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of the
Boards of Governors of the Bank and the Fund
On the
Transfer of Real Resources to Developing Countries)

**NINETIETH MEETING
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Statement by

**Hon. Maria Kiwanuka
Minister of Finance, Planning and Economic
Development**

Uganda

For Africa Group 1 Constituency

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Introduction

Economic growth in *Sub-Saharan Africa (SSA)* is projected to remain robust in 2014 at about 4.7 percent, continuing to be underpinned by large investments in infrastructure, mining and manufacturing. Poverty levels are falling, while education and health outcomes are improving. However, the region, like other developing regions, still faces challenges. Under the circumstances, achievement of the two goals of ending extreme poverty and promoting shared prosperity calls for concerted efforts and strengthened partnerships between our countries and the development community in general.

Promoting shared prosperity in an unequal world: Key challenges and the role of The World Bank Group (WBG)

We note and appreciate the efforts put into promoting synergies of the *One World Bank Group* in the new country engagement model that aim to facilitate the partnership between the public and private sectors in our countries for maximum impact of the WBG's country programs. In this context, recognizing the important role of the private sector in job creation, we look forward to the implementation of *IFC's FY15-17 Road Map* and *MIGA's Strategic Directions FY15-17* in SSA.

African countries face a number of challenges, the biggest of which include creating and expanding employment opportunities, especially for the youth. Other challenges include income inequality, and vulnerability to economic, social and environmental risks. Moreover, the ongoing Ebola crisis in West Africa has already brought about a major slowdown in the economies of the region, and has stretched the limit of the under-resourced health and social infrastructure. We, therefore, reaffirm our strong commitment and reiterate our call on the international development community to ramp up its support to our countries to address these challenges.

Similarly, we share the concerns about high global inequality levels, despite the efforts and progress made in improving the welfare of the bottom 40 percent population globally. Relatedly, we continue to face significant data deficiencies which undermine our ability to adequately measure progress and effectively plan for the future. We, therefore, call on the WBG and other development partners to strengthen our efforts to enhance statistical capacities in our countries during the post-2015 era.

The Millennium Development Goals (MDGs) and the WBG Twin Goals

We take note of the *2014 Global Monitoring Report (GMR)*, which provides an update on the progress towards the *Millennium Development Goals (MDGs)*, including the performance on the WBG twin goals. As the Report indicates, despite significant progress in meeting the MDGs globally, the attainment of the

goals relating to primary education, basic sanitation, and infant, child and maternal mortality are lagging, particularly in SSA. We, therefore, reiterate our call on development partners, including the WBG to join efforts with our countries in accelerating progress on these fronts, while ensuring the unfinished agenda is adequately captured in the Post-2015 Framework.

We concur with the main policy messages of the Report on the importance of sustained growth, early investments in human capital and well-targeted social safety nets. Further, we agree with the view that promoting green growth is vital for promoting intergenerational inclusive growth. However, environmentally friendly options are not often cost-neutral, and can impose trade-offs that limit the scope of our development resources. Thus, we call on our development partners to provide appropriate and timely support for our countries to take up and persevere with actions that promote progress on the environmental front without compromising their efforts on other pressing development issues.

World Development Report (WDR) 2015 - Mind and Society—How a Better Understanding of Human Behavior Can Improve Development Policy

We welcome the findings of the WDR 2015 that suggest a major paradigm shift in the way the WBG engages with our countries. We appreciate that the Report recognizes that for effectiveness, it is important for the WBG to contextualize interventions, taking into account culture and psychological disposition of client countries. The implementation of these proposals is likely to result in a significant change in the way the Bank engages with our countries in the design and execution of programs and projects. Obviously, these changes will require capacity building in both the WBG and client countries. In this regard, we cannot overemphasize the importance of early consultations to assess the needs of our countries and staff in the WBG in readiness for these changes.

We understand that work on the operationalization of the WDR 2015 is ongoing and, in this regard, it would be imperative that the transition from conventional development economics to behavioral economics is managed in a manner that prevents disruption of program delivery to clients, and enhances the on-going *Change Process*.

Development Financing and the Post-2015 Development

Our countries face large financing gaps in sustaining the current rapid rate of economic growth and funding transformation of their economies. Several African countries are exploring policy options to ensure that available resources, including those obtained as external flows, are efficiently utilized to achieve economic, social and environmentally sustainable development. Moreover, in an effort to diversify the sources of funding, many of our countries are making progress and deepening their domestic financial markets and are successfully accessing international bond markets. More African countries are seeking sovereign credit ratings and, importantly, are putting in place solid debt management strategies.

These efforts notwithstanding, official development assistance (ODA) will remain relevant in meeting the large and long-term financing needs of our infrastructure projects. It also continues to be a significant source of development financing, especially for the poorest countries that have limited or no access to capital markets. It is important that ODA is not only sustained but leveraged. Therefore, the need to explore innovative sources of finance that could be channeled into high impact, high return investments with potentially transformative impact cannot be overemphasized. We encourage the Bank to work with development partners in looking into modalities for attracting surpluses in emerging markets, including sovereign wealth funds, remittances, and leverage public resources with private sector flows. More specifically, we continue to call on the WBG to work with partners and our countries on innovative

financing mechanisms, including especially promoting access to affordable finance by SMEs, which are key for job creation.

The World Bank Group Change Process

We are cognizant that the *World Bank Group Change Process* is continuously evolving with the attainment of several milestones so far. In particular, we take note that the *Country Partnership Framework (CPF)* and the *Systematic Country Diagnostics (SCD)* have gone into effect in WBG operations. We further recognize the progress made in terms of operationalizing the *Global Practices* and finalizing the *Monitoring and Evaluation Framework*. We however must reiterate that the success of the process will ultimately be determined by its results on the ground, in terms of specifically facilitating and improving timely project implementation.

As we have mentioned before, to achieve the level of ambition set in terms of the WBG twin goals, the *Change Process* demands better utilization of existing resources as well as strengthening the WBG's financial capacity. We note that work is on-going to engender the desired changes while simultaneously ensuring that there would be virtually no disruption to the current measures being undertaken to assist partner countries. In this regard, we would like to once again stress the need to ensure streamlined and simplified internal procedures and processes necessary to ensure faster service delivery.

Response to the Ebola Outbreak

We recognize the efforts Liberia, Sierra Leone and Guinea, are making under difficult circumstances, and that of the other African countries in the fight against this epidemic. In this context, we welcome and appreciate the financial and humanitarian support of the international community in the fight against the Ebola disease that is having a devastating impact in the affected countries with the potential to become more widespread. We also appreciate President Kim's leadership in the WBG's support in this regard, including especially the recently approved *Ebola Emergency Response Project (EERP)* and the WBG's announcement to double its financing to \$400 million, with additional new resources for medium-and long-term projects to help the worst-affected countries address the problem over the coming years.

We welcome the roundtable discussions with Heads of States of the three countries affected and appreciate the pronouncement of the valuable support of the WBG, International Monetary Fund and the other development partners, which represents a show of the kind of global coordination needed to tackle this urgent and distractive global externality. We urge the WBG to continue with ramped up global coordination efforts and to play a leading role in mobilizing resources and exploring ways and means of not only to stopping the spread of the disease, but also to determine the root cause(s), facilitate its obliteration and assist these countries in their socioeconomic recovery endeavors. In this regard, we also emphasize the need to focus on boosting the vulnerability and crisis preparedness capacities of the affected countries and the other countries in need.

Other Recurring Development Issues

Diversity and Inclusion: We have over the years repeatedly raised the subject of lack of diversity, especially at the professional and managerial levels in the WBG. While we recognize the progress that has been made in some diversity and inclusion indicators in the last few years, we are concerned that the overall progress measured against the targets has been slow. Therefore, we wish to stress that concrete actions are needed in order to address this issue in a meaningful way. Relatedly, we take note and welcome the WBG's recent pronouncement reiterating its commitment to *Diversity and Inclusion*. We

encourage the WBG to strive towards fulfilling this commitment. In the same vein, we recall the undertaking that the WBG President had made to update us on the progress made on this front, and we would like to hear from the President on this issue.

Update on Implementation of the Gender Equality Agenda: We acknowledge the achievements on the *Gender Equality Agenda*. We also note and welcome the statistical capacity building initiatives and the heightened focus on developing sex-disaggregated databases, as a means of tracking gender gaps over time. In this regard, we urge the WBG to incorporate into the upcoming *Gender Equality and Development Strategy*, measures to prevent reversals of gains, and to focus on linking gender to sectors including agriculture and energy, which directly improve the livelihood, voice, and agency of women. In addition, we call on the WBG to continue to ensure that its support and partnership with the private sector remain gender-sensitive.

Securing the Transformational Potential of Extractive Industries – The World Bank Group Approach: Generally, we welcome and encourage the WBG’s engagement with client countries in supporting investment in extractive industries. We also support the emphasis given to initiatives such as the *Extractive Industries Transparency Initiative (EITI)* that would go a long way in helping to ensure the transparency on the benefits accrued from the oil, gas and mining sector receipts. Resolutely, a number of our countries, with the support of the Bank, are either now EITI compliant or are in the process of doing so. In this respect, we cannot overemphasize the importance of the WBG’s support to countries in need, in extractive sector management including value addition, establishing requisite legal and regulatory, environmental, and fiscal frameworks for managing natural resources wealth, and in contract negotiations.

Support to Africa’s Middle Income Countries (MICs) and Small Island Developing States (SIDS): While we recognize the Bank’s support of projects in some MICs in SSA, we express our disappointment with the slow progress exhibited so far. Therefore, we once again urge for the development of a meaningful, tailored solution for dealing with the challenges these countries are facing. We also encourage the Bank to recognize the special needs of the SIDS that, because of their small size, limited resources, geographic dispersion and isolation from markets, SIDS face challenges which cause major set-backs to their socio-economic development. We, therefore, reiterate our call for a tailored strategy by the Bank to address these challenges.

Debt Relief: We remain concerned with the slow progress in helping Somalia, Sudan, and Zimbabwe benefit from the debt relief initiatives – a situation that has hampered meaningful development in these countries. We call, once again, for the WBG to help these countries accomplish the requisite task as well as take the lead, together with the IMF, in rallying development partners to provide the sought debt relief.

World Bank’s Non-Concessional Borrowing Policy for IDA Countries: We call for an urgent review of the *IDA Non-Concessional Borrowing Policy (NCBP)* that would allow the full exploitation or promotion of the one WBG synergy in resource mobilization to support transformative infrastructure projects in IDA countries. Specifically, we urge the WBG to improve accessibility to IBRD resources by IDA creditworthy countries. In the same vein, the revised policy should take into account IFC’s efforts to mobilize capital from third parties, and/or, foster stronger participation and collaboration from IBRD, IDA and MIGA in attracting private sector participation in promoting this cause.

WBG’s Procurement, Environmental and Social Safeguards and Policies: We welcome the ongoing review of the WBG’s *Procurement Policies, and the Environmental and Social Safeguards and Policies*. We take note that the review takes into account lessons from WBG’s engagement with countries in the past decades. In this regard, we would like to emphasize that the reviews need to aim mainly at addressing the deficiencies inherent in the Bank’s procedures and processes that have remained unresolved for a long

period of time. With respect to the safeguards policy, we would like to, at the outset, reaffirm our commitment to ensuring and safeguarding the economic, social and environmental interests of all our people, including specially those who are historically marginalized. Notwithstanding this, we would like to underscore that the Bank's policy needs to be crafted in such a way as to be sensitive to client countries' values and cultures, and respectful of national Constitutions. Our interest is to ensure that the WBG remains part of the solutions to our economic and social challenges and/or problems. We, therefore, urge the WBG take into account our views and comments on the respective draft documents.

Conclusion

In conclusion, Africa needs to sustain the remarkable growth momentum in order to be able to achieve the twin goals established by the WBG in a sustainable manner. To this end, our Governments believe and are committed to a strengthened, mutually beneficial cooperation with development partners. We therefore call for a similar commitment from our development partners, including the WBG in particular, to our joint efforts towards achieving these goals.