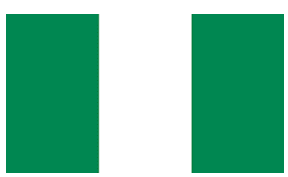
Angola, Nigeria, South Africa Constituency

Annual Report 2016

October 2016



Ana Dias Lourenco

Executive Director

The World Bank

TABLE OF CONTENTS

Office of the Executive Director ... 5

FOREWORD BY THE EXECUTIVE DIRECTOR ... 6

EXECUTIVE SUMMARY ... 8

CHAPTER 1 GLOBAL ECONOMIC PROSPECTS ... 12

1.1 Overview ... 12

1.2 Performance of Regions ... 12

CHAPTER 2 OPERATIONS AND FINANCIAL INDICATORS ... 16

2.1 IBRD ... 16

2.2 IDA ... 19

2.3 IFC ... 22

2.4 MIGA ... 24

World Bank Group Performance ... 25

2.5 World Bank Group Corporate Scorecard ... 25

CHAPTER 3 WORLD BANK GROUP POLICIES AND PROGRAMS ... 27

3.1 The Forward Look ... 27

3.2 The Dynamic Formula ... 31

3.3 The IDA 18 Replenishment ... 34

3.4 World Bank Group Strategies ... 37

3.5 Implementation Update on the New Procurement Framework of the World Bank ... 44

3.6 World Bank Safeguard Policies: Environmental and Social Framework ... 45

3.7 Human Resources –Update ... 46

CHAPTER 4 WORLD BANK GROUP FLAGSHIP REPORTS ... 50

4.1 World Development Report 2016: Digital Dividends ... 50

4.2 Global Monitoring Report: Development Goals in an Era of Demographic Change ... 52

4.3 Poverty and Shared Prosperity Report 2016 ... 53

4.4 Update on the 2017 Doing Business Report – Sub-Sahara Africa Regional Perspective ... 57

CHAPTER 5 AFRICA REGIONAL UPDATES AND CONSTITUENCY COUNTRIES' PROJECTS AND PROGRAMS ... 60

5.1 Angola ... 60

5.2 Nigeria ... 64

5.3 South Africa ... 68

CHAPTER 6 RECENT MEETINGS AND EVENTS ... 71

6.1 The 2016 Spring Meetings of the IMF/WBG ... 71

6.2 2016 African Caucus Meetings ... 72

6.3 Update on the World Bank Group and the United Nations Collaboration on SDGs ... 74

CHAPTER 7 GOVERNANCE AND ADMINISTRATIVE MATTERS ... 76

7.1 IBRD Capital Structure and voting power ... 76

7.2 Update on the Voice Secondment Program ... 77

7.3 Changes in the Senior Management Team ... 78

FAREWELLS ... 79

ANNEXES ... 80

ANNEX I IDA 17 GRANT (DONOR) COUNTRIES, THEIR GNI PER CAP AND THEIR CONTRIBUTIONS ... 80

ANNEX II IDA17 ELIGIBLE COUNTRIES ... 82

ANNEX III SUMMARY OF ENVIRONMENTAL AND SOCIAL STANDARDS ... 83

ANNEX IV KEY CHANGES IN THE WORLD BANK NEW PROCUREMENT FRAMEWORK ... 85

ANNEX V UPCOMING MEETINGS ... 92

ANNEX VI DEVELOPMENT COMMITTEE COMMUNIQUE ... 93

ANNEX VII DEVELOPMENT COMMITTEE MEMBER STATEMENT ... 96

ANNEX VIII DEVELOPMENT COMMITTEE COMMUNIQUE ... 100

ANNEX IX DEVELOPMENT COMMITTEE MEMBER STATEMENT ... 103

ANNEX X INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS AND DEVELOPMENT G-24 COMMUNIQUÉ ... 107

Office of the Executive Director
Angola, Nigeria, South Africa Constituency

Ana Dias Lourenço
Executive Director
Angola

Bongi Kunene
Alternate Executive Director
South Africa

Aliyu Ahmed
Senior Advisor
Nigeria

Cleo Rose-Innes
Senior Advisor
South Africa

Fidel Odey
Advisor
Nigeria

Pebetse Maleka
Advisor
South Africa

Mario Caetano Joao
Advisor
Angola

Siphiwe Dube
Sr. Executive Assistant
South Africa

Nkem Okorie
Program Assistant
Nigeria

FOREWORD BY THE EXECUTIVE DIRECTOR

I am delighted to welcome Ministers to this meeting holding at the margins of the Annual Meetings of the International Monetary Fund (IMF) and the World Bank Group in Washington DC, USA.

I also take this opportunity to present the Annual Report for FY 2016 for the Angola, Nigeria and South Africa Constituency at the World Bank. As mandated by Governors in their previous meeting, this is a full report as distinct from the spring edition which is an abridged version. The Report contains summaries and highlights of the global economy which is reported to have weakened and its impact on the various regions of the world including Sub-Saharan Africa and especially on commodity exporting countries.

During the FY 16, the overall performance of the World Bank Group was satisfactory as reflected in the Group's Corporate Scorecard and the separate scorecards of the individual institutions. In FY16, IBRD made $30 billion of commitments in this past FY, which were the largest annual increase in 15 years. While IDA commitments reached $16.2 billion during FY16. It is noteworthy that Latin America and Caribbean Region (LAC) and Europe and Central Asia received the largest share of lending in IBRD, while Sub-Saharan Africa received the largest share of IDA lending.

It is noteworthy to state here that the increase levels of lending has implications for IBRD Exposure and Financial Risk Management. IBRD currently projects to have the capacity to lend US$20bn per annum on average over FY16-25 under current forward interest rates. Without any remedial measures, after delivering a near-term lending plan of US$24bn – US$32bn per annum for FY16-18, IBRD would only have the capacity to lend between US$15bn to US$18bn between FY19-FY25. This has been the focus of the conversation between the Executive Board of the WBG and Senior Management and will also be the thrust of Governors' discussion on the 'Forward Look' and the 'Dynamic Formula' in the Development Committee meeting.

The Report also highlights the main elements of the on-going IDA 18 Replenishment Meeting with the theme 'Towards 2030: Investing in Growth, Resilience and Opportunity' and six other special themes. Three of the six themes namely*:* Gender, Climate and Fragility Conflict and Violence were carried over from the previous period. While the rest, i.e. Jobs, Governance, and the role of the private sector are new. The level of the IDA18 replenishment will be a very major announcement by the World Bank in December. It will position the World Bank strongly as the foremost development finance institution.

The Report also documents major events; updates of World Bank Group strategies and policies; like the new World Bank Safeguard Policies, i.e. The Environmental and Social Framework (ESF) which replaced the current safeguard policies in the Bank Investment Project Financing. This was approved by the Executive Board on August 4, 2016. Governors may wish to know that together with the Procurement Policy approved in July 2015 by the Board, this is the first major overhaul of both the procurement and safeguard policies in about two decades. The new Environmental and Social Framework (ESF) advances the current requirements to much higher standards as an expression of the World Bank's commitment to sustainable development.

The Report also presents the status of our countries' portfolios and programs with the World Bank Group as at June 30, 2016. In terms of our relationship with the WBG, the mid-term review of the Country Partnership Strategy (CPS) now referred to Performance and Learning Review (PLR) for Nigeria was discussed at the full Executive Board on September 22, 2016.

The Report also highlights some selected administrative matters for information of Governors. These include the participation of the constituency in a number of important meetings. The report also provides details of changes in Management in the course of the year. In particular, it is also noteworthy to inform Governors that the Executive Board of the World Bank approved the re-election of President Jim Kim for a second term of five years on September 27, 2016. He is expected to commence his second term on July 1, 2017.

I hope Governors will find this report useful for their deliberations at the 2016 Annual Meetings and beyond.

Lastly, I would like to thank the Governors for the strong support that I have received from them during my tenure as the Executive Director of this young and dynamic constituency. I would also like to use this opportunity to acknowledge with thanks the strong support and collaboration I have received from the Alternate Executive Director- Ms. Bongi Kunene who will soon assume her position as the new Executive Director- effective, November 1, 2016. I believe that she will take the Constituency to the next level. My profound appreciation and thanks also goes to the entire team in the Constituency office for their continuing hard work, dedication, support and cooperation to the service of the Constituency.

Sincerely,

Ana Dias Lourenço

Executive Director for Angola, Nigeria and South Africa

October, 2016

EXECUTIVE SUMMARY

Growth prospects have weakened in the global economy with a forecast by Development Economics (DEC) Group of the World Bank of global growth for 2016 at 2.4 percent, 0.5 percentage point below their January forecast. This is the fifth consecutive year where global GDP is below its long-term average of 3.7 percent (1990-2007). In particular, significant divergences persist between commodity exporters struggling to adjust to depressed prices and commodity importers showing continued resilience. However, forecast indicates that global growth will pick up to 3 percent by 2018, as stabilizing commodity prices provide support to commodity exporting EMDEs. Meanwhile, downside risks have become more pronounced.

Growth in Sub-Sahara Africa is projected to slow down in 2016, to 2.5 percent, revised from an estimated 3.0 percent in 2015. The forecast is 1.7 percentage points lower than the January 2016 projections. Low commodity prices, tightening global financial conditions, and drought in parts of the region will continue to weigh on growth this year.

The challenging global economic prospects faced by many borrower countries has led to increased demand for support from the IBRD. In FY16, IBRD has made $29.7 billion of commitments in this past FY, which were the largest annual increase in 15 years. While IDA commitments reached 16.2 billion during FY16. Overall, performance of the World Bank Group was satisfactory as reflected in the Groups' Corporate Scorecard and the separate scorecards of the individual institutions.

In the case of IFC, the Long-Term Finance program was $11.1 billion in FY 16, as compared to $10.5 billion in FY15 and Core Mobilization was $7.7 billion, as compared to $7.1 billion for FY15, a total increase of 7% reflecting the more favorable investment climate in FY16. For MIGA, new guarantee business reached a high of $4.3 billion in support of 17 projects and reflects a 51% growth in FY 16 with over $2.8 billion guarantees issued in FY15. Of the projects supported, 53% were in IDA eligible countries while 6% were in Fragile and Conflict-Affected Situations (FCS), both being strategic priority areas for MIGA.

Within the Bank Group, the Forward Look report reflects the discussions between the Board and Management following the Spring Meetings through strategic retreats, seminars, and briefings. It summarizes these discussions, focusing on the external environment for development; the response to areas highlighted in the Spring 2016 Communiqué; the efforts it would undertake to improve the WBG's business model; and current WBG capacity and options for strengthening it. As requested by Governors at the 2015 Annual Meetings, the Forward Look set out to build a shared understanding and shape the direction of the medium- to long-term role of the WBG. This will help prepare the ground for crucial decisions that shareholders must make in areas such as IDA replenishment, IBRD and IFC financial capacity, and Voice.

The discussion on the dynamic formula which commenced on 11 May, 2016 also held at Board and Committee levels. Discussions focused on measurement of Economic Weight and IDA contributions. The broadest level of support was reached around the adoption of a simple formula that would give an 80 per cent weight to GDP, measured using a 60/40 blend of MER and PPP, averaged over 5 years, and a 20 per cent weight to an IDA variable that is an 80/20 blend of recent and historical IDA contributions.

The overarching theme for the IDA18 Replenishment is *'Towards 2030: Investing in Growth, Resilience and Opportunity'*. The five special themes are as follows: Jobs and Economic Transformation; Climate Change; Governance and Institutions; Gender and Development and fragility Conflict and Violence. The special theme of climate and Fragility conflict and violence were carried-over from IDA 17 to ensure continuity and desired impact. The main feature of IDA 18 is the accompanying transformative policy and financial package with fundamental and historic shift in IDA's business model. This is expected to lead to significant scale up of IDA funding. Both the Forward look and the Dynamic Formula will be the focus of the conversation at the Development Committee meeting this Fall.

The new World Bank Safeguard Policies, i.e. 'The Environmental and Social Framework' were also highlighted. The new policy which replaced the current safeguard polices in the Bank Investment Project Financing was approved by the Executive Board on August 4, 2016. It is noteworthy that together with the Procurement policy approved in July 2015 by the Board, this is the first major overhaul of both the procurement and safeguard policies in about two decades. The new Environmental and Social Framework (ESF) collapses previous stand-alone safeguard policies into one framework with ten standards which seeks to advance higher environmental and social values as an expression of the World Bank's commitment to sustainable development.

The World Bank FY17-19 Strategy and Business Outlook (SBO) is a fundamental document for the WBG annual strategic planning, budget and performance review process, also known as the "W" process. The SBO is aligned with the WBG twin goals and the Forward Look, the UN Sustainable Development Goals and UN Agreement on Climate Change. The demand for IBRD financing and expected delivery remains high in FY17-19, projected to average US$27 billion per year over the next three years, but medium-term capital outlook indicates that IBRD faces capital constraints beyond FY19 and possible options to strengthen IBRD's capital is being discussed with the possibility of (i) capital increase, (ii) reducing IDA transfers, (iii) further increases in pricing, and/or, (iv) additional administrative expenses reduction.

The IFC Strategy and Business Outlook (SBO) articulates the long-term goals of the Forward Look into WBG three-year plans that contributes to the Sustainable Development Goals (SDGs).IFC will focus on the most difficult regions with the highest incidence of poverty and fragility (Sub-Saharan Africa, MENA and South Asia) by increasing its committed portfolio to 41-45% by FY19, from 38% in FY15.

MIGA's three year strategy for FY15 – FY17 was adopted in 2014 and asserts MIGA's optimism in playing a growing role in facilitating foreign direct investment into developing countries. The strategy is focused on growing the portfolio and achieving an increase of about 50% in new business (from $2.8 billion in FY13 to $4.1 billion in FY17, a target growth rate of around 10% per year).

In FY 16, the WBG had 15,395 full-time staff, which is a 2.9%, or 452 staff less than at end-FY15, and 7.8% and 1,301 staff less than the peak level of February 2014. 1,739 new hires joined WBG in FY16, which is 41% more than in FY15, although still 17% less than in FY14. For the Bank (IBRD/IDA), the number of hires increased by 32% in FY16 to 11,519, while IFC increased by 123% (an increase with 297 to a total of 3,757), and MIGA decreased by 50% (to 119). In the area of diversity and Inclusion, the World Bank met the target of 12.5% for Sub-Saharan Africa and the Caribbean for the first time in the history of the Bank.

The 2015 Global Monitoring Report (GMR): Global Development Goals in an Era of Demographic Change sets the stage for transition from the Millennium Development Goals (MDGs) to Sustainable Development Goals (SDGs), taking stock of the world achievements since 2000, the lessons learned by the international community, and linking the prospects of attaining the new goals in the context of the world demographic change.

The 2016 World Development Report finds that the digital revolution has fallen short of expectations in generating the broader benefits typically associated with technology-higher growth, more jobs and better public service delivery. The Report thus analyzes how to make digital technologies a more effective force for development.

The Report highlights the main elements of the on-going IDA 18 Replenishment Meeting with the theme *'Towards 2030: Investing in Growth, Resilience and Opportunity' and six other special themes.* The level of the IDA18 replenishment will be a very major announcement by the World Bank in December 2016. It will position the World Bank strongly as the foremost development finance institution.

The World Bank Group extended support to all three of our member countries through the various financing and advisory instruments of its three institutions. These are fully reflected in the Report. Other issues captured in this report include the FY 2016 projects and programs, as well as progress reports on some Bank activities as at June 30, 2016. It presents the status of our countries' portfolios and programs with the World Bank Group. In terms of our relationship with the WBG, the mid-term review of the Country Partnership Strategy (CPS) now referred to Performance and Learning Review (PLR) for Nigeria was discussed at the Executive Board on September 22, 2016.

The Report also highlights some selected administrative matters for information of Governors and details of changes in Management in the cause of the year. In particular, it is noteworthy that the Executive Board approved the re-election of President Jim Kim for a second term of Five years on September 27, 2016. He is expected to commence his second term on July 1, 2017

CHAPTER 1 GLOBAL ECONOMIC PROSPECTS

1.1 Overview

Growth prospects have weakened throughout the world economy. In their June 2016 Global Economic Prospects, the Development Economics (DEC) Research team forecast global growth for 2016 is projected at 2.4 percent, 0.5 percentage point below their January forecast. This is the fifth consecutive year where global GDP is below its long-term average of 3.7 percent (1990-2007).

Some emerging market and developing economies (EMDEs) are facing stronger headwinds. These include weaker growth among advanced economies and persistent low commodity prices. Significant divergences persist between commodity exporters struggling to adjust to depressed prices and commodity importers showing continued resilience.

DEC forecasts that global growth will pick up to 3 percent by 2018, as stabilizing commodity prices provide support to commodity exporting EMDEs. DEC identifies that downside risks have become more pronounced. These include deteriorating conditions among key commodity exporters, softer-than-expected activity in advanced economies, rising private sector debt in some large emerging markets, and heightened policy and geopolitical uncertainties.

1.2 Performance of Regions

Table 1 summarises the growth outcomes and forecasts for the period from 2013 to 2018.

Table 1 Real GDP Growth of Country Groups and Regions (%)

Country groups	2013	2014	2015e	2016f	2017f	2018f
Aggregates						
Advanced economies	1.1	1.7	1.8	1.7	1.9	1.9
High-income economies	1.2	1.7	1.6	1.5	1.9	1.9
Developing economies	5.3	4.9	4.3	4.3	4.9	5.1
Low-income economies	6.5	6.1	4.5	5.3	6.3	6.6
BRICS	5.7	5.1	3.8	4.2	5.1	5.3
Emerging market and developing economies	4.7	4.2	3.4	3.5	4.4	4.7
World	2.4	2.6	2.4	2.4	2.8	3.0
Regions						
Sub-Saharan Africa	**4.8**	**4.5**	**3.0**	**2.5**	**3.9**	**4.4**
Europe and Central Asia	2.3	1.8	-0.1	1.2	2.5	2.8
Latin America and the Caribbean	2.9	1.0	-0.7	-1.3	1.2	2.1
Middle East and North Africa	2	2.9	2.6	2.9	3.5	3.6
East Asia and Pacific	7.1	6.8	6.5	6.3	6.2	6.1
South Asia	6.1	6.8	7.0	7.1	7.2	7.3

Source: Global Economic Prospects (World Bank, June 2016)

The drivers of growth and risks identified by DEC for each region of World Bank Group lending is discussed in the rest of this Chapter.

1.2.1 Sub-Saharan Africa

Growth in Sub-Saharan Africa is projected to slow again in 2016, to 2.5 percent, down from an estimated 3.0 percent in 2015. The forecast is 1.7 percentage points lower than the January 2016 projections. Low commodity prices, tightening global financial conditions, and drought in parts of the region will continue to weigh on growth this year.

The recovery is expected to strengthen to an average of 4.1 percent in 2017-18, driven by a gradual improvement in the region's largest economies and as commodity prices stabilize. Nonetheless, risks to the outlook remain tilted to the downside, including a sharper-than-expected slowdown in major trading partners, further decline in commodity prices, delays in adjusting to the negative terms-of-trade shocks, worsening drought conditions, and political and security uncertainties.

The slowdown in Sub-Saharan Africa was most severe in oil exporters (Angola, Nigeria), where oil prices low sharply slowed activity. The decline in metal prices led to a substantial fall in revenues and exports in non-energy mineral exporting countries. Other adverse developments included drought (South Africa, Zambia) and electricity shortages (Nigeria, South Africa, and Zambia).

Regional growth is expected to slow further to 2.5 percent in 2016, amid depressed commodity prices, rising to an average of 4.1 percent in 2017-18, reflecting a gradual improvement in the region's largest economies— Angola, Nigeria, and South Africa. Domestic downside risks include delays in implementing the necessary adjustments to deteriorating terms of trade and worsening drought conditions.

1.2.2 Europe and Central Asia

Economic activity in emerging market Europe and Central Asia stagnated in 2015, driven by the deep recession in the Russian Federation. Excluding Russia, regional growth remained at the 2014 rate of 2.5 percent. Turkey saw continued growth, while commodity exporters generally slowed. Despite the uptick in oil prices in April and May, they remain at low levels and continue to exert pressure on key oil exporters, including Azerbaijan, Kazakhstan and Russia, where government policy buffers are eroding.

Regional growth is expected to pick up to only 1.2 percent in 2016, as the Russian economy contracts further (albeit at a shallower pace) and political uncertainty in Turkey and Ukraine weighs on confidence. With a return to positive growth in Russia and Ukraine, regional growth will accelerate to about 2.6 percent in 2017-18. Key downside risks include geopolitical tensions, pressures from persistently low oil prices, and less favorable external financing conditions as substantial bond repayments come due.

1.2.3 Latin America and the Caribbean

Latin America and the Caribbean is facing another year of weak economic performance due to domestic challenges among the region's largest economies, depressed commodity prices, and tighter regional monetary conditions. Output is expected to shrink another 1.3 percent this year, after declining 0.7 percent in 2015, marking a second consecutive year of recession for the first time in more than 30 years. Brazil and the República Bolivariana de Venezuela are in deep recessions, while Argentina is expected to contract modestly as it embarks on a period of macroeconomic policy adjustments toward more sustainable growth. In contrast, Mexico, Central America, and the Caribbean are expected to expand at moderate rates in 2016, boosted by robust growth in exports and tourism. The region as a whole is projected to return to growth in 2017-18, as domestic constraints gradually loosen and net exports continue picking up.

1.2.4 Middle East and North Africa

Growth in the Middle East and North Africa was an estimated 2.6 percent in 2015, slightly weaker than in 2014. The sharp drop in oil prices over the past two years and the continuation of several serious conflicts are major factors holding back activity in the region. Growth is expected to be little changed in 2016, at 2.9 percent. The marginal improvement is largely due to the expected strong recovery in the Islamic Republic of Iran following the lifting of sanctions in January 2016.

Growth in most other oil-exporting countries, including most Gulf Cooperation Council countries, will weaken in 2016, while performance in oil-importing countries will be mixed because of varied macroeconomic and geopolitical challenges. Risks to the outlook include further declines in oil prices, the escalation of conflict in some countries, and fragile security conditions in others.

1.2.5 East Asia and the Pacific

Regional growth slowed to 6.5 percent in 2015, and is expected to decelerate to 6.2 percent during 2016-18. The gradual slowdown in China offsets a pickup in activity elsewhere in the region, supported by public investment and private consumption. Short-term risks are broadly balanced. The downsides include a sharper-than-expected slowdown in China the region is highly open to trade, a pickup in advanced country growth, or further declines in commodity prices, tilt prospects to the upside.

1.2.6 South Asia

Growth in South Asia is expected to reach 7.1 percent in 2016, and to strengthen to 7.3 percent by 2018, underpinned by robust domestic demand. In the near term, consumption spending continues to benefit from low oil prices and modest inflation rates, although these effects will wane in the medium term. An accommodative monetary stance, public investments in infrastructure, and progress on the structural reform agenda should support growth.

Risks to the forecast are weighted to the downside. On the external front, volatility in financial markets could lead to large capital outflows from the most vulnerable emerging market economies in the region. Lower remittance inflows could dampen consumption spending and the growth outlook in the region's smaller economies. Domestic risks include slower-than-expected progress in structural reform, vulnerabilities in bank and corporate balance sheets, and fiscal challenges.

CHAPTER 2 OPERATIONS AND FINANCIAL INDICATORS

2.1 IBRD

IBRD provides loans, guarantees, and knowledge for development focused projects and programs to creditworthy middle-income and low-income countries. Its main business activity is extending loans to its eligible member countries. IBRD does not differentiate between the credit quality of member countries eligible for loans and loans for all eligible members are currently subject to the same pricing. As of June 30, 2016, **85 member countries** were eligible to borrow from IBRD.

There are four IBRD instruments to assist client countries. **Development Policy Financing** is non-earmarked budget support which disburses against policy or institutional actions. **The Program for Results** provides expenditure program support and disburses against measurable program results. **Investment Project Financing** disburses against specific investments. IBRD also provides **Advisory Services and Analytics**.

As discussed in the Interim Report (April 2016) the challenging Global Economic Prospects faced by many borrower countries has led to increased demand for support from the IBRD. FY16 IBRD commitments reached a record US$29.7 billion, 26% higher than the US$23.5 billion in FY15. IBRD gross disbursements reached US$22.5 billion during FY16 (compared to US$19.0 billion for FY15).

Total disbursements for FY12-FY16, and the lending projection for FY17, is given in Table 2.1.1.

Table 2.1.1 IBRD FY16 Lending Programme

IBRD Overview			
Lending Projection for this FY	$27.0bn		
Approved YTD as of 31 July 2016	$0.9bn		
IBRD Disbursements	**FY14**	**FY15**	**FY16**
Total	$18.8bn	$19.0bn	$22.5bn
of which Investment Project Financing	$8.8bn	$10.0bn	$9.8bn
of which Development Policy Financing	$9.8bn	$8.9bn	$12.1bn
of which Programme for Results	$0.2bn	$57mn	$0.7bn

Increased levels of lending has implications for IBRD Exposure and Financial Risk Management. IBRD currently projects to have the capacity to lend US$20bn per annum on average over FY16-25 under current forward interest rates.

Without any remedial measures, after delivering a near-term lending plan of US$24bn – US$32bn per annum for FY16-18, IBRD would only have the capacity to lend between US$15bn to US$18bn between FY19-FY25.

The increase in commitments has led to a decline in the IBRD's E/L ratio. Table 2.2 provides a summary of IBRD's key financial indicators for the three years from FY14 to FY16 (which ended 30 June 2016).

Table 2.1.2 IBRD key financial indicators, Fiscal Years 2014-2016

In millions of US$ (except ratios)	2014	2015	2016
Lending			
Commitments	18,604	23,528	29,729
Gross Disbursements	18,761	19,012	22,532
Net Disbursements	8,948	9,999	13,197
Income Statement			
Approved transfers	-676	-715	-705
Net income (loss)	-978	-786	495
Balance Sheet			
Total assets	358,883	343,225	371,260
Net Investment Portfolio	42,708	45,105	51,760
Net Loans Outstanding	151,978	155,040	167,643
Borrowing portfolio	152,643	158,853	178,231
Allocable Income	769	686	593
Allocated to:			
General Reserve	…	36	96
IDA	635	650	497
Surplus	134	…	…
Usable Equity	**40,467**	**40,195**	**39,424**
Capital Adequacy			
E/L ratio	26%	25%	23%

Source: IBRD Financial Statements – June 30, 2016

In FY16, IBRD's net loans outstanding grew by 8.1% to $168 billion. The increase was mainly attributable to $13.2 billion in net loan disbursements made during the year. IBRD has made $30 billion of commitments in this past FY, which were the largest annual increase in 15 years (excluding the global financial crisis years of FY09-10) and 26.4% above FY15.

Gross disbursements in FY16 were $23 billion, 18.5% above FY15. The increase in net loan disbursements during FY16 contributed to the decrease in IBRD's equity-to-loans ratio from 25.1% as of June 30, 2015 to 22.7% as of June 30, 2016, still above the internal policy minimum level of 20%.

Latin America and Caribbean Region (LCR) (US$8.0 billion) and Europe and Central Asia Region (ECA) (US$7.0 billion) received the largest shares of new lending, followed by East Asia and Pacific Region (EAP) (US$5.2 billion) and Middle East and North Africa Region (MNA) (US$5.2

billion). The largest recipient countries in FY16 were Peru, India, Kazakhstan, China, and Indonesia. IBRD commitments by region is summarized in Table 2.1.3.

Table 2.1.3 IBRD Lending Commitments by region for Fiscal Years 2015-2016

In millions of US$ (except ratios)	**FY15**	**% of total**	**FY16**	**% of total**
Sub Saharan Africa	1,209	5%	669	2%
East Asia and the Pacific	4,539	19%	5,176	18%
Europe and Central Asia	6,679	29%	7,039	24%
Latin America and the Caribbean	5,709	24%	8,035	27%
Middle East and North Africa	3,294	14%	5,170	17%
South Asia	2,098	9%	3,640	12%
Total	**23,528**	**100%**	**29,729**	**100%**

Source: IBRD Financial Statements – June 30, 2016

A total of 114 IBRD projects were approved in FY16. The largest number of these were in Latin America and the Caribbean (29 projects) and Europe and Central Asia (34 projects). These accounted for a total of approximately US$8bn and US$7bn respectively. The average project commitment size of these was US$260m – US$275m. The top 10 commitments to borrowing member countries for FY15 and FY16 is given in Table 2.1.4. 10 IBRD projects totaling approximately US$670m were approved in FY16 within the Africa Region.

Table 2.1.4 IBRD Top 10 Commitments to Borrowers for Fiscal Years 2015-2016

Borrower Member Country	**2015**	**% of total**	**Borrower Member Country**	**2016**	**% of total**
India	2,098	9%	Peru	2,850	10%
China	1,822	8%	India	2,820	9%
Colombia	1,400	6%	Kazakhstan	2,058	7%
Egypt	1,400	6%	China	1,982	7%
Ukraine	1,345	6%	Indonesia	1,700	6%
Argentina	1,337	6%	Ukraine	1,560	5%
Turkey	1,150	5%	Egypt	1,550	5%
Morocco	1,055	4%	Iraq	1,550	5%
Indonesia	1,000	4%	Poland	1,504	5%
Poland	966	4%	Colombia	1,400	5%
Other	9,955	42%	Other	10,755	36%

Source: IBRD Financial Statements – June 30, 2016

IBRD's exposure on its guarantees, measured by discounting each guaranteed amount from its next call date, was $5.2 billion as of June 30, 2016. Grant making facilities are being integrated into IBRD's overall operations and most will be phased out over the next three years.

Externally funded activities from third party partners include trust funds, and reimbursable and fee based services from member countries related to Reimbursable Advisory Services (RAS), Externally Funded Outputs (EFO) and the Reserves Advisory and Management Program (RAMP).

2.2 IDA

IDA is an international organization established in 1960 and is owned by its 173 member countries. It is the largest multilateral channel for providing concessional financing and knowledge services to the world's poorest countries. At the end of FY16, IDA had $132.8 billion of net loans outstanding.

IDA is currently in its Seventeenth Replenishment of resources (IDA 17), and has completed its second year of the three year replenishment / funding cycle. Of the $57 billion of Commitment Authority under this replenishment (IDA's lending envelope), $45 billion has been made available for commitments. $36 billion has already been committed as of June 30, 2016.

There are three IDA instruments to assist client countries: **Development Policy Financing (DPF / DDO)**; the **Program for Results** and **Investment Project Financing**. In contrast to IBRD Operations, during this period, IDA financing has remained firmly focused on **Investment Project Financing.** While the IDA DPF share is increasing, it remains relatively low (Table 2.2.1).

FY16 IDA commitments reached US$16.2 billion, down 15% from FY15's record level of US$19.0 billion. Lending projections for IDA in FY16 are for US$16bn in investments. The bulk of what has been disbursed in this FY has been to Investment Project Financing.

Table 2.2.1 IDA FY16 Lending Programme

IDA Overview			
Lending Projection for this FY (est)	$15.8bn – 17.4bn		
Approved YTD as of 31 January 2016	$5.9bn		
IBRD Disbursements	**FY14**	**FY15**	**FY16**
Total	$13.4bn	$12.9bn	$13.2bn
of which Investment Project Financing	$10.7bn	$10.5bn	$9.8bn
of which Development Policy Financing	$2.6bn	$2.0bn	$2.6bn
of which Programme for Results	$86mn	$0.4bn	$0.8bn

IDA currently operates as a revolving fund. With the exception of FY14, IDA had positive results from operating activities for each of the years between FY12 and FY16, ranging between $2,081 million in FY12 and $623 million in FY16. The FY14 net outflow of $741 million reflects a spike related to disbursements. For FY16, IDA reported net income of $371 million.

The net reported losses incurred by IDA during FY12 through FY15, reflect the impact of grants provided to IDA's borrowers which are expensed immediately upon approval. Since the contributions from members offset grants provided by IDA, there is no net negative impact on IDA's equity from these grants. IDA's key financial indicators are given in Table 2.2.2.

Table 2.2.2 IDA key financial indicators, Fiscal Years 2012-2016

In millions of US$ (except ratios)	**2012**	**2013**	**2014**	**2015**	**2016**
Development Operations					
Commitments	14,753	16,298	22,239	18,966	16,171
Gross Disbursements	11,061	11,228	13,432	12,905	13,191
Net Disbursements	7,037	7,371	9,878	8,820	8,806
Balance Sheet					
Total assets	160,028	165,806	183,445	178,685	180,475
Net Investment Portfolio	26,333	27,487	28,300	28,418	29,908
Net Loans Outstanding	116,880	121,157	132,010	126,760	132,825
Borrowing portfolio	…	…	…	2,150	2,906
Payable for grants	6,161	6,436	6,983	6,637	6,099
Total equity	137,546	143,462	153,749	147,149	154,700
Income Statement					
Revenue from loans and guarantees	914	1,021	1,015	1,068	1,154
Investment revenue, net	1,006	99	631	514	881
Approved transfers	858	964	881	993	990
Grants	-2,062	-2,380	-2,645	-2,319	-1,232
Net income (loss)	-210	-1,752	-1,612	-731	371
Statement of Activities					
Total sources of funds	13,095	13,590	12,812	15,469	13,834
Total uses of funds	-11,048	-11,215	-13,441	-12,941	-13,260
Results from operating activities	2,081	2,296	-741	2,471	623
Liquidity position					
months of average monthly gross disbursements covered by core liquidity	11	11	9	9	9

Source: IDA Financial Statements – June 30, 2016

The largest share of IDA was committed to Africa Region (AFR), which received US$8.7 billion, followed by South Asia Region (SAR) (US$4.7 billion) and EAP (US$2.3 billion). Sub Saharan Africa and South Asia accounted for more than 81% of total IDA commitments in FY16.

The largest recipient countries in FY16 were Ethiopia, Vietnam, Bangladesh, Pakistan, and Nigeria. The top 10 commitments of loans and grants to IDA borrowing member countries for FY16 is given in Table 2.2.3.

Table 2.2.3 IDA Top 10 Commitments of IDA loans and grants in FY16

Borrower Member Country	Loans	% of total	Borrower Member Country	Grants	% of total
Ethiopia	1,862	13	DR Congo	257	20
Vietnam	1,670	12	Afghanistan	250	20
Bangladesh	1,557	11	Mozambique	157	12
Pakistan	1,460	10	Niger	93	7
Nigeria	1,075	7	Burundi	65	5
India	1,025	7	Chad	50	4
Tanzania	864	6	Sierra Leone	50	4
Kenya	646	4	South Sudan	40	3
Sri Lanka	412	3	Burkina Faso	35	3
Myanmar	400	3	Malawi	32	3
Other	3,427	24	Other	244	19

Source: IDA Financial Statements – June 30, 2016

The top 5 member countries with the largest loans outstanding balance is given in Table 2.2.4.

Table 2.2.4 IDA Top 5 members with the largest outstanding balance

Country	India	Pakistan	Bangladesh	Vietnam	Nigeria	Others	Total
Loans outstanding	24,765	13,381	12,147	11,714	6,763	67,965	136,735
% of total loans outstanding	18%	10%	9%	8%	5%	50%	100%
Weighted ave maturity (years)	6.8	13.1	14.1	14.8	15.6	13.8	12.6
Loans outstanding by terms							
Regular	5,647	1,055	12,147	7,894	4,311	51,766	82,820
Blend	18,701	11,868	…	3,569	2,452	16	52,668
Hard	340	458	…	251	…	121	1,170
Transitional Support	77	…	…	…	…	…	77
Undisbursed Balance	6,640	2,315	5,696	4,803	4,219	25,803	49,476

Source: IDA Financial Statements – June 30, 2016

Like IBRD, IDA has a number of additional activities in addition to the lending products and services it provides. IDA can offer both project and policy based guarantees to help mobilize private financing for investment projects. These guarantees are partial and require a sovereign counter-guarantee and indemnity, comparable to the requirement of a sovereign guarantee for IDA.

IDA's exposure on its project and policy based guarantees (measured by discounting each guaranteed amount from its next call date) was $1,024 million as of June 30, 2016 ($393 million—June 30, 2015). The $631 million increase in guarantee exposure is primarily due to a $400 million guarantee to Ghana that became effective in October 2015.

During FY16, IDA recorded $41 million (versus $45 million in FY15) as revenue for the administration of its trust fund portfolio. IDA, as an executing agency, disbursed $340 million ($326 million in FY15) of trust fund program funds.

IDA also provides technical assistance to its member countries. While most of IDA's advisory services and analytical work is financed by its own budget or donor contributions (Trust Funds), clients may also pay for such services. RAS allow IDA to provide advisory services that the clients demand, but that IDA cannot fund in full within the existing budget envelope. In FY16, income relating to reimbursable advisory services was $41 million (FY15 - $47 million).

2.3 IFC

International Finance Corporation (IFC) is focused on the private sector in developing countries. Established in 1956, IFC is owned by 184 member countries. IFC is a legal entity separate and distinct from IBRD, IDA, MIGA, and ICSID, with its own Articles of Agreement, share capital, financial structure, management, and staff.

As of June 30, 2016, IFC's authorized capital was $2.58 billion ($2.58 billion - June 30, 2015), of which $2.57 billion was subscribed and paid in at June 30, 2016 ($2.57 billion at June 30, 2015).

IFC's principal investment products are loans and equity investments, with smaller debt securities and guarantee portfolios. IFC also plays a role in mobilizing additional funding from other investors and lenders through a variety of means. These include loan participations, parallel loans, sales of loans, and the non-IFC portion of structured finance transactions. IFC raises virtually all of the funds for its lending activities through the issuance of debt obligations in the international capital markets, while maintaining a small borrowing window with IBRD. Equity investments are funded from capital.

Global equity markets in emerging economies were volatile in the year ended June 30, 2016. Additionally, there was further depreciation of certain of IFC's major investment currencies against IFC's reporting currency, the US$, particularly in the Latin America and Caribbean region in the first six months of FY16, continuing the trend experienced throughout much of FY15. The second half of FY16 saw a partial reversal of the recent trend as certain of IFC's major investment currencies appreciated against the US$. FY16 also saw a continuation of lower commodities prices. Collectively, these factors negatively impacted the valuation of many of IFC's investments in FY16.

In FY16, the Long-Term Finance program was $11,117 million, as compared to $10,539 million in FY15 and Core Mobilization was $7,739 million, as compared to $7,133 million for FY15, a total increase of 7% reflecting the more favorable investing climate in FY16. IFC Long term Finance and Core Mobilization for Fiscal Years 2015-2016 is summarized in Table 2.3.1.

The average outstanding balance for Short-Term Finance was $2,807 million at June 30, 2016, as compared to $2,837 million at June 30, 2015.

Income available for designations in FY16 totaled $770 million. Based on the distribution policy approved by IFC's Board of Directors the maximum amount available for designation would be $161 million. On August 4, 2016, the Board of Directors approved a designation of $101 million of IFC's retained earnings for grants to IDA and a designation of $60 million of IFC's retained earnings for Advisory Services. These designations are expected to be noted with approval by the Board of Governors, and thereby concluded, in FY17.

Table 2.3.1 IFC Long term Finance and Core Mobilization for Fiscal Years 2015-2016

	FY15	**FY16**
Total Long-Term Finance and Core Mobilization (US$m)	**17,672**	**18,856**
Long Term Finance		
Loans	7,019	8,097
Equity investments	3,187	2,595
Guarantees	273	378
Client Risk Management	60	47
TOTAL Long Term Finance	**10,539**	**11,117**
Core Mobilization		
Loan participations, parallel loans, and other mobilization		
Loan participation	1,853	3,670
Parallel Loans	1,522	1,205
Managed co-lending portfolio program	818	541
Other mobilization	881	554
TOTAL loan participations, parallel loans and other mobilization	**5,074**	**5,970**
AMC		
China-Mexico Fund		
GEM Funds		
FIG Fund		
Catalyst Funds	66	66
ALAC Fund	86	43
Africa Capitalization Fund		28
WED Fund		20
MENA Fund		8
Global Infrastructure Fund (GIF)	226	2
GIF Co-Investments	230	
Sub-debt Capitalization Fund	150	
Equity Capitalization Fund	3	
TOTAL AMC	**761**	**476**
Other Initiatives		
Public Private Partnership	548	793
Global Trade Liquidity Program and Critical Commodities Finance	750	500
TOTAL Other Initiatives	1,298	1,293
TOTAL Core Mobilization	**7,133**	**7,739**

Source: World Bank Intranet

2.4 MIGA

MIGA is a member of the World Bank Group (WBG) and is a legal entity separate and distinct from the other WBG entities with its own charter, share capital, financial structure, management, and staff. Membership in the Agency, which currently stands at 181 countries, is open to all members of IBRD.

MIGA products can be disaggregated into Traditional Political Risk Insurance and Non-Honoring of Financial Obligations. Traditional Political Risk Insurance includes: transfer restriction and inconvertibility (provides coverage for the risk of inconvertibility of local currency into foreign exchange for transfer outside the host country); expropriation; war and civil disturbance; and breach of contract. Non-Honoring of Financial Obligations include both sovereign financial obligations and the financial obligations of a state-owned enterprise.

For FY16, new guarantee business reached a high of $4.3 billion in support of 17 projects and reflects a 51% growth over guarantees issued of $2.8 billion in FY15. Of the projects supported, 53% were in IDA eligible countries while 6% were in Fragile and Conflict-Affected Situations (FCS), both being strategic priority areas for MIGA.

As of June 30, 2016, gross guarantee exposure also reached a high of $14.2 billion, a 13% increase from June 30, 2015, attributable primarily to the significantly higher level of new business written during FY16. Consistent with the enhanced reinsurance strategy for prudent capital management, $3.4 billion (or 80% of FY16 total gross new business) was ceded to reinsurers compared to $0.8 billion (or 27% of FY15 gross new business). Coupled with a portfolio run-off of $2.6 billion, comprised primarily of high net retention contracts, the net guarantee exposure decreased by $1 billion to $6.7 billion as of June 30, 2016.

Net premium income increased by 9% to $86.4 million, reflecting the combined effect of the higher average gross exposure and the effective portfolio premium rate, increasing in line with the continued upward trend of the non-honoring portion of the guarantee portfolio. Operating income, defined as net premium income minus administrative expenses, was $38.3 million for FY16, an increase of 12% over $34.1 million in the prior fiscal year. Administrative expense to net premium income ratio, one of MIGA's key measures of financial sustainability, decreased slightly to 56% reflecting the growth in net premium income and effective management of administrative expenses. For FY16, MIGA recorded net income of $56.8 million compared to a net loss of $10.8 million in the prior year, mainly due to the significantly lower provision for claims and higher operating income.

World Bank Group Performance

2.5 World Bank Group Corporate Scorecard

The World Bank Group Corporate Scorecard (WBG CSC), first published in April 2014, is a new apex framework for monitoring and reporting on progress towards the development goals underpinning the WBG Strategy, namely ending extreme poverty by 2030 and boosting shared prosperity[1]. It is a monitoring tool that seeks to assess consolidated performance of the agencies of the Bank (IBRD, IDA, IFC and MIGA) along with impact made. Consequently, it tracks progress in overall development goals, and overall performance of the World Bank Group against a set number or high level targets.

As a tool adopted in 2014, the corporate scorecard continues to be strengthened through the adoption of new and clarified indicators and reference points, new data, and improved articulation of development targets and outcomes in the case of the IFC and MIGA. The group scorecard is structured in three levels measuring various groups of impacts. Tier I focuses on measuring progress made towards poverty reduction, growth, and shared prosperity -income rate among the bottom 40%. Progress here is not attributable to the World Bank Group but significant for the Bank's development approach and philosophy. Tier II, is a "Client Results tier" seeks to provide consolidated quantified outputs and outcomes from the WBG operations. Progress is measured along three areas of focus namely growth, inclusiveness, and sustainability and resilience. Indicators include private investment catalyzed, business supported, policies reformed, student reached, etc[2]. By end of Q1 in FY16, targets for jobs, climate change mitigation had not been set while data on transport and ICT has not been factored-in yet. Overall, the indicators are generic and reports on outputs as opposed to outcomes. The assessment of impacts continue to reside in operational reviews and IEG assessments.

Tier III, the Performance tier, is inwardly oriented and measures the Bank's operational and organizational effectiveness. For the period up to December 2015, the report indicates that WBG performance is on track with regard to mainstreaming gender in new strategies, incorporation of beneficiary feedback in projects, listening to beneficiaries, improving WB project performance and IFC advisory services, using and learning from evaluations, and alignment of country strategies to the WBG goals. Areas for further improvements include collaboration across WBG units, revenue targets, measuring and reporting of results, improving project performance at entry (appropriate project design), improving outcomes (outcomes of WB operations remain below baseline despite minimal gains), managing talent and staff diversity and improving delivery timeliness. Scorecard indicators are disaggregated by gender, and fragile, conflict and violence-affected situations (FCV), where feasible.

---

[1] The World Bank Group's new goals adopted in 2013 are eliminating extreme poverty by 2030 and boosting shared prosperity- measured as the income of the bottom 40 percent in any given country.

The Scorecard is becoming an accountability and management tool for use by the Senior Management and the Board. It continues to be refined to improve on the definitions, indicators and data sources. Current review seek to update targets and indicators to capture the broadening scope of the bank. As a result, alignment is sought with WB goals and directions, reflect key cross-cutting WBG themes and emerging priorities (e.g. gender, jobs, refugees and FCS), bring on board IDA result measurement system, and align to SDGs and other major international initiatives such as Addis Ababa Action Agenda (AAAA), Conference of Parties (COP) 21. The review also seek to balance monitoring needs with harmonization across agencies and attainment of efficiency goals.

An important element emerging out of the framework processes is the reiteration of the need for quality data in borrowing countries. Although a framework to support and finance improvement in data generation and management has not been developed, data is fully recognized as a critical input into WBG corporate performance monitoring.

CHAPTER 3 WORLD BANK GROUP POLICIES AND PROGRAMS

3.1 The Forward Look

The Forward Look report reflects the discussions between the Board and Management following the Spring Meetings through strategic retreats, seminars, and briefings. It summarizes these discussions, focusing on the external environment for development; the response to areas highlighted in the Spring 2016 Communiqué; the efforts it would undertake to improve the WBG's business model; and current WBG capacity and options for strengthening it. The objective is to engage the Governors over the reforms necessary to continue the WBG's leading role in global development, supported by and benefiting its entire membership.

Through the Forward Look, the Board and Management have discussed options to enhance the WBG's ability to support the 2030 agenda for sustainable development while staying focused on its own corporate goals. As requested by the Governors at the 2015 Annual Meetings, the Forward Look was set up to build a shared understanding and shape the direction of the medium- to long-term role of WBG institutions. This will help prepare the ground for crucial decisions that shareholders must make in areas such as IDA replenishment, IBRD and IFC financial capacity, and Voice. The Interim Report to the Board of Governors (February 2016) discussed how the WBG will remain "fit for purpose" for the 2030 agenda. At the 2016 Spring Meetings, the Governors called for proposals in the following areas: assisting all client segments. ; leading on global and regional issues. Partnering with the private sector; scaling up Finance for Development, expanding customized knowledge services, improving efficiency and flexibility. Maximize the value-for-money proposition. Both the Forward Look and the Dynamic Formula discussed hereafter will be the main themes of the 2016 Development Committee discussion.

The Forward Look paper therefore presents a comprehensive vision of how the WBG and the world should address the challenges and associated risks of today, which are quite different from the challenges faced by the institutions at creation and are constantly evolving in the context of globalization and technological advances. For instance the risk related to globalization, such as spillovers from economic crises and fragility, threats posed by pandemics and climate change, and growing inequalities within countries, have become more evident.

The risk associated with these challenges sometimes tend to overshadow the benefits of globalization and threaten to undermine multilateralism itself. The Forward Look therefore presents an opportunity to reaffirm the value of multilateralism and the role of the WBG and its ability to support a vision for global development that is both inclusive, with a voice for all stakeholders, and responsive by bringing benefits to all countries. The Forward Look re-examines WBG's operations to ensure that they are properly aligned with the mission of the institution, i.e.

ending extreme poverty by 2030 and boosting shared prosperity of the bottom 40 percent of the population in developing countries – its measure to fight inequality – in a sustainable manner.

The paper builds on the Bank historical track record of poverty alleviation across all the numerous sectors and the critical work of restructuring in the last four years including creation of global practices, expenditure review that found US $ 400 million in administrative savings. This is in addition to enhancing the work on global public goods issues such as; climate change; forced displacement, and preventing pandemics while still maintaining country focus.

As part of the forward Look, the World Bank will work across all income segments namely low, middle and high income countries. There will be a stronger focus on middle income countries (MICs) which acts as engine of growth but also home to 70 percent of the world's extreme poor and are subject to or affected by fragility, conflict, and violence. MICs are also crucial to progress on global public goods and an invaluable source of practical development knowledge that derives from their own experiences. This knowledge can be especially helpful for low-income countries facing similar challenges.

In case of High-income members, they provide the financial strength of the WBG institutions and have been the primary source of concessional finance. They offer key support on global public goods, and on occasion are clients, often through reimbursable advisory services. These countries benefit from the WBG's support and leveraging of their bilateral assistance efforts and its ability to respond effectively.

Adequate financial capacity for all WBG institutions is crucial to scaling up impact. For instance. IDA is aiming to catalyze private investment in the poorest countries, especially in fragility, conflict, and violence situations; IBRD needs to step up its financing to new and prospective IDA graduates; and IFC needs a strong IBRD to achieve impact on the private sector agenda at scale. IDA's new financing model also relies on this strength and the markets' familiarity with IBRD. Shareholders are also keen to see IBRD's and IFC's net income help support a range of activities in the institutions. These claims on their income come on top of WBG's most fundamental financial need to grow its reserves and protect the AAA credit ratings of its institutions.

Prudent financial management has boosted lending capacity, but worsening external factors such as interest rates, exchange rate shifts, and equity performance are eroding these gains. With longer-term trends pointing to client demand and grant financing needs beyond current capacity, the WBG institutions and their shareholders need to take measures to substantially increase the volumes and development impact of their financing.

Also, the global agenda for 2030 requires the global community to mobilize development resources on a much larger scale and, WBG institutions can only be multipliers of development assistance by leveraging each entity's capital manifold through both mobilization and co-financing. In addition, domestic co-financing is particularly important in upper-middle-income countries, where it can be as high as 95 percent. IBRD and IDA operations mobilize financing by other partners. The IDA18 proposal will bring the partner contribution mobilization ratio to 1 to 3. To ensure that private capital can impact development, the WBG will help countries unlock opportunities and will also create new markets.

To address these challenges, the Forward Look proposes key actions for the WBG as follows:

Continually evaluate WBG performance through in-depth and frequent reviews of budgets, operations, and knowledge. This will ensure that the WBG remains fit for purpose, provides world-class services to its clients, and that the vast knowledge of the talented staff is shared for the benefit of all 189 member countries.

Constantly ensure that its resources – scarce relative to the vast needs in the developing world – are strategically deployed flexibly to meet global and client needs and targeted to areas of the world with most funding needs. These includes: an expansion of funding in fragile and conflict-affected states for both the public and private sectors; continued commitment to robust implementation of the climate; enhancing the WBG's crisis response; IDA graduates and lower-middle-income countries; which are the most vulnerable to loosing progress against the twin goals and backsliding on their development gains when they are faced with external shocks; expanding the product offer for upper-middle-income countries beyond traditional financing, so that IBRD remains a partner of choice as countries become more prosperous.

Expand its work with the private sector, bringing together the joint capabilities of the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Bank for Reconstruction and Development (IBRD).

Ensure that the WBG has stronger financial capacity for all its Institutions to meet the rising demand for services and generate income: IBRD, IFC, MIGA, and the International Development Association, the fund for the poorest as per the roadmap agreed at the 2015 Annual Meetings

The Forward Look paper- one of the two papers that will be presented to the Development Committee during the 2016 was discussed extensively at the Committee of the Whole of the Executive Board. Directors considered the papers and generally welcomed the messages in the papers, and felt that they represented a sound basis for discussion by Governors at the upcoming Development Committee.

Directors noted that the Forward Look effectively laid out the characteristics they are looking for in a "better" Bank. They welcomed the goal of remaining relevant to all client segments and income levels, while maintaining a particular focus on the poorest and most vulnerable. Directors stressed the need to continue working in Fragile and Conflict-Affected States, with particular attention to issues surrounding forced displacement. The unique needs of small states were recognized, as was the need to build on the WBG's comparative advantage in the broader development landscape. Directors stressed that ensuring the whole WBG moves forward on a sound financial footing was essential to achieving Forward Look goals, including a robust IDA18 replenishment. Directors also agreed that finding ways to significantly increase private sector partnership and mobilization, including through properly incentivizing staff, was critical.

Directors welcomed the Forward Look's commitment to a more agile Bank that is less bureaucratic and more efficient and effective for clients. In particular they noted that, while the WBG is dedicated to its twin goals, to helping its clients achieve the Sustainable Development Goals, and to the global public goods agenda, it is important to keep in mind limited resources relative to individual client demand. They supported the idea of paying particular attention to the needs of recent IDA graduates and low middle income countries. Directors looked forward to the development of concrete and operational proposals to implement the Forward Look agenda, and agreed to update Governors on further progress at the 2017 Spring Meetings.

3.2 The Dynamic Formula

At the 2015 Annual Meetings in Lima, Governors endorsed a Report which included a Roadmap towards a Shareholding Review. This included instruction to Executive Directors to work to develop a dynamic formula based on the formula guidance contained in the Report, aiming to conclude by the 2016 Annual Meetings. It was agreed that a dynamic formula was a key element to ensure that the next realignment of shareholding is anchored on agreed principles.

The Roadmap also included work on the medium to long term future role of the WBG (the "Forward Look") in 2016 and consideration of shareholding realignment and of a capital increase in IBRD and IFC in 2017. Agreement on a formula is an important step in the next stage of discussion on a Selective Capital Increase (SCI) which includes the size of that increase and the rule on the allocation of shares. These discussions will be informed by the outcome of the dynamic formula which will provide an input to these discussions.

The discussion on the dynamic formula which commenced on 11 May also held at Board and Committee levels. Discussion focused on measurement of Economic Weight and IDA contributions. Borrowers interest payments and donors' contributions to trust funds were set aside as elements due to technical issues and arguments against their use in the formula. Economic Weight and IDA contributions focused on their relative weights in the formula including 90/10, 85/15, 80/20, 75/25 and 70/30.

The broadest level of support was reached around the adoption of a simple formula that would give an 80 per cent weight to GDP, measured using a 60/40 blend of MER and PPP, averaged over 5 years, and a 20 per cent weight to an IDA variable that is an 80/20 blend of recent and historical IDA contributions. The three most recent replenishments will count as recent. Agreement on a formula is an important step in the next stage of discussion on a Selective Capital Increase (SCI) which includes the size of that increase and the rule on the allocation of shares. These discussions will be informed by the outcome of the dynamic formula which will provide an input to the discussions.

Pledges made in the context of IDA18 will be reflected as recent contributions in the IDA variable. Donors contributing to IDA for the first time will be provided with a booster to ensure that their contribution receives the full weight of the recent component of the IDA variable. Large economies also agreed to limit extreme outcomes of the application of this formula through the inclusion of a compression factor of 0.95.

Due to the broad range of Economic Weight among IBRD member countries, in combination with the IDA variable, the formula generates calculated shareholding values that are more dispersed than the current distribution of shareholding. Taken alone, the dynamic formula suggests that a very large number of IBRD member countries are 'overrepresented' in shareholding terms.

In response to these concerns, there has been considerable emphasis on two key issues. ***First***, the Report to Governors stresses that the dynamic formula: *"will be an important part of IBRD Governance, providing a basis for assessing the balance of shareholding at periodic shareholding reviews. The formula calculations contribute to, but do not represent the outcome of, such periodic reviews"* (paragraph 3). ***Second***, with the formula being adopted for the first time, certain adjustments may be necessary in a SCI to smooth the impact for individual shareholders and secure acceptance by the membership and protect the smallest poor (paragraph 18). The focus is turning to the use of the dynamic formula in the shareholding review process which is elaborated on in the second half of the paper.

3.2.1 The Shareholding Review

The agreed shareholding review principles are that:

1. Regular reviews of shareholding will take place every 5 years and will be based on agreed principles and the dynamic formula;
2. The guiding principle of shareholding realignment is that this should achieve an equitable voting power which can be assessed by looking at the balance of voting power between country groups and / or underrepresentation country-by-country;
3. All voices are important and all members are entitled to basic votes as set out in the constituent documents of WBG entities;
4. The smallest poor will be protected from dilution of their voting power;
5. Shareholding brings rights and responsibilities and all shareholders have an interest in the long-term financial sustainability of the WBG, including to the AAA credit rating, contributing in line with their capacity to do so.

The Report to Governors highlights past voice reforms at the Board to improve the legitimacy and governance of the IBRD. These include measures to strengthen diversity in management and staff, deepen responsiveness to developing country views on development by expanding field presence and decentralization of Bank staff, increase access to information of Bank operations to shareholders and, establish a merit-based and transparent selection of the Bank's President.

Board size and constituency structure is also identified as pursuing the right balance of representation and efficiency in decision making, with constituencies formed voluntarily by countries in a manner supportive of Target 10.6 of the SDGs: *"Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions"*. The Report identifies that the voluntary principle of constituency formation and the associated constituency agreements have served the Board well, with a mix of diverse constituencies and a fair regional balance.

3.2.2 Allocation Rules

The dynamic formula itself does not constitute the outcome of the review. **In the next phase, Executive Directors will pursue agreement on approaches to these allocations.** The size of the SCI and the allocation rules that are to be agreed (along with the new data on GDP and from partner contributions to IDA18 that will be available by 2017) will all play a part in determining the outcome of an SCI. Major elements of this process will include: avoiding the reversal of previous gains in the voting power of DTCs; limits on dilution of existing shareholding; a principles-based approach to forbearance; and agreement on Basic Votes and protection of the smallest poor.

Executive Directors recommend that in rebalancing shareholdings, an objective should be to produce a balanced and broadly acceptable outcome that addresses under-representation and moves towards equitable shareholding over time and reflects the evolution of the global economy and countries' contributions to the World Bank Group's mission. As a result, in the outcome of the review, the voting power of DTCs should not be reduced.

Executive Directors have recognized that, in order to achieve the broad support of the membership that is necessary for an SCI to proceed, excessive reductions in shareholding at the level of individual countries should be avoided. Options such as limits on the dilution of the existing shareholding of members will therefore be considered in the SCI as part of a transparent and rules-based approach to the discussions.

In previous SCIs, some underrepresented shareholders have agreed not to take up all their shares in a process known as forbearance. In 2010 China, Germany, Greece, Portugal, Spain and the United States all agreed not to take up part of their eligible shares. The report recommends a principles-based approach to forbearance in order to smooth shifts in shareholding in the collective interest of achieving a broadly supported outcome in terms of voting power.

Basic Votes at their current level may not be sufficient to protect the voting power of all members of the smallest poor group of countries (based on the 2010 definition) in the absence of additional measures. An increase in Basic Votes would require an Amendment of the IBRD Articles of Agreement and further careful consideration of the size of the increase. Executive Directors recommend exploring a full range of options for protecting the smallest poor countries, including an increase in Basic Votes, as part of the upcoming SCI discussions.

It is in this context that Governors will be invited to endorse six commitments at this point of the Shareholding Review process:

(i) A continued commitment to sustain the steps taken so far in voice reform and to the agreed shareholding review principles endorsed by Governors in Lima, aiming to build on (and not to reverse) the steps towards equitable shareholding over time.

(ii) A commitment to use the dynamic formula, as described in this paper, to deliver voice reform in manageable steps with broad support from the membership. In order to balance the distribution of calculated shareholding between the smallest and largest economies we recommend using a 0.95 compression factor.

(iii) A commitment to focus on rebalancing shareholding in the next phase of the Roadmap and not to discuss changes to the Board size, structure or regional composition;

(iv) A commitment to the objective of producing a balanced outcome in the upcoming SCI that addresses under-representation of individual countries while avoiding excessive dilution. The formula will be used along with transparent share allocation rules which will be explored, including limits on dilution.

(v) A commitment to discuss the options in the next stage for a principles-based approach to forbearance in order to smooth shifts in shareholding in the collective interest of achieving a broadly supported outcome in terms of voting power; and

(vi) A commitment to explore a range of options including an increase in Basic Votes and additional share allocations to the smallest poor members as part of the upcoming SCI to ensure meaningful representation for all shareholders.

3.3 The IDA 18 Replenishment

As discussed in Chapter 2, IDA is a revolving fund and IDA resources has been replenished by member countries of the World Bank on a voluntary basis since 1960. IDA Deputies meet every 3 years to negotiate the terms of IDA financing and to recommend expenditure priorities. The 18th replenishment of IDA is taking place in a series of 4 meetings in 2016. The final meeting in December will conclude with a pledging session.

Not all IDA resources are provided through donor replenishment. IDA has three main sources of financing. These are: (1) IDA bilateral donors; (2) Fiscal transfers of surpluses from IBRD and IFC; and (3) Internal resources (money paid back by IDA borrowers).

51 member countries of the World Bank participated in the 17th replenishment of IDA that was negotiated in 2014. See Annexure I for a table of their relative contribution. All G20 member countries contributed to IDA17 as donors including China and India. China was once a large IDA borrower and is currently a large IBRD borrower country. India graduated from IDA in July 2014, but still enjoys transitional support to prevent the impact of the ‘cliff effect’ on the country. In recent years these countries have joined more ‘traditional’ IDA donor countries as donor (or partner) contributors to IDA as their GDP per capita situation continues to improve. Vietnam is currently graduating as an IDA client country and hopes to join the IDA discussions in future replenishments.

A significant number of Eastern and Central Asian countries also contribute to IDA including Estonia, Iceland Kazakhstan, Latvia, Lithuania and Slovenia. In addition to the interests in membership of multilateral structures which vary from country to country, these economies continue to pursue their interest in sustaining their voice and participation, including through future shareholding reviews which will be informed by GDP size and IDA contributions once there is agreement on a dynamic formula.

Eligibility to access IDA resources is a function of relative poverty defined in GNI per capita terms. The current threshold is US$1,215. IDA resources are also allocated to some countries with per capita income above this level, but can't borrow from the International Bank for Reconstruction and Development (IBRD). 77 countries (plus India) are currently eligible to receive IDA resources. Of these, more than half are in Sub Saharan Africa (39), while 15 are in East Asia, 8 are in South Asia, 5 are in Europe and Central Asia, 9 are in Latin America and the Caribbean, and 2 are in the Middle East and North Africa. IDA eligible countries are listed in Annexure II.

In order to build agreement among shareholders and IDA Deputies, IDA management framed each replenishment with a set of special themes. For IDA18 these are: fragile states, gender, climate change, jobs, governance and supporting the role of the private sector in client countries (including through improvements in the business climate). For IDA18, Deputies have reached provisional agreement that the three themes from IDA17, fragile states, gender and climate change should be carried over from the IDA17. Three elements or themes have been added. These are jobs, governance and the role of the private sector. There is also a strong overlap between elements of the World Bank's strategy and the 'Forward Look' discussions on the future of the World Bank.

The level of the IDA18 replenishment will be a very major announcement by the World Bank in December. It will position the World Bank strongly as the central development finance institution. A successful IDA18 replenishment is of vital importance to President Jim Kim who has spent the past 2 years reforming the World Bank and giving it a central position as financier. It is interpreted as a referendum of sorts with respect to President Kim's leadership of the World Bank.

The G20 has sustained pressure on Multilateral Development Banks to find ways to optimize the use of their balance sheets. IDA management proposes to do this for the first time in IDA18, using its equity as risk capital to mobilise additional resources via bond issuance.

Over successive replenishments, IDA has accumulated US$245bn of donor resources which amounts to a total of US$147bn of IDA equity[2]. It is lower than the book value because IDA's concessional credits outstanding are discounted for concessionality (interest rate discount) and risk (credit discount). The proposal to raise debt leverages IDA equity (assets minus liabilities) in capital markets.

IDA's equity or net worth (assets) is generated by paid-in resources by IDA shareholders (credited as a function of their donor contributions), transfers from IBRD and IFC and cumulative net income. It is eroded by debt relief and grants. If IDA deputies agree, IDA will leverage its US$114bn in equity (assets) over the next four replenishments (up to 2029).

This has a number of advantages for IDA donors. It significantly reduces the pressure on the IDA budgets of IDA donors, many of whom are under fiscal pressure and have experienced an ER decline against the US$. There are no direct implications of IDA's bond issuance for IDA donors. Unlike IBRD, IDA does not have provision for callable capital in it's capital structure. Any negative impact will be on IDA equity, which is not attributed to specific IDA donors or shareholders. IDA replenishments are treated by IDA donors as a fiscal transfer in grant terms and not the purchase of equity as is the case in IBRD. IDA donors give freely to IDA replenishments on a voluntary basis, entering and exiting at will.

It presents the World Bank with an opportunity to very significantly increase the volume of the IDA18 replenishment over IDA17, while at the same time accommodating a reduction in donor contributions, accepting the reality of their fiscal positions. It also moves IDA away from a 'revolving fund' model of financing to one more like a Bank, with IDA issuing debt on the strength of its balance sheet.

IDA Deputies support this proposal for reasons that include the fact that it takes some of the pressure off for capitals to make fiscal transfers into IDA, while at the same time producing a financing scenario that is significantly larger than IDA17. Within the 'base' scenario draft proposal put to IDA Deputies in June, donor or partner grant contributions would remain the same at IDA17 at about US$27bn or 36% of the financing framework. This is the same level donors contributed in IDA17.

Donor contributions are thus reduced on aggregate by 12% in US$ terms and by 3% in SDR terms when compared to IDA17. IDA propose to combine these donor funds with the move to issue US$26bn in debt (CPL and Market) and their expectation of US$21.5 of internal resources (repayments). This would result in an IDA envelope of between US$75bn-US$80bn. This is a big increase on IDA17.

If IDA deputies agree and it is approved by the Executive Board, the IDA18 envelope may be as large as US$75bn-80bn. The additionality is provided through a new financing model for IDA which includes leveraging IDA equity. If this is agreed, it will be used to:

- double resources to fragile states (from US$7bn to US$14bn);
- double the regional programme and increase the crisis response window by 75%;
- open a private sector window for IFC projects that might 'crowd in' more private capital; and
- provide US$7bn in transitional support to IDA graduates.

3.4 World Bank Group Strategies

3.4.1 World Bank FY17-19 Strategy and Business Outlook

The World Bank FY17-19 Strategy and Business Outlook (SBO) is a fundamental document for the World Bank Group (WBG) annual strategic planning, budget and performance review process, also known as the "W" process. The SBO documents a 3 year business planning exercise on a rolling basis, bridging the World Bank Management and Executive Directors with three-year business plans, balancing between business priorities and funding directions and aligned with the WBG twin goals and the Forward Look, the UN Sustainable Development Goals and UN Agreement on Climate Change. Decisions on the use of financial resources balance between maximizing retained income to build the equity base and sufficiently resourcing the business to deliver solutions that satisfy clients and generate revenues.

As far as WBG Strategic Directions are concerned, the twin goals of eliminating extreme poverty and building shared prosperity remain the long-term objectives for the WBG, assuming three mutually reinforcing roles (country development partner, private sector partner, and global development partner) which enables it to help address complex development problems at scale. WBG's comparative advantage is based on the country depth and its global breadth reach, its public and private sector instruments and relationships, its multisector knowledge, and its ability to mobilize and leverage finance at scale.

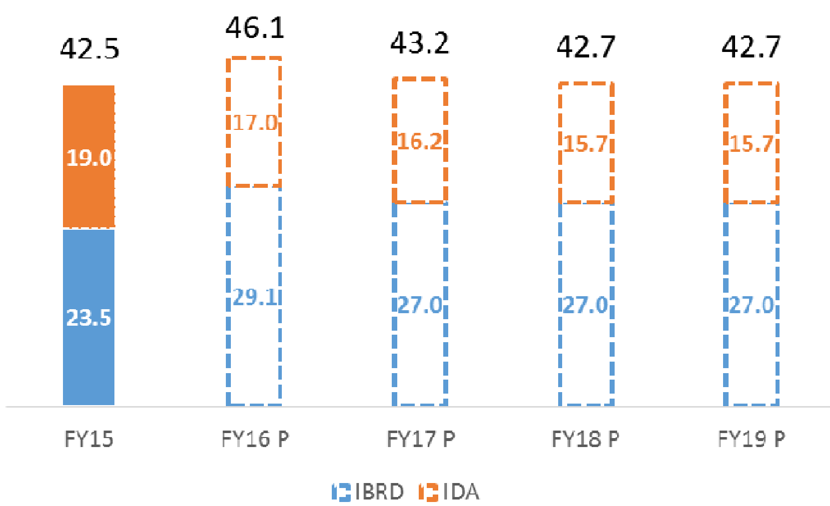
The WBG twin goals are complemented with the "Forward Look" initiative, which is an ongoing conversation between Governors, Executive Directors, and Management about the long-term involvement of the WBG institutions in several areas where it must evolve to remain fit for purpose for the coming 15 years. In the FY17-19 planning horizon, the WBG will take actions to build on its current strengths and pursue these long-term strategic directions.

With this alignment to the WBG long term strategic commitments to remain fit for purpose, the SBO points out the WB challenges related to growing demand across a variety of client segments, as a result of aging populations, urbanization, climate change, low commodity prices, volatile capital flows, slow productivity growth, rising inequality, deteriorating fiscal positions, fragility and pandemics.

The demand for IBRD financing and expected delivery remains high in FY17-19, projected to average US$27 billion per year over the next three years, but medium-term capital outlook indicates that IBRD faces capital constraints beyond FY19 and possible options to strengthen IBRD's capital is being discussed with the possibility of (i) capital increase, (ii) reducing IDA transfers, (iii) further increases in pricing, and/or, (iv) additional administrative expenses reduction.

In IDA, after a record lending in FY15 for the first year of an IDA replenishment period, there is a decrease in Core IDA financing. However, the focus has been on developing a robust IDA pipeline to use a recently approved additional US$5 billion, comprising the US$3.9 billion Scale-up Facility, US$900 million to replenish the depleted Crisis Response Window, and an exceptional one-time set aside of US$200 million to address the refugee crisis in Jordan and Lebanon. This would shift IDA financing to a record lending of US$20.7 billion.

Figure 3.1: IBRD and IDA Lending Projections, in US$ billion



Source: World Bank Intranet

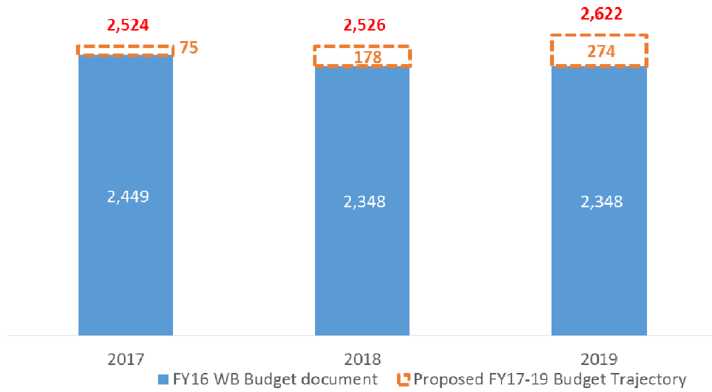
With this budgeting instrument it demonstrates that the World Bank has been able to deliver higher lending commitments with an expanding scope of business, taking advantage of the expected savings out of the expenditure review measures by FY18, moving towards achieving its IBRD Budget Anchor by FY18, and maintaining it below 100 percent throughout the planning period for IDA. One of its objectives are to finally be able to meet its administrative budget needs without recourse to its equity capital earnings.

While expanding the scope of business, the SBO also presents the need for greater operational flexibility, e.g. scaling-up in fragile and conflict-affected situations, institution building and policy enhancements to de-risk and mobilize private investments in low-income countries, as the majority of the extreme poor remains in middle-income countries.

As the demand for IBRD financial support has almost doubled since FY13, the WB support to its clients will continue to be mainly through a mix of Development Policy Financing (DPF) and Investment Project Financing (IPF) operations (not excluding the new Program-for-Results instrument), to facilitate growth, protect the poor, build inclusive institutions, improve macro-fiscal policy and public expenditure management, help countries cope with migration and displacement, mobilize internal and external financing for climate related activities, and promote private sector job creation and fostering entrepreneurship. In addition, if the proposed IDA+ option under discussion is approved, there will be a significant increase in IDA operations and financing commitments.

All these challenges (appropriate balance between responding to client demands and maintaining strong balance sheets for IBRD and IDA), are pushing the Management to call for a supplement budget trajectories for FY17-19. The number of lending operations and projects under supervision are approaching levels experienced during the global financial crisis while budgets have decreased and continue to do so in real terms during this planning cycle. With the internal redeployments to meet some of these priorities in FY17-19, Management is proposing to increase budget trajectories to US$75 million, US$178 million and US$274 million for the three-year planning period.

Figure 3.2: Administrative Budget, in US$ million



Source: World Bank Intranet

Looking to its financial sustainability, the World Bank objective is to remain financially sustainable to be an effective development partner for the long-term. In this regard, the use of financial resources are continuously balanced between sufficiently resourcing the business to satisfy client-financing needs that generate revenues and maximizing net income retention to strengthen the equity base needed to sustain adequate financing levels. Sustained lending levels are managed within available capital capacity as dictated by risk-return and credit rating requirements (in the case of IBRD) and by funds available for commitments (in the case of IDA).

To continue strengthening financial sustainability and sustain the proposed increase in trajectories consistent with the achievement of the IBRD Budget Anchor by FY18 and maintenance of the IDA Budget Anchor, Management is fully implementing the expenditure review measures. By the FY18 World Bank Budget, Management will have successfully identified, eliminated, and clawed out of budget trajectories US$303 million of savings in Bank Budget and a further US$28 million from Bank-executed trust funds (BETFs). Ongoing business reviews will add to these efficiency measures over time.

External Funds are expected to remain robust during FY17-19 since much of such funding is already committed and the risk of BETF shortfalls in FY17 is assessed low due mostly to existing stocks, and the expectation that overall, BETF disbursements would continue to be stable, consistent with historical trends. The World Bank equity-to-loan ratio is currently expected to remain above the 20 percent minimum throughout the planning period.

3.4.2 IFC Three-Year Business Plan (FY17- FY19)

IFC strategic focus for FY 17-19 is based on providing the foundation of productivity growth and on its role in mitigating risk to help rebuild investor confidence. This became necessary in the wake of global economic environment characterized by slower growth, increased volatility and uncertainty, lower commodity prices, rising inequality, deteriorating fiscal positions, unprecedented refugee and humanitarian crisis and pandemics. The current situation is further compounded by major adjustments in currency markets, steep declines in energy and other commodities prices, declining trade, and a number of geopolitical, regional as well as internal economic and political transitions faced by key countries that anchor the emerging markets.

The IFC Strategy and Business Outlook (SBO) articulates the long-term goals of the forward Look (FL) into World Bank Group (WBG) three-year plans that contribute to the Sustainable Development Goals (SDGs). IFC SBO represents vital milestones between the identification of business priorities and broad funding directions resulting from the strategy phase and the subsequent formulation of Business plans and budgets, in context of the "W Process.

The global economic and political environment presents many sources of uncertainty which has translated into risk aversion and declining investment flows, especially to developing countries consequently, less progress is being made on pressing development challenges. For instance an annual investment gap in infrastructure is estimated at $1 trillion, 18 million new jobs are needed in Africa every year, and the 2 billion adults globally that still lack basic access to finance. Many poor countries that are not economically integrated will remain highly vulnerable with limited sources of job creation, and due to the factors described above, more limited fiscal buffers.

IFC was not immune to the prevailing global environment, therefore market volatility impacted IFC's financials resulting in negative profitability. Therefore, the outlook for FY16-19 remains precarious. In addition, deployable strategic capital (DSC) remains in single digits, limiting headroom for resuming substantial growth for IFC. Sustainable economic recovery therefore requires that the private sector resume its role in investing and expanding economic growth. Accordingly, the question for IFC is how to maximize economic impact, while also protecting IFC's financial capacity to play an even more catalytic role to support recovery and growth.

It is noteworthy that both the Forward Look (FL) and SBO engagements have benefitted from very close consultations with the Executive Board. During the discussion at the Committee of the Whole in May 2016, Management explained that IFC would focus on structural reforms and productivity growth whilst protecting its financial sustainability. Investments would target infrastructure, agribusiness, financial and social inclusion and technology, and be guided by WBG universal access goals, cross cutting themes (such as the economic empowerment of women) and focus regions. Management is proposing to more than double exposure to fragile and conflict-affected situations. It will focus on the most difficult regions with the highest incidence of poverty and fragility (Sub-Saharan Africa, MENA and South Asia) by increasing its committed portfolio to 41-45% by FY19, from 38% in FY15.

This stepped-up approach entails higher risk, especially in volatile economic conditions; IFC's portfolio will migrate to a higher risk profile. This shift is capital intensive and will require an increased budget. In this regard, IFC will need to remain focused on risk mitigation, including the preservation of the Triple-A rating. In addition, clients are also affected by the macro outlook and deleveraging pressures and IFC needs to preserve some capacity to respond to market conditions. These factors place demands on an already constrained capital base and limit IFC's program and committed portfolio growth over the next three years to a 4-5% compound annual growth rate (CAGR) which is low by historical standards.

The Deployable Strategic Capital (DSC) ratio is expected to be between 5-8% at the end of FY16 with DSC ratio falling to a range as low as 1% and no higher than 8% by FY19. The recommended 1% real budget increase combined with the redeployment of expenditure review savings and productivity gains will enhance IFC's impact in priority areas. The Board approve the increase as requested. Management reiterated that they were very unlikely to be able to make the anticipated IDA transfer this year due to the level of allocable income.

Directors expressed their appreciation for the quality and transparency of the document as well as the clarity of the strategic choices. They generally agreed with the priorities, particularly the focus on fragile contexts, small states, sustainable infrastructure, financial inclusion and climate change as well as the regional focus. Directors welcomed the continued development of capital markets including the use of local currencies and the management of the foreign exchange risks in IDA countries and to undertake complex mandates including the WBG climate target. Many Directors requested a scaled-up scenario for IFC's growth. Scaling up will require a stronger capital base to provide the financial capacity to absorb this higher risk, and allow for growth of offsetting business with a more favorable risk-adjusted return.

However, Directors encouraged more efforts in mobilizing private capital and asked for explicit steps that will shape the Billions to Trillions agenda. IFC will do this by leading the WBG in leveraging the private sector through strong focus on mobilization, capital markets development, partnerships and leveraging political risk insurance through MIGA, credit guarantees through IDA, and engaging at a policy level through IBRD and IDA, as well as countercyclical support and intellectual leadership to support implementation of IFC's strategy.

There were many comments on the portfolio approach, with the request to clarify choices and tradeoffs. Some Directors requested carbon footprint accounting, explicit recognition of the gender priority and more clarity on the deployment of the budget, including options and scenarios. They welcomed the commitment to be consistent with the Country Partnership Framework but also stressed the importance of results measurement and development impact. Several Directors expressed concern about the expected decline in the FMTAAS funding for Advisory Services. Some Directors requested that the Forward Look include scenarios based on different levels of growth, budget and activity as well as the IFC case for capital and a private-sector IDA window. There was a comment that for loans in FCS, IFC needs to spell out what it means in terms of resource intensity and engagement of IDA. There were requests for more investments in MICs especially for reforming the banking and energy sectors.

Other Directors also expressed strong support to the management for the proposed “deep dive” with the systemically important countries in West, East and Central and Southern Africa. This is important because of the nexus between these countries and the other smaller countries contiguous to them and the resultant impact as well as positive spillovers that such efforts will generate. Additionally, Directors underscored the fact that IFC had always provided long-term support in volatile times and generally worked with clients to manage risks at most difficult times. The stressed that IFC is not known to withdraw when others are retrenching. Indeed, IFC is known to work patiently with clients to preserve economic value and to signal confidence in emerging markets. This function they emphasized was even more important at this time and urged IFC to stay the course.

IFC’s global footprint demands a strategic approach to workforce planning to ensure that critical skills, capabilities to support new business products and services, and incentives to attract and retain staff are planned for in key locations including field presence. IFC has begun to identify possible skills gaps and efficiencies in order to evaluate the adequacy of its staffing structure in order to meet the organization’s strategic priorities and also support its evolving business. The world is entering a new phase of development, where success depends on the transformative power of markets, technology, and mobilizing private capital – key themes of this strategy. As part of the WBG, IFC is uniquely positioned to support this transformation.

3.4.3 MIGA's Three-Year Business Plan (FY15-Y17)

MIGA’s three year strategy for FY15 – FY17 was adopted in 2014 and asserts MIGA’s optimism in playing a growing role in facilitating foreign direct investment into developing countries.

As the agency’s first strategy under the one World Bank Group approach, it aligns MIGA’s deliverables to the WBG twin goals to end extreme poverty, and boost shared prosperity for the poorest 40 percent of the population in developing countries. Supported by the expanded scope of products, the strategy is focused on growing the portfolio and achieving an increase of about

50% in new business (from $2.8 billion in FY13 to $4.1 billion in FY17, a target growth rate of around 10% per year). To do this, MIGA committed to optimize the use of its expanded product line and its broadened client base, and to strengthening its business development, enhancing state-owned enterprise credit analysis capability and implementing a series of initiatives that will strengthen its financial sustainability[2].

As part of the FY15 – FY17 plan, MIGA committed to continue working on projects in infrastructure, power, transportation, finance, manufacturing, as well as agriculture. Priority areas of interventions include IDA and fragile and conflict-affected states (FCS), transformational projects, energy efficiency and climate change, and innovative. As part of this agenda, MIGA planned to increase its activities in Sub Saharan Africa (e.g. in power generation) and Middle East and North Africa (e.g. job creating enterprises), South Asia (e.g. energy), East Asia (infrastructure), and Latin America and the Caribbean (e.g. urban mobility) and maintaining its already strong position in Europe and Central Asia (e.g. financial sector).

In FY16, MIGA issued $4.3 billion of guarantees and has also seen a growth in re-insurance portfolio to 80% of new business, continued to grow the Non-Honoring line, increasing its share to $5.4 billion or 38% of the gross portfolio, compared to $3.8 billion or 30% in 2015.

Of the 17 projects supported in FY16, 53% are in IDA-eligible countries and 6% in FCS. Sub-Saharan Africa accounted for 9 of the seventeen projects, and $1.8 billion or 41% of the total FY16 new business volume, compared to $0.2 billion (7%) in FY15, with the increase mainly due to a few large projects in the Infrastructure and Oil and Gas sectors. The share of new business in East Asia and Pacific region also increased significantly from $0.2 billion in FY15 to $1.3 billion in FY16 primarily due to a large mining contract in Mongolia in FY16. The nine graduates in SSA include the following: Democratic Republic of Congo, Mauritania, Mozambique, Nigeria, Senegal, South Africa, and Zambia.

During FY16, MIGA continued to focus heavily on the infrastructure sector, with $1.7 billion in new guarantees supporting seven projects accounting for 40% of the total new business volume. This was followed by the financial sector at 30% and the mining sector at 23%. MIGA sees this concentration as a reflection of both market demand and MIGA's strategic focus. With the global market environment still characterized by uncertainty, political risk mitigation has been crucial to securing the private sector's commitment to invest, particularly in frontier markets where ending extreme poverty is often the most difficult. This has paved the way for major transformational projects to move forward.

Provision for claims for FY16, at $4.1 million, was significantly lower than the $50.9 million provisioned in FY15. For FY16, the provision is primarily associated with one pending claim as of June 30, 2016, while the significantly higher FY15 provision was attributable to the growth in the net guarantee exposure and the effect of net host country risk rating downgrades. MIGA actively pursues the resolution of disputes affecting MIGA supported projects. In some cases, these efforts focus on situations in which either a claim has been or may be filed. Over the course of FY16, the Agency worked with a number of investors and host governments on incipient investment disputes.

Top ten countries of MIGA's net exposure are Turkey, Panama, Serbia, Cote d'Ivoire, Honduras, Russian Federation, Pakistan, Ghana, Nigeria, and Cameroon.

3.5 Implementation Update on the New Procurement Framework of the World Bank

The World Bank has made steady progress so far with the implementation of the proposed Bank Policy for Procurement in Investment Project Financing and Other Operational Procurement Matters, (i.e the New Procurement Framework -NPF) since Board approval on 22nd July 2015. During Board discussion of the NPF, Executive Directors strongly emphasized the need to pay close attention to implementation and urged management to ensure effective collaboration and coordination of implementation plan to ensure a seamless transition. They stressed adequate resourcing, staffing and accountability as strong foundation for implementation of the Framework and for addressing risks around implementation.

The fundamentals of the Bank's procurement framework governs the way goods and services are procured by clients in investment projects. The new Framework is a product of the first comprehensive review of the Bank's procurement policy and guidelines, and a major milestone in the Bank's overall reform program. It is fashioned to allow the Bank to be more nimble in complex procurement situations and more innovative in procurement in its large transformational projects.

Innovative features of the NPF revolve around ***value for money*** as core principle for procurement, introducing the possibility to include ***non-price attributes in bid selection criteria*** to help clients procure the best at the least cost; opening up of Bank-financed procurements to procurement arrangements other than the Bank's own system through the use of ***alternative procurement arrangements*** of individual agencies for each project to reduce bottlenecks, improve efficiency and help Borrowers build their procurement capacity; significantly ***enhance approach to procurement related complaints*** to facilitate responses to concerns from suppliers, consultants and contractors about their ability to reach the Bank when something goes wrong; providing more ***hands-on support from Bank staff*** to low capacity borrowers as a critical new element of Bank support to ensure that commitments made at the time of bidding are delivered on the ground; and ensuring ***speedier procurements*** through reducing prior reviews by Bank staff for low risk and low value contracts.

Implementation arrangements are being led by the Governance Global Practice in collaboration with the OPCS. Recent work on the process has focused on awareness creation about the key changes and benefits of the NPF and the development of guidelines. Details of part of this work is contained in Annexure III.

3.6 World Bank Safeguard Policies: Environmental and Social Framework

On August 4 2016, the World Bank Group Board adopted a new Environmental Social Framework, to replace Bank's current safeguard policies in the Bank's Investment Project Financing. In line with institutional reforms that ushered new goals, organizational structure and operational modalities, the World Bank Group undertook a review of safeguard policies to strengthen their alignment to emerging priorities and to enhance operationalization for both staff and client countries. The process that started in 2012, entailed a series of engagements with civil society groups, governments and other UN international institutions.

The new Environmental and Social Framework (ESF) collapses previous stand-alone safeguard policies into one framework with ten standards. The ten mandatory standards in the new ESF, go beyond the practice of 'doing no harm' to advancing higher environmental and social values as an expression of the World Bank's commitment to sustainable development. They are therefore geared to enhance protection for the poor, deepen the WBG commitment to sustainable development, introduce rigorous assessments of social and environmental risks, and be the most advanced within the international community.

The ten Environmental and Social Standards are: (1) Assessment and management of social risks and impacts; (2) Labor and working conditions; (3) Resource Efficiency and pollution prevention; (4) Community health and safety; (5) Land acquisition, restrictions on land use and involuntary resettlement; (6) Biodiversity conservation and sustainable management of living resources, (7) Indigenous people, (8) Cultural heritage, (9) Financial intermediaries; and (10) Information disclosure and stakeholder engagement. Refer to Annexure IV for a summary of each of the standards.

Among the new processes and outcomes expected from these new standards are strong human rights and non-discrimination practices irrespective of domestic laws, heightened attention to marginalized groups, rigorous resettlement policies, new labor standards that goes beyond the workforce of that extends oversight to contractors and suppliers, increased emphasis on environmental and climate change considerations including emission calculation/estimates for all projects, extended monitoring of social and environmental standards to clients of the financial institutions, and detailed reporting mechanisms.

Extended consultation were held with various groupings such as CSOs, indigenous people, academia, and other special interest groupings since 2012. The last consultation phase targeted mainly at borrower countries[2] was intended to test the applicability of the new framework, concluded in March 2016. The consultation confirmed that implementation of the proposed ESF as it stand will require added capacity in countries, will increase implementation costs, elongate significantly the project consultation phase, and be difficult or impossible to implement in some settings especially where the standard is in direct contravention of the domestic law.

Not all of countries' recommendations were fully addressed in the final version. Content related issues that remain challenging for some borrowers are the listing of vulnerable people; the introduction of labor standards or extension of coverage to community labor, contractors and third parties; Greenhouse Gas (GhG) emission measurement expectations; and expectations on financial intermediaries. In addition new parameters for consultation, information disclosure, ESF plans and reporting, requirement for use of third parties for verification is expected to heighten capacity and resource needs at project level.

Additional guidelines to Bank staff along with increased human capital and financial resources are expected to ease the transition from old safeguards to the new ESF. While the use of the new framework will start as soon as management is ready, it is expected that complete transition of all Bank investments will be realized in seven years' time. As part of the ESF framework implementation, annual updates will be provided to Executive Directors, starting one year after the ESF goes into effect, and a review of the implementation effectiveness of the ESF after five years.

3.7 Human Resources –Update

At the close of FY16, the WBG had 15,395 full-time staff, which is a 2.9%, or 452 staff less than at FY15-end, and 7.8% and 1,301 staff less than the peak level of February 2014. 1,739 new hires joined WBG in FY16, which is 41% more than in FY15, although still 17% less than in FY14. For the Bank (IBRD/IDA), the number of hires increased by 32% in FY16 to 11,519, while IFC increased by 123% (an increase with 297 to a total of 3,757), and MIGA decreased by 50% (to 119).

At FY16-end, the WBG had 752 managers, 33 (4.2%) more than at FY15-end. The grade composition has changed over the past 2 years and the share of managers among full-time staff increased to 4.9% from 4.6% in FY15[3]. As the number of managers increased, the number of non-managerial staff declined by 3.2%. The WBG now has more GH level managers, but fewer GI+ level managers. For the Bank, the number of managers increased by 5.3%, by 2.0% in IFC, and

[2] Consultation with members of this constituency took place on 27 -28 August 2015 as part of the consultations with the Africa caucus in Luanda; on 1 -2 December 2015 in Pretoria, through a consultation meeting with South African authorities and other stakeholders, and on 16 – 17 December 2015 in a special consultation meeting with Nigerian authorities and with civil society, in Abuja.

[3] The share of GG+ staff among Open/Term staff increased slightly to 43.1% from 42.8% at FY15-end, compared to a 1.7 percentage points increase in FY14. Staff grade structure, para 48, QBRR Q4

declined from 11 to 10 in MIGA. The net increase by 37 GH managers since FY15-end, is largely due to increases in the numbers of Country Managers (+12, IFC and Bank), Practice Managers (+7 at the Bank), and other GH managers, mostly in Bank's IG&A units (+10 in ITS alone).

As part of the ongoing HR systems reforms, The Human Resources vice presidency continued the implementation of the ambitious agenda, implementing agreed plans and introducing other new measures. Among the key developments with ongoing activities are strategic staffing, diversity and inclusion, staff benefits and compensation, performance management and career development, staff decentralization, and FCV postings.

Strategic Staffing. Strategic staffing is a core management process to define and address the people implications of business strategies as part of institutional and budgeting process. The goal is to ensure the organization has the right skills in the right place at the right time in line with evolving client demand, business needs and funding. It involves assessing the demand for and supply of talent; and developing implementation plans to reconcile gaps or surpluses through appropriate staffing actions, including redeploying or developing staff for other positions, recruiting for skills internally or externally and separation options.

Highlights for FY16 include staffing realignment within Global practices and administration, adjusting institutional structures and staffing to improve efficiency, increasing sourcing to improve skills mix and diversity using corporate recruitment initiatives, assessing and reorienting staffing to create a balance between short term and open ended contracts and monitoring the balance between field/country and Washington staffing.

Adjustment in institutional structures included closure of some units such as the World Bank Institute, the subsuming of the jobs CCSA into the equitable growth and Finance global practice, shifting shared service and transactional activities to Chennai, India exiting some business lines, and reductions in share of contingent (temporary) staff.

On sourcing and skills mix consideration, the Bank facilitated an Africa recruitment mission to source for 62 vacant positions with defined grade levels, resulting in 38 job offers across, an initiative that helped the Bank boost its diversity index at 12.2% score. WBG Youth Programs also resulted in selection and hiring of diverse candidates: of the 42 new hires for Young Professional Program, 43% are women, 17% are Sub-Saharan Africa / Caribbean (SSA/CR) and 60% are Part II.

The reforms of staff contracts resulted in a conversion of 1,288 Term staff to Open-ended, an increase in long term contracts to 56.8% for Bank Regional VPs, 42.0% for Bank GPs/CCSAs; and 62.1% for IG&As. While the link between increased term of contracts and divisional priorities has been one of the conversion criteria, the correlation with client demand in the long term may not be as strong. Other processes set in motion to strengthen management of contingent workforce are expected to strengthen planning and better use of contingent workforce, and have resulted in tightened short term contractors options and phasing out of the ETC/ETT (extended term contracts). As part of the reform, 507 (48%) of the 1,049 ETC/ETT whose appointment ended in FY16, were rehired as Term staff by FY16-end.

Diversity & Inclusion. As part of measure to improve diversity, the HR department facilitated MOUs with managers to realize diversity targets, sought the Economic Dividend for Gender Equality (EDGE) certification for the organization to encourage target setting, continued to strategize on measures to realize Nationality of Focus (NOF) and report on other forms of diversity including educational institution, established a diversity and inclusion sub-unit within the HR department, set up a Diversity and Inclusion Council reporting to the President, facilitated awareness events on unconscious bias, set indicators for inclusion and kick-started efforts to encourage self-reporting.

The total number of SSA/CR GF+ staff on board World Bank Group is 1 153, this translate to 875 in World Bank (expected diversity target is 898), 269 in IFC (versus expected 320) and 9 in MIGA (12 expected). The gap to target indicators is 77 and diversity score across agencies is 12.2% (0.89 index) for the Bank, 10.5% (0.82 index) for IFC, and 9.8% MIGA (0.85 index). Terminations are also considerable, Q4 results shows 18 terminations of which 9 were voluntary, 2 managed exits, and 6 end of contract.

Of the nationalities of focus (NOF) new hires increased among Spanish, Koreans, Japanese, Mexican, Chinese, Brazilians and Dutch (all with more than 10 hires). Number of exits were higher among Chinese, Japanese and Russian while promotions were higher among Chinese.

Staff Benefits and Compensation. The Board of Executive Directors approved the proposed structural adjustments to staff compensation for FY17, as well as additional refinements to the WBG Special Compensation Measures ("SCM"). The annual review of compensation was conducted according to the rules-based system and methodology approved by the Board. The refined Special Compensation Measures ("SCM") Framework including new commencement and cessation triggers, a simplified process for exit from special measures, was adopted by the board in June 2016. Since the introduction of the WBG SCM framework in July 1, 2015 through FY16-end, the WBG has introduced these special mitigation measures in a total of seven countries; two countries (Malawi, South Sudan) to address CPI inflation, and five countries (Argentina, Azerbaijan, Brazil, Ghana, Zambia) to address local currency depreciation.

Additionally, to afford country staff financial assistance similar to services accessed in Washington, a review of financial loans for staff in country offices was undertaken. HR has begun drafting Procedures and Staff Rules to support the new Financial Assistance Program for country office staff and is engaging with regional economists, and the Finance and Markets Global Practice, to determine interest rates for the new program.

On scarce skills and bonuses, in FY16, the WBG paid a total of $0.57 million to 39 staff, as part of the recruitment bonuses and scarce skills premiums. This was a $0.13 million increase compared to the bonuses paid to 25 staff in FY15, with only 3% of eligible recruits receiving a bonus instead of 7% in the previous year. Among recipients, 33% were at the Bank, 64% at IFC and 3% in MIGA. Of all recipients, 56% were country appointments. Overall, the share of diverse recipients of recruitment bonuses improved, with 22% of them being SSA/CR, 44% Part II nationals and 31% women.

Performance and Career management: The Career Framework and Career Guide for WBG operations were launched in April 2016. In addition, Career Conversations workshops for managers and an e-learning module for staff were launched, to strengthen performance management and address career development concerns raised by staff.

FCV as strategic priority. At the end of FY16, the WBG was present in 29 FCS locations with 723 full-time staff. This is 5% more than a year before, due mainly to the addition of Lebanon (43 staff at FY16-end) to the FCS list. To support the Bank Group's agenda on fragility, conflict and violence (FCV) and to prepare for the IDA-18 Replenishment discussions, an FCV HR Working Group was established in May 2016, to identify, present, and support implementation of recommendations to strengthen the staffing model and employment value proposition for WBG staff in FCV situations. Four sub-groups were tasked to develop recommendations in specific areas, namely skills mix & global footprint, talent, performance & career management, compensation & benefits, rewards & incentives, and overall corporate support for FCV situations.

Staff Decentralization: At FY16-end, 44.3% of WBG full-time staff were based outside the United States. This was a 0.8 point increase from a year earlier. Staff decentralization increased by 1.4 points at the Bank, while declining at IFC (-2.1 points), partially as a result AMC reclassification), and MIGA (-1.9 points). At the IFC, the decrease in the share of non-US based staff was primarily due to the fact that hires exceeded exits in the US, while the number of hires and exits in non-US locations remained roughly equal. In addition, the number of transfers from non-US locations to the US exceeded the number of transfers from the US to the field. The change of employer of record for 45 AMC staff was also a contributing factor, as 32 (71%) of the resulting additional headcount are US-based.

On January 1, 2016, the World Bank Group (WBG) launched the new Global Mobility Support Framework (GMSF), designed to increase staff capacity primarily outside of Washington, D.C., simplify assignment types and remove key hurdles to mobility. Although not an objective, GMSF was also expected to result in a cost savings for the WBG. Initial results post-GMSF implementation are pointing to growth in the total number of assignments.

CHAPTER 4 WORLD BANK GROUP FLAGSHIP REPORTS

4.1 World Development Report 2016: Digital Dividends

The 2016 World Development Report entitled Digital Dividends examines the impact of digital technologies as a tool for more effective force for development revolution. The Report finds that the digital revolution has fallen short of expectations in generating the broader benefits typically associated with technology—higher growth, more jobs and better public service delivery. The Report thus analyzes how to make digital technologies a more effective force for development.

The WDR 2016 reviews the available evidence and presents new analysis of the impact of digital connectivity in three areas: (i) Has it benefited businesses and promoted growth? (ii) Has it improved people's access to economic opportunities? and (iii) has it helped governments improve service delivery? The Report identifies the channels through which these objectives could be achieved, examines the development impact of digital technologies and explores policy options. It suggests that the digital development agenda needs to stand on two pillars: closing the digital divide by making the internet universal and affordable; and strengthening the analog foundations that enable firms, workers and governments to better leverage digital technologies.

The highlights of the main findings of the report are as follows:

a) **Digital technologies can promote inclusion, efficiency and innovation which** have benefits for the economy. Some examples include: E-government in India helps in expanding public services to poor and marginalized populations; expansion of online trading platform facilitate doing business such as Alibaba in China, and promotion of significant innovation as demonstrated by the mobile money revolution, which started in Kenya and has since spread to several countries.

b) **Digital technologies have spread rapidly, but digital dividends have not. While in some cases** digital technologies have boosted growth, expanded opportunities and improved service delivery. These are often isolated and limited cases that do not add up to a broad-based development impact. Thus the full transformative potential of digital technologies remains largely unrealized.

c) **Internet brings significant benefits, it also carries risks.** The existing WDR 2016 presents a more balanced picture of benefits and risks compared to the existing literature. It encourages policymakers in developing countries to seize the opportunities as well as manage the risks from these technologies. Specifically, it points to three risks: divergence, inequality and control. For instance in the absence of a competitive business environment, which encourages digital adoption, the unconnected firms will fall further behind their peers, increasing productivity differentials within and across countries. Also, increasing automation of routine tasks, even in white collar jobs could worsen the polarization of labor markets, with many mid-level workers being pushed into lower paying jobs. Many governments have deployed digital technologies to support service delivery. However, in the absence of strong institutions, governments may use these technologies predominantly for greater control of their citizens, rather than to empower them.

d) **The WDR 2016 shows that while the digital revolution is forging ahead, the** other factors important for development—which the report referred to as **its analog complements are not keeping pace.** Maximizing digital dividends and mitigating risk require better understanding of how technology interacts with these other factors important for development. Specifically, the WDR 2016 focuses on three complements, corresponding to the three risks: business regulations, skills development and accountable institutions. Investing in these analog complements is essential to increasing digital dividends and ensuring they are shared and sustained.

The main implication of this report for policy is that sectoral policies to bridge the digital divide based on market competition, private sector participation and light-touch regulations have lowered prices and raised access to mobile phones surprisingly quickly. Achieving universal and affordable access to the internet—a necessity in the emerging digital economy—has been more difficult with almost 4 billion people who remain unconnected. The WDR 2016 proposes a roadmap to make the internet universal and affordable. It is based on applying these principles along the internet value chain, from the first, while efforts are underway to integrate the lessons of the WDR 2016 in the work program of the ICT GP, the main task is to build close working relationships with other GPs and CCSAs, in particular those that work on analog complements.

This WDR was discussed extensively at the Board of Executive Directors. The EDs generally welcomed the Report and noted that advancements in digital technologies have transformed both developed and developing economies alike, bringing down costs of doing business in the private sector, improving service delivery in the public sector, and as economies grew, more jobs have been created. They however noted that in some cases the evidence of impact presented are still anecdotal, and evidence-based research in a number of cases are still few. Accordingly, we should nuance the interpretation of the results and evidence coming therefrom.

Directors also noted investments in the infrastructure for mobile phones and internet can be a huge cost and beyond the capacity of private entrepreneurs, particularly in numerous developing countries. The small size of their domestic markets also raises their unit costs and reduces potential profits. Accordingly, Directors sought clarity on how these countries could be assisted to afford such investment and reap the digital dividends. Where the private sector is not strong, government would be expected to play a greater role and meet the cost of the infrastructure, especially access to reliable and affordable energy. Directors also discussed the potential impact on jobs, labor markets and modern skills needed and the potential impact of digital technologies and expressed concern that the potential “risk that rapid technological change could end up increasing inequality and leaving many behind” and that the jobs held by the bottom 40 percent could be disproportionally impacted.

Other questions and issues raised by Directors include how the WBG will assist countries to do the following:

- eliminate multiplicity of digital identities which is becoming increasingly problematic in countries seeking to embrace the digital revolution to ensure maximum impact.
- Emplace safeguards measures to protect digital identities/data so as to preserve any identified gains.
- implement its digital agenda across countries without being in conflict with national laws and regulations?
- help countries enhance their cybersecurity framework on one hand and promote universal access on the other hand?
- Ensure that that most dividends of digital technologies do not accrue exclusively to young educated people, especially men, in cities of developed economies at the expense those the poor rural women, especially in LICs.

The management has taken the suggestions on board and will incorporate these in the final report. The next WDR 2017 titled ‘Governance and the Law’ is scheduled to be discussed at the Executive Board on October 27, 2016 and would be launched early in calendar year 2017.

Source: World Bank Intranet

4.2 Global Monitoring Report: Development Goals in an Era of Demographic Change

This Global Monitoring Report (GMR) has been a flagship publication of the World Bank and IMF since 2004, and was created to assess the implementation of policies and actions for achieving the Millennium Development Goals (MDGs) and related outcomes. For more than a decade, the GMR underpinned regular monitoring by the Development Committee, the joint Ministerial body of our two institutions, of progress on the policy agenda; and they will aid the Development Committee in setting priorities for action and defining the accountabilities of the key actors—developing and developed countries and multilateral institutions to support momentum toward achieving the MDGs by 2015.

The GMR 2015/2016, details the progress the world has made towards global development goals and examines the impact of demographic change on achieving these goals. It considers the decline of those living in global poverty, which is reclassified as living on $1.90 or less a day, to a forecast

9.6 percent of the world's population in 2015 -- a projected 200 million fewer people living in extreme poverty than in 2012. It also revises world economic growth projections for 2015 down to 3.3 percent on the basis of lower growth prospects in emerging markets.

The GMR 2015/2016 also analyzes how demographic shifts could alter the course of global development. The world is undergoing a major population shift that will reshape economic development for decades. The direction and pace of this transition varies dramatically from country to country, with differing implications depending on where a country stands on the spectrum of aging and economic development, the report said. To accelerate gains, the report says, development policies must take into account this altering landscape. Depending on the circumstances, this means that countries need to spark their demographic transition, accelerate job creation, sustain productivity growth and adapt to aging.

The GMR 2015/2016 is the last in this series and will be replaced by a new annual series, Poverty and Shared Prosperity Reports. The report series will inform a global audience comprising development practitioners, policy makers, researchers, advocates, and citizens with the latest and most accurate estimates on trends in global poverty and shared prosperity. It will update information on the global number of the poor, the poverty headcount ratio worldwide, the regions that have been more successful or that have been lagging in advancing toward the goals, and the enhancements in monitoring and measuring poverty.

This is consistent with the 2013 decision by Governors for the World Bank to adopt two ambitious goals: end global extreme poverty and promote shared prosperity in every country in a sustainable way, also called the 'twin goals'. The twin goals implies reducing the poverty headcount ratio from 10.7 percent globally in 2013 to 3.0 percent by 2030 and fostering the growth in the income or the consumption expenditure of the poorest 40 percent of the population distribution (the bottom 40) in each country. The first issue of the Poverty and Shared Prosperity Report will be released during the 2016 Annual Meetings. The special theme of this report is inequality.

4.3 Poverty and Shared Prosperity Report 2016

The World Bank Development Economics (DEC) Group inaugurated a new flagship report titled the *Poverty and Shared Prosperity Report 2016*. The first edition of this Report was carried out on a compressed timeline so as to be ready for launching at the Annual Meetings in October 2016. Future editions are expected to have a full 15 month preparation cycle, as is the case for other WBG Flagships. The report is specifically targeted at a global audience comprising development practitioners, policy makers, researchers, advocates, and citizens in general with the latest and most accurate estimates on trends in global poverty and shared prosperity. In particular, the main theme of this edition is trends in inequality. As defined in the report*, inequality refers to inequality of incomes or consumption*. The report also identify recent country experiences that have been successful in reducing inequalities; provided key lessons from those experiences; and synthesized the rigorous evidence on public policies that can shift inequality in a way that bolsters poverty reduction and shared prosperity in a sustainable manner.

This report is a natural response to the adoption by the Board of Executive Directors of the World Bank of the twin goals of the World Bank following the adoption on April 20, 2013 of two ambitious goals to: end global extreme poverty and promote shared prosperity in every country in a sustainable way. This implies reducing the poverty headcount ratio from 10.7 percent globally in 2013 to 3.0 percent by 2030 and fostering the growth in the income or the consumption expenditure of the poorest 40 percent of the population distribution (the bottom 40) in each country. To measure and monitor the progress on these goals, a report of this nature is therefore essential.

The report spans the period from 1990-2013 and covered 83 countries representing 75 percent of the world population in 2013, but less than half the number of countries in the world. In highlighting the state of global inequality, the report indicated that overall global extreme poverty headcount ratio dropped steadily over this period and that some regions including Sub-Saharan Africa (SSA) have narrowed inequality since the 1990s. However, the pace of poverty reduction is uneven, as Sub-Sahara Africa still houses the largest headcount ratio of 41% and indeed SSA is still home to some 389 million poor, i.e. more than all the poor in other regions of the world combined. This is a dramatic shift from 1990 when half of the world poor lived in East Asia and pacific which now contains only 9.3 % of the world poor. Also, in the area of inequality, there are wide ranging disparities within regions and based on findings, Latin America and Caribbean as well as Africa regions stand out as high-inequality regions. Latin America and Caribbean is also the most successful in reducing inequality.

In terms of country perspectives, the report focuses on the experiences of five low- and middle income countries, covering Asia, Latin America, Caribbean and Sub-Saharan Africa. The countries analyzed are Brazil, Cambodia, Mali, Peru and Tanzania. These are among the best performers, showing good shared prosperity premiums and strong records in narrowing income inequality and reducing extreme poverty. They are also sufficiently diverse to embody different development strategies and historical circumstances. The five countries exercised judicious macroeconomic management, appropriately dealt with external shocks, and implemented more or less protracted and coherent economic and social sector reforms. These allowed rapid, sustainable, and inclusive growth.

The report also noted that the countries analyzed benefited from particularly favorable external conditions, such as high commodity prices, low interest rates, or booming international trade, which have little to do with specific domestic policy decisions. Yet, other countries did not take advantage of these same favorable conditions, whereas these countries did benefit as well from the same exogenous conditions.

The report avers that there are common building blocks behind successful reductions in inequality—from strong growth and appropriate macroeconomic policies to coherent domestic policies—in a context of country-specific choices. Evidence suggests that policy interventions can reduce inequality and improve the living conditions of the poorest, whether or not this outcome is intended. The pathways to reducing inequality are many, from narrowing gaps in income generation opportunities to reducing the potential for inequalities in human capital development before they emerge; smoothing consumption among the most deprived, especially during shocks; and redistributing income in favor of the poor.

Meanwhile, Haiti and South Africa were identified as being some of the most unequal countries in the dataset. Limited nature of the dataset which contains only 83 countries out of 189 member countries in the study constitutes the main limitation of this study. The team acknowledged this limitation. This is especially true in existing country poverty estimates in Sub-Saharan Africa where the report makes a strong case for a data agenda.

The availability of good-quality household surveys is perhaps the most critical. Meanwhile, limited availability or a complete lack of household surveys not only hampers efforts to monitor poverty and shared prosperity, but also the capacity to design policies and interventions that can reach those who need them most. Household surveys therefore need to be undertaken with regularity, must be comparable from one round to another, and must be of good quality. Meeting any of these requirements is not common practice in many developing countries.

In the area of policy perspectives, the report examines key domestic policy interventions that are effective in reducing inequality, the benefits they generate, the choices that need to be made concerning their design and implementation, and the trade-offs with which they are associated.

The emphasis was on those policy areas relevant in the effort to reduce inequality, alongside macroeconomic management, steady growth, and well-functioning labor markets. These policy areas are human capital accumulation, investments in infrastructure, and progressive fiscal policies.

Within these policy domains, this report narrows the focus to selected interventions on which a body of rigorous evidence has been accumulated, including evaluation evidence, thereby allowing lessons to be drawn out with confidence. The specific interventions discussed are: (i) early childhood development (ECD), including breastfeeding; (ii) universal health care coverage; (iii) good-quality education; (iv) cash transfers, mostly conditional transfers; (v) investments in rural infrastructure, specifically rural roads and electrification; and (vi) income and consumption taxes.

The report however cautioned that the selectivity approach adopted in this study does not in any way diminish other policy interventions with potential effects on inequality reduction or intended to deny the potential equalizing effects of these other interventions. The reported argued that; the evidence of the equalizing effects is merely less compelling, is currently being collected, or a general consensus is absent on how to frame the policies to reduce inequality while reaching other objectives. This is the reason interventions revolving around land redistribution or financial inclusion, measures to adapt to climate change, or steps to promote technology and innovation are not included.

The report also made a number of interesting findings and revelations from its focus on the above six areas. We will cite just a few for the attention of policy makers as follows:

- The goal of ending poverty by 2030 cannot be reached at the current levels of economic growth;
- Early Childhood Development ECD promotes physical, socioemotional, language, and cognitive development during a child's early years. Breastfeeding and complementary feeding are often integrated in ECD interventions. Investing in such interventions shapes an individual's educational attainment, health, social behavior, and earnings in adulthood. The first 1,000 days of life are especially crucial: nutritional deficiencies and cognitive underdevelopment during this period are associated with later cognitive delays and lower academic achievement. Reducing inequality in ECD therefore reduces inequalities in ability, educational achievement, health status, and expected adult earnings, gains which are carried over throughout an individual's life.
- Higher scores on international assessments of reading and mathematics among students are associated with appreciably higher annual per capita growth rates in gross domestic product (GDP).
- Cross-country comparisons of educational achievement and aggregate growth rates show that an increase of one standard deviation in student reading and mathematics scores—roughly equivalent to improving a country's performance from the median to the top 15 percent—is associated with an increase of 2 percentage points in annual GDP per capita growth.
- Investing in new or improved all-weather roads reduce transportation cost and time needed to reach the markets. Improved rural roads also eliminate or reduce barriers to the reallocation of labor away from agriculture and contribute to the development of new local markets.
- In developing countries, property taxes are underutilized, representing about 0.5 percent of GDP, and declining at a time when the concentration and accumulation of wealth are on the rise worldwide. All these measures boost revenue collection in an equalizing manner, while keeping disincentives to a minimum.
- Integrated interventions are more likely to succeed than isolated, monolithic interventions, but composition influences the degree of success. For instance, if CCTs are combined with other safety net interventions such as transfers of productive assets, skills training, and

access to credit and finance, they have been shown to generate wide-ranging benefits. Similarly investments in rural roads that attract additional investments in public services such as electrification, agricultural extension services, and enhanced water and sanitation services improve not only the connectivity of people to opportunities to meet basic needs, but also security, productivity, and quality of services. Yet, composition is also important if various interventions are combined.

The report was discussed at the informal Executive Board meeting. Directors generally welcomed the report and expressed satisfaction with focus on equity issues by the Bank in both its global advocacy role, and in its support to national growth and development objectives in client countries. They noted that despite progress in reducing poverty, disparities persist today that are affecting well-being, the access to basic services, and current and future economic opportunities among the poor. Directors stressed that the strength of this report lies in the useful examples for country efforts to unwind inequality through policy actions and experiences and emphasized the importance of inequality reduction in ending poverty and boosting shared prosperity by 2030 even in the context of prevailing weaker growth.

In conclusion, Directors called for sustained efforts to continue to integrate the insights from research such as this in the systematic country diagnostic and framework for country engagement, i.e. the country partnership framework (CPF) and cautioned against universal prescriptions and unique models. They broadly agreed that there is value in general principles, sharing experiences and general lessons learned.

4.4 Update on the 2017 Doing Business Report – Sub-Sahara Africa Regional Perspective

We had provided a fairly detailed report last Spring on the World Bank Doing Business Report (DBR). The Report sheds light on how easy or difficult it is for a local entrepreneur to open and run a small to medium-size business when complying with relevant regulations. It measures and tracks changes in regulations affecting 11 areas in the life cycle of a business: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labor market regulation. DBR 2017 presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on labor market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business.

In a series of annual reports DBR presents quantitative indicators on business regulations and the protection of property rights that can be compared across 189 economies, from Afghanistan to Zimbabwe, over time. The data set covers 48 economies in Sub-Saharan Africa, 32 in Latin

America and the Caribbean, 25 in East Asia and the Pacific, 25 in Eastern Europe and Central Asia, 20 in the Middle East and North Africa and 8 in South Asia, as well as 32 OECD high-income economies. The indicators are used to analyze economic outcomes and identify what reforms have worked, where and why. This regional profile presents the Doing Business indicators for economies in Sub-Saharan Africa (SSA). It also shows the regional average, the best performance globally for each indicator and data for the following comparator regions. The data in this report are current as of June 1, 2015 (except for the paying taxes indicators, which cover the period January–December 2014).

The regional average ranking on the ease of doing business for SSA in 2016 is 143. Mauritius, Rwanda, and Botswana in the SSA ranking at 32, 62 and 72 respectively, while Eritrea, South Sudan and Central African Republic are at the bottom three with 189, 187 and 185 respectively. South Africa tops the Constituency at 73, followed by Nigeria at 169 and Angola at 181. These rankings are expected to change in the 2017 DBR.

4.4.1 Changes in the Doing Business 2017

As part of a two-year update in methodology, DBR 2017 expands the focus of five indicator sets (dealing with construction permits, getting electricity, registering property, enforcing contracts and labor market regulation), substantially revises the methodology for one indicator set (trading across borders) and implements small updates to the methodology for another (protecting minority investors). The indicators on dealing with construction permits now include an index of the quality of building regulation and its implementation. The getting electricity indicators now include a measure of the price of electricity consumption and an index of the reliability of electricity supply and transparency of tariffs. Starting this year, the registering property indicators include an index of the quality of the land administration system in each economy in addition to the indicators on the number of procedures and the time and cost to transfer property. And for enforcing contracts an index of the quality and efficiency of judicial processes has been added while the indicator on the number of procedures to enforce a contract has been dropped. The scope of the labor market regulation indicator set has also been expanded, to include more areas capturing aspects of job quality. The labor market regulation indicators continue to be excluded from the aggregate distance to frontier score and ranking on the ease of doing business. Beyond these changes there is one other update in methodology, for the protecting minority investors' indicators. A few points for the extent of shareholder governance index have been fine-tuned, and the index now also measures aspects of the regulations applicable to limited companies rather than privately held joint stock companies.

This update highlights the remainder of the consultation activities preceding the planned official launch of the Report on October 25, 2016. The highlight is as follows:

- **August**: Bank-wide review of the draft *Doing Business 2017* Report, including the new data but not rankings.
- **September – October**: video conferences held with regional staff to explain methodological changes.
- **Mid-October**: calls/emails to WBG regional management for countries with large data changes or recognized as top-improvers, to discuss changes.
- **October 17**: release of embargoed report to senior management and Executive Directors.
- **October 25**: *Doing Business 2017* report official launch date.

The launch of the Report on October 17 does not conclude the process of the 2017 DBR. The DBR team will continue on an ongoing basis to engage with governments and colleagues on Doing Business data.

CHAPTER 5 AFRICA REGIONAL UPDATES AND CONSTITUENCY COUNTRIES' PROJECTS AND PROGRAMS

5.1 Angola

Strategy with the World Bank Group

Angola graduated from IDA to IBRD status in July 2014, reflecting the country's economic maturity and allowing for greater benefits of loans from a financial institution rated AAA by the major rating agencies.

The World Bank Group Country Partnership Strategy (CPS) for Angola covering Fiscal Years 2014-2016, the first in nearly 4 years, come at an important juncture in Angola's development history of transitioning to shared prosperity. The CPS was approved in 2014 to support the country's transition and to define areas that could be supported with a new set of instruments, among which knowledge took a center stage. Thereby contributing to the Angolan Government's efforts to address the significant challenges remaining from the earlier period of reconstruction needed to lift Angola's development efforts to the next level. Aligned with its 2013-2017 National Development Plan, the CPS aimed at boosting Economic diversification, equitable distribution of wealth, and better service delivery through the use of various financial and advisory instruments available in the WBG (i.e..IBRD, IFC and MIGA).

From the three possible World Bank instruments, Angola has just used Investment Project Financing (IPF) and Development Policy Financing (DPF), giving still space for a diversification of WB instruments through Program for Results.

Figure5.2: Angola-WB financial relations

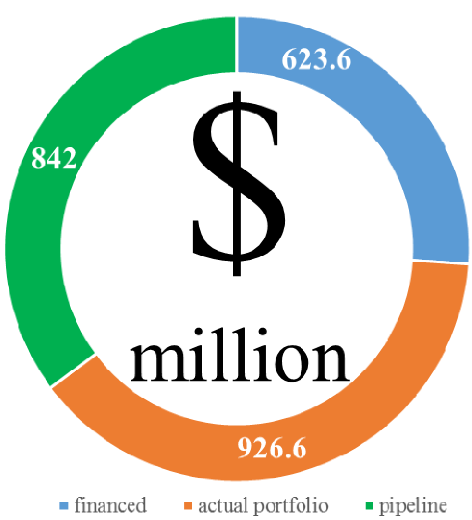
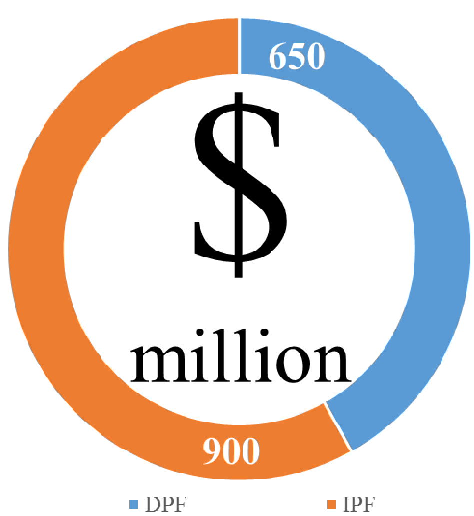


Figure5.3: WB products used by Angola

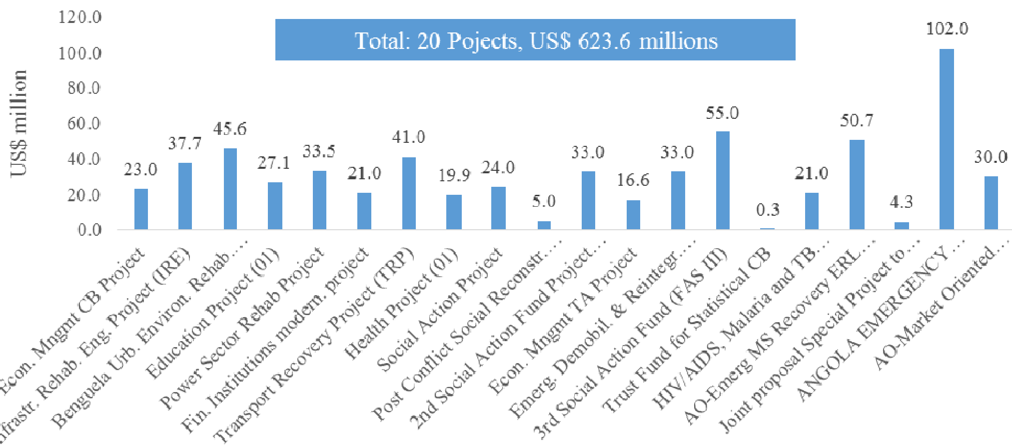


Source: World Bank, 2016.

Portfolio size and composition

In 1991, the WBG began its assistance to Angola, through IDA credit facility, to improve economic management capacity in the country. Consequently, the Bank opened its office in Luanda, in order to promote a dialogue with the Government of Angola.. After the implementation of a Transitional Support Strategy 2003-2004 of the country, two Interim Strategy Notes (ISN) followed.

Figure 5.4: Angola projects and other lending facilities financed by WBG from 1991-2008

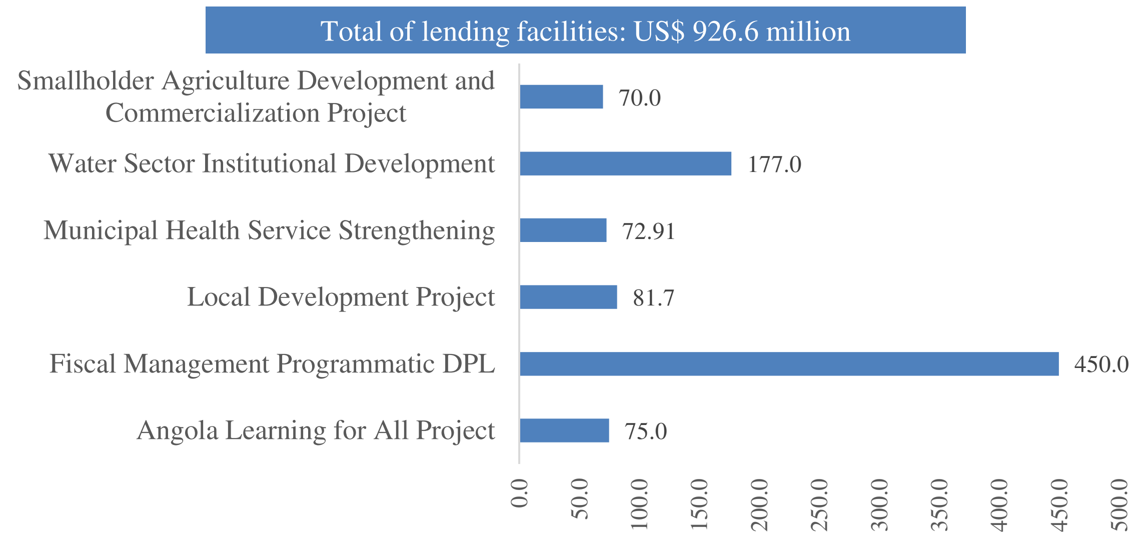


Source: World Bank, 2016.

From 1998 to 2013 the Bank carried out over 20 projects of social and economic impact with a total value of **US$ 623.6 million**, in order to improve the transparency, efficiency, and credibility of the management of public resources, expand the delivery of services to the war affected vulnerable groups and prepare the country for economic growth that eradicates poverty.

The current portfolio of World Bank projects in execution consists of 5 projects and 1 financing facility (DPL / DPF) valued at **US$ 926.6 million**.

Figure 5.5: Angola Actual portfolio size and composition with WBG lending facilities



Source: World Bank, 2016.

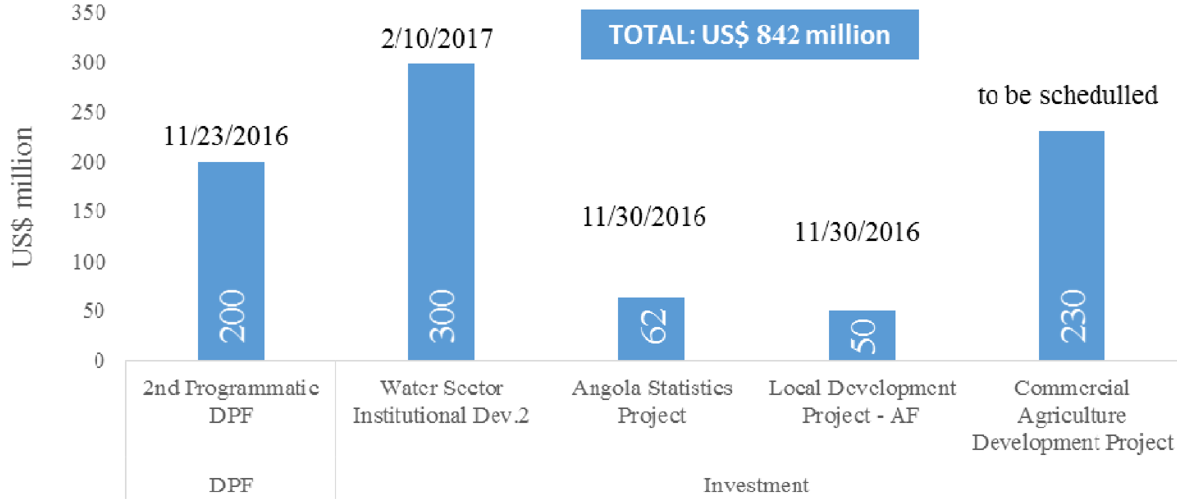
On the **MIGA** side, its exposure amounts to **US$ 581.8 million**, consisting of a guarantee of US$ 511.8 million to lead arranger HSBC Bank Plc. covering a non-shareholder loan (and interest) for the expansion of the Cambambe Hydroelectric Power Station and a guarantee of US$ 70 million covering an equity investment by KLF Capital S.a.r.l. of Luxembourg in Aceria de Angola SA.

And as far as private sector is involved, **IFC**'s active portfolio with Angola amounts to **US$ 25.9 million**, being the biggest part of it senior loan of US$ 20 million to Banco de Negocios Internacional (BNI) to help the Bank to settle import bills on behalf of its corporate and Small and Medium Enterprises (SMEs) clients for goods that include soft commodities, food, construction materials, and equipment, among others.

Pipeline

In addition to the projects and other lending facilities financed by the WBG, Angola is seeking to accomplish its National Development Plan goals by enhancing financial cooperation with WBG institutions. As matter of fact, 4 investment projects and 1 development policy lending are in the pipeline, amounting to US$ 842 million.

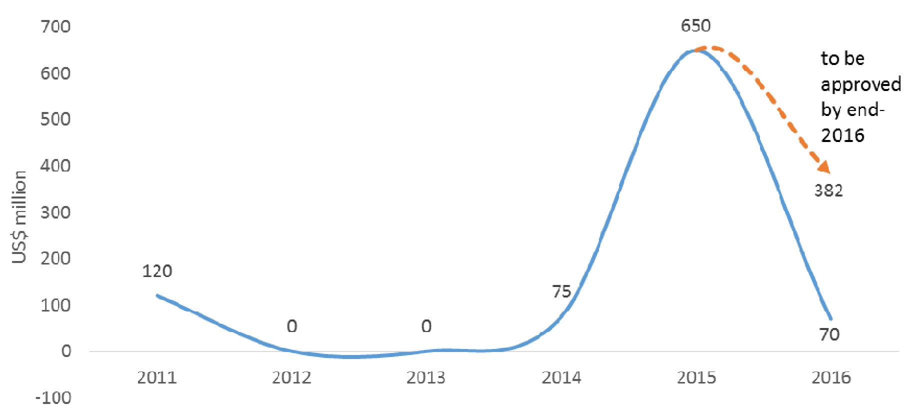
Figure 5.6: Angola projects and other lending facilities in the pipeline



Source: World Bank, 2016.

So far, only the Smallholder Agriculture Development and Commercialization Project has been approved for the FY 17 but as seen in the graph above, three other financing facilities are scheduled to be presented to the Board of Directors, amounting US$ 312 million.

Figure 5. 7: WBG commitments to Angola by FY



Source: World Bank, 2016.

5.2 Nigeria

World Bank Group Country Partnership Strategy Performance and Learning Review for Nigeria 2014-2017

The Nigeria Country Partnership Strategy (CPS) was discussed by the World Bank Group (WBG)'s Board of Directors on April 24, 2014. The CPS focuses on three strategic clusters which includes Cluster 1 on the federally-led structural reform agendas for growth and jobs (agriculture, power, financing for development), Cluster 2 on the quality and efficiency of social service delivery at state level (education, health, social protection and water) and Cluster 3 on governance and public sector management. The midterm review of the CPS takes place this year in form of the Performance and Learning Review. The Performance and Learning Review (PLR) assesses progress in implementing the CPF program and introduces necessary changes and course corrections. Nigeria PLR was discussed at a full Board meeting on September 22, 2016. The outcome provided useful lessons on how the WBG and the Fund can strengthen collaboration with the Nigerian authorities to get the country out of its current economic predicaments.

Strategic Objectives of the Country Partnership Strategy Performance and Learning Review

The CPS PLR affirms the relevance of the CPS with Nigeria development goals and offers some adjustment to the emerging development priorities of the new Government. The adjustment are:

I. ***Cluster 1: The federally-led structural reform agendas for growth and jobs:*** Progress under this cluster has been mixed in power and agriculture/climate resilience sectors and little was noted on the financing for development. Proposed adjustments focus on (1) diversification (mining sector, livestock and agribusiness, unlocking growth potential between urban and rural areas through economic corridor approach), (2) climate change action (coastal erosion, climate/water/conflict challenges in Lake Chad region, (3) financial sector (strengthening financial sector stability and promoting financial inclusion), (4) power sector.

II. ***Cluster 2: The Quality and Efficiency of Social Service Delivery at State Level:*** Progress in this cluster has been more pronounced. The targeted results have been achieved for increasing access of the poor and vulnerable to social and economic services, improved coverage and quality of health service deliveries. Proposed adjustments focus on: (1) improving quality and efficiency of public expenditures for social services delivery (education, intensified support to the North East, work on health sector financing and demographics).

III. ***Cross cutting cluster 3: Governance and Public Sector Management:*** No progress was recorded for the statistics but momentum has been gained in the public financial management, economic governance, gender engagement and knowledge program. The PLR places stronger emphasis on (1) Public Finance Management improvement and improved revenue and expenditure forecasts at state level, (2) Implementing a Doing Business 2017 Action Plan.

IV. ***Cross-cutting cluster 4: Restoring Macroeconomic Resilience*****:** This is a new cluster which focuses on support to the Government in restoring macroeconomic resilience.

Portfolio Quality and Performance

Nigeria portfolio implementation slowed down prior to and following the Nigeria elections. The FY16 disbursement ratio was 13 percent, compared to 19 percent in FY15 and 21 percent in FY14. The political transition impacted portfolio performance, particularly at the state level, where approximate 54 percent of the Bank portfolio is implemented and where 21 out of 36 states have new governors. Many of them have engaged with the WBG for the first time. Portfolio implementation was also affected by delays in providing counterpart funding, weak capacity, and fiduciary challenges in some instances. The introduction of a Treasury Single Account (TSA) delayed disbursements due to time needed to clarify the impact of these new arrangements on the Bank's projects.

Below are some charts showing pipelines of Nigeria's IBRD/IDA/IFC projects. The graph on Active Portfolio include lending product lines in IBRD/IDA, Global Environment Facilities (GEF), Special Financing and Montreal Protocol projects.

Table 5.1 Nigeria FY2017 Pipeline (IDA & IBRD) as of September 2016

Unit: USD Million

Proj ID	Project name	Board	IDA ($m)	IBRD ($m)	SUF ($m)
P157891	NG-Multi-Sectoral Crisis Recovery Project	12/08/2016	200		
P159761	Mineral Sector Support	02/01/2017	150		
P155951	NG-Federal DPF 1	02/15/2017	350	900	
P146330	NG-Elec. Transmission Project - SUF	03/22/2017			364
P148616	Nigeria SCPZ Support Project	03/23/2017	200		
P155000	Power Sector Guarantees Project II	03/29/2017		305	
P160430	Better Education Service Delivery for Al	06/20/2017	500		
	TOTAL		**1,400**	**1,205**	**364**

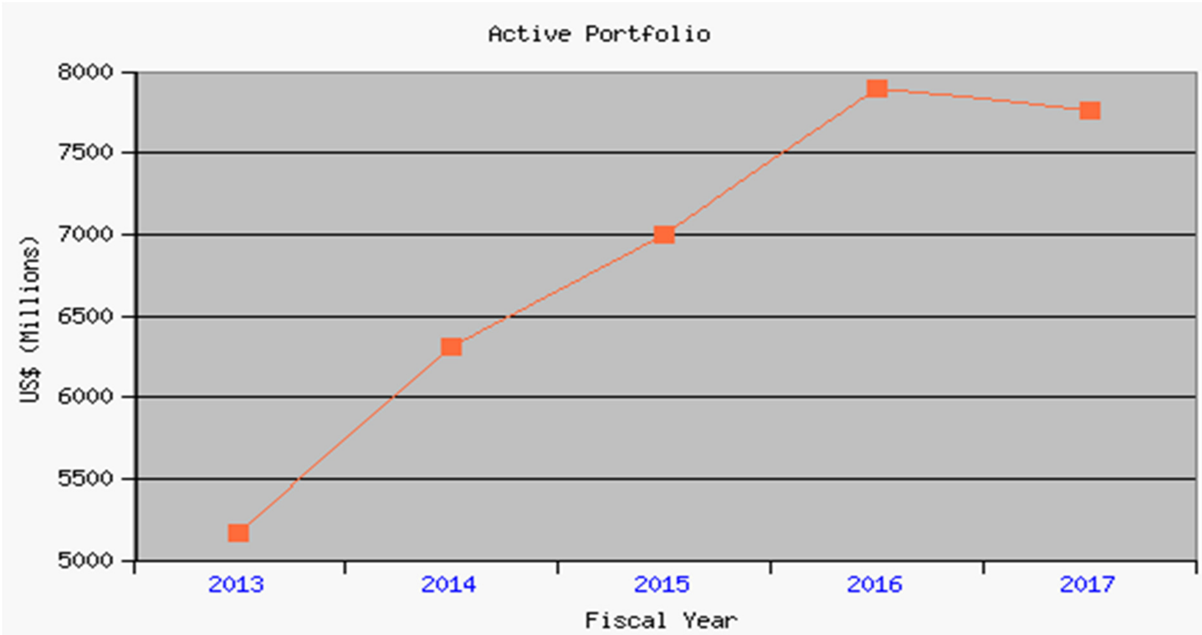


Figure 5.7 Source: World Bank Business Warehouse

Table 5.2 IFC Program and Portfolio Size and Composition by Sectors in Nigeria

Program (US$mn)						
	FY12	**FY13**	**FY14**	**FY15**	**FY16**	**FY17 YTD**
Total LTF Commitments	**163.2**	**831.8**	**441.7**	**1,071.0**	**762.2**	**77.5**
Vol: Own Account LTF	133.6	329.1	230.2	447.0	33.2	77.5
Vol: Mobilization	29.6	502.7	211.5	624.0	729.0	0.0
Total Short Term Finance	**679.4**	**669.4**	**1159.3**	**1,193.6**	**870.4**	**98.7**
Total IFC own Acc. LTF Commitments since [*1961*]	**2,709.3**					

Outstanding portfolio as of [*7/31/2016*]	**Manufacturing, Agribusiness and Services**	**Infrastructure and Natural Resources**	**Financial Institutions Group**	**Communications Telecoms and Technology**
Debt, equity & quasi-equity	**289.9**	**213.3**	**495.7**	**124.1**
Short Term Finance	**0**	**0**	**368.7**	**0**
Total	**289.9**	**213.3**	**864.4**	**124.1**
Top 5 exposures as of [*7/31/2016*]:	**Zenith Nigeria** (Finance & Insurance) [US$ 301.8 m]; **GTB** (Finance & Insurance) [US$ 226.4 m]; **IEFCL** (Chemicals) [US$ 150.0 m]; **Seven** (Oil, Gas and Mining) [US$ 139.0m]; **Azura** (Electric Power) [US$ 119.0m]			

Table 5.3 **Pipeline Projects for FY17-19 (as of June 30, 2016)**

Sector	**IFC Own Account (US$ m)**
Financial Markets	8.8
Infrastructure	350
Manufacturing	156
Telecom	100
Telecom, Media, and Technology	20
Total	**634.8**

Tables 5.2 and 5.3 above highlight IFC's strong portfolio size and pipelines in Nigeria. Needless to say that MIGA's portfolio size in Nigeria is equally large and growing rapidly.

5.3 South Africa

Strategy with the World Bank Group

The South Africa – World Bank 2014–2017 Country Partnership Strategy approved in 2013 identifies three areas of focus (the 3 pillars) namely: (1) reducing inequality, (2) promoting investment, and (3) strengthening investments. Sectors identified in the CPS across the pillars are cities support, health, financial inclusion, energy, private investments, environment, basic education, and asset, debt and risk management. The CPS also identifies the knowledge hub as the primary vehicle for delivering development solutions, notes that support to the regional integration agenda will be a key part of the CPS and that financing of knowledge services will come from the Bank's internal resources.

Portfolio Size and Composition

The World Bank lending program in South Africa comprises one core operation funded through the IBRD, namely the Eskom Investment Support Project (US$3.75 billion). The extension for this operation was approved in the later part of FY15 to align to continued constructions and allow for provision of institutional support to ESKOM in support of broader reform of the sector. This type 2 restructuring extends the Project for four more years, to 2019.

Other two significant operations in the country are the Isimangaliso Wetland Park project, supported through a US$9 million Global Environment Facility grants and closing in September 2016 and the Durban Landfill Gas-to-Electricity Project which closes in 2018.

In addition to the lending portfolio, South Africa has numerous partnerships underway, structured as advisory services and analytics (ASA) and reimbursable advisory services (RAS). These include Debt and risk management program, Pension investment advisory, Financial sector development and reform program, Cities support program, and Knowledge exchange on land reform management, cross-border TB management, youth employment support, and climate change mitigation.

Figure 5.9 Active investment and loan portfolio

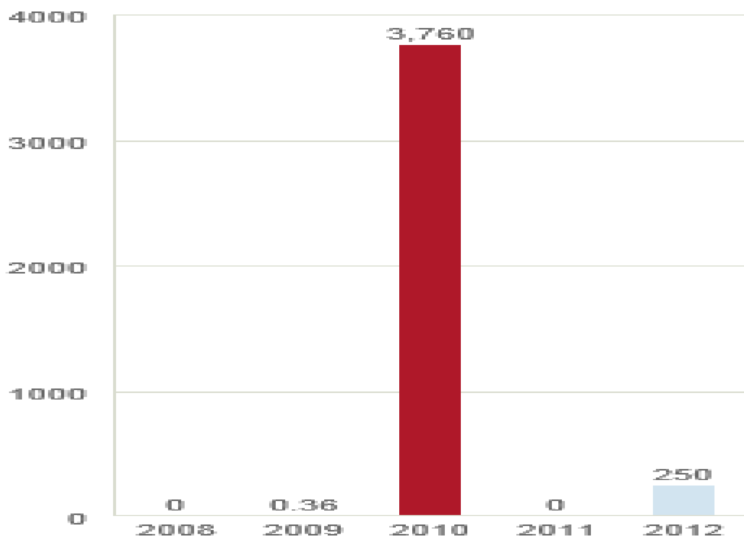
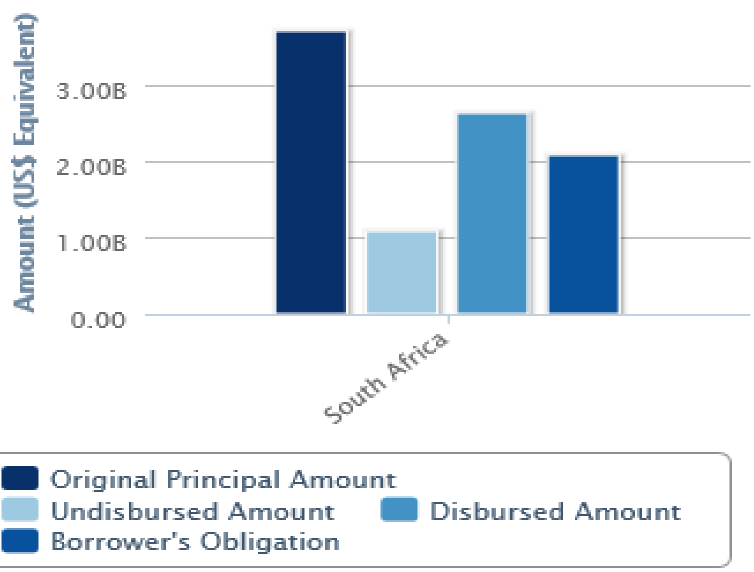


Figure 5.10 Portfolio profile



BANK Projects Pipeline

The bank projects pipeline consist mainly of analytical and advisory services (ASA) and one investment loan - the Land Bank Financial intermediation Loan to be presented to the board in FY17. Among the ASA in the pipeline are carbon capture and storage and market readiness project.

IFC

IFC portfolio continues to grow slowly and includes investment into South Africa and partnerships with South African business for investment outside the country. At least 10 investments of varied sizes were concluded this financial year. These were in the financial, energy, education and health sectors. As of April 30 2016, IFC's economic capital exposure in South Africa was US$334 million, with a headroom of US$1,043 million.

MIGA

MIGA continues to engage with government, SOEs and private sector in South Africa and have issued guarantees to foreign investors investing in South Africa and to South Africa companies investing elsewhere. For 2016, MIGA issued guarantees covering investments in ESKOM transmission line for the value up to US$925million.

IDA AND TRUST FUNDS CONTRIBUTIONS

For IDA 17, South Africa has committed SDR 19.89 million (R272. 00 million), a 0.09% share of the total IDA donor contributions. On the Trust Funds side, SA contributes to approximately 10 World Bank administered Trust Funds, most of which are multi-donor trust funds. These include the GEF (Global Environment Facility), International Finance Facility for Immunization, The Global Fund to Fight Aids, Tuberculosis, And Malaria, and The Cities Alliance Multi Donor Trust Fund. In addition, South Africa has at least two stand-alone trust funds with the WBG and IFC in the areas on extractives and business support.

CHAPTER 6 RECENT MEETINGS AND EVENTS

6.1 The 2016 Spring Meetings of the IMF/WBG

The 2016 Spring Meetings of the International Monetary Fund and the World Bank Group held from April 11 – 17, 2016 in Washington, D.C. The different delegations of the Constituency to the Spring Meeting were headed by the respective Ministers of Finance of Angola, Nigeria and South Africa. The Finance Minister for Nigeria Mrs Kemi Adeosun, represented the Constituency in the Development Committee.

The meetings held at a time of sluggish global economy, necessitating increased demands on a range of issues including: a call on the Bretton Woods Institutions to deploy knowledge and provide additional assistance to countries in need to facilitate economic diversification, deepen structural reforms, and create more jobs for young people. The meetings also drew attention to global crises such as forced displacement, climate change, and the necessity of preparing for the next pandemic. Some highlights of the meetings were:

A focus on gender and the on efforts aimed at reducing gender-based violence. US First Lady Michelle Obama made her first visit to the World Bank to urge global leaders to invest in adolescent girls.

Stronger partnerships: The WBG in particular has continued to expand and strengthen its partnerships between the World Bank Group and other organizations around the world. The Bank hosted an event to honor the UN Secretary-General Ban Ki-moon for his leadership in bringing the UN and the WBG closer together. The Spring Meetings also highlighted the ever-stronger bonds among the MDBs, including the recently formed Asian Infrastructure Investment Bank (AIIB) and the New Development Bank. During the meetings, the MDB leaders made commitments, for example, to working together to address the challenge of climate change. Another example of this partnership was to have Bill Gates join the panel on "A New Vision for Financing Development," during which he called for a strong IDA replenishment.

Forced displacement: Eight countries and the European Commission pledged and committed $1.6 billion in grants, soft loans, and guarantees to start the World Bank Middle-East and North Africa (MENA) Financing Facility to deal with the challenges of forced displacement. These pledges are expected to result in up to $800 million in concessional loans this year to help both Syrian refugees and the countries that host them; with Lebanon and Jordan being the first beneficiaries.

A look ahead: The ministerial event on early childhood development, suggested that a group of organizations led by the World Bank Group and UNICEF hold a "Paris-like moment" during the Annual Meetings, referring to the gathering of leaders in Paris last December that led to the historic COP21 climate agreement. Arising from this call, the World Bank and UNICEF will be hosting an event in October in which Finance Ministers will pledge to reduce the rate of childhood stunting in their countries.

6.2 2016 African Caucus Meetings

The 2016 African Caucus meetings took held from 04 – 05 August 2016 in Cotonou, Benin. Benin assumed chairmanship of the Caucus in October 2015 in Lima, Peru, in the margins of the 2015 Annual Meetings of the International Monetary Fund (IMF) and World Bank Group (WBG). The meetings chaired by Minister Abdoulaye Bio-Tchane was declared open by President Patrice Talon of the Republic of Benin.

The Meetings discussed the significant uncertainties surrounding Africa's economic outlook occasioned by multiple shocks including commodity price decline, tightening financial conditions, climate change, and security-related challenges. African economies are at a crossroad as economic gains achieved in the past decade (strong growth, accumulation of significant buffers, some progress in poverty reduction) could be reversed, threatening the continent's path to development. It was against this backdrop, the general theme for the 2016 Caucus meetings was: "*Scaling up Bretton Woods Institutions'* Support to Address Shocks, Boost Growth and Foster Economic Transformation in Africa" was framed.

The meetings among others featured three high-level seminars on:

- enhancing domestic resource mobilization (including the role of Bretton Woods Institutions in enhancing tax revenue and, tackling tax avoidance and illicit financial flows);
- addressing Africa's capacity gaps to accelerate transformation; and
- leveraging financing for climate smart development.

There were also informational sessions which featured the following presentations:

- regional economic outlook and review of debt sustainability framework (by the IMF);
- update on World Bank-financed transformative projects in Africa; and IDA 18 process (by the World Bank); and
- IFC's solar energy strategy for Africa (by IFC).

Summary of discussions:

The discussion examined the central role of both institutions in African countries' efforts towards enhancing efficient tax administration, and noted key reform areas to strengthen domestic tax revenues, including improving the quality of data (as statistics remain generally poor) and the building of strong institutions. Discussants underscored the importance of the traditional assistance (design of tax categories, expansion of tax base, tax regimes for extractive sectors, analysis of fiscal potentials, land taxation, reforms of public financial management) and recent undertakings (IMF's analysis on global trends in tax rates and tax exemptions and spillovers of G20's fiscal policies on developing countries) and called on the BWIs to raise their stakes in Africa. Discussants called on the IMF in particular, to enhance its work in priority areas such as ways to streamline tax exemptions; negotiation of contracts in extractive industries, analysis of fiscal potentials and collection gaps, as both institutions are encouraged to put more emphasis on tax progressivity and equity. Regarding policy advice and practices, the World Bank Group, notably the IFC, was requested to do what they preach notably by giving up the tax exemptions they and their co-shareholders benefit from in projects and investments in African countries. In addition, both institutions were called to play an advocacy role in encouraging OECD and G20 countries as well as fiscal heavens to revise their investment treaties and tax conventions, and eliminate their requests for tax exemptions notably on profitable projects.

While underlining the call for clarification of illicit financial flows, discussants agreed on the urgent need to tackle transfer pricing and tax evasion to ensure greater budget resources for developing countries. While international cooperation will be helpful in tackling these problems, African Countries are admonished to be more creative in responding to the challenge. In this regard, discussants called for targeted capacity enhancement for trade negotiations, and the need to avoid the race to the bottom to attract foreign direct investments; and encouraged African governments to promote investment incentives that do not necessarily undermine their tax bases.

Building human and physical capacity was again flagged as critical for African economies to realize their structural transformation objectives. While discussants agreed that it was time to think outside the box, the need for a well-resourced regional capacity-building institutions such as the ACBF was emphasized.

The meeting also examined the WBG's efforts towards helping countries develop climate-smart and green energy projects, with particular emphasis on financing and implementation. Panelist stressed the importance of increasing funding for adaptation, which remains critical for the development of the region. Adaptation projects are said to be largely focused on the agriculture sector, which is a labor-intensive sector for Africa and would not only help enhance resilience to drought, but also promote the creation of sustainable jobs.

Memorandum of African Governors to the IMF and the World Bank Group:

The zero draft of the Memorandum was presented to Governors by the Caucus Chairperson. Discussion of the Memorandum identified areas of focus in the final draft to be approved in Washington DC by Governors during the 2016 Annual Meetings of the IMF/World Bank.

Enhancing ministerial level participation in Caucus meetings on the Continent:

The African Caucus Technical Committee underlined the need for the Caucus Chairperson and the Committee of Executive Directors to engage with Governors early enough not only to ensure high level country participation, but more importantly ministerial participation.

Attendance:

Representatives of about 38 member countries participated in the 2016 African Caucus meetings. Haiti attended the meetings for the first time as a special invitee/observer and was represented by 3 delegates led by the Governor of the Central Bank of Haiti. A good number of regional and international organizations were also represented at the meetings in various capacities.

6.3 Update on the World Bank Group and the United Nations Collaboration on SDGs

The World Bank Group has continued to deepen its collaboration with the United Nations (UN) in furtherance of the Sustainable Development Goals (SDGs) Agenda. The launch of the SDGs coincided with a period of major reform and restructuring of the World Bank's system for improved, effective and efficient delivery of development priorities to client countries. This coincidence enabled the systematic design of the WBG's development interventions around some of the SDGs. It would be recalled that the WBG had been acclaimed for its very strong response in many areas of the Millennium Development Government (MDGs) through its strategies and focused approach towards poverty reduction using its country based models and instruments.

In furtherance of this collaboration and partnership, leaders of the UN system and the WBG have continued to meet at the highest levels to exchange views and share knowledge on sustainable development financing. As part of this process, the WBG actively featured prominently at the 71st Session of the UN General Assembly (UNGA) which held in New York, from Tuesday, September 13, 2016 under the theme: *"The Sustainable Development Goals: a universal push to transform our world"*. Among the WBG Activities co-organized with partners during the event are:

- High-level Meeting on Climate Finance – with UN Environment Program (UNEP);
- Global Health Leaders Meeting – with the World Health Organization (WHO);
- Using Carbon Pricing Revenue to Drive Innovation – with Responding to Climate Change Limited (RTCC);
- Driving Climate Innovation in Developing Countries – with Responding to Climate Change Limited (RTCC);
- High Level Panel on Water Action Plan Launch -with the UN Secretary-General, co-Chaired by the Presidents of Mexico and Mauritius;

- Leveraging Innovative Finance to Address Refugee Crises in Middle Income Countries – with UN High Commission on Refugees (UNHCR) and the UN Secretary-General;
- Every Woman Every Child Global Financing Facility Report Launch – with the Every Woman Every Child Global Financing Facility Partnership;
- Launch of the Global Partnership for Universal Social Protection to Achieve the SDGs – with the International Labor Organization (ILO);
- High Level Panel on Women's Economic Empowerment – with the UN Secretary-General, UN Women, and panel members; and
- Strengthening Partnership to Accelerate Africa's Demographic Dividend – with the UN Populations Fund (UNFPA).

The key priority messages of the World Bank at the various events emphasized its strong contribution to the mobilization of resources for migration and refugees; promoted the continued implementation of the Paris Agreement, particularly on climate finance and the mobilization of resources outlined in the Addis Ababa Action Agenda, including the role of the private sector; demonstrated the Bank's contribution to the implementation of the 2030 Agenda for Sustainable Development, including the SDGs; and highlighted the Bank's leadership on the human development agenda, including on global health, education, and social protection. A report of the outcome of the meeting is still awaited.

CHAPTER 7 GOVERNANCE AND ADMINISTRATIVE MATTERS

7.1 IBRD Capital Structure and voting power

As of June 30, 2016, IBRD had 189 member countries, with the top five accounting for 41% of the total voting power. The percentage of shares held by members with credit ratings of AA and above was 43%. The United States is IBRD's largest shareholder, with 16.63% of total voting power. It has the largest share of IBRD's uncalled capital, $43.4 billion, or 17.54% of total uncalled capital.

In 2010, to enhance IBRD's financial capacity following its response to the global economic crisis, IBRD's shareholders agreed to an increase in IBRD's authorized capital and a General Capital Increase (GCI), which became effective in FY11. On April 8, 2016, the Board approved the extension of the subscription period for eligible individual members up to March 16, 2018 for the GCI; and up to March 16, 2017 for the SCI.

As a result of the GCI and SCIs, IBRD is expected to receive $87 billion of subscribed capital, of which $5.1 billion will be paid in, as follows:

- GCI of $58.4 billion, of which $3.5 billion will be paid in. As of June 30, 2016, $48.0 billion has been subscribed and $2.9 billion paid in, $0.5 billion of which was paid during FY 16.
- SCI of $27.8 billion, of which $1.6 billion will be paid in. As of June 30, 2016, $24.3 billion has been subscribed and $1.4 billion paid in, $0.1 billion of which was paid during FY 16.
- SCI of $0.9 billion which represented the allocation of fully callable shares to certain DTCs and for which a paid-in amount was not required. As of June 30, 2016, $0.8 billion was subscribed.

A breakdown of IBRD subscribed capital for FY15 and FY16 is given in Table 6.2.1.

Table 7.1 IBRD Subscribed Capital (in US$ million, except ratios)

	%	FY15	FY16
Subscribed Capital			
Uncalled Subscribed Capital	94%	237,629	247,524
Paid-in Capital	6%	15,192	15,805
Total Subscribed Capital	100%	252,821	263,329

Selective Capital Increases (SCI), included allocating fully callable shares to certain DTCs. As a result of these capital increases, the voting power of DTCs increased to 45.2% as of June 30, 2016, from 42.6% as of June 30, 2008. This was a crucial element of the voice reforms.

7.2 Update on the Voice Secondment Program

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

According to a recent independent assessment of the Program, it is adjudged to have achieved its goals during its second five-year term of 2010 – 2014. The analysis revealed that so far, the VSP has succeeded in achieving its overall objectives. The Program is reported to have attained highly satisfactory success in its second term of five years in meeting its goals of upgrading Secondees' knowledge and skills to interact with the Bank. It also succeeded in encouraging informed dialogue and information exchange among a majority of focal agencies and EDs and operational staff, when alumni are engaged in their countries' interface with the Bank. The VSP has also met its targeted retention rate of alumni interacting with the Bank. The program has equally demonstrated relative success in enhancing the quality of benefiting constituents' contributions to policy and other discussions of the WBG Executive Board compared to the period before the program.

A call for nominations for the 13th Cohort of the VSP scheduled to commence in January 2017 was circulated to Capitals in March this year. All three countries of the Constituency presented nominees for the process which closed on Friday, May 13, 2016. Accredited nominees from Capitals are competitively evaluated for selection by the Board's Committee on Governance and Administrative Matters (COGAM), with the list of successful nominees published just before the Fall Annual Meetings.

Selection of eligible nominees for the 13th Cohort of the program due to commence in January 2017 is now completed and like in the 12th Cohort, no candidate from the Constituency was selected. The reason for this is not clear. However, increasing number of DTCs now apply for the program, thereby narrowing opportunities for previous beneficiaries as preference is given to first time applicants and countries with least frequencies in participation. All three countries in the Constituency have been recent beneficiaries of the program. A total of 17 Secondees from 17 developing and transition countries (DTCs) participated in the 12 Cohort of the program.

7.3 Changes in the Senior Management Team

There have been a number of changes to the Senior Management Team since the 2015 Annual Meetings.

In November 2015, **Philippe Le Houerou** was appointed as the Executive Vice President of IFC. He replaced Jin Yong Cai.

In December 2015, **Junaid Ahmad** was appointed Chief of Staff to the Office of the President. He replaced Yvonne Tsikata. Junaid has since moved to become Country Director for India.

In January 2016, **Yvonne Tsikata** became a Vice President and Corporate Secretary. She replaced Mahmoud Mohieldin. **Joaquim Levy** was appointed Managing Director and WBG Chief Financial Officer. He replaced Bertrand Badre. **Shaolin Yang** was appointed Managing Director and Chief Administrative Officer. This is a new position.

In February 2016, **Axel von Trotsenburg** was appointed Vice president for Development Finance. He replaced Joachim von Amsberg.

In July 2016, **Sri Mulyani Indrawati**, Managing Director and Chief Operating Officer, resigned her position to return to Indonesia as Finance Minister. This position remains vacant. **Paul Romer** was appointed Chief Economist. He replaces Kausik Basu.

President Kim indicated to the Board that he would like to serve a second 5-year term as WBG President. The Executive Board opened nominations for the position in August. President Kim ran unopposed and his reappointment was approved by the Executive Board on September 27, 2016.

FAREWELLS


EXIT
12/17/2015


12/17/2015


12/17/2015


12/17/2015


12/17/2015


12/17/2015


12/17/2015

ANNEXES

ANNEX I IDA 17 GRANT (DONOR) COUNTRIES, THEIR GNI PER CAP AND THEIR CONTRIBUTIONS

IDA17 grant (donor) contributions				
Country	**GNI per capita (US$ MR)**	**IDA17 (SDR)**	**IDA17 (US$)**	**Share (%)**
UK	43,340	3,000.8	4,351.1	13.00%
US	54,960	2,568.9	3,724.9	11.13%
Japan	36,680	2,310.1	3,349.6	10.01%
Germany	45,790	1,396.5	2,024.9	6.05%
France	40,580	1,134.2	1,644.5	4.91%
Canada	47,500	904.0	1,310.8	3.92%
Sweden	57,810	797.9	1,156.9	3.46%
Netherlands	48,940	649.3	941.5	2.81%
Switzerland	84,180	530.9	769.8	2.30%
Italy	32,790	495.0	717.8	2.14%
Australia	60,070	410.8	595.7	1.78%
Belgium	44,360	361.4	524.0	1.57%
Norway	93,820	349.4	506.6	1.51%
Austria	47,120	344.2	499.0	1.49%
Korea	27,440	253.9	368.2	1.10%
Spain	28,520	253.3	367.3	1.10%
Denmark	58,590	252.2	365.7	1.09%
Finland	46,360	227.5	329.9	0.99%
China	7,820	199.1	288.6	0.86%
India	1,590	132.7	192.4	0.57%
Russia	11,400	127.0	184.2	0.55%
Ireland	46,680	78.2	113.3	0.34%
Saudi Arabia	23,550	77.6	112.5	0.34%
Mexico	9,710	67.0	97.2	0.29%
Brazil	9,850	66.4	96.2	0.29%
Luxembourg	77,000	43.8	63.5	0.19%
Kuwait	40,930	40.9	59.2	0.18%
Singapore	52,090	34.5	50.0	0.15%
New Zealand	40,080	27.9	40.5	0.12%
Turkey	9,950	27.0	39.1	0.12%
South Africa	6,050	19.9	28.8	0.09%
Malaysia	10,570	17.9	26.0	0.08%
Israel	35,440	17.1	24.8	0.07%

Hungary	12,990	13.5	19.6	0.06%
Czech Rep	18,050	12.5	18.1	0.05%
Indonesia	3,440	12.1	17.5	0.05%
Portugal	20,530	8.7	12.6	0.04%
Iceland	49,730	6.9	10.0	0.03%
Poland	13,370	6.9	10.0	0.03%
Argentina	13,640	4.6	6.7	0.02%
Cyprus	25,930	4.6	6.7	0.02%
Philippines	3,440	3.4	4.9	0.01%
Estonia	18,480	3.3	4.8	0.01%
Thailand	5,620	3.3	4.8	0.01%
Slovenia	22,610	3.0	4.4	0.01%
Bahamas	21,310	2.7	3.9	0.01%
Latvia	14,900	2.3	3.3	0.01%
Slovak Rep	17,310	2.3	3.3	0.01%
Kazakhstan	11,580	2.3	3.3	0.01%
Lithuania	15,000	2.3	3.3	0.01%
Egypt	3,340	1.6	2.3	0.01%
Other		*2.6*	*3.8*	*0.01%*
Additional		*160.4*	*232.5*	*0.69%*
Structural gap		*5,605.9*	*8,128.6*	*24.29%*
Total		23,082.2	33,469.1	100.00%

Source: World Bank Intranet

ANNEX II IDA17 ELIGIBLE COUNTRIES

AFRICA	EAST ASIA	EUROPE AND CENTRAL ASIA
Benin	Cambodia	Kosovo
Burkina Faso	Kiribati	Kyrgyz Republic
Burundi	Laos, PDR	Moldova
Cameroon	Marshall Islands	Tajikistan
Cape Verde	Micronesia, FS	Uzbekistan
C.A.R.	Mongolia	**LATIN AMERICA AND CARIBBEAN**
Chad	Myanmar	Bolivia
Comoros	Papua New Guinea	Dominica
DRC	Samoa	St Vincent
Congo, Republic of	Solomon Islands	Grenada
Cote d'Ivoire	Timor-Leste	Guyana
Eritrea	Tonga	Haiti
Ethiopia	Tuvalu	Honduras
Gambia, The	Vanuatu	Nicaragua
Ghana	Vietnam	St Lucia
Guinea	**SOUTH ASIA**	**MIDDLE EAST AND NORTH AFRICA**
Guinea-Bissau	Afghanistan	Djibouti
Kenya	Bangladesh	Yemen, Republic of
Lesotho	Bhutan	
Liberia	*India*	
Madagascar	Maldives	
Malawi	Nepal	
Mali	Pakistan	
Mauritania	Sri Lanka	
Mozambique		
Niger		
Nigeria		
Rwanda		
Sao Tome and Pr.		
Senegal		
Sierra Leone		
Somalia		
South Sudan		
Sudan		
Tanzania		
Togo		
Uganda		
Zambia		
Zimbabwe		

Source: World Bank Intranet

Notes

- India graduated from IDA in IDA17 but is still getting transitional support in IDA18
- Eritrea, Somalia, Sudan and Zimbabwe do not have active programs because they are in protracted IDA arrea

ANNEX III SUMMARY OF ENVIRONMENTAL AND SOCIAL STANDARDS

Environmental and Social Standards (ESS)

In summary, aspects emphasized in the new Environmental and Social Standards (ESS) are as follows:

New and strong principles including respect for human rights and non-discrimination on the basis of gender identity and expression (SOGIE), disability, migrant, and sexual orientation. The principles of inclusion, empowering citizens, universal declaration of human rights, and other values such as individual dignity, transparency, accountability are emphasized in the vision and` across other standards. Human rights and climate change are addressed as a *crosscutting issues*.

ESS1- assessment and Management of Environmental and social Risks and Impacts. The overarching standard- applies to all projects – introduces a clearer and actionable risk management system. Obliges borrowers to commit to human rights principles and non-discrimination, make social and environmental and climate considerations and address all identifiable risks.

ESS2: Labor and working conditions

International Labor Organization (ILO) informed and include requirements relating to freedom of association, collective bargaining, non-discrimination, and explicit prohibition of child labor. The standard is extended to include Occupational Health and Safety. The principles are extended to project contractors, primary suppliers (and sub -contractors), and workers involved community labor.

ESS3: Resource Efficiency and Pollution Prevention and Management

Requires borrowers to quantify project related green-house gases (GHG) and consider options to reduce project related pollutants. It sets a standard for efficient management of resources- water, energy, and other raw materials. Reference is made to short and long lived pollutants, a need to estimate project's impact on climate including impact caused by tilting of land, and may insist on water management plans set for some projects

ESS4: Community Health Safety

Address design and safety aspects of infrastructure (such as safe dams), equipment, services and hazardous material, and requirements on the use of security personnel. Requires borrowers to also address possible exposure to disease – communicable and non-communicable, consequences of project activities, and emergencies through contingency planning. Emergency planning is expected to be reviewed continuously and includes include response to extreme weather conditions and events.

ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Applies to land and other shared resources – marine, aquatic, forest. Prohibits forced evictions, introduces requirements for a single resettlement instrument, addresses the right of different people including those without legal right of the land they occupy, and opportunity for the resettled people to share in the benefits of the projects (resettlement as a development opportunity), and insist that compensation must be paid before displacement. Full costs of resettlement be included in project costs and borrower is prohibited from commencing with project until all settlements have been finalized.

ESS6: Biodiversity, Conservation, and Sustainable Management of Living Natural Resources

Replaces the old 'Natural Habitats' and 'Forests' safeguards. Establishes an approach to biodiversity protection and sustainable use of living resources (incl biomass, agriculture, forestry and fisheries). Requires borrowers to address loss in habitats, degradation, invasive alien species, and others. Ecosystems concept introduced; biodiversity offsets will only be considered as last resort.

ESS7: Indigenous People

Applies when indigenous people are present and have attachment to project area. Requires borrowers to take measures to protect indigenous people in isolation, prohibits forced evictions and sets out a criteria for identifying indigenous people. Introduces Free, Prior and Informed Consent (FPIC), recognizes pastoralists as indigenous people and includes provisions for group and voluntary isolation.

The standard apply in all countries despite objections from some countries on the basis that it may exacerbate civil strife, instead suggests the use of waiver where ESS7 is inadvisable. FPIC of the indigenous people has to be ascertained by the World Bank.

ESS8: Cultural Heritage

Broaden the definition of cultural heritage to include tangible and intangible heritage. Intangible aspects includes practices, representations, knowledge traditions, beliefs and other non-material. Requires the project to adopt chance find procedure together with other approaches for protection of cultural heritage.

ESS9: Financial Intermediaries

Requires financial intermediaries (FI) to put in place environmental and social procedures commensurate with the FI and impacts associated with projects and potential subprojects. FI expected to monitor FI sub-projects risks.

ESS10: Information Disclosure and Stakeholder Engagement

Requires increased and ongoing engagement with stakeholders: ongoing dialogue between borrowers and stakeholders. Requires borrowers to inform stakeholders of all changes that may impact them and set up a grievance mechanism, objectives of the consultations – assess stakeholder's interests, maintain records of engagements, retain an independent third party specialist for stakeholder identification and analysis for significant risk.

Source: World Bank Intranet

ANNEX IV KEY CHANGES IN THE WORLD BANK NEW PROCUREMENT FRAMEWORK

	Topics / Issues		Changes: Policy		Impacts / Comments
1	**Structure of the Procurement Guidelines.** Mandatory and non-mandatory provisions, including policy statements and guidance, are mixed.		The Procurement Framework has been constructed under a structure with different tiers, from the Policy to increasingly detailed information in the associated Directives, with Regulations for Borrower's, and the Bank's Procedures, all supported by single-point accountability and decision making. In addition, the new Framework establishes a clear hierarchy structure under which secondary regulations and documents cannot diminish the substantial principles of the Policy. Finally, the Framework also encompasses guidance notes, which provide advice and non-mandatory courses of action.		Promotes an environment in which decisions can be made in a timely fashion and under a clear accountability framework, generating consistent and proactive World Bank support.
2	**Vision.** Previous framework was developed under a fit-for-all/ transactional approach.		The vision—"Procurement in Bank Operations supports clients to achieve value for money with integrity in delivering sustainable development"—is the strategic foundation of the entire Framework. The strengthening of procurement systems is a key objective, positioning Bank Procurement in a broader development context.		The Framework generates a balance between maintaining the World Bank's fiduciary assurance and at the same time delivering positive development objectives. The new Framework ensures that borrowers have more clarity on applying the procurement procedures. Institutional strengthening is a critical aspect of the work of the Governance Global Practice which helps ensure that capacity building is enhanced through levering its global, multi-disciplinary resources.
3	**Core Principles**. The previous framework referred to economy and efficiency as Core Principles, without explaining how they could be operationalized.		A succinct Policy that unequivocally states the guiding principles of the Bank's procurement practice—that is, value for money, economy, efficiency, fit for purpose, integrity, transparency, and fairness.		Promotes the implementation of the Bank's procurement vision.
4	**Governance**.		Enhances the existing concept of accountability, combining requirements for transparency and responsibility.		Promotes transparency and accountability and with a clear definition of roles and responsibilities. The performance of those involved in procurement, including Bank staff, is measured in terms of not only compliance, but also outcomes.
5	**Applicability**. The previous framework did not facilitate the recognition of other procurement arrangements that may have been the most appropriate to achieve development objectives.		Allows the use of alternative procurement arrangements, as appropriate, subject to the clearance.		Permits other procurement arrangements to be used if appropriate. Facilitates the design and implementation of operations in which the World Bank is a co-financier. In addition, it draws on previous examples of collaboration between the World Bank and other MDBs and will promote and recognize those client systems that are appropriate for a World Bank-financed operation.

6	**Procurement Strategy for Development**. The previous framework did not have specific instructions or guidance to link procurement with project development objectives.		Requires the design and implementation of a procurement strategy addressing how procurement activities will be carried out in a manner that supports the identified needs and delivers the best value for money under a fit for purpose approach. This strategy is based on the context in which the project is operating (e.g. fragile and conflict-affected situations; disaster/emergency; small economies; development of domestic contracting, manufacturing, and consulting industries) and takes into account factors that may affect the achievement of the development objectives.		This ensures that development results are delivered through a procurement process that is appropriate to the context and market conditions present. Rather than having to create exceptions or special arrangements in the Procurement Framework to deal with these critical issues, the policy has been designed from the outset to apply tailored, fit for purpose procurement approaches more generally. As such, the entire Procurement Framework is designed to be context specific.
7	**Interpretation and application of the Framework**.		Clearly establishes that the World Bank Chief Procurement Officer is responsible to Management for formulating, updating, and interpreting the Procurement Framework.		Establishes accountability in decisions related to the interpretation of the framework.
8	**Financial Intermediaries – Goods, Works and Consulting Services.** Public sector procedures for procurement through financial intermediaries to enterprises.		Lending through financial intermediaries to beneficiaries such as individuals, private sector enterprises, small and medium enterprises, or autonomous commercial enterprises of the public sector for the partial financing of subprojects have been removed from the Procurement Framework scope of application.		To be addressed by the Bank and Borrower outside of the Procurement Framework. As private sector commercial practices apply, public sector procurement approaches are not appropriate for this operating context. In particular as the financing has to be repaid and market forces are in play.
9	**Loan Guarantees.** Procurement under loans guaranteed by the World Bank follows Borrowers procedures of timeliness, quality and reasonable prices.		Payment Obligations that are guaranteed by the Bank will be governed by their own OP's and not subject to the Procurement Framework.		To be addressed by the Bank and Borrower outside of the Procurement Framework.
	Topics / Issues		**Changes: Regulations for Borrower's**		**Impacts**
1	**Applicability**. The previous framework did not facilitate the recognition of other procurement arrangements that may have been the most appropriate to development objectives.		Allows the use of alternative procurement arrangements, as appropriate subject to the clearance.		Permits other procurement arrangements to be used if appropriate. Facilitates the design and implementation of operations in which the World Bank is a co-financier. In addition, it draws on previous examples of collaboration between the World Bank and other MDBs and will promote and recognize those client systems that are appropriate for a World Bank-financed operation.
2	**Roles and Responsibilities, Bank**. The previous framework emphasized a transaction-based approach to oversight.		Promotes World Bank's focus on strategic planning and oversight under a risk-based approach, carried out through a variety of acceptable fiduciary instruments.		Introduces a strategic use of World Bank oversight and resources focusing on managing risk and delivering outcomes.
3	**Hands-on-expanded procurement implementation support**		The introduction of "hands-on expanded procurement implementation support to the client", either directly or through		Permits the World Bank to adjust its level of support, from openly providing hands-on expanded implementation support to the client

	The previous framework didn't allow the Bank to provide expanded support on procurement.		an approved third party; for FCS and low-capacity environments, which will be encouraged and supported.		as needed (for example to bid document preparation, bid evaluation etc.), through to utilizing third parties to provide assurance as appropriate depending on the operating context.
4	**Accountability**. Lack of clarity in the previous framework diluted accountability for results.		Enhances the previous concept of accountability, combining requirements of transparency and responsibility.		Defines roles and processes with clear accountability.
5	**SOEs and UN Agencies.** Participation of government-owned entities and UN agencies has been difficult in certain contexts i.e. market transition economies.		Sets appropriate criteria for SOEs to compete fairly in the marketplace in World Bank-financed procurement and permit sole-source contract awards to SOEs under particular circumstances. Provides a new framework for UN agencies.		Recognizes the role of SOEs and UN agencies as development players in particular markets where they operate. Permit the use of SOEs as appropriate to the context of the operation.
Section II, Procurement Strategy and Planning					
6	**Procurement Strategy for Development**. The previous framework had no specific instructions or guidance connecting the procurement functions with project's development objectives.		Requires the design and implementation of a procurement strategy addressing how procurement activities will be carried out in a manner that supports the identified needs and delivers the best value for money under a fit for purpose approach. This strategy is based on the context in which the project is operating (e.g. fragile and conflict-affected situations; disaster/emergency; small economies; development of domestic contracting, manufacturing, and consulting industries), and takes into account factors that may affect the achievement of the development objectives.		More upfront work will make follow-on procurement more effective and far more likely to succeed. Provides a more strategic approach to current tools such as the PAD and project manual. This ensures that development results are delivered through a procurement process that is appropriate to the project context and market conditions. Rather than having to create exceptions or special arrangements in the Procurement Framework to deal with these critical issues, the policy has been designed from the outset to apply tailored, fit for purpose procurement approaches more generally. Thus the entire Procurement Framework is designed to be context-specific. World Bank staff may need to provide technical assistance to borrowers unfamiliar with new tools and approaches.
Section III, Approach to Market and Procurement Methods					
7	**Lack of fit for purpose approach to market**. Procurement methods were listed but were not systematically linked to a fit for purpose approach to market and project development objectives.		Introduces a section (Section III) on market approaches to better guide the selection of fit for purpose procurement methods that lead to value for money.		Allows procurements to be context specific, reflecting market dynamics and facilitates value for money and fit for purpose solutions to meet project development objectives.
8	**Evaluation Criteria.** Evaluation criteria were focused on the lowest evaluated bidder that was substantially compliant with technical specifications.		Introduces value for money (cost, quality, and as agreed with the Borrower, sustainability factors) and fit for purpose considerations over the life of the asset. Allows for more innovation from bidders and recognition of quality cost factors in decision-making.		Added considerations to best meet the client's requirements using evaluation criteria including life-cycle costing, quality and sustainability criteria where appropriate. This may require technical assistance of Bank staff for bid document preparation and evaluation of bids for borrowers not used to this approach.

9	**Approved Procurement Methods**. The list was limited.		Introduces new procurement methods such as competitive dialogue, panel of consultants, modified method for requests for quotation, e-auctions etc.		Larger menu of procurement methods to best achieve value for money and fit for purpose solutions.
10	**Threshold-based Methods**. ICB/NCB procurement methods were based on country thresholds.		Procurement methods are based on an assessment of market, risk, complexity, and national capacity at the country, project and procurement levels.		Better positioned to deliver fit for purpose solutions tailored to the specific requirements of the country, project, or procurement. Delinking thresholds from methods delivers a more calibrated rather than mechanical approach.
11	**ICB is the Preferred Method.** ICB was the most appropriate method of procurement.		Competitive and open procurement are the preferred approach, while ICB is the preferred method for complex, high-risk and high-value procurement.		Resulting procurement methods are better tailored to fit for purpose solutions.
12	**Limited Competitive Bidding Restricted to International**.		Limited bidding opened to national as well as international procurement.		Added flexibility for better fit for purpose solutions.
13	**Shopping.** Often raised concerns of transparency, lack of competition, leading to mis-procurement and confusion amongst Borrowers because it could be an overused method.		Advertisement for Requests for Quotation is the preferred method because it encourages competition and adds more transparency to the procurement process. This approach generally mirrors the procurement system in the country of operation.		Many Borrowers have asked for this method, which is in their national procurement legislation. This also increases transparency in the selection of providers without delaying the process.
14	**Restriction on PPP.** Public-private partnerships (PPP) were restricted to open competitive procurement equivalent to the Bank's ITB.		The selection of PPPs is based on criteria that best meets the development objectives and project outcomes acceptable to the World Bank as opposed to the previous process oriented approach.		Given the nature of PPPs, flexibility to ensure that project objectives and outcomes are met, rather than using a process-based approach that was not designed for PPPs. This will facilitate the private sector participation in Bank financed PPPs across the World Bank Group.
15	**No Competitive Dialogue Method.** Lack of a comprehensive and fully negotiable procurement method for complex procurement when best solution is not yet known.		Added Competitive Dialogue - Multi stage bidding with full discovery and negotiations on any part of the complete bid before issuing amended bidding documents for the second and final stage.		Allows greater flexibility when there is no known best solution for a complex procurement. This is likely to require technical assistance from Bank staff if the method is not known by the Borrower.
16	**Restricted Framework Agreements.** Framework agreements included limitations for period and aggregate amounts and did not allow for use of borrower's existing framework agreements.		Removed limitations, made applicable for consulting services and added the use of existing borrower framework agreements.		Added flexibility for fit for purpose solutions, and expedited procurement.
17	**Direct Contracting Limitations**. Circumstances limitations for its applicability.		Clarified and enlarged the situations under which it may be used.		Flexibility for better fit for purpose solutions depending on the operating context and market.

18	**UN Agencies Limitations.** UN Agencies limited in their use.		Added the possibility for the World Bank to set up framework agreements with UN and other Multilateral and Bilateral Organizations from which Borrowers may procure.		Adds efficiency and expedited procurement for Borrowers, in particular in FCS and emergency situations.
19	**Shortlisting of Consultants.** Resulted in few proposals because of the use of a summary of terms of reference with the requests for expression of interest.		Require full and complete terms of reference to be issued with the request for expression of interest.		Enhances competition and increases the probability that shortlisted legal entities will submit proposals.
	Topics / Issues		**Changes: Regulations for Borrower's**		**Impacts**
20	**Number of Shortlisted Firms.** Mandatory requirement that shortlists should be comprised of six legal entities.		Shortlist should ensure sufficient competition but should not exceed eight.		Flexibility in the creation of shortlists based on market, risk, and complexity.
21	**Shortlists Restrictions I.** Shortlist should comprise no more than two firms from the same country and at least one from a developing country.		Shortlists to comprise legal entities that have the best relevant qualifications, mirroring other World Bank procurement approaches.		Ensures the selection of legal entities that best fit the requirements for an assignment. Will require careful definition of appropriate evaluation criteria.
22	**Shortlists Restrictions II**. Shortlist may comprise only national consultants below a certain threshold.		The threshold approach has been replaced with a context driven approach that takes account of the local market conditions and the operating context to deliver a fit for purpose approach.		Ensures the selection of legal entities that best fit the requirements for an assignment.
23	**Shortlists and Key Staff**. In shortlisting, evaluating firms on the basis of key staff was not clearly prohibited.		Clear requirement that the professional assessment for shortlisting is of the legal entity and not of the key personnel.		Ensures the selection of legal entities that best fit the requirements for an assignment.
24	**Threshold-based Method Selection**. Selection methods mostly based on monetary thresholds.		Selection methods are now based on market, risk, and complexity of the assignment.		Promotes the selection of legal entities that best fit the requirements for an assignment. Ensures more appropriate procurement methods that are linked to the operating context and market risk.
25	**QCBS is Recommended [de facto default]**. Quality- and Cost-Based Selection (QCBS) is the most commonly recommended method.		Circumstances for use of QCBS clarified; best fit for purpose method should be used.		Ensures the selection of legal entities that best fit the requirement for an assignment.
26	**Limitations on Single-Source Selections**. Applicability of Single-Source Selection was limited.		Clarifies the circumstances under which Single-Source Selection may be used.		Flexibility for better fit for purpose solutions, reflecting operating and market context.

27	**CQS and Advertisement**. Consultants Qualification Selection (CQS) was not clear regarding requirement for advertising.		Clarifies that advertising is not required.		Added flexibility minimizes delays for emergency situations or low value assignments.
28	**Project Implementation Personnel and Service Delivery Contractors.**		Clarifies that, since they are not consultants, they should be contracted using the Borrower's own hiring practices.		Clarifies the previous misunderstanding and expedites the hiring process of project implementation staff and contractors who are not consultants. Reduces transaction costs for the procurement of low value, low risk staff and contractors.
29	**Restricted Evaluation Criteria.** Evaluation criteria do not fit new value for money and fit for purpose considerations.		Evaluation criteria established as basic pillars to meet value for money and fit for purpose considerations.		Ensures that bids and proposals are evaluated to best meet the client's requirements in terms of value for money and fit for purpose.
30	**No Negotiation**. For competitive procurement of goods, works, and non-consulting services, negotiation was not an option.		Introduce the possibility of negotiation, as appropriate, with probity safeguards.		Adds flexibility to the procurement process to better achieve value for money and fit for purpose. Negotiations must be held in the presence of an independent third party, agreed with the World Bank.
31	**Lack of Option for Best and Final Offers**. Requesting best and final offers was not permitted in the procurement of goods, works, and non-consulting services.		Introduces the use, when appropriate, of a one-time request for best and final offers.		Adds flexibility to the procurement process to better achieve value for money and fit for purpose.
32	**Limited Contract Award Criteria**. Contract award criteria were based on responses that were substantially responsive and the lowest-cost evaluated bid or proposal.		Contract award criteria based on value for money and fit for purpose.		Added considerations to best meet the client's requirements using evaluation criteria including life-cycle costing, quality and sustainability criteria where appropriate. This may require technical assistance of Bank staff for bid document preparation and evaluation of bids if Borrowers are unfamiliar with the approach.
Section V, Contract Conditions, Management, and Administration					
33	**Contract Management**. Matters in this section were not included in the previous World Bank Guidelines. Bank procurement oversight and involvement was limited to contract award.		New section covers contract performance and contract administration.		Elevates contract management and administration to the proper attention of the procurement function as an essential element of successful delivery and project outcomes.
Section VI, Remedies, Complaints and Commendation					
34	**Complaints.**		The World Bank now centrally monitors procurement related complaints (at both the bidding stage as previous and in addition, complaints related to post award activities) and provide more		Complaints on procurement matters are centrally monitored across the entire procurement process. More support will be provided by World Bank staff including for tracking and expediting complaints.

	WB interaction dealing with complaints was limited to the pre award process after contract award.		support to task team leaders (TTLs) and Global Practices, including by setting operating standards and developing measures for complaints tracking. The introduction of a Stand Still period which allows bidders to raise complaints before contract signature.		
35	**Non Compliance.** Previous framework required a declaration of mis-procurement and cancelation of funds for all cases of procurement noncompliance regardless of the materiality of the procurement infringement.		The new procurement framework requires Bank staff to carry out a detailed analysis of the circumstances surrounding the non-compliance and to propose the most appropriate action including legal remedies.		Bank's decisions on cases of non-compliance are more fit for purpose and aligned with the materiality and the impact of the infringement.

Source: World Bank Intranet

ANNEX V UPCOMING MEETINGS

UP-COMING MEETINGS

MEETING	DATES	VENUE
IMF/WBG Annual Meeting	October 7-10, 2016	Washington DC, USA
African Caucus Meetings	October 9, 2016	Washington DC, USA
Third IDA 18 Replenishment Meeting	October 10-12, 2016	Washington DC, USA
Ministerial Dialogue TBD Nigeria	TBD	Abuja, Nigeria
Consultation with Nigeria		
	October 17-19, 2016	Abuja, Nigeria
IMF/WBG Spring Meeting	April 22, 2017	Washington DC, USA
UN Conference		
UNGA		NEW YORK, USA

ANNEX VI DEVELOPMENT COMMITTEE COMMUNIQUE

DEVELOPMENT COMMITTEE

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

Telephone: (202) 458-2980
Fax: (202) 522-1618
1818 H Street, N.W., Washington, D.C. 20433

Washington DC, April 16, 2016

1. The Development Committee met today, April 16, in Washington, D.C.

2. Global growth continues to disappoint in 2016. Substantial downside risks to growth remain, including weak demand, tighter financial markets, softening trade, persistently low oil and commodity prices, and volatile capital flows. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF), within their respective mandates, to monitor these risks and vulnerabilities closely, and update the Debt Sustainability Framework for Low-Income Countries. We also call on them to provide policy advice and financial support for sustained, inclusive and diversified growth and resilience.

3. We are encouraged by progress on the Forward Look exercise on the medium to long term future of the WBG, which aims to ensure that the Group remains a strong global development institution in an evolving development landscape; and we expect a final report by the Annual Meetings. The Board and management shall develop proposals to ensure that the WBG remains responsive to the diverse needs of all its clients; leads on global issues and knowledge; makes the "billions to trillions" agenda a reality; partners effectively with the private sector; becomes a more effective and agile development partner; and adapts its business model accordingly. The Board and management should continue to consider ways to strengthen the financial position of the WBG institutions, including by optimizing the use of their existing resources, so that they are adequately resourced to accomplish the Group's mission.

4. Fragility and conflict have displaced millions of people, significantly impacting both origin and host countries. We look forward to WBG and IMF action in this area, within their respective mandates and in partnership with humanitarian and other actors, to mitigate the vulnerabilities of forcibly displaced persons, to help host communities manage shocks, and to tackle the root causes of forced displacement. We urge the international community to take action in supporting these vulnerable populations who largely live below the poverty line. We recognize the sacrifices and generosity of host countries and the lack of adequate instruments to support them. We welcome Islamic Development Bank, UN and WBG efforts to develop the financing facility for the Middle East and North Africa and donor commitments to this initiative. We ask the WBG to explore options to develop a long term global crisis response platform. We look forward to the upcoming first World Humanitarian Summit and the Summit on Refugees at the UN General Assembly.

5. IDA remains the most important source of concessional financing for the poorest countries. We advocate for a strong IDA 18 replenishment with the support of traditional and new donors that ensures continued focus on the poorest countries. We look forward to a concrete and ambitious proposal on IDA leveraging options in the context of the replenishment.

6. In 2016, we begin the task of implementing in earnest the challenging program we committed to in the 2030 Development Agenda. In line with their comparative advantage, the IMF, MDBs, UN and WBG should partner to support developing countries' efforts to meet the SDGs, while adjusting to a slower growth environment and reduced private capital flows. We support collaboration among MDBs on developing high quality financing for sustainable and growth-oriented infrastructure investments. The WBG and IMF should also step up efforts to implement the Addis Ababa Action Agenda on Financing for Development, in particular, crowding in the private sector and boosting domestic resource mobilization, including by tackling illicit financial flows.

7. The private sector is critical to achieve our ambitious development objectives. Inclusive job creation is central to shared prosperity. We encourage all WBG institutions to work together in support of this agenda. In particular, we call on IFC and MIGA to do more to catalyze sustainable economic growth, including by mobilizing funds and providing guarantees in the most challenging environments, and to small and medium enterprises. We also urge IFC, IBRD and IDA to help countries undertake reforms and invest in the quality infrastructure needed to establish business environments that support private investment and local entrepreneurs.

8. Achieving gender equality is central to the 2030 Agenda for Sustainable Development. We welcome the WBG's recent adoption of the renewed gender strategy and look forward to its effective implementation.

9. The WBG should continue to deliver evidence-based development solutions at the country, regional, and global levels, including through improved country data systems, and South-South cooperation both in low- and middle-income countries. We urge the WBG and IMF to become more effective in fragile and conflict situations, through strengthened operational capacity in

affected countries, better-tailored capacity development activities, incentives and enhanced security for staff, and innovative financing and resourcing.

10. We stress the need to strengthen country institutions and health systems, including enhancement of pandemic prevention and preparedness, in close collaboration with the World Health Organization and other stakeholders. We urge the WBG to finish the preparatory work on the Pandemic Emergency Facility as soon as possible and foster a new market for pandemic risk management insurance.

11. We applaud the historic Paris Agreement, which set the stage for ambitious climate action for all stakeholders. The WBG's recent Climate Change Action Plan sets out its commitment to help operationalize, based on client demand, climate-smart policies and projects as well as to scale up technical and financial support for climate change mitigation and adaptation, consistent with UNFCCC. Small states, the poor and the vulnerable are among the most exposed to the negative impacts of climate change and natural disasters and we urge the WBG and IMF to continue to step up their support to build resilience in these countries.

12. We welcome the Progress Report on Mainstreaming Disaster Risk Management. We call on the WBG to implement actions and policies using the principles of prevention and preparedness and to continue to build capacity for disaster response guided by the Sendai Framework for Disaster Risk Reduction, in particular, in Small Island Developing States. We look forward to an update on the Progress Report in two years.

13. We encourage management and the Board to finalize the modernization of the World Bank's Environmental and Social Framework by August 2016.

14. We welcome the interim report on the Dynamic Formula and stress the need for the planned further work aiming to reach an agreement by the 2016 Annual Meetings in line with the Shareholding Review principles and the Roadmap agreed in Lima.

15. The next meeting of the Development Committee is scheduled for October 8, 2016.

ANNEX VII DEVELOPMENT COMMITTEE MEMBER STATEMENT

DEVELOPMENT COMMITTEE
(Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund On the Transfer of Real Resources to Developing Countries)
NINETY-SECOND MEETING LIMA, PERU – APRIL 16, 2016

Statement by
H.E. Kemi Adeosun
Minister of Finance
Nigeria
On behalf of the Constituency of Angola, Nigeria and South

93rd Meeting of the Development Committee

April 16, 2016

Washington, D.C.

Global Economy

We meet amid a weakening global growth outlook and heightened downside risks emanating from eroding buffers and financial market volatility occasioned by uncertainties associated with tightening and slowdown in major economies. The previously projected growth outlook for 2016 is unlikely to materialize, leading to a further downward revision of global GDP. Amid continued uncertainty, high income countries are expected to experience gradual recovery, while developing countries continue to witness slower than projected growth. Growth in US is expected to improve moderately while the Euro area is expected to have slow growth. The risk to the outlook is further compounded by currency weakening and continuing decline in demand for commodities

The impact of the weakening global growth outlook on Sub-Saharan Africa (SSA) is deepening. GDP growth in SSA has slowed to less than 4 percent in 2015, from about 4.6 percent in 2014, which was a slight improvement over the 2013 performance. Global commodity prices have declined sharply over the past three years, and output growth has slowed considerably among commodity-exporting emerging market and developing economies. These economies, like those in our constituency are at a difficult juncture as they have all been seriously impacted. Looking ahead, however, the projection is that SSA will witness an uptick in 2016 if appropriate structural, fiscal, monetary and financial policies response are deployed. In the circumstances, diversification of the economy has become even more critical while maintaining macroeconomic stability and improving economic resilience.

Investing in Infrastructure

For developing countries, investing in infrastructure is key to diversification. Infrastructure can fuel growth, create jobs, improve incomes, and expand social and economic opportunities for citizens. In line with the 2030 agenda therefore, we support current efforts by the World Bank Group to prioritize infrastructure to boost growth and service delivery in our countries. Enormous infrastructure gaps persist and the public sector cannot close these huge gaps alone, hence innovative solutions and private sector capital can make a vital contribution to reversing underinvestment in infrastructure in developing countries, particularly in SSA.

IDA

Concessional finance is an important source of financing for development in low income countries. Against the backdrop of the multiple shocks emanating from global economic headwinds, problem of insecurity, as well as extreme weather condition, concessional resources are even more critical to fund safety net programs to cushion the impact of these shocks on the most vulnerable groups. Accordingly, we call for strong partner contributions to support concessional financing to benefit the poorest countries and to preserve the overall concessional nature of IDA. We welcome the ongoing innovations and express support for the leveraging of IDA's equity under IDA 18. However, it is imperative that considerations of the various options should lead to increase in resources available for investment, while guarding against substitution risks and other associated risks inherent in a leveraged financing model.

Stemming Illicit Financial Flows

Stemming Illicit Financial Flows remains a key priority for the countries in this group in addition to raising additional tax revenues to boost domestic resource mobilization (DRM) - a key pillar of the Finance for Development (FfD) framework and the Addis Ababa Agenda for Action. This will help contribute to the funding needs to achieve the Sustainable Development Goals. Accordingly, we concur with your plan to build vital capacity and focus on critical areas of detecting and preventing tax evasion in high risk sectors and determining beneficial ownership of firms. In addition, we call for support to address trade mis-invoicing as an immediate area of focus for the countries in this group. This is in addition to the on-going vigorous fight against corruptive behavior and strengthening of institutions and building systems that prevent illicit financial flows in all our countries. Effective collaboration with the IFC and other partners such as OECD, Global Forum, ATAF, FATF, IMF and G-20, among several others to ensure synergy of efforts is essential to achieve success.

Forward Look and the One World Bank Group

We welcome the ongoing discussion within the Bank on how it might ensure its legitimacy, effectiveness and relevance to all members in the challenging decades ahead. All countries are affected by spillovers from the patterns of growth and development that characterize the global economy. These include demographic transitions, trends in urbanization and pressure on global resources and climate change. Managing these spillovers at the country level is challenging and may be amplified by the global growth outlook and its effects on commodity prices, capital flows, indebtedness and sustained pressure on country budgets. We support a holistic approach to addressing these challenges and the innovative manner in which the World Bank is increasingly exploring the complementary use of both public and private sector instruments across the World Bank Group.

2015 Shareholding Review and Dynamic Formula

We note the progress in agreement on a dynamic formula as one of the elements informing the shareholding review process. We urge the World Bank to ensure that outcomes of the shareholding review process supports the original and overarching goal of World Bank reforms as agreed in Istanbul. We believe that enhancing the voice and representation of Developing and Transition Countries strengthens the legitimacy and effectiveness of the Bank. We caution against regressive outcomes that could compromise the gains from previous reforms and look forward to an agreement on the dynamic formula by the 2016 Annual Meetings and consideration of Selective Capital Increase and General Capital Increase, by the Annual Meetings of 2017.

Forced Displacement

We welcome the on-going efforts to address the complex problem of refugees and internally displaced persons. The problem of the forcibly displaced persons poses significant challenges to achieving the SDGs and the twin goals of the WBG. Traditional humanitarian response is no longer sufficient. Therefore, a coherent, robust development cum humanitarian intervention is required to resolve this problem in a lasting and sustainable way. The World Bank Group in collaboration with other partners has a key role in developing innovative financial solutions that support sustained engagement with affected countries and leverage private sector response. However, in coming up with a solution to the issue of forced displacement, it is essential to evolve a holistic solution that will address the problem of refugees and IDPs wherever they may be.

Mainstreaming Disaster Risk Management (DRM) in WBG Operations.

We welcome the progress in mainstreaming DRM in WBG operations and the growing attention to ex ante measures – such as early warning systems and resilient infrastructure while still playing a key role in post disaster recovery and reconstruction. We call on the Bank to enhance its support to the Africa Risk Organization (ARO) to build appropriate capacity and expertise in risk reduction in the African continent.

Diversity and Inclusion

We welcome the increase in the Diversity Index and the recent appointments of two Africans as Vice Presidents of the World Bank. We encourage management to do more on diversity and outreach to achieve the diversity and inclusion target of the Bank.

ANNEX VIII DEVELOPMENT COMMITTEE COMMUNIQUE

DEVELOPMENT COMMITTEE

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

Telephone: (202) 458-2980
Fax: (202) 522-1618
1818 H Street, N.W., Washington, D.C. 20433

Lima, Peru, October 10, 2015

1. The Development Committee met today, October 10, 2015, in Lima.

2. Global growth remains weak, and the downside risks for the second half of 2015 and 2016 have risen. A moderate recovery in high-income countries is still continuing, but prospects of tighter financing conditions, slowing trade, and renewed weakness in commodity prices are weighing on confidence in many developing countries. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to monitor risks and vulnerabilities closely, to enhance their assistance to countries to support growth and build resilience, and to play their countercyclical role when needed.

3. Given the scale of the current refugee and migrant crisis, we call for targeted support, in collaboration with the UN and other partners, in addressing the challenges for countries and regions in turmoil, especially in the Middle East and North Africa, but also in other fragile and conflict states.

4. The Sustainable Development Goals (SDGs) chart a new course for development for the next 15 years. The SDGs are universal, integrated, and align with the WBG's corporate goals. Building on the *Billions to Trillions* discussion at the last Spring Meetings we endorse the WBG's role and support for the 2030 Agenda for Sustainable Development. This will involve convening, connecting and coordinating with governments, UN, IMF, MDBs, and the WTO, private sector and civil society to mobilize the financing needed; deliver development solutions at country, regional, and global levels, including through South-South cooperation. We stress the need to focus on inclusive growth, jobs, infrastructure, human development and health systems, and to deepen the WBG's engagement in fragile and conflict states. Private sector development is crucial to achieving the SDGs. We call on the IFC and MIGA to play a more catalytic role to mobilize private sector investment and finance for development. We welcome the steps the WBG has taken to enhance its effectiveness and delivery to respond to strong demand, through operational reforms

and optimizing the use of its balance sheets and external resources. We recognize that the WBG must remain adequately resourced to meet its goals and to contribute to the SDGs and climate agendas.

5. IDA remains a critical tool to achieve the WBG's goals and the SDGs and we look forward to continued strong IDA replenishments and further consideration of options to generate additional IDA financial capacity while ensuring continued focus on the poorest countries.

6. We welcome the IMF's support for the 2030 Agenda, including its decision to increase access to concessional lending facilities, and its work to boost economic resilience and sustain global economic and financial stability.

7. We urge the WBG and the IMF to scale up their support to developing countries to improve domestic resource mobilization, public financial management and to curb illicit finance. Illicit finance and the underlying activities, including tax evasion, corruption, criminal activities, collusion, represent a major drain on the resources of developing countries. We welcome their plans to work jointly to build capacity for developing countries, including on international tax issues.

8. Climate change and natural disasters put hard-earned development gains at risk, particularly for the poor and vulnerable. Smart policy and investment choices can help transition to economic growth paths that reduce poverty while preserving the environment. We urge the WBG to scale up its technical and financial support and mobilize resources to assist countries in assessing climate risks and opportunities, to address the drivers of climate change, and to build resilience**.** We look forward to an updated report on Disaster Risk Management in Spring 2016. We call on the WBG to enhance its support for small states in building resilience against and mitigating the impact of natural disasters and climate change, which are among the greatest challenges faced by these countries. We look forward to a successful COP21 meeting in Paris.

9. We reaffirm our commitment to gender equality, critical to ending poverty, boosting shared prosperity, and building more inclusive societies. We look forward to the implementation of a new WBG gender strategy aimed at closing persistent gender gaps.

10. The Global Monitoring Report has proven its value in tracking progress in achieving the MDGs and we are confident it will play a similar role for the SDGs. The latest GMR shows that changes in global demography will profoundly affect the trajectory of global development during the 2030 Agenda period. With the right policies, demographic change can help growth both in developing and developed economies. We urge the WBG to take demographic challenges into account in its work to support development policies.

11. We stress the importance of strengthening data quality and coverage, and its availability for policy making and for monitoring and implementing the SDGs. We call on the WBG and the IMF to increase their support to developing countries in building national data capacity and investing in evidence.

12. We welcome the Report of the 2015 Shareholding Review and agree to the shareholding review principles and the Roadmap for its implementation, including further consideration of the WBG's long term role. We commit to implementing the Roadmap, including agreement on a dynamic formula by the 2016 Annual Meetings, based on the guidance set out in the report. We stress the critical importance of wider reforms to strengthen WBG responsiveness to its members and their

voice and representation in its governance. We will continue to promote diversity and inclusion to reflect better the global nature of the WBG.

13. Delivering transformative development solutions requires a focus on results, support for implementation, and fiduciary and safeguards policies to manage risks. This will ensure responsiveness to client needs and deliver sustainable development outcomes. We welcome the new procurement framework approved in July 2015 and look forward to successful completion of the review and update of the World Bank's environmental and social framework.

14. The Committee expressed its appreciation to the Government of the Republic of Peru for hosting the Annual Meetings. We thanked Mr. Marek Belka, President of the National Bank of Poland, for his valuable and outstanding leadership and guidance as Chairman of the Committee during the past four years, and welcomed his successor, Mr. Bambang Brodjonegoro, Minister of Finance of Indonesia.

15. The next meeting of the Development Committee is scheduled for April 16, 2016, in Washington, D.C.

ANNEX IX DEVELOPMENT COMMITTEE MEMBER STATEMENT

DEVELOPMENT COMMITTEE
(Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund On the Transfer of Real Resources to Developing Countries)
NINETY-SECOND MEETING LIMA, PERU – OCTOBER 10, 2015
DC/S/2015-0066 October 10, 2015

Statement by
H.E. Nhlanhla Musa Nene
Minister of Finance
South Africa
On behalf of the Constituency of Angola, Nigeria and South

Global Economy

We meet amid a weakening global growth outlook and heightened downside risks emanating from eroding buffers and financial market volatility occasioned by uncertainties associated with US Fed tightening and slowdown in China. The previously projected growth outlook for 2015 is unlikely to materialize leading to a further downward revision of global GDP. High income countries are expected to experience gradual recovery, while developing countries continue to witness slower than projected growth. Growth in US is expected to improve moderately while the Euro area is expected to witness slow growth. The risk to the outlook is further compounded by currency weakening and continuing decline in demand for commodities.

GDP growth in SSA has slowed to less than 4 percent in 2015, from about 4.6 percent in 2014, which was a slight improvement over the 2013 performance. Global commodity prices have declined sharply over the past three years, and output growth has slowed considerably among commodity-exporting emerging market and developing economies. Commodity-exporting economies like those in our constituency are at a difficult juncture as they have all been seriously impacted. Looking ahead, however, the projection is that SSA will witness an uptick in 2016 if appropriate structural, fiscal, monetary and financial policies responses are deployed.

Our potential to attain and sustain the momentum towards improved economic performance built up during the period of the MDG is threatened by the slowing global growth. It is in this respect that the Bank group's support to the 2030 agenda is pivotal to assisting countries in the delivery of SDGs.

World Bank Group Support to Agenda 2030

In line with the 2030 agenda, we support the Bank's prioritization of infrastructure to boost growth and service delivery in our countries, as well as attention given to data development. For developing countries, investment in infrastructure can fuel growth, improve income, and expand social and economic opportunities for citizens.

We therefore support the Bank's intention to assist developing countries to generate useful and periodic data that enables evidence-based policy making. We urge the Bank to assist countries in determining their data needs and related infrastructure requirements to enhance their capacity to generate and use data effectively, and support the assessment of the twin goals. The focus areas of infrastructure and data no doubt responds appropriately to previous calls by this Chair for Bank approach to addressing these important issues. However, at all times, in translating these goals at national levels, the Bank should ensure good alignment of the focus areas with both the WBG goals and countries' strategies.

In supporting the focus on data, it is crucial to always retain a healthy balance between investments in data and allocation of resources for delivery of growth stimulating measures. Therefore, we propose that data should be streamlined across all strategic areas of Bank support. We also note in particular the collaboration between the Bank, the UN and Paris 21.

Bank's operating model

We take note of progress in the implementation of the new World Bank operating model and the modest improvements in providing development solutions and improved client services We call for close monitoring of its impact to achieve optimal operational efficiencies. This is vital because of the pivotal role of the model in supporting not only the WBG's strategy, but to facilitate the achievement of post 2015 agenda. We look forward to more positive experiences and advances in enhancing efficiencies, client orientation and responsiveness, and more successful operations in the areas of affordable energy, infrastructure, and jobs.

2015 Shareholding Review

We welcome the report on the 2015 Shareholding Review which is in line with Governors directives to continually find ways and means to maintain the legitimacy, dynamism and to reflect global economic changes in IBRD and IFC shareholding. We endorse the guidance on a formula to shape future work, the shareholding review principles as enunciated, as well as the roadmap together with the timelines. We think the proposal represents a sensible way forward on the shareholding issue and look forward to meaningful progress on this issue.

The future of IDA

We are pleased that the SDGs and financing for development agenda have triggered a reflection on how to better meet the needs of client countries. The discourse on the future of IDA provides a necessary opportunity to reflect on the kind of organization we want and how to better orient and organize our support for the poor everywhere. We call on all parties to ensure that the leveraging agenda and discussion result in an enhanced IDA to which development partners are encouraged to contribute and an IDA that enhances the Bank's ability to respond to emergencies and critical development challenges in poorest countries while also building and encouraging countries to grow.

Stemming Illicit Financial Flows

The recent work of the AU/ECA High level panel on Illicit Financial Flows from Africa led by Former President Thabo Mbeki has brought to the fore the sheer volume and the deleterious effect of Illicit financial flows on the economies of African countries in general and in particular countries in this constituency. Accordingly, we welcome the Addis Ababa Action Agenda which commits countries to redouble efforts to substantially reduce IFF by 2030 with a view to eliminating them overtime. . Indeed, the imperative of stemming IFF has assumed added urgency in view of dwindling ODA flows and the imperative to mobilize domestic resource to finance the new SDGs among other measures. It is therefore vital that such flows do not find safe havens anywhere in the world and that a good practice on asset return as mandated by the Action Agenda is strengthened.

We concur with the view espoused by the WBG in Addis Ababa that the problem of IFF is indeed a developmental issue and welcome the commitment of the WBG to assist countries build their capacities to combat IFF and help recover stolen assets. Tax avoidance by multi-national corporations and other forms of IFFs out of developing countries inflicts a huge cost and increases their dependency on aid. Accordingly, we urge the WBG, the IMF and other partners like the OECD and G20 to consider and treat illicit financial flows as one of the priority emerging global issue that needs to be addressed with a sense of urgency.

Global Monitoring Report 2016

We welcome the 2015 Global Monitoring Report (GMR), which examines global development progress, the MDGs unfinished agenda and how demographic changes can alter the trajectory of the new development goals. We note the challenges in tackling remaining pockets of poverty, the non-income dimensions of development and the policy recommendations to capture and harness demographic dividends over the SDG period. To make this happen in the context of the ambitious and wider scope of the SDGs, we call on the WBG to enhance policy dialogue and advisory work with developing countries. In particular, the WBG should devise creative and integrated solutions for Sub-Saharan Africa, which is projected to still be home to the deeply poor by 2030 and possibly beyond. We look forward to more positive experiences and advances in enhancing efficiencies, client orientation and responsiveness, and more successful operations in the areas of affordable energy, infrastructure, and jobs.

Diversity and Inclusion

We welcome increased attention and renewed commitment to the Diversity and Inclusion agenda. In particular, we welcome the recent appointments of new VPs from Africa within the World Bank Group. We hope that the on-going recruitment drive in Africa and other efforts to build a strong pipeline will facilitate efforts to further improve the representation of African staff in the institution.

ANNEX X INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS AND DEVELOPMENT G-24 COMMUNIQUÉ

INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS AND DEVELOPMENT G-24 COMMUNIQUÉ

APRIL 14, 2016

1. We, the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development, held our ninety-fifth meeting in Washington D.C. on April 14, 2016 with Mauricio Cárdenas, Minister of Finance and Public Credit of Colombia in the Chair, Abdulaziz Mohammed, Minister of Finance and Economic Cooperation of Ethiopia as First Vice-Chair; and Ravi Karunanayake, Minister of Finance of Sri Lanka as Second Vice-Chair.

2. We congratulate Ms. Christine Lagarde on her appointment for a second term as Managing Director of the IMF.

The Global Economy and the International Monetary System

3. The recovery of the global economy remains modest, with greater downside risks. Growth in advanced economies remains sluggish, while it is moderating in emerging markets and developing countries (EMDCs), which still account for the bulk of global growth. The sharp drop in commodity prices has not materialized in positive effects globally, as has been expected, as we continue to face weaker global demand, tighter financial conditions, more volatile capital flows, and heightened security challenges. These headwinds could further weaken our growth outlook and contribution to global growth.

4. In light of this global reality, managing our policy space, making our economies more resilient to support macroeconomic stability, as well as achieving higher, more balanced and inclusive growth remain our priorities. Exchange rate flexibility, where appropriate, and reserve buffers, where available, could contribute to cushioning the impact of external shocks. We will continue to strengthen our fiscal and structural reforms and our financial systems, based on country-specific priorities, to diversify our economies and enhance our growth prospects, promote employment, competition, and productivity, while implementing macroeconomic and social policies to address inequality and alleviate poverty.

5. We welcome the IMF's ongoing work towards strengthening the International Monetary System (IMS) with efforts in three key areas: mechanisms for crisis prevention and adjustment; global cooperation on issues and policies affecting global stability, including spillover effects from systemic economies; and a large enough and more coherent Global Financial Safety Net (GFSN). We also support the IMF's review of the GFSN, including the adequacy of the IMF resources and its lending toolkit, and look forward to concrete follow-up steps. In this regard, we reiterate our call for predictable and adequate liquidity support in times of need. We note the potential for greater and more effective cooperation between the different layers of the GFSN, especially between the Fund and regional financing arrangements (RFAs). We also call for further work from the IMF and other International Financial Institutions (IFIs) on mechanisms to support countries coping with the sharp drop in commodity prices. We welcome the inclusion of the renminbi in the SDR basket. We look forward to the discussion on possible allocation of SDRs and support further work to examine the broadening of SDR use in the IMS.

6. We support the continued reform of global financial regulation and the strengthening of the anti-money laundering and combating the financing of terrorism (AML/CFT) framework, but highlight the need to address their unintended consequences. In this regard, we call on the IMF, the World Bank and global financial regulators, to develop concrete measures to address the decline of correspondent banking, as a result of de-risking by global banks, in order to mitigate financial exclusion. This phenomenon, which could adversely impact the functioning of the financial system of affected countries, further constrains access to credit and other financial services, including remittance transfers.

7. To facilitate timely and orderly debt restructuring, we support the IMF's continued efforts to promote the use of strengthened *pari passu* and collective action clauses in sovereign bond issues. We take note of the large outstanding stock of sovereign debt that does not include these provisions, and support more work to explore solutions to address potential holdout problems for such debt. At the same time, we welcome Argentina's efforts to end a decade long dispute with holdout creditors to regain access to international capital markets.

8. We continue to call for support, including through additional non-IDA concessional financing, from IFIs for developing countries disproportionately affected by the refugee and security crises, as well as by internally displaced populations. These countries are providing a global public good by hosting those that are forcibly displaced. We welcome the MENA Concessional Financing Facility and other initiatives of the World Bank Group (WBG), and call for a mainstreaming of such instruments in supporting other middle-income countries in such fragile situations, in partnership with others. We also call for IFIs to strengthen their attention on the impact of migration, including those that occur for economic reasons.

Financing for Development

9. We reiterate the importance of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda. We welcome the Paris Agreement that sets out our global, shared responsibility to deliver on the climate and development agenda, while respecting the principle of common but differentiated responsibilities. The availability of concessional finance will play a key role in lowering the up-front costs of greenhouse gas emissions, climate-resilient investments as

well as in mitigating the risks related to climate change. We look forward to a concrete roadmap from developed economies toward providing USD 100 billion per year by 2020 to support mitigation and adaptation in developing countries and strong advocacy by the MDBs in this regard. We also seek the urgent replenishment of the Climate Investments Funds. We continue to urge the international community to work with small middle-income countries and those in fragile situations that are vulnerable to climate change, in improving their debt sustainability, including through enhancing their access to concessional financing. We look forward to the successful outcomes of the 22nd Session of the Conference of the Parties (COP) to be held in Marrakech, Morocco later this year.

10. Multilateral Development Banks (MDBs) should emerge as a strong partner for developing countries in Disaster Risk Management (DRM) to enable them to achieve the Sendai Framework targets by 2030. We call for MDBs to increase financial support to developing countries and facilitate their access to new technologies. Overall, continuous work on DRM will prevent disasters from undermining the progress towards achieving the Sustainable Development Goals (SDGs).

11. Adequately and appropriately scaling up quality investments in sustainable infrastructure will be particularly critical to delivering the development, climate and economic growth agenda. In addition to mobilizing our domestic resources through financial deepening, we call for scaled-up support from MDBs through strengthening policy and institutional frameworks, increasing lending, and effective leveraging of private sector resources. We note the ongoing efforts by MDBs to optimize the use of their own balance sheets, while promoting dialogue with credit rating agencies to foster more appropriate methodologies in assessing the MDBs' financial strength. We welcome the forthcoming inaugural global infrastructure forum. We call for further and productive dialogue towards ensuring the adequate capitalization of MDBs.

12. Effective international tax cooperation is an essential complement to our efforts to mobilize domestic resources. We strongly support the participation of developing countries on an equal footing in the widespread and consistent implementation of outcomes of the G20/OECD Base Erosion and Profit Shifting (BEPS) Project. We welcome the joint initiative of the IMF and the WBG on capacity building on tax administration and call for delineating concrete steps on how they can support enhancing the participation and voice of developing countries on international tax issues. Furthermore, we urge the IMF and the WBG to strengthen their support to combat illicit financing flows.

13. Concessional finance will continue to be a vital source of financing in low-income countries (LICs). We welcome the advancement of innovations under IDA18 to leverage financing flows across all sources of finance. We stress, however, that as IDA integrates non-concessional finance among its instruments, it should ensure adequate targeted concessional resources for the poorest and most vulnerable clients, and guard against burdening them with higher cost liabilities. These resources should be additional, rather than substitute for contributions from development partners in the light of ambitious global agreements on SDGs, COP21, and the Sendai Agreement. We call on the IMF to step up efforts to mobilize additional resources for the Poverty Reduction and Growth Trust (PRGT) and to allow more flexibility in accessing General Resources Account (GRA) resources by eligible LICs. More broadly, we ask for further strengthening of the IFIs'

engagement with and support for fragile and conflict affected countries, especially by enhancing institutional capacities and providing financial support towards higher resilience. We call on advanced countries to fulfill their commitments to Official Development Assistance (ODA). We look forward to increased donor contributions to IDA18.

Governance and Reform of International Financial Institutions

14. We welcome the entry into force of the 2010 Quota and Governance Reforms of the IMF that have made progress in shifting the distribution of quota shares to EMDCs, and note that there is still a long way to go in this respect. We call for the full implementation of the 2010 governance reforms, including those on Board representation. We look forward to the completion of the 15th General Review of Quotas by the Annual Meetings in 2017, and to a new quota formula that further shifts quota shares to EMDCs while protecting the quota share of the poorest countries. The realignment of quotas must reflect the rapidly growing weight of EMDCs in the global economy, and this must not come at the expense of other EMDCs. We call for putting greater weight to GDP measured in Purchasing Power Parity (PPP) in determining the economic weight of countries. We express our strong and continued support for a quota-based and adequately resourced IMF. We reiterate our longstanding call for a third Chair for Sub-Saharan Africa in the IMF Executive Board, provided it does not come at the expense of other EMDCs' Chairs.

15. We call for a World Bank's shareholding reform process that reflects its original and overarching goal, as established in the Istanbul Principles: to enhance the voice and representation of Developing and Transition Countries for strengthening the legitimacy and effectiveness of the Bank. In this regard, we call for a World Bank's shareholding review that meaningfully increases the voting power of developing countries and moves toward equitable voting power, while also protecting the voting power of the smallest poor countries. Economic weight should be the primary component of the new formula with as much weight on this component as possible. In addition, we ask that greater weight be given to the GDP PPP in determining the economic weight of countries in the formula. We caution against regressive outcomes that could compromise the gains from previous reforms and look forward to an agreement on the dynamic formula by the 2016 Annual Meetings and consideration of Selective Capital Increase and General Capital Increase, by the Annual Meetings of 2017. We also call upon the World Bank to strengthen the pillar of Representation in its Board of Executive Directors in the voice reform process.

16. We look forward to an implementable, simple, transparent, and predictable Environmental and Social Safeguards Framework of the World Bank that gives a greater role to the use of country systems and does not impose undue burden in terms of cost and time on borrower countries, maintaining the primacy of their development objectives. We call on the World Bank to allocate budgetary resources necessary to strengthen countries' capacity to implement the new Framework.

17. Finally, we reiterate our call for strengthening the ongoing efforts towards greater representation by nationals from under-represented regions and countries in the form of recruitment and career progression to achieve balanced regional and gender representation, including at managerial levels, in the WBG and the IMF.

Other Matters

18. The next meeting of the G-24 Ministers is expected to take place on October 6, 2016 in Washington, D.C.

LIST OF PARTICIPANTS

1 Persons who sat at the discussion table.

Ministers of the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development held their ninety-fifth meeting in Washington D.C. on April 14, 2016 with Mauricio Cárdenas, Minister of Finance and Public Credit of Colombia in the Chair; Abdulaziz Mohammed, Minister of Finance and Economic Cooperation of Ethiopia as First Vice-Chair; and Ravi Karunanayake, Minister of Finance of Sri Lanka, as Second Vice-Chair.

The meeting of the Ministers was preceded on April 13, 2016 by the one hundred and seventh meeting of the Deputies of the Group of Twenty-Four, with Andrés Escobar, Vice-Minister of Finance and Public Credit of Colombia, as Chair.

African Group: Abderrahmane Benkhalfa, Algeria; Mutombo Mwana Nyembo, Democratic Republic of Congo; Adama Koné, Côte D'Ivoire; Sahar Nasr, Egypt; Ahmed Mohamed, Ethiopia; Regis Immongault, Gabon; Seth Terkper, Ghana; Kemi Adeosun, Nigeria; Pravin J. Gordhan, South Africa.
Asian Group: Subhash Garg, India; Gholamali Kamyab, Islamic Republic of Iran; Alain Bifani, Lebanon; Saeed Ahmed, Pakistan; Cesar V. Purisima, Philippines; Nandalal Weerasinghe, Sri Lanka; Maya Choueiri, Syrian Arab Republic.
Latin American Group: Alfonso Prat-Gay, Argentina; Antonio Silveira, Brazil; Maria Arbelaez, Colombia; Johny R. Gramajo-Marroquín, Guatemala; Rodrigo Turrent, Mexico; Julio Velarde, Peru; Maurice Suite, Trinidad and Tobago; Armando Leon, Venezuela.
Observers: Abdulrahman A. Al Hamidy, Arab Monetary Fund; Angel Arita, Central American Monetary Council; Yi Gang, China; Inés Bustillo, ECLAC; Alvaro Ivan Hernandez, Ecuador; Jean B. Dubois, Haiti; Stephen Pursey, ILO; Suahasil Nazara, Indonesia; Savas Alpay, IsDB; Mohamed Taamouti, Morocco; Fuad AlBassam, OFID; Hojatollah G. Fard, OPEC; Ahmed Alghannam, Saudi Arabia; Yuefen Li, South Centre; Mubarak R. K. Al Mansoori, United Arab Emirates; Mukhisa Kituyi, UNCTAD.
Special Guests: Christine Lagarde, Managing Director, International Monetary Fund
Jim Yong Kim, President, World Bank
Jin Liqun, Asian Infrastructure Investment Bank
G-24 Secretariat: Marilou Uy, Shichao Zhou, Alida Uwera, Lana Bleik
IMF Secretariat for the G-24: Maria Guerra Bradford, Veronika Sola, Aric Maiden