## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acronyms</td>
<td>vi</td>
</tr>
<tr>
<td>Office of the Executive Director</td>
<td>vii</td>
</tr>
<tr>
<td>Foreword by the Executive Director</td>
<td>viii</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>x</td>
</tr>
<tr>
<td>CHAPTER 1</td>
<td>14</td>
</tr>
<tr>
<td>World Bank Group Operations</td>
<td>14</td>
</tr>
<tr>
<td>1.1 Overview</td>
<td>14</td>
</tr>
<tr>
<td>1.2 IBRD Operations</td>
<td>14</td>
</tr>
<tr>
<td>1.3 IDA Operations</td>
<td>15</td>
</tr>
<tr>
<td>1.4 IFC Operations</td>
<td>15</td>
</tr>
<tr>
<td>1.5 MIGA Operations</td>
<td>15</td>
</tr>
<tr>
<td>CHAPTER 2</td>
<td>17</td>
</tr>
<tr>
<td>Update on Selected World Bank Group Strategies</td>
<td>18</td>
</tr>
<tr>
<td>2.1 World Bank Group Strategy</td>
<td>18</td>
</tr>
<tr>
<td>2.3 Procurement in the World Bank Operations</td>
<td>21</td>
</tr>
<tr>
<td>2.4 IFC Roadmap FY14 – 16</td>
<td>22</td>
</tr>
<tr>
<td>2.5 IFC Education Strategy</td>
<td>23</td>
</tr>
<tr>
<td>2.6 Middle Income Countries Agenda</td>
<td>24</td>
</tr>
<tr>
<td>2.7 MDG and Post-2015 MDG Development Agenda</td>
<td>25</td>
</tr>
<tr>
<td>2.8 Towards a Sustainable Energy Future for All: Directions for the World Bank Group’s Energy Sector</td>
<td>27</td>
</tr>
<tr>
<td>2.9 MIGA – New Risk Coverage- Non-Honoring of Sovereign Financial Obligations by State Owned Enterprises</td>
<td>28</td>
</tr>
<tr>
<td>CHAPTER 3</td>
<td>30</td>
</tr>
<tr>
<td>Update on Selected World Bank Group Programs and Policies</td>
<td>30</td>
</tr>
</tbody>
</table>
7.1 Voice Secondment Program (VSP): An Update................................. 56
7.2 Diversity and Inclusion: Update...................................................... 56
7.3 Changes in Senior Management Post at the World Bank Group ....... 57
Annexes

Annex 1:  Approved Operations for Constituency Countries
Annex 2:  Up-comings Meetings
Annex 3:  Development Committee Communiqué, Annual Meetings – October 2012
Annex 4:  Development Committee Member Statement, Annual Meetings – October 2012
Annex 5:  Development Committee Communiqué, Spring Meetings – April 2013
Annex 6:  Development Committee Member Statement, Spring Meetings – April 2013

Tables

Table 1:  Countries with Highest IBRD Commitments – FY13 YTD
Table 2:  Countries with Highest IBRD Disbursements – FY13 YTD
Table 3:  Countries with Highest IDA Commitments – FY13 YTD
Table 4:  Countries with Highest IDA Disbursements – FY13 YTD
Table 5:  Nigeria – Approved operations FY13
Table 6:  South Africa – Approved operations FY13

Charts

Chart 1:  Annual commitments by region for FY13
Chart 2:  Angola – Portfolio Breakdown by Sector
Chart 3:  Nigeria – Portfolio Breakdown by Sector
Chart 4:  South Africa – Disbursement Profile for Eskom Project
## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AAP</td>
<td>Agricultural Action Plan</td>
</tr>
<tr>
<td>APL</td>
<td>Adaptable Program Loan</td>
</tr>
<tr>
<td>ATA</td>
<td>Agricultural Transformation Plan</td>
</tr>
<tr>
<td>BRICS</td>
<td>Brazil, Russia, India, China, South Africa</td>
</tr>
<tr>
<td>CAADP</td>
<td>Comprehensive Africa Agriculture Development Program</td>
</tr>
<tr>
<td>CAFEF</td>
<td>Conflict-Affected and Fragile Economies Facilities</td>
</tr>
<tr>
<td>CAS</td>
<td>Country Assistance Strategy</td>
</tr>
<tr>
<td>Cat DDO</td>
<td>Catastrophic Risk Deferred Drawdown Option</td>
</tr>
<tr>
<td>CGIAR</td>
<td>Consultative Group on International Agricultural Research</td>
</tr>
<tr>
<td>CODE</td>
<td>Committee on Development Effectiveness</td>
</tr>
<tr>
<td>COGAM</td>
<td>Committee on Governance and Administrative Matters</td>
</tr>
<tr>
<td>CPS</td>
<td>Country Partnership Strategy</td>
</tr>
<tr>
<td>CRW</td>
<td>Crisis Response Window</td>
</tr>
<tr>
<td>D&amp;I</td>
<td>Diversity and Inclusion</td>
</tr>
<tr>
<td>DPO</td>
<td>Development Policy Operation</td>
</tr>
<tr>
<td>EDs</td>
<td>Executive Directors</td>
</tr>
<tr>
<td>ESIP</td>
<td>Eskom Sector Investment project</td>
</tr>
<tr>
<td>FCC</td>
<td>Fragile and Conflict Countries</td>
</tr>
<tr>
<td>FCS</td>
<td>Fragile and Conflict Situations</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>GFRP</td>
<td>Global Food Price Crisis Response program</td>
</tr>
<tr>
<td>GMR</td>
<td>Global monitoring Report</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>ICR</td>
<td>Implementation Completion Results Reports</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>ISN</td>
<td>Interim Strategy Note</td>
</tr>
<tr>
<td>MDRI</td>
<td>Multilateral Debt Relief Initiative</td>
</tr>
<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MIGA</td>
<td>Multilateral Investment Guarantee Agency</td>
</tr>
<tr>
<td>NCPIC</td>
<td>National Currency Paid –in Capital</td>
</tr>
<tr>
<td>ODA</td>
<td>Overseas development Assistance</td>
</tr>
<tr>
<td>P4R</td>
<td>Program for Results</td>
</tr>
<tr>
<td>RTA</td>
<td>Reimbursable Technical Assistance</td>
</tr>
<tr>
<td>SDG</td>
<td>Sustainable Development Goal</td>
</tr>
<tr>
<td>SDR</td>
<td>Special Drawing Rights</td>
</tr>
<tr>
<td>UNTT</td>
<td>United Nations Task Team on Post 2015 Development Agenda</td>
</tr>
<tr>
<td>VSP</td>
<td>Voice Secondment Program</td>
</tr>
<tr>
<td>WBG</td>
<td>World Bank Group</td>
</tr>
</tbody>
</table>
Office of the Executive Director

Angola, Nigeria, South Africa Constituency
I am pleased to present to Constituency Governors, the FY13 Annual Report for the Angola, Nigeria, and South Africa Constituency at the World Bank.

The Annual Report provides an overview of World Bank operations and activities during FY13 ending June 30, 2013. It also gives an update on some selected on-going World Bank Group Strategies, policies and programs. Key among these is the proposed New World Bank Group Strategy that is proposed for the Governors approval at the 2013 Annual Meetings Development Committee and the approval of the Towards a Sustainable Energy for All: Directions for the WBG Energy Sector.

During FY13, overall performance of the World Bank Group was satisfactory, as measured by its Corporate Scorecard. Commitments for IBRD and IDA reached US$31 billion as at June 30, with disbursements standing at US$27 billion; both above pre-crisis level. However, IBRD commitments slipped by approximately US$6 billion from FY12, though demand for IBRD products is increasing, according to Management. Attention will be given on how to translate this demand into IBRD lending products given the constraints experienced, which Management is working on.

The report also reflects on the key messages of the 2013 Global Monitoring Report, which focused on Rural-Urban Dynamics and the Millennium Development Goals, as well as the 2013 World Development Report, which deals with the issue of risk and the importance of managing it as a developmental imperative.

During the period under review, the World Bank Group extended support to our member countries through the various financing and advisory instruments of its different arms. These are captured in the report. For our constituency, the highlight this year has been President’s Kim visit to South Africa and the signing of the MOU between the Bank and South Africa on the creation of the Knowledge Hub.

The report highlights some selected administrative matters for information of Governors. These include the participation of the Constituency in a number of statutory meetings of the Constituency and those of the Bretton Wood Institutions during the course of FY13; and also changes in management positions at the World Bank, in support of the implementation of the new change management process that is necessary for the implementation of the new WBG Strategy.

I hope that Governors will find the report a useful input towards their deliberations at the 2013 Annual Meetings and beyond.
Lastly, I would like to thank Dr Renosi Mokate, my predecessor, and Ms Larai Shuaibu, Senior Advisor, for the stellar job they performed in the Constituency office during their tenure. I would also like to welcome our new Alternate Executive Director, Ms Ana Dias Lourenço, from Angola to our team.

I wish Governors fruitful deliberations at the 2013 Annual Meetings.

Sincerely,

Mansur Muhtar

Executive Director for Angola, Nigeria and South Africa

October 2013
Executive Summary

The volume of World Bank Group lending Operations in FY13 was in line with expectations. IBRD lending, though slightly lower than FY12, was however still above the pre-crisis level. Despite the decrease in commitments in the financial year, demand remained strong. As at the end of June 2013, IBRD total loan commitments stood at US$150.5 billion. For FY13, IBRD commitments stood at US$15.2 billion, signifying a decrease in loan commitments of US$5.4 billion when compared with FY12. During the same period, IDA commitments, including credits, grants and guarantees, stood at US$16.3 billion compared to US$14.75 billion, signifying an increase of US$1.55 billion over FY12 numbers. IFC’s total commitments increased by 22% from US$15.46 billion to US$18.35 billion in FY13, while MIGA issued contracts of guarantee for US$2.78 billion compared to US$2.66 billion in FY12.

A number of Strategies were developed, updated or reviewed in FY13 to guide the WBG’s work. Among the many and significant is The World Bank Group Strategy that will be approved by the Governors at the 2013 WB Annual Meetings. The WBG Agriculture Action Plan builds on recent scaled-up support for agriculture and related sectors that focused on helping developing countries make progress towards the MDGs of halving poverty and hunger. The reforms in Procurement under World Bank funded Operations aimed at supporting clients to achieve value for money in delivering results, through The World Bank Group continuing to be a global advocate for good procurement, while supporting clients to strengthen their procurement systems. The Directions for the World Bank Group’s Energy Strategy was designed to help client countries secure affordable, reliable, and sustainable energy supply needed to end extreme poverty and promote shared prosperity, which also mirrors the objectives of the Sustainable Energy For All Initiative.

The IFC Road Map 14-16 continues to use its five long-term strategic focus areas as the framework for prioritizing activities, as well as maintaining gender as an important cross-cutting theme. The WBG’s “Learning for All: 2020 Education Strategy” seeks to achieve a broader objective of learning by promoting country level reforms of education systems and building global knowledge base powerful enough to guide reforms in the developing world. In this context, the IFC Education Strategy aims at making a stronger contribution to this vision through increasing reach and access to quality education at affordable cost, and developing skills and employability of individuals.

With regard to lending instruments, the World Bank has released a report that reviews the World Bank’s use of its Development Policy Lending instrument over the past three years, with the objective of assessing the extent to which DPOs have contributed to country results; the management of risks associated with DPOs and how opportunities were balanced against risks; and the effectiveness of the reforms that have been introduced to the governing operational policy as well as to practices. The WB’s management has also proposed to modernize and consolidate a set of policy and procedural guidelines covering the Investment Lending (IL) instrument with the goal of increasing its usefulness in supporting sustainable development
results, and being accountable and open. MIGA has introduced a new risk-coverage called **Non-honoring of sovereign financial obligations (NHFSO)**. This broadened the scope by authorizing the Agency to extend non-honoring of financial obligations cover on commercial lending to credit-worthy state-owned enterprises (SOEs). This extension was made available in response to demand from commercial and investment banks seeking to fund projects carried out by financially sound SOEs without a government guarantee.

Regarding financial sustainability, the Board of Executive Directors approved proposals by the IFC Management to borrow from IBRD and the IBRD Management to lend to the IFC an amount not exceeding US$197 million. Management has also proposed that the **IBRD loan pricing** should be maintained, as it is in line with the capital adequacy formula approved by the Governors at the 2010 Spring Meetings. Based on the current projections of IDA’s charge income and administrative expenses, the IDA Board approved that **commitment charge** on both IDA credits and grants be kept at zero in FY13.

At the **IDA 16 mid-term review**, the performance of IDA16 was adjudged to be strong with commitments amounting to SDR12.8 billion (US$20 billion) as of October 15, 2012. The IDA-17 Replenishment is being held against the backdrop of evolving patterns of global economic growth that is creating new space for trade and investment, as well as new partnerships among developing countries. Against this backdrop, “Maximizing Development Impact” was chosen as the overarching theme for IDA-17. Also, based on the criteria set forth for the readiness for graduation of IDA clients’ countries, five countries are expected to graduate from IDA at the end of IDA-16 period, i.e. June, 2014. These are: Angola, Armenia, Bosnia-Herzegovina, Georgia and India.

In terms of the Bank’s accountability to its members, there have been engagements with the Development Committee and the Board of Executive Directors on the **Corporate Scorecard**, with major emphasis on how it continues to provide information on the Bank’s overall performance and the Bank’s contribution to results achieved by its clients against the backdrop of global development progress.

The theme for the **2013 Global Monitoring Report (GMR)** is Rural-Urban Dynamics and the Millennium Development Goals. The report focuses on rural-urban disparities and how urbanization can accelerate development while helping towards achieving the MDGs. The report notes that in an increasingly globalized world, more than half the world’s population now live in urban areas and the projected global population increase in the decades ahead will largely be driven by the rural-urban migration trends.

The **2014 World Development Report (WDR): Managing Risks for Development** notes that the path of economic development is paved with risks and opportunities, concentrated on the role that risk management plays in development and poverty reduction. It argues that responsible and efficient risk management is crucial not only for reducing the negative impacts of shocks and hazards but also to enable individuals, households, and entrepreneurs pursue new opportunities for growth and prosperity.
In terms of the **Constituency projects and programs**, as of June 30, 2013, the Angolan portfolio comprises of five active investment projects, representing a total net commitment of US$461.5 million. The World Bank Group commitment in Nigeria comprises of US$5.06 billion in IDA credits, US$1.23 billion of IFC and US$98 million of MIGA. For South Africa, the US$3.75 billion loan to Eskom Sector Investment Project (ESIP) remains the major IBRD operation, of which a total of US$1.143 billion has been disbursed to date.

The meeting of the **African Caucus** was held in Kinshasa, the Democratic Republic of Congo on August 1-2, 2012, where Ministers exchanged views on a number of topical issues, including inclusive growth and job creation; impact of the Eurozone debt crisis and BWIs’ support to Africa; energy infrastructure financing; and voice and representation at the IMF and the World Bank. A draft memorandum to be presented to the Heads of the two Bretton Woods Institutions (BWIs) was also discussed.

FY 2013 has witnessed major **changes in Senior Management positions across the World Bank Group**. Dr. Jim Yong Kim assumed duty on 1 July 2013, as the new President for the World Bank Group from his predecessor, Mr. Robert B. Zoellick, who decided not seek reappointment at the end of his term, which expired on June 30, 2012.

The FY14 **Voice Secondment Program** has three candidates from our constituency, South Africa, Nigerian and Angolan nationals.
1.1 Overview

The World Bank Group’s loan commitments, despite a decrease experienced by IBRD, have remained robust during the FY13 period. IDA, IFC and MIGA continue to show positive growth, especially in Africa.

1.2 IBRD Operations

As at end of June 2013, IBRD commitments stood at US$15.2 billion down from US$20.6 billion the previous year. This signifies a 26.2% decrease, year-on-year, on top of a 22.8% decrease in commitments compared to that of FY11 and FY12. Despite this drop, demand for World Bank loans however remain strong and above the pre-FY09 levels. Cumulative disbursements also saw a decrease of 19.2% from US$19.8 billion in FY12 to US$16 billion at the end of FY13. Going forward, it is anticipated that the Single Borrower Limit will remain unchanged during FY14 at US$16.5 billion (US$17.5 billion for India). See Figure 1 for the eight countries with the highest exposures to the Bank; they account for 61% of IBRD’s total exposure.

Figure 1- Country exposures as at June 30, 2013 (in billions of US dollars)
1.3 IDA Operations

IDA commitments, at end of June 2013, stood at US$16.3 billion. This indicates a 9.2% increase in commitments compared to US$14.8 billion in FY12. The share of investment lending for FY13 has increased to 84% from 80% in FY09. Total disbursements for IDA in FY13 continued their upward trajectory, marginally increasing from US$11.1 billion in FY12 to US$11.2 billion in FY13, while FY12 showed a 7.8% increase over FY11 disbursements. Gross disbursements of development credits in FY13 reached US$9.2 billion, an increase of US$511 million (6%) from FY12. In terms of regional focus, AFR accounted for US$449 million of the increase. AFR and SAR accounted for 75% of the total FY 2013 gross disbursements (see Figure 2). However, five countries (India, Bangladesh, Pakistan, Vietnam and China) represent 51% of the total development credits outstanding, as at 30 June 2013.

1.4 IFC Operations

IFC, as at end of June 2013, posted a record US$24.9 billion in commitments, comprising US$18.4 billion for its own account, mobilizing an additional US$6.5 billion. Total commitments increased by 22% from US$20.4 billion in FY12. IFC booked 388 long-term projects, 47% of the program in IDA countries. IFC’s Advisory Services portfolio continued its positive growth path as at end of FY13 totaling US$1.04 billion compared to US$893.9 million in FY12.

1.5 MIGA Operations

During FY13, forty seven contracts of guarantee were issued and two additions made to existing guarantees, all of which resulted in a record issuance of US$2.78 billion compared to US$2.66 billion during the same period in FY12. More than 54% of the new issuance in FY13 supported private sector development in Sub-Saharan Africa (see Table 1). Of the new issuances, of US$2.29 billion, during FY13 82% of the total issuances were in priority areas compared to US$1.85 billion (70% of total issuances) in FY12 (see Table 2). The FY13 Portfolio run-off
from cancellations, expiries, reductions, and translation adjustments for FY13 was US$936 million compared to US$1.43 billion for FY12.

Table 1- New issuances by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Volume (US$m)</th>
<th>% of total issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia &amp; the Pacific</td>
<td>492</td>
<td>17.7</td>
</tr>
<tr>
<td>Europe &amp; Central Asia</td>
<td>537</td>
<td>19.3</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>67</td>
<td>2.4</td>
</tr>
<tr>
<td>Middle East &amp; North Africa</td>
<td>173</td>
<td>6.2</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>1,512</td>
<td>54.4</td>
</tr>
<tr>
<td>Total</td>
<td>2,781</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Table 2- Projects in Priority Areas- FY13

<table>
<thead>
<tr>
<th>Priority area</th>
<th>No. of projects</th>
<th>Volume (US$m)</th>
<th>% of total issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>South-South</td>
<td>7</td>
<td>357.0</td>
<td>13</td>
</tr>
<tr>
<td>Complex</td>
<td>11</td>
<td>1,924.3</td>
<td>69</td>
</tr>
<tr>
<td>Conflict Affected</td>
<td>7</td>
<td>1,150.3</td>
<td>41</td>
</tr>
<tr>
<td>IDA Countries</td>
<td>21</td>
<td>2,047.3</td>
<td>74</td>
</tr>
</tbody>
</table>

Source: IBRD/IDA, IFC, MIGA Reports
CHAPTER 2

Update on Selected World Bank Group Strategies

2.1 World Bank Group Strategy

Following the endorsement of the two corporate goals at the Development Committee Meeting, during the 2013 Spring Meetings, by the World Bank Group Governors, the Bank’s management has been working on developing a new World Bank Group Strategy that seeks to position the Bank to be able to achieve the goals.

The two corporate goals, as endorsed by Governors, are ending extreme poverty and promoting shared prosperity in a sustainable manner. The success measures include reducing the percentage of people living on less than US$1.25 a day to 3 percent by 2030 and fostering income growth of the bottom 40 percent of the population in every country. These efforts will be underpinned by securing the long-term future of the planet and its resources; ensuring social inclusion; and limiting the economic burdens on future generation. The two goals emphasize the importance of economic growth, inclusion and sustainability—including strong concerns for equity.

The proposed strategy suggests, as a first step, to be able to achieve the goals, the Bank will need to reposition itself. The repositioning includes the WBG operating as One Group. The Bank intends to work in partnership with the public and private sectors to end extreme poverty and boost shared prosperity sustainably through a value proposition of:

1. Contributing to the global development agenda through dialogue and action on ongoing and emerging development challenges, bringing the perspectives of all its member countries.
2. Supporting clients in delivering customized development solutions backed by finance, knowledge, and convening services.
3. Helping advance knowledge about what works, combining the world’s leading development research and practitioner experience, with a commitment to transparency, open data, global outreach, and knowledge dissemination.

To meet the development challenges, as a global multilateral institution, the WBG will customize its support to member countries’ needs to end poverty and promote shared prosperity sustainably. The WBG will use evidence to align all its activities with the two goals, maximize development impact, and draw on its comparative advantages. The WBG will also strengthen the strategic alignment of its regional and global engagements with the two goals.

Helping accelerate progress towards the two goals demands a new form of problem-solving engagement by the WBG. The WBG will identify and support engagements with the potential for transformational impact.
To operationalize the goals, the WBG will strengthen the focus of its country programs by developing a more evidence-based and selective country engagement model in the context of country ownership and national priorities, and in coordination with other development partners.

Working as One World Bank Group is central to the WBG Strategy. Collaboration across the WBG will be increased systematically, and planning and budgeting processes will be better coordinated at the corporate level.

Outcome of the Strategy

The Strategy envisages a repositioned WBG that has catalyzed the development community to seize the opportunity to win the old-age struggle against poverty and exclusion.

The repositioned WBG will:

1. Align all WBG activities and resources to the two goals, maximize development impact, and emphasize WBG comparative advantage.
2. Operationalize the goals through the new country engagement model to help country clients identify and tackle the toughest development challenges.
3. Be recognized as a Solutions WBG, offering world-class knowledge services and customized development solutions grounded in evidence and focused on results.
4. Seek transformational engagement and take smart risks.
5. Promote scaled-up partnerships that are strategically aligned with the goals, and crowd in public and private resources, expertise and ideas.
6. Work as One WBG committed to achieving goals.

The Strategy will be carried out through implementation plans that support an effective and efficient WBG.

2.2 WBG Agriculture Action Plan and CGIAR

With estimates that world’s population will reach nine billion people by 2050, the future needs an agricultural system that produces about 50 percent more food than the current production. Moreover, there is a need to provide adequate nutrition and raise the levels of employment and income for the poor, as 75 percent of them living in rural areas and heavily dependent on agriculture. The agricultural system should, in addition, provide environmental services such as absorbing carbon, managing watersheds and preserving biodiversity, as well as using finite land and water resources more efficiently. This is achievable through more and better investment in the sector, with more gender equality in access to resources and opportunities, focusing on addressing cross-sectoral linkages between agricultural actions and outcomes for economic growth, livelihoods, the environment, nutrition, and public health. However, the increased frequency and intensity of weather events, such as drought, is making it harder to produce enough food for the world’s growing population, which combined with projected rising demand and the inherent slow responsiveness of the food system, is leading to high food price volatility.
Against this backdrop, the WBG Agriculture Action Plan (AAP) FY13-FY15 builds on recent scaled-up support for agriculture and related sectors that focused on helping developing countries make progress towards the MDGs of halving poverty and hunger. In response to client demand, the WBG support to agriculture and related sectors increased, on aggregate by 70 percent, from an annual average of US$4.1 billion in FY06-08 to US$7 billion in FY10-FY12, consistent with earlier projections. Reflecting the growing role of the private sector, IFC investments in the sector more than doubled. In Sub-Saharan Africa, IFC expanded its presence, tripling investments in agriculture from US$190 million in FY11 to US$586 million in FY12. During FY10-FY12, IDA resources supporting agriculture and related sectors in the poorest countries increased from 17 to 19 percent, while the Global Food Price Crisis Response Program (GFCRP) reached 66 million poor people in 49 countries since its inception in 2008.

Going forward, the WBG will continue to focus on helping countries make progress on poverty reduction, and on food and nutrition security. The annual average level of WBG investment in agriculture and related sectors over the period FY13-FY15 is projected to be between US$8 billion to US$10 billion, an increase from the FY10-FY12 projections of US$6.2 billion to US$8.3 billion. Given that price volatility is becoming a long-term phenomenon requiring longer-term solutions, and reflective of client demand, the AAP will give more emphasis on improving the resilience of agricultural systems and rural livelihoods through support for more climate-smart agriculture, longer-term risk management, and better nutritional outcomes, while giving less attention to short-term solutions. As higher agriculture prices are an incentive for smallholder producers, traders and agro-processors, more emphasis will be given to helping stimulate this private sector response, including analytical work for better agricultural performance. In addition, with growing pressure on land and natural resource inter-linkages, more emphasis will be given to supporting landscape approaches to better integrate land, water, and forest for their sustainable use.

The mix of WBG support will vary by country and by region. In the Africa Region, the focus will be on raising agricultural productivity and improving market access through irrigation, research and extension, input availability and distribution, private investment, land management, better integration of value chains, and improved rural roads and other infrastructure.

The WBG will strive for more effective results in agriculture through leveraging resources of clients, the private sector and donor partners. Moreover, the WBG will engage in strategic partnerships that improve the efficiency and effectiveness of agricultural assistance in poor countries and that leverage greater resources in both low and middle-income countries. In this context, it will continue to work with partners to ensure that the Consultative Group on International Agricultural Research (CGIAR) research is translated into benefits in client countries, including through national research and extension systems in support of agriculture projects.

The WBG is also working with USAID and African Development Bank (AfDB) to establish a project preparation facility for much needed but more costly to prepare projects in Africa, such as irrigation and land tenure projects, and PPP projects. The AAP will equally give emphasis to support capacity development for policy, planning and investment prioritization through the Comprehensive Africa Agriculture Development Program (CAADP) to improve country
investment plans and prioritization in agriculture and the associated quality of public expenditures from all sources of financing.

Finally, following the African Governors’ Memorandum addressed to the WBG President during the Annual Meetings held in Tokyo in October 2012, a task force on agriculture projects in Africa has been established. The group was tasked with supporting the preparation and implementation of a selected group of projects considered transformative due to their size, regional significance and innovative nature. The projects selected were:

1. Kandadji Program (component of Niger Basin Water Resources Development and Sustainable Ecosystems Management APL);
2. Senegal River Basin Multi-Purpose Water Resources Development Project;
3. Transit facilitation Project of CEMAC;
4. Support to shire Valley Irrigation Project; and
5. Tanzania Southern Agricultural Growth Corridor Initiative.

2.3 Procurement in the World Bank Operations

The WBG, conscious of the global changes and seeking to better support client countries to strengthen their public procurement systems, has embarked on a comprehensive review of its operational procurement policy and procedures in early 2012. Taking into account the views and opinions of external stakeholders and staff, the Bank, on April 12, 2013, presented a proposed new framework for procurement in World Bank operations to the Board Committee on Development Effectiveness. The proposed framework includes a vision, guiding principles, a strategy for implementation, and amendments to operating policies and procedures that govern the Bank’s principal financing instrument, i.e. investment lending.

The vision statement proposed: “Procurement in Bank operations supports clients to achieve value for money in delivering results”, seeks to maximize development results by continuing to be a global advocate for good procurement, while supporting clients to strengthen their procurement systems. The guiding principles will underpin the overarching goal of achieving value for money. The principles are consistent with international best practice and include economy, efficiency, effectiveness, integrity, openness and transparency, and fairness.

To give effect to the proposed vision and guiding principles, the Bank would articulate and implement a strategic approach to procurement in its operational work. At the center of this strategy would be the Bank’s efforts to help client countries “do” procurement well through their own institutions and systems. If those systems do not exist, the Bank will support clients to put them in place. The decision of where, when, and how to use country systems on a specific country, sector and project would be determined on the basis of the best fit for purpose and a step-by-step approach.

For each investment operation, the Bank will agree with respective borrowers on the specific procurement arrangements that will apply, consistent with the guiding principles of its policy.
This will imply more flexibility in the procurement rules, relying on the country methods and procedures when appropriate.

Though some clients might wish to use the Bank’s revised procurement system, this would no longer be mandatory for all Bank-financed projects. The Bank envisions that the procedures and methods contemplated in its current guidelines, standard bidding documents and other templates, and related products would be part of a new “Public Procurement Tool Box” to be deployed in accordance with country conditions, the profile of the Bank’s country program, and the particular needs and risks of the operation. The toolbox will also include training material and guidance on improving country procurement systems and incorporating new and innovative procurement methods and techniques as well as best practices worldwide.

The next phase of the review will articulate the details and the implementation issues of the framework and reflect guidance from Executive Directors, the findings from IEG evaluation of procurement in the WBG, the Bank’s change process, and further discussions with stakeholders. Management would prepare the specific policy proposals for approval by Executive Directors in 2014 and the new framework would be launched in FY15.

### 2.4 IFC Roadmap FY14 – 16

In the aftermath of the worst of the economic crisis, which appears to be over, developing countries are expected to continue to lead global growth, while also grappling with poverty and inequality, and long-term development challenges. This growth will remain below pre-crisis levels, due to lack of growth and other unaddressed issues in many developed countries, as well as the impact of continuing deleveraging in some developed countries. This has led to increasing need for development finance for the private sector and significant demand for IFC and other private sector focused International Financial Institutions. The private sector is critical to development, not least because it is a key driver of growth; it is also the main provider of jobs in developing countries.

Against this backdrop, the IFC Roadmap FY14-16 will continue to use its five long-term strategic focus areas as the framework for prioritizing activities. These five main areas, which align with the WBG’s goal of eradicating poverty and pursue shared prosperity in an environmentally sustainable way, are:

1. Strengthening the focus on frontier markets – IDA countries, Fragile and Conflict Situations (FCS), and frontier regions in non-IDA countries;
2. Addressing climate change, and ensuring environmental and social sustainability;
3. Addressing constraints to private-sector growth in infrastructure, including water, health, education, and the food supply chain;
4. Developing local financial markets through institution-building, the use of innovative financial products and mobilization, focusing on micro, small and medium enterprises (MSMEs); and
5. Building and maintaining long-term client relationships with firms in developing countries, using the full range of IFC’s products and services, and assisting their cross-border growth.

While the IFC will continue to implement its strategy in all five areas, as well as using gender as an important cross-cutting theme, the focus of the current IFC Roadmap is on the areas where it intends to put more emphasis in the near to medium-term. These include Fragile and Conflict Situations (FCS), South Asia, agribusiness and the food supply chain, and infrastructure (especially in Sub-Saharan Africa), and climate change. Sub-Saharan Africa and MENA will continue to be priority regions. Following the 2013 World Development Report (WDR) on Jobs and the IFC Jobs Study, IFC is also putting a special emphasis on jobs.

A key element of the strategy is the emphasis on close cooperation within the World Bank Group to support, leverage and complement private sector activity in order to help achieve WBG goals. IFC will also continue to increase impact through mobilization and partnerships, including with other IFIs and through extensive client networks.

For the FY14-16 period, IFC proposed two strategic scenarios for Executive Directors to consider and endorse one, which differed in scope and extent of focus on FCS and other challenging IDA countries, level of overall growth, as well as budget required and capital impact.

The Executive Board approved the scenario recommended by the IFC. This scenario would allow IFC to grow more strongly and in particular, increase its operations in FCS and other challenging IDA countries, with a main focus on infrastructure, finance and markets. The scenario envisaged a budget increase of around 4% in real terms in FY14 to support the special effort.

2.5 IFC Education Strategy

The WBG’s Group “Learning for All: 2020 Education Strategy” seeks to achieve a broader objective of learning by promoting country level reforms of education systems and building global knowledge base powerful enough to guide reforms in the developing world, over the next decade. This is in view of the realization that growth, development, and poverty reduction depend on knowledge and skills that people acquire, not on the number of years that they sit in a classroom.

In spite of the achievement over the years by all stakeholders in the area of education, significant challenges remain in the area of access, quality and skills relevance. The WBG’s strategy therefore envisions both the public and private roles in building effective education systems, especially given the recognition that the private sector is part of the solution and brings important skills to address some of the identified challenges. Accordingly, IFC being the very first multilateral institution to target private education in emerging markets has an important role to play in this effort. The WBG “Learning for All” therefore constitutes the broad framework for IFC Education Strategy 2013-15.
The IFC Education strategy aims at making a stronger contribution through two main objectives namely; (i) increase reach and access to quality education at affordable cost; and (ii) develop skills and employability. To achieve this, both the World Bank and the IFC will build on each other’s strengths to transform educational systems, as is the case in the IFC Education for Employment (E4E) initiative in the MENA region. Also, both institutions will collaborate to improve their knowledge on private sector in education and to help countries create enabling environment and regulatory structures that align the private sector’s efforts with national educational goals. This collaboration is vital to increase IFC’s development impact and help promote education transformation at the system level, especially, given the relatively small size of IFC’s –or even WB’s- investments within a national education system, which can typically represents between 3 and 8 percent of a country’s GDP.

Under the new FY 2013-15 Strategy, IFC will focus on promoting private-sector led innovation in the education space, as well as, on supporting the private provision of inputs to public and private educational institutions (i.e. assessments, textbooks, digital content, technology, pedagogic training and related services), through “Business-to-Business” and “Business-to-Government” models with the potential to have a systemic impact by reaching multiple educational providers simultaneously, as well as to significantly increase IFC’s reach.

As part of the strategy, IFC will double student reach and explore new forms of assessing impact. Specifically, over the plan period FY 13-15, IFC intends to grow its current annual commitments from US$185 million to US$285 million; extend student reach from about 1 million to 2.3 million over three years; improve employability; as well as increase the focus on quality, efficiency and others matrices of measuring results.

2.6 Middle Income Countries Agenda

Many of the African countries are likely to reach middle-income country (MIC) status in the next decade or two. The Bank is in the process of updating its approach to MICs, as there is a clear need to further develop and enhance the way the Bank engages with these countries, given that they are a diverse group of countries and 70% of the world’s poor reside within their borders.

The development of the Bank’s MIC Agenda is an outstanding deliverable from the previous Board (prior to November 2012); there is a push that progress should be made in the current Board term. In the interim, while a strategy is being considered, reforms in the Investment Lending and procurement and social and environmental safeguards, and the introduction of the Program-for-Results (P4R) instrument are understood to be building blocks for the MIC Agenda.

On the margins of the Spring Meetings, in April 2013, the Bank convened the third MIC Forum, which provided an open dialogue between senior officials of middle-income countries and the World Bank. The Forum’s discussion focused on a recent report, “Economic Mobility and the Rise of the Latin America Middle Class”. The Bank provided insights on the nature and determinants of a growing middle class. The aim of these discussions is to promote dialogue on the trade-offs and policy options to enable the generation of high value jobs, increased
productivity and competitiveness while promoting inclusive growth and safeguarding social programs. It is anticipated that another MIC Forum will take place on the margins of the Annual Meetings later this year. These engagements are envisaged to further influence the MIC Agenda and the Bank’s approach in supporting countries that are MICs and those graduating to MIC status.

2.7 MDG and Post-2015 MDG Development Agenda

As the 2015 deadline rapidly approaches, there is a growing attention both within the United Nations and globally to what the new development framework will look like. Under the current framework adopted in 1990, only four of the 21 targets have been met worldwide. Progress has been made on halving extreme poverty and the proportion of people without access to safe drinking water, gender equity in primary education and significant improvements in the lives of slum dwellers. However, overall progress on the remaining MDGs has been less than stellar. Beyond the poverty targets, progress in human development, particularly in reducing infant and mortality, will require substantive and sustained effort by the international community, especially in FCS and other poorer regions.

While the MDGs served as an important catalyst to encourage the development community to focus support on poverty reduction and improvements in human development, many lessons are to be drawn and taken into consideration in the new global development agenda. First, acknowledging that sustainability was an afterthought in the current MDGs, and as an outcome of Rio +20 Summit, there is a widespread agreement to integrate the sustainable development goals (SDGs) in the new framework. Second, the new global targets should be firmly embedded in local strategies, making those goals feasible at the country level. Given that fragile states are systematically behind on achieving every MDG, there is a need to collectively find solutions that can be tailored to their special needs. Third, the WB is promoting the idea of going beyond GDP and considering measures of wealth that include physical, human and natural capital. Fourth, the need to give greater attention to questions of equity and opportunities for all, focusing on the hardest to reach groups, so that progress on poverty reduction would not be eroded by inequality. Fifth, the recognition that the implementation of the new goals will require multi-sectoral solutions, because siloed approaches, where each narrow issue or sector are addressed in isolation, won’t work. Sixth, the need to improve quality and availability of statistics for guiding policy, monitoring progress, measuring results and supporting analysis.

Finally, the international business community was absent from the designing process of the MDGs and those were articulated independently of a financing framework. In this respect, the High Level Panel meeting held in Bali, March 25, 2013, recognized the important role that business can play in the post 2015 development agenda, as the world’s main source of economic activity. However, it was underscored that for business to make a positive contribution it can only be through responsible practices, where companies are able to move beyond traditional corporate social responsibilities and integrate core business activities that are compatible with sustainable development.
With regard to the financing framework, discussions are underway, suggesting a shared responsibility for the post 2015 agenda. From one side, developing countries are expected to: (i) design targeted, evidence-based policies and support sound institutions; (ii) generate more fiscal revenues; (iii) ensure efficient public spending; and (iv) promote financial deepening and inclusion. From the other side, the international development community is expected to: (i) maximize the impact of ODA and aid effectiveness; (ii) support new development partners such as BRICs; (iii) leverage the private sector through partnerships, syndications and other initiatives; (iv) tap into new sources of finance such as institutional investors, foundations, remittances, etc.; and (v) deliver public goods such as knowledge, statistical capacity building, trade, peace and security, etc.

The post 2015 framework is essentially a UN based and led activity, expected to have the best development impact as it is intended to emerge from an inclusive, open and transparent process, with multiple stakeholder participation. In this context, an Open Working Group on SDGs, a UN System Task Team on Post-2015 Development Agenda (UNTT) and a High Level Panel (HLP) of Eminent Persons have been established. The Working Group is preparing a proposal on the SDGs, integrating the three dimensions of sustainable development (economic prosperity, social inclusion and environment) into a number of focused and universal priorities. The Task Team, which includes the World Bank, is coordinating the UN system-wide preparations with a view to proposing a unified vision for the definition of the post-2015 UN development agenda.

The HLP includes eminent persons appointed by the UN Secretary General to advise him on a bold but practical development agenda beyond 2015. On May 30, 2013, the Panel submitted its report to the UN Secretary General, outlining 5 transformative shifts to derive the post 2015 Development Agenda, as well as 12 illustrative universal goals and national targets. The shifts are, (i) Leave no one behind; (ii) Put Sustainable Development at the core; (iii) Transform economies for jobs and inclusive growth; (iv) Build peace and effective, open and accountable institutions for all; and (v) Forge a new global partnership. On the goals framework, the HLP believes that this can drive transformations, focusing global efforts, mobilizing actions and resources, and developing a sense of global jeopardy. The panel recommends that the 12 goals should be universal, in that they present a common aspiration for all countries, while the targets should be at national or even local levels to account for different starting points and contexts. The framework exemplified is expected to be debated, discussed and improved going forward. In addition, the UN officially launched post-2015 consultative processes in over 50 countries and around 11 themes. It is expected that the results of all these entities and efforts will inform the UN Secretary General’s report to the UN General Assembly at the September 2013 MDG Summit in New York. This will set the basis of the future inter-governmental negotiations on post-2015, which will culminate with the resolution to be adopted by the international community in 2015.

Meanwhile, the UN and the World Bank continue to prioritize the acceleration agenda, pooling their respective talents and joining forces (e.g. on data and statistical capacity) to “keep the foot on the pedal” to help countries achieve the maximum results possible within the current MDGs.
2.8 Towards a Sustainable Energy Future for All: Directions for the World Bank Group’s Energy Sector


Acknowledging that most economic activity would be impossible without energy, adequate, reliable and competitively priced modern energy is therefore essential for business development, job creation, income generation, and international competitiveness. Yet the availability of energy is highly inequitable across and within countries. Low-income countries, which account for 12 percent of the world’s population, consume 1% of total global energy, and have an average electrification rate of about 30%. Many of the bottom 40% in developing countries lack access to modern energy.

Recognizing that energy is an important engine of economic growth, on which both poverty reduction and shared prosperity depend, the WBG engagement in the energy sector is designed to help client countries secure the affordable, reliable, and sustainable energy supply needed to end extreme poverty and promote shared prosperity.

The approach mirrors the objectives of the Sustainable Energy for All Initiative – achieving universal access, accelerating improvements in energy efficiency, and doubling the global share of renewable energy by 2030. As part of a drive for universal access, the WBG will approach this by making financial solutions or guarantees available for the most feasible energy options for the poor and for people living in fragile and conflict-affected states.

The WBG acknowledges the global challenge of balancing energy for development with its impact on climate change, and will help client countries realize affordable alternatives to coal power. As a result, the WBG will provide financial support for Greenfield coal power generation projects only in rare circumstances. The “Criteria for Screening Coal Projects under the Strategic Framework for Development and Climate Change” will apply to all Greenfield coal power projects undertaken in such exceptional circumstances.

The strategy makes provision for efforts to improve energy efficiency – on the most cost-effective ways to expand supply and reduce environmental impact – which will be scaled up according to countries’ needs and opportunities.

The WBG will continue to support and finance all forms of renewable energy, based on the country’s resource endowment, institutional and technical capacity, policy environment, availability of financing for cost differences, and trade-offs.

Sustainable development of run-of-river, pumped storage, and reservoir hydropower projects that meet environmental and social safeguard standards will continue.

To help countries manage trade-offs between financial and environmental costs, the WBG will support more expensive energy options with smaller global environmental footprints if there
is strong client ownership, or if concessional climate finance can be found to cover incremental costs.

In terms of **creating an enabling environment**, the WBG will support a long-term approach with sector-wide planning –nationally and, where appropriate, regionally –to achieve optimal and cost-effective results.

Lastly, in order to reduce the costs of cleaner energy and efficiency to levels affordable for poorer countries, the WBG will encourage developed countries to provide incentives for more efficient and environmentally sound energy production and consumption and support research and development of new energy technologies. Support will be offered to governments keen to address underpricing of energy and minimize market distortions, while providing social safety nets for the poor and vulnerable.

### 2.9 MIGA – New Risk Coverage- Non-Honoring of Sovereign Financial Obligations by State Owned Enterprises

MIGA offers five types of insurance coverage for non-commercial risks, including: currency inconvertibility and transfer restrictions; expropriation; war, civil disturbance, terrorism, and sabotage; breach of contract; and non-honoring of sovereign financial obligations (NHFSO). With regard to the latter product, MIGA’s Board of Executive Directors, on June 25 this year, further broadened its scope by authorizing the Agency to extend non-honoring of financial obligations cover on commercial lending to credit-worthy state-owned enterprises (SOEs). This extension was made available in response to demand from commercial and investment banks seeking to fund projects carried out by financially sound SOEs without a government guarantee. MIGA continues to see high demand for our non-honoring product introduced in 2009, which allows governments, and now SOEs, to access long-term commercial debt for critical infrastructure projects. This new product offering benefits MICs as well as IDA-eligible countries in light of decreased aid budgets.

MIGA is also beginning to see new structures combining the non-honoring product with capital market transactions underpinned by an eligible infrastructure investment. This approach widens MIGA’s business from the traditional application of guarantees that directly support infrastructure investments.

The primary beneficiaries of this cover are commercial lenders that provide loans to public sector entities for infrastructure and other productive investments. NHSFO protects the lender against losses resulting from a government’s failure to make a payment when due under an unconditional financial payment obligation or guarantee, because of inability or unwillingness to pay.

NHSFO does not require the investor to obtain an arbitral award in order to file a claim for compensation with MIGA. This coverage may be made available to investors only if the financial payment obligation of the sovereign is unconditional and not subject to any defenses—
meaning that there are no grounds on which the sovereign could defend legally against the fact that the obligation is due. This product reduces the risk, perceived or real, for commercial lenders. It also provides coverage for 95% of the principal and interest and is available for up to 15 years.
CHAPTER 3

Update on Selected World Bank Group Programs and Policies

3.1 Development Policy Lending Retrospective

On 5 September 2012, CODE discussed a report that reviewed the World Bank’s use of its Development Policy Lending instrument over the past three years. This was the third Development Policy Lending Retrospective since the Operational Policy (OP 8.60) was introduced in August 2004. It covered all 221 Development Policy Operations (DPOs) approved by the Board in the last three years – since the end of the last Retrospective and through the third-quarter of FY12.

The objective of the exercise was to take stock of, and distill lessons from, the Bank’s experience with the use of DPOs. In particular, it aimed to assess (a) the extent to which DPOs have contributed to country results; (b) the management of risks associated with DPOs and how opportunities were balanced against risks; and (c) the effectiveness of the reforms that have been introduced to the governing operational policy as well as to practices.

Over the past 3 years, development policy lending has remained a key financing and policy dialogue instrument for both IDA and IBRD. In the context of the global crisis and the volatile recovery, the flexibility of the instrument proved to be valuable in supporting needed reforms and pursuing important development results for countries with diverse needs.

Trends in Development Policy Lending

DPO commitment and disbursement volumes increased during the three-year period under review. Total development policy lending during the three year Retrospective period reached approximately US$45 billion, a nominal increase of 53% compared to the previous Retrospective. Commitments in the form of DPOs included over US$37 billion of IBRD funds and nearly US$7.4 billion of IDA funds. There were also US$243.5 million in DPO commitments through trust funds.

DPOs continue to be selective in their use of conditionality, supporting government-owned programs, and focusing on critical prior actions.

Results

For the most part, DPOs have been relatively successful in achieving targeted development outcomes, and quality appears to be holding up well, despite increased lending volumes. According to the Implementation Completion and Results (ICR) reports available to date, approximately 91% of the DPOs approved since FY05 were moderately satisfactory or higher
(and 63% were satisfactory or higher). However, while overall performance has remained relatively good, there were variations by region and client segment.

Analysis suggests that programmatic DPOs perform better than stand-alone DPOs. Approximately 86% of the programmatic DPOs were rated as moderately satisfactory or higher compared to 76% of stand-alone DPOs. IEG and ICRs evaluations also suggest that policy-based lending has performed at least as well as investment lending.

**Risks and Opportunities**

Analysis suggests that the Bank has heavily weighted governance and fiduciary risks in the decision to extend a DPO. From the analysis of the distribution of DPOs according to the quality of PFM and governance and CPIA ratings, it emerges that a larger share of the DPO commitments went to better fiduciary and governance performers; and countries with stronger fiduciary and governance environments received a larger share of Bank financing in development policy lending compared to investment lending. However, besides taking governance and fiduciary risks into account when deciding to extend a DPO, the Bank has also seized opportunities to address such challenges on the design of the DPO. When governance and fiduciary environments were poorer, the policy content of the DPOs, measured by the number of prior actions, had a stronger focus on these areas.

Macroeconomic issues and risks are also key considerations in development policy lending. All DPO are embedded in a medium-term macroeconomic policy program, including an assessment of financing needs and risks.

**Reforms**

Since the adaptation of OP 8.60 in August 2004, a number of reforms have been introduced to the operational policy in response to changing country priorities and circumstances. These include a streamlined disbursement verification protocol for DPOs with a Deferred Drawdown Option (DPO DDOs); the introduction of a DPO with a Catastrophic Risk DDO (Cat DDO) to provide liquidity in emergency situations caused by natural disasters, changes to allow for the provision of DPO to political subdivisions below the level of states and provinces; and changes in the Special DPO option to clarify how and when the Bank participates in international rescue packages for countries in or approaching a crisis.

Thus far, the experience with DPO DDOs and Cat DDOs has been positive. The streamlined disbursement verification protocol for DDOs has been successful in reducing the barriers to use of the DDO.

Finally, the Bank has pursued higher standards of transparency in DPOs in recent years. In April 2011, the Bank clarified that it does not provide DPOs to countries that do not publish their budgets, save in exceptional circumstances and provided that there is a commitment to start publishing the annual budget within the next 12 months. Publication of the annual budget plan is only a first step in fiscal transparency and there may be scope to raise this bar over time to include the publication of budget execution and audit reports.
3.2 Investment Lending Policy Reform

On 25 October 2012, the World Bank Management proposed a set of policy and procedure statements to modernize and consolidate the World Bank’s Investment Lending (IL) instrument, with the goal of increasing its usefulness in supporting sustainable development results, and being accountable and open. The consolidation effort is about modernizing and streamlining operational policy (OP) and Bank procedure (BP) statements that have become voluminous, overlapping, inconsistent and unclear and, therefore, difficult to implement.

The work to modernize and consolidate the World Bank’s IL policies and procedures is a key step in moving from a process culture to a results culture. The consolidation is one of the pillars that facilitate the Bank’s broader modernization agenda – an agenda that involves modernizing the institution to simplify its services and processes and to strengthen its focus on institutional performance, results, openness, and accountability of its services and processes.

Investment lending is the Bank’s original financing instrument and remains its most-used form of financial support to client countries. It has been modified over the years but not explicitly considered for overall modernization until the launch of IL reform in 2009. The Bank’s Management proposed an initial phase of reform focusing on the following five key elements: (a) implementing a risk-based approach; (b) enhanced implementation support; (c) consolidating and rationalizing the menu of financing options; (d) providing a better enabling environment; and (e) modernizing the IL policy reform framework, consolidating the policy, embedding these IL reforms, and taking advantage of the enhanced enabling environment. The next phases of investment lending modernization will focus on procurement and environmental and social safeguards.

This initiative follows a recommendation from the Internal Audit Department that the World Bank Group should develop a group-wide policy and procedure framework, modernizing the design, processing, adaptation, and changing policies and procedures covering administrative, human resource, and operational policies. Under that umbrella, the Bank will update its entire Operational Manual to make it an accessible and well-organized compilation of policies and procedures that are user-friendly and facilitate the focus on substance.

Management requested the Executive Directors’ approval to the proposed policy changes, which were approved:

1. Extending the options for additional flexibility currently available under OP 8.00 for countries faced with natural or man-made disasters and conflict to countries affected by fragility or specific vulnerabilities, including small states;
2. Revising and updating the policy on the economic analysis of IL operations;
3. Revising the approval procedures for a series of IL projects that represent part of a programmatic engagement over time with clients;
4. Dropping the three-year limit for additional financing;
5. Retaining the requirement of annual audits but adding more flexibility to their timing to better take into account country conditions and to allow for the use of country systems when appropriate; and

6. Increasing the current Project Preparation Advance limits of US$3 million in normal circumstances to US$6 million, and from US$5 million, currently just for crises and emergencies, to US$10 million for countries faced with natural or man-made disasters, conflict, fragility or specific vulnerabilities, including for small states.

The goal of these proposed reforms is to increase the instrument’s usefulness in supporting sustainable development results, better managing risks for the achievement of those results and being more accountable and open.

The challenges and risks include the following:
1. Scope and Timing of the Reform: since the exercise is mainly a consolidation, there is a risk that it may disappoint many clients and stakeholders, who may have been looking for broader IL policy reform.

2. Implementation of the Economic Analysis Project: the new policy requires rigorous economic analysis but provides greater flexibility in its form and content, taking into account sector and country considerations. There is a risk that the new policy will be taken as reducing the importance of economic analysis.

As the proposed policy changes have been approved, the next steps include management proceeding with issuance of the new OP and BP as well as make the necessary changes to existing OPs and BPs relating to these reforms. Management will also take the actions necessary for these reforms’ smooth introduction, including guidance, training, and outreach.

3.3 A Proposed Borrowing by IFC from the IBRD

On July 5, 2012, the Board of Executive Directors approved a proposal by the IFC Management to borrow from IBRD and a proposal by the IBRD Management to lend to the IFC an amount not exceeding US$197 million.

As part of this arrangement, Saudi Arabia agreed to repurchase its National Currency Paid-In Capital (NCPIC) in the amount of US$ 196,190,943.78 equivalents held in the local Saudi Riyal in form of promissory notes and maintenance of value as of November 30, 2011, payable to IBRD. NCPIC represents that portion of the paid-in capital that is provided by members of IBRD in their own national currencies. IBRD will in turn lend the repurchased NCPIC in USD to IFC on terms that include IFC making an equivalent amount available in a facility for lending to projects in Saudi Arabia and processed in accordance with IFC’s policies and procedures. It is noteworthy to underscore that the loan arrangement was in accordance with the mandate of IFC for FY12 to borrow up to US$10 billion from various sources including the IBRD.
This exceptional arrangement was predicated on the fact that Saudi Arabia has a significant amount of unreleased NCPI, it is not an IBRD borrower, but does have an active IFC Portfolio. The arrangement among others things, is expected to promote private sector development in the Kingdom of Saudi Arabia and help optimize the usability of IBRD’s existing NCPI and thus enhance IBRD’s capacity as mandated by the Development Committee in October 2009 and April 2010.

The use of NCPI is subject to restrictions and is limited to local currency administrative expenses unless the member state releases the currency for lending, investment and conversion or otherwise repurchases it for USD. It is pertinent to state here that countries are at liberty to use the amount available from NCPI in programs and projects implemented by IFC and IBRD in their territories.

In line with previous borrowings by IFC from IBRD, this borrowing was governed by the terms and conditions of the 1988 Master Agreement between IBRD and IFC, as amended on December 19, 1996. The interest payable by IFC to IBRD on the borrowing was set at LIBOR minus 0.25%, which reflected the marginal cost of funding of short-term borrowings for IBRD, plus a margin for IFC prior to their repayment to IBRD. The IBRD loan will not have a commitment charge and it is expected to be fully repaid within five years.

3.4 Corporate Scorecard

The World Bank’s Corporate Scorecard was first launched in September 2011. The Corporate Scorecard provides information on the Bank’s overall performance and its contribution to results achieved by its clients against the backdrop of global development progress. It is an important internal accountability mechanism for the Bank’s shareholders and other stakeholders and facilitates dialogue between the Board, Management, and other stakeholders. It is also a management tool helping the Bank align its priorities.

The Corporate Scorecard uses an integrated results performance framework, which is organized in a four-tier structure, to track elements of development results and to capture elements of performance. Tier I indicators show the long-term development outcomes that countries are achieving, and provide context and direction for the Bank’s work. It is important to note that the high level outcomes under Tier I cannot be attributed directly to the Bank, because countries and their development partners all contribute to these achievements over a long period. In addition, these indicators are affected by external factors, such as the global crises. Tier II highlights development results that countries have achieved with Bank support. Tier III indicators provide information on the effectiveness of the Bank’s operations and services. Tier IV assesses how well the Bank is functioning and adapting to better support countries in achieving results.
Evidence from Scorecard

Tier I: On Development Context, there is overall improvement, but progress varies across countries and sectors. Noteworthy progress is that extreme poverty rate declined to 22%, but still at 47% in Sub-Saharan Africa and 36% in South East Asia. Progress is slower in some areas such as MDG4 target on child mortality, MDG5 target on maternal mortality and MDG7 target on access to sanitation, which are unlikely to be met by 2015. Employment and trade diversification is not improving. However the risk of reversal is high because future crises can raise the poverty headcount and the maintenance of infrastructure assets is at risk and can cause slippage against MDG targets.

Tier II: On Country Results Supported by the Bank, there is increased contribution to country results in key areas, i.e. acceleration of support to vulnerable populations in response to crises, including improving access to education and health, and agriculture and food security. There is also continued support for long-term development challenges through support to institutions and governance and improved infrastructure. Overall, there is increased ability to measure and monitor results through Scorecards and Core Sector Indicators, but country statistical and M&E systems require strengthening.

Tier III: On Development Outcomes and Operational Effectiveness, overall there is improvement in performance on indicators identified, such as satisfactory outcome at completion for operations in fragile situations, project implementation and disbursements, CASs that are gender-informed and the use of country systems in procurement and financial management. But weaknesses remain. The analysis shows that outcomes for CASs and CPSs are due to first generation results based CAS/CPSs, ambitious objectives and change in country priorities during implementation. To improve outcomes for operations, there is a need to pay more attention to political economy and risks, less complex and ambitious design, better project analysis, including financial and economic analysis, readiness for implementation and capacity, increased implementation support and follow up, candor in rating, and better M&E design and utilization. To address these weaknesses, the Bank needs to revamp quality framework. In this regard, Management has redefined the role of networks and regions in the quality process.

Tier IV: On Organizational Effectiveness and Modernization, there is adequate performance overall, with room for improvement. The Bank has improved client services and client responsiveness, results focus, demonstrated through the development and use of the PforR, increase in the sectors/themes with Core Sector Indicators, and communications on results and openness. Weaknesses remain on sector board connectivity due to inefficient market on expertise, managerial disincentive due to work program overload and staff disincentives due to lack of recognition in performance management. To address these weaknesses, in the context of the reform program, management is developing a comprehensive HR reform and making the matrix more efficient especially in ensuring that the Bank leverages its knowledge and talent globally. Budget flexibility declined due to working with a flat annual administrative budget in real terms since fiscal 2006; and significant increase in Bank response to the recent crises. To address these weaknesses, in the context of the reform program, management is revising its budget process to align it better with the institutions strategic priorities.
The Scorecard Going Forward

Management intends to re-design the Corporate Scorecard to respond to the following:
1. The WBG’s Twin Goals – The Twin Goals and priorities of the WBG Strategy will be at the heart of the new CSC.
2. The new World Bank Group Strategy - The new Corporate Scorecard will reflect the approach to operationalizing the WBG Goals
3. Recommendations of the Change Teams on Results and on Budget/Strategic Planning/Performance Review - In the new WBG CDC, establish intermediate performance benchmarks/indicators between twin goals, economic, environment, and social sustainability, and country level results framework to track alignment. Link CSC priorities with VPU MOUs and staff RAs, where appropriate. Align regional, network and other management dashboards to CSC priorities. Reflect corporate priorities into single WBG management dashboard.

Future WBG CSC will also build on these inputs:
1. Alignment with the goals and strategy – The WBG Scorecard will be closely aligned to the WBG twin goals and strategy, to create accountability and measure progress on achieving these goals and priorities
2. Strategic focus – The WBG CSC will be a short chapeau document with a few focused indicators to high strategic relevance for the Group
3. WBG relevance – Indicators will be relevant to at least two of the WBG institutions
4. Actionable indicators – Operational and organizational indicators will be actionable so they can be used to assess progress towards strategic priorities
5. Lessons learned – Lessons from experience with scorecards at IFC and the Bank, and KPIs at MIGA, and from IAD Audits will be taken into account
6. Accountability tool – The WBG CSC will be primarily an accountability tool, complemented by aligned management tools and dashboards
7. Management dashboard – The WBG CSC will be supported by a Management Dashboard allowing automation of process, regular update, and management following of progress
8. Cascading structure – The WBG CSC will be reflected down in to VPU/business unit and staff performance agreements, as appropriate and while allowing the VPU/business unit specificities
3.5 IBRD Loan Pricing

After an extensive discussion spanning more than two years, the IBRD Executive Directors converged in FY11 on loan pricing principles comprising of the following components, for informing the annual pricing reviews:

1. Principle of recovering lending-related administrative costs, and
2. Borrowers’ contribution to financial sustainability and development consistent with the 54 basis points pricing associated with the 2010 capital package.

Regarding the charge for lending-related administrative costs, the estimate of the required charge to recover lending related administrative costs over FY10-19 (period underlying the 2010 capital package agreement) has been updated based on (i) actuals for lending spreads and lending-related costs for FY10-12 and (ii) projections for FY13-19. The updated charge is estimated at 52 basis points, compared to the previous estimate of 46 basis points. The increased estimate is mainly attributable to lower projected loan balances that incorporate the outcome of recent corporate lending projections, as well as updated administrative expenses.

With regard to the borrowers’ contribution to financial sustainability and development, the revised estimate of 52 basis points for recovering lending-related administrative costs over FY10-19 implies that the current pricing of 54 basis points (contractual spread of 50 basis points plus the spread equivalent of the front-end fee of 25 basis points) includes a 2 basis points borrowers’ contribution to financial sustainability and development over the FY10-19 period.

The share of lending-related costs in IBRD’s administrative costs (net of grant-making facilities) was about 70 percent over FY07-09 before increasing in line with crisis-related lending surge to about 72 percent in FY10-12. Lending cost projections assume that the share of lending-related costs in IBRD’s administrative expenses reverts to an average of 70 percent as projected lending volumes fall back to pre-crisis levels.

A comparison of the contractual mark-up on funding cost charged to borrowers by MDBs shows that the contractual lending spread charged by the MDBs is within a range of 40-84 basis points, with IBRD at 50 basis points.

Given the near-term income outlook of inadequate room in downside scenarios for IBRD to grow IDA transfers in line with inflation, allocating part of this year’s income to the Surplus account would strengthen IBRD’s ability to meet IDA transfers in adverse income scenarios. Looking ahead to the medium-term, updated projections reflect an outlook of adequate capital with respect to current lending plans. Based on the foregoing, Management anticipates the following year-end recommendations that will be discussed on June 25, 2013; the IBRD Board should do the following:

1. Maintain new loan pricing. In the event of the potential non-accrual event as discussed in the Interim Credit Risk paper, allocable income for FY13 could be lower but is currently still projected to be sufficient to meet the IDA transfer of $621 million.
2. Income allocation of US$621 million to IDA, reflecting an increase over FY12 contribution in line with inflation to keep IDA flat in real terms per the 2010 capital package agreement;
3. Replenish surplus account with remaining income, currently estimated at US$306 million to strengthen IBRD’s ability to meet IDA transfers in downside income scenarios; and
4. While allocation of the remaining net income (after allocation to IDA) to surplus would imply no retention in reserves, if the downside scenario does not materialize, this additional allocation would reduce future need for allocation, from income to surplus, to meet the normal surplus uses, hence rendering no change in cumulative reserve retention over the medium-term.

In conclusion, the IBRD’s equity-to-loan ratio is projected to remain above 23 percent over the next 10 years, alleviating previous concerns relating to potential capital shortfalls. In addition, IBRD’s strategic capital adequacy framework, which was adopted in 2008, is being reviewed to incorporate changes in loan portfolio risk in recent years, as well as to make the framework more comprehensive by including non-loan risks (i.e., market, counterparty and operational risks).

### 3.6 IDA Commitment Charge for FY13

Based on the current projections of IDA’s charge income and administrative expenses, IDA would not require any income from commitment charges on either credits or grants for FY13. Consequently, the Board approved that commitment charge on both IDA credits and grants be kept at zero in FY13.

Going forward, the commitment charge was initially projected to remain at zero, which is consistent with the FY13-15 Medium Term Business and Finance Paper, discussed by the Board on April 2012. In the meantime, the Board approved the post-retirement contribution reserve Fund (PCRF) to smooth budgetary contributions to the pension plans. The initial build-up phase of the PCRF will increase IDA’s share of administrative expenses and therefore impact the commitment charge in case of no change in the IDA’s income charge. So, the IDA commitment charge is subject to revision in FY14 and FY15, based on a variety of parameters including the share of the administrative expenses as well as the pace of commitments and disbursements.

### 3.7 IDA-16 Midterm Review

At the IDA 16 Mid-Term Review which held in Abidjan Cote d’ Ivoire on November 12-15, 2012, the performance of IDA16 was adjudged to be strong with commitments amounting to SDR12.8 billion (US$20 billion) as of October 15, 2012. The Africa Region accounted for about half of the total commitments.

In terms of the Results Measurement System (RMS), IDA was also declared to have performed well. For instance, measures of progress in IDA countries outcomes showed overall improvement. The per capita Gross Domestic Product (GDP) of IDA countries increased despite
the global crises, while the percentage of people living on less than US$1.25 and US$2 a day declined. Good progress was also reported in the environment for private sector development; education and other human development MDGs. Despite the progress made, most IDA countries lagged behind in the health-related MDGs and significant gaps remain in statistical capacity; as well as results monitoring in IDA countries, thereby highlighting the need for IDA to step up efforts in these areas. Participants encouraged the Bank to provide additional suggestions and to explore additional areas by end December 2012 on IDA-17 strategic directions and special themes for the first IDA-17 replenishment meeting.

3.8 IDA-17 Replenishment

The IDA-17 Replenishment is being held against the backdrop of evolving patterns of global economic growth that is creating new space for trade and investment, as well as new partnerships among developing countries. As a result of these new partnerships, about a third of foreign direct investment (FDI) in developing countries originates in other developing countries. However, official development assistance (ODA) continues to account for a significant share of net financial flows to these countries and plays a critical role in the progress that is being achieved.

This new economic dynamics, coupled with the change agenda within the World Bank Group which seeks to establish measurable goals for ending extreme poverty and boosting shared prosperity, makes IDA’s continued transformation imperative. This will enable IDA to provide customized support and integrated solutions to serve its increasingly diverse client base.

Against this backdrop, “Maximizing Development Impact” was chosen as the overarching theme for IDA-17. The IDA-17 period will cover the target date for achievement of the MDGs and the launch of the post-2015 development agenda, which builds on IDA16’s focus on “delivering development results”. The proposed theme encapsulates the commitment to further enhance IDA’s business model and value proposition, with a view to maximizing IDA countries’ ability to harness the benefits of expanded knowledge, financing and partnerships.

For the purpose of IDA-17 replenishment, the following special themes have been identified: gender, climate change, FCSs and crisis response (linked to the establishment of a dedicated crisis response window), and “inclusive growth”. The first three are part of the unfinished IDA-16 agenda that is being carried forward to IDA-17, while the last theme is to be pursued in the context of private sector development. The theme of inclusive growth speaks to the need to maintain the growth momentum in IDA countries while ensuring that the poorest and most disadvantaged groups also benefit from growth, contributing to WBG targets for poverty eradication and shared prosperity. Being a broad concept, inclusive growth will be operationalized by focusing on key areas, such as jobs and youth, effective management of natural resource wealth and financial inclusion. Given the strong client demand for regional solutions to address infrastructure constraints and other regional and global challenges, the Bank proposes to scale up IDA’s support for transformational projects with an impact beyond borders and to promote joint action among countries.
On the issue of graduation, based on the criteria set forth for the readiness for graduation of IDA clients’ countries, IDA Deputies in their first meeting on IDA-17 replenishment in Paris, which was held on March 20-21, 2013 approved that the following five countries, namely; Angola, Armenia, Bosnia-Herzegovina, Georgia and India will officially graduate from IDA at the end of IDA 16 period, i.e. June, 2014. However, India was singled out for transitional support because of the significant level of poverty, which persists and other social indices, which remain low in the country. This is in addition to the fact that the envisaged loss in IDA resources for India will not be fully compensated for in the IBRD window. The only other country in Sub-Saharan Africa that is expected to graduate possibly at the end of IDA-18 is Nigeria. A more detailed assessment on this would however be made at the time of IDA-18 replenishment.

To sustain the progress recorded in IDA-16, Deputies approved specific measures that would take effect in the remainder of the IDA-16 period which entailed the re-allocation of unused crisis response window as follows: (i) maintain SDR 530 million in the CRW to respond to potential crisis in the remainder of IDA16, and if unused, to be carried over to IDA-17 and re-allocate SDR315 million to increase support for regional projects; and (ii) extend the access to grants under regional program to selected institutions not linked to an IDA funded regional projects, but which support strategic regional priorities. To determine which institutions would be eligible for regional grants, participant agreed that IDA may provide grants to public regional institutions only according to IDA Articles of agreement.

In addition, Deputies also approved the broad directions for further work during IDA-17 period. These encompassed the following: options for simplifying and adjusting the Fragile and Conflict affected Countries (FCCs) resource allocation framework; Regional Transformational Projects, MDRI Netting out, and Graduation and transition support.

It is noteworthy, to state that the Bank would set up a task force that would assist client countries about to graduate from IDA to navigate the difficult process/ period of graduation. The Task Force will no doubt go a long way in addressing the concerns of some client countries on the implication of graduation, challenges and opportunities that lie ahead.

The second meeting of IDA-17 Replenishment held in Managua, Nicaragua, July 1-4, 2013. This meeting deliberated on the issue of demand for IDA Resources and the Strategy for their Effective Use, among other issues. Five scenarios were presented to Deputies. The scenarios provided a broad range of options ranging from a decline of IDA 17 of 10 per cent in nominal terms to (16 % in real terms relative to IDA 16, to more incrementally higher scenarios). Based on Deputies’ guidance, the range of financing scenarios was narrowed from the five presented to three, reflecting the principles and priorities discussed, with a financing volume in the range of scenarios 2 to 4 (ranging from US$47 billion to US$52 billion).

Among the principles outlined by Deputies, there was broad support for scaling up financing for FCSs in all scenarios, including through the creation of the “turnaround” regime, while most also emphasized the need to protect resources for non-FCSs at least in nominal terms relative to IDA16. Most Participants also expressed strong support for scaling up financing of regional programs.
CHAPTER 4
Flagship Reports

4.1 Global Monitoring Report 2013: Rural Urban Dynamics and the Millennium Development Goals

The theme for the 2013 Global Monitoring Report (GMR) is Rural-Urban Dynamics and the Millennium Development Goals (MDGs). The report focuses on rural-urban disparities and how urbanization can accelerate development while helping towards achieving the MDGs.

The report notes that in an increasingly globalized world, more than half the world’s population now lives in urban areas, while the projected global population increase in the decades ahead will largely be driven by the rural-urban migration trends. On the other hand, two-thirds of the world’s poor live in rural areas, with low access to the basic public services such as electricity, clean and safe water, health, education and sanitation facilities.

Linking the rural-urban dynamics to the achievement of MDGs, the GMR emphasizes that urbanization matters for development, stating that virtually no country has graduated to a high income status without urbanization. In the past two decades, along with the rapid urbanization that took place in the developing countries, people living in urban areas rose from the 1.5 billion in 1990 to 3.6 billion in 2011. The report finds that this population, in general, has benefited from the advantages of better service delivery in cities through the agglomeration of people and economies of scale - the two main channels through which MDGs are positively impacted by urbanization.

Nevertheless, the GMR underscores the fact that if the forces of urbanization are not properly and efficiently managed, the proliferation of slums in the urban surroundings, the increasing congestion, criminality and the associated low-living standards can exacerbate urban poverty and derail MDG gains. Therefore, the report calls for an integrated strategy to better manage the planning, connecting and financing formula of a well-designed urbanization.

Other policy advices are proffered in the report to foster migration and reduce poverty. In this context, the report advocates that cities should enhance job opportunities, investments and growth, complemented and coordinated by adequate land management, housing, transport and communication with the rural economy. Moreover, Governments are encouraged to improve access to basic services in rural areas and with regard to urban poor areas such as slums, make early investments in education and health to equip the rural citizen with the necessary human capital assets, and adopt relaxed land market policies that contribute to higher farm and non-farm incomes for those who are not willing to migrate.

The GMR also noted that the Official Development Assistance (ODA) and progress with aid effectiveness have been less than stellar. Even though the international development finance architecture has changed with the increasing role of emerging countries in the global economy and expansion of net private flows to those countries, the report highlights the importance of
OECD donors keeping their promises on aid flows, as well as improving aid effectiveness. As domestic policies improve in developing countries, the potential effectiveness of aid also increases, which requires the international development community to follow up on aid effectiveness agreements and deliver on their pledges. Unfortunately, donors have been unable to meet the ambitious targets agreed in Paris Declaration on Aid Effectiveness and, collectively, only 1 out of the 13 targets to date has been reached by the multilateral development banks, including the World Bank.

4.2 World Development Report 2013: Managing Risk for Development

The 2014 WDR: Managing Risks for Development will be launched in October 2013, during the IMF/WB Annual meetings. The motivation for this WDR is that the path of economic development is paved with risks and opportunities. The WDR 2014 concentrates on the role that risk management plays in development and poverty reduction. It argues that responsible and efficient risk management is crucial not only to reduce the negative impacts of shocks and hazards but also to enable individuals, households, and entrepreneurs to pursue new opportunities for growth and prosperity. The aim is not to focus on specific risks or particular social programs but rather risks faced by people and countries in their struggle for development—considering both idiosyncratic and systemic risks. The WDR 2014 contends that the solution is not to reject the changes that bring about opportunities along with risks, but to prepare for them. Managing risks responsibly and effectively has the potential to bring about security and means of progress to people in developing countries and beyond.

Key Findings

The report states that risk management can be a powerful instrument for development, as it is inherent in the process of development, whether imposed or taken on as voluntarily in search of opportunity. The report argues that to confront risk and pursue opportunities successfully, it is essential to shift from unplanned responses when crises occur to proactive and systematic risk management. This saves lives, averts damages, prevents development setbacks, and unleashes opportunities.

Preparation for risk pays off. The WDR 2014 finds that benefit-cost analyses across a number of areas suggest that risk preparation is beneficial in averting costs, sometimes overwhelmingly so.

People and societies struggle to manage risk. The report asserts that obstacles and constraints that individuals and societies face, including lack of resources and information, cognitive and behavioral failures, missing markets and public goods, and social and economic externalities, undermine people’s efforts to better manage risk. Therefore, identifying risk is not enough; the obstacles to risk management must also be identified, prioritized, and addressed through private and public action.

As a way forward, there needs to be a holistic approach to risk management. The report argues that for risks beyond the means of individuals to handle alone, risk management requires shared
action and responsibility at different levels of society, including households, communities, enterprises, the financial systems, and the state. The social and economic systems have the potential to support people’s risk management in different yet complementary ways.

The report provides a large set of specific policy recommendations that government can use to improve their own risk management and the support that they can offer to households, communities, and the private sector. Among them are the following five principles of public policy action for better risk management:

1. Provide the right incentives for people and institutions to do their own risk planning and preparation;
2. Keep a long-run perspective for risk management by building institutional mechanisms that transcend the political cycle;
3. Promote flexibility within a clear and predictable institutional framework;
4. Protect the vulnerable, while encouraging self-reliance and preserving fiscal sustainability; and
5. Do not generate uncertainty or unnecessary risks.

In terms of an institutional reform to mainstream risk management, the report proposes to establish a national risk board to assess and manage risks in a holistic and integrated way. This can help implement the Report’s many specific recommendations and mainstream risk management into the development agenda.
CHAPTER 5
Constituency Countries Projects and Programs

5.1 Angola

Strategy with the World Bank Group

As Angola is expected to graduate from IDA to IBRD in July 2014, the new strategy is designed to support Angola’s transition to Middle Income Country Status, with a knowledge-centric focus to support the country in managing its own resources. The Angola CPS 2014-2016 to be discussed in September 2013 is anchored in the strategic pillars of: (i) supporting integrated national economic diversification; (ii) enhancing quality of service delivery and deepening social protection; and (iii) building human and institutional capacity and resilience to shocks. The WBG’s support to Angola will therefore be centered on knowledge transfer, strategic development advice, and building institutions and capacity for poverty reduction and sustainable growth through AAA/RAS and technical assistance, in addition to limited lending operations.

Portfolio size and composition

As of June 30, 2013 the Angolan portfolio comprised four (4) IDA investment projects, representing a total net commitment of U$ 351 million, and one (1) MIGA guarantee of up to Euro 470 million (Hydropower Cambambe Project), recently approved by the Board. The four IDA projects were carried over from FY12, putting aside the Second Emergency Multi-Sector Rehabilitation Project (EMRP2) recently closed (May 13). Total cumulative IDA disbursements stands at U$ 68.4 million corresponding to 19.5% of the total net commitments.

The IDA portfolio comprises projects in the following sectors: Water, Sanitation and Flood Protection 37%, Public Sector and Decentralization 33%, Human Development 20% and Agriculture and Rural Development 11%.
Projects in pipeline

Given the likely shift from lending to knowledge and partnership focus of the incoming strategy, as well as Angola transition to IBRD, only one project, Learning for All, an IDA credit in the amount of US$ 75 million, is expected to be approved in September 2013. The project addresses the issue of quality of education in the primary level throughout the country and will be discussed at the Board along with the CPS.

5.2 Nigeria

Strategy with the Bank

The existing Country Partnership Strategy (CPS) (2010-2013) focuses on three themes to transform and diversify Nigeria’s economy: (i) improving governance; (ii) maintaining non-oil growth; and (iii) promoting human development. Based on the priorities indicated by the authorities, the focus of the next CPS should be on infrastructure/provision of energy, irrigation and water resources management and Agriculture in general across the whole value chain, with emphasis on Public Private Partnership (PPP), as well as Housing Finance.

Energy Business Plan:

Following the 2012 IMF/ World Bank Annual Meetings, a joint IFC/IDA/MIGA Energy Business Plan (EBP) was launched to support Nigeria’s power sector to deliver 2-5 private sector-developed power generation projects (1,500 MW) while facilitating a five-fold expansion to 20,000 MW of generation in the medium term. The EBP provides a combination of IBRD and
MIGA guarantees, IDA investment lending, policy advice, and IFC lending and equity participation. The Power Sector Guarantees Operation is expected to be the first operation under the EBP, to utilize the IBRD lending envelope for PRGs to Independent Power Producers (IPPs).

**Portfolio Size and Composition**

As at June 30, 2013, the World Bank Group commitment in Nigeria comprises US$ 5.31 billion of IDA credits, US$ 1.23 billion of IFC and US$ 98 million of MIGA. The Bank group portfolio consists of 26 IDA projects, 13 IFC Investments & 5 Advisory Services, 12 MIGA projects and 4 GEF projects. The IDA portfolio is aligned with the government strategy, including the Agricultural Transformation Agenda (ATA). The bulk of IDA support is in the area of infrastructure, human development and social protection, as indicated in the sectoral composition discussed hereafter. There are five projects with FY13 closing dates.

**Sector Breakdown of Portfolio**

The portfolio comprises projects in four main sectors and the sectoral composition are as follows: (i) Financial & Private Sector Development- 5.7 %; (ii) Human Development (health, education, HIV/AIDS) 32.7%; (iii) Sustainable Development (water, roads, energy transport and agriculture) 52.2%; and (iv) Poverty Reduction and Economic Management 9.7% (shown below).

**Sectoral Composition of Portfolio**

![Sectoral Composition of Portfolio](image)

*Chart 3: Nigeria – Portfolio breakdown by sector*
Disbursements:

The portfolio has a cumulative disbursement of US$ 1.86 billion from 26 projects representing 42% of total disbursement to date. Eight other projects are yet to disburse any amount so far. Concerted efforts are required to accelerate disbursements for timely results delivery by following up on the retreat held by the Federal Ministry of Finance and International Economic Relations Department in Abuja, with the staff of the World Bank in May 2013, so as to improve portfolio performance based on a number of issues identified at the portfolio review exercise.

Portfolio Quality

Six projects have been identified to be in problem status category scoring moderately unsatisfactory or unsatisfactory rating for development effectiveness and/or implementation performance. The authorities and the Bank need to resolve the outstanding issues urgently to improve development effectiveness.

These projects are listed below:

<table>
<thead>
<tr>
<th>Serial No</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lagos Metropolitan Development and Governance Project (LMDGP),</td>
</tr>
<tr>
<td>2</td>
<td>Growth and Employment (GEM),</td>
</tr>
<tr>
<td>3</td>
<td>Public Private Partnership project (PPP),</td>
</tr>
<tr>
<td>4</td>
<td>Edo Growth and Employment Operation (Edo DPO),</td>
</tr>
<tr>
<td>5</td>
<td>Public Sector Governance Development Project (PSGDP),</td>
</tr>
<tr>
<td>6</td>
<td>Nigeria Erosion and Watershed Management Project (NEWMAP) States Health</td>
</tr>
<tr>
<td></td>
<td>Program Investment Credit</td>
</tr>
</tbody>
</table>

Pipeline Projects:

There are ten projects and the CPS in the pipeline for Nigeria. These projects are mainly in the energy, agriculture, social development, macroeconomic and economic growth and finance and private sector development.

Nigeria in Transition to IBRD/IDA Blend status:

The credit risk department of the World Bank has assessed Nigeria’s credit worthiness for IBRD financing and the country has been declared credit worthy for IBRD, and will formally become blend with the upcoming CPS.
5.3 South Africa

Strategy with the Bank

The new 2014-17 South Africa CPS will be discussed at the Board on November 12, 2013. The new strategy is anchored on the country’s National Development Plan and builds on the lessons and experience of the current CPS (2008-2012).

In April 2013, on the margins of the Spring Meetings, the Minister of Finance, Mr. Pravin Gordhan, signed a Memorandum of Understanding with the President of the World Bank, Dr. Jim Kim, to establish a Knowledge Hub in South Africa. The objective of the Hub is to support evidence-based implementation for service delivery, leverage existing partnerships and institutional knowledge and fill the gap of fragmented knowledge in SA. It will draw on the Bank’s global expertise and talent pool of practitioners in implementing development solutions, with the dual objective of both disseminating knowledge within the country and exporting knowledge from SA, in the form of South-South exchange. It is anticipated that the Knowledge Hub will form an important basis of the new CPS, with an initial focus on health and education.

Portfolio size and composition

South Africa has only one major loan with the Bank, the US$3.75 billion Eskom Sector Investment Project (ESIP), approved by the Board in April 2010. To date $1,143 billion (33%) has been disbursed, with the bulk of the financing going toward the Medupi power plant where steady progress is being made, though slower than envisaged. Steady progress is also being made towards the two renewable energy components of the EISP, which a being procured on a package basis.

![Chart 4: South Africa – Disbursement Profile for Eskom Project](attachment:image)
Technical Assistance

South Africa predominantly engages the Bank on its analytical work and advisory services in the areas of economic analysis, finance management, urban development, environment, energy, health, water, transport, land reform, and regional integration. The Minister of Finance recently signed a US$5m Reimbursable Advisory Services (RAS) program to finance the Cities Support Program, in which the Bank will provide technical support in the key urban sub-sectors such as transport, water and sanitation, and housing and human settlements with the aim of improving local performance and outcomes. In addition, several other knowledge activities linked to the new CPS are in the pipeline.

IFC

IFC maintains a high level of engagement in South Africa, with annual commitments of US$200-300 million. IFC’s committed portfolio in South Africa stands at US$877 million, covering 47 projects: the portfolio includes investments in South African companies and funds with projects and investments in South Africa and across Sub-Saharan Africa (SSA). This makes it the second largest portfolio in SSA, after Nigeria. IFC is actively engaged in Climate Change/Sustainability issues in line with the Government’s policies; in November 2012 IFC committed US$145 million in two concentrated solar power projects in the Northern Cape Province, with a combined potential capacity of 150MW. In May 2013 it made a third investment of US$72 million in a wind farm; and has launched an Energy Efficiency Advisory program. IFC also maintains a strong focus on SME/Financial Inclusion, it committed up to ZAR 240 million in senior notes in a securitization of SME equipment rental contracts through Custom Capital. Other major themes of focus include Affordable Housing and Agri-business/Food security.

Since Jan 2013, IFC in South Africa has developed a pipeline totaling US$490m of investments in 8 projects (past concept approval) across Financial Markets (US$270m), Infrastructure (US$165m), Agri-business and Forestry (US$55m).

MIGA

MIGA has strong engagement with South African investors to promote South-South investment, particularly in other countries in Africa. South Africa is MIGA’s fifth largest outward investor country with exposure of US$366 million, the largest for a MIC. South African investors include MTN, Absa Capital, Standard Bank, Eskom, Pan African Infrastructure Development Fund and Sasol. MIGA operations within South Africa cover various sectors such as agribusiness, finance and infrastructure. Currently, MIGA has three active projects in the agribusiness and financial sectors with an exposure of US$28 million.
6.1 Constituency Meeting WB/IMF Annual Meetings 2012 in Tokyo Japan

In accordance with the Constituency Guiding Principles, a Constituency Meeting was held on the margins of WB/IMF Annual Meetings in Tokyo, Japan, on October 11, 2012. The meeting was held at Deputies level, with the Angolan delegation was led by the Deputy Governor of the Angolan Central Bank, Mr. Ricardo de Abreu, who chaired the meeting; the Nigerian delegation was led by the Permanent Secretary of the Federal Ministry of Finance, Mr. Danladi Kifasi; and the South African delegation by the Deputy Director-General of the National Treasury, Ms. Mmakgoshi Phetla-Lekhethe.

The meeting also bid farewell to the Executive Director Ms. Renosi Mokate, after two years tenure leading the office. The topics discussed included: (i) staffing of the office; (ii) South-South Cooperation; (iii) IDA 17 Replenishment; and (iv) the new World Bank strategy.

6.2 World Bank / International Monetary Fund Spring Meetings 2013

This year’s Spring Meetings took place from April 19-20, 2013 in Washington D.C. The South African delegation was led by Minister Pravin Gordhan (Minister of Finance); the Nigeria delegation by Minister Ngozi Okonjo-Iweala (Coordinating Minister for the Economy and Minister of Finance); and the Angolan delegation by Mr. Pedro Luis da Fonseca (Secretary of State for Planning and Territorial Development). Nigeria represented the Constituency at the Development Committee (DC) and South Africa represented the Constituency at the International Monetary and Financial Committee (IMFC), in line with the constituency arrangements.

The topics for the 2013 Spring Meetings were as follows:
1. WBG Strategy “A Common Vision for the WBG”; and

In summary, the WBG Strategy proposed two corporate goals of eradicating extreme poverty by 2030, promoting shared prosperity through increasing the income growth of the bottom 40%, all which should be done in a sustainable manner, socially, fiscally and environmentally. The Governors endorsed the goals and also the five identified building blocks. The final strategy will be discussed at the WB/IMF Annual Meetings this year. The 2013 Global Monitoring Report (GMR) focused on rural-urban disparities in development and ways that urbanization can better help achieve the Millennium Development Goals. The Sustainable Development discussion that took place on the margins of the Spring Meetings, focused on fossil fuel subsidies, their cost to
the economy and lessons learnt from countries that have embarked on a process of minimizing or doing away with the subsidies.

In addition to the formal WB meetings, the G24 met, the BRICS Finance Ministers (South Africa as chair), C10 and G20 Finance Ministers were also held and well attended. The Constituency country delegations also met with WB Staff to discuss their country-specific matters.

6.3 Constituency Meeting AfDB Annual Meetings 2013 in Marrakesh, Morocco

A constituency meeting was held at the margins of the 2013 AfDB Annual meetings in Marrakesh, Morocco, on May 30, 2013. The meeting was held at a Deputies level, with South Africa as the chair of the constituency. The Angolan delegation was led by the Mr Campos, advisor to the Minister of Planning in Angola; the Nigerian delegation was led by Mr H Mohammed, Director in the Federal Ministry of Finance; and the South African delegation by the Deputy Director-General of the National Treasury, Ms. Phetla-Lekhethe.

6.4 Africa Caucus 2012

The meeting of the African Caucus was held in Kinshasa, the Democratic Republic of Congo (DRC) on August 1-2, 2012 and was chaired by Hon Patrice Kitebi, Minister of Finance of the DRC. During the two-day meeting, Ministers exchanged views on a number of topical issues of interest on the agenda of the two Bretton Woods Institutions (BWIs) – the World Bank and the International Monetary Fund (IMF).

The topics included: inclusive growth and job creation; impact of the Eurozone debt crisis; the BWIs’ support to Africa; energy infrastructure financing; and voice and representation at the IMF and the World Bank. Governors also participated in a program of seminars on two main topics, namely: Agricultural Productivity and Light Manufacturing; and Revisions to the Debt Sustainability Framework and IMF Debt limit policy.

These issues formed the basis of concrete proposals which informed the three main outcomes of the 2012 meeting, which were: the draft 2012 Memorandum; “plans of action” to increase agricultural productivity, boost light manufacturing and create jobs; and initiatives to advance the realization of energy projects in the continent. The DRC meeting ended with a formal Kinshasa Declaration which encapsulated the major conclusions and the next steps to ensure the actualization of the outcomes. The Final Memorandum of the African Governors was officially presented to the President of the World Bank, Dr. Jim Kim and the Managing Director of the IMF Ms. Christine Lagarde on Sunday October 14, 2012 during the Annual Meetings in Tokyo, Japan.

The next meeting of the Africa Caucus is scheduled to hold in Khartoum, the Republic of Sudan on August 20-21, 2013. The meeting will be chaired by the host Minister of Finance and
National Economy, Hon Ali Mahmoud Abd Elrasoul. The Caucus meeting will feature; a high level seminar on topical issues which include: Financing Infrastructure through Structured Bonds and Implications for Debt Sustainability Analysis and Regional Solutions to Africa’s Development challenges. In addition, the draft Memorandum of African Governors to the heads of the two BWI would be finalized. Also, the Guiding Principles of the Africa Caucus and proposed changes to the rules guiding the rotation of Africa Caucus Chair will be discussed.
CHAPTER 7

Administrative Matters

7.1 Voice Secondment Program (VSP): An Update

The Voice Secondment Program (VSP) started as a five-year pilot program approved by the Executive Directors (EDs) of the World Bank in April 2004. It aims to improve the capacity of Developing and Transition Countries (DTC) in dealing with the Bank. The VSP has contributed to this effort by involving clients in Bank operations directly through participant assignments; and indirectly by increasing the Developing and Transition Countries’ (DTCs) dialogue with the Bank, namely, Executive Directors and Bank’s operational teams. In this way, the VSP has also contributed to the Bank’s operational and development effectiveness. The VSP specifically contributes to south-south cooperation and the knowledge agenda.

Two officials from Angola and Nigeria participated in the 9th Cohort of the Voice Secondment Program (VSP), which spanned the period January 14 through July 13, 2013. Nominations for the 10th Cohort of the VSP closed on Friday, May 17, 2013. All three nominees from Angola, Nigeria and South Africa were selected for the 10th Cohort, which will commence in January 2014.

7.2 Diversity and Inclusion: Update

The World Bank continues to track staff diversity as mandated by its Article of Agreement which calls for recruiting on as wide a geographical basis as possible. In addition to diversity, there is institutional emphasis on inclusion, which refers to how the diverse workforce is effectively managed in meeting the institutional goal. In an inclusive environment, each person is recognized and developed, and their talents are regularly nurtured, tapped into and appropriately deployed.

To facilitate monitoring from time to time, four main targets are regularly monitored. These include: Part II Managers (43-48 %); Female Managers (50%); Female GF-GG (45-50 %); and Sub-Saharan Africa / Caribbean (SSA/ CR) GF+ (12.5%). Other data points such as education, language diversity and sub-nationality and Nationality of Focus are also monitored. The sub-nationality factor is aimed at tracking the diversity in Country Offices and diversity among US staff with a view to increasing the numbers of US minorities in the system. To ensure managerial accountability, management teams of all Vice-Presidencies are required to sign a D&I Compact and the senior management vets all annual strategy.

At the end of Q2 in FY13, all four indicators showed improvement and the overall diversity index increased from 0.89, compared to 0.88 at the end of Q2 FY12. Specifically, among the 87
new managers selected internally, in the last 12 months, 47% were part II nationals and 46% were women. Of the 12 managers selected externally, 50% were from part II countries and 17% of them were women. Also, among the 495 GF+ recent hires, 51% were part II, 13% were SSA/CR nationals, and 38% were women. In addition, there was a positive flow (+50) in the numbers of staff from the 17 nationalities of Focus (NOFs).

On diversity of academic backgrounds, recent educational data made available shows that current IBRD staff earned academic degrees from over 3,300 educational institutions in 156 countries. Overall, more than 77% of staff obtained at least one degree from a school in a country different from their nationality. Current Bank staff reported the knowledge of 164 languages at various levels, 147 of which are spoken as their native tongue, and the average number of languages spoken by IBRD GF+ operational staff is 3.

To improve the prospects of the national of the countries in our constituency in the World Bank Group, it is vital to emphasize the importance of the knowledge of a second or even a third working language of the World Bank by prospective applicants.

7.3 Changes in Senior Management Post at the World Bank Group

FY12 witnessed several changes in top management positions in the World Bank Group. At the top of the list, is the position of the World Bank President. Dr. Jim Yong Kim, a US national who took over the realm of leadership from Mr. Robert Zoellick on July 1, 2012. Executive Directors selected Dr. Kim in April 2012, as the President of the WBG for a five year term. It is noteworthy that this selection process was the first time the new procedure for selection of the World Bank President was put to test. The selection was in line with the reforms of WBG’s internal governance structures to improve overall governance and accountability, as approved by the Board of Executive Directors, in 2011; and with particular emphasis on instituting an open, merit-based, competitive and transparent selection process.

Dr. Kim, who was warmly welcomed by the staff and the Governors of the Bank, has since settled in to his new task and commenced the process of making important changes to reinvigorate the Bank towards achieving its primary mission of eradicating poverty.

As part of the on-going effort to re-organize and strengthen the leadership of the WBG in line with the modernization agenda, all Bank Group vice presidents, senior vice presidents, executive vice presidents and managing directors will now move to four-year time-bound assignments, retroactive to the date of their appointments. The Senior Management Team approved this policy. Options for senior managers who have reached the four year term will include: extension of the current assignment for a further duration up to four years; reassignment to another position, not necessarily another senior leadership position; or leaving the Bank Group.

This policy took effect immediately and will be retroactive to the date of assignment. To ensure business continuity and coordination with the Change Process, the transition is to be implemented in phases.
The new policy will contribute to the mobility of senior managers, which Dr. Kim considers critical to improving the transfer of knowledge across units and the capacity to innovate across the Bank Group. Accordingly, the following important changes in the senior management positions have been announced:

1. October 1, 2012, Jin-Yong Cai, joined IFC as Executive Vice President
2. February 1, 2013, Joachim Von Amsberg, took over as VP Concessional Finance and Global Partnership
3. March 1, 2013 Bertrand Badre, took over as Managing Director for Finance and CFO
4. July 1, 2013 Philippe Le Houerou to take over as the Regional Vice President for South Asia,
5. May 6, 2013, Otaviano Canuto was redeployed as Senior Advisor in DEC to Chief Economist and Senior Vice president
6. October, 2013, Janamitra Devan will complete his four-year term as Vice President for FPD
7. Forthcoming- More appointment of new VPs for Global Practices with the recommendations that will come out of the Change Process.
ANNEX 1: Approved Operations for Constituency Countries

APPROVED OPERATIONS FOR CONSTITUENCY COUNTRIES

JULY 1, 2012 – JUNE 30, 2013

ANGOLA - no new IFC transactions during this period

NIGERIA

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Amount US$M</th>
<th>Approval Date</th>
<th>Product Line / Sector</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access Bank/Coca Cola/NBC</td>
<td>11.00</td>
<td>10/05/2012</td>
<td>Food &amp; Beverage – Distributor Financing</td>
<td>IFC</td>
</tr>
<tr>
<td>Access Bank</td>
<td>50.00</td>
<td>10/18/2012</td>
<td>Financial Institutions – SME and Gender Financing</td>
<td>IFC</td>
</tr>
<tr>
<td>IHS Holding Nigeria</td>
<td>35.00</td>
<td>09/12/2012</td>
<td>Telecom &amp; IT</td>
<td>IFC</td>
</tr>
<tr>
<td>Finca Africa</td>
<td>2.00</td>
<td>11/02/2012</td>
<td>Microfinance Institution</td>
<td>IFC</td>
</tr>
<tr>
<td>LAPO</td>
<td>5.00</td>
<td>11/05/2012</td>
<td>Microfinance Institution</td>
<td>IFC</td>
</tr>
<tr>
<td>Eleme Fertilizer (A-loan plus mobilization)</td>
<td>375.00</td>
<td>12/13/2012</td>
<td>Fertilizers</td>
<td>IFC</td>
</tr>
<tr>
<td>Corona Schools Trust Council</td>
<td>5.00</td>
<td>03/06/2013</td>
<td>Education</td>
<td>IFC</td>
</tr>
<tr>
<td>Distressed Asset Resolution Project - Kaizen</td>
<td>20.25</td>
<td></td>
<td>Financial Institutions</td>
<td>IFC</td>
</tr>
<tr>
<td>Global Trade – Structured Trade and Commodity Finance (GTST) Program- JOFStanbic</td>
<td>20.00</td>
<td>07/26/2012</td>
<td>Trade Finance</td>
<td>IFC</td>
</tr>
<tr>
<td>Second Rural Access and Mobility Project (RAMP-2)</td>
<td>170.00</td>
<td>09/25/2012</td>
<td>Transport</td>
<td>IDA</td>
</tr>
<tr>
<td>Erosion and Watershed Management Project</td>
<td>500</td>
<td>05/12/2012</td>
<td>Multisectorial</td>
<td>IDA</td>
</tr>
<tr>
<td>Nigeria Youth Employment and Social Support Operations (YESSO)</td>
<td>300</td>
<td>03/26/2013</td>
<td>Multisectorial</td>
<td>IDA</td>
</tr>
<tr>
<td>Agricultural Transformation DPO</td>
<td>100</td>
<td>06/28/13</td>
<td>Multisectorial</td>
<td>IDA</td>
</tr>
</tbody>
</table>
## SOUTH AFRICA

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Amount US$M</th>
<th>Approval Date</th>
<th>Product Line / Sector</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHS-SA</td>
<td>300</td>
<td>12/28/2012</td>
<td>Financial Markets</td>
<td>IFC</td>
</tr>
<tr>
<td>Hans Merensky</td>
<td>34.59</td>
<td>11/29/2012</td>
<td>Agriculture</td>
<td>IFC</td>
</tr>
<tr>
<td>Country Bird</td>
<td>25</td>
<td>4/10/2013</td>
<td>Agriculture</td>
<td>IFC</td>
</tr>
<tr>
<td>Amakhala Wind</td>
<td>70.7</td>
<td>4/14/2013</td>
<td>Renewable Energy</td>
<td>IFC</td>
</tr>
</tbody>
</table>
## UP-COMING MEETINGS

<table>
<thead>
<tr>
<th>MEETING</th>
<th>DATES</th>
<th>VENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Caucus</td>
<td>August 20 – 21, 2013</td>
<td>Khartoum, Sudan</td>
</tr>
<tr>
<td>WB/IMF Annual Meetings</td>
<td>October 11 – 12, 2013</td>
<td>Washington, D.C, USA</td>
</tr>
<tr>
<td>Constituency Meeting of Angola, Nigeria and South Africa</td>
<td>October 11 – 12, 2013</td>
<td>Washington, D.C, USA</td>
</tr>
</tbody>
</table>
1. The Development Committee met today, October 13, 2012, in Tokyo.

2. The global economy remains vulnerable. Challenges persist in many developed economies, while growth is slowing in major emerging economies that have been important sources of global economic dynamism in recent years. We recognize the measures taken by many member countries to support growth, while acknowledging the need for continued fiscal, financial and structural efforts. We reiterate our commitment to taking decisive actions to promote growth and development, to continued support for an open global economy and to meeting our pledges of development assistance. We reaffirm our commitment to achieving the Millennium Development Goals and encourage the World Bank Group (WBG) to contribute actively to the post-2015 development framework. We welcome the recent decision by the International Monetary Fund (IMF) to put its concessional lending facilities on a self-sustained footing, using the windfall profits from sales of gold.

3. Recent financial crises mean fewer jobs where millions are needed. Jobs are engines of poverty reduction and empower people, especially women and young adults. Jobs have the potential to drive the transformation that leads to sustainable development and social cohesion. The WBG 2013 
Development Report on Jobs 
highlights that there is no magic formula for creating jobs and the mix of job enabling policies will differ between countries. The private sector generates most jobs, but the public sector also has an important role to play. The WBG must continue to help countries strengthen the enabling environment for job creation given their specific challenges, and the role of the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency will be especially crucial in supporting the private sector, including through innovative initiatives. We
encourage the WBG, in partnership with member countries and other stakeholders, to build on its cross-cutting analytical and policy work around jobs and to share this knowledge.

4. Gender equality is smart economics and a key factor in poverty reduction. We welcome progress made by the WBG in implementing its gender equality agenda, although much remains to be done. We are encouraged that all country strategies discussed in the past year are gender-informed. We urge the WBG to sustain the momentum to support client countries’ efforts, especially where gender inequality persists, and to report on further progress in one year.

5. We thank the Government of Japan for hosting these Annual Meetings as well as the Sendai Dialogue. Natural disasters can be a serious impediment to poverty reduction and affect poor and vulnerable people the most, and their impact is on the rise. We thank Japan for sharing lessons from its experience of disaster risk management, and welcome the *Sendai Report: Managing Disaster Risks for a Resilient Future*. Disaster risk management is often less costly, in financial and human terms, than disaster relief and response. Recognizing that disaster risk management and adaptation to climate change are collaborative efforts, we call on the WBG to integrate them into its work with client countries, while continuing to play a major role in supporting effective responses and reconstruction operations, when disasters do occur.

6. Food security and food price volatility remain persistent threats to development and merit continued attention. We are troubled by the acute humanitarian emergency in the Sahel region where hunger threatens the lives of 19 million people and the stability of the region. We call on the WBG to accelerate work with other multilateral agencies and donors on a comprehensive regional approach to develop and scale up solutions to enable the Sahel region to permanently escape the cycle of emergency aid, and reach a more resilient and sustainable future in the medium term. Over the longer term, mechanisms such as the Global Agriculture and Food Security Program, agricultural research, infrastructure investments and south-south learning will reduce vulnerabilities. The IMF should continue to provide prompt balance of payments financing where needed.

7. We also encourage the WBG to increase its effectiveness in fragile states and align the development objectives of its country programs to the specific challenges member countries face. We welcome the renewed focus on recruiting and supporting talented staff to serve in these difficult environments. We are pleased to see that the IFC has increased its activities in fragile states.

8. Following the discussions at Rio+20, the Ministerial Dialogue on Sustainable Development sharpened our focus on sustainability and allowed us to exchange views about the effective use of policies to support inclusive green growth and how to pursue better measures of growth and welfare. We call on the WBG to provide support to countries that want to use natural capital accounting to help chart their next phase of growth. We are encouraged that the WBG-supported Global Partnership for Oceans has attracted new members and created a sense of urgency about the need for action to restore oceans to productive health and for sustainable aquaculture.

9. We welcome Dr. Jim Yong Kim as the new President of the WBG and value his strong commitment to focus on how the Group can further accelerate progress towards our core mission of eradicating poverty and boosting shared prosperity. We support his vision of a WBG that focuses on impact, provides evidence-based assistance with integrated development solutions to its member countries, and promotes global public goods. We look forward to an update at the Spring Meetings on the implementation of the modernization agenda and the next steps toward a more results-oriented, knowledge-based, open, transparent, and accountable WBG which can help deliver transformative change for client countries. To help facilitate this, we support a cultural shift to focus
further on results and implementation, backed by the necessary human resources reforms and stronger leverage of WBG synergies.

10. The next Development Committee meeting is scheduled for April 20, 2013, in Washington DC.
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)
EIGHTY–SIXTH MEETING TOKYO, JAPAN – OCTOBER 13, 2012
DC/S/2012–0061 October 13, 2012

Statement by
Ngozi Okonjo-Iweala
Coordinating Minister for the Economy and Minister of Finance Nigeria
For Angola, Nigeria and South Africa Constituency

The global economic climate remains affected by uncertainties. Bold, carefully-coordinated policy actions are needed among the advanced economies to support growth and sustained recovery, as well as bolster the efforts of developing and emerging economies, which have recently been fuelling the growth of the global economy. It is also critical that Africa continues to receive much needed support that will enable it to sustain its efforts towards meeting the MDGs, further alleviating poverty and tackling growing unemployment challenges.

We welcome the Bank’s focus on the important thematic subject of jobs, which remains foremost in the minds of most policymakers in Africa today. We concur with the World Development Report (WDR) that jobs are transformative in and of themselves and not just the engine of poverty reduction or a by-product of growth. The WDR is placing before countries a significant amount of information, backed by thorough analysis and empirical data. We believe that the report and its companion documents will add value to the thinking on the challenges to job creation, especially as it relates to vulnerable groups such as women and the youth.

Many countries, including Angola, Nigeria and South Africa have undertaken diagnostics of their own to try to address the challenges of fostering an environment in which jobs can be created. We believe that the work of the Bank and the WDR can create a better understanding of our current situations as well as provide direction to take us beyond our present confines. The usefulness of the WDR and its companion papers will depend on the uptake and application of the knowledge and data they provide. We therefore call upon the WBG to make this knowledge and data available in a user-friendly manner.

Reducing the structural unemployment faced by our countries requires a better integration of disadvantaged groups, especially women and the youth. However, reaching out to these segments of society will entail improvements in targeted programs that are multi-sectoral in nature, supportive of and mutually reinforcing what we are currently doing. We call upon the WBG to coordinate the work that it undertakes within countries with other development partners, leveraging know-how, technical assistance and finance in providing programs and support. We encourage the Bank to strengthen its dialogue in this area, using the Country Assistance Strategies as an important foundation bearing in mind the respective needs and priorities of countries.
Creating jobs that are transformative in a context where the majority of people depend on informal activity, remains a challenge for many developing countries. This is an area where the WDR could have been more informative, especially in expressing key strategies required to restructure such economies.

We note and welcome the progress that has been made on the gender equality agenda. We encourage that this momentum be sustained, and a strong link established between gender equality and Jobs. The importance and centrality of gender in the development process cannot be over-emphasized. Natural disasters and catastrophic events have been on the rise, with greater consequences on the poorest and most vulnerable people and communities. We therefore welcome the initiative to share the lessons from the Sendai experience; thereby keeping the subject high on the development agenda. This will help to sensitize the authorities concerned on the need to take pro-active measures to stem possible looming disasters and safeguard human lives and valuable assets.

It is imperative to adopt a regional solution to disaster risk management. As recently witnessed in Nigeria, upstream activity in a hydropower dam in a neighboring country precipitated massive flooding downstream in several states along the Niger- Benue River basin, thereby causing a heavy toll on lives, properties, and vital infrastructure which will take many years and huge resources to rebuild. To achieve a regional solution, securing effective liaison with regional bodies and developing a timely, accurate and actionable early warning mechanism are required as integral parts of national systems. Expertise in the area of cross-border post-disaster reconstruction is also essential to effectively address cross-border disasters.

We welcome the continuing focus on stronger results as well as the various tools that have been deployed by the Bank to track progress on results. We welcome Mr. Jim Yong Kim as the new President of the World Bank and applaud his strong commitment towards reinvigorating the Institution and propelling it towards achieving its core mission.

We thank and extend our sincere appreciation to the Japanese authorities for their warm welcome, hospitality and efficient hosting of this year’s Annual Meeting, in Tokyo.
1. The Development Committee met today, April 20, 2013, in Washington, DC.

2. Sustained economic growth in developing countries over the past decade has resulted in the achievement of the first Millennium Development Goal (MDG), to halve extreme poverty by 2015, well ahead of schedule. We remain strongly committed to the MDGs and we call on the World Bank Group (WBG) to scale up its efforts to support countries in reaching the MDG targets and to participate actively in setting an ambitious post-2015 agenda.

3. Significant global challenges remain. While the outlook for developing economies is promising and downside risks have diminished in the short-run, global macroeconomic stability is not yet restored, unemployment is still high, and food prices continue to be volatile and to bear down on the poorest. Conflicts and poor governance hinder development in many regions, and climate change and natural disasters put social and economic achievements at risk. Meeting these challenges requires successful domestic policy responses, international cooperation and effective international institutions.

4. A world free of poverty remains the WBG’s overarching mission. We support the development of a unified WBG Strategy that will relentlessly focus its activities and resources on fulfilling its mission. We therefore welcome the paper, A Common Vision for the World Bank Group, and we look forward to discussing the upcoming WBG Strategy at this year’s Annual Meetings. We also welcome the change process outlined to support the WBG Strategy, building on the ongoing reform initiatives and the five building blocks, the measurable goals, and the incorporation of the science of delivery and evidence-based approaches. The Strategy should help the WBG maximize its impact, be more selective, and ensure its financial sustainability.
5. We believe that we have a historic opportunity to end extreme poverty within a generation and we endorse the WBG goal set out in this regard. The global target of reducing the extreme poverty rate - the percentage of people living on less than $1.25 a day - to 3 percent by 2030, is ambitious. Achieving this goal will require strong growth across the developing world, as well as translation of growth into poverty reduction to an extent not seen before in many low income countries. It will also require overcoming institutional and governance challenges, and investing in infrastructure and in agricultural productivity. We call on the WB to remain committed to all client countries, paying special attention to countries and regions with the highest incidence of poverty and to Fragile and Conflict-Affected Situations (FCS), as well as to the particular challenges facing small states.

6. We equally endorse the WBG goal to promote shared prosperity, which will entail fostering income growth of the bottom 40 percent of the population in every country. We recognize that sustained economic growth needs a reduction in inequality. Investments that create opportunities for all citizens and promote gender equality are an important end in their own right, as well as being integral to creating prosperity. Shared prosperity also means focusing on those who, although not currently poor, are vulnerable to falling into poverty.

7. The goals of ending extreme poverty and promoting shared prosperity must be achieved in an environmentally, socially and fiscally sustainable manner. Climate change deserves special attention in this context. We welcome the WBG’s commitment to work with the international community to improve the indicators related to environmental sustainability. The welfare of current and future generations requires securing the future of our planet, ensuring social inclusion, and limiting the economic debt inherited by future generations.

8. The International Development Association (IDA) is of critical importance to the WBG’s mission. We welcome IDA17’s overarching theme of maximizing development impact, including by further leveraging synergies with the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), as well as its focus on inclusive growth, gender equality, FCS, and climate resilience, including disaster risk management. We call for a robust IDA17 replenishment with strong participation from all members.

9. We welcome the contribution of the private sector to growth and job creation. Private investment flows have grown as sources of development finance and are a key factor in achieving our goals. With a proper enabling environment, adequate infrastructure, and policies that promote competition, entrepreneurship and job creation, the private sector can support shared prosperity and offer real opportunities to all citizens, especially women and young adults. We strongly value the mandate of IFC and MIGA in supporting the development of a dynamic private sector and encourage the WB to adopt a group wide approach to leverage its development impact.

10. The Third Ministerial Dialogue on Sustainable Development provided an opportunity to sharpen our focus on sustainability within the broader perspective of poverty reduction. We encourage the WBG and the International Monetary Fund (IMF) to provide support to countries that want to catalyze low-carbon growth and climate resilience in cities; scale up efforts towards climate-smart agriculture; and rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, with due regard to affordability of energy for the poor.

11. In the last two decades, the number of people living in urban settlements rose from 1.5 billion to 3.6 billion. Many live in areas exposed to disasters and climate risks, which poses an urgent and direct threat to development efforts. We welcome the Global Monitoring Report’s findings and recommendations. Urbanization must be managed effectively so slums do not overwhelm cities, exacerbate urban poverty, and derail MDG achievements. We also support disaster risk management
and climate change adaptation as sound investments that should be integrated into the WBG’s work. We look forward to a progress report on the implementation of the recommendations of *The Sendai Report: Managing Disaster Risks for a Resilient Future* at the next Spring Meetings.

12. We are concerned by the continued deterioration of living conditions in the Sahel and the Horn of Africa, which threatens the stability and the development prospects of these regions. We call on the WBG to assist countries to escape permanent crisis cycles by deepening its commitments on infrastructure, job creation, social reintegration, agricultural production and food security. We also encourage the WBG and the IMF to remain actively involved in MENA countries, especially supporting policy reforms. We welcome the new phase of the partnership with Myanmar and urge the WBG and the IMF to offer strong support in accelerating sustainable growth and shared prosperity. We also call on the WBG to foster regional integration and, where appropriate, to support regional projects.

13. The next meeting of the Development Committee is scheduled for October 12, 2013 in Washington, DC.
Statement by:
Dr. Ngozi Okonjo-Iweala
Coordinating Minister for the Economy and Minister of Finance Nigeria
On behalf of the Constituency of Angola, Nigeria and South Africa
87th Meeting of the Development Committee
April 20, 2013
Washington, D.C.

We welcome recent indicative trends of a strengthening global economy. We remain concerned however about the unsettled and persistently changing development landscape. First, recovery in the Euro area is lagging, thereby dampening confidence, which is holding back global growth. Second, while imports from developing countries are supporting the recovery efforts, sustained growth is being constrained by capacity deficiencies in many developing countries. Third, developing countries remain vulnerable to commodity price shocks, income volatility and uncertain capital flows. Low income countries, particularly Sub-Saharan African countries continue to suffer as a result of reduced trade flows and its related financing.

Given the slow recovery and uncertain environment, appropriate policy actions need to be deployed both by advanced countries and emerging market economies to address the downside risks and bolster confidence. Countries also need to focus on domestic policies that bolster growth, diversify the economy, and reduce vulnerabilities to external shocks.

A Common Vision for the World Bank Group
Given this dynamic and uncertain global economic context, we welcome the initiative to develop a unified strategy that puts forth The World Bank Group’s (WBG) vision of reaching a world free of poverty and promoting shared prosperity for all. We agree with the prognosis that ending extreme poverty is a moral imperative, and one of the most urgent challenges facing the development community today. We appreciate that this strategy will continue to place the poor at the center of the WBG’s development efforts.

We commend the aspiration behind the target measures proposed. The targets as enunciated are no doubt ambitious. We agree with the overarching principle of sustainability, to preserve the gains for future generations. We endorse the five principles which will guide the formulation of the strategy going forward. We look forward to further elaboration on how this vision would be transformed into concrete building blocks of a unified Bank Group strategy for discussion at our Annual Meetings in October. While the Strategy is targeted at poor people, it is imperative to ensure special attention and focus and on Fragile and Conflict-affected Situations (FCS), as well as Sub-Saharan Africa because of their acute development challenges. Without doubt, these present the best opportunity, where a significant impact...
could be achieved in reducing extreme poverty because of their present distinctive sets of development challenges. The manner in which the Bank engages with client countries will also need to be re-examined, especially with regard to the flexibility and dynamism of the Country Partnership Strategies (CPS) and Country Assistance Strategies (CAS).

In addition, gender remains a critical part of any development agenda. Therefore, mainstreaming gender in all aspects of the Banks’ operations is critical. We are satisfied that the issue of Jobs has gained some prominence in the new strategy, and that the Strategy acknowledges job creation as the gateway out of poverty.

**Modernization Agenda and The Change process**
We welcome the progress with regard to the implementation of the Modernization Agenda. We understand that the change process will be rooted in the forthcoming WBG Strategy and that adjustments may be warranted in the current modernization reform agenda as the new Strategy is being implemented to be in line with the new corporate vision and priorities. The WBG can be assured of our full support in working towards realizing that vision.

**IDA-17 Replenishment**
We call on current and prospective donors to ensure a robust IDA-17 replenishment. A very strong IDA is an essential imperative to the implementation of a viable strategy and the realization of a common vision for the WBG to eradicate poverty and achieve shared prosperity for all. The need for IDA clients and donors alike to contribute to burden sharing is sensible and realistic in order to ensure the long-term capacity and sustainability of IDA. However, the proposed hardening of terms for IDA regular credits to IDA-only countries needs a careful consideration and evaluation. It is imperative to explore financing models and options that will not, unwittingly restrict access of the very poorest clients who need IDA resources the most.

**GMR 2013: Rural-Urban Dynamics and the Millennium Development Goals**
We find the focus of 2013 Global Monitoring Report (GMR) on Rural-Urban Dynamics and the Millennium Development Goals, appropriate in assessing the positive role that urbanization has played in poverty reduction; improving development results and MDG attainment. We share the view that urbanization matters for development and that agglomeration of people facilitates exploitation of economies of scale, in service provisioning thereby enabling cities to provide improved services and lift rural dwellers out of poverty. We endorse the GMR’s call for an integrated strategy that encompasses planning, connecting and financing to address urban development. We also encourage the Bank to place greater emphasis on incorporating the MDGs in the CAS/CPS results matrix for better targeting and monitoring. This GMR would help in informing and shaping the discussions about the post-2015 development.

Finally, as we continue to accelerate efforts towards achieving MDGs, we urge the Bank to use its convening power and push for a more pragmatic, realistic and country-led approaches regarding aid effectiveness. This could be achieved by establishing a set of targets that can be implemented by donors and developing countries alike.