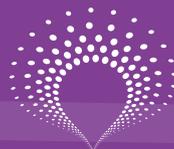


# INTERIM REPORT 2020

AFRICA GROUP 1 CONSTITUENCY

**ANNE N. KABAGAMBE**

EXECUTIVE DIRECTOR



**AFRICA**  
GROUP 1 CONSTITUENCY



**WORLD BANK GROUP**

THE WORLD BANK  
IBRD · IDA

**IFC** International  
Finance Corporation

**MIGA** Multilateral Investment  
Guarantee Agency



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## Acronyms and abbreviations

AfCFTA	Africa Continental Free Trade Agreement	IFC	International Finance Corporation
AFG1	Africa Group 1 Constituency	IMF	International Monetary Fund
BETFs	Bank Executed Trust Funds	IPF	Investment Project Financing
CCAP	Climate Change Action Plan	IPN	World Bank Inspection Panel
CEN	Country Engagement Note	JET	Jobs and Economic Transformation
CODE	Committee on Development Effectiveness	MAP	Management Action Plan
COVID-19	Coronavirus Disease 2019	MIGA	Multilateral Investment Guarantee Agency
CPF	Country Partnership Framework	MPA	Multiphase Programmatic Approach
CRW	Crisis Response Window	NDC	Nationally Determined Contributions
DC	Development Committee	ODA	Official Development Assistance
DPO	Development Policy Operation	OECD	Organization for Economic Cooperation and Development
ESCF	Environmental and Social Commitment Plan	PfR	Program for Results
ESF	Environmental and Social Framework	PIU	Project Implementation Unit
FCS	Fragile and Conflict-Affected States	PLR	Performance and Learning Review
FCV	Fragility, Conflict and Violence	PSW	Private Sector Window
FDI	Foreign Direct Investment	SCD	Systematic Country Diagnostic
FTCF	WB Fast Track COVID Facility	SDGs	Sustainable Development Goals
FY	Fiscal Year	SDFP	Sustainable Development Financing Policy
GBV	Gender-Based Violence	SEAH	Sexual Exploitation, Abuse and Harassment
GDP	Gross Domestic Product	SPRP	Strategic Preparedness and Response Program
GNI	Gross National Income	SUF	Scale-Up Facility
GRS	Grievance Redress Services	US	United States
IBRD	International Bank for Reconstruction and Development	WBG	World Bank Group
IDA	International Development Association	WHR	Window for Host Communities and Refugees



Hillside farmlands of the highlands of Uganda © istockphoto.com/Andy Doyle

## Message from the Executive Director

We live in uncertain times. The presentation of our Interim Report would normally have taken place during the Spring Meetings this month in Washington, D.C. But these are not regular times. All events have been canceled by the World Bank except the Development Committee which will be held virtually on April 17<sup>th</sup>, 2020. The entire World Bank Group is on home-based work. The world is facing a new pandemic in the form of COVID-19. A critical challenge is that the future pattern of this disease and its full impacts are uncertain.

As I write, the new COVID-19 is rapidly spreading and creating havoc around the world. COVID-19 is showing that national health systems might be inadequate to deal with a pandemic of this nature. Experts are warning that our health systems might get overwhelmed as each country deals with the COVID-19 in their own way. In addition, it is disrupting economic activities across the globe. Tourism and the global travel services industries have been severely impacted. Demand for commodities has declined as economic activities have slowed down. Events such as the COVID-19 cannot be framed or viewed only from the perspective of one country. They are global challenges that call for global responses.

First, there is a need for foresight and anticipatory planning using the world's collective intelligence. Humanity's ability to proactively respond to and deal with these issues call for a global capacity to anticipate, model scenarios and plan on how to deal with these types of crises before they become global pandemics.



**Anne N. Kabagambe**  
Executive Director

Second, countries and experts must share knowledge and work together collaboratively. The sharing of the collective intelligence is key to finding solutions and approaches to addressing global pandemics, whether it is reducing the ability of a virus to spread quickly or finding solutions to quickly mitigate their impacts.

Third, there is a need for a global template on how to respond while also empowering global organizations to lead. One lesson from the current COVID-19 pandemic is that do-it-alone national approaches is not the most effective. In addition, there is a risk that some countries' health systems might simply not be able to cope. The solution is to ensure a collective global response. This requires empowering existing organizations, including providing them with the necessary tools to lead and coordinate interventions with national governments across the globe.

Fourth, there is a need for funding to increase the chances of prevention and to manage global pandemics. The alternative will be too costly for the world. While no one knows the full cost of the impact of the COVID-19, it is generally assumed that costs will be huge and will have a significant impact on the most vulnerable population. The COVID-19 has led many governments to begin preparing stimulus packages to mitigate the effects. These efforts will need to be reinforced at the global level and especially for developing countries without the fiscal space for countercyclical measures.

The good news is that the world is already reacting and institutions such as the World Bank Group (WBG) has taken the lead. The WBG in a record time has approved US\$14 billion for Phase 1, Strategic Preparedness and Response Program (SPRP), to address the health challenges of COVID-19. Besides, the Bank Group does have instruments to support countries to create a fund for emergencies and natural disasters. In this regard, I am happy to note that support packages for four countries in Africa Group 1 Constituency has been approved by the Board while the programs for the remaining 18 countries in the group are underway. The WBG is also already working on a Phase 2 program which will see the Bank deploy about US\$160 billion to help countries to address the Economic and Social impacts of COVID-19.

The response to the challenge has been swift, and it shows the engagement of the WBG in helping to lead the way forward, as well as the positive role that our Africa Group 1 Constituency Office is playing. A key element of our collective agenda for the Africa Group 1 Constituency is to mobilize maximum resources for our members. The Constituency Office is well-positioned to support member countries within the Group to access the funds to be mobilized to mitigate the impact of this disaster and to support the development process in our countries. In addition, we have continued to implement our agenda, which also includes facilitating re-engagement of transition countries with the WBG, enabling the sharing of experiences within the Constituency, and focusing attention as well as leading on recurring issues facing the Constituency.

In support of the Constituency agenda, we are changing the Interim Report. We plan to focus on our commitment to the Constituency and to make the report more reflective of our deliverables while also sharing experiences rather than replicating information that is covered in other Bank publications. The rest of the report will be divided into three sections. The first presents a think piece on which we are introducing issues that are of importance to the region. The second section reviews some of the policy discussions at the WBG Executive Board while the last section summarizes the activities of the Office and the progress to-date on the agreed agenda of the Constituency.

We hope the Governors and Alternate Governors will find the content of the Interim Report informative. We are also counting on the engagement and participation of the Constituency members on the content and structure of the report in the next editions.

We are excited to draw on your experiences and look forward to hearing your views.

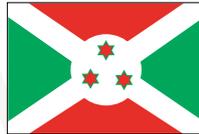
A handwritten signature in black ink, appearing to read 'Anne N. Kabagambe', written in a cursive style.

**Anne N. Kabagambe**

Executive Director



Botswana



Burundi



Eritrea



Eswatini



Ethiopia



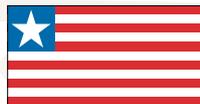
The Gambia



Kenya



Lesotho



Liberia



Malawi



Mozambique



Namibia



Rwanda



Seychelles



Sierra Leone



Somalia



South Sudan



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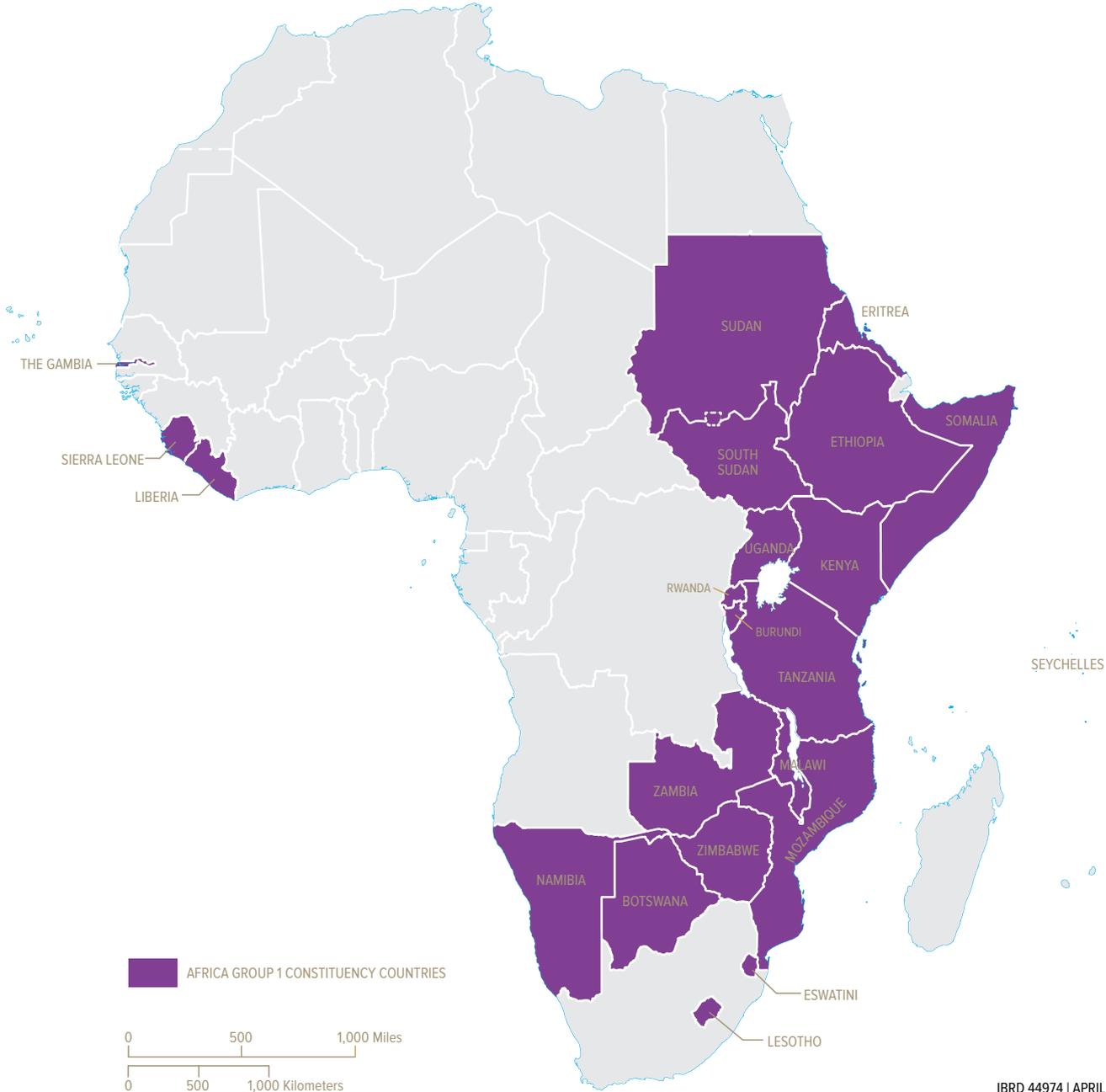


Zambia



Zimbabwe

# AFRICA GROUP 1 CONSTITUENCY COUNTRIES





Afar herder walking against the sunset, Danakil Desert © istockphoto.com/guenterguni

## Executive Summary

The COVID-19 poses a tremendous challenge for the world. While the number of confirmed cases in African countries is currently relatively low compared to other regions, its potential negative impacts both on the health and economy could be devastating if the coronavirus is allowed to spread unchecked on the continent. This is partly due to the very high population density in many urban areas and the weak health systems in most countries on the continent. In fact, the economies of developing countries would be hit the hardest partly due to their dependence on global supply chains and the limited policy space to implement countercyclical measures.

It is why the World Bank Group moved swiftly to help client countries contain the spread of a novel virus (COVID-19) following the declaration of coronavirus as a pandemic by the World Health Organization on March 11, 2020. The WBG established and launched a US\$14 billion WBG Fast Track COVID-19 Facility (FTCT or “Facility”). The objective of this Facility is to assist IBRD and IDA-eligible countries in their efforts to prevent, detect and respond to the threat posed by COVID-19 as well as to strengthen national systems for public health. The World Bank Group is already working on the second phase of its support to help countries respond to the ensuing macroeconomic impact of COVID-19, and it will involve the World Bank Group deploying US\$160 billion over the next 15 months. This second response includes three pillars of support: protecting the poor and vulnerable; supporting businesses; and strengthening economic resilience and speed of recovery.

The COVID-19 pandemic highlights the necessity for structural change and transformation for the Africa region. African countries made significant progress with the growth spurt over the last two decades. The growth led to a new narrative and optimism of an African continent on the rise. While the growth has been remarkable, the challenge of structural change and economic transformation remains. Although it will be a long-term effort, structural change and economic transformation is feasible in Africa. However, it cannot be outsourced, and it will require a decision and a commitment from stakeholders, including the leadership from all sectors and the citizenry.

Economic transformation in Africa will require structural change and economic diversification built upon increasing technological capabilities, rising productivity, fostering human capital development, building good institutions and robust infrastructure, as well as fostering science, technology and innovation. Such a policy agenda, coupled with robust reforms, holds the potential to unlock African countries’ latent comparative advantage. A country’s resource endowments, which determine its comparative advantage, are not static but evolves as a country develops.

In this period of uncertainty, with two Tsunami-type events—coronavirus and desert locusts—Africa, now more than ever, will require transformation and massive financing both from internal and external sources. The Africa Group 1 Constituency Office (AFG1) has set as its key priorities supporting member countries to benefit from increased resource flows from the World Bank Group (WBG), while also providing policy support as well as enhancing the voice of the Constituency.

The Board approved the nineteenth replenishment of IDA (IDA19) with the historic envelope amounting to US\$82 billion to support eligible countries over the next three years in February 2020. It will become effective on July 1, 2020. IDA19 will enhance the financial capacity of the World Bank Group to support client countries in implementing country-driven solutions that generate growth, are people-centered as well as strengthen resilience. While IDA19 process was driven principally by IDA Deputies, Borrower Representatives and the Management of the Bank under the strategic direction and guidance of the WBG Executive Board, the AFG1 Constituency Office, along with other African Chairs at the World Bank Group, took center stage in promoting IDA policies supportive of Africa’s ambition for growth and transformation. IDA19 will emphasize helping eligible countries reduce poverty and boost shared prosperity. It will focus on people given that human capital is central to every facet of development. Additionally, it will support resilience-building to reduce poverty and vulnerability, including fragility, conflict and violence (FCV). The theme holistically underscores the urgency of buttressing national efforts geared towards the achievement of the SDGs.

The Office regularly engages the Bank Group’s Management and country teams to ensure greater resource flows to the member countries of the constituency. The AFG1 also supports project approval through the WBG Board process. The AFG1 Constituency Office regularly engages with Bank’s Management and member countries to follow up on the preparation of projects to be submitted for consideration by the WBG Executive Board. Once these projects are scheduled for Board consideration, AFG1 reaches out to the various Executive Directors to solicit their support for the project and to provide clarifications and explanations when necessary so that their support can be secured.

Progress with the approval of new projects for AFG1 member countries was robust in FY19. Looking first on the financing commitments made by the WBG in the past two years, a total of US\$13.4 billion dollars was committed from IDA and IBRD for Africa Group 1 countries. IDA was the source for 97.8 percent of all the commitments. IBRD contributions totaled US\$300 million, representing only about 2.2 percent of commitments for the period. Investment Project Financing (IPF) was the instrument of choice for most interventions both in FY18 and FY19. An interesting development, however, is the observed preference for Development Policy Operations (DPOs) in FY19 as compared to Program for Results (PforRs) which dominated FY18. While, commitments in the form of DPOs rose to US\$2.19 billion in FY19 from just US\$360 million a year earlier, PforR declined from US\$2.69 billion to US\$500 million between FY18 and FY19. During the same periods,



Deadvlei in Sossusvlei, Namibia © istockphoto.com/evenfh

International Finance Corporation (IFC) approved a total of US\$811 million worth of projects for Africa Group 1 Constituency member countries. Of this amount, 85 percent of the funding was either loan or equity contribution by IFC. Although the total loan and equity contribution in FY18 were larger than FY19, the proportion of equity increased to 25.0 percent in FY19 compared to 12 percent in FY18.

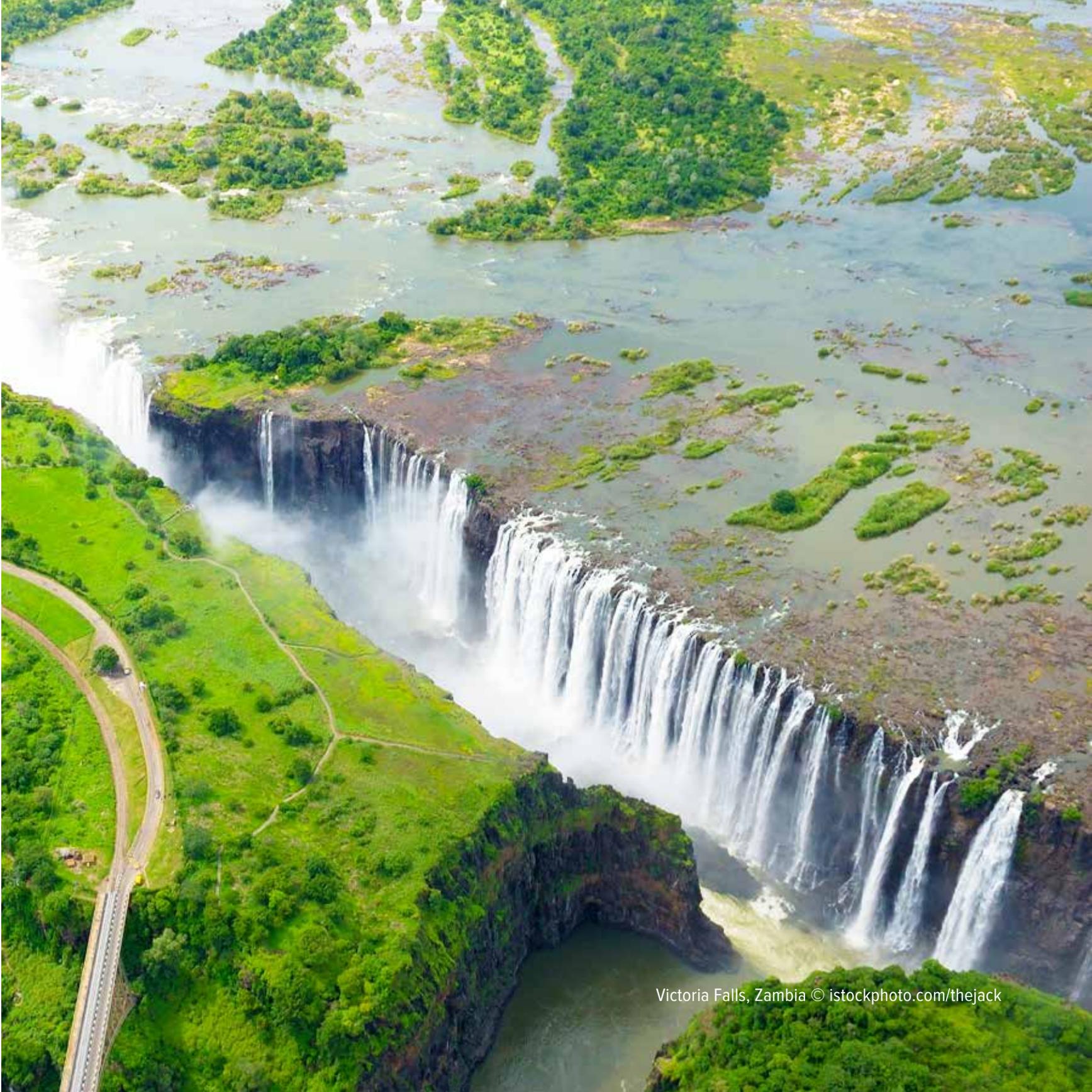
Beyond facilitating resource flows, the AFG1 Office regularly prepares country briefs and updates for each of its member countries. These briefs include the status of collaboration between the member country and the World Bank Group, the portfolio status, and issues that require follow up and support by the Office. Projects facing implementation issues are identified and the Office engages WBG Management to agree on remedial measures while also informing authorities

in member countries about steps to be taken to bring projects on track. Visits by the Executive Director to member countries is an instrument used to engage on development issues, portfolio performance and to better understand the status of project implementation. These visits then serve to engage the WBG management on issues in order to reach agreement on solutions to the challenges.

The Office regularly engages on policy issues. A little above one-third of our constituency countries are classified as Fragile, Conflict and Violence (FCV) countries. Forced displacement has risen to phenomenal proportions compared to the level a few decades ago. In the development of the recently launched WBG strategy for countries characterized by FCV, our Constituency Office made several proposals, including the formulation of FCV strategy through an inclusive process and deliberative approach. As a result, consultations were undertaken in three member countries of our Constituency, namely Somalia, Ethiopia, and Uganda. The Office also proposed the need to design an FCV strategy based on the principles of flexibility and adaptability. Such an approach should acknowledge that countries' specific challenges need customized solutions, focus on concrete actions, as well as the need to leverage the capacities and networks of stakeholders to form a broader partnership and facilitate collaboration in addressing FCV issues.

The AFG1 Constituency Office also actively aims to improve the prospects of reengagement for four of its member countries: Eritrea, Somalia, Sudan and Zimbabwe. In this regard, solid progress and achievement was recorded in bringing back Somalia into an active member status with the World Bank Group. This road included the complicated process of arrears clearance, which was completed successfully with the proactive role of the WBG Management and support of several Bank member countries in March 2020. The Office also persevered with the re-engagement efforts between the Governments of Sudan, Eritrea, and Zimbabwe and the World Bank Group. However, progress has been limited so far.

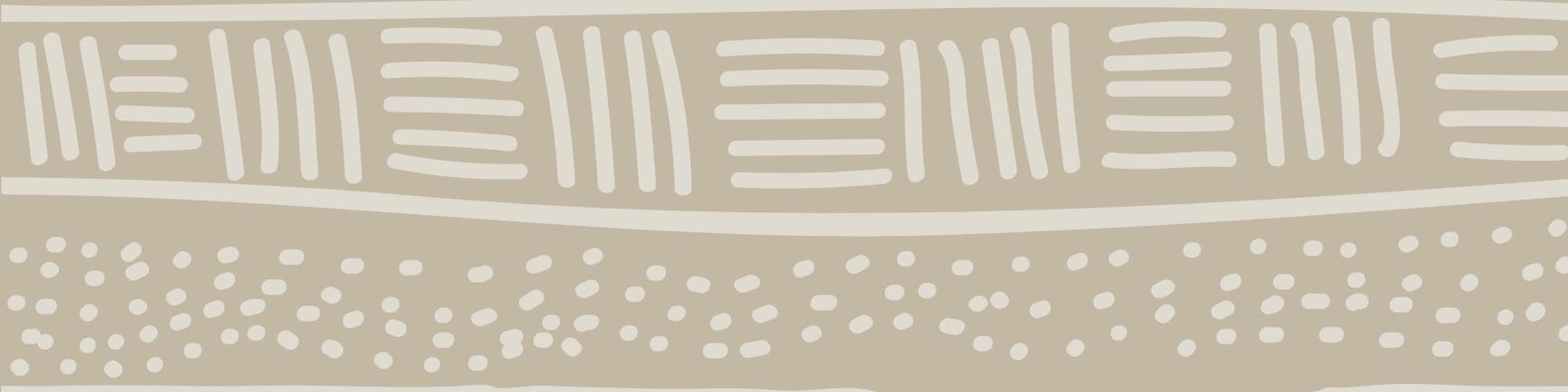
The Office actively encouraged countries to subscribe to the 2018 General Capital Increase and Selective Capital Increase. The Office updated the Governors and authorities on the status of their countries' capital subscriptions during visits to member countries and at other forums. As of March 17, 2020, four member countries –Botswana, Ethiopia, Lesotho and Malawi—had completed the subscription process while three other members (Burundi, Mozambique and Zimbabwe) had started the process.



Victoria Falls, Zambia © istockphoto.com/thejack



The ED with students at Palabana Secondary School, Lusaka, Zambia



## PART 1

# Think-Piece | Driving Structural Change and Economic Transformation in Africa

## INTRODUCTION

African countries have witnessed wide swings in economic performance since independence. The early post-independence era saw high growth rates powered by the commodities boom of the 1960s. With the oil shocks of the 1970s and the 1980s debt overhang, the continent went into a period of stagnation. By the mid-1990s, the continent was mired in poor economic performance and rising poverty. Civil war and conflict were commonplace. It was at the end of this decade in 2000 that the Economist published its damning cover which presented Africa as the hopeless continent.<sup>1</sup>

Fast forward to 2011, *the Economist* had changed its tune and published a new title *Africa Rising*<sup>2</sup> and in 2013 another *Aspiring Africa*<sup>3</sup>. This shift in narrative essentially became the norm and was due in large part to the remarkable story of economic growth in this early part of the 21<sup>st</sup> century. Africa became the poster child of rapid economic growth, and it was commonly noted that the return on foreign investment was higher in Africa than in other developing regions of the world.<sup>4</sup> Between 2000 and 2019, based on IMF data, sub-Saharan African countries grew their GDP in constant prices on average at 4.88 percent annually.

The good news was that the strong growth was not limited to a few countries but widespread across the continent and had a significant impact on reducing the number of absolutely poor. However, conflict-affected countries missed out on the boom. The Africa-wide growth inspired the Africa Rising narrative as experts and observers thought that the continent was on the verge of a takeoff. Africa became, as characterized by observers and pundits alike, the new frontier poised to lead the global growth in the 21<sup>st</sup> century.

There are key questions that must be asked: first, in light of the solid performance over the two decades, did Africa turn the page? Second, has the continent sufficiently built its economy to reduce its susceptibility to the boom and busts of the commodities market? Third, and importantly, has the continent transformed its economy and is it on the path to sustained growth and development? The observed strong performance seems to be yet another growth spurt as it remains a challenge to name many African countries that could be said to have transformed their economies. Africa was, therefore, neither a hopeless continent nor was it rising as the popular scenarios suggest.

Over time, the strong economic performance has waned. While growth has continued, it is not as rosy as it was in recent years. The growth has primarily been fueled by several windfalls, commodities boom (high prices and increased demand for commodities), aid and debt relief.<sup>5</sup> Also contributing to the recent boom were the reforms undertaken by many African countries, starting from the 1990s, as well as the boom in services and domestic demand.<sup>6</sup> Despite the growth and the substantial decline in poverty, Africa is expected to have more people in extreme poverty than any other region, even if the current growth continues. Of the more than 730 million extremely poor people in the world, Sub-Saharan Africa is home to 393 million of them, with 27 countries of

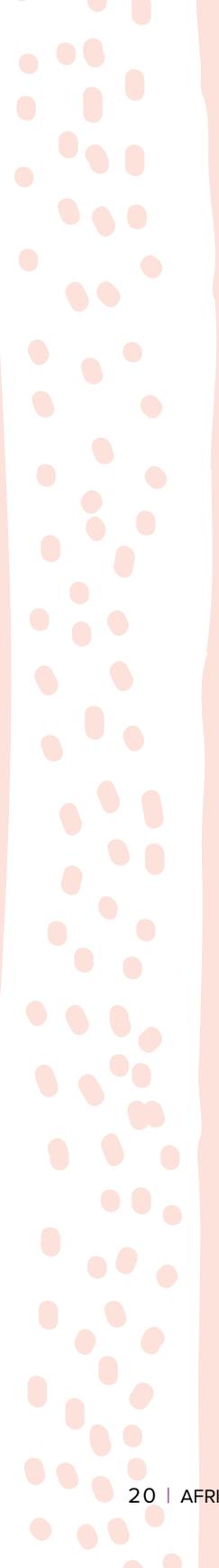
the world's 28 poorest countries located in Sub-Saharan Africa.<sup>7</sup> The continent also continues to be at the bottom of the global pyramid in human development. The World Bank's Human Capital Index for Sub-Saharan Africa is 0.40. This index implies that a child born in Africa today will be on average 40 percent as productive when she/he grows up, as she/he could be had she/he enjoyed complete education and full health.

## WHAT IS ECONOMIC TRANSFORMATION?

Experience to date has shown that high growth does not equal economic transformation nor is it sufficient to transform an economy or the wellbeing of the people. While it is difficult to measure the degree of structural change that has taken place in Africa<sup>8</sup>, the rapid growth did not cause widespread economic transformation. Only a few countries can be said to have transformed their economies or are en route to transformation in Africa. Economic transformation will require structural change and economic diversification built on increasing technological capabilities, rising productivity, fostering human capital development, building good institutions and robust infrastructure.

Structural change or transformation is associated with a fundamental shift in the structure of the economy. It is linked with increasing income levels since the early 1950s and structural change is posited as a critical feature and driver of economic development.<sup>9</sup> It is noted that all successful economies have found ways to ensure profound shifts in the structure of their economies through reallocating resources from lower to higher productivity sectors, activities, as well as firms. Structural change has been explained as a process in which an "... economy transitions from natural resource-based activities such as the agricultural sector, towards high productivity sectors such as manufacturing and services."<sup>10</sup> The allocation of resources to more productive activities contributes to economic diversification as the relative share of manufacturing and/or service increases relative to primary sectors like agriculture. It also facilitates the rise of the modern industrial and service economy. Other critical drivers of structural change that have been identified include the adoption of new technologies and approaches to management, which tend to raise efficiencies and fuel productivity growth. Key to these is the development of endogenous technological capabilities—a widely documented driver of sustained growth and economic transformation.<sup>11</sup>

Data on trade and per capita income show a significant correlation between the level of export sophistication and average per capita income.<sup>12</sup> Developing countries tend to produce and export labor-intensive products while more prosperous and more developed countries tend to concentrate more on products with high technological intensity.<sup>13</sup> It is the latter group of countries that tend to grow faster.<sup>14</sup> Trade data from 1965 to 2006 indicates a substantial decline in the



share of the primary sector (low technology-intensive products) in world trade compared to rising share for high tech products. Between 1948 and 2016, Africa's share of world merchandise exports dropped from 7.8 percent to 2.6 percent.<sup>15</sup>

The critical question is why has Africa not transformed? Surely transformation is happening on the continent. It is however limited to a few countries and the speed of structural change is quite slow unlike what pertained in some Asian countries that have transformed their economies. The combination of increasing endogenous technological capabilities with learning, new skills, institutional changes and improving capabilities of production organizations are viewed as the main drivers of structural change and economic transformation.<sup>16</sup> A society that can master technology increases its capacity to produce more sophisticated products for exports as well as its ability to deal with shocks, making its growth more resilient and sustainable.<sup>17</sup> This is particularly important in light of increasing volatility, Africa's high susceptibility to external shocks and the decreasing share of primary products in world trade.

While world trade has shifted decisively towards more sophisticated and technology-intensive products, most African countries remain mono-economies with over-dependence on the export of one or two primary commodities. Africa's share of global manufacturing fell from 3 to 2 percent between 1970 and 2013.<sup>18</sup> Similarly, manufacturing as a share of Africa's GDP, now at 10 percent, has declined over the last four decades, and it is lower than in other regions.<sup>19</sup> The conclusion is that Africa is de-industrializing before its industrialization. Categorizing African exports by all technological sophistication groups from primary to high tech products, shows that the three lowest categories account for 82 percent of African exports while the lowest five combined account for 90 percent of exports post-1995.<sup>20</sup> This shows the lack of diversification in exports and production by African countries, and it is a profile that is consistent with low levels of innovation and limited structural transformation, if any.<sup>21</sup>

The failure of Africa to industrialize or realize fundamental change despite the impressive growth spurts calls for understanding. It has meant persistently low GDP compared to other regions of the world. From 1965 to 2017, data shows a widening gap between the average per capital income of the world and Africa.<sup>22</sup> The failure of transformation is also evident in the fact that Africa's high growth is not as inclusive as it should be and it has only made limited contributions to job creation as well as an overall improvement in the standards of living.



Road from Asmara to Keren, Eritrea © istockphoto.com/muendo

## PROMOTING STRUCTURAL CHANGE AND ECONOMIC TRANSFORMATION

Transformation is happening albeit slowly and not as expected. While the continent is witnessing a shift of labor from rural areas to the cities as well as to the services sector, many people are simply moving into the informal sector with low productivity or joining the ranks of the unemployed and under-employed youths in the urban areas. The shift has led to rapid and unplanned urbanization with the proliferation of rapidly growing slums, without the minimum level of infrastructure to maintain a decent standard of living. The challenge before African countries now is how to reorient and speed up the transformation process while ensuring structural change that will bring about socio-economic development. Such a structural change must lead to:<sup>23</sup>

- reallocation of resources from less productive to more productive sectors, and rising productivity;
- increasing technological capabilities and mastery, as well as the emphasis on innovation;
- rise in the relative contribution of manufacturing to GDP and a concomitant decline in the share of agricultural employment in total employment;
- rise of a modern industrial and service economy;
- improved human capital development (health, education and social protection) and better standards of living with demographic transition;
- development of rural areas agri-business and industrial hubs;
- reduced inequality in all aspects; and
- progress towards an inclusive society.

The experiences in Asia, starting with Japan, then the East Asian Tigers—South Korea, Taiwan, Singapore and Hong Kong—and later China show that structural transformation is possible in Africa. Per capita income is often compared between Sub-Saharan Africa and Asia. For example, in 1965, Japan's gross national income was only about eight times that of most Sub-Saharan African countries and only four times that of Ghana, Zambia, and Democratic Republic of Congo (DRC).<sup>24</sup> However, by 2010, Japan's GNI was about fifty times the GNI per capita of Sub-Saharan African countries. The same type of gap exists for other Asian countries and sub-Saharan Africa.<sup>25</sup>

Africa is not Asia, and the global conditions that existed during the transformation in Asia are not the same as today. As such, Africa cannot be expected to replicate the Asian experience. Despite

the divergence of views among experts, the successful East Asian economies do provide insights for the ingredients of success in Africa. Beyond showing that it is feasible, the Asian experience shows structural change and transformation does not happen by chance.<sup>26</sup> There is a need for shared vision as well as an emphasis on building institutional and state capacity, investing in human capital, building infrastructure, placing emphasis on innovation, the importance of legitimacy and delivery, and determined leadership.<sup>27,28</sup>

The failure to ensure economic transformation or structural change in Africa is not due to the lack of plans or desire. In various ways, African leaders have always professed the need for economic transformation, starting with the plans for industrialization in the early post-independence era. There were continental planning efforts such as the Lagos Plan of Action 1980–2000, the Action Plan for the Accelerated Industrial Development of Africa 2011 and the Agenda 2063. African leaders had always recognized the need to transform the fortunes of the continent through industrialization.

## GETTING THE BASICS RIGHT FOR TRANSFORMATION | THE FIRST-ORDER CONDITIONS

Structural transformation, however, cannot be achieved without the basics. Going forward it will be important to get the basics right. It is easy to plan, set an agenda or make a declaration for economic transformation. The challenge is that many of the plans or agenda are simply a wish lists. While it is important to make plans, it is not enough. First things first! There is a need to address the necessary pre-conditions for structural change or economic transformation.

Ensuring economic transformation or structural change is a daunting challenge. Otherwise, many more African countries would have successfully transformed their economies. The first order pre-conditions have to do with national strategic intent. There must be the strategic intent to bring about structural change and to transform an economy. It is not enough to want to; there must be a decision to follow through on what is needed to achieve structural change or transformation. Essentially, it is not cost-free.

First, there is a need for national commitment. This includes leadership commitment from all the sectors. Structural change and transformation are not a task that can be left only to political leaders or the private sector. It must be a national project that engages all stakeholders. This requires a societal agenda that engages all just as the fight for national independence engaged all stakeholders. An example of the power of a shared vision and committed leadership was the U.S. goal to land a man on the moon. Yes, political leaders have a crucial role to play. But the government including all levels of the administration must be engaged and committed.



School children in Kenya © istockphoto.com/Bartosz Hadyniak

Similarly, the private sector must be engaged. Labor and all the other parts of civil society, as well as community leaders alike, must be part and parcel of the process of change. There is a need for commitment from all as it is a long-term project in which ownership by all members of the society contribute to its continuity. Each sector does have a critical role to play. Making this happen is not by happenstance nor is it through *laissez-faire*. Transformation must be a national project and it will require a grand coalition. It will also require the sacrifice of short-term interests by all groups for the long-term interests of the collective. The nation must be mobilized and with all actors engaged and committed to doing their part to ensure structural change and transformation. One question we do need to ask ourselves: how many African countries today are all actors mobilized for a national agenda with engagement and commitment from the leaders and followers, as well as engagement by the government and the other sectors? Transformation is not the job of the government alone and it cannot be left only to the government, the private sector or the market. It must be a national project in which all with the 'power to act' must be fully committed.

Second, there is a need for a truly shared national vision and robust strategy for structural change and transformation. The first pre-condition focuses on national mobilization. The second, however, must answer the question: mobilization around what. What are the citizens and the leadership across the nation mobilized to achieve? This must be a national vision and a robust strategy. The vision must be genuinely shared and owned by all; it must focus on achieving structural change and transformation. All actors must know what the vision means for them and have a good idea of their roles in making the vision a reality.

Over time, it seems the task of national development in many countries has been outsourced to experts and/or technical assistants from development agencies and international financial institutions. The focus is essentially techno-centric in these countries, while the leaders are barely engaged. Yet, the leadership are the ones that will have to lead and mobilize the country to achieve the plans. Although many do attempt to engage in consultations, they are limited in scope. Essentially, it is a process of listening to collect inputs for the plans to be developed and implemented by experts.

What we have then in many countries are national plans without guiding national visions or the commitment of the leadership and the backing of the citizenry at large. Transformation must be a national project that is jointly owned by the people and their leaders. This is particularly important in this era of multi-party democracy. There is a need for emotional connection and engagement in a way that makes it easy for people to want to make the necessary sacrifice to make it happen. Before the excellent policies, it is critical to ensure the buy-in of the leadership class that cuts across sectors as well as the sizable portion of the population to ensure there is leadership and grassroots support. No plan or vision is cost-free. The people must be willing and ready to pay taxes and work towards the same national agenda. Simply put, African countries cannot outsource the development process to experts or development partners. The process

must be owned by the leadership and the people in the same way Africa's founding fathers and mothers fought purposely and collectively for independence.

Third, markets are essential and are crucial mechanisms for signaling and allocating resources between competing needs and objectives. However, the market alone is not enough due to the numerous market failures on the continent, as well as the nature of the tasks at hand and the requirements of competition in today's hyper-competitive global marketplace. As such, structural change and transformation in Africa at this time, requires the building and nurturing of proactive and development-oriented states which intervene to address major market failures. Strong states that are purposeful and focused on ensuring development while still respecting rights of the populace, the basic principles of democracy and market forces. Africa will need to provide a reasonable level of economic freedom that can unleash the productivity and creativity of the people.

There is also the need for a state that can lead the charge where appropriate for development and transformation. In this respect, there will be a need for building market supporting institutions and organizations to facilitate reforms, promote both national and foreign investment, facilitate the competitiveness of national firms and promote the participation of national firms in global value chains. This might include building institutional mechanisms like free trade zones, putting in place fiscal incentives, as well as establishing innovation and entrepreneurship promotion organizations. Countries in Africa are at different levels and the nature of the states and institutions, as well as policies to promote structural change and economic transformation, should be influenced by national circumstances, vision for the future and the resource base as well as national capabilities. The goal is, however, clear: Africa needs capable states with strong institutions that can drive and facilitate structural change and economic transformation.

## **GETTING THE BASICS RIGHT FOR TRANSFORMATION | THE SECOND-ORDER CONDITIONS**

Getting first-order conditions right helps with building the foundation for national transformation. This is key as it provides the anchor for development. Without a solid foundation, countries jump from one policy to another; and national ownership and commitment will be remiss. One simply needs to look at the alphabet soup of development slogans from independence to-date cooked up mostly outside of the continent and which African countries are encouraged to implement no matter their circumstances or starting conditions.

It is on the foundation that the second-order conditions must be nurtured. These will include developing and implementing robust national development plans, mobilizing domestic resources for development, as well as facilitating firm-level competitiveness.

First, there is a need for the formulation and implementation of robust plans to achieve the vision. While the national vision is necessary and it provides the guiding goal and the rallying point for the stakeholders, it is, however, not sufficient. There is a need for national plans that will provide comprehensive development frameworks for short to medium term. The goal is to guide national policies towards achieving the long-term objectives of the transformation agenda. It provides the national tool for day to day management. The challenge, however, is that national plans are used as a substitute for national vision. Both are crucial and have important roles to play in the process of national transformation. While the vision is key to a national mobilization, the national plans are to be used to strengthen institutional capacities, as well as to ensure that the national development priorities are coherent and aligned. The national plans are also critical for monitoring progress.

Second, ensuring structural change and transformation calls for a focus on mobilizing domestic resources. While external financing in forms of overseas development assistance (ODA) and foreign direct investment (FDI) will continue to be necessary, they are not sufficient. The emphasis of these forms of financing is not always aligned with the national development agenda or development priorities. The fundamental misconception is that Africa does not have enough domestic resources or savings to fund its development agenda.<sup>29</sup> This is not so. Governments that are not developmental are simply not keen on mobilizing domestic resources (such as collecting taxes) as they do not want a revolt of citizens demanding services in return for paying taxes. It is easier to rely on ODA, FDI and funding from the export of natural resources. Successful transformation however requires the mobilization of domestic resources in the form of taxation to fund the development process. Relying on domestic resources also calls for ending illicit financial flows and corruption. Africa loses US\$86 billion annually to illicit flows and corruption<sup>30</sup>. These are funds that could be used to finance Africa's transformation agenda. The international community will need to do more to make it difficult for illicit funds to be siphoned out of Africa.

Third, driving firm-level productivity to ensure competitiveness in the international markets is key to successful structural change and transformation. One crucial task of the state is to help create conditions to improve firm-level productivity and global competitiveness. This might include building the right institutions and organizations to enhance firm capabilities, facilitating the participation of local firms in global value chains, promoting exports, as well as enabling agglomeration of firms through the development of industrial clusters. An example of an emerging cluster is Suame Magazine in Ghana<sup>31</sup>. Agglomeration can reduce the cost of transportation, facilitate the better matching of workers to jobs, and promote knowledge spillovers.<sup>32</sup> Ensuring

competitive firms that can successfully export increasingly sophisticated products is necessary for structural change and transformation.

## GETTING THE BASICS RIGHT FOR TRANSFORMATION | THE THIRD-ORDER CONDITIONS

The third-order conditions provide a layer of direct interventions and are crucial elements or aspects of the national planning highlighted in the second-order conditions. Here the focus is on direct interventions to change realities on the ground. The proposed interventions include building human capital, building infrastructure, promoting science, technology and innovation and nurturing competitive enterprises and entrepreneurs.

First, structural change and transformation requires that African countries invest in their people. The continent will need to develop its human capital as it is vital for structural change and transformation. This will include investing in education, training as well as in health care for results. The growing youth population provides a unique opportunity in a global landscape where the other continents are aging. This youth bulge could be the basis for a demographic dividend; it, however, could be the basis of a dystopia if not properly managed. To reap the benefits of demographic dividend, African countries must focus on ensuring educated and healthy citizens through the introduction of innovative health insurance schemes, enlarging access to primary care as well as making education priority. In a nutshell, African countries must invest in their people.

Increasing productivity and national competitiveness will require that African countries build healthy and talented citizens. The continent needs talents. This is particularly important in today's hyper-competitive and technology-driven world. The key is to enhance investments in training, place more emphasis on quality and prioritize aligning skills development with labor market needs, as well as provide opportunities for technical and vocational training. Additionally, African countries need to ensure opportunities for life-long learning and learning by doing through national job skills and internship programs.

Second, African countries need infrastructure which is an essential requirement for socio-economic development and structural transformation. Africa needs good roads, trains, power, ports, airports, water and sanitation, education, and many more socio-economic infrastructures. The infrastructure bottlenecks have a limiting effect on human capital development and the productive capacity of the people.<sup>33</sup> The huge annual deficits in infrastructure investment must be met by creatively taking a leaf from the telecommunications revolution. Domestic resource mobilization and public-private partnerships are very critical. This should include leveraging national pension funds, remittances, national reserves, crowdfunding/investment, as well as



Banjul skyline, The Gambia © istockphoto.com/micurado

creating national infrastructure funds to be funded through special taxes or windfalls from the export of primary resources. Additionally, it will be important to set priorities for infrastructure interventions and investment in alignment with the national agenda for economic transformation.

Third, building innovation-driven economies and societies are necessary to ensure structural change.<sup>34</sup> Increasing technological mastery is a key driver of economic growth and transformation. The sad reality is that Africa is far behind the rest of the world in technological capabilities. It is partly why the continent's industrial capacity remains low and why progress on economic diversification has been slow. To sustain the current growth spurt and make it a basis for structural change, African countries must make big investments in building their innovation ecosystems.<sup>35</sup> Innovation is a result of dynamic and complex relationships among key actors, including governments and their agencies, universities, research institutes and firms. A Key element of the process includes the entrepreneurial individuals that help to connect and promote linkages between the various actors. Interventions must aim to understand and promote interactions among the actors as well as build an environment in which all actors can perform their roles.

Africa is innovating on many fronts; this good news can be seen in the fintech, cinema and agritech on the continent.<sup>36</sup> Knowledge-intensive start-ups are on the rise. Social innovations are making an impact. Technology is today getting applied to address critical issues such as monitoring elections, fighting corruption, protecting people from counterfeit pharmaceuticals, and providing extension services to farmers to enhance their productivity.

However, there are significant challenges. The innovation ecosystem in most African countries are only just emerging and continues to be hindered by many factors. There are issues of capacity due to the weak educational system, weak support institutions for science and technology and the low levels of research and development. Despite the pledge by African Heads of States and Governments to spend at least one percent of their GDP on research and development to foster innovation, productivity and economic growth, only very few countries have met the pledge.<sup>37</sup> In reality, African countries spend less than 0.5 percent of GDP, while the global average is about 2.2 percent and OECD countries average 2.3 percent.<sup>38</sup>

Financing is a critical hindrance to innovation in Africa and has become one of the top constraints on innovation by firms. It hinders the scaling up of innovations and innovative start-ups across the continent. This is partly because financial markets are weak and not fully developed are dominated by commercial banks. Commercial banks, particularly, cannot deal with firms whose main assets are intangibles. Venture capital, although emerging, continues to be scarce and only operating in some countries. Investment by venture capital firms in African countries is small compared to other regions. FDI continues to focus on primary commodities and the little share going into tech-related firms are concentrated in a few countries.

African countries must put in place policies and programs to accelerate the development of a robust innovation ecosystem that recognizes the continent's unique advantages. A principal element must be to facilitate collaboration by innovation role-players. Collaboration can and should be beyond borders. Regional cooperation among African countries will be critical given that there are not many African countries that can do this alone. Also, collaboration must include the diaspora who represent a large reservoir of knowledge, talent and capital. However, the focus must not be remittances which are the business as usual; emphasis must be placed on knowledge remittances as well as partnerships to build innovative enterprises. The diaspora needs to be targeted as investors and partners to local knowledge and innovative enterprises. They can also be engaged as mentors and coaches to transfer knowledge as well as help seek markets.

A robust innovation ecosystem and increasing mastery of technology will not appear miraculously. It cannot be left to the market alone. Therefore, building a robust innovation ecosystem will require supporting institutions able to work with the stakeholders to facilitate and promote innovation. Innovation supporting institutions are key and must be created where they do not exist and where they do exist; they must be funded and nurtured. This calls for an important role for the state in promoting and supporting institutions that can create the enabling environment for the emergence of robust national innovation systems.

Quality education is also crucial to ensuring a robust innovation ecosystem. Innovation depends on people with expertise in various fields. In this, the development of human capital must be an essential aspect of any innovation policy and agenda for structural change and transformation. African countries will also need to up their game and invest more in research and development through public research institutes/centers, universities and private firms. This is crucial if Africa is going to find creative solutions to the perennial challenges facing the continent as well as to develop new solutions that will facilitate competitiveness in international markets.

Financing is key! Funding is needed for research and development. But funding is also required for firms to finance innovative activities as well as for innovative start-ups to scale up and compete in the global marketplace. Africa needs to make a big bet on innovation. It must seek creative ways to ensure financing with emphasis on domestic resource mobilization. African countries must also develop new ways to engage the diaspora to fund innovation and to facilitate knowledge remittances, as well as design incentives that will turn the challenge of financing into opportunities for the private sector and individuals.

Fourth, it is critical to build the private sector with an active local class of entrepreneurs. Seeking external investors is important. But external investors cannot and must not be a substitute for ensuring the emergence of a local entrepreneurial class. Vibrant local entrepreneurial class is critical and needed to align business development with the national vision. It is the local entrepreneurial class that contributes to inclusive growth by linking the formal sector and informal



Children using a digital tablet in Southern Ethiopia © istockphoto.com/hadynyah

sector that accounts for most jobs in African countries. This will require that they play a critical role in ensuring that African countries move up in the global value chains as well as promote industrialization that is aligned with the national context.

The private sector does have a vital role to play in ensuring structural transformation. While there is a need to build development-oriented states that are pro-active, the private sector must be an active participant in the process of national transformation. There is a need for intense collaboration between the state and the private sector, working closely together and in alignment. Additionally, the state ensures a business environment that is attractive to both local and international firms and in this regard promoting the rule of law, ensuring that there are incentives for local firms is critical as well as investing in the necessary infrastructure that is needed to ensure a globally competitive private sector. The state must also emphasize building the financial sector to ensure ease of access to funding by the private sector. A critical challenge facing African entrepreneurs and firms is the lack of access to financing. This must be a national priority to ensure that firms can access funding.

These set of interventions which constitute the third set are no less important than the first or the second-order conditions. Together, the three conditions provide a holistic view of what needs to be done to accelerate Africa's structural transformation. Combined these three conditions hold the potential of helping to unlock African countries' latent comparative advantage. A country's resource endowments, which determine its comparative advantage, are not static but evolves as a country develops. The three levels are mutually reinforcing and, with appropriate interventions, could form a virtuous circle for structural change and transformation. The challenge, however, is that most policy prescriptions are stuck at the third-order conditions and at most include the second-order conditions. The first-order conditions, given their softer and political nature and the challenge of measurement, tend to be ignored. Countries must engage at the three levels to ensure success.

## CONCLUSION

African countries made significant progress with the growth spurt in the early part of the 21st century. The growth led to a new narrative and optimism of an African continent on the rise. While the growth was remarkable, the challenge of structural change and economic transformation remains. Africa's share in global trade has declined. The proportion of manufactured products in its exports declined. Rather than moving up on the global value chain, the continent seems to remain largely an exporter of raw materials. Widespread industrialization remains a hope of continental planning agendas.

Although it will be a long-term effort, structural change and economic transformation is feasible. However, it cannot be outsourced. It will require a decision and a commitment from the stakeholders, including the leadership from all sectors and the citizenry. The contribution of this report is the call to look beyond the usual recommendations and policy prescriptions. These policy proposals are important and are also made in this report. For African countries, the economic transformation will require structural change and economic diversification built upon increasing technological capabilities, rising productivity, fostering human capital development, building good institutions and robust infrastructure, as well as fostering science, technology and innovation. The increasing mastery of innovation will be key.

However, these common policy proposals tend to neglect critical first-order conditions. This, as outlined in this report, focuses on the issues of strategic intent that is needed to bring about structural change and to transform an economy. It is not enough to want to or simply to make a plan; there must be a decision to follow through on what is needed to achieve structural change and transformation. That is, there is a need for national commitment. All hands must be on deck and all actors must be committed to one purpose and one goal. This includes leadership commitment from all the sectors. Structural transformation is not a task that can be left only to political leaders or the private sector. All national stakeholders must be engaged, and it must be a societal project. An agenda that engages all, just as the fight for national independence engaged all stakeholders. It is this type of engagement that is missing in many African countries. Yes, there are continental pledges. Yes, development plans are developed, but what is central to success is the commitment and the national will that must be deployed to bring about structural change.



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The ED during a visit to the Mulewa Village, Malawi



## PART 2

# Selected Policy Issues And Updates

## WBG RESPONSE TO CORONAVIRUS-2019 (COVID-19)

The World Bank Group moved swiftly to help client countries contain the spread of a novel virus (COVID-19) following the declaration of coronavirus as a pandemic by the World Health Organization on March 11, 2020. WBG established and launched a US\$14 billion WBG Fast Track COVID-19 Facility (FTCT or “Facility”). The objective of this Facility is to assist IBRD and IDA-eligible countries in their efforts to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness. The Facility comprises two components. The first component of US\$4 billion, which is additional IBRD and IDA resources, focuses on health-related support and will be channeled under the global emergency Multi-Phase Approach (MPA). MPA is chosen to allow fast-track preparation of similar projects as part of a global emergency response program and enables a coordinated and effective response to COVID-19 by borrowing countries facing similar emergency needs. The second component involves mobilization of up to US\$2 billion in additional resources from existing country programs. These resources are intended to help countries with new health-related projects to deal with COVID-19 impacts. The implementation framework for the facility acknowledges that deployment of these resources to contain COVID-19 may require operations to depart from existing Country Partnership Frameworks (CPFs), Country Engagement Note (CEN) and the Performance and Learning Reviews (PLRs). To date, the Board approved four FTCT-financed operations for Ethiopia, Kenya, the Gambia and Sierra Leone. A couple of other operations for AFG1 countries are in preparation (See Table 1).

IFC has also moved ahead in cushioning its existing clients against the devastating impacts of COVID-19. Again, through the WBG Fast Track COVID-19 Facility, IFC will be deploying about US\$8 billion in loans and equity investments. IFC’s support to clients will be deployed equally among its four facilities. First, the Real Sector Crisis Response Facility will support existing clients in the infrastructure, manufacturing, agriculture and services industries vulnerable to the pandemic through loans, and where necessary, through equity investments. Second, the Global Trade Finance Program will cover the payment risks of financial institutions so they can provide trade financing to companies that import and export goods. Third, the Working Capital Solutions Program will provide funding to emerging-market banks to extend credit to help businesses shore up their working capital, the pool of funds that firms use to pay their bills and compensate workers. Lastly, the newly created Global Trade Liquidity Program, and the Critical Commodities Finance Program will offer risk-sharing support to local banks so that they can continue to finance companies in emerging markets.

The World Bank Group is working on the second phase of its support to help countries respond to the ensuing macroeconomic impact of COVID-19. This response includes three pillars of support: protecting the poor and vulnerable; supporting businesses; and strengthening economic resilience and speed of recovery. While the magnitude of the impact of the pandemic is hard

to establish due to the quickly evolving situation, the ongoing quarantine, travel restrictions, business closings, and citizens' voluntary self-protection point to the increasing vulnerability of economies. Economies of developing countries would be hit the hardest partly due to their dependence on global supply chains and limited policy space to implement countercyclical measures. In its second phase of support, therefore, the World Bank Group is expected to deploy US\$160 billion over the next 15 months in supporting countries to respond to the socio-economic impact of COVID-19. These resources will entail, among other sources, reprioritizing the use of remaining IDA18 as well as front-loading of IDA19. To ensure timely availability of resources for countries in need, most operations will use the Development Policy Financing instrument and its variants as well as Program for Results.

**TABLE 1. PROGRESS ON ACCESSING FINANCING FROM THE WORLD BANK GROUP FAST TRACK COVID-19 FACILITY\***

Negotiated the financing package	Agreed and under preparation	Need further preparation	Countries in arrears	No requests submitted
CABO VERDE CONGO, DEM. REP. OF ETHIOPIA THE GAMBIA GHANA KENYA MAURITANIA SÃO TOMÉ AND PRÍNCIPE SENEGAL SIERRA LEONE	BENIN BURKINA FASO BURUNDI CHAD CENTRAL AFRICAN REP. CONGO CÔTE D'IVOIRE ESWATINI LIBERIA MALAWI MALI NIGER RWANDA UGANDA TOGO	AFRICA CDC GABON GUINEA SOUTH AFRICA ZAMBIA	ERITREA SUDAN ZIMBABWE	BOTSWANA EQUATORIAL GUINEA LESOTHO NAMIBIA TANZANIA

\*Africa Group 1 Constituency Countries

## IDA19 REPLENISHMENT AND IMPLEMENTATION

### OUTCOME

The Board of Executive Directors of the International Development Association (IDA) approved on February 11, 2020, the Nineteenth Replenishment of IDA (IDA19) with historic envelope amounting to US\$82.0 billion to support 76<sup>39</sup> IDA-eligible countries over the next three years. IDA19 will become effective on July 1, 2020, following the approval of the Resolution on the Executive Directors' report entitled "Additions to IDA Resources: Nineteenth Replenishment" by the Governors on March 31, 2020. IDA19 will enhance the financial capacity of the World Bank Group to support client countries in implementing country-driven solutions that generate growth, are people-centered as well as strengthen resilience.

### OVERARCHING THEME AND SPECIAL THEMES

The overarching theme for IDA19, "Ten Years to 2030: Growth, People and Resilience", reflects three intertwined strategies to help IDA countries reduce poverty and boost shared prosperity. First, it underscores the importance of generating inclusive and sustainable growth that reduces poverty. Second, it focusses on people as human capital is central to every facet of development. Third, it supports resilience-building to reduce poverty and vulnerability, including fragility, conflict and violence (FCV). The theme holistically underscores the urgency of buttressing national efforts geared towards the achievement of the Sustainable Development Goals (SDGs).

The IDA19's overarching premise subsumes five special themes extended from the eighteenth replenishment of IDA (IDA18). These themes are Jobs and Economic Transformation; Gender and Development; Climate Change; Fragility, Conflict and Violence; and Governance and Institutions (See Box 1 for details). They collectively entail a robust suite of policy commitments that will support IDA countries to build on the progress made under IDA18. Additionally, the IDA19 policy package will expand its reach by taking into account four emerging cross-cutting mega-trends that could impact the development trajectory of most IDA countries; these include debt, technology, human capital, and disability inclusion.

## **BOX 1. SPECIAL THEMES OF IDA19**

*Jobs and Economic Transformation* will support IDA countries transition from lower to higher productivity activities within and across sectors, from rural to urban areas, as well as from self-to wage employment. Policy commitments under this theme will help IDA countries sustainably create jobs at scale, through expanding private investment and connecting to markets while enriching workers' human capital.

*Gender and development* will support IDA countries to close gender gaps in health and education, workforce participation, and financial inclusion. Closing gender gaps holds a promise of setting countries on a sustainable pathway towards more diversified economies, higher levels of productivity, and better prospects for intra- and inter-generational mobility.

*Climate Change* will support client countries to implement their national climate-related action plans, including their Nationally Determined Contributions (NDCs), while increasingly focusing on climate adaptation and resilience. Under IDA19, climate change policy commitments embody a significant shift from input- and process-based to outcome-oriented commitments.

*Fragility, Conflict and Violence* (FCV) will support client countries across the FCV spectrum to systematically address drivers of fragility through the implementation of FCV strategy using resources from the IDA19. Each of the FCV strategy's four pillars<sup>40</sup> of engagement will have its designated financing allocation<sup>41</sup> to facilitate its implementation.

*Governance and Institutions* will support client countries, among other things, to strengthen domestic resources mobilization, promote debt transparency and management, invest in human capital, strengthen pandemic preparedness and enhance the core functions of government in IDA FCS. These commitments will collectively help client countries meet a range of targets under SDG16, which aims to promote peaceful and inclusive societies for sustainable development, provide justice for all, and build effective, accountable and inclusive institutions at all levels.

## FINANCIAL RESOURCES AND ALLOCATION

The IDA19 financing package of US\$82.0 billion has been mobilized through donor contributions, repayments by client countries (reflows) and financing raised from debt markets. Since IDA18, thanks to the IDA's hybrid financing model, value for money in IDA19 Replenishment has increased, with each US\$1 of Partner contribution crowding in about US\$3 of financing to clients, mostly on concessional terms. Compared to IDA18, the IDA19 financing package presents an increase in concessional financing and grant element. It also represents a decrease in non-concessional resources, reflecting IDA's commitment to helping countries rein in emerging debt vulnerabilities to set them on a sustainable financing path. Most IDA19 financing windows are retained from IDA18 with adjustments to reflect evolving needs among client countries. Table 2 summarizes the objectives, access criteria, financing envelope and eligible countries for the respective facilities of the IDA19 financing package.

The IDA19 package is comprehensive and innovative in multiple ways. IDA19 features an ambitious job package; an incentive-based, fair approach to help countries enhance debt transparency; more tailored support to Fragile and Conflict-affected Situations (FCS); enhancing regional integration; and a sharper focus on crisis preparedness and early response to slower-onset crises. IDA19's innovation is also reflected in its financing windows. The FCV Envelope offers tailored support to countries to address a range of FCV risks by putting in place strong incentives and accountabilities for respective countries to confront the drivers of FCV. The core envelope, in conjunction with the Private Sector Window (PSW), will also support IDA countries to implement transformative projects which accelerate sustainable and inclusive economic transformation. The size of PSW has been retained despite slow utilization in IDA18 due to increasing footprint of IFC and MIGA in IDA-FCS countries. It will, therefore, continue to enable IFC and MIGA to scale up investments and mobilize job-creating private investments in those countries.

As some development challenges transcend borders, the Regional Window aims to support countries to pursue strategic investments and policy reforms that facilitate regional integration in areas such as infrastructure, power, trade and the digital economy. For the first time, this window will support regional development policy operation to accelerate the pace of reforms across countries. The Window for Host Communities and Refugees (WHR) remains more relevant in IDA19 as the Bank is increasingly redirecting its focus on FCS countries. It aims to help states lessen the fiscal burden of hosting refugees by supporting the creation of development opportunities for refugees and host communities. This urgency is reflected in the increased amount of resources from US\$2.0 billion to US\$2.2 billion (See Table 3). To protect the hard-fought development gains, the Crisis Response Window (CRW) will support more robust resilience building and reduce the risks that climate shocks pose to poverty reduction and human capital development. In a nutshell, this facility will support early response to these slower-onset crises.

**TABLE 2. THE IDA19 RESOURCE ENVELOPE**

FACILITY TYPE	DEFINITION/OBJECTIVE	ACCESS CRITERIA	FINANCING PACKAGE	BENEFICIARY/ ELIGIBLE COUNTRIES
<b>1. CONCESSIONAL</b>				
<b>CORE IDA</b>				
Performance-Based Allocation (PBA)	Provides un-earmarked country financing to all IDA eligible clients in IDA19	<ul style="list-style-type: none"> <li>Based on the need and performance guided by a base allocation plus performance component of PBA</li> </ul>	Total of US\$60.5 billion, including the FCV envelope	All IDA borrowing countries
FCV Envelope	Provides financing to support IDA countries facing different kinds of FCV risks	<ul style="list-style-type: none"> <li>Achievement of agreed monitorable commitments</li> </ul>	US\$7.5 Billion	IDA Countries in Fragile and Conflict-Affected Situations (FCS)
<b>NON-CORE IDA</b>				
Regional Window	Provides financing to support regional investments and policy reforms among countries	<ul style="list-style-type: none"> <li>Three or more countries; or two if at least one of them is IDA-FCS country</li> <li>Has socio-economic spillover beyond c country borders</li> <li>Clear evidence of country/regional ownership</li> <li>Provides a platform for a high level of policy harmonization</li> </ul>	US\$7.6 Billion	All IDA eligible countries
Window for Host Communities and Refugees	Finances operations in host countries to meet the medium- and long-term development needs of refugees and communities	<ul style="list-style-type: none"> <li>The number of UNHCR-registered refugees is at least 25,000 or 0.1 percent of the population</li> <li>Adherence to an adequate framework for the protection of refugees</li> <li>Acceptable government plan/strategy with concrete actions geared towards long-term solutions for host-communities and refugees.</li> </ul>	US\$2.2 billion	All IDA eligible countries
Crisis Response Window	Offers last resort to IDA countries facing severe economic crises, natural disaster and public health emergencies	<ul style="list-style-type: none"> <li>Magnitude of the impact of the crisis</li> <li>Country's access to alternative sources of financing</li> <li>Country's ability to use its own resources</li> </ul>	US\$2.5 Billion	All IDA eligible countries
<b>2. NON-CONCESSIONAL</b>				
Scale-Up Window	Provides financing for high-quality, transformational, country-specific and/or regional operation with a strong development impact	<ul style="list-style-type: none"> <li>LIC-DSA* countries at low or medium risk of debt distress</li> <li>Non-LIC-DSA countries will be considered case-by-case subject to alignment of IDA's SDFP and the IMF's Debt Limit Policy</li> </ul>	US\$5.7 Billion	IDA-eligible and Blend countries
<b>3. PRIVATE SECTOR WINDOW</b>	Supports the mobilization of private sector investment and scaling up the growth of a sustainable and responsible private sector in IDA and IDA-FCS countries	<ul style="list-style-type: none"> <li>IDA-ONLY and IDA-FCS gap and blend countries</li> <li>Strategic alignment with IDA's poverty focus</li> </ul>	US\$2.5 Billion	All IDA eligible countries, FCS in particular

\* Low-Income Country Debt Sustainability Analysis

Scale-Up Facility (SUF), in existence since IDA17, will support IDA countries with absorptive capacity for additional non-concessional resources to finance high-quality, transformative projects. However, the size of SUF has been reduced to US\$5.7 billion from US\$6.2 billion as the number of eligible countries fell due to increased debt vulnerabilities (See Table 3). Finally, as resources required to finance SDGs are enormous and countries need to tap on all viable sources of financing, IDA19 will be implemented in tandem with the Sustainable Development Financing Policy (SDFP). The policy will support IDA countries to increase capabilities to address their debt vulnerabilities and set them on a path of sustainable development finance.

**TABLE 3.** IDA19 USE OF RESOURCES (IN US\$ BILLION)

FACILITY TYPE	IDA18	IDA19
<b>1. CONCESSIONAL</b>	<b>63.6</b>	<b>73.8</b>
CORE IDA	52.4	60.5
FCS/FCV	14.7	18.7
O/W FCV ENVELOPE	4.7	7.5
SYRIA	1	1
NON-FCS	37.7	41.8
NON-CORE IDA	11.1	13.3
REGIONAL AND PUBLIC GOODS ENVELOPE		
REGIONAL WINDOW	5	7.6
WINDOW FOR HOST COMMUNITIES AND REFUGEES	2	2.2
CRISIS RESPONSE WINDOW	3	2.5
ARREARS CLEARANCE	1.1	1
<b>2. NON-CONCESSIONAL</b>	<b>9</b>	<b>5.7</b>
SCALE-UP FACILITY	6.2	5.7
TRANSITION SUPPORT	2.8	-
<b>3. PRIVATE SECTOR WINDOW</b>	<b>2.5</b>	<b>2.5</b>
<b>TOTAL</b>	<b>75</b>	<b>82</b>
<i>Grants</i>	<i>16.7</i>	<i>21.6</i>
<i>Grants Element: Concessional IDA</i>	<i>58%</i>	<i>59%</i>
<i>Grant Element: Overall Replenishment</i>	<i>49%</i>	<i>53%</i>

Source: World Bank Implementation

## IMPLEMENTATION

The unprecedented amount of resources mobilized under IDA19 replenishment underscores the need to ensure effective implementation if commensurate impact and results on the ground are to be achieved. Innovations embedded in the IDA19 package, include a shift from the process- and analytical policy commitments to outcome-oriented policy commitments. It also underscores the need for an increased focus on implementation. Coincidentally, the IDA19 package will be implemented in tandem with critical corporate initiatives, such as the WBG Global Footprint and WBG FCV strategy, which will collectively facilitate the implementation of projects and accelerate the achievement of the country outcomes. This is particularly important for IDA19 as a sizable proportion of resources will be apportioned to support countries at various levels of the FCV spectrum.

Noting that IDA19 builds on the progress made under IDA18, its implementation would benefit from the lessons learned in IDA18, which has demonstrated that IDA countries, including IDA-FCV countries, can absorb resources to tackle development challenges and pursue good outcomes. Retention of IDA18's special themes in IDA19, as well as financing windows, albeit with minor adjustments, is also expected to facilitate implementation.

In the lead-up to the effective start of IDA19, the Bank Group plans to conduct a series of outreach events in client countries with a view of raising awareness of the financing windows, the IDA19 implementation guideline, the FCV strategy and the SDFP. These events target vital stakeholders such as government officials, private investors and regional economic groupings. Client countries are therefore encouraged to actively participate in these planned events. They should also continue dialogues with the WBG Country Management to explore how they can access additional resources from special windows such as the Regional Window and Scale-Up Facility. Early identification of potential projects is particularly critical for the Regional Window as strong coordination among client countries at the regional level is needed.

The ambitious IDA19 financing and policy package reaffirms the commitments by IDA partners to reduce poverty and boost shared prosperity in IDA countries. However, the effective implementation of this package requires close collaboration between the Bank and the client countries. The ongoing reorganization of the Bank, particularly of the African region, should help client countries and the Bank to work even more closely.



Woman from Borana tribe holding her baby, Ethiopia © istockphoto.com/Bartosz Hadyniak

## UPDATE ON THE WBG GENDER-BASED VIOLENCE ACTION PLAN

The WBG Gender Strategy 2016 – 2023 delineates vital pillars on which it will focus to achieve gender equality as a key pathway toward lasting poverty reduction and shared security and prosperity. These pillars include i) Improving human endowments (health, education and social protection); ii) Removing constraints for more and better jobs; iii) Removing barriers to women’s ownership of and control over assets; and iv) Enhancing women’s voice and agency as well as engaging men and boys. These are central to the WBG’s twin goals of ending extreme poverty and boosting shared prosperity. Whilst progress has been made in advancing women’s voice and agency, gender-based violence remains a key constraint. The WBG is therefore actively working towards promoting and enhancing support for policies and programs to end gender-based violence as well as mitigate its impact in conflict situations. Increased attention has been paid to safety and sexual harassment in transport, sanitation and social safety nets projects. The WBG has made psychosocial and economic support available to survivors of gender-based violence in crisis environments and has increased efforts to collect evidence on legal gender differences to change adverse norms and promote positive behaviors. To strengthen outcomes and results in this area, the Gender Strategy stipulates the need for the following:

- Strengthening the country-driven approach, with better country-level diagnostics, policy dialogue, and sex-disaggregated data;
- Develop a better understanding of what works, by bringing the evidence to WBG task teams and clients;
- Adopting a strategic approach to mainstreaming that helps achieve results in client countries, including a more robust monitoring system; and
- Leveraging partnerships for effective outcomes, particularly with key UN agencies and the private sector.

The WBG has also increased its intervention on gender-based violence in projects by imposing stringent protocols on staff and its clients to prevent sexual exploitation and abuse. This measure is a result of reports on incidences of violence in its investment projects and on studies which have shown that one in three women globally continue to suffer from GBV. GBV/Sexual Exploitation, and Abuse, and Sexual Harassment (SEAH) issues were brought to the fore in 2015, especially in transport sector projects. As a result, a GBV Task Force was established by the former President, Jim Kim, to advise on GBV/SEAH issues in operations in August 2016. The Task Force proposed Action Plan includes measures to help mitigate the risks of GBV/SEAH and to create opportunities for positive engagement in operations. The implementation of the Action Plan was a commitment under IDA18, and it is expected to continue under IDA19.

In its effort to prevent and respond to incidences of Gender -Based Violence, the WBG has also scaled up and deepened actions on GBV/SEAH risk management. As a result, GBV/SEAH is now accepted as a core issue as part of the WBG ESF implementation. The WBG has also taken steps to ensure that appropriate risk management measures are now included as part of the design projects with major civil works in line with the Good Practice Note on SEAH and associated WBG guidance protocols. These SEAH risk measures are therefore being actively integrated into the portfolio of projects which cover sustainable development and infrastructure. In addition, the WBG has worked towards ensuring that a protocol is in place to escalate SEAH incidents to Senior Management. It has also expanded training and awareness-raising to be carried out across all WBG institutions. Outreach efforts have also included strengthening standard procurement processes with unique qualifications and contractual requirements. The WBG has taken several factors into consideration as part of its implementation action plan; these include risk assessment, staff capacity, internal reporting and response protocol, operational processes, internal and external outreach campaigns, budget and funding, and continuous staff learning.

Regarding risk assessment, all WBG projects with major civil works have applied the GBV/SEAH risk screening tool since October 1, 2018. The WBG Gender Unit will continue to revise the screening tool based on the lessons learned by June 2020. The assessment will also take into consideration countries' application of this tool at the portfolio level. In addition to the risk tool application at the country level, social impact assessments will be carried out by clients to complement GBV/SEAH risk screening by task teams. New guidance and risk screening tools for human development will be finalized for application mid-2020.

Extensive training is being carried out across the WBG on GBV/SEAH Risk Mitigation to capacitate staff on GBV/SEAH. Between January 2019 and January 2020, 490 staff had been trained and many deep-dive sessions on SEAH were organized. These sessions included training and deep dive on Labor and Environmental Social Framework (ESF) lab sessions. All regions have also been provided GBV expertise. The WBG has also strengthened its GBV internal reporting protocol in key areas such as initial incident notification, internal response, internal and external notification periods, monitoring of accountability, and GBV response framework to promote a survivor-centric approach.

On strengthening operational processes, GBV/SEAH issues are addressed as an integral part of ESF implementation. For example, SEAH risk assessment is part of the Social Impact Assessment. The WBG has integrated mitigation measures in environmental and Social Commitment Plan, also ensuring that Environmental and Social Commitment Plan (ESCP) contains legally binding language on GBV/SEAH. In 2019 alone, the WBG included SEAH risk management measures in 75 active operations, where it introduced codes of conduct, strengthened Project Implementation Units (PIU) capacity (trained existing staff, recruited new staff), trained contractors and workers, ran awareness-raising activities for communities, put in place referral systems for survivors,

brought on board civil society organizations to provide services as needed and developed grievance mechanisms for reporting incidents. An additional 100 operations are expected to be targeted in FY20 across all regions with a greater focus on higher risk projects in which the WBG will remain closely engaged in supervising implementation.

The next steps on the WBG's implementation of the Gender Strategy 2016-2023 will include:

- Review of the GBV Good Practice Note on major civil works based on operational experience;
- Issue the final Good Practice on GBV guidance for Human Development;
- Launch the new mechanism to disqualify contractors who fail to comply with SEAH obligations in projects;
- Continue to build internal capacity, and that of clients;
- Further clarify internal reporting requirements;
- Finalize technical framework on promoting survivor-centric approaches in investigations by counterparts; and
- Organize a high-level workshop with other international financial institutions to harmonize approaches.

In conclusion, as part of IDA19, the WBG will support at least five countries on GBV prevention and response through health systems and five countries on GBV prevention and response protocols as part of safe and inclusive schools. It is expected that during the WBG Gender Strategy 2016-2023 period, the work of the WBG on gender-based violence will evolve. As such, the WBG has measures in place to morph along with clients' needs to respond to gender-based violence and adequately capacitate its staff and resource its programs for successful prevention and mitigation of incidences of gender-based violence in all its engagements.

# WBG STRATEGY FOR FRAGILITY, CONFLICT AND VIOLENCE (FCV)

## BACKGROUND

The Executive Board endorsed the World Bank Group Strategy for Fragility, Conflict and Violence (FCV) 2020-2025 on February 25, 2020. It is the first comprehensive response framework that brings together full financing and expertise to deal with FCV challenges in both low- and middle-income countries. The Strategy responds to the worsening crisis in many parts of the world, which is undermining progress made over decades in reducing extreme poverty. As several countries face protracted conflicts, with extremely detrimental impacts on peoples and economies - projected to impact two-thirds of the world's extreme poor by 2030 – the world has reached a critical juncture. It is imperative to confront these issues head-on.

## MAIN ELEMENTS OF THE STRATEGY

The Strategy's strength includes its focus on the drivers of fragility, underscoring the critical role of capacity building, strengthening resilience and aiding the poorest – many of whom are challenged by inadequate services in education, health and basic infrastructure. This institutional shift is backed by increases in the financing, supported by the World Bank's General Capital Increase and the recently endorsed robust replenishment of IDA19, which provisions over US\$20 billion for FCV countries. The strategy is enriched through the WBG's global footprint, which by deploying more professionals to field positions located in FCS, aims to enhance implementation capacity. The Strategy's strength also emanates from its aim to leverage partners working in FCV settings, involving both international and local actors. Besides, IFC and MIGA are set to increase their support for private sector investments in economies impacted by FCV.

The FCV Strategy is guided by the following principles: (i) differentiation (with solutions tailored to each specific country and the specific drivers of conflict); (ii) inclusion (advancing the economic and social inclusion of the most marginalized communities); (iii) legitimacy, transparency, and accountability (strengthening core institutions and ensuring access to basic services); and (iv) scaling up private sector solutions for greater impact (leveraging the potential of both public and private sectors in strengthening economies and job creation).

The Strategy is anchored on prevention and preparedness in countries that are impacted by crisis and conflict to ensure they do not slide into deeper problems. The Strategy recognizes the importance of staying engaged over the long-term, including during active conflicts and



Maasai women crossing savannah, Mount Kilimanjaro on the background, Kenya © istockphoto.com/hadynyah

during the transition to peace to mitigate the adverse spillovers of FCV as well as to contribute to the resilience of productive economic sectors and institutions. The WBG's engagement will be aligned with government-led national development plans and strategies. The four pillars of engagements which guide the WBG's strategy are: (i) preventing violent conflict and interpersonal violence; (ii) remaining engaged during crisis and active conflict; (iii) helping countries transition out of fragility; and (iv) mitigating the spillovers of FCV. These pillars will strengthen the WBG's approach in addressing challenges across the full spectrum of FCV. It seeks to align resilience and development interventions with government-led national development plans and strategies.

More specifically, the FCV strategy will place special emphasis on six areas of high priority in countries affected by FCV. These areas are: (i) investing in human capital; (ii) supporting macroeconomic stability and debt sustainability; (iii) creating jobs and economic opportunities; (iv) building community resilience and preparedness, including the resilience against the impacts of climate change and environmental degradation; (v) strengthening justice and the rule of law; and (vi) developing approaches to dealing with the security sector, where this is within the WBG's mandate and comparative advantage. The WBG FCV Strategy was built on lessons learned from IDA18, policy commitments under IDA19, as well as from wide consultative efforts, and how they would monitor implementations and report to the Board during the implementation and operationalization.

Going forward, the Africa Group 1 Constituency will work with member countries to ensure that the Bank's Operations and/projects are implemented in line with the WBG FCV Strategy and adequate focus is given to strengthening basic functions of government both at the national and subnational level.

## **UPDATE ON THE WORLD BANK GROUP CLIMATE CHANGE ACTION PLAN**

### **BACKGROUND**

Climate change poses a high risk on countries' efforts to embark upon a sustainable development path. Natural disasters now occur more frequently and are wreaking havoc every year, hindering growth, as well as disrupting households' livelihoods and business operations. People are forced to migrate and pushed into poverty as a result of frequent extreme weather events.

Countries now need to move with increasing urgency to develop more sustainable energy and transport systems, strengthen the resilience of their cities, and prepare people, public services and infrastructure for climate shocks.

In support of countries effort to combat climate change, the World Bank Group adopted a Climate Change Action Plan, 2016-2020, which lays out concrete actions to help countries deliver on their Nationally Determined Contributions (NDCs), including clean energy, green transport, climate-smart agriculture, and urban resilience, as well as in mobilizing the private sector to expand climate investments in developing countries.

## **PROGRESS IN IMPLEMENTING THE ACTION PLAN**

The Climate Change Action Plan (CCAP) of the WBG has made a significant contribution to the global action and knowledge on climate change. This includes delivery of about half of all MDB climate finance targets, increased awareness of work on biodiversity, marine litter and air pollution, and the publication of the Adaptation and Resilience Action Plan that puts IBRD and IDA on a 50:50 mitigation and adaptation split.

Much has evolved since the plan was first published. Renewable energy has become cheaper, science showing the impact of global warming that is more alarming, and the consequences of climate change and biodiversity loss are already being felt, particularly by the poorest. During the COP21 in Paris, countries committed to efforts to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would reduce the risks and devastating impacts of climate change.

In operationalizing the action plan, the WBG engaged member countries to mainstream climate change in Country Partnership Frameworks (CPFs), Systematic Country Diagnostics (SCDs) and Performance Learning Reviews (PLRs). Currently, 95 percent of the Bank's CPFs have climate objective, climate and disaster risk considerations are incorporated into CPFs, and more resources are leveraged for the climate agenda. Additionally, climate actions are integrated into Bank operations, while knowledge generation and dissemination are enhanced with tailored delivery to client countries. Consistent with the increased emphasis on involving Finance Ministers in climate actions, the Bank Group is supporting clients to integrate climate in their planning, budgeting, gender, and citizens' resilience. Overall, the Bank has emerged as the largest contributor to climate finance with increasing impact on climate co-benefits.

Specific engagement areas with clients include: adoption of carbon taxes, maximizing synergies between air pollution management and climate change mitigation; investing in the “blue”



Mohale Dam, Lesotho © istockphoto.com/mcurado

economy, using innovative ways to manage fisheries and aquaculture, and addressing threats to ocean health posed by marine pollution, including litter and plastics; supporting urban development agendas that build resilient cities; increasing agricultural investments to directly finance climate mitigation and adaptation measures.

The International Finance Corporation (IFC) has similarly pursued support for climate actions through its instruments focused on private sector development. IFC continues to invest in strategic upstream works to unlock private sector climate investment and mobilize private capital for climate through investment platforms, syndications, and blended finance. More focus is also being put on building private sector climate markets in developing countries, in the five key sectors of:

- Clean Energy
- Climate-Smart Cities
- Green Buildings
- Climate-Smart Agribusiness
- Green Finance

MIGA and IFC are leveraging insurance products and markets to mobilize private climate finance de-risking to Scale Private Sector Climate Investment. Finance is being mobilized through risk financing instruments and insurance.

## **UPDATE ON THE WORLD BANK GROUP'S GLOBAL FOOTPRINT**

The World Bank Group's (WBG's) operating model is adjusting as a way to position the Bank to meet its development goals by 2030. The adjustment will strengthen country engagement and devolve more decision-making to the field. The process entails the deployment of more staff to the field positions, particularly in Fragile, Conflict and Violent (FCV) states in line with the recently approved FCV Strategy (2020-2025).

The FCV Strategy places a lot of emphasis on preventing and mitigating FCV challenges before and when they arise. The new Strategy comes with a clear departure from the way the WBG has been working in FCV areas, that is, it pivots to address the drivers of fragility, such as poverty and inequality, and thus making progress towards the Sustainable Development Goals 2030. Consequently, the WBG would be scaling up financial resources and the capacity of work it provides to these countries. The WBG is allocating US\$7.5 billion to FCV countries under IDA19 for this purpose.

Besides, in its quest to make a high impact engagement across clients, the WBG intends to deploy nearly 60 percent of operational staff in the field by FY22 to implement the FCV Strategy. Six principles will continue to inform adjustments to WBG field presence; viz:

- a. maintain the global brand by ensuring strong WBG comparative advantage in global knowledge;
- b. maintain cost-effectiveness through budget discipline;
- c. align with corporate practice by strengthening field presence in Africa region, Middle East and North Africa region, and South Asia region and FCV and low-income countries;
- d. operational focus achieved by increasing field presence of practice managers and technical experts;
- e. country-driven operational model complemented by getting staff as close to clients as possible; and
- f. relevant and competitive HR model anchored on attracting and deploying highly skilled professionals with global knowledge and experience in multiple locations.

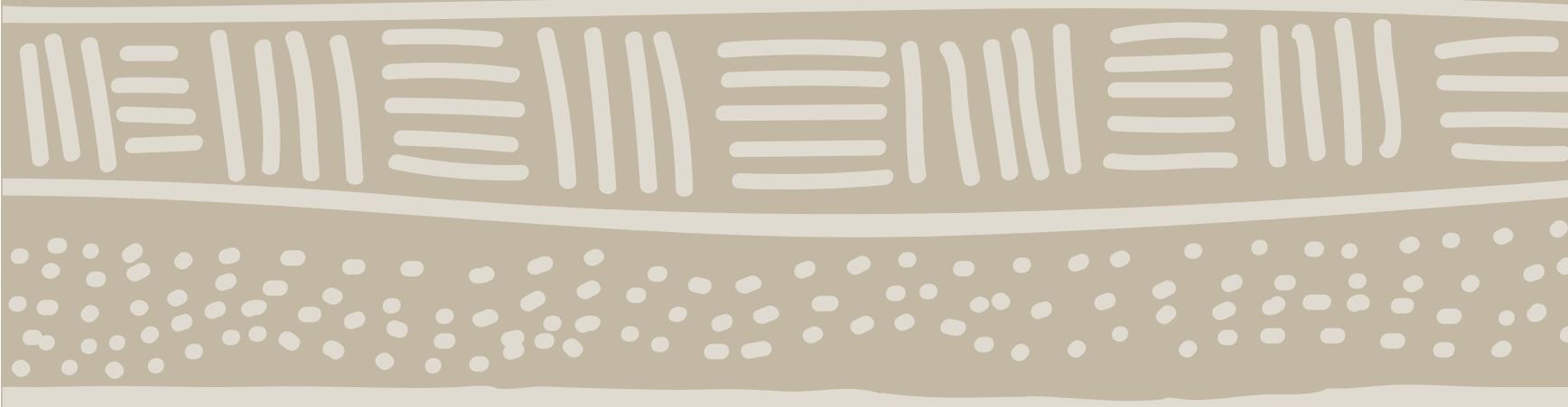
The Global Footprint will see staff working in IDA countries increasing by 18.5 percent by FY22 and the number of Practice Managers tripling within the same period. One-third of these Practice Managers will be deployed in Africa. Moreover, an FCV recruitment drive will be launched, including at local level, to identify and attract candidates.

Eventually, the footprint in Head Quarters' staff will reduce to an optimum level of 45/55, with more staff at client locations. The deployment of personnel will take into consideration their welfare and packaged with incentives to attract staff to work in FCV areas. The experience of working in FCV areas will be critical for the upward mobility of staff.





A focus on girls education: the ED's visit to Kotu Senior Secondary School, The Gambia



## PART 3

# Constituency Engagements

## OFFICE ENGAGEMENTS ON STANDING COMMITTEES

The 22 Governors entrust the Office of the Executive Director for AFG1 with dual roles of representing the interests and concerns of its Constituency Countries in the engagements with both the Board and Management, and of exercising a fiduciary duty to safeguard the best interests of the WBG. In guiding Management on strategic directions and corporate issues, the Office leverages its membership in two out of the five standing committees of the Board: Budget Committee (BC) and Committee on Development Effectiveness (CODE). Other committees are the Audit Committee, Committee on Governance and Administrative Matters and Human Resources Committee. In sum, these committees help strengthen the efficiency and effectiveness of the Board in discharging its oversight responsibilities through in-depth examinations of policies and practices.

### BUDGET COMMITTEE

The Budget Committee (BC) serves to assist the Boards in approving the respective budgets of IBRD, IDA, IFC and MIGA and in overseeing the preparation and execution of their business plans. In doing so, it guides management on the strategic direction as well as review the alignment of budgets and trust funds with corporate strategic directions.

The strategic planning and budget formulation of the Bank commences in October-November of each year, and it entails five levels of engagements, commonly known as the “W” process. Each level of the ‘W’ marks an engagement either between Management and the BC or just Management action only, with the top three points of the ‘W’ process being reserved for consultations between Management and the BC. Since October 2019, the Office through the Budget Committee has engaged in consultation with Management on the formulation of the budget for FY21. This budget is critical to help the Bank delivery on IDA19, the WBG Fragility Strategy as well as the response to COVID-19.

On the consultations for FY21 Budget held on February 20, 2020, the World Bank Group management provided Directors with a breakdown of its trajectory and priorities, as well as the growth anticipated for the World Bank Group program. Directors raised questions on the costing of the efficiency savings and their contribution to the overall budget. The BC also raised concerns regarding the delayed IFC capital increase and requested Management to present options of recourse, in the event of a negative outcome on the capital increase. However, this concern is no longer valid as the major shareholder has since subscribed to the IFC Capital Increase. The Committee deliberated on the IFC’s increased budget trajectory, particularly with the conclusion of the workforce planning and the anticipated decline in program delivery. Executive Directors requested for an evaluation of the budget anchors, to verify if they were still appropriate to

monitor budget discipline for the World Bank and IFC while expressing willingness to consider a more significant increase than the real 2-3 percent increase in the MIGA budget to deliver the new strategy.

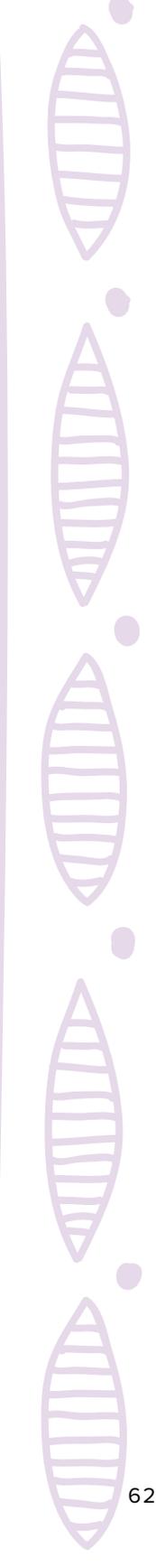
## COMMITTEE ON DEVELOPMENT EFFECTIVENESS (CODE)

CODE supports the Boards in assessing the development effectiveness of the WBG. It guides the strategic directions of each member institution of the WBG, monitors the quality and results of the WBG operations; oversees or liaises on the work of the entities that are part of the WBG's accountability framework, the Inspection Panel concerning IBRD and IDA operations, and the Compliance Advisor/Ombudsman with respect to IFC and MIGA.

The World Bank Inspection Panel (IPN) is an independent accountability mechanism providing an avenue for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank-funded project to engage the Bank. The Board of Executive Directors created the IPN in 1993 to ensure that these people have access to an independent body to express their concerns and seek recourse.

In August 2016 the Board of Executive Directors approved a new Environmental and Social Framework (ESF), which makes important advances in areas such as transparency, non-discrimination, social inclusion, public participation, and accountability, including the requirement for every Bank-funded project to have functioning grievance redress mechanisms. Considering these developments and appreciative of the IPN's role, the Board of Executive Directors commissioned in August 2017 an External Review of the IPN toolkit to examine whether it required any updates in seven areas to continue to operate effectively under the new ESF. The Review did not make recommendations but provided options in seven areas: (i) advisory services; (ii) Bank Executed Trust Funds (BETFs); (iii) co-financing; (iv) sharing findings with Requesters; (v) problem solving/dispute resolution; (vi) time limit on eligibility for requests; and (vii) monitoring of Management Action Plans (MAPs).

In July 2018, a Working Group of the Committee on Development Effectiveness (CODE) was established to consider the areas identified by the Review in more detail. On October 31, 2018, Executive Directors approved measures to; (i) formally recognize the IPN's advisory role in its mandate; (ii) issue clarifications on the use of Bank- Executed Trust Funds (BEFTs); (iii) formalize the IPN's current practice to coordinate with the accountability mechanism of co-financier(s) to process the complaints most efficiently and effectively; and (iv) update the procedures for sharing the IPN's Investigation Report with Requesters ahead of Board consideration. The Board also took note of Management's strengthening of the Bank's Grievance Redress Service (GRS), including



maintaining a roster of expert mediators to facilitate the resolution of complaints and to add an escalation point, including to the World Bank's most Senior Manager responsible for operations.

The Board took note of Management's proposals to strengthen the World Bank's existing process for supervising MAPs, including discussing MAP progress reports with the Board regularly; sharing MAP progress reports with Requesters, soliciting feedback through follow-up consultations on their implementation status; and reflecting such feedback in the MAP progress reports to the Board. They also highlighted the importance of consulting with Borrowers and minimizing the potential burden and costs to them.

The Board agreed to a time-bound period of further deliberations within CODE, taking into consideration all comments expressed by Executive Directors and to undertake thorough and timely consultations with stakeholders, particularly Borrowers. With the assistance of the IPN and Management, CODE identified eleven projects whose stakeholders had experience in the IPN process within the last seven years to provide feedback. The selected projects took into consideration regional representation and included projects that had gone through all the different steps of the IPN process (eligibility, deferrals and early solutions if any, or full investigations). To avoid any conflict of interest, the list did not include any ongoing cases at any stage of the compliance review process. Further consultations were also held between external stakeholders and Board members.

In July 2019, CODE considered and presented to the Board recommendations that (1) an independent and proportionate risk-based verification of Management Action Plans (MAPs) be established as additional assurance for the Board; (2) the time limit during which complaints can be submitted to the IPN be extended beyond project closure; and that (3) an additional independent and voluntary opportunity be provided to Requesters and borrowers to resolve a dispute.

The Board acknowledges that strengthening accountability is an ongoing process and therefore proposes that the Board review the above proposals three years after implementation starts to assess their effectiveness and make course corrections if necessary.



ED's visit to the WBG Country office, Lilongwe, Malawi

## PROGRESS ON CONSTITUENCY OFFICE PRIORITIES

### BACKGROUND

The AFG1 Constituency Office has four critical priority areas of focus in accordance with the Governors. The priorities include (1) mobilizing maximum resources for the constituency countries, (2) facilitating re-engagement of transition countries with the Bank, (3) facilitating the sharing of experiences between countries within the constituency, and (4) focusing attention and leading on recurring issues. Specifically, AFG1 Constituency Office has focused supporting its member countries to benefit from increased resource flows from the WBG. This is in addition to providing policy support as well as enhancing the voice of the constituency.

### RESOURCE FLOW

To operationalize the Office's engagement in the resource flow agenda, at least two major entry points were identified. Principal in this regard was advancing the resource mobilization effort through the IDA19 process. Secondly, the Office regularly engaged the Bank Management and country teams in support of project approval by the WBG Executive Board. On the IDA process, the past several months witnessed major progress in the form of a robust IDA19 replenishment. While this process was driven principally by IDA deputies, Borrower Representatives and the Management of the Bank under the strategic direction and guidance of the WBG Executive Board, the Offices of African Executive Directors also played critical role. The AFG1 Constituency Office, along with other African Chairs at the WBG, took centre stage in promoting IDA policies supportive of Africa's ambition for growth and transformation, with some emphasis placed on Jobs and Economic Transformation (JET) agenda. The advocacy also emphasized the need to deliver a financing package commensurate with the ambitions laid out in the policy package.

The AFG1 Constituency Office emphasized the centrality of the Jobs and Economic Transformation (JET) agenda in the IDA19 policy package. JET is well aligned with the broader frameworks of the SDGs, the WBG twin-goals and the medium-term result-framework of the IDA19 cycle. More importantly, the engagements on the subject highlighted how JET could contribute to addressing the major economic challenges faced by many African economies, namely job creation and raising productivity.

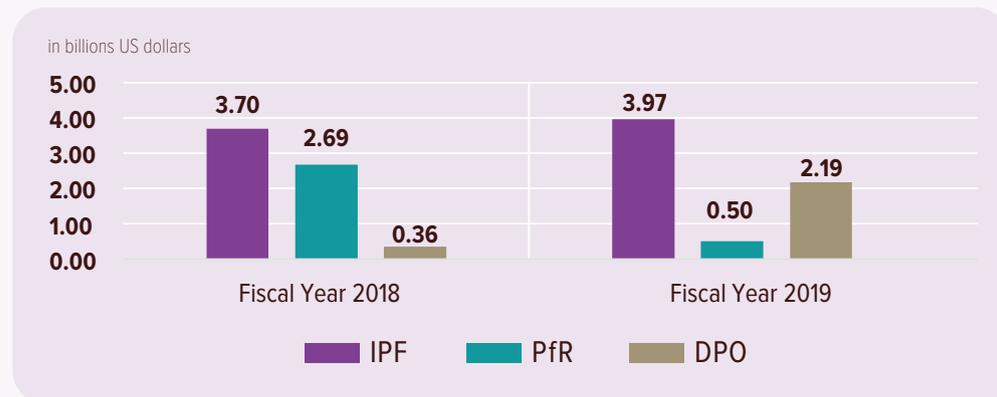
As the IDA19 negotiations progressed, member countries of our constituency, and more broadly the Sub-Saharan African constituencies contributed towards drawing lessons from the implementation of existing IDA cycles as well as the impact of IDA in general. Discussions among IDA deputies, the WBG management and recipient countries as well as expected progress from future rounds of replenishment fed into the design of IDA19. Here again, the AFG1 Constituency Office, played an active role in the conversations on IDA during the two consultations hosted by two of its member countries, Zambia and Ethiopia.

The advocacy and mobilization work undertaken by the AFG1 for IDA19 took various forms, including:

- Spearheading the lobbying efforts to achieve strong IDA replenishment;
- Sensitizing and briefing Governors about how they can contribute to the process;
- Mobilizing the support of other Executive Directors;
- Preparing and issuing Joint Statements; and
- Identifying and supporting influential spokespersons for the cause from the continent.

The second entry point for resource flow is support for project approval through the WBG Board process. The AFG1 Constituency Office regularly engages with Bank Management and member countries to follow up on the preparation of projects to be submitted for consideration by the WBG Board. Once these projects are scheduled for Board consideration, AFG1 reaches out to the various Executive Directors to solicit their support for the project. The Office reaches out to provide clarifications and explanations when other Chairs express concern or reservations on projects envisaged to benefit AFG1 member countries so that their support can be secured.

**GRAPH 1.** IDA AND IBRD RESOURCE COMMITMENT TO AFG1 COUNTRIES, BY INSTRUMENT





Kisoro Uganda beautiful sunset over mountains and hills © istockphoto.com/mbrand85

Progress with the approval of new projects for AFG1 member countries has been robust in FY19. Looking first on the financing commitments made by the WBG in the past two years, a total of US\$13.4 billion was committed from IDA and IBRD for Africa Group 1 countries. IDA was the main source 97.8 percent of all the commitments. IBRD contributions totalled US\$300 million, representing only about 2.2 percent of commitments for the period.

Investment Project Financing (IPF) remains the instrument of choice for most interventions both in FY18 and FY19. An interesting development however is the observed preference for DPOs in FY19 as compared to Program for Results (PforRs) which dominated FY18. While, commitments in the form of Development Policy Operations (DPOs) rose to US\$2.19 billion in FY19 from just US\$360 million a year earlier, PforR declined from US\$2.69 billion to US\$500 million between FY18 and FY19. The trend for PforR reflect the Bank-wide drop in the usage of this instrument by IDA countries partly due to the Bank's adherence to the 15.0 percent three-year average cap for the portfolio, which has since been lifted.

During the same periods, IFC approved a total of US\$811 million worth of projects for Africa Group 1 Constituency member countries. Of this amount, 70 percent of the funding was structured through loan instruments with an additional 15 percent coming from IFC equity investments. Most of the remaining portion came from participants' contribution. Although the total loan and equity contribution in FY18, which stood at US\$389.5 million, was larger than the figure for FY19 (US\$305.5), the proportion of equity in total financing increased from 12 percent in FY18 to 25 percent in FY19.



## PORTFOLIO PERFORMANCE

AFG1 Office regularly prepares country briefs and updates for each of its member countries. These briefs include the status of collaboration between the member country and the World Bank Group, the portfolio status, and issues that require follow up and support by the Office. Projects which face implementation issues are identified and the Office engages WBG Management to agree on remedial measures. Subsequently the Office follows up with WBG Management about actions taken to address the issues while at the same time informing authorities in member countries about steps to be taken to bring projects on track.

Visits by the Executive Director to member countries is another instrument used to understand the status of project implementation. Through discussion with authorities as well as WBG representatives in the countries, the Office gets a better picture of the state of play with regard to project implementation. These visits then serve to engage the WBG Management on issues at hand to agree on solutions to the challenges and problems.

In this regard, visits by the Executive Director to most of the member countries during the last fiscal years have enabled closer engagement with authorities and focused discussion on country portfolio performance. In some cases, WBG Executive Director's missions to member countries provide an additional boost to the Office's effort to enhance the portfolio performance of member countries.

## POLICY SUPPORT

A little above one-third of our constituency countries are classified as FCV countries. This reflects the global surge in violent conflicts in the past three decades. Forced displacement has risen to phenomenal proportions compared to the level a few decades ago. While women, children, youth and people with disabilities are disproportionately affected by forced displacement, the magnitude of the problem shows every dimension of society is impacted.

Several factors are contributing to the shocks and disruptions in the social fabric. Rising inequality, lack of opportunity, discrimination, and exclusion are feeding cycles of grievances and perceptions of injustice. In addition, climate change, demographic change, migration, technological transformations, illicit financial flows, and violent extremism play decisive role in deepening the crises.

In the development of the recently launched WBG strategy for countries characterized by Fragility, Conflict and Violence (FCV), our Constituency Office promoted several points which we believe will benefit member countries facing FCV challenges. First, in this regard is the consultative

process. It was important that the FCV strategy to be developed through an inclusive process and deliberative in approach. As a result, the Office lauded the consultations undertaken in three member countries of our Constituency, namely Somalia, Ethiopia, and Uganda. The Office equally placed greater importance on designing the strategy on the principles of flexibility and adaptability; an approach that acknowledges that countries' specific challenges need customized solutions. Articulation of concrete actions which enable tangible steps on the ground during implementation of the strategy was another area of importance for the Office. Last, but not least, the Office emphasized the need for the Strategy to leverage the capacities and networks of stakeholders to form a broader partnership and facilitate collaboration in addressing FCV issues.

## VOICE

The AFG1 Constituency Office actively worked to improve the prospects of re-engagement for four of its member countries, namely, Eritrea, Somalia, Sudan and Zimbabwe. In this regard, solid progress and achievement were recorded in bringing back Somalia into an active member status of the World Bank Group. This road included the difficult arrears clearance process, which with the proactive role of the Bank Management and support of several Bank member countries, was successfully completed in March 2020. The Office also initiated some of the early steps in the engagement between the Government of Sudan and the World Bank Group. Taking advantage of the establishment of a transitional government in Sudan, the Office organized conversations between senior officials of the Republic of Sudan, including conversations between Prime Minister H.E. Dr. Abdalla Hamdok and World Bank Executive Directors. In November 2019, the Office also arranged a similar conversation between Sudan's Minister of Finance and Executive Directors of the World Bank Group.

The Office also reached out to the Government of Eritrea to assist with engagement with the World Bank Group. However, progress so far has been limited, indicating more work is needed to bring the two sides closer. Similarly, the Office worked with the Government of Zimbabwe and the World Bank Group to provide additional opportunities for conversation between the two sides. Here again, we have not seen significant progress, owing to complicated political dimensions of the conversation as well as debt arrears clearance issues.

On the WBG's 2018 Capital Package, the Office actively encouraged countries to subscribe to the 2018 General Capital Increase and Selective Capital Increase. During visits to the countries as well as other forums, the Office updated Governors and authorities about the status of the countries with regard to the capital subscription. As of January 23, 2020, four member countries (Botswana, Ethiopia, Lesotho and Malawi) have completed the subscription process while three

members (Burundi, Mozambique and Zimbabwe) have started the process and some progress has been recorded towards completion.

Closer coordination among Sub-Saharan Chairs at the WBG is another strategy that the Office regularly uses to enhance the voice of the Constituency. One of the joint agendas chosen for this purpose was the IDA19 replenishment process. Inclusion of the JET strategy and policy commitments in IDA19 and lobbying for strong replenishment were some of the focus areas for joint action. Accordingly, the African Executive Directors organized discussion forums to flesh out the content of the JET pillars; galvanized support for the strategy from developed countries; spearhead the effort to adopt the key pillars of the JET agenda in the Addis Ababa IDA19 workshop; and elevated the conversation on the subject to the Development Committee meeting of October 2019.

In support of IFC's capital increase, the three Chairs reached out to the US House of Representatives Financial Services Committee and provided: African perspective on the Private Sector Window (PSW); Co-signed a letter appealing to the Committee to favourably consider the authorization of the IFC & IBRD capital package, followed by another letter updating the Committee on the successful IDA19 replenishment and re-enforcing the strong support expressed by the IDA Deputies and Borrower Representatives of the PSW.

The African Chairs at the WBG also undertook consultations to identify and agree on common position when WBG and IMF Executive Directors encountered challenges in implementing existing principles for identifying chairmanship for the Annual Meetings representing the Africa region. Similar consultation was launched when the WBG's energy policy came under scrutiny by US legislators in late 2019.

## EXECUTIVE DIRECTOR VISITS TO CONSTITUENCY COUNTRIES

### THE EXECUTIVE DIRECTOR'S VISIT TO THE REPUBLIC OF RWANDA

The Executive Director (ED), Ms. Anne Kabagambe, visited the Republic of Rwanda from September 2–5, 2019 for consultation with the authorities on how she can best represent them in the World Bank Boards of Executive Directors. She was accompanied on this mission by Mr. Allan Ncube, Senior Advisor representing Rwanda in the Constituency Office.

During the visit, the ED met with the Rt. Hon. Prime Minister of Rwanda, Edouard Ngirente; Hon. Minister of Finance, Dr. Uzziel Ndagijimana; Hon. Minister of Information, Communications and Technology (ICT), Ms. Paula Ingabire; Hon. Minister of Gender & Family promotion, Ambassador Soline Nyirahabimana; Hon. Minister of Local Government, Prof. Shyka Anastase and Hon. Minister of Education, Dr. Eugene Mutimura; as well as other Government officials and discussed developmental issues.

In the discussion with the Rt. Hon. PM the two exchanged notes on the successes and challenges of the Rwanda developmental programs funded either by the World Bank or Government. They reviewed the implementation of IDA18 allocation for Rwanda and the region. They also exchanged views about the needs for Rwanda under IDA19 and the ED asked the PM to do advocacy work for the Constituency for a stronger IDA19 Replenishment.

During the mission, the ED also visited the Karama model village on the outskirts of Kigali which was funded by the Government of Rwanda. Rwanda aims to have model villages in every district. Other areas visited were Centers of Excellence and the Special Economic Zones.

### THE EXECUTIVE DIRECTOR'S VISIT TO THE REPUBLIC OF THE GAMBIA

The ED, Ms. Anne Kabagambe, accompanied by her Advisor, Mr. Lamin Bojang, visited the Republic of The Gambia from November 24–27, 2019, to consult with Gambian Authorities on the country's development priorities and discuss ways of strengthening engagement between the country and WBG. The Executive Director paid a courtesy call to the President, His Excellency Adama Barrow and Minister of Finance and Economic Affairs, Mr. Mambureh Njie. The Executive Director also met the World Bank Country Office team in Gambia.

The mission included a site visit to Mamut Fana Village (250 km from Banjul - near Janjanbureh, in Central River Region), during which the Executive Director met with the President of the Republic

of The Gambia, President Adama Barrow on his annual “Meet the People’s Tour”. During the meeting, the Executive Director thanked the President for the gains registered so far by the Government of The Gambia after a challenging political transition. She acknowledged the challenges faced by the Government such as a fragile macroeconomic situation, high debt burden and youth unemployment. She informed the President that the WBG Board had approved a US\$12m grant for The Gambia, under the Africa Center of Excellence Project, to support the advancement of higher education in the country. The Executive Director also encouraged the Government to maintain momentum on public expenditure effectiveness and enhancing transparency, which she said would go a long way in creating an enabling environment for reform implementation.



The ED with His Excellency, Adama Barrow, President of the Republic of The Gambia

The President thanked the WBG for the continuous collaboration. He noted that the Government is committed to implementing reforms and delivering on its social contract with the population, noting that implementation of reforms was likely to be delayed due to lack of skilled capacity and resources constraints. He expressed concern that the Gambia’s debt burden posed a serious development challenge as 60 percent of government generated revenues was directed to debt service. This, he said, was a challenge the Gambia was discussing with its development partners with the aim to reschedule debt repayments.

The ED also had a brief meeting with the Minister of Agriculture, Mrs. Amie Fabureh and the WBG Country Director, during which, the parties discussed and made assurances on the Bank's support to the Gambia on its program to revitalize and expand the mixed farming centers in the country.

During their meeting with the Minister of Finance and Economic Affairs, Mr. Mambureh Njie, the Executive Director discussed the WBG Board approval of a \$12m grant for The Gambia under the Africa Center of Excellence Project. The aim of the project is to support the advancement of higher education in The Gambia. She highlighted digital economy, a national priority for the Gambia, as one of her key intervention priorities and called for a diagnostic study on the digital economy in The Gambia to identify gaps and investment requirements of the country.

The ED also met with WBG Country Director and Country Representative in The Gambia. The ED noted that her visit would focus on digital economy and human capital project. On digital economy, the team informed the ED that The Gambia was not part of the ongoing diagnostics, but the Government could make a formal request (to be included in the diagnostics). It was anticipated that a State-Owned Enterprises Project could kick start the digital economic intervention in the Gambia. The next Country Partnership Framework process was expected to be launched in 2020, while the SCD would be wrapped up in December 2019.

## **THE EXECUTIVE DIRECTOR'S VISIT TO THE REPUBLIC OF SIERRA LEONE**

The ED, Ms. Anne Kabagambe, accompanied by her senior advisor Ms. Solome Lumala undertook an official mission to the Republic of Sierra Leone on November 27 – 29, 2019. The objective of the mission was to consult with the Government on the country's development challenges and opportunities and to discuss ways to strengthen its relationship with the World Bank Group (WBG).

The Executive Director paid a courtesy call on His Excellency President Maada Bio. President Maada Bio highlighted his Government's focus on investing in human capital, particularly sound health and education, and ensuring food security as the foundation for economic growth and development. Relatedly, he acknowledged the partnership with the World Bank on the Human Capital Project. The President expressed the Government's determination to digitize the economy to reduce cybercrime and to fight corruption. In this regard, it was noted that the results of the ongoing diagnostics on the digital economy would enable the Bank to support the Government's efforts in building digital infrastructure.

The ED held discussions with the Governor, World Bank Group and Minister of Finance, Mr. Jacob Jusu Saffa and Deputy Minister of Finance, Ms. Patricia Laverly. The discussions underscored the urgent need for budget support for the financial year 2020 and the finalization of the Country Partnership Framework (CPF). It was agreed that the Government of Sierra Leone would finalize

the implementation of the prior actions in support of the preparation of the Development Policy Operation (DPO), so that the Executive Board considers the DPO and the CPF simultaneously, in the first quarter of 2020. Further, the meeting mooted the idea of providing transitional support to countries that graduate from fragile, conflict and violent (FCV) situations with huge requirements to continue the recovery process. The Executive Director committed to explore ways to support the implementation of the National Strategy for reduction of Adolescent Pregnancy and Child Marriage (2018–2022) in support of teenage mothers. She also held discussions with Staff at the World Bank Group country office on personnel and portfolio matters.



The ED meeting with His Excellency President Maada Bio

The ED attended two events; the launch of the World Bank-supported Integrated and Resilient Urban Mobility Project (IRUMP) and the Forum on Women’s Entrepreneurship in Tourism. The IRUMP is a US\$50 million World Bank grant to support the government’s efforts to improve access and quality of public transport, address climate resilience and road safety in selected localities in the Western Area of the country, and to enhance institutional capacity in the transport sector. The Forum on Women’s Entrepreneurship in Tourism discussed the second edition of the UNWTO Global Report on Women in Tourism and the 2019 Women in Tourism Enterprise Survey in Sierra Leone and Ghana (WeTour), both supported by the World Bank through the Women’s Entrepreneurship Financing Initiative (We-Fi).

## THE EXECUTIVE DIRECTOR'S VISIT TO THE REPUBLIC OF MALAWI

The ED, Ms. Anne Kabagambe, visited the Republic of Malawi on February 16-19, 2020. The purpose of the visit was to discuss the country's needs and priorities in the context of strengthening World Bank Group support.



The ED with the Honorable Joseph Mwanamvekha, Minister of Finance and Economic Development



The ED with the Minister of Agriculture, Honorable Kodwani Nankhuma

The ED who was accompanied by her Advisor, Ms. Lonkhululeko Magagula, and Program Assistant, Ms. Lozi Sapele, had very fruitful discussions with the Honorable Joseph Mwanamvekha, Minister of Finance and Economic Development, the Honorable Kodwani Nankhuma, Minister of Agriculture, Irrigation and Water Development, the Governor of the Reserve Bank of Malawi, Dr. Dalitso Kabambe, and Senior officials from both Ministries as well as the Ministry of Information, Civic Education and Communications Technology.

The ED also had the opportunity to visit four sites of Bank-supported projects at the Lilongwe University of Agriculture and Natural Resources, the Mulewa Model Village and the Agriculture Productivity Program for Southern Africa.

During her visit, the ED appreciated the progress made by the Republic of Malawi in policy and legislative reforms as well as in fast-tracking the implementation of the Bank-supported projects, particularly in the agriculture, digital transformation and education sectors. She further noted the priorities of the country and the urgent need for further collaboration between the Government and the Bank to address outstanding implementation constraints in infrastructure and the energy sector projects to effectively reduce poverty.

## **THE EXECUTIVE DIRECTOR'S VISIT TO THE REPUBLIC OF ZAMBIA**

The ED, Ms. Anne Kabagambe, expressed optimism that the positive actions the Zambian Government is taking to restore fiscal health and stabilize the economy will bear fruit. She said this when she visited the Republic of Zambia from February 19 – 22. She was accompanied by her Senior Advisor for Zambia, Mr. Allan Ncube, and Program Assistant, Ms. Lozi Sapele.

During the visit, the ED met with the Vice President, Her Excellency, Inonge Mutukwa Wina; the Minister of Finance, Dr Bwalya Ng'andu and other Senior Government Officials. Issues discussed include Zambia's public debt management approach, budget support, energy reforms and social sector investments.



The ED Meeting with Hon. Dr. Ng'andu. Minister of Finance

The ED also had the opportunity to visit Palabana Secondary School, one of the schools constructed under the IDA-funded Zambia Education Enhancement Project. The project was designed to improve the quality of teaching and learning in targeted schools as well as to promote equitable access to secondary education in Zambia.



The ED with the Minister of Finance, Hon. Prof. Mthuli Ncube

On her final day, Ms. Kabagambe toured the Kariba Dam Rehabilitation Project. The work on this regional project serving both Zambia and Zimbabwe is funded by the World Bank Group, African Development Bank, European Union and the Swedish Government.

## THE EXECUTIVE DIRECTOR'S VISIT TO ZIMBABWE

The ED, Ms. Anne Kabagambe, visited the Republic of Zimbabwe from February 23–26, 2020 accompanied by her Senior Advisor for Zimbabwe, Mr. Allan Ncube, and Program Assistant, Ms. Lozi Sapele. The Executive Director discussed with the authorities on progress in policy reforms agenda, key priorities for 2020 namely growth and productivity, food and energy security, currency stability, and improving the business environment. She also exchanged views on the implementation of the IMF Staff Monitored Programme, various development projects financed by the World Bank, including Cyclone Idai recovery programs, and the need for more social protection programs in Zimbabwe.



The ED with the President of Zimbabwe, H.E. Emmerson D. Mnangagwa

During the visit, the ED met with the President, His Excellency, Emmerson Dambudzo Mnangagwa, the Minister of Finance and Economic Development, Hon. Prof. Mthuli Ncube and other Senior Government Officials. She was pleased with the assurances she received from Government officials on the implementation of reforms.

The ED was privileged to visit one of the World Bank Group's funded Projects at Hopley farm clinic to appreciate the challenges Zimbabwe faces in the health sector. During this visit, she was accompanied by the World Bank Country Manager, Ms. Mukami Kariuki.



The ED during her visit to Hopley Farm clinic on the outskirts of Harare

## THE EXECUTIVE DIRECTOR'S VISIT TO THE REPUBLIC OF KENYA

The ED, Ms. Anne Kabagambe, undertook a mission to the Republic of Kenya accompanied by her Senior Advisor, Ms. Naomi Rono, between March 2-4, 2020. The purpose of her visit was to accompany the President of the World Bank Group, Mr. David Malpass, on his first visit to Kenya. Unfortunately, Mr. Malpass was forced to delay his visit in order to address the urgent need for a World Bank Group response to the COVID-19 virus outbreak. While our Office regrets this unfortunate development, President Malpass made assurances to visit the Republic of Kenya when his schedule permits.

Ms. Kabagambe joined Mr. Hafez Ghanem, the World Bank Vice President for the Africa Region, who represented President Malpass in the consultations with the Government of Kenya. The delegation met the President of the Republic of Kenya, the Cabinet Secretary for the National Treasury and Planning and Governor of the World Bank Group, the Cabinet Secretary for the Ministry of Health, and the Cabinet Secretary for the Ministry of Agriculture, Livestock, Fisheries, and Cooperatives. The meetings with the authorities focused on Kenya's preparedness for the

COVID-19 outbreak, the Country's response to the Locust crisis facing the East Africa region and, measures to strengthen the efficiency of the World Bank portfolio.

The ED held a meeting with the Cabinet Secretary for the National Treasury, Hon. (Amb) Ukur Yatani, on March 2, 2020. Ms. Kabagambe discussed the implications of the virtual format of the 2020 IMF/WB Spring Meetings, on the Statutory Meetings for the Africa Group 1 Constituency with the Governor, as the Chair of our Constituency. The ED also discussed Kenya's portfolio and updated the Governor on the IDA 19 Replenishment.



The ED with the Governor and Cabinet Secretary for the National Treasury, Kenya, Hon. (Amb) Ukur Yatani

The ED participated in the Development Partners Group meeting held on March 3, 2020, at the State House, Nairobi. The meeting was hosted by President Uhuru Kenyatta, as a mechanism to coordinate development assistance in the Country. The President called on development partners, including the World Bank Group, to reallocate unutilized resources to complete ongoing

projects across the Country. Development partners expressed their commitment to continue to support Kenya’s development agenda.

The ED held discussions with the Cabinet Secretary for Health, Hon. Mutahi Kagwe, on March 3, 2020. Hon. Kagwe highlighted the Government’s commitment to providing Universal Health Care to all its citizens. He highlighted that his Ministry had prioritized the reform of the National Health Insurance Fund, as a means to guarantee access to affordable health care and called on the World Bank to continue supporting these efforts. The discussions also focused on the COVID-19 virus outbreak and the measures taken by the Kenyan Government to ensure preparedness for a national emergency response to the pandemic. The Executive Director informed the Cabinet Secretary of the Boards approval of a US\$14 billion global response package to address the pandemic and strongly encouraged the Cabinet Secretary to make a formal request to the World Bank, through the National Treasury and Planning Ministry, for support to strengthen the health systems of the Country.



Group photo of Development Partners Representatives with the H.E. President Uhuru Kenyatta at the State House in Nairobi

Ms. Kabagambe's discussions with the Cabinet Secretary for the Ministry of Agriculture, Livestock, Fisheries and Cooperatives, Hon. Peter Munya, focused on Kenya's priorities within the agriculture sector, identified as a critical sector to support the food security pillar of Kenya's "Big Four agenda". Hon. Munya updated the delegation on the progress made in implementing the e-voucher fertilizer reform. The ED noted that the successful implementation of the reform attested to the strength of Kenya's institutions and the country's ability to leverage digital solutions for development. The Cabinet Secretary also highlighted the locust crisis that the sector was experiencing. He updated the delegation on the various measures the Government was undertaking to contain the problem. The ED assured the Cabinet Secretary of the World Bank's support in addressing the emergency.

### THE EXECUTIVE DIRECTOR'S VISIT TO THE REPUBLIC OF UGANDA

The ED, Ms. Anne Kabagambe, visited the Republic of Uganda from March 5-6, 2020, with RVP, Mr. Hafez Ghanem, who was visiting the country. The purpose of the visit was to consult the Government on how the WBG could support the Republic of Uganda better with the implementation of the National Development Plan II, private sector development, as well as the readiness and response mechanisms of the Government for the locust invasion and the COVID-9 threat.



The ED in a meeting with the President of Uganda, H.E. Yoweri K. Museveni

During the meeting with H.E. President Yoweri Museveni, the mission was informed that Uganda's development priorities are investing on infrastructure including energy, railways, ICT, industrial parks and aerodromes; bringing down the cost of money; improving public services in health and education, in particular the provision of institutional housing; and broadening public sensitization

works in the areas of health, hygiene, nutrition and related subjects. H.E. President Museveni welcomed the proposed support by the WBG to fight the locust invasion as well as the threat from COVID-19. In terms of approach, the President highlighted the need to focus on building local capacity within Uganda in parallel with the provision of critical inputs for the health and locust emergencies.

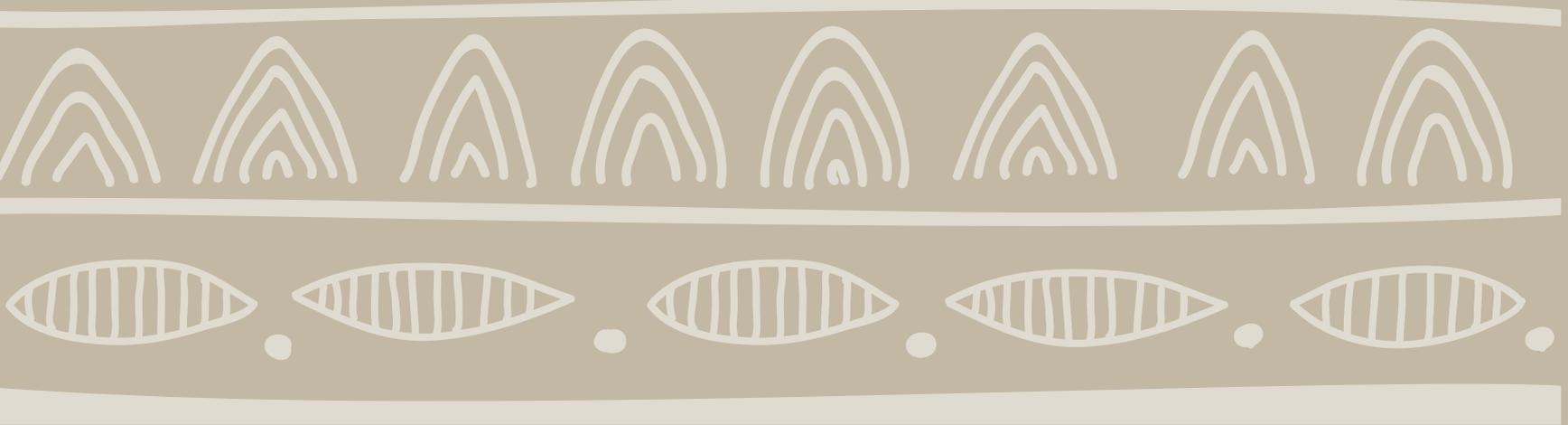


The ED with President Yoweri K. Museveni, Uganda

The mission also undertook several separate meetings, including with Hon. Matia Kasaija, Minister of Finance, Planning and Economic Development, Minister of Health Ms. Ruth Acheng, discussions with representatives of Uganda’s business community, conversations with representatives of development partners, site visit to a women entrepreneur project, panel discussion on women’s empowerment, and site visit as well as panel discussion in a refugee hosting agency.

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- 40 The four pillars of engagement are: pivoting toward prevention; remaining engaged in conflict and crises; transitioning out of fragility; and mitigating externalities and impact of FCV.
- 41 FCV envelope includes Prevention and Resilience Allocation; Remaining Engaged in Conflict Allocation; Turn Around Allocation; and Window for Host Communities and Refugees. In addition, FCV countries will have the opportunities to get additional resources from IDA Regional Window and Crisis Response Window.



# ANNEXES

**Annex 1.**

Rotation Schedule for the Constituency Chairmanship

**Annex 2.**

Rotation Schedule for the Constituency Panel

**Annex 3.**

Rotation Schedule for Constituency Representation on the Development Committee

**Annex 4.**

Rotation Schedule for Executive Director and Alternate Executive Director

**Annex 5.**

Rotation Schedule for IDA Borrowers' Representatives

## Annex 1. Rotation Schedule for the Constituency Chairmanship

FIRST ROUND 2010–2052		
YEAR	CHAIRPERSON	VICE CHAIRPERSON
2010	BOTSWANA	BURUNDI
2012	BURUNDI	ERITREA *
2014	ERITREA	ETHIOPIA
2016	ETHIOPIA	GAMBIA, THE
2018	GAMBIA, THE	KENYA
2020	KENYA	LESOTHO
2022	LESOTHO	LIBERIA
2024	LIBERIA	MALAWI
2026	MALAWI	MOZAMBIQUE
2028	MOZAMBIQUE	NAMIBIA
2030	NAMIBIA	RWANDA
2032	RWANDA	SEYCHELLES
2034	SEYCHELLES	SIERRA LEONE
2036	SIERRA LEONE	SOMALIA
2038	SOMALIA	SOUTH SUDAN
2040	SOUTH SUDAN	SUDAN
2042	SUDAN	ESWATINI (SWAZILAND)
2044	ESWATINI (SWAZILAND)	TANZANIA
2046	TANZANIA	UGANDA
2048	UGANDA	ZAMBIA
2050	ZAMBIA	ZIMBABWE
2052	ZIMBABWE	BOTSWANA

### NOTES:

1. Every country is given a turn for Chairmanship in alphabetical order from A to Z.
2. Avoids duplication with IMF Rotation. Governors not serving on the IMF constituency Panel are given preference.

\* Since Eritrea elected to pass their turn as Vice Chair of the Constituency in 2012–2014, Ethiopia was advanced in its place. Accordingly, the Chair and Vice Chair advance a period up beginning 2014.

## Annex 2. Rotation Schedule for the Constituency Panel

FIRST ROUND 2010–2052					
YEAR	CHAIRPERSON	VICE CHAIRPERSON	OTHER PANEL MEMBERS		
2010	BOTSWANA	BURUNDI	SEYCHELLES	KENYA	SIERRA LEONE
2012	BURUNDI	ERITREA*	RWANDA	ESWATINI (SWAZILAND)	LIBERIA
2014	ERITREA *	ETHIOPIA	LESOTHO	ZAMBIA	SOUTH SUDAN
2016	ETHIOPIA	GAMBIA, THE	NAMIBIA	ZIMBABWE	SUDAN
2018	GAMBIA, THE	KENYA	MOZAMBIQUE	MALAWI	TANZANIA
2020	KENYA	LESOTHO	ESWATINI (SWAZILAND)	BOTSWANA	ETHIOPIA
2022	LESOTHO	LIBERIA	RWANDA	BURUNDI	SOUTH SUDAN
2024	LIBERIA	MALAWI	MOZAMBIQUE	ETHIOPIA	ZAMBIA
2026	MALAWI	MOZAMBIQUE	GAMBIA, THE	UGANDA	KENYA
2028	MOZAMBIQUE	NAMIBIA	ETHIOPIA	SOMALIA	ERITREA
2030	NAMIBIA	RWANDA	BOTSWANA	SOUTH SUDAN	LIBERIA
2032	RWANDA	SEYCHELLES	LESOTHO	UGANDA	TANZANIA
2034	SEYCHELLES	SIERRA LEONE	SUDAN	ZIMBABWE	LIBERIA
2036	SIERRA LEONE	SOMALIA	KENYA	BOTSWANA	MALAWI
2038	SOMALIA	SOUTH SUDAN	ESWATINI (SWAZILAND)	ZAMBIA	BOTSWANA
2040	SOUTH SUDAN	SUDAN	LIBERIA	MALAWI	BURUNDI
2042	SUDAN	ESWATINI (SWAZILAND)	SOMALIA	SIERRA LEONE	LESOTHO
2044	ESWATINI (SWAZILAND)	TANZANIA	UGANDA	ERITREA	NAMIBIA
2046	TANZANIA	UGANDA	ZAMBIA	SEYCHELLES	BOTSWANA
2048	UGANDA	ZAMBIA	ZIMBABWE	KENYA	GAMBIA, THE
2050	ZAMBIA	ZIMBABWE	UGANDA	BURUNDI	LIBERIA
2052	ZIMBABWE	BOTSWANA	LIBERIA	SUDAN	RWANDA

### NOTES:

1. Every country is given a turn for Chairmanship in alphabetical order from A to Z.
2. Avoids duplication with IMF Rotation. Governors not serving on the IMF constituency Panel are given preference.
3. Other panel members reflects regional balance (East, South and West).
4. Schedule revised to include South Sudan following the country's membership to the Constituency in October 2012.

\* Since Eritrea elected to pass their turn as Vice Chair of the Constituency in 2012–2014, Ethiopia was advanced in its place. Accordingly, the Chair and Vice Chair advance a period up beginning 2014.

## Annex 3. Rotation Schedule for Constituency Representation on the Development Committee

FIRST ROUND 2010–2052						
YEAR	DC REPRESENTATIVE	ALTERNATE	ASSOCIATES			
2010	ZIMBABWE	ZAMBIA	TANZANIA	ERITREA	RWANDA	GAMBIA, THE
2012	ZAMBIA	UGANDA	GAMBIA, THE	MALAWI	LESOTHO	KENYA
2014	UGANDA	TANZANIA	NAMIBIA	MOZAMBIQUE	ZIMBABWE	SIERRA LEONE
2016	TANZANIA	ESWATINI (SWAZILAND)	LESOTHO	RWANDA	BURUNDI	LIBERIA
2018	ESWATINI (SWAZILAND)	SOUTH SUDAN	SIERRA LEONE	SOMALIA	LESOTHO	UGANDA
2020	SOUTH SUDAN	SUDAN	NAMIBIA	ZIMBABWE	GAMBIA, THE	BURUNDI
2022	SUDAN	SOMALIA	KENYA	ZAMBIA	ESWATINI (SWAZILAND)	SIERRA LEONE
2024	SOMALIA	SIERRA LEONE	ZIMBABWE	LESOTHO	NAMIBIA	GAMBIA, THE
2026	SIERRA LEONE	SEYCHELLES	ESWATINI (SWAZILAND)	ETHIOPIA	BOTSWANA	TANZANIA
2028	SEYCHELLES	RWANDA	SUDAN	TANZANIA	ZIMBABWE	ESWATINI (SWAZILAND)
2030	RWANDA	NAMIBIA	KENYA	SUDAN	ZAMBIA	SIERRA LEONE
2032	NAMIBIA	MALAWI	BURUNDI	KENYA	SIERRALEONE	SOUTH SUDAN
2034	MALAWI	MOZAMBIQUE	TANZANIA	GAMBIA	ETHIOPIA	BURUNDI
2036	MOZAMBIQUE	LIBERIA	LESOTHO	ZAMBIA	ERITREA	SEYCHELLES
2038	LIBERIA	LESOTHO	GAMBIA, THE	MALAWI	NAMIBIA	RWANDA
2040	LESOTHO	KENYA	MOZAMBIQUE	ZAMBIA	ZIMBABWE	UGANDA
2042	KENYA	GAMBIA, THE	BOTSWANA	NAMIBIA	ETHIOPIA	RWANDA
2044	GAMBIA, THE	ETHIOPIA	ZAMBIA	ZIMBABWE	LIBERIA	MALAWI
2046	ETHIOPIA	BURUNDI	SIERRA LEONE	LIBERIA	LESOTHO	SOUTH SUDAN
2048	BURUNDI	ERITREA	LIBERIA	SOMALIA	ESWATINI (SWAZILAND)	NAMIBIA
2050	ERITREA	BOTSWANA	KENYA	SIERRA LEONE	SEYCHELLES	RWANDA
2052	BOTSWANA	GAMBIA, THE	SIERRA LEONE	KENYA	ETHIOPIA	MOZAMBIQUE

### NOTES:

1. Avoids duplication with the other Panel membership.
2. DC Representative and Alternate Members accorded opportunity in descending alphabetical order (Z to A).
3. Associate Members are selected on basis of providing regional balance.
4. Schedule revised to include South Sudan following the Country's membership to the Constituency in October 2012.

## Annex 4. Rotation Schedule for Executive Director and Alternate Executive Director

FIRST ROUND 2010–2052		
YEAR	EXECUTIVE DIRECTOR	ALTERNATE ED
2010	SUDAN	ZAMBIA
2012	ZAMBIA	SEYCHELLES
2014	SEYCHELLES	ZIMBABWE
2016	ZIMBABWE	BOTSWANA*
2018	BOTSWANA*	UGANDA
2020	UGANDA	BURUNDI
2022	BURUNDI	TANZANIA
2024	TANZANIA	ERITREA
2026	ERITREA	ESWATINI (SWAZILAND)
2028	ESWATINI (SWAZILAND)	ETHIOPIA
2030	ETHIOPIA	SOUTH SUDAN
2032	SOUTH SUDAN	SOMALIA
2034	SOMALIA	GAMBIA, THE
2036	GAMBIA, THE	SIERRA LEONE
2038	SIERRA LEONE	KENYA
2040	KENYA	RWANDA
2042	RWANDA	NAMIBIA
2044	NAMIBIA	LESOTHO
2046	LESOTHO	MOZAMBIQUE
2048	MOZAMBIQUE	LIBERIA
2050	LIBERIA	MALAWI
2052	MALAWI	

### NOTES:

1. Sudan and Zambia accorded special dispensation to serve their turn under rotation system of the erstwhile Africa Group 1 Constituency.
2. Seychelles which has never served the Constituency as Executive Director is accorded special dispensation on the rotation system.
3. The rest of the countries follow an Alphabetical rotation alternating between Z and A until the first round is completed, taking into account South Sudan's membership of the Constituency in October 2012.
4. This schedule proposed with a view to avoid duplication with IMF Rotation for EDs and AEDs. Botswana and Uganda agreed to switch turns for AED and ED for 2016–2018.

## Annex 5. Rotation Schedule for IDA Borrowers' Representatives

REPRESENTATIVE COUNTRY	IDA CYCLE	SERVICE YEARS (3 YEAR TERM)
ZAMBIA	IDA 17, 18	2015–2019
TANZANIA	IDA 18, 19	2018–2020
SIERRA LEONE	IDA 19	2019–2021
ETHIOPIA	IDA 19	2019–2021
BURUNDI	IDA 20	2022–2024
ERITREA	IDA 20	2022–2024
GAMBIA, THE	IDA 21	2025–2027
LESOTHO	IDA 21	2025–2027
LIBERIA	IDA 21	2025–2027
MOZAMBIQUE	IDA 22	2028–2030
RWANDA	IDA 22	2028–2030
SOMALIA	IDA 23	2031–2033
SOUTH SUDAN	IDA 23	2031–2033
SUDAN	IDA 23	2031–2033
ZIMBABWE	IDA 24	2034–2036
UGANDA	IDA 24	2034–2036
KENYA	IDA 25	2037–2038
MALAWI	IDA 25	2037–2038
ZAMBIA	IDA 25	2037–2038

### NOTES:

1. Each country is given an opportunity to serve as Borrower Representative in alphabetical order, starting with the ones that have never served in this position.
2. The countries that have served or are currently serving will serve again, with the one that served earliest coming first, after Zimbabwe.

**EDS14 TEAM** | EXECUTIVE DIRECTOR AND ALTERNATE EXECUTIVE DIRECTOR



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Executive Director  
Uganda



**Taufila Nyamadzabo**

Alternate Executive Director  
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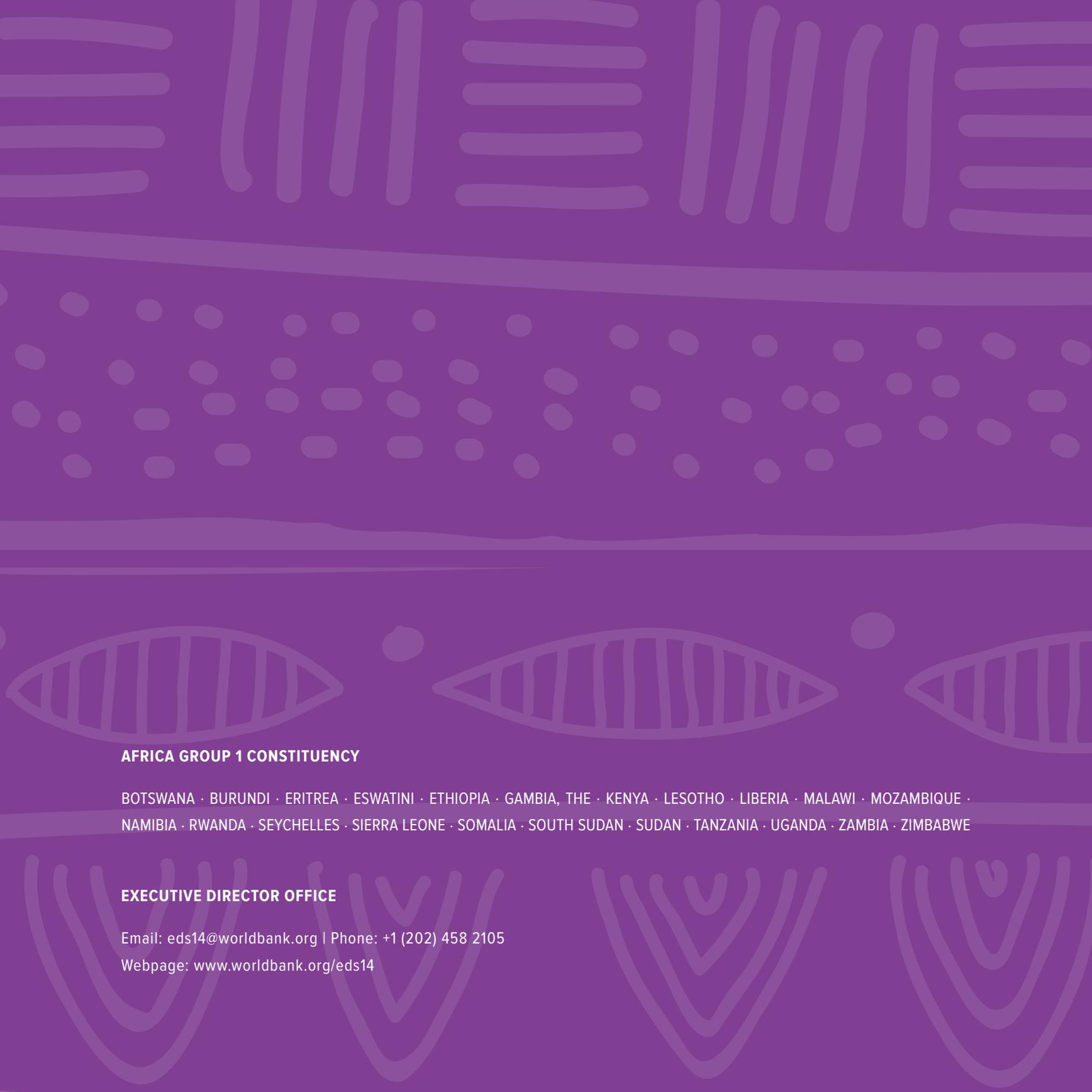
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## **AFRICA GROUP 1 CONSTITUENCY**

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

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