

Africa Group I Constituency

Newsletter

March- April 2019



WORLD BANK GROUP'S EXECUTIVE DIRECTORS SELECT DAVID MALPASS - 13TH PRESIDENT OF THE WORLD BANK GROUP

The Executive Directors of the World Bank Group (WBG) unanimously selected David R. Malpass as the 13th President of the WBG for a five-year term beginning on



Tuesday, April 9, 2019. The Executive Directors followed the selection process agreed in 2011. The process included an

open and transparent nomination where any Executive Director or Governor could propose any national of the Bank's membership, followed by a thorough due diligence and comprehensive interview by Executive Directors.

Mr. Malpass previously served as Under Secretary of the Treasury for International Affairs for the United States. As Under Secretary, Mr. Malpass represented the United States in international settings, including the G-7 and G-20 Deputy Finance Ministerial, WBG-IMF Spring and Annual Meetings, and meetings of the Financial Stability Board, the Organization for Economic Cooperation and Development, and the Overseas Private Investment Corporation. In his role as Under Secretary, Mr. Malpass played a crucial role in several major World Bank Group reforms and initiatives, including the recent Capital Increase for IBRD and IFC. He was also instrumental in advancing the Debt Transparency Initiative, adopted by the WBG and IMF, to increase public disclosure of debt and reduce the frequency and severity of debt crises. Earlier in his career, Mr. Malpass served as the U.S. Deputy Assistant Secretary of the Treasury for Developing Nations

and Deputy Assistant Secretary of State for Latin American Economic Affairs.

The WBG President has pledged to honor his commitment to visit a Sub-Saharan Africa (SSA) country on his first visit upon assumption of duty. He would be visiting three countries in SSA, namely; Ethiopia, Madagascar and Mozambique.

The Board has expressed its deep gratitude to Ms. Kristalina Georgieva for her dedication and leadership during the time she served as Interim President.

RESPONDING TO CYCLONE IDAI

The WBG and other Development Partners have provided not more than 20% of required support to Malawi, Mozambique and Zimbabwe following the devastating effects of Tropical Cyclone Idai. The cyclone damaged the infrastructure corridor connecting the Mozambican port of Beira with Malawi, Zambia and Zimbabwe. It is estimated that the damage and recovery needs assessment point to over US\$2.0 billion for infrastructure and humanitarian assistance for the three countries, with more than three million people affected.

The WBG has mobilized resources using existing projects in Malawi and Mozambique to provide support for urgent road and water supply repairs, sanitation and hygiene, disease surveillance and prevention, agriculture, and food security. The World Bank management will further seek access to additional resources through the International Development Association (IDA) Crisis Response Window (CRW) and by working with donors to mobilize trust fund support for medium to long-term recovery and reconstruction efforts for the three countries. In the face

of the crisis, there have been consistent calls for the Bank to consider lifting the sanctions against Zimbabwe to enable the country to receive aid.



On March 25, 2019 the World Bank launched a staff fundraising campaign from which \$40,127 was raised. These Funds will be matched at 50 percent by the World Bank. UNICEF, which is already very actively involved on the ground in all the affected countries, has been tasked with executing and managing the finances. The WBG convened a high-level round table on recovery and resilience in the three Southern African countries on April 10, 2019 on the sidelines of the 2019 Spring Meetings. The Round table was co-chaired by the Executive Director for Africa Group 1, Ms. Anne Kabagambe, the State Secretary of the United Kingdom, Hon. Penny Mordaunt and the State Secretary of Portugal, Hon. Teresa Ribeiro. Governors Hon. Goodall Gondwe of Malawi, Hon. Adriano Maleiane of Mozambique and Hon. Prof. Mthuli Ncube of Zimbabwe were joined by other international partners including the Department for International Development (DFID) of the United Kingdom, the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) and African Development Bank which pledged their support to the affected countries.

The discussions underscored the need for a regional approach to longer term reconstruction and development, given the cyclical nature of disasters and likely ripple effects of the cyclone on the entire region. Participants reaffirmed their commitment to working together to improve climate resilience for infrastructure. They also emphasized the need for better natural resource management, improvements to regional weather forecasting, crisis preparedness and increased use of disaster risk financing tools.

SPRING MEETINGS – AFRICAN CAUCUS



The 2019 African Consultative Group meeting with the WBG President, Mr. David Malpass, was held in Washington, DC, on April 14, 2019 and chaired by Honorable Ken Ofori-Atta, WBG Governor for the Republic of Ghana. The meeting focused on Jobs and Economic Transformation and called on the WBG to support Africa on the following areas: i) Agriculture Productivity, Manufacturing and Global Value Chains; ii) Skills and Capacity Development; iii) Private Sector Development; and iv) Infrastructure Development.

Governors requested the WBG to help Africa develop its manufacturing and agricultural sectors to improve productivity, create added value and sustainable and quality jobs in these two areas. They urged the WBG to partner with national, regional and continental institutions to build capacity, particularly at the subnational levels. Governors called on the WBG to scale up tailored assistance towards improving their “Doing Business” ranking and continue applying a Group-wide approach with Maximizing Finance for Development filters to enable the mobilization of private sector investments through various platforms, including the Private Sector Window (PSW). They noted with concern that, whilst the infrastructure gap remains very high, infrastructure investment by the Bank has been declining. They, therefore, requested the Bank to scale up resources for infrastructure investment, particularly in developing countries and FCVs.

In his response, Mr. David Malpass assured Governors that Africa would be a priority during his term and would be urging staff to put in place projects and instruments to support the continent while strengthening programs at country level.

The First Replenishment Meeting for IDA19 is Held in Washington, DC



IDA Deputies and Borrower Representatives (Participants) converged in Washington, DC, on the margins of the 2019 IMF/WBG Spring Meetings, for the first negotiation meeting of the 19th replenishment cycle of the International Development Association, IDA19, from April 14-15, 2019. This meeting, which was co-chaired by Ms. Kristalina Georgieva, World Bank Chief Executive Officer, and Ms. Antoinette Sayeh, Distinguished Visiting Fellow at the Center for Global Development, focused on setting the stage for further negotiations on the appropriate funding size and the scope of the policy commitments for IDA19.

Discussions were organized around four issues: (i) outcomes of an evaluation by the WBG's Independent Evaluations Group (IEG) on IDA's performance; (ii) emerging priorities and policy commitments for IDA19; (iii) debt vulnerabilities and policy options to assist IDA countries; and (iv) IDA's long-term financial sustainability. Findings from the IEG evaluations show that there has been a continual improvement in IDA performance, though performance in FCV countries has been flat. However, IEG called on the World Bank to seek to achieve results at scale. This requires a consistent focus on policy and regulations; stronger integration across sectors; enhanced market access for underserved groups which requires M&E; and a greater focus on outcomes.

Regarding emerging priorities and policy commitments, participants expressed support for the retention of the five special themes of IDA18 in IDA19, while also integrating emerging challenges, opportunities and interests, such as debt, disruptive technologies, human capital, and disabilities. Regarding debt vulnerabilities, participants expressed strong concern about the doubling

in the number of IDA countries that were either at high risk of debt distress or were already in a situation of debt distress. They, therefore, supported a proposal by the World Bank to introduce an adjustment in the IDA allocation framework that incentivizes prudent debt management and reporting. On the long-term financial sustainability of IDA, participants were informed of ongoing efforts by the World Bank to optimize IDA's balance sheet. Participants expressed support for a proposal to release additional lending capacity by hedging IDA's balance sheet from excessive sensitivity to interest rate risk. They called on the World Bank to provide additional details on the approach in the upcoming replenishment negotiations.

The next replenishment meeting will be held from June 17-20 in Addis Ababa, Ethiopia, and will focus on the "Ask Paper", which will outline the demand for IDA resources for the IDA19 funding cycle. This meeting would be followed by the Third Replenishment meeting to be held on the margins of the 2019 IMF/WBG Annual Meetings in Washington, DC, at which the draft Deputies Report will be tabled containing information on the overall financial and policy package. The fourth and final replenishment meeting, the pledging session, will be held in December 2019 at a location to be determined.

EDS' GROUP VISIT TO UGANDA

A group of 11 Executive Directors and Alternate Executive Directors undertook a visit to the Republic of Uganda from April 23 to April 27, 2019 as part of the 2019 Eastern and Southern Africa group travel.

The Executive Directors met with the President of Uganda, His Excellency, Yoweri Museveni and discussed a wide range of issues concerning the economic development of Uganda and WBG support. They noted bottlenecks to development in most African countries which include infrastructure, fragmented markets, ideological disorientation, and export of raw materials and underscored the importance of regional integration in addressing these challenges. On Uganda's generous and progressive policy on refugees, President Museveni informed the guests that the country welcomes refugees but faces challenges as the influx impacts on the access to social services and the environment in the host

communities. He, therefore, called for more support from the World Bank and other development partners, to reduce the pressure on social services and on the central government budget.



The Executive Directors congratulated Uganda on achieving a high and consistent growth rate of over 6 percent per annum in the past decade and, also, on its handling of the refugee influx.

With the Rt. Hon Prime Minister Dr. Ruhakana Rugunda, Executive Directors discussed the country's plan to review the Second National Development Plan, for which WBG support would be critical. Acknowledging the infrastructure gap in the country, Executive Directors noted the need for Uganda's National Development Plan to include development of ports on Lake Victoria and the planned Kampala-Jinja Express highway. The Executive Directors observed that the WBG could support the process to transform the activities in the informal sector.

The Executive Directors toured the Bujagali Hydro Power Plant which was constructed with financing from a consortium that included IFC, with a Partial Risk Guarantee from IDA and a Political Risk Guarantee from MIGA. They also toured other projects including a hospital expanded and improved with support of the WBG, and an urban refugee center, and met with representatives of civil society organizations. They also met with the Country Office staff with whom they discussed the recently approved Africa Regional Strategy, the WBG's relevance given the increasing reliance by client countries on non-traditional development partners, and the implications of the policy and financial package of the capital increase on operations.

SUMMARY OF CONSTITUENCY APPROVED PROJECTS

- Kenya Affordable Housing Finance Project to expand access to affordable housing finance to targeted beneficiaries. (US \$250 million)
- Rwanda Socio-Economic Inclusion of Refugees and Host Communities in Rwanda. (US \$25 million)
- Sierra Leone Proposed Guarantees for Investments in Sierra Tropical Limited. (US \$36million)
- Nigeria, Ghana, Kenya, Tanzania, South Africa, Rwanda and Uganda Investments in TIDE Africa Fund. (US \$5 million)
- Western Africa & Sahel: Benin, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Chad, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo Regional Off-Grid Electrification Project (ROGEP). (US \$200 million)
- Uganda Development Response to Displacement Impacts Project in the Horn of Africa. (US \$150 million)
- Mozambique Energy for All (ProEnergia) Project IDA Grant. (US\$ 82 million)
- Sierra Leone - Second Productivity and Transparency Support Grant Development Policy Financing. (US\$ 40 million)
- Mozambique Disaster Risk Management and Resilience Program Program-for-Results. (US\$ 90 million)
- Malawi Equity with Quality and Learning at Secondary (EQUALS) Projects. (US \$90 million)
- Somalia Capacity Advancement, Livelihoods and Entrepreneurship through Digital Uplift Project. (US\$ 18 million)