remained a willing partner and we would wish it to remain faithful and more responsive. We therefore welcome the progress on the WBG Evolution Roadmap which would stand as a testament to the commitment of the WBG to succinctly address many of our developmental priorities and the global challenges that continue to diminish the great potentials of our countries.

4. We see the ambition and direction as germane and will encourage Board and Management to deliver on the SDG journey considering that we are just 7 years to the end of the universally adopted 2030 Agenda on Sustainable Development. It is devastating to note that, Sub Sahara Africa is not on course in 13 of 17 SDGs and has even lost ground in the remaining 4 of the SDGs. We believe the time to re-strategize on the model of Financing for Development (FfD) is now. We therefore fully endorse the outline proposal to enhance the mission; strengthen its operating model; and adapt its financial model in line with the needs and priorities of the WBG clients and shareholders.

5. In this regard, while endorsing the provisional vision and mission, we see merit in the building blocks that defined the operating model. We appreciate the WBG for its strong support especially the countercyclical role during these trying times and believe that the six objectives enshrined in the operating model are in alignment with the ambitions and aspirations as reflected in the enhanced provisional mission statement, which is to serve all clients – both MICs and LICs, who would all have access to concessional resources especially for financing global challenges devoid of tradeoff. We believe in the sanctity of the country engagement model given that national developmental priorities remain the driving force for countries to seek assistance from MDBs in a truly demand driven manner. We also believe that some of these global challenges can be better addressed through the regional solutions. It is in this regard; we encourage both Board and Management to leverage its experiences in making the Cascade approach more functional in the Evolution agenda to enable the WBG outcomes scale up development effectiveness. We are therefore in strong alignment for an Evolution process that will offer hope and comfort for the middle – incomes countries many of which are undergoing severe stress. We support MICs strategy that would offer a robust arrangement under the Evolution agenda wherein they will have access to concessional resources to enable them to carry the extra load of financing some of these global challenges in addition to the national development priorities.

6. We take note of the proposal on the financing Model and wish to endorse the proposals believing that the triple AAA rating and preferred creditor status are nonnegotiable. However, while we agree that an enhanced or additional responsibility of tackling global challenges of affordable access to energy, conflict and fragility, climate change, pandemic preparedness and digitalization requires additional or enhanced funding from WBG, much more is needed from Domestic Resource Mobilization (DRM). Many of our countries are not delivering on the DRM partly due to the internal rigidities such as excessive informality, lack of digitalization, and other enabling infrastructures as well as governance issues. All these are also compounded by the illicit Financial Flows (IFF) mainly due to the extractive nature of many of our economies and lack of capacity to tackle it. On this note, we urge the WBG to collaborate more with other relevant organizations which address these issues in a timely and wholistic manner to deliver optimally.

Governance of the WBG

7. We commend President David Malpas for his strong and focused leadership. We take note of his untiring work that ensured WBG swift and strong delivery during the pandemic as well as in the management of public debt management. We appreciate his work on partnerships and will not also forget his strong support to IDA. As he takes his bow from WBG, we wish him well in his future endeavors. We also welcome the announcement of the sole nominee for office of the President of WBG, Mr. Ajay Banga for the post of WBG President. We have followed closely his antecedents especially his exploits in the corporate world ranging from financial inclusion, trade policy to environmental issues. We believe these strengths would be leveraged to drive the WBG ‘s agenda on poverty eradication and shared prosperity.
through a world of intense, sustained, and inclusive economic growth. While wishing him success in the selection process, we look forward to engaging with him on the priorities of Sub Sahara Africa.