1. THE SCALE OF THE CHALLENGE
A decade of growth in Africa...

- Africa has made progress of the course of the last 10 years – both in terms of economic growth and poverty reduction.

- The incidence of extreme poverty in SSA has fallen from 57% in 1990 to 35% in 2015.

- Many countries have seen increases in the incomes of the bottom 40%. In half the cases, growth for the bottom 40% was faster than the country average. But some countries have seen declines in the incomes of the bottom 40%. Poverty reduction has been uneven, with fragile states lagging behind.

- In addition, the absolute number of poor people has increased due to high population growth rate.

- While extreme poverty has declined worldwide, the pace of progress in SSA needs to pick up to match other regions in the world.
Global and Regional Trends are Increasing Vulnerability in Africa…

Commodity Prices & Sluggish Growth
- Africa is a net commodities exporter and is deeply affected by lower commodity prices
- Well over half of region’s GDP comes from 17 resource-rich countries, whose fiscal revenues are heavily dependent on export receipts – and experiencing sharpest declines
- Growth rate at lowest since 2009, and trend below pre-2008 crisis levels
- Focus on diversification

Currency Depreciation and Debt
- The strong US dollar has put pressure on currencies across the region
- This has increased inflation and led to higher debt burdens

Fragility and Conflict
- Africa hosts a third of the world’s displaced population – spillover effects to neighbours
- Increase in non-traditional forms of conflict that target civilians

Climate Vulnerability
- Africa is the lowest carbon emitter but is more vulnerable to climate change than other regions
- Climate change threatens natural capital, physical capital, and human capital

All these risks increase the level of challenge of achieving growth, reducing poverty and social progress….
2. SHIFTING THE FOCUS TO RESULTS
The World Bank’s Strategic Framework Supports Opportunities for Growth and Poverty Reduction

- Encourages structural transformation, economic diversification and inclusion
- Refined through Country Partnership Framework (CPF) and Systematic Country Diagnostic (SCD)

Fragile States
- Build functioning institutions that can deliver
- Stimulate business environment
- Reduce elite capture
- Service delivery
- Gender

Lower Income Countries
- Agricultural performance
- Infrastructure
- Business enabling environment
- Gender
- Job creation
- Economic diversification

Upper Middle Income Countries
- Economic diversification
- Poverty reduction policies and programs
World Bank Group Toolbox to Serve Client Needs

Country Partnership Framework (CPF)
Systematic Country Diagnostic (SCD)

World Bank

Financing instruments
Advisory Services and Analytics (ASA)

IFC
MIGA

Investment Project Financing
Program-for-Results Financing
Development Policy Financing
# Nature of the Development Challenge Should Drive Choice of Financing Instrument

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Investment Project Financing (IPF)</th>
<th>Program for Results (PforR)</th>
<th>Development Policy Financing (DPF)</th>
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</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>Supports <strong>projects</strong> with defined development objectives, activities and results</td>
<td>Supports <strong>government program</strong> of expenditures (sectoral/sub-sectoral, national/sub-national) with defined development objectives and results that can be new or ongoing</td>
<td>Supports borrower <strong>program of policy/institutional actions</strong> with defined development objectives and results</td>
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<td></td>
<td>IBRD loans and guarantees or IDA credits, grants, and guarantees to governments</td>
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<tr>
<td><strong>Disbursement Mechanism</strong></td>
<td>Against specific eligible expenditures that support project activities</td>
<td>Against achievement of agreed and verified program results referred to as DLIs; no tracing of resources for specific activities and resources for overall program of expenditures</td>
<td>Against prior policy/institutional actions; to the general budget, no earmarking</td>
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<td><strong>When Used</strong></td>
<td>When challenges and risk management for achieving the results require more focus on inputs and specific activities; also for ring fenced development challenges</td>
<td>When challenge and risk management for achieving results requires focus on institutions and capacity building and incentives for those results</td>
<td>When challenges and risk management for achieving those results require a medium term program of policy or institutional action reform</td>
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<tr>
<td><strong>Considerations</strong></td>
<td>Uses Bank IPF policies for procurement, FM and safeguards</td>
<td>Uses government systems that assure financing is used appropriately and that environmental/social impacts are addressed [some exclusions of activities apply]</td>
<td>Requires adequate Macro framework and attention to fiduciary, governance and environmental/social risks</td>
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</table>
Why Did the Bank Develop the PforR Instrument?

**Development Effectiveness and Client Demand**
PforR responds to client demand that could not be fully met through existing instruments; it enhances development effectiveness of client programs and development assistance.

**Focus on Results**
PforR places attention on results through more direct linkage of funding to the achievement of verifiable results and performance actions – shift in dialogue from procurement processes development policy and results.

**Institutional and Capacity Building**
By using program institutions and systems, PforR will strengthen institutions/capacity of the whole program.

**Enhanced Partnerships**
PforR provides and opportunity to improve coordination among development partners in government programs.
Where Can PforR be Used?

- PforR can be used in any country in support of its development program(s) at national or sub-national levels in any sector – few areas where it can’t be applied

- Useful in areas where government wants to enhance efficiency, effectiveness, and impact of its program – encourages creativity.

- Can help leverage development assistance by fostering the alignment of development partners around the same development program.

- Two types of activities are not included in the PforR:
  1) Potentially significant adverse impacts on the environment and affected people
  2) Certain high value procurement packages are normally not eligible for financing and are also excluded from the Program*

*In exceptional cases, high value contracts may be included in the Program financed by PforR if they are deemed to be of critical importance to the integrity of the Program
What does Program-for-Results Involve?

PforR involves the following steps:

- Identification of Government program (national or subnational, sectoral or cross-sectoral, existing or new)
- Definition of the Program supported by the operation
- Identification of key results and Disbursement Linked indicators which provides incentives for achieving key outcomes
- Assessment of the program in terms of technical, fiduciary and social and environmental impacts
- Identification of opportunities for building capacity and enhancing system performance
- Strong focus on implementation support and achievement of results
PforR Links Financing Directly to Results

Results are achieved

Verification entity reviews results

Government sends documentation on results and verification to Bank

WBG Reviews documentation and approves

Government receives funds
PforR Portfolio and Pipeline in AFR

Portfolio
- 15 Operations, $3.1 B

Pipeline
- 5 Operations, $780 m
Key Messages

- Global and regional trends are increasing vulnerability in Africa and new opportunities emerging.

- Strategic framework builds on opportunities to promote growth and poverty reduction.

- Implementing strategic framework at the country level requires a tailored approach.

- WBG is meeting strong demand for resources and expertise in Africa.

- Slowing growth, declining commodity prices, increased fragility and the effects of climate change threaten poverty reduction and shared prosperity time to seize new opportunities.

- Redoubling efforts to raise agriculture productivity, improve infrastructure, increase resources and invest in high quality human capital will help the region to grow and achieve the goals.

- Country engagement reflects the enormous client diversity and is guided by the binding constraints identified in SCDs.

- There is continued unmet demand at the country and regional level.

- PforR is a flexible WBG financing instrument that can help meet this demand.
Workshop Objective

Over the next two days, the workshop will seek to:

- Facilitate the exchange and sharing of experiences and lessons learned on PforR between client countries
- Introduce PforR to countries considering its use
For more information:
www.worldbank.org/pforr

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