Africa Group I Constituency
A Newsletter from the Office of the Executive Director

DECEMBER 2008

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Toga Gayewea McIntosh
Executive Director
The Office of the Executive Director for Africa Group I Constituency acts as the resident representative for its member countries. The office protects the individual and collective interests of its member countries in World Bank Group affairs. The Office has a chair on the Board of the World Bank Group (IBRD/IDA, IFC, and MIGA). It is one of the twenty-four chairs on the Board.

Executive Directors are responsible for the conduct of the general operations of the Bank and exercise all the powers delegated to them by the Board of Governors under the Articles of Agreement. Executive Directors consider and approve or reject IBRD loan and guarantee proposals, as well as IDA credits, grant and guarantee proposals made by the President. They also decide on policies that guide the Bank’s general operations. They are responsible for presenting to the Board of Governors at the Annual Meetings, an audit of accounts, an administrative budget, and an annual report on the Bank’s operations and policies as well as other matters. In shaping Bank policy, the Board of Executive Directors takes into account the evolving perspectives of member countries on the role of the Bank Group as well as the Bank’s operational experience. The Executive Directors have Board sub-committees that monitor Bank Group operations. The sub-committees are serviced by independent evaluation and audit entities.

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This being the first issue of the Africa Group I Constituency quarterly newsletter to be published since I assumed duty as Executive Director on November 1, 2008, I would like to take this opportunity to thank Governors for entrusting me to take charge of the affairs of the AFGI Constituency Office, over the next two years. It is my intention to build upon the good work of my predecessors and ensure that promoting the interest of our Constituency, as a whole, remains the priority of our Team in this Office. In this regard, I will continue to count on the support of Governors and solicit for advice on key issues of interest, as they arise…

The global community was still grappling with how best to deal with the twin shocks of the Food and Fuel Crisis when it was hit, yet again, by the global financial crisis.

In the wake of the turmoil in the global financial system, there are concerns that the progress achieved in Africa during the past decade may be undermined, unless adequate and timely measures are taken to address the impact. The World Bank Group (WBG) continues to reiterate its commitment to help minimize these impacts, particularly in the poorest and most vulnerable countries. In this regard, we bring you highlights of on-going efforts by the WBG to fast-track assistance to countries, needing urgent support. In the same vein, the private sector arm of the WBG, the International Finance Corporation (IFC) is already looking into innovative financing mechanisms; details of which will be communicated to Governors in our next edition.

Apart from the WBG, African and other world leaders have also raised concerns and made pronouncements in several fora, on both short and long-term impact of the on-going financial crisis, particularly on the possible second round negative effects on the continent. We bring you the communiqué from the African Ministers of Finance and Planning, as well as Central Bank Governors’ conference held in Tunis in November, 2008.

On the home front, Africa continues to be the centre point of Bank work. In this respect, a progress report on the WBG’s Africa Action Plan was received with much interest.

During the period under review, progress continued to be recorded in the area of Voice and Participation of Developing and Transition countries in the WBG, as necessary first steps were approved by the Board for implementation, and recently communicated to Governors for endorsement.

The months of October and November 2008 saw a change of batons at the Executive Director’s Office, Africa Group I Constituency, as the period witnessed the departure of former Executive and Alternate Executive Directors. Details can be found in this edition.

The Voice Secondment Program continues to record positive outcomes, as Board approves a sixth Cohort. An update is also provided in this edition. In this edition, we bring you unabridged versions of the Africa Group I Statement and the Communiqué that was issued at the Development Committee Meeting.

As usual, this edition provides summaries of WBG approved and scheduled projects for Africa Group I Constituency countries, from October to end of December, 2008.
I look forward to working in close consultation with Governors, in the months ahead.
When the financial crisis first broke out in the US sub-prime mortgage market in August 2007, the general consensus was that Sub-Saharan Africa was not going to be affected severely. Two main lines of thinking help explain this reasoning. First, the crisis was associated with innovative financial instruments that were less prevalent in Africa. Thus, it was thought that the low degree of Africa financial systems integration into the international financial system provided a cushion against the crisis. Second, and more importantly, many African countries exhibited strong fundamentals and improved policies than in the past. Hence they would adjust accordingly.

What was not clearly understood is that the crisis was much deeper and widespread than previously thought. As information began to emerge that the financial crisis has spread beyond the developed countries, it became clear that Africa will not escape the effect of the crisis, although the impact will vary across countries. In many countries, the impact will be indirect through trade and investment channels. Global downturn as a result of the financial crisis will lead to a substantial reduction in Africa exports; reduced availability of credit, such trade finance; reduced tourism receipts; reduced flow of foreign direct investment into Africa; and decreased remittances from Africans living abroad.

The crisis will also increase the cost of borrowing on capital markets, and make access to the markets more difficult. In countries with relatively well developed stock markets such as Nigeria, South Africa and Kenya, the impact of the crisis on these countries’ stock markets is mirroring those of developed markets, and international bond issues that have been growing in recent years have slowed down in 2008. Budgetary pressures resulting from the various rescue plans in developed countries could reduce the volume of aid flows to Africa and depreciating exchange rates will result in high domestic inflation.

World Bank Group Response

To ensure that the financial crisis does not compromise growth and poverty reduction efforts in low-income countries, the Board of the Bank approved management proposal to establish an IDA Financial Crisis Response Fast-Track Facility to enable the Bank Group to better respond to the impact of the crisis on IDA countries (see Box A). The purpose of the facility would be to foster a more responsive analysis and pressing needs in IDA countries, and a faster Bank response to those needs. It is important to note that the operations to be fast-tracked would be financed out of the country IDA’s envelop and does not represent new or additional resources. The Facility would operate within the IDA15 framework and the lending instruments to be used are the Development Policy Operations (DPOs) and Investment Operations.
Following is the press release issued on the World Bank Group’s new facility intended to help the poorest countries cope with the global financial crisis.

Washington DC, December 10, 2008 – The World Bank Group yesterday announced the creation of a $2 billion fast-track facility to speed up grants and long-term, interest-free loans to help the world’s poorest countries cope with the impact of the global financial crisis.

The International Development Association (IDA) Financial Crisis Response Fast-Track Facility, approved on Tuesday by the World Bank’s Board of Executive Directors, will allow the Bank Group to provide rapid funding for social safety nets, infrastructure, education, and health.

“The poorest people will be hit the hardest by the crisis that is likely to get worse next year. Our Global Economic Prospects report projects developing country growth will be 4.5 percent next year, down from 7.9 percent in 2007. We want to help countries manage this downturn with rapid financing to help minimize its impacts and by assisting them in designing supportive policies,” said World Bank Group President Robert B. Zoellick.

The facility would fast-track an initial $2 billion of the $42 bn of IDA15 resources available to 78 of the world’s poorest countries over the coming three years.

“We cannot afford business as usual. We need a human rescue package, not just a financial rescue package — and we need a new rapid response capability to make sure the money gets quickly to where it is most needed. Already 100 million people have been driven into poverty as a result of high food and fuel prices, and we estimate that a 1 percent decline in developing country growth rates will trap 20 million more people in poverty,” said Zoellick.

“We hope that our development partners will also benefit from our early assessment of what these countries need to help anticipate, pre-empt and manage the crisis,” said Managing Director, Ngozi Okonjo Iweala. “Most importantly, we hope that this facility can help leverage additional resources from other development partners to address this crisis.”

The new IDA Facility builds on the Food Crisis facility created earlier this year to support countries hit hard by the food crisis. Last month the Bank Group announced 3 other initiatives to help confront the financial crisis including a doubling of the Global Trade Finance Program to $3 billion, a global equity fund, supported by the Government of Japan to recapitalize distressed banks, and a new facility to provide roll-over financing to existing, viable, privately funded infrastructure projects facing financial distress.

On the 31st October 2008, the Bank and its entire staff bid farewell to Dr. Mulu Ketsela, the Executive Director and Mr. Mathias Sinamenye, the Alternate Executive Director after serving their respective terms in the Office of Africa Region 1 Constituency, at the World Bank.

Dr. Toga McIntosh, the incoming Executive Director thanked them for their hard work, dedication and tireless efforts in the promotion of the interest of Sub-Saharan Africa and in particular on the issue of Voice and Participation that eventually culminated in approval of a 3rd Chair for the Sub-Saharan Africa on the Board of the World Bank. He wished them greater success in their future endeavors.

Dr. Ketsela expressed appreciation to the Constituency for its support. She also thanked the Board of the World Bank Group and its entire staff for being equally supportive of her during her tenure.

Mr. Sinamenye, acknowledged that it was an enriching experience for him to work for the World Bank Group and the Constituency. He also thanked everyone for their support.

Below are some of the pictures taken during the farewell reception, organized by Africa Group 1 Constituency Office, in honor of Dr. Mulu Ketsela and Mr. Mathias Sinamenye.
In line with the process for the 2008 Regular Elections of Bank Executive Directors (EDs), the names of elected EDs were formally announced on October 13, 2008. Dr. Toga Gayewea McIntosh from Liberia was elected to serve as the Executive Director of the International Bank for Reconstruction and Development, the International Development Association, and the International Finance Corporation, for Africa Group I Constituency, with effect from November 1, 2008 until October 31, 2010. He will also serve as the Director of the Multilateral Investment Guarantee Agency.

Dr. McIntosh, amongst others, holds a PhD (Economics), University of Ife, Ile Ife, Nigeria, MSc (Development Theory), Boston University, Boston, Mass., USA, and M.A (Development Economics), Williams College, Williamstown, Mass., USA.

Dr. McIntosh has acquired, during the last 43 years, technical, professional and managerial work experiences at both national and international levels. For nearly twenty years, while he was not in the service of his country, Dr. McIntosh provided technical and advisory services to a number of African governments and international agencies including the World Bank, UNDP, African Development Bank, the African Union, UNECA, and USAID. In 2004, Dr. McIntosh returned to Liberia and served for two years as the Executive Director of the Governance Reform Commission that was established under the Accra Peace Accord where he led the technical team in the development of reform measures for the reconstruction and development of post-conflict Liberia.

Prior to his appointment as a Senior Advisor to the ED in early August 2008, and subsequently his election as an Executive Director, he served as the Minister of Planning and Economic Affairs for two and a half years in the Liberian Government. As Minister, he served as the Alternate Governor of the World Bank Group and the African Development Bank; and was a member of Council for the Economic Community of West African States (ECOWAS) and the Mano River Union (MRU) respectively. Dr. McIntosh has written over 20 technical and professional articles related to development analysis and management issues.

Dr. McIntosh brings with him a wealth of experience that will, no doubt, build on the efforts of his predecessors and further champion Africa’s cause, at the World Bank. AFGI Constituency Team welcomes Dr. McIntosh on-board and wishes him successful tenure.

Dr. McIntosh will be joined by Dr. Hassan Ahmed Taha, the newly appointed Alternate Executive Director. Dr. Taha is a Sudanese citizen with also a distinguished professional and academic career. Dr. Taha has gained his working experiences both from the public and private sector in Sudan and other African countries. Dr. Taha holds B.Sc (Honours) (Economics) in Sudan, Postgraduate Diploma Economics Planning in Kuwait, Diploma (Project Management) in UK, M. Sc in USA, and a PhD in USA.
Program Background

The Voice Secondment Program (VSP) was initiated in 2004, in direct response to a request by Executive Directors of Developing and Transition Countries (DTCs) to help build the much needed capacity in DTCs and facilitate closer relationship and timely communication between the Bank, particularly the offices of the Executive Directors representing DTCs, and their constituencies. It also helps to increase the knowledge of DTC officials on Bank procedures, products and operations and provide opportunity for knowledge sharing between the Bank and DTCs officials. The VSP which started as a five-year pilot program has so far, recorded a total of 96 participants spread across four Cohorts, from 2005 to 2008.

Latest Developments

The fifth Cohort comprising 31 participants has been selected and is expected to begin the program in January, 2009. Out of the 31 participants, Sub-Saharan Africa accounts for 15, the highest number recorded so far, in any year, for the region, since inception of the VSP. The names and countries of origin of the 15 selected participants for the 5th Cohort are shown in the table below.

The 5-year pilot phase of the VSP is expected to end after the fifth Cohort, following which there will be a comprehensive review of the program in November, 2009. In the interim however, and based on the overall positive outcomes of the program so far, the Board of Executive Directors, on December 18, 2008, approved that the Program Secretariat should proceed with the nomination process for a sixth Cohort. As is customary, a call for nomination for the sixth Cohort, scheduled to begin in January 2010, will be communicated to all our Governors latest by January 2009.

Governments are urged and encouraged to put the capacities that have been built through the VSP, to maximum use by continuing to engage the past participants in Bank activities. Such continued engagement will no doubt yield positive outcomes and also provide strong justification for continuation and expansion of the VSP, in the future.

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<th>NAME</th>
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<td>Zambia</td>
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1. We, the African Ministers of Finance and Planning and Governors of Central Banks met in Tunis under the Co-Chairmanship of Dr. Donald Kaberuka, President of the African Development Bank Group (ADB), Mr. Jean Ping, Chairperson of the African Union Commission and Mr. Abdoulie Janneh, Executive Secretary of the Economic Commission for Africa (ECA). The meeting was called to discuss the global financial crisis and to consider options for mitigating its likely impact on African economies. In addition, the meeting discussed the implications of the crisis for the international financial architecture and how to deal with new and ongoing initiatives from an African perspective.

2. We note that this crisis could not have come at a worse time for the African continent; it constitutes a major setback at a time when African economies were turning the corner. It is undermining the significant progress made over the last ten (10) years and, further exacerbates the impact of the recent sharp increase in food prices and volatility in the oil markets. Climate change will also impose additional costs on African economies. Together, these will particularly impact on the millions of poor in Africa; we are facing a human as well as financial crisis. We are therefore gravely concerned that the prospects for reducing poverty and attaining the Millennium Development Goals will be reduced.

3. It is clear that a global crisis demands a global response. We commend actions taken by the G8 Group of countries to restore financial stability and confidence in the markets, to unfreeze credit and money markets, to ensure access to liquidity, and to recapitalize and support important financial institutions and to boost demand. We welcome the new instruments put in place by the International Financial Institutions (IFIs), and the steps taken to provide urgent support to the emerging market countries. We call upon them to be ready to provide appropriate support, in an expeditious and flexible manner, to African countries in case of contagion.

4. We believe that the global slowdown will diminish trade opportunities, access to finance, migrant remittances and Foreign Direct Investment (FDI). Whilst noting that the first round effects have been relatively limited to deterioration in exchange rates and in stock markets, we are deeply concerned at the adverse medium to long-term effects on our economies. We note that this will dampen our growth prospects and call upon the developed countries to take appropriate measures to support continued growth in Africa.

5. We agreed, in light of the continuing financial and commodity market volatility, to deepen economic reforms in the full conviction that such reforms have served African countries well, yielded strong macroeconomic stability, fostered growth and resilience to external shocks. We agree to strengthen the regulation and oversight of our financial institutions and to focus on risk management. We will continue harmonization as appropriate of prudent fiscal and monetary policies. We also agreed to strengthen reserves management strategies designed to minimize losses at times of financial crises. We will continue our efforts to improve our structures of governance and accountability.

6. We are fully cognizant that African exports are still dominated by commodities and minerals. We note that the demand and prices for them are already being depressed by the wholly unprecedented loss of consumer confidence in the major economies. Consequently, we reaffirm the importance of economic diversification; we will continue to implement policies to that end, as well as take necessary actions for the judicious use of export and fiscal revenues and with recognition of the need for sound management of external debt. We agree to intensify our efforts to promote regional integration.
7. We commit to more effective mobilization of domestic revenues and deepening of African capital markets for a more robust mobilization of local savings and financial integration. We further request the ADB to intensify its capital markets programmes. In this regard, we look forward to the forthcoming joint AU/ECA Conference of Ministers of Finance and Planning on this theme.

8. We noted the financing pipeline of the ADB for the period 2008-2012 and the five operational focus areas of infrastructure, governance, private sector, agriculture and higher education, technology and vocational training. In view of the crisis, we encouraged ADB in collaboration with other IFIs, to maintain its central focus on this growth agenda while further examining potential to expand financing activities under its various windows to affected countries.

9. We urge for the successful conclusion of the Doha Round in light of the spillover of the financial crisis to trade. This will stimulate the world economy and enhance opportunities for the poor, particularly in Africa. We call on all countries to refrain from protectionist tendencies. In light of the financial crisis, the Round should pay particular attention to sequencing of reforms in financial services. We will take steps to improve the supply capacity of African economies’ through enhancing competitiveness, building infrastructure, and promoting greater economic integration within Africa.

10. We recognize the progress made in providing debt relief to Africa, and the credible efforts made to respect the commitments made in successive G8 and EU Summits, and in the Millennium Summit, to increase aid to Africa. We urge that in spite of the financial crisis and the challenges that it engenders, the commitments be kept and equal attention be given to improving the quality of aid consistent with the principles agreed in the Paris Declaration and the Accra Call to Action and we pledge to play our part in this area. We call upon the forthcoming Financing for Development Conference in Doha from 29 November to 2 December 2008 to endorse these issues and reconfirm the sustained commitment of the international community to development.

11. We welcome the forthcoming G20 meeting in Washington to consider issues of the international financial architecture and governance. We look forward to a time bound process and plan of action that is inclusive. We ask South Africa to convey our views. However, that cannot be a substitute for enhanced African participation in order to ensure its voice is heard and its interests are taken into account. Only in this way can the process be transparent and solutions proposed be truly global. This crisis has demonstrated how interlinked we all are; developed countries, emerging economies, low income countries. A new global accord must be inclusive and reflect the interests of all in negotiations and decision-making. We call for a “new multilateralism” that fully reflects current realities and ensures the proper representation of all countries.

12. We welcome the assurance given by the European Union through the current Presidency (France) that it will maintain its commitments to increase aid. We commend the President of the World Bank for his commitment to increase support to Africa.

13. We welcome the improved collaboration between the continental and regional institutions in Africa, the ADB, the AUIC and ECA and welcome the initiative of this meeting. We thank the President of the ADB for the initiative and for hosting us in Tunis. We commit to another extraordinary session in case of radical changed circumstances in the global situation.

14. We call on the ADB, AUIC and ECA to continue to emphasize the growth agenda, strengthen their respective work on infrastructure, regional integration, aid for trade and the private sector. We call on the ADB to further deepen its analysis of the impact of the crisis, develop a program of action including instruments and facilities to assist African countries in collaboration with other IFIs.
15. We underscore that the Bretton Wood Institutions must be comprehensively reformed so that they can more adequately reflect changing economic realities in the global economy and be more responsive to future challenges. Emerging and developing economies should have greater voice and representation in these institutions. We welcome the progress made this year in reforming the IMF. We also note the first step in the ongoing process of reform of the World Bank Group, which is to be followed by a wider share realignment. We emphasise our commitment to further reforms of the Bretton Woods Institutions in order to increase their legitimacy and effectiveness. Such reforms should also take into account the interest of the poorest countries and reflect their distinct mandates. We call for reforms that promote sound regulation, transparency and accountability to be implemented without delay in order to ensure a sound financial system that promotes global growth.

15. We hereby agree to constitute a Committee of Ministers and Governors to prepare proposals for our consideration on all aspects related to voice and representation of Africa within the International Financial Architecture and request ADB, AUC and ECA to provide the necessary technical support to the committee.

16. We will bring this communiqué to the attention of our Heads of State at their next Summit, and to the attention of the development partners.

Source: AfDB Portal
Recent Economic Developments and their Effect on Long-term Growth and Overcoming Poverty - The Role of the World Bank and the IMF

We meet today against the backdrop of the worst financial crisis in decades, which threatens a further slow down in global growth at a time of historically high oil and food prices. Under these circumstances, weaker demand in high income countries could translate into slow export growth and a further deterioration in current account position of low income countries. A sustained decline in commodity prices is likely to have significant adverse effects on economic performance and balance of payment positions of developing countries.

We are concerned that these developments, if not addressed effectively, will push SSA even further away from meeting most of the Millennium Development Goals (MDGs) well beyond the expected deadlines. The current financial crisis therefore, calls for renewed commitment to the 2002 Monterrey Consensus, to build a global partnership, based on solidarity and mutual accountability. In this regard, the forthcoming International Conference on Financing for Development will provide an important opportunity to reinvigorate the Monterrey Consensus.

We therefore urge the international community to honour its commitment to double aid to Africa, and the BWIs to scale up aid for infrastructure, agriculture, trade and regional projects. We also urge the Bank and the Fund to strengthen their work aimed at facilitating a successful conclusion of the Doha Development Round.

High Food and Oil Prices

We note the report on the rising food and oil prices - the twin shocks - and welcome the emphasis on the promotion of safety nets and social protection programs to combat hunger and to forestall further deterioration in the level of poverty. Indeed, the twin shocks pose the greatest challenge to the poorest and most vulnerable groups, reducing real incomes and pushing millions back into poverty. While this is a global crisis, Sub Saharan African countries are among the most affected.

We would like to use this opportunity to commend the Bank and President Zoellick, for the prompt response to the food crisis, through the setting up of the Global Food Response Program and other initiatives. We are pleased to note that the initiatives have already provided assistance to the most affected countries. While we regard this step as an appropriate response in the short term, we believe that a lot more needs to be done in order to achieve a longer-term solution. In this regard, we appreciate the emphasis on the need to increase access to seeds and fertilizers and investment in irrigation infrastructure in order to achieve sustainable long-term agricultural production and food security. We therefore welcome the intention of the World Bank to support the Comprehensive Africa Agriculture Development Programme (CAADP) of the African Union, which we believe is a comprehensive response to the food crisis and to the agricultural development in general, in Africa.

As we make progress in responding to the high food prices, high energy prices complicate the problems in net oil importing developing countries, especially those in Sub Saharan Africa. In this regard, we welcome the Energy for the Poor Initiative to help the poorest countries weather the impact of oil price shock and address their energy needs in more efficient and sustainable ways and urge the Bank to assist in finalizing the initiative. We see the need to act with urgency and call for a rapid response.

Enhancing Voice and Participation of Developing and Transition Countries in the World Bank Group

During the 2008 Spring Meetings, we encouraged the Board of the World Bank to advance work on all aspects of voice and participation, keeping in mind the distinct nature of the Bank’s development mandate, and the importance of enhancing voice and participation for all developing and transition countries (DTCs) in the World Bank Group. We asked the Board to come up with concrete options for our consideration at this meeting, with a view to reaching consensus.
on a comprehensive package by the 2009 Spring Meetings. We therefore wish to commend the Board and Management for preparing the background paper, which we find to be a good basis for our discussion.

At the outset, we want to acknowledge the efforts made by the Board in coming up with the proposed package of reforms. We regard this package, including the timeline for completing this round of reforms, as a good starting point for Governors to undertake a major reform of our Bretton Woods institutions to make them more suitable to the realities and challenges of the 21st century.

A major reform is necessary because today's world is far more advanced than in 1945—major shareholders are no longer borrowers from the Bank, DTCs now account for about half of global output, and advances in principles of good governance have rendered the existing Bank governance structure unsustainable. In our view, therefore, the implementation of the Monterrey Consensus with respect to the participation of DTCs in the Bretton Woods institutions is not an option but, a necessary condition for restoring their global legitimacy and credibility.

In Sub-Saharan Africa (SSA), we look at the Bank as a global institution that champions international best practice in both development lending and institution building. Thus, when the Committee asked the Board to keep in mind the distinct nature of its development mandate in coming up with concrete options, we understood this to mean that, the Bank has to be ambitious in its reforms to enhance voice and representation of DTCs. We believe that the proposed package of reforms has largely lived up to that expectation.

We therefore wish to welcome the President's recommendations to this Committee for (i) the creation of an additional chair for Sub-Saharan Africa, (ii) the doubling of basic votes, increasing DTCs voting share by 1.4 percent, and for efforts (iii) to bring DTC voting share in IDA to 48 percent. We also welcome ongoing efforts to (a) decentralize decision-making to field offices, (b) strengthen internal governance of the Bank and effectiveness of the Bank Board, and to (c) achieve significant diversity in managerial positions.

The third Board chair for SSA is long overdue and we hope that Governors will today announce the creation of the third chair and give the Board directions to immediately start the process of creating the chair. With respect to diversity, we take this opportunity to thank President Zoellick for the efforts he has made.

However, we believe that more can be done to achieve an equitable and inclusive global community. In particular, strengthening the global legitimacy and credibility of the World Bank Group will require undertaking major shareholding realignment, restoring basic votes to their original level, and making a fundamental change in the governance of the Bretton Woods Institutions. We recognize that decisive action in this regard will require strong political leadership nationally and globally. In fact, our view is that such leadership is needed now to guide the Board in working through the remaining reforms as recommended in the background document.

We therefore urge Governors to endorse the recommended package of concrete actions and to give the Board the necessary approval to conclude this process by the 2010 Spring Meetings.

Source: World Bank-Development Committee
October 2008
Main Text

We met in Washington DC today, Sunday, October 12, 2008.

We are concerned by the impact of the turmoil in world financial markets and the continued high prices of fuel and food. We welcomed member countries' commitment to take comprehensive and cooperative measures to restore financial stability and the orderly functioning of credit markets. The World Bank Group (WBG) and the IMF must help address these critical challenges, in particular the impact on developing countries, and draw lessons from the current crises. It will be crucial to maintain a focus on support for sustainable growth, poverty reduction, and the achievement of the Millennium Development Goals (MDGs). We welcomed world leaders' renewed commitment to the MDGs at the recent United Nations (UN) high-level event, and we reiterated the urgent need for a deepened global partnership at next month's Financing for Development Conference in Doha.

Developing and transition countries (DTCs) could suffer serious consequences from any prolonged tightening of credit or sustained global slowdown. Prices for fuels and staple foods remain at high levels. This is pushing up inflation in many countries and worsening income distribution, setting back progress towards meeting the MDGs, in particular the poverty and human development MDGs. Higher food and energy prices are also causing balance of payments problems, which are especially severe for low-income energy importing countries, many in Africa. We recognized that countries face difficult policy challenges, including dealing with the distributional effects of the commodity price shocks and protecting the most vulnerable groups with carefully targeted assistance, controlling inflation, and managing the shocks, while maintaining sound public finances and sustaining growth.

We recognized the important role of the DTCs in the global economy, and called on the international community, including the WBG and the IMF, working in a coordinated way, to draw on the full range of their financial, analytical and technical assistance resources and policy advice to help DTCs strengthen their economies and maintain growth, and protect the most vulnerable groups within their populations against the short and medium term impact of the current crises. Poorer countries, with their limited sources of fiscal revenue, will be especially dependent on timely and predictable flows of Official Development Assistance (ODA). In this regard, we emphasized the enhanced importance, in the current context, of donors meeting their ODA commitments. We especially appreciate the strong increase in overall WBG commitments to members in fiscal year 2008. We welcomed the World Bank Group's collaboration with the UN and other partners, particularly through the UN High Level Task Force on the Global Food Crisis. Supporting President Zoellick's call for a New Deal for Global Food Policy, we welcomed the expedited financing provided through the Global Food Crisis Response Program and parallel efforts to increase substantially the level of World Bank Group financial and analytical support for food and agriculture. We welcomed the progress on the Energy for the Poor initiative and encouraged the WBG, with the help of donors, to finalize the proposal.

This will provide rapid assistance to social safety nets, and support projects to reduce countries' longer-term vulnerability to high and volatile fuel prices. We also welcomed the IMF's mobilization of the Poverty Reduction and Growth Facility (PRGF) in response to its members' needs, and the recent reform of its Exogenous Shocks Facility, which provides for easier and more rapid access to concessional assistance in response to shocks.

The need to address these new global stresses adds to an already extensive agenda of critical issues confronting the international community. These include meeting the challenges embodied in the MDGs and providing the necessary funding for their achievement in a transparent and accountable way. ODA volumes need to be consistent with existing commitments and we called for full compliance with these commitments. We also highlighted the role of domestic resources for development. We called for: continued attention to the sustainability and full delivery of debt relief initiatives; addressing issues of global public goods including...
climate change; supporting health delivery systems in developing countries and countering international health scourges including HIV-AIDS; promoting gender equality and the empowerment of women; and maintaining and building upon the system of open international markets, including completing the Doha Development Round and delivering increased aid for trade. These challenges are particularly acute in conflict-affected countries and those in fragile situations, where we need to step up our efforts at collaboration, knowledge-sharing and ensuring adequate and timely resources. We called upon the Bank to intensify its efforts to operate flexibly and effectively in fragile and post conflict situations, and we welcomed the upcoming signing of the UN-World Bank Partnership Framework and Fiduciary Principles Accord for Crisis and Emergency Situations. The above agenda serves as a reminder of the crucial importance of intensified international co-operation and multilateralism in effectively addressing shared global challenges.

In this context, we welcomed the endorsement of a substantive Agenda for Action at the Accra High Level Forum on Aid Effectiveness by a broad partnership including stakeholders engaged in South-South cooperation. We noted in particular the reinforced commitment to: mutual accountability; support for country ownership through capacity development and institution building and increased use of strengthened country systems; enhancing value for money; transparency and predictability of aid and its underlying conditions; and the reduction of aid fragmentation. We urged development partners including the WBG to develop action plans to implement the Accra Agenda for Action and look forward to seeing the Bank’s action plan before our next meeting.

In light of the new global challenges, we called on the Bank to urgently review the implications for its strategy and operations, and to articulate detailed objectives and actions. We asked management and the Board to work together to enhance Group synergy and make the Bank a more efficient, flexible, decentralized and client focused organization. We look forward to reviewing progress in this regard. We encouraged the Bank to complete its strategic review of IBRD’s capital.

We discussed and welcomed the strategic framework for the World Bank Group on Development and Climate Change. The framework benefited from extensive consultations with member countries and other stakeholders. It provides a basis for the WBG to fulfil its core mission of promoting economic growth and poverty reduction, at the global, regional and country levels, in the context of the challenges posed by climate change. While re-emphasizing the primacy of the UNFCCC negotiation process, and taking account of the Bali Action Plan, we encouraged the WBG to support climate actions in country-led development processes in a holistic manner, and to customize support to climate change adaptation and mitigation efforts, as well as capacity building needs, in its member countries. Recognizing the enormous financial gap for addressing climate change, we encouraged the WBG to strengthen its resource mobilization efforts, including facilitating access to additional concessional financing, ensuring complementarity with other financing mechanisms (notably the Global Environment Facility and the Adaptation Fund), supporting the development of market-based financing mechanisms, leveraging private sector resources, and seizing opportunities for innovation. We encouraged the WBG to play an active role in supporting the development and deployment of clean and climate-resilient technologies, and facilitating relevant R&D and technology transfer. In this context we welcomed the recent successful launch of the Climate Investment Funds (CIF), including the Clean Technology Fund and the Strategic Climate Fund, as a positive first step, and called on the WBG to give increased attention to mobilizing resources for adaptation.

The package of reforms enhancing voice and participation of all developing and transition countries (DTCs) in WBG governance and work, brought forward by the Bank’s Board, addresses many aspects of voice and participation in light of the Monterrey Consensus. This is an important first step in the ongoing process of comprehensive reform. This
package includes both concrete immediate steps and commitments to further work. An additional Board seat for Sub Saharan Africa on the Bank's Board will be created. DTC voting shares in IBRD and IDA will increase, giving special emphasis to smaller members. Further realignment of Bank shareholding will be taken up by the Bank's Board in an important shareholding review that will develop principles, criteria and proposals for Bank shareholding. The review will consider the evolving weight of all members in the world economy and other Bank specific criteria consistent with the WBG's development mandate, moving over time towards equitable voting power between developed and developing members. The Board would develop proposals by the 2010 Spring Meeting and no later than the 2010 Annual Meetings, with a view to reaching consensus on realignment at the following meeting. There is considerable agreement on the importance of a selection process for the President of the Bank that is merit-based and transparent, with nominations open to all Board members and transparent Board consideration of all candidates. In addition, Bank Management has committed to continue enhancing diversity of management and staff and decentralizing decision-making. We asked the WBG’s Boards and Management to take prompt action to implement this agreed first step. We look forward to the periodic reports on progress and future proposals for a subsequent realignment of Bank shareholding as part of comprehensive reform.

We welcomed the continuing work by the Board to review and further strengthen internal governance at the World Bank.

The Committee's next meeting is scheduled for April 26, 2009 in Washington, DC.

Source: World Bank-Development Committee October 2008
ETIOPÍA

Programa de Mejora de la Calidad de la Educación General (GEQIP)

Fecha de aprobación: 18 de diciembre de 2008
Crédito de ID: US$ 50 Million

Descripción del Proyecto

El crédito propuesto es el primer periodo de un programa de apoyo flexible (APL) no excediendo en la suma total el monto de US$ 130 million equivalente durante los próximos ocho años. Los objetivos de desarrollo del periodo 1 de General Education Quality Improvement Program (GEQIP), que duraría cuatro años (2009-2013), son: (i) mejorar las condiciones de enseñanza y aprendizaje en educación primaria y secundaria; y (ii) mejorar la planificación y capacidad presupuestaria de la Ministra de Educación y las Oficinas de Educación Regionales. El programa propuesto apoyará (i) un Programa de Desarrollo de Profesores; (ii) el currículo, los materiales didácticos y la evaluación; (iii) un Programa de Administración y Gestión, incluyendo un subcomponente del Sistema de Información Educativa; (iv) el Programa de Mejora de las Escuelas (SIP), incluyendo un subcomponente del Programa de Becas; y (v) la Coordinación del Programa, incluyendo actividades de monitoreo y evaluación.

Programa de Respuesta a la Crisis de Alimentos de Emergencia bajo el GFR:

(i) Programa de Red de Seguridad Productiva APL II - (US$25 Million)
(ii) Proyecto de Apoyo al Fertilizante - (US$ 127.5m Grant & US$ 122.5 Million IDA credit)

Fecha de aprobación: 10 de diciembre de 2008
Beca: US$ 25 Million
Crédito de IDA: US$ 127.5 Million
Crédito de ID: US$ 122.5 Million

MOZAMBIQUE

Cuarto Crédito de Apoyo a la Reducción de la Pobreza (PRSC-4)

Fecha de aprobación: 4 de noviembre de 2008
Crédito de IDA: US$ 90 Million

Descripción del Proyecto

El cuarto Crédito de Apoyo a la Reducción de la Pobreza (PRSC-4) está diseñado para ayudar al Gobierno de Mozambique (GoM) a 

Fifth Poverty Reduction Support Credit

Fecha de aprobación: 4 de noviembre de 2008
Crédito de IDA: US$ 90 Million

Descripción del Proyecto

El Quinto Crédito de Apoyo a la Reducción de la Pobreza (PRSC-5) está diseñado para ayudar al Gobierno de Mozambique (GoM) a 

Board Project Approvals (October - December 2008)
implement key policy actions outlined in its 2005-2009 second action plan for the reduction of absolute poverty (known as PARPA II by its Portuguese acronym) and in the performance assessment framework agreed by the government and the 19 external partners that provide General Budget Support (GBS) to GoM. PRSC-5 is expected to help the GoM in (a) the consolidation and deepening of the institutional reforms in macroeconomic management; (b) reforms in governance by supporting decentralization to enhance public investments and service delivery at the provincial and district level, and by supporting public sector reform; and (c) economic development by removing constraints to growth, such as infrastructure, and promoting agricultural growth. The PRSC-5 also supports the implementation of the government policy response to the higher global food and fuel prices.

**Investment in Baobab Resources PLC**

**Approval date:** November 26, 2008  
**IFC Investment:** US$ 5 Million

**Project Description**

Baobab Resources is a London-based junior exploration company listed on the London Alternative Investment Market, and focused on exploring and developing mineral deposits in Mozambique. An IFC equity investment of up to $5.0 million in Baobab is to support ongoing exploration and future feasibility study work. The Company has a total of 25 prospecting licenses in Mozambique covering a large area of 4,760 km2.

**INTERNATIONAL FINANCE CORPORATION (IFC)**

**Investment in Nigeria Mortgage Program**

**Approval date:** October 2, 2008  
**IFC Investment:** US$ 70 Million

**Project Description:**

The proposed project is part of the first phase of the Nigerian Mortgage and consists of an investment package of up to US$70 million to invest in three Participating Financial Institutions, namely Diamond Mortgages Limited, GTHomes Limited and First City Monument Bank Plc, combined with a comprehensive advisory services program, to develop a profitable and sustainable mortgage market in Nigeria. IFC’s investment will take the form of: (i) direct equity investments in two of the participating Financial Institutions, GTHomes and Diamond Mortgages and Diamond Mortgages, and (ii) IFC loans in Nigerian Naira or in US Dollar to each of the participating IFC.

**Investment in AB Microfinance Bank Nigeria Ltd**

**Approval date:** December 1, 2008  
**IFC Investment:** US$ 6.8 Million

**Project Description:**

The proposed financing to AB Microfinance Bank Nigeria "ABN", reflects IFC’s strategy to broaden access to finance by supporting the efforts of commercial banks, microfinance banks and other financial institutions, to extend financial services to micro, small and medium enterprise (MSME) and low-income populations. The project supports the creation of ABN as a commercially oriented micro finance bank that will provide a full range of financial services to MSMEs and low-income populations. The proposed IFC investment in ABN involves: (i) an equity investment in the form of an equity subscription of up US$1.8 million for an equity stake of up to 15%; and (ii) a local currency loan or a partial credit guarantee of up to US$5.1 million.
**SIERRA LEONE**

*Second Governance Reform and Growth Credit*

Approval date: October 7, 2008

IDA Credit: US$10 million

**Project Description**

The project aims to support the Government of Sierra Leone’s efforts to: (i) preserve the fiscal space needed for poverty reduction; (ii) promote efficiency, transparency and accountability in the use of public resources through enhanced public financial management and governance; and (iii) improve the investment climate and promote exports. The operation complements similar support provided in these areas by the AfDB, DfID and the EC.

**SOUTH AFRICA**

*Investment in Columbus*

Approval date: October 7, 2008

IFC Investment: US$ 50 Million

**Project Description**

Columbus Stainless (Pty) Limited is South Africa’s sole integrated stainless steel manufacturer. Columbus suffers from inadequate downstream cold-rolling processing capacity, which forces it to export a large proportion of semi-finished hot-rolled product. The proposed project consists of a US$100.6 million investment to increase downstream cold-capacity rolling by 21 percent to 480,000 tons per year, which IFC would support by providing long-term financing. IFC proposes to assist Columbus with the design and implementation of a local supplier/supply chain development program as well as a holistic HIV/AIDS program for both the workplace and surrounding communities.

**TANZANIA**

*Sixth Poverty Reduction Support Credit*

Approval date: October 21, 2008

IDA Credit: US$160 million

**Project Description**

The poverty reduction support operation (PRSC-6) is the third credit in a series of five annual operations (PRSC-4/8) and the mid-cycle operation supporting the implementation of Tanzania’s National Strategy for Growth and Reduction of Poverty (known as MKUKUTA). Its strategic focus is on two key sets of objectives: sustaining high and shared economic growth, and expanding the effective delivery of basic services through the government budget.

*Investment in Green Resources*

Approval date: October 7, 2008

IFC Investment: US$ 10 Million

**Project Description**

Green Resources (GR or the Company), incorporated in Norway, is a plantation, forest products, renewable energy, and carbon offset company with a focus on addressing the damage created by deforestation in East Africa. The Company is embarking on a three-year US$56 million investment plan in Tanzania (the Project) to (i) develop an additional 10,000 ha of plantations, (ii) modernize its existing sawmill to increase processing capacity and improve efficiency, (iii) construct a 12 megawatt (MW) combined heat and power plant (CHP) fueled by wood waste from its own and neighboring sawmills, and (iv) expand its harvesting and wood transportation equipment. The proposed project will establish forest plantations on grassland and deforested areas that currently have little biomass and carbon storage.

The proposed IFC investment comprises (i) an A Loan of up to US$ 10 million equivalent in aggregate to the Company and/or its subsidiaries, (ii) a C Loan investment of up to US$8 million in the Company and/or its subsidiaries, and (iii) a carbon delivery guarantee for up to 420,000 CERs with an exposure not to exceed Euro 10 million.
Africa Group I Executive Director’s Office

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Lucy Njuguna
Marie Daramy
(Temporary)
Knowledge is power. Information is liberating. Education is the premise of progress, in every society, in every family.

~ Kofi Annan
The World Bank Group
Africa Group I Constituency

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Liberia* Malawi* Mozambique* Namibia * Nigeria * Seychelles* Sierra Leone*
South Africa* Sudan* Swaziland* Tanzania * Uganda* Zambia * Zimbabwe