# Annual Report 2019
# Africa Group I


Anne Kabagambe
Executive Director


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

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## Acronyms and Abbreviations

| | |
|---|---|
| AfCTA | Africa Continental Free Trade Agreement |
| AFG1 | Africa Group 1 Constituency |
| CCAP | Climate Change Action Plan |
| CEMAC | Central African Economic and Monetary Community |
| CPF | Country Partnership Framework |
| EAP | East Asia and Pacific |
| ECA | Europe and Central Asia |
| ECB | European Central Bank |
| EMDEs | Emerging Markets and Developing Economies |
| ESF | Environmental and Social Framework |
| FCS | Fragile and Conflict-Affected States |
| FCV | Fragility, Conflict, and Violence |
| FDI | Foreign Direct Investment |
| FIG | Financial Institutions Group |
| FY | Fiscal Year |
| GCI | General Capital Increase |
| GDP | Gross Domestic Product |
| HCI | Human Capital Index |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| IFC | International Finance Corporation |
| IMF | International Monetary Fund |
| LAC | Latin American and Caribbean |
| LTF | Long-Term Finance |
| MAS | Manufacturing and Services |
| MENA | Middle East and North Africa |
| MFD | Maximizing Finance for Development |
| MIGA | Multilateral Investment Guarantee Agency |
| NDC | Nationally Determined Contributions |
| OPEC | Organization of Petroleum Exporting Countries |
| PIDA | Program for Infrastructure Development in Africa |
| PSW | Private Sector Window |
| SAR | South Asia Region |
| SCD | Systematic Country Diagnostic |
| SCI | Selective Capital Increase |
| SDGs | Sustainable Development Goals |
| SMP | Staff Monitored Program |
| SSA | Sub-Saharan Africa |
| US | United States |
| WBG | World Bank Group |

# Foreword by the Executive Director

I am very pleased to present the Africa Group 1 *Annual Report* for Fiscal Year 2019 which marks the completion of my first year as the Executive Director for the Constituency. I wish to express my gratitude to all Constituency Governors and Alternate Governors for the strong support and guidance that I received during the year. I count on this continued support in the coming year.

I look forward to continuing to pursue our collective agenda for the Africa Group 1 Constituency focused on mobilizing maximum resources for our member countries, facilitating re-engagement of the transition states with the Bank, enabling the sharing of experiences within the Constituency, and focusing attention on the recurring issues facing the Constituency. We have made significant progress in these areas even though a lot more remains to be done.

The Constituency Office is closely engaged in the IDA19 replenishment negotiation process given the importance of closing the gap in development financing for the Africa Group 1 Constituency countries. This was one of the issues discussed at the Africa Caucus meeting in Accra, Ghana in August this year. Financing development is a top priority for the region, and it cannot be a task only for the Bank and development partners. The Africa Group 1 Constituency countries should continue to place emphasis on domestic resource mobilization, expanding the tax base, improving the tax administration, as well as closing the leakages from government coffers and through illicit financial flows. Notably, Constituency members have taken the necessary steps and achieved positive outcomes in improving domestic resource mobilization.

The Bank is availing new opportunities to member countries for Country-led engagements through Country platforms. While the institution can provide financial resources and technical expertise, it will be crucial for member countries to take the leadership of the development process which cannot be outsourced. In this respect, our Office is influencing the development agenda to focus on Country priority areas in alignment with national vision and objectives.

The Office continues to advocate for regional integration and development within the Constituency. There is a need to strengthen many of the areas that are critical for economic transformation, such as energy, transport, agriculture, digital connectivity, education, as well as cooperation and collaboration across countries in the Constituency. This emphasis is especially timely since the IDA19 replenishment, scheduled to conclude in December 2019 has proposed a 50 percent increase in the Regional Window resources. In this respect, as we strive for the continent to realize its regional integration agenda, there is a need to galvanize support for the operationalization of the *Africa Continental Free Trade Agreement.*

The Constituency Office is working diligently to facilitate the re-engagement of Eritrea, Somalia, Sudan, and Zimbabwe with the Bank. Since each country's situation is unique; we must be strategic and flexible in working to mobilize support for them. As such, our focus has been to facilitate roundtable conversations particularly with development partners, visits to the countries, and networking with other institutions, with the aim of regularizing their relationships with the Bank. The good news is that we have had substantial successes.

There are other issues that are important for the Constituency and which have been adopted as cross-cutting areas for the IDA19. These are debt vulnerabilities, human capital, disability, and technology. The urgency of addressing the intensifying debt vulnerabilities is an issue we had a dialogue on with Governors in April and the consensus which emerged was the need for prudent debt management to ensure sustainability. The future of our Constituency members and their capacity to transform their economies will be significantly influenced by the level and quality of human capital development and the capacity to leverage technology and innovation, both of which will be key elements of the development efforts. The Constituency Office shall continue advocating and mobilizing the support for our member countries to access resources from the Bank for these cross-cutting issues.

This Annual Report presents a synopsis of global economic developments. It also highlights the World Bank Group's activities in Client Countries, with a specific emphasis on the Sub-Saharan Africa region and the Africa Group 1 Constituency. In addition, the Report also reviews some of the policy discussions at the Executive Board and summarizes the activities that the Office has been involved in since the beginning of the Board year. Our hope is that Governors and Alternate Governors will find the content informative and useful. We look forward to hearing your views.

**Anne N. Kabagambe**
**Executive Director**

# Executive Summary

The global economy weakened further in 2019, from a growth rate of 3.6 percent achieved in 2018 to 3.2 percent, as investment decelerated, manufacturing weakened, and trade growth slowed down. In the Euro area, economic growth declined due mainly to deteriorating industrial activities. In the US, growth remained strong, and the unemployment rate declined, while real wages rose. These good prospects are, however, overshadowed by the ongoing trade dispute with China. By implication, the trade dispute also impacted China's export performance, leading to a deceleration in the pace of growth. Other large emerging and developing countries faced financial market pressures coupled with rising risk premiums and strengthening US dollar, leading to capital outflows and currency pressures. In contrast, the low-income countries' economies remained strong buoyed by the recovery in commodity prices, improved agricultural output, ongoing infrastructure investment as well as expansion in the services sector and rising urbanization.

Growth in Sub-Saharan Africa (SSA) however, is estimated to have picked up to 3.4 percent in 2019, compared to 3.1 percent in 2018, thus continuing the upward trend. This growth was reflective of domestic policy adjustments and better performance in various sectors including mining, agriculture, services, manufacturing, and construction. In 2018, the economic performance of countries in the Africa Group 1 Constituency varied, although most countries grew faster than the average for SSA. Some countries, such as Ethiopia, Kenya, Rwanda Tanzania, The Gambia, and Uganda, grew above 6.0 percent, with Rwanda topping the list with an 8.6 percent growth rate.

During FY19, the combined commitments of the World Bank Group (WBG) amounted to US$62.3 billion down from US$66.9 billion in FY18. The bulk of the decline is accounted for by the decline in IFC commitments due to the uncertainty in its core markets and internal reorganization, leading to slower project preparation. IBRD commitments declined by US$0.2 billion, with higher commitments to Europe and Central Asia (ECA) and Latin America and Caribbean (LAC), and lower commitments to SSA, Middle East and North Africa (MENA), and South Asia Region (SAR). At IDA, commitments declined by US$2.1 billion on account of declines in SSA and SAR. Notwithstanding, the two regions maintained their positions as leading recipients of IDA resources. IFC commitments declined by US$ 4.2 billion to US$19.1 billion. Of these investments, 21.5 percent went to SSA, as IFC aligned its investments with its SSA Strategy aimed at supporting infrastructure development, improving the business environment, and developing a productive real sector.

At the second IDA19 Replenishment meetings Participants discussed the special themes, the cross-cutting issues, the Results Measurement System, and the financing scenarios. Participants agreed on the proposed policy commitments for Jobs and Economic Transformation; Fragility, Conflict and Violence; Climate Change; Gender and Development; and Governance and Institutions. They, however, called for more ambition given the huge needs and the urgency to achieve the SDGs. In their discussion on the cross-cutting themes of debt vulnerabilities, disability, human capital, and technology, they noted the linkages with the SDGs and the need to embed these issues in the special themes. On the financing requirements, Participants preferred the high scenario of US$80 billion as it would be commensurate with the IDA19 policy package.

The policy issues that came under the focus of the WBG Executive Boards during the FY19 include the joint WBG-IMF response to rising debt vulnerabilities, the Financial Intermediary Fund Management Framework for 2019, and the WBG Gender Strategy. Further, the Board initiated the review of the mandate of the Compliance Advisor Ombudsman and continued discussions on the review of the Inspection Panel toolkit. The Board also considered a report on the Second IDA19 replenishment meeting that took place in Addis Ababa in June and an update on the process to prepare the WBG Strategy on Fragility, Conflict, and Violence due for Board approval in December 2019.

The Board of Executive Directors discussed and endorsed the joint Multipronged Approach (MPA) of the WBG and IMF for addressing emerging debt vulnerabilities. The MPA has four pillars namely, improving debt analysis and early warning systems, enhancing debt transparency, strengthening debt management capacity, and reviewing debt policies. The Board also discussed the Financial Intermediary Fund Management Framework for 2019, which seeks to clarify the roles that the Bank plays in the management of the financial intermediary funds. Through the WBG Gender Strategy for 2016-2023, there has been enhanced country-level approaches to address the gender gaps with upstream knowledge to inform operations. Further, the operations have gender tags that are also included in the monitoring frameworks. The Board continued to discuss proposals to improve the effectiveness of the Inspection Panel toolkit in its contribution to ensuring development effectiveness through Bank operations. Relatedly, the Board also initiated the review of the mandate of the Compliance Advisor Ombudsman aimed at improving its dispute resolution, compliance, and advisory roles.

At the 18th Statutory Meeting of the Constituency, Governors endorsed the Development Committee Member Statement, which reiterated support for the resolutions espoused in the 2018 Capital package; noted the progress in the efforts to improve efficiency; welcomed the Bank's heightened focus on challenging environments and called for increased engagement of the Bank with middle-income countries; and encouraged the continued collaboration among the WBG entities in addressing the needs of countries. The Governors also received the Constituency Panel Report which highlighted proposed revisions in the Africa Group 1 Constituency Rules, Guidelines, and Procedures regarding the Constituency representation at the Development Committee and at the IDA Borrowers' Forum. Governors had the opportunity to discuss Africa's development financing needs and solutions as well as the growing debt levels. They underscored prudent debt management as an imperative for sustainable debt levels and economic growth.

Ethiopia: Beneficiaries celebrate with dancing for President of the World Bank Group, David Malpass during his site visit of the UPSNP event, in Shiromeda, Gulele Subcity, in Addis Ababa. May 1, 2019. Photo by World Bank/ Dominic Chavez

Mozambique: Schools in the city of Beira suffered from the effects of Cyclone Idai. Photo by World Bank / Sarah Farhat

# Chapter 1

# Economic Developments and Prospects

- Global Economic Performance
- Economic Performance in Sub-Saharan Africa (SSA)
- Economic Performance in Africa Group 1 Constituency
- The Medium-Term Outlook
- Policy Responses to Subdued Investment in Sub-Saharan Africa (SSA)

# Chapter 1

# Economic Developments and Prospects

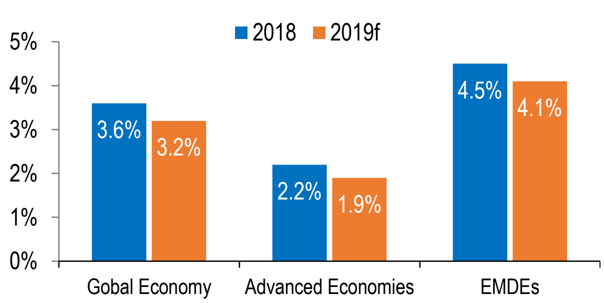
## 1.1 Overview

This chapter summarizes recent developments in the global economy and its medium-term outlook. It presents economic performance and prospects in the Sub-Saharan Africa (SSA) region, as well as an account of the recent economic developments in the Africa Group 1 Constituency countries.

## 1.2 Global Economic Performance

The global economy in 2019 slowed down, continuing the trend observed during the second half of 2018. The deceleration in global investment and weakening in trade growth are weighing heavily on any prospects of a quick recovery. Weakening manufacturing and trade activities are at the center of the negative sentiments created over the past several months. The origins of downside risks include trade tensions among major economies and initial trends towards normalization in monetary policies in some advanced economies, which have since reverted to easing stance.

Figure 1.1: Global Economic Growth




Source: IMF World Economic Outlook Database (July 2019).

Accordingly, global growth is projected to weaken significantly from 3.6 percent realized in 2018 to 3.2 percent in 2019 and marginally edge up to 3.5 percent in 2020 (Figure 1.1). Weakness in economic activities can be observed in both advanced as well as Emerging Market and Developing Economies (EMDEs).

### 1.2.1 Advanced Economies

The U.S. economy continued to perform strongly, following a solid pace in the early part of 2019. It is expected to expand by 2.6 percent, down from a 2.9 percent growth in 2018 (Table 1.1). Economic activities remained strong, the unemployment rate continued to decline, real wage rates are increasing, and long-term inflationary expectations are contained. However, the ongoing trade dispute with China is likely to be a drag on the US economy.

The slowdown in growth was more pronounced in the Euro area, with growth projected at 1.3 percent for 2019, following a less than expected performance of 1.9 percent in 2018 (Table 1.1). Deteriorating economic conditions in manufacturing and industrial activities since 2018 played a big role in the weakening performance, in addition to the earlier appreciation of the Euro. While unemployment has declined, inflationary expectations remain well below the target set by the European Central Bank.

Table 1.1: Global Economic Performance and Outlook

| | 2016 | 2017 | 2018 | 2019[f] | 2020[f] |
|---|---|---|---|---|---|
| Real GDP Growth (Percent) | | | | | |
| World | 2.6 | 3.8 | 3.6 | 3.2 | 3.5 |
| Advanced Countries | 1.7 | 2.4 | 2.2 | 1.9 | 1.7 |
| Euro Area | 2.0 | 2.4 | 1.9 | 1.3 | 1.6 |
| Japan | 0.6 | 1.9 | 0.8 | 0.9 | 0.4 |
| United States | 1.6 | 2.2 | 2.9 | 2.6 | 1.9 |
| Emerging Market and Developing Economies | 4.1 | 4.8 | 4.5 | 4.1 | 4.7 |
| Low Income Countries | 3.6 | 4.7 | 4.9 | 4.9 | 5.1 |
| Inflation (Percent) | | | | | |
| Advanced Economies | 0.8 | 1.7 | 2.0 | 1.6 | 2.0 |
| Emerging Market & Developing Economies | 4.3 | 4.3 | 4.8 | 4.8 | 4.7 |
| Commodity Prices | | | | | |
| Non-Energy Commodity Price Growth (Percentage Change) | -2.8 | 6.4 | 1.6 | -0.6 | 0.5 |
| Oil Price (US$ Per Barrel) | 45.5 | 54.3 | 68.3 | 65.5 | 63.9 |
| Oil Price Changes (Percentage Change) | -15.6 | 23.3 | 29.4 | -4.1 | -2.5 |
| Interest Rates (London Interbank Offered Rate) (Percent) | | | | | |
| US Dollar, 6-Months | 1.1 | 1.5 | 2.5 | 2.4 | 2.3 |
| Euro, 3-Months | -0.3 | -0.3 | -0.3 | -0.3 | -0.3 |

Source: IMF World Economic Outlook Database (July 2019); World Bank Global Economic Prospects, June 2019: Heightened Tensions, Subdued Investment

### 1.2.2 Emerging Market and Developing Economies

Growth in EMDEs is projected to soften to 4.1 percent in 2019, from an estimated 4.5 percent in 2018 (Table 1.1). While economic expansion in major economies such as China and India remains strong, China's pace of growth continued to decelerate. The ongoing trade tensions, and successive tariff increases, as well as reciprocal tariff and currency adjustments are affecting export performance. Such uncertainties also bring into question the sustainability of the current growth trajectory. On the other hand, other major EMDEs faced strong financial market pressures, thereby constraining the expansion of economic activities in those countries. Central banks are taking measures to tighten policies to fight inflationary pressures and stem further currency depreciation. Such measures associated with higher borrowing costs and uncertainty in global trade make quicker recovery challenging.

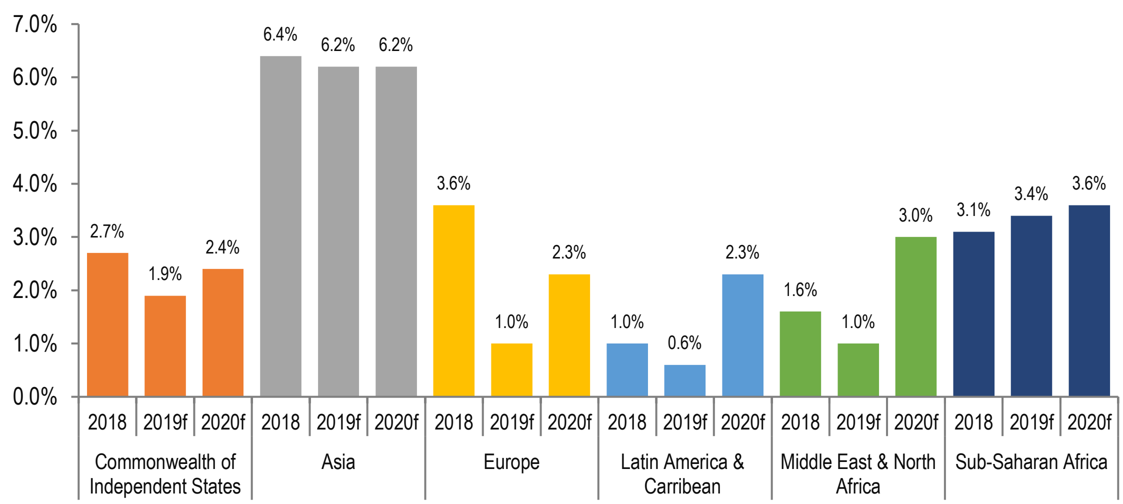
A strengthening US dollar, heightened financial market volatility, rising risk premiums have intensified capital outflows and currency pressures on some large EMDEs, with some developing economies experiencing substantial financial stress. The weaker performance in exports in EMDEs is primarily ascribed to country-specific supply-side constraints and lower commodity prices.

On the other hand, economic activities in Low-Income Countries (LICs) remained strong despite the volatilities observed in the broader global environment. As a result, LICs are expected to maintain the growth momentum in 2019 at 4.9 percent. Recovery in commodity prices, after the huge fall is supporting commodity dependent economies (Table 1.1). This was accompanied by weaker external demand, extreme weather conditions and improvement in agricultural output in some big LICs. In less-resource-intensive countries, continued robust infrastructure investment, as well as growth in the services sector and urbanization anchors the observed solid economic performance.

Economies in Emerging and Developing Asia are projected to grow at 6.2 percent in 2019, a pace slower than the 6.4 percent observed in 2018, largely reflecting the impact of tariffs on trade and investment (Figure 1.2). China's growth moderation spell continued, as the negative effects of escalating tariffs and weakening external demand weighed on the economy. However, the government is taking measures to address the challenges including monetary policy loosening, reduction in value-added and social security taxes, and boosting public investment. The Chinese economy is expected to expand by 6.2 percent in 2019 on the back of policy stimulus. Robust growth continued in India, estimated at 7.0 percent for 2019, reflecting a combined effect of improved financial conditions, fiscal and quasi-fiscal stimulus, and recent structural reforms, all helping to support domestic demand.

The growth for Emerging and Developing Europe in 2019 remains subdued, largely reflecting gloomier prospects for Turkey, where economic activities slowed down due to a decline in investment and financial stress[1]. However, other countries, particularly those in central and eastern Europe, continue to grow strongly on the back of resilient domestic demand and rising wages. The region is projected to grow at 1.0 percent in 2019 (Figure 1.2).

Figure 1.2: Growth Rates in Emerging and Developing Economies (EMDEs)




Source: IMF World Economic Outlook Database (July 2019)

Most economies in Latin America experienced a slowdown notably at the start of 2019, largely reflective of idiosyncratic developments in large economies such as Brazil, Mexico, Argentina, Chile, and Venezuela. In Brazil, growth is projected to soften due to looming uncertainties about the approval of pension and other structural reforms. Growth in Mexico is expected to decelerate as investment remained weak and private consumption slowed, reflecting policy

[1] Recent conclusion of the IMF Article IV mission indicates that Turkish economy registered positive growth, about 0.25 percent, thanks to expansionary fiscal policy, rapid state bank credit provision, a strong contribution of net exports, and more favorable market sentiment.

uncertainty, weakening confidence, and rising borrowing costs. Argentina's economy is poised to contract in 2019, albeit at a slower pace than in 2018, while the Venezuelan economy is projected to shrink by 35.0 percent in 2019 due to the ongoing social and economic challenges. On the other hand, financial conditions in the region have been improving, with export growth due to trade diversion. Overall, forecasted growth for the region is 0.6 percent in 2019, with a recovery to 2.3 percent expected in 2020 (Figure 1.2).

Growth in the Middle East and North Africa region remained subdued in 2019, but economic performance is largely bifurcated between oil importers and exporters. Oil production cuts and a contraction in economic activity in Iran due to U.S. sanctions have weighed on activity in oil exporters. Slow growth in other economies, such as Syria and Yemen, has been a drag on regional growth. These developments have been partially offset by improved prospects for Saudi Arabia's economy, where the non-oil sector is expected to strengthen in 2019 with higher government spending and improved confidence. The region is thus projected to grow by 1.0 percent this year, down from 1.6 percent in the previous year (Figure 1.2).

### 1.2.3 Commodity prices

Some indices point to the modest pickup of commodity prices in the first half of 2019. However, this recovery of prices remained well below the peak values realized last year because, while supply constraints and production cuts have buttressed prices, heightened trade tensions weighed on them. Weaker-than-expected global growth is expected to slow the recovery of commodity prices in 2019.

Crude oil prices declined to US$62.0 per barrel (bbl) over the first eight months of the year, down from US$68.3.0 per barrel in 2018 (Figure 1.3). This trend is reflective of concerns about the deteriorating health of the global economy as well as increased overall oil production. While oil prices are expected to remain sensitive to geopolitical developments such as sanctions and disruption to oil infrastructure, the price projection for 2019-2020 is around US$65.0/bbl.

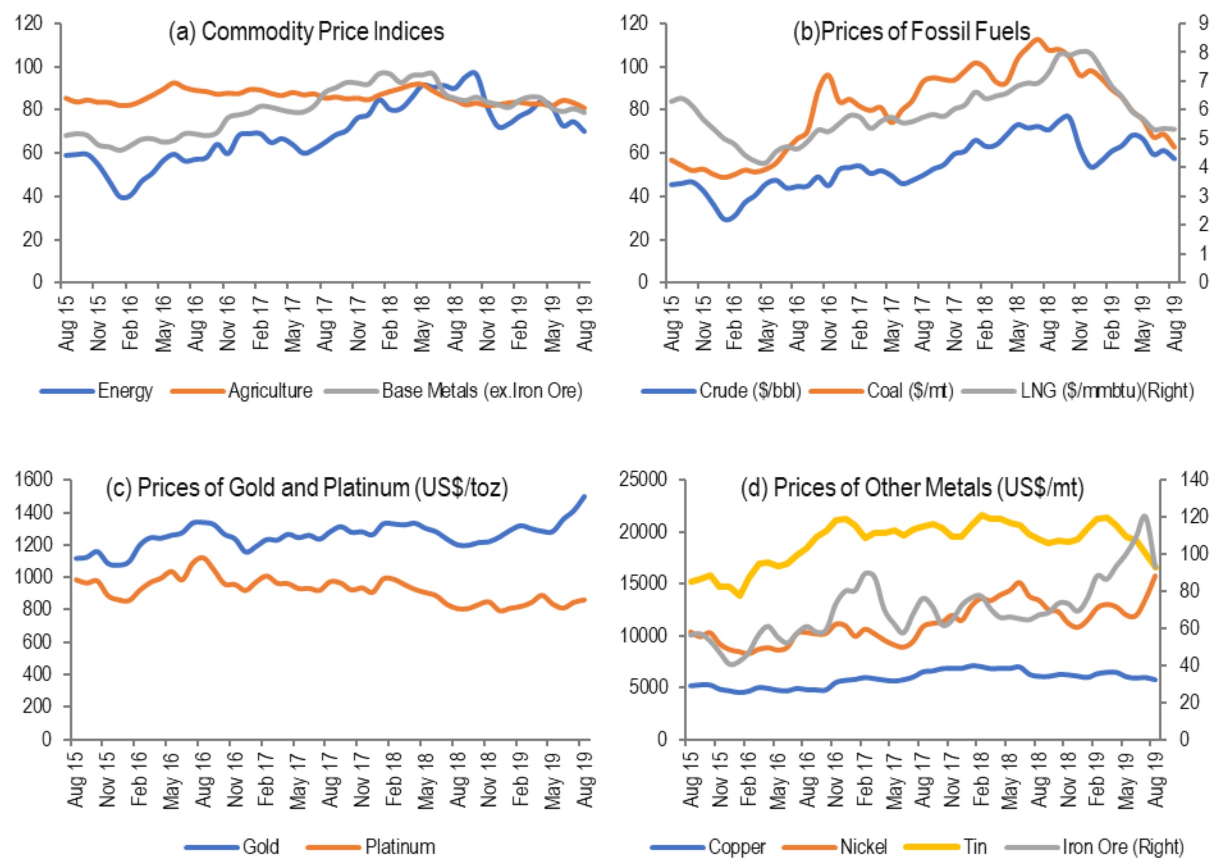
Metal prices fell modestly over the first half of 2019, as manifested by the decline of the metal index to about 83 in the first seven months from 91 in 2018 (Panel a, figure 1.3). This trend is mainly attributed to the re-escalation of trade tensions among major economies. However, iron ore prices rose sharply at the start of the year due to supply disruptions caused by a temporary mine closure following the Vale mining disaster in Brazil and weather-related disruptions in Australia. Overall, metals prices are expected to decline slightly in 2019 and 2020, reflecting weaker demand for metals in the global market.

On average, in the first half of 2019, agricultural prices were broadly stable amid high stock levels and favorable crop conditions for the fourth consecutive year, but price trends for individual crops are somewhat divergent. Wheat prices fell sharply on positive supply news, particularly in Europe and Russia. Soybean prices fell due to rising trade tensions and the spread of the African Swine Fever in China, causing U.S. farmers to substitute plantings of soybeans with corn. Agricultural prices are expected to trend downward in 2019 before stabilizing in 2020.

### 1.2.4 Inflation

The recent softening in commodity prices is expected to translate into a decline of headline consumer price inflation in advanced economies (Table 1.1). In 2019, inflation is projected to decline to 1.6 percent, before rebounding to 2.0 percent in 2020. In the United States, inflation is expected to hover around 2 percent by the end of 2020 as spare capacity remains limited and economic growth is moderating. In many EMDEs, consumer price inflation is also expected to remain relatively stable. The main exceptions are Argentina and Turkey, where inflation has shot up due to the large depreciation of the domestic currencies. With a gradual easing of imported inflation, consumer price inflation should also decline gradually. However, headline inflation in these two economies is still projected to remain in double digits until the end of 2020.

Figure 1.3: Commodity Prices



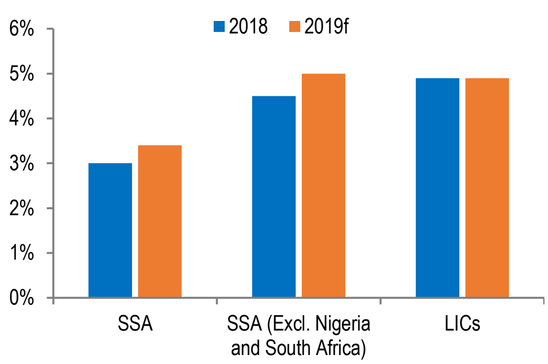

Source: World Bank Price Database -Pink Sheet (September 2019)

## 1.3 Economic Performance in Sub-Saharan Africa (SSA)

Sub-Saharan Africa (SSA) is set to continue the upward trajectory of economic growth that started in 2017. The forecast for 2019 puts the region's GDP expansion at 3.4 percent, up from 3.1 percent in 2018 (Figure 1.4). The pace of economic activity continues to be stronger in the Eastern Africa region, thanks to the broad-based performance across the industry, services, and agriculture sectors. Several countries associated with the rapid growth of economic output at the continental level are also in this sub-region. Some members of the sub-region, however, experienced weaker growth, largely due to instability and a lack of peace. Growth projections for Central Africa region also show stronger performance, aided by the recovery in commodity prices following enhanced internal and external demand. Better performance in mining, construction, and public works along with improved financial governance and successful diversification efforts in some member countries of the region are reinforcing the positive outlook.

Positive sentiments also drove activity in the Western Africa economies, with an uptick in growth expected in 2019. The sub-region's improved performance is anchored on good progress in agriculture, manufacturing, and mining. This is despite the economic challenge in Nigeria which saw a contraction in industrial output in the past years. On the other hand, the Western African region hosts several fast-growing countries, at annual rates of more than successive years.

Figure 1.4: Growth Rates in Sub-Saharan Africa




Source: IMF World Economic Outlook Database (July 2019)

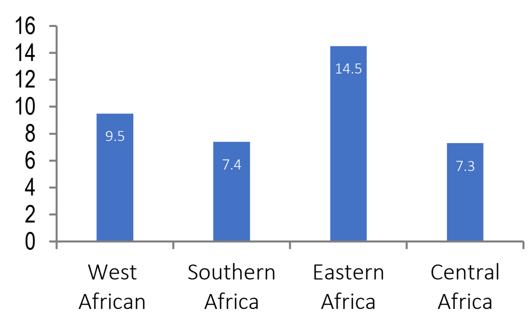
Due to sluggish growth in the Republic of South Africa, the Southern Africa region experienced weaker performance in 2018. The projection for 2019 shows only mild overall recovery, mainly driven by improving the performance of agriculture, services, and extractive sectors. However, slower growth in services, manufacturing, and mining in some of the big economies, high inflation, rising government debt, and low commodity prices will continue to influence the overall performance of the region.

### 1.3.1 Inflation and exchange rate

While economic growth in SSA, in general, is showing recovery, challenges arising from inflationary pressures are still significant. Inflation in the Western Africa region remained elevated in 2018 averaging 9.5 percent although it came down from the level observed in 2017. Expansionary fiscal policy and supply-side constraints are expected to drive the aggregate price level above 9.5 percent in 2019. Exchange rate movements in the sub-region reflected the dual-currency regimes in the sub-region. While depreciation is the dominant trend for the bigger economies in the region, stable exchange rates prevailed for CFA member countries due to the anchoring of the currency to the Euro. In contrast, inflationary pressure in the Central Africa region was relatively low compared to the other sub-regions of SSA largely due to the stable prices policy pursued by the common currency block of countries of the sub-region.

In Southern Africa, aggregate price levels for the region have continued to subside. Tighter monetary policy enabled several countries in the region to bring-down average inflation of the sub-region to 7.4 percent in 2018.

Figure 1.5: Average Inflation in Sub-Saharan Africa in 2018 (%)




Source: African Development Bank, African Economic Outlook (2019)

The projection for 2019 and 2020 is also a single digit for many of the countries in the sub-region. Depreciation in the South African Rand continues to be a major factor for the fall in currencies of the countries in the sub-region, reflecting lower commodity prices and uncertainties on the economic front of major economies in the region. For the Eastern Africa region, higher inflation was a dominant feature for several countries. In 2018, the average inflation for the sub-region reached 14.5 percent. Several factors contributed to the elevated inflation in the region, including looser monetary policy in some countries, increased monetization of fiscal deficit, and on the real sector side, supply constraint due to instability and disruptions in production. On the exchange rate, the East Africa region has generally maintained a stable exchange rate situation, apart from a few countries challenged by conflict and political instability.

### 1.3.2 Fiscal trends

The Southern Africa region experienced fiscal pressures due to weak revenue mobilization on the one hand, which is a feed-in effect of the slower growth in the region. The pressure to increase public expenditure is also contributing to the fiscal burden. The Western Africa region on aggregate is characterized by an expansionary fiscal stance, reflected by the above 3 percent fiscal deficit observed in most countries of the sub-region, and weak domestic revenue mobilization. In the Central Africa region, coordinated economic and financial reform efforts, which have been undertaken for the last few years combined with a recovery in commodity prices enabled fiscal consolidation. As a result, the fiscal deficit of the region is expected to narrow to 1.0 percent in 2019 from 1.4 percent in 2018. In Eastern Africa, the fiscal deficit is expected to fall to 3.7 percent in 2019 from 4.1 percent a year earlier. For about three-quarters of the countries in this sub-region, the fiscal deficit remains below 5 percent, a reflection of encouraging revenue generating efforts in those countries.

### 1.3.3 Debt dynamics

The average government external debt in the Central Africa region is estimated at 27.0 percent of GDP. Only two members of the sub-region, Congo, and Gabon exhibit elevated debt burden. Even here, recent trends are due to progressive reductions in the size of the debt, owing to a recovery in economic activities and better revenue collection. The corresponding ratio for the Eastern Africa region is 52.0 percent. While several of the countries located in the region have higher debt-to-GDP ratios, big spikes in debt accumulation are apparent in the Sudan, Djibouti, and Seychelles. For other countries, weaker debt servicing capacity, rather than total debt level, is the bigger challenge, as in the case of Ethiopia. In the Southern Africa region, government external debt is generally on the high side, although recent events led to declining trend - except for Mozambique, Mauritius, and Zambia where it is remains elevated. Average debt levels in Western Africa are the lowest among the sub-regions at about 23 percent of GDP. This is largely due to the low debt-to-GDP ratio of Nigeria, while countries such as Cape Verde, Niger, and Senegal have higher debt burdens.

### 1.3.4 Current account

The current account balance for the Western Africa region turned to surplus after 2017 due to the recovery in commodity prices and foreign investment. Due to the large size of the Nigerian economy in the sub-region, the average current account balance turned surplus, while others including Liberia, still struggle with massive current account deficits. Supported by improved commodity prices, the aggregate current account balance for the Central Africa region declined to

2.0 percent of GDP. With further gains in 2019, the ratio is estimated to register a 2.0 percent surplus during the current year. For the Southern Africa region, the current account deficit deteriorated marginally in 2018 to 2.9 percent of GDP. Here again, the sluggish economic performance in South Africa is the primary driver for weaker exports in the sub-region. No significant improvement in the current account balance is expected in 2019. Aggregate current account deficit in the Eastern Africa region is projected to improve to 4.6 percent of GDP from 4.9 percent the previous year. Lower export growth, rising fuel prices, and declining tourism receipts explain persistent deficits in the region.

Table 1.2: Selected Indicators for Sub-Saharan Africa (Percent)

| | 2016 | 2017 | 2018[e] | 2019[f] | 2020[f] |
|---|---|---|---|---|---|
| Emerging and Developing Economies | 4.1 | 4.8 | 4.5 | 4.1 | 4.7 |
| All SSA GDP Growth | 1.3 | 2.9 | 3.1 | 3.4 | 3.6 |
| All SSA GDP Growth, excl. Nigeria, South Africa, & Angola | 4.2 | 4.8 | 4.4 | 4.6 | 4.9 |
| GDP Per Capita (Constant 2010 US$) | -1.4 | -0.1 | -0.2 | 0.2 | 0.7 |
| Private Consumption | 0.0 | 2.2 | 2.0 | 2.2 | 2.7 |
| Fixed Investment | -0.6 | 4.7 | 5.8 | 5.9 | 6.1 |
| Exports, | 2.3 | 6.7 | 2.1 | 2.3 | 3.1 |
| Imports, | -3.0 | 2.7 | 4.2 | 3.0 | 3.4 |
| Net Exports, Contribution to Growth | 1.6 | 1.2 | -0.6 | -0.2 | -0.1 |

Source: IMF, World Economic Outlook Database (2019) and World Bank Global Economic Prospects: Heightened Tensions, Subdued Investment. (June 2019)
Notes: e=estimate; f=forecast

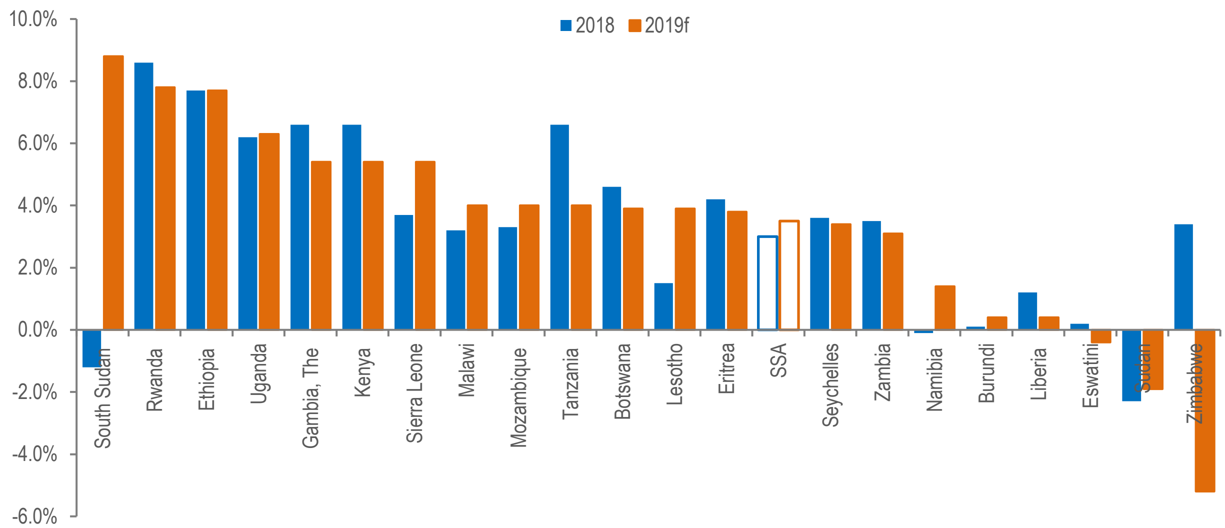
## 1.4 Economic Performance in the Africa Group 1 Constituency

Most countries in the Africa Group 1 Constituency posted positive economic growth in 2018 and are expected to remain at that trajectory in 2019. While the pace of expansion varied widely across countries in the Constituency, many of them are expected to grow above the regional average (Figure 1.5). Some countries, such as Ethiopia, Kenya, Rwanda Tanzania, The Gambia, and Uganda, grew above 6.0 percent, with Rwanda topping the list with an 8.6 percent growth rate. The sustained public investment supported growth in these economies.

Growth in other countries reflected the regional trend characterized by a modest pickup. The expansion in these economies is attributed to both common and idiosyncratic factors such as improved agricultural production, increased public investment in energy and transport infrastructure as well as sound macroeconomic management.

However, some countries encountered challenging economic developments. In 2018, the economy of South Sudan shrank by 1.2 percent, although it was an improvement over the 5.5 percent contraction in 2017. This curtailment happened as a result of internal political and social challenges. In 2019, South Sudan's economy is however expected to reverse course and grow by a high 8.8 percent, thanks to the strong rebound of oil production. Namibia continued to experience an economic contraction, as fiscal consolidation continued, and regional trading partners recovered slowly. As a result, Namibia's economy contracted slightly in 2018. Several countries in the Constituency continue to grapple with difficulties related to elevated public debt vulnerabilities, as well as financial vulnerabilities.

Figure 1.6 Growth Performance in Africa Group 1 Constituency




Source: IMF, World Economic Outlook Database (July 2019)

## 1.5 The Medium-Term Outlook

The performance of the global economy has weakened markedly, and growth momentum is set to remain fragile. Overall, global growth in 2019 is projected to slow to 3.2 percent due to weaker-than-expected international trade and investment at the start of the year (Table 1.1). Growth is projected to gradually edge up to 3.5 percent by 2020. This medium-term outlook is reflective of the continued benign global financing conditions and a modest recovery in EMDEs.

Economic growth in advanced economies is projected to lose steam, in part due to weakening exports and investment. The pace of economic activity in these economies is projected to decelerate from 2.2 percent in 2018 to 1.9 percent in 2019, and 1.7 percent in 2020. Growth in the United States is projected to moderate progressively from 2.9 percent in 2018 to 2.6 percent in 2019 and 1.9 percent in 2020, as the support from fiscal easing slowly fades. While solid labor market outcomes and supportive financial conditions continue to underpin household incomes and spending, higher tariffs are adding to business costs and prices, and the growth of business investment and exports has moderated.

The Euro area is expected to register a slowdown in activity as economic conditions have deteriorated since mid-2018, particularly in the manufacturing sector. Weak exports to China and the ECA region, as well as the softening of domestic demand largely led to this slowdown. As the impact of these economic conditions will not be fully offset by more accommodative fiscal and monetary policy support, Euro area growth is projected to decelerate to 1.3 percent in 2019, from 1.9 percent in 2018, then edge up to 1.6 percent in 2020.

The growth prospects in the Emerging and Developing Market Economies (EMDEs) are collectively projected to pick up from a four-year low of 4.1 percent in 2019 to 4.7 percent in 2020. This recovery reflects the waning impact of earlier financial pressure currently weighing on activity in some large EMDEs and more benign global financial conditions than previously expected.

Growth in SSA in 2019 is estimated to accelerate to 3.4 percent from 3.1 percent in 2018, reflecting strong fixed capital formation and robust growth in consumption. Economic activity is projected to pick up further to 3.6 percent in 2020. Strong growth in many non-resource-intensive countries is expected to partially offset the lackluster performance of the region's largest economies. The economic outlook for Angola, Nigeria, and other oil-exporting countries has benefited from higher, albeit volatile, oil prices. On the other hand, the economic outlook for South Africa remains subdued, reflecting a larger-than-anticipated impact of energy supply issues in mining and weak agricultural production. Outlook for countries in the Africa Group 1 Constituency is positive, as no country is expected to be in a recession in 2020.

### 1.6 Policy Responses to Subdued Investments in Sub-Saharan Africa (SSA)

Over the last decade, the growth of investment in most SSA countries has been decelerating, contributing to the slower pace of capital accumulation and convergence in per capita income between developing countries and advanced economies. Slowing capital accumulation, coupled with decelerating productivity and changing demographic conditions, has contributed to weaker potential growth in the region. As many developing countries are grappling with emerging debt vulnerabilities, continued weak investment growth will make filling large investment gaps in these economies more challenging.

SSA countries are therefore required to deploy a suite of policies that could generate upside potential for investment growth. Such a suite may broadly include the calibration of fiscal policy measures, as well as deepening institutional and structural reforms.

On fiscal policy measures, SSA countries with fiscal space could directly expand public investment, by reallocating resources from relatively unproductive areas, and by increasing spending efficiency. They could scale up public investments by addressing shortcomings in fiscal processes, such as inefficient public investment management systems and weak fiscal transparency.

Some SSA countries could also unlock domestic and foreign investments by implementing requisite institutional reforms, which create conducive conditions. Well-targeted reforms could address country-specific impediments such as business environment constraints, high business startup costs, labor and product market inefficiencies, weak corporate governance and inefficient tax systems. For countries with weak financial development, financial deepening could catalyze investment, while taking measures to minimize the risk that could lead to financial instability.

Moreover, policymakers could provide clarity about the direction of policy and refraining from adopting policies with highly uncertain outcomes could help support private investment. Some EMDEs could also leverage trade and integration agreements to improve the business and investment climate and boost investment growth, especially when such agreements help them integrate into global and regional value chains.

Finally, some commodity-dependent countries should consider a phased approach to diversify their economies with a view of minimizing the vulnerability of private investment to natural resource price volatility.

Rwanda: Improvements at the Kigali Seed Plant. Photo by Wrld Bank/A'Melody Lee

Namibia: The Windhoek Vocational Training Centre in Khomasdal . Photo by World Bank/ John Hogg,

# Chapter 2
# World Bank Group Operations

- World Bank Operations

- IFC Operations

- MIGA Operations

# Chapter 2

# World Bank Group Operations

## 2.1 Overview

This chapter provides an account of the World Bank Group (WBG) operations for the fiscal year 2019 (FY19). During this period, the combined commitments of the WBG amounted to US$62.3 billion, representing a 9.3 percent decline over the amount from the previous fiscal year[2]. Compared to other WBG institutions, IFC commitments fell by US$4.2 billion to US$9.1 billion, mainly attributable to the internal reorganization that affected project preparation. On the other hand, total disbursements of the WBG increased from US$45.7 billion to US$49.4 billion, representing an 8.1 percent increase. This increase reflects the combined improvement of IBRD and IDA disbursements that offset the decline of IFC disbursements. Further, the gross issuance of MIGA guarantee rose by 5.7 percent to US$5.5 billion, from US$5.3 billion.

## 2.2 World Bank Operations

World Bank commitments in FY19 totaled US$45.1 billion, lower than the US$47.0 billion in FY18. In FY19, IBRD commitments increased marginally from $23.0 billion in FY18 to $23.2 billion (Table 2.1), while IDA commitments declined by US$2.1 billion to US$21.9 billion. On the other hand, the disbursement level for each institution increased, with a combined total of US$37.7 billion in FY19, equivalent to a 19.0 percent increase over the previous year.

### 2.2.1 IBRD Lending Operations

FY19 is the transition year for the implementation of the IBRD Capital Package, in which policy commitments started being embedded into country programs. The year also saw two major reforms being instituted in the financial architecture of IBRD. The first was the approval of the IBRD buffer amounting to US$10 billion under the Financial Sustainability Framework, which will raise the lending ceiling to US$28.1 billion for FY20. The second was the approval of the IBRD Fund for Innovative Public Goods Solutions amounting to US$45 million.

Table 2.1: IBRD Commitments (US$ billion)

| Region | FY18 | FY19 |
|---|---|---|
| Sub-Saharan Africa | 1.1 | 0.8 |
| East Asia and Pacific | 4.0 | 4.0 |
| Europe and Central Asia | 3.6 | 3.7 |
| Latin America and Caribbean | 3.9 | 5.7 |
| Middle East and North Africa | 5.9 | 4.9 |
| South Asia Region | 4.5 | 4.0 |
| **Grand Total** | **23.0** | **23.2** |

Source: World Bank Operations Updates (FY19 Q4)

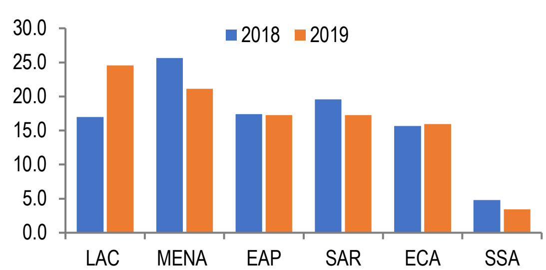
In terms of commitments by financing instruments, IBRD allocated 39.0 percent of the committed financing to Development Policy Operations (DPOs), 20.0 percent to Investment Projects Financing (IPF), and 15.0 percent to Programs for Results (PforR) operations. Compared to FY18, commitments to DPOs and PforRs increased by 17.0 percent and 4.0 percent, respectively, mainly because of increased demand from clients to implement

[2] Excludes US$10.2 billion mobilized by IFC from other investors.

policy and institutional reforms. However, the share of financing committed to IPF fell by 13.0 percent to 50.0 percent. Thus, of the three financing instruments, IPF continued to account for the largest share of the IBRD commitments.

The amount of IBRD resources committed to client countries varies across regions. In FY19, LAC received the largest share of commitments, equivalent to 25.0 percent of the total, followed by MENA with 21 percent, which is US$4.9 billion (Figure 2.1). In contrast, SSA experienced a decrease in commitments from US$1.1 billion in FY18 to US$0.8 billion in FY19, representing only 4 percent (Table 2.1 and Figure 2.1). The LAC region had the largest increase in disbursements during the period, at 46.5 percent, while SSA had the highest decline in commitments by 26 percent, followed by MENA at 18 percent.

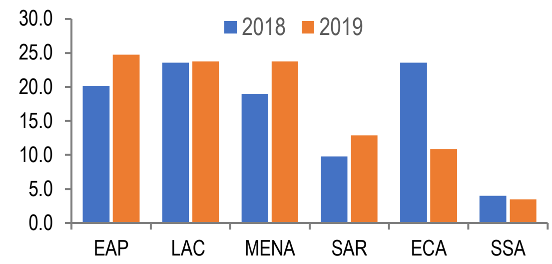
Figure 2.1: IBRD Commitments (In % of the total)




Source: World Bank Operations Updates (FY19 Q4)

IBRD disbursements in FY19 increased by 16.1 percent to US$20.2 billion, from US$17.4 billion in FY18 (Table 2.2). In terms of disbursements by financing instruments, IPFs retained the highest share in the total at 48.5 percent, albeit lower than 59.2 percent achieved in FY18. The share for DPF and PforR increased to 38.6 percent and 12.9 percent, respectively. The overall increase of disbursements amounting to US$2.8 billion in FY19, was primarily due to US$2.2 billion higher disbursements supporting DPF operations.

Figure 2.2: IBRD Disbursements (In % of the total)




Source: World Bank Operations Updates (FY19 Q4)

In terms of disbursements by region, EAP led other regions by having the largest disbursements amounting to US$5.0 billion, followed by LAC with US$4.8 billion and MENA with US$4.7 billion. The proportionate shares of EAP, LAC, and MENA were 25.0 percent, 24.0 percent, and 23.7 percent, respectively. SSA continued to receive the lowest IBRD disbursements of US$0.7 billion representing only 3 percent of the total FY19 disbursements (Figure 2.2). Looking at the percentage increase, the SAR region had the largest increase in disbursements by 53 percent from US$ 1.7 billion in FY18 to US$2.6 billion in FY19. Likewise, the disbursements to MENA rose by 46.0 percent from US$3.3 billion in FY18 to US$4.8 billion in FY19 while the disbursements to EAP rose by 45.0 percent from US$3.5 billion to US$5.0 billion in FY19. However, ECA and SSA experienced decreases in disbursements by 47.0 percent and 6.0 percent respectively.

Table 2.2: IBRD Gross Disbursements (US$ billion)

| Region | FY18 | FY19 |
|---|---|---|
| Sub-Saharan Africa | 0.7 | 0.7 |
| East Asia and Pacific | 3.5 | 5.0 |
| Europe and Central Asia | 4.1 | 2.2 |
| Latin America and Caribbean | 4.1 | 4.8 |
| Middle East and North Africa | 3.3 | 4.8 |
| South Asia Region | 1.7 | 2.6 |
| **Grand Total** | **17.4** | **20.2** |

Source: World Bank Operations Updates (FY19 Q4)

### 2.2.2 IDA Lending Operations

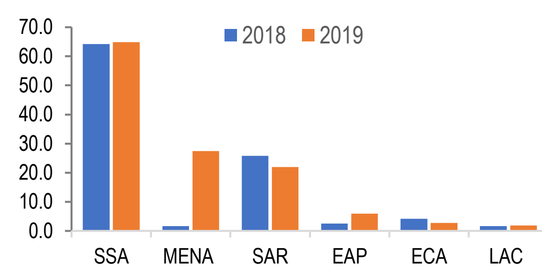
FY19 is the second year of the IDA18 cycle with an envelope of US$75 billion. During this year, 75 countries were eligible for IDA assistance in the form of development loans, grants, and guarantees. Additionally, IDA continued to support Bolivia, Sri Lanka, and Vietnam, which graduated at the end of IDA17, through exceptional transitional support. In FY19, IDA commitments totaled US$21.9 billion for 254 operations, including three IBRD and IDA blended operations. Of the total commitments, US$13.8 billion were in credit, US$7.8 billion in grants, and US$358 million in guarantees. Further, 14 projects amounting to US$393 million were financed by the IDA18 IFC-MIGA Private Sector Window. Of the top 10 IDA borrowers in FY19, three are from the Africa Group 1 Constituency: Ethiopia, Kenya, and Mozambique.

The FY19 commitments are lower than the commitments in FY18, which stood at US$24 billion. The decline is partly attributed to the absence of new commitments in a few large clients. The FY19 level of commitments brings the cumulative IDA commitments to US$46.0 billion, equivalent to 61 percent of the IDA18 envelope, implying that IDA will have to commit US$26.6 billion in FY20 to exhaust the IDA18 resources. Further, there was increased financing committed to Fragile Conflict and Violence (FCV) situations and small states, at 74.0 percent and 59.0 percent, respectively, committed through the IDA18 Performance Based Allocation. Specifically, commitments to FCV affected countries jumped from US$4.1 billion to US$6.6 billion, while financing committed to small states more than doubled to US$638 million from US$290 million.

In terms of commitments by financing instruments, allocation to PforR operations decreased from US$7.0 billion to US$2.0 billion, while approved financing for IPF rose slightly from US$15.0 billion to US$16.0 billion and DPO commitments more than doubled to US$5.0 billion from US$2.0 billion, to compensate for the significant decline in PforR operations. The decline in PforR commitments is partly driven by the need to adhere to the 15.0 percent three-year average cap of the portfolio.

On the distribution of commitments by region, IDA financing committed to SSA was US$14.2 billion in FY19, representing a 7.8 percent decline from FY18 (Figure 2.3). As for the overall IDA commitments, this decline is partly attributed to the absence of new commitments to some IDA clients. Commitments also declined in SAR and ECA, with SAR registering the largest decline of US$1.4 billion, from US$6.2 billion in FY18 to US$4.8 billion in FY19. Despite the decline, SSA continued to command the highest share of the total commitments, at 64.7 percent.

Figure 2.3: IDA Commitments (In % of the total)

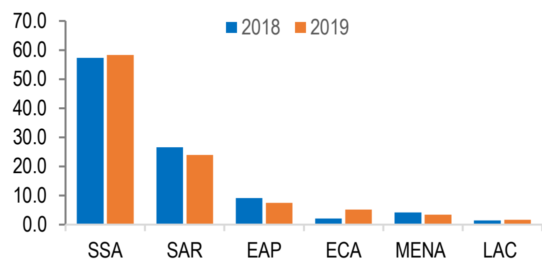



Source: World Bank Operations Updates (FY19 Q4)

The total level of IDA resources disbursed to client countries increased by 21.5 percent to US$17.5 billion in FY19, from US$14.4 billion in FY18 (Table 2.4). The change was primarily due to the more than doubling of DPF disbursements, from US$1.7 billion to US$4.4 billion. Disbursements to IPF remained at US$11.1 while PforR disbursements rose slightly from US$1.6 billion to US$ 2.2 billion.

Regionally, disbursements to SSA rose by 24.4 percent to US$10.2 billion in FY19, while disbursements to SAR rose by 10.5 percent to US$4.2 billion (Figure 2.4). The increase in disbursements to SSA was partly due to the approval of transformative development policy operations to some clients. On the other hand, disbursements to EAP and MENA were flat, while those to ECA rose by US$0.6 billion to US$0.9 billion. The SSA region retained its share in total disbursements, at 58.1 percent.

Figure 2.4: IDA Disbursements (In % of the total)




Source: World Bank Operations Updates (FY19 Q4)

Table 2.3: IDA Commitments (US$ Billion)

| Region | FY18 | FY19 |
|---|---|---|
| Sub-Saharan Africa | 15.4 | 14.2 |
| East Asia and Pacific | 0.6 | 1.3 |
| Europe and Central Asia | 1.0 | 0.6 |
| Latin America and Caribbean | 0.4 | 0.4 |
| Middle East and North Africa | 0.4 | 0.6 |
| South Asia Region | 6.2 | 4.8 |
| **Grand Total** | **24.0** | **21.9** |

Source: World Bank Operations Updates (FY19 Q4)

Table 2.4: IDA Disbursements (US$ Billion)

| Region | FY18 | FY19 |
|---|---|---|
| Sub-Saharan Africa | 8.2 | 10.2 |
| East Asia and Pacific | 1.3 | 1.3 |
| Europe and Central Asia | 0.3 | 0.9 |
| Latin America and Caribbean | 0.2 | 0.3 |
| Middle East and North Africa | 0.6 | 0.6 |
| South Asia Region | 3.8 | 4.2 |
| **Grand Total** | **14.3** | **17.5** |

Source: World Bank Operations Updates (FY19 Q4)

## 2.3 IFC Operations

FY 2019 represents the second year IFC has implemented the IFC 3.0 strategy designed to create markets and motivate an ambitious level of private sector investments primarily in regions affected by poverty and fragility. The building and delivery of IFC's FY19 program experienced delays due to economic weaknesses in core markets and significant internal operational changes that included workforce planning and the inception of a new operational leadership team. IFC was, however, able to achieve its FY19 targets for IDA and FCS which stood at 24 percent of Long Time Finance (LTF). Although core mobilization which stood at US$10.2 billion, declined compared to FY18, it reached its second highest level in five years (Table 2.5). Disbursement volumes also declined by US$1.5 billion representing a 14 percent decline during FY19 compared to FY18, reflecting overall declining commitments experienced during the fiscal year.

### 2.3.1 IFC Long Term Commitments

In FY19, IFC's total commitments from own account and mobilization amounted to US$19.1 billion, representing 92.0 percent of the FY19 plan. This outturn, however, marked an 18 percent drop from the FY18 performance which stood at US$23.3 billion due to lower own account commitments. Total own account LTF commitments stood at US$8.9 billion as at end of FY19, compared to US$11.6 billion at end of FY18.

Mobilization is an increasingly large portion of program delivery, reaching 53.0 percent of total LTF in FY19. It is important to highlight that IFC has continued to consciously preserve capital as it awaits the finalization of the Capital Increase. Asset Management Company (AMC) mobilization was 47 percent higher than in FY18 driven by an improving equity pipeline.

The total number of LTF projects also decreased from 366 in FY18 to 269 projects in FY19. The average outstanding balance for Short Term Finance (STF) also declined by US$0.1 billion, from US$3.4 billion at the end of FY18 to US$3.3 billion at the end of FY19.

Table 2.5: Long-Term Investment Commitments (US$ billion)

| | FY15 | FY16 | FY17 | FY18 | FY19 |
|---|---|---|---|---|---|
| IFC'S Own Account | 10.5 | 11.1 | 11.9 | 11.6 | 8.9 |
| Mobilization | 7.1 | 7.7 | 7.5 | 11.7 | 10.2 |
| Syndicated loans | 4.2 | 5.4 | 3.5 | 7.7 | 5.8 |
| FC initiatives & other | 1.6 | 1.1 | 2.2 | 2.6 | 2.9 |
| Asset Management Company | 0.8 | 0.5 | 0.5 | 0.3 | 0.4 |
| Public-Private Partnership | 0.5 | 0.8 | 1.2 | 1.0 | 1.1 |
| **Total Investment Commitments** | **17.7** | **18.9** | **19.3** | **23.3** | **19.1** |
| | | | | | |
| Number of projects | 269 | 366 | 34 | 344 | 406 |
| Number of countries | 65 | 74 | 75 | 78 | 8 |

Source: IFC

The SSA and LAC regions received the largest share of total commitments in FY19, amounting to US$ 4.1 billion and US$6.2 billion, respectively (Table 2.6). About 46 percent of IFC's own account volume was delivered in SSA, MENA, and SA for the first time in IFC's history.

Table 2.6 IFC Commitments by Region (US$ billion)

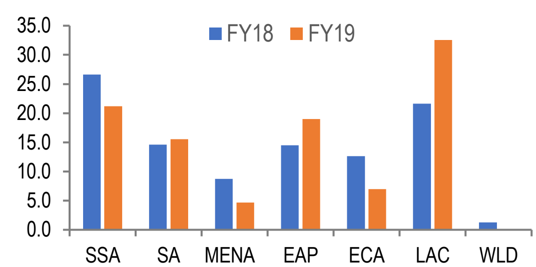
| Region | FY18 | FY19 |
|---|---|---|
| Sub-Saharan Africa | 6.2 | 4.1 |
| South Asia | 3.4 | 3.0 |
| Middle East and North Africa | 2.0 | 0.9 |
| East Asia and the Pacific | 3.4 | 3.6 |
| Europe and Central Asia | 2.9 | 1.3 |
| Latin America and the Caribbean | 5.0 | 6.2 |
| World Region | 0.3 | 0.0 |
| **Grand Total** | **23.3** | **19.1** |

Source: IFC

## 2.3.2 SSA IFC Commitments

SSA closed FY19 with a solid program demonstrating consistent program growth since FY16. The investment program was aligned with the regional strategy to bridge the infrastructure gap, adopt inclusive business approaches, and

Figure 2.5 IFC Commitments by Region (In % of the total)




Source: IFC

develop a productive real sector. Some of the projects IFC supported to achieve this goal were: the development of hydropower in Cameroon through the investment in Nachtigal where IFC invested US$1.1 billion, making it the Country's largest private sector investment; automotive manufacturing in South Africa through a US$150 million invested in Coils Lamiere Nastri (CLN); and a US$17 million investment into Université Privée de Marrakech, a leading pan-African higher education provider that seeks to expand medical training in Morocco and Senegal. However, similar to SA, MENA, ECA and the World Region (WLD), there was a significant drop in total commitments from US$6.2 billion in FY18 to US$4.1 billion in FY19.

### 2.3.3 IFC Disbursements

Disbursement volume declined by US$1.5 billion in FY19, a 14 percent drop when compared with FY18. This performance mirrors the overall decline in FY19 commitments. ECA witnessed a 69 percent decline in disbursements, recording the largest drop among the regions in FY19. SA is the only region that recorded an increase in disbursements, growing by 18 percent while the SSA region witnessed a 7 percent decline in disbursements. MENA and LAC witnessed declines of 15 percent and 18 percent, respectively. Notwithstanding the slump in disbursements, the IFC has expressed confidence in the strength of the FY20 pipeline which anticipates improvements in the disbursements in all regions.

Table 2.7 IFC Disbursements (US$ billions)

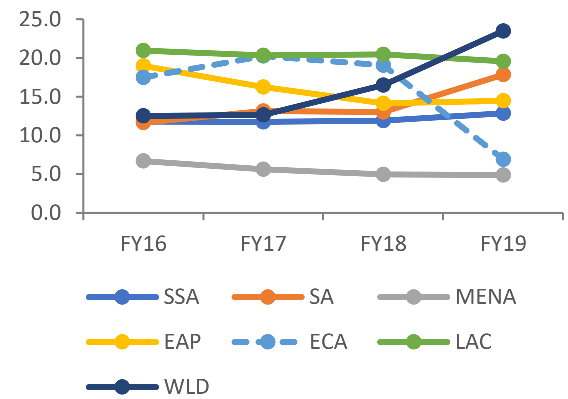
| | FY18 | FY19 |
|---|---|---|
| Sub-Saharan Africa | 1.3 | 1.2 |
| South Asia | 1.5 | 1.7 |
| Middle East and North Africa | 0.6 | 0.5 |
| East Asia and the Pacific | 1.6 | 1.4 |
| Europe and Central Asia | 2.1 | 0.7 |
| Latin America and the Caribbean | 2.3 | 1.9 |
| World Region | 1.8 | 2.3 |
| **Grand Total** | **11.1** | **9.6** |

Source: IFC

### 2.3.4 IFC Portfolio

IFC's investment portfolio exposure stood at US$58.8 billion, compared to a record high of US$61.2 billion as of FY18 end. Despite a strong boost to new LTF commitments in the latter part of FY19, the portfolio exposures decreased across the loan (1 percent), equity (9 percent), and guarantee and risk management (12 percent) products.

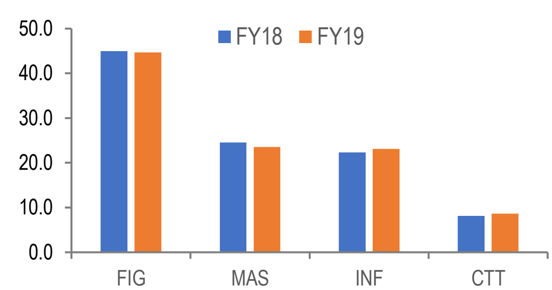
Figure 2.6 IFC Disbursements to regions (In % of the total)




Source: IFC

IFC's committed debt portfolio decreased slightly due to lower own account commitments in FY19. Debt committed portfolio stood at US$42.3 billion as of FY19 decreasing by US$782 million compared to FY18. This was primarily occasioned by the weak own account LTF commitments when compared to FY18. Total LTF commitments in FY19 decreased across all industries, particularly in Infrastructure (INR) and Manufacturing, Agribusiness and Services (MAS). Non-Performing Loans also decreased to US$1.3 billion representing 4.3 percent of the loans outstanding, marginally lower than the 4.6 percent registered in FY18 because of successful workouts and write-offs.

Figure 2.7: IFC - Outstanding portfolio (In % of the total)




Source: IFC

ECA and MENA led the portfolio exposure decline by 17 percent and 13 percent respectively, while the largest industry portfolio exposure decline was witnessed in Financial Institutions Group (FIG) that recorded a 6 percent slump followed by MAS and INR at 4 percent each.

Table 2:8 IFC Portfolio

| Region | FY18 | | | FY19 | | |
|---|---|---|---|---|---|---|
| | Portfolio Exposure (US$ billions)[1] | Committed Portfolio (US$ billions) | NPLs (as % of loan outstanding)[2] | Portfolio Exposure (US$ billions)[1] | Committed Portfolio (US$ billions) | NPLs (as % of loan outstanding)[2] |
| Sub-Saharan Africa | 8.7 | 8.4 | 5.7 | 8.7 | 8.6 | 6.4 |
| South Asia | 11.0 | 9.9 | 3.9 | 10.9 | 9.8 | 2.8 |
| Middle East and North Africa | 4.9 | 5.1 | 8.9 | 4.3 | 4.7 | 3.3 |
| East Asia and the Pacific | 9.8 | 8.7 | 1.3 | 9.3 | 8.6 | 2.4 |
| Europe and Central Asia | 10.0 | 10.5 | 6.0 | 8.2 | 8.9 | 6.1 |
| Latin America and the Caribbean | 12.1 | 12.1 | 5.4 | 12.2 | 12.2 | 5.4 |
| World Region | 4.7 | 5.0 | 0.1 | 5.2 | 5.4 | 0.1 |
| **Total** | **61.2** | **59.7** | **4.6** | **58.8** | **58.3** | **4.3** |

Source: IFC

### 2.3.5 Private Sector Window

FY19 marked the second year of implementation of the IDA Private Sector Window (PSW), which supports private sector solutions in IDA/FCS countries that have been approved as PSW eligible. During FY19 the IFC utilized PSW resources amounting to US$193 million invested in 18 projects, bringing the total since inception to US$252 million from a total of 28 projects. The FY19 commitments enabled IFC to invest US$400 million in PSW eligible countries.

In FY19, the Board approved an allocation to eleven projects compared to eight projects approved in FY18. The Board also approved a request for an additional investment of IDA PSW funds of up to US$70 million for the second phase of the Small Loan Guarantee Program (SLGP).

The performance of the guarantee facilities under the Risk Mitigation Facility (RMF) has been less than expected due to a longer project development timeline for infrastructure and other products. However, the utilization of the Blended Finance Facility (BFF) and the Local Currency Facility (LCF) has been robust. US$111 million of BFF resources have been committed to supporting over US$300 million of IFC's own account investments and US$82 million under the LCF has also been committed to supporting over US$90 million of IFC investments in PSW countries.

The pipeline for FY20 is however strong and anticipates over US$800 million, endorsed by IFC's Blended Finance Committee (BFC) to support US$1.3 billion of IFC investments.

### 2.3.6 IFC Advisory Services

Overall, the Advisory portfolio increased by 8 percent in FY19 to reach US$295.1 million when compared with US$273 million in FY18 (Table

2.9). About 65 percent of the advisory services approved were in IDA countries, of which 23 percent were in FCS. IFC's three priority regions - SSA, MENA, and SA - remained the largest beneficiaries of IFC's Advisory Program comprising of 51 percent of the total portfolio. SSA accounted for the largest share of IFC's advisory services in FY19, with a share of 33 percent dedicated to both upstream and downstream engagements. In terms of industry contribution FIG accounted for the largest share with 22.0 percent of the total and the Joint Global Practices contributing 35 percent of the advisory services program.

Table 2.9: Advisory Services Program (US$ millions)

| Region | FY19 | FY18 |
|---|---|---|
| Sub-Saharan Africa | 96.5 | 86.0 |
| East Asia and the Pacific | 55.1 | 46.0 |
| Europe and Central Asia | 38.9 | 42.0 |
| South Asia | 36.4 | 37.0 |
| Latin America and the Caribbean | 30.4 | 30.0 |
| Global | 20.6 | 17.0 |
| Middle East and North Africa | 17.2 | 15.0 |
| **Total** | **295.1** | **273.0** |

Source: IFC

### 2.3.7 IFC performance on Development Impact - AIMM

IFC launched the Anticipated Impact Measurement and Monitoring (AIMM) system in July 2017 as a means to assess IFC's development impact on investments. The tool allows the IFC to rate and select potential projects based on their expected development outcomes. At the start of FY19, IFC established development impact targets for all new commitments made in FY19. During the year, IFC committed 187 projects that were scored for ex-ante development impact using the AIMM system. The average ex-ante AIMM score for these projects was 64, or "good" against a target of 56. The share of AIMM- scored projects that were rated "very strong" for ex-ante market creation potential totaled 12 percent of the projects committed and scored. About 65 percent of the AIMM-scored projects were rated "Good" for development impact while the remaining 26 percent was rated "Satisfactory". Nine percent of the projects were rated "Excellent" while 1 percent of the projects were rated "Low."

AIMM scores for IFC projects in IDA and IDA-Blend countries received a higher rating than those in IBRD or IDA/IBRD mix countries. This is consistent with IFC's AIMM framework, which assigns higher AIMM scores for projects where the development gaps are widest.

IFC has commenced the implementation of a phased expansion of the AIMM assessment on Advisory Services (AS) in July 2019. IFC will finalize the rating construct for Advisory Services in FY20 drawing on the experience with investment projects to adapt it to the advisory functions of the IFC.

## 2.4 MIGA Operations

In FY19, the Multilateral Investment Guarantee Agency (MIGA) continued to deliver on its FY18-20 strategy that aims to increase its footprint in IDA-eligible and FCS countries as well as climate finance. During the year under consideration, the volume of new guarantees rose by 3.8 percent to US$5.5 billion for 37 projects, from US$5.3 billion for 39 projects in FY18 (Table 2.10). MIGA's new projects were expected to have wide-ranging development results such as to provide access to energy to 3.6 million jobs; increase people's access to power, raise US$800 million annual in tax revenues, generate more than 174,000 jobs, provide US$643 million in SME lending, support local economies with US$176 million of locally produced goods, and avoid 3.3 million worth of Green House Gas (GHG) emission per annum.

In line with its strategy, MIGA delivered 30.0 percent of the projects in IDA-eligible and FCS countries. In this respect, out of the 37 projects supported by MIGA in FY19, 27.0 percent were in IDA countries, 16.2 percent in FCS and 41 percent of them were supporting Climate Change and Energy Efficiency. Guarantees equivalent to US$1.2 billion were issued in support of 10 projects in 6 IDA countries, including Uganda, Sierra Leone, and Malawi.

During FY19, MIGA supported 19 projects in SSA for investments in the infrastructure and agribusiness strategic priority areas. Total guarantees of US$913 million were issued accounting for 16.5 percent of the total (Table 2.11 and Figure 2.8). The Agency guaranteed ten projects in countries within the Africa Group 1 Constituency (AFG1), representing 44.2 percent of guarantees issued to SSA (Table 2.12). Four AFGI countries were the beneficiaries of the new projects: Malawi, Namibia, Sierra Leone, and Uganda.

Table 2.10: MIGA Operations

| Selected Indicators | FY18 | FY19 |
|---|---|---|
| Number of Guarantees Issued | 57 | 39 |
| Number of Projects Supported | 39 | 37 |
| New Projects[1] | 32 | 24 |
| Previously Supported[2] | 7 | 13 |
| Amount of New Issuance, Gross (US$ billion) | 5.3 | 5.5 |
| Gross Outstanding Exposure[3] (US$ billion) | 21.2 | 23.3 |
| Net Outstanding Exposure[4] (US$ billion) | 7.9 | 8.3 |

Source: MIGA

1. Projects receiving MIGA support for the first time
2. Projects supported by MIGA in current and previous fiscal years
3. Gross outstanding exposure refers to the maximum aggregate liability
4. Net outstanding exposure refers to the gross outstanding exposure less ceded exposure

Table 2.11: MIGA Guarantees

| Region | FY18 | | | FY19 | | |
|---|---|---|---|---|---|---|
| | Number of projects | Amount (US$ billion) | In Percent of total | Number of projects | Amount (US$ billion) | In Percent of total |
| East Asia and Pacific | 2 | 0.2 | 3.3 | 2 | 0.2 | 4.1 |
| Europe and Central Asia | 7 | 1.9 | 37.0 | 7 | 0.7 | 12.5 |
| Latin America and Caribbean | 2 | 1.6 | 30.4 | 3 | 1.8 | 31.9 |
| Middle East and North Africa | 11 | 0.4 | 6.9 | 5 | 1.9 | 35.0 |
| Sub-Saharan Africa | 14 | 1.0 | 19.9 | 19 | 0.9 | 16.5 |
| South Asia | 3 | 0.1 | 2.5 | 1 | 0.0 | 0.0 |
| **Total** | **39** | **5.3** | **100.0** | **37** | **5.5** | **100** |

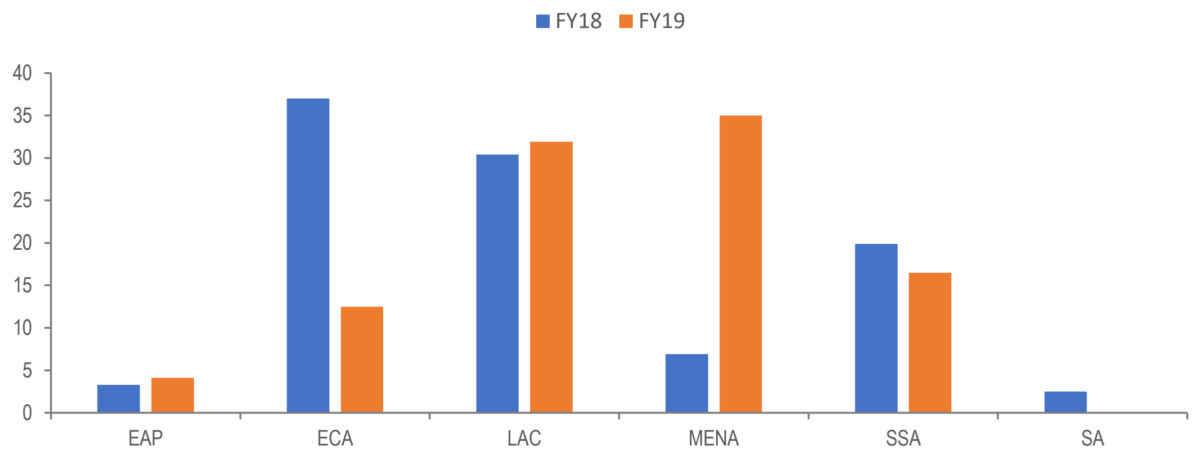
Source: MIGA

Table 2.12 MIGA Guarantees in Sub-Saharan Africa – FY19

| Beneficiary Country | No. of Projects | Sector | Guarantee Amount (US$ million) | In percent of total |
|---|---|---|---|---|
| Africa Group 1 (Total) | 10 | | 403.3 | 44.2 |
| Malawi | 2 | Energy | 58.6 | 6.4 |
| Namibia | 5 | Energy | 4.0 | 0.4 |
| Sierra Leone | 1 | Agriculture | 36.0 | 3.9 |
| Uganda | 2 | Energy | 304.7 | 33.4 |
| Other SSA | 9 | Infrastructure, Energy, Finance, Agriculture | 509.9 | 55.8 |
| **Total SSA** | **19** | | **913.2** | **100.0** |

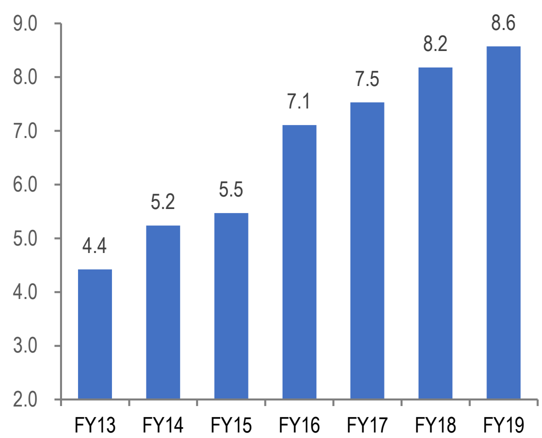
Source: MIGA

Figure 2.8: MIGA Guarantees (In % of the total)



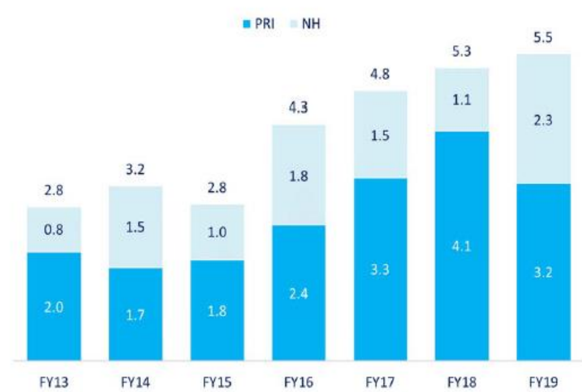

Source: MIGA

Figure 2.9: MIGA Portfolio in IDA and FCS (US$ billions)




Source: MIGA

Figure 2.10: MIGA Guarantees by Instrument (US$ billion)




Source: MIGA
Note: PRI-Political Risk Insurance; NH-Non-Honoring

Tanzania : Dar es Salaam Port, Tanzania. Photo by World Bank/Rob Beechey


Uganda: Financial and technical support from the Japan Social Development Fund of the World Bank. Photo by World Bank/ Stephan Gladieu

# Chapter 3

# Selected Policy Issues and Updates

- Update on the IDA19 Second Replenishment Meeting
- Update on the Financial Intermediary Fund Management Framework
- The Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities: Update Recent Progress and Key Milestones Ahead
- Update on the development of the WBG Fragility, Conflict, Violence (FCV) Strategy
- Update on the WBG Gender Strategy (2016-2023)
- Update on the review of the IPN Toolkit and the CAO Mandate and Environmental and Social Safeguard Issues
- Update on Diversity and Inclusion in the World Bank Group

# Chapter 3

# Selected Policy Issues and Updates

## 3.1 Overview

This chapter provides updates on the Second IDA19 Replenishment Meeting and on selected key policies and strategies that have been the focus of discussions at the Executive Boards of the World Bank Group (WBG) over the past year. These include: (i) the Financial Intermediary Funds Management Framework; (ii) the Joint WB-IMF Multipronged Approach for Addressing Emerging Debt; (iii) the Development of the World Bank Strategy on Fragility, Conflict and Violence; (iv) The Gender Strategy (2016-2023); and (v) the Review of the Inspection Panel (IPN) Toolkit and the Compliance Advisor Ombudsman (CAO) Mandate.

## 3.2 Update on the IDA19 Second Replenishment Meeting

The second IDA 19 Replenishment Meeting was hosted by the Federal Democratic Republic of Ethiopia (FDRE) from June 18-20 in Addis Ababa. The meeting was opened by the President of FDRE, H.E. Ms. Sahlework Zewde, and closed by the Prime Minister, H.E. Abiy Ahmed. The Africa Group 1 Constituency was represented by its three IDA Borrowers' Representatives: Dr. Denny Kalyalya, Governor of the Bank of Zambia; Professor Benno Ndulu, former Governor of the Bank of Tanzania; and Mr. Sahr Jusu, Financial Secretary in Sierra Leone's Ministry of Finance.

The main objective of the meeting was to discuss the architecture of the IDA19 cycle, notably policy commitments and associated financing package. The meeting focused discussions on four areas: Special Themes, Cross-Cutting Issues, Results Measurement System, and Request for Resources and Financing.

On the IDA19 Special Themes, IDA Deputies and Borrowers' Representatives (Participants) discussed the proposed policy commitments for Jobs and Economic Transformation; Fragility, Conflict and Violence (FCV); Climate Change; Gender and Development; and Governance and Institutions. On Jobs and Economic Transformation, Participants welcomed the proposed policy commitments but emphasized the urgency and need for greater ambition in generating more and better jobs by supporting economic transformation in IDA countries. They thus called for the strengthening of policy commitments to reflect the urgency of reaching SDGs, as well as to leverage emerging opportunities such as the African Continental Free Trade Area (AfCFTA).

Participants expressed support for the policy commitments of the other special themes, particularly the alignment of FCV policy commitments with the upcoming FCV Strategy. They also expressed support for the FCV envelope and its financing vehicles[3] tailored to cater to the specific needs of FCV countries at the different stages of the fragility spectrum. On Governance and Institutions, Participants called for enhanced policy commitments that will support IDA countries on domestic resource mobilization, tackling illicit financial flows and

[3] The proposed FCV envelope is expected to have three financing vehicles: Prevention and Resilience Allocation, Remaining Engaged in Conflict Allocation and Turn Around Allocation.

development of local capital markets. On Gender and Development, Participants strongly supported the proposed two-track approach to implement the WBG Gender Strategy and to leverage the theme's interlinkages with other special themes, while calling for greater ambitions. Finally, on climate change, there was a broad consensus among Participants on the broad directions of this special theme, especially the focus on adaptation and resilience as well as the shift from inputs-based to outcomes-based commitments. They thus called on the Bank to raise the ambition in the policy commitments.

IDA Participants further discussed debt vulnerabilities, disability, human capital, and technology under the banner of cross-cutting issues. They underscored the linkages of these issues to SDGs. They emphasized the need to embed disability in policy commitments under existing themes, as well as in the results management system. They further stressed the importance of adopting a multi-faceted approach to addressing demographic issues, such as economic migration, forced displacement, and internally displaced people.

Addressing debt vulnerabilities, many Participants acknowledged the risks inherent in the rising debt levels in IDA countries. They noted that this poses a challenge to sustainable growth and underlined the need to strengthen fiscal policy, debt management, and debt transparency. While Participants welcomed the policy commitment related to debt transparency, they, however, called for a clear growth-enhancing policy commitment to sustainably address debt vulnerabilities. The proposed Sustainable Development Finance Policy (SDFP), replacing the Non-Concessional Borrowing Policy (NCBP), received overwhelming support from the Participants. They particularly supported the proposed approach to introduce appropriate and fair incentives for countries to take policy steps to reduce debt vulnerabilities, while considering differing needs and capacities of IDA countries, including small states and FCV countries.

Pertaining to the request for IDA19 resources, three financing scenarios were presented to Participants: low (US$72 billion), base (US$80 billion), and high (US$86 billion), with many Participants calling for more ambitious financing scenarios to meet IDA19's policy ambitions and urgently fulfill the SDGs. The African Participants in particular emphatically called for the high scenario with a reasonable level of concessionality. In addition, Participants welcomed the proposed scale-up of the Regional Window to support regional priorities. They endorsed the proposal of using regional development policy operations to support region-wide reforms and emphasized single country access to the Regional Window when adequately justified because of spillovers that can be realized. Participants supported the review of the IDA Crisis Response Toolkit, which aims to help countries invest in preparedness and prevention.

Regarding the IDA19 financing framework, there was broad support among Participants to implement the contractual acceleration for Bolivia, Sri Lanka, and Vietnam that graduated at the end of IDA17, starting in IDA19. On the other hand, due to some development challenges that still exist, they called for the concurrent suspension of the contractual acceleration for Mongolia and Moldova that will graduate at the end of IDA18. Participants also endorsed a proposal to develop risk management products, including the introduction of a commodity hedging intermediation product for IDA countries, as well as to develop IDA's local currency solution instrument before the end of

IDA18 and to discuss the proposal at the IDA19 Medium-Term Review.

The third replenishment meeting of IDA19 will be held on the margins of the 2019 IMF/WBG Annual Meetings in October in Washington, D.C., where Participants will discuss the draft IDA Deputies Report, which enumerates the overall financial and policy packages. Participants will also discuss the IDA18 Implementation Note, the Operational and Financing Framework paper and informal background notes on the Debt, and the Regional, Crisis Response, and Private Sector Windows. Sweden will host the last replenishment meeting (the pledging session) from December 12-13, 2019.

### Constituency Position

The Constituency, through its Borrowers' Representatives, broadly supports the proposed policy commitments under the five special themes of Jobs and Economic Transformation, Governance and Institutions, Gender and Development, Climate Change, and Fragility, Conflict and Violence (FCV). Further, the Constituency agrees with the proposed scale-up of resources to the Regional Window and FCV facility. Noting that the scale-up of resources to the two windows will not be substantial under the baseline and low scenarios, the Constituency strongly advocates for the high financing scenario of US$86 billion.

## 3.3 Update on the Financial Intermediary Fund Management Framework

Financial Intermediary Funds (FIFs) are financial arrangements that leverage public and private resources in support of international initiatives, enabling the international community to provide a direct and coordinated response to global priorities. Over the years, FIFs have enabled the World Bank to engage in these initiatives and respond to environmental degradation and climate change as well as during pandemics and refugee crises. They have also enabled the Bank to address food insecurity; to prevent communicable diseases, and to support women's entrepreneurship and empowerment. (See Annex 6). Since the establishment of the first FIF in 2006, the World Bank's portfolio of FIFs has grown to 26, with cumulative funding amounting to US$89.7 billion by the end of FY17.

On July 16th, 2019, the Board of Executive Directors discussed the FIFs Framework, which lays out the overall approach to World Bank engagement in FIFs. The 2019 Management Framework seeks to strengthen the World Bank's roles in the FIFs, building on the 2013 Framework and lessons learned. The Framework will help to; (a) strengthen selectivity, shaping and oversight from initiation; (b) provide greater clarity on the World Bank's roles as host to FIF secretariats and implementing entities; and (c) deepen the implementation framework for FIF life cycle oversight and management for better strategic and operational alignment and risk management. In this regard, the 2019 Framework addresses changes in the features of FIFs and the challenges associated with managing and operationalizing FIFs.

While the 2013 Management Framework for World Bank Partnership Programs and Financial Intermediaries clarified the World Bank's role as trustee and provided direction and guidance for upstream selectivity around partnership programs, the 2019 Management Framework largely focuses on the other roles. The World Bank plays three distinctive roles in FIFs. As a Trustee for all the FIFs, it provides financial intermediary services, including receiving, holding, and investing contributed funds, and transferring them when instructed by the FIF governing body. It also provides customized treasury management or other services such as bond issuance, hedging intermediation, and monetization of carbon credits. These services are provided on a full cost recovery basis, and in FY17, the World Bank received US$14.5 million in revenue from FIF trustee services.

Besides its trustee role, the World Bank also hosts some FIF secretariats providing legal, operational and other cadres of staff as well as management support. It also serves as an implementing agency, taking the responsibility to appraise and/or supervise projects that are financed by the FIF. In some cases, the World Bank has been a donor to FIFs, while in others it has also been involved at the conceptualization, design, and fund-raising stages of setting up a FIF. Given the possibilities for the Bank to play several roles and the multiplicity of partners involved, there is a need to observe the crucial principle of the clear separation of roles and responsibilities within the World Bank.

There are, however, some challenges that have been identified with FIFs. The structures of FIFs and the operating environment have evolved. FIFs are often created in response to calls for action or to fill gaps in development assistance and usually have a very specific focus, with governance and decision-making structures that are different from those of other multilateral organizations involved in delivering the same development mandate. As such, the complexity of some of the FIFs and duplicity often contributes to fragmentation in the development financing landscape, thereby weakening the system's capacity to respond effectively.

However, FIFs can raise governance issues for the World Bank, particularly when the World Bank hosts the secretariat of a FIF and provides it with legal personality. In such a case, the World Bank becomes the hiring entity for staff and the signatory to contractual arrangements under its own policies and procedures. In terms of governance, however, the World Bank's role is often limited to only an observer status within a FIF. This, therefore, could potentially create significant conflicts when the World Bank policies differ from those adopted for the partnership supported by the FIF.

Further, engagement with a FIF for which the Bank is only playing a financial trustee role to provide innovative financing arrangements without leveraging its operational capacity or where it provides secretariat services with a minor role as an implementing agency, might not be an efficient use of expertise and capacity because it does not support the achievement of the Bank's strategic goals. Indeed, complex implementation modalities in the FIFs risk compromising the efficiency achievements by the Bank through the agile initiative.

### Ongoing issues

The Constituency office recognizes the importance of FIFs as a means of drawing attention to global challenges such as climate change and fragility, conflict and violence which are prevalent in many of our constituency countries. The Office would like to see the Bank address identified challenges posed by FIFs. We urge the Bank to provide more information on FIFs and to consult countries for their input at the early stages of proposed FIFs' design. We further urge Management to look beyond donor countries in the process of identifying FIFs.

## 3.4 The Joint WB-IMF Multipronged Approach for Addressing Emerging Debt Vulnerabilities: Update on Recent Progress and Key Milestones Ahead

In the recent past, many low-income countries have seen their public debt levels increasing, while financing needs to meet SDGs remain high. The drivers of the debt trend vary across countries but can be broadly grouped into three: scaling-up of public investment, adverse commodity price shocks, and imprudent fiscal policies. Debt vulnerabilities are worsening at the time when official development assistance is either flat or declining, while private lenders have increased the supply of their financing.

Rising debt risks have caught the attention of the international community and highlighted the urgency of helping developing countries address public debt vulnerabilities. The international community, through the IMFC and DC communiqués presented during the 2018 IMF & WBG Spring and Annual Meetings, called for a multi-pronged work program to reduce debt vulnerabilities and enhance debt transparency. The Executive Boards of the Bretton Woods Institutions'(BWIs) discussed and endorsed the

Joint IMF-WBG Multi-Pronged Approach (MPA) for addressing emerging debt vulnerabilities in November and December 2018. The MPA aims to support countries to address debt vulnerabilities by improving debt analysis and early warning systems, enhancing debt transparency, strengthening debt management capacity, and reviewing debt policies. Progress on each of the four pillars is presented next.

i. **Improving debt analysis and early warning systems**. Progress has been made on the implementation of the revised Debt Sustainability Framework for Low-Income Countries (DSF-LICs). As of May 2019, the Executive Boards of IMF and WBG considered 28 revised Debt Sustainability Analyses (DSAs), while 24 additional draft DSAs were under preparation. Of the 28 DSAs, 10 are from our Constituency countries[4]. There has also been broad debt coverage in selected countries, such as Mozambique and training by the IMF and World Bank on the DSF.

   The World Bank has also rolled out new tools to support Macro-Fiscal-Debt analysis that aims to integrate fiscal risk assessment toolkit with other tools. The integration allows the analysis of fiscal risks to specific sectors and issues, such as the energy sector. So far, five assessments have been implemented, of which two are in IBRD countries and three in IDA eligible countries, including Malawi. Three more risk assessments are currently underway.

ii. **Enhancing debt transparency**. The focus of this pillar has been on improving the quality and coverage of debt statistics. On this pillar, IMF has scaled up support for several countries to improve data dissemination and data quality, while WBG has moved to expand the WBG Debt Reporting System, starting with a pilot survey to assess countries' potential to report domestic debt, as well as assessing the quality of domestic debt recording and classification. On enhancing creditor outreach, MDBs and invited multilateral creditors met twice since November 2018 on NCP and debt. For the non-Paris club creditors, the IMF and China held joint DSA training in early 2019.

iii. **Strengthening the debt management capacity**. The third phase of the Debt Management Facility (DMF-III) was launched in April 2019, with the main objective to strengthen debt management capacity and institutions through various tools that help countries assess and plan their debt. The new areas of emphasis in DMF-III are supporting debt transparency, monitoring and managing

[4] The Gambia, Lesotho, Liberia, Mozambique, Rwanda, Somalia, South Sudan, Tanzania, Uganda, and Zambia

risks, implementation of the Medium-Term Revenue Strategy, improving governance and institutional arrangements and developing domestic debt markets. Other areas of progress are the revised joint IMF-WBG Medium Term Debt Management Strategy and the launch of expanded Debt Management Performance Assessment methodology. In addition, through technical assistance, there has been an enhanced focus on debt transparency to some countries, such as Ethiopia where the emphasis is on expanded debt coverage and analysis of debt reports. Finally, the BWIs conducted various capacity development activities on the management of fiscal risks.

iv. **Reviewing debt policies**. The IMF Debt Limit Policy (DLP) and the IDA Non-Concessional Borrowing Policy (NCBP) are currently under review. The IMF conducted several outreach activities, including a survey of OECD creditors and borrowers on the DLP review. In another development, the World Bank and AfDB held a joint consultation on debt policies, with Borrowers in the Africa Region in May 2019. A review of the NCBP was also discussed during the first and second Replenishment meetings of IDA19.

During the second IDA19 Replenishment meeting in Addis Ababa, IDA Deputies and Borrowers' Representatives discussed a paper titled "Addressing Debt Vulnerabilities in IDA countries: Options for IDA19". The paper proposed three ways to deal with debt vulnerabilities in IDA countries. First, to continue the implementation of the IMF-WBG Multipronged Approach. Second, to create new policy commitments under the IDA 19 special themes of Jobs and Economic Transformation, and Governance and Institutions. These policy commitments are expected to help countries promote sustainable economic growth and improve debt management policies. The last proposal is to replace the current IDA NCBP with a broader Sustainable Development Financing Policy (SDFP). The objective of SDFP is to assist all IDA countries to establish a path of sustainable development finance that enhances progress toward achieving the 2030 Development Agenda.

### Constituency Office position

The Constituency Office calls on the Bank to support countries in addressing high debt vulnerabilities. More support should be geared towards enhancing public investment management; developing local capital markets; mobilizing more domestic resources, particularly in countries where multinational corporations are engaged in extractive sectors and leveraging digital solutions in collecting taxes from the informal economy.

The Office requests the BWIs to consider the political economy of debt acquisitions in their analysis and policy advice to our countries. Moreover, the Office advocates for a closer look at the linkage between debt sustainability and financing that is required for countries to meet the 2030 Development Agenda.

## 3.5 Update on the development of the WBG Fragility, Conflict and Violence (FCV) Strategy

Fragility, Conflict, and Violence (FCV) are fundamental challenges that could jeopardize the efforts to reduce extreme poverty and the achievement of SDG 16, if not strategically addressed. It is estimated that by 2030, almost half the world's extreme poor will be living in countries facing these challenges. Further, conflicts will account for about 80 percent of humanitarian assistance and reduce the GDP of the affected countries by 2 percent per year on average. It is, therefore, extremely urgent to develop effective strategies for engaging with countries facing the triple challenges of fragility, conflict, and violence.

Over the past decade, the WBG has significantly enhanced its efforts to address the challenges of FCV. The 2011 World Development Report titled "Conflict, Security, and Development", noted the close interlinkages between security, justice, and development; the criticality of institutional legitimacy for stability; and the impact of investment in security, justice, and crucially, jobs, on the reduction of violence. The WBG doubled its core resources devoted to fragile and conflict-affected situations (FCS) to a commitment equaling US$14 billion under IDA 18. Further, it recognized the diverse challenges faced by the different countries and the need to tailor responses to each country, including investment in conflict prevention; support for refugees and the host communities; prevention and response to gender-based violence; continued engagement in situations of active conflict; and support for transitions from conflict to peace.

In April 2019, the WBG initiated a process to develop a strategy to comprehensively address the drivers of FCV in affected countries and their impact on vulnerable populations, with the ultimate goal of contributing to peace and stability. The FCV Strategy will lay out a conceptual and operational framework to support the identification of priority actions that will strengthen the WBG's engagement with affected countries and subsequently promote the prosperity and peace for vulnerable populations, over the next five years. The Strategy will consider the WBG's comparative advantage and the contributions that MIGA, IFC and the World Bank can make to the common goal. In addition, the strategy will propose new implementation methods through a specific approach to programming, personnel, partnerships, and process.

### 3.5.1 The Strategic Areas of Engagement:

Through this Strategy, the WBG will engage with client countries in the following four areas:

i. **Pivoting toward prevention**. The WBG aims to address risks before they develop into serious crises. According to *Pathways for Peace*, a joint UN-WBG study, for every US$1 invested in prevention, US$16 is saved. These resources are best invested in sustainable development rather than emergency response.

ii. **Remaining engaged in situations of active conflict and crisis**. Recognizing the importance of preserving essential institutions and maintaining service delivery, the WBG will continue to provide critical development support in the affected countries. This is key to maintaining hard-won achievements and to avoid creating a "lost generation."

iii. **Helping countries escape the fragility trap**. Accountability, trust, and institutions are critical if countries are to escape fragility over the long term. To strengthen the state's legitimacy and capacity, it is necessary to renew the social contract between citizens and the state.

iv. **Mitigating the impact of FCV on the most vulnerable**. Since FCV challenges often spill over national borders, any proposed development solutions should address them. The FCV Strategy should also prioritize the most vulnerable groups.

### 3.5.2 Strategy Development Process and timeline

The process of developing this Strategy has included external and internal consultations in meetings and online. During the first phase, the WBG held global consultations with a range of stakeholders, including representatives of governments, civil societies, development institutions, and the private sector on the FCV Strategy concept note. The WBG collected feedback on the FCV Strategy Concept Note from over 1700 individual stakeholders in 88 countries and territories. There were 91 face-to-face meetings in 38 countries including in Ethiopia, Somalia, and Uganda. The second phase comprises online consultations on the draft strategy and will end in November 2019. Finally, the WBG strategy will be presented for Board discussion in December 2019.

### The Way Forward

As part of strengthening engagement with FCV clients, the Constituency Office welcomes the development of the new Strategy. The Office has played a significant role in its development to ensure that it reflects the views of our Constituency countries. We affirm the proposed structure of the Strategy across the four pillars and consider them highly relevant to our countries. The Office further highlights the importance of the private sector in our Constituency countries and encourages the IFC to play a prominent role in supporting the development of the local private sector particularly in FCV situations. The Office will ensure the smooth operationalization of the WBG FCV strategy.

## 3.6 Update on the World Bank Group Gender Strategy (2016-2023)

The World Bank Group (WBG) has made significant strides in implementing the Gender Strategy 2016-2023, by continuing to implement gender commitments under IDA18, thereby setting a strong foundation for IDA19. The WBG seeks to enhance comprehensive country-level approaches and increase work in frontier areas by:

i. closing endowment gaps in access to health services;

ii. closing employment gaps through addressing wage gaps and infrastructure challenges;

iii. closing financial access and usage gaps through technology solutions, legal and regulatory reform, entrepreneurship development, financial literacy and availability of financial assets; and

iv. increasing women's voice and agency in responding to gender-based violence.

The WBG has evolved its operational approach to implementing the Gender Strategy by pivoting towards a more consistent consideration of gender gaps in the development of Systematic Country Diagnostics (SCD) and Country Partnership Frameworks (CPFs). Consequently, more attention has been given to operations and the use of upstream knowledge to inform sector operations at their nascent stage.

The critical economic gaps that persist between men and women highlight the need to embed response to gender disparity in the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity in a sustainable manner. In this regard, the WBG has channeled significant resources towards closing the gaps by applying a more focused approach to gender in all WBG operations, particularly towards women's education and health.

The WBG has incorporated a gender lens in the design and the objectives of its engagements, establishing a tagging and monitoring framework with the aim of tracking gender at the entry of all its operations. This effort has involved extensive consultations with stakeholders and collaboration with development partners in an effort to improve the quality of data on gender to aid a deeper understanding of where the gaps remain.

Beyond the significant strides the WBG has made in investing in building research and statistical capacities for gender data collection, the WBG has also used this evidence to inform policies and operations through Regional Gender Innovation Labs (GILs). Through the GILs, the WBG conducts impact evaluations of development interventions and leading policy research to generate evidence on how to close gender gaps in earnings, productivity, assets, and agency. GIL findings provide project teams and policymakers with innovative and scalable interventions blueprint to address gender inequality. In Sub-Saharan Africa, for example, the implementation of the Regional GILs has resulted in sixty-one impact evaluation interventions, with a reach of over one thousand two hundred government representatives.

### Constituency Office Position

The Constituency is at the forefront of Gender deliberations at the WBG, with the Executive Director, Ms. Anne Kabagambe as co-chair of the Executive Board Gender Diversity Working Group. The Group seeks to ensure that the Board is both gender-sensitive and gender-representative. The Constituency Office would like to see an increased focus on enhancing women's voice and agency to respond to gender-based violence and to close gender gaps in all WBG operations. The Office supports women entrepreneurship and increases in their access to physical and financial assets, as well as projects that create jobs and promote progressive legal and regulatory framework.

## 3.7 Update on the review of the IPN Toolkit and the CAO Mandate and Environmental and Social Safeguards Issues

All operations and activities of the WBG are geared towards reducing the share of the global population that lives in extreme poverty to below 3 percent by 2030 and increasing the incomes of the poorest 40 percent of people in every country, in a sustainable manner. During project design, implementation and operation, the staff is guided by a policy framework for consultation with communities and for public disclosure, with the objective of minimizing harm to project beneficiaries and the environment, while improving development outcomes. In this regard, the staff at the Bank (IBRD and IDA) is guided by the Environmental and Social Framework (ESF), while that at IFC and MIGA is guided by the Sustainability Policy and Performance Standards on Environmental and Social Sustainability.

The Inspection Panel (IPN) and the Compliance Advisor Ombudsman (CAO) are mandated to ensure compliance with these frameworks at the Bank, and at IFC and MIGA, respectively. This section provides an update on the process by the Board to review the IPN toolkit and the CAO mandate.

### 3.7.1 Review of the Inspection Panel (IPN) toolkit.

The IPN was created by the Board of Executive Directors in 1993, to provide a forum for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank-funded project to present their complaints and to foster redress accordingly. The IPN is independent of World Bank Management and staff and reports directly to the Board.

In August 2017, the World Bank Board of Executive Directors under the Committee on Development Effectiveness (CODE) commissioned the external review of the IPN toolkit with the following five objectives; to assess

i. the benefits and disadvantages, financial and operational costs, risks to the World Bank and its clients, of introducing three additional roles in the IPN toolkit. These are to monitor the implementation of Management's action plans, and provide dispute resolution and provide advisory services;

ii. the time-limit of inspection requests;

iii. the eligibility for inspection of projects supported by Bank-Executed Trust Funds (BETFs);

iv. whether there were any accountability gaps in the cases of projects that are co-financed with other financial institutions; and

v. whether there is a need to add measures to improve communication with requestors on investigation findings.

Over 2018, after receiving the Independent Reviewer's Report, the Board constituted itself into a Working Group that discussed various options for each item. It presented its Report of recommendations to CODE, which was eventually discussed by the Board on October 31, 2018. The Board agreed with the recommendations on four issues:

i. Advisory services: to formalize the current practice by which IPN provides advisory services, in the IPN mandate. The advisory services would be presented as lessons learned in Board approved publications, excluding any specific operational guidance or assessment of the merits of Bank policy or procedures.

ii. Bank programs supported by BETFs: since they are not covered by Bank operations policies and procedures, such programs are not eligible for IPN investigation. In this regard, Management agreed and issued clarifications to Bank staff in December 2018, that BETFs are exclusively applied to Bank programs.

iii. Accountability arrangements for projects that are co-financed with other financial institutions: to continue with the practice where IPN agrees with the accountability mechanisms of the co-financing institutions on measures to coordinate and process complaints arising on project execution.

iv. Communication to requestors: to augment the procedures to communicate investigation findings to the requestors.

The Board recognized and endorsed two proposals by Management; first, to strengthen the Bank's Grievance Redress service, including escalating reporting to the CEO and maintaining a roster of expert mediators to address the complaints. Second, to strengthen the supervision of Management Action Plans (MAPs), including by discussing progress reports with the requestors and incorporating their feedback into the reports before discussing the reports with the Board. Notwithstanding, the Board agreed to continue time-bound deliberations on adding these two functions to the IPN toolkit and examine the possibility of extending the time eligibility of requests. This process would include consultations with stakeholders, particularly borrowers. In this regard, in June 2019, CODE identified eleven projects and the implementing agencies and communities who had engaged with the IPN in the previous seven years and sought their feedback on these areas.

CODE received eight respondents from requesters and ten from Government representatives from the eleven countries pre-identified by CODE. From our Constituency, the Republic of Uganda and the Republic of Kenya through the Uganda National Roads Authority and the National Treasury and Planning, respectively participated in the survey. CODE synthesized these responses with those received from other stakeholders and discussed several options for each of the outstanding items. These discussions were expected to be concluded by the end of October.

### The Way Forward

The Office acknowledges the importance of the IPN in ensuring development effectiveness in World Bank operations. It considers the review process critical particularly as the Bank increases its engagement in risky areas. There is a need, however, to ensure that the IPN is not granted additional mandate such that it disadvantages borrowers and that the cost of investigations is burdensome to them.

### 3.7.2 Review of the Compliance Advisor Ombudsman (CAO) mandate

The Executive Boards of IFC and MIGA established CAO in 1999, as an entity independent of operational management, to assist in addressing the concerns and complaints of people affected by IFC and MIGA projects in a fair, constructive and objective manner. CAO helps to enhance the contribution by IFC and MIGA to sustainable development by ensuring that these projects are environmentally and socially sound. CAO was established to fulfill three complementary roles, namely, dispute resolution, compliance, and advisory. Respectively, through these roles, CAO provides a framework for handling people's complaints, addresses systemic concerns about IFC and MIGA projects, and catalyze institutional learning.

Through CODE, the IFC and MIGA Boards of Executive Directors commissioned the external review of the IFC and MIGA Environmental and Social Accountability and the CAO's role and effectiveness in June 2019. This review follows earlier ones in 2003, 2006 and 2010 that had several outcomes including improved Operational Guidelines, improved monitoring and evaluation, and internal process improvements. The review is also necessitated by the need to ensure that the safeguard frameworks are commensurate with the prevailing operational environment, the growing caseload, and complexity of cases, and the litigation which seeks to establish the legal liability of IFC and obtain redress directly as lender and investor. Last but not least, this review is timely, to align with the review of the IPN toolkit on the public sector side of the WBG.

The objectives of the review will be to evaluate, make recommendations and support the Board to make decisions on the following:

i. The optimal governance arrangement for the CAO with respect to its three functions.

ii. The role and effectiveness of CAO; impacts of CAO processes on stakeholders, including communities, clients and governments, and on IFC and MIGA operations, policies, and risk profile; uptake of learning from CAO's work at the level of IFC and MIGA's policies, standards and practices; and IFC and MIGA's responsiveness to concerns regarding adverse environmental and social impacts of the business activities of their clients.

iii. Needed calibrations to CAO's complaint's handling processes or operational guidelines to fulfill its role and improve overall effectiveness and efficiency.

iv. Needed calibrations to IFC/MIGA's response mechanisms to CAO processes and others not related to CAO.

v. Whether to develop complaint and grievance mechanisms for project-affected people and communities to raise concerns directly with IFC and MIGA Management.

### Where We Are

As a member of the Committee on Development Effectiveness (CODE), the Office has called for a comprehensive and objective review of CAO's mandate as well as a balanced representation in the Review Team. To this end, the Office was successful in proposing Mr. Peter Larose, former Constituency Executive Director, to represent borrower countries. The Office expects strong and wide consultations with clients and client countries on the investigation of harms and implementation of Management action plans[5]. We further expect governance structures, monitoring and dispute resolution mechanisms of CAO to be aligned with those of the IPN.

## 3.8 Update on Diversity and Inclusion in the World Bank Group

The World Bank Group strives to ensure that the staffing complement reflects its 189 member countries. As such, Management has set targets on diversity among staff, including ensuring that 12.5 percent of its employees come from Sub-Saharan Africa and the Caribbean regions at the managerial level. By the end of FY19, this target had been met and exceeded by a majority of the Units of the institution. The Constituency Office's objective is to continue to advocate for the increase of this set target of 12.5 percent. Notwithstanding, there are concerns on the lack of staff from Sub-Saharan Africa in middle managerial positions in the WBG. The major concern hinges around the career progression of staff from Sub-Saharan Africa beginning at the time they join the Bank towards their mid to senior professional levels. In this respect, there is evidence of lack of significant promotion opportunities for the region's nationals into middle management levels. While there is visibility of staff from the region at Senior Management level, recruitment from the region appears to be concentrated mostly at entry-level positions, through the Young Professionals Program (YPP) and the Africa Fellows Program (AFP). The AFP targets young talented African nationals who are completing or have recently completed doctoral studies in an area relevant to the WBG's work, with the objective of creating a future pipeline of staff.

The gap between staff from Sub Saharan Africa and other parts of the world is indicative of the need for the Management of the WBG to scale-up efforts to meet its commitments at all levels. Further, there is a need to focus on retention to cement the gains achieved and implement a merit-based framework of employment which allows for transparency, accountability, diversity, and inclusion, as well as equal opportunities to all staff.

During Board discussions on the Human Resources (HR) Strategy for the period FY20-22 and on the Global Mobility Support Framework, the Office shall aim at seeking equal representation at all levels of the institution. The objective of the Human Resources Strategy is to build a workforce with the right skills and position them in the right place and the right time to offer the best development solutions to clients, particularly the FCVs. In this regard, the Office expects evidence of hires and promotions in higher grades from Sub-Saharan Africa. In addition, it is imperative to address the concerns of some sub-regions and countries which are underrepresented.

[5] See Annex 7 for Open CAO cases in Africa Group 1 Countries

Kenya: Maasai women make, sell and display their bead work in Kajiado. Photo by World Bank/ Georgina Goodwin

Lesotho: The Shining Century Textile company in the Maseru Industrial area. Photo by World Bank/John Hogg

# Chapter 4
# Constituency Engagements

- Highlights of the Eighteenth Statutory Meeting of the Constituency
- Update on Country Re-engagements
- Constituency visits (November 2018 – October 2019)
- Executive Directors' Group Visit to Uganda: April 23 -27, 2019
- The World Bank Group President's Visits to Ethiopia and Mozambique
- Visits by Constituency Leaders and Delegations to the Constituency Office
- Update on the African Governors' Caucus
- Status of Staffing in the Office of the Executive Director

# Chapter 4

# Constituency Engagements

## 4.1 Overview

Chapter four provides an update on events the Constituency Office was engaged in over the past year. It includes a summary of the deliberations of the 18th Statutory Meeting of the Constituency and highlights milestones in the re-engagement process for four Constituency countries with the World Bank Group (WBG). The chapter also provides an update on the 2019 meetings of the African Governors' Caucus, held in April in Washington D.C., USA and in August in Accra, Ghana. It further highlights the visits of the Executive Director to the Constituency countries, the visits by Constituency delegations to the Office, and the visit by the WBG President to the Constituency.

## 4.2 Highlights of the Eighteenth Statutory Meeting of the Africa Group 1 Constituency

The Africa Group 1 Constituency Rules, Guidelines, and Procedures as approved in 2010 and revised in 2016 stipulate that the Constituency shall meet biannually to deliberate on issues of common interest and map out modalities for ensuring that these issues are factored in the broad policy and operational agenda of the WBG. Accordingly, the Constituency held its 18th Statutory Meeting on April 11, 2019, in Washington D.C., USA, on the margins of the 2019 International Monetary Fund and World Bank Group (IMF & WBG) Spring Meetings. The Meeting was held under the Chairmanship of Hon. Henry Kiplagat Rotich, WBG Governor and Cabinet Secretary for the National Treasury and Planning, of the Republic of Kenya.

At this Meeting, Governors considered the Interim Report of the Executive Director and the Report of the Panel and endorsed their Development Committee (DC) Member Statement. The Meeting also received and discussed a presentation on Africa's Development Financing Needs and Debt Dynamics, by Dr. Donald Kaberuka, former President of the African Development Bank.

### 4.2.1 2019 Interim Report of the Executive Director

The Executive Director, Ms. Anne Kabagambe, covered the following items in her report; the impact of Cyclone Idai on Malawi, Mozambique, and Zimbabwe and the Bank's response; an update on the election of Mr. David Malpass, the new WBG President; and an update on the negotiations for the IDA 19 Replenishment cycle. She also apprised Governors on the Africa Regional Strategy; the re-engagement of Constituency Countries with International Financial Institutions (IFIs); and her visits to the Constituency Countries.

The Executive Director led the Meeting in a minute of silence in recognition of the souls of those who perished, and the damage of property caused by Cyclone Idai, and extended condolences to the Governors, Governments, and people of Malawi, Mozambique, and Zimbabwe, respectively. She informed the Meeting that the Office had participated in and coordinated two initiatives to address the needs arising from the catastrophe. First, the Office had organized a Bank-wide fundraising drive among staff, and that the WBG was to match the proceeds by 50 percent. Second, the Office was co-sponsoring a Roundtable on the margins of the Spring Meetings to raise funds to meet emergency needs. Besides, the Board had approved a disaster preparedness project for Mozambique for US$90 million, out of which US$9 million would fund emergency activities. Further, Bank management was preparing a project to draw from the IDA Crisis Response Window, which would benefit all three affected countries.

The Executive Director briefed the Meeting on the priorities of the new President of the WBG, Mr. David Malpass. The President expressed commitment to continue with the implementation of the Bank's Forward Look Strategy, the Capital Package, the achievement of the goal of having 33 percent of WBG operations directed toward climate financing, and the role of IFC in creating markets. Further, there would be an increased focus on the countries with the greatest needs, and in this regard, the President was committed to achieving a robust IDA19 financial and policy package that would improve the impact of IDA.

The Executive Director informed the Meeting that the new administration would adjust the organizational structure. The Bank's decentralization process would continue, with the objective of having about 55 percent of Bank staff located in the field. She informed the Meeting that Mr. Malpass was committed to addressing the remaining pockets of poverty, both in Low - and Middle-Income Countries (MICs) in Africa. His inaugural official visit would be to Africa, including Ethiopia and Mozambique in the Constituency.

The Executive Director outlined the schedule of the IDA19 replenishment cycle meetings. The first replenishment meeting would take place on the margins of the Spring Meetings. The subsequent Meeting would take place in June in Addis Ababa, with the third slated for October 2019, on the margins of the Annual Meetings. The last and final meeting, also the pledging session, would take place in December at a location, at that time yet to be decided.6 The overall objective was to secure replenishment of US$80 billion, an increase from the US$75 billion achieved during the IDA 18 replenishment cycle.

On the 2019 Africa Regional Strategy, the Executive Director highlighted support for sustainable and inclusive growth through realizing the digital moonshot initiative, strengthening human capital, including deepening support for women, and building resilience to fragility and adverse climate change. Other areas of attention were financial inclusion, private sector development, and regional integration, particularly through large transformative regional projects. Related to private sector development, the Executive Director urged the Governors to request WBG Management to conduct Private Sector Country Diagnostics for their respective countries to analyze and harness their comparative advantages, as well as Job Diagnostics, in alignment with the Jobs and Economic Transformation (JET) theme in IDA 18.

On the re-engagement of Eritrea, Somalia, Sudan, and Zimbabwe, the Executive Director informed the Meeting that there would be Roundtable

[6] The pledging session meetings will take place in Sweden during December 12-13, 2019

meetings between development partners and respective country delegations for Somalia and Zimbabwe, on the margins of the Spring Meetings. The Executive Director informed the Governors that the Minister of Finance for Ghana, Hon. Ken Ofori-Atta was the Chair for the Development Committee (DC) of the WBG and IMF. She underscored the significance of this development since Africa last chaired the DC in 2001, through the former Minister of Finance for South Africa, Trevor Manuel. This appointment provides Africa with an opportunity to influence the development agenda of the IMF and WBG for the two-year duration of his chairmanship. She also noted that Ghana would be the host of the African Governors' Caucus for 2019. Last but not least, the Executive Director expressed her appreciation to the seven Governors who had hosted her official missions and looked forward to continuing her engagements and visits in the coming months.

The Governors appreciated the comprehensive and informative Report. The Governors for Malawi, Mozambique, and Zimbabwe acknowledged the efforts made towards addressing the emergency needs of the survivors of Cyclone Idai. They observed that this and similar phenomenon underscored the need for an overarching strategy to respond to crises and fragility and urged the Office to remain engaged. Governors also stated they looked forward to participating in the process to craft a strategy for MICs to ensure that it is tailored to the needs of the countries. Governors embraced the pillars of the new Africa Regional Strategy and urged Management to champion regional infrastructure projects. They also voiced their support for the Office's efforts to facilitate the re-engagement of Eritrea, Somalia, Sudan, and Zimbabwe and were also pleased with the new President's commitment to the continent and looked forward to his visit to Africa.

The Governors underscored the need for focused support from the WBG for private sector development in Low-Income Countries, as a robust private sector would be critical for sustainable development and fiscal consolidation to succeed. The Meeting also emphasized the need to follow up on the role of the Inspection Panel in development effectiveness and looked forward to updates from the Office on the internal review of its processes and procedures.

The Governors also welcomed the update on the WBG's Human Capital Project and looked forward to more support in investing in human capital. They also called for support for debt management given its implication for macroeconomic stability and for accessing the necessary resources for poverty reduction. Governors also called for continued efforts to increase the representation of Africans among the WBG staff.

Responding to Governors' concerns on the Fragility Conflict and Violence Strategy (FCV), the Executive Director encouraged Governors to participate in and enrich the discussions during the Meeting on the WBG FCV Strategy scheduled to take place on the margins of the Spring Meetings and to contribute to in-country consultations by the FCV unit. On the need for more engagement with the private sector by the WBG, the Executive Director encouraged Governors to explore the possibility of accessing the IDA18 Private Sector Window (PSW). On voice and representation, the Executive Director affirmed the commitment by the Office to continue advocating for the appointment of Africans at the WBG. She also noted that this was a matter that Governors should highlight during the African Caucus Meetings with the new President.

### 4.2.2 The Report of the Constituency Panel

The Chairperson informed the Meeting that the Panel met to review three sections in the 2016 Edition of the Rules, Guidelines, and Procedures of the African Group I Constituency. These were the Constituency representation on the Development Committee; professional staffing in the Executive Director's Office; and Constituency representation in IDA Deputies' Meetings. The Panel had adopted a set of Terms of Reference for the Constituency Development Committee and approved the provision for the Committee to meet, as needed, to finalize the draft Statement prior to the Statutory Constituency Meetings during the IMF & WBG Spring and Annual Meetings.

The Panel approved the change in the title of Article IV in the Rules, Guidelines, and Procedures from "Constituency representation on the IDA Deputies" to "Constituency Representation on IDA Borrowers' Forum." The Panel also agreed to uphold the three-year term limit for IDA Borrowers' Representatives and approved draft Terms of Reference for the IDA Borrowers' Representatives. The Chairperson reported that the Panel had considered a rotation schedule for the IDA Borrowers' Representatives which they would finalize at the next Meeting in October 2019.

The Panel deferred the review of the clauses on professional staffing, to the next Statutory review of the Rules in 2021. The Panel, however, urged the Constituency membership to respect the discretion of the Executive Director in implementing the established rules on staff tenure.

The Chairperson informed the Meeting that the Office of the Executive Director would finalize the proposed amendments on the Development Committee, the Constituency IDA Borrowers' Representation, and submit a Report to the next Statutory Constituency Meeting for consideration.

### 4.2.3 Presentation on Africa's Development Financing Needs and Debt Dynamics

Dr. Donald Kaberuka, the former President of the African Development Bank, made a presentation to the Meeting on financing development needs and managing debt dynamics. The presentation focused on the description of the debt dynamics, the global debt situation, and the solutions to the problem of rising debt levels. He acknowledged the need for African countries to invest in addressing the huge infrastructure deficit, maximize the demographic dividend, and leverage their position as the center for the new global growth. Due to inadequate domestic resources to finance these activities, countries have resorted to external sources of financing, leading to increasing concerns about rising debt levels, servicing costs and debt distress. He stressed that this calls for managing debt prudently, improving Public Financial Management (PFM) and domestic resource mobilization, and tackling illicit financial flows (IFFs). He noted that while the share of African debt in global debt remained insignificant, there was an urgent need to implement growth-enhancing initiatives and sustainable development financing frameworks and avoid accumulating more debt. Dr. Kaberuka noted that the development finance landscape had changed, with new lenders coming on board, and the relevance of the Paris Club diminishing. In addition, by accessing financing from the capital markets, countries would develop their own financial markets. He encouraged Governors to conduct thorough debt analyses including by creditor and type.

Governors appreciated the presentation and called for further discussions on the subject matter given its importance for development in Africa. They proposed that Dr. Kaberuka be invited to the African Caucus Meeting in Accra, Ghana. They underscored the need to nurture the private sector to foster faster growth, create more and better jobs, increase domestic revenue collection, and agreed on the need to tackle IFFs. They also acknowledged Africa's risk premium and the need to develop domestic capital markets to boost investment, particularly in infrastructure. It was noted that countries were well equipped to leverage the demographic dividend and deal with currency and investment mismatches and to implement austerity measures and to stimulate economies.

#### 4.2.4 Approval of the Constituency Statement to the Development Committee (DC)

Governors considered and endorsed the draft Statement to the Development Committee (DC). The Statement's four main messages were:

i. supporting the resolutions espoused in the 2018 General and Selective Capital Increases and noting the deferment of the IFC capital package resolutions to September 2019;
ii. noting the progress made by the Bank in improving agility, efficiency, and simplification of specific procedures as outlined in the Forward Look and encouraging the continued discussion of other options that can further optimize and enhance the effectiveness of shareholder capital investments;
iii. noting the Bank's commitment and its Strategy to increase support to development in challenging environments, including IDA and FCV countries where development is most needed, and calling for increased engagement of the Bank with middle-income countries; and
iv. noting the importance of the private sector in driving economic growth, creating jobs, and eventually eradicating poverty, the Statement encouraged the continued collaboration among the World Bank Group entities in addressing the needs of countries through Systematic Country Diagnostics and Country Partnership Frameworks.

### 4.3 Update on Country Re-engagements

The Office of the Executive Director remains strongly committed in its advocacy for full re-engagement of four Constituency member countries, namely the State of Eritrea, Federal Republic of Somalia, Republic of the Sudan, and Republic of Zimbabwe, with the WBG and other International Financial Institutions (IFIs). Below is a summary of the status of the re-engagement process for each country.

#### 4.3.1 State of Eritrea

Since the beginning of 2019, the re-engagement process for the State of Eritrea has gained momentum. This is partly buoyed by the lifting of international sanctions and the signing of the peace agreement with Ethiopia. The peace agreement with Ethiopia paved the way for normalization of relations between the two countries, making regional integration, including on trade and infrastructure, an additional avenue for collaboration.

The Africa Region Vice President, Mr. Hafez Ghanem, visited Asmara in January and held consultations with His Excellency President Isaias Afewerki, who confirmed his country's intention to re-engage with the World Bank Group. Other WBG missions visited Asmara to continue the preparations to conduct a Debt Sustainability Analysis (DSA) and the Country Engagement Note (CEN), and discuss options for clearing arrears. The CEN which will cover two years through June 2021, is expected to be discussed by the WBG Board of Executive Directors by December 2019.

Following the visit of the Director of the African Department at the IMF, Mr. Abebe Aemro Selassie in February, IMF Staff completed the 2019 Article IV Mission in May and the Article IV Executive Board Consultation was held in July. The IMF is expected to support the implementation of requisite economic policies, including through the provision of technical assistance, and continued policy dialogue.

### 4.3.2 Federal Republic of Somalia

The re-engagement process for the Federal Republic of Somalia gained momentum during the reporting period. The Bank provided exceptional financing of up to $205 million in IDA Pre-Arrears Clearance Grants for the following projects; (i) the Somalia Recurrent Cost and Reform Financing Project; (ii) the Domestic Revenue Mobilization and Public Financial Management Capacity Strengthening Project; (iii) the Somalia Shock Responsive Safety Net for Human Capital Project; (iv) the Water for Agro-pastoral Productivity and Resilience Project; and (v) the Somalia Capacity Advancement, Livelihoods and Entrepreneurship through Digital Uplift Project. The exceptional financing is a bridging mechanism while the country pursues the requirements for reaching the HIPC decision point.

In July, the Executive Board of the IMF concluded the 2019 Article IV consultation with Somalia and approved the fourth Staff Monitored Program (SMP) for the period May 2019 to July 2020. The Executive Directors agreed that the macroeconomic and structural policies outlined under the fourth SMP met the policy standards associated with upper credit tranche arrangements. In the first review of the fourth SMP in September, the IMF acknowledged the authorities' ongoing commitment to reforms and commended them for implementing the reform measures as outlined in the structural benchmarks. Notwithstanding the risks, the IMF mission noted the progress made towards meeting the benchmarks for the second review. The satisfactory implementation of the SMP will help establish a track record and pave the way toward arrears clearance and eventual debt relief under the HIPC initiative. This builds on the roundtable discussions in Washington D.C., in April 2019, where key bilateral creditors, including members of the Paris Club, indicated their broad support for debt relief subject to the other HIPC requirements being met. The authorities are finalizing the Ninth National Development Plan, which is intended to serve as an interim Poverty Reduction Strategy Paper and is a requirement for the decision point.

### 4.3.3 Republic of the Sudan

There has not been substantial progress in the re-engagement process for the Republic of the Sudan. The World Bank continues to provide technical assistance and advisory services using Trust Funds.

The U.S. sanctions on trade and financial flows were revoked in October 2017. However, Sudan is yet to be removed from the U.S. list of State Sponsors of Terrorism, limiting the country's access to external resources. Further, the normalization of relations with external creditors, including multilateral institutions and bilateral creditors, is a key precondition for debt relief. It is hoped that the recent political developments including the establishment of the Transitional Military Council and the signing of an agreement on a transitional government arrangement will give impetus to the re-engagement process.

On the margins of the 74th session of the UN General Assembly, the United Nations, the African Union, and the Government of the Sudan co-organized a High-Level meeting on Sudan. The Meeting accorded the Prime Minister, Mr. Abdalla Hamdok an opportunity to lay out the vision for the transitional period. He highlighted peace and reconciliation, economic recovery, debt relief and removal of Sudan from the list of State-Sponsored Terrorism, as the top priorities of his Government. He underscored the challenges facing his country and the need for support from the International Community. Relatedly, during the same week, the UN and Sudan signed an agreement to open a Human Rights Office in Khartoum, with various field offices.

### 4.3.4 Republic of Zimbabwe

Zimbabwe is implementing a Staff Monitored Program (SMP) with the IMF with a duration from May 2019 to March 2020. The SMP is anchored on Zimbabwe's Transitional Stabilization Program (October 2018 - December 2020). The SMP, whose first review was conducted in September 2019, is being undertaken alongside economic and political reforms and is a critical step towards re-engagement with the International Financial Institutions (IFIs). Considerable progress has been made on the economic front and efforts are now trained on political reforms. Arrears clearance will be expected to follow at the conclusion of the SMP early next year.

## 4.4 Constituency visits (November 2018 – October 2019)

Among the Executive Director's Terms of Reference in Annex V of the Constituency Rules, the Executive Director shall maintain regular contact with country authorities, including through field visits. In this respect, the Executive Director has visited 10 member states over the past year. This subsection provides highlights of the Executive Director's interactions.

### 4.4.1 Republic of Kenya: December 2018

The Executive Director undertook her mission to consult with Government officials and the private sector on the country's development agenda and to discuss ways to strengthen engagement with the WBG. The mission also served as an opportunity to brief the then Governor of Kenya and Cabinet Secretary of the National Treasury and Planning, Mr. Henry Rotich, on his role as the Chair of the Africa Group 1 Constituency, having taken over from The Gambia in November 2018.

The Executive Director was briefed on the progress made in rationalizing Kenya's World Bank portfolio to align it with the Government's Big Four agenda and enhance its impact on Kenya's overall development. She also received an update on Kenya's monetary and economic landscape.

Meeting with the Cabinet Secretary Rotich

The mission also allowed the Executive Director to witness the IFC support to the vibrant private sector, and to interact with various projects including two projects that have contributed to Kenya's leadership in technology and digital transformation in Africa, now commonly referred to as the "Silicon Savannah." She commended Kenya's efforts to improve the 2019 Doing Business ranking and encouraged the authorities to maintain the momentum of private sector reforms given their importance for private sector-led economic growth.

### 4.4.2 Republic of Uganda: December 2018/January 2019

The Executive Director undertook the mission to have discussions with the Government of Uganda on the country's development agenda and utilization of IDA18 resources, as well as preparations for the planned visit by a group of Executive Directors. She met with the WBG Governor for Uganda and Minister of Finance Planning and Economic Development, Hon. Matia Kasaija and the Chief Justice, Hon. Bart Katureebe. In the meeting with the Governor, they agreed on the areas for support from the WBG under IDA 18 as infrastructure (particularly roads and energy), agriculture and human capital development. Further, on the planned visit by Executive Directors, the Executive Director noted that it would provide them with an opportunity to appreciate the country's development challenges, including the huge fiscal and social burden of hosting refugees, and to witness the progress made in the management of environmental and social challenges faced in the implementation of development projects. The discussions with the Chief Justice highlighted the possibility of accessing the IDA18 regional window for the prevention of gender-based violence and legal reforms across the East African Community.

Meeting with the Chief Justice of the High Court of Uganda, Hon. Justice Bart Katureebe

### 4.4.3 Republic of Seychelles: February 2019

The Executive Director visited the Republic of Seychelles, to exchange views with the authorities on the development opportunities and challenges facing the country, and to discuss ways to strengthen the relationship between Seychelles and the World Bank Group (WBG). The Executive Director paid a courtesy call on the President of the Republic of Seychelles, His Excellency Danny Faure, and met with the WBG Governor and Minister of Finance, Trade, Investment, and Economic Planning Hon. Ambassador Maurice Loustau-Lalanne.

Meeting with the President of the Republic of Seychelles, His Excellency Danny Faure

The Meeting with the Governor discussed the preparation of the Country Private Sector Diagnostics, the Bank's support to address transfer pricing, the development of the financial sector, and the tightening of the social protection program. The Executive Director had the opportunity to attend the 2019 State of the Nation Address at the National Assembly.

She also paid courtesy calls on the Governor of the Central Bank, Ms. Caroline Abel; the Permanent Secretary of the Department of Climate Change, Mr. Willis Agricole; Consultant, Department of Blue Economy, Ms. Rose-Marie Bargain; and the Chairman of Seychelles Chamber of Commerce and Industry, Mr. Oliver Bastienne.

### 4.4.4 Republic of Mozambique: February/March 2019

The Executive Director visited the Republic of Mozambique to consult with the authorities on the development opportunities and challenges facing the country, and to discuss ways to strengthen the relationship with the WBG. She paid a courtesy call on the Prime Minister, His Excellency Agostinho do Rosario and met with Hon. Minister Adriano Maleiane, WBG Governor and Minister of Economy and Finance.

She also met with the staff of the WBG in Maputo, the Chairman of the Private Sector Association (CTA), Mr. Agostinho Vuma, and representatives of the Business Women´s Federation.

Meeting with the Prime Minister, His Excellency Agostinho do Rosario

The Executive Director commended the authorities for the ongoing economic development initiatives and encouraged them to consider the implementation of projects on human capital development and digitalization. She also encouraged the Government to work towards women empowerment by implementing national and regional projects on maternal health and nutrition. She visited two WBG supported projects, the Maputo Special Reserve and Merec Industries Lda. The visit included the Ponto do Ouro Border Post with the Republic of South Africa, which will support the activities of the Maputo Special Reserve project.

### 4.4.5 The Kingdom of Eswatini: March 2019

The Executive Director visited the Kingdom of Eswatini to learn more about the priorities of Eswatini and what the Office of the Executive Director could do to enhance increased engagement with the WBG. The mission also accorded the Executive Director with the opportunity to discuss Constituency matters with the WBG Governor and Minister of Economic Planning and Development, Hon. Dr. Thambo Gina. Dr. Gina is the Constituency Development Committee Representative and a member of the Constituency Panel.

Meeting with the Minister of Economic Planning and Development, Hon. Dr. Thambo Gina

The Executive Director also held discussions with the Minister of Commerce, Industry and Trade, Hon. Manqoba Khumalo, the Governor of the Central Bank of Eswatini, Mr. Majozi Sithole, as well as with the President of Business Eswatini, Mr. Andrew Le Roux.

The Executive Director was briefed on the Government priorities which include commercializing and diversifying the agricultural sector, developing the mining sector and optimizing the use of technology in the energy, tourism, and financial sectors. It emerged that support was also required in creating markets and legal institutions for simplifying processes and procedures, and for managing cases for the business community. The Executive Director appreciated the priorities and advised the Government of the WBG support and range of knowledge and advisory products that can be availed to Eswatini as they address these issues, including the preparation of the Private Sector Country Diagnostics. The discussions underscored the need for tailored support from the WBG to address the country's capacity challenges.

### 4.4.6 Republic of Namibia: March 2019

The Executive Director visited the Republic of Namibia with the objective of consulting with the authorities on the development opportunities and challenges facing the Republic of Namibia, and to discuss ways to strengthen the relationship with the WBG. She met with WBG Governor and Minister of Finance, Hon. Carl-Hermann Gustav Schlettwein, the Governor of the Central Bank of Namibia, Mr. Ipumbu Shiimi and the Executive Director of the Ministry of Finance, Mrs. Ericah Shafudah.

Discussions with the authorities highlighted the longstanding request for the Bank's tailored support to African Middle-Income Countries whose characteristics are similar to those of Low-Income Countries. The Meeting further underscored the need to implement the Human Capital Development Project.

Meeting with the Minister of Finance, Hon. Carl-Hermann Gustav Schlettwein

### 4.4.7 Federal Democratic Republic of Ethiopia: March 2019

The Executive Director visited Ethiopia to discuss with authorities the reform and transformation agenda being pursued by the Ethiopian government. During the visit, The Executive Director met with the Minister of Finance, Mr. Ahmed Shide and the Central Bank Governor, Dr. Yinager Dessie. Discussions focused on the ongoing political and economic reforms. On the economic front, privatization and governance reforms of State-Owned Enterprises is being pursued with the objective of enhancing efficiency, while supporting expanded private sector participation. The meeting highlighted the criticality of the WBG's support for the successful implementation of the reform agenda. The Executive Director affirmed her Office's full support for the implementation of the reforms.

Meeting with the Minister of Finance, Hon. Ahmed Shide

The Executive Director visited one of the flagship Bank-financed projects, the Women Entrepreneurship Development Project, where credit and advisory services to female entrepreneurs have contributed to the successful transformation of small women-run businesses into viable ventures.

### 4.4.8 State of Eritrea: June 2019

The Executive Director visited the State of Eritrea to explore ways to accelerate the re-engagement process with the International Financial Institutions. She held meetings with the Minister of Finance and WBG Governor for Eritrea, Hon. Berhane Habtemariam; and the Governor, Bank of Eritrea, Hon. Kibreab Woldemariam. The meeting at the Ministry of Finance was also attended by the Director-General for Treasury and the WBG Alternate Governor, Mrs. Martha Woldeghiorgis, the Director-General for Budget, Mr. Daniel Tesfaldet, and the Director for International Cooperation, Mr. Efrem Tefsai.

Meeting with the Minister of Finance, Hon Berhane Habtemariam

The meetings mooted the possibility of holding a roundtable meeting in the margins of the 2020 IMF & WBG Spring Meetings. Also noted were the upcoming Country Engagement Note and the available options for arrears clearance. The discussions also highlighted the possibility of technical assistance to the Bank of Eritrea, as well as support for human capital development through the WBG Human Capital Development Project, and for regional integration under the Horn of Africa initiative.

### 4.4.9 United Republic of Tanzania: August 2019

The Executive Director visited the United Republic of Tanzania to discuss with Government officials the country's development agenda and how the WBG can enhance its support. She held discussions with the Governor and Minister of Finance and Planning, Hon. Dr. Philip Mpango, Hon. Prof. Joyce Ndalichako, Minister of Education, and the Governor of the Bank of Tanzania, Prof. Florens Luoga.

Meeting with the Minister of Finance and Planning, Dr. Philip Mpango

The discussions highlighted the ongoing review of the country portfolio and explored ways to utilize the remaining IDA18 resources. On this, three priority areas for further support were identified as equitable access to secondary education, social safety nets, and sustainable urban development. On the pipeline for IDA19, they concurred that operations should focus on jobs and economic transformation, as well as human capital development. Discussions on the education sector focused on improving the quality of the education portfolio and identified early childhood as well as a technical and vocational training as additional areas of support. The Executive Director had an opportunity to learn how Tanzania is implementing the fintech agenda as well as combatting illicit financial flows.

The Executive Director visited the beneficiaries of two World-Bank financed projects: Tanzania Productive Social Safety Net I and the Education for Results. She also had a field visit to the construction site of the Government-financed Standard Gauge Railway (SGR), to learn about its progress and potential.

### 4.4.10 Republic of Rwanda: September 2019

Meeting with the Rt. Hon. Prime Minister of Rwanda, Edouard Ngirente; and Minister of Finance, Dr. Uzziel Ndagijimana

The Executive Director visited the Republic of Rwanda to discuss the country's development agenda with the authorities. During the visit, the Executive Director met with the Rt. Hon. Prime Minister of Rwanda, Edouard Ngirente; and WBG Governor for Rwanda Minister of Finance, Hon. Dr. Uzziel Ndagijimana. The Executive Director also held meetings with Minister of Information, Communications and Technology (ICT), Hon. Paula Ingabire; Minister of Gender & Family Promotion, Hon. Amb. Soline Nyirahabimana; Minister of Local Government, Hon. Prof. Anastase Shyaka and Minister of Education, Hon. Dr. Eugene Mutimura; and other Government officials.

In the discussion with the Rt. Hon. Prime Minister the two exchanged notes on the successes and challenges of the Rwanda developmental programs. They reviewed progress in the implementation of IDA18 and looked forward to a robust IDA19 replenishment. In other discussions with the officials, the Executive Director observed the efforts to improve the quality of education outcomes and to address the financing needs of start-up programs for young people. She noted that the focus on the youth was a good investment that would lead to the transformation of lives in Rwanda and that it was in tandem with the World Bank's Human Capital Development Project. She also discussed the achievements of the country's early childhood development program. The Executive Director visited a social protection project on the outskirts of Kigali for the resettlement of people moved from mountain slopes into model villages.

The Executive Director also visited one of the Africa Centers of Excellence based in Kigali which is funded by the Bank. The objective of the project is to deliver quality postgraduate education and build collaborative research capacity in Energy for Sustainable Development. Rwanda hosts four Centers of Excellence out of a total of 24 in Africa.

## 4.5 Executive Directors' Group Visit to Uganda: April 2019

The Executive Directors of the WBG regularly visit client countries to enable them to observe the WBG's engagement with clients and the alignment of its strategy with the countries' priorities. These visits accord the Executive Directors an opportunity to meet and discuss country priorities and development challenges with senior government officials and other stakeholders. They also discuss the WBG strategy and initiatives with management and staff in the

WBG country offices. In this regard, Ms. Kabagambe hosted a group of 11 Executive Directors and Alternate Executive Directors from April 23 to April 27, 2019, as part of the 2019 Eastern and Southern Africa Executive Directors' group travel.[7]

The Executive Directors met His Excellency President Yoweri Kaguta Museveni and the Right Hon. Prime Minister, Dr. Ruhakana Rugunda. They also held discussions with the Minister of Finance, Planning and Economic Development Hon. Matia Kasaija; the Minister for Energy and Mineral Development, Hon. Irene Nafuna Muloni; Minister of Lands, Housing and Urban Development, Hon. Betty Amongi; and the Executive Director, Uganda National Roads Authority, Ms. Allen Kagina.


Executive Directors with His Excellency President Yoweri Kaguta Museveni

The Executive Directors discussed a wide range of issues concerning economic development in Uganda and WBG support with President Yoweri Museveni. They acknowledged the development challenges of the country including the human capital and infrastructure gaps and the efforts to address them. They appreciated Uganda's generous and progressive policy on refugees and noted the impact of the influx on access to social services and the environment in the host communities. In this regard, they concurred with the President's call for more support from development partners, to alleviate the burden.

The Executive Directors acknowledged the lessons learned and progress made in handling the social and environmental issues by the Uganda National Roads Authority and other agencies, following the mishaps on the Uganda - Transport Sector Development Project. They toured the Bujagali hydropower plant which was constructed with financing from a consortium that included IFC, with a Partial Risk Guarantee from IDA and a political risk guarantee from MIGA. They learnt about the WBG support for the development of the energy sector and noted the remaining challenges including the low access rate at 22 percent, diversification of the energy mix, and the high unit cost to consumers. They also toured IDA-supported projects in municipal infrastructure development and the health sector. The Executive Directors also visited the urban refugee center in Kampala where they witnessed the impact of the implementation of the national policy on refugees.

## 4.6 The World Bank Group President's Visits to Ethiopia and Mozambique.

Mr. David Malpass undertook his first overseas trip as the head of the World Bank Group to Africa, in May 2019. His visit to Ethiopia, Madagascar and Mozambique focused on the WBG's engagements in promoting economic stability, building resilience, supporting the private sector and overall support through IDA. His visit was in recognition of the challenges faced in promoting economic growth, security,

[7] The last Executive Directors' trip to this subregion took place in 2015 while Uganda last hosted Executive Directors in 2001

and good governance and the need to increase Africa's development momentum to foster broad-based growth, raise median incomes, create jobs particularly for women and youth, and promote climate resilience. The President was accompanied by the World Bank Africa Region Vice President, Mr. Hafez Ghanem, and the IFC's Vice President for the Middle East and Africa, Mr. Sérgio Pimenta. The Executive Director, Ms. Anne Kabagambe received the President in Ethiopia and Mozambique.

### 4.6.1 The WBG President's Visit to Ethiopia – May 2019

Ethiopian Prime Minister Abiy Ahmed meeting World Bank Group President David Malpass

In Addis Ababa, the World Bank President Mr. David Malpass met with Prime Minister Abiy Ahmed and a team of senior government officials. During the meeting, Prime Minister Ahmed updated President Malpass on the ongoing broad-based reform efforts in the country, spanning political, social and economic measures, undertaken with the objective of reinvigorating the economy to sustain rapid economic growth while addressing poverty and inequality. Prime Minister Ahmed indicated that job creation for the youth will be a principal focus for the government, which will require a concerted effort from several key sectors in the economy and the support of partners including the World Bank. The PM emphasized that the World Bank's support was critical for the reform efforts of the country.

President David Malpass acknowledged the timeliness of Ethiopia's reform agenda and assured the country of the Bank's support for the successful implementation of the reform measures. He added that the reform measures would also contribute towards fostering broad-based economic growth.

### 4.6.2 The WBG President's Visit to Mozambique - May 2019

In Maputo, President David Malpass met with the President of Mozambique, His Excellency Filipe Nyusi. He also held discussions with representatives of the donor community, the Director of the Disaster Risk Management Institute (INGC), Ms. Augusta Maita and the Mayor of Beira, Mr. Deviz Simango.

During the meeting with His Excellency Filipe Nyusi, Mr. Malpass learnt about the Government's efforts to enhance peace, socio-economic development, as well as of the ongoing activities of humanitarian assistance for the victims of Cyclones Idai and Kenneth. The authorities shared their plans to collaborate with various development partners in the reconstruction of Beira and surrounding areas. The representatives of the donor community briefed President Malpass about their support to Mozambique in the aftermath of the cyclones.

President Malpass visited Beira to appreciate the devastating impact of Cyclone Idai. He held discussions on the humanitarian and reconstruction efforts and the attendant challenges. The WBG President visited a climate change project whose implementation was instrumental in shielding Beira from floods prior to and after Cyclone Idai. He also visited the

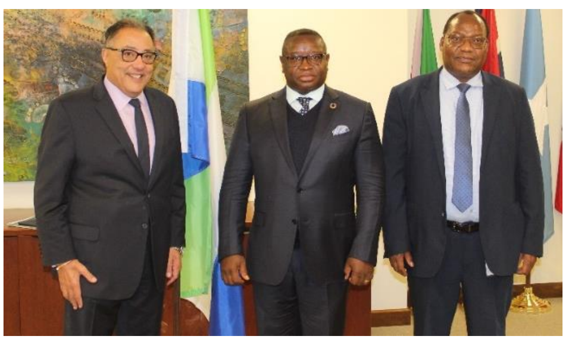
Central Hospital where survivors were being treated and overflew the disaster areas around Beira.

At the end of his visit to Mozambique, Mr. David Malpass announced a Crisis Response Window (CRW) package of US$545 million to support the three constituency countries affected by Cyclone Idai consisting of US$350 million to Mozambique, US$120 million to Malawi and US$75 million to Zimbabwe.

## 4.7 Visits by Constituency Leaders and Delegations to the Constituency Office

The Office regularly hosts delegations from Constituency Countries. This section highlights the visits from different countries, over the last year.

### 4.7.1 President Julius Maada Bio of the Republic of Sierra Leone: March 2019



Mr. Taufila Nyamadzabo, AED, with His Excellency President Julius Maada Bio and Mr. Hafez Ghanem, AFRVP

The Alternate Executive Director, Mr. Taufila Nyamadzabo received His Excellency President Julius Maada Bio and his team to the World Bank Group (WBG) Headquarters in Washington D.C. The President held discussions with the then Interim President Ms. Kristalina Georgieva and senior management on the relationship between Sierra Leone and the WBG. President Bio enumerated human capital development; innovation, science and technology; private sector-led growth; and public-private partnership particularly in infrastructure, as areas for which WBG support would be critical. He also noted that there was a need for the country to rebrand and reverse the effects of Ebola and the civil war.

Ms. Georgieva commended President Bio for his government's bold economic reforms and affirmed the WBG's continued support in the areas he enumerated. In this regard, the forthcoming WBG Country Partnership Framework for Sierra Leone would align with and contribute to the funding of the Medium-Term National Development Plan (2019-2023). World Bank support would target the power sector; empowerment of women and girls; private sector growth; increased budgetary assistance; and social safety nets for vulnerable groups. Discussions also touched on increased World Bank support under IDA18, improved public financial management, and support for human capital development as an Early Adopter of the Global Human Capital Development Project of the World Bank.

### 4.7.2 President Danny Faure of the Republic Seychelles: June 2019

The Executive Director received His Excellency President Danny Faure of the Republic of Seychelles at the World Bank Group Head Office in Washington D.C, where he held discussions with both the Chief Executive Officers of IFC, Mr. Philippe Le Houerou and of the World Bank, Ms. Kristalina Georgieva.

The meeting with the IFC CEO emphasized the limited engagement by IFC in the Republic of Seychelles. The President expressed a strong desire to strengthen the partnership with IFC going forward. Mr. Le Houerou expressed a firm commitment to driving IFC's collaboration in greening the Seychelles economy in areas such as renewable energy and specifically solar, marine waste management, and eco-tourism.

H.E. President Danny Faure with the ED and CEO, World Bank

The discussions with the World Bank CEO highlighted the value Seychelles placed on the World Bank partnership in driving its development agenda. The President appreciated the World Bank's support for the issuance of Seychelles' first Sovereign Blue Bond which established the country as a trendsetter in the issuance of blue bonds. Ms. Georgieva congratulated the President on receiving the National Geographic Planetary and Leadership Award in recognition of his role in championing climate action. She further committed to strengthening engagement on Coastal Management, the Blue Economy, and tackling marine plastic.

### 4.7.3 Hon. Adan Mohammed, Cabinet Secretary for the East African Community & Regional Development for the Republic of Kenya: May 2019

The Cabinet Secretary for the East African Community & Regional Development for the Republic of Kenya, Hon. Adan Mohammed paid a courtesy call on the Executive Director, Ms. Anne Kabagambe. He was in Washington D.C., to update the IFC on the reforms the government had implemented to improve the ease of doing business in Kenya.

The Executive Director with the Cabinet Secretary for the East African Community & Regional Development for the Republic of Kenya, Hon. Adan Mohammed

## 4.8 Update on the African Governors' Caucus

### 4.8.1 The 2019 African Consultative Group Meetings

The 2019 African Consultative Group Meetings (ACG) with President of the WBG, Mr. David Malpass, and with the then Managing Director of the IMF, Madame Christine Lagarde, were held on April 14, 2019, on the margins of the 2019 IMF and WBG Spring Meetings. The meetings were chaired by, the Minister of Finance of Ghana, Hon. Ken Ofori-Atta.

During the meeting with the WBG President, Governors discussed four prerequisites for the jobs and economic transformation agenda. These are improved productivity and development of global value chains in the manufacturing and agriculture sectors; infrastructure development; skills and capacity development; and the role of the private sector.

Governors noted that the implementation of the African Continental Free Trade Area (AfCFTA) would require WBG support to develop the manufacturing and agricultural sectors to improve productivity and value addition and create sustainable and quality jobs in these two areas. To this end, they called on the WBG to strengthen support for (i) national and regional reforms to develop adequate legal and regulatory frameworks; and (ii) private resources mobilization to finance investment, by applying the Cascade approach to Maximizing Financing for Development (MFD) in the manufacturing and agriculture sectors.

Governors noted with concern that, whilst the infrastructure gap remains very wide, support to infrastructure investment by the Bank has been declining. They, therefore, urged the Bank to scale up assistance for infrastructure investment, particularly in developing countries and FCVs, since the severity of the gap pushes countries towards non-concessional financing with implications for debt sustainability. They also called on the Bank to support the implementation of the Program for Infrastructure Development in Africa (PIDA).

The Governors underscored the importance of disruptive technology in economic transformation and job creation and commended the ongoing work to mainstream digital technology in the WBG operations. They looked forward to the deployment of the GovTech and the Digital Moonshot initiative in Africa. They encouraged the WBG to build strong partnerships with national authorities, African regional and continental organizations to deploy technology, strengthen human capital development efforts, and increase the skills needed to transform African economies.

In his response, Mr. David Malpass acknowledged the need to support Africa's economic transformation agenda. He highlighted the importance of focusing on country programs, improving the business environment and managing the debt levels prudently. He also recognized the importance of supporting Africa's infrastructure agenda to help attract the private sector and create jobs.

The deliberations at the IMF focused on four issues. These are meeting the development challenges; implementing the African Continental Free Trade Area (AfCFTA); responding to the Global Environment; and tackling IFFs and base erosion and profit shifting.

In their interventions, Governors acknowledged the lingering development challenges associated with low investment in human and physical capital and the creation of jobs for the new entrants into the labor market. They, therefore, urged the IMF to support their efforts to strengthen PFM and to implement macroeconomic policies to stimulate job creation, especially for the youth and to preserve macroeconomic stability. They requested for IMF assistance in implementing the structural reforms needed to improve competitiveness and increase domestic revenues to mitigate potential temporary revenue losses from tariff reductions, and to realize the objectives of the AfCFTA.

Governors encouraged the IMF to elaborate a work plan to address IFFs from Africa, including the deliverables and the advocacy work to galvanize support from all financial centers and recipient countries. They also urged the IMF to continue helping African countries to develop capacity in the areas of tax management, regulatory and legal frameworks, anti-money laundering, stolen asset recovery and repatriation, and natural resource contract negotiation and governance.

In her response, Ms. Lagarde noted that the economic recovery in Africa was expected to continue amid increased global uncertainty. In the medium-term, however, growth for the region would fall short of what was needed to absorb new entrants to the labor force and deliver gains in living standards. Economic policies, therefore, needed to focus on strengthening resilience and sustaining high growth. This would also entail containing debt vulnerabilities, mobilizing domestic revenue, enhancing the efficiency of public investment, strengthening PFM, and improving access to and the provision of social services. She committed to continue working with African countries in addressing these challenges including the implementation of the AfCFTA and countering IFFs.

### 4.8.2 The 2019 African Caucus Meeting in Accra, Ghana

The 2019 African Caucus Meeting for African Governors took place during August 1-2, 2019 in Accra, Ghana, chaired by the Minister of Finance of Ghana, Hon. Ken Ofori-Atta. It was held under the theme "Africa Beyond Aid: Enhancing Institutional Capacity and Innovative Finance for Sustainable Growth".

African Governors Caucus Meetings – Accra, Ghana

During the Meetings, Governors discussed the following topics:

i. Enhancing Human Capacity and Skills Development to Accelerate Jobs and Economic Transformation (JET);
ii. Strengthening Institutional Capacity and Public Financial Management;
iii. Promoting Innovative Finance for Private Sector-Led Growth;
iv. Africa's Development Financing Needs and Debt Sustainability; and
v. Facilitating Economic Integration through Trade.

Governors acknowledged that while Africa's youthful labor force was growing, it was characterized by the lack of relevant skills, which poses a major constraint to economic transformation. They committed to investing in human capacity and skills development necessary for the transformation of African economies. They called on the Bretton Woods Institutions (BWIs) to scale-up their support for capacity building by national and regional institutions including assisting them to acquire international accreditation.

Governors underscored the importance of enhanced institutional capacity together with PFM reforms to sustainably create fiscal space for development expenditure. They agreed to continue working with international financial institutions as well as regional organizations to strengthen macroeconomic frameworks and upgrade capacity at all levels to support the achievement of Africa's development objectives. They also committed to enhanced governance, transparency, and accountability that ensures prudent use of public funds and to strengthen public investment and debt management.

Governors acknowledged the importance of entrepreneurship and private sector participation in accelerating sustainable and inclusive growth and recognizing the need to promote business-friendly environments for private sector investment. They, therefore committed to continue pursuing appropriate macroeconomic policies and instituting reforms that support a conducive environment for private investment, women empowerment, and inclusive sustainable growth. They called on the BWIs to help deepen capital markets in Africa by strengthening the capacity of domestic financial sectors and capital markets to mobilize domestic savings, and to attract and judiciously utilize international pension funds for long-term financing.

Governors underscored Africa's enormous infrastructure needs and the importance of bridging the infrastructure gap and acknowledged the rising debt vulnerabilities in many African countries. They encouraged the BWIs to play an active role in building consensus on establishing a debt resolution framework, which would be practicable for the borrowing countries and other stakeholders, especially the non-traditional creditors. Governors requested the BWIs to support the economic diversification agenda and assist African countries to develop the capacity for commodity hedging to address countries' vulnerabilities to shocks. Further, they urged the WBG to accelerate the efforts to promote private sector investments in Africa through the Cascade Approach.

Governors committed to the removal of tariff and non-tariff barriers to facilitate regional and economic integration in line with the launch of the AfCFTA and to maximize the benefits of trade as a major driver of growth. They also committed to accelerating the development of cross-country infrastructure networks and strengthening payment and settlement systems.

Governors expressed deep appreciation to Madame Christine Lagarde, the outgoing IMF Managing Director for her support and commitment to advancing Africa's reform efforts to strengthen macroeconomic stability and promote inclusive and sustainable growth. They reiterated their request to the IMF Executive Board to select the next Managing Director in an open, transparent and merit-based manner. They called for a new Managing Director who would serve the interests of all member countries.

The discussions in these sessions provided inputs to the draft 2019 Memorandum, which will be finalized and submitted to the Managing Director of the IMF and the President of the WBG during the 2019 IMF & WBG Annual Meetings in Washington, D.C. Governors approved and issued the Accra Declaration (Annex 3) which affirms their commitment to continue working closely with the BWIs to enhance institutional and human capacity, innovate finance for sustainable private sector-led growth, and to stem IFFs.

## 4.9 Status of Staffing in the Office of the Executive Director

The Executive Director's Office commenced a new recruitment program for 2019/20 with a view to identifying four Advisors to replace four outgoing Senior Advisors. In this regard, a new senior advisor from Ethiopia joined the office on August 1, 2019, replacing the senior advisor from Zambia. The Office will continue to implement the recruitment program. The Constituency Office remains committed to maintaining high-quality performance, strong teamwork, open communication and a high degree of integrity in the execution of its duties. It continued to conduct the performance evaluation for Advisors and Senior Advisors to ensure that staff keeps abreast of the portfolio of projects/programs for the 22 Member Countries, World Bank Global Practices, and the Vice Presidencies in charge of sectors. We expect to observe greater interaction between our staff with WBG staff in Washington, DC and country offices as well as their ministerial counterparts overseeing the WBG program.

# Annexes

- Development Committee Member Statement
- Development Committee Communiqué
- African Governors' Caucus: Accra Declaration – August 2019
- Real GDP in the Africa Group 1 Constituency (Percent)
- The human capital index (HCI), 2018
- Financial Intermediary Funds
- Open CAO cases in the Constituency Countries
- Rotation Schedule for Constituency Chairperson
- Rotation Schedule for the Constituency Panel
- Rotation Schedule for Constituency Representation on the Development Committee
- Rotation Schedule for Executive Director and Alternate Executive Director

# Annexes

## Annex 1: Development Committee Member Statement – April 2019

99TH Meeting of the Development Committee
World Bank Group/IMF Spring Meetings
April 13, 2019
Washington, D.C.

Statement by
H.E. Dr. Thambo Gina
Minister of Economic Planning and Development - Eswatini

1. We welcome the update on the implementation of the IBRD General and Selective Capital Increase resolutions to financially resource the Bank to meet the twin goals by 2030 in tandem with the Sustainable Development Goals (SDGs). We note the deferment of the IFC Capital Package resolutions to September 2019 and urge approval by Members to maximize available resources which will allow IFC to play a pivotal role in boosting private investment in client countries. We, further, urge Member countries to fulfill the requirements of the resolutions and pay their allocated subscriptions within the required timeliness.

2. We also welcome the progress made by the Bank in implementing the policy measures to improve agility, efficiency and to simplify administrative procedures as outlined in the Forward Look. We encourage the continued discussion of other options that can further optimize and enhance the effectiveness of shareholder capital investments. The success of the Bank in achieving cumulative efficiency gains and economies of scale by 2030, depends on the shareholders honoring their commitments.

3. We are pleased to note the commitment of the Bank and its Strategy to increase support to development in challenging environments, including IDA and FCV countries where development is most needed. Similarly, we call for the engagement of the Bank with Middle-Income Countries who share similar risks as their IDA counterparts. This engagement is a critical endeavor to meet the SDGs by 2030. By supporting the implementation of the SDGs, the Bank would be ensuring the participation of lower-income groups in development.

4. We emphasize the importance of the private sector in driving economic growth, creating jobs and advertently eradicating poverty. To this end, we encourage the continued collaboration between the IFC, MIGA and the World Bank as one WBG entity in addressing the needs of countries through Systematic Country Diagnostics (SCDs) and Country Partnership Frameworks (CPFs).

5. We welcome the initiative to mainstream disruptive technology at the World Bank Group (WBG) by operationalizing the Build-Boost-Broker value proposition. We encourage the Bank to continue pursuing a multi-sectoral approach to Human Capital Development and in supporting and integrating technology. We believe this will maximize the development impact of the WBG operations, as the ongoing digital transformation holds infinite opportunities to spur innovation, generate efficiencies, and improve services, and in so doing, support the WBG twin goals of eliminating extreme poverty and boosting shared prosperity. We specifically support The Digital Economy Moonshot for Africa that aims at making every African individual, business and government to be digitally enabled by 2030. Since this pursuit is not without risks, we support the GovTech initiative to capacitate Governments in developing countries to adopt technologically neutral frameworks that manage risks while promoting competition.

6. While we support the five corporate priorities in mainstreaming disruptive technology, we implore the WBG to honor its commitment to double access to broadband facilities in Africa by 2030. Noting that digital transformation alters traditional pathways for development, we reiterate the African Representatives' call made during the IDA18 Medium Term Review (MTR) to pragmatically embed digital economy in the Jobs and Economic Transformation special theme in the upcoming IDA19 Replenishment process.

7. We recognize that making every African individual, business and government digitally enabled is a great ambition that requires a holistic approach to make it a reality and avoid a digital divide. In this context, we call on the WBG, through its Human Capital Project, to support countries improve education outcomes and instill a culture of lifelong learning, with a view of making everyone digitally literate. Additionally, while digital transformation affects every segment of the economy and society, we call on the WBG to initially focus on areas that will allow Africa leapfrog technology and build the capacity of the state, such as financial inclusion, digital payments, sustainable business models and revenue mobilization.

Annex 2: Development Committee Communiqué – April 2019

**DEVELOPMENT COMMITTEE**
**JOINT MINISTERIAL COMMITTEE**
**OF THE**
**BOARDS OF GOVERNORS OF THE BANK AND THE FUND**
**ON THE**
**TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES**
**Washington, DC, April 13, 2019**

1. The Development Committee met today, April 13, in Washington, D.C.

2. The global outlook foresees a moderate slowdown in economic activity, while lingering downside risks remain. Global trade growth has weakened, investment prospects have softened, debt vulnerabilities persist, and policy uncertainty weighs on confidence. We reiterate the important role of international trade and investment as engines of growth, productivity, innovation, job creation and sustainable development. We continue to support the World Bank Group (WBG) and the International Monetary Fund (IMF) in their multipronged approach, with borrowers and creditors, to improve the recording, monitoring, and reporting of public and private debt, as well as efforts to strengthen creditor coordination in debt restructuring situations, drawing on existing fora. We stress the importance of adopting growth-enhancing policies while containing risks and protecting the most vulnerable. We call on both institutions to work jointly with policy makers to identify the right balance, given country circumstances, between supporting demand and rebuilding fiscal space; to help countries improve debt management capacity, sustainability, and transparency; and to strengthen domestic resource mobilization.

3. We endorsed a transformative capital package for IBRD and IFC one year ago. This package and the Forward Look guide the WBG's strategic direction to 2030. We welcome the paper *Update: The Forward Look and IBRD-IFC Capital Package Implementation* and the significant policy reforms delivered, including: IBRD loan pricing and Single Borrower Limit differentiation, the IFC additionality framework, the IBRD Financial Sustainability Framework, and the revised methodology for staff compensation. We also note the strong yet selective WBG engagement in countries above the graduation discussion income as reflected in the revised guidance for country partnership frameworks. We encourage the Bank Group to continue implementing and monitoring the agreed efficiency measures. We request management to continue tracking progress against the Forward Look and capital package commitments and to update the Governors in one year.

4. We welcome the ongoing work by shareholders to start the subscription documentation and payment process for the IBRD capital increase launched on October 2, 2018. We urge that all outstanding adoptions of IFC resolutions be secured by September 18, 2019.

5. We remain committed to the twin goals of ending extreme poverty and boosting shared prosperity as well as the WBG's global role and the objectives set out in the Forward Look: (i) serving all clients; (ii) leading on the global public goods agenda, (iii) creating markets, and (iv) continually improving the business and operational model. Effective implementation will require strong country partnership with IBRD and IDA clients with a focus on measurable development outcomes. The capital package will enhance WBG leadership in the key areas of crisis preparedness, prevention and management; situations of fragility, conflict and violence (FCV); climate change; gender equality; knowledge and convening; and regional integration.

6. The Bank's fund for the poorest countries, IDA, is critical to reaching the WBG's goals as well as to achieving the Sustainable Development Goals (SDGs). We welcome the strong delivery of the ambitious and innovative IDA18 package and support recently proposed adjustments, particularly the reallocation across IDA windows. We call on the Bank Group to strengthen emphasis on jobs and economic transformation in IDA countries, one of the IDA19 special themes. We also support the other special themes – governance and institutions, gender, climate change and FCV – as well as the cross-cutting areas of debt, disability, human capital and technology. We observe the rising debt levels in IDA countries and encourage measures to enhance their debt sustainability. We look forward to the outcomes of the upcoming meeting of IDA Deputies and their guidance on strategic directions and the IDA19 Roadmap.

7. We welcome the *Mainstreaming the Approach to Disruptive and Transformative Technologies at the World Bank Group* paper and the WBG's efforts to make these technologies affordable and accessible for developing countries. We encourage the WBG to create opportunities for the poor and mitigate risks associated with technology. We ask the Bank Group

to continue to work with countries as well as private and public sector partners to mainstream this agenda across sectors. We particularly welcome its work on competitiveness, innovation and consumer protection by supporting agile regulations. We also call on the WBG and IMF to continue work on fintech issues, building on the momentum generated by the Bali Fintech Agenda.

8. Investments in human capital that produce better learning and health outcomes are critical to productivity and economic well-being. We welcome the strong start on the Human Capital Project and the fact that close to 60 countries have joined thus far. We request further development of disaggregated data and refinement of indicators under the Human Capital Index and an emphasis on policy reforms that achieve tangible results. We look forward to an update on the Human Capital Project in October 2019.

9. The private sector plays a key role in providing sustainable solutions to development challenges, creating markets, mobilizing investment and generating jobs. We encourage the WBG to foster enabling business environments, leverage capital, and implement the Cascade to maximize finance for development. We support the IFC 3.0 strategy to catalyze private sector investments. We acknowledge IFC and MIGA efforts to increase investments in IDA countries and fragile situations, and we support the use of the IDA Private Sector Window to reach the most vulnerable, recognizing that such projects come with higher risks. We call on the World Bank, IFC and MIGA to be innovative and work together in mobilizing private sector solutions and resources, leveraging sectoral reforms, and mitigating investment risks.

10. Fragility, conflict and violence cause human suffering, vulnerability and displacement, and economic stress, all posing challenges to delivering the 2030 Agenda. In addition, economic crises, natural disasters, and pandemics can test countries' resilience and threaten development gains. Building institutional capacity, developing disaster resilience, and encouraging knowledge sharing and south-south cooperation are also key priorities, particularly for small states. We support strengthening domestic resource mobilization, addressing illicit financial flows and corruption, as well as investing in quality infrastructure and enhancing energy security to improve the response to crises. We reiterate the importance of delivering on the WBG's Climate Change Action Plan. We look forward to the development of a strategy on FCV.

11. As the WBG scales up work in high-risk scenarios, where institutional capacity is often weak, strong environmental and social protections and accountability processes are critical, and we support the WBG's continued commitment in these areas. We acknowledge the important role that the World Bank's Inspection Panel and the IFC and MIGA Compliance Advisor Ombudsman play in accountability, lessons learned, and mitigating risks in an efficient and effective way.

12. We urge the WBG to continue to work closely with public and private partners including international financial institutions and the UN, on the most pressing development challenges. We note that heads of state will gather in September for the UN summit focusing on climate, universal health coverage, SDGs, financing for development, and small island developing states. We also underscore the importance of continued WBG and IMF collaboration in implementing their respective mandates as well as the potential of multilateral development banks working as a system to improve their response to common challenges, including through a coordinated country platform approach.

13. We are encouraged by progress on diversity and inclusion among WBG staff and management, and we continue to support the Board in its work to enhance and promote gender diversity at the WBG Executive Boards. Closing gender gaps is smart economics, while balanced representation and full gender equality are central to the Bank's mission. We urge continued work on this front.

14. We congratulate Mr. David Malpass on his selection as President of the World Bank Group and look forward to working closely with him. We value his strong commitment to the Bank Group, its mission and strategy. We express our appreciation to Dr. Jim Yong Kim for his leadership of the WBG and its significant accomplishments during his tenure. We also thank Ms. Kristalina Georgieva for her leadership and effective management of WBG affairs as Interim President.

15. The next meeting of the Development Committee is scheduled for October 19, 2019, in Washington, DC.

Annex 3: African Governors' Caucus: Accra Declaration – August 2019

AFRICAN GOVERNORS' CAUCUS
ACCRA DECLARATION

**Preamble**

Having met in Accra, Ghana for the 2019 Africa Caucus Meeting from July 31, 2019 to August 2, hosted by Hon. Ken Ofori-Atta, Minister for Finance of Ghana and Dr. Ernest Addison, Governor of Bank of Ghana, and chaired by Hon. Ken Ofori-Atta, Chairman of the African Caucus of the International Monetary Fund (IMF) and the World Bank Group (WBG);

We, African Governors of the IMF and WBG, held discussions under the theme "Africa Beyond Aid: Enhancing Institutional Capacity and Innovative Finance for Sustainable Growth". We hereby declare;

**Enhancing Human Capacity and Skills Development to Accelerate Jobs and Economic Transformation**

Recognizing that Africa is endowed with a growing youthful labor force, however, the low quality of human capital characterized by the lack of relevant skills pose a major constraint to Africa's economic transformation:

- We, African Governors commit to invest in human capacity and skills development necessary for the transformation of our economies, particularly in a rapidly advancing technological age;
- We commit to boost educational spending to meet the SDGs, particularly SDG 4, including investments in the early years and secondary education;
- We call on the IMF and WBG to scale-up their support to capacity building to national and regional institutions including assisting them to acquire international accreditation and to establish qualification and skills recognition across the continent; and
- We urge the WBG to deepen its support to African Centers of Excellence while accelerating the implementation of the Africa Human Capital Plan and the Digital Economy for Africa initiative, including strengthening capacity in generating and use of big data.

**Strengthening Institutional Capacity and Public Financial Management**

Mindful of the importance of enhanced institutional capacity together with PFM reforms to sustainably create fiscal space for development spending needs, we remain committed to:

- Continue working with international financial institutions as well as regional organizations to strengthen macroeconomic and fiscal frameworks and upgrade capacities at all levels to support our development objectives;
- Enhanced governance, transparency and accountability that ensures judicious use of public funds and in partnership with IMF, World Bank and other partners to strengthen institutional capacity on public investment management and assessment (PIMA) and on debt management; and
- Collaborate with IMF and WBG to develop tools that better evaluate fiscal risks of PPP projects.

**Promoting Innovative Finance for Private Sector-Led Inclusive Growth**

Acknowledging the importance of entrepreneurship and private sector participation in accelerating sustainable and inclusive growth and recognizing the need to promote business-friendly environments for private sector investment:

- We commit to continue pursuing appropriate macroeconomic frameworks, policies and reforms that support an environment conducive for private investment, women empowerment and inclusive sustainable growth;
- We call on the Bretton Woods Institutions (BWIs) to support reforms and investments to foster private sector development and facilitate entrepreneurship and innovation, including in agribusiness, manufacturing, industrial parks, renewable energy, housing and digitization;
- We further call on the IMF and the WBG to help deepen capital markets in Africa by strengthening the capacity of domestic financial sectors and local capital markets to mobilize domestic savings, including attracting and judiciously utilizing international pension funds and other institutional funds for long-term financing;
- We request the IFC to extend its blended finance instruments, venture capital, equity funds and funding lines to reduce or share financial risks and expand investment and advisory services to SMEs in Africa, including through platform and regional approaches, particularly in FCS; and

• We undertake to further explore the option of having African rating agencies.

**Africa's Development Financing Needs and Debt Sustainability**

Understanding Africa's enormous infrastructure needs and the importance of bridging the infrastructure gap to support private sector participation and development; and at the same time being concerned about rising debt vulnerabilities in many of our countries:
• We urge the WBG to accelerate the efforts through the Cascade Approach to promote private sector investments in our countries;
• We call on the BWIs to support the diversification agenda of our countries and assist us with commodity hedging practices to address countries' vulnerabilities to shocks; and
• We encourage the BWIs to play an active role in working with various stakeholders to build consensus on establishing a debt resolution framework, which would be feasible for all stakeholders, especially non-traditional public and private creditors, as well as borrowing countries.

**Facilitating Economic Integration through Trade**

Distinguishing trade as a major driver of growth and with the launch of the African Continental Free Trade Area (AfCFTA)-
we commit to the removal of trade and non-trade barriers to facilitate regional economic integration;
• We commit to accelerate the development of cross-country infrastructure networks, and strengthening our payment and settlement systems;
• We commit to advance policies that promote economic integration; and
• We call upon the IMF and WBG to develop an action plan to support the continent in the implementation of the AfCFTA

**Illicit Financial Flows (IFFs)**

Knowing the magnitude of Illicit Finance flowing out of Africa:
• We commit to scale-up regulations to streamline cross-country settlements to prevent illicit outflow of funds;
• We commit to collaborate and harmonize legal frameworks to mitigate those flows
• We commit to work with international development institutions to develop a database of beneficial ownership and IFFs and make it a policy objective to discourage such funds flowing to developed countries and streamline repatriation of such funds to countries of origin; and
• We call upon the WBG and IMF to step up support to stem IFFs and strengthen coordination with other international financial institutions (IFIs) to address IFFs.

**Quota and Governance Reforms**

Understanding the centrality of the voice of the poorest members and developing countries:
• We reiterate our long-standing request for a third chair for sub-Saharan Africa at the IMF Executive Board; and
• We call for resuming as swiftly as possible the review of quotas to enhance the financial viability of the Fund while preserving the agreed-upon requirement of protecting the quota shares and voice of the poorest members.

**IBRD & IFC Capital Package**

Being mindful of the need to strengthen the WBG's financial capacity to fulfill its development mandate in all member countries, we commit to work closely with WBG Management to ensure that our countries subscribe to the shares allocated to them in the 2018 IBRD capital package within the subscription timeframe.

Acknowledging the centrality of the private sector for development, we urge the WBG to finalize the 2018 IFC Capital package to help mobilize private financing for growth and poverty reduction in an inclusive manner.

### Ensuring a Robust IDA19 Replenishment

Noting IDA's contribution over the years to our Governments' development efforts and to poverty reduction in our countries as well as the urgency required to achieve the Sustainable Development Goals (SDGs), we call for a strong IDA19 replenishment.

### Selection of a Managing Director for the IMF

We express our deep appreciation to Madame Christine Lagarde, outgoing Managing Director for her support and commitment to advancing Africa's reform efforts towards strengthening macroeconomic stability and promoting inclusive and sustainable growth. During her tenure, the IMF has increased low income countries and fragile states' access to concessional financial resources. Under her leadership, the IMF supported policy efforts to build resilience, particularly in countries impacted by fragility and climate related shocks. We reiterate our request to the IMF Executive Board to select the next Managing Director in an open, transparent and merit-based manner. It is our expectation that the new Managing Director shall serve the interest of all member countries.

### Acknowledgement

We, African Governors, thank His Excellency the President, Nana Addo Dankwa Akufo-Addo for the official opening of the 2019 Meeting of the Caucus of the African Governors of the International Monetary Fund and the World Bank Group.

We express our sincere thanks to the Government and People of the Republic of Ghana, for their warm hospitality and precious support throughout our deliberations and stay in Ghana.

Accra, August 2, 2019

The Caucus of the African Governors of the International Monetary Fund and the World Bank Group

Annex 4: Real GDP in the Africa Group 1 Constituency (Percent)

| | 2017 | 2018 | 2019f | 2020f |
|---|---|---|---|---|
| SSA | 2.9 | 3.0 | 3.5 | 3.7 |
| Botswana | 2.9 | 4.6 | 3.9 | 4.1 |
| Burundi | 0.0 | 0.1 | 0.4 | 0.5 |
| Eritrea | 5.0 | 4.2 | 3.8 | 4.1 |
| Ethiopia | 10.1 | 7.7 | 7.7 | 7.5 |
| Eswatini | 1.9 | 0.2 | –0.4 | 0.2 |
| Gambia, The | 4.6 | 6.6 | 5.4 | 5.2 |
| Kenya | 4.9 | 6.0 | 5.8 | 5.9 |
| Lesotho | –1.6 | 1.5 | 3.9 | 0.3 |
| Liberia | 2.5 | 1.2 | 0.4 | 1.6 |
| Malawi | 4.0 | 3.2 | 4.0 | 5.0 |
| Mozambique | 3.7 | 3.3 | 4.0 | 4.0 |
| Namibia | –0.9 | –0.1 | 1.4 | 2.0 |
| Rwanda | 6.2 | 8.6 | 7.8 | 8.1 |
| Seychelles | 5.3 | 3.6 | 3.4 | 3.3 |
| Sierra Leone | 3.8 | 3.7 | 5.4 | 5.4 |
| Somalia | 2.3 | 3.1 | 3.5 | 3.5 |
| South Sudan | –5.5 | –1.2 | 8.8 | 5.2 |
| Sudan | 4.3 | -2.3 | -1.9 | -1.3 |
| Tanzania | 6.8 | 6.6 | 4.0 | 4.2 |
| Uganda | 5.0 | 6.2 | 6.3 | 6.2 |
| Zambia | 3.4 | 3.5 | 3.1 | 2.9 |
| Zimbabwe | 4.7 | 3.4 | –5.2 | 3.3 |

Source: International Monetary Fund (2019)
*Sudan figures were sourced from the World Bank
Notes: e=estimate, f=forecast, na=not available

Annex 5: The human capital index (HCI), 2018

| Rank | Economy | HCI score | Rank | Economy | HCI score | Rank | Economy | HCI score |
|---|---|---|---|---|---|---|---|---|
| 157 | Chad | 0.29 | 104 | Egypt, Arab Rep. | 0.49 | 51 | Mongolia | 0.63 |
| 156 | South Sudan | 0.30 | 103 | Honduras | 0.49 | 50 | Ukraine | 0.65 |
| 155 | Niger | 0.32 | 102 | Nepal | 0.49 | 49 | United Arab Emirates | 0.66 |
| 154 | Mali | 0.32 | 101 | Dominican Republic | 0.49 | 48 | Vietnam | 0.67 |
| 153 | Liberia | 0.32 | 100 | Cambodia | 0.49 | 47 | Bahrain | 0.67 |
| 152 | Nigeria | 0.34 | 99 | Guyana | 0.49 | 46 | China | 0.67 |
| 151 | Sierra Leone | 0.35 | 98 | Morocco | 0.50 | 45 | Chile | 0.67 |
| 150 | Mauritania | 0.35 | 97 | El Salvador | 0.50 | 44 | Bulgaria | 0.68 |
| 149 | Côte d'Ivoire | 0.35 | 96 | Tunisia | 0.51 | 43 | Seychelles | 0.68 |
| 148 | Mozambique | 0.36 | 95 | Tonga | 0.51 | 42 | Greece | 0.68 |
| 147 | Angola | 0.36 | 94 | Kenya | 0.52 | 41 | Luxembourg | 0.69 |
| 146 | Congo, Dem. Rep. | 0.37 | 93 | Algeria | 0.52 | 40 | Slovak Republic | 0.69 |
| 145 | Yemen, Rep. | 0.37 | 92 | Nicaragua | 0.53 | 39 | Malta | 0.70 |
| 144 | Burkina Faso | 0.37 | 91 | Panama | 0.53 | 38 | Hungary | 0.70 |
| 143 | Lesotho | 0.37 | 90 | Paraguay | 0.53 | 37 | Lithuania | 0.71 |
| 142 | Rwanda | 0.37 | 89 | Tajikistan | 0.53 | 36 | Croatia | 0.72 |
| 141 | Guinea | 0.37 | 88 | Macedonia, FYR | 0.53 | 35 | Latvia | 0.72 |
| 140 | Madagascar | 0.37 | 87 | Indonesia | 0.53 | 34 | Russian Federation | 0.73 |
| 139 | Sudan | 0.38 | 86 | Lebanon | 0.54 | 33 | Iceland | 0.74 |
| 138 | Burundi | 0.38 | 85 | Jamaica | 0.54 | 32 | Spain | 0.74 |
| 137 | Uganda | 0.38 | 84 | Philippines | 0.55 | 31 | Kazakhstan | 0.75 |
| 136 | Papua New Guinea | 0.38 | 83 | Tuvalu | 0.55 | 30 | Poland | 0.75 |
| 135 | Ethiopia | 0.38 | 82 | West Bank and Gaza | 0.55 | 29 | Estonia | 0.75 |
| 134 | Pakistan | 0.39 | 81 | Brazil | 0.56 | 28 | Cyprus | 0.75 |
| 133 | Afghanistan | 0.39 | 80 | Kosovo | 0.56 | 27 | Serbia | 0.76 |
| 132 | Cameroon | 0.39 | 79 | Jordan | 0.56 | 26 | Belgium | 0.76 |
| 131 | Zambia | 0.40 | 78 | Armenia | 0.57 | 25 | Macao SAR, China | 0.76 |
| 130 | Gambia, The | 0.40 | 77 | Kuwait | 0.58 | 24 | United States | 0.76 |
| 129 | Iraq | 0.40 | 76 | Kyrgyz Republic | 0.58 | 23 | Israel | 0.76 |
| 128 | Tanzania | 0.40 | 75 | Moldova | 0.58 | 22 | France | 0.76 |
| 127 | Benin | 0.41 | 74 | Sri Lanka | 0.58 | 21 | New Zealand | 0.77 |
| 126 | South Africa | 0.41 | 73 | Saudi Arabia | 0.58 | 20 | Switzerland | 0.77 |
| 125 | Malawi | 0.41 | 72 | Peru | 0.59 | 19 | Italy | 0.77 |
| 124 | eSwatini | 0.41 | 71 | Iran, Islamic Rep. | 0.59 | 18 | Norway | 0.77 |
| 123 | Comoros | 0.41 | 70 | Colombia | 0.59 | 17 | Denmark | 0.77 |
| 122 | Togo | 0.41 | 69 | Azerbaijan | 0.60 | 16 | Portugal | 0.78 |
| 121 | Senegal | 0.42 | 68 | Uruguay | 0.60 | 15 | United Kingdom | 0.78 |
| 120 | Congo, Rep. | 0.42 | 67 | Romania | 0.60 | 14 | Czech Republic | 0.78 |
| 119 | Botswana | 0.42 | 66 | Ecuador | 0.60 | 13 | Slovenia | 0.79 |
| 118 | Timor-Leste | 0.43 | 65 | Thailand | 0.60 | 12 | Austria | 0.79 |
| 117 | Namibia | 0.43 | 64 | Mexico | 0.61 | 11 | Germany | 0.79 |
| 116 | Ghana | 0.44 | 63 | Argentina | 0.61 | 10 | Canada | 0.80 |
| 115 | India | 0.44 | 62 | Trinidad and Tobago | 0.61 | 9 | Netherlands | 0.80 |
| 114 | Zimbabwe | 0.44 | 61 | Georgia | 0.61 | 8 | Sweden | 0.80 |
| 113 | Solomon Islands | 0.44 | 60 | Qatar | 0.61 | 7 | Australia | 0.80 |
| 112 | Haiti | 0.45 | 59 | Montenegro | 0.62 | 6 | Ireland | 0.81 |
| 111 | Lao PDR | 0.45 | 58 | Bosnia and Herzegovina | 0.62 | 5 | Finland | 0.81 |
| 110 | Gabon | 0.45 | 57 | Costa Rica | 0.62 | 4 | Hong Kong SAR, China | 0.82 |
| 109 | Guatemala | 0.46 | 56 | Albania | 0.62 | 3 | Japan | 0.84 |
| 108 | Vanuatu | 0.47 | 55 | Malaysia | 0.62 | 2 | Korea, Rep. | 0.84 |
| 107 | Myanma | 0.47 | 54 | Oman | 0.62 | 1 | Singapore | 0.88 |
| 106 | Banglade | 0.48 | 53 | Turkey | 0.63 | | | |
| 105 | Kiribati | 0.48 | 52 | Mauritius | 0.63 | | | |

Source: The World Development Report (2019) The Changing Nature of Work

Note: The human capital index ranges between 0 and 1. The index is measured in terms of the productivity of the next generation of workers relative to the benchmark of complete education and full health. An economy in which the average worker achieves both full health and full education potential will score a value of 1 on the index

Annex 6: Financial Intermediary Funds

| Name of Fund | Description |
|---|---|
| Adaptation Fund | The Adaptation Fund was designed to finance climate change adaptation projects and programs based on the priorities of eligible developing countries. |
| Advance Market Commitment | The Advance Market Commitment for vaccines was created to incentivize vaccine makers to produce suitable and affordable vaccines needed in low-income countries. |
| AgResults Initiative | AgResults was established to promote the adoption of innovative technologies through the use of results-based economic incentives in agriculture to enhance smallholder welfare and improve food security for the poor. |
| Capacity-building Initiative for Transparency | The Capacity-Building Initiative for Transparency aims to strengthen the institutional and technical capacities of developing countries to meet the enhanced transparency requirements in the Paris Agreement. |
| Clean Technology Fund | The Clean Technology Fund provides large-scale financial resources to invest in clean technology projects in developing countries. These are projects which will contribute to the demonstration, deployment, and transfer of low-carbon technologies with a significant potential for long-term greenhouse gas emissions savings. (The Clean Technology Fund is one of the Climate Investment Fund, the other being the Strategic Climate Fund). |
| Climate Risk and Early Warning Systems | The Climate Risk and Early Warning Systems Initiative aims to strengthen Multi-Hazards Early Warning Systems, in the Least Developed Countries and Small Island Developing States. |
| Coalition for Epidemic Preparedness Innovations | The Coalition for Epidemic Preparedness Innovations is a global mechanism to explore and develop new ways to stimulate, finance and co-ordinate vaccine development against priority public health threats, in alignment with the WHO R&D Blueprint for action to prevent epidemics. |
| Consultative Group on International Agricultural Research | The Consultative Group on International Agricultural Research promotes sustainable development of agriculture by providing financial assistance and strategic guidance to international agricultural research centers. |
| Global Agriculture and Food Security Program | Global Agriculture and Food Security Program was established in 2010. It is a multilateral financing mechanism, which supports national and regional strategic plans for agriculture and food security in poor countries. |
| Global Concessional Financing Facility | The Global Concessional Financing Facility was created to provide development support on concessional terms to middle income countries that are hosting large numbers of refugees. The Fund provides financial support for humanitarian assistance and long-term development needs. |
| Global Environment Facility Trust Fund | The Global Environment Facility Trust Fund was established to assist in the protection of the global environment and promote environmentally sound and sustainable economic development. It provides funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in the following focal areas: (a) biological diversity; (b) climate change; (c) international waters; (d) land degradation, primarily desertification and deforestation; (e) chemicals and wastes. |
| Global Fund | The Global Fund was established to attract, manage and disburse resources rapidly, and to leverage additional resources to stem and provide treatment for AIDS, TB, and malaria. |
| Global Infrastructure Facility | The Global Infrastructure Facility is a global, open platform that facilitates the preparation and structuring of complex infrastructure public private partnerships to facilitate mobilization of the private sector and institutional investor capital. |
| Global Partnership for Education Fund | The Global Partnership for Education seeks to strengthen education systems in developing countries to increase the number of children who receive a quality basic education, with a specific focus on the poorest, most vulnerable and those living in countries affected by fragility and conflict. |
| Green Climate Fund | The Green Climate Fund was established to limit or reduce greenhouse gas emissions in developing countries, and to help vulnerable societies adapt to the unavoidable impacts of climate change. The Fund is mandated to make an ambitious contribution to the united global response to climate change by investing in low-emission and climate-resilient development. |
| Guyana REDD+ Investment Fund | Guyana REDD+ Investment Fund finances activities identified under the Government of Guyana's Low Carbon Development Strategy. |
| Haiti Reconstruction Fund | The Haiti Reconstruction Fund mobilizes, coordinates, and allocates contributions from bilateral and other donors to finance high-priority projects, programs, and budget support for post-earthquake reconstruction. |

| Name of Fund | Description |
| --- | --- |
| International Finance Facility for Immunization | International Finance Facility for Immunization Company was created to accelerate the availability of predictable, long-term funds for health and immunization programs through the GAVI Alliance in 70 of the poorest countries around the world. |
| Least Developed Countries Fund | The Least Developed Countries Fund was established to address the needs of least developed countries whose economic and geophysical characteristics make them especially vulnerable to the impact of global warming and climate change. |
| MENA Transition Fund | The MENA Transition Fund was established under the *Deauville Partnership with Arab Countries in Transition,* to support the transformation in several countries in the region by providing funds for technical cooperation. The funds go towards strengthening governance and public institutions; and foster sustainable and inclusive economic growth by advancing country-led policy and institutional reforms. |
| Nagoya Protocol Implementation Fund | The Nagoya Protocol Implementation Fund aims to help developing countries ratify and implement a key international agreement to conserve and sustainably use biodiversity. |
| Pandemic Emergency Financing Facility | The Pandemic Emergency Financing facility (PEF) is an insurance-based mechanism, which provides the needed surge funding to the world's poorest countries to help prevent disease outbreaks from becoming pandemics, thereby saving lives and money, and protecting economies. The PEF also includes a cash window to complement the insurance window. |
| Pilot Auction Facility | The Pilot Auction Facility for Methane and Climate Change Mitigation is a climate finance model developed to stimulate investment in projects that reduce greenhouse gas emissions while maximizing the impact of public funds and leveraging private sector financing. |
| Special Climate Change Fund | The Special Climate Change Fund was established to finance activities, programs, and measures relating to climate change, in complement to those funded under the climate change focal area of the Global Environment Facility Trust Fund. |
| Strategic Climate Fund | The Strategic Climate Fund provides financing to pilot innovative approaches or to scale-up activities aimed at specific climate change challenges or sectoral responses. (The Strategic Climate Fund is one of the two Climate Investment Funds, the other being the Clean Technology Fund.) |
| Women Entrepreneurs Finance Initiative | The Women Entrepreneurs Finance Initiative was created to address the financial and non-financial constraints faced by women-owned and women-led small and medium firms in IDA and IBRD eligible countries and territories. Through a partnership with domestic financial institutions, women will access finance as well as capacity building and mentoring opportunities while governments will be supported in efforts to improve the business environment for women entrepreneurs. |

Source: https://fiftrustee.worldbank.org/en/about/unit/dfi/fiftrustee/funds

Annex 7: Open CAO cases in the Constituency Countries[1]

| Country | Case | Status | Remarks |
|---|---|---|---|
| Kenya | Bidco Bev. & Det.-01/Thika | As of March 4, 2019, the case remains open as CAO monitors IFC's response to the investigation's findings. | Complainants filed their report in June 2016. They raised concerns related to labor and working conditions, including terms of employment, occupational health and safety, and freedom of association. |
| | Bidco Bev. & Det.-04/Thika | | The case was filed in May 2017. The complaint was about unfair dismissal, payment of employment benefits, rights of casual workers. Given the similarity of complaints with Bidco Bev. & Det.-01/Thika, the cases were merged under the compliance role. |
| | Bridge International Academies-01/Kenya | As of April 2, 2019, the case has been referred to the compliance function for appraisal of IFC's environmental and social performance in relation to the project. The appraisal will determine whether or not a compliance investigation is merited. | Teachers and parents of students filed a complaints report on June 15, 2018. They raised concerns about the violation of national laws, health and safety, labor conditions, intimidation, and discrimination. |
| Uganda | Bujagali Energy-04/Bujagali | As of May 24, 2019, these cases remain open as CAO monitors IFC's response to the findings. | Former employees of the project contractor filed their report on March 21, 2011, raising concerns about worker health, safety, and compensation. |
| | Bujagali Energy-06/Bujagali | | Former construction workers filed their report on April 03, 2013, raising concerns about unpaid wages. Considering the similarity of the issues raised, CAO decided to merge this case with Bujagali-04 for the purposes of the compliance process. |
| | Bujagali Energy-07/Bujagali | | Local community members filed a report on February 03, 2015, raising concerns with inadequate compensation for assets. |
| | Bujagali Energy-08/Bujagali | | A former employee of construction contractor filed a report on June 06, 2017, raising concerns about worker health, safety, and compensation.<br><br>On April 12, 2018, CAO merged this case with the ongoing monitoring of the Bujagali Energy-04 and Bujagali Energy-06 cases. |

Source: CAO

Note:
1. All these cases are under consideration in line with IFC's social and environmental policies and procedures

## Annex 8: Rotation Schedules for the Constituency Chairmanship

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

NOTES:
1. Every country is given a turn for Chairmanship in alphabetical order from A to Z
2. Avoids duplication with IMF Rotation - Governors not serving on the IMF constituency Panel are given preference
*Since Eritrea elected to pass their turn as Vice Chair of the Constituency in 2012-2014, Ethiopia was advanced in its place. Accordingly, the Chair and Vice Chair advance a period up beginning 2014.

Annex 9: Rotation Schedule for the Constituency Panel

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

NOTES:
1. Every country is given a turn for Chairmanship in alphabetical order from A to Z
2. Avoids duplication with IMF Rotation - Governors not serving on the IMF constituency Panel are given preference
3. Other panel members reflects regional balance (East, South and West)
4. Schedule revised to include South Sudan following the country's membership to the Constituency in October 2012
*Since Eritrea elected to pass their turn as Vice Chair of the Constituency in 2012-2014, Ethiopia was advanced in its place. Accordingly, the Chair and Vice Chair advance a period up beginning 2014.

Annex 10: Rotation Schedule for Constituency Representation on the Development Committee

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

NOTES:

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

Annex 11: Rotation Schedule for Executive Director and Alternate Executive Director

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

NOTES:

1. Sudan and Zambia accorded special dispensation to serve their turn under rotation system of the erstwhile Africa Group I Constituency

2. Seychelles which has never served the Constituency as Executive Director is accorded special dispensation on the rotation system

3. The rest of the countries follow an Alphabetical rotation alternating between Z and A until the first round is completed, taking into account South Sudan's membership of the Constituency in October 2012

4. This schedule proposed with a view to avoid duplication with IMF Rotation for EDs and AEDs

*Botswana and Uganda agreed to switch turns for AED and ED for 2016-2018.

# Executive Director and Alternate Executive Director

Ms. Anne Kabagambe
Executive Director
UGANDA

Mr. Taufila Nyamadzabo
Alternate Executive Director
BOTSWANA

# Senior Advisors to Executive Director


Antonio Fernando
Mozambique


Solome Lumala
Uganda


Fisseha Kidane
Ethiopia


Zarau Wendeline Kibwe
Tanzania


Allan Ncube
Zimbabwe

# Advisors to Executive Director


Abraham Akoi
South Sudan


Lamin Bojang
The Gambia


Kuena Diaho
Lesotho

Lonkhululeko Magagula
Eswatini

Naomi Rono
Kenya

Abdirahman Shariif
Somalia

## Administrative Staff

Mohammed Ahmed
Sudan

Petronella Makoni
Zimbabwe

Wubalech Mekonnen
Ethiopia

Lozi Sapele
Zambia

# Africa Group I Constituency Office Staff

# AFRICA GROUP I CONSTITUENCY
## Annual Report
## October 2019

Office of the Executive Director, EDS14

Website: http://www.worldbank.org/eds14