DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
On the
Transfer of Real Resources to Developing Countries)

NINETY-SIXTH MEETING
WASHINGTON, D.C. – OCTOBER 14, 2017

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Statement by

H.E. Kemi Adeosun
Minister of Finance

Nigeria

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

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We are meeting at a time of encouraging recovery in global growth. However, our economies are still contending with cyclical and structural headwinds that have persisted since the onset of the global financial crisis. Medium-term risks remain and recovery for commodity exporting countries continues to be fragile. Additional investment is necessary to support difficult reforms, rebuild buffers, diversify our economies, revive our growth momentum and enable a shift towards more inclusive growth path.

Lower productivity growth and changing demographic dynamics in some of the developed world, suggests that slow global growth will persist. It is estimated that Sub-Saharan Africa will account for about 80 percent of the increase of global population to about 4 billion in 2100. Countries in our region confront a growing young population that requires that we create millions of new jobs each year. If we are to translate this demographic trend into a dividend for the global economy, it will be necessary to reverse the underinvestment in our region that has persisted over many decades.

We recognize that mobilization of larger domestic resources and creating conditions for better flow of investment finance from both domestic and international private sectors are essential to realizing the development ambitions of our region. We underline the unique contribution of the multilateral system, particularly the World Bank Group (WBG), towards efforts at promoting public investments, enabling private capital and supporting policy development. We call for the strengthening of this machinery and partnership to support sustainable development.

We are pleased to see that the Bank is making progress on ***the Forward Look***, a framework which sets out our collective agreement on how the WBG can best support the development agenda for 2030. It underscores the value of multilateralism and the role of the WBG in supporting a vision for development that is both inclusive and responsive, giving voice and bringing benefits to all members. We encourage the WBG to continue to serve the needs of all stakeholders, particularly those characterized by persistent structural challenges and that have constrained fiscal space and limited access to capital markets. We call on the WBG to continue to find innovative financing instruments to support the complex investment challenges of these countries.

We welcome the ***Agile Initiative*** of the WBG, aimed at continuously improving the Group's internal working system to become more responsive to clients. We look forward to benefitting from the different sets of administrative reforms generated by the initiative and seeing these translate into better project quality, and improved efficiency in delivery of development results.

We note the actions the WBG is taking to strengthen internal incentives to implement ***the Cascade*** since our last meeting, however we encourage the WBG to provide more detail on how it intends to engage with clients to strengthen planning, prioritizing and budgeting processes.

We also welcome the progress report on the 2015 ***Shareholding Review*** and look forward to the final assessment by the independent committee of experts on capital adequacy, for their insights on how we can best strengthen the WBG's ability to deliver on the Forward Look.

We commend internal efforts to ***strengthen IBRD's financial sustainability***, but recognize that these have been insufficient to address the increased capital constraints under which it is operating. We note with concern that the FY2018 planned lending program is below that of FY2017. We believe that a well-resourced IBRD is critical to meet the investment needs of MICs in sub Saharan Africa. We encourage IBRD to make further progress in net income measures, including using the formula for transfers balancing solidarity with the need to preserve financial sustainability. We look forward to the proposed package of measures to ensure that IBRD is sufficiently well resourced, including consideration of capital increases.

We note with concern management's assessment that without an increase in financial capacity, IFC's deployable strategic capital could fall below the agreed 2 percent threshold by 2020, forcing a slowdown in annual commitment volumes, a retrenchment from riskier markets such as IDA and fragile and conflict-affected states (FCS) and a further decline in equity commitments. IFC's capital position is dependent on its profitability. As income transfers from IFC erode its capital, and increasingly constrain its capacity, it may become necessary for the policy to be reviewed along with other measures aimed at strengthening the Corporation. We encourage the consideration of ***IFC's capital position*** as the vision of a development finance architecture that moves from 'billions to trillions' will not materialize unless IFC is able to sustain its current momentum to create markets, mobilize private sector financing, and expand to riskier markets. We are encouraged by the recent decision to realign IFC's organization to have a stronger regional focus. We believe that a much stronger alignment between IFC and the Bank in the Africa Region will deepen their complementarity and development impact. We also applaud the progress that IFC is making in creating approaches that enable its team follow through swiftly when new policies are enacted.

We encourage the WBG to ***deepen its engagement with MICs in sub Saharan Africa***. This group of countries are key partners in regional development through the positive spillovers that their growth and development can create for neighboring countries through trade. The stability and prosperity of Low Income Countries (LICs) and MICs in Sub-Saharan Africa are intrinsically linked to each other. A strategic focus on MICs will make a major contribution to global efforts to boost growth and build resilience in the continent.

Furthermore, greater ***regional integration*** is a potential driver of economic growth in our region. The WBG has considerable experience in supporting regional integration in sub Saharan Africa. We recommend that this experience, together with the growing set of strategies and diagnostic tools, inform the next iteration of the WBG's regional integration strategy for the Africa Region. Complementary investments across the WBG of entities together with new analytical tools, including private sector diagnostics, can support the discovery of new economic opportunities to reprime Africa's growth engines.

Last year, shareholders supported the successful conclusion of ***IDA18***. We recognize the material contribution that this replenishment can make in the Africa region, and Nigeria and South Africa are both pleased to be partners in this effort. We would like to see the unprecedented support for ***IDA18 translates to tangible results***. We welcome the innovative creation of pilots and windows including: the Private Sector Window, the Scale-Up Facility and the Refugee Sub-window. We underscore the need for a strong pipeline of projects and the focus on economic transformation and jobs. We would like to see stronger and well-coordinated collaboration among all IDA18 implementing partners. We urged the WBG to continue to

identify and strengthen the implementation capacity of our relevant state officials on various projects first, to address critical implementation skills gaps, and to optimize results. The implementation capacity arrangement should include shared objectives tied to overall development goals with clearly defined roles and responsibilities.

We believe that ***strengthening multilateral cooperation and coordination among development partners*** including other multilateral development banks (MDBs) is essential since global development goals cannot be achieved by the WBG alone. We equally encourage the WBG to continue to deepen cooperation with other development finance institutions, particularly the African Development Bank. We encourage the WBG to continue to make its contribution to the joint aspirations of MDBs in fulfilling their commitment to working together to scale up infrastructure investment, enhance its quality, and attract private sector investment.

We underline the findings of the ***World Development Report 2018***, and appreciate the light it sheds on one of the critical challenges in our education systems, namely ensuring that learning happens and that education provides necessary competencies and skills. We share in the belief that if delivered well, education promotes employment and poverty reduction for the individual and the society, as it drives long-term economic growth, spurs innovation and strengthens institutions in the society. A good and successful education system is a strong economic force that propels mobility from poverty to middle class. We therefore, call on the World Bank Group to work with us to ensure that education is equitably accessible, quality of public education is improved and continues to serve as a facilitator for equal opportunities, and that learning outcomes become the key objective for proposed reforms in the sector.

We note the report to the Board of Governors on World Bank Program and Budget for FY2018, and welcome the increasing share of resources allocated to the frontline and incremental workforce and headcount outside of Washington DC. We call on the World Bank Group to continue to act and to ***improve the diversity, particularly the inclusion and progression of staff of Sub-Saharan Africa and Caribbean nationals at GF+ levels***. We are supportive of efforts to increase the number of staff working in fragile and conflict affected countries along with efforts to incentivize them to work in these contexts. We urge the Bank to strengthen its competency offering to Africa MICs through provision of diverse teams that can facilitate exchange of knowledge across these class of countries which often must contend with the challenges of inclusive growth, inequality and sustainable job creation. We call on the Bank to strengthen its capacity both in staffing and budgetary resources to enable it deliver on the ground and improve project implementation.