Statement by

H.E. Nhlanhla Musa Nene
Minister of Finance

South Africa

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

We meet amid a weakening global growth outlook and heightened downside risks emanating from eroding buffers and financial market volatility occasioned by uncertainties associated with US Fed tightening and slowdown in China. The previously projected growth outlook for 2015 is unlikely to materialize leading to a further downward revision of global GDP. High income countries are expected to experience gradual recovery, while developing countries continue to witness slower than projected growth. Growth in US is expected to improve moderately while the Euro area is expected to witness slow growth. The risk to the outlook is further compounded by currency weakening and continuing decline in demand for commodities.

GDP growth in SSA has slowed to less than 4 percent in 2015, from about 4.6 percent in 2014, which was a slight improvement over the 2013 performance. Global commodity prices have declined sharply over the past three years, and output growth has slowed considerably among commodity-exporting emerging market and developing economies. Commodity-exporting economies like those in our constituency are at a difficult juncture as they have all been seriously impacted. Looking ahead, however, the projection is that SSA will witness an uptick in 2016 if appropriate structural, fiscal, monetary and financial policies responses are deployed.

Our potential to attain and sustain the momentum towards improved economic performance built up during the period of the MDG is threatened by the slowing global growth. It is in this respect that the Bank group’s support to the 2030 agenda is pivotal to assisting countries in the delivery of SDGs.

World Bank Group Support to Agenda 2030

In line with the 2030 agenda, we support the Bank’s prioritization of infrastructure to boost growth and service delivery in our countries, as well as attention given to data development. For developing countries, investment in infrastructure can fuel growth, improve income, and expand social and economic opportunities for citizens.

We therefore support the Bank’s intention to assist developing countries to generate useful and periodic data that enables evidence-based policy making. We urge the Bank to assist countries in determining their data needs and related infrastructure requirements to enhance their capacity to generate and use data effectively, and support the assessment of the twin goals. The focus areas of infrastructure and data no doubt responds appropriately to previous calls by this Chair for Bank approach to addressing these
important issues. However, at all times, in translating these goals at national levels, the Bank should ensure good alignment of the focus areas with both the WBG goals and countries’ strategies.

In supporting the focus on data, it is crucial to always retain a healthy balance between investments in data and allocation of resources for delivery of growth stimulating measures. Therefore, we propose that data should be streamlined across all strategic areas of Bank support. We also note in particular the collaboration between the Bank, the UN and Paris 21.

**Bank’s operating model**

We take note of progress in the implementation of the new World Bank operating model and the modest improvements in providing development solutions and improved client services. We call for close monitoring of its impact to achieve optimal operational efficiencies. This is vital because of the pivotal role of the model in supporting not only the WBG’s strategy, but to facilitate the achievement of post-2015 agenda. We look forward to more positive experiences and advances in enhancing efficiencies, client orientation and responsiveness, and more successful operations in the areas of affordable energy, infrastructure, and jobs.

**2015 Shareholding Review**

We welcome the report on the 2015 Shareholding Review which is in line with Governors directives to continually find ways and means to maintain the legitimacy, dynamism and to reflect global economic changes in IBRD and IFC shareholding. We endorse the guidance on a formula to shape future work, the shareholding review principles as enunciated, as well as the roadmap together with the timelines. We think the proposal represents a sensible way forward on the shareholding issue and look forward to meaningful progress on this issue.

**The future of IDA**

We are pleased that the SDGs and financing for development agenda have triggered a reflection on how to better meet the needs of client countries. The discourse on the future of IDA provides a necessary opportunity to reflect on the kind of organization we want and how to better orient and organize our support for the poor everywhere. We call on all parties to ensure that the leveraging agenda and discussion result in an enhanced IDA to which development partners are encouraged to contribute and an IDA that enhances the Bank’s ability to respond to emergencies and critical development challenges in poorest countries while also building and encouraging countries to grow.

**Stemming Illicit Financial Flows**

The recent work of the AU/ECA High level panel on Illicit Financial Flows from Africa led by Former President Thabo Mbeki has brought to the fore the sheer volume and the deleterious effect of Illicit financial flows on the economies of African countries in general and in particular countries in this constituency. Accordingly, we welcome the Addis Ababa Action Agenda which commits countries to redouble efforts to substantially reduce IFF by 2030 with a view to eliminating them overtime. Indeed, the imperative of stemming IFF has assumed added urgency in view of dwindling ODA flows and the imperative to mobilize domestic resource to finance the new SDGs among other measures. It is therefore vital that such flows do not find safe havens anywhere in the world and that a good practice on asset return as mandated by the Action Agenda is strengthened.

We concur with the view espoused by the WBG in Addis Ababa that the problem of IFF is indeed a developmental issue and welcome the commitment of the WBG to assist countries build their capacities.
to combat IFF and help recover stolen assets. Tax avoidance by multi-national corporations and other forms of IFFs out of developing countries inflicts a huge cost and increases their dependency on aid. Accordingly, we urge the WBG, the IMF and other partners like the OECD and G20 to consider and treat illicit financial flows as one of the priority emerging global issue that needs to be addressed with a sense of urgency.


We welcome the 2015 Global Monitoring Report (GMR), which examines global development progress, the MDGs unfinished agenda and how demographic changes can alter the trajectory of the new development goals. We note the challenges in tackling remaining pockets of poverty, the non-income dimensions of development and the policy recommendations to capture and harness demographic dividends over the SDG period. To make this happen in the context of the ambitious and wider scope of the SDGs, we call on the WBG to enhance policy dialogue and advisory work with developing countries. In particular, the WBG should devise creative and integrated solutions for Sub-Saharan Africa, which is projected to still be home to the deeply poor by 2030 and possibly beyond. We look forward to more positive experiences and advances in enhancing efficiencies, client orientation and responsiveness, and more successful operations in the areas of affordable energy, infrastructure, and jobs.

Diversity and Inclusion

We welcome increased attention and renewed commitment to the Diversity and Inclusion agenda. In particular, we welcome the recent appointments of new VPs from Africa within the World Bank Group. We hope that the on-going recruitment drive in Africa and other efforts to build a strong pipeline will facilitate efforts to further improve the representation of African staff in the institution.