AFRICA
GROUP I CONSTITUENCY

April 2024

Dr. Floribert Ngaruko

Executive Director,
AFRICA GROUP I CONSTITUENCY

INTERIM REPORT

WORLD BANK GROUP
THE WORLD BANK IBRD • IDA | IFC International Finance Corporation | MIGA Multilateral Investment Guarantee Agency

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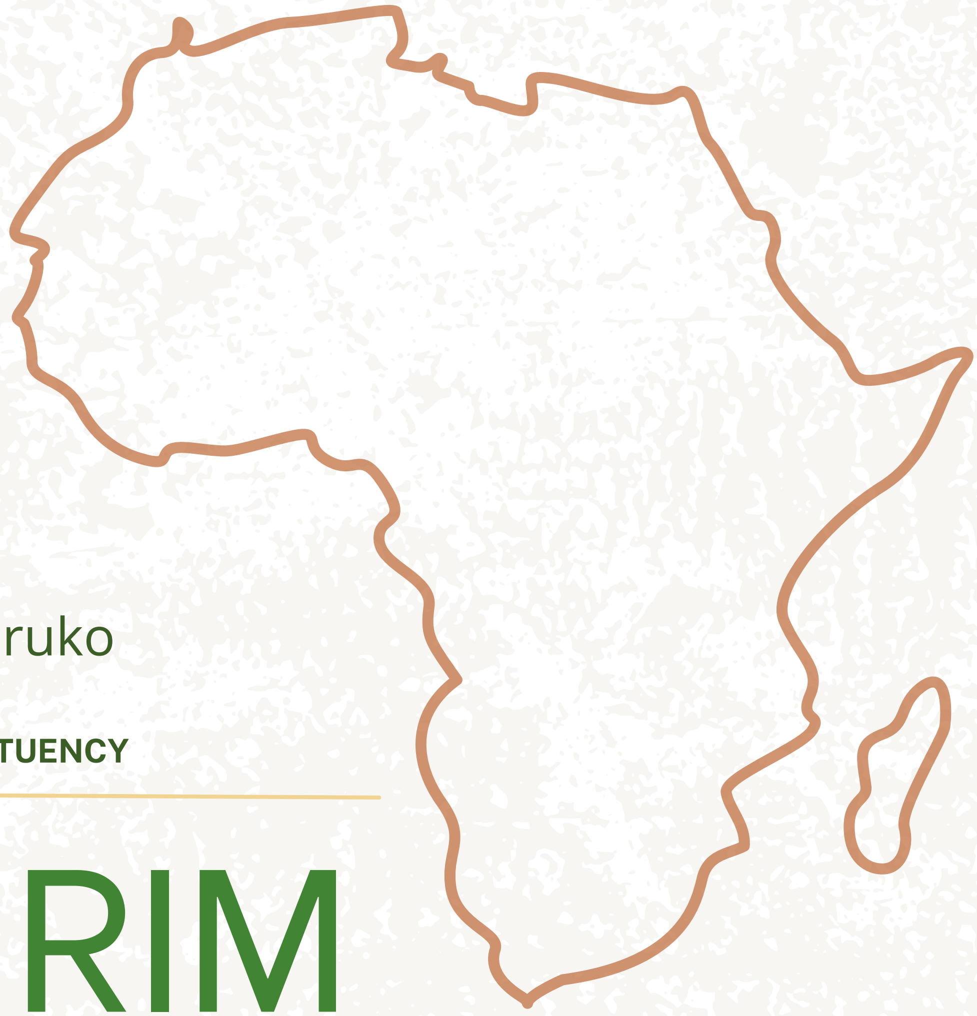

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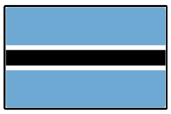
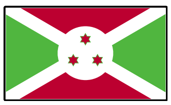
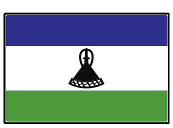
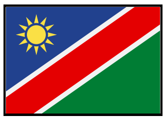
Acronyms & Abbreviations

AfG1	Africa Group 1 Constituency
ACFTA	Africa Continental Free Trade Area
COVID-19	Coronavirus Disease 2019
CRDC	Climate Resilient Debt Clauses
Common Framework	G20 Common Framework for Debt Treatment
CPF	Country Partnership Framework
CRW	Crisis Response Window
COP	Committee of Parties
DSA	Debt Sustainability Analysis
ED	Executive Director
EMDEs	Emerging Market and Developing Economies
FAO	Food and Agricultural Organization
FCS	Fragile and Conflict-Affected Situations
FCV	Fragility, Conflict and Violence
FY	Financial Year
GDP	Gross Domestic Product
GPG	Global Public Good
HIPC	Highly Indebted Poor Countries
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LDF	Loss and Damage Fund
LPF	Livable Planet Fund
LTF	Long Term Finance
LICs	Low Income Countries
MDB	Multilateral Development Banks
MTR	Mid-Term Review
MIGA	Multilateral Investment Guarantee Agency
MTS	Medium Term Strategy
OED	Office of the Executive Director
OP/BP	Operational Policy / Bank Policy
PCA	Paris Climate Agreement
PSW	Private Sector Window
SDR	Special Drawing Rights
SCI	Selective Capital Increase
SOG	Social Orientation and Gender Identity
SSA	Sub-Saharan Africa
STF	Short-Term Finance
US	United States
WBG	World Bank Group

Selected Development Indicators for Constituency Countries

	Country	Population, total	Mortality rate, infant (per 1,000 live births)	Poverty headcount ratio at $2.15 a day (2017 PPP) (% of population)	GDP per capita (current US$)	Central government debt, total (% of GDP)
	**Botswana**	2.6 million (2022)	28.3 (2021)	15.4 (2015)	7737.655 (2022)	19.617 (2020)
	**Burundi**	12.9 million (2022)	37.6 (2021)	65.1 (2013)	238.442 (2022)	162.562 (1999)
	**Eritrea**	3.7 million (2022)	28.9 (2021)	.. (..)	643.791 (2011)	.. (..)
	**Eswatini**	1.2 million (2022)	41.5 (2021)	36.1 (2016)	4039.519 (2022)	.. (..)
	**Ethiopia**	123.4 million (2022)	34.3 (2021)	27 (2015)	1027.586 (2022)	31.449 (2019)
	**Gambia, The**	2.7 million (2022)	34 (2021)	17.2 (2020)	840.011 (2022)	.. (..)
	**Kenya**	54 million (2022)	28 (2021)	36.1 (2021)	2099.302 (2022)	.. (..)
	**Lesotho**	2.3 million (2022)	57 (2021)	32.4 (2017)	1107.396 (2022)	2.903 (2020)
	**Liberia**	5.3 million (2022)	56.7 (2021)	27.6 (2016)	754.533 (2022)	20.318 (2012)
	**Malawi**	20.4 million (2022)	31.2 (2021)	70.1 (2019)	645.159 (2022)	44.894 (2019)
	**Mozambique**	33 million (2022)	51 (2021)	74.4 (2019)	541.455 (2022)	86.245 (2021)

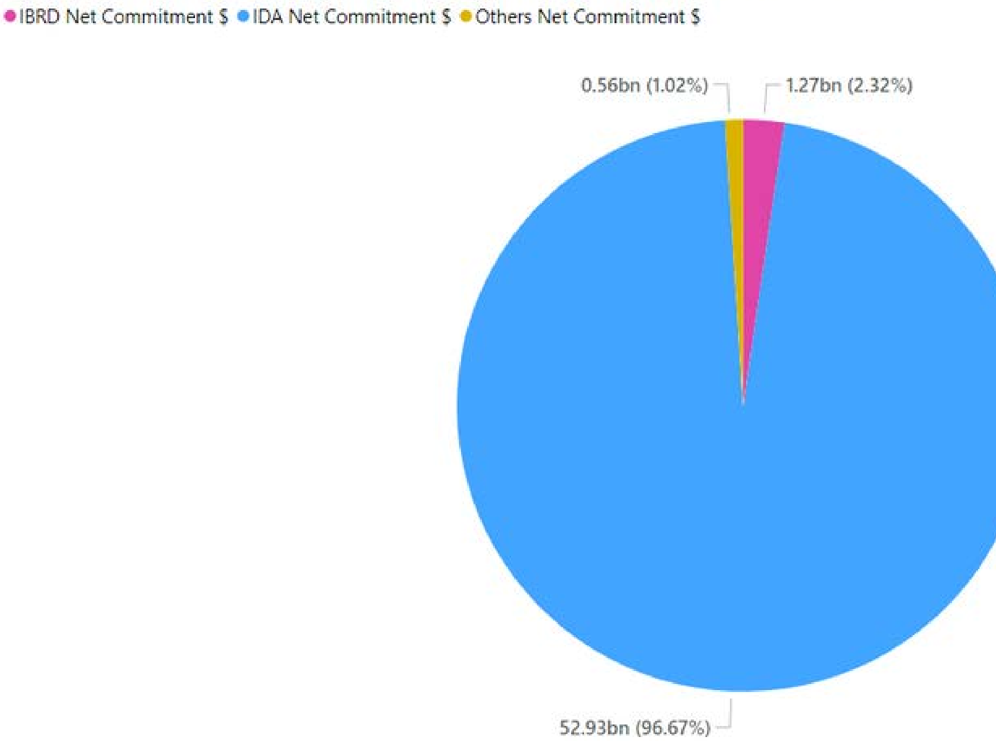
	Country	Population, total	Mortality rate, infant (per 1,000 live births)	Poverty headcount ratio at $2.15 a day (2017 PPP) (% of population)	GDP per capita (current US$)	Central government debt, total (% of GDP)
	**Namibia**	2.56million (2022)	29.4 (2021)	15.6 (2015)	4911.328 (2022)	4.641, (2019)
	**Rwanda**	13.8 million (2022)	29.7 (2021)	52 (2016)	966.328 (2022)	48.429, (1992)
	**Seychelles**	0.1 million (2022)	12 (2021)	0.5 (2018)	15874.540 (2022)	62.707 (2015)
	**Sierra Leone**	8.6 million (2022)	78.3 (2021)	26.1 (2018)	461.362 (2022)	.. (..)
	**Somalia**	17.6 million (2022)	71.1 (2021)	.. (..)	461.776 (2022)	.. (..)
	**South Sudan**	10.9 million (2022)	63.8 (2021)	67.3 (2016)	1071.778 (2015)	.. (..)
	**Sudan**	46.9 million (2022)	38.9 (2021)	15.3 (2014)	1102.147 (2022)	8.659 (1999)
	**Tanzania**	65.5 million (2022)	34.1 (2021)	44.9 (2018)	1192.404 (2022)	.. (..)
	**Uganda**	47.2 million (2022)	31.2 (2021)	42.2 (2019)	964.225 (2022)	51.303 (2021)
	**Zambia**	20 million (2022)	40.2 (2021)	60.8 (2015)	1487.908 (2022)	71.246 (2021)
	**Zimbabwe**	16.3 million (2022)	35.7 (2021)	39.8 (2019)	1266.996 (2022)	.. (..)

Source: World Bank DataBank: https://databank.worldbank.org/home

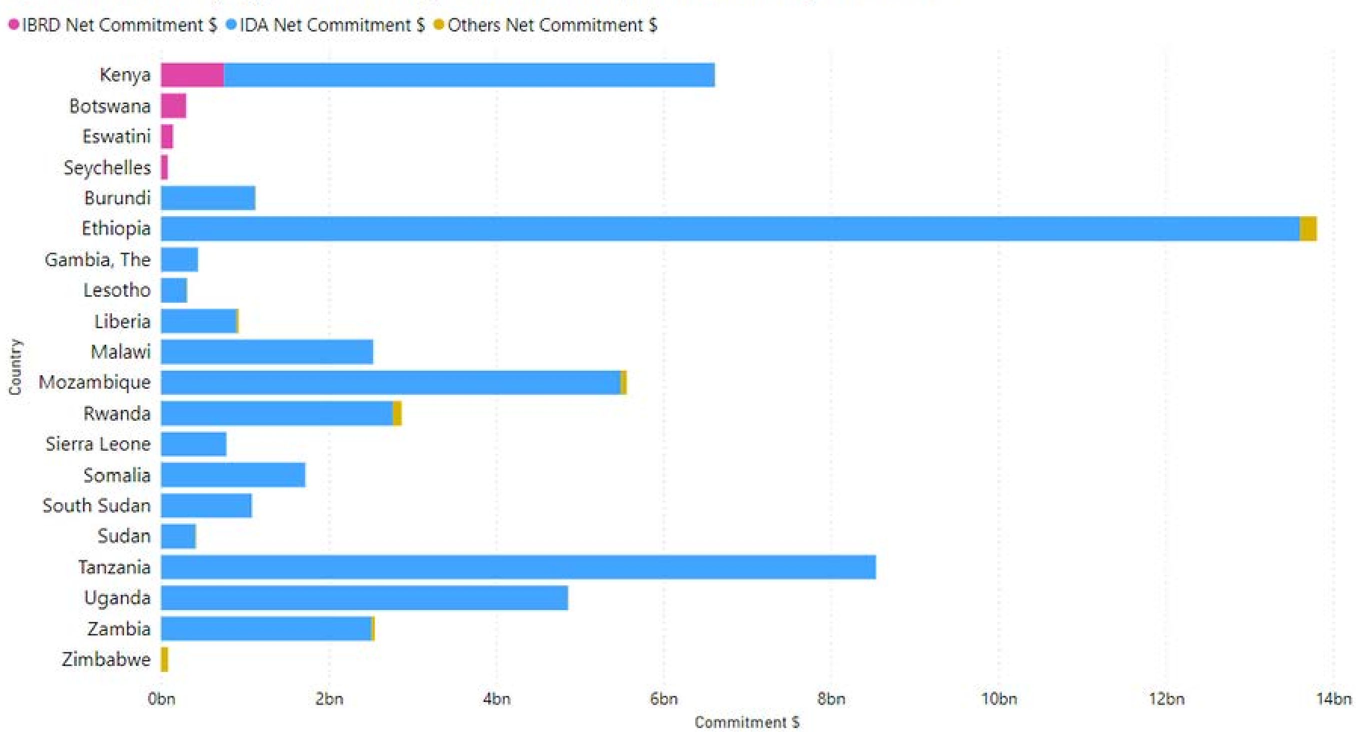
The Constituency Portfolio in a Snapshot

(For all Active Projects as on April 1, 2024)

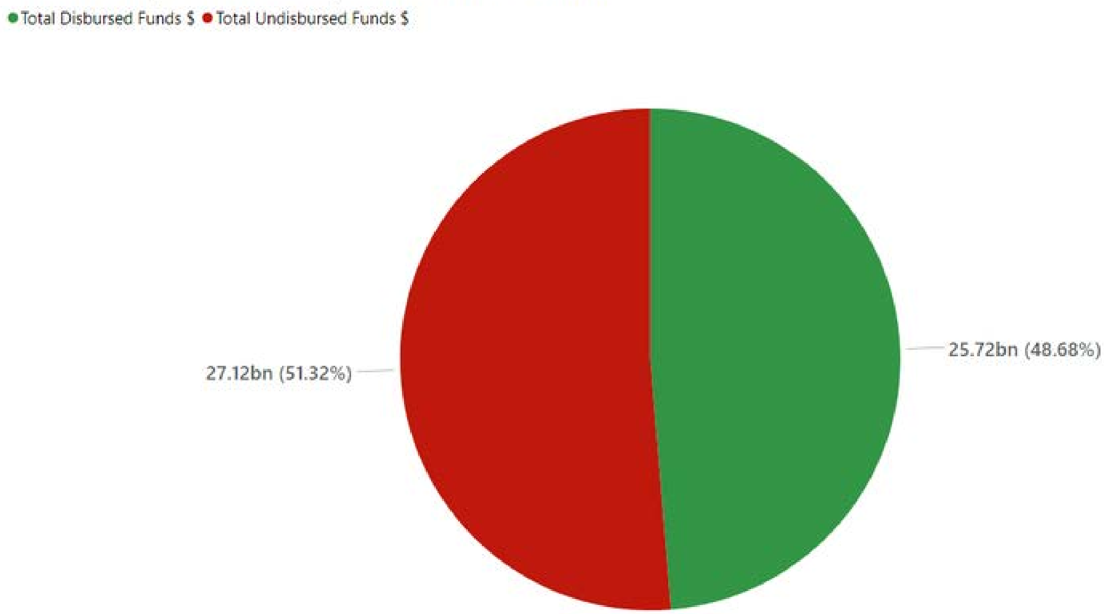
1) Africa Group 1 Constituency Commitment Portfolio by Type of Financing



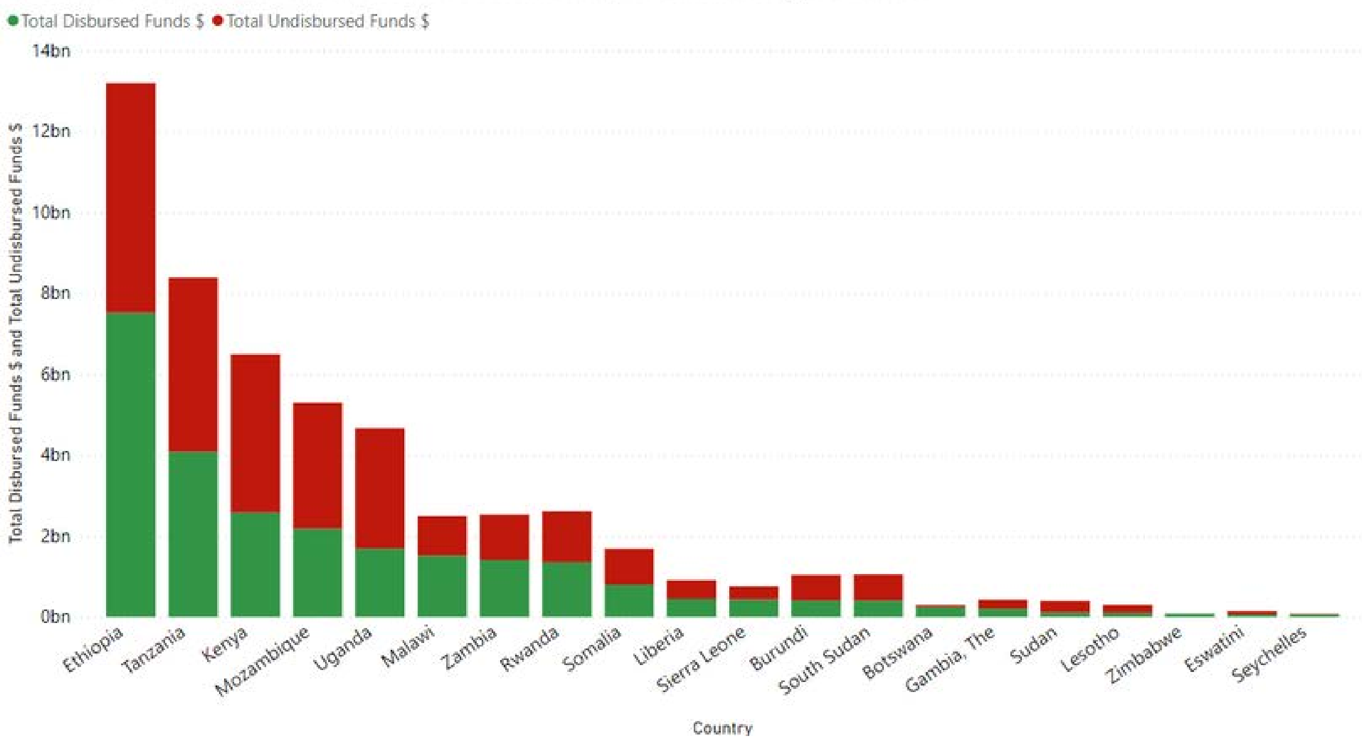
2) Commitment by Type of Financing for Africa Group 1 Constituency Countries



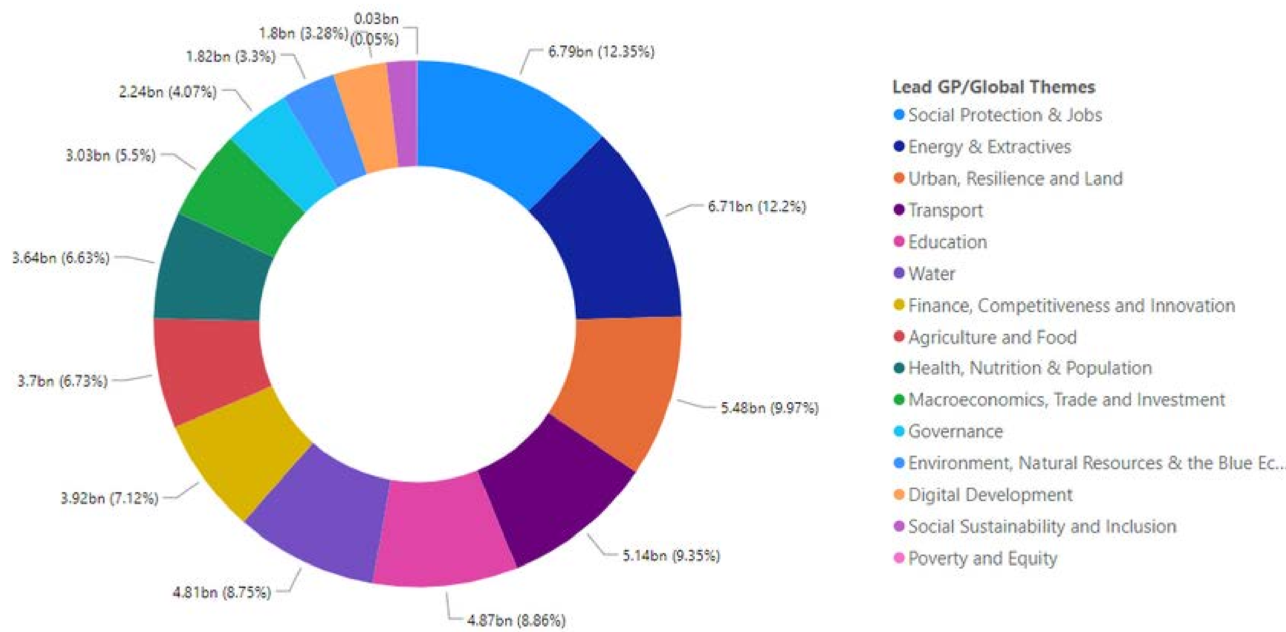
3) Africa Group 1 Constituency Disbursement Portfolio



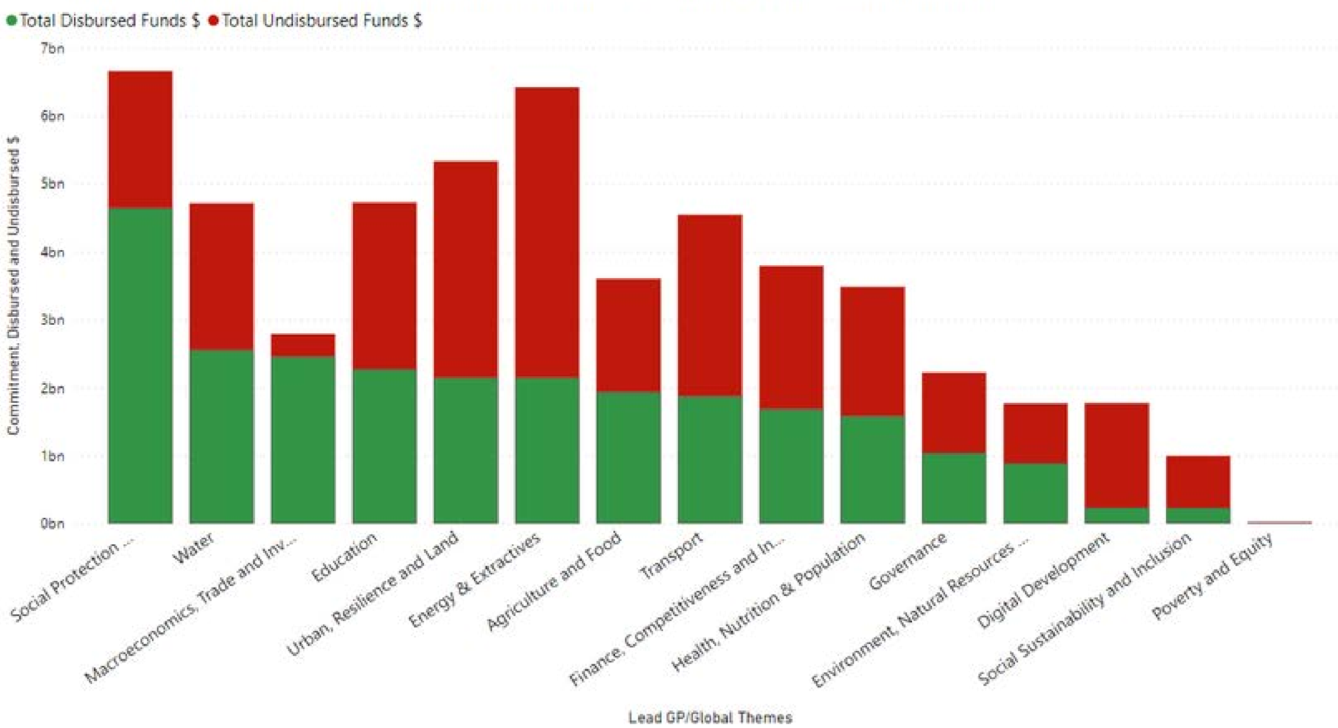
4) Disbursed and Undisbursed Funds for Africa Group 1 Constituency Countries



5) Committed Funds by Global Practice for Africa Group 1 Constituency



6) Committed and Disbursed Funds by Global Practice for Africa Group 1 Constituency



Foreword

Dr. Floribert Ngaruko

Executive Director

I am delighted to present the 2024 Interim Report for the Africa Group 1 Constituency (AFG1) of the World Bank Group (WBG). The report aims to update Governors on the WBG's efforts to support member countries in navigating developments, challenges and opportunities that have emerged over the past six months since the 2023 Annual Meetings. It accounts for both the achievements and hurdles that will guide our efforts, going forward, to better represent the interests of the Constituency and navigate these complexities to achieve development impact.

Over the past six months or so, the interplay of persistent economic uncertainties, and the evolving dynamics of international development finance has continued to shape the global landscape. Compounded by escalation of conflict and fragility and climate crises, these forces have added another layer of complexity to the socio-economic challenges facing Sub-Saharan Africa (SSA). These factors have deeply affected the prevailing environment in our Constituency countries, testing the resilience of our economies.

In navigating the turbulent global context, the WBG's approach has been both proactive and responsive. Its support to client countries recognized the critical importance of speedy recovery, sustainable economic growth, gender equality, climate resilience, digital transformation, and remaining engaged in situations of conflict and fragility. This has been enabled by concerted efforts to leverage innovative financing mechanisms, enhance private sector engagement, strengthen crisis response, and foster regional integration, all aimed at catalyzing transformative development outcomes across our constituency.

At the same time, the WBG has continued its reflection on ways and means to dynamically adapt its actions to the emerging international context, accomplish recently revised vision and mission, and meet the related global challenges while supporting progress towards the SDGs. The WBG remains focused on fiscal sustainability and prudent debt management in response to the escalating debt distress and liquidity challenges in the continent. Many of our economies face heightened debt vulnerabilities, prompting us to advocate for and implement comprehensive measures to ensure long-term fiscal health and stability. The efforts are complemented by the unwavering dedication to advancing social inclusion and gender equality, recognizing these as foundational to achieving equitable growth. Recognizing the escalated levels of conflict and fragility, the World Bank has further intensified efforts to enhance the capacity of our countries to respond to crises and build resilience.

The IDA20 Mid-Term Review (MTR) has been a pivotal moment in our journey this year, providing an invaluable platform for reassessing our strategies and commitments amid heightened economic and social vulnerabilities. We are profoundly grateful to the United Republic of Tanzania for hosting a successfu meeting that has secured agreed on strong financing package in the short term and laid the foundation for IDA21 Replenishment negotiations. The long-term sustainability of IDA is crucial to ensure that we are well-equipped to meet the pressing development needs and achieve the Sustainable Development Goals within this evolving and uncertain landscape.

In light of above, I strongly appeal to all Governors to support advocacy efforts for a robust IDA21 Replenishment. The upcoming IDA21 Africa Head of State Summit, to be held in Nairobi, Kenya, on 29th April, represents a major opportunity for SSA to come together and underscore the importance of this replenishment. We encourage all Governors to attend the summit, which will be preceded by a ministerial segment on the 28th of April, as it will be a pivotal moment for agreeing SSA's priorities and galvanizing support for a robust IDA21 replenishment.

Looking forward to the remainder of 2024 and beyond, I remain resolute in mys mission to promote the interests of the Constituency. I trust that the insights and updates provided in this report will serve as our means of monitoring the institutional commitment and support for our development agenda.

On my engagements with Governors, I am deeply honored to have undertaken visits to several Constituency Countries to consult authorities. This has allowed me to gain insights into the developmental trajectories, opportunities, and challenges in Constituency countries. It is with a sense of deep appreciation that I reflect on the enriching dialogues and the warm hospitality I received during my visits. Additionally, I would like to express my commitment to visiting the remaining Constituency countries before the end of my tenure. I would also like to use this opportunity to express my sincere thanks to the committed teams at the World Bank Group offices for their unwavering dedication and support to delivering impactful operations in our Constituency Countries.

Finally, this report stands as a testament to our shared development agenda and the strides we have made together. Chapter 1 presents an overview of recent global economic developments, the medium-term outlook, and risks to the global economy, and sheds light on the economic performance and prospects of the SSA region, with additional analysis on the Africa Group 1 Constituency. Chapter 2 provides updates on key policies and strategies that have been the focus of the Executive Boards of the World Bank Group (WBG) in the last six months. Chapter 3 discusses operational results of four WBG entities, namely IDA, IBRD, IFC and MIGA. Chapter 4 presents an update on the implementation of the Medium-Term Office Strategy, reporting on progress made under each of the five strategic objectives. Chapter 5 presents highlights of the 26th Statutory Meeting of the Africa Group 1 Constituency. It also covers constituency engagements focusing on the Executive Directors' visits to Constituency countries. I am confident that the Honorable Governors, Alternate Governors, and their teams will find the insights contained within this report to be both illuminating and thought-provoking.

Dr. Floribert Ngaruko

Executive Director

Executive Summary

The global economy is slowly emerging from the multiple shocks of the past four years. Growth of the global economy in 2023 is estimated at 2.6 percent. Inflation has declined in many regions, accompanied by improving supply chain constraints and monetary easing. The World Bank Global Economic Prospects, January 2024, forecasts the global economy to expand by 2.4 percent in 2024 and 2.7 percent in 2025. However, the recent polycrises have left a lasting negative effect on developing economies. For Sub-Saharan Africa (SSA), while earlier estimates pointed to over 3.5 percent of growth, economic growth has recently been adjusted downward to 2.9 percent in 2023, largely due to slowdowns in the region's largest three economies, protracted conflicts in several countries, and fiscal consolidation associated with increased borrowing costs. Moreover, the post-pandemic recovery has slowed due to weak external demand for exports. Growth forecast for SSA in 2024 is 3.8 percent. Economic growth in the Eastern and Southern Africa region is projected to average 3.6 percent in 2024 compared to 2.5 percent in 2023.

High debt levels, associated with increasing debt distress and elevated interest rates persist in many Emerging Market and Developing Economies (EMDEs). The debt crisis continues to constrain SSA's prospects for faster recovery. About 60 percent of low-income countries are at high risk of debt distress or in debt distress. In SSA, nominal public debt has more than tripled since 2010, reaching approximately US$1.14 trillion by the end of 2022. One bright spot in SSA's debt story is Somalia's recent success in reaching the HIPC Completion Point and securing debt relief.

On the World Bank Group (WBG) evolution, the reform agenda centers on creating a "bigger, better bank" equipped to address the pressing needs of people and the planet. Over the past several months, engagements between WBG Board and management centered on four areas: a Framework for Financial Incentives, Crisis Preparedness and Response Toolkit, Climate Resilient Debt Clauses (CRDC), and the WBG New Corporate Scorecard. On the financial incentives framework, the WBG proposed an approach that incentivizes IBRD countries to invest in projects supporting large Global Public Goods (GPGs). Concessional resources will serve to incentive investments in projects with clear cross-border externalities. The Bank also proposed improvements to the Crisis Preparedness and Response Toolkit to enable rapid government response during crises and introduced some flexibilities. On the CRDC, whose aim is to allow eligible borrowers to defer principal payments on IBRD loans and IDA credits for up to two years following a severe natural disaster, the scope was broadened to include existing loans and the option to defer interest payments and other loan charges, among others. The WBG also introduced a WBG Corporate Scorecard to serve both as results monitoring and management tool for the period FY24-30.

The Bank also undertook several steps to strengthen its operational policies in several areas in the past months. On food security, the Bank expanded its support aimed at alleviating the problem of widespread shortages of food items and high prices faced by clients during the polycrises. The WBG also undertook a Medium-Term-Review of its Fragility, Conflict and Violence (FCV) Strategy. The review affirmed that the strategy remains fit for purpose. The COP28 climate conference in Dubai decided on the establishment, scope, modalities, and operational framework of the Loss and Damage Fund (LDF). The WB was designated as the interim trustee and host of the LDF. The IDA20 Mid-Term Review meeting introduced the inclusion of a safeguard aimed at reducing the likelihood of discrimination related to Sexual Orientation and Gender Identity (SOGI) of beneficiaries. The overarching objective of the policy is to foster social inclusion for all individuals, irrespective of their sexual orientation or gender identity. The WB's Regional Integration Program continues to collaborate with African countries and regional organizations to support initiatives that bolster sustainable development through regional solutions. The program's support areas include projects focused on skills, food systems and trade facilitation.

WBG FY24 lending delivery remains consistent with annual targets. As of the end of February 2024, fourteen Constituency countries accessed IDA financing for a total commitment of US$5.4 billion. During the same period, lending to all IBRD clients totaled US$16.8 billion for 31 IBRD-eligible countries. Only Seychelles from the Constituency accessed IBRD financing between July 1, 2023 and December 31, 2023. As of the end of December 2023, IFC recorded US$19.6 billion in total Long-Term Finance (LTF) commitments. IFC investments in Africa reached 25 countries, of which 14 were in IDA-17 + FCS. During the first six months of FY24, MIGA issued US$4.8 billion of total guarantees to support 17 projects. MIGA has its second largest exposure in SSA.

On the implementation of the Office of the Executive Director's (OED) Medium-Term Strategy (MTS), the OED pursued its advocacy for increased resource flows to Constituency Countries. Between July 2023 and the end of February 2024, the World Bank approved 42 operations for sixteen Constituency countries. As of end March 2024, total disbursement from IBRD, IDA, and Trust Funds for Constituency countries totaled US$6.5 billion, with IDA's shared equaling 93 percent. The Office participated in the IDA20 Mid-Term Review (MTR) meeting hosted by the United Republic of Tanzania from December 6-8, 2023. The OED supported AfG1 Borrowers' Representatives' participation in the Mid-Term Review. The MTR concluded by passing several decision including protecting an IDA financing capacity of US$30 billion a year for FY24 and FY25, extending IDA's Small Island Economies Exception (SIEE) to include non-Island small states through which the Kingdom of Eswatini was identified as one of the three IBRD countries eligible for IDA funding. Participants also agreed on a proposed moratorium on hardening of financing terms in FY24 and FY25 for IDA countries in good standing with IDA's Sustainable Development Financing Policy (SDFP), a decision that favors Somalia and Haiti.

The IDA21 Independent Co-chair Search Committee selected Mr. Sheku Sambadeen Sesay of Sierra Leone to serve as an Independent Co-chair for IDA's twenty-first (IDA21) replenishment meetings. For the IDA21 cycle, the Africa Group 1 Constituency is being represented by three Borrower Representatives from Burundi, Ethiopia and The Gambia. On March 27, 2024, the Office successfully organized the third Middle-Income Countries (MIC's) Forum, themed "The relevance of the WB Evolution for MICs in the AfG1 Constituency". The Office hosted AfG1 Ambassadors based in Washington D.C. to discuss on strengthening advocacy for IDA21. For the 19th cohort of the Voice Secondment Program, four nominees from Botswana, Eswatini, Lesotho and South Sudan were selected, of which three were able to join the program. The OED continued its advocacy for a broader representation of staff of African origin at different levels in the WBG. OED continued its efforts on the assessment of capacity-building requirements for SSA.

Engagement with Constituency countries has remained top priority for the Office of the Executive Director. Over the past six months, the Executive Director undertook official missions to four Constituency countries, namely the Republic of Seychelles, the Kingdom of Lesotho, the Federal Republic of Somalia, and the Federal Democratic Republic of Ethiopia.

CHAPTER 1

Economic Performance

Chapter 1

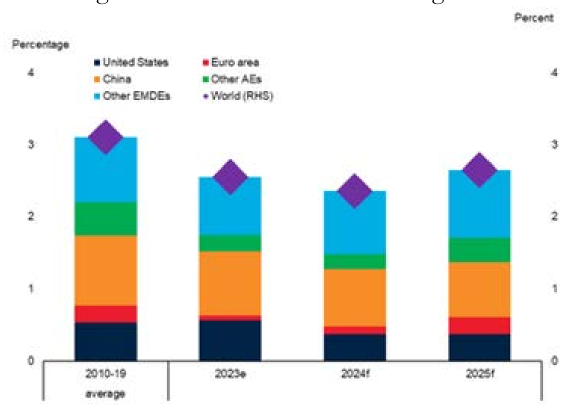
This Chapter presents an overview of recent global economic developments, the medium-term outlook, as well as risks to the global economy. It also sheds light on the economic performance and prospects of the Sub-Saharan Africa (SSA) region, with additional analysis on the Africa Group 1 Constituency.

1.1. Global Economic Performance

1.1.1 Global Growth

The global economy is slowly emerging from the shocks of the past four years. In 2023, the global economic expanded by 2.6 percent, benefiting from a strong rebound in the US economy and several large Emerging Market and Developing Economies (EMDEs). Inflation has fallen sharply in most regions, with many economies witnessing lower unemployment levels, improving supply chain flows, and monetary policy easing. The World Bank's flagship report, Global Economic Prospects, January 2024, predicts the global economy to expand by 2.4 percent in 2024, with a further 2.7 percent expansion forecasted for 2025. However, the report underscores that recent polycrises have left a lasting negative effect on developing economies. By the end of 2024, the poor in about a quarter of developing countries and almost 40 percent of low-income countries are projected to be worse off than they were on the eve of the COVID pandemic in 2019. However, with supply chain disruptions subsiding, fewer material shortages, and lower energy prices, and reduced probability of hard landing for key economies, the risks to growth have become broadly balanced.

Figure 1.1 Contribution to Global growth



Source: World Bank

1.1.2 Regional Growth

The growth story for the advanced economies in 2023 was mixed. After picking up to an estimated 2.5 percent in 2023, US economic growth is expected to slow to 1.6 percent in 2024 amid increased unemployment and lower inflation. Growth is expected to recover to 1.7 percent in 2025, as the economy benefits from a projected monetary policy easing. In 2023 growth in the Euro area decelerated sharply to 0.4 percent from 3.4 percent in 2022. Economic growth in the region will only marginally improve to 0.7 percent in 2025. Economic conditions in Japan strengthened in 2023 leading to 1.8 percent growth, but projections for 2024 indicate a slowdown to 0.9 percent.

In EMDEs, excluding China, growth is estimated at 3.2 percent in 2023, and expected to rise to 3.5 percent in 2024 as the effects of monetary tightening subside. These baseline forecasts are however subject to downside risks emanating from the effects of escalation in the Middle East conflict and its implications on energy prices, increase in geopolitical tensions of the Russian-Ukraine conflict, and surge in food prices, with negative impacts on external trade, investment activities, and overall economic growth.

Looking more closely at the various regions, the East Asia and Pacific region experienced strong growth in 2023, with a 5.1 percent average expansion, while projection for 2024 is 4.5 percent. Overall, growth in the region, excluding China, was dampened by shrinking goods exports amid weak global demand. However, China's rebound from 3.0 percent in 2022 to 5.2 percent in 2023 is reflected in a stronger regional average. China's recovery has been far more unstable than investors expected, with a worsening property crisis, rising deflation risks and moderate demand dimming the outlook for 2024. Indonesia and Thailand are two other economies with stronger growth outturns in 2023 and a strong momentum for 2024.

Growth in the Middle East and North Africa (MENA) is estimated to have slowed sharply in 2023, to 1.9 percent, down from 5.8 percent in the previous year. MENA already faced several disruptive conditions, reflecting cuts in oil production, rising inflation, and weak private sector activity in oil importing economies. In MENA, growth is projected to recover to 3.5 percent in both 2024 and 2025, reflecting a strong rebound for Saudi Arabia and other oil exporting countries. The conflict in Gaza, in addition to its impact on human and economic suffering, is also having consequences for the wider MENA region.

Growth in South Asia remains strong at 5.7 percent in 2023. The strong expansion in the region is largely a reflection of strong outturn in India and Bangladesh. For 2024, India's growth is projected at 6.4 percent, again anchoring stronger performance for the region. India's strong performance was supported by solid growth in public investment and brisk services activity, reflecting increased domestic demand for consumer services and business services exports. Excluding India, output growth in the region is expected to rise to 3.8 percent in 2024 and 4.1 percent in 2025.

Average growth for the Latin American and Caribbean (LAC) region decelerated sharply to 2.2 percent in 2023, about half the growth rate achieved in 2022, mainly affected by declining investments due to difficult financial conditions, weak trade, high inflation, and adverse weather conditions. However, growth is expected to pick up from 2.3 percent in 2024 to 2.5 percent in 2025. The pressure on economic activity resulting from earlier monetary policy tightening is expected to diminish through 2024, while further policy easing amid moderating inflation is likely to support growth in 2025.

1.1.3 Global Inflation

Global headline consumer inflation slowed significantly in 2023 compared with 2022. The slowdown was a result of lower energy and food inflation, coupled with lower consumer demand for goods and a recovery in global supply chains, which put significant downward pressure on commodity inflation. However, inflation remained above targets in most advanced economies as central banks were on a narrow path to achieve their goal of reining in inflation via tighter monetary policy while ensuring continued economic growth.

The underlying core inflation (which excludes volatile food and energy prices) has also fallen under different growth conditions across countries. In the United States, prices fell under improved economic activity, lower unemployment rates, increased labor supply, and falling energy cost. In the Euro Zone, the decline in inflation was accompanied by weak growth, reflecting disruptions in global supply chains, supply-demand imbalances after the COVID-19 pandemic, as well as the ramifications of the Russian-Ukraine conflict. In EMDEs, although inflation slowed, it was above target in about half of these countries. The FAO Food Price Index (FFPI) stood at 118.5 points in December 2023, which was 13.9 points lower from the average 132.4 points registered in the corresponding month of the previous year.[1]

While upward price pressures are projected to abate, inflation in many countries —especially advanced economies— is expected to remain well above central banks' targets. Projections suggest that it will continue to be above its pre-pandemic level beyond 2024, despite the decline in the prices of oil and agricultural commodities. According to the International Monetary Fund (IMF), a return to the target inflation is unlikely before 2025 in most economies. IMF projects global headline inflation to fall to 5.8 percent in 2024 and 4.4 percent in 2025 due to expected weakness in global demand growth and limited fall in commodity prices.[2] These rates, however, are still higher than the pre-pandemic average (2015-2019).

For advanced economies, the IMF assesses a major near-term challenge for policymakers to successfully manage the final descent of inflation from target, calibrating monetary policy in response to underlying inflation dynamics and adjusting to a less restrictive stance. With supply chain disruptions subsiding in the face of shorter lead times, reduced material shortages, and lower energy prices, consensus forecasts indicate lower inflation for EMDEs in 2024 compared to last year in 85 percent of these countries. On the downside, new commodity price increases resulting from geopolitical shocks - including ongoing attacks in the Red Sea, conflict in Gaza, supply disruptions and persistent core inflation - could prolong tight monetary conditions and increase inflation.

1.1.4 Commodity Markets

Most commodity prices fell in 2023, reflecting a slowdown in economic activity affecting oil and mineral prices and favorable weather conditions boosting agricultural yields. Nonetheless, on average, commodity prices were 40 percent higher than their pre-pandemic level. Oil prices in 2023 averaged US$82, down from US$100 in 2022 due to moderating demand and ineffective

[1] Food and Agriculture Organization (FAO)

[2] Global Economic Prospects, World Bank, January 2024.

oil cuts by OPEC+ that were largely offset by increased oil production from Iran. Prices are expected to edge down further in 2024 and 2025 mainly due to an expected slow activity in China and advanced countries. However, a worsening of the conflict in the Middle East or greater than expected demand could lead to higher prices.

Coal prices fell by 12 percent month-on-month early in 2024, reaching a 30-month low, driven primarily by oversupply of coal in China. Although global demand for natural gas rose by just 0.5 percent in 2023, due to growth in China and North America, it was partially offset by a significant decline in demand in other regions, especially Europe where most gas storage capacity was full. Metal prices fell by 12 percent in 2023 mainly due to sluggish demand in China which accounts for 60 percent of global metal consumption. Furthermore, metal prices are expected to decline by 5 percent in 2024 and stabilize in 2025. Key risks to this price outlook include weaker-than-expected demand from China and advanced economies or significant disruptions to production.

Global prices for food commodities such as grains and vegetable oils fell in 2023 from record levels in 2022. The FAO Food Price Index was 13.9 percent lower in 2023 than the 2022 average, but its measures of sugar and rice prices rose over the same period due to climate impacts in the producing regions of Asia. Excluding rice, a staple food for more than half the world's population, the FAO grain index last year was 15.4 percent below the 2022 average[3].

Wheat prices in 2023 were also lower than they were before the start of the Russia-Ukraine conflict. Prices for meat, dairy products and vegetable oils fell from 2022, with vegetable oil – a major export product from the Black Sea region that saw significant rises during the Russia-Ukraine conflict – dropping to a three-year low as global supplies recovered. Food prices are expected to decline by 2 percent in 2024 and another 3 percent in 2025. Key risks to this price outlook include higher energy costs, adverse weather conditions, and geopolitical uncertainty in the Black Sea region.

1.1.5 Debt Dynamics

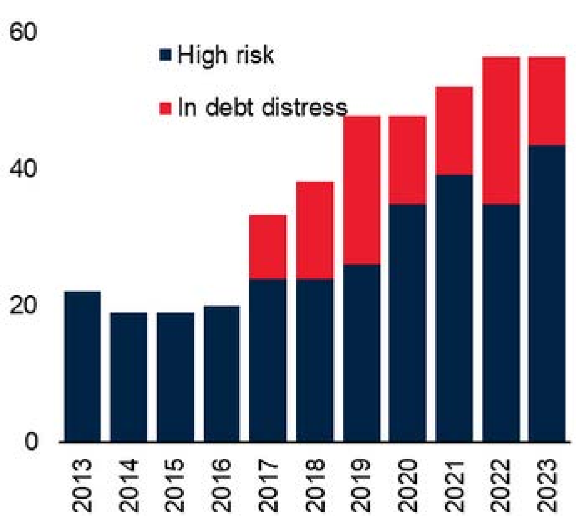
Historically, elevated debt problems have been associated with increasing debt distress in many developing economies. Current high interest rates and projected slower economic growth are expected to negatively impact the debt sustainability of many of these economies. According to the Institute of International Finance (IIF), global debt reached a staggering $307 trillion in the third quarter of 2023, with a big increase across the board in both mature markets (U.S., Japan, France, and the UK) and large emerging economies (China, India, Brazil, and Mexico). While the size of the burden varies greatly between countries, it is generally about two and a half times higher than it was a decade ago. This debt covers borrowing by governments, businesses, and households. The world's poorest countries now owe US$62 billion in annual debt service obligations to official bilateral creditors. In nearly half a century, debt in EMDEs is now at an all-time high, and in about half of these countries, debt accumulation has risen by more than 30 percentage points of GDP[4].

[3] Global Food Prices fell in 2023 compared to 2022 except for sugar and rice, PBS

[4] The Aftermath of Debt Surges, World Bank, 2021

Debt servicing costs are increasing rapidly and are at a worrying pace for most developing countries. According to the World Bank, debt-service payments—which include principal and interest—increased by 5 percent in 2022 for all developing countries. The 75 countries eligible to borrow from the International Development Association (IDA) paid a record US$88.9 billion in debt servicing costs in 2022. Over the past decade, interest payments by these countries have quadrupled, reaching an all-time high of US$23.6 billion in 2022. Overall debt servicing costs in the 24 poorest countries are expected to swell in 2023 and 2024, by up to 39 percent.[5] In the past three years, 18 debt sovereign defaults were recorded in 10 countries, exceeding the sovereign defaults of the previous two decades. Without swift and supportive actions, the growing debt burden coupled with higher financing costs would most likely weigh down on investment and further impede recovery in the EMDEs.

Figure 1.2: Share of LICs in, or at high risk of, debt distress



Source: International Monetary Fund; World Bank
Note: Eritrea and the Syrian Arab Republic are excluded because of inadequate data

As debt servicing and sovereign defaults increased, developing economies' access to external funds also diminished. Net transfers diminished significantly as payments to foreign lenders increased and borrowing decreased. In 2021-2022, according to the World Bank, new bonds issued by developing countries fell by more than half, while bonds issued by IDA-eligible countries had decreased by three quarters, to US$3.1 billion. Meanwhile, private borrowers paid US$185 billion more to foreign lenders than they received in new loans.

Vulnerabilities and high debt servicing costs continue to pose a growing challenge for middle- and low-income economies, as they attempt to contain their rising debt burdens and move towards debt sustainability. Low-income countries need to refinance about US$60 billion in external debt each year, about three times the average in the decade leading to 2020.[6] In the short to medium-term, debt resolution and increased concessional financing are critical to easing the debt burden and creating fiscal space for recovery and development spending for these countries.

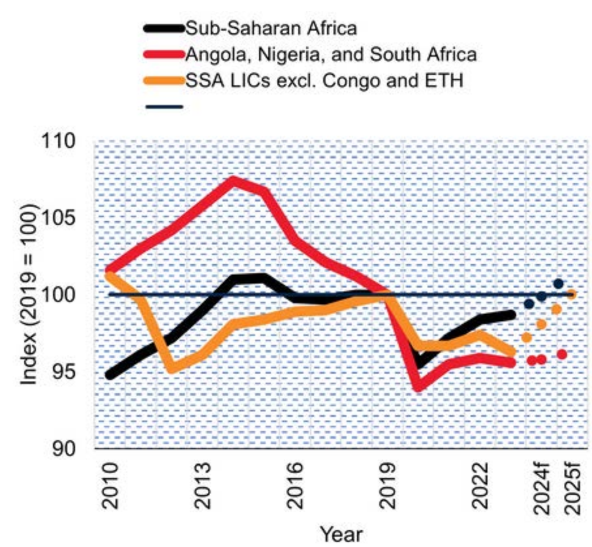
Since the expiry of the Debt Service Suspension Initiative (DSSI), more hope was placed on the G20 Common Framework (CF) to provide a coordinated platform for effective debt resolution. The World Bank supports countries with high debt burden in exploiting the full potential of the CF. So far only Chad, Ethiopia, and Zambia applied for the CF. Even then, progress so far has been very slow to address their debt issues. Debtor countries are required under the framework to fully disclose their debt

[5] International Debt Report 2023, World Bank, 2023

[6] Debt-Service Pressures in Low-Income Countries, IMF

situation, including off-balance-sheet obligations. Moreover, the role of private sector creditors and bondholders in debt restructuring must be properly recognized in the CF. Although the G20's official creditors have agreed to provide consistent debt relief, more multilateral coordination is needed for low and middle-income countries to receive meaningful and timely debt relief

Figure 1.3: Income per capita in SSA



Source: World Bank

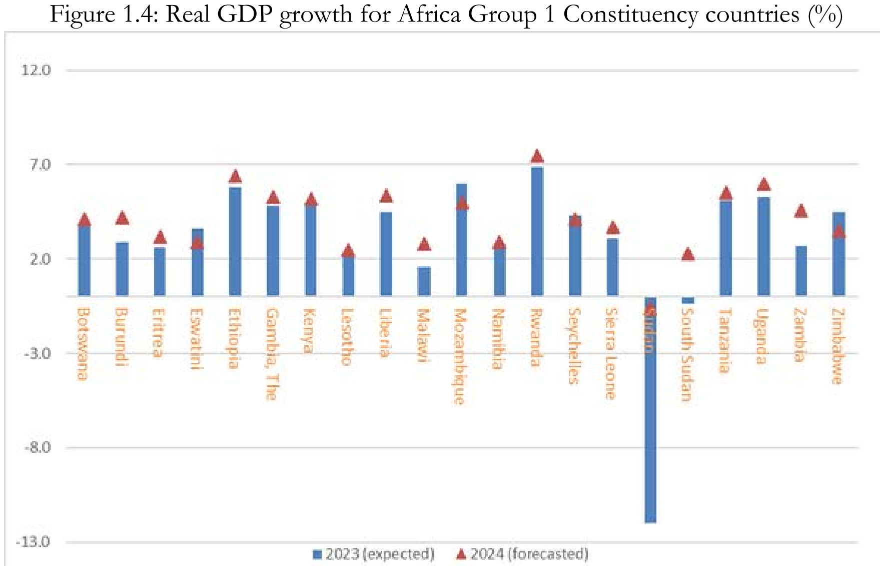
1.2. Economic Performance in Sub-Saharan Africa

1.2.1 Macroeconomic Developments

Economic growth in Sub-Saharan Africa (SSA) is estimated at 2.9 percent in 2023, affected by various factors including the low growth in the region's largest three economies (Nigeria, Angola, and South Africa), protracted conflicts in several countries, such as Sudan, Chad, and Niger, and fiscal consolidation resulting from high debt levels and increased borrowing costs. Moreover, the post-pandemic recovery has slowed due to weak external demand and prices for mineral exports.

According to the World Bank, per capita income in SSA is expected to grow on average by a modest 1.2 percent in 2024 and 1.5 percent in 2025 (Figure 1.3). A sharp decline in per capita income is expected in both years in some conflict-affected countries, especially Sudan. By 2025, it is

Figure 1.4: Real GDP growth for Africa Group 1 Constituency countries (%)



Source: World Bank

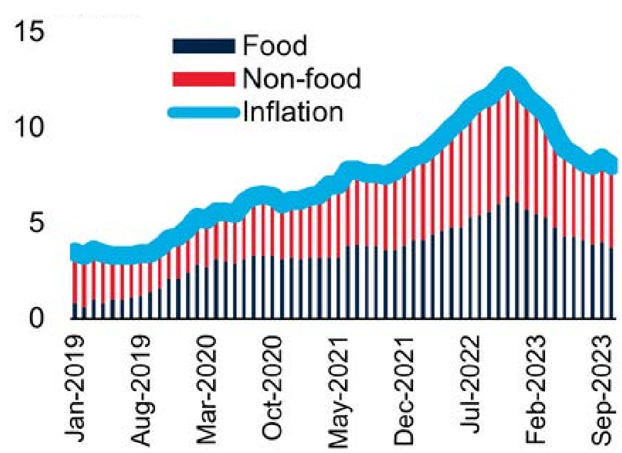
Note: Data for Somalia is unavailable as per the World Bank's Economic Prospects Report expected that per capita GDP in about 30 percent of the region's economies, with a total population of more than 250 million, will not fully recover to pre-pandemic levels.

The growth story for Africa Group 1 Constituency countries also reflects the challenges of the past few years. After a strong average recovery recorded in 2021, following a contraction in 2020, economic growth in the region has weakened in 2022 (Figure 1.4). Growth estimates for 2023 depict mixed outcomes with several countries registering lower growth rates compared with 2022 while some Constituency countries are assessed to have experienced improved economic growth in 2023.

Significant financing pressures continue to influence this outcome. Fiscal deficits have widened due to increased public spending and high import bills leading to increases in already high public borrowing. Market financing in many Sub-Saharan African countries has diminished dramatically or become very expensive as advanced economies raise interest rates to curb inflation and international investors become more risk averse. Official development assistance has also continued to decline, affecting investments in vital areas such as basic infrastructure, irrigation, clean water and energy. Small economies have particularly suffered from high food and energy import prices.

Moreover, most countries experienced widening current account deficits, mainly due to softening demand for exports and fall in commodity prices, widening trade deficits, higher borrowing costs, and lower-than-expected current transfers. Exchange rates also came under pressure, reflecting slower foreign exchange inflows and a general deterioration in the terms of trade for non-oil exporting countries. Despite recent falls in food and energy prices (Figure 1.5), disruption to international trade or production could reignite inflation and impact the poor across the region. Production interruptions are likely to result from mining cessation, significant losses and damages due to frequent extreme weather events, such as the current El Niño weather pattern, currently affecting East and Southern Africa. Other factors include elevated geopolitical risks in the region and the Middle East.

Figure 1.5 Consumer price inflation in SSA (%)



Source: World Bank

1.2.2 SSA Debt

Low-income economies face severe debt crisis. About 60 percent of Low-Income Countries (LICs) are at high-risk of debt distress or in debt distress, with mounting debt-service costs and slow progress in debt restructuring.[7] Interest payments take up an increasingly large share of low-income countries' export earnings, and more

[7] IMF 2022 Annual Report, Washington DC.

external debt carries variable interest rates that can rise suddenly.[8]

Africa's debt situation is currently the highest of any developing region and some countries have already defaulted on their debts. Skyrocketing debt payments are diverting scarce resources from development priorities, threatening hard-won development gains and investment in people and the environment. Economic collapse may occur in some economies unless G20 creditors agree to accelerate debt restructurings and suspend debt service while restructuring negotiations are ongoing. It is also critical that private sector creditors implement debt relief on comparable terms. The recent experiences of Chad, Ethiopia, and Zambia highlight the need to speed up and improve the effective implementation of the Common Framework. In October 2023, Zambia agreed to a memorandum of understanding with official creditors to restructure debt worth US$6.3 billion, and recently (February 2024) signed agreements to restructure its bilateral debt with China and India.[9] However, more actions are needed from creditors side to bring these efforts to fruition.

A recent positive story in the SSA debt landscape is Somalia's achievement of the Heavily Indebted Poor Countries (HIPC) Completion Point in December 2023. The country implemented key structural reforms and social measures outlined at the Decision Point, notably on debt transparency and qualified for full and irrevocable debt relief. Reaching the completion point provided Somalia with total debt service savings of US$4.5 billion. As a result, Somalia's external debt fell from 64 percent of GDP in 2018 to less than six percent by end-2023. Total public debt is estimated at US$706 million, or 6.1 percent of GDP at the end of 2023, from US$3.9 billion or 37.4 percent of GDP at end-2022. Debt relief will enable the government to access additional financial resources to support state building and development. The Debt Sustainability Analysis considers Somalia to be at moderate risk of debt distress, both for external and overall public debt. Moreover, Somalia has been assessed to have substantial space to absorb shocks in the post-HIPC period although it is vulnerable to price and climate shocks and remains highly dependent on external concessional financing.

1.2.3 Outlook

Growth in the Sub-Saharan Africa region is projected to rebound in 2024 and 2025. Resilience will be enhanced by expected improvements in global economic conditions, resulting from the downward adjustment of interest rates as the effects of tightening monetary policy on inflation begin to take effect.

Growth for Eastern and Southern Africa region is forecasted to average 3.6 percent in 2024, a major boost compared to the 2.5 percent average recorded in 2023. The projection for 2025 is 3.8 percent. Just to highlight a few cases, during this period, growth in Kenya and Uganda is expected to receive boost from increasing investment, partly owing to improved business confidence. Infrastructure investment ahead of oil production in 2025, will benefit Uganda, while investment

[8] 2023 International Debt Report, World Bank, Washington DC.
[9] Lusaka Times, February 26, 2024

in Kenya will be boosted by increased credit to the private sector as the government scales down domestic borrowing. Ongoing economic reform in Tanzania, are expected to improve the business climate and lift growth.

Elevated interest rates in developed economies introduced to contain inflation continue to threaten weaken growth prospects for SSA, especially with the sharp decline in the scope for rollover of outstanding debt. Capital inflows are projected to decline with international investors becoming more risk averse. This could increase pressure on exchange rates, leading to significant currency depreciation in many countries. The World Trade Organization (WTO) projects world merchandise trade volume to grow at 3.3 percent in 2024, after declining by an estimated 0.8 percent in 2023[10], which would benefit metal and mineral exporting countries, such as Botswana, Namibia, and Zambia.

1.2.4 Risks and Way Forward

Although growth is forecasted to rebound in 2024 and 2025, thereby supporting Africa's resilience to shocks, multiple downside risks are identified. Despite food prices retreating from their peak in 2022, disruption to agricultural production due to weather conditions in East and Southern Africa could reverse this trend and affects exports and worsen poverty and food insecurity in the region. Increases in average temperatures could also lead to significant declines in crop yields. Climate change exacerbates the threat, aggravating the underlying social and political tensions, economic insecurity, and humanitarian crisis, of the ongoing conflicts in Sudan, Ethiopia, Somalia, South Sudan, and elsewhere in the continent. Escalating political violence in the Middle East, especially the recurrence of attacks on ships in the Red Sea, could also lead to increases in oil prices, which would affect transportation and food costs in the region.

The cost of servicing debt, which includes principal and interest payments, could surge for the world's poorest nations in 2024 leaving countries with little fiscal space to make the investments necessary to revive growth. This will represent an additional challenge for the indebted countries in the region in relation to the size of their economies and government revenues. With low external buffers, the sustained tightening of global financial conditions will put pressure on African national currencies and financing needs across the region. This challenge will even be greater if global inflation turns out to be higher than expected, which will lead to higher interest rates and make debt service payments owed by countries in the region more expensive. Moreover, debt restructuring attempts by heavily indebted countries, especially within the G20 common framework, may also prove difficult to attain. This can increase the risks of financial distress and sovereign defaults and limit access to financial markets. Under these circumstances, most countries will not be able to afford expanded social programs to improve people's

[10] Global Trade Outlook & Statistics Update: October 2023, WTO, Geneva, Switzerland

well-being and reverse the trend of increasing poverty observed since the pandemic era

The fall in the import cover ratio is widespread in the region which could make local currencies more vulnerable to exchange rate pressures, and thus increases the risk of dampening inflation expectations. Current account deficits are elevated in many countries still grappling with soaring import bills, widening interest differentials, and increased debt and debt-service costs.

Government spending should be channeled to growth-friendly investments with larger multipliers, as well as diverging from non-performing programs. African countries need to develop long-term comprehensive strategies to provide strong signals to domestic and international stakeholders on their commitment to growth and development. They should translate these strategies into sectoral strategies, plans, and regulations, that can be fully mainstreamed into the whole economy.

CHAPTER 2

Selected Policy Issues and Updates

Chapter 2

This chapter provides updates on key policies and strategies that have been the focus of the Executive Boards of the World Bank Group (WBG) in the last six months. The chapter includes updates on the WB Evolution discussions, Global Food Security Situation and WBG Response, WB FCV Strategy, COP28 and the Loss and Damage Fund, proposed IDA contribution to the Sexual Orientation and Gender Identity (SOGI) discussion. In addition, topics are included on Debt Sustainability, World Bank policy in dealing with de facto governments, improving WB's framework on global poverty monitoring, and African Regional and Continental Integration.

2.1 EVOLUTION OF THE WBG : UPDATE

The World Bank Group is undergoing a transformation aimed at becoming a "bigger, better bank" equipped to address the pressing needs of people and the planet. The Group's mission and operations will focus more on tackling global development challenges such as poverty, shared prosperity, inequality and cross-border issues like climate change, pandemics, fragility, conflict, and violence.

WBG management continues to define and refine required actions to achieve impact at scale for client countries, enhancing the Bank's efficiency and effectiveness. WBG Governors endorsed the new vision, "to create a world free of poverty – on a livable planet," complemented by the mission "to end extreme poverty and boost shared prosperity on a livable planet" The WBG Board reaffirmed the importance of the Country Engagement Model to ensure country ownership of Bank-supported programs, accelerate the pace of project implementation, and streamline approval and disbursement processes. Line of activities under the WB evolution included enhancing IBRD's capital adequacy framework, leading to an increase of up to US$50 billion over 10 years with existing capital.

Over the past several months, in-depth engagements on the Evolution Roadmap between the WBG Board and Bank management have led to progress on proposals in four areas: the Framework for Financial Incentives (FFI), enhancing the World Bank Crisis Preparedness and Response Toolkit, Climate Resilient Debt Clauses, and the WBG New Scorecard.

2.1.1 Framework for Financial Incentives

The Framework for Financial Incentives (FFI) lays out the principles and approaches that will be used to incentivize Global Challenges projects with cross-border externalities in IBRD clients. The FFI includes two elements, concessionality and preferencing. Considering the global scarcity of grants to support concessionality, the WBG Board was presented with an approach in December 2023 to incentivize IBRD countries to invest in projects supporting large Global Public Goods (GPGs), benefiting from concessional resources from the Livable Planet Fund (LPF). The Board emphasized that concessional financing should prioritize GPGs - investments with clear cross-border externalities. To minimize inefficient use of scarce concessional resources and market distortions, minimum concessionality for eligible projects was proposed as a guiding principle. The proposal further signaled that for many GPG projects, IBRD terms may suffice, as the terms are lower than capital market rates.

As part of the above exercise, specific financial products have been identified to incentivize borrowing. Some will be provided by the IBRD, with the accompanying concessionality to come from the Livable Planet Fund or other trust funds and financial intermediary funds. The proposal also suggested other sources of incentives including loans with extended tenors without additional maturity premiums, interest rate buy-downs, project preparation grants, and risk reduction tools to engage the private sector. Eligibility and prioritization criteria will be established for concessional funds allocation to operations producing GPG benefits, with strong evidence of additionality, transformational and replicability potential. The concessionality framework focuses on IBRD clients since IDA and blend clients will access concessional resources through IDA, using relevant IDA eligibility criteria.

The second pillar of the framework for financial incentives is preferencing. Preferencing is about enabling fund-contributors to support areas of their priorities. To enhance the Bank's financial capacity to meet clients' growing needs, Governors welcomed new tools, including two Balance Sheet Optimization (BSO) measures: (1) the establishment of a Portfolio Guarantee Platform (PGP), allowing IBRD to leverage contingent commitments from shareholders, turning each $1 of guarantee into $6 of new lending over 10 years; and (2) the introduction of a Shareholder/Development Partner Hybrid Capital (SDPHC) instrument, enabling subordinated loans from shareholders and development partners to increase IBRD's lending by up to 8 times over 10 years.

The idea of preferencing framework builds on the expressed interests of several shareholders to contribute towards IBRD's lending capacity directed at addressing global challenges. The framework proposes incentives to encourage strong shareholder participation and secure budget and approval from participating governments. Participation in PGP and SDPHC does not grant additional voting rights or market-based returns for contributors. However, an arrangement for contributors to participate in specific World Bank strategic theme and Global Priority Programs (GPP) would have the added benefit of leveraging regular IBRD resources going to support the themes identified under the eight global challenges. With its initial proposal, Bank Management recommended capping the total leveraged lending capacity that can be "preferenced" over 10 years at 50%. Maintaining the country-led model to ensure client country ownership and accountability was part of the proposal's value proposition. Clients are calling for an arrangement where resources mobilized under the framework for financial incentives will serve to finance all the eight global challenges equitably.

2.1.2 World Bank Crisis Preparedness and Response Toolkit

The new World Bank Vision and Mission emphasizes building resilience to enable people and countries to prevent, prepare for, and recover from crises. Accordingly, WB management proposed improvements to the Crisis Preparedness and Response Toolkit for rapid government response during crises.

The proposed changes build on the existing toolkit, incentivizing preparedness and supporting response. Options include establishing a Rapid Response Option (RRO) for swift, efficient assistance during natural or man-made disasters, and enhancing the Catastrophe Deferred Drawdown Option (Cat DDO), doubling country limits to the lower of US$1 billion or 0.5 percent of GDP for IBRD, and US$500 million or 1 percent of GDP for IDA. Small states will have higher limits - up to US$40 million for IDA - with IBRD small state amounts determined case-by-case. The discussion also considered formalizing Investment Project Financing with Deferred Drawdown Option, managing risks beyond natural disaster response, and offering Disaster Risk Transfer Transactions (DRTT) with Bank financing operations.

2.1.3 Climate Resilient Debt Clause (CRDC)

To support climate vulnerable clients, the Board approved the introduction of a Climate Resilient Debt Clause (CRDC), allowing eligible borrowers to defer principal payments on IBRD loans and IDA credits for up to two years following a severe natural disaster. The Climate Resilient Debt Clause has been broadened to strengthen the Crisis Preparedness and Response Toolkit, aiding vulnerable small states with early and more meaningful support. The scope of CRDC was broadened to include existing loans, the option to defer interest payments and other loan charges, and a one-time deferral of principal and/or interest payments for up to 2 years from the first scheduled loan repayment and up to 5 years before the final loan repayment. Coverage is limited to tropical cyclones/hurricanes and earthquakes.

2.1.4 Corporate Scorecard (CSC)

A new WBG Corporate Scorecard, spanning FY24-30 and concluding with the SDGs' final reporting year, was endorsed by the Board in December 2023, with a mid-term review planned for FY26. The approach serves to drive a unified focus on key outcomes, manage with evidence, and communicate results. The outcome areas within the new scorecard align with the five verticals proposed by the Bank's new knowledge agenda: People, Prosperity, Planet, Infrastructure, and Digital, as well as cross-cutting themes capturing WBG interventions on women and youth, FCV, jobs, and private investment. It monitors collective results of all WBG financing institutions, reinforcing the One WBG approach, focusing on a smaller number of thematically structured result areas to align with the new mission and the SDGs.

Implementing the new scorecard requires changes to the World Bank's results architecture, scaling up data investments, developing a consistent approach to outcome orientation, and improving results data collection and validation. Illustrative indicators cover eight global challenges identified in the Evolution process, complemented by Results Narratives for broader WBG-supported outcomes in client countries. Bank Management will provide quarterly updates on the scorecard implementation to the Board for further refinement and improvement. The Board stressed that the approved framework should remain relevant and adaptive to evolving priorities as the Bank progresses on the Evolution path.

2.2 Global Food Security Situation and WBG Response

The lingering impacts of COVID-19 and the conflict in Ukraine continue to undermine food security, and the year 2024 is poised to exacerbate these challenges. Climate change as well as global and regional conflicts pose significant threats to food and nutrition security. In response to urgent needs, the World Bank Group (WBG) has identified food and nutrition security as one of the eight global challenges within its Evolution process. To tackle this issue, the Bank mobilized $45 billion in 2022, comprising $22 billion in new lending and $23 billion from its existing portfolio.

The Bank's food and nutrition security initiatives now extend to 90 countries, encompassing short-term measures such as expanding social protection as well as long-term strategies to enhance productivity and promote climate-smart agriculture. These interventions are projected to benefit 335 million individuals, representing 44 percent of the global undernourished population, with women—disproportionately affected by the crisis—making up 53 percent of the target.

In its 2021 report, "The Future of Food: Building Stronger Food Systems in Fragility, Conflict, and Violence Settings," the World Bank proposed four action areas for food systems in Fragility and Conflict-affected situations (FCSs): 1) strengthening governance and institutional capacity by supporting comprehensive food systems; 2) Addressing food crises to prevent hunger and deepening poverty; 3) Fostering private sector growth through agribusiness development, inclusive agricultural value chains, and rural livelihoods, with a focus on women and youth; and 4) Mitigating conflict risk and environmental fragility through resilient and sustainable resource management.

Furthermore, the World Bank's December 2023 Food and Security Outlook indicates that many low- and middle-income countries (LMICs) are experiencing food inflation rates exceeding 5 percent. In 73 percent of the 165 countries with available data, food price inflation outpaced general inflation as measured by the Consumer Price Index (CPI). Notably, three AfG1 countries —Burundi, Malawi, and Zimbabwe—were among the ten nations with the highest food price inflation in December 2023.

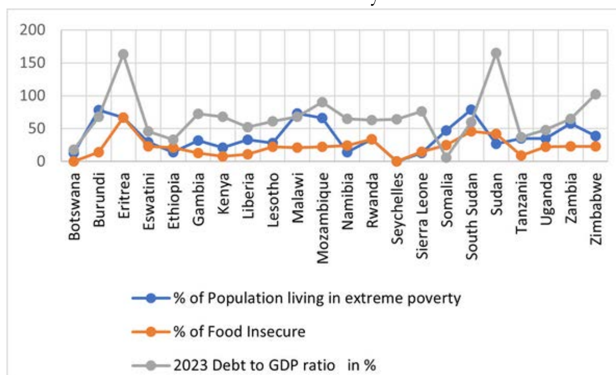
The outlook for Sub-Saharan Africa (SSA) is particularly dire, with extreme poverty and food insecurity widespread. Projections suggest that 56 million people in fragile and conflict-affected states in Eastern and Southern Africa will face food insecurity by June 2024. The escalating conflict in Sudan is exacerbating acute food insecurity in the region. The El Niño-induced drought in 2023 has reduced food availability in parts of Ethiopia, while excessive flooding in Kenya, Ethiopia, and Somalia during October and November 2023 had devastating effects on human lives, livestock, crops, and infrastructure.

Integrated Food Security Phase Classification (IPC), a multi-partner initiative to improve food security and nutrition analysis and decision-making, revealed that approximately 31.7 million people in West and Central Africa require immediate food and nutrition assistance. This food security analysis was confirmed at the 39th Annual Meeting of the Food Crisis Prevention Network (FCPN) in Praia, Cabo Verde, in December 2023. Without intervention, this number could rise to 44.5 million. Burkina Faso, Chad, Mali, Mauritania, and Niger are among the worst affected, with nearly 16.5 million children under the age of five suffering from acute malnutrition.

The FCPN meeting identified three interconnected factors driving the food and nutrition crisis in West Africa and the Sahel: escalating violence and insecurity across the Sahel, high food inflation impacting the purchasing power of the poor, and the need for current humanitarian efforts to address food shortages.

The Africa Group I Constituency Office of the Executive Director intensified its advocacy on the issue in the context of the Evolution discussion. The Office highlighted the vulnerability of food security to various factors, including population growth, water scarcity, energy access, supply chain disruptions, social inequality, and conflict. Twelve Executive Directors, endorsed the Office's position, urging the World Bank to allocate more resources to mitigate short-term impacts and to understand and address the root causes for sustainable long-term food security solutions. They also advocated for the Bank's support in enhancing the resilience of food supply chains, stabilizing food prices, mobilizing private sector resources, managing food waste, ensuring fertilizer affordability and availability, advancing agricultural technologies, and improving early warning systems.

Figure 2.1: Food insecurity, poverty and debt-to-GDP ratio in AfG1 Constituency countries



Source: World Bank

Trade disruptions also pose a significant challenge to food security. Recent attacks by Yemen Houthi rebels on vessels in the Red Sea have disrupted shipping through the Suez Canal, necessitating longer alternative routes. Similar trade barriers in the Black Sea region have affected the export of essential commodities, including fertilizers, wheat, barley, and soybeans, on which many East African countries depend.

The nexus of poverty, food and nutrition insecurity, and debt distress is stark. The ongoing conflicts in Ukraine and Gaza are driving up food prices, further deepening food insecurity, particularly in low-income countries that rely on imports. Figure 2.1 portrays the relationship between extreme poverty, food insecurity and public debt levels. Countries such as Burundi, Eritrea, Malawi, South Sudan, and Mozambique have the highest levels of extreme poverty. Eritrea, South Sudan, Sudan, Ethiopia, Mozambique, Zambia, Zimbabwe, Rwanda, and Eswatini are among those facing acute to severe food crises. Eritrea, Sudan, Zimbabwe, Mozambique, and Sierra Leone are challenged by high debt levels. Somalia, having recently benefited from a US$4.5 billion debt relief following the completion of the HIPC Initiative, has the lowest debt-to-GDP ratio among the Constituency countries.

The World Bank's financial and analytical support in addressing rising food insecurity is not a universal remedy for distressed countries. Jurisdictional approaches, such as effective policies and political will, are crucial for home-grown solutions. Recent summits on fertilizer, climate change, and food and nutrition in Cotonou, Nairobi, and Dar es Salaam represent positive steps toward a unified strategy to combat the paralysis of food insecurity and its impact on economic growth and development. Now is the time for Sub-Saharan Africa, in partnership with the World Bank and other multilateral development banks, to take decisive action to address food and nutrition security and poverty.

2.3 Update on World Bank FCV Strategy

The global landscape is increasingly marked by Fragility, Conflict, and Violence (FCV), deepening development challenges. The World Bank Group (WBG) recognizes the need for an adaptable strategy to address emerging crises. This section provides an update on the Bank's FCV Strategy and the recent Mid-Term Review (MTR) on the strategy, emphasizing the need for adaptation and its implications for Sub-Saharan African countries

By 2030, fifty-nine percent of the extremely poor are projected to live in Fragility and Conflict Situations (FCS), highlighting the urgency of addressing the complex challenges arising from overlapping risks. The WB's FCV Strategy, launched in 2020, aims to enhance WBG support for countries facing FCS challenges. The MTR affirms that the strategy remains fit for purpose, demonstrating significant progress in conflict prevention, private sector engagement, and addressing forced displacement.

The FCV Strategy has successfully enhanced the focus on conflict prevention with a proactive stance on remaining engaged in challenging contexts. Noteworthy achievements include expanded diagnostics, significant strides in understanding the factors and remedial measures to tackle forced displacement, and a commitment to private-sector engagement. Increased IDA funding for FCS underscores the strategy's impact.

While the FCV Strategy has shown effectiveness, the MTR identifies the need for early response and increased resilience to shocks. It emphasizes the necessity of improved understanding and urgency in addressing FCV drivers to strengthen resilience. Lessons learned from FCV situations, such as Afghanistan, South Sudan, Somalia, and Yemen provide insights for future adaptations.

The private sector is recognized as critical for resilience and transitioning out of FCV. The WBG has supported entrepreneurship, business development, and market access which contribute to job creation. However, challenging investment conditions highlight the importance of developing integrated approaches and leveraging partnerships for sustainable private-sector engagement.

The MTR of the FCV strategy acknowledges the limited focus on urban and criminal violence in the initial strategy period. Recognizing the destructive effects of various forms of violence, including gender-based violence (GBV), the WBG commits to revisiting and prioritizing this element in its approach. This renewed focus aligns with addressing critical FCV challenges and integrating violence prevention into country engagement strategies.

The MTR calls for an ADAPT approach to WBG's engagement, emphasizing Anticipation, Dynamic responses, Advancing private sector engagement, focusing on critical Partnerships, and building strong Teams. Anticipating FCV challenges earlier involves expanding diagnostics, while dynamic responses require increased operational efficiency and adaptive management. Advanced private sector engagement necessitates reinforcing the One WBG approach and expanding access to blended finance. The focus on critical partnerships implies maintaining and deepening existing collaborations. Building strong teams emphasizes strategic recruitment, career planning, incentives, and staff welfare to ensure an effective and skilled workforce.

FCV challenges are particularly prevalent in Sub-Saharan Africa, where several countries face persistent fragility and conflict. The MTR highlights the relevance of the FCV Strategy to the region, emphasizing the need for tailored approaches. Strengthening regional partnerships and addressing multidimensional risks, including forced displacement, will be crucial for sustainable development.

In conclusion, the World Bank's FCV Strategy and MTR reveal significant achievements and a commitment to adaptability. The challenges posed by the evolving global context, especially in Sub-Saharan Africa, underscore the importance of a dynamic and resilient approach. As the WBG continues to refine its strategy, focusing on private sector engagement, violence prevention, and strategic partnerships will be pivotal to achieving long-term development goals in FCV-affected regions.

2.4 Update on COP28 and the Loss and Damage Fund

The 28th UN Committee of the Parties (COP28) climate conference in Dubai marked a pivotal milestone in the global climate change dialogue. It discussed on pressing issues, notably the architecture and operationalization of the Loss and Damage Fund (LDF). In line with the AfG1 Constituency's commitment to climate resilience, the Office of the Executive Director (ED) initiated a briefing with the V20 Secretariat on January 24, 2024, laying the groundwork for collaborative efforts.

Discussions on loss and damage took center stage at COP28, emphasizing the urgency of supporting nations disproportionately affected by climate change. The establishment of the LDF garnered attention, with deliberations focusing on its scope, modalities, and operational framework. Notably, SSA countries, including AfG1, have played a proactive role in shaping the discourse, advocating for the Fund's effectiveness in addressing the unique challenges faced by vulnerable nations.

The Role of the World Bank: The World Bank has been designated as the interim trustee and host of the Loss and Damage Fund. This responsibility grants the Bank legal basis to negotiate, conclude, and enter into a hosting arrangement with the Fund's secretariat. The Bank's involvement ensures the necessary legal and operational framework are in place for the speedy set up and operationalization of the Fund.

Operationalizing the Fund: The COP28 decision on Loss and Damage sets out main steps to operationalize the Fund as a Financial Intermediary Fund (FIF) hosted by the World Bank. The World Bank was required to confirm its willingness and ability to meet the stipulated conditions within six months after the conclusion of COP28. This commitment ensures that the Bank is fully prepared to assume the responsibilities associated with hosting the Fund.

The World Bank has made significant progress in establishing the FIF for Loss and Damage. By January 31, 2024, the United Nations Framework Convention on Climate Change (UNFCCC) secretariat had initiated arrangements to convene the first meeting of the Fund's Board. The World Bank Board is set to consider the approval of the FIF by June 2024. This timeline demonstrates the Bank's commitment to expeditiously moving forward with the operationalization process.

Funding Arrangements: The Fund's financial sustainability is crucial for its effectiveness. Several donors have announced initial financial commitments to support the Fund. These commitments include contributions from Italy, France, Germany, UAE, and several other countries, totaling approximately US$661.84 million. These funds, along with expected additional mobilization, will provide the necessary resources to address economic and non-economic loss and damage associated with climate change.

Governance and Institutional Arrangements: The Fund will operate under the guidance of the Conference of the Parties (COP) and will have a Board comprising representatives from developed and developing countries. The Board will have the autonomy to select the Executive Director and establish its own eligibility criteria. The Fund will be serviced by an independent secretariat accountable to the Board, ensuring effective management and execution of its operations.

Implementation Modalities: To ensure efficient utilization of resources, the Fund will channel its funding to programs and projects at the country level through various modalities. These include direct access via governments or accredited entities, both at the subnational and international levels. This approach aims to tackle specific needs and priorities of vulnerable countries.

The World Bank's involvement in the Loss and Damage Fund demonstrates its commitment to addressing the adverse effects of climate change. The Bank's role as the interim trustee and host, along with its progress in operationalizing the Fund, highlights its dedication to mobilizing financial resources and supporting vulnerable countries. With the establishment of the FIF, the World Bank is playing a crucial role in providing new, additional, and predictable financial resources to respond to loss while promoting sustainable development and poverty eradication.

2.5 Update on IDA20 MTR: Proposed IDA Contribution to the Sexual Orientation & Gender Identity Agenda

One of the agenda items considered by the IDA20 Mid-Term Review held in early December 2023 was how to address Sexual Orientation and Gender Identity (SOGI) in IDA. Research suggests that the effects of Sexual Orientation and Gender Identity (SOGI)-based exclusion could be costing economies billions of dollars, by some estimates up to 1.7 percent of countries' GDP.[11] Addressing SOGI inclusion provides an opportunity for IDA countries to ensure that more people can benefit from and contribute to development regardless of personal characteristics such as sexual orientation, gender identity and expression, and sex characteristics.

In 2015, the WB adopted Sexual Orientation and Gender Identity (SOGI) inclusion as a fundamental principle, aligning with commitments to non-discrimination, social inclusion, and gender equality. For example, the Environment and Social Framework (ESF), introduced in 2018, guides the Bank's actions, ensuring that Bank-financed projects are designed and implemented to be inclusive of vulnerable and marginalized groups. Importantly, the ESF also mandates the prevention of discrimination in both the design and implementation stages of Bank-funded projects. Additionally, a directive within the Bank, Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups mandates World Bank staff to guarantee inclusion and prevent discrimination based on .sexual orientation and gender identity. Leveraging this supportive framework, the WB advocates the design and execution of projects aimed at reducing the likelihood of discrimination related to SOGI. The overarching objective is to foster social inclusion for all individuals, irrespective of their sexual orientation or gender identity.

The WB has been actively developing the expertise and tools essential for aiding clients in the integration of SOGI inclusion into their developmental initiatives. Studies have been conducted to analyze the economic implications of exclusion based on Sexual Orientation and Gender Identity (SOGI). Nonetheless, collecting data from lesbian, gay, bisexual, transgender, and intersex (LGBTI) individuals remains challenging, as many are reluctant to self-identify on surveys due to the risk of discrimination and exclusion.

Collaborating with partners, the WB is actively engaged in developing a protocol to integrate SOGI-identifying questions into multi-topic household surveys. Simultaneously, the emphasis on expanding inferential research persists,

[11] Badgett L, Park A, Flores A, Links Between Economic Development and New Measures of LGBT Inclusion, Williams Institute, 2018.

addressing both the economic costs of SOGI exclusion and the generation of evidence on strategies to enhance inclusion.

As a part of its knowledge initiatives, the WB has initiated a study to evaluate the laws and regulations impacting LGBTI individuals. In collaboration with the Asian Development Bank, the WB is currently in the process of developing the Equality of Opportunity for Sexual and Gender Minorities (EQOSOGI) study. The study will benefit from data collected in 64 countries. The EQOSOGI initiative provides a unique opportunity for the WB to use the legal and policy recommendations as a basis for advice on development policy financing and other interventions.

Additionally, there is research in progress towards SOGI inclusion in IDA countries' legal and regulatory frameworks. The EQOSOGI research provides an opportunity to create comprehensive data encompassing all IDA countries. This involves monitoring advancements toward non-discriminatory legal and regulatory frameworks in critical areas such as criminalization, political and civil inclusion, hate crimes, and accessibility to inclusive education, the labor market, public services, and social protection. WB Management intends to modify its approach to actively engage and report on the progress of IDA countries in terms of SOGI inclusion.

Leveraging the country-led engagement model, IDA will undertake the following:

- Maintain support for countries' integration of SOGI, utilizing development policy financing to endorse policy and institutional reform.
- Enhance knowledge, data, and tool development, incorporating inferential research and impact evaluations, to determine effective approaches (and those less effective) to bridging gaps related to Sexual Orientation and Gender Identity inclusion.
- Engage partners to formulate a protocol for incorporating questions that identify SOGI in multi-topic household surveys.
- Execute the EQOSOGI analysis to monitor and report on the progress of IDA countries towards non-discriminatory legal and regulatory frameworks.

2.6 Update on Debt Situation

The WB/IMF Debt Sustainability Analysis (DSA) for Low-Income Countries (LICs) indicates that debt vulnerabilities remain high. Specifically, 15 percent of LICs are in debt distress, and 39 percent are at high risk of debt distress. The DSA highlights several issues facing LICs, including potential solvency problems, liquidity pressures, and the growing significance of domestic debt. These challenges underscore the need for support from multilateral and bilateral partners through 2027, as well as robust coordination by the Bretton Woods Institutions to assist member countries in managing their debt.

2.6.1. Debt Sustainability Framework for Low-Income Countries

The World Bank and the International Monetary Fund employ the Debt Sustainability Framework (DSF) to evaluate the sustainability of sovereign debt. Recognizing the difficulties LICs face in pursuing their development goals, while maintaining sustainable external debt levels, the Executive Boards of both institutions approved the DSF in 2005. The DSF for LICs (DSF-LICs) has undergone regular reviews, with the most recent one approved in September 2017. This revision introduced reforms to adapt to evolving financing landscape for LICs and to enhance the framework's ability to identify debt vulnerabilities.[12]

The DSF categorizes countries based on their debt-carrying capacity into three groups: strong, medium, and weak. For each category, the framework sets indicative thresholds and benchmarks for five debt burden indicators measured against GDP, exports, and revenues (Table 2.1). Countries with stronger policies and institutions, as well as better macroeconomic prospects, are assigned higher thresholds.

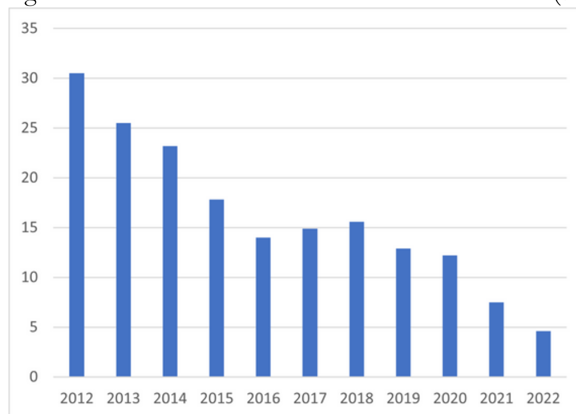
Table 2.1: Debt Burden Thresholds and Benchmarks Under the DSF-LIC

Category/ Indicator	PV of external debt in percent of		External debt service in percent of		PV of total public debt in percent of
	GDP	Exports	Exports	Revenue	GDP
Weak	30	140	10	14	35
Medium	40	180	15	18	55
Strong	55	240	21	23	70

Source: IMF

The external debt service to exports ratio, which indicates the proportion of export earnings as a share of external debt repayment, nearly tripled from 4.3 percent to 12.1 percent for LICs as a group between 2012 and 2022. This increase, coupled with rising borrowing costs, has impacted the level of international reserves.

Figure 2.2: Reserves to external debt stocks for LICs (%)



Source: World Bank, 2023 International Debt Statistics

Countries in Africa have experienced a considerable increase in public debt levels and associated risks, exacerbated by the COVID-19 pandemic and fallouts from the Russia-Ukraine conflict. The World Bank warns that excessive public debt threatens the economic growth of low—and middle-income countries and could undo decades of development progress if not properly managed. In SSA, nominal public debt has more than tripled since 2010, reaching approximately US$1.14 trillion by the end of 2022.

2.6.2 Public Debt Development in Sub-Saharan Africa

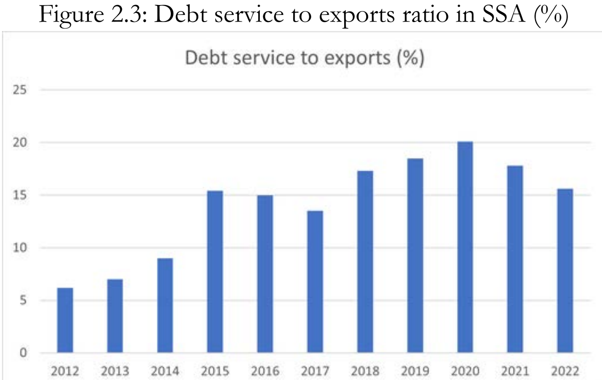
In SSA, the debt service to exports ratio climbed from 6.2 percent in 2012 to 15.6 percent in 2022 (Figure 2.2). Reserves to external debt stocks ratio dropped from 46.4 percent to 17.4 percent over the same period. This increase is attributed to factors such as inadequate debt management systems, lack of debt transparency, weak macro-fiscal management, increased reliance on costlier and riskier financing sources, and negative external shocks. The repayment of public foreign

[12] Upcoming review is expected to offer the opportunity to assess how climate change impacts on long-term growth and finances can be better incorporated into the LIC-DSF, including with more forward-looking assessments of vulnerability to climate change.

currency debt has strained international reserves, as export revenues are insufficient to comfortably manage debt service, especially with rising import needs.

In 2023, some SSA countries made progress in debt negotiations. For example, on December 13, 2023, the IMF and the World Bank's International Development Association (IDA) approved the Heavily Indebted Poor Countries (HIPC) Completion Point for Somalia, resulting in debt service savings of US$4.5 billion. Consequently, Somalia's debt-to-GDP ratio plummeted to 6 percent of GDP at the end of 2023 from 64 percent in 2018.

Figure 2.3: Debt service to exports ratio in SSA (%)



Source: World Bank, 2023 International Debt Statistics

Zambia signed a memorandum of understanding with the Official Creditor Committee (OCC) on October 14, 2023, reflecting the debt treatment agreement from June 2023. This agreement under the G20 Common Framework is a crucial step toward restoring Zambia's long-term debt sustainability. The authorities are committed to reaching a comparable agreement with private external creditors in line with the IMF program. However, more actions on the creditors side are required before the country can secure the debt relief.

Ghana also made significant strides in its debt restructuring strategy. On January 12, 2024, the authorities reached an agreement with the Official Creditors Committee (OCC) under the G20's Common Framework to restructure US$5.4 billion of loans.

2.7 Update on World Bank Policy in dealing with De Facto Governments

The last decade witnessed an increase in Fragility, Conflict, and Violence (FCV) across the globe, especially in Sub-Saharan Africa, leading to the emergence of several “de facto governments.” De facto governments come into or remain in power unconstitutionally, such as a coup d'état, revolution, usurpation, or abrogation. In many cases, these de facto governments either suspend the constitution or abrogate it; while in other instances, the constitution and other basic laws remain partially or wholly in force. In dealing with such member de facto governments in either situation, the World Bank Group is guided by Operational and Bank Policy (OP/BP 7.30) which is divided into three parts. The first part consists of a declaration of refrainment from political interference when it should engage or disengage; the second part consists of the Bank’s general policy of dealing with the country concerned that has an existing obligation towards the Bank and in what situations should the Bank continue such engagement; and the third part consists of the policy of the Bank in ascertaining as to when it should create new obligations with the de facto government. OP 7.30 was revised in April 2013 to consider the recommendations in the “Investment Lending Reform: Modernizing and Consolidating Operational Policies and Procedures,” which were approved by the Executive Directors on October 25, 2012. As a result of these recommendations, some Operational and Bank policies have been consolidated and reflected in Development Policy Lending, Program-for-Results Financing, and Investment Project Financing documents.

The Operational and Bank Policy of the World Bank dealing with the emergence of de facto governments exhibit key features of no political interference, establishment of criteria for assessment, and flexibility to adapt to country context, with the objective to remain engaged while managing risks. Immediately upon the change of government, the respective Country Director, in response under OP/BP 7.30 to the emergence of a de facto government, contacts the Legal Vice Presidency (LEG) and Loan Department (LOA) to pause all Bank disbursements under existing operations, with limited exceptions to such loans claimed against special commitments (in accordance with their terms) and direct payments under such loans to suppliers, contractors, or consultants, if their applications were received at headquarters or the country office prior to the change in government. There will be no approval of new financing for operations, and management will begin the process of due diligence to monitor and assess the situation.

The respective Country Director also consults the sector manager concerned to carry out the process of due diligence and assessment to determine the status of projects under implementation, whether they are experiencing supervision problems or adverse physical conditions; and whether their objectives are consistent with the de facto government's stated policies. A decision to make a loan to, or to have a loan guaranteed by a country with a de facto government, or to continue disbursing under existing loans to or guaranteed by such country, or to provide a guarantee in respect of a project in the territories of such country does not in any sense constitute Bank "approval" of the government, nor does refusal indicate "disapproval".

The Bank may not unilaterally suspend disbursements under existing loans or suspend or terminate its obligations under guarantees provided by it unless there are grounds for such suspension or termination based on existing agreements. The responsibility for a final decision concerning the Bank's relationship with a de facto government rest with the Regional Vice President. The Regional Vice President bases this decision on recommendations made by the respective Country Director in consultation with the office of the Director of Credit Risk Group in the office of the Vice President and Chief Financial Officer and cleared by the Legal Vice Presidency (LEG).

The decision on disbursements by the Bank under its OP/BP 7.30 depends on the criteria of the legal framework, legal obligations (past and present), effective control, and continued project implementation. Thus, the Bank deals with a de facto government with respect to loans made by the Bank before the de facto government assumed power, provided that: (a) the Bank is satisfied that the government is in effective control of the country (an issue requiring more careful assessment when two or more political or military factions claim to be in control of the national government); (b) the government generally recognizes the country's past international obligations; (c) the government states that it is willing and able to assume all of its predecessors' obligations to the Bank; and (d) the government is able to ensure the continued implementation of relevant projects or programs.

The decision on new financing by the Bank under its OP/BP 7.30 requires a proper legal framework, legal obligations, additional legal or political risks, effective control and public acceptance, and recognition by other countries. In considering whether to extend a new loan to a country with a de facto government, to make a new loan with the guarantee of such country, or to provide a guarantee in respect of a project in the territories of such country, the Bank first allows a certain time to pass to weigh: (a) whether a new loan or guarantee would expose the Bank to additional legal or political risks associated with the country's financial obligations and obligations to carry out the project, given the government's de facto nature; (b) whether the government is in effective control of the country and enjoys a reasonable degree of stability and public acceptance; (c) whether the government generally recognizes the country's past international obligations, in particular any past obligations to the Bank (in this regard, the Bank examines the country's record; one indicator is whether past governments have generally recognized the obligations incurred by the de facto governments that have preceded them); (d) the number of countries (particularly neighboring) that have recognized the government or dealt with it as the government of the country; and (e) the position of other international organizations toward the government.

In summary, the Bank deals with a de facto government with respect to loans and grants contracted before the de facto government assume power by pausing all Bank disbursements under existing operations, with limited exceptions to such loans claimed against special commitments and direct payments. Follow up decisions regarding suspension of disbursements and new financing will be based on the Bank making further assessment and determination on the proper legal framework, legal obligations, additional legal or political risks, effective control and public acceptance, and recognition by other countries.

2.8 Improving World Bank's Framework on Global Poverty Monitoring

Poverty is the top development challenge in low-income countries and several emerging markets. While inadequate investments to improve the livelihood of the poor are the main factors inhibiting progress on poverty reduction, the impact of climate change exacerbates poverty, particularly in fragile and conflict-affected situations. Although the global poverty rate has decreased slightly since 2019, Sub-Saharan Africa continues to struggle with the largest number of the world's extreme poor.

The World Bank, whose mission focuses on tackling poverty, deploys a framework for monitoring global poverty to assess development in client countries. Poverty estimates are regularly updated using Purchasing Power Parities (PPPs) to reflect the latest statistics on price differences between countries. When transitioning to a new base year, such as from 2011 to 2017, household consumption aggregates are converted into US dollars of the new base year using updated price data. Additionally, the poverty line used to determine if a household is poor is revised to the new base year. Based on these updates, the International Comparison Program (ICP) released new 2017 PPPs based on price data collected from 176 economies. The 2017 PPPs for low-income countries (LICs), lower-middle-income countries (LMICs), and upper-middle-income countries (UMICs) were set at US$2.15, US$3.65, and US$6.85, respectively.

The World Bank's September 2023 update to the Poverty and Inequality Platform showed that the 2019 poverty estimates revealed significant regional differences using the three-dimensional poverty lines. With a poverty line of US$2.15, Sub-Saharan Africa (SSA) accounts for 60 percent (391 million) of those living in extreme poverty, while South Asia comprises 28 percent (196.3 million). Furthermore, about 40 percent of the global poor live in fragile and conflict-affected economies.

The introduction of the new 2017 PPPs also impacts two other official poverty measures used by the World Bank: the Societal Poverty Line (SPL) and the Multidimensional Poverty Measure (MPM). The SPL blends absolute and relative poverty concepts, reflecting the idea that poverty definitions evolve as countries develop. The MPM expands the scope beyond monetary poverty to include access to basic infrastructure and education. In the MPM, the international poverty line serves as the monetary dimension indicator, classifying a person as poor if they live on less than US$2.15 (2017 PPP).

Before the COVID-19 pandemic, global poverty was on a long-term decreasing trend, falling from 38 percent in 1990 to 8.4 percent by 2019. However, the pandemic's economic impact, marked by rising prices and inflation, led to a 2.6 percent increase in extreme poverty in 2020. Consequently, the number of people living in extreme poverty rose from 648 million to 719 million, representing a major setback in the fight against global poverty and inequality.

While poverty rates are slowly declining in SSA, the region still has the highest proportion of people living in extreme poverty. The link between poverty, food and nutrition insecurity is also evident. The rising cost of food, exacerbated by conflicts such as those in Ukraine and Gaza, is likely to push more people into poverty, especially in LICs that rely heavily on imports. Also, countries with limited capacity to adapt to climate change will more high food insecurity & poverty.

Data quality and availability challenges can compromise the consistency and accuracy of global poverty monitoring. Insufficient evidence-based data can lead to underestimation or overrepresentation of poverty levels. Therefore, ensuring timely and high-quality data collection, including in Africa, is crucial for assessing global extreme poverty.

A comprehensive assessment of poverty requires the World Bank to enhance support for capacity development particularly in fragile and conflict-affected situations.

2.9 Update on African Regional and Continental Integration

Regional integration is a pivotal strategy for regional and global development, particularly in the context of trade and investment governance. In Africa, it serves as a cornerstone for poverty reduction and promoting sustainable development through enhancing the productive capacities and competitiveness of countries, especially smaller economies, to achieve structural transformation.

The World Bank's Evolution Roadmap highlights interlinkages between global, regional, and country development outcomes, and cross-border global challenges. It also acknowledges the need to address cross-border challenges such as fragility, forced displacement, climate change, and pandemics in tandem with other development issues like food insecurity, water and energy access, debt sustainability, and digitalization. The path to sustainable development in Africa is intertwined with enhanced regional cooperation, and the World Bank, along with its partners, is committed to supporting this endeavor.

The African Continental Free Trade Agreement (AfCFTA), which came into effect on May 30, 2019, aims to unite all 55 African Union Member States, creating a market of over 1.4 billion people with a combined GDP exceeding US$3.4 trillion As a flagship project of the African Union's Agenda 2063, the AfCFTA seeks to enhance intra-African trade through a comprehensive agreement that covers goods and services, investment, intellectual property rights, competition policy, digital trade, and the inclusion of women and youth. The World Bank's 2020[13] report suggests that the AfCFTA could potentially lift 30 million people out of extreme poverty, contingent upon the implementation of significant policy reforms and trade facilitation measures.

As of November 2023, forty-seven Member States have ratified the AfCFTA, with Eritrea yet to sign and pending ratifications in several others, including Liberia, Somalia, Sudan, and South Sudan. The "Guided Trade Initiative (GTI)" launched in October 2022 serves as a pilot to assess the operational and legal frameworks under the AfCFTA. With eight countries participating, including Kenya, Rwanda, and Tanzania from AfG1 Constituency, the initiative represents a collaborative effort across the continent's five regions.

2.9.1 World Bank Group Support for African Integration

Since the 1980s, the World Bank Group (WBG) has remained a major proponent of Africa's regional integration, culminating in the 2018 WBG Regional Integration and Cooperation Assistance Strategy (RICAS). Aligned with the WBG's goals of reducing poverty and promoting shared prosperity, the Strategy encompasses the entire continent and seeks to leverage the private sector in North Africa to enhance investments

[13] World Bank. 2020. The African Continental Free Trade Area: Economic and Distributional Effects. Washington, DC: World Bank. doi:10.1596/978-1-4648-1559-1.

and foster a continental integration policy dialogue.

The International Development Association (IDA) collaborates with countries and regional organizations to support initiatives that bolster sustainable development through regional solutions. These initiatives focus on human capital, resilience, connectivity, and trade integration. The Regional Integration Program, with over US$20 billion in active IDA commitments, employs innovative financing to support projects like the Africa Centers for Disease Control Support Program and various regional climate resilience and digital integration programs, benefiting millions of people across the continent.

In human development, the Program supports regional disease surveillance, identification systems for basic services, centers of excellence for higher education, and women's empowerment initiatives that transcend national borders. For instance, the East Africa Skills for Transformation and Regional Integration Project, backed by US$293 million from IDA, aims to enhance access to quality Technical and Vocational Education and Training (TVET).

The Program also prioritizes resilience, with a focus on food security, climate-smart agriculture, transboundary water management, and support for communities affected by climate change and conflicts. The Food Systems Resilience initiative in West and East Africa, with US$2.1 billion in support, is a testament to the Program's commitment to bolstering agricultural systems' adaptability.

To increase trade and market integration, the Program supports trade facilitation, regional value chains, financial inclusion, and policy reforms. A notable example is the Southern African Trade and Transport Facilitation (SATTF) Project, a US$330 million IDA-supported initiative that aims to address institutional and infrastructural barriers to trade integration.

2.9.2 Partnerships for Regional Integration in Africa

The World Bank's Regional Integration Program collaborates with 40 African countries and 34 regional organizations, including the African Union Commission and various economic communities. The Program's goal is to enhance collaboration on regional public goods, addressing challenges such as pandemics, trade, energy markets, and value chains, as well as climate change, food insecurity, and Fragility, Conflict and Violence (FCV) situations. One such demonstration of partnership is the Horn of Africa Initiative (HoAI). Since October 2019, the Bank has supported the HoAI in partnership with several donors including the European Union, BMZ (Germany) and AfDB. The program focuses on strengthening connective infrastructure, economic integration, human capital and resilience through regional approaches, particularly in lagging communities and borderlands. The World Bank's active net financing commitments to the HoAI stood at $5.8 billion from IDA and Trust Funds in October 2023, with another $2 billion in investments leveraged from other partners.

CHAPTER 3

World Bank Group Operations

Chapter 3

This chapter discusses operational results of four WBG entities, namely IDA, IBRD, IFC and MIGA. The data and analysis will focus on FY24 eight months (for IFC and MIGA six months) deliveries and comparison with similar periods last Financial Year.

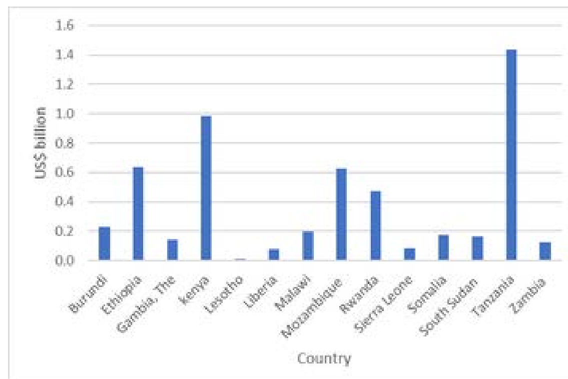
3.1. IDA Operations

During Financial Year 2024 (FY24), IDA operations were pursued in the context of the continuum of overlapping crises and downside risks that impacted the economic and social situation for IDA countries' populations. IDA's operations remained aligned to the WBG's response aimed at preserving jobs and supporting a green and resilient recovery, balancing an effective short-term response with continued focus on long-term outcomes.

Therefore, IDA continued to support eligible countries to cope with the persistent impact of the lingering effects of the pandemic and geopolitical tensions induced disruptions, poverty reduction efforts and climate change. The impacts of those development challenges include, among others, economic slowdown, macroeconomic instability and financial stress, food insecurity and energy market shocks affecting disproportionately the poorest.

As of end of February 2024, fourteen Constituency countries accessed IDA financing for a total commitment of US$5.4 billion, representing 32 percent of the total IDA commitment during the period (Figure 3.1). The breakdown of total commitments by region indicates that lending operations amount to US$5.1 billion for Eastern and Southern Africa region against US$0.3 billion in the Western and Central Africa region. It is important to signal that the difference in the amounts is related to the geographical concentration of Constituency countries in the Eastern and Southern Africa region - 19 out of 22 (Figure 3.2).

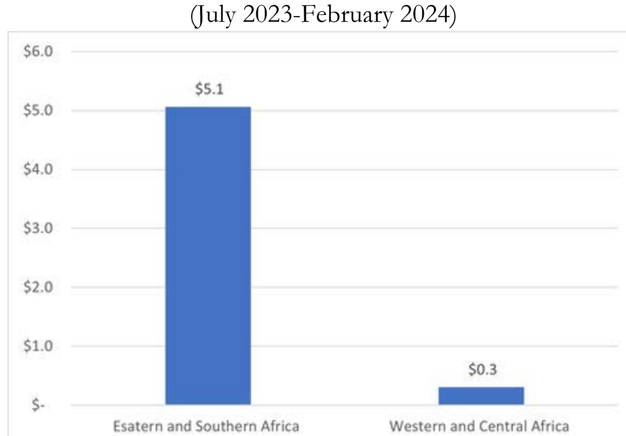
Figure 3.1: IDA Commitments for AfG1 in FY24, (July 2023-February 2024)



Source: World Bank

Regarding the number of operations, the total FY24 commitments was made to finance 40 operations of which 34 operations were for the Eastern and Southern Africa Region and 6 for the Western and Central Africa region.

Figure 3.2: IDA Commitments for AfG1by Region in FY24, (July 2023-February 2024)



Source: World Bank

In the energy space, the ASCENT program was one of the major operations approved for the Eastern and Southern Africa region during the fiscal year. The program consists of six country projects, which aims to provide transformational opportunities for 100 million people in the region, including 10 million farmers and 50,000 public institutions. In addition, the program will deliver access to clean cooking for 20 million people.

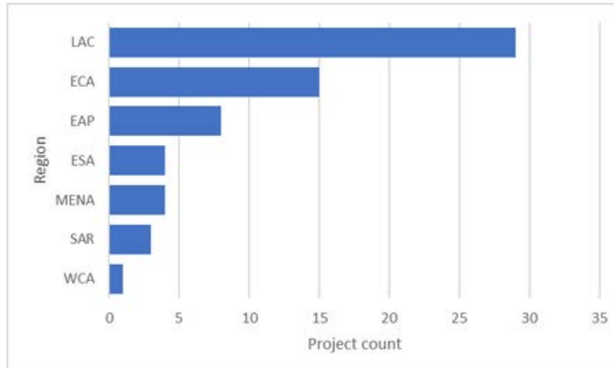
3.2. IBRD Operations

The International Bank for Reconstruction and Development (IBRD) is the institution of the WBG that provides financing and advisory services to middle-income and creditworthy low-income countries. As the WBG Evolution takes the center stage with a new vision of ending poverty, boosting shared prosperity on a livable planet, it is expected that IBRD will play a meaningful role in the achievement of the One WBG vision and mission through its reformed financial and operational models.

In FY2024 (end February), IBRD approved 64 projects for 31 client countries (Figure 3.3). Latin America and the Caribbean (ECA), Europe and Central Asia (ECA), and East Asia and Pacific (EAP) regions account for the largest number of IBRD projects. On the other hand, economies in West and Central Africa (WCA) as well as East and Southern Africa (ESA) are largely IDA clients, and for this reason they account for a smaller share of IBRD financed projects.

The picture is similar for the distribution of IBRD lending commitment by region (Figure 3.4) In FY24 (end-February) lending commitments to IBRD clients totaled US$16.8 billion for 31 IBRD eligible countries.

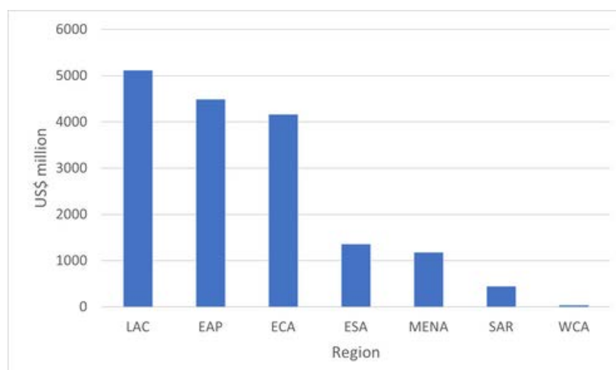
Figure 3.3: Total number of IBRD projects approved by region FY24 (end-February)



Source: World Bank

The composition of IBRD lending operations reflect countries national priorities and operations that will contribute towards addressing global challenges including climate change, fragility, pandemic preparedness, energy, and biodiversity. During the first 8 months of FY2024, Seychelles was the only Constituency country to access funding from the IBRD (US$ 25 million).

Figure 3.4: IBRD Lending volume in FY24 (end February)



Source: World Bank

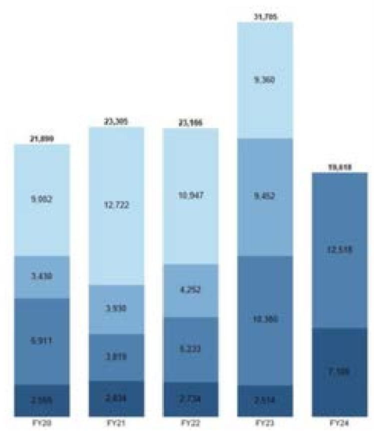
3.3 IFC Operations

3.3.1 Long-Term Finance (LTF)

As of FY2024 second quarter (end December 2023), IFC has recorded US$19.6 billion in total

Long-Term Finance (LTF) commitments equivalent to 53 percent of the target for the year (Figure 3.5). Of this amount, IFC Own Account (O/A) commitments reached US$10.7 billion, increasing 45 percent from FY23 due to strong performance in Africa, Latin America and the Caribbean.

Figure 3.5: IFC FY24 Investment Program (Total LTF)



Source: IFC

3.3.2 Trade and Supply Chain Finance

IFC's Trade and Supply Chain Finance program is the key mechanism for delivering Short-Term Finance (STF) to its clients. IFC deploys two instruments under its STF program, namely, the Global Trade Finance Program (GTFP) and the Global Trade Supplier Finance Program (GTSF). In FY24 first six months, Global Trade Finance Program (GTFP) commitments was US$4.9 billion with an additional US$1 billion committed by the Global Trade Supplier Finance Program (GTSF), for a total of US$5.9 billion. However, IFC's FY24 Short-Term Finance (STF) delivery was affected by elevated interest rates, registering a 17 percent decline from similar period in FY23. Support from IFC STF programs continues to focus on IDA-17 and FCS countries, delivering a total of US$4.3 billion or 74 percent of the total.

3.3.3 IFC in Africa

In FY24 Q2-end, IFC investments in Africa reached 25 countries, of which 14 were in IDA-17 + FCS. The region's performance in Q2 reflected its priority areas including climate, infrastructure development, access to finance, gender and economic inclusion, investments in FCS countries, local currency offerings, regional integration, and energy. IFC's LTF commitment in Africa is dominated by investments made through financial intermediaries (Financial Institutions Group - FIG), followed by Manufacturing, Agriculture and Services (MAS) and Infrastructure and Natural Resources (INFRA) (Figure 3.6).

Figure 3.6: Total IFC LTF Commitments in Africa by Industry – FY24 end Q2

Source: IFC

Of note is IFC's first infrastructure investment of US$32 million in Botswana which financed the first utility-scale renewable independent power producer, which will also be the largest solar project in Botswana. In Burundi, IFC partnered with Tembo Power, on a Collaboration and Co-Development for two run-of-the-river hydropower projects.

3.4 MIGA Operations

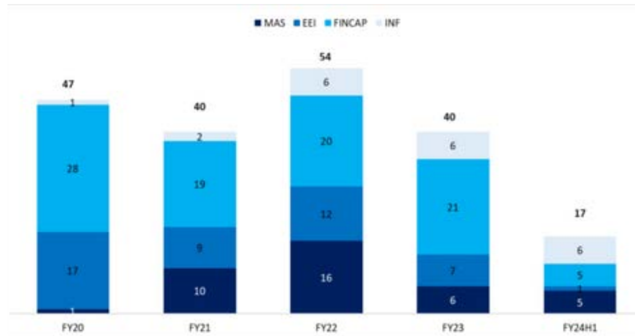
In 1988, the Multilateral Investment Guarantee Agency (MIGA) was established as part of the private sector arms of the World Bank Group to provide political risk insurance and credit enhancement to investors and lenders to facilitate foreign direct investment in emerging markets. Since then, MIGA remained committed and demonstrated its ability to provide guarantees and make significant impact in many countries despite the prevailing global development challenges affecting the global economy.

In FY24 end-Q2, MIGA issued US$4.8 billion of total guarantees to support 17 projects. These projects contain 12 operations focused on climate finance for US$1.4 billion of gross issuance, US$1.1 billion to support 10 projects in IDA countries while US$579 million went to support 6 projects in Fragility and Conflict-affected Situation (FCS). On the portfolio performance, in the first half of FY24, MIGA reached a portfolio size of US$31.3 billion, up from US$22.6 billion at the end of FY20. This is comprised of US$9.5 billion in climate finance, 10.3 billion in IDA portfolio and US$4.2 billion in FCS portfolio. The projects supported during FY24 first half are expected to assist in enabling 3 million people get access to mobile money and avoid up to 246,000 tons of carbon dioxide (CO_2) emissions.

3.4.1 MIGA Guarantee Issuance by Sector

During FY24 first half, MIGA issued guarantees coverage for the infrastructure (INF) sector, through six projects for $2.2 billion, one project in energy and extractive industries (EEI) for $50 million, five projects in manufacturing, agribusiness, and services (MAS) for $75 million, as well as five projects in the Finance and Capital Markets (FINCAP) for US$2.35 billion of which two projects were Trade Finance Guarantees (Figure 3.7).

Figure 3.7: MIGA supported Projects, number by Sector, FY20-FY24-Q2



Source: MIGA

3.4.2 MIGA Gross Outstanding Portfolio by Region

Table 3.1 summarizes the regional composition of MIGA's gross outstanding exposure at end-Q2 FY24 which shows that globally, the gross outstanding exposure remains well diversified and Sub-Saharan Africa (SSA) is the second largest exposure – reflecting the strategic focus on IDA countries, including some member countries of African Group 1 Constituency.

MIGA's gross outstanding exposure at FY24 end-Q2 increased by 12 percent to US$31.2 billion from US$27.9 billion as of end FY23. The increase of US$3.3 billion is attributable to new business volumes, which was partially offset by portfolio run-off including cancellations.

Table 3.1: MIGA Gross Outstanding Portfolio by Region (US$, billions)

Region	End of FY22	End of FY23	End of FY24 end-Q2
East Asia & Pacific	2.9	2.8	2.7
Europe & Central Asia	4.9	6.4	8.0
Latin America & Caribbean	5.3	5.9	7.0
Middle East & North Africa	3.5	3.6	3.6
South Asia	1.4	1.3	1.3
Sub-Saharan Africa	6.2	7.5	7.8
Cross Regional	0.4	0.4	0.8
Total	24.4	27.9	31.2

Source: MIGA

On February 28, 2024, the WBG announced a major reform to overhaul its guarantees business with the aim of delivering simplicity, improved access, and faster execution through a new, convenient marketplace. The reform aims to triple annual guarantee issuance to US$20 billion 2030. To identify barriers and potential solutions to private sector mobilization, a Private Sector Investment Lab was launched in June 2023 by the WBG.

A recent report on Strengthening Multilateral Development Banks (MDBs) by the G20 Independent Expert Group also called for an .. expanded use of guarantees to mitigate and catalyze private finance. Currently, the WBG offers 20 guarantee solutions spread across the institution and each solution has its own different processes, which limit their potential and standards, and in the end also limit access by clients. The envisaged overhaul will mark the first significant change in 15 years in the WBG guarantee solutions, and it will consist of six concrete updates which will be made available to all clients of the WBG on July 1, 2024.

CHAPTER 4

Implementation of the Medium-Term Office Strategy

Chapter 4

Chapter 4 presents an update on the implementation of the Medium-Term Office Strategy, reporting on progress made under each of the five strategic objectives: mobilizing financial resources; supporting private sector development; enhancing engagements with Constituency countries; advocating for diversity and inclusion; and advocating for capacity development.

4.1 Mobilizing Financial Resources

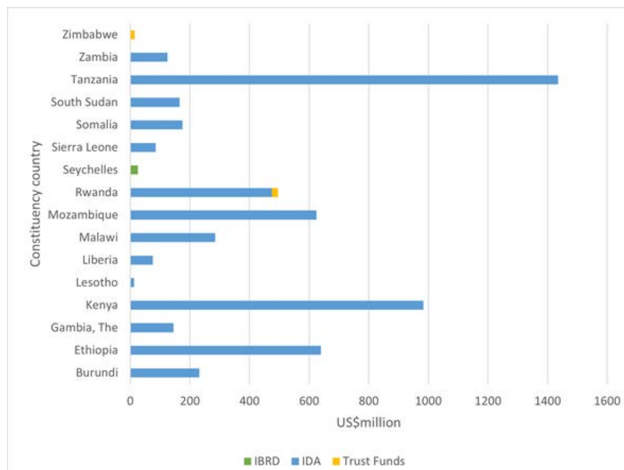
The Office of the Executive Director as part of implementing its Medium-Term Strategy continued to advocate for increased resource flows to Constituency Countries. Between July 2023 and the end of February 2024, the World Bank approved 42 operations for sixteen Constituency countries (Figure 4.1). Of these, 40 projects were financed by IDA, one operation for Seychelles financed by IBRD, and one project for Zimbabwe financed from a trust fund. The Office continued to engage Bank Management on the portfolio performance, systematically updating Constituency countries' authorities during official visits to countries and on other occasions such as the 2023 Annual Meetings in Marrakech.

Regarding disbursements, as of end March 2024, total disbursement from IBRD, IDA, and Trust Funds for Constituency countries totaled US$6.5 billion. Of this amount, US$6.26 billion (93.3 percent) was from IDA, followed by disbursement from IBRD equaling US$229.3 million, and US$21.5 million from Recipient Executed Trust Funds.

4.1.1. IBRD, IDA and Trust Funds Commitments

The Office of the Executive Director also actively participated in different forums to promote strategies for making IDA more impactful for client countries. To prepare for IDA20 MTR and IDA21 Replenishment meetings, the Office consistently engaged the Constituency's Borrower Representatives & prepared them to advocate for more IDA resources to support client countries.

Figure 4.1: WB Resource Commitment to AfG1 Constituency in FY24 (end February)



Source: World Bank

4.1.2 Participation in IDA20 Mid-Term Review

As part of OED's effort to advocate for resource mobilization, the Africa Group 1 Executive Director's Office participated in the IDA20 Mid-Term Review meeting hosted by the United Republic of Tanzania from December 6-8, 2023. The meeting reviewed the implementation progress of IDA policy commitments and operational benchmarks agreed upon at the IDA20 Replenishment. The outcome of the meeting was positive with participants agreeing to protect an IDA financing capacity of $30 billion for each of FY24 and FY25 so that clients can continue to invest in priorities that are consistent with the implementation momentum observed since July 2023.

Another important decision made was the extension of IDA's Small Island Economies Exception (SIEE) to include non-Island small states. Based on the proposal, Eswatini, a small landlocked lower middle-income country in the Constituency was identified as one of the three IBRD non-island small states that will qualify for IDA funding - pending analysis of remaining eligibility criteria. The other two states covered by the exception were Belize and Suriname.

Participants also agreed on a proposal to apply a moratorium on hardening the financing terms in FY24 and FY25 for IDA countries in good standing with the WB's Sustainable Development Financing Policy (SDFP) until a revision of IDA's grant allocation framework can take place during IDA21 replenishment discussions. This decision is favorable to another Constituency country, Somalia, along with Haiti.

4.1.3 Participation in 1st IDA21 Replenishment meeting

The Office of the Executive Director also participated in the first IDA21 Replenishment meeting held on March 18-19, 2024, which discussed a proposed IDA21 Strategic Directions paper, and IDA Financial Outlook and Options to strengthen financial capacity. The AfG1 Constituency Borrowers' Representatives from Burundi, Ethiopia and The Gambia actively participated in the discussions highlighting that IDA21 should focus on tackling poverty, creating more and better jobs, and contributing to economic transformation in SSA. Borrower Representatives also articulated that IDA21, through an ambitious replenishment, should help SSA and other IDA clients to address the unfinished business of ending extreme poverty and getting back on track with the SDGs.

4.2 Supporting Private Sector Development

The second pillar of the OED Medium Term Strategy focuses on private sector development, economic recovery, sustainable growth, under the four strategic goals related to the activities of the Office and its Constituency countries.

4.2.1 Growth of the IFC investment portfolios in Constituency countries

IFC continues to lead in promoting private sector investment in Africa and its current portfolio exceeds US$12 billion. As depicted in Table 4.1, during the first half of FY24, IFC commitments in Constituency countries reached US$629.4 million. In comparison, this is an increase from the US$579 recorded during the first half of FY23. Long-Term Finance (LTF) Core Mobilization (Core Mob) drives the IFC commitments in the Constituency, with the balance contributed by IFC Own Account (OA) commitments. By focus area, IFC channeled its financing through the Financial Institution Group (FIG), followed by Manufacturing, Agribusiness, and Services (MAS). The balance went to finance operations in Infrastructure and Natural Resources (INFRA), Disruptive Technologies and Fund (CDF), and Public Private Partnerships (PPPs)

Table 4.1: IFC FY24 Q2 -end Commitments in Constituency Countries – in US$ millions

Country	Industry	Total LTF	Total LTF OA	LTF Core Mob
Kenya	MAS	123.12	68.0	55.13
	FIG	12.0	7.0	5.0
	CDF	21.04	2.67	18.38
Burundi	FIG	10.0	10.0	
	INFRA	1.0	1.0	
Tanzania	FIG	240.99	60.0	180.99
	MAS	4.0	4.0	
Botswana	INFRA	32.25	17.5	14.75
Rwanda	MAS	35.0	17.5	17.5
Ethiopia	PPP	150.0		150.0

Source: IFC 2024

Regarding the investment pipeline, the Ethiopia-focused investment pipeline has reached over US$200 million, followed by Kenya with over US$190 million in MAS and INFR projects. The OED will continue to monitor IFC pipeline developments and advocate for more IFC engagements in Eswatini, Lesotho, Somalia, The Gambia, Liberia, Malawi, Seychelles, Somalia, South Sudan, Sudan and Zimbabwe.

4.2.2 Status of Country Private Sector Diagnostics

Table 4.2 summarizes the status of Country Private Sector Diagnostics (CPSD) in the Constituency. Completing the CPSD lays a foundation for IFC's engagement once reengagement expectations are met. To date, the IFC initiated CPSDs in 14 countries and has completed 11 diagnostic products.

Table 4.2: IFC Country Private Sector Diagnostics (CPSD) for Constituency Country

Country	CPSD Status
Federal Republic of Somalia	Initiated in FY23 - Ongoing
Republic of Zambia	Initiated in FY23 - Ongoing
Republic of Sudan	Initiated in FY22, Pending progress on WBG re-engagement
Republic of Zimbabwe	Completed and published in February 2024
Republic of Burundi	Completed and published in Nov 2022
Kingdom of Eswatini	Completed and published in September 2022
Republic of Namibia	Completed and published in July 2022
Republic of Botswana	Completed and published in June 2022
Republic of Uganda	Completed and published in February 2022
Republic of Mozambique	Completed and published in June 2021
Republic of Malawi	Completed and published in July 2021
Republic of Rwanda	Completed and published in June 2019
Republic of Kenya	Completed and published in July 2019
Federal Republic of Ethiopia	Completed and published in May 2019

Source: World Bank

4.2.3 Increased Use of the Private Sector Window

With less than 1 and half years remaining in the IDA20 cycle, the IFC's IDA20 PSW envelope commitment rate and IDA20 PSW investment pipeline had reached 64 percent and US$2.24 billion respectively in FY24 Q2. In addition, the Non-IDA-PSW blended finance investments pipeline amounted to US$815 million during the same period. The Africa region account for a large proportion of IDA Private Sector Window (PSW) commitments. The Office will continue to monitor the usage of the IDA20 PSW to ensure that the Window is fully committed before end FY25 and that Constituency member countries continue to benefit from new investments.

4.2.4 Monitoring the Use of Intermediate Jurisdictions in WBG Private Sector Operations

The current WBG Tax/ Intermediate Jurisdiction (IJ) Policy became effective on January 23, 2023, replacing the 2014 Offshore Financial Center Policy. The new policy extends the Tax Due Diligence (TDD) process to all sectors and regions and was rolled out at a regional level during the pilot phase. During FY24, 79 of the 144 projects (55 percent) approved by the board were subject to TDD. This represents an increase of more than one-third from the 36 percent recorded in FY23 for the same period. The risk flags that were present in the 79 projects include Cross-border Related Party Transactions (CRBTs) and tax governance issues.

While none of these projects involved re-domiciliation, 5 of the projects involved an IJ in a transition period. In FY24, Anti-Money Laundering/Counter-terrorism Financing (AML/CFT) was completed for 90 clients in the pipeline and portfolio. The number of referrals to Business Risk and Compliance Department (CBR) nearly doubled the FY23 volumes, with the increase attributable to IFC's revamped AML/CFT Due Diligence model that was launched in October 2022 in combination with a significant increase in the volume of the new business.

4.3 Enhancing Engagement with Constituency Countries

4.3.1 IDA20 MTR Meeting in Zanzibar, Tanzania

The Executive Director, Dr. Floribert Ngaruko, the Alternate Executive Director, Dr. Zarau Wendeline Kibwe, a Senior Advisor and an Advisor to the Executive Director represented the Africa Group 1 Constituency during the IDA20 Mid-Term Review meeting hosted by the United Republic of Tanzania.

The MTR was officially launched by the President of Zanzibar and recorded a special moment with the first-ever participation of a sitting World Bank Group President, Mr. Ajay Banga. The three-day meeting witnessed strong engagements by the WBG Senior Management as witnessed by the in-person participation of Managing Directors, Vice Presidents, and several Directors, who also underscored the need for partnerships and coordination for a stronger and more impactful IDA.

From Right to Left: Mr. Ajay Banga (WBG President), Dr. Saada Mkuya, Minister of State for Finance (Zanzibar), His Excellency Dr. Hussein Mwinyi, President of Zanzibar, Dr. Mwigulu Lameck Nchemba Medelu (Minister for Finance, Tanzania), Dr. Olavo Correia, Vice Prime Minister of Cabo Verde and Chair of Small States Forum

The review confirmed a strong IDA20 performance in the first 15 months of the program, enabling the commitment of US$39.9 billion in new financing. The MTR further appraised participants on the status of IDA20 policy commitments, where the overarching message was solid progress being made in several policy areas, with several cases exceeding targets.

Under IDA20, the IFC Private Sector Window started on a solid footing with US$1.1 billion approved in the first 15 months of its implementation, which accounts for 44 percent of the total PSW allocation.

The IDA20 MTR conversation was followed by site visits of selected IDA-financed projects in Zanzibar. Participants visited 8 project sites to witness how communities benefitted from IDA-financed operations, the strong implementation capacity of Tanzania, and the continued relevance of IDA in the country's effort to reduce poverty, create jobs and make further progress toward achieving the SDGs.

4.3.2 Middle-Income Countries (MIC's) Forum

On March 27, 2024, the OED successfully organized the third Middle-Income Countries (MIC's) Forum, themed "The relevance of the WB Evolution for MICs in the AfG1 Constituency". The MICs Forum is a platform organized for Governors in the Constituency to engage with WBG Management and advocate for increased WBG support. Given the progress made in the WBG Evolution process, the Forum presented an opportunity for Governors to understand how the proposed reforms in the operational and financial models of the WBG are likely to benefit or impact the borrowing and future engagement of these countries with the WBG.

In addition, to explore opportunities for Trust Funds and expand their support to Constituency Countries, the Office held discussions with the Global Partnership for Education (GPE) Trust Fund. GPE helps countries build stronger education systems as springboards to stronger economies and more stable societies. The Office continues to discuss with the Trust Fund units to explore ways through which more resources could be deployed to other Constituency countries, as currently the only MIC beneficiary country is Tanzania.

4.3.3 Engagement with Washington DC based Constituency Ambassadors

The Office of the Executive Director hosted the 2024 Africa Group 1 Constituency Annual Ambassadors' Lunch on Wednesday, April 3, 2024, at the World Bank Group (WBG) Headquarters in Washington, DC. The lunch provided an excellent platform for fruitful discussions and updates on various policy and operational developments related to the WBG's engagement in our Constituency. The lunch focused on three key agenda items. Firstly, the upcoming IDA21 Replenishment and the ongoing discussions and advocacy strategies to deliver a robust and impactful replenishment. The Ambassadors recognized the vital role played by the International Development Association (IDA) in supporting development efforts in the Constituency. The Office used this forum to inform the Ambassadors on the ongoing dialogue to enable them to leverage their strategic advocacy platforms for the upcoming replenishment.

Secondly, the Office discussed the Development Committee (DC) agenda for the WBG/IMF 2024 Springs Meetings. The Office updated the Ambassadors on the discussions and decisions anticipated for the Spring Meetings, enable the Ambassadors to support the delegations attending the meetings from their respective countries. The presentation highlighted the progress made in implementing the Evolution Roadmap, endorsed by Governors in October 2023, towards more impactful development outcomes. It highlighted the WBG's efforts in supporting client countries achieve results with speed and efficiency, through a new implementation playbook.

The playbook includes a new World Bank Group Scorecard, enhanced operational effectiveness, an enhanced crisis response toolkit, Global Challenge Programs, and a Knowledge Compact. The presentation also highlighted the enhanced financial model which includes optimizing the IDA balance sheet, alongside innovative mechanisms to boost IBRD capacity and stronger leveraging of IFC and MIGA's strong capital positions to scale up investments. The Ambassadors emphasized the need to prioritize the strengthening IDA's lending capacity through the upcoming IDA21 replenishment as a key focus area.

Lastly, the Ambassadors received an overview of the World Bank Group's operational portfolio in .the Africa Group 1 Constituency. This included updates on current operations and initiatives being undertaken by the WBG in our Constituency countries. The comprehensive update showcased the ongoing efforts and their impact on the development landscape of our region. In conclusion, the 2024 Africa Group 1 Constituency Annual Ambassadors' Lunch was a successful event that facilitated meaningful discussions on the IDA21 Replenishment, the DC agenda for the WBG/IMF 2024 Springs Meetings, and the World Bank Group's operational portfolio. The Office remains committed to working closely with all Constituency Ambassadors to advance the development agenda in our constituency countries.

4.3.4 Appointment of an IDA Co-Chair from the Constituency

The International Development Association (IDA) is one of the largest sources of concessional funding for the world's poorest countries, providing zero- or low-interest loans and grants to finance projects and programs that boost economic growth and improve the lives of poor people. IDA's core resources are raised through a replenishment cycle conducted every three years. Conversations around replenishments, in turn, are primarily conducted among three parties: IDA Deputies (Donors), Borrower Representatives, and WB Management. Deliberations among the parties are facilitated by two co-chairs, one representing WB senior leadership and the second typically selected from IDA clients.

On December 4, 2023, Donors, and Borrower Representatives of IDA, through the IDA21 Independent Co-chair Search Committee selected Mr. Sheku Sambadeen Sesay of Sierra Leone for the position of Independent Co-chair for IDA's twenty-first (IDA21) replenishment meetings. Mr. Sesay jointly with the World Bank's Senior Managing Director, Mr. Axel van Trotsenburg, will facilitate dialogues between IDA Deputies and Borrower Representatives to secure a broad consensus on policy proposals and an accompanying financing package in line with the ambitions of the replenishment.

Mr. Sesay is a retired professional and international development expert with over 30 years of experience. Before his retirement, he served as Governor of the Central Bank of Sierra Leone, a position he held for five years, where he played a key leadership role in Monetary Policy formulation and implementation. Mr. Sesay is familiar with IDA replenishment processes, having served as an IDA Borrower Representative for IDA14 and IDA15 replenishments. Before he was appointed Governor of the Bank of Sierra Leone in 2009, Mr. Sesay served as the country's Financial Secretary, a technical and professional head of the Ministry of Finance and Economic Development for almost three years, where he managed the economy of Sierra Leone at the administrative and policy-making level.

Mr. Sheku Sambadeen Sesay, IDA21 Co-chair

Prior to his return to Sierra Leone in 2007, Mr. Sesay served for 23 years at the African Development Bank (AfDB) at professional and managerial levels with responsibilities covering country representation, economic analysis, project cycle activities, country operations, policy dialogue, planning and research, and corporate secretariat services to the Boards of Directors and Governors of the Bank. He acted as Secretary General of the AfDB providing support and guidance to the President and Board members of the Bank regarding relationships with member countries. An economist, Mr. Sesay holds master's and a bachelor's degrees in economics both from Howard University in the United States. He is fluent in both English and French.

4.3.5 IDA Borrowers Representatives Nomination

IDA Borrowers Representatives (BRs) are the primary spokespersons for IDA clients during IDA replenishment discussions and reviews. The BRs are nominated by IDA countries through the Executive Director Office. In the current IDA architecture, a total of 14 BRs are appointed to represent all 75 IDA clients. Of this number, Sub-Saharan Africa appoints 6 Borrowers Representatives. For the IDA21 cycle, the Africa Group 1 Constituency will be represented by three BRs from Burundi, Ethiopia and the Gambia. The selection of BRs for the AfG1 is based on a rotation schedule annexed to the rules and procedures of the Constituency. Following their nomination, the BR's have already started their engagements in the IDA21 discussions viathe first IDA21 replenishment meeting which took place on March 18-19, 2024. A brief profile of each of AfG1 Borrowers Representatives is presented below:

Ambassador Libérat Mpfumukeko

A Borrowers' Representative from Burundi, Ambassador Libérat Mpfumukeko is currently a Chargé de Missions to the President of the Republic of Burundi. He is a seasoned professional and diplomat with wide range of experience. From 2016 to 2021, he served as Secretary General of the East African Community (EAC) where he also chaired the EAC-COMESA-SADC Tripartite Organization from 2016 to 2017.

Before his appointment at the EAC, Ambassador Mpfumukeko held several positions of high responsibilities, notably as EAC Deputy Secretary General in charge of Finance and Administration, Principal Advisor to the President of the Republic of Burundi in charge of Economic Affairs, Director General of the largest state-owned company in Burundi - the Water and Electricity Production Authority (REGIDESO), and Director General of the Burundi Investment Promotion Agency. From 1994 to 2009, he held various positions within the private sector in France and the USA, and then within the United Nations System as an Economic Expert at the UNDP and FAO.

Ambassador Liberat Mpfumukeko, IDA21 Borrowers' Representative

Ambassador Mpfumukeko holds a master's degree in Economic Sciences (University of Tours, France), a Master's degree in Business Administration (Clark University, MA, USA), a Postgraduate Diploma in Leadership (Harvard University - Kennedy School of Government, MA, USA) and a Russian Language Diploma (Lomonossov University of Moscow, Russia). In 2021, Ambassador Mpfumukeko was awarded an Honorary Doctorate Degree by Clark University.

Mr. Berhanu Anbesa Bekele

Borrowers' Representative from Ethiopia: Mr. Berhanu Anbesa Bekele, currently serving as Acting Head of the International Financial Institutions Cooperation Division at the Ministry of Finance, Federal Democratic Republic of Ethiopia, a position he has held since May 2023. With a wide range of experience, Mr. Bekele .interfaces with International Financial Institutions (IFIs) on resource mobilization and coordinates all matters related to development and investment projects and programs, such as identification, preparations,appraisal, negotiations, declaration of effectiveness, as well as monitoring, evaluation, and reporting on implementation.

Mr. Berhanu Anbesa Bekele, IDA21 Borrowers' Representative

Before he was appointed Acting Head of the International Financial Institutions Cooperation Division, Mr. Berhanu held various positions within the International Financial Institutions Cooperation Directorate, where he played active roles in the preparation, appraisals, negotiations, monitoring of numerous IDA-supported projects n key sectors such as agriculture, health, energy education, and infrastructure over a decade. Mr. Berhanu holds a Master of Arts degree in International Trade and Economic Cooperation from Khung Hee University in South Korea.

Mrs. Amie Kolleh Jeng

Borrowers' Representative from The Gambia: Mrs. Amie Kolleh Jeng, a professional with over 30 years of experience in the public service and currently serving as the Director of Public Financial Management Department, Ministry of Finance and Economic Affairs, Republic of The Gambia. Mrs. Jeng plays key roles in external resource mobilization that provides widened fiscal space for government spending and the design of reform prior actions for enhanced governance and accountability. She oversees the overall public financial management reforms process and implementation.

Mrs. Amie Kolleh Jeng, IDA21 Borrowers' Representative

Before her appointment as Director, Mrs. Jeng has held various positions within the Ministry of Finance and Economic Affairs, including Deputy Director of Budget from 2014 to 2016 where she initiated the design format of the Program Based Budgets (PBB) to strengthen planning and budgeting functions within Ministries, Departments, and Agencies (MDAs). This includes the design and roll-out to support the development of Program Based Budgets, including the input of data and fiscal reporting. Mrs. Jeng holds a bachelor's degree in economics from the University of The Gambia, and a master's degree in development finance from the University of Reading.

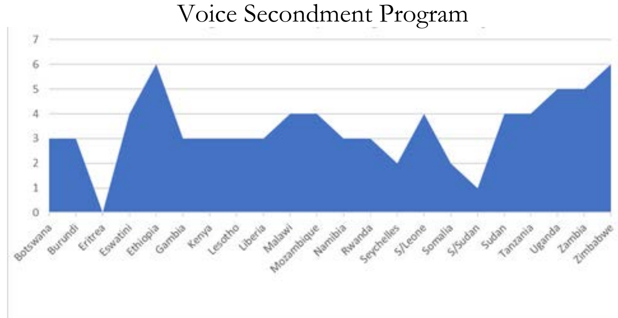
4.3.6 Voice Secondment Program Selection and Onboarding

The Voice Secondment Program (VSP) is a capacity-building program of the World Bank Group for government officials focused on World Bank Group operational policies, procedures, and products; and to strengthen dialogue between capitals and the World Bank Group operational teams, and the Executive Directors' Offices. It was initiated in 2004 on the directive of the Executive Directors (EDs) of the World Bank Group (WBG).

The selection of candidates to join the program is based on a set of eligibility criteria. It also considers inclusion and fairness in benefiting client countries. The VSP enriches and deepens the capacity of participants on World Bank Group operations and products; exposes participants to operations of WBG units; and enables participants to experience working in a diverse and multicultural environment with international networking. To the client countries, the VSP enhances effective and efficient dialogue between the client countries and the World Bank and the Executive Directors' Offices and provides an opportunity to contribute to the World Bank's development agenda.

To the World Bank Group, the VSP produces powerful ambassadors and champions of the twin goals of ending extreme poverty and boosting shared prosperity on a livable planet and contributes to the World Bank's operational and development effectiveness by strengthening the capacity of WB clients.

Figure 4.2: Africa Group 1 Constituency Participation in the Voice Secondment Program



Source: World Bank

Since its inception, the VSP has had 18 cohorts with a total number of 380 participants, excluding the current 19th cohort. Out of the 380 participants 146 were from the Africa region, with 75 participants joining from Africa Group I Constituency countries (Figure 4.3). For the 19th cohort, four nominees from Botswana, Eswatini, Lesotho and South Sudan were selected. However, only three of the selected four AfG1 nominees managed to join the program.

4.4 Advocating for Diversity and Inclusion

The WBG continues its effort to promote an environment that fosters staff diversity and inclusion, while ensuring all staff are valued and have equal opportunities for growth and development. The effort is part of a broader objective to ensure that diversity and inclusion are integrated into the Bank's culture and operations. Advocating for diversity and inclusion is essential as it ensures that the Bank teams and country presences better mirror the client and stakeholder bases, making the WB more representative and responsive. The largest country offices at the end of FY2023 were in South Asia, Africa, and East

Asia, with India topping the list with 1,179 staff (including staff working in the Chennai office) followed by Kenya with 389 staff.

Table 4.3. International and Local Staff Recruited from AfG1 Countries in FY23

Countries	Internationally Recruited Staff	Locally Recruited Staff
Botswana	2	9
Burundi	14	29
Eritrea	3	2
Eswatini	0	0
Ethiopia	86	116
Gambia	9	14
Kenya	149	200
Lesotho	2	11
Liberia	5	30
Malawi	22	28
Mozambique	13	60
Namibia	3	0
Rwanda	17	33
Seychelles	1	1
Sierra Leone	7	24
Somalia	2	2
South Sudan	2	13
Sudan	13	16
Tanzania	28	59
Uganda	79	56
Zambia	33	38
Zimbabwe	54	34

The OED has also continued to advocate for broader representation of staff of African origin at different levels, from entry, mid-career, and senior management levels, including at the Headquarters (HQ) and country offices. In FY2023, there was a 5.6 percent increase in number of internationally recruited staff with African origin, growing from 1,340 to 1,416

The corresponding increase for country office hired staff was 6.2 percent, rising from 1,850 to 1,965. Of this number, Kenya, Ethiopia, Uganda, Zimbabwe, and Zambia had the highest representation both nationally and internationally (Table 4.3).

4.5 Capacity Development

Capacity development remains a priority within the WB. The importance of supporting clients in enhancing their institutional capabilities is rooted in the pragmatic understanding that a well-equipped and skilled workforce, along with effective institutions, is fundamental for transformation. The focus on capacity building stands as a practical and integral aspect of WB's objective of promoting inclusive and sustainable development among clients.

The office will continue its efforts on the assessment of capacity-building requirements for Sub-Saharan Africa (SSA). The assessment will benefit from the work of a specialist in the area of capacity building – focusing on the SSA context. The anticipated outcome seeks to facilitate a shared vision within the constituency and formulate improved, more effective support strategies for capacity-building to enhance the ability of the constituency to address specific capacity needs collaboratively and comprehensively.

It is anticipated that the outcomes of this assessment, which presents a basis for extensive discussions and strategic alignment on the capacity-building needs within the Constituency will be presented during the annual WBG meetings.

CHAPTER 5

Constituency Engagements

Chapter 5

Chapter 5 presents highlights of the 26th Statutory Meeting of the Africa Group 1 Constituency. It also covers constituency engagements focusing on the Executive Directors' visits to Constituency countries.

5.1 Highlights of the 26th Statutory Meeting of the African Group 1 Constituency

The 26th Statutory meeting took place on the margins of the 2023 Annual Meetings of the IMF/WBG on October 12, 2023, from 8:30 am to 11:00 am, in Marrakech, Morocco. The meeting was chaired by the Vice Chairperson of the Constituency, the Minister of Finance for the Republic of Malawi, Hon. Sosten Gwengwe. In attendance were, Governors, Alternate Governors, and Representatives of the Africa Group I Constituency.

In his report to the Constituency, the Executive Director gave an update on global economic prospects, World Bank Group operations and Constituency engagements. The Constituency Chair presented the Panel report which discussed three key topics extensively: the IDA21 process, the next selection of the Alternate Executive Director, and staffing updates in the office of the ED. A summary of the Constituency Development Committee Statement was presented by the Honorable Gibril Ibrahim Mohammed, Governor of the Republic of Sudan.

Other highlights of the Statutory Meeting include:

5.1.1 World Bank Evolution

The Constituency was updated about the status of the World Bank Evolution conversations. The Executive Director highlighted the need for the Bank to increase its capacity to address emerging global challenges while pursuing its twin goals and the SDGs. The three pillars of the Evolution Roadmap included: a) Enhancing and restating the vision and mission as "Create a world free of poverty on a livable planet" and "ending extreme poverty and boosting shared prosperity on a livable planet" respectively; b) Strengthening the Bank's operational model to focus on helping client countries achieve significant impacts in six broad areas; (c) and strengthening the Bank's financial model using an approach that involves capital and external resources. The ED explained that these three pillars would support the Bank in enhancing its financing capacity. IBRD would apply strategic steps in exploring innovative avenues to bolster its financial capability including hybrid capital. Lastly, IFC and MIGA would improve their financing capacities through blended finance and enhanced guarantee instruments in collaboration with partners.

5.1.2 SSA's Strides Toward Gender Equality and Legal Empowerment

The Constituency was briefed about the World Bank Women, Business, and Law (WBL) report which revealed that SSA was a frontrunner in advancing women's legislation and rights towards economic empowerment. The SSA accounted for more than 50 percent of all gender progressive reforms in 2022 with countries such as Benin, Congo, Cote d'Ivoire, Gabon, Malawi, Senegal and Uganda as trailblazers.

5.1.3 World Bank Group Gender Strategy 2024–2030

The Executive Director updated the Constituency about the Bank's 2024-2030 Gender Strategy which was crafted to respond to the evolving global challenges related to gender and development. The Strategy focused on expediting progress toward a sustainable, resilient and inclusive future while addressing critical issues including ending gender-based violence, expanding access to care, enhancing digital connectivity and mobility, and facilitating enabling services.

5.1.4 The WBG Paris Alignment Approach

The Constituency received an update on the WBG's commitment to align its climate finance ambitions with the Paris Climate Agreement (PCA) by 2025. The three main objectives of the PCA included mitigation, adaptation, and financing. The IFC and MIGA agreed to incorporate climate mitigation measures through action plans that address potential gaps in alignment with the PCA. The process of the WBG alignment to the PCA would be inclusive, and iterative by adapting to evolving technologies, innovations and markets.

5.1.5 IDA's Short to Medium-Term Financing Capacity and the IDA Crisis Facility

In relation to IDA's financing capacity, the Constituency was updated on IDA's short-term financing capacity which was stretched due to the mitigating measures related to the impacts of COVID-19, the war in Ukraine and other global challenges. US$3.0 billion of IDA20 resources was frontloaded in FY23 to address some of these challenges. In addition, the appreciation of the US dollar against the Special Drawing Rights lowered the volume of IDA20 financing, resulting in a US$3.0 billion reduction in resources available for FY24 and FY25 commitments. IDA's future financial sustainability was a high priority for client countries and donor partners and the IDA21 replenishment would set the basis for addressing the gaps in financing to support long-term development goals.

On the IDA Crisis Facility, the ED highlighted that the Facility was approved by the WBG on May 18, 2022, to respond to the elevated needs of member countries including food security and climate change. The facility targeted to raise US$4.5 billion through donor contributions, resources generated from cleaning up IDA's portfolio, and expanding its fixed-rate bond program.

5.1.6 Food and Nutrition Security

The Constituency was informed that, following the COVID crisis and subsequent global supply chain disruptions, the WBG scaled up its response to address hunger and malnutrition through a US$45 billion IBRD/IDA, IFC and MIGA commitment in response to the Food and Nutrition Security and it was expected to benefit more than 335 million people.

5.2 ED's Visits to Constituency Countries

5.2.1 Executive Director's Visit to the Republic of Seychelles

The Executive Director (ED), Dr. Floribert Ngaruko, accompanied by his Advisor, Mr. Sam M. Aruna undertook a mission to the Republic of Seychelles from December 11-12, 2023, to consult the Government on Seychelles' development priorities, challenges, and opportunities. Unfortunately, the visit coincided with the occurrence of an explosion in the capital city and flooding from a heavy downpour of rain that caused massive destruction of properties and claimed the lives of three people. Despite the challenging circumstances, the authorities accorded the Executive Director a warm reception, and several important meetings were arranged.

The Executive Director met with His Excellency, President Wavel Ramkalawan, President of the Republic of Seychelles; the Governor for the World Bank Group and Minister of Finance, National Planning and Trade, Honorable Naadir Hassan; and the Governor of the Central Bank of Seychelles, Ms. Caroline Abel. The ED also met with the World Bank Country Representative for Seychelles, Mr. Sjamsu Rahardja, and several Honorable Ministers with Senior officials: including the Minister of Fisheries and the Blue Economy; Minister of Education; Minister of Employment and Social Affairs; and the Minister of Agriculture, Climate Change and Environment.

In his discussion with President Ramkalawan, the ED focused on the Bank's relationship with Seychelles, the recent disasters, post-COVID-19 pandemic recovery efforts, issues related to good governance, the Country Partnership Framework (CPF), diversification of the economy, private sector engagement, and the nomination of a candidate to the position of an Advisor to the Executive Director from Seychelles. The ED sympathized with the President and people of Seychelles on the recent disasters and assured him of his Office's commitment to assist in the country's engagements with the Bank. He informed the President that an assessment team for the disasters is already underway from the World Bank.

H.E. President Wavel Ramkalawan (3rd from Right); Executive Director, Dr. Floribert Ngaruko (2nd from left), Central Bank Governor, Ms. Caroline Abel (1st from right), Advisor to the Executive Director. Sam M. Aruna (1st from left) and Secretary of State, Finance, Mr. Patrick Payet, (2nd from right)

The ED also commended the President for a stable political environment, impressive post-COVID-19 resilience, and strong macroeconomic management. The President expressed his appreciation for the cordial relationship between the Seychelles and the World Bank Group and called for more assistance and stronger ties.

In his meeting with the Honorable Minister of Finance, National Planning and Trade, the ED commended the Minister for prudent macroeconomic management and stable financial environment, discussed and sought the views of the Honorable Minister on key issues, including the documentation and payments for the IBRD and IFC Capital Increase Subscriptions, reflection on the efforts to diversify the economy in connection with the Country Partnership Framework (CPF), the World Bank Evolution process and roadmap, climate change, and Bank policy on Small Island States. The Honorable Minister expressed his concern about the high interest rates on IBRD borrowings and expressed his desire for a policy shift for Seychelles to benefit from IDA resources in terms of technical and budget support. He also informed the ED that the National Assembly has approved the subscription for the 2018 Capital Increase for both IBRD and IFC.

Minister of Finance, National Planning and Trade, Hon. Naadir Hassan (right) and Executive Director, Dr. Floribert Ngaruko (left)

During the discussions with the ED, the Governor of the Central Bank expressed appreciation for the World Bank's support aimed at improving Seychelles' financial system; undertaking national risk assessment; preparing a new Credit Reporting bill; Consumers Protection Bill for the banking and non-banking sectors; Data Protection bill, and technical support for reserve management. She requested the ED for more support in the areas of digitalization and cyber security. The ED commended the Governor for prudent financial management, post-COVID-19 recovery, and promised his Office's commitments to assist in continued engagements between the World Bank and the Central Bank of Seychelles.

Executive Director, Dr. Floribert Ngaruko (right) and Governor of the Central Bank, Ms. Caroline Abel (left)

5.2.2 Executive Director's Visit to the Kingdom of Lesotho

The Executive Director (ED), Dr. Floribert Ngaruko, visited the Republic of Lesotho on an official mission from December 14-15, 2023, and was accompanied by his Senior Advisor, Fisseha Kidane. During the mission, he met Hon. Dr. Retselisitsoe Matlanyane, Minister of Finance and

Development Planning, who is also the World Bank Group (WBG) Governor for the Republic of Lesotho. The Executive Director discussed with the Governor the status of the World Bank portfolio in Lesotho, IDA20 pipeline projects and programs, the status of Lesotho's implementation of the 2018 WBG capital package, and the country's participation in the Voice Secondment Program (VSP).

The Governor briefed the Executive Director about the Government's development priority areas which are reflected in the 2024-28 Country Partnership Framework (CPF). The Minister stated the Government's keen interest in improving WB project implementation - targeting where performance has been weaker. In a major push to improve project performance across the board, the Government is working to enhance the effectiveness of project implementation units supported by streamlined approach for the focal units in each ministry.

Executive Director, Dr. Floribert Ngaruko (right) meeting with H.E. Dr. Retselisitsoe Matlanyane, Minister of Finance and Development Planning of Lesotho

The ED commended the Minister for the positive growth prospects of the Lesotho economy and fiscal prudence as reflected by declining debt levels. On the Voice Secondment Program, the ED informed the Minister that a nominee from Lesotho was accepted for the 19th round of the program, which commenced in January 2024. The Minister and the Executive Director agreed that more effort will be needed to support private sector development in Lesotho, and for this, the increased footprint of the International Finance Corporation (IFC) would be crucial.

As part of the mission, Dr. Ngaruko met with the Minister of Education and Training, Honorable Dr. Ntoi Rapapa and the Minister of Agriculture, Food Security and Nutrition, Honorable Thabo Mofosi (MP). The discussions highlighted the government's focus on improving basic education, in particular the preschool education system, which is largely missing in rural areas, thereby creating inequality in services to most of the population. The ongoing WB-financed Basic Education Support Program and a planned follow-up operation are expected to focus on this issue. On agriculture, the Honorable Minister underlined the huge potential of the sector to advance Lesotho's development ambitions. WB finance to the sector through the Small Holder Agriculture Development is showing promising results and the government intends to continue similar initiatives in the future.

To understand the current state of the private sector in Lesotho, Dr. Ngaruko held discussions with four institutions currently working on private sector development in the country. Senior officers from the Lesotho Chamber of Commerce and Industry (CCI) and the Private Sector Foundation of Lesotho (PSF) emphasized access to finance as a key constraint to private sector development in the country. They welcomed an increased role for IFC to enhance Small and Medium Enterprises (SMEs)'s access to affordable financing. The conversation also brought to attention the positive role that two public institutions, namely the Lesotho Enterprises Development Corporation (LEDC) and the Lesotho National Development Corporation (LNDC) were playing in supporting private sector development.

The Executive Director also met with the World Bank Lesotho Country Office staff in Maseru where discussions centered on WB-financed project implementation as well as issues related to human resource administration for Lesotho-based World Bank staff.

Executive Director Dr. Floribert Ngaruko with Ministers of Finance and Economic Planning (5th from right), Minister of Agriculture, Food Security and Nutrition (7th from right), Minister of Education and Training (3rd from right) and other officials

Executive Director, Dr. Floribert Ngaruko visiting the farm of one of the farmers supported by the Smallholder Agriculture Development Project.

Dr. Ngaruko had the opportunity to visit two project beneficiaries supported by the Bank-financed Smallholder Agriculture Development Project (SADP). The farms, located on the outskirts of Maseru, deployed irrigation schemes and other modern farming practices to produce fresh vegetables for the Maseru market. The site visits enabled the mission to witness viable businesses supported by the WB project where both entrepreneurs run successful operations accompanied by new investments to expand their businesses.

5.2.3 Executive Director's Visit to the Federal Republic of Somalia

Dr. Floribert Ngaruko, the Executive Director (ED), and his Advisor, Mr. Abdirahman Shariff went on a mission to the Federal Republic of Somalia, where the ED met with key stakeholders from the Federal Government of Somalia (FGS), the International Finance Corporation (IFC), and the World Bank Country Office. The purpose of the mission was to foster collaboration and discuss ways to address pertinent concerns.

The ED met with His Excellency, Mr. Bihi Iman Egeh, the Minister of Finance, and the Deputy Prime Minister of the Federal Government of Somalia. The discussion focused on Somalia's achievements, its development challenges, and plans, including post-HIPC completion and IDA financing terms. The Deputy Prime Minister provided insightful perspectives on the economic landscape, emphasizing the indispensable need for continued support.

The Executive Director emphasized the imperative for flexibility in World Bank operations, particularly in expediting non-objection processes. He expressed concerns about IDA financing terms in the context of post-HIPC completion and promised his continued commitment to advocacy and support Somalia through concessional financing. Dr. Ngaruko congratulated the government for the milestones achieved, including reaching the HIPC completion point, acceding to the East Africa Community (EAC), successful National Consultative Committee meetings, and the implementation of the IMF program.

The ED held discussions with the World Bank Country Team on December 18, 2023, at the World Bank Office in Nairobi, where deliberations focused on improving the implementation of World Bank portfolio, underscoring the critical need to expedite operational processes to achieve the crucial development goals of Somalia. Following this, the Executive Director met the IFC Country Team at their Nairobi office. Topics covered include, Somalia's Public Private Partnership (PPP) bill, sectoral collaborations, and the expeditious handling of IFC and IBRD subscriptions by Somalia.

Executive Director, Dr. Floribert Ngaruko meeting with the Somalia Chambers of Commerce and the Private Sector leadership in Mogadishu

Upon arrival in Mogadishu, Dr. Ngaruko directly engaged Somalia's Private Sector leadership and had fruitful discussions on fostering partnerships, addressing challenges, and strategies to accelerate Somalia's economic growth, all in the context of its attainment of HIPC Completion Point.

The Executive Director also met with international partners, including United Kingdom Embassy representatives. Crafted to align strategies, collaborations, and reaffirmation of donor commitments to Somalia's progress, this session underscored the importance of global partnerships in achieving sustainable development for Somalia.

The successful conclusion of the Executive Director's mission to Mogadishu stands as a testament to the unwavering commitment of the WBG to the holistic national development of Somalia. The collaborative spirit paves a definitive path toward a more prosperous and stable future for the Federal Republic of Somalia.

Minister of Finance and WBG Governor for the Federal Republic of Somalia, H.E. Bihi Egeh (2nd from left), Executive Director, Dr. Floribert Ngaruko (2nd from right), Advisor to the Executive Director, Mr. Abdirahman Bashir Shariff (1st from right), and Director General, Ministry of Finance, Mr. Suliman Omar (1st from left)

5.2.4 Executive Director's Visit to the Federal Democratic Republic of Ethiopia

The Executive Director, Dr. Floribert Ngaruko, undertook a mission to the Federal Democratic Republic of Ethiopia on March 11-13, 2024, and was accompanied by his Advisor, Dr. Azhari Elamin. The purpose of the mission was to consult the Government and private sector representatives on Ethiopia's development agenda, including its priorities and challenges. The ED met with H.E. Honorable Ahmed Shide, Minister of Finance, and other ministers and government officials, including H.E. Dr. Girma Amente, Minister of Agriculture, H.E. Dr. Ing. Habtamu Itefa, Minister of Water, Irrigation and Electricity, H.E. Mamo E. Mihretu, Governor of the National Bank of Ethiopia (NBE), and Mr. Wubie Mengestu, Secretary General of the Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA).

The discussion with the Governor for the WBG and Minister of Finance focused on Ethiopia's WB portfolio and development agenda and priorities, highlighting the progress made so far in sustainable peace and stability, and strong economic recovery in 2023. The Governor stated that the government is moving forward with deep economic reforms, post-conflict reconstruction and building national unity. The ED commended the Government for the strong WB portfolio totaling US$12.1 billion. He also commended Ethiopia for maintaining overall strong disbursement performance, of over US$1.0 billion in FY23, and cumulative disbursements rate of 58.4 percent as of March 2024.

The Minister placed great importance on the upcoming Ethiopia Country Partnership Framework (CPF), Development Policy Operations (DPO) for the reform agenda, and IDA21 Replenishment. However, the ED emphasized that this facility is dependent on reaching agreement with the International Monetary Fund (IMF) and addressing the wide gap between the official and market rates of the local currency. On IDA21 Replenishment, he said that IDA Deputies will be pressing for an ambitious replenishment as compared to IDA20. He also requested Ethiopia's strong support at the upcoming IDA21 Summit in Nairobi late April 2024. He briefed the Governor on the current state of the discussion on the WBG Evolution Agenda. The Governor thanked the Bank for its strong support to Ethiopia but requested even greater support in the future to meet the ambitious reform programs of the country.

Minister of Water and Energy, Dr. Eng. Habtamu Itefa Geleta (2nd from right), Executive Director Dr. Floribert Ngaruko (2nd from left), accompanied by ED's advisor (right) and Minister's advisor (left)

The ED also discussed sectoral contexts, priorities, and challenges with the Minister of Agriculture, and the Minister of Water, Irrigation and Electricity. The discussions provided opportunities to appraise the Bank's role in supporting priority interventions in the respective sectors. The Ministers appreciated the strong support of the WB Country Office staff while also highlighting their concerns on lengthy procedures, especially with respect to procurement.

Dr. Ngaruko also met with the Secretary General of the Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA) and discussed possible areas where the private sector can benefit from the WBG support. He also met with World Bank Country Manager and staff for Ethiopia.

The mission also visited two project sites of small entrepreneurship projects in Addis Ababa, supported by the World Bank under the Small Businesses and the Vulnerable Program in Ethiopia.

ANNEXES

SCHEDULE I
ROTATION SCHEDULE FOR CONSTITUENCY CHAIRMANSHIP
FIRST ROUND 2010 - 2052

YEAR	CHAIRPERSON	VICE CHAIRPERSON
2010	BOTSWANA	BURUNDI
2012	BURUNDI	ERITREA
2014*	ERITREA	ETHIOPIA
2016	ETHIOPIA	GAMBIA, THE
2018	GAMBIA, THE	KENYA
2020	KENYA	LESOTHO
2022	LESOTHO	LIBERIA
2024	LIBERIA	MALAWI
2026	MALAWI	MOZAMBIQUE
2028	MOZAMBIQUE	NAMIBIA
2030	NAMIBIA	RWANDA
2032	RWANDA	SEYCHELLES
2034	SEYCHELLES	SIERRA LEONE
2036	SIERRA LEONE	SOMALIA
2038	SOMALIA	SOUTH SUDAN
2040	SOUTH SUDAN	SUDAN
2042	SUDAN	ESWATINI
2044	ESWATINI	TANZANIA
2046	TANZANIA	UGANDA
2048	UGANDA	ZAMBIA
2050	ZAMBIA	ZIMBABWE
2052	ZIMBABWE	BOTSWANA

* Eritrea declined to serve as Chair in 2014

NOTES/ IMPLEMENTATION GUIDE/POLICY FOR ROTATION SCHEDULE I:

1. Every country is given turn for Chairmanship in alphabetical order from A to Z
2. Avoids duplication with IMF Rotation - Governors not serving on the IMF Constituency Panel are given preference
3. A country could decide to pass its turn, for any reason
4. A country could decide to switch turn with another country closely in line on the Rotation Schedule I
5. Except where a country agrees to switch its turn with another country next in line on the rotation table, any country that declines to serve in the allotted year shall be deemed to forego its turn in the first round of implementation of Rotation Schedule I

SCHEDULE II
ROTATION SCHEDULE FOR CONSTITUENCY PANEL MEMBERSHIP
FIRST ROUND 2010 – 2052

YEAR	CHAIRPERSON	VICE CHAIRPERSON	OTHER PANEL MEM		
2010	BOTSWANA	BURUNDI	SEYCHELLES	KENYA	SIERRA LEONE
2012	BURUNDI	ERITREA	RWANDA	ESWATINI	LIBERIA
2014*	ERITREA	ETHIOPIA	LESOTHO	ZAMBIA	SOUTH SUDAN
2016	ETHIOPIA	GAMBIA, THE	NAMIBIA	ZIMBABWE	SUDAN
2018	GAMBIA, THE	KENYA	MOZAMBIQUE	MALAWI	TANZANIA
2020	KENYA	LESOTHO	ESWATINI	BOTSWANA	ETHIOPIA
2022	LESOTHO	LIBERIA	RWANDA	BURUNDI	SOUTH SUDAN
2024	LIBERIA	MALAWI	MOZAMBIQUE	ETHIOPIA	ZAMBIA
2026	MALAWI	MOZAMBIQUE	GAMBIA, THE	UGANDA	KENYA
2028	MOZAMBIQUE	NAMIBIA	ETHIOPIA	SOMALIA	ERITREA
2030	NAMIBIA	RWANDA	BOTSWANA	SOUTH SUDAN	LIBERIA
2032	RWANDA	SEYCHELLES	LESOTHO	UGANDA	TANZANIA
2034	SEYCHELLES	SIERRA LEONE	SUDAN	ZIMBABWE	LIBERIA
2036	SIERRA LEONE	SOMALIA	KENYA	BOTSWANA	MALAWI
2038	SOMALIA	SOUTH SUDAN	ESWATINI	ZAMBIA	BOTSWANA
2040	SOUTH SUDAN	SUDAN	LIBERIA	MALAWI	BURUNDI
2042	SUDAN	ESWATINI	SOMALIA	SIERRA LEONE	LESOTHO
2044	ESWATINI	TANZANIA	UGANDA	ERITREA	NAMIBIA
2046	TANZANIA	UGANDA	ZAMBIA	SEYCHELLES	BOTSWANA
2048	UGANDA	ZAMBIA	ZIMBABWE	KENYA	GAMBIA,THE
2050	ZAMBIA	ZIMBABWE	UGANDA	BURUNDI	LIBERIA
2052	ZIMBABWE	BOTSWANA	LIBERIA	SUDAN	RWANDA

• Eritrea declined to serve as Chair in 2014

NOTES/ IMPLEMENTATION GUIDE/POLICY FOR ROTATION SCHEDULE II:
1. Every country is given a turn for chairmanship in alphabetical order from A to Z
2. Avoids duplication with IMF Rotation - Governors not serving on the IMF constituency Panel are given preference
3. Generally, panel members reflect regional balance (East, South and West)

SCHEDULE III
ROTATION SCHEDULE FOR CONSTITUENCY REPRESENTATION ON THE DEVELOPMENT COMMITTEE
FIRST ROUND 2010 -2052

YEAR	DC MEMBER	ALTERNATE	ASSOCIATES			
2010	ZIMBABWE	ZAMBIA	TANZANIA	ERITREA	RWANDA	GAMBIA, THE
2012	ZAMBIA	UGANDA	GAMBIA, THE	MALAWI	LESOTHO	KENYA
2014	UGANDA	TANZANIA	NAMIBIA	MOZAMBIQUE	ZIMBABWE	SIERRA LEONE
2016	TANZANIA	ESWATINI	LESOTHO	RWANDA	BURUNDI	LIBERIA
2018	ESWATINI	SOUTH SUDAN	SIERRA LEONE	SOMALIA	LESOTHO	UGANDA
2020	SOUTH SUDAN	SUDAN	NAMIBIA	ZIMBABWE	GAMBIA, THE	BURUNDI
2022	SUDAN	SOMALIA	KENYA	ZAMBIA	ESWATINI	SIERRA LEONE
2024	SOMALIA	SIERRA LEONE	ZIMBABWE	LESOTHO	NAMIBIA	GAMBIA, THE
2026	SIERRA LEONE	SEYCHELLES	ESWATINI	ETHIOPIA	BOTSWANA	TANZANIA
2028	SEYCHELLES	RWANDA	SUDAN	TANZANIA	ZIMBABWE	ESWATINI
2030	RWANDA	NAMIBIA	KENYA	SUDAN	ZAMBIA	SIERRA LEONE
2032	NAMIBIA	MALAWI	BURUNDI	KENYA	SIERRA LEONE	SOUTH SUDAN
2034	MALAWI	MOZAMBIQUE	TANZANIA	GAMBIA, THE	ETHIOPIA	BURUNDI
2036	MOZAMBIQUE	LIBERIA	LESOTHO	ZAMBIA	ERITREA	SEYCHELLES
2038	LIBERIA	LESOTHO	GAMBIA, THE	MALAWI	NAMIBIA	RWANDA
2040	LESOTHO	KENYA	MOZAMBIQUE	ZAMBIA	ZIMBABWE	UGANDA
2042	KENYA	GAMBIA, THE	BOTSWANA	NAMIBIA	ETHIOPIA	RWANDA
2044	GAMBIA, THE	ETHIOPIA	ZAMBIA	ZIMBABWE	LIBERIA	MALAWI
2046	ETHIOPIA	BURUNDI	SIERRA LEONE	LIBERIA	LESOTHO	SOUTH SUDAN
2048	BURUNDI	ERITREA	LIBERIA	SOMALIA	ESWATINI	NAMIBIA
2050	ERITREA	BOTSWANA	KENYA	SIERRA LEONE	SEYCHELLES	RWANDA
2052	BOTSWANA	GAMBIA, THE	SIERRA LEONE	KENYA	ETHIOPIA	MOZAMBIQUE

NOTES:

1. Avoids duplication with the other Panel membership
2. DC Member and Alternate Member accord opportunity in descending alphabetical order (Z to A)
3. Associate members are elected to provide regional balance
4. Schedule revised/updated in October 2012 to include South Sudan
5. Size of DC representation reduced from 8 to 6, dropping the Chair and Vice-Chair to avoid duplication with the Panel

SCHEDULE IV
ROTATION SCHEDULE FOR EXECUTIVE DIRECTOR AND ALTERNATE EXECUTIVE DIRECTOR
FIRST ROUND 2010 - 2052

YEAR	EXECUTIVE DIRECTOR	ALTERNATE ED
2010	SUDAN	ZAMBIA
2012	ZAMBIA	SEYCHELLES
2014	SEYCHELLES	ZIMBABWE
2016	ZIMBABWE	BOTSWANA*
2018	BOTSWANA	UGANDA*
2020	UGANDA	BURUNDI
2022	BURUNDI	TANZANIA
2024	TANZANIA	ERITREA
2026	ERITREA	ESWATINI
2028	ESWATINI	ETHIOPIA
2030	ETHIOPIA	SOUTH SUDAN
2032	SOUTH SUDAN	SOMALIA
2034	SOMALIA	GAMBIA, THE
2036	GAMBIA, THE	SIERRA LEONE
2038	SIERRA LEONE	KENYA
2040	KENYA	RWANDA
2042	RWANDA	NAMIBIA
2044	NAMIBIA	LESOTHO
2046	LESOTHO	MOZAMBIQUE
2048	MOZAMBIQUE	LIBERIA
2050	LIBERIA	MALAWI
2052	MALAWI	

*Botswana and Uganda switched turns in 2016-2018

NOTES/IMPLEMENTATION GUIDE/POLICY:
1. Sudan and Zambia given special dispensation to serve their turn under rotation system of the erstwhile Africa GroupI consistency
2. Seychelles which had never served the Constituency as Executive Director was accorded special dispensation on the rotation system
3. The rest of the countries follow an Alphabetical rotation alternating between Z and A until the firstround is completed
4. This schedule avoids duplication with IMF Rotation for EDs and AEDs
5. A country could decide to pass its turn, for any reason
6. A country could decide to switch turn with another country closely in line on the rotation table
7. Except where a country agrees to switch its turn with another country next in line on the rotation table, any country that declines to serve in the allotted year shall be deemed to forego its turn in the first round of implementation of Rotation Schedule IV

SCHEDULE V
ROTATION SCHEDULE FOR IDA BORROWERS' REPRESENTATIVES
FIRST ROUND 2015-2019 TO 2037-2039

REPRESENTATIVE COUNTRY	IDA CYCLE	SERVICE YEARS (3 YEAR TERMS)
ZAMBIA	IDA 17,18	2015-2019
TANZANIA	IDA 18, 19	2018-2020
SIERRA LEONE	IDA 19	2019-2021
BURUNDI	IDA 20	2022-2024
ERITREA	IDA 20	2022-2024
ETHIOPIA	IDA 20	2022-2024
GAMBIA, THE	IDA 21	2025-2027
LESOTHO	IDA 21	2025-2027
LIBERIA	IDA 22	2028-2030
MOZAMBIQUE	IDA 22	2028-2030
RWANDA	IDA 22	2028-2030
SOMALIA	IDA 23	2031-2033
SOUTH SUDAN	IDA 23	2031-2033
SUDAN	IDA 24	2034-2036
ZIMBABWE	IDA 24	2034-2036
UGANDA	IDA 24	2034-2036
KENYA	IDA 25	2037-2039
MALAWI	IDA 25	2037-2039
ZAMBIA	IDA 26	2040-2042

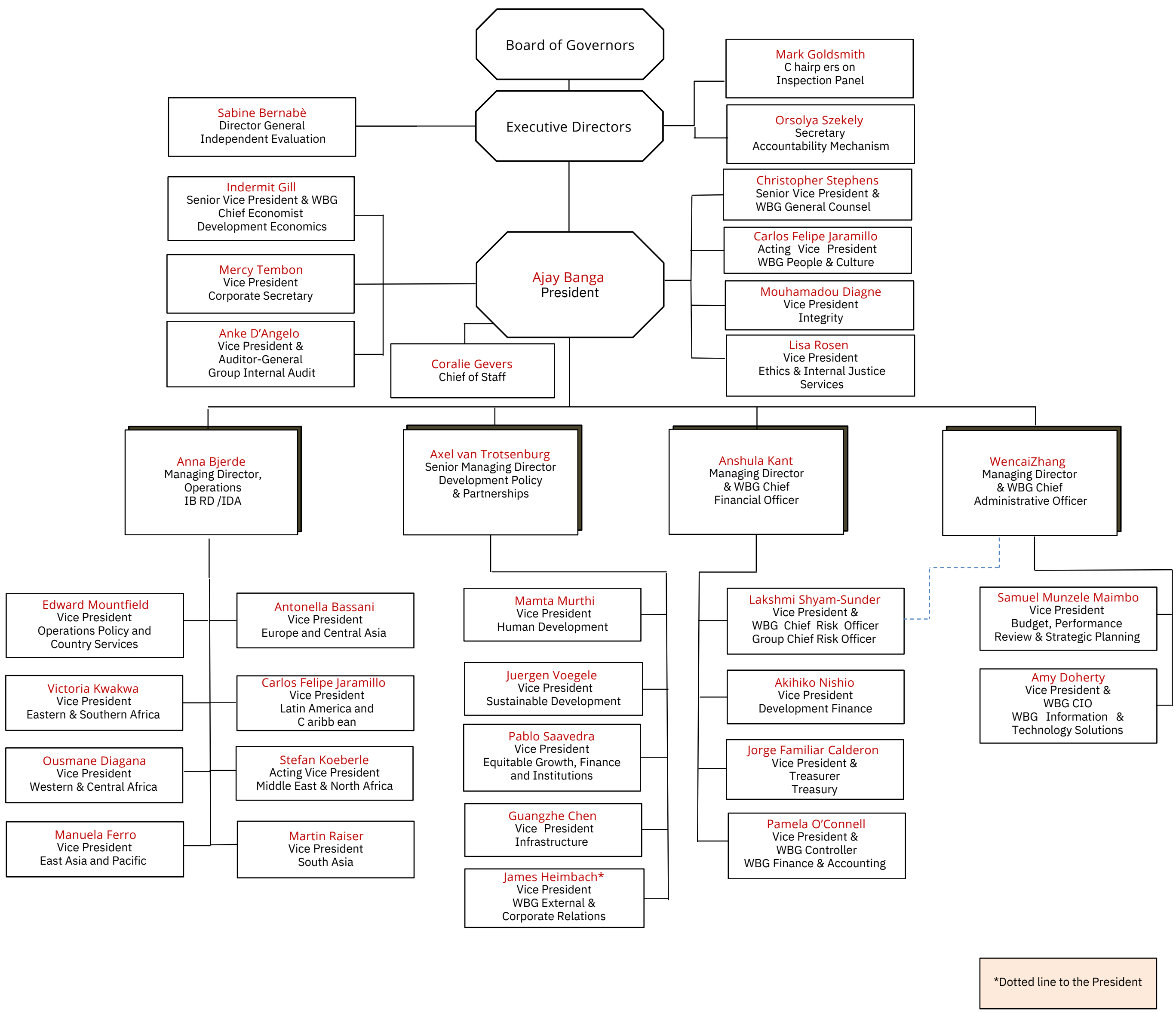
NOTES/IMPLEMENTATION GUIDE/POLICY:

1. Each country is given an opportunity to serve as Borrowers' Representative in alphabetical order, starting with the ones that have never served in this position as of 2019-2021
2. The Constituency shall have either 2 or 3 Borrowers' Representatives for each replenishment negotiation as per agreement with the Africa Group II Constituency on the World Bank Board
3. The countries that have provided Representatives until the IDA 18 cycle will come again starting with the one that served earliest, to complete the first round of implementing the Rotation Schedule
4. A country could decide to pass its turn for any reason
5. A country could switch turns with another country closely in line on the Rotation Schedule V
6. Except where a country agrees to switch turn with another country next in line on the Rotation Schedule V, any country that declines to serve in the allotted year shall be deemed to forego its turn in the first round of implementation of the Rotation Schedule V
7. A country that graduates out of IDA will not be eligible to represent the Constituency

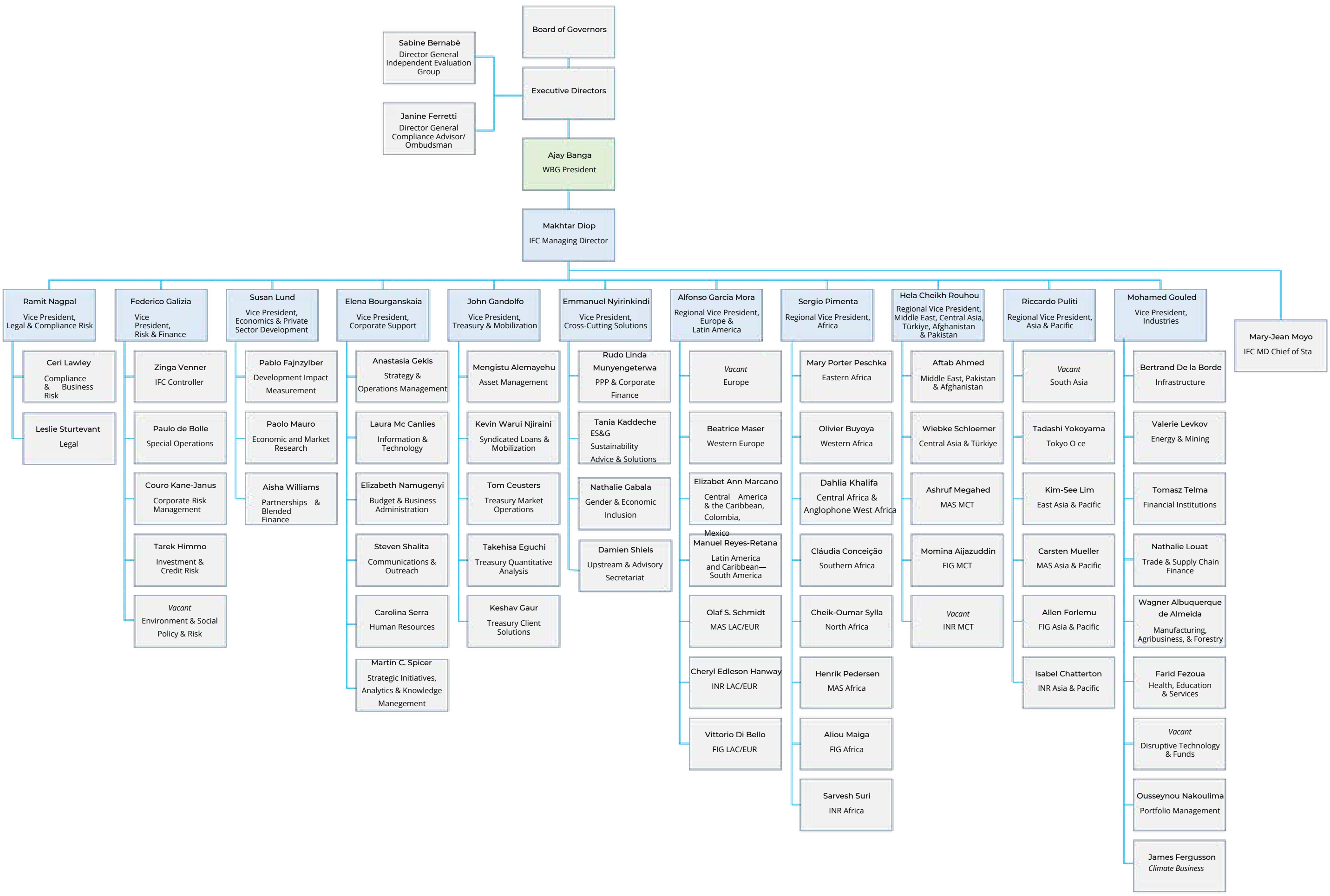
SCHEDULE VI
ROTATION SCHEDULE FOR PROFESSIONAL STAFF IN THE OED

1	ERITREA
2	SEYCHELLES
3	BURUNDI
4	LIBERIA
5	NAMIBIA
6	SIERRA LEONE
7	RWANDA
8	MALAWI
9	ZAMBIA
10	UGANDA
11	MOZAMBIQUE
12	ZIMBABWE
13	SOMALIA
14	GAMBIA, THE
15	LESOTHO
16	TANZANIA
17	KENYA
18	ESWATINI
19	SOUTH SUDAN
20	ETHIOPIA
21	SUDAN
22	BOTSWANA

World Bank Organizational Chart Effective April 10, 2024

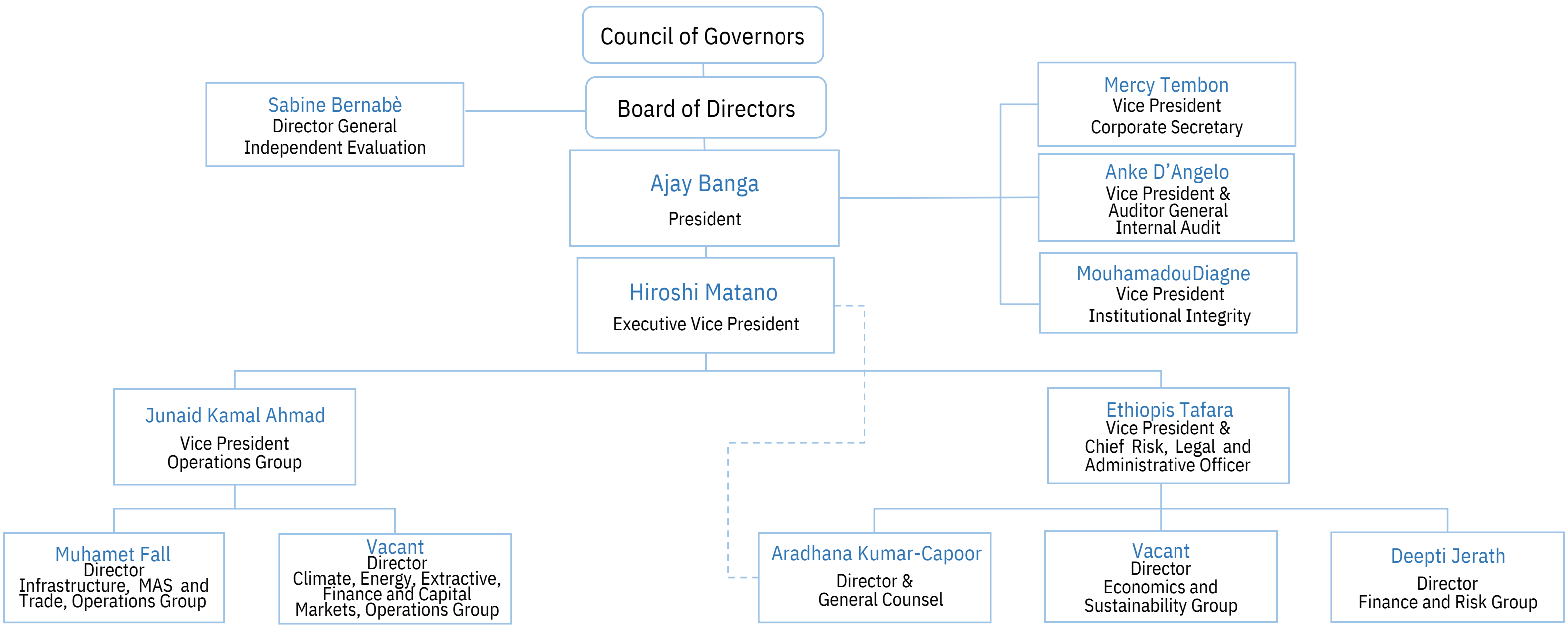


International Finance Corporation Organizational Structure, March 3, 2024



International Finance Corporation
WORLD BANK GROUP
Creating Markets, Creating Opportunities

MIGA Organizational Structure, Effective September 16, 2023



AFRICA GROUP 1 CONSTITUENCY STAFF

Meet the Team

Dr. Floribert Ngaruko

Executive Director

Dr. Zarau Wendeline Kibwe

Alternate Executive Director

Fisseha Aberra Kidane

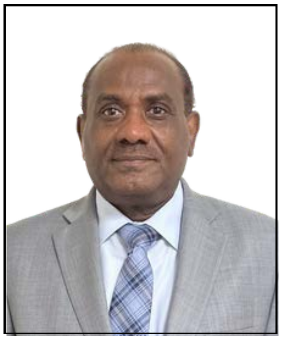
Senior Advisor

Naomi Chelang'at Rono

Senior Advisor

Lonkhululeko Phumelele Magagula

Senior Advisor


Azhari Elamin
Advisor


Ndapiwa Segole
Advisor


Abdirahman Bashir Shariff
Advisor


Venuste Ndikumwenayo
Advisor


Emmanuel Plingloh Munyeneh
Advisor


Josef Halwoodi
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