Statement by

Hon. Alexander B. Chikwanda
Minister of Finance
Zambia
For Africa Group 1 Constituency
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Introduction

Sub-Saharan Africa (SSA) has continued to maintain a strong pace of economic growth on account of robust domestic demand and capital inflows. This trend is expected to continue as investments in infrastructure increase. This notwithstanding, poverty and unemployment remain high, and the uncertain global environment has only served to compound the risks to economic development. Achievement of sustainable and inclusive development under these conditions requires concerted efforts by our governments and the development community in general.

Growth in the Post-Crisis Global Economy - Policy Challenges for Developing Countries

Many of our economies find it more difficult to respond effectively to the external headwinds within the context of limited policy buffers. We therefore concur with the view expressed in the WBG’s report, ‘Growth in the Post-Crisis Economy: Policy Challenges for Developing Countries’, that the risks posed by the global macroeconomic uncertainty warrant a careful management of the post-crisis transition.

As we strive to maintain our growth momentum, we call for more effective international coordination of macroeconomic policies. We urge policy makers in advanced economies to accord greater recognition to the strength of the linkages among regions and the consequences of their actions on the prospects for the poor in other regions. Specifically, we call for strong commitment by all development partners to take concerted actions aimed at promoting an era of global economic cooperation among countries for the betterment of people’s lives worldwide with mutual respect for national values and cultural affinities.

Mainstreaming Disaster Risk Management in the WBG’s Operations

We welcome the update on this topical issue and appreciate that disaster and climate risk management are now core elements of the new One WBG Strategy. We also welcome the integration of risk management in the Performance Standards on Environmental and Social Sustainability for both IFC and MIGA.

We note the growth in the share of the Africa region in the Disaster and Risk Management (DRM) portfolio, from 33 to 37 percent between 2010 and 2013. However, much more needs to be done to mitigate the effects of the intermittent droughts and floods in our countries, the majority of which remain among the most vulnerable and the least able to cope with disasters. We believe there is scope for broader WBG involvement in: (a) regional resilience programs similar to the ongoing program in the Sahel Region; (b) market-based insurance for the agriculture sector; (c) IFC project-level risk mitigation products and services for risk reduction; and (d) community-driven operations for the most impoverished and vulnerable communities. We therefore call on the WBG Management to scale-up activities in these
areas. On our part, we commit to the DRM cause by ensuring that, among other things, funding is provided and suitable institutional arrangements as well as early warning and preventive mechanisms are developed and deployed.

**Transformational Initiatives and Development Financing**

With Official Development Assistance (ODA) on the decline, mobilization of domestic and international resources is increasingly becoming important. In this context, some countries are tapping into both the domestic and international capital markets to raise funds for infrastructure projects. These financing sources, however, only support about half of the annual infrastructure financing needs of the region. The challenge is to explore innovative ways to raise the necessary additional funds and broaden the source of financing for infrastructure development in a sustainable manner. We therefore call on WBG Management to take the lead in this endeavor through both private and public sector schemes.

Towards this end, we would like to commend our development partners and the WBG for a successful outcome of the IDA 17 replenishment, and welcome the new Partner Concessional Financing Scheme that seeks to shore up IDA’s financial sustainability. However, the development challenges facing the region require additional financing sources. From this perspective, we urge the WBG to improve accessibility to IBRD resources by IDA creditworthy recipients. In the same vein, we call for a review of the policy on WBG non-concessional borrowing so that IDA countries can seek private non-concessional funding for transformative infrastructure projects. In this regard, we welcome IFC’s efforts to mobilize capital from third parties, and we call for stronger participation and collaboration of IBRD, IFC and MIGA in attracting private sector.

**The World Bank Group Change Process**

We take note of the ongoing Change Process in the WBG, mindful that the efficacy of this process will be judged by the magnitude of its impact on our development objectives. We look forward to the streamlined and simplified internal procedures necessary for faster client delivery. We encourage the WBG Management to continuously improve its engagement with its staff during the Change Process to leverage their support for the successful implementation of the reforms. We note the WBG strategic budget exercise, the establishment of the Global Practices (GPs) and Cross-Cutting Solution Areas (CCSAs) as well as the planned introduction of the Country Partnership Framework (CPF).

However, we must express our deep concern and disappointment in the lack of diversity characterized by the recent recruitment of 16 Senior Directors for GPs and CCSAs, with no African representation at all. We regret that this represents a continuation of the marginalization of Africa. We would therefore like to reiterate our strong call on Senior Management, especially President Kim, to address this anomaly expeditiously to ensure staff diversity and inclusiveness at all levels to reflect the global nature of the institution.

**Other Topical Development Issues**

**Natural Resource Management:** Africa has increasingly become known as the world’s new resource frontier, with new discoveries of oil, minerals and gas in several of our countries. Appropriate capacities would be cardinal to ensure Africa benefits optimally from these resources. While these discoveries offer the prospects for Africa to accelerate growth and development of our countries, they require major investments to materialize. In this regard, we welcome the ongoing support from partners in capacity building for extractive sector management including value addition, establishing requisite legal and regulatory environment, fiscal framework for managing natural resources wealth, and in contract
negotiations. In this context, we also reiterate our call for the WBG to devise and adopt a group-wide approach to work with our countries in promoting economic diversification.

**Support to Africa’s Middle Income Countries (MICs) and Small Island Developing States (SIDS):**
MIC’s in SSA face development challenges that are no different from those of IDA countries, but their access to concessional resources has been limited due to their mere nominal classification as MICs. In addition, since the World Bank’s MICs Agenda has taken long to be realized, these countries receive no benefits. Further, the Bank also needs to recognize the special needs of the SIDS. Due to their small size, limited resources, geographic dispersion and isolation from markets, SIDS face challenges which cause major set-backs to their socio-economic development. Therefore, within the context of the ongoing reforms, we call on the WBG to develop a tailored strategy to support the development agenda of the MICs and SIDs in SSA.

**The Post-Millennium Development Goals (MDGs) Agenda:** While we note that remarkable progress has been made in meeting the MDGs globally, many countries in SSA are behind on most targets. In this regard, we welcome the Sustainable Development Framework as a successor program to the MDGs as it underscores the world’s commitment to eliminate extreme poverty and uplift the living standards of all people in a sustainable manner. We are also encouraged by and support the preparation of the United Nations’ Post-2015 Development Framework, and look forward to continuous updates on developments in this regard.

**Debt Relief:** We remain concerned that Somalia, Sudan, and Zimbabwe are yet to benefit from the debt relief initiatives. This situation constrains their development efforts. We call for the development partners, especially the concerned creditors and the Bank to progressively support these countries overcome the apparent impasse in the debt relief process and meet the challenges related to debt burden.

**Conclusion**

In conclusion, Africa needs sustainable, inclusive and equitable development driven by robust economic growth, industrialization, infrastructure development, sectoral productivity, job creation and strengthened international cooperation, inter alia. While we reiterate our commitment to undertake the necessary prudent policy measures and concerted actions, we call on our development partners to be more strategically focused and results-oriented in their support to our mutual goal of poverty reduction and shared prosperity. As we witness the transformation of the WBG, we encourage heightened focus on streamlining systems and processes within the institution to ensure development effectiveness on the ground.