African Countries are Awakening Hope for a Better Tomorrow with IDA

Statement by Representatives of 49 Sub-Saharan African (SSA) Countries

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1. IDA countries have only 10 years to achieve the globally agreed targets of the Sustainable Development Goals (SDGs). Given that it takes 9 years for pledges under any IDA cycle to be fully paid up, IDA19 is therefore, the last replenishment to help finance the SDGs in the time left to 2030.

2. Africa as a continent is making progress towards the SDGs. Growth in many economies has outpaced global benchmarks. More children are in school and health service coverage is expanding. A continent-wide free-trade agreement shows regional cooperation is alive and deepening, including in building roads and power lines that bring countries together and make markets bigger. The support of donors to the 18th replenishment of the International Development Association (IDA18) has been pivotal and has underpinned the partnership between African countries and the World Bank Group (WBG) that has never been stronger. Indeed, Africa's absorptive capacity to carefully use concessional funds has ensured that the pace of commitment for IDA18 has been record-breaking.

3. We want to acknowledge the strong partnership between IDA and most of our countries. We commend all donors for the important role that IDA has been playing in the transformation agenda of most SSA countries. We are happy with the negotiated IDA19 package and the continuation of all the special themes of IDA18, the Private Sector Window, and the improvements to the various facilities especially under Fragility, Conflict and Violence (FCV). We would also like to underscore the push by Deputies for the willingness to take greater risks that has enabled IDA to operate in fragile and conflict-affected situtions (FCS). We therefore, commend the proposal to scale up allocation to FCV. Our countries are replete with excellent transformational evidence of what IDA is doing and what it can do more.

Selected examples of transformative IDA deliveries in Sub-Saharan Africa (SSA)

4. The launch in 2012 of the ***Women Entrepreneurship Development Project*** (WEDP) targeted challenges that most growth-oriented women entrepreneurs in ***Ethiopia*** faced in accessing finance. This project which started with a US$50 million loan from IDA subsequently attracted additional US$110 million from three other development partners. This operation phenomenally outperformed its targets and has transformed the landscape for supporting women entrepreneurs, lending over US$2 million to growth-oriented women entrepreneurs per month and supporting over 10,000 women with loans and business training up to June 2019.

5. On the social protection front, the ***Productive Safety Nets Program*** (PSNP), also an IDA initiative**,** designed to support very poor households in ***Ethiopia***, provides food and cash payments to about 8 million beneficiaries who face various risks and vulnerabilities, including illnesses or deaths of household members, drought, floods, price shocks, job losses, loss/death of livestock. These risks are even higher for women. Payments are made in return for community work known as 'public works' – with participants working on soil and water conservation, construction of schools, health posts,

childcare centers and road building. This program ensures that women benefit equally by considering maternal and childcare responsibilities. The program has demonstrated that safety nets – when provided in a well targeted predictable, and regular manner – can protect households from the negative impacts of shocks.

6. IDA has also enabled some of our countries to deliver quality infrastructure and improve energy supply. For example, in ***Côte d'Ivoire***, the Scale-Up Facility (SUF) provided US$315 million in financing for the complex multi-year ***Port-city Integration Project*** designed to support the improvement of urban management, logistics efficiency, port accessibility and urban mobility in greater Abidjan. This project has had a regional transformative impact for Côte d'Ivoire and its immediate neighbors.

7. ***Nigeria*** is second to India in having the largest electricity access deficit in the world. The ***Nigeria Electricity Transmission Project*** aims to increase the capacity of the transmission network. By removing transmission constraints, the project will contribute to making more power available for the commercial and industrial sectors, thus contributing to economic growth and job creation. Apart from restoring financial viability, improving the reliability of power supply and increasing revenues, the project is designed to serve as a cost-effective model for private sector investment and ownership in future network expansion.

Stemming the menace of poverty in Sub-Sahara Africa through jobs and economic transformation

8. Developing countries have made great strides in poverty reduction, however, more still needs to be done. It is a known fact that while the African continent's poverty rate has fallen, the absolute number of the poor has been rising occasioned by fragility and the disruptive forces of climate change among others. Current statistics show that extreme poverty has fallen in IDA countries, from 49.0 percent in 2002 to 31.0 percent in 2015. However, the number of extremely poor people in current IDA countries has remained constant over the past 10 years at around 500 million people. Still, a significant share of the population is clustered around the poverty line, creating the rsk of falling back into poverty in the event of any shock.

9. Additionally, most of our economies are characterized by structural transformational challenges, leading to jobless growth and limited opportunities for women. For instance, SSA needs to create over 14 million jobs annually through 2030; yet the average number of good jobs created during 2007-2017 is only 4 million. However, the laudable progress made by several of our IDA countries demonstrates that the SDGs are attainable only if we respond now to the urgency to do more. This was exactly the essence of our call during IDA18 Mid-Term Review, for a renewed focus on Jobs and Economic Transformation. We are glad that this has been appropriately reflected in the IDA19 policy package. The need now is an appropriate scale of financing to make it happen.

Addressing drivers of fragility, conflict and violence in Sub-Sahara Africa

10. Fragility, conflict and violence (FCV) has unfortunately engulfed some SSA countries, further holding back global efforts to reduce poverty and achieve the SDGs. The global FCV landscape has been characterized by more violent conflicts than at any time in the past 30 years. Projections indicate that in the absence of urgent and targeted interventions, about 80 percent of the world's poor will be living in fragile contexts by 2030. At current levels of fragility, the number of poor people in IDA FCS

is projected to increase by 200 million by 2030. Climate change, demographic change, international migration, illicit financial flows, and violent extremism are often interconnected and transcend borders. These factors can increase IDA countries' vulnerability to shocks and crises and create regional spillovers. Addressing these challenges will be difficult when only 2.0 percent of total gross official development assistance is budgeted for conflict prevention and associated activities.

11. Additionally, IDA countries are especially disproportionately vulnerable to the adverse impacts of climate change. Populations at disproportionately higher risks include disadvantaged and vulnerable people, indigenous people and local communities located inland or in coastal areas and dependent on natural resources. Climate-related shocks have and can also drag our vulnerable population into poverty, erase decades of hard-earned development gains, and leave people with irreversible and severe health consequences. The devastating impact of cyclone Idai in Mozambique, Malawi and Zimbabwe recently is a case in point. But thanks to IDA's Crisis Response Window operations, livelihoods of the affected communities were partly restored, and loss of lives and properties were minimized.

The need for ambitious IDA19 replenishment to help countries deal with current threats to debt sustainability

12. The limited amount of available concessional resources relative to development needs has led many African countries to accumulate unsustainable levels of debt. Significant concessional resources are required to help them close the financing gap associated with global development targets such as SDG 9, which commits developing countries to *"build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation"*. According to a 2016 study on Bridging Global Infrastructure Gaps by McKinsey, Africa alone is estimated to need close to a US$1 trillion annually, far more than the annual spending of US$0.3 trillion in the 2000-15 period.

13. Many African countries with unsustainable levels of public debt will have to increase debt transparency, undertake adjustments on their fiscal policies and enhance debt management capabilities. These reforms will be guided by the IMF-World Bank Multipronged Approach for addressing debt vulnerabilities. Donor countries need to ensure that IDA19 is ambitious enough to help IDA countries finance the SDGs and avoid accessing costly sources of finance for infrastructure and responses to economic, security and climate change shocks.

The pivotal role of IDA in facilitating Private sector-led growth

14. The quest for sustainable and inclusive growth will remain elusive if the private sector takes a back seat in the process of economic transformation. The slower pace of structural change through economic transformation, is partly attributable to the nascency of the private sector in most IDA countries, particularly in SSA. Through support to our Governments, IDA is contributing to investments in hard and soft infrastructure. These efforts need to be sustained if economic transformation of African countries is to happen, and more and better jobs are to be created.

15. Several development challenges facing IDA countries have a regional dimension and therefore require regional solutions. In this regard, scaling up of resources of the IDA Regional Window (RW) would be instrumental in supporting regional and global value chains, new avenues of regional integration and economies of scale, as well as continent-wide initiatives, such as the African

Continental Free Trade Area (AfCFTA), which holds the promise to boost intra-regional trade and free flow of capital and human resources.

The need for a robust IDA19 replenishment

16. IDA resources play a critical role in SSA countries where both governments and private sector are under-resourced, but there is a pressing need and urgency to achieve the SDGs. To bridge the financing gap, governments of SSA countries count on IDA to supplement their resources through direct lending and catalyzing private resources. Given that many of our countries are still grappling with multi-faceted development challenges, we call for a robust IDA19 replenishment at the highest possible scenario. We have found the WBG as a reliable partner whose assets, including a successful and substantial IDA19 replenishment would be matched by resolve and reforms in African client countries. Working together with a reinforced IDA over the coming three years, would enable the WBG to deliver results that benefit our citizens, and meet the aspirations to tackle poverty – an agenda to which we have committed as a global community.

17. The case for the high financing scenario is clearly validated by the need to increase total IDA while at least, maintaining total IDA per capita in real terms. With most IDA countries already at medium or high risk of debt distress, this scenario would give countries access to more concessional resources and thereby put them in a better position to restore their paths to sustainable financing and development. Additionally, as many development challenges in the region transcend borders, a well-resourced IDA19 under the high financing scenario is needed to support climate change investments, and regional initiatives such as those of the Horn of Africa, Lake Chad and the Sahel. Continent wide, enough resources for the Regional Window would be pivotal for the implementation of the African Regional Integration Strategy among other initiatives including the AfCTA. Last but not the least, the FCV envelope would remain critical to support countries across the fragility spectrum.

18. Meeting IDA's ambitious policy commitments will require an equally ambitious financing scenario. The "high-case scenario" represents the only scenario among those considered, that will support a modest increase in per capita country concessional allocation in real terms to non-FCS countries and meet the IDA19 strategic ambitions, while addressing population growth.

19. The current landscape of development finance presents a unique opportunity for a robust IDA19 replenishment. Thanks to IDA's support, several developing countries have graduated and are able to make modest financial contributions to IDA resources. We, therefore, call on traditional and emerging IDA partners to increase their contributions so that we can collectively achieve the proposed US$25 billion required for the high financing scenario of US$85 billion. A robust IDA19 Replenishment would allow IDA countries to increase the scale and pace of interventions and reforms required to achieve their development aspirations and the Sustainable Development Goals.

20. This is the time to rise, stand together and give real meaning to the call "to leave no one behind."