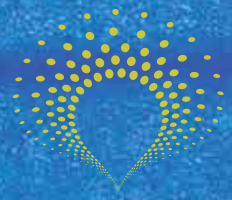
ANNUAL REPORT 2021

DR. TAUFILA NYAMADZABO

AFRICA GROUP I CONSTITUENCY



WORLD BANK GROUP

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

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Contents

Acronyms and Abbreviations

AFE	Eastern and Southern Africa
AfG1	Africa Group 1 Constituency
AFW	Central and Western Africa
CAT-DDO	Catastrophe Draw Down
CCAP	Climate Change Action Plan
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
DSEP	Debt Sustainability Enhancement Program
DPF	Development Policy Financing
DSSI	Debt Service Suspension Initiative
EMDE	Emerging Market and Developing Economies
FCS	Fragile and Conflict-Affected Situations
FCV	Fragility, Conflict and Violence
FTCF	World Bank Group Fast Track COVID-19 Facility
FY	Fiscal Year
GDP	Gross Domestic Product
GRID	Green, Resilient and Inclusive Development
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	Investment Project Financing
JET	Jobs and Economic Transformation
LTF	Long Term Finance
MIGA	Multilateral Investment Guarantee Agency
MPA	Multi-Phased Approach
OECD	Organization for Economic Cooperation and Development
PCO	Program for Creditor Outreach
PforR	Program for Results
PPA	Policy and Performance Action
PSW	Private Sector Window
SDGs	Sustainable Development Goals
SDFP	Sustainable Development Finance Policy
SIDS	Small Island Developing States
SSA	Sub-Saharan Africa
US	United States
WBG	World Bank Group

Foreword by Executive Director

I am delighted to present the 2021 Annual Report to the Governors of the World Bank Group (WBG), Africa Group 1 Constituency. As I complete the first year of my tenure, the progress on the WBG's twin goals of reducing extreme poverty and boosting shared prosperity has been impacted negatively by the COVID-19 pandemic. Sub-Saharan Africa (SSA) has borne much of the brunt of the crisis' economic and social consequences. The pandemic continues to challenge WBG operations, as many of the staff at the World Bank Headquarters and in most Offices are still working remotely. Moreover, the Bank's focus over the last 18 months was mainly on the COVID-related operations, with normal development operations taking a back banner not only in terms of new commitments but also disbursement of resources for existing operations.

The Report comes at a time when a slower-than-anticipated vaccine rollout has unfortunately split the recovery of the global economy into two groups. Some countries, mostly advanced economies, are expected to normalize much of their economic activities by the end of the year while developing countries are still contending with resurgent COVID infections and a rising death toll[1]. Despite international, regional, and national efforts, the vaccine rollout in Sub-Saharan Africa (SSA) remains stubbornly low, with 90 percent of African countries on the verge of missing the September global target of vaccinating 10 percent of their populations. This trend is holding back the recovery of SSA economies, exacerbating the pandemic's impact, and derailing countries from achieving the Sustainable Development Goals (SDGs).

With all its vices, however, the pandemic bequeaths us with an opportunity to reimagine the future of humanity. It has upended some of the activities we considered normal, imposed a new modus operandi and accelerated the pace of the future, at a rate never imagined before the outbreak. In seizing the narrow window opened by the pandemic for reforms, the WBG has developed a post-pandemic approach based on Green, Resilient and Inclusive Development (GRID). The GRID pursues the WBG's twin goals of poverty reduction and shared prosperity with a sustainability lens. Under the GRID approach, the Bank has updated its Climate Change Action Plan (CCAP2) for adoption in October at the COP15. Implementing the CCAP2 is poised to change how the WBG finances operations, especially in the energy sector. Also, in recognition of enormous financing implications that implementing GRID would have for developing countries, the WBG is also refining its approach of supporting countries on domestic resource mobilization (DRM) and illicit financial flows (IFF).

On another note, the Board has completed an important exercise of the IDA Voting Rights Review (IVRR), and recommendations have been submitted to you, Honorable Governors, for endorsement. Such an exercise is vital on two fronts: firstly, it is critical for the financial sustainability of IDA as IDA's financing model is now hybrid (having access to capital markets), and donors' contributions are a vital component of this model.

DR. TAUFILA NYAMADZABO

Executive Director

Secondly, suggested reforms will help to raise recipients' voting power and protect future IDA graduates voting power.

Regarding the performance of the Constituency Office, I am pleased to inform you, Honorable Governors, that this Report includes a summary of the implementation of the four-year Medium-Term Strategy approved in April 2021 to guide the office work program. On mobilizing financial resources, the Office, through the IDA Borrowers' Representatives, was able to engage IDA Deputies in supporting Management's proposal of shortening the IDA19 cycle to two years. The Office is actively involved in the negotiations of the IDA20 Replenishment, which are expected to conclude in December 2021. IFC supports eight countries, and MIGA has exposure in 15 countries in our Constituency. On deepening engagements with Constituency Countries, the Office hosted a virtual meeting with Middle-Income-Countries (MICs) and one small island state, from the Constituency. We also joined other Board Members in requesting regular updates on the Bank's engagement with MICs.

Despite challenges with traveling during the pandemic, I managed to visit 13 Constituency Countries to meet in person with the authorities, to better understand their unique development opportunities and challenges. As such, it would be remiss of me not to use this opportunity to express my appreciation for the insightful discussions, the time and hospitality extended to me during my missions by the Governments of the Republics of Botswana, Burundi, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Seychelles, South Sudan, Sudan, Tanzania, and Zimbabwe. I look forward to visiting the remaining Constituency countries and meeting with authorities in the coming months.

Furthermore, the Office, in collaboration with the Government of the Republic of Burundi, successfully hosted the 58th African Caucus in Bujumbura, Burundi, on August 3–5, 2021. I am also delighted to report that since June 2021, the Republic of Sudan has successfully re-engaged with the International Financial Institutions. The Office continues to work closely with the Eritrean and Zimbabwean authorities in supporting their re-engagement process.

I hope you, Honorable Governors, Alternate Governors, and other interested readers will find this Report informative and helpful in understanding your Constituency Office's operations.

DR. TAUFILA NYAMADZABO

Executive Director

Executive Summary

The COVID-19 pandemic continues to disrupt the global economy. The impact on emerging markets and low-income countries has been particularly severe, with output in Sub-Saharan Africa (SSA) reduced by an estimated 2.4 percent in 2020. However, amid some uncertainty, the global economy is projected to grow by 6.0 percent in 2021. Growth in SSA is expected to trend positive, reaching 2.8 percent in 2021.

The outlook for the global economy indicates a continued recovery, with growth in 2022 estimated at 4.9 percent, largely reflecting the additional fiscal support expected in the US in the second half of 2021 and its associated ramifications for the global economy. Economic growth for SSA in 2022 is forecasted to reach 3.3 percent, underpinned by stronger external demand from the region's trading partners, combined with improved mitigation of COVID-19. However, food insecurity remains at critical risk, with food price inflation exacerbated by currency depreciation in some countries. At the regional level, growth is reflecting the disparities in COVID vaccine distribution.

The World Bank Group (WBG) expanded the vaccine envelope to US$20 billion to be committed by the end of 2022 and is working with partners to prepare for vaccine acquisition and deployment scale-up. By the beginning of September, the WBG had approved financing of about US$4.4 billion for more than 53 developing countries, more than half of which are IDA countries. Under the COVID-19 Strategic Preparedness and Response Program (SPRP) utilizing the Multiphase Programmatic Approach, COVID response and vaccine operations worth US$1.073 billion were approved and are being implemented for countries in the Constituency, while operations worth US$197 million, for four countries, are still under preparation.

Over the past six months, the WBG Executive Boards deliberated on issues and updates geared towards supporting economic recovery, including vaccine deployment and the post-pandemic development approach. Key among them were the WBG's efforts to partner with COVAX and AVATT in mobilizing resources for vaccine deployment; the progress made in the first two statutory meetings of IDA20 Replenishment as well as the IDA Voting Rights Review, with recommended reforms tabled for Governors' consideration during the 2021 IMF/WBG Annual Meetings; World Bank's policy related to the development cooperation in the context of fragility, conflict, and violence; WBG's strategic framework of realizing the knowledge potential for effective development solutions; and the three WBG's approaches/action plans on climate change, domestic resource mobilization and illicit financial flows tailored to support the implementation of Green, Resilience and Inclusive Development (GRID).

The implementation of the Medium-Term Office Strategy started in April, and notable progress has been registered. On mobilizing financial and technical resources, the Office is actively participating in the ongoing negotiations of IDA20 Replenishment, expected to conclude in December. In FY21, IDA resources committed to the Constituency countries increased by 52 percent over FY20's commitment. For IBRD, the total lending to the Constituency Countries jumped to US$325 million in FY21, from US$91 million in FY20. Trust fund resources committed to the Constituency Countries rose significantly to US$591.3 million in FY21, from US$52.0 million in FY20. On supporting private sector development, IFC supported eight countries with a total commitment of US$508 million. On its side, MIGA supported investments worth US$1.7 billion in 15 Constituency countries. On enhancing engagement with the Constituency countries, the Executive Director visited thirteen Constituency countries. The Office hosted in April 2020 a Middle-Income Countries Forum to explore how the WBG can further support them. On advocating for diversity and inclusion, the Office continued to monitor staffing at the WBG. Finally, on advocating for capacity building, the Office is taking stock of how the WBG could further enhance the capacity of Constituency countries in various areas.

The WBG operations in FY21 focused on supporting client countries to respond to the pandemic. The WBG commitment volume in FY21 increased by 16 percent to US$109.7 billion compared to FY20. This commitment included: US$30.5 billion of IBRD commitments which increased by 7 percent from US$28.5 billion in FY20; US$36.1 billion of IDA commitments which increased by 19 percent from US$30.4 billion in FY20. IFC's total commitments in FY21 reached US$31.5 billion while MIGA achieved US$5.2 billion in gross issuance.

IBRD/IDA combined gross disbursements reached US$46.6 billion, which marked a 13 percent increase by US$5.2 billion from US$41.4 billion in FY20. In FY21, the IFC's total commitments amounted to US$31.5 billion, 11 percent higher than in FY20, with total Long-Term Finance commitments at US$23.3 billion compared to US$22.0 billion in FY20, and Short-Term Finance Own Account at US$8.2 billion compared to US$6.5 billion in FY20. MIGA issued guarantees totaling US$5.2 billion in support of 40 projects during FY21, with 85 percent of the projects addressing one or more of the strategic priority areas - IDA, FCS, and Climate Finance.

During the 21st Statutory Meeting of the Constituency, Governors received Executive Director's Report that highlighted the WBG's response to the pandemic; update on debt relief initiatives, including the Debt Service Suspension Initiative (DSSI); shortening of IDA19 implementation and transition to IDA20; the 2021 Statutory Review of the Rules, Guidelines, and Procedures; the Medium-Term Office Strategy; and engagements with Constituency countries in transition. Additionally, the Governors appreciated the update on the supply, financing, and distribution of COVID-19 vaccines provided by representatives of the WBG and the Global Alliance for Vaccines and Immunizations (GAVI).

CHAPTER 1.

ECONOMIC DEVELOPMENT AND PROSPECTS

1.1. Global Economic Performance

OVERVIEW

The world continues to grapple with the COVID-19 disruption to the global economy in 2021. The introduction of lockdowns and movement restrictions to contain the spread of the virus has come with high economic costs and inevitable trade-offs. The economic calamity caused by the pandemic made the world economy to contract by 3.2 percent[2] in 2020 and increased poverty for the first time in decades. The pandemic has also resulted in the loss of more than four million human lives.

The impact on emerging markets and low-income countries has not been particularly great. Even in the countries where the epidemic had emerged more slowly than in other parts of the world, these economies have been affected by the spillovers from weaker global demand, lower commodity prices and a drop in tourism, with a disproportionate impact on low-skilled workers and those employed in the informal sector.

The crisis has also led to urgent liquidity pressures beyond the immediate capacity for many emerging markets and low-income countries. Governments quickly responded to the crisis through increased fiscal spending, which led to higher financing requirements and debt. Emergency operations and fast track facilities from the World Bank Group (WBG), International Monetary Fund (IMF) and other International Financial Institutions (IFIs) have reached more than 100 countries aiming to ensure rapid and broad support to help them deal with their instant health and economic needs. The G7 and G20 provided an important complement in the form of a temporary suspension of bilateral debt services payments to low-income countries. Moreover, according to the IMF, since the beginning of 2020, developed economies provided fiscal and monetary support equivalent to 25 percent of GDP to boost economic activity within their borders. Despite the lack of fiscal space and less room to borrow, low-income countries also provided monetary support, although the corresponding figure is less than 3 percent of a much lower GDP.

The crisis, however, is far from over, and if the spread of the virus is not halted, the shock waves of the pandemic will continue to take a heavy toll that threatens to reverse decades of hard-earned gains in economic growth and the fight against poverty. This chapter highlights critical developments in the global economy, government responses, and potential recovery prospects.

MID-TERM OUTLOOK

Although there are clear indications that the global economy is emerging from the depths to which it descended last year, the emergence of new waves and variants of the coronavirus raises concerns about the sustainability of this recovery. Amid some uncertainty, the global economy is projected to grow by 6.0 percent in 2021 and 4.9 percent in 2022[3], helped by strong policy support, the ongoing deployment of effective vaccines and the gradual resumption of many economic activities. In contrast, many emerging markets and developing economies (EMDEs) continue to struggle with the COVID-19 pandemic and its aftermath.

The pandemic has brought to the fore the countercyclical role of the WBG in times of crisis. IDA commitments to low-income countries more than doubled to US$14 billion at the end of the first half of FY21 compared with the same period in FY20. Its disbursement also rose by 15 percent to US$9.7 billion between the reference periods. Sub-Saharan Africa is the largest recipient of IDA resources as many countries in the region sought concessional resources to counter the pandemic's impact. On the other hand, IBRD commitment and disbursement increased by 60 percent and 63 percent, respectively, between the first half of FY21 and that of FY20. The Latin America and the Caribbean region, home to many IBRD clients severely affected by the pandemic, commanded the largest share of IBRD resources. As the pandemic weighed on a wide array of businesses, including IFC clients' businesses, IFC operations have been impacted significantly. Commitments of both long-term finance and own account fell by a significant margin. IFC disbursement from its own account rose by US$0.8 billion between the first half of FY21 and that of FY20. Finally, MIGA has registered a slowdown in its operations as the pandemic resulted in the decline of FDI.

The medium-term outlook for the global economy is predicated on the evolution of the pandemic, the pace and global spread of vaccine deployment, and the reopening of all economies over time. While significant uncertainties remain, the distribution of risks seems better balanced than last year. On the upside, the global economy could be buttressed by better global cooperation on vaccines that could allow faster-then-expected normalization of activities, especially in EMDEs. On the downside, growth of the global economy could be dampened by: first, the persistence of logistical hurdles in procuring and distributing vaccines in EMDEs, particularly is Sub-Saharan Africa; approval of small-than-expected infrastructure and family support packages in the US; abrupt tightening of the financial conditions, especially if inflationary pressure persist longer than expected; and finally worsening of social unrests, geopolitical tensions, cyberattacks on critical infrastructure, or weather-related natural disasters.

REGIONAL GROWTH

Although all regions are expected to grow in 2021, the pace of recovery varies widely between economies. The stark disparity in the distribution of COVID-19 vaccines has led to the emergence of a 'two-track pandemic' with western nations protected and developing nations still exposed, resulting in a K-shaped rebound as advanced economies move quickly to achieve their pre-pandemic growth levels, while the low-income economies lag.

Advanced economies as a group are projected to expand by 5.6 percent in 2021 and 4.5 percent a year later. These growth prospects reflects further normalization in the second half of 2021 due to the ongoing vaccine rollout and additional fiscal support. The US real GDP growth is forecast to rise to 6.0 percent in 2021, and 4.9 percent in 2022 . This will be the strongest performance of the US economy since 1984. This solid economic outlook for the US economy is driven by the anticipated legislation boosting infrastructure investment and strengthening of social safety nets in the second half of 2021. The additional support in the US will contribute to the growth momentum of its trading partners. Euro Area economy is projected to expand by 4.6 percent this year and 4.3 percent next year, benefitting from the expected strengthening of growth momentum in France, Germany, Italy, and Spain. Bottlenecks in global supply chains are expected to make it difficult for companies to keep pace with the increasing demand for many goods through the end of the year, leading to a shrinkage of private inventories. Also, the recovery in exports is expected to be slow as the pandemic continues to affect demand among the major US trading partners.

Despite the pandemic, China was the only main economy that avoided a downturn in 2020, but instead grew by 2.3 percent. IMF projections show that China's GDP growth will reach 8.1 percent in 2021, before slowing to 5.7 percent in 2022[4], with an expected spillover to Asian economies, which are expected to grow by 7.7 percent this year and 5.6 percent in 2022[5]. China's rapid economic growth is attributed to two main factors, large-scale capital investment and rapid productivity growth. The government did not particularly run large budget deficits or budget surpluses during the crisis, so the mix of household and corporate savings helped drive the high investment rate.

EMDEs are forecast to growth by 6.3 percent in 2021, lower-than-previous growth forecast as severe COVID waves weigh in on economic activity, especially in ASEAN-5 group (Indonesia, Malaysia, Philippines, Thailand and Vietnam). For the major economies in Latin America, GDP growth is estimated to be 5.8 percent in 2021, mainly due to a better-than-expected performance of the services sectors. Households and businesses are adapting quickly to living in a pandemic, and lockdowns are having much less impact on activity than anticipated [6]. However, 2022 GDP forecasts for most economies in the region, have been lowered because of monetary policy normalization, fiscal tightening, and less predictable policy actions which are expected to slow the recovery.

DELAYS IN VACCINATION IMPACT

Among African economies, where vaccination has been delayed, the effects of the pandemic have reversed poverty reduction gains for the first time in three decades. By June 2021, Africa received 3.2 doses per 100 people, compared to 75 doses to 100 people in developed countries[7]. Besides the significant impact on people's well-being, lower vaccination rates will hinder the rapid return of economic life to pre-pandemic levels. Vaccine access has become the main factor determining the dichotomy of global recovery between those that can look forward to further normalization of activity later in 2021 (almost all advanced economies), and those that are likely to face resurgent infections and a rise in COVID-related death toll. To achieve lasting economic recovery, the world's most important social and economic priority should be to curb the virus everywhere and overcome the pandemic.

GLOBAL INFLATION

Excluding volatile food and energy components, global inflation is expected to be up by 3.5 percent by the end of 2021, compared to 3.2 percent in 2020. The price pressures mostly reflect developments across regions linked to the pandemic and transient disparities between supply and demand. In the U.S., the consumer price index came in at 5.4 percent in June 2021, the fastest pace in almost 13 years. In the U.K., the inflation rate reached 2.5 percent in June, the highest level since 2018 and above the Bank of England's target of 2 percent[8]. The US is expected to provide more fiscal stimulus later this year, which could lead to further inflationary pressures as well as an increase in interest rates. It may also weaken the US dollar against the Euro in 2021. However, according to the IMF, global inflation is generally expected to return to pre-pandemic levels in most countries in 2022. It is projected to reach 3.2 percent and 3.1 percent in 2023, respectively[9]. Inflation is also expected to rise in some emerging markets and developing economies, in part due to higher food prices.

COMMODITY PRICES

Commodity prices continued their recovery in 2021, with prices of four-fifths of commodities now exceeding their pre-pandemic levels, in some cases significantly. Prices rose from last year's recession because of global recovery, improved growth prospects, and commodity supply factors for crude oil, copper and several food commodities.

Crude oil prices have rebounded from record lows reached in 2020, buoyed by a rapid global economic recovery and continued production cuts. The US Energy Information Administration (EIA) expects Brent prices to average $68.61/bbl in 2021, more than a third higher than they were in 2020 and see a slight rise to US$66.04/bbl in 2022. It also estimates that global consumption was 98.4 million barrels per day of petroleum and liquid fuels in August, which was an increase of 5.7 million barrels per day from August 2020 but still four million barrels less, per day than in August 2019[10].

Metal prices are expected to average 30 percent higher in 2021 than in 2020 on the back of strong demand, before dropping back somewhat in 2022. However, the US steel prices are up by over 200 percent in 2021 and expected to remain high into 2022. Just prior to the COVID-19 pandemic in March 2020, steel prices traded at between US$500 and US$800 per metric ton (mt). The price of steel as of July 2021 was US$1,800/mt and is not expected to drop until at least 2022[11].

The World Bank estimated in its 2021 commodity forecast report that the spot price for copper will average US$8,500/mt by the end of 2021, an increase of 37.7 percent over the 2020 price of US$6,174/mt. The price is expected to decrease to US$7,500/mt in 2022[12]. This will significantly benefit Zambia, which accounts for 70 percent of Africa's copper production and 60 percent of the country's total exports value. Rising prices for minerals and metals, particularly diamonds and nickel, have revived activity in some countries, such as Botswana, after the rapid collapse of the mining sector in 2020[13].

In the first month of 2021, gold prices averaged US$1,866.98/oz, an increase of 0.46 percent from December. The World Bank predicts the price of gold to decrease to US$1,740/oz in 2021 from an average of US$1,775/oz in 2020. In the next ten years, the gold price is expected to decrease to US$1,400/oz by 2030[14].

Agriculture prices are forecast to be nearly 14 percent higher on average in 2021 and to stabilize thereafter, driven by a few food commodities[15]. The development of the industrial goods, pandemic and weather shocks to agriculture pose the main risks to agriculture price outlook.

DEBT DYNAMICS

In sharp contrast to the crises of the 1980s and 1990s, the COVID-19 virus struck when global liquidity was high and interest rates were low. This has allowed governments, particularly in the advanced economies and emerging markets, to respond to the pandemic by injecting large amounts of liquidity for essential health and social spending without experiencing massive inflation or currency instability. Overall, however, the pandemic has exacerbated the debt burdens of countries around the world.

Public debt in emerging markets has surged to levels not seen in 50 years. Many developing countries are increasingly taking on debt on non-concessional terms—from private lenders and non-Paris Club members. According to the IMF, public debt is expected to rise in 2021 to around 125 percent of GDP in advanced economies, 65 percent of GDP in emerging markets, and 60 percent of GDP in low-income countries[16]. It estimates that countries with weak debt carrying capacity saw their debt to GDP ratios increase by nearly 10 percentage points, countries with medium capacity saw their average ratios rise by 4 percentage points, and countries with strong capacities jumped by 6 percentage points. Overall, according to the AfDB, debt/GDP ratio in Africa is expected to rise by 10-15 percentage points, from 60 percent in 2020 to 75 percent in 2021[17].

As a proportion of GDP and export earnings, Africa's total debt of US$726.6 billion, more than double the governments' total fiscal revenue in 2019 is currently the highest of any developing region[18]. Despite sizeable domestic adjustments, the IMF estimates that Africa will need additional gross financing of US$1.2 trillion through 2023[19]. It was also noted by Africa's leaders in the Summit on Financing African Economies that Africa will face a fiscal spending shortfall of some US$285 billion over the same period[20]. High debt levels increase debt service obligations and impede public investment in infrastructure and human development, hindering private investment and economic progress.

Africa's experience with debt resolution has historically been complicated and protracted. Africa's debt from traditional bilateral creditors and Paris Club members had fallen from about 57 percent to 27 percent over the past twenty years. In contrast, the debt owed to private creditors had risen from 17 percent to 40 percent over the same period[21]. This change in debt structure favoring private creditors may complicate the debt resolution process for heavily indebted countries. According to the World Bank, 50 percent of IDA countries are at high risk of debt distress or already in debt distress[22]. Without fast debt relief and restructuring to reduce the current debt level, many African countries could slip into debt overhang.

African countries have benefited from the G20 Debt Service Suspension Initiative (DSSI), allowing countries to suspend payments to bilateral and official creditors. By June 2021, DSSI had assisted 32 out of 38 African countries eligible to benefit from temporary debt service relief, by more than US$5.0 billion. These countries account for 75 percent of the bilateral debt service due between May 2020 and December 2021, the period covered by the initiative[23]. DSSI borrowers commit to limit their non-concessional borrowing to levels agreed under IMF programs and the World Bank's non-concessional borrowing policies and to use the financial resources to respond to the coronavirus crisis. The DSSI was initially drawn up to June 2021 but has since been extended to the end of 2021. However, to free more revenue for those African countries currently participating in the initiative, it may be necessary to extend it for a longer period. The commitment of private creditors to the Common Framework for Debt Resolution on comparable terms to bilateral official creditors is also very critical. The Common Framework is timely and will help countries with unsustainable debt to seek faster action on debt resolution. It is also important because of the likelihood of the gradual normalization of the monetary policy in the US and other developed countries, which could lead to increases in the interest rates and the cost of debt servicing over the years.

African countries have also benefited from the World Bank and the IMF debt relief. From April 2020 through June 2021, the World Bank committed US$36.3 billion in financing for countries participating in the G-20 Debt Service Suspension Initiative (DSSI)—of which US$11.8 billion was in the form of grants, particularly for IDA countries at high risk of debt distress[24]. The DSSI allows reprofiling and restructuring for heavily indebted countries. Similarly, since the start of the pandemic, the IMF has approved three tranches of grants for debt service relief for 28 member countries under the Catastrophe Containment and Relief Trust (CCRT), enabling the disbursement of grants from the CCRT for payment of all eligible debt service falling from April 2021 to October 2021[25]. It is expected that the IMF will continue to provide this debt relief over the next year. The IMF has also provided 13 times its average annual lending to African countries during the crisis[26]. It has also made a special issue of US$650 billion, of which US$33 billion was allocated in August 2021 to African countries. This will boost the reserves and liquidity of the African countries without adding to their debt burden. It will also help in addressing their emergency needs, including for vaccines.

1.2. Economic Performance in Sub-Saharan Africa

RECENT DEVELOPMENTS

The COVID-19 pandemic reduced the output in Sub-Saharan Africa (SSA) by an estimated 1.8 percent in 2020. This was the region's first economic contraction in a generation and the deepest recession since the 1960s. Although this depression was milder than previously projected, as the virus spread more slowly than anticipated and agricultural activity was unexpectedly strong in some countries like Benin, Ethiopia, Kenya, Nigeria (World Bank 2021). Growth in the region gradually resumed in 2021, reflecting positive spillovers from strengthening global economic activity, including higher oil and metal prices and some progress at containing COVID-19 outbreaks, especially in Western and Central Africa (Figure 1).

As per the Purchasing Managers Index readings for manufacturing and services, activity in these sectors continued to expand in 2021 at modest rates (figure 2). Due to the pandemic, budget deficits widened, and government debt increased sharply, leading to a debt-to-GDP ratio ranging from average of 8 percentage points to 70 percent of GDP in 2020, raising the risk of debt distress in some countries (IMF 2020). The

adverse effects of the pandemic, fiscal pressures, and the sluggish pace of vaccinations dampened the resumption of growth, especially in the hospitality and tourism sectors. Many industrial and agricultural commodity exporters suffered deep contractions in 2020 from depressed external demand and localized COVID-related disruptions (Angola, Cabo Verde, Mali, Republic of Congo; FAO 2020; World Bank 2021). In tourism-reliant countries, international arrivals had been almost halted, and are likely to remain anemic until widescale vaccinations allow for a safe reopening of borders to international travel (Kenya, Mauritius, Seychelles; figure 3). Although conditions have improved in the region, COVID- 19 and related control measures have continued to disrupt schooling, damage health, inhibit investment, and weigh on growth.

Accommodative monetary and fiscal policies, combined with currency depreciations and rising energy and food prices, fueled inflationary pressures in some countries (Angola, Nigeria; figure 4). In other countries in the region, however, subdued demand has kept inflation contained (Kenya, South Africa). Capital inflows to the region have lost momentum, owing to heightened uncertainty about the course of the pandemic and weak growth prospects in some recipient countries. Nonetheless, foreign direct investments in 2020 have been more resilient in SSA than for the average EMDE excluding China, with some countries recouping about nineteenths of their pre-pandemic levels. Workers' remittances to the region, a lifeline for household consumption, have held up better than expected, partly reflecting a shift from informal or traditional non-digital cash payments to cheaper digital transfers and improving job opportunities in Sub-Saharan African migrant workers' destination countries.

FIGURE 1. DAILY NEW COVID-19 INFECTIONS IN SSA

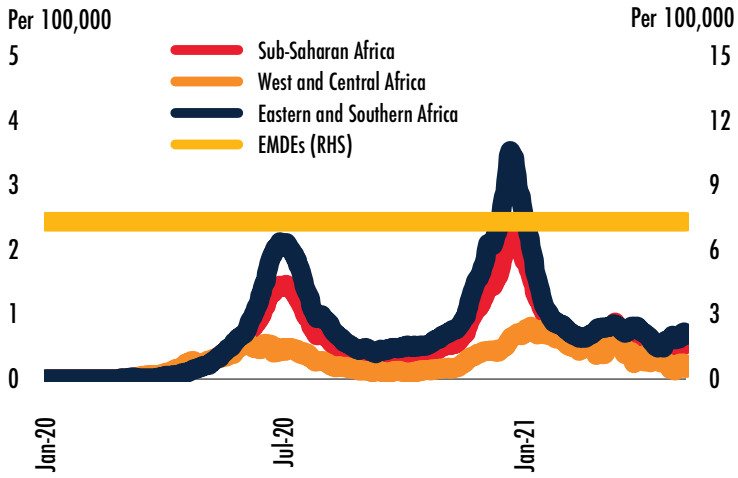


FIGURE 2. MEDIAN PURCHASE MANAGERS INDEXES FOR SSA COUNTRIES

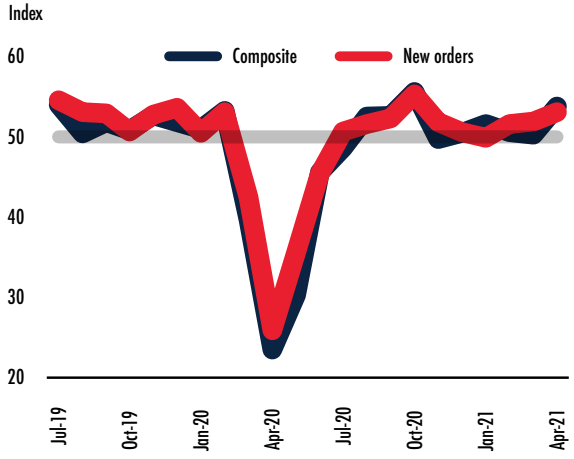


FIGURE 3. INTERNATIONAL TOURIST ARRIVALS FOR SELECTED SSA COUNTRIES

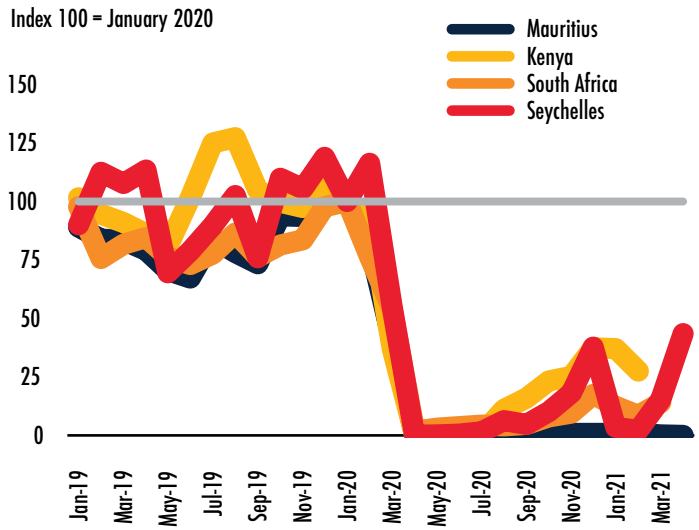
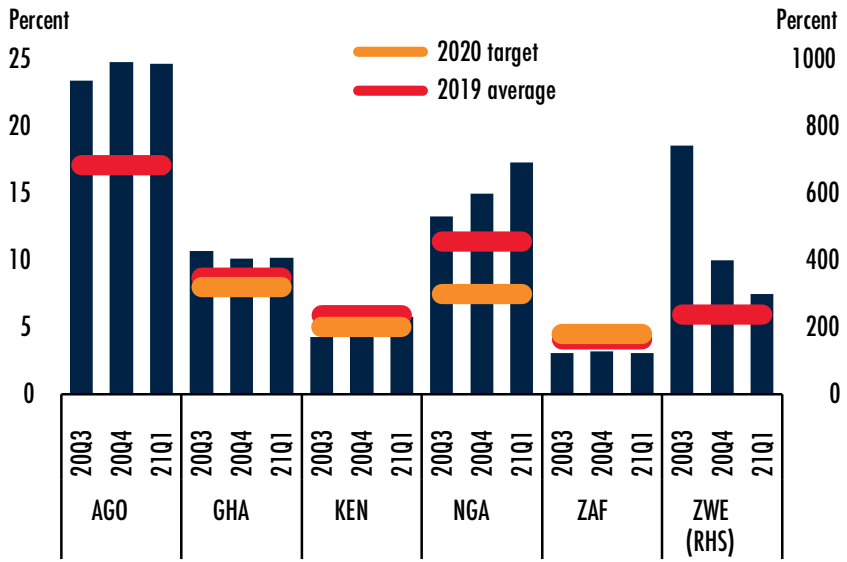


FIGURE 4. INFLATION



Source: World Bank 2021

OUTLOOK

In 2021, growth in the African region is expected to resume, reaching 3.4 percent, and rising to 4.1 percent in 2022, reflecting stronger external demand from the region's trading partners, mainly China and the US, higher commodity prices, and better containment of COVID-19. Despite the projected re-bound, the region will have the second-slowest growth this year among EMDE regions. Although some countries have secured vaccine doses through the COVAX facility, procurement and logistical challenges are envisioned to further delay the already slow pace of vaccination in the region (figure 6). Policy uncertainty and the lingering negative effects of COVID-19 are also expected to delay some major investments in infrastructure and the extractives sector and weigh on the recovery (such as in, Central African Republic, Equatorial Guinea, Kenya, and Niger).

In per capita terms, income growth is forecast to remain subdued, averaging 0.4 percent a year in 2021-22, after a 5 percent decline in 2020 (World Bank 2021). Conditions in the region's fragile and conflict-affected countries are expected to be particularly challenging, with the average per capita GDP level in 2022 projected to be 5.3 percent below its 2019 level. The pandemic is also likely to worsen inequality through its outsized negative effects on women, children, and unskilled workers (IMF 2021). Weak per capita GDP growth will be insufficient to significantly improve conditions in a region where 40 percent of the population struggles with extreme poverty (figure 7).

In Nigeria, growth is projected to resume at a modest rate of 1.8 percent in 2021 and edge up to 2.1 percent next year, assuming higher oil prices, a gradual implementation of structural reforms in the oil sector, and a market-based flexible exchange rate management (figure 8). The expected pickup is also predicated on continued vaccinations in the second half of this year and a gradual relaxation of COVID-related restrictions that would allow activity to improve. Following a sharp recession in 2020, growth in South Africa is forecast at 3.5 percent this year and 2.1 percent in 2022, with the recovery benefiting from a gradual relaxation of COVID-19 restrictions and higher metal prices. Although expansionary monetary and fiscal policies have buoyed activity, GDP will remain below its 2019 level through 2022. Major structural impediments to potential growth remain, including labor market rigidities, reflected in continuing large-scale unemployment. Angola's economy is projected to expand by 0.5 percent in 2021 and 3.3 percent in 2022, on the back of stronger oil prices and government consumption. Output is, however, not envisioned to regain its 2019 level until toward the end of the forecast horizon. Oil production, which plummeted last year, is forecast to remain below pre-pandemic levels in the near term if OPEC+ cuts are maintained.

Elsewhere in the region, growth is forecast to edge up to 3.8 percent a year on average in 2021-22, substantially below the 2010-19 average pace of 5.1 percent. Growth in industrial commodity exporters excluding Angola, Nigeria, and South Africa is expected to pick up to 2.4 percent in 2021-22; however, it will remain 1.5 percentage points below its 2010-19 average (Cameroon, Central African Republic, Democratic Republic of Congo). In Botswana, growth is projected to rebound to 5.6 percent, on average, in 2021-22, as

stronger metals and minerals prices, particularly for diamonds and nickel, rekindle activity after a precipitous collapse in the mining sector last year. Higher oil and metal prices for many industrial commodity-exporting economies will boost export revenues although, they will not be sufficient to close fiscal deficits opened by last year's shortfalls. In agricultural commodity exporters, growth is forecast to resume at a faster pace of 4.5 percent a year on average in 2021-22 (Benin, Côte d'Ivoire, Ethiopia). Projections for several countries assume sustained investment in infrastructure, greater export diversification, and continued implementation of reforms to improve business environments (Rwanda, Senegal, Togo). However, output growth in agricultural commodity exporters over the next couple of years is projected to remain lower than the 2010-19 average growth rate of 5.7 percent.

FIGURE 5. GDP GROWTH

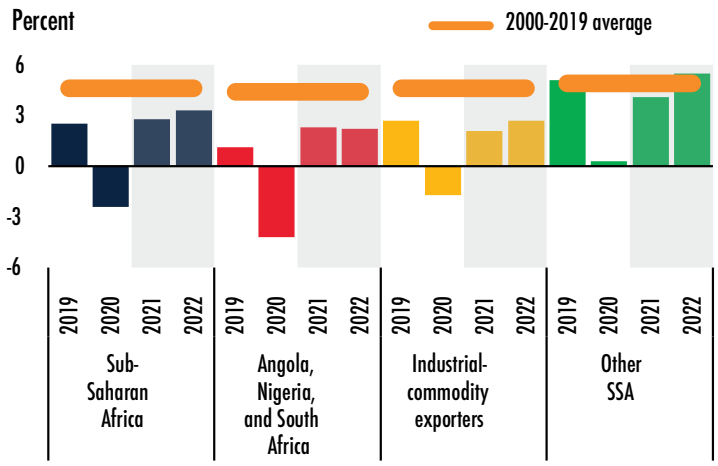
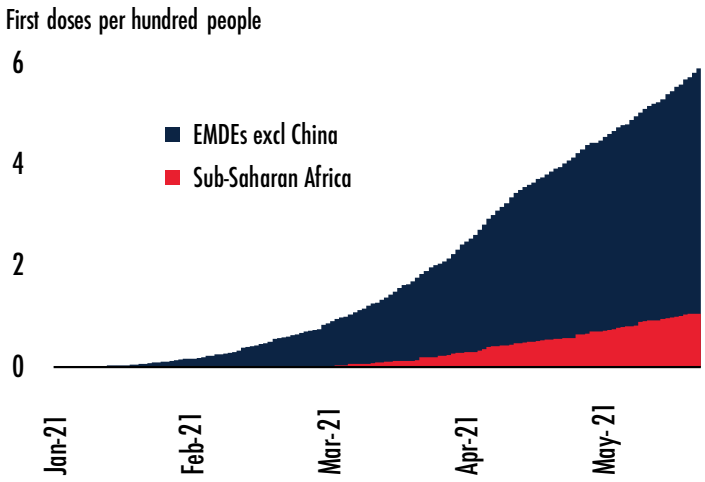


FIGURE 6. COVID-19 VACCINATIONS



Source: World Bank 2021

FIGURE 7. EVOLUTION OF PER CAPITA GDP

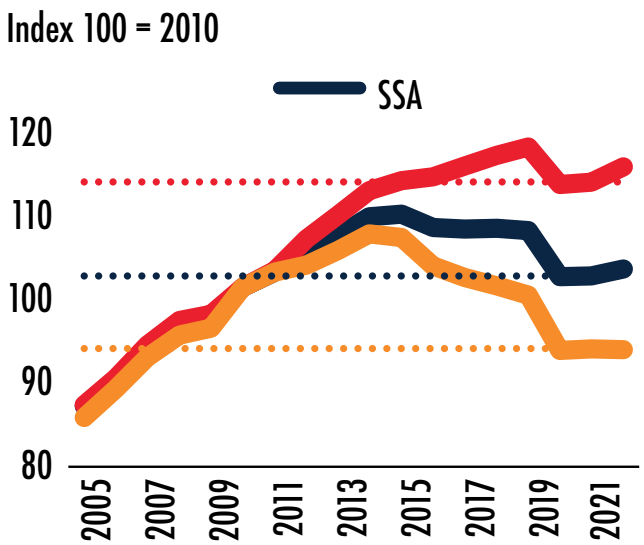
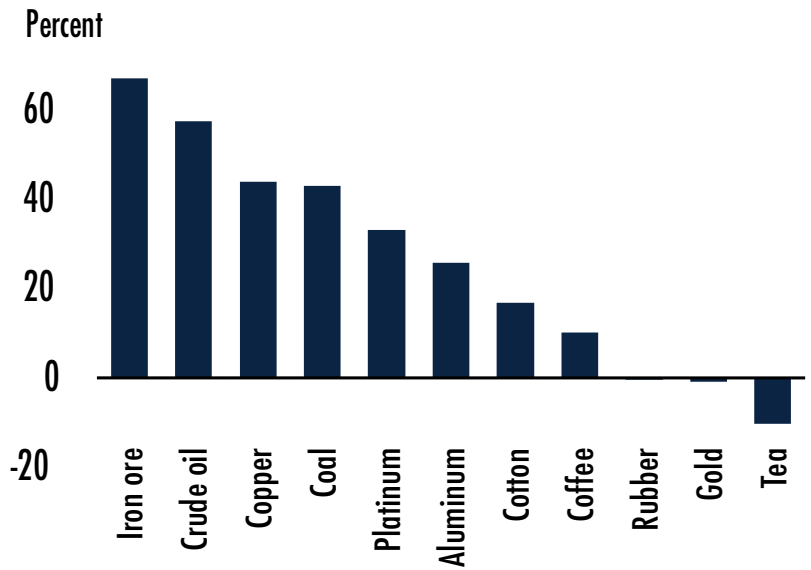


FIGURE 8. CHANGES IN COMMODITY PRICES BETWEEN NOVEMBER 2020 AND MAY 2021



Source: World Bank 2021

RISKS

Risks to the forecasts are tilted to the downside. Some countries in the SSA region have invested in upgrades to national vaccine distribution systems (Ghana, Nigeria, South Africa). Nevertheless, persistent procurement and logistical hurdles in many other countries could delay widescale vaccinations more severely than assumed. In addition to COVID-19, new Ebola outbreaks, if not contained, could spread and increase the viral threat in the region (Democratic Republic of Congo, Guinea). Oil prices could fall due to continued global oil demand weakness or a rapid increase in OPEC+ oil production (World Bank 2021). In this scenario, some oil exporters could lose revenues, especially those with structural capacity constraints and limited scope to quickly ramp up their production.

Food insecurity remains a key risk. Food price inflation has been exacerbated in some countries by currency depreciations: about half of the currencies in the region have depreciated since the start of 2021 (Ethiopia, Mozambique, Zambia; figure 9). Currency depreciation and supply constraints raised food prices by more than 20 percent in some countries early this year (Angola, Ethiopia, Nigeria). Flood and drought could also destroy crops, exacerbate food price inflation, and further weigh on household consumption, with outsized negative effects on the most vulnerable populations. Heavy rains, floods, cyclones, and wetter-than-normal weather conditions could lead to more locust breeding and infestation and put large swaths of the population, especially in Eastern and Southern Africa, at a higher risk of hunger (World Bank 2021). Conflicts could damage agricultural production, disrupt food supply, cause forced population displacements, and make food insecurity more acute, with significantly greater negative effects on women and children (Brück and d'Errico 2019). With about 100 million people in food crisis and 4 out of 10 extremely poor people, the region could see many millions more slip into severe food insecurity in the next couple of years (figure 10; FSIN 2021). Rising conflicts and insecurity could also weaken recoveries. There are concerns that the humanitarian and economic toll of conflicts could dampen the projected growth pickup. Insurgencies and abductions in the Sahel, as well as political and electoral violence, could weigh more heavily on growth and erode the living standards of the most vulnerable people (figure 12).

Despite the still benign global financial conditions, sovereign borrowing costs have remained higher than before the pandemic in some countries (Angola, Ghana, Nigeria, South Africa). As COVID-19 recedes, budget deficits, which have widened substantially, are expected to gradually narrow (Chad, Ethiopia, Zambia; IMF 2020; figure 11). However, high debt burden and fiscal pressures could become more acute and precipitate financial distress in some countries, especially if borrowing costs increase sharply in line with further possible increases in long-term yields on government bonds in advanced economies and major EMDEs. Heightened fiscal pressures could also delay government payments to suppliers and contractors, cause revenue shortfalls and bankruptcies among these firms, and increase the likelihood of financial stress (Bosio et al. 2021). There are also upside risks to the projections. The pace of vaccinations could surpass expectations, for example, if the COVAX facility and bilateral partners assist SSA countries in scaling up their vaccination programs. This could restore consumer and business confidence, stimulate consumption and investment, lower unemployment, and strengthen recovery. Also, a stronger-than-expected rally in metals and oil prices could boost exports, increase government revenues, and ease fiscal pressures on industrial commodity exporters.

FIGURE 9. CHANGES IN U.S. DOLLAR EXCHANGE RATES VERSUS SSA CURRENCIES

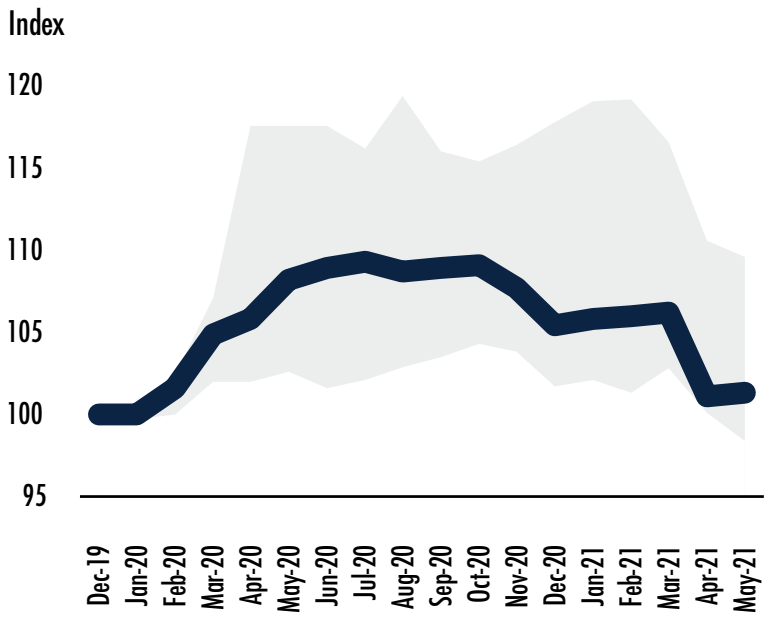


FIGURE 10. FOOD INSECURITY IN SSA

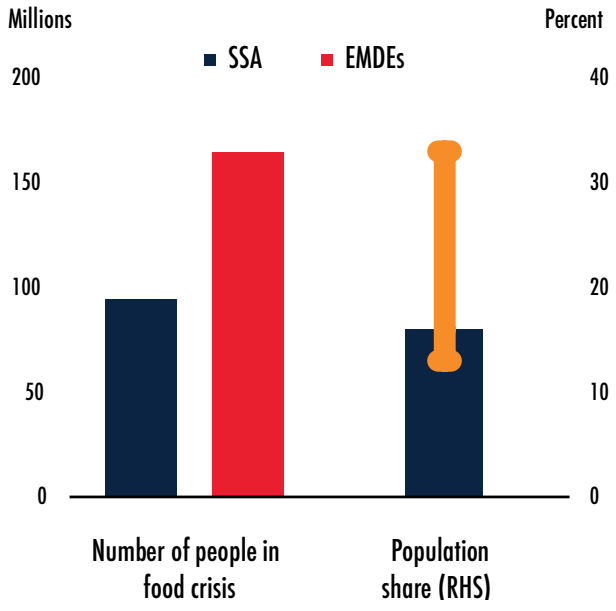


FIGURE 11. FORCIBLY DISPLACED POPULATIONS

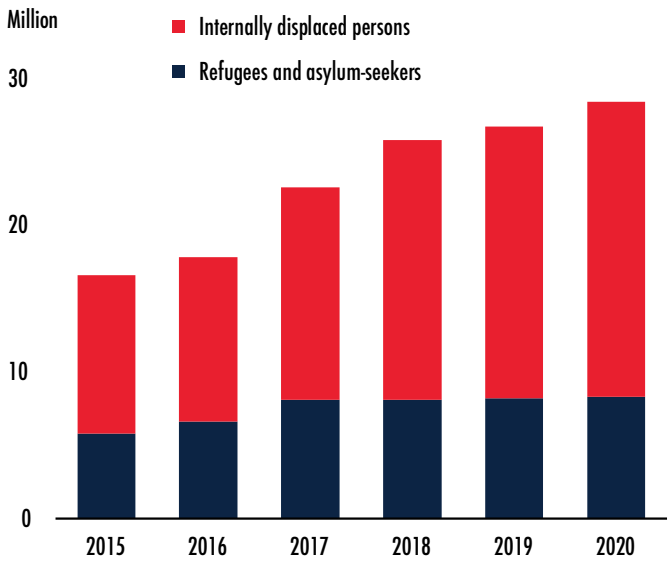
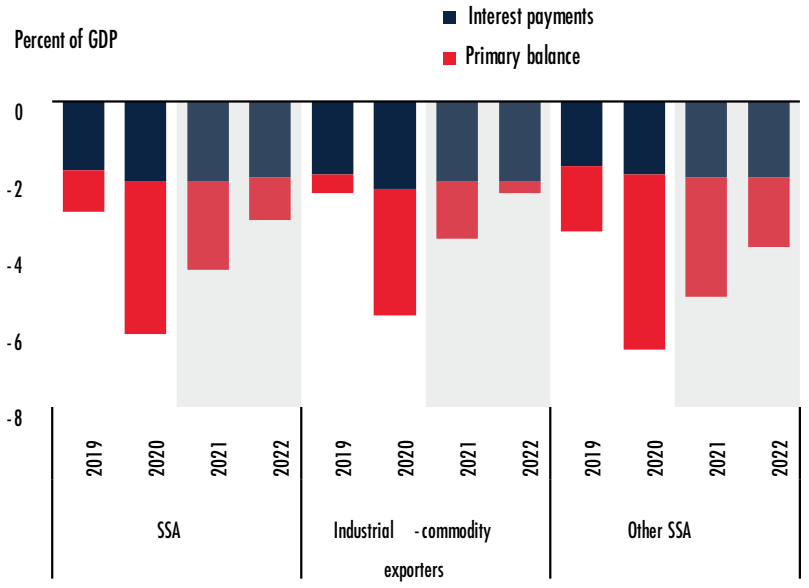


FIGURE 12. FISCAL BALANCE



CHAPTER 2.

SELECTED POLICY ISSUES AND UPDATES

OVERVIEW

This Chapter updates Governors on the key policies and strategies discussed by the Executive Boards of the World Bank Group (WBG) over the past six months. It includes updates on: vaccine deployment; the progress made on IDA20 Replenishment negotiations and IDA Voting Rights Review; World Bank's policy related to the development cooperation in the context of fragility, conflict and violence; WBG's strategic framework of realizing the knowledge potential for effective development solutions; the three WBG's approaches/action plans on climate change, domestic resource mobilization and illicit financial flows tailored to support the implementation of Green, Resilience and Inclusive Development (GRID); progress on the implementation of the 2018 Reginal Integration Strategy for Africa; and a synopsis of how laws and regulations impact women' economic opportunities.

2.1 Update on Vaccine Deployment

The COVID-19 pandemic has been unpredictable, with new variants posing significant global risks and continuing to usher new pandemic waves, increased hospitalizations, and deaths. As of September 15, 2021, over 4.6 million people had lost their lives to COVID-19, and over 227 million cases continue to over-burden and stretch global health systems to the limit. Therefore, making vaccines available to all countries and populations is the most viable solution to significantly save lives and accomplish resilient and sustainable economic recovery.

However, global demand for safe and effective COVID-19 vaccines far outstrips supply resulting in inequitable supply and a very uncertain vaccine market. While some developed countries have achieved high vaccination coverage and reversed trends, vaccine coverage in Low-Income Countries (LICs) and Lower-Middle Income Countries (LMICs) remains very low (estimated at less than 1 percent and 4 percent, respectively), and new variants continue to overwhelm health systems and cause deaths. Limited vaccination in developing countries is threatening economic recovery. Ninety percent of African countries are likely to have missed the September global target of vaccinating 10 percent of their populations. Ramping up global COVID-19 vaccination in LICs is crucial for ending the pandemic and will reduce the need for boosters. However, vaccine hesitancy across countries poses a significant risk to achieving high coverage globally.

Although contingent on the speed and scale of vaccination, the global economy is expected to expand by 6.0 percent in 2021[27]. This recovery is expected to be highly uneven, reflecting sharp rebounds in a few major economies, particularly China and the US, while others lag. An additional 150 million people are predicted to fall into extreme poverty in 2020-2021. The impact on human capital has been severe. According to UNESCO, more than 23 million children worldwide missed out on basic education, more than 4 million women lost access to care during childbirth, and about 82 million children did not receive oral rehydration. In addition, the pandemic exacerbated gender disparities, with increased rates of gender-based violence and school-girl pregnancies.

In the short term, the vaccine supply landscape is shifting slowly but remains highly challenging. Donations of excess doses, expansion of manufacturing capacity, approval of new vaccines, and offers from COVAX and the African Vaccine Acquisition Task Team (AVATT) are mitigating the challenge in 2021, but more needs to be done in 2022. The WBG expanded the vaccine envelope to US$20 billion to be committed by the end of 2022 and is working with partners to prepare for the scale-up of vaccine acquisition and deployment. By the beginning of September, the WBG had approved financing of about US$4.4 billion for more than 53 developing countries, more than half of which were IDA countries. Under the Board approved COVID-19 Strategic Preparedness and Response Program (SPRP) utilizing the Multiphase Programmatic Approach, COVID response and vaccine operations worth US$1.073 billion were approved and are being implemented for countries in the Constituency, while operations worth US$197 million, for four countries, are still under preparation.

The Bank has been coordinating closely with the COVAX Facility and AVATT to help countries acquire safe, effective, and affordable vaccines on time. The World Bank partnerships with COVAX and AVATT provide financial assurance, flexibility for countries, reflecting the uncertainties of a rapidly changing pandemic, differing country conditions and needs, as well as an evolving vaccine market. COVAX supply remains constrained, although diversification and donations have to some extent mitigated these constraints. Major reasons for the shift include the diversion of vaccines by Serum Institute of India to meet acute domestic needs, challenges scaling up deliveries across AstraZeneca's global manufacturing network, and preparedness for Pfizer deliveries. AVATT entered an agreement with Johnson & Johnson (J&J) to deliver a total of up to 400 million doses to AU member states through 2022. AVATT supplies complement the donor-funded doses from COVAX and other sources and help reach the continent-wide target of at least 60 percent vaccinated. Vaccine donations are critical to boosting vaccine supply in developing countries. In this regard, one billion doses were committed in donations at the G7 Summit. As the landscape becomes more complex, stronger coordination, transparency, and information-sharing globally will be necessary.

The Bank is also assisting countries through knowledge sharing and facilitating access to specialized technical assistance, to help countries make informed choices on how to handle the complexities involved in indemnification and liability-mitigation issues. All countries are facing risks, including those stemming from the new COVID-19 variants, the ability to deliver safe and effective vaccines at scale, and the rapidly evolving

landscape on the vaccines. For developing countries, challenges include the limited availability of vaccines in a timely and affordable manner, health systems' capacity to distribute safe and effective vaccines to a large share of the population, inadequate capacity to record and manage data, corruption, vaccine hesitancy, constraints to stakeholder engagement and diversion of vaccines, among others.

Vaccine production is expanding, but much of the supplies have been pre-purchased by rich nations. As part of a broader effort to increase pharmaceuticals, medical technology, and health services, IFC is expanding support to countries to produce vaccines. Since the onset of the pandemic, IFC has committed more than US$1.90 billion in response to COVID-19, including an agreement entered in November 2020 between Aspen and J&J for the technology transfer and manufacture of 300 million J&J vaccine doses per year in South Africa. On July 9, 2021, collaboration between IFC and the Institute Pasteur de Dakar (IPD) to kickstart a manufacturing hub for COVID-19 and other vaccines in Senegal was announced.

2.2 Update on IDA20 Replenishment Negotiations

The second IDA20 Replenishment Meeting was held virtually from June 28-30, 2021. It focused on IDA20 policy priorities, the results framework, and the financing package. The meeting, which was co-chaired by World Bank Managing Director, Mr. Axel van Trotsenburg, and the IDA20 Independent Co-Chair, Mr. Denny Kalyalya, provided opportunity for IDA Deputies and Borrower Representatives to exchange views on IDA Special themes and cross-cutting issues.

IDA20 STRATEGIC DIRECTIONS AND POLICY COMMITMENTS

The meeting highlighted how IDA is supporting the crisis response effort following the COVID-19 disruptions. By the end of FY21 IDA had delivered US$53 billion in financial commitments, of which 47 percent had been directed to support WBG's COVID-19 strategy. IDA resources made up the largest share of the multilateral response to COVID-19 and had helped to finance 43 national vaccination programs. The proposed IDA20 package, under the Overarching Theme of "Building Back Better: Towards a Green, Resilient, and Inclusive Future," would support countries to respond to the unfolding crisis while laying the foundation for a sustainable recovery.

Human Capital was introduced as a Special Theme in IDA20 during the discussion. The Human Capital life cycle approach will offer a constructive approach to critical areas, including equitable and inclusive COVID-19 vaccination roll-out, resilient, and robust education and health systems, adaptive social protection, nutrition, and One Health. Regarding Climate Change, IDA20 would be aligned with the new Climate Change Action Plan (CCAP2), with a set goal to have IDA reach 35 percent climate co-benefits, with at least 50 percent adaptation, and align all operations with the Paris Agreement by FY24. Other critical discussions and questions included IDA's approach to phase out fossil fuels and the need to consider different country circumstances in the process, stressing the importance of energy access and renewables. The meeting also discussed the increased focus in IDA20 on nature and biodiversity, and more support to countries from the Bank to implement and update their National Biodiversity Strategies and Action Plans.

On Gender and Development, participants expressed strong support for the Gender and Development Special Theme and the proposed new policy commitments on childcare and fiscal policy, and the continued focus on jobs and economic recovery, especially through digital approaches. They stressed the importance of girls' and boys' sexual education and prevention and response to gender-based violence (GBV).

Regarding Fragility, Conflict and Violence (FCV), participants welcomed the IDA20 commitment to deepen support for implementing the FCV Strategy, including through sub-targets for IDA FCS in some of the IDA20 special themes.

On Jobs and Economic Transformation, the meeting emphasized focus on inclusive digitalization, investments in agriculture and food security, and addressing constraints to Micro, Small and Medium Enterprises (MSMEs) and sectors with high potential, including improving connectivity and strengthening regional and global value chains. Furthermore, the meeting highlighted the importance of a robust business environment and participation in trade and regional integration for economic diversification. It also highlighted the relevance of the PSW in supporting private sector investment and job creation and creating markets in the most fragile and complex settings and the criticality of the one WBG collaboration.

The Cross-Cutting issues focused on Crisis Preparedness in the country programs through tailored approaches across IDA countries. The discussion also focused on critical policy commitments, including Domestic Resources Mobilization, Illicit Financial Flows, Digital Government (GovTech), equitable tax systems, public financial management, sustainable public procurement, and tackling corruption. The meeting also discussed Debt transparency and the commitment in IDA20 to publish comprehensive reports on public and publicly guaranteed debt and fiscal risks. Participants also highlighted the unique role of digital technologies in building resilience to help strengthen policies and regulations and enable universally accessible digital government services.

On the IDA20 Request for Resources and Financing Framework, WB Management gave an overview of IDA's financial context, highlighting that IDA's strong capital position allowed significant frontloading of resources in FY21 and FY22. Further, IDA's deployable strategic capital (DSC) cushion also served to absorb negative

impacts of the pandemic on IDA's balance sheet, including higher levels of grant financing to client countries caused by the increased risk of debt distress.

The meeting acknowledged the importance of an ambitious IDA20 replenishment and the need to prioritize the most vulnerable countries, particularly IDA-only red-light countries and FCS. Participants endorsed the Balance Sheet Optimization (BSO) measures proposed by management, namely, introducing 50-year credits for IDA-only yellow-light countries and introducing concessional shorter maturity loans (SMLs) in two places, the PBA and the Scale-up Window. Participants called on Management to continue exploring further BSO measures so that IDA20 replenishment could deliver a volume beyond the US$90 billion Base Case.

On the Sustainable Development Finance Policy (SDFP), 55 percent of IDA countries have a high risk of external debt distress or are already in debt distress as of June 2021, compared to 50 percent in 2019, a problem partly exacerbated by the COVID-19 pandemic. In FY21, WB approved a total of 130 PPAs in 55 countries, of which 93 percent of IDA countries were reported to have satisfactorily implemented their Policy and Performance Actions (PPAs). The SDFP supported countries' reform efforts to strengthen debt transparency, enhance their macro-fiscal policy frameworks, strengthen domestic revenue mobilization, invest more efficiently, and strengthen debt management capacity.

Regarding the operationalization of the FCV envelope, the mid-term review reported that the envelope provided US$2.3 billion in top-ups to performance-based allocations (PBA) to nine eligible countries in FY21. In FY22, additional countries are expected to request eligibility, though the precise number and allocation amounts will be subject to the approval of eligibility notes. The Prevention and Resilience Allocation (PRA) supported upstream efforts on prevention, such as in Burkina Faso, Mozambique, and Niger. In addition, the Remaining Engaged during Conflict Allocation (RECA) helped IDA remain effectively engaged in high-intensity conflict settings, like Yemen and South Sudan. Similarly, the Turn Around Allocation (TAA) enabled nimble and timely responses in Somalia and Sudan.

On the Crisis Response Window (CRW)—Early Response Financing (ERF), all requests submitted to the Bank focused on food insecurity. The Mid-Term Review also acknowledges that ERF responses have not been as fast as envisioned and called on the WB to streamline processing. As a result, the WB proposed to: (a) raise the ERF cap on pre-allocated Contingency Emergency Response Components (CERCs) from US$12.5 million to US$25 million; and (b) adjust the treatment of conflict-affected situations to align with the WBG's FCV Strategy and IDA's FCV Envelope.

The Third IDA Replenishment Meeting is scheduled between October 20-22, 2021, highlighting progress in implementing IDA priorities below. Among the issues that will be discussed is the Refugees Policy Review, undertaken under the Refugee Policy Review Framework (RPRF), a framework jointly prepared by the WB and UNHCR. Analyses conducted on the fourteen countries eligible for RSW or WHR funding identified significant refugee policy developments that have taken place since the inception of IDA18. The report identified a slowdown in reforms related to refugee policies during IDA19 and the COVID-19 pandemic. It acknowledges

the substantial global public good provided by the fourteen large refugee-hosting countries. It stresses the benefit of sustaining current efforts and support for reform opportunities related to access to basic services, labor markets, and social protection. In contrast, future IDA support to refugee-hosting countries could be tailored to specific country contexts.

2.3 IDA Voting Rights Review (IVRR)

BACKGROUND

The IDA Voting Rights Review (IVRR) process started at the request of IDA Deputies and Borrower Representatives, during the IDA18 Mid-Term Review in November 2018. The current IVRR framework has been in place for almost 50 years. Therefore, IDA participants saw it timely and appropriate to review the framework given IDA's transition to a hybrid financing model and the concerns with the existing framework.

The Mid-Term Review entrusted the WB Board with leading the Review while IDA participants continue to provide feedback and support during the process. Subsequently, the WB Board asked IDA participants to guide the Review's scope and objectives and its Guiding Principles for endorsement by the IDA Board of Governors.

The review started with the submission of a detailed compendium by WB Management in July 2018 that described the processes of the current framework and provided an overview of previous attempts to review the framework. The compendium served to enhance IDA members' understanding of the framework and served as a starting point for substantive discussions on IDA's voting rights.

IDA MEMBERS' CONCERNS WITH CURRENT FRAMEWORK

Many IDA members contend that IDA's voting rights framework needs to be reviewed to reflect current situations, especially the change to IDA's hybrid financial model since IDA18.

The following are issues of concern that prompted the Review:

- A desire that the IVR framework should do more to enhance and balance incentives for increasing contributions by existing and new donors. Donor contributions are at the core of IDA's financial sustainability and, given IDA's concessional financial model, robust contribution levels are key to IDA's ability to meet all the demands on its equity and fulfill its mission.
- The current framework is overly complicated. As the IDA's Voting Rights Compendium shows, the framework is complex and involves solving three simultaneous equations, causing IDA Participants and Executive Directors to not understand the framework well.
- The framework is outdated and has not evolved to reflect global changes since IDA was created. At the inception of IDA, the Part I and Part II designation was closely linked to the status of the economic development of countries. Country designations are based on each member's own determination and few changes have been implemented despite improved economic status of many members.
- The recipient countries' voting power will continue to decline due to graduation and donor contributions by Part II donors and related preemptive rights requirements which are expensive. Currently, IDA recipient countries hold less than 16.85 percent of IDA's actual voting power.
- The historic first-time use of IDA's equity to access capital markets has highlighted the importance of safeguarding IDA's equity, the fiduciary responsibility that countries have over their contributions – including as it relates to voting power – and the need to assure that IDA has a fit-for-purpose voting rights framework, one that serves as a model of best practice.

PRINCIPLES OF THE REVIEW

IDA Participants agreed to a set of Guiding Principles, reflecting IDA's key attributes: inclusiveness, financial sustainability, the importance of IDA members' voluntary contributions and IDA recipient countries' voice. Accordingly, the following principles were used to guide the Review:

PRINCIPLES

A. The voting rights system should incentivize donor contributions to IDA, both for new and existing donors, recognizing that IDA contributions are voluntary.

B. IDA recipients are key stakeholders, and their voting power shall be protected and, if possible, enhanced.

C. IDA is a global co-operative; all voices are important to ensure an inclusive and equitable process.

D. All IDA partners have an interest in IDA's long-term financial sustainability.

E. Adjustments requiring changes to IDA's Articles of Agreement will only be considered if no alternative option is available.

F. The review shall be de-linked from the IDA19 replenishment and the 2020 Shareholding Review.

Governors agreed to task the IDA Board of Executive Directors to lead the Review, with regular updates to IDA Deputies and Borrower Representatives, and provide the Board of Governors an update by the 2021 IMF/WBG Annual Meetings. However, details regarding the roadmap, milestones and timelines, was left for decision by the IDA Board of Executive Directors.

DISCUSSION ON IVRR AND THE PATH TO CONSENSUS

The IVRR led by IDA's Board of Executive Directors commenced in January 2020 by discussing the approach to take in the Review. Executive Directors agreed to undertake the initial stage of the discussion around four building blocks, namely (i) Building Block A - Membership Structure; (ii) Building Block B - Voting Calculations for the Upper Tiers of the Membership Structure; (iii) Building Block C - Voting Calculations for the Lower Tiers of the Membership Structure; and (iv) Building Block D - Transition within Membership Structure.

The Board structured the discussion first through working-group deliberations, which was subsequently fully taken over by the Board's Committee on Governance and Executive Directors Administrative Matters (COGAM). Several rounds of conversations tried to address the four building-blocks above, with the caveat that nothing is agreed until an agreement is reached on the full package.

CONSENSUS ON IVR FRAMEWORK

Following several formal and informal engagements, a consensus pathway started to form in September 2021. The main elements of IDA's Voting Rights Framework consensus position include:

A. Consensus on Membership Structure: An agreement was reached to revise the IDA Voting Rights Framework so that the membership structure consists of two tiers, Non-Recipients and Recipients

B. Consensus on Upper-Tier Pricing Approach: Agreement was reached for Non-Recipient additional subscription votes to be calculated based on its replenishment contribution on an additive basis, using a flat uniform price of $17,670.

C. Consensus on Terms of Transition: An agreement was reached to enhance Recipients voting power from its current level of 16.85 percent to 20.50 percent. Starting in IDA20, the 3.65 percent boost will be applied over four IDA replenishments. The new membership-like votes issued to Recipients will dilute other members' voting power and effectively be funded on a pro-rata basis by all applicable Non-Recipients. Recipients will continue to be allocated low-cost (US$25) first pre-emptive right votes to offset any voting power dilution experienced as a result from Non-Recipient donor contributions and second pre-emptive rights at the uniform price to offset any contributions from Recipients.

D. Consensus on Lower-Tier Preemptive Rights and Recipient Boost: An agreement was reached to apply 100 percent Grandfathering of all transitioning members' current voting power to the new framework. Similarly, full Grandfathering will be provided to future IDA graduates when they transition to the Non-Recipient tier. Recent and future IDA graduates will have a five-replenishment waiting period, post-graduation, before the standard Upper-Tier vote calculation is applied, during which they will continue to have their voting power protected via low-cost (US$25) pre-emptive right votes.

CONCLUDING REMARK

The Africa Group I Constituency actively participated in the IDA Voting Rights discussions throughout the review cycle. The Office promoted the application of 100 percent grandfathering for transitioning members' current voting power to the new framework. It also advocated for a differentiated upper-tier pricing approach and pushed for a strong recipient boost (up to 25 percent). It further backed the proposal to introduce five-replenishment waiting period, post-graduation, before the standard Upper-Tier vote price can be applied on member countries.

While the outcome is a consensus result of several months of negotiations, most of the areas the Office advocated for have been included in the final consensus pathway, including 100 percent grandfathering, an enhancement to recipient voices (recipient boost), and application of five-replenishments waiting period – post graduation.

2.4 World Bank Policy: Development Cooperation and Fragility, Conflict, and Violence

Fragility, Conflict, and Violence (FCV) is a critical development challenge, threatening efforts to end extreme poverty in low- and middle-income countries. Addressing the challenges of FCV is vital to achieving the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity[28]. Preventing and mitigating FCV challenges is key to progress toward the Sustainable Development Goals (SDGs) and the international community's broader efforts to promote peace and prosperity. By 2030, more than half of the world's extremely poor will live in countries characterized by FCV[29]. Most analyses show that SSA remains the world's region with the largest share of states suffering from FCV.

Although fragility is associated with open conflicts in many cases, it is also manifested in other economic, political, and social fragility forms. Climate change, increasing inequality, demographic change, new technologies, illicit financial flows, and other global trends may also lead to fragility risks. These conditions are not new and have continued to be a formidable challenge to efforts to end extreme poverty for several decades. As violent conflicts continue to rise, the proportion of the world's poor living in fragile situations has increased from 14 percent in 2008 to an estimated 23 percent in 2020. It is projected that by 2030, up to two-thirds of the world's extreme poor could be living in FCV situations, many of them in SSA. Analyses show conflicts lead to 80 percent of all humanitarian needs. Often, these situations lead to the displacement of populations, affecting them and the communities that host them.

Achieving development outcomes in FCV countries is critical for meeting the SDGs targets. Yet, currently, no FCV country is on track to attain the unmet needs of these targets. Against this background, the COVID-19 pandemic has created a major challenge for the poorest not seen since World War II. It fashioned an unparalleled social and economic shock, worsening lives and livelihoods and threatening to reverse decades of progress in poverty reduction and development. Moreover, for those living in countries affected by fragility and conflict, the challenge is twofold: they are at the epicenter of the pandemic that has increased poverty while still struggling with the underlying causes and consequences of conflict.

The World Bank estimates an additional 23 million people have been added to people living in extreme poverty in countries affected by fragility, conflict, and violence due to COVID-19[30]. Since the beginning of the pandemic, IDA's response has reached US$11.6 billion in commitments to Fragile and Conflict-Affected Situations (FCS), of which almost half are grants. Much of this is part of a larger, historic IDA19 commitment of US$26 billion to FCS made in December 2019[31]. Through its Private Sector Window (PSW), IDA has also focused on promoting investment and preserving livelihoods. Similarly, an additional US$2.2 billion investment from IDA in refugees and host communities aimed at supporting vulnerable populations, with operations in 14 countries.

Despite the IFIs and other donors' assistance in terms of grants and highly concessional loans, partnerships, vaccines, and knowledge sharing, growth in countries classified as fragile were either negative or very low in 2020. It is also projected that by 2022, GDP in countries affected by FCV will be 8.6 percent below pre-pandemic projections[32].

Therefore, responding sustainably to the COVID-19 pandemic is critical to the efforts to strengthen the resilience of FCV countries as they relocate their resources to emerge from the post-pandemic situation. Furthermore, accelerating the vaccination campaign and revitalizing the global partnership for sustainable development can help generate a more inclusive growth pattern that effectively addresses fragility.

Bretton Woods Institutions are supporting FCV countries to respond to the crisis by addressing immediate health and economic needs and supporting long-term development priorities. In this context, the 2030 Agenda can serve as a valuable and effective framework for the IFIs and the donor community to support developing countries to break out of the vicious circle of underdevelopment and fragility and rebuild stronger and better.

2.5 Realizing the World Bank Group's Knowledge Potential for Effective Development Solutions—A Strategic Framework

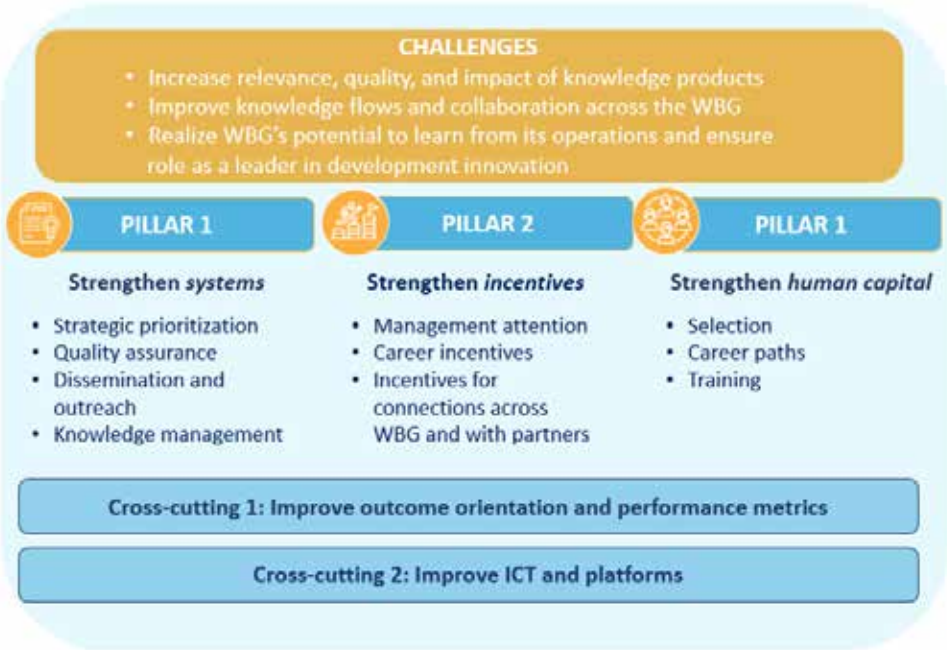
Knowledge and its use are vital in the World Bank Group (WBG)'s mission of supporting poverty reduction and shared prosperity. The WBG is the reference of choice in development knowledge. The WBG's unique comparative advantage lies in the synergies between knowledge and financing. Knowledge supports the design of operations and WBG finances, which in turn generate knowledge about what works, informing subsequent operations. The WBG's convening power as an independent generator and broker of global knowledge allows it to inform policy makers and take a lead role in setting the agenda for global discussions on development.

The major challenge faced by the WBG is to assist client countries in solving their complex development agendas. Four emerging trends prompt a renewed effort to build on the past successes to ensure the WBG's continued knowledge leadership. These are (a) rapidly increasing demands for knowledge-based solutions to address and recover from COVID-19, (b) the emergence of other providers of development knowledge, (c) unique opportunities from advances in development research to use operations to generate knowledge, and (d) increased availability of new technologies to raise the impact of its knowledge work.

Moreover, the WBG has the vision to strengthen its role as a solutions bank that combines financing with global knowledge to generate development solutions in a timely, contextualized, and integrated way. The goal is to be faster and even more credible and accountable. The plan to realize this vision is informed by past evaluations on bolstering the WBG's knowledge agenda, and extensive internal and external consultations. Three main challenges are identified to ensure the WBG's role as a leader in developing knowledge and innovation: (a) enhancing the relevance, quality and impact of WBG analytical work and advice; (b) improving knowledge flows and collaboration across the WBG; and (c) fully realizing the WBG's potential to learn from operations to ensure its role as a leader in development innovation.

In addressing these challenges and fulfilling the vision, the framework is grounded on three pillars: (a) strengthening systems for greater prioritization, evaluation, quality control and effective strategic outreach; (b) strengthening incentives at all levels of management and staff for enhanced emphasis on knowledge; and (c) strengthening human capital through strong recruitment, clearer career paths, and appropriate training. Cutting across all three pillars is a need for an outcome orientation and better performance metrics, and greater exploitation of new technologies and platforms, as highlighted in the figure below. Together, these will enable the WBG to push the envelope to reach its full potential as a solutions bank and strengthen its voice in the global development debate.

FIGURE 13. REALIZING THE WBG'S FULL KNOWLEDGE POTENTIAL

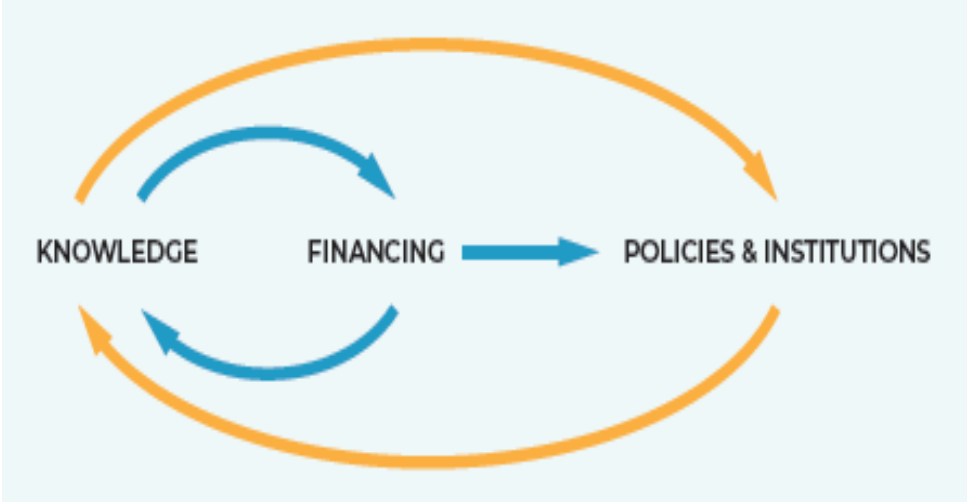


The WBG uses knowledge and data to help set the global development agenda. As a highly relevant global actor, it uses its strong convening power on many development issues, meeting the demands of partners and shareholders. The 2010 Open Data and Knowledge initiative was seminal initiative, which greatly enhanced the accessibility of the WBG's data and knowledge products. More recent examples include the Debt Service Suspension Initiative, the Human Capital Project, and the COVID-19 Crisis Response Approach Paper, which helped shape global conversations in fora including the G7 and the G20 and were highly influential in the WBG's country dialogue. IFC is known as an agenda-setter on private sector development issues. The WBG has a "seat at the table" because it often thinks ahead of the curve and client demand, bringing new data and cutting-edge ideas to the global debate.

THE WBG KNOWLEDGE PRODUCTS AND THEIR POSITION IN THE KNOWLEDGE SPACE

The WBG is well-positioned to leverage the opportunities presented by the emerging trends highlighted above. As Figure 2 highlights, the ability to combine high-quality global knowledge with significant finance for development projects makes the institution unique relative to other banks, consulting firms, or research institutions. Quality analytical work informs and is often the gateway to crystalizing client government consensus on key issues. It feeds into the choice and design of WBG financed activities. Conversely, the proximity of WBG researchers to operations provides an unparalleled opportunity to learn from development interventions. Knowledge also flows directly to client countries in global reports, country reports, and advisory work to improve policies and institutions. Through this open dialogue, WBG staff are well-placed to learn from and synthesize lessons from successful and failed policies. This virtuous cycle of knowledge flows, when fully exploited, enables the WBG to provide integrated development solutions.

FIGURE 14. THE VIRTUOUS CYCLE OF KNOWLEDGE FLOWS IN THE WBG



WBG KNOWLEDGE PRODUCTS

Generally, all WBG products are knowledge products. Notably, WB-financed operations, IFC financings, and MIGA guarantees incorporate knowledge gained from a broad spectrum of research and analysis inside and outside the WBG. Moreover, they draw directly on staff knowledge gained through education and experience. Specifically, the scope of the WBG knowledge includes activities designed explicitly to create, codify, and pass on knowledge. One useful categorization is geographical: country, regional, and global level while emphasizing feedback loops among all three.

1. Country-level work. At the country level, knowledge work is organized through the Country Partnership Framework (CPF) process. The CPF is based on previous knowledge work, including a Systematic Country Diagnostic (SCD). The CPF sets out the planned WBG support, including priority knowledge work to underpin the Strategy's goals. This includes core analytical products (such as Poverty Assessments, Country Economic Memoranda, and Public Expenditure Reviews), as well as short policy memos. These often are supported and informed by more fundamental country-specific research and analysis generated by staff, particularly in Development Economics Vice Presidency (DEC)– premier research and data arm of the World Bank– and the Practice Groups (PGs). Other knowledge products support specific goals of the strategy, often providing the knowledge necessary for key operations. An example is an FY19 report, Nicaragua: Tracking Teenage Pregnancy, done to inform interventions to reduce teenage pregnancy and develop skills for labor force participation.

2. Regional. The WBG also produces topical and sectoral reports of interest across multiple countries in a region. For example, a report, Sustainable Land Management in the Sahel: Lessons from the Sahel and West Africa Program in Support of the Great Green Wall, drew key findings from projects in twelve Sub-Saharan African countries.

3. Global. Global work is carried out mainly by PGs and DEC on subjects of interest across regions. An important component is the production and maintenance of global data sets such as those in the World Bank Open Data website. It also includes flagship reports such as the annual World Development Report and the bi-annual Global Economic Prospects report series. IFC's work on market standards also fits under this category.

The WBG has established knowledge product categories with distinct governance structures and rules to better manage its knowledge work. These categories are Advisory Services and Analytics (ASA), research, and internal knowledge products (KPs).

A. Advisory Services and Analytics (ASA) focuses on applying pre-existing knowledge customized as needed. The ASA category is the largest by number of products annually: more than 1,600 products in FY19 on the Bank side and almost 800 in more than 115 countries in FY19 on the IFC side, for their

similar IFC Advisory portfolio. Bank Reimbursable Advisory Services (RAS) are a subset of ASA. These are customized products requested and paid for by non-commercial clients. In FY19, the Bank delivered 120 RAS products in 35 countries. Through RAS work, WBG staff gain knowledge and experience that can be used to assist other countries.

B. Research is the generation of original ideas and novel methodological tools aimed at increasing the understanding of economic and social issues to inform policy dialogue and influence development thinking. It includes data and tools for strengthening development knowledge and ranges from country-specific research papers, to impact evaluations, to global reports like the World Development Report and Policy Research Reports. This category accounts for roughly seven percent of the annual budget for knowledge products. It provides analytical rigor to inform the full range of country, regional, and global work described above.

C. Internal Knowledge Products are targeted to Bank staff to support professional development. Examples include operational guides and toolkits and knowledge-sharing vehicles, such as the Energy Sector Knowledge series. This segment accounts for about five to six percent of the Bank's annual budget for knowledge work.

These are the current knowledge products. Given the fast-moving technology and digital platforms changes, the list may evolve as the Strategic Framework is rolled out. Delivery methods will undoubtedly continue to evolve.

2.6 WBG Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development

INTRODUCTION

The WBG's new Climate Change Action Plan (CCAP2) systematically helps countries meet climate and development challenges, especially poverty reduction and shared prosperity, with a sustainable lens. CCAP2 integrates climate and development, identifies and prioritizes interventions with impactful mitigation and adaptation opportunities. The identified interventions will be used to mobilize WBG climate finance and leverage private capital in ways that yield the most results. This requires increased support for National Determined Contributions (NDCs) to help countries, among others, improve the transparency and accuracy of their reports on commitments. Under the CCAP2, key WBG objectives include: (i) aligning its financing with the Paris Agreement; (ii) increasing climate financing targets to 35 percent on average in FY 2021–2025 with at least 50 percent of World Bank financing for adaptation; and (iii) improving climate diagnostics, metrics, and analytics – introducing the new Country Climate and Development Report (CCDR).

The Green, Resilient and Inclusive Development (GRID) framework prioritizes restoring progress in eliminating extreme poverty in LICs and growing urban poverty in MICs. Strategic investments in people and public service delivery and support for sustainable private sector activities are crucial for the Global Public Goods (GPGs) agenda and country-level development priorities. Investments are needed to reduce inequality and build more inclusive societies, including restoring progress on poverty reduction and ensuring equitable access, voice, and accountability. Transitioning to a more resilient, inclusive, and low-carbon future must consider the development priorities at the country level and the full GPG agenda embodied in the SDGs. These include meeting the needs of the 760 million people in SSA and South Asia lacking electricity, as well as the nearly 3 billion people globally who lack clean cooking energy.

THE MULTILATERAL DEVELOPMENT BANKS' ROLE IN CATALYZING JUST TRANSITIONS

Improved access to development financing is a vital aspect of operationalizing GRID. Demand from client countries have underscored the scale and complexity of post-pandemic recovery, including the financing needs of climate transitions. The WBG is developing a multi-pronged approach to meet the demands for exceptional support for post-pandemic recovery, which include:

1. Scaled-up support for DRM, including IDA20 Policy Commitments.
2. Scaled-up private co-financing and private capital mobilization (PCM) through investment platforms under the Cascade approach for portfolios of public and private sector projects as well as individual projects.
3. Scaled-up GRID and climate financing through IFC, MIGA, IDA (early IDA20 Replenishment) and IBRD; including partnerships through co-financing with MDBs and key bilateral, and other consolidated financing mechanisms, that facilitate efficient use of concessional resources.
4. Scaled-up support for climate-smart trade through trade finance promotes global trade in energy efficiency and renewable energy goods.
5. Knowledge and advisory services including good carbon transition policy reforms, capacity-building for client countries, and support for addressing the social impacts of the transition.
6. Supporting low-carbon investments through COVID-19 recovery financing that has the potential to generate US$10 trillion in private sector investment opportunities, resulting in 213 million cumulative jobs and the equivalent of 4 billion tons of CO2 reduction. IFC's Upstream approach is focused on building these private sector solutions, including with public-private partnerships (PPPs), working across the WBG, creating the enabling environment for private sector projects as well as developing support, along with MIGA, for sustainable projects aligned with GRID.

The world must mobilize trillions of dollars in the coming decade to successfully achieve climate and development objectives. Such endeavor would demand more catalytic approaches to bridge the gap between available and needed resources. Consequently, there is a need to expand MDBs' strategic leveraging capacity to accelerate progress on climate goals, including in MICs that have been hard-hit by COVID-19 and face daunting challenges in transitioning their economies to a low-carbon future.

2.7 Domestic Resource Mobilization (DRM): Supporting Green, Resilient and Inclusive Development (GRID)

OVERVIEW

Financing domestic investment and social programs requires mobilization of domestic resources. This is equally essential for economic growth and for eradicating poverty. One of the challenges faced by developing economies is mobilizing resources for financing such development. Effective Domestic Revenue Mobilization (DRM) is a prerequisite for developing countries to finance their development goals in a sustainable and equitable manner. Effective DRM is defined as the generation of government revenues from domestic activities (World Bank and IMF 2015), and it is relevant to at least 2 of the 17 Sustainable Development Goals (SDGs). The World Bank Group supports its clients to improve central government DRM, which includes revenue from tax (VAT, direct taxes, excises, and customs) and non-tax collections (including royalties from extractives).

The COVID-19 pandemic exacerbated pre-existing DRM challenges and caused revenues to drop by 12 percent in 2020. Similarly, tax-to-GDP ratios are expected to fall below 15 percent in 2021, and there is high uncertainty about future trends in many countries. DRM remains a key priority in political and economic agendas to enable countries cope with high fiscal deficits and high levels of debt. As countries go through the recovery phase, there is a need to move towards fiscal consolidation without hurting growth. The scope lies within raising revenues in the short run, targeting especially undertaxed bases, and increasing the progressivity of the tax system. In this regard, the Bank's DRM approach focuses on more revenues (resilient part of Green Resilient Inclusive Development (GRID) but also better, meaning, equity focused – revenues (the inclusive part of GRID). Further, tax systems should contribute to better environment outcomes (green part of GRID). To this effect, tax administration reforms (including acceleration of digitalization) are essential. Therefore, the Bank intends to continue playing a leading role in representing the developing countries' views on international tax issues at the global level. This increased focus on DRM will require scaling up Bank's human and financial resources on DRM.

The Bank's DRM approach for better revenues to achieve SDGs is in 2 ways: i) providing countries with a stable, predictable, and sustainable fiscal environment; and ii) promoting fairness, equity, and inclusive growth to build trust.

COUNTRY-LEVEL ACTIVITIES	GLOBAL KNOWLEDGE	INTERNATIONAL COLLABORATION & COORDINATION
INTEGRATED TAX POLICY AND ADMINISTRATION APPROACH FOR BETTER OUTCOMES	CUTTING-EDGE RESEARCH AND TOOLS FOR BETTER INFORMED POLICY DECISIONS	PARTNERSHIPS FOR SCALED-UP COUNTRY WORK AND GLOBAL PRESENCE
• Enhancing the quality of tax systems: more and better revenues • Strengthening the operational capacity of tax administrations: enforcement and facilitation • Building trust and boosting accountability: public-private dialogue and fiscal transparency	• Diagnostic tools: strengthening countries' capacity to evaluate tax reform options (e.g., benchmarking, microsimulation models, incidence analysis, etc.) • Toolkits, Policy notes and Research: practical advice targeted to developing countries' needs and capacity • Advocate for developing countries needs on global tax issues: tax transparency, tax avoidance, digital taxation, tax competition/ harmonization, etc.	• Strengthening collaboration with other partners including the IMF, OECD, and UN) to address challenges to the global tax reform • Strengthening collaboration on country-level operations: e.g., joint missions and toolkits • Consolidating partnership under the Global Tax Program (GTP): US$80 mil secured, financed by 8 donors (Australia, France, Japan, Luxembourg, Norway, Switzerland, United Kingdom)

The Bank is responding to DRM challenges by rapidly increasing lending and Advisory Services and Analytics (ASA) activities to support countries (especially IDA countries) during the pandemic. The Bank's current engagement on DRM covers 105 countries – The Global Tax Program (GTP) has supported the scale up of ASAs.

WBG DRM APPROACH TO IMPLEMENT GRID

On, Green Resilient and Inclusive Development, the Bank intends to:

1. Scale-up country support to reshape fairer, equitable, and greener tax systems based on country priorities and demands
2. Actively advocate for developing countries at the global level to ensure that their interests and challenges are addressed, including at the G20 and G7 level; and
3. Continue fostering international cooperation to address current and new challenges to support inclusive and greener growth, help reduce inequality and eradicate poverty.

Potential interventions to improve the scope of success include: introducing DRM-related activities into Bank operations, from the CPFs and SCDs to lending operations and TA, and increasing Bank's human and financial resources to timely respond to greater demands from countries for support to address current revenue challenges, as well as to help them prepare ahead for future challenges. This could involve mainstreaming DRM experts in regional EFI units.

LOOKING FORWARD: SCALING-UP COUNTRY AND GLOBAL SUPPORT

SCALING-UP COUNTRY SUPPORT TO RESHAPE FAIRER, EQUITABLE AND GREENER TAX SYSTEMS	INCREASED ADVOCACY FOR DEVELOPING COUNTRIES TO ENSURE THAT THEIR INTERESTS AND CHALLENGES ARE ADDRESSED	CONTINUING TO FOSTER INTERNATIONAL COOPERATION TO ADDRESS CURRENT AND NEW CHALLENGES TO SUPPORT INCLUSIVE AND GREENER GROWTH, HELP REDUCE INEQUALITY AND RACE OUT OF POVERTY
Focusing more on the quality of revenues by addressing: • inequality (e.g., progressivity, undertaxed/untaxed capital income and wealth, gender bias); • weaknesses in the global tax system (e.g., corporate and highnet-worth individuals' tax avoidance), and • broader objectives (e.g., tackling climate change & reducing harmful consumption). Supporting countries' capacities with accelerating the move to a digital revenue administration, maintaining business continuity and strengthening compliance strategies. Continue assisting countries to curtail IFFs.	Increasing Bank's global engagement, including at G7 and G20 levels jointly with the IMF, to address tax avoidance by multinationals and high-net-worth individuals, with a practical policy and administrative framework for implementation as well as tax competition.	Finding consensual solutions that consider developing countries' needs, priorities and capacity, including setting-up a Commission to examine the impact of current tax rules in exacerbating inequality. Addressing tax avoidance by multinationals and high-net-worth individuals, tax & financial opacity and tax competition at the regional and global level.

Scaling-up this support requires would require; strengthening the uptake of DRM-related activities in Bank's operations and increasing Bank's human (DRM experts) and financial resources to timely respond to increasing demands of countries.

Most African countries have improved their tax revenue to GDP ratio over the past two decades. However, the economic turmoil caused by the pandemic has posed a major challenge to the continent's efforts to increase DRM. To finance the investments in human capital, health and infrastructure needed to achieve the SDGs, they must set themselves a bold goal of DRM and learn from peer countries that have made remarkable progress in resource mobilization. IFIs, such as the WBG and IMF, play a crucial role in supporting SSA countries' efforts on DRM. However, further support is needed to improve tax policies and administration, including the deployment of appropriate technology to improve tax compliance.

2.8 Illicit Financial Flows (IFFs): Supporting Green, Resilient and Inclusive Development (GRID) - An Update

INTRODUCTION

The Board of Executive Directors discussed Management's update on the Illicit Financial Flows (IFFs): Supporting Green, Resilience, and Inclusive Development (GRID) on June 22, 2021. It was widely acknowledged that the socio-economic devastation brought by the COVID-19 pandemic has elevated the demand for budgetary resources to support green, resilient, and inclusive development in all countries across the income spectrum. However, widespread disruption precipitated by the pandemic has exacerbated the persistence of illicit financial flows (IFF) across the world, with a much heavier impact on African Countries. The latest UNCTAD study putting that loss at an estimated US$88.6 billion, robbing the continent of hundreds of billions of dollars every year. Such an amount could support Africa bridge almost 50 percent of the annual financing gap of US$200 billion required annually to attain the Sustainable Development Goals (SDGs).

Moreover, IFF-related activities unjustly drain crucial resources urgently needed to expeditiously undertake critical reforms aimed at addressing structural bottlenecks laid bare by the pandemic.

The Bank recognizes that IFFs erode political and public confidence; reduce and misallocate scarce resources, negatively affect the provision of public social services; and weaken the stability and integrity of financial markets, thus having a negative impact on growth and resilience. Additionally, IFFs compromise the fabrics of inclusion by fueling a sense of inequality and unfairness and by weakening certainty, trust, and the rule of law. Against this backdrop, the World Bank stepped up its work on IFFs, and responded to the recommendations outlined in the "Financial Integrity for Sustainable Development" initiative. The World Bank Management acknowledged the pertinence of addressing IFFs in the Bank's post-pandemic development agenda focusing on Green, Resilient and Inclusive Development (GRID) and updated the Board of Executive Directors on the institution's approach to addressing IFFs.

BUILDING BLOCKS OF THE WB APPROACH AGAINST IFFS

The World Bank approach in taming IFFs is folded into two complementary work tracks. In the first track, the Bank focuses on fighting money laundering, tackling tax evasion, combating corruption, and addressing other IFFs related to customs, extractives, environment, and procurement. In the second, the Bank aims at connecting tax and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) by working on beneficial ownership, inter-agency cooperation, and international cooperation. A host of these issues are delivered by coalescing around the global agenda and fostering partnerships; generating knowledge products and undertaking specific countries work.

On fighting AML/CFT, the Bank support is based on National Risk Assessments (NRAs), out of which technical assistance on AML/CFT is provided to client countries. Such assistance cuts across several topics, including but not limited to: (a) improving inter-agency coordination and exchange of information; (b) ensuring prevention and detection through due diligence, and by monitoring, supervising, and training the private sector, including financial institutions and designated professions; (c) supporting legal reforms to ensure a risk-based approach, including for the supervision of digital finance and virtual assets; (d) building the capacity of law enforcement, prosecution and judicial systems; and (e) boosting international cooperation frameworks for exchange of information. The Bank has since 2012 been engaged in 149 NRAs, spread across 125 countries, including 28 IDA countries and 20 FCVs.

The Bank considers tackling tax evasion a key component of the Bank's approaches on Domestic Resource Mobilization (DRM) and IFFs to raise better revenues and citizens' trust. In this regard, the Bank's work focuses on enhancing the capacity of tax authorities and international taxation. The Bank, along with other international financial institutions, leverages the momentum and political support precipitated by the pandemic to rethink and implement the global tax agenda.

The updated approach recognizes corruption as a source and enabler of IFFs. While Bank's operations have long embedded the fight against corruption, surveys indicate that IFFs are a systemic problem that slow or thwart the implementation of socio-economic reforms. As such, the Bank's approach reaffirms and updates the institution's commitments to the fight against corruption. Those commitments encompass enforcement against facilitators under anti-corruption initiatives and support to public accountability mechanisms such as Supreme Audit Institutions and Asset Disclosure of Officials.

The fourth building block of the Bank's approach against IFFs is tackling IFFs-associated issues such as customs, extractives, environment, and procurement. Under this block, the Bank's operations entail supporting client countries to modernize customs by improving transaction processes to tackle corruption, reduce tax evasion and fraud, and enforcing integrity in the extractive sector by strengthening due diligence and Extractive Industries Transparency Initiative (EITI). The approach will also encompass capacity building to tackle environmental crimes by training Financial Intelligence Units (FIUs), Law Enforcement, and Environment Agencies on detecting and investigating flows linked to environmental crimes, including wildlife trafficking. Lastly, on public procurement and contracting, the focus will be capacity building, e-GP, analytics/assessment, and public oversight.

CONCLUSION

In the wake of the pandemic, the World Bank has reaffirmed its commitment to support client countries in addressing IFFs by rolling out a "One World Bank Approach" based on three strands of work. The first strand focuses on scaling up support in cross-cutting areas by enhancing its internal units' approach to prevent, detect, and investigate and prosecute IFF cases; ramping up work on anti-corruption to address the role of "facilitators", state capture, and use of technology; and implementing more comprehensive IFFs policies based on risk analysis, including the new NRA modules on tax evasion, beneficial ownership, and Legal Persons. Second, enhancing the "follow the money" approach by improving the transparency of beneficial ownership and financial centers/tax havens; boosting international exchange of information, including tax information; and strengthening tax and law enforcement and criminal justice systems. Third, addressing high-risk sectors and emerging risks by improving governance and due diligence in high-risk sectors, including the extractive sector, customs, environment and procurement; and managing new risks includes abuse of stimulus policy packages, emergency financing, digital finance, and virtual assets. For the "One World Bank Approach" against IFFs to come to fruition, there is a need to strengthen the demand for and uptake of IFFs related activities in the Bank's operations.

2.9 Supporting Africa's Recovery and Transformation: Regional Integration and Cooperation Assistance Strategy. Update for the Period FY21–23

The Board of Executive Directors received an update on the Regional Integration and Cooperation Assistance Strategy for Africa on June 10, 2021. The Africa Regional Integration and Cooperation Strategy Update provided the Board with an assessment of the progress made in implementing the 2018 Strategy. It also laid out the course of implementation for the remainder of the strategy period (FY21-23), leveraging lessons learned and evolving challenges within the continent. The Update also aimed to sensitize the Board on how the WBG was collaborating to strengthen the quality and increase the regional spillover impacts of the WBG's Regional Integration (RI)program. The Board considered the timing of the RI update appropriate, particularly within the context of the overall COVID-19 recovery efforts and welcomed its alignment with the WBG COVID-19 Crisis Approach Paper.

The Update identified RI as a critical element to supporting the continent's recovery efforts. It recognized that its commitments were significant, with a portfolio of US$17.5 billion at end-FY20. This amount represents a 50 percent increase in commitments over the period of the Strategy. The scale-up in resources was affirmed by a recent IEG evaluation that confirmed that the significant growth in resources allocated to RI had supported the program's development impacts.

The Update highlighted that the RI Strategy had been realigned to reflect the WBG approach to supporting COVID-19 recovery efforts. It noted that the RI program had made valuable contributions to the WBG's COVID-19 interventions at the relief stage through ongoing regional disease surveillance projects in about 20 countries. This formed the basis for increasing support to national-level emergency relief efforts and addressing food insecurity.

The Update emphasized that within the next three years, subsequent interventions through the RI program would focus on complementing country programs in explicit areas that would enable activities in the restructuring stage of the WBG's COVID response approach. This would include pandemic preparedness, protecting trade flows, and strengthening regional markets for priority goods and services. It would also support country programs that would enable resilience through deepening integration to facilitate the creation of jobs, with particular emphasis on private sector development and economic transformation.

The Update defined the focus for the next period of the RI strategy as scaling-up well-performing regional programs with an increased fragility focus; front-loading support in IDA19; and incentivizing actions by groupings of countries for building regional markets and regional solutions to aid the recovery.

The Update also highlighted the strong record of implementation of the RI program within the first two years. In addition, it noted that several priority actions identified in the 2018 RI Strategy were progressing well. These priority actions included: increased selectivity in interventions, leveraging 'development diplomacy' to strengthen integration efforts, utilizing a combination of support for 'hard' and 'soft' issues, and pursuing transformative efforts in priority areas.

The Update noted that the launch of the IDA19 cycle provided a solid basis for deepening engagement in areas that would deliver a more substantial impact for integration. The introduction of various instruments such as the scaled-up regional window in IDA19 and the use of regional Development Policy Operations (DPOs) strengthen the tools available for the WBG to improve its delivery of the RI program.

The Update presented five changes that would define the next three years of implementation for the RI strategy. This includes:

A. The adjustment of thematic pillars to highlight the substantive areas of focus being; connectivity, trade and market development, human capital, and resilience. These can be compared with the areas of focus identified in 2018 being: corridors, regional markets, services & platforms, and global public goods;

B. The recognition that in a post-Covid19 context, more emphasis will be placed on human capital and resilience aspects than provided for in the 2018 Strategy;

C. Driving the fragility, conflict, and violence (FCV) agenda with a commitment to develop and implement regional programs in three FCV priority subregions;

D. Orienting the RI program towards a continental approach also covering North Africa; and

E. Enhanced strategic engagement with the Regional Economic Communities (RECs) and private sector.

2.10 Gender and the Law

The WBG conducted a series of studies to measure how laws and regulations impact women's economic opportunities in over 190 economies. In its most recent study of 2021, the WBG Women, Business and Law report presented eight indicators that were structured around women's interactions with the law. These indicators included mobility, workplace, pay, marriage, parenthood, entrepreneurship, assets, and pension.

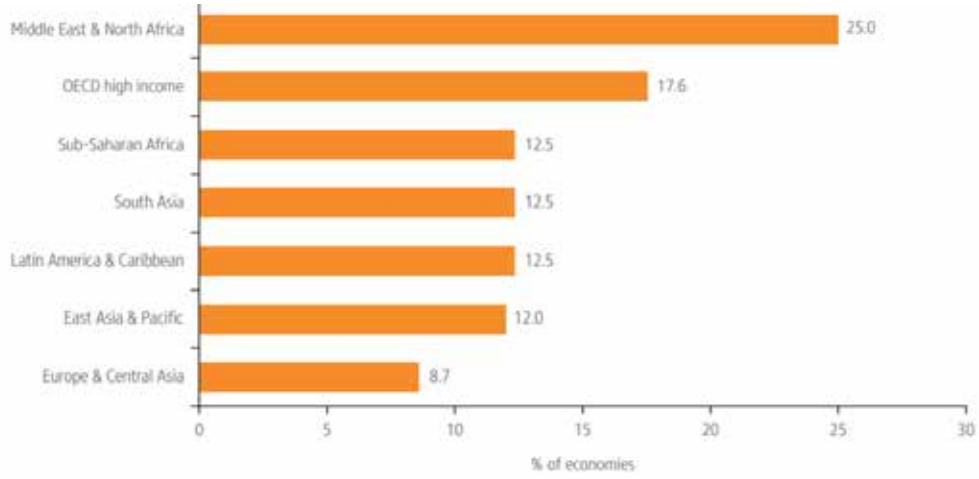
The report also builds on the pillars of the WBG Gender Strategy (2016 – 2023), whose four objectives are improving human endowments – health, education, and social protection; removing constraints for more and better jobs; removing barriers to women's ownership of and control over assets and enhancing women's voice and agency and engaging men and boys.

FIGURE 15. LAWS THAT AFFECT WOMEN THROUGHOUT THEIR WORKING LIVES

The study considered the impact of the global pandemic on progress toward gender equality and identified persistent barriers to women's economic participation for which legal reforms are encouraged. It captured reforms that were implemented by countries between September 2, 2019, and October 1, 2020, and found that the average global score for implementation of gender reforms was 76.1 out of 100 in 2020, compared to 75.5 in 2019. This was indicative of the global ability to achieve three-quarters of good practice legislation within the period of analysis. Out of all the economies, OECD economies were the best performers in implementing gender equality reforms, with 28 out of 39 economies scoring higher than 90.

The remaining were from Europe and Central Asia, occupying seven positions in total and four in Latin America and the Caribbean, East Asia and the Pacific, and Sub-Saharan Africa. None of the economies in the Middle East and North Africa or South Asia scored higher than 90. When classified by income level, high-income countries scored the highest, averaging 85.9 out of 100 while upper-middle-income economies lagged by 10 points with an average of 75.3. Lower-middle-income and low-income economies had an average score of 70.8 and 66.1, respectively. Sub-Saharan economies varied significantly in implementing their gender reforms, with more than 60 points reported between the best performing and the worst performing economies, but with more than half of the economies scoring higher than the regional average score of 71.

FIGURE 16. THE MIDDLE EAST AND NORTH AFRICA AND OECD HIGH INCOME REGIONS REFORMED THE MOST IN 2019–2020



Source: Women, Business and the Law database.
Note: Figure shows percentage of economies in each region that implemented at least one reform in 2019/20. OECD = Organisation for Economic Co-operation and Development.

Although much progress has been made over the past 50 years, the study finds that global gender equality has not been achieved. The advent of COVID-19 has unfortunately reversed the progress made on gender equality. During the global pandemic, gender issues have been deprioritized by governments whose focus was on safeguarding their economies alongside strengthening their response to COVID-19. The OECD conducted a survey "Mapping good practices and challenges faced by the Institutions in tackling the effects of COVID-19," in which gender equality-related priorities and country measures in mainstreaming gender-inclusive policies and the tools used to incorporate gender-inclusive response to pandemic emergency response

was explored. It founds that governments have missed the opportunity to leverage their work on gender equality by failing to consider the impact of the inclusion of women in the labor force on strengthening economies and enabling development.

Similar studies concluded that the pandemic exacerbated pre-existing structural inequalities and gender norms, and that women have particularly been disproportionately exposed to economic and social risk, in addition to exposure to health risk and reinforced stereotypes and inequalities. Economies are therefore encouraged to take urgent action to close the existing gaps and exclusion of women to avoid aggravating the effects of the pandemic. This action would necessitate promoting gender equality as part of the recovery process. It would comprise appropriate channeling and governance tools for robust policy and legislation development, gender-inclusive budgeting and public procurement practices, among other measures. Proactive economies have moved to implement measures such as those targeted at improving their legal environment to encourage and incentivize the inclusion of women in the labor force. They are building on studies that have found that robust gender supportive legislative frameworks are associated with better development outcomes such as reduced levels of vulnerable employment and extreme poverty among female workers.

In addition, by investing in good data and infrastructure, economies can better identify factors that enable them to tap into innovative sources to support gender inclusive policies. They could then develop frameworks that would aid their response to mitigate economic and societal shocks such as those occasioned by global health pandemics. Effective gender-inclusive policy and legislation development require government and stakeholder commitment and action.

Women continue to face barriers to employment, entrepreneurship and accessing public procurement opportunities, even in the most developed economies. The eight Women, Business and the Law indicators highlight the explicit gender-based differences in the law and the presence or lack of non-discriminatory and other gender favorable practices that incentivize women's employment and entrepreneurship, irrespective of the economies within which they persist. The study reports that the pay indicator, for example, which measures legislation on remuneration and job restrictions, is likely to influence a woman's decision to join the workforce. The analysis in the study has shown that having greater equality under the law has a positive correlation with more women's participation in the labor force. Women-led businesses faced a multitude of hurdles prior to the pandemic. Such businesses as women-led small-scale entities that lack resources or networks to secure contracts or meet financial requirements and could have their burdens eased if economies implement enabling business legislation. Structural inequalities such as limited access to credit and the disproportionate representation of women in lower-margin sectors widen the finance gap among women-led businesses and expose them to economic vulnerability.

There is strong evidence that women's representation in politics and their direct role in legislative development leads to the implementation of robust laws on gender-based violence, sexual harassment, rape and stringent social inclusion laws. Studies have also shown that the more women's economic rights are realized, the more they are encouraged to participate in their nations' law-making bodies and government branches.

Ensuring women's representation and active involvement in government processes and distribution of gender mainstreaming among ministries ensures that gender equality is considered at all legislation and the decision-making levels. During the COVID-19 pandemic, development institutions, including the World Bank Group, have highlighted the need for economies to guide and coordinate national and sub-national government decision-making in this policy area and implement legislation that closes health-related gender gaps.

The COVID-19 pandemic has demonstrated the need for governments to adopt a coherent, government-wide approach to address gender gaps in all areas. It should be inclusive of and receptive to women-led stakeholder organizations offering innovative solutions to the myriad of gender-related issues confronting governments. While it is agreed that women leadership in legal and political entities is pivotal in ensuring that their voice on different needs is heard, their participation in decision-making can lead to more inclusive policies and service delivery, drawing attention to issues such as the need to implement robust gender-neutral or protective legislation, women's economic opportunities, gender-based violence, family-friendly policies and responsiveness to the needs of citizens. The advent of COVID-19 shed a spotlight on how significantly underrepresented women are in decision-making structures set up to respond to health concerns, and yet women are the most impacted by weak health systems. Such gender imbalances in representation in health task forces were reflected in some of the outcomes of decisions on access to health facilities, the design and delivery of pandemic-related policies, and, where relevant, laws.

The role of the law in ensuring gender equality is multifaceted. Its function in this respect is contingent on various factors such as the presence of institutions and their governance, the capacity to gather and use data toward robust policy and legislation development. Women's economic empowerment and economic stability cannot be achieved without respect for the rule of law. To fully appreciate the role of the law on women's economic inclusion, disaggregated data collection and analysis would need to be conducted more rigorously and for economies to appreciate the complex interplay of social, cultural and economic factors on gender equality.

In conclusion, during the COVID19 pandemic, women bore the primary responsibility of childcare and could therefore not fully participate in their economies. Therefore, lawmakers should aim to align childcare policies with the needs of working parents and, most importantly, working mothers. In addition, lack of access to health and safety, poor road infrastructure and mobility restrictions, discrimination in access to finance and poor financial inclusion policies and health insurance premiums and services to address women's socio-economic needs, lack of access to court systems to address women's property, assets, and economic rights, among others, are all aspects of gender inequality which were more pronounced during the COVID-19 pandemic.

CHAPTER 3.

AN UPDATE ON THE IMPLEMENTATION OF THE MEDIUM-TERM OFFICE STRATEGY

The Office of the Executive Director (OED) has a four-year Medium-Term Strategy to guide its work program in discharging its dual responsibilities of advancing the interests of Constituency Countries and providing fiduciary oversight of the WBG. In this Strategy, the Office focuses on five interrelated goals, out of which common and country-specific needs of Constituency Countries will be accommodated. These goals are: (a) mobilizing financial and technical resources; (b) supporting private sector development; (c) enhancing engagements with member countries; (d) supporting diversity and inclusion; and (e) advocating for relevant capacity development in member countries. This Chapter highlights the progress made under each of the five goals.

3.1. Mobilizing Financial and Technical Resources

ADVOCATE FOR INCREASED RESOURCES FLOWS TO CONSTITUENCY COUNTRIES

Constituency Countries, as shareholders of the WBG institutions, have access to financial and technical resources to complement their domestic resources in pursuing their development agendas. In this regard, the OED plays an important role in ensuring the supply and demand for those resources from the Member States. Since the onset of the pandemic, the OED has strongly advocated for the frontloading of IDA19 resources to support its member countries' response to the health and economic impact of the pandemic. Consequently, the OED, through the IDA Borrowers Representatives, advocated for and supported IDA Management's decision to shorten the IDA19 cycle to two years, leading to annual commitments of US$35 billion for FY21-22. The outturn of IDA commitments in FY21 was US$36.1 billion.

With the unprecedented supply of IDA19 resources, the OED engaged Constituency members' authorities and World Bank Country Offices to ensure new operations were prepared within the timeframe. In FY21, total IDA lending to the Constituency was US$10.7 billion, a 52 percent increase over FY20's US$7.0 billion. For IBRD, the total lending to the Constituency Countries stood at US$325 million in FY21, up from US$91 million in FY20. Cognizant of the operational challenges imposed by the pandemic, the Office has continued to encourage member countries and Bank staff to ensure timely disbursement of resources committed for existing operations.

The Office also encouraged Authorities to request additional resources from IDA19 special windows (Regional Window) and use fast-disbursing instruments, such as Development Policy Financing (DPF), to address the liquidity challenge brought by unbudgeted health spending. For countries with limited access to normal windows of WBG financing, OED has engaged Bank Management and bilateral donors to ensure countries with special needs have access to trust funds to address urgent issues related to the COVID-19 pandemic. Consequently, trust fund resources committed to the Constituency Countries rose significantly to US$591.3 million in FY21, from US$52.0 million in FY20.

The Constituency Office, through its two IDA Borrowers Representatives, has been actively engaged in ongoing negotiations for ID20 Replenishment, which started in April this year. In collaborations with other Constituency Offices, particularly the African offices, the Office has engaged IDA Deputies, Management and Board Members in efforts to bring IDA20 negotiations to achieve an IDA package that would complement client countries' efforts to leverage some silver linings amid the crisis, including the deepening of structural reforms and leapfrogging digitalization. In preparing countries for more resources under IDA20, the Constituency Office has continued to encourage member countries to work closely with the Country Offices to improve portfolio performance and Country Policy and Institutional Assessment (CPIA), which are key components of the IDA's Performance-Based Allocations (PBA).

STRENGTHEN SUPPORT FOR FCV COUNTRIES AND THOSE IN NON-ACCRUAL STATUS

As of FY22, ten members of the Africa Group 1 Constituency are classified as countries in Fragile and Conflict-affected Situations (FCS)[33], albeit at different levels of fragility intensity. The World Bank's support for these countries is detailed in the "Update on World Bank Policy: Development Cooperation and Fragility, Conflict, and Violence" in Chapter 3, as well as the "Update on the WBG Re-engagement with Constituency Countries" in Chapter 5.

3.2. Supporting Private Sector Development

The Office has further focused its efforts to leverage the resources of the WBG to stimulate private sector development in the Constituency countries. Recognizing that the private sector's role in all our Member States is essential to address economic recovery from the COVID 19 Pandemic, the WBG has committed to significantly scale its support to the private sector to support job creation and sustained economic recovery and growth. This update provides a synopsis of the activities undertaken by the OED to deliver on the five strategic goals associated with this objective.

GROWTH OF THE IFC AND MIGA INVESTMENT PORTFOLIOS IN THE CONSTITUENCY COUNTRIES

IFC PORTFOLIO IN CONSTITUENCY COUNTRIES

IFC supports eight countries in the AfG1 Constituency as reflected in the table provided below. The OED has highlighted to Management IFC's minimal engagement with Constituency countries. IFC's Management has indicated that they are building a strong pipeline of projects which include investments into several Constituency countries, where IFC has no investments. The Office will continue monitoring the pipeline to ensure a high conversion of the pipeline into investments.

COUNTRY NAME	IFC AMOUNT IN FY21 USD MILLIONS	PROJECT COUNT	% OF IFC PORTFOLIO
AFRICA REGION	649	20	5.20
ETHIOPIA	10	1	0.08
KENYA	260	11	2.08
NAMIBIA	30	1	0.24
RWANDA	10	1	0.08
SEYCHELLES	10	1	0.08
TANZANIA	100	2	0.80
UGANDA	13	2	0.10
ZAMBIA	75	1	0.60
GRAND TOTAL	508	20	

MIGA PORTFOLIO IN CONSTITUENCY COUNTRIES

As of August 31, 2021, MIGA supports the investments listed below in fifteen Constituency countries. The Office will monitor the growth of the existing portfolio while encouraging MIGA to pursue projects in the cohort of countries where they currently have no exposure.

COUNTRY	AMOUNT (US$ MILLIONS)	SECTORS
BOTSWANA	81.1	Financial sector
BURUNDI	5.6	Agribusiness sector
ETHIOPIA	72.9	Infrastructure and Manufacturing sectors
KENYA	459	Financial, Infrastructure, and Services sectors
LESOTHO	5.2	Financial sector
LIBERIA	18.4	Infrastructure and Mining sectors
MALAWI	58.6	Infrastructure sector
MOZAMBIQUE	196.4	Financial and Infrastructure sectors
NAMIBIA	38.1	Agribusiness and Infrastructure sectors
RWANDA	23.3	Services and Infrastructure sectors
SEYCHELLES	40.2	Financial sector
SIERRA LEONE	153.2	Infrastructure, Manufacturing, and Services
TANZANIA	22.6	Agribusiness sector
UGANDA	424.6	Infrastructure and Financial sectors
ZAMBIA	139	Financial, Infrastructure, Manufacturing, and Agribusiness
TOTAL	**1,738.20**	

INCREASED USE OF THE PRIVATE SECTOR WINDOW (PSW)

In FY21, IDA-18 and IDA-19 PSW commitments totaled US$617 million, with a strong pipeline of up to US$2 billion. The IFC utilized new tools to assist clients in responding to the COVID-19 crisis. The OED will continue to advocate for a substantial IDA20 Replenishment to ensure that the resources allocated to the PSW are increased.

INCREASED SUPPORT FOR REGIONAL PROJECTS

Regional integration (RI) is recognized as a key component of the WBG's engagement with Sub-Saharan Africa. The WBG's RI commitments reached US$17.5 billion at end-FY20, representing a 50 percent increase between FY18–20. The World Bank's commitments reached US$13.6 billion by the end of FY20, while IFC's commitments rose to US$1.7 billion. MIGA's commitments also increased from US$1.4 billion in FY18 to US$2.2 billion by end-FY20. The WBG recently updated the Regional Integration Strategy to cover the period FY21–23. These cover the four thematic areas proposed in this Strategy Update: regional connectivity; trade and market integration; human capital; and resilience.

IMPLEMENTATION OF THE DECENTRALIZATION AGENDA

IFC continues to focus on the decentralization model to increase its field presence, particularly in priority regions. In line with IFC's 3.0 Strategy, its staffing footprint in FCS locations has increased significantly since FY19, up by 69 percent. This marked an increase in the headcount from 89 to 150 staff as of April 30, 2021. Although the COVID-19 pandemic presented some restrictions that delayed implementing certain aspects of the decentralization agenda, Management anticipates that as the global situation normalizes, the IFC will ramp up its efforts to achieve its goal by 2024. Our Office will continue to monitor the implementation of the decentralization agenda and anticipates that this trend will continue as IFC's engagement in FCS markets keeps growing. Additionally, out of 4,279 staff as of April 30, 2021, 57 percent of all IFC staff and 71 percent of Operations staff were based in Country Offices.

	FY19 ACTUAL				FY21 AS OF APRIL 30, 2021				FY21 PROJECTED			
	TOTAL	%	O/W FCS	%	TOTAL	%	O/W FCS	%	TOTAL	%	O/W FCS	%
SUB-SAHARAN AFRICA	441	12%	31	35%	568	13%	91	61%	579	13%	90	59%
EAST ASIA AND PACIFIC	432	11%	25	28%	508	12%	33	22%	508	12%	35	23%
EUROPE AND CENTRAL ASIA	393	10%	10	11%	393	9%	3	2%	400	9%	3	2%
LATIN AMERICA & CARIBBEAN	228	6%	6	7%	250	6%	5	3%	255	6%	5	3%
MIDDLE EAST AND NORTH AFRICA	199	5%	14	16%	283	7%	14	9%	282	7%	14	9%
SOUTH ASIA	262	7%	3	3%	363	8%	4	3%	371	9%	4	3%
WESTERN EUROPE	75	2%			67	2%			66	2%		
SUBTOTAL	**2,030**	**54%**	**89**	**100%**	**2,432**	**57%**	**150**	**100%**	**2,461**	**57%**	**152**	**100%**
HEADQUARTERS	**1,763**	**46%**			**1,847**	**43%**			**1,864**	**43%**		
TOTAL	**3,793**	**100%**	**89**	**100%**	**4,279**	**100%**	**150**	**100%**	**4,325**	**100%**	**152**	**100%**

MONITOR THE USE OF INTERMEDIATE JURISDICTIONS IN WBG PRIVATE SECTOR OPERATIONS

The policy guiding the use of Intermediate Jurisdictions (IJs) in the WBG Private Sector Operations was first adopted in 2011 and was subsequently amended in 2014. Since its amendment in 2014, the policy guiding the use of IJs in the WBG Private Sector Operations has not been updated. The Board, through the Audit Committee, initiated discussions to amend the policy. However, the process is yet to be concluded. Our Office hosted a Brown Bag Lunch (BBL) for Board members in April 2021 to discuss Tax Arbitrage and ways to address it in private sector operations. The BBL also provided an opportunity for Board members to engage experts from the IMF, on Base Erosion and Profit Shifting (BEPS), IJ, and other international tax matters relevant to addressing tax arbitrage. Our Office has also held numerous bilateral discussions with other members of the Board to advocate for a fair and measured approach to updating the WBG policy on the use of IJs, particularly in private sector operations in Sub-Saharan Africa. The Board is scheduled to discuss the updated draft of the IJs Policy on October 21, 2021.

3.3. Enhancing Engagement with the Constituency Countries

In seeking to enhance engagement with Constituency member countries, the Office is guided by two strategic objectives. The first is to enhance interaction between the Office and Constituency countries. Under this objective, the Executive Director undertakes at least one official visit to each Constituency country during his/her tenure. The visit provides the Executive Director with an opportunity to hear from a broad spectrum of stakeholders, including senior government officials, non-governmental agencies, and the private sector, on the impact of WBG-funded projects in the country, challenges facing the country and what the Office could do differently to effectively represent the interest of the country effectively. In addition, professional staff keep in touch with their counterparts in their assigned countries, monitor developments and bring to the immediate attention of the Executive Director any issues affecting the development and representation of the county in the WBG.

The second strategic objective is to monitor the portfolio performance of all Constituency countries. The Constituency Office staff in close collaboration with their counterparts in Member States monitors country portfolios to address any implementation challenges of projects that may require restructuring or consolidation. The Office also works closely with staff at the WBG headquarters, regional and country offices to address implementation challenges in all the countries' portfolios. The Office gives specific attention to middle-income countries (MICs) that have hitherto not benefited much from the WBG support, either in terms of concessional resources or policy advice to support them in progressing beyond the "middle-income trap." Special attention is also being given to the island and land-locked small states, countries re-engaging with International Financial Institutions, and Fragile and Conflict-Affected States.

In line with the first strategic objective, the Executive Director has since the beginning of his tenure, undertaken thirteen official missions to the Republics of Botswana, Burundi, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Seychelles, South Sudan, Sudan, Tanzania, and Zimbabwe. Also, to fulfill the second strategic objective, the Office for the first time on April 23, 2021, held a MICs Forum, which provided Governors and WBG Management with an opportunity to extensively discuss the needs and possible areas for increasing WBG support to the MICs and the one small island state in the Constituency. The Office continues to monitor and will report progress in this regard to Governors during the Spring and Annual Meetings.

EXECUTIVE DIRECTOR'S MISSION TO THE REPUBLIC OF SUDAN

The Executive Director, accompanied by his Advisor, Dr. Azhari Elamin, and his Senior Executive Assistant, Mr. Mohammed Ahmed, embarked on a mission to the Republic of Sudan from May 31 to June 2, 2021.

During the Mission, the Executive Director met the Prime Minister of the Republic of Sudan, His Excellency Dr. Abdalla Hamdok; Minister of Finance and Economic Planning, and Governor of the WBG, Hon. Dr Jibril Ibrahim; Governor of the Central Bank of Sudan, Dr. Mohamed Elfatih Zainabdin; Hon. Ibrahim Magzoub Elhag, Minister of Oil and Energy; Hon. Dr. Yasir Abbas Mohamed Ali, Minister of Irrigation and Water Resources; Hon. Tamador Eltirifi, Acting Minister of Education; Dr. Yusra Mohamed Osman, Undersecretary of the Ministry of Health; and representatives of the Sudan Union of Chambers and Commerce. The mission also visited an implementing office of the IDA-financed Sudan Family Support Project (SFSP) and had discussions with beneficiaries about ease of the process and benefits of the project.

The Executive Director and Sudanese authorities discussed ways in which Sudan's re-engagement with the WBG could be enhanced and how Sudan could benefit from the allocation of US$2.0 billion under IDA19 to finance projects and programs in priority sectors, such as agriculture, energy, education, health and water and irrigation. The mission provided an update on the activities and Mid-Term Strategy of the Executive Director's Office in relation to resource mobilization, fiduciary oversight, private sector development, capacity building, and supporting diversity and representation in the WBG.

In his meeting with the Prime Minister, Minister of Finance, and the Governor of the Central Bank, the Executive Director expressed his appreciation of the country's success in achieving peace and reconciliation between the conflicting parties. He valued the reforms implemented by the Sudanese government, which culminated in a re- engagement with the WBG, clearing of arrears from the international financial institutions, reaching the HIPC Decision Point on June 28, 2021.

EXECUTIVE DIRECTOR'S VISIT THE REPUBLIC OF SOUTH SUDAN

he Executive Director for Africa Group 1 Constituency, Dr. Taufila Nyamadzabo, along with Mr. Abraham Diing Akoi, his Advisor, and the Senior Executive Assistant, Mr. Mohammed Ahmed, visited the Republic of South Sudan on June 3–6, 2021. He held substantive meetings with President of the Republic of South Sudan, His Excellency Salva Kiir Mayardit; Vice President of the Republic of South Sudan, H.E. Dr. Wani Igga; Minister, Office of the President, Hon. Dr. Marial Benjamin; Governor, Bank of South Sudan and Alternate

Governor, World Bank Group (WBG), Hon. Dier Tong Ngor; Undersecretary of Planning, Ministry of Finance and Planning, Mr. Ocum Genes Karlo; and senior management of the National Revenue Authority (NRA) led by the Commissioner General, Dr. Patrick Mugoya, and Deputy Commissioner General, Mr. Africano Mande.

Dr. Nyamadzabo also met the Ambassador of Norway to South Sudan and Co-Chair of the Oversight Committee, H.E. Siv Kaspersen; Minister of General Education, Hon. Awut Deng Acuil; Minister of Labor, Hon. Gen. James Hoth Mai; Undersecretaries of various ministries and development partners who are members of the Oversight Committee. These meetings provided an opportunity for the Executive Director to appreciate the progress made by the Government of the Republic of South Sudan in undertaking critical socio-economic reforms. He expressed his sincere gratitude to the authorities for the hospitality and support extended to him and his team. While in Juba, the Executive Director discussed several developmental issues with the authorities and development partners, including the following resource mobilization, food security, human capital, public financial management (PFM), infrastructure, and Anti-Money Laundering (AML) and compliance-related matters.

EXECUTIVE DIRECTOR'S MISSION TO THE UNITED REPUBLIC OF TANZANIA

The Executive Director, together with his Senior Advisor, Dr. Zarau Kibwe, undertook his first official visit to the United Republic of Tanzania from June 7 to 11, 2021.

During the mission, the Executive Director met with the Vice President of the United Republic of Tanzania, H.E. Dr Philip Mpango; President of Zanzibar, H.E. Dr. Hussein Mwinyi; Minister of Foreign Affairs and East Africa Corporation, Hon. Ambassador Liberate Mulamula; Minister of Finance and Planning, and Governor of the WBG, Hon. Dr. Mwigulu Nchemba; Permanent Secretary of the Ministry of Finance and Planning and Alternate Governor of the WBG, Mr. Emmanuel Tutuba; ; Minister of Education, Science, Technology and Vocational Training, Hon. Prof. Joyce Ndalichako; Minister of State, President's Office - Regional Administration and Local Government, Hon. Ummy Mwalimu; Governor of the Central Bank of Tanzania, Prof. Florens Luoga; Minister of State, President Office, Finance and Planning (Zanzibar), Hon. Jamal Kassim; Permanent Secretary of Finance and Planning Ministry (Zanzibar), Dr. Juma Malik Akili; and senior officials of the Union Government and the Revolutionary Government of Zanzibar. At the conclusion of his mission, the Executive Director met virtually with the WBG Country Office staff led by Ms. Preeti Arora, Operations Manager for Tanzania, Malawi, Zambia, and Zimbabwe.

In his meeting with the Vice President, the Executive Director briefed him about the five priorities of the Constituency's Medium-Term Strategy (2020–24). In response, H.E. Dr Mpango confirmed the alignment of the identified priorities with development challenges facing Tanzania as well as other countries in the Constituency. He specifically pointed out Tanzania's development aspirations as stipulated in the Third Five-Year Development Plan. The plan, among other things, aims to build Tanzania's productive capacity by investing in transformative projects with a regional spillover, such as Standard Gauge Railways and a 2115 megawatts Hydropower Project. In this regard, he emphasized the need for IFC to further support the development of the private sector. Relatedly, he requested the Executive Director to continue advocating for more capacity-building opportunities for Government Officials through the Voice-Secondment Program (VSP).

During his meetings with the President of Zanzibar and Minister of State (Zanzibar), the Executive Director commended the isles for the growing portfolio of projects financed by the World Bank. He also appreciated the collaboration with the Tanzania Mainland in addressing the COVID-19 pandemic. On his part, the President appreciated the Bank for the resources and reassured the Executive Director that his government would ensure Bank-financed projects deliver the intended development outcomes for the benefit of the people of Zanzibar. On the impact of COVID-19, the President informed the mission that, tourism, the mainstay of the isles, had been severely affected and efforts were underway on how to accelerate its recovery. He, as well as the Minister of State, emphasized that investing in blue economy is critical for the resilience of the Zanzibar economy and the Bank support in that sector would be appreciated.

In his meeting with the Minister of Finance and Planning, the Executive Director was taken through recent economic developments and the unprecedented challenges caused by the COVID-19 pandemic. The Honorable Minister expressed his appreciation to the World Bank for the support, especially the five projects which were to be approved in June and early July 2021. The Executive Director commended the Authorities for managing the economy relatively well and minimizing pandemic's impact. However, as the pandemic crisis was still unfolding and its impact on the Tanzanian economy remained largely uncertain, the Executive Director encouraged the Government to request Development Policy Operation (DPO) from the World Bank to support sectors hit hard by the pandemic, especially tourism and its associated sub-sectors.

The Minister of Education informed the Executive Director about the COVID-related challenges met in implementing the two regional education projects. The two Ministers also shared with the Executive Director the two areas of technical and vocational education and training (TVET), and early learning (childcare), where the Government would like to seek further support from the World Bank.

EXECUTIVE DIRECTOR'S MISSION TO THE REPUBLIC OF SEYCHELLES

The Executive Director, accompanied by his Advisor, Dr. Azhari Elamin, undertook an official mission to Seychelles on June 14-15, 2021, to consult with the government authorities and discuss Seychelles' development opportunities and challenges. The mission discussed ways in which Seychelles can benefit from WBG support in its effort to respond to the COVID-19 pandemic crisis, address issues relating to the local financial system, and diversify its economy. The mission also provided an update on the activities and Mid-Term Strategy of the Executive Director's Office.

During the mission, the Executive Director met with the President of the Republic of Seychelles, H.E. Wavel Ramkalawan; Minister of Finance, Economic Planning and Trade, and Governor of the WBG, Honorable Naadir Hassan; Governor of the Central Bank of Seychelles, Honorable Caroline Abel; and Principal Secretary of the Ministry of Fisheries and Blue Economy, Mr. Kenneth Racombo.

In his meetings with the President of Seychelles, the Minister of Finance, and the Governor of the Central Bank of Seychelles, the discussion focused on the COVID-19 situation in the Seychelles and the new surge in infections even though more than 70 percent of the population had been fully vaccinated. The meeting stressed that Seychelles was urgently in need for 30,000 vaccines doses to vaccinate school children and administer booster shots to adults to enhance protection after the initial cycle of vaccination in response to the second wave of COVID-19.

The meetings also discussed the sharp reduction in tourism business due COVID-19, loss of government revenue and increase in government expenditure on health and social services, leading to unsustainable budget deficit, and contraction of the economy, which was estimated at -17 percent in 2020. This underlines the urgent need for WBG budget support and fast tracking of the Development Policy Operation (DPO) for Seychelles.

The Governor of the WBG, raised concerns about the slow disbursements from the Seychelles blue bond proceeds and the need to address this issue with the support of the World Bank. He also raised concerns about the WBG's terms and conditions on loans to Seychelles as well as the high cost of the Reimbursable Advisory Services (RAS). The meetings also discussed Seychelles comprehensive Strategic Plan, aiming at diversifying the economy and strengthening the value chain in the private sector and tourism industry and the required WBG support for this plan. The Honorable Minister stressed the need for IFC and MIGA to provide advisory services and support to Seychelles private sector, including Small and Medium Enterprises (SMEs), which are key to job creation and economic growth.

The meetings also discussed Seychelles comprehensive Strategic Plan, aiming at diversifying the economy and strengthening the value chain in the private sector and tourism industry and the required WBG support for this plan. The Honorable Minister stressed the need for IFC and MIGA to provide advisory services and support to Seychelles private sector, including Small and Medium Enterprises (SMEs), which are key to job creation and economic growth.

EXECUTIVE DIRECTOR'S MISSION TO THE REPUBLIC OF KENYA

The Executive Director, accompanied by his Senior Advisor, Ms. Naomi Rono, undertook his first official mission to the Republic of Kenya from June 21-23, 2021. The mission discussed ways to strengthen engagement with the World Bank Group (WBG) and provided an opportunity to discuss the impact of the COVID-19 Pandemic on Kenya's economy and the progress made in securing and delivering vaccines to the Country.

The Executive Director met the Cabinet Secretary for the National Treasury and Planning, Hon. (Amb.) Ukur Yatani Kanacho; the Governor of the Central Bank of Kenya (CBK), Dr. Patrick Njoroge; the Director-General for Health in the Ministry of Health, Dr. Patrick Amoth; Principal Secretary State Department for Industrialization, Amb. Kirimi Kaberia; the Commission General for the Kenya Revenue Authority (KRA), Mr. James Mburu; and the Auditor General, Ms. Nancy Gathungu,

In his discussions with the Cabinet Secretary for the National Treasury and Planning, the Executive Director was briefed on Kenya's macroeconomic developments and challenges and the Country's COVID 19 Pandemic response and recovery strategy. The Cabinet Secretary appreciated the World Bank support, particularly the agility with which resources were made available to countries at the onset of the COVID 19 pandemic. The Executive Director commended the Government for identifying the strengthening of the macroeconomic framework as the key pillar for the Economic Recovery Strategy. He assured the Government of the WBG's support encouraged them to continue drawing on both the International Monetary Fund and the World Bank for resources to support this agenda.

During the mission, the Executive Director also paid a courtesy to the Auditor General, where he appreciated the insights provided by the Auditor General regarding a special audit undertaken on the utilization of COVID-19 Resources in Kenya and assured her of the World Bank Board's commitment to supporting systems that strengthen governance and accountability in the implementation of projects financed by the World Bank. The Executive Director also paid a courtesy call on the Commissioner-General for the Kenya Revenue Authority (KRA). He received a brief on the KRA initiatives to build the Country's capacity to broaden the tax base and increase reliance on domestic resources to implement Kenya's development agenda. He assured the Commissioner-General of the WBG board's commitment to supporting the implementation of Domestic Revenue Mobilization measures alongside the containment of Illicit Financial Flows.

EXECUTIVE DIRECTOR'S MISSION TO THE REPUBLIC OF BURUNDI

The Executive Director, along with the Constituency delegation– Alternate Executive Director, Dr. Floribert Ngaruko; Senior Advisor, Dr. Zarau Kibwe; Senior Executive Assistant, Mr. Mohammed Ahmed; and Program Assistant, Ms. Erica Nikuze– met with Burundian Senior Officials in Bujumbura on August 6, 2021. The Burundian authorities updated the delegation on the pandemic's impact on the Burundian economy and the interventions being undertaken to bring the pandemic under control.

During the mission, the Executive Director met with the Minister of Finance, Budget and Economic Development Cooperation, and WBG Governor, Honorable Dr. Domitien Ndihokubwayo; Minister of Trade, Transport, Industry and Trade, Honorable Capitoline Niyonizigiye; Minister of Public Health and the Fight Against Aids, Honorable Dr. Thaddee Ndikumana; and senior officials of the Government of Burundi. The Executive Director and his team also met with the WBG staff, led by Ms. Veronique Kabongo, Burundi's Country Manager.

In his meeting with the Minister of Finance, Budget, and Economic Development Cooperation, the Executive Director congratulated the Government of Burundi for successfully hosting the 58th session of the African Caucus in Bujumbura on August 3–5, 2021. He briefed the Honorable Minister on the five priorities of the Medium-Term Strategy of the Constituency Office and the progress made in reviewing the Constituency Rules, as Burundi is one of the five member countries of the Constituency Panel. In his response, the Honorable Minister appreciated the Executive Director's determination and concerted efforts to ensure Burundi had a chance to host such an important meeting. He highlighted that the successful outcome of the meeting is the product of the joint efforts between the Government of Burundi and responsible Executive Directors' offices at the World Bank Group and the International Monetary Fund (IMF).

On the Medium-Term Strategy, Honorable Dr. Ndihokubwayo pointed out that the five priorities align with the challenges facing the Burundian economy, including mobilizing more financial resources, as the pandemic had weighed on the traditional sources of domestic resources. He further indicated that resource mobilization is the Government of Burundi's priority agenda, and the new institutional arrangement would support the efficient use of domestic and concessional resources. The Honorable Minister underscored the private sector's critical role in creating more and better jobs for youth and informed the delegation that Burundi was going through a transition where a new institutional arrangement is expected to contribute to a conducive business environment for domestic investors and foreign direct investment. He also appreciated the focus on diversity and inclusion but highlighted the need to review capacity-building programs as some do not yield the intended outcomes.

On the advocacy for the successful IDA20 Replenishment, the Executive Director commended the Government of Burundi for appointing Ambassador Dr. Liberat Mfumukeko as IDA Borrower Representative for the Constituency. He informed the Honorable Minister for IDA to implement policy commitments and finance

operations for the next three years under the five special themes, it needs to mobilize US$90-95 billion. In this regard, Dr. Nyamadzabo emphasized the need to demonstrate to IDA donors that countries like Burundi can absorb IDA resources allocated to them. He encouraged the Honorable Minister to make a case for a robust IDA20 replenishment whenever he had a chance to meet with IDA donors.

The Executive Director also met with the Minister of Trade, Transport, Industry and Trade, and her officials to discuss the private sector development in Burundi. They focused on how Burundi could improve the business environment and attract needed investments in various sectors of the economy. The Minister appreciated the World Bank's support to the country and requested more support in disseminating messages of various policy documents as well as technical assistance in preparing projects.

Dr. Nyamadzabo also held discussions with the Honorable Minister of Public Health and Fight Against Aids on the performance of IDA-financed health projects and response to the COVID-19 pandemic. The Minister assured the Executive Director that the Committee was working with the World Bank Country Office to finance vaccine procurement. Finally, the Honorable Minister requested the Bank to support Burundi's efforts to undertake mass testing before vaccination, especially as the Government was planning to screen all students in August 2021.

EXECUTIVE DIRECTOR'S MISSION TO THE REPUBLIC OF BOTSWANA

On August 23rd, the Executive Director paid a courtesy visit to the newly appointed Governor and Minister of Finance and Economic Development, Ms. Peggy Serame, the Minister of Investment, Trade, and Industry Mr. Mmusi Kgafela and the Minister of Health and Wellness, Dr. Edwin Dikoloti. The purpose of his visit was to consult with the Governor on the Republic of Botswana's development challenges and opportunities as a Middle-Income Country. The meeting discussed ways in which the relationship between the Government of Botswana and the WBG could be strengthened, and projects better implemented. The mission also provided an update on the work activities and proposed strategies the OED intends to execute to enhance the relationship; and appreciated some of the project implementation challenges and measures put forward to expedite the works on site.

The Executive Director further discussed the role of the Bank in building partnerships and creating new opportunities for the private sector with the Minister of Trade, Investment, and Industry. He also deliberated on World Bank financing options available to support the purchase and deployment of doses secured by AVATT WB and African Union with the Minister of Health and Wellness.

EXECUTIVE DIRECTOR'S MISSION TO THE REPUBLIC OF ZIMBABWE

The Executive Director, accompanied by his Senior Advisor and Program Assistant, Mr. Allan Ncube and Ms. Petronella Makoni, respectively, undertook his first official mission to the Republic of Zimbabwe from August 25 - 27, 2021. The purpose of the mission was to conduct consultations with the Government on the Republic of Zimbabwe's development agenda and discuss ways to clear Zimbabwe's debt arrears to facilitate re-engagement with the WBG and other international financial institutions.

The Executive Director met with the Minister of Finance and Economic Development and Governor to the World Bank, Honorable (Prof.) Mthuli Ncube; the Governor of the Reserve Bank of Zimbabwe (RBZ), Dr. John Mangudya; the Vice President and Minister of Health, Hon. (Ret. General) Dr. Constantino Chiwenga; Minister of Industry and Commerce, Honorable Dr. Sekai Nzenza; and Secretary to the President and Chief Cabinet Secretary, Dr. Misheck Sibanda. The Executive Director also met with members of the Diplomatic Corps, including Ambassadors from the US, UK, and the European Union, to discuss Zimbabwe's re-engagement.

In his discussions with the Minister of Finance and Economic Development, the Executive Director was briefed on Zimbabwe's macroeconomic developments and challenges and the Country's COVID-19 Pandemic response and recovery strategy. The Minister highlighted Zimbabwe's successes in stabilizing the economy and exchange rate, reining on inflation, and fiscal consolidation. The Executive Director commended the Government for stabilizing and strengthening the macroeconomic framework and for the successes in the prevention and vaccination program against the COVID-19 pandemic. Zimbabwe was one of the leading countries in vaccinating its citizens.

His discussions with the Vice President and Minister of Health focused on Zimbabwe's fight against the COVID-19 pandemic and the coordination of the National Response and the economic reforms undertaken by the country, which had brought stability to the economy and monetary sector as well. Zimbabwe's growth forecast at 7.8 percent looks good despite the effects of the COVID-19 pandemic, buoyed by the bumper harvest received this year. The Executive Director encouraged the country to consider developing a vaccine production plant to boost the supply of vaccines, based on its previous successes with veterinary medicines. The Executive Director also held similar discussions with the Secretary to the President and Cabinet.

During his engagement with Members of the Diplomatic Corps, the Executive Director discussed Zimbabwe's re-engagement with the IFIs and sought their support of the process. The EU ambassadors expressed their readiness to offer the kind of support sought and indicated they would continue dialogue with the Zimbabwe authorities, particularly on the Arrears Clearance Strategy first. Dr. Nyamadzabo appreciated their insights which he relayed to the Government through the Secretary to President and Cabinet.

EXECUTIVE DIRECTOR'S MISSION TO THE REPUBLIC OF MALAWI

The Executive Director, accompanied by his Senior Advisor, Ms. Lonkhululeko Magagula, visited the Republic of Malawi on August 30-31, 2021. During the mission, the Executive Director met with the Vice President, the Right Honorable Dr. Saulos Klaus Chilima; Minister of Industry, Honorable Roy Akajuwe Kachale-Banda ; Minister of Health, Honorable Khumbize Kandodo Chiponda ; Minister of Education, Science & Technology, Honorable Agnes Nyalonje ; Minister of Agriculture and Food Security, Honorable Lobin C. Lowe, as well as the Governor of the Reserve Bank of Malawi (RBM), Dr. Wilson T. Banda, on the economic situation and development trajectory of Malawi. The Executive Director and the Senior Advisor also had an opportunity to visit the Lilongwe Water Supply and Sanitation Project.

In his meeting with the Vice President, Dr. Saulos Klaus Chilima, he was briefed about the adoption of the Country's Vision Document Malawi 2063 (MW2063), which outlines the Vision of becoming an inclusively wealthy and self-reliant nation. The Vice President outlined that MW2063 would be implemented in four, 10-year planning blocks with the country's short-term ambition being to achieve lower-middle-income status by 2030. The Meeting also discussed the COVID-19 recovery plan, current economic situation, and future developmental trajectory. The Vice President appealed for more resources to finance the Plan including the use of innovative options such as Public-Private Partnership (PPPs) to achieve this objective and called for a more meaningful impact of World Bank Group financing on the lives and livelihoods of the people of Malawi.

During the Meeting with the Governor of the WBG, Honorable Felix Lafiel Mlusu, the Minister highlighted the Government's efforts to contain the spread of the COVID-19 virus, establish a robust vaccination, and address vaccine hesitancy. He also briefed the Executive Director about the initiative to guide Government borrowing through the Financial Services Act as well as all efforts to review spending patterns, including the gradual phase-out of the Agricultural Input Program (AIP). He appreciated WBG support to the Lower Shire Valley Project whose successful implementation would augment agricultural production and enable the country to build the requisite capacity to respond to disasters.

In his meeting with the Minister of Industry, Honorable Roy Akajuwe Kachale-Banda, the Executive Director discussed the needs of the business sector, particularly the small and medium industries. The Minister outlined the country's ambitious plans to create one million jobs through SMEs and cooperatives, anchor firms, and special economic zones and the need for a dedicated effort to address the "missing middle", by building capacity to support value addition, packaging, and marketing.

The Executive Director held a meeting with the Minister of Health, Hon. Khumbize Kandodo Chiponda where she explained the country's very robust response and vaccination program against the COVID-19 pandemic despite vaccine hesitancy and capacity constraints in the health sector. During the meeting with the Minister of Education, Science, and Technology, Hon. Agnes Nyalonje, the Executive Director was briefed on the education sector and human resource needs of the people of Malawi, achievements made in the lower

levels, and the vast needs of the sector. The Minister of Agriculture and Food Security, Hon. Lobin C. Lowe, emphasized the importance of the agricultural sector to the development and sustainable livelihood of the people of the Republic of Malawi and briefed the Executive Director about the ongoing efforts to revamp the Agricultural Development and Marketing Corporation (ADMARC) and that implementation of the full reform process required more resources. He also stated that in the long-term, the Ministry planned to diversify the agricultural sector and exports through the production of legumes, livestock, and horticulture. He further highlighted the need to revamp research and extension and reform the Agriculture Input Program (AIP) to make it more cost-effective and sustainable.

The Executive Director encouraged the country to address the areas of the Country Policy and Institutional Assessment (CPIA) that were lagging and complete its reform program which would facilitate discussions of the proposed Development Policy Operation (DPO). He also encouraged the country to improve its absorptive capacity and utilize the remaining balance of IDA19 resources to put Malawi in better stead to attract more resources and a higher allocation for IDA20.

EXECUTIVE DIRECTOR'S MISSION TO THE REPUBLIC OF RWANDA

The Executive Director, accompanied by his Senior Advisor, Mr. Allan Ncube, undertook his first official mission to the Republic of Rwanda from September 2 - 3, 2021. The purpose of the mission was to conduct consultations with the Government on the Republic of Rwanda's development agenda and discuss strengthening engagement with the WBG. The mission also provided an opportunity to discuss the impact of the COVID-19 pandemic on Rwanda's economy, recovery program, and the progress made in securing and distributing vaccines in the country.

The Executive Director met with the Minister of Finance and Economic Planning and Governor to the World Bank, Honorable Dr. Uzziel Ndagijimana; the Minister of Education, Honorable Dr. Valentine Uwamariya; the Prime of Rwanda, the Right Honorable, Dr. Edouard Ngirente; Minister of Infrastructure, Hon. (Amb) Claver Gatete; and Minister of State in Charge of Primary Health Care, Honorable Dr. Tharcisse Mpunga.

In his discussions with the Minister of Finance and Economic Development, the Executive Director was briefed on Rwanda's robust response to the Covid 19 pandemic concentrated mainly around the Kigali area and the establishment of a solid vaccination program to respond to it and control the spread to other towns. In addition, he was apprised of the involvement of various ministries in enhancing the country's ability to respond to the multiple waves and contain the aggressive spread of the virus and its variants. The Minister also highlighted Rwanda's plans to rebuild its economy after the worst recession since 1994 caused by the twin shocks of a less-than-successful rainy season and compounded by the pandemic outbreak in 2020. The Executive Director commended the Government for stabilizing and strengthening the country's

macroeconomic framework and for its success in the prevention and vaccination program against the Covid-19 pandemic. In the process he highlighted the need for the country to build its private sector and emphasized the benefit of regional projects taking advantage of the Africa Free Continental Trade Area to realize this ambition.

His discussions with the Prime Minister focused on Rwanda's fight against the COVID-19 pandemic and its coordination of the National Response to the pandemic. They further discussed the economic reforms undertaken by the country to bring stability to the economy following the worst recession since 1994. The Executive Director commended the Government for its plans of developing a vaccine production plant to boost the supply of vaccines. He also discussed the improvement of Rwanda's Human Capital outcomes by enhancing the quality of learning and classroom infrastructure in the education sector and reducing malnutrition and stunting among children, topics he had also raised with the Minister of Education. He noted the progress made by the Ministry of Education to build classrooms during the pandemic period and plans for the recruitment of additional teachers from the region.

The Executive Director also implored Rwanda to use its voice to call for a robust IDA replenishment in Tokyo in December. He acknowledged Rwanda's advocacy on the replenishment.

INCREASING WBG SUPPORT TO MIDDLE INCOME COUNTRIES IN THE CONSTITUENCY

The first, Africa Group 1 Constituency Middle-Income Countries Forum was held virtually on April 23, 2021. The Forum was chaired by the Governor of World Bank Group and Cabinet Secretary for the National Treasury and Planning of the Republic of Kenya Honorable. (Amb.) Ukur Yatani Kanacho. Also, in attendance was the WBG Governor and Minister of Economic Planning and Development of the Kingdom of Eswatini, Honorable. Dr. Thambo Gina; Alternate Governor of the Republic of Botswana, Dr. Wilfred Mandlebe; and Alternate Governor of the Republic of Tanzania, Mr. Emmanuel Mpawe Tutuba. Government officials from these countries and the Republic of Zambia also attended. On the side of Management, the Vice President (VP) of the Eastern and Southern African Region, Dr. Hafez Ghanem; VP WBG Operations, Ms. Manuela Ferro; VP for IFC Middle East and Africa Region, Mr. Sergio Pimenta, and VP and Treasurer of the World Bank Treasury, Mr. Jingdong Hua together with their teams were there.

The Forum was motivated by the concern that despite the commitment made by the WBG and the provisions of the 2018 Capital Package to increase support to MICs, the engagement of some MICs in the Constituency has consistently been low. MICs are grouped into this category based on their income status which conceals the diverse levels of economic, political, or social development of the countries within this classification. The purpose of the discussion was, therefore, to provide an opportunity for Management to engage with the six MICs in the Constituency, namely, Botswana, Eswatini, Kenya, Namibia, Tanzania, and Zambia, as well as Seychelles a high-income country, whose geographic positioning as a Small Island Developing State (SIDC), exposes the country to peculiar vulnerabilities.

In his remarks, Mr. Ghanem noted that the key strategic areas of: (i) support to human capital development, (ii) Jobs and economic transformation, (iii) Private Sector Investment and MSME development, (iv) Regional Integration and Trade, (v) Support to Capital Markets, (vi) Investment in infrastructure and digital technology, (vii) Debt Management and Advisory Support, (viii) Disaster Risk management and (ix) Mitigation and Managing Financial Risk, were aligned with the policies and programs the Bank was supporting. He further remarked that the economic and social impacts of COVID-19 continue to be felt across the African continent and as a result financing needs had increased. He said the Bank was committed to working with MICs to prioritize policy actions and investments that address the challenge of creating more, better, and inclusive jobs. He stated that the key focus areas for long-term engagement with MICs included boosting human capital and empowering women, accelerating Africa's digital economy, promoting regional integration, and increasing access to affordable renewable energy.

The IFC Vice President for the Middle East and Africa Regions, Sergio Pimenta updated the Forum about current IFC's work in non-IDA countries. He said that over the past ten years, IFC's work in non-IDA countries was highly selective and its overarching approach to engaging in these selected MICs proposed to focus on the following: technology and innovation, climate change, capital market, and financial infrastructure development to exploit the leveraging effects inherent in globalization, inclusion, frontier regions, south-south/regional integration, support public-private partnerships, and financial infrastructure development.

He said the IFC in collaboration with IBRD, could help establish or expand National Credit Guarantee Schemes designed to support SME lending and improve financial inclusion. IFC would leverage the experience gained in the Middle East and North Africa (MENA) countries to enhance the governance and the supervision of the microfinance sector in SSA to strengthen the resilience of the financial sector. Furthermore, IFC would leverage its expertise in risk management to support central banks enhance their stress testing frameworks and help financial institutions upgrade their risk management practices. He stated that building on IFC's Country Private Sector Diagnostics (completed and ongoing) and the Bank Private Sector Assessment, its strategy was tailored to address identified specific constraints that can unleash concrete opportunities to build back better the economies with a particular focus on transformation and employment creation.

The Vice President and Treasurer of the World Bank, Mr. Jingdong Hua gave an overview of the work of the World Bank Treasury in Africa. He noted that since the pandemic outbreak, his Office had been actively supporting clients in many of the AfG1 countries to mobilize financing and manage financial risks. He then highlighted the following five potential avenues for the World Bank Treasury Support:

1. Mobilizing Favorable External Financing

Given the relatively low levels of financial intermediation in some AfG1 countries, the public sector

would require access to external financing to meet investment needs. The Treasury could help explore options for other types of external financing that may be suitable, including market soundings of international capital markets for appetite for sovereign and sub-sovereign debt.

2. Increasing Sustainable Financing

The Office could provide advisory support to clients on sustainable bonds, enabling AfG1 countries to diversify the investor base, promote transparency, indicate a commitment to the SDGs, and potentially yield more favorable financial terms. Their work also involves seeking out donors to support transactions, developing the appropriate frameworks for sustainable bonds, bringing in third-party verifiers, helping with the reporting and monitoring, and sharing experiences from other issuers worldwide.

3. Managing Financial Risks

The Bank could also help in the third area – interest rate risk management. Fiscal authorities in AfG1 countries should explore tools to manage the financial risks of the debt portfolio more efficiently. The Treasury offers interest rate conversions within the IBRD flexible loan agreements and allows borrowers to convert from a floating to a fixed reference rate and they can also explore local currency options that may be suitable for certain AfG1 countries. This is offered as an embedded option in IBRD and IDA scale-up window loans, and where feasible, converting the loans to local currency can be another way to manage debt risks effectively.

4. Transferring Disaster Risks

A fourth area the WB Treasury could bring support to the region is through solutions to help manage risks to disasters, including climate change-induced changes. Advisory services on risk transfer products and options, including insurance and catastrophe bonds, are offered. The Bank could also provide intermediation services to transfer client's risks to insurance and capital markets.

5. Hedging Commodity Risks

The fifth and final area Mr. Hua highlighted was managing exposures to commodity price risks. Several solutions for commodity price risk, including advisory services on hedging such risks, as well as the policies and strategies to set up hedging programs. The Bank arranged hedging transactions for several countries, which helped smooth budgets and make them more predictable.

3.4. Advocating for Diversity and Inclusion

The Senior Management at the Bank has made commitments to establish a diverse and inclusive environment for staff. The Constituency Office, in conjunction with other African Chairs, is concerned with the visibility of its nationals in all Bank units. The Office want to see that the hiring processes do not discriminate against its fine young people seeking a career with the Bank, based on their color, gender, or religion. OED want to see that the system gives them a fair chance to further their careers within the Bank institutions and that they are also not set up for failure after hire.

Further, OED want to see that there is a fair pipeline of Sub-Saharan nationals within middle management which can be promoted to senior management should a vacancy arise. The African Chairs observed that there is a 'missing middle' without a lot of cadres eligible for promotion. At the senior management level, the Office is keen to see the region represented at that level as well.

The Constituency Office is pleased to note the WBG Council on Diversity and Inclusion acknowledges the importance of helping to ensure equity within the institution, including Diversity and Inclusion. Creating a more inclusive work environment saw the Council on Diversity, Equity and Inclusion approve eight staff clubs as Employee Business Resource Groups (EBRG) for FY21, including the World Bank African Society and the WBG Youth-to-Youth (Y2Y) Club. The WBG leadership also heightened the institution's pledge to fight against racism and racial discrimination in the Bank. The WBG President, Mr. David Malpass, and several vice presidents (VPs) created internal task forces on racism, including in country offices (CO), to address local racial and ethnic challenges. Leaders also made statements to staff throughout the year, reinforcing their commitment to an anti-racist, inclusive environment.

On the hiring process, the WBG has since reached the quota for Sub-Saharan and Caribbean nationals' representation of 12.5 percent. However, diversity of nationality, measured by sub-regional representation, continues to change very slowly across the Bank Group. In FY21, there was no change to the sub-regional representation for IBRD, with SSA at or above the WBG threshold. For IFC, Southern Africa moved from "significantly underrepresented" to "underrepresented," while the rest of SSA was at or above the WBG threshold. Changing the gender and nationality diversity of the WBG population will take time and effort and probably focusing on the next generation can help move the needle. The Young Professionals Program (YPP), as with other batch hiring processes, continues to provide an opportunity to see the impact of diversity recruiting in a way that individual hiring often misses. The FY21 cohort of YPs is diverse in terms of both gender and nationality. Of the 47 YPs in the Bank, 13 are from Africa, statistics which compare well with other regions. AFGI is also pleased that IFC is targeting African talent in western universities to create a strong pipeline of African talent in various roles of this unit. The Office advocacy will extend to include recruitment of talent in the region's top universities as well.

In addition to diversity, the WBG has already made progress in achieving gender parity in senior management, grades GJ-GK, where the ratio of women to men is at par. The WBG continues to make progress towards gender parity at all grades except GA-GD, where there is a higher percentage of women than men.

As a region, African Chairs continue to advocate for increased staff levels of middle managers from SSA. The Chairs were recently pleased to see one of the African middle managers elevated to head the IFC, making history as the first African to lead this institution. The Office, therefore, look forward to more appointments of this nature occurring in the future.

3.5. Capacity Development

The Africa Group I Constituency (AfGI) Office has identified Capacity Development as one of the focus areas of its Medium-term Strategy FY2022-24. This is in recognition of the critical role capacity building plays in achieving the desired development outcomes. While aware of the wide-ranging capacity building interventions delivered through aid or lending programs, sustainable capacity development will only be achieved if there is a conscious and continuous effort to advance local capacity, holistically. Capacity development efforts, therefore, are likely to succeed only where they take adequate account of the prevailing local skills and knowledge gaps and are country-owned rather than donor-driven. Countries must take the lead in formulating capacity development strategies, and International Financial Institutions (IFIs) and other donor agencies should harmonize their interventions in support of these efforts.

The concept of capacity building as a core component of development policy has gained more traction in the past three decades, with the release of an OECD report in 1996 titled, 'Shaping the 21st Century: The Contribution of Development Cooperation'. Governments of both developed and developing economies frequently highlight more focus on capacity to strengthen effectiveness, sustainability, and country ownership of development policies. In 2009, the World Bank released its major report on the subject, 'Capacity Development Results Framework (CDRF)'.

The need for developing a sustainable implementation capacity in SSA is getting new urgency from the desire to embark on an inclusive and sustainable economic transformation and the creation of quality jobs at scale as the pathway to poverty reduction and shared prosperity. In this context, the OED has initiated an exercise to assess the adequacy of the WB's capacity building framework toward assisting our Constituency countries. The primary objective of this exercise is to assess the approach the WBG is utilizing in capacity development/building to support SSA economies.

One of the OED's major objectives on capacity building will be to assess how the new approach under the CDRF has helped to address some of the challenges and problems observed in past capacity building approaches. The first entry point for engagement and conversation on the subject is the Independent Evaluation Group (IEG)– which is tasked with evaluating the development effectiveness of the WBG.

The objective of the interaction with IEG will be to understand the role the Bank has played in providing capacity building support to SSA, how the Bank performed and what IEG's recommendations were for the way forward.

The conversation with IEG will be enriched through bilateral discussions with AfGI member countries and discussions with major African institutions which focus on capacity building. Additional discussions are also planned with those Executive Directors' Offices representing other SSA constituencies and selected constituencies which may already be funding capacity building programs through their bilateral programs.

The ideas and suggestions from the above discussions will then be used to engage WB Management to understand the effectiveness of the current capacity development framework and propose ways to improve the Bank's support to constituency countries.

CHAPTER 4.

WORLD BANK GROUP OPERATIONS

OVERVIEW

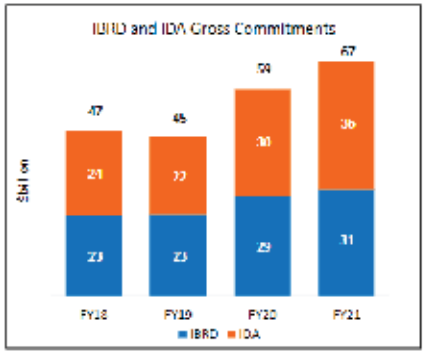
This Chapter summarizes the performance of the World Bank Group (WBG) for the fiscal year 2021 (FY21). The International Development Association (IDA) gross commitment increased by 20 percent to US$36 billion, from US$30 billion in FY20. Such a jump was driven by frontloading of IDA19 resources to help IDA countries respond to the pandemic and support economic recovery. On the other hand, IDA disbursement rose by US$2 billion, equivalent to 9.5 percent, to US$23 billion, from US$21 billion in FY20. Sub-Saharan Africa (SSA), home to most IDA countries, made up the largest share of IDA resources. Resources committed by the International Bank for Reconstruction and Development (IBRD) in FY21 rose from US$28 billion in FY20 to US$31 billion in FY21, equivalent to 9.1 percent increase. Regionally, Latin America and the Caribbean Region took most IBRD resources. In the wake of the pandemic, International Finance Corporation (IFC) operations in FY21 were up by 6 percent, increasing from US$22 billion in FY20 to US$23.3 billion. A hundred percent of that increase was fueled by an 11 percent increase in long-term finance, which rose from US$11.1 billion in FY20 to US$12.5 billion in FY21. On the flip side, IFC disbursement from its own account increased by 9 percent to US$11.4 billion in FY21 compared to US$10.5 in FY20. Finally, Multilateral Investment Guarantee Agency (MIGA)'s total guarantee issuance shot up to US$5.2 billion, equivalent to 31.3 percent increase over FY20 issuance.

4.1. IDA Operations

The advent of the COVID-19 crisis saw IDA significantly scale up its financial support, serving clients and targeting resources to those most in need. As a response to the heightened financing needs of IDA countries and to make additional resources available to them to respond to, and recover from the COVID-19 crisis, IDA members agreed in April 2021 to launch the twentieth IDA replenishment (IDA20) one year early, to commence in FY23, shortening the IDA19 cycle to two years (FY21-FY22). Resources amounting to US$12.5 billion that were initially targeted for use in FY23 will be availed for financing in FY22. The IDA19 financing framework has been adjusted to make US$71.3 billion of resources immediately available, and the balance of US$10.7 billion carried forward to be utilized in the IDA20 cycle.

In FY21 IDA made US$36.0 billion net commitments, of which US$23.9 billion were loan and guarantee commitments. The FY21 commitments reflected the strong support that IDA has provided to its client countries. During the COVID-19 pandemic IDA approved US$2.5 billion of financing for vaccines, benefiting 41 countries as of June 30, 2021.

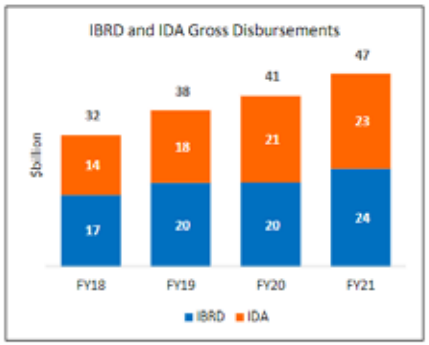
FIGURE 17. IBRD/IDA COMMITMENTS



Total World Bank gross commitments at end-FY21 were $66.6b (IBRD: $30.5b, IDA: $36.1b) compared to $58.9b at end-FY20 (IBRD: $28.5b, IDA: $30.4b).

Gross commitments include operations that were approved and fully terminated/cancelled in the same FY. IDA commitments do not include Private Sector Window (PSW). Numbers are rounded to the nearest billion.

FIGURE 18. IBRD/IDA DISBURSEMENTS

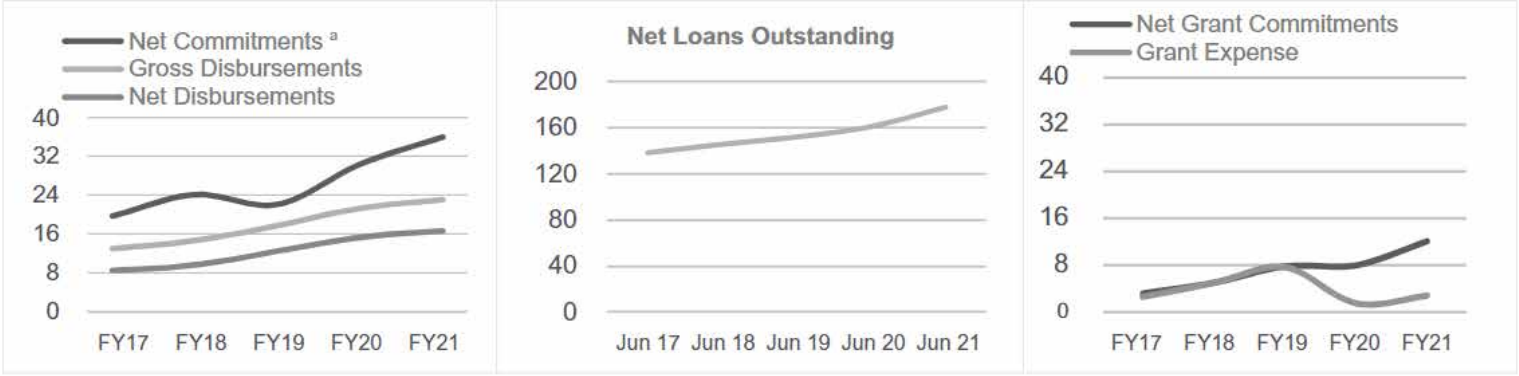


Total World Bank gross disbursements at end-FY21 were $46.6b (IBRD: $23.7b, IDA: $22.9b) compared to $41.4b at end-FY20 (IBRD: $20.2b, IDA: $21.2b).

IDA gross disbursement figures do not include PSW. Numbers are rounded to the nearest billion.

FIGURE 18. NET COMMITMENTS AND NET DISBURSEMENTS, NET LOANS, AND NET GRANTS, FY17–FY21

In billions of U.S. dollars



a. Includes loans, grants, and guarantees

IDA experienced a decrease in development grant expenses from FY19 to FY20 because of the timing of the implementation of a new accounting standard in FY20. Its net outstanding loans increased by US$16.8 illion, to US$177.8 billion and, from US$161 billion as of June 30, 2020. The increase was mainly due to US$10.2 billion in net loan disbursements and currency translation gains of US$5.9 billion, consistent with the 3.7 percent appreciation of the SDR against the U.S. dollar during the year. As of June 30, 2021, 60 percent of IDA's loans were on regular terms (75 basis points SDR equivalent service charge).

FIGURE 19. NET LOANS OUTSTANDING

IDA's guarantee exposure (measured by discounting each guaranteed amount from its next call date), was US$1,998 million as of June 30, 2021 compared with US$2,019 million on June 30, 2020. IDA had US$484 million of exposure under PSW guarantees as of June 30, 2021.

FIGURE 20. GROSS DISBURSEMENT LOANS BY REGION

In millions of U.S. dollars

	2021			2020			
For the fiscal year ended June 30,	*Loans*	*Grants[a]*	*Total*	*Loans*	*Grants[a]*	*Total*	*Variance*
Eastern and Southern Africa	$ 4,785	$3,296	$ 8,081	$ 5,524	$2,380	$ 7,904	$ 177
Western and Central Africa	4,384	1,661	6,045	4,160	1,309	5,469	576
East Asia and Pacific	1,186	111	1,297	1,470	119	1,589	(292)
Europe and Central Asia	736	144	880	282	83	365	515
Latin America and the Caribbean	369	126	495	333	133	466	29
Middle East and North Africa	70	309	379	88	63	151	228
South Asia	5,145	599	5,744	4,587	648	5,235	509
Others[b]	6	—	6	5	—	5	1
Total	**$16,681**	**$6,246**	**$22,927**	**$16,449**	**$4,735**	**$21,184**	**$1,743**

a. Excludes Project Preparation Advances (PPA).
b. Represents loans under the PSW.

Financial products and services by IDA include the assistance to countries to promote their resilience to disasters and expand the range of IDA's crisis instruments such as the Catastrophe Deferred Draw-Down Option (CAT-DDO). The CAT-DDO is a contingent credit line that provides immediate liquidity to countries in the aftermath of a catastrophe and serves as early financing while funds from other resources such as bilateral aid or reconstruction loans are being mobilized. As of June 30, 2020, the CAT-DDO disbursed and outstanding amount was US$388 million, compared to US$330 million on June 30, 2020 while the undisbursed amount of effective CAT-DDO was US$56 million, compared to US$90 million in the previous year.

FIGURE 21. NET COMMITMENTS OF LOANS AND GUARANTEES BY REGION

In millions of U.S. dollars

For the fiscal year ended June 30,	*2021*	*% of total*	*2020*	*% of total*	*Variance*
Eastern and Southern Africa	$ 7,105	30	$ 5,751	26	$ 1,354
Western and Central Africa	7,900	33	7,187	32	$ 713
East Asia and Pacific	1,003	4	2,248	10	(1,245)
Europe and Central Asia	966	4	1,084	5	(118)
Latin America and the Caribbean	622	3	748	3	(126)
Middle East and North Africa	20	*	146	1	(126)
South Asia	6,291	26	5,210	23	1,081
Total	**$23,907**	**100**	**$22,374**	**100**	**$ 1,533**
of which Guarantees	$ —		$ 25		$ (25)

* *indicates percentage less than 0.5%.*

FIGURE 22. NET COMMITMENTS OF GRANTS BY REGION

In millions of U.S. dollars

For the fiscal year ended June 30,	*2021*	*% of total*	*2020*	*% of total*	*Variance*
Eastern and Southern Africa	$ 6,984	58	$3,830	48	$3,154
Western and Central Africa	3,055	25	2,327	29	728
East Asia and Pacific	112	1	252	3	(140)
Europe and Central Asia	349	3	413	5	(64)
Latin America and the Caribbean	147	1	230	3	(83)
Middle East and North Africa	638	5	57	1	581
South Asia	836	7	882	11	(46)
Total	**$12,121**	**100**	**$7,991**	**100**	**$4,130**

IDA mobilizes external funds from third-party partners, including through Trust Funds. These resources include reimbursable funds and revenues from fee-based services to member countries which are related to Reimbursable Advisory Services and Externally Financed Outputs. In FY21 IDA earned revenue from Trust Fund administration activity of US$38 million compared to US$42 million in FY20. In FY 21, income relating to reimbursable advisory service was US$46 million, compared with US$65 million in FY20. In FY21, Externally Financed Outputs, where IDA offers donors the ability to contribute to specific projects and programs, a total of US$21 million in resources was used, compared with US$23 million in FY20.

In addition to Trust Funds, IDA disburses its resources through three financing categories, namely the Investment Project Financing (IPF), Development Policy Financing (DPF) and Program for Results (PforR) instruments. In FY21, net commitments under IPF, DPF and PforR were US$24.7 billion, US$7.0 billion, and US$4.3 billion, respectively; while net commitments for the three instruments in FY20 were US$21.8 billion, US$7.3 billion, and US$1.3 billion, respectively.

FIGURE 23. NET ANNUAL COMMITMENTS AND SHARE OF FINANCING CATEGORIES

4.2. IBRD Operations

The IBRD plays a key role in helping countries achieve better development outcomes. It contributes to the World Bank Group (WBG's) twin goals of ending extreme poverty and promoting shared prosperity. Through its loans, advisory services, and analytical support, the IBRD provides long term loans with maturities of up to 35 years to middle income and creditworthy lower-income countries. IBRD's financial resources create fiscal space and allow MICs to promote growth, create jobs, improve governance, support climate adaptation and resilience, and invest in human capital, finance infrastructural and transformational projects, and increase debt transparency. Over 60 percent of IBRD's portfolio goes to MICs, where more than 70 ercent of the world's poor people live.

In FY21, IBRD commitments supported COVID-19 related response in three operational stages: (a) Relief stage that involves emergency response to the health threat; (b) Restructuring stage that focuses on strengthening health systems, restoring human capital, and restructuring of firms and sectors; and (c) Resilient recovery stage that entails new opportunities to build a more sustainable, inclusive, and resilient future. Each operational response is categorized in four thematic pillars: (i) Saving lives; (ii) Protecting the poor and vulnerable; (iii) Ensuring sustainable business growth and job creation; and (iv) Strengthening policies, institutions, and investments for rebuilding better.

In FY21, IBRD's net commitments amounted to US$30.5 billion, equivalent to 9.1 percent increase over FY20 commitment. This increase reflected strong support IBRD provided during the COVID pandemic, including US$1.5 billion of newly approved financing for vaccines, which benefit 10 borrowing countries. Latin America and the Caribbean, followed by East Asia and Pacific, accounted for the largest share of IBRD commitments, at 31percent and 22 percent, respectively. By instruments, net commitments under (IPF) lending were US$14.5 billion, compared with US$15.0 billion in FY20, and the net commitments under Development Policy Financing (DPF), were US$10.8 billion, compared with US$10.1 billion in FY20. The IBRD lending under Program-for-Results (PforR)- were US$5.2 billion compared with US$2.9 billion in FY20.

IBRD gross disbursement in FY21 rose by 17 percent to US$23.7 billion from US$20.2 billion in FY20. Regionally, Latin America and the Caribbean Region accounted for 37 percent of the total gross disbursement while East Asia and Pacific had 19 percent. Sub-Saharan Africa, comprising Eastern and Southern Africa and Western and Central Africa, accounted for a mere 2 percent.

TABLE 3. NET COMMITMENTS BY REGION IN MILLIONS OF U.S. DOLLARS

FOR THE FISCAL YEAR ENDED JUNE 30,	2021	% OF TOTAL	2020	% OF TOTAL	VARIANCE
Eastern and Southern Africa	$ 1,525	5%	$ 1,716	6%	$ (191)
Western and Central Africa	500	2	9	*	491
East Asia and Pacific	6,753	22	4,770	17	1,983
Europe and Central Asia	4,559	15	5,699	21	(1,140)
Latin America and the Caribbean	9,464	31	6,798	24	2,666
Middle East and North Africa	3,976	13	3,419	12	557
South Asia	3,746	12	5,565	20	(1,819)
Total	**$ 30,523**	**100%**	**$ 27,976**	**100%**	**$ 2,547**

TABLE 4. GROSS DISBURSEMENTS BY REGION IN MILLIONS OF U.S. DOLLARS

FOR THE FISCAL YEAR ENDED JUNE 30,	2021	% OF TOTAL	2020	% OF TOTAL	VARIANCE
Eastern and Southern Africa	$ 325	1%	$ 932	4%	$ (607)
Western and Central Africa	132	1	155	1	(23)
East Asia and Pacific	4,439	19	4,679	23	(240)
Europe and Central Asia	3,625	15	3,100	15	525
Latin America and the Caribbean	8,741	37	5,799	29	2,942
Middle East and North Africa	2,764	12	2,415	12	349
South Asia	3,665	15	3,158	16	507
Total	**$ 23,691**	**100%**	**$ 20,238**	**100%**	**$ 3,453**

4.3. IFC Operations

During FY21, Long-Term Finance (LTF) Commitments comprising of Own Account and Core Mobilization totaled US$23.3 billion in FY21. This marked a 6 percent increase of $1.3 billion from FY20. IFC's FY21 Long-Term Finance Own Account Commitments were reported at US$12.5 billion, up from US$11.1 billion in FY20. Core Mobilization was recorded at US$10.8 billion, representing similar results to FY20.

Short-Term Finance (STF) Commitments increased by 26 percent in FY21 to reach US$8.2 billion compared to US$6.5 billion at FY20. In total, IFC had a combined delivery of LTF and STF of US$31.5 billion in FY21 marking an 11 percent increase compared to US$28.4 billion in FY20.

It is important to note that in direct response to the COVID pandemic, IFC committed US$10.8 billion in FY21, which included US$2.3 billion under its Fast-Track COVID-19 Facility in support of IFC's existing clients. Outside of the facility, IFC committed an additional US$8.5 billion to support clients in response to the COVID 19 crisis

TABLE 5. IFC COMMITMENTS (US$ BILLION)

	FY21	FY20	Change (%)
Long-Term Finance & Core Mobilization	23.3	22	6
Long-Term Finance	12.5	11.1	-11
Core Mobilization	10.8	10.8	0

Total Commitments in the SSA region increased from US$ 4.6 billion in FY20 to US$ 6.0 billion in FY21. The FY21 program in SSA was registered as the second highest behind US$6.2 billion in FY18. Financial Institutions Group (FIG)made up the largest share of investments (33 percent), followed by Infrastructure and Natural Resources (INFRA) comprising 27 percent and Manufacturing, Agribusiness and Services Group (MAS) contributing to 26 percent of the investments. As a part of the COVID 19 Response package, the IFC supported Aspen Pharmacare Holdings Limited in a €600 million package that included €200 millions of IFC's Own Account Resources. The lending was intended to help Aspen refinance existing debt, strengthen its balance sheet, and support operations, including vaccine production. The transaction marked the most prominent healthcare investment and mobilization IFC has led globally to date. Aspen is a leading

pharmaceutical company in South Africa with a critical role in producing COVID-19 treatments and vaccines in Africa. The company has secured a contract to manufacture (form and fill) COVID-19 vaccines on behalf of Johnson & Johnson.

Total Commitments in the Middle East and North Africa region (MENA) rose from US$1.0 billion in FY20 to US$1.5 billion in FY21, with commitments spread across multiple sectors. Commitments in the East Asia and Pacific (EAP) region declined marginally from US$ 4.0 billion to US$3.8 billion FY 21. Although the overall commitments declined, INFRA grew considerably, achieving its second-highest level historically. The performance was also influenced by a decline in FIG from US$1.9 billion in FY20 to US$1.4 in FY21.

Commitments in Europe and Central Asia significantly increased, reaching US$4.1 billion in FY21 compared to US$2.5 billion in FY20. This was driven by significant growth in the PPP investments, which increased from US$295 million in FY 20 to US$1.4 billion in FY 21.

Commitment in the South Asia (SA) Region and the Latin America and Caribbean (LAC) Region significantly declined in FY21. Commitments in LAC dropped from US$7.1 billion to US$5.6 billion, while commitments in the SA region reached US$2.3 billion from US$2.7 billion.

TABLE 6. COMMITMENTS (US$ BILLION)

REGION	FY21 (US$ BILLION)	FY20 (US$ BILLION)
Sub-Saharan Africa (SSA)	6.0	4.6
East Asia and Pacific (EAP)	3.8	4.0
Europe and Central Asia (ECA)	4.0	2.5
Latin America and Caribbean (LAC)	5.6	7.1
Middle East and North Africa (MENA)	1.5	1.0
South Asia Region (SAR)	2.3	2.7
World	0.12	0.17
Total	23.3	22.2

IFC DISBURSEMENTS

On its own account, IFC increased its disbursements by 9 percent, disbursing US$11.4 billion in FY21, increasing from US$ 10.5 billion in FY20. This comprised of US$9.4 billion in loans compared to US$8.5 billion in FY20, US$894 million of equity investments compared to US$ 803 million in FY20.

Disbursements in the SSA region reached US$1.9 billion compared to US$1.2 billion in FY20. EAP reached US$ 2.5 billion in FY21 from US$1.4 billion FY20 while the MENA region increased by nearly US$100 million, from US$284 million in FY20 to US$383 million in FY21. ECA increased its disbursements during FY21 to reach US$ 1.3 billion from US$794 million in FY20.SA experienced a marginal increase in their disbursements from US$1.0 billion in FY 20 to US$1.1 billion in FY21. The LAC region, however dropped from US$2.4 billion in FY20 to US$2.1 billion in FY20.

TABLE 7. OWN ACCOUNT LTF DISBURSEMENTS (US$ BILLION)

	FY21	FY20
Investment disbursements	11.4	10.5
Loans	9.4	8.5
Equity	0.89	0.80

TABLE 8. IFC OWN ACCOUNT DISBURSEMENTS (US$ BILLION)

Region	FY21 (US$ billion)	FY20 (US$ billion)
Sub-Saharan Africa (SSA)	1.9	1.2
East Asia and Pacific (EAP)	2.5	1.4
Europe and Central Asia (ECA)	1.3	0.79
Latin America and Caribbean (LAC)	2.1	2.3
Middle East and North Africa (MENA)	0.38	0.28
South Asia Region (SAR)	1.1	1.0
World	2.1	3.5
Total	**11.4**	**10.5**

PRIVATE SECTOR WINDOW

The FY21 IDA-18 and IDA-19 PSW commitments totaled US$617 million. IDA-19 PSW Board approvals in FY21 amounted to US$496 million, reaching 83 percent of the target. Thirty-four (34) percent of projects committed were in FCS and Low-Income Country-IDA. The IDA-19 PSW pipeline remains strong, at just above US$2 billion, with projects in some of the most challenging markets, such as Somalia and Sudan.

IFC ADVISORY SERVICES

Providing advice is a critical part of IFC's 3.0 strategy to create markets and mobilize private capital. Through IFC's advisory programs, IFC works with clients — including companies, financial institutions, industries, and governments — to transform ideas into increased private sector investment, green growth, inclusive job creation, and bankable projects. IFC helps establish the necessary conditions that will attract capital and sustainable investments and mobilize private capital through its Public-Private Partnership (PPP) transaction advisory work, enabling the private sector to grow. IFC works with IFC's investment clients to improve their operations and enhance development impact on local supply chains and communities.

IFC Advisory Services Portfolio totaled US$1.4 billion in FY21, marginally declining from US$ 1.5 billion in FY 20. The FY21 program expenditures totaled US$244 million compared to US$ 274 million in FY20 and focused on IFC's strategic priority areas. These include IDA eligible countries, which utilized 54 percent, support for FCV countries comprising 21 percent, and resources to address Climate Change at 24 percent, compared to 57 percent, 22 percent, and 25 percent, respectively, in FY20.

In FY21, IFC completed a risk assessment of the impact of COVID-19 on its Advisory Services portfolio. Overall, the effect has been relatively modest. Approximately 15 percent of Advisory projects required modification to the planned project structure, such as simple timeline extension, and another 5 percent required significant restructuring.

4.4. MIGA Operations

The Multilateral Investment Guarantee Agency (MIGA) has been stepping up its support to Sub-Saharan Africa to promote sustainable development across the region. In FY21, MIGA issued total guarantees worth US$5.2 billion in support of 40 projects. These projects were across 30 MIGA member countries in all six geographic regions. As of end FY21, the gross portfolio stood at US$23 billion, with a strong focus on IDA/FCS countries. Half the projects supported were either in IDA-eligible countries or Fragile and Conflict-Affected Situations (FCS), and 73 percent supported Climate Finance.

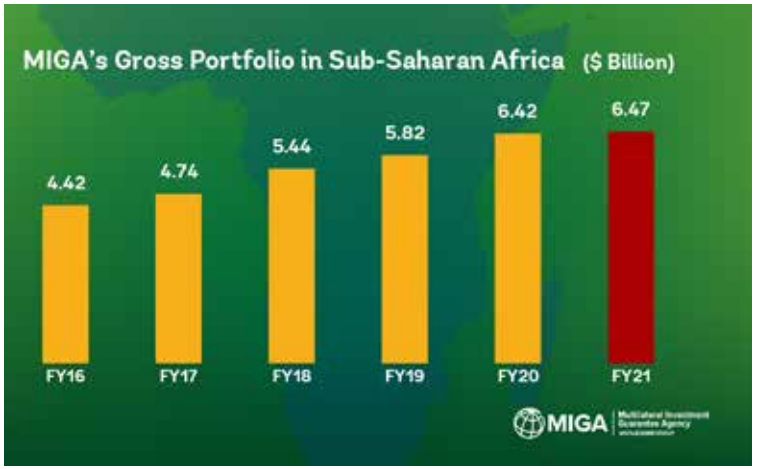
TABLE 9. GROSS ANNUAL GUARANTEE ISSUANCE FY17-21 (WITH AND WITHOUT GUARANTEES OVER US$1 BILLION)

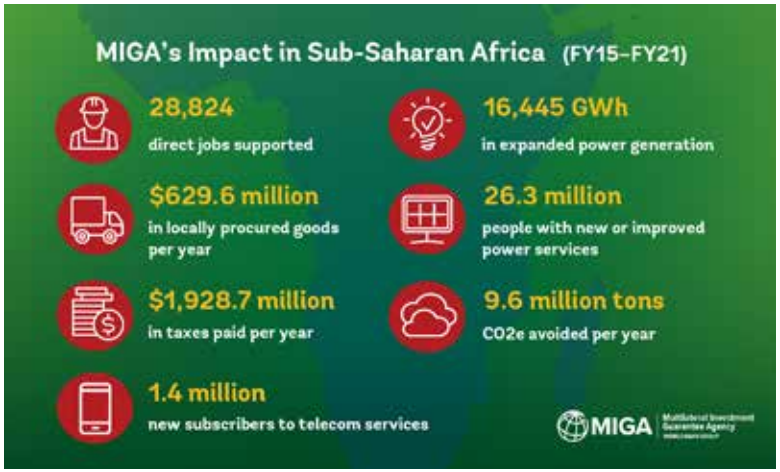
	FY17	FY18	FY19	FY20	FY21
No. of Projects Supported	4.84	5.25	5.55	3.96	5.20
Gross Issuance (US$B)	33	39	37	47	40
Gross Issuance Exc. US$1B+ projects (US$B)	4.84	3.04	2.35	3.96	5.20
Mean Average Project Size (US$M)	142	135	150	84	130
Median Average Project Size (US$M)	71	42	21	42	49

Source: World Bank Group

In FY21, MIGA supported 16 projects in the SSA region and issued guarantees for US$512.5 million, all of which supported one or more of its strategic priority areas. For example, in Sierra Leone and Liberia, the Agency issued guarantees to back the expansion of solar energy generation to power existing and future cell phone towers and improve connectivity. In Rwanda, Kenya, and DRC, MIGA supports off-grid solar technologies and helping increase access to electricity in rural areas and reduce CO2 emissions. In FY20, MIGA supported 22 projects in the SSA region by issuing guarantees for US$1.3 billion. Political Risk Insurance (PRI) guarantees issued in the region supported 14 Capital Optimization guarantees for US$732 million, the development of two solar power plants and two wind power plants in South Africa, two solar power plants in Senegal, and the expansion of a thermal power plant in Côte d'Ivoire. The Agency also issued a guarantee that is a new application of the existing Non-Honoring of Financial Obligations (NHFO) product to facilitate trade finance by a regional development bank to 22 countries in Africa.

FIGURE 24. MIGA'S GROSS PORTFOLIO AND IMPACT (FY15-21) IN SUB-SAHARA (US$ BILLION)





Source: World Bank Group

On May 27, 2021, the MIGA Board of Directors approved the Agency's third product line, Trade Finance. The product was officially launched on July 8, 2021 and is being implemented jointly with IFC. The product will support trade flows of critical goods, including food and medical equipment, in low-income and fragile countries to help them recover from the impacts of the COVID-19 pandemic. Through this initiative, IFC and MIGA will support small and medium-sized enterprise (SME) exporters and importers with trade transactions intermediated by state-owned bank partners, ultimately benefiting the private sector. The initiative will be launched under IFC's Global Trade Finance Program (GTFP), alongside which MIGA will provide a guarantee. IFC established the GTFP in 2004, and since then, has issued over US$72 billion guarantees in emerging markets that support close to 150,000 exporters and importers. The countries that this new initiative wilL include some fragile countries in Sub-Saharan Africa.

CHAPTER 5.

CONSTITUENCY ENGAGEMENTS

OVERVIEW

This Chapter provides an update on the selected engagements of the Constituency Office over the past six months. It summarizes: first, the discussions of the 21st Statutory Meeting of the Africa Group 1 Constituency; second, the progress of the re-engagement with the World Bank Group (WBG) for the three Constituency Countries; third, the activities undertaken by the Committee on Development Effectiveness (CODE) on which the Office serves as a member; and finally, proceedings of the 58th African Caucus hosted by the Republic of Burundi in Bujumbura.

5.1. Highlights of the Twenty-First Statutory Constituency Meeting

Governors of the Africa Group 1 Constituency (AfG1) held their twenty-first statutory meeting virtually on April 8, 2021, under the Chairpersonship of Honorable Selibe Mochoboroane, Minister of Development Planning and Governor for the Kingdom of Lesotho. The Executive Director updated Governors on the Constituency Office and World Bank Group (WBG) Board engagements over the previous six months. Governors were also updated on the efforts by the WBG and the Global Alliance for Vaccine Immunizations (GAVI) to ensure the availability and accessibility of COVID-19 vaccines through the COVAX Facility.

(a) Executive Director's Report to Governors

The Executive Director, Dr. Taufila Nyamadzabo, delivered his first report to the Governors. After thanking Constituency countries for appointing him as their representative to the WBG Board, the Executive Director updated the Governors on matters arising from the twentieth statutory meeting of the Constituency held in October 2020. Updates were provided on: the (i) request by governors for the Executive Director's Office (OED) to facilitate the participation of Governors in discussions around the evolving financial architecture of the Bank, emanating from the need to counter the COVID-19 pandemic; and (ii) the impact of the post-COVID debt dynamics on Sub-Saharan Africa (SSA) economies. The remaining part of the presentation focused on topics contained in the 2021 Interim Report. A brief highlight of each subject is presented below.

WBG RESPONSE TO THE COVID-19 PANDEMIC

The Executive Director drew the Governors' attention to the deepening economic and social crisis precipitated by the COVID-19 pandemic. As of the end of March 2021, total infections in Africa surpassed the three million mark, with more than 77,000 reported deaths. The pandemic also exacerbated poverty and acute food insecurity in many countries. The WBG's swift response to counter the pandemic was commended, including its US$14 billion Fast Track COVID-19 Facility (FTCF) and MIGA's US$6.5 billion COVID response program, followed by another IFC US$4 billion health package. On implementation, the WB and IFC committed US$4.2 billion and US$4.5 billion, respectively, from the FTCF up to the end of March 2021, US$2.5 billion of which went to finance long-term IFC investments in SSA projects. To support a broader economic recovery, the WBG subsequently launched a US$160 billion economic response package to be deployed until June 2021. As of the end of February 2021, half of the 22 Constituency countries accessed, through standalone operations, the Bank's COVID-19 health response facility, with a total allocation of US$506 million. Preparation for 12 more projects is underway, with a total allocation of US$430 million targeting the remaining 12 countries. The latter set of projects includes several operations focusing on vaccine financing, supported by the WB's US$12 billion vaccine finance approved in October 2020.

DEBT RELIEF UNDER THE DEBT SERVICE SUSPENSION INITIATIVE (DSSI) AND PROGRESS ON THE SUSTAINABLE DEVELOPMENT FINANCE POLICY (SDFP)

The pandemic has added more pressure on many developing countries' debt challenges contributing to the doubling of the number of low-income countries at high risk or already in external debt distress. In response to the worsening global debt situation, the G20 launched a Debt Service Suspension Initiative (DSSI) to offer temporary debt relief to eligible developing countries. Out of the 73 eligible countries, 43 have benefited from an estimated US$4.9 billion of temporary debt service suspension in 2020. The Executive Director highlighted that nine (9) countries from the Constituency participated in DSSI, with an estimated temporary debt service suspension Group 1 Constituency Newsletter 3 benefit of around one (US$1) billion between January 2021–June 2021. The Executive Director also walked the Governors through the new IDA Sustainable Development Finance Policy (SDFP). The SDFP serves as the basis for engagement between client countries and the Bank on debt issues. Several countries have already agreed on a country-level framework for medium-term engagement on debt-related reform with the Bank. Accordingly, the Bank has identified 55 client countries that require the implementation of Performance and Policy Actions (PPAs) in FY21.

IDA19 IMPLEMENTATION AND TRANSITION TO IDA20

On the implementation of IDA19 and the advancement of IDA20, the Executive Director highlighted that IDA countries' resource needs had increased significantly due to additional spending for the COVID-19 response and economic recovery. The Bank responded by frontloading IDA19 resources and raising the annual commitment target of FY21 and FY22 to US$35 billion, from a past average of US$22 billion. The clients' actual resource needs were higher than planned for FY22-FY23.

The Executive Director informed Governors that development partners broadly recognized the heightened financing needs of IDA clients, hence the need for additional IDA resources. Despite improvements in the implementation capacity of many IDA countries, however, many development partners expressed concerns about the absorptive capacity of IDA beneficiaries. It was agreed that the modality for raising additional finance would be to bring forward IDA20 by one year. The Executive Director requested the Governors to use all available channels to call for a robust IDA20 replenishment while also emphasizing to clients the criticality of improved absorptive capacity. The Executive Director informed Governors about the appointment of Dr. Denny Kalyalya, the former Governor of the Bank of Zambia, as an independent co-chair of IDA20 negotiations.

2021 STATUTORY REVIEW OF THE RULES, GUIDELINES AND PROCEDURES

Governors were further updated on the next Statutory Review of the Rules, Guidelines, and Procedures (Review) governing the Constituency. The Constituency Panel is mandated to conduct the Review every five years. The Review will be presented to Governors with recommendations for the necessary modifications to improve the effectiveness and efficiency of the Constituency Office and equity in the Constituency's representation. The Constituency Panel met on April 6, 2021 and approved the Terms of Reference (TORs) for the conduct of the 2021 Review. The TORs were approved by the Constituency Meeting, formally commencing the Review. The Panel, with the support of the Office of the Executive Director, which would provide secretarial support throughout the review process, would be expected to complete this task by October 2021.

The Review is expected to be highly consultative to provide all member countries with an equal opportunity to provide input to the process. The Panel will constitute a Technical Committee drawn from the Panel Member countries. The Technical Committee would meet between May – June 2021 to consider the Scoping Report presented by OED. The Panel would then meet in July 2021 to consider the Technical Committee's Report and provide guidance to the Report's proposals. The Panel's report would be submitted to Constituency members for consultation between August and September 2021.

MEDIUM-TERM OFFICE STRATEGY

During the meeting, the Executive Director unveiled the AfGI Constituency Medium-Term Office Strategy for the 2020–2024 period. The Strategy aims to serve two purposes: (a) to ensure continuity of the OED's work program, and (b) to enhance OED's accountability to Governors. The Strategy focuses on five broad areas, namely: i) Mobilizing Financial and Technical Resources, ii) Supporting Private Sector Development, iii) Enhancing OED Engagement with the Member States, iv) Supporting Diversity and Inclusion, and v) Advocating for Relevant Capacity Development in the Member States. Details of each strategic goal and associated strategic objectives are contained in the Strategic Plan.

As part of implementing the Strategy, the Executive Director cited the two ongoing activities: WBG's re-engagement of Constituency countries in the transition stage and increasing WBG support to Middle-Income Countries (MICs) in the Constituency.

ENHANCED ENGAGEMENT BETWEEN THE WBG AND COUNTRIES IN TRANSITION

Eritrea. Following the peace agreement between Eritrea and Ethiopia in 2018, the State of Eritrea had signaled interest in the re-engagement with International Financial Institutions, including the WBG. Although the WBG immediately started working closely with the Government of Eritrea, not much progress has been accomplished since Eritrea later signaled that need for more time for them to get ready to pursue the process at this stage. The OED is looking at ways to facilitate the process.

Sudan. The re-engagement with the Republic of Sudan reached an important milestone on March 23, 2021, when the WBG Board approved a decision to clear Sudan's arrears to IDA amounting to US$1.1 billion. This decision paved the way for Sudan to access IDA financing for its poverty reduction and economic recovery. The Republic of Sudan is now eligible to access up to US$2 billion of grants from IDA. The IDA arrears clearance also took Sudan one step closer to securing comprehensive external debt relief under the Heavily Indebted Poor Country (HIPC) Initiative. Sudan is now projected to reach HIPC Decision Point in May or June 2021.

Zimbabwe. Although the WBG re-engagement with Zimbabwe still requires a lot of work on both sides, the Government of Zimbabwe has continued to undertake substantive reform measures that will support future re-engagement discussions. Foremost among these is the work on stabilizing the economy and the exchange rate and efforts to bring down inflation. With further progress, there is a good chance for the Government to

negotiate another Staff Monitored Program (SMP) with the IMF, a key requirement for re-engagement and debt clearance under the Paris Club framework.

(b) Updates on COVID-19 Vaccines to the Africa Group 1 Constituency

The OED invited two guest speakers, the Vice President for Human Development at the World Bank, Ms. Mamta Murthi, and the Managing Director of the Global Alliance for Vaccines and Immunizations (GAVI), Ms. Marie-Ange Saraka-Yao, to address Governors on the issue of the supply, financing, and distribution of COVID-19 vaccines, during the 21st Statutory Meeting of the Africa Group 1 Constituency.

Ms. Murthi's presentation gave an overview of WBG Support for COVID-19 vaccines. She highlighted issues of acquisition and deployment, the progress of WBG Support to countries in the Constituency, the next steps to accelerate progress, key lessons on successful vaccine roll-out for Constituency countries, and long-term challenges for human capital development. She noted that the WBG offered support in vaccine purchase, data analysis, and technical guidance, institutional and health systems strengthening. She mentioned 15 countries in the constituency, namely, Ethiopia, Eswatini, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Rwanda, Seychelles, Sierra Leone, South Sudan, Somalia, Zambia, and Zimbabwe that had either received support or had vaccine projects under preparation.

The presentations further highlighted the unprecedented global crisis unleashed by the COVID-19 pandemic and underscored the robust partnership between research, the private sector, and government agencies in the emergency authorization and use of the Pfizer, Moderna, AstraZeneca, and Johnson & Johnson vaccines in the COVID-19 response. The presentations also expressed concern over the very slow roll-out of vaccines to developing countries, highlighting the challenges of nationalism and inequity in global access.

The Governors appreciated the presentations and expressed concerns about Africa's limited access to vaccines. Among other questions asked by the Governors, was the need to understand how the COVAX Framework worked and whether it recognized the bilateral approaches being pursued by countries and the risk factors associated with them. Governors also sought clarification on "the no-fault compensation framework" and emphasized the need to explain the messaging of the meaning of the framework. They further underlined the need for no country to be left behind and called for closer collaboration between Africa and its partners to ensure that a significant portion of the population in Africa is vaccinated.

Responding to the Governors, the presenters advised that it was better to be united and negotiate collectively in a constrained environment. COVAX had the advantage of pooling demand and using that aggregate to negotiate lower prices with manufacturers. On the "no-fault compensation framework", they noted that COVAX had developed a standard indemnification and liability clause and no-fault compensation fund for vaccines that would be distributed through COVAX. They further pointed out that because most developed countries were familiar with the contractual arrangements and the companies are based in their territories,

they had already acquired large quantities of vaccines bilaterally through advance commitment contracts. The complex market arrangements for these contracts put small countries at a disadvantage, hence the decision by the African Union to participate in the vaccine market negotiations.

(c) Constituency Panel Discussions

The Constituency Panel for the period 2020-2022 convened its first meeting on April 6, 2021, on the margins of the 2021 IMF/WB Spring Meetings. The Vice-Chairperson of the Constituency, the Governor for the Republic of Liberia, Honorable Samuel D. Tweah, chaired the Panel meeting in the absence of the Governor for the Kingdom of Lesotho. The Panel members who attended the meeting included: The Republic of Liberia, the Kingdom of Lesotho, the Republic of Rwanda, and the Republic of South Sudan. The Panel met to consider two substantive agenda items: i) the Terms of Reference (TOR) of the 2021 Statutory Review of the Rules, Guidelines, and Procedures; and (ii) the Constituency's first Medium-Term Strategy (2020-2024).

THE TERMS OF REFERENCE FOR THE 2021 STATUTORY REVIEW OF THE CONSTITUENCY RULES GUIDELINES AND PROCEDURES

In executing its mandate, the Constituency Panel met to define the Terms of Reference that would guide the conduct of the 2021 Statutory Review of the Rules. The Governors' approval of the TORs would formally trigger the commencement of the 2021 Statutory Review of the Rules. The Panel also approved the constitution of a technical team that would consider the scoping report of the review and present a proposal of the reviewed rules to the Panel for consideration and consultation with other members of the Constituency.

The Panel reviewed the TOR's and emphasized the need to ensure that a consultative approach was applied to the review process. The Panel noted the expectation to complete the review of the Rules and present a report to the Constituency for endorsement in October 2021. They, therefore, welcomed the constitution of the technical committee and acknowledged that this would improve the efficiency of the review process, given the tight time frame provided for the review. The Panel approved the proposed TORs as presented for the consideration and approval of the Constituency Governors.

MEDIUM-TERM OFFICE STRATEGY (2020-2024)

During its statutory meeting held in the margins of the 2019 WBG/IMF Spring Meetings, the Constituency Panel recommended that the Office of the Executive Director develop a strategic plan to guide its work program over the medium term for the period 2020-2024. The Panel noted that the Strategy was developed in the context of the WBG mission to reduce poverty and boost shared prosperity, and that was intended to enhance service delivery to the Constituency. They welcomed the Strategy as a tool to ensure that the Constituency member voices were heard across all WBG entities. They further noted that the Strategy provided a roadmap for which the Executive Director (ED) and Alternate Executive Director (AED) were expected to discharge their dual functions of advancing the interests of Constituency member countries and fulfilling their fiduciary oversight role over the WBG.

They welcomed the five key strategic goals outlined to guide the OED's work program for the next four years, which were: (1) mobilizing financial and technical resources; (2) supporting private sector development; (3) enhancing OED engagement with member states; (4) supporting diversity and inclusion; and (5) advocating for relevant capacity development in member states. The Panel welcomed the Strategy and emphasized the need to ensure that an appropriate monitoring mechanism was in place to measure progress over the four years and facilitate reporting to the Panel and Constituency Governors. The Panel approved the Strategy as presented for the consideration and approval of the Constituency Governors.

5.2. Update on the WBG Re-engagement with Constituency Countries

STATE OF ERITREA

The Constituency Office is working with the WBG Management to get Trust Fund resources to support the State of Eritrea, as it remains one of the few countries that has not received WBG support, because the authorities decided to postpone re-engagement between Eritrea and the World Bank Group in January 2020. After the State of Eritrea indicated intention to reengage with the World Bank Group in 2018, the Bank responded swiftly by fielding several high-level missions to Asmara, Eritrea between December 2018 and December 2019. In January 2019, the then Regional Vice President for Africa, World Bank Group visited Asmara and met with the President of Eritrea, who reaffirmed the Government's commitment to the reengagement process. The Executive Director, Africa Group 1 Constituency, WBG and several Bank's missions also visited Asmara to listen to the authorities' views and work closely with the Government.

The World Bank, along with the IMF, took additional steps including preparation for a Debt Sustainability Analysis (DSA), Country Engagement Note (CEN), arrears clearance options, and a bridge financing-DPO. After nearly ten years, the Fund Staff concluded the Article IV Consultations in May 2019. Despite the commitment demonstrated by the BWIs however, without explanation, the process came to a grinding halt in January 2020. As such, Eritrea has not received any COVID-19 facility or new IDA resources since 2006, and there are no active/ pipeline projects. The OED continues to follow up with the authorities and Management to support the reengagement process. The Executive Director, AfG1, WBG and his team are also discussing with Management ways in which countries with non-accrual status, including the State of Eritrea could be supported through a Trust Fund.

REPUBLIC OF SUDAN

Sudan, after thirty years of authoritarian rule and isolation from the international financial system, has made remarkable progress in recent years to recover from decades of internal conflict, address major macro-economic imbalances, advance economic recovery and inclusive growth and re-engage with the international community. The 2019 revolution led to the formation of a new transitional government entrusted with the mandate to carry out sweeping reforms to reverse decades of economic and social decline. The Government has achieved important milestones, including re-engagement with the international community, the IMF, WBG, and African Development Bank (AfDB). Most prominently, it signed a peace agreement with almost all internal armed opposition groups in October 2020, ending 17 years of conflict. Further, it achieved the removal of Sudan from the US State Sponsors of Terrorism List (SSTL), which drastically changed the international political landscape of the country.

SUDAN RE-ENGAGEMENT WITH THE INTERNATIONAL FINANCIAL INSTITUTIONS

A new relationship between Sudan and the WBG culminated in the approval of Sudan "Country Engagement Note (CEN)" on October 8, 2020, by the Board of Executive Directors of the WBG. By focusing on the country's urgent priorities, including the steps towards arrears clearance and debt relief, Sudan has been put firmly on the path of re-engagement with the international community. Following this step, Sudan continued to receive pre-arrears clearance grants (PACG), such as the COVID-19 grant, to help it mitigate the effects of the COVID-19 pandemic. It also received a PACG for the Sudan Family Support Project (SFSP), another grant for the Sudan Basic Education Support Project, provided in November 2020, which will benefit approximately six million students across the country.

These developments demonstrated the transitional Government's commitment to reforms and set the stage for the historic achievement of Sudan reaching the HIPC Decision Point. Subsequently, with the support of the World Bank, arrears to IDA were cleared on March 26, 2021, through bridge financing provided by the United States, reimbursed with the proceeds of a Development Policy Grant primarily funded from IDA's Arrears Clearance Set Aside in IDA 19. Also, arrears to the AfDB were cleared on May 12, 2021, through bridge financing provided by the Government of the United Kingdom and contributions from Sweden and Ireland. Finally, arrears to the IMF were cleared on June 29, 2021, with the assistance of bridge financing from the Government of France.

SUDAN DEBT RELIEF UNDER THE HIPC INITIATIVE

On June 26, 2021, the Executive Boards of the World Bank's IDA and the IMF determined that Sudan had taken the necessary steps to begin receiving debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Through this initiative and other debt-relief initiatives anchored to it, Sudan's external public debt will be irrevocably reduced by more than US$50 billion, representing over 90 percent of Sudan's total external debt - if it reaches the HIPC Completion Point in about three years. This crucial step will enable Sudan to expand its relationship with the international community and access necessary additional financial resources to boost its economy and improve the social conditions of its people.

DEBT RELIEF OPERATION

The Paris Club creditors also provided financing assurances for interim debt relief to Sudan. The IMF Executive Board also approved interim debt relief assistance on debt service falling due to the IMF in the period between the HIPC Decision and Completion Points. At the HIPC Completion Point, Sudan's current debt due to the IMF will be paid with the proceeds of voluntary financial contributions that have been received from over 100 IMF members, including many low-income countries. In addition, Multilateral Debt Relief Initiative (MDRI) debt relief from IDA and AfDB would cancel all remaining claims at the Completion Point.

REPUBLIC OF ZIMBABWE

Zimbabwe has been quietly going about its re-engagement process through a two-fold approach. First, the country is enacting reforms at home, including stabilizing the economy. Second, it is enlisting the advocacy of African Union Member States to call for the lifting of sanctions by the western governments, particularly the United States.

On the reforms, the country has managed to stabilize the fiscal and monetary sectors, including stabilizing the exchange rate and reducing inflation. As a result, the economy is showing signs of recovery, with country's outlook projections indicating a growth rate of 7.8 percent in 2021, rebounding from a huge contraction in the previous year. The growth is riding on the backdrop of a successful rainy season and a bumper harvest this year. The IMF, however, projects that a growth rate of 6.0 percent would be more realistic. On the monetary side, the Central Bank has reduced inflation considerably from three-digit figures

as high as 838 percent in July 2020 to two digits of 56.4 percent in July 2021. The inflation is expected to end the year at 35 percent. In addition, Zimbabwe is developing an Arrears Clearance Strategy, which will be presented to the BWIs before the end of the year.

Regarding the advocacy on lifting sanctions, several African Heads of State publicly called for lifting of the "illegal sanctions" during their official addresses to the United Nations General Assembly in September 2021. These included Presidents from the Republics of Botswana, Kenya and South Africa, , among others, who called for the immediate lifting of the sanctions hampering the country's development. In addition, the previous Chairperson of the African Union has made a similar pitch before.

5.3. Office Engagements on the Committee on Development Effectiveness (CODE)

The Office is a member of the Committee on Development Effectiveness (CODE) at the WBG Board of Executive Directors. The committee supports the Boards in assessing the development effectiveness of the WBG; providing guidance on strategic directions of each member institution of the WBG; monitoring the quality and results of the WBG operations; and overseeing or liaising on the work of the entities that are part of the WBG's Accountability Framework. The Accountability Framework comprises the Inspection Panel's work for IBRD and IDA operations, the Compliance Advisor/Ombudsman (CAO) for IFC and MIGA, and any other entities whose oversight or liaison is delegated to the Committee.

The main areas of CODE's work relate to thematic/sector strategies and operational policies, development research and knowledge management, and institutional effectiveness issues. CODE considers Management's self-evaluations, Independent Evaluation Group's (IEG's) reports and their respective responses by Management, and other relevant reports, including those prepared by external experts. CODE committed to dedicating time in 2021 to successfully implementing IFC/MIGA's CAO and WB's Accountability Mechanism reforms. The focus of CODE's agenda was on outcome orientation and operationalizing the use of knowledge, including capturing the lessons from the COVID crisis to strengthen the WBG's country approach. Among the completed and planned activities that constituted CODE's program for 2021 were the following:

OUTCOME ORIENTATION: RISK AND REWARD, LINKING TO WBG'S TWIN GOALS AND SDGS

On outcome orientation, activities included the Operation Policy 2.30 on Fragile, Conflict and the Violent States; Development Policy Loan (DPL) retrospective, Program for Results (PforR) retrospective; IFC's portfolio approach; IFC upstream, risk appetite framework; Management Action Record (MAR) and IEG's validation report (including implementation of recommendations of IEG's outcome orientation evaluation); IEG's evaluation on WB's Global Footprint Effectiveness; update on ESF and procurement framework; MIGA & IFC Environmental & Social reforms; update on Grievance Redress System (GRS) and reforms to Management Action Plans (MAPs), and reform of the project cycle. Other possible issues for discussion included lessons for IDA20 and IFC's delegation of authority and the use of frameworks or updates on private capital mobilization.

KNOWLEDGE FLOW AND FEEDBACK LOOPS (AND SECTORAL STRATEGIES, MATRIX)

The key issue considered under this topic was how knowledge could be applied to work for development and ongoing and planned activities. These include Knowledge Management Framework; Gender Strategy Mid-Term Review; Doing Business Review and IEG's evaluations on Crisis Response; Digital Transformation; Jobs and Economic Transformation (JET); Public Finance for Development; Global Value Chains; WB Engagement in Situations of Conflict; and Financial Inclusion.

COVID RESPONSE: LESSONS LEARNED FOR COUNTRY APPROACHES TO BUILDING BACK BETTER

Under this topic, the Committee evaluated what building back better means and what lessons could be learned from the COVID-19 crisis to be better prepared for the next crisis. CODE would also consider developing a Middle-Income Countries Strategy to complement the strategies the WBG has for IDA and FCV. Other activities include IEG's Approach Papers on COVID-19 Support to address socioeconomic consequences; COVID-19 Support to protect Human Capital; and Financial Inclusion. This set of activities also included two IEG evaluations on solid waste management and natural resources degradation.

INDEPENDENT ACCOUNTABILITY MECHANISMS

Activities under this topic included designing the verification criteria framework for the Inspection Panel (IPN) based on the broad principles set out in the CODE and Board papers. It also consisted of implementing the CAO external review recommendations, including developing the CAO Policy and transferring CAO's reporting line, IEG's external review, and external budget review.

5.4. Update on the 58th African Caucus Meeting

INTRODUCTION

Preparations for the 2021African Caucus began in earnest in December 2020, with the host country, Burundi, selecting the "Digitalization for Inclusive Recovery and Sustainable Growth" as its theme. Two events have been held to date: i) the 2021 African Consultative Group Meeting, traditionally held to review progress on the last Memorandum of the Caucus, and ii) the African Caucus Meeting, traditionally hosted by the chairing country, in this case, Burundi.

THE 2021 AFRICAN CONSULTATIVE GROUP MEETING

The 2021 African Consultative Group Meeting (ACG) with the President of the WBG was held on April 1, 2021, on the margins of the 2021 IMF/WBG Spring Meetings. The meeting was chaired by the Minister of Finance, Budget, and Economic Development Cooperation, and WBG Governor for Burundi, Honorable Dr. Domitien Ndihokubwayo.

The 2021 ACG discussed several key issues raised by the governors in the 2020 Memorandum, among others. The meeting focused on the impact of the COVID-19 pandemic, which had reversed Africa's development progress of recent years, hampered the region's growth prospects, and eroded the gains made in poverty reduction, education, health, and other social indicators. The risks posed by the pandemic underscored the need to curb the spread of the virus, build back economies, and for the WBG to enhance its cooperation with African governments to accelerate development in the region.

Governors wanted to understand the Bank's work on strengthening domestic resources mobilization, public investment management, and curbing illicit financial flows to help create fiscal space. They requested the WBG to support Africa Governments' efforts to strengthen macro-economic management, improve fiscal transparency, and enhance public financial management (PFM). The Governors also emphasized the importance of efficient and effective utilization of resources provided to African countries. They called on the Bank to ensure that all client countries, including the low-Income Countries, the Small States, and non-accrual states, are provided with the much-needed critical resources to help them cope with the pandemic. On diversity and inclusion, Governors requested the President to address issues raised in the racial discrimination survey and consider increasing the representation of Sub-Saharan African and Caribbean nationals in the Bank beyond 12.5 percent and increase SSA mid-level managers and African women across all grades in the Bank. Governors recommended the expansion and sustained Bank support in the private sector to enable domestic production of medical equipment, address the rapidly growing food insecurity, support African countries in accelerating the expansion of existing social programs, and advancing the delivery of the strategy preparedness response program utilizing the MPA. They requested the flexible and expeditious distribution of resources under the IDA refugee and community window to contain the spread of COVID-19 in refugee camps and supporting the expansion of Internet connectivity infrastructure and digitalization in Africa.

In response, the President of the WBG, Mr. David Malpass, assured Governors of the continued collaboration among global institutions and the International Financial Institutions, including the IMF, to implement a common framework in combating the COVID-19 crisis. In 2020, the Bank had increased IBRD and IDA lending by 65 percent. Further, the Bank committed US$24 billion to the African Continent and worked closely with all the relevant organizations, particularly the Health Ministries in African countries, to assess the readiness to deploy and deliver the vaccines. The IFC acknowledged the challenges faced by the African continent and informed Governors that, through the IFC 3.0 strategy, was strengthening the Bank's position and presence in FCV countries in Africa. IFC was also working on representation in more than 30 countries in Africa and would open nine new offices in 2022. MIGA informed the Governors that they had about US$7 billion guarantees across Africa, with US$2 billion earmarked for regional guarantees, reflecting more increased transactions within the region. The Bank emphasized investing in infrastructure, working on digital connectivity, and reaching universal access to the energy necessary for job creation.

THE 2021 AFRICAN CAUCUS MEETING IN BUJUMBURA, BURUNDI

The 2021 African Caucus Meeting for African Governors was held from August 3–6, 2021, in Bujumbura, Burundi, in a hybrid format and chaired by the Minister of Finance, Budget, and Economic Development Cooperation of Burundi, Honorable Dr. Domitien Ndihokubwayo. It was held under the theme "Digitalization for Inclusive Recovery and Sustainable Growth."

During the Meetings, Governors discussed the following topics:

a) Mobilizing Resources for Digital Infrastructure;

b) Enhancing Africa's Capacity to Harness Potentials of Digitalization; and

c) Digital Financial Service and Digital Money – Opportunities, Risks, and Safeguards to Enhance Adaptation

a) Mobilizing Resources for Digital Infrastructure

Governors noted that rapid and substantial investments are required to fast-track adjustment, transition, and adaptation to the digital economy. Against this backdrop, they asked the Bretton Woods Institutions for additional support mobilizing resources, including through (i) public financing, (ii) private sector capital, and (iii) debt reduction to fund digital infrastructure. They also noted the Bank's initiatives like tax administration diagnostics and analytical work, which has resulted in improved tax collection tax systems in some countries.

Governors acknowledged other Bank's major frameworks, including Billions to Trillions, the Cascade Approach, and Maximizing Finance for Development (MFD). They urged the Bank to intensify efforts to mobilize substantial private savings from global institutional investors while embedding de-risking as the key avenue for private investment. They further called upon the IFC and the MIGA to help de-risk digital infrastructure investments using various financing instruments that are most commercially attractive to private investors, including blended finance, Digital Infrastructure Asset Class, and Public-Private Partnerships.

Governors noted the bold initiatives and swift action taken by the BWIs to tackle debt vulnerabilities within the Common Framework for Debt Treatments agreed by the G-20 and the Paris Club. They called for the swift decision and implementation of a general allocation of IMF's Special Drawing Rights (SDRs), unprecedented by its size (US$650 billion), which is expected to increase the reserve assets of African countries by US$33 billion. In addition, governors called for more flexibility on debt and deficit ceilings where appropriate. Furthermore, they urged the IMF to support voluntary sovereign-debt buybacks and debt service suspension of principal and interest payments. They also encouraged IMF to establish a debt-for-digital infrastructure swap and create and operate a Digital Infrastructure Fund for Africa (DIFA), where annual payments from African countries' external debt could be swapped.

b) Enhancing Africa's Capacity to Harness Potentials of Digitalization

Governors agreed that deliberate policy actions were necessary to maximize benefits and mitigate potential risks. They noted the importance of boosting human capital in African countries to enable broader participation of all population segments in the digital economy. Governors urged the WBG and the IMF to provide advisory and financial services that would capacitate African countries to undertake policy reforms to create an enabling policy, legal and regulatory environment.

They also implored the BWIs to support African countries with specific programs that promote the development and upscaling of digital solutions, protect intellectual property rights and personal data, and develop early warning systems capable of detecting potential cyber risks. Governors asked the BWIs to leverage the African Continental Free Trade Area (AfCFTA) and other regional trading blocks to help African countries harmonize their policies, legislations, and regulations to develop a secured Digital Single Market in Africa. They further requested the Bank to intensify its efforts in assisting African economies to address the digital divide by supporting digital literacy as part of its human capital programs.

c) Mitigating digital and Central Bank Digital Currency (CBDC) risks ensuring safety, trust, financial integrity, and safeguards

Governors noted the crucial role of the BWIs to support the membership in leveraging the digital transformation while mitigating potential downside risks. Further, they suggested that policy support and design need to be attuned to local systems and aligned to relevant legislation. This would safeguard the financial sector against significant downside risks when there is increased advocacy to deploy Central Bank Digital Currencies.

Governors called on the BWIs to develop a regional digital work program for Sub-Saharan Africa (SSA), assess the cyberthreat landscape, and develop cybersecurity regulations and protocols. They also requested the BWIs to support the SSA governments' efforts to tackle cybersecurity by partnering with member countries to prepare for the deployment of Central Bank Digital Currencies (CBDCs).

Governors affirmed their commitment to continue leveraging the expertise of the BWIs in amending their respective legal and regulatory frameworks and stepping up supervisory practices as they embrace the concept of digitalization as an innovative tool in the deployment of critical public goods and services. Governors also asked the BWIs to note the importance of investing in broadband internet connectivity to ensure universal access to affordable, high-quality, and high-speed internet collaboration to help address this issue for SSA.

The deliberations of these sessions provided inputs to the draft 2021 Memorandum, which will be finalized and submitted to the Managing Director of the IMF and the President of the WBG during the 2021 IMF/WBG Annual Meetings to be held in October 2021. Governors approved and issued the Bujumbura Declaration, affirming their commitment to continue working closely with the BWIs to prevent a divergent recovery and reversal of hard-won development gains while accelerating a green, resilient, and inclusive recovery. They also thanked and commended the IMF and the WBG for providing rapid financing on an unprecedented scale to help tackle the pandemic, as well as the extension of the debt moratoria that unlocked additional fiscal resources and bolstered ongoing efforts to contain the COVID-19 pandemic.

Executive Director Taufila Nyamadzabo Constituency Country Visits

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1. [Tanzania] Executive Director with Hon. Dr. Mwigulu Nchemba, Minister of Finance and Planning and Governor of the WBG for Tanzania; Mr. Emmanuel Tutuba (left), Alternate Governor for Tanzania; and Dr. Zarau Kibwe(right), Senior Advisor to the Executive Director.
2. [Rwanda] Executive Director with Rt. Hon Dr. Edouard Ngirente, Prime Minister of Rwanda; Hon. Uzziel Ndagijimana, Minister of Finance and Economic Planning, and Governor of the WBG for Rwanda; and Mr. Allan Ncube, Senior Advisor to the Executive Director.
3. [Burundi] Executive Director with Hon. Dr. Domitien Ndihokubwayo, Minister of Finance, Budget and Economic Cooperation and Governor of the WBG for Burundi; Dr. Floribet Ngaruko, Alternate Executive Director; Dr. Zarau Kibwe, Senior Advisor to the Executive Director; Mr. Mohammed Ahmed, Senior Executive Assistant; and Ms. Erica Nikuze, Program Assistant.

4 H.E. General Évariste Ndayishimiye [with grey suit, front row] and delegates of the 58th African Caucus held in Bujumbura, Burundi.

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5. [Botswana] From Left: Ms. Semakaleng Rabuti, Chief Economist; Mr. Olefile Masimega, Secretary- Development and Budget; Dr. Keith Jefferies, Senior Policy Advisor; Ms. Peggy O. Serame, Governor of the World Bank and Minister of Finance and Economic Development; Executive Director Dr. Taufila Nyamadzabo and Mr. Kelapile Ndobano, Secretary – Economic and Financial Policy.
6. [Zimbabwe] Executive Director [left] with Hon. Prof. Mthuli Ncube, Minister of Finance and Economic Development, and Governor of the WBG for Zimbabwe.
7. [Malawi] Executive Director with the Hon. Felix Mlusu, Governor of the WBG for Malawi and Minister of Finance.

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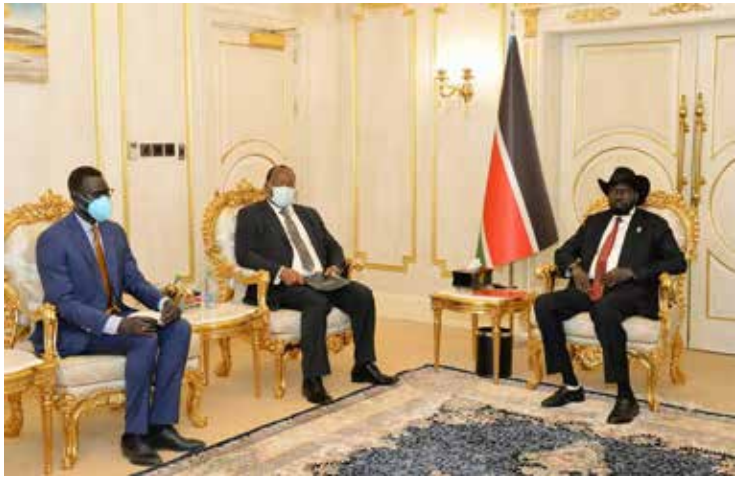

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8. [Sudan] Executive Director with H.E. Dr. Abdulla Hamdok, Prime Minister of Sudan; Hon. Dr. Gibril Ibrahim, Minister of Economy and National Economy, and Governor of the WBG for Sudan; Dr. Azhari Elamin, Advisor to the Executive Director; and Mr. Mohamed Ahmed, Senior Executive Assistant.
9. [South Sudan] Executive Director (centre) with H.E. Salva Kiir Mayardit (right), President of South Sudan; and Mr. Abraham Akoi, Advisor to the Executive Director.
10. [Seychelles] Executive Director with H.E. Wavel Ramkalawan, President of Seychelles; Hon. Caroline Abel (right), Governor of the Central Bank of Seychelles, and Dr. Azhari Elamin (left), Advisor to the Executive Director.
11. [Kenya] Executive Director with Hon. (Amb.) Ukur Yatan (third from left), Cabinet Secretary of the National Treasury and Planning and Governor of the WBG for Kenya; Dr. Julius Muia (left), Principal Secretary, National Treasury and Planning; and Ms. Naomi Rono (right), Senior Advisor to the Executive Director.

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31 Op cit.
32 World Bank projections.
33 Burundi, Ethiopia, Eritrea, Liberia, Mozambique, Somalia, South Sudan, Sudan, The Gambia, and Zimbabwe

ANNEX 1. ROTATION SCHEDULE 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 (SWAZILAND)
2044	ESWATINI (SWAZILAND)	TANZANIA
2046	TANZANIA	UGANDA
2048	UGANDA	ZAMBIA
2050	ZAMBIA	ZIMBABWE
2052	ZIMBABWE	BOTSWANA

NOTES.

* Eritrea declined to serve as Chair in 2014

NOTES/ IMPLEMENTATION GUIDE/POLICY FOR ROTATION SCHEDULE I:

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

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ANNEX. 2 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 (SWAZILAND)	LIBERIA
2014	ERITREA *	ETHIOPIA	LESOTHO	ZAMBIA	SOUTH SUDAN
2016	ETHIOPIA	GAMBIA, THE	NAMIBIA	ZIMBABWE	SUDAN
2018	GAMBIA, THE	KENYA	MOZAMBIQUE	MALAWI	TANZANIA
2020	KENYA	LESOTHO	ESWATINI (SWAZILAND)	BOTSWANA	ETHIOPIA
2022	LESOTHO	LIBERIA	RWANDA	BURUNDI	SOUTH SUDAN
2024	LIBERIA	MALAWI	MOZAMBIQUE	ETHIOPIA	ZAMBIA
2026	MALAWI	MOZAMBIQUE	GAMBIA, THE	UGANDA	KENYA
2028	MOZAMBIQUE	NAMIBIA	ETHIOPIA	SOMALIA	ERITREA
2030	NAMIBIA	RWANDA	BOTSWANA	SOUTH SUDAN	LIBERIA
2032	RWANDA	SEYCHELLES	LESOTHO	UGANDA	TANZANIA
2034	SEYCHELLES	SIERRA LEONE	SUDAN	ZIMBABWE	LIBERIA
2036	SIERRA LEONE	SOMALIA	KENYA	BOTSWANA	MALAWI
2038	SOMALIA	SOUTH SUDAN	ESWATINI (SWAZILAND)	ZAMBIA	BOTSWANA
2040	SOUTH SUDAN	SUDAN	LIBERIA	MALAWI	BURUNDI
2042	SUDAN	ESWATINI (SWAZILAND)	SOMALIA	SIERRA LEONE	LESOTHO
2044	ESWATINI (SWAZILAND)	TANZANIA	UGANDA	ERITREA	NAMIBIA
2046	TANZANIA	UGANDA	ZAMBIA	SEYCHELLES	BOTSWANA
2048	UGANDA	ZAMBIA	ZIMBABWE	KENYA	GAMBIA, THE
2050	ZAMBIA	ZIMBABWE	UGANDA	BURUNDI	LIBERIA
2052	ZIMBABWE	BOTSWANA	LIBERIA	SUDAN	RWANDA

• Eritrea declined to serve as Chair in 2014

NOTES/ IMPLEMENTATION GUIDE/POLICY FOR ROTATION SCHEDULE II:

1 .Every country is given turn for chairmanship in alphabetical order from A to Z

2. Avoids duplication with IMF Rotation - Governors not serving on the IMF constituency Panel are given preference

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

ANNEX 3. 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 (SWAZILAND)	LESOTHO	RWANDA	BURUNDI	LIBERIA
2018	ESWATINI (SWAZILAND)	SOUTH SUDAN	SIERRA LEONE	SOMALIA	LESOTHO	UGANDA
2020	SOUTH SUDAN	SUDAN	NAMIBIA	ZIMBABWE	GAMBIA, THE	BURUNDI
2022	SUDAN	SOMALIA	KENYA	ZAMBIA	ESWATINI (SWAZILAND)	SIERRA LEONE
2024	SOMALIA	SIERRA LEONE	ZIMBABWE	LESOTHO	NAMIBIA	GAMBIA, THE
2026	SIERRA LEONE	SEYCHELLES	ESWATINI (SWAZILAND)	ETHIOPIA	BOTSWANA	TANZANIA
2028	SEYCHELLES	RWANDA	SUDAN	TANZANIA	ZIMBABWE	ESWATINI (SWAZILAND)
2030	RWANDA	NAMIBIA	KENYA	SUDAN	ZAMBIA	SIERRA LEONE
2032	NAMIBIA	MALAWI	BURUNDI	KENYA	SIERRALEONE	SOUTH SUDAN
2034	MALAWI	MOZAMBIQUE	TANZANIA	GAMBIA	ETHIOPIA	BURUNDI
2036	MOZAMBIQUE	LIBERIA	LESOTHO	ZAMBIA	ERITREA	SEYCHELLES
2038	LIBERIA	LESOTHO	GAMBIA, THE	MALAWI	NAMIBIA	RWANDA
2040	LESOTHO	KENYA	MOZAMBIQUE	ZAMBIA	ZIMBABWE	UGANDA
2042	KENYA	GAMBIA, THE	BOTSWANA	NAMIBIA	ETHIOPIA	RWANDA
2044	GAMBIA, THE	ETHIOPIA	ZAMBIA	ZIMBABWE	LIBERIA	MALAWI
2046	ETHIOPIA	BURUNDI	SIERRA LEONE	LIBERIA	LESOTHO	SOUTH SUDAN
2048	BURUNDI	ERITREA	LIBERIA	SOMALIA	ESWATINI (SWAZILAND)	NAMIBIA
2050	ERITREA	BOTSWANA	KENYA	SIERRA LEONE	SEYCHELLES	RWANDA
2052	BOTSWANA	GAMBIA, THE	SIERRA LEONE	KENYA	ETHIOPIA	MOZAMBIQUE

NOTES.

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

ANNEX. 4. 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 (SWAZILAND)
2028	ESWATINI (SWAZILAND)	ETHIOPIA
2030	ETHIOPIA	SOUTH SUDAN
2032	SOUTH SUDAN	SOMALIA
2034	SOMALIA	GAMBIA, THE
2036	GAMBIA, THE	SIERRA LEONE
2038	SIERRA LEONE	KENYA
2040	KENYA	RWANDA
2042	RWANDA	NAMIBIA
2044	NAMIBIA	LESOTHO
2046	LESOTHO	MOZAMBIQUE
2048	MOZAMBIQUE	LIBERIA
2050	LIBERIA	MALAWI
2052	MALAWI	

*Botswana and Uganda switched turns in 2016–2018

NOTES/IMPLEMENTATION GUIDE/POLICY

1. Sudan and Zambia special dispensation to serve their turn under rotation system of the erstwhile Africa Group I consistency
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
4. This schedule avoids duplication with IMF Rotation for EDs and AEDs
5. A country could decide to pass its turn, for any reason
6. A country could decide to switch turn with another country closely in line on the rotation table
7. Except where a country agrees to switch its turn with another country next in line on the rotation table, any country that declines to serve in the allotted year shall be deemed to forego its turn in the first round of implementation of Rotation Schedule IV

ANNEX 5. ROTATION SCHEDULE FOR IDA BORROWERS' REPRESENTATIVES

REPRESENTATIVE COUNTRY	IDA CYCLE	SERVICE YEARS (3 YEAR TERM)
Zambia	IDA 17, 18	2015–2019
Tanzania	IDA 18, 19	2018–2020
Sierra Leone	IDA 19	2019–2021
Ethiopia	IDA 19	2019–2021
Burundi	IDA 20	2022–2024
Eritrea	IDA 20	2022–2024
Gambia, The	IDA 21	2025–2027
Lesotho	IDA 21	2025–2027
Liberia	IDA 21	2025–2027
Mozambique	IDA 22	2028–2030
Rwanda	IDA 22	2028–2030
Somalia	IDA 23	2031–2033
South Sudan	IDA 23	2031–2033
Sudan	IDA 23	2031–2033
Zimbabwe	IDA 24	2034–2036
Uganda	IDA 24	2034–2036
Kenya	IDA 25	2037–2038
Malawi	IDA 25	2037–2038
Zambia	IDA 25	2037–2038

NOTES. IMPLEMENTATION GUIDE/POLICY

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

Africa Group 1 Constituency Team

EXECUTIVE DIRECTOR

Taufila Nyamadzabo
Executive Director
Botswana

ALTERNATE EXECUTIVE DIRECTOR

Floribert Ngaruko
Alternate Executive Director
Burundi

SENIOR ADVISORS TO EXECUTIVE DIRECTOR

Allan Ncube
Senior Advisor
Zimbabwe

Zarau Wendeline Kibwe
Senior Advisor
Tanzania

Fisseha Aberra Kidane
Senior Advisor
Ethiopia

Naomi Rono
Senior Advisor
Kenya

Lonkhululeko Magagula
Senior Advisor
Eswatini

ADVISORS TO EXECUTIVE DIRECTOR

Lamin Bojang
Advisor
The Gambia

Kuena Diaho
Advisor
Lesotho

Abraham Akoi
Advisor
South Sudan

Azhari Elamin
Advisor
Sudan

Ndapiwa Segole
Advisor
Botswana

ADMINISTRATIVE STAFF

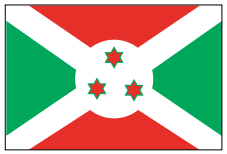
Mohammed Ahmed
Senior Executive Assistant
Sudan

Lozi Sapele
Program Assistant
Zambia

Petronella Makoni
Program Assistant
Zimbabwe

Erica Nkuze
Program Assistant
Burundi


Botswana


Burundi


Eritrea

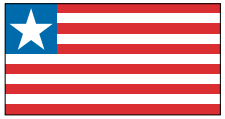

Eswatini


Ethiopia


The Gambia


Kenya


Lesotho


Liberia


Malawi

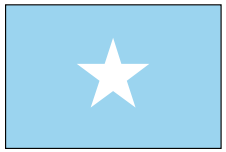

Mozambique


Namibia


Rwanda


Seychelles


Sierra Leone

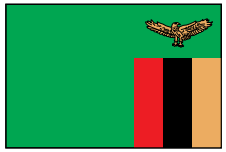

Somalia


South Sudan


Sudan


Tanzania


Uganda


Zambia


Zimbabwe

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AFRICA GROUP 1 CONSTITUENCY

BOTSWANA · BURUNDI · ERITREA · ESWATINI · ETHIOPIA · THE GAMBIA · KENYA · LESOTHO · LIBERIA · MALAWI · MOZAMBIQUE · NAMIBIA · RWANDA · SEYCHELLES · SIERRA LEONE · SOMALIA · SOUTH SUDAN · SUDAN · TANZANIA · UGANDA · ZAMBIA · ZIMBABWE

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