Africa Group I Constituency
FY15 Annual Report
October 2015

Louis Rene Peter Larose
Executive Director

Botswana – Burundi – Eritrea – Ethiopia - Gambia, The – Kenya – Lesotho – Liberia – Malawi – Mozambique – Namibia
Rwanda - Seychelles - Sierra Leone – Somalia - South Sudan – Sudan - Swaziland – Tanzania – Uganda – Zambia - Zimbabwe

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Acronyms

AFG1	Africa Group 1 Constituency
AfDB	African Development Bank
CPF	Country Partnership Framework
DTC	Developing and Transition Countries
DC	Development Committee
D&I	Diversity and Inclusion
DRM	Domestic Resource Mobilization
EAP	East Asia Pacific
ESS	Environmental and Social Safeguards
ECA	Europe and Central Asia
ECB	European Central Bank
FY	Fiscal Year
FDI	Foreign Direct Investment
FCSs	Fragile and Conflict Affected States
GIF	Global Infrastructure Facility
GHG	Greenhouse Gas
GDP	Gross Domestic Product
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
LAC	Latin American and Caribbean
LICs	Lower Income Countries
MENA	Middle East and North Africa
MICs	Middle Income Countries
MDGs	Millennium Development Goals
MDBs	Multilateral Development Banks
MIGA	Multilateral Investment Guarantee Agency
ODA	Official Development Assistance
OECD	Organization of the Economic Co-operation and Development
PEF	Pandemic Emergency Facility
SCI	Selective Capital Increase
SIDS	Small Island Development States
SA	South Asia
SSA	Sub-Saharan Africa
SDGs	Sustainable Development Goals
SCD	Systematic Country Diagnostic
US	United States
WBG	World Bank Group

Foreword by the Executive Director

As we meet for the 2015 International Monetary Fund (IMF)/Word Bank Group (WBG) Annual Meetings in Lima, Peru, I am pleased to present my first Annual Report as your Executive Director. The year under review was crucial in building and strengthening our office vision in determining the path of our future development. In line with WBG's twin goals, we focused our attention to reduce extreme poverty and promote shared prosperity in our Constituency countries.

To achieve these goals, I realized that our strategy should focus on four pillars; (i) a vision for our Constituency, (ii) a dynamic and stable office, (iii) a new engagement model between WBG and our countries, and (iv) a close collaboration and partnership with other Executive Directors. During the 2015 IMF/WBG Spring Meetings, I shared with you, Honorable Governors and Alternate Governors, my vision to take our office administration to a new level. Time is of the essence if we are to make progress. The same information has been conveyed to all the staff in my office.

It is in this spirit, that I took the opportunity to visit many of our countries during the course of the first year. These visits allowed me to witness first-hand our countries' development challenges and assess the needs, which I conveyed to the WBG senior management team. At the executive level in the Boardroom, I reached out to all my colleagues with a view to promote close collaboration and enhance our partnership. This strategic move resulted into a group of Executive Directors visiting the Federal Democratic Republic of Ethiopia, Republic of Malawi and the Republic of Kenya. As a result of this successful mission, there is now greater awareness, interest and support for our Constituency's development needs at the Board. It is a strategy, which our office will continue to pursue, going forward.

In spite of the progress made on this front, I believe there is more room for improvement. More than ever before, our countries need additional resources, flexibility and efficiency in the manner in which the WBG responds to our challenges. There were increased IBRD commitments recorded in all regions in FY15, most notably in SSA, which almost tripled to US$1.2 billion. Similarly, IDA commitments declined in all regions except for SSA, where they rose slightly from US$10.2 billion in FY14, to US$10.4 billion in FY15. It must be mentioned that IFC's investment commitments in SSA region is increasing. This is a very good sign that IFC is showing greater commitment to our region. As for MIGA, more support is being provided in guarantees mainly in our agricultural sector. I remain committed to follow up on more meaningful actions. It is important to note that in the third quarter of this year, the global economy faced serious challenges. This situation led to significant adjustments made in leading industrial countries. The changes were largely due to volatility and uncertainty in the capital markets. As such, these sudden shocks present a higher risk to the global economy. Hence, it is essential for our Constituency countries to follow these developments very closely and take timely actions.

The Third International Conference on Financing for Development held in July 2015 in the Federal Democratic Republic of Ethiopia sent a strong message to the international community that no one should be left behind in the future development of any country. The Addis Ababa Action Agenda launched a new global framework for financing sustainable development. This Agenda requires that all financing flows are aligned with economic, social and environmental policies. It also highlighted the importance of raising financing for development through Domestic Resource Mobilization (DRM). In the context of Africa, it was emphasized that we should take ownership of DRM and especially in curbing of illicit financial flows estimated at US$50 billion per annum.

From the *One WBG* operations perspective, the change process continues in order to find the best organizational structure and operating system for the Group. Our office continues to urge IBRD, IDA, IFC and MIGA to find ways and means to support our countries with more financial resources, flexible policies, new financial instruments and improving the existing ones in order to increase quality services to our Borrowers. Falling oil and other commodity prices is a major concern for the countries that rely on these commodities for national revenue. We continue to call on WBG to bring additional resources to support these countries' fiscal positions. The IDA reform process is currently being discussed as we approach the IDA 17 Replenishment mid-term review. This is a new development to which we are paying very close attention in order to preserve the gains we have achieved so far. We hope new innovations will come out of the reform as we discuss IDA financial sustainability. We are patiently waiting for these discussions and especially for the countries with "special needs" in our Constituency. These countries are; State of Eritrea, Federal Republic of Somalia, Republic of the Sudan, and Republic of Zimbabwe.

With regards to the Middle-Income-Countries (MICs) and the Small Island Developing States (SIDs), we are yet to discuss a WBG strategy. This is in spite of our repeated calls for WBG to come up with a development strategy for these countries.

Economic recovery after natural disasters in our countries is becoming more challenging with each event. While, we appreciate WBG response to support health emergencies and other natural disasters in our countries, the Pandemic Emergency Facility (PEF) has not become fully operational.

We appreciate that the Global Infrastructure Facility (GIF) is now open for business. As I mentioned in my interim report during the 2015 IMF/WBG Spring Meetings, the objective of this facility is to finance the preparation of investments in critical development infrastructure such as; transport, water, power, and sanitation. We hope that we can see more "fast-track" projects being financed by GIF from now onwards.
The 2015 Shareholding Review will be discussed during the 2015 IMF/WBG Annual Meetings. We urge our countries to complete the IBRD Selective Capital Increase (SCI) subscription. This exercise is important if we are to attain an equitable shareholding based on our agreement in 2010. It will also increase the shares of developing countries in the global economy decision-making process.

On the subject of Diversity and Inclusion (D&I) in WBG, our office has made significant efforts in this area. I am pleased to report that the senior management team is listening to our call to recruit African professionals. Some progress has been made. There is currently a drive to recruit African professionals to fill positions at the middle management level. This information was shared with our authorities in August 2015.

In line with our administrative protocol, our Constituency Rules, Guidelines and Procedures are due for revision after five (5) years in operation. Our Panel is presently discussing this document.

Following the presentation of the review of the World Bank Environmental and Social Safeguards Framework by the management in the Republic of the Sudan during the African Caucus Meeting in 2014, there is a second draft in circulation for consultation purpose. We have considered this document and found that there exist a number of contentious issues, which we shared with you, our authorities, prior to the African Caucus Meeting held in Angola in August 2015.

Finally, I would like to thank my entire office team for their unreserved support at all times. I must also acknowledge and thank the Chairperson, Governors and Alternate Governors of our Constituency for their excellent support throughout the year.

I am counting on your renewed support in 2016 so that we can make further progress.

Louis Rene Peter Larose
Executive Director

Executive Summary

Global economic output grew in 2014 by 2.6 percent, up from 2.5 percent in 2013, on account of a strengthening recovery in high-income economies. Growth in developing countries remained strong but progressively weaker than in previous years mainly due to a slowdown in investment expenditures in emerging market economies, especially China.

Growth in high-income countries rose from 1.4 percent in 2013 to 1.8 percent in 2014, led by a pickup of momentum in the economy of the United States (US). The economies of Japan and the Euro Area gained pace in 2015 on the back of an ease of policy and declining crude oil prices. Output growth in developing countries continued to slow, growing by 4.6 percent in 2014 from 5.1 percent in 2013. Softening commodity prices negatively impacted commodity-dependent countries and those with large trade and fiscal exposures and thin stabilization funds. As a result their currencies and foreign reserves came under considerable pressure prompting a recalibration in policies in some developing countries. For oil-importing countries, cheaper oil lowered inflationary pressures, though this was partly countered by the appreciation of the US dollar.

Output growth in the *Sub-Saharan Africa* (SSA) region strengthened in 2014 to 4.6 percent from 4.2 percent in 2013, due in part to robust private investment. Some of the region's best performers were from the Africa Group 1 Constituency, where twelve countries out of the Constituency's twenty two countries outperformed the average SSA growth rate. However, perpetuation of the low commodity price environment in 2015 emerged as a major challenge for several of the region's economies. Though private investment remains robust, extreme climatic conditions, critical supply deficiencies in electricity and recovery from the Ebola outbreak are expected to return growth to 4.2 percent in 2015. Public infrastructure spending, recovery in high-income economies and consumer demand are projected to induce a modest pick up to 4.6 percent and 5.0 percent in 2016 and 2017, respectively. However, adjustment to a 'new normal' in commodity prices will be a key challenge for the region.

Over the medium-term, the global economic growth is projected to strengthen as the recovery takes hold in high-income countries and developing countries grow steadily. However, the tightening of monetary policy in the US places downside risks on performance of the global economy. Against this backdrop, the World Bank projects global growth to rise to 2.8 percent in 2015, and further accelerate to 3.3 percent and 3.2 percent in 2016 and 2017, respectively.

Performance of the World Bank Group (WBG) remained strong in Fiscal Year 2015 (FY15). The combined commitments of the International Bank for Reconstruction and Development (IBRD) and the International Development Agency (IDA) was higher in FY15 at US$42.4 billion, up from US$40.8 billion in FY14, while their gross disbursements rose to US$31.9 billion in FY15 from US$31.3 billion in FY14.

For the SSA region, total IBRD and IDA commitments increased to US$11.6 billion in FY15, from US$10.6 billion in FY14, while disbursements rose to US$7.4 billion from US$6.9 billion. IBRD commitments to SSA grew robustly in FY15, and tripled to US$1.2 billion, compared to US$0.4 billion in FY14. The region also remained the largest beneficiary of IDA resources, accounting for 54.6 percent of total commitments.

The activities of the International Finance Corporation (IFC) in support of private sector development had a mixed trend in FY15 with increases in approvals and disbursements, but a decline in commitments. Total approvals increased to US$16.7 billion in FY15 from US$12.7 billion in FY14, while disbursements increased to US$9.2 billion from US$8.9 billion over the same period. In contrast, total commitments in FY15 decreased substantially from US$18.0 billion in FY14 to US$11.9 billion in FY15. South Asia, SSA and Europe and Central Asia regions recorded the largest decreases of US$3.0 billion, US$1.6 billion and US$1.0 billion, respectively.

Issuance of new political risk guarantees by the Multilateral Investment Guarantee Agency (MIGA) declined to US$2.8 billion in FY15 from US$3.2 billion in FY14, though the number of projects supported increased three-fold increase to 40. Six of these projects were in Africa Group 1 Constituency and totaled US$75.5 million. MIGA's gross exposure to insurance claims rose to US$12.5 billion, while its net exposure increased to US$7.7 billion, at the end of the fiscal year. New guarantees to SSA during the year amounted to US$201.3 million, representing 7.0 percent of the total, compared to US$515.0 million in FY14.

As part of its broader reform agenda, the WBG continued to undertake internal reforms in FY15. Specifically, the World Bank continued to make progress in the review of its Environmental and Social Safeguard (ESS) Framework and Procurement policies. Also, in FY15 the deliberations commenced on the 2015 Shareholding Review for the IBRD and IFC and on reforms to strengthen IDA. Further, activities under the Diversity and Inclusion (D&I) agenda gained momentum.

As regards the review of the ESS Framework, the Executive Board's Committee on Development Effectiveness (CODE), in July, 2015 discussed the second draft Framework that was a result of a six-month consultation process. CODE resubmitted the draft for another round of consultations that would mainly focus on the implementation issues. This exercise involves planned direct consultations with various stakeholders including in the Federal Democratic Republic of Ethiopia, Republic of Kenya, Republic of Rwanda, and United Republic of Tanzania. Among other issues, discussions will involve the applicability of the proposed Indigenous Peoples Policy, which African Governors have deemed as potentially divisive and misaligned with national constitutions.

As regards the Procurement Policy Framework, the WBG Executive Board approved a draft Framework on July 21, 2015 that would take effect in January 2016. The approved Procurement Framework establishes the rules for the purchase of goods and services under projects financed by the WBG and is expected to align with international best practice. The Framework is also designed to address the inordinate delays and capacity deficiencies that plague the previous procurement system.

As a preamble to the IDA17 Mid-Term Review process that will be held in November 2015, the WBG Executive Board, Senior Management and the IDA Deputies, commenced discussions on reforms to strengthen IDA within the changing landscape for development financing. These discussions also kick-started the pursuit for recommendations to inform the framework for IDA18 Replenishment.

The key reform areas include: (i) governance of the IDA replenishment process; (ii) IDA's long-term vision and financial viability; and (iii) measurement of development impact of IDA. The propositions under governance include widening the regional representation to three countries per region and the appointment of two co-chairpersons for the IDA 18 Replenishment meetings. Propositions under the long term vision of IDA include realigning the focus of IDA to the Sustainable Development Goals (SDGs) and leveraging IDA's equity of about US$150.0 billion in the capital market to raise additional resources on less concessional terms. As regards to IDA's development impact, the focus is on strengthening the link between IDA and the WBG Strategy.

The pace of activities under the WBG's D&I agenda picked up in FY15. Following a formal commitment in December 2014 to improve African representation in the Institution, Senior Management of the WBG committed to recruit more than 100 additional staff from SSA and the Caribbean by FY17. Since then, 10 of the 50 newly recruited Practice Managers in the World Bank have been from SSA. Additionally, the WBG launched an aggressive recruitment drive in August 2015 in SSA region to hire more professionals.

Zambeef, IFC partner – Chisamba, Zambia

Cattle drinking water - Kenya

Chapter 1

Economic Developments and Prospects

- Global Economic Performance
- Economic Performance in High Income Countries
- Economic Performance in Developing Countries
- Africa Group I Constituency Countries
- Medium Term Outlook

Chapter 1

Economic Developments and Prospects

1.1 Overview

This chapter highlights the economic developments during the years 2014 and 2015. It also outlines the medium term economic outlook in the various regions of the world.

1.2 Global Economic Performance

The global economy grew by 2.6 percent in 2014, up from 2.5 percent in 2013, and is projected to close 2015 at 2.8 percent on account of a strengthening recovery in high-income economies. Growth in developing countries was robust but continued on a downward trend as momentum slowed in emerging market economies, especially China (Table 1.1).

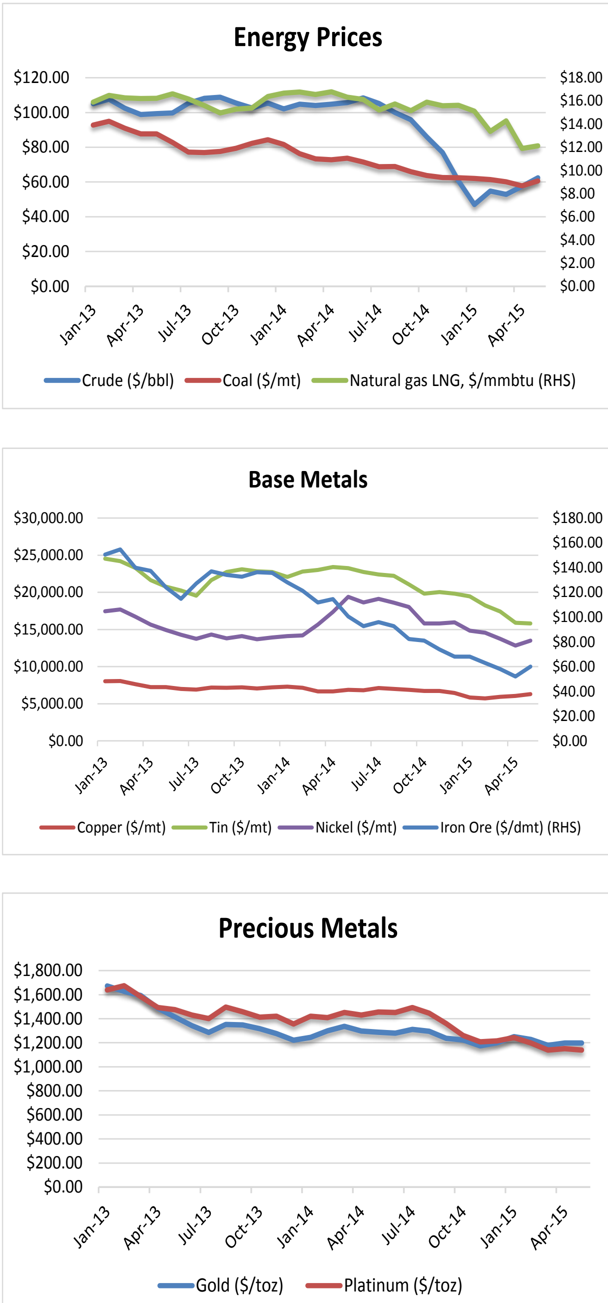
Significant price movements in the commodities markets had a negative impact on the performance of both high-income economies and developing countries. Commodity prices softened in 2014 and remained low in 2015 due to weak demand in emerging economies and ample supplies. The average price of oil declined by over 40 percent from US$108.0 per barrel in June 2014 to US$61.0 per barrel in June 2015, due to a combination of supply and demand factors (Figure 1.1).

On the supply side, additional crude oil supplies from US shale oil production, coupled with the decision by Organization of Petroleum Exporting Countries (OPEC) in late 2014 to abandon price targeting, put downward pressure on oil prices. At the same time, the slowdown in economic activity in China, a major buyer in the oil market, gave little support to the new wave of supplies, causing a precipitous fall in the crude oil price. Some suppliers reacted by cutting production and suspending drilling, including in the US, where the oil rig count fell by over 60 percent between October 2014 and June 2015. Despite an increase in aggregate demand in high-income countries, modest declines in supplies are expected to keep the oil price relatively low over the medium term.

Oil exporting developing economies were severely impacted by the negative price shock, particularly those with large trade and fiscal exposures and insufficient balances in stabilization funds. Weaker economic performance was recorded in early 2015 in all developing regions. Brazil, Mexico, Columbia, Venezuela, Nigeria, Angola, Iran and Iraq saw their exports receipts decline and foreign reserves and currencies come under pressure. In contrast, Saudi Arabia, Kuwait and Qatar, which have both relatively healthy buffers and low breakeven production costs, showed more resilience under these circumstances.

For oil importers, the drop in prices eased production and transportation costs and lowered inflationary pressures, though this was partly countered by the appreciation of the US dollar. Non-energy commodity prices all trended downwards on the back of ample supplies and weak demand from emerging economies. China's

Figure 1.1: Commodity prices



Source: World Bank

demand for metals remained weak as cuts were made in construction, infrastructure spending and manufacturing. Supplies continued to enter the metal market following heavy investments during the 'commodity super cycle'. The index of metals and mineral prices, which had been on a steady decline since 2011, declined by 12.0 percent in 2014 and continued to soften in 2015, losing another 12 percent in the first six months of the year. Iron ore saw the largest consistent decline since 2013, falling 49 percent in 2014 to US$68.8 per metric ton, and to a low of US$51.2 per metric ton in April 2015. Price indices for agricultural products and chemicals also softened over this period.

The medium term outlook on commodity prices points to lower prices across most commodity markets in the context of sustained supplies and a slowdown in economic activity in emerging markets. This will negatively affect growth prospects of developing countries over the medium term.

Growth in high-income countries rose from 1.4 percent in 2013 to 1.8 percent in 2014, led by a pickup of momentum in the United States (US) economy. The US economy was buoyed by improvements in the labor and housing markets, accommodative monetary policy, and the easing of fiscal consolidation. Though growth stalled in early 2015, economic activity rebounded later in the year on account of an improvement in the labor participation rate, cheaper fuel and a pickup in private consumption. Similarly, recovery in the Euro Area gained momentum in 2015 due to an ease of monetary policy by the European Central Bank (ECB), declining price of crude oil and improvements in credit supply. These factors countered the effects of geopolitical tensions in Ukraine and a debt crisis in Greece. In Japan, the Government undertook further reforms to boost growth early in 2015.

In developing countries, growth in output slowed further to 4.6 percent in 2014, from 5.1 percent in 2013, on the back of a decline in commodity prices, weaker private investment and an appreciation of the US dollar. Growth in China progressively slowed as the authorities continued to seek to attain a sustainable growth path by reorienting the economy to a consumer-based economy. The economies of Brazil, Venezuela, Nigeria and Angola were impacted by the decline in the oil price, while Russia went into recession as it continued to contend with the additional challenge of economic sanctions by Western economies. In contrast, India set off on a path of robust growth following bold macroeconomic reforms and positive spinoffs from lower energy prices. Overall, the performance of developing countries is projected to improve despite the expected tightening of conditions in international financial markets, though growth in developing countries is projected to fall to 4.4 percent in 2015, it is expected to pick up to 5.4 percent by 2017.

Inflation in high-income countries was very low in 2014, sparking concerns about entrenched deflationary expectations. A sharp drop in the price of crude oil in the second half of 2014, contributed to lower costs in production and transportation and dampened inflation expectations in high-income countries in 2015. The declining oil price and strengthening US dollar pushed headline inflation rate in the US temporarily below zero in the first quarter of 2015. For the rest of the year, the core inflation rate is expected to remain well below the Federal Reserve Bank target of 2.0 percent. Similarly, inflation in the Euro Area gradually declined from 2.0 percent at end-2013 and turned to deflation in late 2014 and early 2015. Inflation, however, picked up later in 2015, as the impact of declining oil prices waned. Inflation in other regions remained low, with the exception of *Latin America and Caribbean* (LAC) and the *Middle East and North Africa* (MENA), where currency depreciation and supply-side rigidities placed upward pressure on inflation.

The global economic outlook remains favorable, with a projection of further economic recovery in high-income countries and a pickup in developing countries. High-income countries are expected to continue to strengthen as domestic demand and confidence firm up. Prospects for developing countries point to protracted fiscal adjustments due to lower commodity prices and lower resource investment and production in the next few years. Low commodity prices will reduce investments in mining, oil and gas sectors. Headwinds associated with the tightening of monetary policy in the US could put pressure on exchange rates, and on debt service costs of countries that have tapped international capital markets. Countries with low reserve buffers and large macro-imbalances could face potentially disruptive adjustments. However, the headwinds faced by developing countries are expected to be counterbalanced by the spillover effects of the recovery in high income countries, especially the US. Against this backdrop, the World Bank projects global growth at 2.8 percent in 2015, 3.3 percent in 2016 and 3.2 percent in 2017

Table 1.1: The Global Economic Performance and Outlook

(Percentage change from previous year except commodity prices and interest rates)

	2013	2014e	2015f	2016f	2017f
Real GDP Growth [1]					
World	2.5	2.6	2.8	3.3	3.2
High Income Countries	1.4	1.8	2.0	2.4	2.2
Developing Countries	5.1	4.6	4.4	5.2	5.4
World Trade Volume (GNFS[2])	3.3	3.6	4.4	4.9	4.9
Manufactures Unit Export Value [3]	-1.4	-0.2	-0.2	1.9	1.7
Inflation					
High Income	2.0	1.6	1.4	-	-
Developing Countries	6.4	7.4	7.6	-	-
Non-Oil Commodities	-7.2	-4.6	-11.0	1.2	1.3
Oil Price (US$ Per Barrel) [4]	104.1	96.2	62.5	68.5	72.3
Oil Price	-0.9	-7.5	-39.7	9.6	5.6
Interest Rates (Percent)					
US dollar, 6-Months	0.4	0.3	0.4	-	-
Euro, 6-Months	0.3	0.3	0.1	-	-

Source: World Bank

Notes

1. Real Aggregate GDP growth rates calculated using constant 2010 dollars GDP weights.
2. GNFS = Goods and Non-Factor Services.
3. The unit value index of manufactured exports from major economies expressed in US dollars.
4. Average of spot price for Dubai, Brent and West Texas Intermediate.

e = estimate; f = forecast.

1.3 Economic Performance in High Income Countries

Growth in high-income countries is forecast to accelerate to 2.0 percent in 2015, from 1.8 percent in 2014 (Table 1.2). This is mainly due to continued robust activity in the US, recovery in the Euro Area, and increased traction from Japan's monetary, fiscal and structural policy reforms.

In the US, growth picked up in 2015 despite a sluggish start that was induced by a cold winter, disruptions in port activity and sharp cutbacks in capital expenditure in the gas and oil sectors. A rally in the strength of the US dollar weighed on exports and contributed to a widening of the current account deficit. Low energy prices had positive real income effects through an increase in household's consumption spending, thereby mitigating the cuts in capital expenditure in the oil and gas industry and dampened private sector investments. The labor market continued to improve, with the unemployment rate projected to decline to 5.2 percent by end 2015, well below the level at the start of the previous monetary tightening cycle in 2014. With the economy approaching full employment, the Federal Reserve Bank is expected to tighten monetary policy, which prompting an influx into dollar-denominated assets and triggering further currency appreciation. Forecasts indicate that the US economy will close the year at 2.7 percent, up from 2.4 percent in 2014.

Economic recovery in the Euro Area progressed faster in 2015 than in 2014, on the back of a weaker euro, the low oil prices that supported private consumption and corporate profits, record low interest rates and improved conditions for bank credit supply. As a result, the economy is projected to grow by 1.5 percent in 2015, up from 0.9 percent in 2014. However, the recovery is expected to remain gradual due to elevated corporate leverage, persistent financial fragmentation, a significant slack in labor markets of the periphery countries and lingering supply-side problems. In 2015, fiscal policy was broadly neutral, in contrast to the consolidation efforts in the recent past. Following concerns about the slow recovery and entrenched deflation, the ECB eased monetary conditions through quantitative easing that lowered interest rates to record levels in both core and periphery countries and weakened the euro.

After a weak performance for most of the year, the Japanese economy picked up pace in late 2014 following elections and commitments by the Abe Administration to a new schedule of reforms. Activity in Japan in 2015 was robust mainly due to a fiscal stimulus, policy accommodation by the Bank of Japan (BoJ), cost savings by firms and households due to lower oil prices, product and labor markets reforms, and the higher wage prospects. The Japanese economy is forecast to grow by 1.1 percent in 2015, up from a flat outcome in 2014.

Deflation in the Euro Area and the debt crisis in Greece remain important sources of risk to economic growth for high-income countries. Moreover, the effect of the supply and demand shocks in the aftermath of the crisis on output and employment across the Euro Area is yet to wane. The World Bank forecasts growth rates of 2.4 percent and 2.2 percent in 2016 and 2017, respectively, in the high-income countries.

Table 1.2: Real GDP Growth in High Income Countries
(Percentage change from previous year)

	2013	2014[e]	2015[f]	2016[f]	2017[f]
All High Income Countries	1.4	1.8	2.0	2.4	2.2
OECD Countries	1.3	1.7	2.1	2.4	2.1
Euro Area	-0.4	0.9	1.5	1.8	1.6
Japan	1.6	0.0	1.1	1.7	1.2
United States	2.2	2.4	2.7	2.8	2.4
Non-OECD Countries	2.6	2.2	0.9	2.4	3.2

Source: World Bank

Notes: e = estimate; f = forecast

1.4 Economic Performance in Developing Countries

Economic activity in developing countries continued to ease in 2014 and into 2015. Growth declined from 5.1 percent in 2013, to 4.6 percent in 2014, and is expected to decelerate further to 4.2 percent in 2015 (Table 1.3 and Figure 1.2). The continued decline in commodity prices and the strengthening of the US dollar reinforced a slowdown that was already in motion. However, growth in low-income countries (LICs)[1] remained robust at 6.2 percent in 2014, on account of strong public investments, robust remittances, good harvests and improved security in some conflict affected countries. In the medium term, commodity prices are expected to remain low before demand from high-income countries prompts a modest return in economic momentum. Thus, output in developing countries is expected to grow by 5.2 percent in 2016 and 5.4 percent in 2017.

In *East Asia and Pacific* (EAP), growth slowed to 6.9 percent in 2014, from 7.1 percent in 2013, mainly due to a slowdown in investment in China and other major regional economies. The Chinese economy slowed down from 7.4 percent in 2013 to 7.1 percent in 2014, as fixed asset investments declined and the Chinese authorities took measures to curb unconventional lending in the banking sector. A squeeze in credit discouraged activity in the property markets, which raised concerns among investors about the fundamentals of the worlds' second largest economy. To stimulate the economy, the Chinese central bank eased liquidity and lending conditions for banks, while lower oil prices and stronger demand from high-income countries offset some of the weak investment spending. Output growth is projected to decline further to 7.1 percent in 2015, and to 7.0 percent and 6.9 percent in 2016 and 2017, respectively.

Excluding China, the EAP region grew by 4.7 percent in 2014 and is expected to register growth of 4.9 percent in 2015 and 5.4 percent in both 2016 and 2017. Growth in 2014 and 2015 was affected by lower investments, though this was partly countered by strong consumption. Lower oil prices, robust remittances and capital inflows and accommodative monetary policies also provided a boost to economic activity in the region. Indonesia and Mongolia were affected by the decline in commodity prices, raising the risks of macroeconomic instability. The region recorded a rebound in capital flows, reflecting the impact of accommodative policies in the Euro Area and lingering demand for emerging market debt issuances. The performance of the other major economies of the region is expected to improve as recovery in high-income countries firms up. This is expected to offset the easing growth in China. As a result, growth in the EAP region is projected to remain flat at 6.7 percent in 2015 and 2016, then moderate slightly to 6.6 percent in 2017.

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[1] As of 1 July 2014, low-income economies are defined as those with a GNI per capita, calculated using the *World Bank Atlas* method, of $1,045 or less in 2013.

Table 1.3: Real GDP Growth in Developing Countries

(Percent change from previous year)

	2013	2014 e	2015f	2016f	2017f
Developing Countries	5.1	4.6	4.4	5.2	5.4
East Asia and Pacific	7.1	6.9	6.7	6.7	6.6
China	7.7	7.4	7.1	7.0	6.9
Europe and Central Asia	3.7	2.4	1.8	3.4	3.6
Turkey	4.2	2.9	3.0	3.9	3.7
Latin America and Caribbean	2.7	0.9	0.4	2.0	2.8
Brazil	2.7	0.1	-1.3	1.1	2.0
Middle East and North Africa	0.5	2.2	2.2	3.7	3.8
Egypt	2.1	2.2	4.2	4.5	4.8
South Asia	6.3	6.9	7.1	7.3	7.5
India	6.9	7.3	7.5	7.9	8.0
Sub-Saharan Africa	4.2	4.6	4.2	4.6	5.0
Nigeria	5.4	6.2	4.5	5.0	5.5
Memo:					
All Developing Countries Excl. BRICs	4.3	3.9	4.3	4.6	4.6
Low Income Countries	6.2	6.2	6.2	6.6	6.6

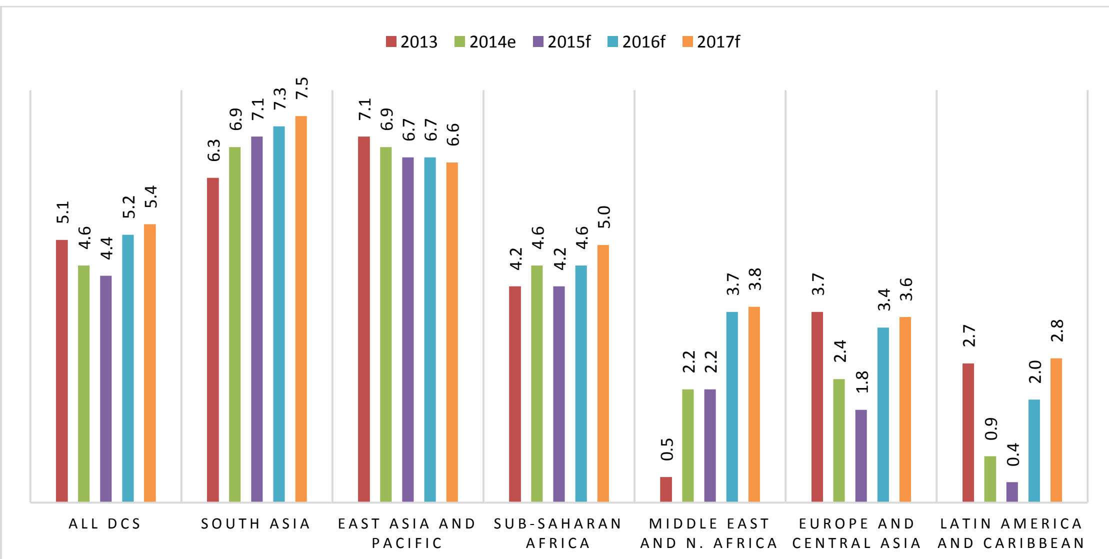
Source: World Bank

Notes: e = estimate; f = forecast

1. BRICS include Brazil, Russia, India, China and South Africa

Figure 1.2: Real GDP Growth in Developing Countries

(Percentage change from previous year)



Source: World Bank

Economic activity in the *East and Central Asia* (ECA) region eased on account of geopolitical events associated with the Ukraine conflict. Russia and Ukraine went into recession in 2014 under the combined weight of economic sanctions imposed by Western countries and the drop in energy prices. The ruble depreciated sharply against the US dollar inducing a bout of inflation. In Ukraine, annual output contracted by 6.8 percent following heightened uncertainty and a sharp decline in exports to Russia. The performance of both economies remained weak in the course of 2015 with the continuation of low prices for oil and gas, the major export of the region. Other countries of the region came under strain due to the fall in the price of their major exports and the spillover effect from Russia and Ukraine. Kazakhstan, Uzbekistan, Tajikistan and the Kyrgyz Republic registered declines in their volumes of trade and remittances. The growing demand in the Euro Area is expected to offset these effects, prompting regional growth to pick up to 3.4 percent and 3.6 percent in 2016 and 2017, respectively.

Economic growth in *Latin America and the Caribbean* (LAC) declined sharply to 0.8 percent in 2014, from 2.7 percent recorded in 2013, due to a shock to the terms of trade, widespread droughts and challenging domestic business environment. Growth in South America decelerated sharply due to the dependence of most economies on the performance of key exports in commodity markets. Brazil and Venezuela, which are dependent on oil exports, faced a decline in export receipts, which placed significant pressure on their domestic currencies and reserves. Brazil, which also suffered the impact of a decline in the prices of soy beans, maize and iron ore, experienced electoral uncertainty, a large fiscal deficit and high inflation. Argentina was helped by a record soy harvest but faced declining investor confidence that emerged from a downgrade of its creditworthiness. Growth was stronger in Central America and the Caribbean, due to economic links with the recovering US economy. The LAC region is expected to slow further in 2015 to 0.4 percent, as Brazil, the region's largest economy, contracts by 1.3 percent in the year. Growth in LAC is, however, projected to rebound to 2.0 percent in 2016 and strengthen to 2.8 percent in 2017 as headwinds dissipate.

In the *Middle East and North Africa* (MENA) region, growth rebounded to 2.2 percent in 2014, from 0.5 percent in 2013, due to a pickup in oil production, strong domestic demand and an improvement in the security situation in some countries. However, growth is expected to remain flat in 2015 as the security conditions deteriorate, especially in oil exporting countries as oil prices remain low. Political conflict in Yemen, Syria, Libya and Iraq escalated due to the resurgence of rebel groups, thereby disrupting oil production and displacing multitudes. The resurgence of rebel groups and weak demand from emerging economies led to a decline in the region's exports by 18.0 percent in March 2015 compared to March 2014. Performance of oil importing countries was mixed in 2014. Egypt benefited from a pickup in tourism and an improvement in investor confidence, while Lebanon recorded an improvement in performance on account of credit growth and easing political tensions. In contrast, growth slowed in Morocco due to a poor agriculture season. Growth in the MENA region is expected to strengthen to 3.7 percent and 3.8 percent in 2016 and 2017, respectively, as external demand firms up.

In contrast to other developing regions, growth in the *South Asia* (SA) region strengthened in 2014, accelerating to 6.9 percent from 4.9 percent in 2013 on the back of lower energy prices and macroeconomic reform in India. Momentum picked up in the region's powerhouse, India, as the Modi government embarked on coordinated fiscal and monetary policy to revamp growth. Lower oil prices allowed for subsidy reform and a tightening of monetary policy, strengthening the country's fiscal position and lowering inflation. This allowed for an increase in infrastructure spending, private investment and in real incomes and consumption. India therefore recorded output expansion of 7.1 percent in 2014, compared to 6.4 percent in 2013.

In the rest of the SA region, economic activity remained robust due to a variety of positive factors that outweighed the weakening external demand. These include the boost from lower oil prices, strong inflows of remittances, good harvest, strong tourism inflows, construction of major hydropower projects and the relaxation of credit controls. Strong flows of Foreign Direct Investment (FDI) and remittances, as well as the decline in oil import bills helped narrow current account deficits in most countries, while inflation remained low on account of the lower cost of energy. Growth was robust at 5.5 percent in 2014 in Pakistan as remittances remained high enough to cushion the impact of severe power cuts. Output, however, contracted in Nepal following a devastating earthquake that had severe humanitarian and economic costs. The SA region as a whole is expected to remain strong in 2015, as domestic demand remains robust and growth in India rallies to 7.5 percent. The region is expected to overtake the EAP region as the world's fastest growing region in 2015 with a growth rate of 7.1 percent, accelerate to 7.3 percent in 2016 and then to 7.5 percent in 2017.

Output growth in the *Sub-Saharan Africa* (SSA) region strengthened in 2014 to 4.6 percent, from 4.2 percent recorded in the previous year (Table 1.4 and Figure 1.6). This performance was mainly driven by private investment and public spending, which grew by 6.7 percent and 3.9 percent, up from 5.6 percent and 3.6 percent in 2013 and 2014, respectively. In 2015 the region faced severe economic headwinds following a decline in commodity prices that began in the second half of 2014. This development weakened export receipts and fiscal performance in several of the region's economies, which led to the depreciation of local currencies and cutbacks in public spending. Though private investment remained robust, economic performance was further negatively impacted by critical supply deficiencies in electricity. Against this background, growth will moderate to 4.2 percent in 2015, then pick up to 4.6 percent and 5.0 percent in 2016 and 2017, respectively.

The sharp decline in the price of crude oil impacted the region's economies differently, depending on whether they are oil exporters or oil importers. Nigeria and Angola, the two largest oil exporting economies, registered significant pressure on their currencies and fiscal balances, due to their dependency on the oil sector for both foreign currency and government revenues. As a result of the loss in revenue, both the Nigerian and Angolan governments sought to readjust their fiscal positions by revising the programmed oil price in their budgets and cutting earlier planned capital expenditures. On account of counterbalancing growth in the non-oil sectors, growth in both economies is expected to remain flat in 2015 at around 7.0 percent in Nigeria and 4.0 percent in Angola.

Oil importing countries, in contrast, found relief in the softer oil prices, though some of these gains were offset by the appreciation of the US dollar and a weakening in the prices of the other internationally traded commodities. The economies of Ethiopia, Chad, Mozambique and Tanzania grew rapidly in 2014, and are expected to moderate slightly in 2015. The South African economy, which had struggled to shake off downward trending growth since 2011 under the weight of weak demand from the Euro Area and labor disputes, is expected to record an increase from 1.5 percent in 2014, to 2.0 percent in 2015 due to an improvement in export performance. However, intensification of structural constraints in the energy sector will have a negative impact across all the sectors of the South African economy.

The Ebola Virus Disease (EVD) in Guinea, Liberia and Sierra Leone had severe human and economic costs that cut across all sectors. Economic growth slowed in these countries owing to a contraction in domestic and foreign investment, restrictions on international trade and disruptions in agricultural activities. In Sierra Leone, where the largest number of fatalities occurred, the economy slowed from 20.1 percent in 2013, to 6.0 percent in 2014. The country also suffered cutbacks in investment in its mining sector on account of a decline in the prices of iron ore. Against this background, the economy is projected to recover in 2016 and 2017 after contracting by 12.8 percent in 2015. Similarly, growth in Guinea declined to 0.4 percent in 2014, from 2.3 percent in 2013 and is expected to decline further to 0.3 percent in 2015, and then rebound to 2.3 and 2.5 percent in 2016 and 2017, respectively. Liberia, also an exporter of iron ore, recorded lower growth in 2014 at 0.5 percent, from 8.7 percent in 2013. Growth in Liberia is projected to remain low in 2015 at -1.4 percent, then rebound to 5.0 percent in 2016, as global demand for rubber picks up.

The economic outlook for SSA remains favorable, though there are downside risks due to the continued slowdown of growth in the region's single largest trading partner, China, and the anticipated rise in the cost of international finance. Power cuts, extreme climatic conditions and conflict are also expected to weigh down the region's economic performance. Output is projected to pick up in 2016 and 2017 to 4.6 percent and 5.0 percent, respectively, from 4.2 percent in 2015. Strengthening demand from recovering high-income economies, ongoing public infrastructure investments, new discoveries of natural resources and growing consumer demand will provide the bedrock for this growth performance.

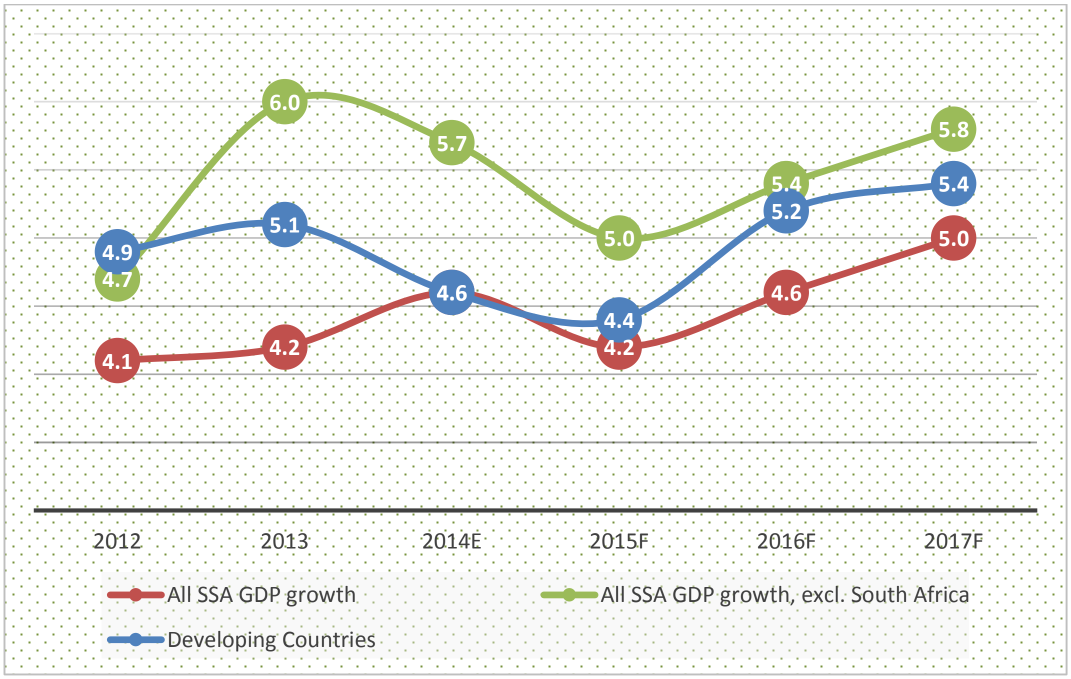
1.5 Economic Performance in Africa Group 1 Constituency Countries

Output growth in 2014 picked up in most of the countries in Africa Group 1 Constituency (AFG1), even though the average growth rate declined. Thirteen countries out of the Constituency's twenty two countries outperformed the average SSA growth rate of 4.6 percent, up from eleven countries in 2013. Growth rates ranged from -12.8 percent to 9.5 percent in 2014, compared to the previous range of -0.2 percent to 30.7 percent (Table 1.5 and Figure 1.7).

The fastest growing economies in 2014 were South Sudan (30.7 percent), Ethiopia (10.3 percent), Mozambique (7.4 percent), Tanzania (7.2) and Rwanda (7.0 percent). Ethiopia grew rapidly on account of robust investment in public infrastructure and agriculture, while investments in the gas industry buoyed the performance of Tanzania and Mozambique.

Figure 1.3: Real GDP Growth for Sub-Saharan Africa

(Percentage change from previous year)



Source: World Bank

Notes: e = estimate; f = forecast.

Table 1.4: Selected Indicators for Sub-Saharan Africa

(Annual percentage changes unless otherwise indicated)

Indicator	2013	2014[e]	2015[f]	2016[f]	2017[f]
Developing Countries	5.1	4.6	4.4	5.2	5.4
SSA GDP growth	4.2	4.6	4.2	4.6	5.0
GDP per capita (constant 2010 US$)	6.0	5.7	5.0	5.4	5.8
Public consumption	2.4	2.1	1.7	2.1	2.5
Private consumption	12.2	4.2	4.0	4.2	4.5
Fixed investment	3.6	3.9	3.6	3.7	3.8
Exports, GNFS	5.6	6.7	6.7	7.3	7.8
Imports, GNFS	-7.3	3.4	2.8	3.1	3.3
Net exports, contribution to growth	-4.3	0.1	-0.1	-0.1	0.0
SSA GDP growth, excl. South Africa	6.0	5.7	5.0	5.4	5.8
Fiscal Balance (% of GDP)	-2.9	-2.5	-2.2	-2.2	-2.1

Source: World Bank

Notes:

e = estimate, f = forecast

GNFS = Goods and Non-Factor Services

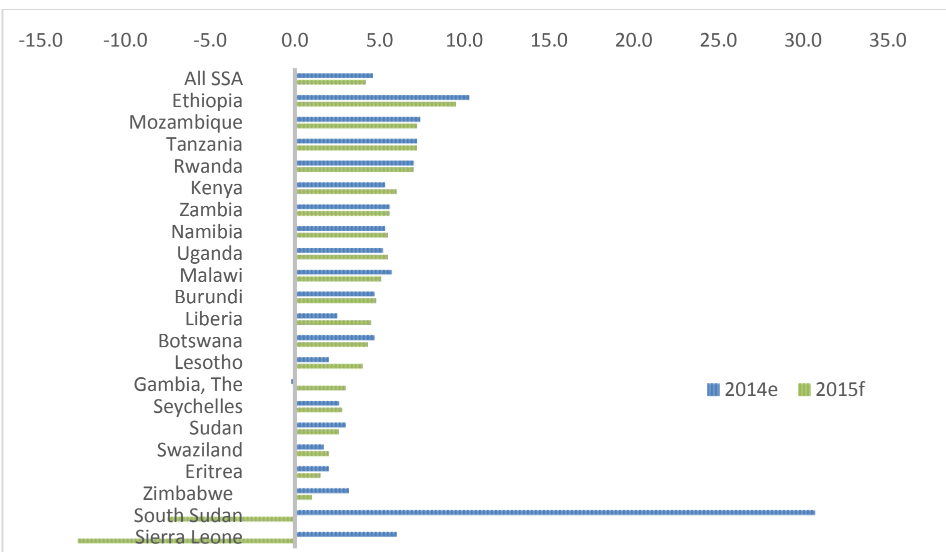
Table 1.5: Real GDP Growth Rates in Africa Group 1 Constituency

(Percentage change from previous year)

	2013	2014 e	2015 f	2016f	2017f
ALL SSA	4.2	4.6	4.2	4.6	5.0
Botswana	5.4	4.7	4.3	4.2	4.2
Burundi	4.6	4.7	4.8	5.0	5.2
Eritrea	1.3	2.0	1.5	2.0	2.2
Ethiopia	10.5	10.3	9.5	10.5	8.5
Gambia, The	4.8	-0.2	3.0	5.1	6.1
Kenya	5.7	5.3	6.0	6.6	6.5
Lesotho	5.5	2.0	4.0	4.5	4.5
Liberia	8.7	0.5	-1.4	5.0	-
Malawi	5.0	5.7	5.1	5.6	5.9
Mozambique	7.4	7.4	7.2	7.3	7.3
Namibia	5.1	5.3	5.5	5.3	5.1
Rwanda	4.7	7.0	7.0	7.0	7.5
Seychelles	5.3	2.6	2.8	3.0	3.3
Sierra Leone	20.1	6.0	-12.8	8.4	8.9
South Sudan	-26.7	30.7	-7.5	-	-
Sudan	-6.1	3.0	2.6	3.5	3.9
Swaziland	2.8	1.7	2.0	2.1	2.4
Tanzania	7.0	7.2	7.2	7.1	7.1
Uganda	4.8	5.2	5.5	5.7	5.8
Zambia	6.7	5.6	5.6	6.2	6.9
Zimbabwe	4.5	3.2	1.0	2.5	3.5

Source: World Bank and IMF

Figure 1.4: Africa Group 1 Constituency GDP Growth Rates (%)



Source: World Bank and IMF

Notes: e = estimates; f = forecast

1.6 The Medium Term Outlook

Over the medium term, the global economy is expected to strengthen on account of steady growth in both high-income and developing economies. Growth is expected to firm up in high-income economies to 2.0 percent and 2.4 in 2015 and 2016, respectively, slowing down to 2.2 percent by 2017. The US economy is expected to maintain robust growth, while recovery in the Euro Area will remain weak. Growth in developing countries is projected to be robust, gradually strengthening over the medium term in all regions, with the exception of the EAP region. Growth in developing countries is expected to strengthen to 5.2 percent and 5.4 percent in 2016 and 2017, respectively.

Growth of the global economy in the medium term will largely depend on the extent of the impact of two major factors. First, countries will have to adjust to an environment of prolonged low export commodity prices, given the level of their buffers to smoothen the impact of external shocks. Second, a tightening in global financial conditions and an appreciation of the US dollar, which will increase pressure on some developing countries' currencies.

Inflation is expect to remain low in most regions, with the exception of LAC region where lagged effects of currency depreciation are yet to set in. Inflation is expected to remain low in 2015 and 2016 despite the improving economic environment, partly due to lower oil prices.

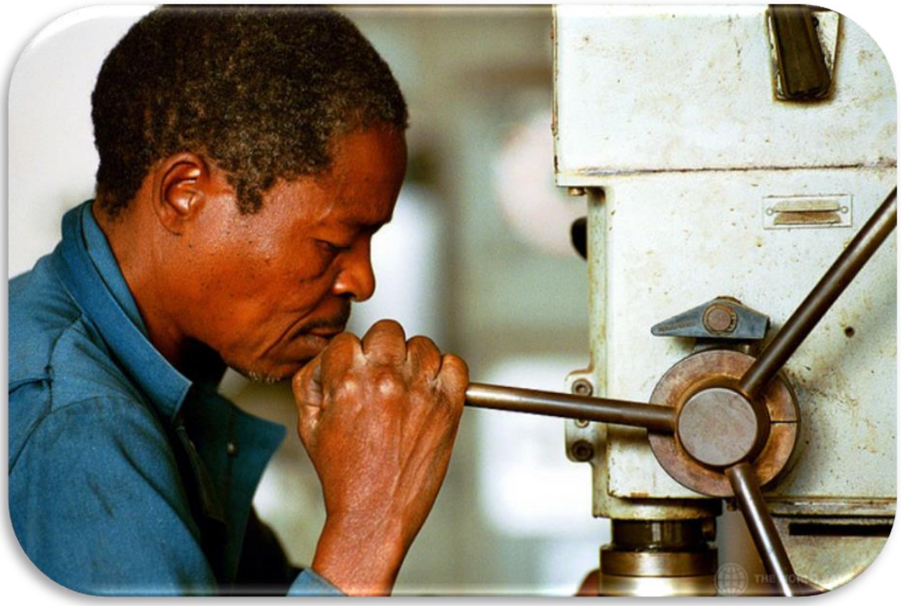
In EAP region, the transition to consumption-led growth in China, low commodity prices, withdrawal of US stimulus will remain a drag on the region's performance. The strong consumption and a pick-up in external demand will, however, offset this dampening effect. In contrast, a pickup in investment is expected to drive economic growth in the SA region as reforms in India begin to yield results.

Growth in the ECA region is expected to strengthen but would be affected by the spillover effects of the economic contraction in Russia and Ukraine. Economic growth will gradually pickup to 3.4 percent and 3.6 percent in 2016 and 2017 respectively, from 1.8 percent in 2015. Similarly, growth in the MENA region will steadily pick up to 3.7 percent and 3.8 percent in 2016 and 2017, respectively, on account of stronger demand from high-income countries. Political uncertainty and security concerns will, however, continue to place major downside risks to this outlook.

Output growth in LAC is projected to pickup in 2016 and 2017 to 2.0 percent and 2.8 percent, respectively, on account of macroeconomic adjustments and improving investor confidence in the region's major economies. The region faces a number of downside risks including financial market volatility, prolonged lower commodity prices and weak demand from China.

The SSA region is expected to register robust growth on account of stronger prospects in high-income countries and robust domestic investment and consumption. However, low commodity prices and a tightening of international financing conditions will present countering effects on the outlook. The performance of the Chinese economy will remain important for the rally in the region. The region may see a flattening in FDI on account of weakening demand from China. Infrastructure investment is expected to remain strong nonetheless, and boost fixed capital formation in the region.

The South African economy is poised to register slow but steady growth over the medium term, though power cuts casts a dark shadow over this outlook. Energy bottlenecks will also continue to be a serious negative factor in a number of countries. Growth in the economies of the Federal Democratic Republic of Ethiopia, Republic of Mozambique, Republic of Kenya, United Republic of Tanzania, Republic of Uganda and Republic of Rwanda is expected to remain strong on account of robust public investment, recovery in agriculture and tourism, and robust consumption. Growth in SSA is projected at 4.6 percent and 5.0 percent in 2016 and 2017, respectively, up from 4.2 percent in 2015.



Worker doing maintenance in the workshops - Mozambique

Women create terraces as their contribution to the Umunsi W'umuganda Program. Families who participate in the program are rewarded for their efforts - Rwanda

Chapter 2

World Bank Group Operations

- IBRD Lending Operations
- IDA Lending Operations
- IFC Operations
- MIGA Operations

Chapter 2

World Bank Group Operations

2.1 Overview

This chapter gives an account of operations of the World Bank Group (WBG) for the financial year ending June 30, 2015 (FY15).

2.2 IBRD and IDA Operations

The combined commitments[2] of the International Bank for Reconstruction and Development (IBRD) and the International Development Agency (IDA) during FY15, amounted to US$42.4 billion, up from US$40.8 billion in FY14 (Table 2.1). This reflects a steady growth of IBRD and IDA commitments in almost all regions, except the South Asia and East Asia and Pacific regions.

The largest increment in commitments was to Europe and Central Asia region, where commitments rose by US$1.6 billion. Sub-Saharan Africa (SSA) and the Latin America and Caribbean regions each recorded increments of US$1.0 billion. Commitments to the East Asia and Pacific region remained unchanged at US$6.3 billion, while commitments to the South Asia region decreased substantially by US$2.6 billion.

Total gross disbursements also increased, albeit marginally, from US$31.3 billion in FY14, to US$31.9 billion in FY15 (Table 2.2). The SSA region received US$7.4 billion, ahead of the Europe and Central Asia and Latin America and Caribbean regions, which received US$6.1 billion each. Notably, there has been a steady decline in total disbursements since FY11, as developing economies have recovered from the global financial crisis.

Table 2.1: IBRD and IDA Commitments by Region (US$ billion)

Region	FY14	FY15
Sub-Saharan Africa	10.6	11.6
East Asia and Pacific	6.3	6.3
Europe and Central Asia	5.6	7.2
Latin America and Caribbean	5.0	6.0
Middle East and North Africa	2.7	3.5
South Asia	10.4	7.8
Total	**40.8**	**42.4**

Source: World Bank

Table 2.2: IBRD and IDA Disbursements by Region (US$ billion)

Region	FY14	FY15
Sub-Saharan Africa	6.9	7.4
East Asia and Pacific	4.9	5.1
Europe and Central Asia	7.1	6.1
Latin America and Caribbean	6.0	6.1
Middle East and North Africa	1.0	2.0
South Asia	5.4	5.2
Total	**31.3**	**31.9**

Source: World Bank

[2] These are obligations to provide financial products to clients for Board approved projects.

2.3 IBRD Lending Operations

IBRD commitments increased for the second consecutive year to US$23.5 billion in FY15, from US$18.6 billion in FY14 (26.3 percent), after several years of decline since FY11. The increase in IBRD commitments was recorded in all regions, most notably in SSA, which almost tripled to US$1.2 billion. Although the share of IBRD commitments to SSA remained the lowest compared to other regions at 5.1 percent, this was a positive development in the engagement of IBRD in the region (Table 2.3).

During FY15, IBRD disbursements[3] amounted to US$19.0 billion, which was slightly higher than the US$18.8 billion of FY14 (Table 2.4). It was, however, still below the disbursement amount of US$21.9 billion in FY11. Disbursements to the SSA region increased to US$0.8 billion from US$0.3 billion in FY14, representing 4.2 percent of total disbursements (Table 2.4). Europe and Central Asia and Latin America and Caribbean regions remain the main beneficiaries of IBRD lending, accounting for 30.5 percent and 30.0 percent of total disbursements, respectively.

2.4 IDA Lending Operations

IDA commitments decreased from US$22.2 billion in FY14, to US$18.9 billion in FY15, reflecting the transition from IDA 16 to IDA 17 (Table 2.5). Overall, IDA commitments declined in all regions except for SSA where they rose slightly from US$10.2 billion in FY14, to US$10.4 billion in FY15. IDA commitments to South Asia decreased substantially compared to other regions, from US$8.3 billion in FY14 to US$5.7 billion in FY15.

Similarly, IDA disbursements decreased to US$12.8 billion in FY15, from US$13.4 billion in FY14 (Table 2.6). While the decrease was almost evenly distributed across regions, the largest decreases were recorded in South Asia and Europe and Central Asia regions with US$0.4 billion and US$ 0.2 billion, respectively. SSA remained with the largest share of US$6.6 billion, which was more than 50 percent of the total IDA disbursements of US$12.8 billion. The SSA region continues to be the main recipient of IDA resources, though these resources fall far short of the financing requirements of the region, given the levels of poverty and infrastructure deficit.

Table 2.3: IBRD Commitments by Region

Region	(US$ billion)		Share (%)	
	FY14	FY15	FY14	FY15
Sub-Saharan Africa	0.4	1.2	2.2	5.1
East Asia and Pacific	4.2	4.5	25.3	19.1
Europe and Central Asia	4.7	6.7	25.3	28.5
Latin America and Caribbean	4.6	5.7	24.7	24.3
Middle East and North Africa	2.6	3.3	14.0	14.0
South Asia	2.1	2.1	11.3	8.9
Total	**18.6**	**23.5**	**100**	**100**

Source: World Bank

[3] Principal outflows to clients for approved projects.

Table 2.4: IBRD Gross Disbursements by Region

Region	(US$ billion)		Share (%)	
	FY14	FY15	FY14	FY15
Sub-Saharan Africa	0.3	0.8	1.8	4.2
East Asia and Pacific	3.4	3.6	18.1	18.9
Europe and Central Asia	6.4	5.8	34.8	30.5
Latin America and Caribbean	5.7	5.7	30.2	30.0
Middle East and North Africa	1.7	1.8	8.9	9.5
South Asia	1.2	1.3	6.2	6.8
Total	**18.8**	**19.0**	**100**	**100**

Source: World Bank

Table 2.5: IDA Commitments by Region

Region	(US$ billion)		Share (%)	
	FY14	FY15	FY14	FY15
Sub-Saharan Africa	10.2	10.4	45.8	54.6
East Asia and Pacific	2.1	1.8	9.6	9.5
Europe and Central Asia	0.9	0.5	4.0	2.8
Latin America and Caribbean	0.4	0.3	2.1	1.7
Middle East and North Africa	0.2	0.2	0.9	1.0
South Asia	8.4	5.7	37.6	30.4
Total	**22.2**	**18.9**	**100**	**100**

Source: World Bank

Table 2.6: IDA Gross Disbursements by Region

Region	(US$ billion)		Share (%)	
	FY14	FY15	FY14	FY15
Sub-Saharan Africa	6.6	6.6	49.1	51.1
East Asia and Pacific	1.4	1.5	10.9	11.6
Europe and Central Asia	0.5	0.3	3.9	2.4
Latin America and Caribbean	0.3	0.4	2.3	3.0
Middle East and North Africa	0.3	0.2	2.0	1.5
South Asia	4.3	3.9	31.8	30.5
Total	**13.4**	**12.8**	**100**	**100**

Source: World Bank

2.5 IFC Operations

The activities of the International Finance Corporation (IFC) in support of private sector development had a mixed profile in FY15, with increases in approvals and disbursements, but a decline in commitments.

IFC total approvals increased from US$12.7 billion in FY14, to US$16.7 billion in FY15 (Table 2.7). Europe and Central Asia region recorded the largest approvals in FY15 at US$3.9 billion, followed by East Asia and Pacific (US$3.7 billion), Latin America and the Caribbean (US$3.6 billion) and SSA (US$2.3 billion). Approvals to SSA continued on an upward trajectory that began in FY13, signaling IFC's continued commitment to scale up its activities in the region, including in Fragile and Conflict Affected States (FCSs).

Total commitments in FY15 decreased substantially, however, from US$18.0 billion in FY14, to US$11.9 billion in FY15. Europe and Central Asia, South Asia, and SSA regions recorded the largest decreases from US$3.4 billion, US$4.4 billion, and US$3.4 billion in FY14, to US$2.4 billion, US$1.4 billion, and US$1.8 billion in FY15, respectively (Table 2.8).

Total disbursements increased to US$9.2 billion in FY15 from US$8.9 billion in FY14. Disbursements to the Middle East and North Africa region increased from US$0.3 billion in FY14 to US$0.7 billion in FY15. Disbursements also increased from US$1.2 billion in FY14, to US$1.4 billion in FY15 for the East Asia and Pacific region. For other regions including SSA, disbursements declined or remained at the same level (Table 2.9).

Table 2.7: IFC Approval by Region

Region	(US$ billion)		Share (%)	
	FY14	FY15	FY14	FY15
Sub-Saharan Africa	2.3	2.3	18.1	13.8
East Asia and Pacific	2.4	3.7	18.9	22.2
Europe and Central Asia	2.2	3.9	17.3	23.4
Latin America and Caribbean	2.8	3.6	22.0	21.6
Middle East and North Africa	0.8	1.1	6.3	6.6
South Asia	1.6	1.5	12.6	9.0
World	0.6	0.6	4.7	3.6
Total	**12.7**	**16.7**	**100**	**100**

Source: IFC

Table 2.8: IFC Commitments by Region

Region	(US$ billion)		Share (%)	
	FY14	FY15	FY14	FY15
Sub-Saharan Africa	3.4	1.8	18.9	15.1
East Asia and Pacific	2.6	2.8	14.4	23.5
Europe and Central Asia	3.4	2.4	18.9	20.2
Latin America and Caribbean	2.2	2.4	12.2	20.2
Middle East and North Africa	1.8	0.9	10.0	7.6
South Asia	4.4	1.4	24.4	11.8
World	0.2	0.2	1.1	1.7
Total	**18.0**	**11.9**	**100**	**100**

Source: IFC

Table 2.9: IFC Disbursements by Region

Region	(US$ billion)		Share (%)	
	FY14	FY15	FY14	FY15
Sub-Saharan Africa	1.5	1.4	16.9	15.2
East Asia and Pacific	1.2	1.4	13.5	15.2
Europe and Central Asia	1.8	1.8	20.2	19.6
Latin America and Caribbean	2.3	2.2	25.8	23.9
Middle East and North Africa	0.3	0.7	3.4	7.6
South Asia	1.0	0.9	11.2	9.8
World	0.8	0.8	9.0	8.7
Total	**8.9**	**9.2**	**100**	**100**

Source: IFC

2.6 MIGA Operations

The Multilateral Investment Guarantee Agency (MIGA) – which provides political insurance for foreign investments into developing countries - issued US$2.8 billion in new political risk guarantees during FY15, in support of 40 investment projects (Table 2.10). Although this represents a decline of 12.5 percent, from US$3.2 billion in FY14, the number of projects covered almost tripled in FY15. MIGA's gross exposure to insurance claims rose to US$12.5 billion (1.0 percent), while its net exposure increased to US$7.7 billion (8.0 percent), at the end of the fiscal year.

New guarantees to SSA during FY15 amounted to US$201.3 million (or 7.0 percent of the total) (Table 2.11). This represented a sharp fall compared to the performance in FY14, where guarantees amounted to US$515.0 million.

During FY15, six out of the 40 projects supported, with guarantees worth US$75.5 million, were in Africa Group 1 Constituency (Table 2.12). The majority of the investment projects were in agribusiness in five countries namely, Federal Democratic Republic of Ethiopia, Republic of Sierra Leone, Republic of Uganda, United Republic of Tanzania and Republic of Zambia (two projects).

In terms of MIGA's identified priority areas, 19.2 percent of the guarantees supported projects in IDA-eligible countries; 8.1 percent in FCSs; and 39.1 percent in innovative investment projects, which included public-private blend financing, state-owned enterprises, sub-sovereign guarantees and new industries (Table 2.13).

MIGA's sectoral diversification shows that, investments in infrastructure dominated guarantees issued in FY15, with US$1.2 billion (44.0 percent) of the total guarantees, followed by the financial sector with $1.1 billion (39.0 percent), and agribusiness, manufacturing and services with $0.5 billion (16.0 percent). On the other hand, the oil, gas and mining sector accounted for a very small share of less than one percent (Table 2.15).

Table 2.10: MIGA Operations – FY15

	FY14	FY15
Global		
Number of Guarantees Issued1	33	50
Number of Projects Supported	24	40
New Projects2	20	29
Previously Supported3	4	11
Amount of New Issuance, Gross (US$' billion)	3.2	2.8
Gross Exposure (US$' billion)	12.4	12.5
Net Exposure (US$' billion)	7.1	7.7

Source: MIGA

1. For FY15, includes 2 additional projects under the MIGA-administered West Bank and Gaza Investment Guarantee Trust Fund.
2. Projects receiving MIGA support for the first time (including expansions).
3. Projects supported by MIGA in current fiscal year as well as in previous years.
4. Gross exposure in the maximum aggregate liability. Net exposure is the gross exposure less reinsurance.

Table 2.11: MIGA Guarantees by Region – FY15

	FY14			FY15		
	No of projects	Amount US$ M	In % of total	No of projects	Amount US$ M	In % of total
Asia and Pacific	3	502.6	16	2	282.7	10
Europe and Central Asia	8	1,654.4	52	15	1,462.4	52
Latin America and Caribbean	2	402.4	13	8	832.1	29
Middle East and North Africa	4	80.7	3	4	49.2	2
Sub-Saharan Africa	7	515.1	16	11	201.3	7
Total	**24**	**3,155.2**	**100**	**40**	**2,827.7**	**100**

Source: MIGA

Table 2.12: MIGA Guarantees in SSA Countries – FY15

	No. of Projects	Sector	Guarantee Amount (US$ million)	In % of SSA
Africa Group 1	6		*75.5*	*37.5*
Sierra Leone	1	Services	4.8	2.4
Uganda	1	Infrastructure	9.5	4.7
Tanzania	1	Agribusiness	28.9	14.4
Zambia	2	Agribusiness	31.1	15.5
Ethiopia	1	Agribusiness	1.1	0.5
Other SSA	5	Agribusiness, Infrastructure, Financial, Manufacturing	*125.8*	62.5
Total SSA	11		*201.3*	*100.0*

Source: MIGA

Table 2.13: Breakdown of MIGA Guarantees by Priority Area – FY15

Priority area[1]	No. of projects supported	Share (%)	Guarantee Amount ($M)	Share (%)
IDA-eligible countries	17	42.5	544.3	19.2
Fragile countries	6	15	228.9	8.1
Innovative Projects[2]	6	15	1,106.8	39.1

Source: MIGA

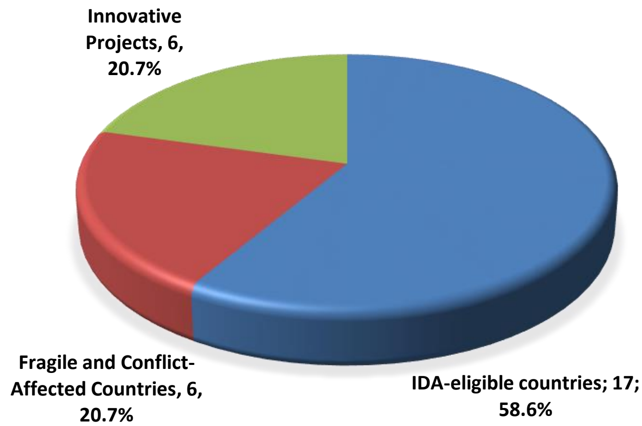
1. Some projects address more than one priority area; as a result, share figures may not add to 100%.
2. Innovative projects include public-private blend financing, state owned enterprises, sub-sovereign guarantees and new industries.

Table 2.14: MIGA Portfolio by Region – FY15

Host Region Name	Gross Exposure (US$ million)	Net Exposure (US$ million)	% of Total Net Exposure
Asia and the Pacific	1,736.3	908.1	12.5
Europe and Central Asia	4,962.4	2,795.7	38.5
Latin America and the Caribbean	1,859.3	1,212.3	16.7
Middle East and North Africa	805.0	533.1	7.3
Sub-Saharan Africa	3,019.0	1,819.8	25.0
Total	**12,382.0**	**7,269.0**	**100.0**

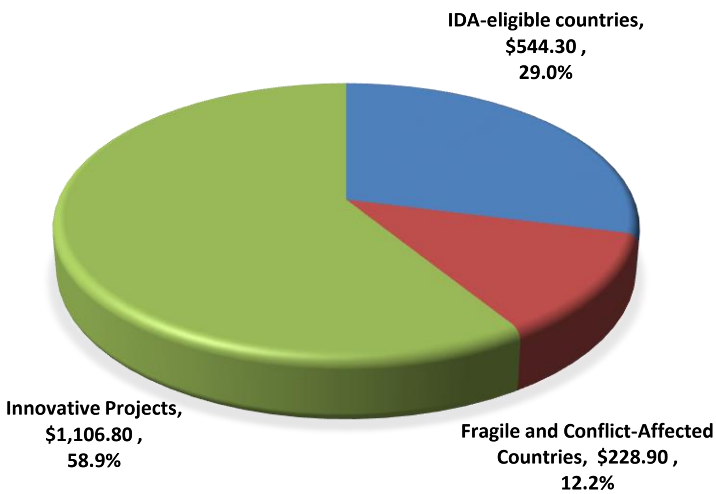
Source: MIGA

Figure 2.1: MIGA – No. of Projects Supported in FY15



Source: MIGA

Figure 2.2: MIGA- Guarantees in FY15 (US$' million)

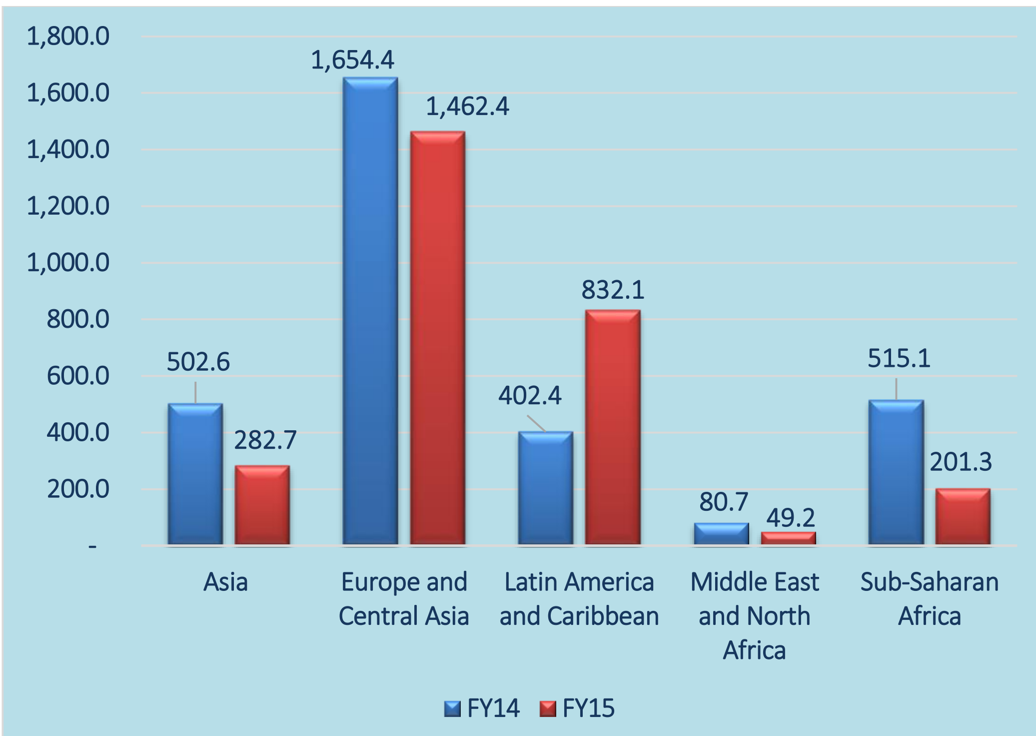


Source: MIGA

Table 2.15: Sectoral Guarantees by Region

	FY14			FY15		
	No of projects	Amount US$ M	In % of total	No of projects	Amount US$ M	In % of total
Asia and the Pacific	3	502.6	16	2	282.7	10
Europe and Central Asia	8	1,654.4	52	15	1,462.4	52
Latin America and the Caribbean	2	402.4	13	8	832.1	29
Middle East and North Africa	4	80.7	3	4	49.2	2
Sub-Saharan Africa	7	515.4	16	11	201.3	7
Total	**24**	**3,155.2**	**100**	**40**	**2,827.7**	**100**

Figure 2.3: MIGA – Guarantees by Region (US$ 'million)



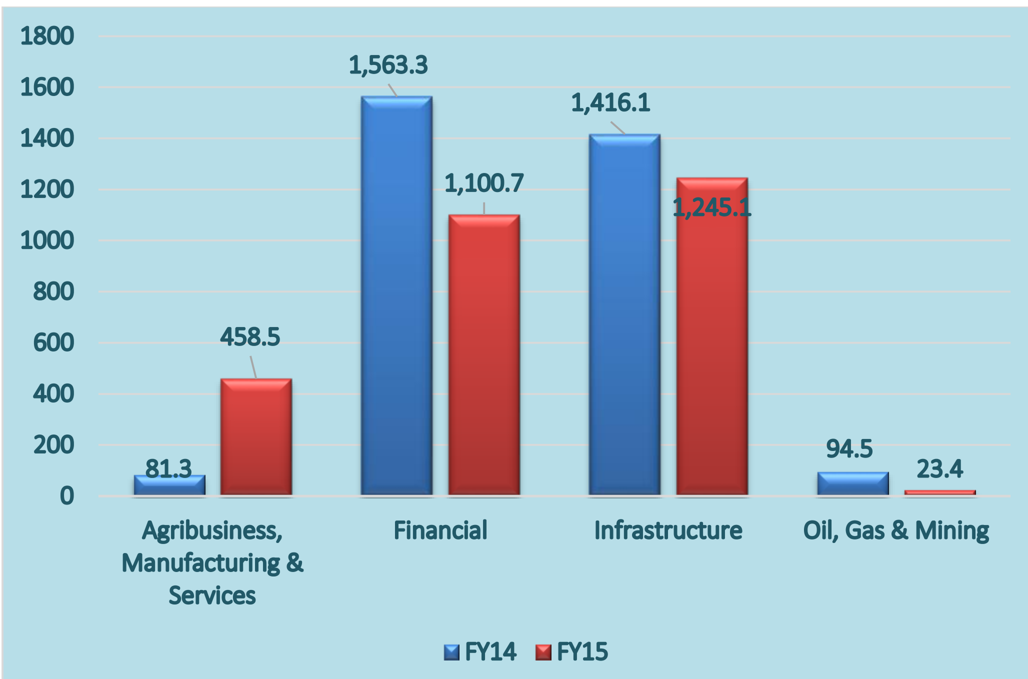
Source: MIGA

Table 2.16: Sectoral Allocation of New MIGA Guarantees

	FY14			FY15		
	No of projects	Amount US$ M	In % of total	No of projects	Amount US$ M	In % of total
Agribusiness, Manufacturing & Services	6	81.3	2.6	13	458.5	16.2
Financial	7	1,563.3	49.5	13	1,100.7	39.0
Infrastructure	10	1,416.1	44.9	13	1,245.1	44.0
Oil, Gas & Mining	1	94.5	3.0	1	23.4	0.8
Total	**24**	**3,155.2**	**100**	**40**	**2,827.7**	**100**

Source: MIGA

Figure 2.4: Sectoral Allocation of New MIGA Guarantees (US$ 'million)



Source: MIGA

Water Projects - Lesotho

The renovated water treatment plant in Juba, South Sudan

Chapter 3

Selected Policy Issues and Updates

- Review on Environmental and Social Safeguards Framework
- Update on Proposed WBG Procurement Reform
- The 2015 Voice Reform
- Update on IDA Reforms
- Update on Diversity and Inclusion

Chapter 3

Selected Policy Issues and Updates

3.1 Review of the World Bank Environmental and Social Safeguards Framework

As reported in the FY15 Interim Report, the World Bank Group (WBG) commenced the review process of its Environmental and Social Safeguard (ESS) Framework in October 2012, as part of its modernization effort within the Institution. The main objective of this review is to strengthen the effectiveness of the safeguard policies in order to enhance the development impact of World Bank-supported projects and programs. Furthermore, a modernized ESS framework would serve as the basis of a renewed partnership between the WBG and its borrowers – a partnership rooted in a common commitment to environmental and social sustainability. Such a partnership would better leverage the increasing capacity of borrowers to identify and manage environmental and social risks and impacts.

The review process included a six-month period that ended on March 1, 2015, in which the World Bank held consultations with stakeholders in various countries including some of our Constituency countries, namely Republic of Burundi, Federal Democratic Republic of Ethiopia, Republic of Kenya, and United Republic of Tanzania. These consultations accorded stakeholders an opportunity to express their views on the proposed ESS Framework. African Governors were also consulted and expressed their views during their 2014 African Caucus held in September 2014 in the Republic of the Sudan, through the Khartoum II Declaration and in the 2014 Memorandum of African Governors to the WBG President.

African Governors expressed the view that the review should ensure that the revised ESS Framework fully benefits from, among others, consultations with governments and should respect national laws and constitutions. It should also take into account unique country circumstances and address concerns around contentious issues. Of particular concern to African Governors was the proposed *Indigenous Peoples Policies*, ESS7, which they considered divisive and not applicable to the circumstances of many African countries.

3.1.1 The Proposed Environmental and Social Safeguards Framework

Following a six-month consultation process, WBG Management submitted a draft proposal for consideration by the Executive Board's Committee on Development Effectiveness (CODE), on July 1, 2015. The draft Framework included ten Environmental and Social Safeguard Standards for projects as depicted in Box 1.

Due to the divergent views on some aspects of the second draft Framework, CODE did not endorse the proposed Framework and decided to resubmit it for another round of consultations. The next phase of consultations began with the African Caucus Meeting held in Luanda, Angola in August, 2015. The primary focus of this round of consultations is the feasibility of applying the Framework in Borrowing countries and other issues that require further attention. This exercise will also involve direct consultations with various stakeholders including in four countries of Africa Group 1 Constituency, namely Republic of Burundi, Federal Democratic Republic of Ethiopia, Republic of Kenya, and United Republic of Tanzania.

Box 1: The Proposed Environmental and Social Safeguard Standards

- ESS1: Assessment and Management of Environmental and Social Risks and Impacts
- ESS2: Labor and Working Conditions
- ESS3: Resource Efficiency and Pollution Prevention and Management
- ESS4: Community Health and Safety
- ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- ESS7: Indigenous Peoples
- ESS8: Cultural Heritage
- ESS9: Financial Intermediaries
- ESS10: Information Disclosure and Stakeholder Engagement

3.1.2 Areas of Ongoing Discussions Under the Draft of the ESS Framework

Ongoing consultations have yielded relative consensus on some of the Standards, however lively discussions remain on the majority of them. These are summarized below from the World Bank document, *Environmental and Social Framework (Proposed Second Draft) - Consultation Paper*[4].

a) Vision Statement

The Vision statement and several provisions of the Framework, allude to human rights. Specifically, the Vision underscores the World Bank's concurrence with the aspirations of the Universal Declaration of Human Rights and its undertaking to support its clients to fulfill these aspirations.

b) ESS1: Assessment and Management of Environmental and Social Risks and Impact

ESS1 provides for the recognition and identification of specific individuals or groups as disadvantaged or vulnerable, with a requirement that the Borrower should propose and implement differentiated measures to prevent disproportionate adverse impact on such groups resulting from a project. ESS1 identifies the disadvantaged or vulnerable by virtue of age, gender, ethnicity, religion, physical, mental or other disability, social, civic or health status, migrant or internally displaced status, sexual orientation, gender identity, economic disadvantages or indigenous status, and/or dependence on unique natural resources.

4 https://consultations.worldbank.org/Data/hub/files/consultation-template/review-and-update-world-bank-safeguard-policies/en/materials/consultation_paper_for_es_framework_second_draft_for_consultation_july_1_2015.pdf

c) *ESS2: Labor and Working Conditions*

ESS2 reflects the International Labor Organization (ILO) Declaration on the Fundamental Principles and Rights at Work and the eight core labor conventions, with strong commitments on occupational health and safety.

d) *ESS3: Resource Efficiency and Pollutions Prevention and Management*

ESS3 sets out requirements for Borrower countries to ensure resource efficiency, clean production, and pollution prevention and management. Among other things, the Standard requires countries to estimate their greenhouse gas (GHG) emissions and to consider options to reduce them.

e) *ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement*

ESS5 addresses issues related to land use and ownership rights of different categories of affected people, provides clarity on the treatment of public land, and prohibits forced eviction, as it relates to WBG projects. Among other things, the Standard requires Borrowers to consider gender issues and women's tenure rights and to include the full costs of resettlement in the total project costs and internalize them in project economic analysis. It provides that Borrowers shall not proceed with project activities until the World Bank approves plans to address physical and economic displacement.

f) *ESS7: Indigenous Peoples*

ESS7 sets out criteria for identifying *Indigenous Peoples*, and clarifies the recognition of pastoralists as inclusive in this grouping. It requires Borrowers to protect Indigenous Peoples and consult them on impacts on lands and natural resources under traditional ownership, use or occupation; relocation from the same; and significant impacts on cultural heritage, and obtain their Free, Prior and Informed Consent (FPIC).

g) *ESS8: Cultural Heritage*

ESS8 seeks to protect cultural heritage, recognizes tangible and intangible cultural heritage and requires Borrowers to hold consultation with relevant stakeholders on projects that are likely to have adverse impact on cultural heritage.

h) *ESS9: Financial Intermediaries*

This Standard focuses on intermediated lending and requires financial institutions (FIs) to institute environmental and social procedures as they relate to the nature of the FIs, the level of risks, and impact on projects and subprojects, and to submit annual reports to the World Bank on their environmental and social performance. Particularly, the Standard requires FIs to screen, appraise and monitor all subprojects to ensure they meet the national environmental and social requirements.

i) *ESS10: Information Disclosure and Stakeholder Engagement*

ESS10 seeks to enhance stakeholder engagement and consultation, including with affected communities and workers throughout the life of the project with a view to achieving sustainable development outcomes in projects. It requires Borrowers to identify stakeholders, develop and disclose an appropriate stakeholder engagement plan, and conduct stakeholder engagement proportionate to the nature and scale of the project, and to inform project-affected parties of changes in the project that will impact them, and to establish a mechanism for addressing stakeholder concerns.

j) Burden and Cost for Projects

The proposed framework provides for the establishment of an Environmental and Social Committee Plan (ESCP), which will carry out an annual monitoring exercise in terms of the Borrowers' compliance with environmental and social requirements.

3.1.3 Next Steps

After the consultations, Management will submit a new draft to CODE. The new ESS Framework is expected to be implemented in FY17.

3.2 Update on the Proposed World Bank Group Procurement Framework

In the FY14 Annual Report, an update was provided on the WBG proposed Procurement Framework. Since then, the Executive Board approved a revised version of the draft Framework on July 21, 2015, following additional public consultations and engagements with stakeholders and with the Executive Board's CODE and Audit Committee. This version includes the Procurement Policy, Directives and Procedures as well as Regulations for Borrowers. In essence, the approved Procurement Framework establishes the rules for the purchase of goods and services under projects financed by the WBG.

The Procurement Framework is structurally aligned with the vision that "Procurement in Investment Project Financing Supports clients to achieve value for money with integrity in delivering sustainable development". It replaces the previous Procurement Framework's "one size fits all" model of engagement to a "fit for purpose" model and it embraces a principle-based approach with a focus on value for money, economy, efficiency, integrity, avoidance of unfair competitive advantage, overall fiduciary risk management and alternative procurement arrangements including the use of country systems. The Framework is also designed to address the inordinate delays and capacity deficiencies that plague the previous procurement system. In addition, it incorporates a significantly enhanced approach to procurement-related complaints.

Effective January 2016, when the new Procurement Framework becomes effective, the World Bank's Global Practice for Governance will be responsible for the day-to-day procurement support to operations and operational implementation. Financing for the implementation of the Framework may include contributions from shareholders through multi-donor trust funds and countries' own resources, particularly in the case of capacity building.

3.3 Update of the 2015 Voice Reform

As a way to maintain legitimacy and dynamism, and to reflect global economic changes in IBRD and IFC shareholding, Governors agreed, in 2010 following Phase 2 of the Voice Reform, to conduct periodic IBRD and IFC Shareholding Reviews, every five years, beginning in 2015. While shareholding reviews will be conducted periodically, Governors agreed that shareholding realignment would not necessarily be required with each review, but only when shareholders, through the Board of Governors, decide that the results warrant adjustment. Governors' guidance on shareholding reviews included three issues that should be addressed and distinguished in each review from shareholding realignment. These were (i) weight of all members in the world economy; (ii) assessment of progress towards equitable voting power between developed and developing countries; and (iii) contribution of members to IDA.

3.3.1 2015 Shareholding Review

The internal consultations on the 2015 Shareholding Review started in February 2015. As part of the review, the medium to long term trends in the evolution of global weight were considered. The review showed that rapid growth in per capita incomes, combined with faster population growth have resulted in a much larger share of developing countries in the world economy. Further, the review indicated that these trends are likely to continue as growth in developing countries is expected to remain above the growth in high-income countries, both in aggregate and per capita income terms. This would lead to a continued increasing share of the developing countries in the global economy, albeit at a slower pace than experienced in recent decades. Therefore a corresponding change in the ranking of the world's economies is occurring. For instance, China recently moved up the rank to become second largest economy after the US in both the PPP and exchange rate terms. Moreover, in 2014, using market exchange rate, 4 of the 10 largest economies in the world were from the Developing and Transition Countries (DTCs).

Also considered was progress towards equitable voting power between DTCs, with the review focusing on the relationship between shareholding and economic weight, using the shareholding-to-Gross Domestic Product (GDP) measured in different ways varying between the PPP and market exchange rate approaches. Different views were expressed on the appropriate balance between the two approaches. The only blend so far used in a shareholding realignment has been a 60/40 blend of market exchange rates and PPP, averaged over 3 years, as used in 2010. This may be adopted as the starting point.

In terms of voting power, when the 2010 capital subscriptions are completed, the voting power of developed countries in IBRD will be 52.76 percent, compared to 47.24 percent for DTCs. On the basis of capital subscribed at mid July 2015, DTC voting power stands at 45.06 percent. Completing the IBRD Selective Capital Increase (SCI) subscription process is important to attain an equitable shareholding as agreed in 2010. In IFC, the SCI subscription period ended on June 27, 2015 and increased the DTCs' share of voting power by 5.92 percentage points with a total DTCs' voting power of 39.41 percent. In terms of individual countries, the same comparison of IBRD shareholding to economic weight, shows that some countries are under-weight on that measure while others are over-weight.

The review considered the Members' contributions to the WBG's development mission, specifically contributions by development partners to IDA. The discussions also focused on the issue around developing a dynamic formula as part of the 2015 Shareholding Review following the decision in 2010 to develop a separate formula for the World Bank, rather than basing the shareholding on IMF quota shares, to better reflect the distinct mandate of the WBG.

An additional factor to consider for the timing of a realignment is that the 2010 SCI has yet to run its course. In light of all these issues, it is proposed to consider an SCI for IBRD and IFC during 2017 once the current IBRD SCI and the work on the dynamic formula are completed, with the aim to reach a decision by the time of the 2017 IMF/WBG Annual Meetings.

On the approach to shareholding reviews, the intent is to move towards equitable voting power and protecting the voting power of the smallest countries. However, there are different interpretations of equitable voting power, in particular whether to give priority to a fair balance of voting power country-by-country or between groups of countries as well as on the appropriate balance of shareholder rights and responsibilities, including the burden share of financial contribution to IDA.

Given the different views on what constitutes equitable shareholding, an updated set of principles to underpin and set direction for shareholding review have been considered. These principles reaffirm commitments on the timing of formula-based reviews, the aim of equitable voting power, and protection of the smallest and poorest members, in line with the Istanbul Principles.

3.3.2 Next Steps

At the Annual Meetings of the IMF and WBG in Lima, Peru, Governors are expected to discuss the shareholding review and the Roadmap of future work which includes the following elements:

(i) A medium to long term view of the future of the WBG and its role in the international financial architecture, need for concessional financing, and ideas for IDA reform and other innovations and facilities, aiming to report to the 2016 Annual Meetings with an interim report in the Spring;

(ii) Work by Executive Directors to develop a dynamic formula, aiming to conclude by the 2016 Annual Meetings with an interim report in the Spring;

(iii) Consideration during 2017 of realignment of IBRD and IFC shareholding through an SCI, including the allocation of any unallocated shares remaining from the 2010 exercise, aiming to reach a decision by the 2017 Spring Meetings;

(iv) Consideration during 2017 of whether to increase the capital of IBRD and IFC, aiming to reach a decision by the 2017 Annual Meetings.

3.4 Update on IDA Reforms

In FY15, the WBG Executive Board, Senior Management and the IDA Deputies, were engaged in deep reflections on the reforms required to strengthen IDA – the fund for the WBG's low-income member countries. These reflections have been motivated by the rapidly changing landscape for development financing and related discussions on the financing of the post-2015 agenda under the Sustainable Development Goals (SDGs). The on-going reform discussions have therefore focused on:

(1) Governance and reform of the IDA replenishment process;

(2) Long-term vision and financial viability of IDA; and
(3) Results and impact of IDA engagements.

3.4.1 Governance and Reform of the IDA Replenishment Process

On-going deliberations have centered on ways to enhance the effectiveness and legitimacy of the IDA replenishment process. The issues on governance and reform have been split into two themes: (a) representativeness, to ensure reasonable representation of Borrower countries in the IDA replenishment process; and (b) chairmanship, to strengthen the management of replenishment meetings.

(a) Representativeness: The proposals under discussion, mainly at the level of the IDA Deputies' Working Group, include: (i) widening the regional representation to three countries per region; (ii) reorienting the membership of the IDA Deputies to have constituency office representation for recipient countries; and (iii) increasing representativeness without extending the size of the Deputies' Forum.

While there is broad consensus on strengthening Borrowers' representation, discussions continue mainly around the question of how to assure enhanced voice and participation, and legitimacy, without losing effectiveness. Concerns are on the current size of the Deputies Forum and the limited room to make increases. In this respect, alternative models (such as the African Caucus consultation model) are being explored for engaging capitals and Executive Directors' offices to enhance Borrowers' participation in the IDA process. For the civil society, private sector and academia, preference is for maintaining consultations via open forum. All these consultations are expected to go in parallel with enhanced Borrowers' participation in the replenishment negotiations, the nature of which remains to be decided.

(b) Chairmanship of IDA Replenishment Meetings: To further strengthen the IDA Replenishment process, the IDA Deputies' Working Group is proposing the appointment of two co-chairpersons for the IDA 18 replenishment meetings. One co-chair would be an independent eminent personality with sufficient knowledge of the workings of Multilateral Development Banks (MDBs), while the other would be a high level representative of the WBG proposed by the President of the Institution.

While the status quo is deemed to be working thus far, the co-chairmanship is suggested as a possible value addition to the replenishment process. It is expected that this approach would contribute to stronger consensus building, more effective communication with external stakeholders and enhanced inclusion of their views, as well as stronger political support for financial contributions. The lessons learned from the IDA 18 chairing approach will be reviewed by IDA Deputies to inform how the IDA 19 would be chaired.

3.4.2 Long-term vision and financial sustainability of IDA

Proposals in this area include: (i) refocusing the scope of intervention of IDA in line with the evolving development landscape, including recent growth dynamics, poverty mapping across low and middle income countries, and emerging post-2015 development challenges; and (ii) leveraging IDA's equity to raise additional resources on less concessional terms.

*(a) The Evolving Landscape***.** The SDGs have shifted the paradigm for development finance. To support the SDGs, MDBs have agreed, in the context of the post-2015 financing for development framework, to maximize their role in leveraging and multiplying Official Development Assistance (ODA) in order to deliver results in line with the "billions to trillions" commitment. This commitment is particularly relevant to LICs, especially fragile and conflict-affected states (FCSs), where ODA continues to play a critical role due to constrained domestic resources and limited private inflows. Partners affirm a central role for IDA in leveraging private resources and knowledge, and optimizing WBG synergies to maximize impact in LICs.

(b) Proposed Policy Directions. The proposed policy directions for IDA aim to maximize impact and ensure alignment with the post-2015 goals. They focus on (i) deepening engagement to end extreme poverty in IDA countries, (ii) scaling up support for resilience and vulnerability, including on Global Public Goods (GPGs), (iii) tackling pockets of poverty in IDA graduates/graduating countries, and (iv) maximizing leveraging and partnership with the private sector.

(c) Proposed Financing Innovations: With the growing demand for robust IDA engagement in client countries, in particular for non-concessional financing targeting infrastructure, WBG Management during FY15, considered some potential ideas to increase the resources available for development finance through IDA. Two main proposals under consideration include: (i) introducing a non-concessional scale up facility to meet short term demand; and (ii) leveraging IDA's equity to meet long term demand.

The IDA17 non-concessional scale up facility is a one-time solution to address the demand from IDA countries for additional resources on non-concessional terms. This facility is expected to contribute additional funds from IDA's liquid assets to the total resources available under IDA17. Development of this facility would be the first step in developing a framework for non-concessional lending as a complement to the IDA core concessional model. The criteria for access are under deliberation. The advocacy by Borrower countries is for all IDA countries to access this window.

Regarding the leveraging of IDA's equity, the idea is to deploy equity in the capital markets to mobilize additional resources for clients. This could be done by either direct issuance of IDA bonds in the market or using IBRD's existing platform for market access. The implications of these proposals, in terms of cost of implementation, pricing of loans, credit rating issues, governance, voting power and legal feasibility are under deliberation.

While broadly supportive of these innovative approaches, Borrowers' advocacy continues to emphasize maintaining the concessional financing model and ensuring donors' commitment to deliver robust future replenishment, at least, at IDA17 levels. There is also caution to guard against substitution risks whereby traditional donors may shift their financing preference from the core grant funding towards non-concessional financing of IDA. There is also the call that additionality in IDA resources should accrue to all IDA client countries. The need to keep the funding mechanism simple and transparent are hallmarks to avoid delayed approval of these proposals by shareholders.

3.4.3 IDA's Development Impact and Results

On IDA's development impact, the focus is on strengthening the link between IDA and the new strategy of the WBG, by including relevant development indicators in the IDA17 Result Measurement System (RMS). The Bank is doing more to ensure cutting-edge practices in methodologies, harmonizing the IDA17 RMS and the corporate scorecards. Emphasis has also been placed on collecting 'just in time' data, which includes client survey on lending operations, stakeholder surveys on overall perception of the WBG's operational delivery.

3.4.4 Next steps

These various proposals will feed into the IDA17 mid-term review process in November 2015, in Dakar, Republic of Senegal, where decision is expected on the short-term financing facility, while the remaining proposals will be part of the broader recommendations to inform the IDA 18 discussions.

3.5 Update on Diversity and Inclusion

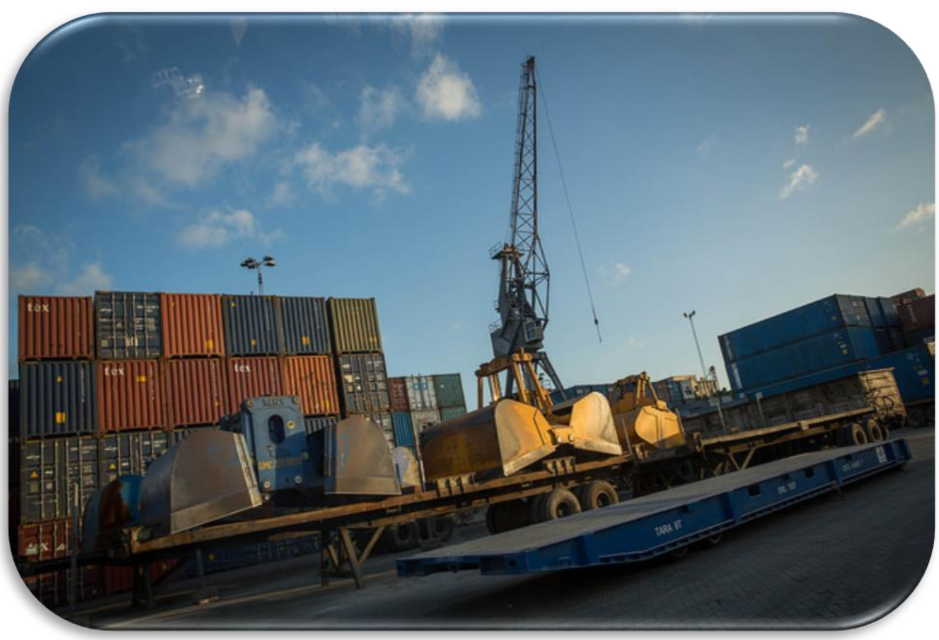
As a global organization with staff from more than 170 countries, the WBG has committed to foster and strengthen diversity and inclusion (D&I) in its workforce. The WBG has had diversity targets and indicators since 1998, and has revised them over time to reflect progress and priorities. One of these diversity targets aims at increasing the number of staff from Sub Saharan Africa and the Caribbean (SSA/CR) at level GF+ (professional level and above) to 12.5 percent. However, progress towards meeting this target has been historically slow, with the proportion of staff from SSA/CR at that level increasing marginally from 10.8 percent to 11.2 percent between FY05 and FY10. It then increased to 11.6 percent in FY13 before declining to 11.2 percent in FY15.

Recognizing this slow progress over the last several years, Senior Management of the WBG increased efforts to address this problem. First, they signed a statement of commitment to D&I and agreed on a WBG D&I Compact. Second, a diversity talent desk was created to support outreach and recruitment efforts. Lastly, they made a commitment to recruit more than 100 additional staff from SSA/CR to meet this target by FY17.

Senior Management also committed to recruiting additional managers from SSA/CR in order to raise the share of managers from these regions to 12.5 percent by FY17, up from 10.8 percent in FY15. In this context, 10 of the 50 Practice Managers (PMs) recruited between March and April 2015 were from SSA/CR, with eight of these 10 from SSA. Additionally, the WBG launched a recruitment drive in August 2015 aimed at increasing the number of SSA staff in its workforce. Also, about 20 percent of the 66 candidates selected for the WBG's flagship entry facility, the Young Professionals Program, were SSA/CR nationals.

While these efforts are commendable, African Executive Directors will continue to call upon the WBG Senior Management to ensure there is always an adequate pool of Africans both at the technical and managerial levels across all entities of the WBG.

Ships docked at the Port of Walvis Bay - Namibia



Dar es Salaam Port - Tanzania

UNICEF coordinators and volunteers using illustrations to help educate people about the Ebola outbreak- Sierra Leone.

UNIFEC is reaching out to educate residence about protecting themselves from Ebola outbreak - Monrovia, Liberia.

Chapter 4

Constituency Issues

- Highlights of Statutory Constituency Meeting
- Update on Review of the Constituency Rules, Guidelines and Procedures
- Update on WBG Reengagement with Republic of Zimbabwe, State of Eritrea, Republic of Sudan and Federal Republic of Somalia

Chapter 4

Constituency Issues

4.1 Highlights of Tenth Statutory Meeting of the Africa Group 1 Constituency

The Africa Group 1 Constituency Rules, Guidelines and Procedures as approved in 2010, stipulate that the Constituency shall meet bi-annually to deliberate on issues of common interest and map out modalities for ensuring that these issues are factored in the broad policy and operational agenda of the World Bank Group (WBG). Accordingly, the Constituency held its Tenth Statutory Meeting on April 17, 2015 in Washington D.C., USA, on the margins of the 2015 Spring Meetings of the WBG and the International Monetary Fund (IMF). The following are highlights of the reports considered, issues discussed and decisions taken.

4.1.1 The FY15 Interim Report of the Executive Director

The Executive Director's FY15 Interim Report highlighted global economic developments and prospects and the WBG operations in developing regions, including Sub Saharan Africa (SSA). The Executive Director also provided an update on the WBG operational policies and programs.

Governors observed that the global economy was yet to regain its full momentum and that forecasts indicated further slowdown, as developing countries would contend with lower commodity prices, tighter financial conditions, and increased geopolitical risks, fragility, as well as climate and public health emergencies. Such an environment, they noted, would pose challenges for attaining respective national development aspirations and subsequently the WBG's twin goals, and the Sustainable Development Goals (SDGs). They noted that global GDP growth was estimated at 2.6 percent in 2014 and that though growth in SSA remained strong at 4.5 percent, the Ebola Virus Disease (EVD) had severely disrupted livelihoods and economic activities in the Republic of Guinea, Republic of Liberia and Republic of Sierra Leone. Governors acknowledged the operations of the WBG and noted with concern the limited engagement of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) with the private sector in their respective countries.

Governors welcomed the finalization of the reforms of the Procurement Policy and noted the progress on the ongoing discussion of Environmental and Social Safeguard policies. They noted with concern the implications of the provisions in the draft Environmental and Social Framework relating to Indigenous Peoples for national unity in African countries. They agreed to remain engaged on the matter.

Governors acknowledged the ongoing Board discussions on the 2015 Voice Reform and Shareholding Review, with the objectives to protect the voice and representation of the small and underrepresented members, and to prevent the dilution of the gains made in the 2010 Voice

Reforms. In addition, they noted the upcoming deadlines and undertook to honor their commitments in the 2010 Shareholding Review by the new deadlines of 2016 and 2017 to avoid forfeiture of the allotted shares. They welcomed the proposals to revisit shareholding realignment, to consider medium and long-term client needs and availability of resources vis-a-vis capital adequacy of the WBG entities, discuss the role of IDA, and to formulate principles and a dynamic formula to guide Shareholding Reviews. They concurred with the need to emphasize the fulfillment of the Istanbul Commitment to equitable representation.

Governors welcomed the update on the operations of the Global Infrastructure Facility (GIF) and noted the pilot phase. During this phase the GIF would support preparation of regional and global projects with public goods' characteristics, trade and interconnectivity enabling projects, and climate smart projects that lower carbon emissions and encourage energy efficiency.

On diversity and inclusion, Governors noted the slow progress towards the targets. They acknowledged the Diversity and Inclusion Compact, and the commitment to hire more than 100 additional staff from SSA and the Caribbean by financial year 2017. They also noted the Africa Region's Fellowship Program for Talented Africans with doctorate degrees to work in various units for six months, with a possibility of taking up regular positions. They further noted the establishment of the Diversity and Talent Desk to support outreach efforts and recruitment and concurred with the need to continue to call for WBG Management to meet its commitments.

Governors welcomed the efforts and commitment of the WBG and other partners to the post-Ebola support for economic recovery and the Pandemic Emergency Facility (PEF). They urged the Office to continue to follow up on the effectiveness of the WBG's response and plans for the respective countries, as well as the proposed establishment of the PEF.

Governors noted with concern the limited WBG support for and engagement with Middle-Income Countries (MICs) and Small Island Developing States (SIDS) and called for a specific strategy for these groups of countries in the new business model. They noted the achievements by the ongoing Change Process and looked forward to the operationalization of the Systematic Country Diagnostic (SCD) and Country Partnership Framework (CPF) in the Constituency countries.

They acknowledged the Executive Directors' Group visit to the Constituency and the Executive Director's visit to some Constituency countries and looked forward to the visit to other countries in the Constituency. They welcomed planned activities of the Executive Director's Office including:

(a) Organizing a technical lending conference to discuss the lending instruments of the development institutions and the borrowers' needs;
(b) Organizing African Heritage Days for each country to highlight their potential;
(c) Advocating for the resolution of the arrears and debts of the affected countries;
(d) Reviewing each country's loan portfolio on a monthly basis to ensure maximum disbursement;
(e) Urging Management to ensure that the new engagement model met the needs of the countries; and

(f) Advocating for greater diversity in the WBG.

4.1.2 Consideration of the Constituency Statement to the Development Committee

Governors endorsed the proposed Development Committee (DC) Member Statement for the Constituency (Annex 4). In their Statement, they acknowledged prevalent global economic developments and their implications for poverty reduction. They, therefore, underscored the need for strengthening collaboration with development partners.

The Governors welcomed the Development Committee paper on the Post-2015 Financing for Development and noted the paradigm shift to unlock resources needed to achieve the SDGs. In this regard, they called upon the multilateral institutions to support developing countries to reverse and curb illicit financial flows, which constitute a major leakage of vital resources and untapped source of funding in the context of the Continent's dire poverty indicators and glaring financing gaps.

The Governors observed that the oil price decline would adversely impact the fiscal accounts and delivery of public services in oil producing countries. They, therefore, called upon the WBG and other development partners to increase support for these countries in their efforts to adjust to the evolving dynamics of the oil market and to diversify their economies.

Governors appreciated the WBG response to the Ebola crisis in Republic of Guinea, Republic of Liberia and Republic of Sierra Leone. They observed that efforts must be sustained to combat the disease, avoid a recurrent outbreak, enhance preparedness, and ensure adequate financing and robust health systems in developing countries. They, therefore, urged the WBG to fast track the setting up of the PEF.

Governors took note of the progress on the WBG Change Process. They reiterated their expectation for the Change Process to shorten the project cycle, to strengthen decentralization to empower managers and staff in the field and to facilitate more efficient and flexible service delivery.

Governors welcomed President Kim's positive response to their call in the 2014 *Memorandum of African Governors to the President of the WBG and Managing Director of the IMF* for concrete measures to achieve the set diversity targets for SSA nationals at all levels in the institution. Governors welcomed the WBG's Small Island States Resilience Initiative, and looked forward to the effective implementation of this initiative. Relatedly, they reiterated the call on the WBG made at the Small States Forum 2014, to leverage climate change funds more effectively for sustainable development.

Governors reiterated their concerns about the continued delays and indecision by the development community to complete the debt resolution process for heavily indebted countries namely, Federal Republic of Somalia, Republic of the Sudan, Republic of South Sudan and Republic of Zimbabwe. They thus called on the Bank to champion the debt relief initiative for these countries using the provision set aside in IDA 17 Replenishment.

Governors recognized and agreed with the objective of the WBG's safeguard policy and welcomed the consultative process in the review of the Environmental and Social Policy. They stressed the need to recognize the heterogeneity among the WBG's member countries. Therefore, they urged the WBG to give due consideration to the views and opinions expressed by our countries on the issue of 'Indigenous Peoples.'

4.1.3 Constituency Strategic Issues

Governors appreciated the Executive Director's comprehensive report and the efforts of the Office in following up on and advocating for, the various issues of critical interest to the Constituency. The Meeting appreciated the efforts of the DC Member Committee and the process for articulating the DC Member Statement, and undertook to ensure that the Statement continues to focus on the agenda setting matters for the WBG. The Meeting also noted the need to continue to advocate for region-wide interests in transformative energy infrastructure, agricultural productivity, industrialization, arrears clearance and debt relief for remaining HIPC and non-HIPC Initiative beneficiaries and diversity.

Since the 2010 Review, both the global economy and the WBG have significantly changed. Economic weight data confirm that the stronger relative growth rates of DTCs have further increased their global economic weight. Donors have financed two successful IDA replenishments and DTCs have strengthened their contribution to IDA. These changes call for a further reviews in order to achieve a shareholding structure that reflects the changes that have taken place.

4.2 Update on Review of the Constituency Rules, Guidelines and Procedures

The Constituency Rules, Guidelines and Procedures (the Rules), currently in effect, were adopted by the Constituency Governors during the Constituency meeting in August 2010 in Freetown, Sierra Leone and came into effect in October 2010. The first update was undertaken in October 2012 to reflect the additional membership of the Republic of South Sudan. According to Provision G, the Rules should be reviewed every five years or as the need arises.

At the Tenth Statutory Constituency Meeting, Governors mandated the Constituency Panel (the Panel) to undertake the first statutory review and make recommendations for the consideration of the Constituency at the next meeting in October 2015 in Lima, Peru.

The objective of the review is to refine necessary aspects of the existing rules and procedures in the light of experience, including any emerging issues, with a view to further strengthen the effectiveness of the Constituency in the WBG. The Panel is expected to review the applicability of the Rules, that is, whether they have served the Constituency well or not. The review is also expected to assess the extent to which the Rules have been applied equitably and transparently and suggest possible ways to improve them, if necessary.

The Panel met in Addis Ababa, Ethiopia, on July 13, 2015 and considered the Executive Director's Report on the 2010-2015 assessment of the rules, issues and proposals for the 2015 Review. The Panel discussions covered the relevance of principles that have underpinned the Rules so far, and a matrix of the provisions of the current Rules with assessment of how well the provisions have served the Constituency. The Panel will hold its second meeting in Lima, Peru in October 2015 to articulate its Report with recommendations for the consideration of the Constituency.

4.3 Update on WBG Reengagement with Republic of Zimbabwe, State of Eritrea, Republic of Sudan and Federal Republic of Somalia

The Office of the Executive Director, in FY15, continued to advocate for the reengagement of the WBG in Constituency countries where active collaboration had been suspended. Notable progress was registered in the WBG's relationship with the Republic of Zimbabwe, the State of Eritrea and the Federal Republic of Somalia.

4.3.1 Republic of Zimbabwe

After a 15-year hiatus, the Republic of Zimbabwe began the process of reengagement with the WBG, IMF and African Development Bank (AfDB). Zimbabwe has been in non-accrual status with the WBG since October 2000 and as a result Bank support during this period has been limited mainly to humanitarian aid that is funded through Trust Funds. Currently, the country has outstanding arrears with these three institutions of close to US$1.8 billion, with the bulk of the arrears with the WBG at US$1.1 billion. Without the resolution of these arrears, the process of reengagement will be seriously impeded, as none of these institutions would be in a position to extend developmental assistance to the country.

In recent months, the Government of Zimbabwe accelerated its actions toward reengagement with all the three institutions and the international community at large, including embarking on the exercise of identifying options for clearing these arrears. In his State of the Nation address to Parliament in August, 2015, the President of the Republic of Zimbabwe, His Excellency Robert G. Mugabe, affirmed the new dispensation and also called for strengthening of ties with multilateral institutions, including the IMF and WBG.

In January 2015, the Government of the Republic of Zimbabwe started making quarterly *pari pasu* (proportionate) payments to the International Financial Institutions (IFIs). To date, the World Bank has received two payments of US$4.1 million each under an agreement with the Institution.

In addition, a Quadripartite Committee comprising representatives from the Government, WBG, AfDB and IMF was established in May 2015, with the mandate of identifying feasible options for extinguishing the outstanding arrears to these institutions. This is a key step towards seeking rescheduling of bilateral official debt under the Paris Club umbrella. These options will be proposed to donors at a roundtable conference in the margins of the 2015 Annual Meetings in Lima, Peru.

In October 2014, the Government agreed to a 15-month second Staff Monitored Program (SMP) with the IMF. The SMP is crucial for establishing a track record towards normalizing the relations with Zimbabwe's creditors, mobilizing development partners' support, and is a prerequisite towards arrears clearance. Strong performance under this Program would also help improve Zimbabwe's repayment capacity and demonstrate that it can implement reforms that would justify a Fund-financial arrangement, which could help tackle the country's economic challenges. Under the first review of the SMP that was undertaken in April 2015, all SMP targets that had been set were successfully met. The results of the second review conducted in August 2015, would form a critical input for the roundtable discussions in Lima.

The Zimbabwean authorities have further committed to implementing sound macroeconomic and structural policies including:

(a) Clarifying the indigenization policy;
(b) Restructuring the civil service in order to reduce the public wage bill;
(c) Reforming the banking sector to restore confidence in the financial sector;
(d) Amending laws to allow ease of doing business in the country; and
(e) Reforming State-Owned Enterprises.

The private sector in Zimbabwe is also weighing in on the reengagement exercise. The captains of industry led trade missions to Europe and the United States to foster the normalization of trade relations. While in the US, they held meetings with the WBG, where they called on the IFC to reengage with the private sector in Zimbabwe in order to kick start the stalled economy.

The roundtable in Lima should pave the way for a Paris Club rescheduling arrangement, while further efforts will be needed on the part of the authorities to address non-Paris Club debt concerns.

4.3.2 State of Eritrea

Progress was registered in the reengagement of the WBG with the State of Eritrea, following several years of inactivity. Eritrea's reengagement with the WBG was first discussed in May 2014, during a meeting between the Office of the Executive Director and the Minister of Finance and Governor to the WBG, Honorable Berhane Habtemariam, on the margins of the 2014 AfDB Annual Meetings. Follow up meetings were held on the margins of the 2014 IMF/WBG Annual Meetings in Washington DC, between the Honorable Minister and the WBG Managing Director, Ms. Sri Mulyani Indrawati, and with the Country team led by the World Bank Country Director, Ms. Diarietou Gaye.

During these meetings, a number of issues were discussed including the steps needed for the reengagement process to move forward. Follow up initiatives included a World Bank mission to Asmara and the need for an updated country brief. The World Bank mission to Asmara was undertaken in February 2015, with the purpose of engaging further with the authorities and to gain a firsthand appreciation of the situation on the ground. An update of the country brief would be undertaken as a joint initiative by the World Bank, IMF, AfDB, UNDP and the Government of Eritrea. The objective of this exercise is to take stock of available information to assess recent economic and social developments in the country. This exercise is ongoing. The Executive Director also met with the Honorable Minister and his delegations in Cote D'Ivoire in the margins of the AfDB's Annual Meetings in May 2015.

4.3.3 Republic of the Sudan

As regards the Republic of the Sudan, no progress has been made to date despite its efforts to engage the Bretton Woods Institutions (BWIs) and bilateral donors on its debt burden and arrears. The WBG engagement in the country had been limited to the management of a portfolio of social projects in the health and education sectors that are largely funded from Multi-Donor Trust Funds (MDTF). Consequently, development finance for Sudan has not been available from traditional sources, which has undermined efforts to address development challenges in the country.

4.3.4 Federal Republic of Somalia

Even though the political and security situations remain challenging, Somalia has made tremendous progress since resuming relations with the WBG in early 2013. The Bank has since been actively involved in providing technical assistance and policy advice in its key areas of expertise, with the aim of strengthening Somalia's core economic institutions and expanding its economic opportunities. In this regard, the WBG agreed a new Interim Strategy Note (ISN) for FY14-FY16 with the Federal Government of Somalia, which aims at supporting the country's transition and helping build a track record of good economic governance within a HIPC framework. The ISN is financed through the State and Peace Building Fund, with US$19 million and a Bank-administered Multi-Partner Fund (MPF), which received pledges of between US$70.0 andUS$140.0 million in its first two years.

While Somalia has been welcomed back as an active member of the WBG, it remains ineligible for financial assistance pending the clearance of its longstanding arrears. Arrears clearance will be an important part of normalizing relations with the international community and establishing a roadmap to debt sustainability.

Local flood prevention in Adama town – Ethiopia

Two new class rooms built by the CDF at Manan Telkouk, Kasala to expand the school - Sudan

Workers in Kampala, Uganda

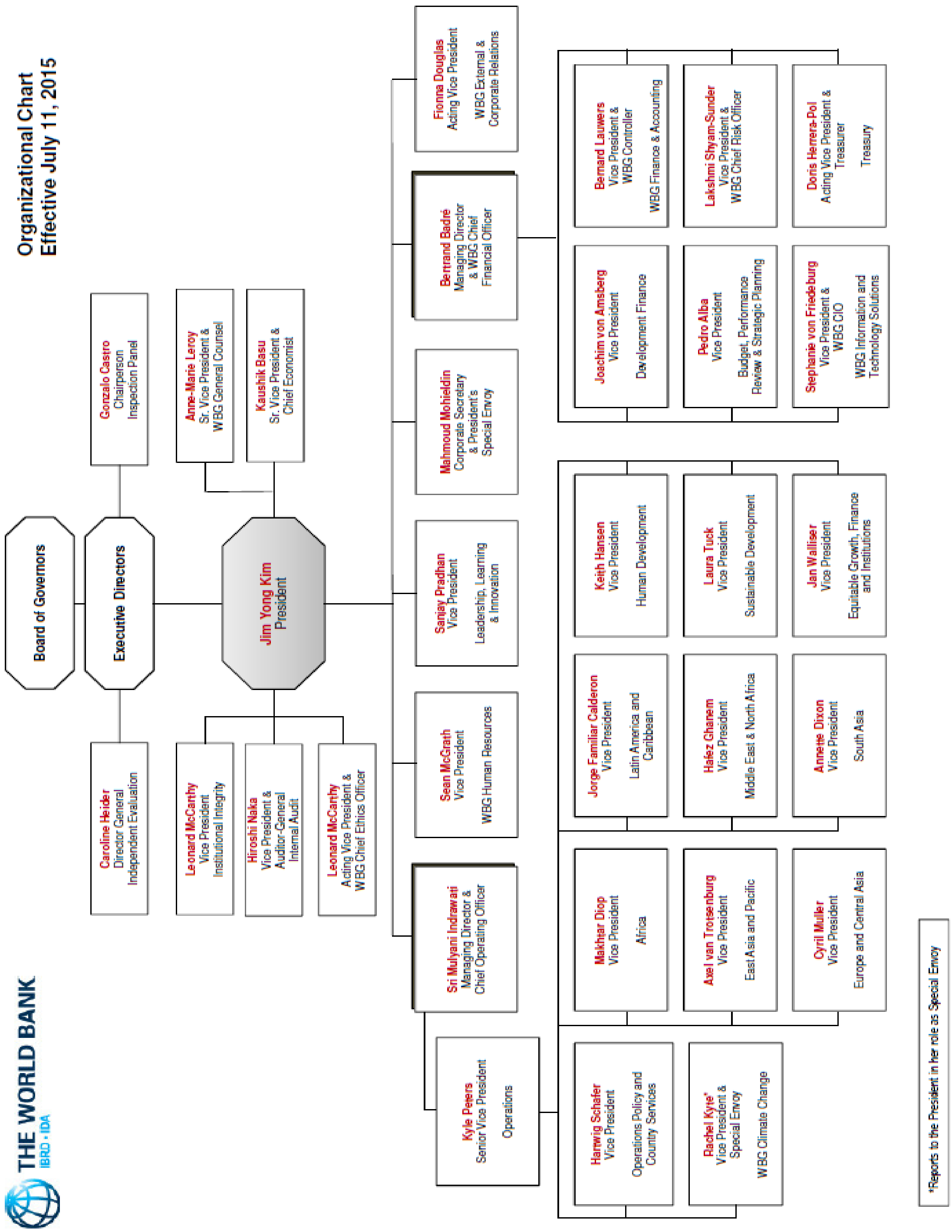
Market of Cankuzo set up by World Bank - Burundi

Annexes

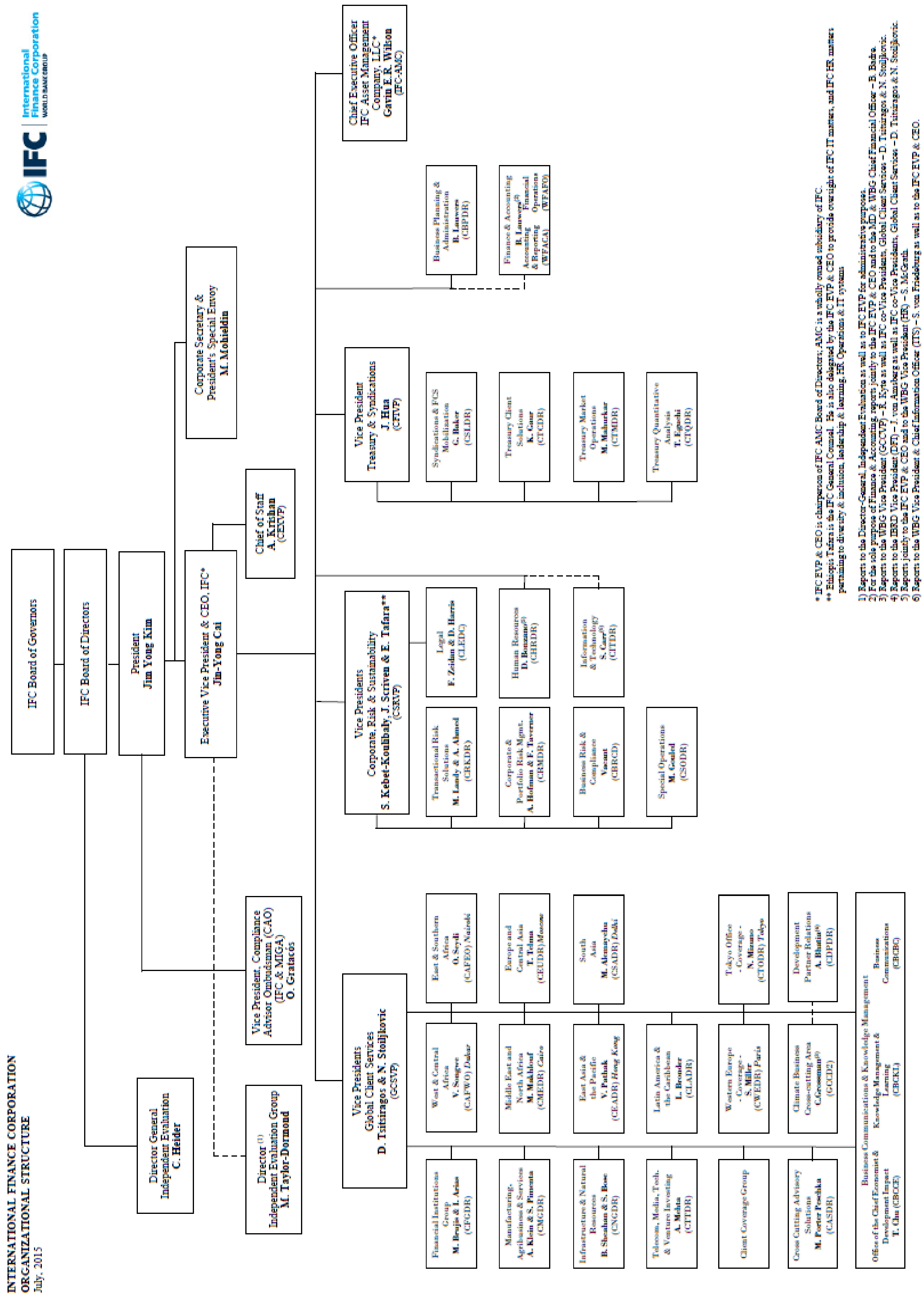
- Organization Charts of the World Bank Group
- Organization Charts of the International Finance Corporation
- Organization Charts of the Multilateral Investment Guarantee Agency
- Development Committee Member Statement
- Development Committee Communiqué
- African Governors' Caucus 2015 – Luanda Declaration
- Rotation Schedule for Constituency Chairperson
- Rotation Schedule for the Constituency Panel
- Rotation Schedule for Constituency Representation on the Development Committee
- Rotation Schedule for Executive Director and Alternate Executive Director

Annexes

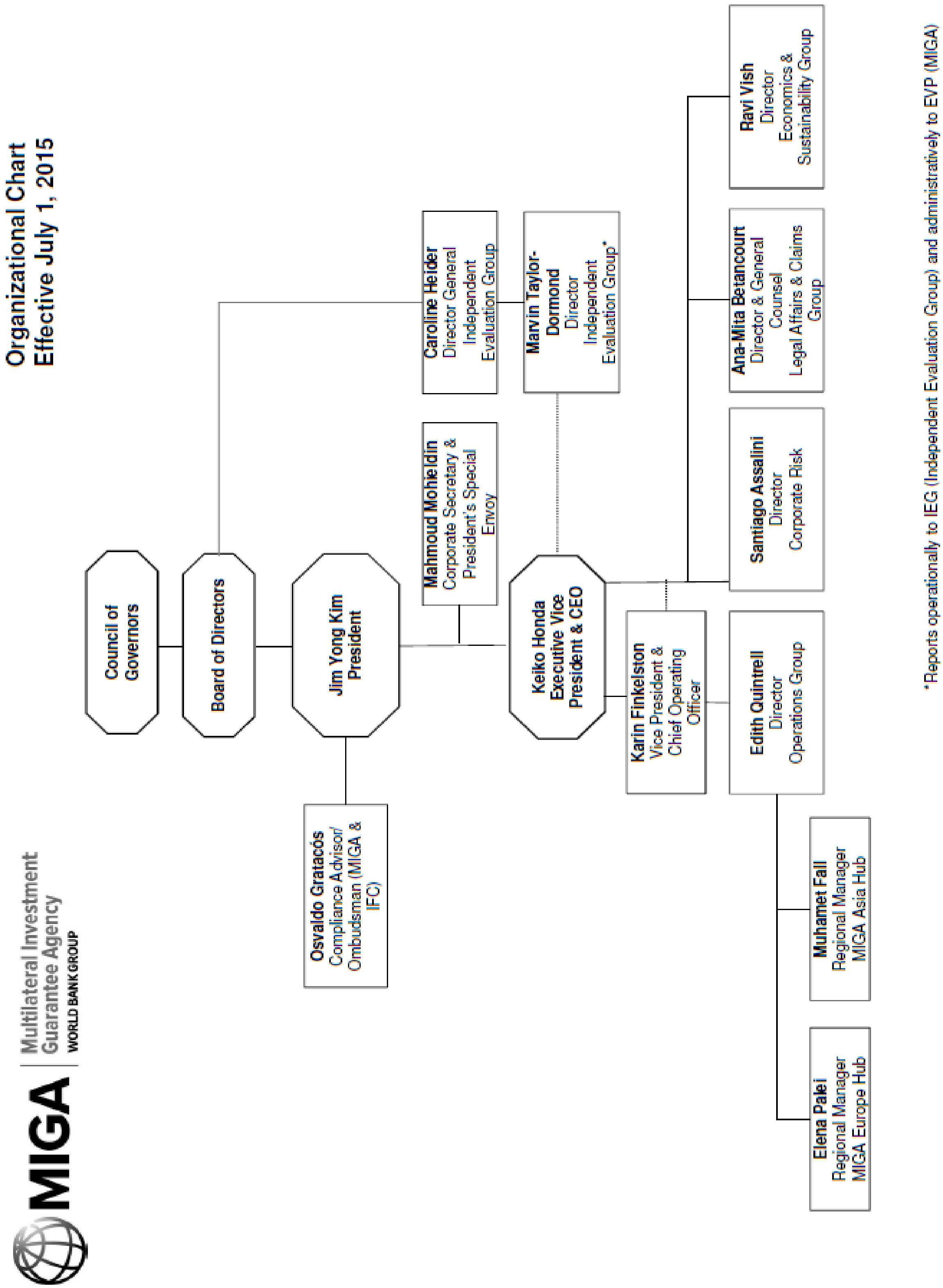
Annex 1: Organization Chart of the World Bank



Annex 2: Organization Chart of the International Finance Corporation



Annex 3: Organization Chart of the Multilateral Investment Guarantee Agency



91st Meeting of the Development Committee
World Bank Group/IMF Annual Meetings
April 18, 2015
Washington, D.C.

Honorable Matia Kasaija, Minister of Finance, Planning and Economic Development, Republic of Uganda

1. Introduction

Sub-Saharan Africa (SSA) has continued to show impressive growth rates, though well below rates necessary to effectively reduce poverty and address income inequalities in the countries. Many of our countries are still facing a number of challenges, including high unemployment, shortage of energy, food insecurity, climate change, lack of access to trade opportunities, and recently, low prices for oil and non-oil commodities. All these factors add to our existing development challenges, which translate into poverty. To attain necessary growth rates and improve livelihoods, our countries continue to focus on economic transformation to tap into their natural and human resources potential and comparative advantages in various sectors, including agriculture and energy. Against this backdrop, we cannot overemphasize the value we place on building stronger collaboration with our development partners to attract quality long-term investments with a view to modernize our economic structures, and boost real GDP growth rates in our countries.

2. Development Financing and the Post-2015 Development Agenda

We welcome the *Development Committee (DC)* paper on the Post-2015 *Financing for Development*. Indeed, the focus of the *Multilateral Development Banks (MDBs)* and the *International Monetary Fund (IMF*) on partnering with developing countries to move beyond the traditional financing framework is a welcome paradigm shift to unlock resources needed to achieve the *Sustainable Development Goals (SDGs)*.

This partnership is very important for Africa - a continent that has a large financing gap to support its current economic growth and fund its transformation. In the face of limited *Official Development Assistance (ODA)* flows, we reiterate our call for flexibility in the MDBs and IMF financing and lending policies. Specifically, for the *World Bank Group (WBG)*, we urge that actions be taken to increase access to IBRD enclave lending to our countries. We also call on WBG to exploit its Balance Sheet to extend IBRD lending to performing IDA-only countries and leverage the equity on IDA's Balance Sheet to scale up support to all IDA clients. In the same vein, while recognizing the need to maintain debt sustainability, we call for flexibility in the debt limits and in the WBG's non-concessional borrowing policy.

Relatedly, we call on development partners to deliver on their ODA commitments in support of sustainable development in developing countries. We cannot overemphasize the need for expanding access by our countries to available resources as well as for the establishment of instruments and mechanisms that would help our countries build resilience to adverse shocks, including for social protection. In this regard, climate-related financing must be protected from any associated conditionality.

The current debate on resource mobilization also seems to be overlooking the full extent of the problem of illicit financial flows, which constitute a major leakage of vital resources and untapped source of funding for our countries. The estimated annual loss of over $50 billion by Africa in illicit financial flows, as reported in the recent *Mbeki Report,* should receive urgent global attention and concerted actions especially in the context of the Continent's dire poverty indicators and glaring financing gaps. The *Mbeki Report* makes clear recommendations on the role institutions such as the WBG can play in this matter. We find merit in the recommendations for multilateral institutions to bring their global knowledge on tax transparency and expertise in building national capacities to monitor and curb tax base erosion. Therefore, as we focus on domestic resource mobilization, we call on the Management of Multilateral Development Institutions, especially the WBG, to take the lead in global efforts to reversing and curbing these flows which are depriving our countries of much needed resources to end poverty.

3. Implications of Declining Oil and Other Commodities Prices

During the past year, we have witnessed an unprecedented drop in the prices of oil, as well as those of some minerals. Non-mineral prices, especially for agriculture commodities have, however, remained strong though prospects of the prices remaining high could be undermined by falling incomes, particularly in countries that have experienced a negative price shock in key export commodities.

Regarding the low oil prices, we remain cautiously optimistic about their long term impact on our economies, given also the decline in major primary commodity prices. That notwithstanding, we are concerned about the impact of the drop in oil prices on our oil-producing countries, as they are likely to experience a huge deterioration in their fiscal and external accounts. The latter affects the delivery of urgently needed economic and social services in countries still facing internal challenges, such as Sudan and South Sudan, which entirely depend on oil revenue to meet their fiscal commitments. This development has also the potential to reverse gains realized so far in some of our countries that are struggling to emerge from conflict.

In this regard, we call upon the WBG and other development partners to step up engagements with these countries to facilitate their efforts in adjusting to the evolving dynamics of the oil market. We strongly urge the WBG to assist South Sudan and Sudan to diversify their economies away from oil, partly through budgetary support and investments in their private sector, whereby IFC and MIGA can play an important role.

4. World Bank Support to Health and Other Emergencies and Risks

We appreciate the WBG response to the Ebola crisis in Guinea, Liberia and Sierra Leone. With the unprecedented scale of the outbreak in these countries, the relatively weak national health systems and the unpreparedness of the international community, the disease has had a devastating impact on human lives and their economies.

While progress has been made in combatting the disease, the general situation offers lessons for the international community and national authorities. Efforts to combat the disease must be sustained in order to avoid a recurrent outbreak. Enhancing the preparedness of developing countries and the international community deal with future pandemics must be strengthened for a much more effective, efficient and timely response. We concur with the evolving consensus that success in such endeavors critically depends on the availability of robust health systems in our countries and adequate financing.

We, therefore, welcome the WBGs' commitment to invest in strengthening public health capacities throughout the developing world by continuing to frontload IDA/ IBRD and Trust Funds resources, as well as develop new instruments with private sector participation. We also note that the WBG has initiated the articulation of a *Pandemic Emergency Facility (PEF),* with the capacity and design to disburse funds speedily to countries and other entities to carry out critical and timely response functions to the outbreak of pandemics in the future. We urge the WBG to fast track the setting up of the PEF. In this regard, and more specifically, we call on the WBG for the actualization of the *Marshall Plan,* which the affected countries need to complete the recovery from the crisis as well as for their economic development. More generally, the WBG needs to allocate more resources, enhance and fast-track support to help our countries manage natural risks, including drought and flood, as well as to ensure food security. In the same vein, we call on the WBG to strengthen its partnership with the relevant UN agencies to help overcome security challenges that some of our countries are confronted with at the moment.

5. The World Bank Group Change Process

We take note of the progress on the *WBG Change Process*. We also note that the Bank's new model of engagement with client countries through *Country Partnership Framework (CPF)* and *Systematic Country Diagnostics (SCD)* is taking shape. The *Global Practices (GPs)* are in place and the *Monitoring and Evaluation Framework (MEF)* has been finalized. Mindful that it may take some time for these structures to be operational to their full potential, we reiterate our expectation for the *Change Process* to deliver in terms of shortening the project cycle. We also expect the *Process* to strengthen decentralization so as to empower managers and staff in the field to become more efficient and flexible in terms of service delivery. Moreover, we urge the WBG to prioritize the implementation of regional projects that would promote regional integration and help our countries pool resources towards promoting development and shared prosperity.

We understand that the *Expenditure Review (ER)* and the *New Budget Framework (NBF)* are aimed at strengthening WBG's financial capacity and improving resource utilization across the institution. Notwithstanding this, we reiterate that it is imperative to simplify and streamline internal processes and procedures to ensure quicker and efficient flow of human and financial resources.

As we proceed with the discussions on 2015 voice reforms in the WBG, we continue to call for principles and processes that would lead to a balanced outcome which does not dilute the gains of the 2010 reforms, especially with regard to the voice and representation of small, poor and underrepresented member countries.

6. Other Recurring Development Issues

Diversity and Inclusion: We are encouraged by President Kim's positive response to our call in the 2014 *'Memorandum of African Governors to the President of the WBG'* for concrete measures to achieve the set diversity targets for SSA nationals at all levels in the institution. We also welcome the commitment expressed by the President to raise the share of African managers in the WBG and the specific timeline within which the WBG intends to meet the set targets. Similarly, we note the additional measures the WBG is taking to identify and recruit staff from SSA through the *Fellowship Program (FP)* targeted at talented Africans and the efforts to diversify the pool of candidates for the *Young Professional Program* (YPP) and the *Youth Recruitment Programs (YRP).* We look forward to tangible targets and results being delivered going forward.

Support to Africa's Middle Income Countries (MICs) and Small Island Developing States (SIDS): Middle Income countries in SSA continue to face major development challenges, including high levels of poverty, poor social standards, especially in education and health sectors. While we recognize the WBG's interventions in some of the African MICs, we would like to, once again, call on the WBG to come up with a clear strategy tailored for long-term solutions to address the challenges these countries are facing.

Similarly, we welcome the WBG's *Small Island States Resilience Initiative*, and look forward to the effective implementation of this initiative. Relatedly, we note the call on the WBG made at the *Small States Forum 2014*, to leverage climate change funds more effectively for sustainable development.

Debt Relief: We are greatly concerned about the continued delays and indecision by the development community to complete the debt resolution process for heavily indebted countries namely, Eritrea, Somalia, Sudan, and Zimbabwe. It is the right thing to do, and a matter of fairness, not to leave any country behind as we all strive towards the achievement of the WBG's twin goals. We thus call on the Bank to urgently champion the debt relief initiative for these countries using the provision set aside in IDA 17 Replenishment. Indeed, we strongly believe that action should be taken now in favor of full debt cancellation, including for the recently Ebola-affected countries to enable them use freed-up resources for supporting their development efforts.

WBG's Environmental and Social Safeguards Policies: We recognize and agree with the objective of the WBG's safeguard policy, which is to protect people and the environment, and welcome the consultative process in the review of the *Environmental and Social Safeguards Policy*. We, however, cannot overemphasize the need to recognize the heterogeneity among the WBG's member countries, with the view to avoiding unintended negative consequences if the policy is applied in a *'one-size-fits all'* approach. In particular, we expect that our countries' distinct values and cultures as well as national Constitutions be respected. In this regard, we urge the WBG to give due consideration to the views and opinions expressed by our countries on the issue of *'Indigenous Peoples.'*

7. Conclusion

Africa needs *sustainable development financing*, to fund its development strategies which define the aspirations of our people in the 21st century. In this context, we, as African policymakers, reaffirm our commitment to strengthen our efforts on domestic resource mobilization, including reversing illicit financial flows and in leveraging private capital, as a means to complement ODA, and with the aim to diversify the sources of our development finance. We reiterate our resolve to continue to coordinate our efforts and engage with different development partners, and call on the WBG to spearhead efforts in finding innovative instruments to finance our development initiatives.

Annex 5: Development Committee Communiqué – April 2015

DEVELOPMENT COMMITTEE

JOINT MINISTERIAL COMMITTEE
OF THE
BOARDS OF GOVERNORS OF THE BANK AND THE FUND
ON THE
TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES

Washington, DC, April 18, 2015

1. The Development Committee met today, April 18, 2015 in Washington, D.C.

2. The global economy is growing slightly faster than in 2014, although growth rates vary widely among countries. We remain vigilant to the risks from potential financial market volatility, movements in exchange rates and oil and other commodity prices, and sluggish global trade. While some middle-income countries (MICs) are experiencing easing of growth, low-income countries, as a group, continue to record good growth rates. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to support countries' efforts to spur inclusive growth and job creation and build resilience to adverse shocks, in order to reduce poverty, and enhance shared prosperity in a sustainable manner, and protect hard-won gains in these areas.

3. In aggregate, cheaper oil and commodities will result in a significant real income shift from oil exporters to oil importers, with a net positive effect on growth in developing countries. This creates challenges for policy makers in oil exporting countries, but also provides a favorable environment for subsidy and tax reforms for more inclusive and sustainable growth. We urge the WBG and the IMF to help countries hit hard by falling export receipts, tax revenues, or remittances, and to advise on energy pricing and the use of clean energy.

4. In this critical year, the international community will set the development vision and agenda for the next 15 years. We look forward to the Third Conference on Financing for Development in Addis Ababa in July, as one of the key steps in determining the framework for financing the Post-2015 development agenda, including the Sustainable Development Goals (SDGs). We commend the WBG, the IMF and the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, European Investment Bank and Inter-American Development Bank for their close cooperation on this agenda. We also welcome the special participation of the Secretary-General and high level officials of the United Nations, and the Heads of the Multilateral Development Banks at this Development Committee meeting. We encourage the WBG to ensure the technical robustness of the goals and targets and to strengthen countries' data capacity, to enable development and to monitor progress towards the WBG's goals and the SDGs.

5. The WBG's goals of ending extreme poverty and boosting shared prosperity, set in the broader context of social, economic and environmental sustainability, are fully in line with the SDGs. Achieving the SDGs requires a transformational vision that builds on lessons from the MDGs and combines all potential sources of financing, including more effective and catalytic use of ODA, particularly for the poorest; strengthening domestic resource mobilization, sound public financial management, and addressing the challenge of illicit finance; promoting private finance and investment; and coordinating action on global issues. We expect the WBG and the IMF to continue to work in partnership with governments, the UN, multilateral institutions, bilateral agencies, civil society and the private sector, as well as with the new development institutions, within their respective mandates.

6. We welcome efforts to deepen local financial markets and improve the policy and regulatory environments to address risk, and catalyze investment from traditional and non-traditional, institutional and other public and private investment sources and the development of innovative solutions to global challenges. IFC and MIGA have a distinct and critical role in engaging the private sector to implement this ambitious agenda.

7. We urge the WBG to enhance its support for sustainable infrastructure development and financing, an enabling environment to mobilize private long-term finance for commercially-viable projects, and strengthening public and private partnerships, including through the recently approved Global Infrastructure Facility (GIF).

8. IDA and IFC's rapid response, in coordination with other partners, was critical to contain and mitigate the Ebola outbreak and we encourage the WBG to continue to support the affected countries in the recovery. Looking ahead, we encourage the WBG to explore, in coordination with other international actors, the potential of a Pandemic Financing Facility to mobilize and leverage public and private resources, including insurance mechanisms, to help countries receive rapid funding in the face of an outbreak based on strong preparedness plans. We commend the IMF for its support to Ebola-affected countries and for creating the Catastrophe Containment and Relief Trust. We welcome the approach of the Global Financing Facility in Support of Every Woman Every Child to be launched in Addis Ababa. We also note the importance of addressing hunger and malnutrition.

9. Enhancing and accelerating gender equality is central to a comprehensive vision of sustainable development. We look forward to the renewed gender strategy later this year and its implementation in the context of the one WBG approach.

10. Achieving the SDGs will also require countries to deal with the challenges and consequences of climate change and natural disasters. We commend the WBG commitment to mainstream low-carbon development and Disaster Risk Management while maintaining focus on its poverty eradication mandate. We encourage the WBG to further enhance its efforts and financing to contribute to the success of the 21st Conference of the Parties of the UNFCCC in Paris. We take note of the WBG and IMF work on appropriate market-based solutions and energy policy reforms.

11. We encourage the WBG to continue to implement its new strategy and complete the associated reforms, including the Expenditure Review, in order to effectively deliver knowledge and financing to its clients. We also welcome the ongoing consultations on the proposed World Bank Environmental and Social Framework and the new Procurement Framework. We emphasize the importance of effectively implementing the new frameworks with sufficient resources, building country capacity, and protecting communities and the environment.

12. We ask the WBG to continue to monitor carefully the quality of its portfolio, to strengthen collaboration across the Group focusing on development results, to promote South-South cooperation and to provide effective support to fragile situations, small states, and regional cooperation. We emphasize the importance of the WBG and IMF in providing significant support, where feasible, for countries in turmoil in the Middle East and North Africa and in other regions. We also urge the WBG to enhance its engagement with MICs to help them end extreme poverty and boost shared prosperity in a sustainable manner. We look forward to the exploration of different options to generate additional IDA financing capacity, while focusing on the poorest countries.

13. We take note of the progress made by the Board so far on the 2015 Shareholding Review. We attach great importance to these regular reviews [1], in line with agreed principles. We look forward to further work by the Board on the 2015 Review and commit to its completion by the time of the Annual Meetings in October.

14. The next meeting of the Development Committee is scheduled for October 10, 2015 in Lima, Peru.

End Notes:

[1] In 2010 Governors agreed to conduct periodic IBRD and IFC Shareholding Reviews, every five years, beginning in 2015, noting that: "In each review, the Board of Governors would review the weight of all members in the world economy; review contributions to the WBG development mission; and assess progress towards equitable voting power between developed and developing members. While reviews would take place regularly, shareholding realignment would not necessarily be required with each review, but only when shareholders, through the Board of Governors, decided that the results warranted adjustment."(DC2010-0006, April 19, 2010)

Annex 6: African Governors' Caucus 2015 - Luanda Declaration

AFRICAN GOVERNORS' CAUCUS
LUANDA DECLARATION

Having met in Luanda, the Republic of Angola, at our 2015 Caucus, hosted and chaired by Honorable Armando Manuel, Minister of Finance of the Republic of Angola and Chairman of the African Caucus of the International Monetary Fund (IMF) and the World Bank Group (WBG):

- We, the African Governors of the IMF and the WBG discussed ways and means the Bretton Woods Institutions (BWIs) can support our efforts to: (i) address the challenge of financing for sustainable development; (ii) combat tax evasion and eliminate illicit financial flows; (iii) invest in economic transformation and diversification; (iv) finance regional transformative infrastructure projects; and (v) enhance African voice and representation in the BWIs.

IN THIS CONTEXT

Mindful *that the world's increasingly volatile financial outlook means that finding the money to pay for the Sustainable Development Goals (SDGs) will be difficult, and conscious that without the right financing and policies, we cannot achieve the set ambitions:*

- We submitted for support by the BWIs transformative solutions and actions - including strengthening public policies, harmonizing regulatory frameworks, developing public/private partnerships (PPPs), improving business climate, and restructuring sovereign debt - to unlock the potential of people and the private sector and incentivize changes in financing, consumption and production patterns in support of sustainable development.

Acknowledging *that illicit financial flows coupled with aggressive tax avoidance, repatriation of profits and debt repayments are tragically depriving our countries of hundreds of billions of dollars every year; and convinced that domestic resources that our countries can raise themselves will be our largest single resource for funding our countries' development:*

- We proposed some focus areas where BWIs' assistance could help our countries to raise new development finance through domestic resource mobilization by increasing, inter alia, tax collection, private finance, international public finance; and, in particular, reducing illicit financial flows by 2030, with a view to eventually eliminate them, including through trade, monetary and financial systems, strengthened global economic governance, and improved international tax cooperation.

Underscoring *that natural resource wealth presents vast opportunities for development; conscious that our countries that depend on it for export earnings and fiscal revenues face peculiar challenges and remain highly vulnerable to various external shocks; and concerned that more than two decades since the start of diversification programs, the lack of well-designed diversification strategies and inadequate monitoring mechanisms have not helped facilitate economic and export diversifications for Africa's transformation:*

- We suggested few actions that the BWIs could undertake in support of our countries to achieve economic and export diversification by spurring innovation and technologies in higher-value sectors - including agriculture, infrastructure, energy, manufacturing, data improvement, and capacity building - to unleash the spirit of entrepreneurship and drive Africa's transformation.

Reaffirming *that infrastructure development remains a key driver and a critical enabler for sustainable growth in Africa; expressing concern on the inadequacy of current international funding and delivery architecture in responding to Africa's infrastructure needs; noting that the current favorable economic landscape in the continent provides us with a unique opportunity to collectively address regional transformative infrastructure financing with a sense of urgency:*

- We proposed for Bank's support six regional transformative projects in energy and agriculture sectors; as well as a few innovative solutions to reduce Africa's growing infrastructure financing gap. We also called for BWIs' financial contributions into the African Development Bank's (AfDB) Africa50 initiative to unblock the challenges associated with infrastructure project preparation, bankability, and financial structuring as key prerequisites for attracting private capital investments.

Reemphasizing *the critical importance and urgency of increasing Africa's voice and representation within the BWIs:*

- We reiterated our position that the size of the IMF Executive Board be aligned with the institution's growing mandate and renewed our longstanding commitment to a third chair for Sub-Saharan Africa. We recalled the commitment of the Fund membership to complete the comprehensive review of the quota formula by January 2013, and our position for enhanced Africa's representation through quota shares that reflect our economic dynamism and underlying vulnerabilities. We agreed to maintain a concerted dialogue with the leadership at the IMF and the Bank to enhance the representation of African nationals and effectively promote their career development within the agreed institutional goals of diversity and mobility at all levels of staff.

FINALLY

Cognizant *that IDA is and should continue to be the most important source of funding in achieving ambitious SDGs targets*:

- We renewed our support to the WBG's new financing initiatives to facilitate the transition from concessional to non-concessional funding, as well as the ongoing discussion of options to increase the resources available for development finance through IDA. We stand ready to be consulted on options that would be identified.

ACKNOWLEDGEMENT

We, African Governors, thank His Excellency President José Eduardo dos Santos, the Government and the People of the Republic of Angola, for the hospitality and support they accorded us throughout our stay in the country.

Luanda, August 28, 2015
African Caucus

Annex 7: Rotation Schedules for the 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	SWAZILAND
2044	SWAZILAND	TANZANIA
2046	TANZANIA	UGANDA
2048	UGANDA	ZAMBIA
2050	ZAMBIA	ZIMBABWE
2052	ZIMBABWE	BOTSWANA

NOTES:
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
**Since Eritrea elected to pass their turn as Vice Chair of the Constituency in 2012-2014, Ethiopia was advanced in its place.*

Annex 8: Rotation Schedule for the Constituency Panel

FIRST ROUND 2010 – 2052					
YEAR	**CHAIRPERSON**	**VICE CHAIRPERSON**	**OTHER PANEL MEMBERS**		
2010	BOTSWANA	BURUNDI	SEYCHELLES	KENYA	SIERRA LEONE
2012	BURUNDI	ERITREA	RWANDA	SWAZILAND	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	SWAZILAND	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	SWAZILAND	ZAMBIA	BOTSWANA
2040	SOUTH SUDAN	SUDAN	LIBERIA	MALAWI	BURUNDI
2042	SUDAN	SWAZILAND	SOMALIA	SIERRA LEONE	LESOTHO
2044	SWAZILAND	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

NOTES:

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. Other panel members reflects regional balance (East, South and West)

4. Schedule revised to include South Sudan following the country's membership to the Constituency in October 2012

**Since Eritrea elected to pass their turn as Vice Chair of the Constituency in 2012-2014, Ethiopia was advanced in its place.*

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Annex 9: Rotation Schedule for Constituency Representation on the Development Committee

FIRST ROUND 2010 -2052						
YEAR	DC REPRESENTATIVE	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	SWAZILAND	LESOTHO	RWANDA	BURUNDI	LIBERIA
2018	SWAZILAND	SOUTH SUDAN	SIERRA LEONE	SOMALIA	LESOTHO	UGANDA
2020	SOUTH SUDAN	SUDAN	NAMIBIA	ZIMBABWE	GAMBIA,THE	BURUNDI
2022	SUDAN	SOMALIA	KENYA	ZAMBIA	SWAZILAND	SIERRA LEONE
2024	SOMALIA	SIERRA LEONE	ZIMBABWE	LESOTHO	NAMIBIA	GAMBIA,THE
2026	SIERRA LEONE	SEYCHELLES	SWAZILAND	ETHIOPIA	BOTSWANA	TANZANIA
2028	SEYCHELLES	RWANDA	SUDAN	TANZANIA	ZIMBABWE	SWAZILAND
2030	RWANDA	NAMIBIA	KENYA	SUDAN	ZAMBIA	SIERRA LEONE
2032	NAMIBIA	MALAWI	BURUNDI	KENYA	SIERRALEONE	SOUTH SUDAN
2034	MALAWI	MOZAMBIQUE	TANZANIA	GAMBIA	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	SWAZILAND	NAMIBIA
2050	ERITREA	BOTSWANA	KENYA	SIERRALEONE	SEYCHELLES	RWANDA
2052	BOTSWANA	GAMBIA, THE	SIERRA LEONE	KENYA	ETHIOPIA	MOZAMBIQUE

NOTES:

1. *Avoids duplication with the other Panel membership*
2. *DC Representative and Alternate Members accorded opportunity in descending alphabetical order (Z to A)*
3. *Associate Members are selected on basis of providing regional balance*
4. *Schedule revised to include South Sudan following the Country's membership to the Constituency in October 2012*

Annex 10: 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	SWAZILAND
2028	SWAZILAND	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	

NOTES:

1. *Sudan and Zambia accorded special dispensation to serve their turn under rotation system of the erstwhile Africa Group I Constituency*
2. *Seychelles which has never served the Constituency as Executive Director is accorded special dispensation on the rotation system*
3. *The rest of the countries follow an Alphabetical rotation alternating between Z and A until the first round is completed, taking into account South Sudan's membership of the Constituency in October 2012*
4. *This schedule proposed with a view to avoid duplication with IMF Rotation for EDs and AEDs*

Executive Director and Alternate Executive Director

Mr. Louis Rene Peter Larose
Executive Director
SEYCHELLES

Mr. Andrew Ndaamunhu Bvumbe
Alternate Executive Director
ZIMBABWE

Senior Advisors to Executive Director

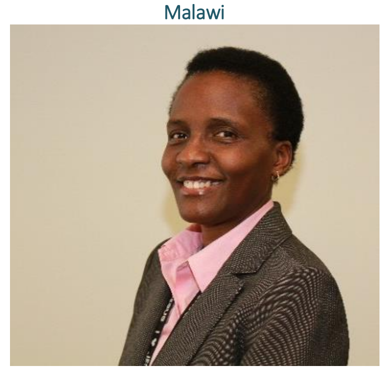

Felleke Mammo
Senior Advisor
Ethiopia


Anthony Barclay
Senior Advisor
Liberia


Wilson T. Banda
Senior Advisor
Malawi


Chris Hoveka
Senior Advisor
Namibia


Sheku Bangura
Senior Advisor
Sierra Leone


Solome Lumala
Senior Advisor
Uganda

Advisors to Executive Director


Dismas Baransaka
Advisor
Burundi


Antonio Fernando
Advisor
Mozambique


Edouard Ngirente
Advisor
Rwanda

Chola Milambo
Advisor
Zambia

Allan Ncube
Advisor
Zimbabwe

Administrative Staff

Wubalech Mekonnen
Senior Executive Assistant
Ethiopia

Mohammed Ahmed
Program Assistant
Sudan

Lozi Sapele
Program Assistant
Zambia

There is no storm that is stronger than all of us, when we stand together.

Quotation by: Linda Poindexter

AFRICA GROUP I CONSTITUENCY

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Office of the Executive Director, EDS14

Botswana | Burundi | Eritrea | Ethiopia | Gambia, The | Kenya

Lesotho | Liberia | Malawi | Mozambique | Namibia | Rwanda

Seychelles | Sierra Leone | Somalia | South Sudan | Sudan | Swaziland

Tanzania | Uganda | Zambia | Zimbabwe

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