



**WORLD BANK GROUP**

Africa Group 1 Constituency

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# **ANNUAL REPORT 2017**

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*PRESENTED BY:*

**MR. ANDREW N. BVUMBE**

**EXECUTIVE DIRECTOR**

*ON THURSDAY 12<sup>TH</sup> OCTOBER 2017 IN WASHINGTON, DC*

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1. Matters Arising from the minutes of the last constituency meeting
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# 1. MATTERS ARISING

## 1.1 WBG strategy for engagement with MICs

## 1.2 Reengagement with Constituency countries

(The State of Eritrea, Federal Republic of Somalia, Republic of the Sudan & the Republic of Zimbabwe )

- The Constituency office will continue to support the reengagement process for all four countries.
- Lifting of Sudan's sanctions by the USA

## 1.3 Update on staffing in the office of the Executive Director

- Appointment of 5 new advisors recruited from Somalia, The Gambia, Lesotho, Tanzania and Kenya
- Two advisors from Swaziland and Eritrea expected join the office before the end of 2017.

## 2. ECONOMIC DEVELOPMENTS & PROSPECTS



2.1 The global economy grew at 2.4 %, slowest pace since financial crisis

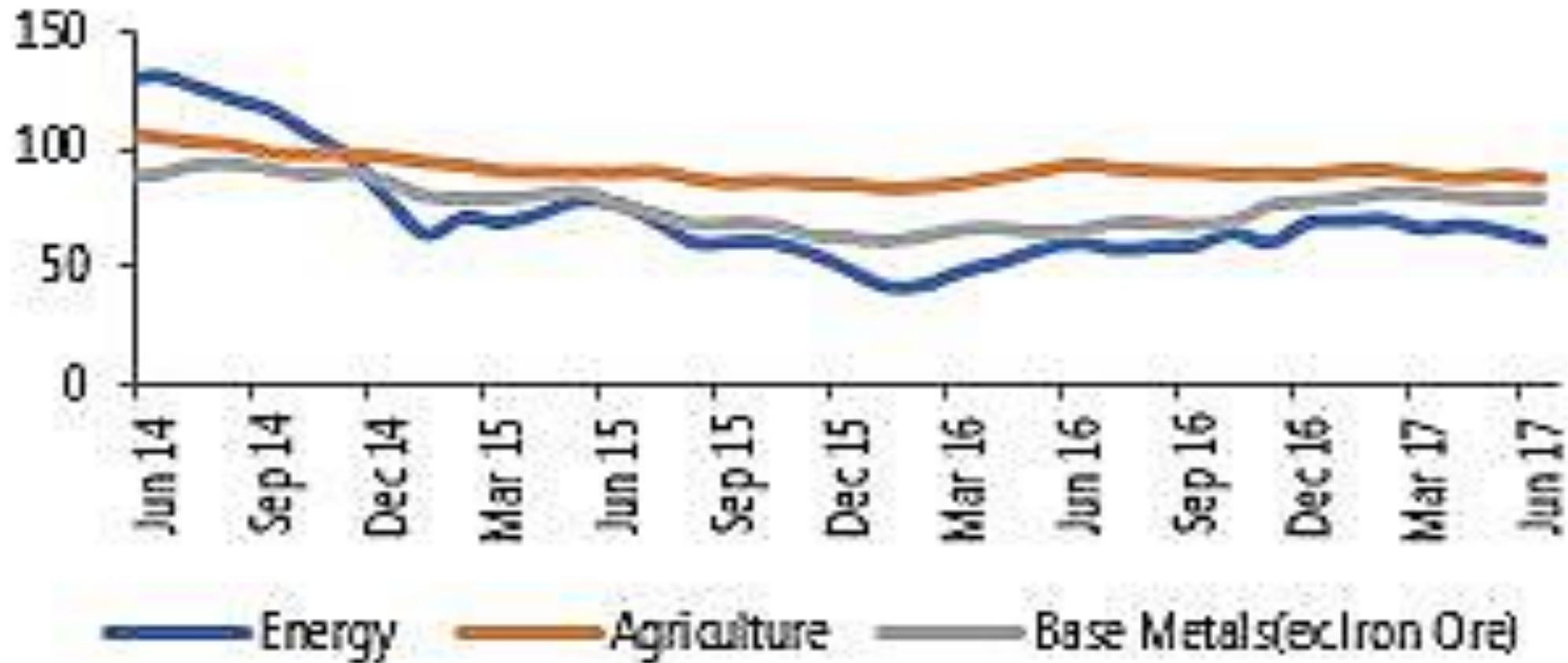
2.2 GDP in SSA grew by 1.3%, the lowest in over two decades

- Low commodity prices
- Weak external demand
- Inadequate supply of power
- Drought
- Security problems

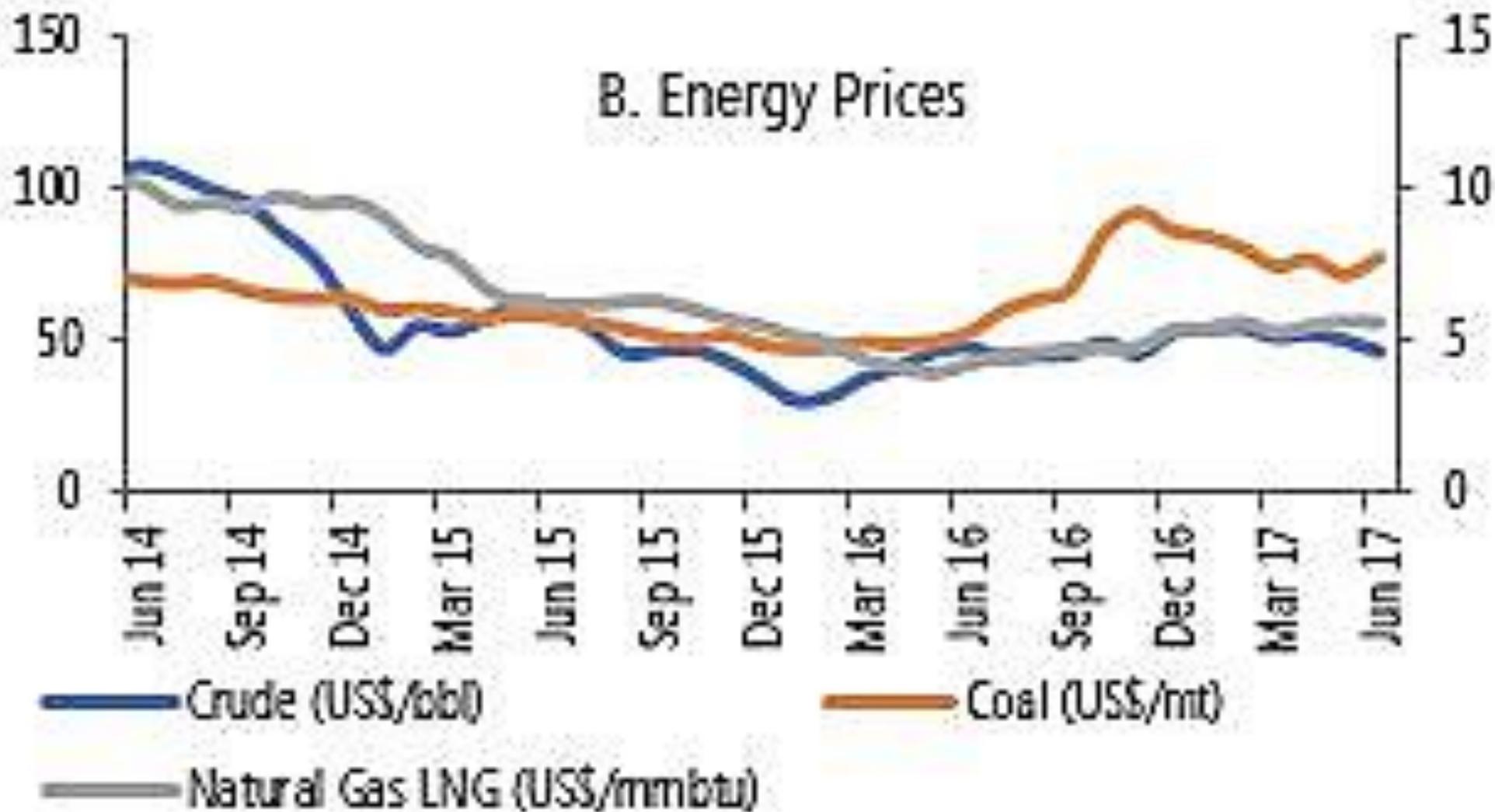
2.3 Economic activity in SSA is expected to recover to 2.6% in 2017, due to

- Modest rise in commodity prices
- Strengthening external demand
- More favorable weather conditions across the region

## A. Commodity Price Indexes



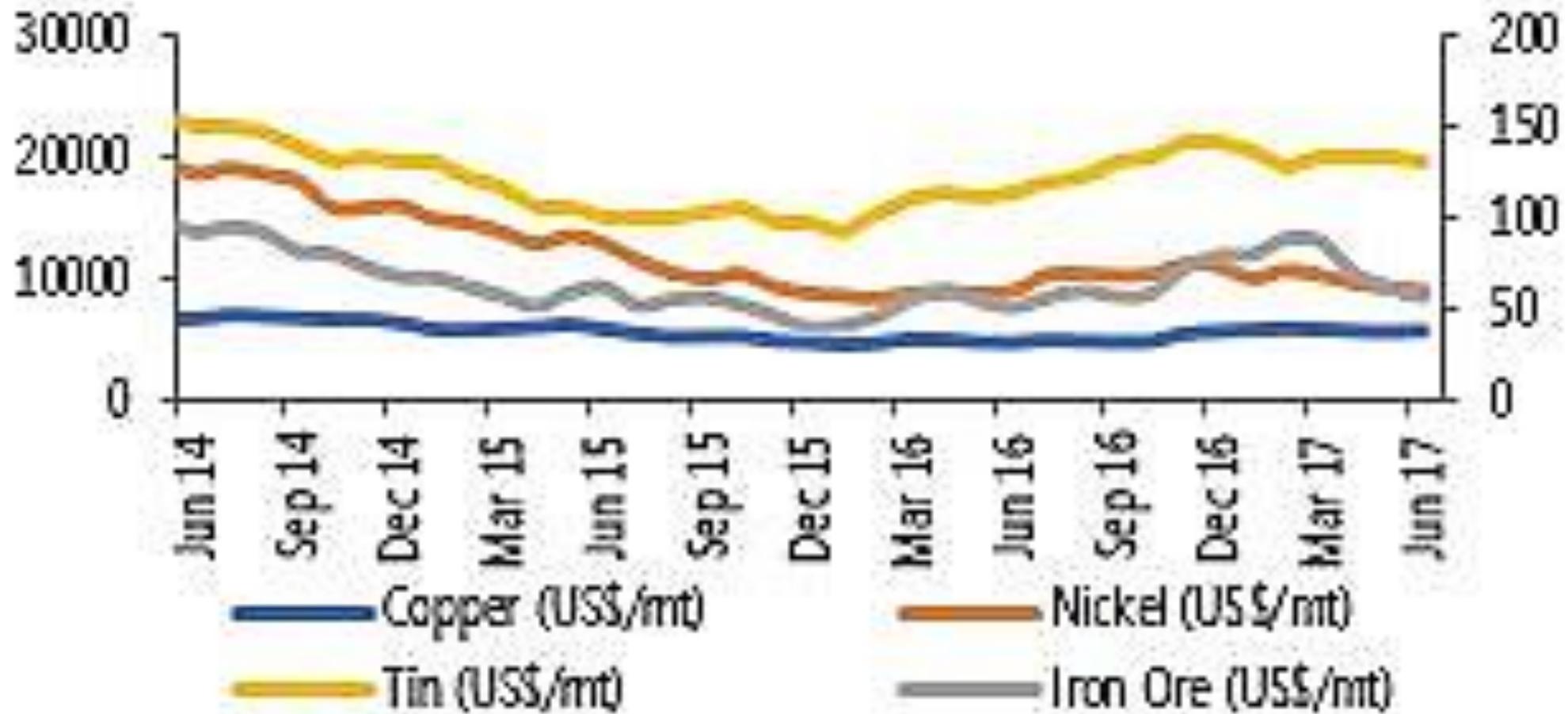
## B. Energy Prices



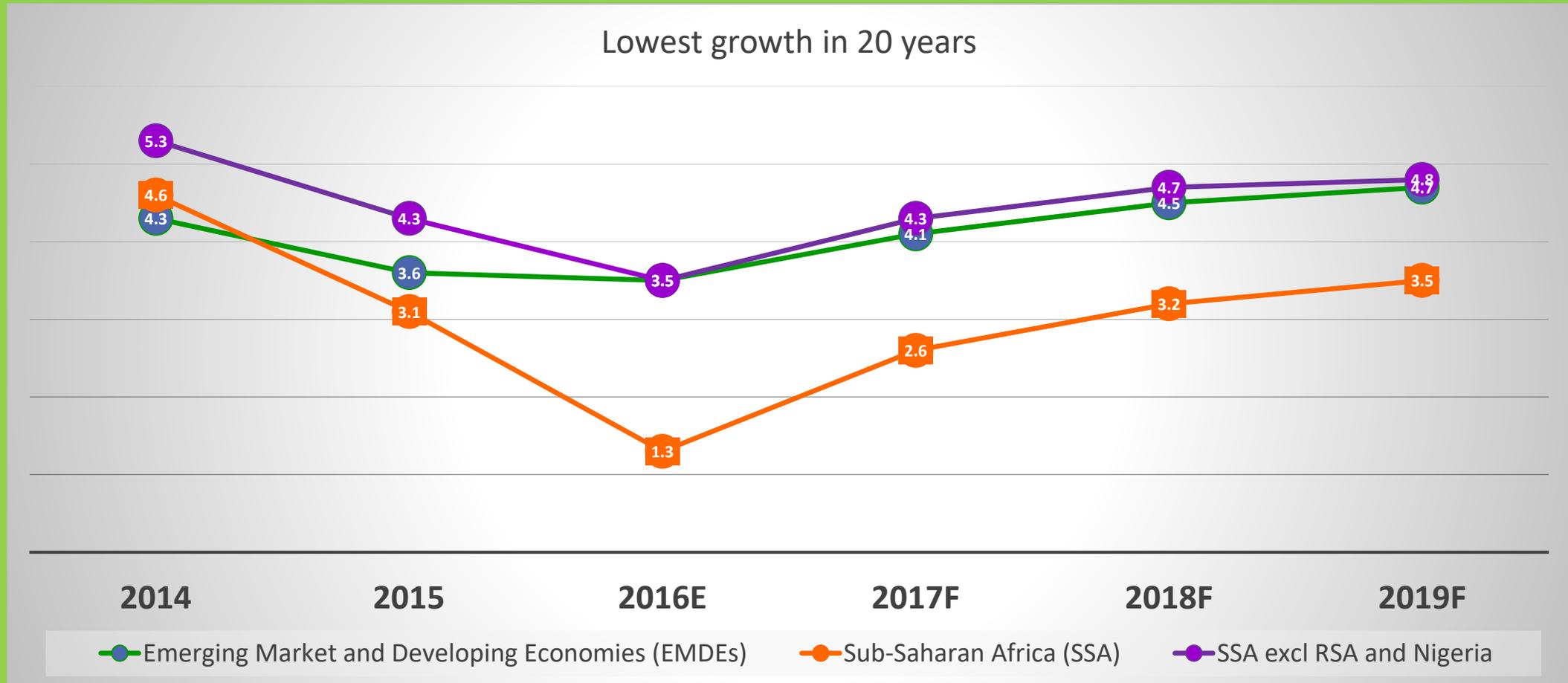
## C. Prices for Precious Metals



## D. Prices for Base Metals and Minerals



# GDP GROWTH RATES



## 2.4 Downward risks to economic recovery

- Tighter global financing conditions
- Weaker growth in major economies
- Curtailed foreign direct investments (FDI)
- Uncertainty over US policy on development assistance
- Fiscal slippages
- Unfavorable weather
- Rising debt levels leading to debt distress

# 3. WBG OPERATIONS IN AFRICA



**3.1** Total commitments of WB( IBRD & IDA) declined by USD 3.7 billion to USD 42.1 billion in FY17

**❖ IBRD**

- Commitments declined by 24% to US\$22.6 billion
- Commitments to SSA rose by US\$0.4 billion.

**❖ IDA**

- Commitments rose by 20.4% to US\$19.5 billion.
- Commitments to SSA rose by US\$2.0 billion
- SSA accounted for more than 50% of the commitments in FY17

**3.2** IBRD & IDA disbursements declined by USD 5.1 billion in FY17

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## 3.3 IFC

- Commitments rose by 2.4% to US\$19.3 billion.
- Commitments to SSA rose by US\$1.1 billion to US\$ 3.5 billion,
- SSA represents 15% of IFC's total committed portfolio.
- IFC expects to outperform FY17 based on a build up in the pipeline targeted at manufacturing, Agribusiness, services and infrastructure.

## 3.4 MIGA

- New guarantees issued amounted to US\$4.8 billion being a 13.7% increment
- 45% were in IDA eligible countries and 21% in Fragile and Conflict-Affected Situations(FCS)
- US\$1.0 billion went to SSA countries however representing a 20% decline from FY16.
- The Africa group 1 constituency benefited from only 5.3% of the SSA guarantees

# MIGA Guarantees in Sub-Saharan Africa – FY17

Name of beneficiary Country	No. of Projects	Sector	Guarantee Amount (US\$ million)	In percent of SSA
<b>Africa Group 1 (Total)</b>	<b>6</b>		<b>55.3</b>	<b>5.3</b>
Burundi	3	Agribusiness	5.6	0.5
Ethiopia	1	Manufacturing	5.4	0.5
Zambia	2	Infrastructure, Agribusiness	44.3	4.2
Other SSA	5	Infrastructure, Oil and Gas, Financial	988.3	94.7
<b>Total SSA</b>	<b>11</b>		<b>1,043.6</b>	<b>100.0</b>

Source: MIGA

# 4. UPDATES ON SELECTED POLICIES & STRATEGIES



## 4.1 The 2015 Voice and Shareholding Review and Capital Adequacy

- Focus on the size of the Selective Capital Increase (SCI) for the IBRD, and the allocation rules.
- Consensus on limiting dilution to 10% and protection of the small low income members
- Board is also exploring long term financial sustainability of the WBG particularly on raising capital of IBRD & IFC.
- IFC's consultation process has commenced, awaiting feedback from Governors
- There is an **urgent need to raise capital for IFC** given the near depletion of strategic deployed capital.
- The long-term capital adequacy of the IBRD is critical for delivery of the Forward Look Strategy.

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## 4.2 The Forward Look

- The Agile Bank
- The IFC-MIGA Private Sector Window (PSW)
- The IDA Refugee Sub-Window
- The Debt Sustainability Framework

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## 4.3 The Environmental Social Framework (ESF)

- Development of procedures, systems and evaluation mechanisms for the ESF is underway
- WB in the process of determining the methodology for assessing borrowers safeguard frameworks
- Capacity building in borrower countries and use of country systems
- Borrower awareness raising workshops scheduled for January 2018

## 4.4 Diversity and Inclusion

- Targets achieved on racial diversity at the professional level, with nationals from SSA and the Caribbean, at 12.4%
- The challenge of the missing middle remains.

# 5. CONSTITUENCY OFFICE AGENDA 24



## 5.1 Country portfolio reports

- Office continues to follow up on the quality of country portfolio with Staff.
- Quarterly reports being shared with Constituency countries- need to monitor the performance of the portfolio for impact and results on the ground.

## 5.2 Financing for Development

(Enhanced WBG resource flow, support for stronger domestic resource mobilization and reduced illicit financial flows in constituency countries)

- Office is closely following up with Management on the available instruments to enhance domestic resource mobilization, including combating Illicit Financial Flows.
- Countries will be updated accordingly.
- Some countries have also benefited from the IDA Scale Up Facility
- The office continues to urge MIGA and IFC to scale up their operations in Africa Group 1. The PSW pipeline is critical.

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- 5.3 The Office will continue to advocate for the pipeline of middle managers from Africa.
- 5.4 The Office stands for the protection of small LIC's from dilution of their capital in the 2015 Shareholding Review
  - The conclusion of the 2015 Shareholding Review and Capital Adequacy by 2018 ( In accordance with the Lima Road map)

# 6. ISSUES REQUIRING THE ATTENTION OF GOVERNORS



## 6.1 General Capital Increase under the 2010 Shareholding Review

- The deadline is **March 16 2018.**
- Governors are reminded to subscribe to prevent dilution of shareholding and shrinkage of the voting power of Africa Group 1 Constituency
- Letters were circulated to the Hon. Governors and we have included a copy of the same in your packages

## 6.2 IFC Selective Capital Increase

- There is ongoing consultation on SCI for IFC.
- We circulated letters to Governors to consult on your position as regards the SCI for IFC and included the letters in your packages.
- The Board requires feedback to the question below by Oct 23 , 2017;
  - ❖ **If a Selective Capital Increase for the IFC were to take place, would you be willing to participate? (Yes or No)**
    - If yes, would you be seeking to maintain or increase your current shareholding?
    - If no, would you be supportive of others participating even if it resulted in a relative decrease in your shareholding ?

## 6.3 Maintenance of value letters to Governors

- In September, the Corporate Secretariat sent out reminders on obligations to be settled on maintenance of Value on National Currency Capital Subscriptions.
- We have included copies of these letters in your packages for ease of reference.
- We urge Governors to settle the outstanding obligations by June 30, 2018.

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## 6.4 African caucus survey

- We remind you Honorable Governors to kindly submit your responses to the Survey that we believe will help us to improve the conduct of business of the African Caucus.

# 7. CONCLUSION



Let me express my appreciation to you, Honorable Governors for your guidance and support.

I also appreciate your warm welcome to your respective countries during my missions.

I assure Governors that I will complete my mission to the countries I have not visited, in the remaining period of my tenure.

I am committed to enhancing engagement between our countries and the WBG.

Thank you.