WORLD BANK GROUP

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ABBREVIATIONS

ACFTA	Africa Continental Free Trade Agreement
ASA	Advisory services and analytics
CPS	Country Partnership Strategy
CPF	Country Partnership Strategy
CPSD	Country Private Sector Diagnostic
DSF	Debt sustainability framework
EMED	Emerging Markets and Developing Economies
ERGP	Economic Recovery and Growth Plan of Nigeria
FDI	Foreign Direct Investment
FCV	Fragility Conflict and Violence
IFAD	International Fund for Agricultural Development
IDA	International Development Association
IMF	International Monetary Fund
IBRD	International Bank of Reconstruction and Development
PBA	Performance-based allocations
PLR	Performance and Learning Review
RAS	Reimbursable advisory services
SCD	Systematic Country Diagnostic
WBG	World Bank Group

FORWARD

I am delighted to welcome our Governors and their delegations to the 2019 Annual Meetings of the World Bank Group (WBG) and International Monetary Fund (IMF), as I assume duties as Executive Director, to complete the term of Nigeria, represented by Mr. Haruna Mohamed who sadly, passed away in February this year.

With recent changes in the office, we now have a full complement of staff. This is therefore an opportunity to strengthen our office by seeking robust partnerships amongst our countries and with the WBG to move forward with tackling the challenges of today and tomorrow and ensure that we continue aggregating value to the Bank's ability to deliver on its twin goals of ending poverty and boosting shared prosperity, in line with the ambition of 2030 development goals.

This Annual Report provides an overview of WBG Operations in our countries. It also provides updates on key WBG Strategies and Programmes, in a critical time that our economies call for an active and balanced integration into global value chains, while bold reforms are needed to push the agenda of Jobs and Economic Transformation required to revamp the path of economic growth. Our growth dividends need to be inclusive, must stimulate job creation and support rise in incomes. These important topics will be at the center of Governors' discussions at the Development Committee meeting.

The challenges are enormous, and the resources limited. At the same time, our countries are called to do more, and deliver better results with same envelop of resources. This requires a strong political commitment that leverages all existing synergies, domestically, bilaterally to multilaterally. Under these circumstances, delivering on a higher set of ambitions with great impact, while building on past achievements and consolidating IDA's long-term financial sustainability will require a robust IDA19 replenishment.

Much has been said about how our economies suffer from peculiar constraints: the limited absorption capacity, the lack of skills for existing job opportunities, and the lack of consistent set of policies that can build resilience and foster socio-economic growth which will translate to development. There is therefore a need for increased south-south cooperation as we move to the implementation phase of Africa Continental Free Trade Agreement. Bold reforms on ease of doing business are required, at national and subnational levels, to ensure that bottlenecks are progressively eliminated and opportunities for private sector led growth expanded. Strong partnership between IDA & IFC will be critical for delivery and impact especially under IDA19

I hope that Governors will find the report a useful input towards their deliberations at the 2019 Annual Meetings and beyond.

Lastly, I would like to thank all members of the team who worked hard to put the report together. The past 8 months has been a particularly trying time for the Constituency Office. I want to thank our Alternate Executive Director from Angola, Mr Armando Manuel, for being such an able captain during the absence of an Executive Director.

I wish Governors fruitful deliberations at the 2019 Annual Meetings.

EXECUTIVE SUMMARY

The report consists of six chapters and three annexures. The first chapter gives an overview of the global economy, highlights the recent outlook in Africa and in the countries of the Constituency. The second chapter covers a recap on WBG operations, followed by an update on the status of operations in our Constituency countries - Angola, Nigeria and South Africa. Chapters four and five, present the fiduciary matters of the WBG covering Strategies, Activities and Standing Committees, while Chapter six summarizes matters relevant our Constituency.

The recent **ECONOMIC UPDATE** suggests a gloomy environment with growth sliding due to weaknesses driven by lower levels of international trade, with knock-on-effect on manufacturing activity and investment. Fissures are spreading with potential harmful effect on consumption. Uncertainty with Brexit and geopolitical strains are other risks. The IMF has revised its growth projections at 3.0% for 2019. Emerging Economies are expected to growth 3.9 percent for 2019, and to strengthen to 4.5 percent in 2020 driven by continues policy stimulus in China and India. Growth in Sub-Saharan Africa (SSA) is expected at 3.2 percent in 2019 and 3.6 percent in 2020. Despite the slow pickup by the three largest economies in the Continent, the rest of the region is recording a growth that exceeds 5 percent. Recovery in Angola will be driven mainly by the production and export of diamonds, agriculture and construction. In its recent staff report, the IMF indicate that under current policies, Nigeria's growth is expected to remain slow around 2.3 percent in 2019 and 2.5 percent in 2020; and that urgent actions are needed to reduce vulnerabilities and accelerate economic growth. Growth in South Africa is expected at a more subdued pace in 2019 reflecting the impact of strike activity and energy supply issues in mining and weak agricultural production.

On **WBG OPERATIONS**, when compared to the previous year, the IBRD portfolio of $22.6 billion records slight increase by 0.6 billion (3 percent). Most of the FY19 lending was directed to countries in the Latin America and Caribbean (LAC) and the Middle East and North Africa (MENA). While Sub-Saharan Africa was devoted only a share of 4 percent, comparing to 5 percent lending in FY18.

IDA Deputies met in Addis in June, on IDA19 replenishment, and called for greater ambition among existing and new IDA donors, to address the growing needs of the poor and vulnerable. IFC is redirecting resources to focus Regions and countries on ensuring that operations are deeply rooted in country strategies and that program delivery is done in close collaboration with WBG partners, in line with the Cascade approach. Despite a very challenging macro-economic environment, characterized by declining Foreign Direct investment (FDI) inflows into developing countries, particularly into IDA countries and FCS, MIGA has doubled its combined IDA and FCS portfolio, from $3.6 billion in FY13 to $7.2 billion at end FY19Q3. MIGA continues to be financially sustainable, efficient and cost effective. This is reflected in the capital utilization ratio of 46.5% as of March 31, 2019 and a declining Administrative Expense-to-Net Premium Income ratio.

On **UPDATE OF SPECIFIC OPERATIONS IN AFRICA**, FY19 set a new stage of cooperation between Angola and the WBG. The World Bank Board of Executive Directors approved three projects with potential considerable impact on the development of Angola. The facilities include the Water sector, Social Safety Nets and the Development Policy Operation, designed to support reforms promoting macroeconomic and financial stability, and fiscal discipline. All three countries of the constituency were assigned new Country Directors and benefited from several high-level visits from WBG. While a group of Executive Directors visited Angola, three World Bank Group Vice Presidents visited Nigeria in September and held consultations with Government authorities, some key players in the private sector and project beneficiaries. The performance of Nigerian portfolio has been sub-optimal due to lag occasioned by political transition. Authorities have been engaging with the WBG teams on how to improve portfolio performance. On the other hand, Nigeria is a top 20 reformer in the 2020 World Bank's Doing Business Survey that will be published in October 2019, particularly because of a new electronic platform that integrates the tax authority and the Corporate Affairs Commission, digitization of cadastral plans, and new digitization initiatives in customs clearance and port services. In South Africa, IFC portfolio continues to grow and includes equity, debt and mobilization

WBG STRATEGIES AND ACTIVITIES. Chapter highlights the topics for discussion during the Annual Meetings: The flagship report 2020 World Development Report: versed on Global Value Chain's (GVC) and the Agenda on Jobs and Economic Transformation (JET). The Report finds that the rise of trade and global value chains (GVCs) accelerated economic growth and reduced poverty in the 1980s and 1990s. Despite the phenomenal growth of GVCs in the last 2 decades, the Report finds that GVC participation has been uneven across regions, countries, and sectors. On JET, an Action Plan or an Implementation Framework will outline a balance of demand and supply-side interventions and encourage a deliberate focus on specific sets of operations. A guiding framework on JET will define goals and set broad targets for effective collaboration internally and externally and clearly map out mechanisms for accountability for better result and impact.

Chapter 5 presents the relevant work of the five **STANDING COMMITTEES** of the Boards of the World Bank Group: Audit, Budget, Committee on Development Effectiveness, Governance and Administrative Matters and Human Resources. Human Resources in which the constituency is member, was centered on a number of issues like: *i)* ***Performance management system,*** how the current performance management approach is ineffective, and outlined some ongoing challenges, namely low trust in the system, low perceived value and impact by staff and managers, perception of linkages between performance and pay, division of responsibility between management and HR, and a need to better train managers**. ii)** ***Ethics and Business Conduct -*** Management presented the progress in implementing EBC's FY19-21 strategy and its plans for prevention, building trust and accountability. Management has made progress in tackling sexual harassment by launching the Action Plan to Prevent and Address Sexual Harassment**. iii)** On Decentralization, the Committee was engaged in discussions on IBRD and IFC decentralization plans and implications for staffing, the footprint with aim to respond the objectives set out under the Forward Look, IDA19 and HC Project, amongst other mandates. **iv)** On ***Inclusion*** and ***Education diversity***, South Africa entered the top ten countries for staff education with Doctoral. To support the diversity agenda, WB extended the outreach to four universities each in Angola and South Africa.

On **CONSTITUENCY MATTERS**. the report explains how the three core African Chairs on the Executive Board of the WBG are committed to working together to strengthen the effectiveness of SSA's voice in the Board and the Bank. It also provides information on the 2019 Africa Caucus meetings that took place in Accra Ghana, an update of the Voice Secondment Program and concludes with details on staff changes in the Office.

1. CHAPTER 1 ECONOMIC UPDATE

1.1. Global economic performance and outlook

1. The IMF forecasts global growth at 3.0% for 2019, revised down by 0.5% from the April 2019 forecast. This revision reflects weaker than expected levels of international trade and investment since the start of the year. The Fund forecast that global growth will pick up to 3.4% in 2020, conditional on stabilization in the currently stressed emerging market and developing economies and progress in resolving trade policy differences.

2. Risks to the growth forecast are mainly to the downside. The risks include further trade and technology tensions that could slow investment, policy uncertainty including a no-deal Brexit from the European Union and an increase in risk aversion that will worsen financial vulnerabilities built up from years of low global interest rates.

1.2. Global growth trends

3. The IMF has revised its growth projections for EMDEs to 3.9 percent for 2019, and to strengthen to 4.5 percent in 2020, mainly driven by China and India. Policy stimulus is expected to continue to support growth in China. However, the impact of the increased trade tensions as well as the needed regulatory efforts to reign in debt will continue to weaken growth in China. Growth in India will be supported by monetary policy easing and government programmes targeted at rural consumption.

Table 1 Growth forecasts by the IMF World Economic Outlook

Ord	Description	2019	2020
1	Global Economy	3.0	3.4
2	Advanced Economies	1.7	1.7
3	United States (US)	2.4	2.1
4	Eurozone	1.2	1.4
5	Emerging Market and Developing Economies	3.9	4.5
6	China	6.1	5.8
7	Sub-Saharan Africa	3.2	3.6
7.1	*South Africa*	*0.7*	*1.1*
7.2	*Nigeria*	*2.3*	*2.5*
7.3	*Angola**	*1.2*	*3.2*

Sources: IMF World Economic Outlook (WEO), October 2019; WEO Update, July 2019.
**for Angola growth forecast from AfDB Africa Economic Outlook*

1.3. Sub-Saharan African Economies and ANSA Constituency Countries

4. Growth in Sub-Saharan Africa (SSA) is expected at 3.2 percent in 2019 and 3.6 percent in 2020. Despite a projected low performance by the three largest economies in the Continent, about 20 economies in the SSA region are projected to record growth that exceeds 5 percent. The IMF recommends a comprehensive approach for policymakers to build resilience and reinvigorate sustainable and inclusive growth. The report further recommends macro-prudential policy measures to build resilience to capital flow reversals in the event of tightening global financial conditions.

5. Higher, albeit volatile, oil prices have supported the outlook for Angola, Nigeria, and other oil-exporting countries in the region. The rapid increase in Nigeria's external indebtedness remain a huge challenge for future economic growth, especially given the shift toward non-concessional external debt.

6. According to the AfDB, the recovery in Angola will be driven mainly by the production and export of diamonds, agriculture and construction. The reforms in the oil sector and tax policy (expected introduction of VAT to expand the tax base) also bode well for future growth.

7. Growth in South Africa is expected at a more subdued pace in 2019 than projected by the IMF in April following a very weak first quarter, reflecting a larger-than-anticipated impact of strike activity and energy supply issues in mining and weak agricultural production.

1.4. Coordination of Sub-Saharan African Chairs in the World Bank

8. The 3 core African Chairs on the Executive Board of the WBG remain committed to working together to strengthen the effectiveness of SSA's voice in the Board and the Bank. Accordingly, the 3 chairs rotate on a six-monthly basis, responsibility for the coordination of positions on different policy and operational issues that materially affect African countries in the Executive Board and the Bank. The ANSA constituency currently chairs the coordination of the SSA Chairs for a six-month period of June-Dec 2019. So far, most of the coordination has been targeted at Board Statements for investment projects and Development Policy operations going to African countries.

9. The office has led on strategic engagements with the WBG management on issues such on an update regarding the upcoming MIGA 3 years Strategy and on the Action Plan for Africa to implement IFC 3.0 Strategy. On behalf of the 3 offices, the ANSA Constituency has requested audience with President Malpass to seek his assistance for an engagement with the United States government for an ambitious IDA19 replenishment. The office is facilitating preparations for major events involving the 3 African Chairs during the 2019 Annual Meetings including the Development Committee, African Caucus engagement with WBG President and the IMF Managing Director and the concluding meetings of the IDA19 Replenishment.

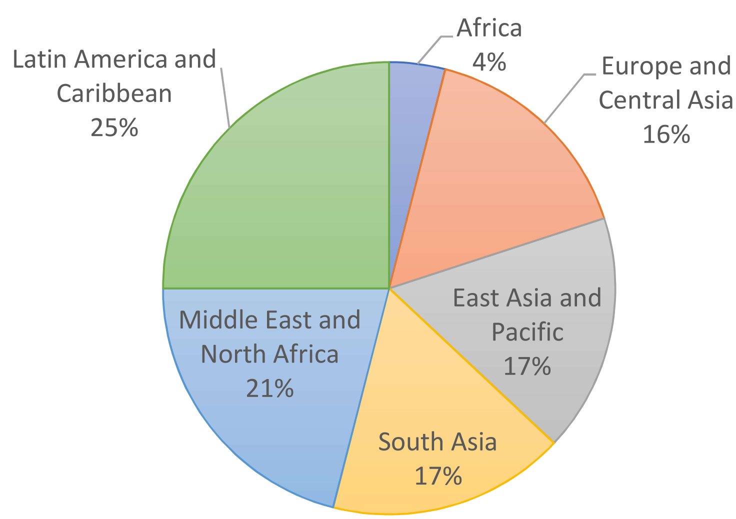
2. CHAPTER 2 WORLD BANK GROUP OPERATIONS

2.1. IBRD

10. ***Lending Operations*** - IBRD is a critical institution within the World Bank Group in the pursuit of the twin goals of ending poverty and boosting shared prosperity. The IBRD's lending in FY19 was $23.2 billion for a total of 100 operations. This was a slight increase from the FY18 IBRD lending of $22.6 billion. As shown in the table below, most of the FY19 lending was directed to countries in the Latin America and Caribbean (LAC) and the Middle East and North Africa (MENA). Of concern is that countries in Sub-Saharan Africa region received only 4% of the IBRD lending in FY19, down slightly from a share of 5% in FY18.

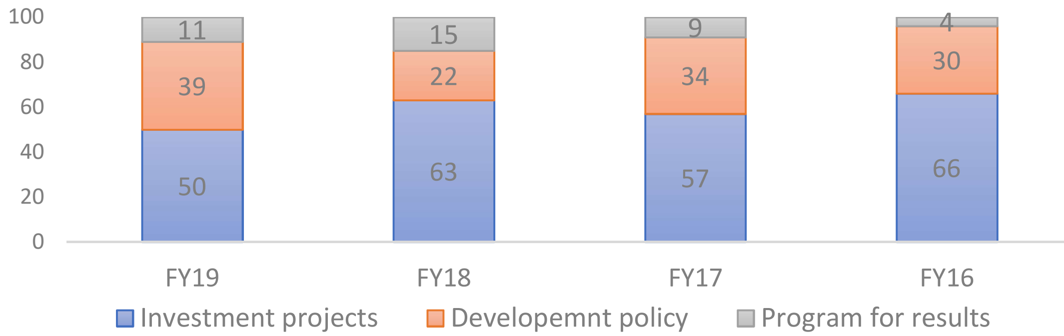
11. The Constituency is concerned with the low uptake of IBRD support by African MICs and is looking at ways of seeking clarity from management on measures that the Bank is taking to better understand the constraints that these countries face in accessing IBRD financing. It is encouraging that after a long time of limited borrowing, Angola agreed to borrow $1.3 billion from IBRD in FY19.

Figure 1 IBRD lending in FY19



12. Consistent with client demand as in previous years, the largest lending by the Bank in FY19 was for investment purposes with 50% of the lending in the form of project financing, 39% in development policy loans and 11% in Program for results (PforR).

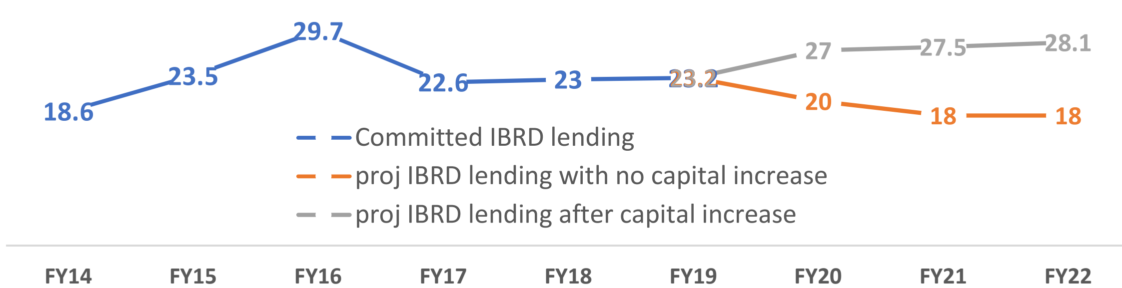
Figure 2 IBRD annual lending by instrument (%)



13. ***Expected change in the level and nature of future operations*** - The scale and nature of IBRD lending is expected to change significantly with the recently agreed capital package compared to the scenario without the package. At the 2018 Spring Meetings, the Governors endorsed a capital package for the IBRD and IFC consisting of a series of financial and policy to increase spending and achieve more developmental impact. The GCI and SCI of the IBRD will collectively mobilize $7.5 billion in capital injection from shareholders which will facilitate growth in lending over the next 10 years.

14. As shown in the figure below, IBRD operations would have scaled down significantly without the capital package. However, with the package approved, IBRD lending is expected to grow steadily to reach $28.1 billion in FY22. IBRD lending is expected to increase to clients across the income spectrum but prioritizing of the lending growth, as agreed in the conditions of the Capital Package, will be towards countries that are below the Graduation Discussion Income (GDI) and fragile states. This will ensure that the development impact of the IBRD lending is enhanced but this will also shift operations to more complex and riskier countries where projects are costlier to prepare.

Figure 3 IBRD lending trend, $billion



15. Other notable changes to IBRD operations that are in line with the Capital Package agreement include differentiated pricing of lending to countries. This change became effective after the approval by the Executive Board in June 2018. The Board has also approved a 'buffer' of $10 billion in June 2019 as part of the WBG Financial Sustainability framework.

2.2.IDA19 Second Replenishment Meeting in Addis Ababa: June 17 – 20, 2019

16. IDA Deputies met in Addis from June 17 – 20, 2019 under the co-Chairs – Kristalina Georgieva and Antionette Sayeh. Our Constituency was represented at the meetings by Ms Larai Shuaibu of Nigeria and Ms Debra-Lee Swanepoel of South Africa. The Alternate Executive Director, Armando Manuel was also in attendance from the Constituency Office. Two senior Advisors, Mr Fidel Odey and Mr Sipho Bhanisi of Nigeria and South Africa respectively provided support to their deputies to the meetings. The meetings discussed and agreed on the elements and policy commitments under the various Special Themes of IDA19. Day one of the meeting featured field trips to selected IDA project sites in Ethiopia including: *General Education Quality Improvement Project II; Women Entrepreneurship Development Project (WEDP); Urban Productive Safety Nets (UPSNP), and Competitiveness and Job Creation Project*

17. On day two of the meeting, after the opening ceremony addressed by President of Ethiopia and President David Malpass of the World Bank Group, discussions commenced with a focus on the following IDA19 Special Themes: *Introduction of the Special Themes; Fragility, Conflict and Violence (FCV); Climate Change; Gender and Development; and Panel Discussion on the topic: Delivering on the SDGs at the Country and Global level*

18. Day three featured presentations and discussion of the IDA19 Special Themes and other topics including: *Jobs and Economic Transformation (JET) and IDA/IFC/MIGA IDA19 Private Sector Window (PSW); Governance and Institutions; and Regional Approaches for Effective Use of Resources*. There was also a *Panel of Regional Representatives including: Hartwig Schafer, Vice President, VP South Asia; Victoria Kwakwa, VP East Asia & Pacific; Cyril Muller, VP, Europe & Central Asia; Axel van Trotsenburg, VP Latin America & Caribbean; Ferid Belhaj, VP Middle East North Africa; and Hafez Ghanem, VP Africa.* The day was concluded with the discussion on - *Addressing Debt Vulnerabilities in IDA Countries: Options for IDA19*

19. The final day of the meeting (June 20) featured further discussions on: *Focusing IDA19 on Results and Impact; IDA19 Request for Resources; IDA19 Financing Framework Discussion and Co-Chairs' Closing Remarks before Adjournment.* The high point of the meeting was the "Ask" statement made on the floor by the Nigerian Deputy Larai Shuaibu on behalf of IDA Borrowers. The paper noted that ***"poverty anywhere is a problem everywhere"*** and called for greater ambition among existing and new IDA donors to address the growing needs of the poor and vulnerable. She said "the call for a Strong IDA19 Replenishment is a continuation of the call for a more ambitious IDA19 and acknowledged that much had been said on the URGENCY with which we must approach IDA19 given that it is just about ten years to 2030. She said the immediacy of this urgency is driven by our collective risks of missing the SDGs if efforts were not amplified to close financing gaps, conquer new and emerging development challenges, accelerate growth, safeguard achievements and, build resilience. She expressed satisfaction with the positive response of IDA Management to the call for greater ambition, adding that our collective goal should therefore, remain our commitment to a coherent, holistic, inclusive, transparent and action-oriented approach, embracing all processes and

initiatives aimed at achieving the SDGs. She then called for strong solidarity, active collaboration, effective partnership and coordination among all relevant stakeholders to make this happen." A full text of the statement is attached as Annex 1.

Box 1 Nigeria and South Africa Collaboration on IDA

Nigeria & South Africa Collaboration and specific Comments at the IDA19 Meetings:

At the opening session and the presentation on FCV, our Deputies addressed three broad issues:
-First, was to express strong support for the rich set of PCs proposed under the various special themes, raised expectations for IDA19, and praised the level of leadership of the co-chairs, and hoped for even greater solidarity for IDA19 than it saw with IDA18.
-Second, was on the fact that with just over 10 years to realizing the SDGs, Africa like the rest of the most impoverished world needs much higher levels of support to build resilience against climate change, invest in human capital and undertake the infrastructure and technological upgrades necessary for job creation and economic transformation.
-Third, was the expression of happiness with the FCV implementation results in IDA18, which they acknowledged was as a solid foundation for pushing the bar on FCV in IDA19. Both countries supported the proposal to increase financing to FCS to meet growing needs and demand and welcome the proposed four Pillars of engagement under IDA19.

20. On ***Debt Vulnerability in IDA Countries***, both countries underscored the urgency at which both the WBG and the IMF are addressing the debt agenda given its potential negative impact on economic growth. They expressed satisfaction with what the two institutions are doing on the implementation of the Bank-IMF Multipronged Approach and welcome the proposals in the paper. However, they called for caution in the implementation of the allocation set asides under the proposed *Debt Policy Enhancement Program* as it could become counterproductive. For example, withholding allocations for affected countries could potentially push countries into seeking access to riskier and costlier financing sources; and this they said could exacerbate poverty. They called for stronger collaboration, partnership and focused capacity building and institutional strengthening to avoid reaching such a situation.

21. The two Deputies welcomed the momentum on **JET**, especially in IDA19 discussions and commended fellow IDA Deputies for the broad support for the agenda. They also commended management for the good job of producing a very good paper on JET, including the set of policy commitments proposed for IDA19 and expressed happiness with the consensus between Deputies and Borrowers on the need to raise the level of ambition on JET and to scale up transformative sectors. Both countries supported the focus of the paper on the criticality of creating markets, mobilizing private investments, creating good quality jobs to reduce poverty, enhancing women empowerment, including focusing on skills and entrepreneurship. They noted that adopting a strategic framework on JET like Gender, Climate Change and FCV would certainly lead to better focus and alignment of priorities.

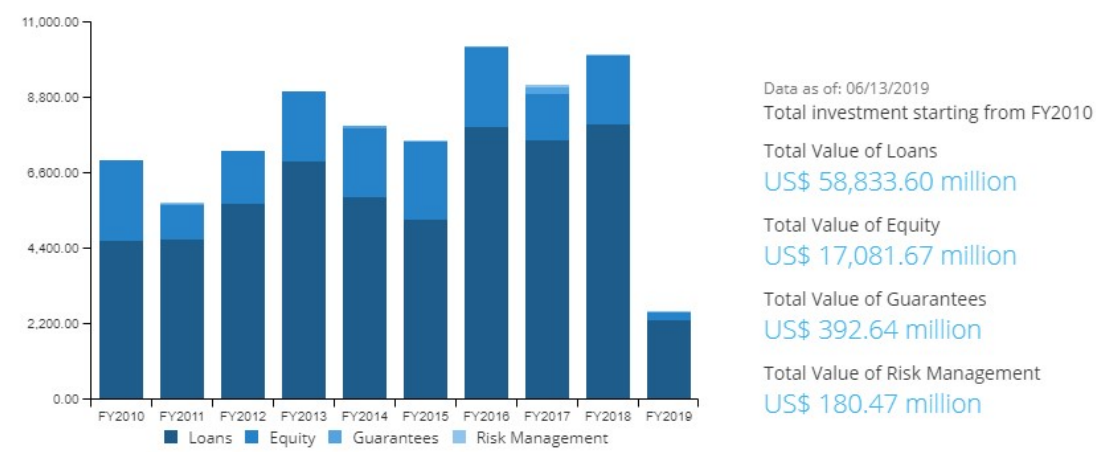
2.3.The International Finance Corporation (IFC)

22. IFC is the largest global development institution focused on the private sector in developing countries. Established in 1956, IFC is owned by 185-member countries, a group that collectively determines its policies. IFC is a member of the World Bank Group (WBG) but is a legal entity separate and distinct from IBRD, IDA, MIGA, and ICSID, with its own Articles of Agreement, share capital, financial structure, management, and staff. Membership in IFC is open only to member countries of IBRD.

23. In December 2016, the Board endorsed IFC 3.0, an ambitious long-term strategy to develop new and stronger markets for private sector solutions, particularly in IDA countries and Fragile and Conflict Affected Situations (FCS), and to maintain leadership in mobilizing private sector resources for development. IFC's Strategy and Business Outlook (SBO) Update FY20-22 provides a comprehensive review of the Corporation's progress in implementing the IFC 3.0 strategy and gearing up to deliver on the ambitious Capital Package commitments. IFC 3.0 does not replace, but supplements, IFC's traditional business of financing development projects – IFC 1.0 and 2.0.

24. In FY19, IFC continued with its upstream approach called IFC 3.0 and stepped up its focus on the poorest countries and fragile areas, in line with the capital increase that shareholders endorsed in April 2018. In FY19, IFC made US$8.9 billion in long-term investments from its own account and mobilized US$10.2 billion from other investors, totaling over US$19 billion in long-term investments. These investments supported 269 long-term finance projects in developing countries. In addition, IFC extended US$4.5 billion in short-term trade finance, with more than half (US$2.5 billion) in IDA/Fragile and Conflict Affected States (FCS) countries.

Figure 4: Board Approved IFC Investments by Product Line

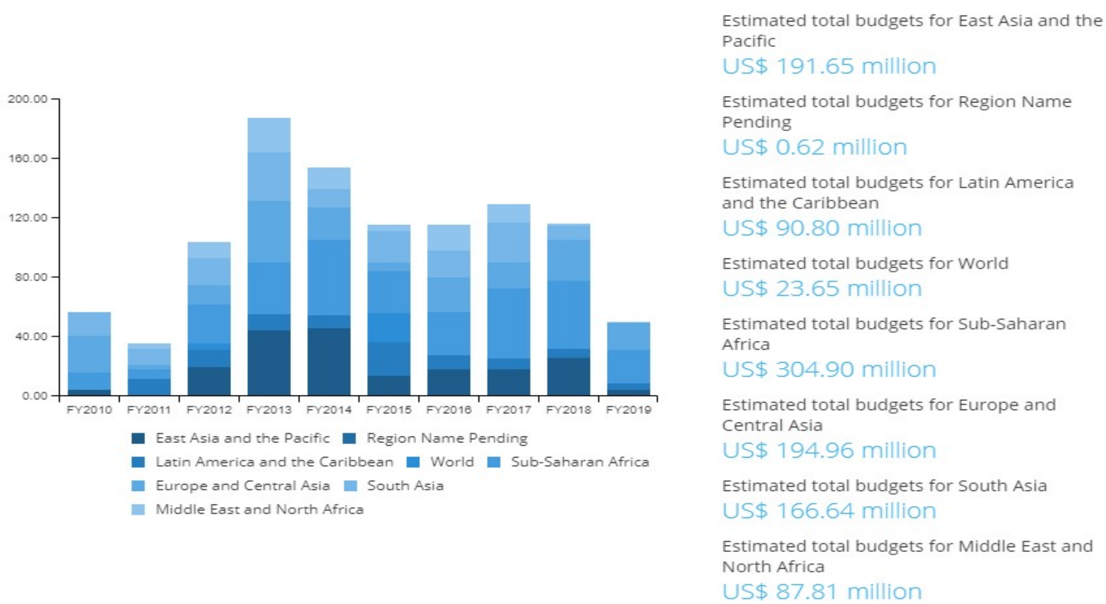


25. The new IFC 3.0 strategy required a fundamental reshaping of core elements within IFC's business model. It augmented IFC's established practice of financing developmentally impactful projects with a much stronger emphasis on systematically developing markets, especially in IDA

countries and FCS, through upstream engagement and deeper collaboration across the World Bank Group (WBG).

26. IFC is redirecting resources to focus Regions and countries on ensuring that operations are deeply rooted in country strategies and that program delivery is done in close collaboration with WBG partners, in line with the Cascade approach. Through FY19, Operational staff have been shifted to the Regions while resources dedicated to Corporate support functions are declining in relative and absolute terms.

Figure 5 Advisory Services by Region



27. As far as maximizing internal efficiencies is concerned, IFC continues its concerted efforts in fiscal discipline, seeking cost savings, efficiency gains and economies of scale. Under the Capital Package, IFC has committed to find efficiencies between FY19-FY30. The Workforce Planning (WFP) exercise undertaken in FY19 has been an important step in aligning staffing processes with the IFC 3.0 strategy, which has also yielded significant savings to be redeployed to offset the costs. Additional efficiencies are being pursued through internal cost savings, cost recovery measures and real estate, IT, Shared Services Agreements (SSAs), and HR efficiency programs.

28. Going forward, IFC's focus is on amplifying the progress made so far and enhancing efforts in the following key areas: i) institutionalizing the portfolio approach as a key driver of program development and financial sustainability; ii) further embedding WBG collaboration on the Cascade approach, including a comprehensive results measurement framework for MFD that aligns all WBG institutions; iii) continued process and decision-making improvements; and iv) fit-for-purpose staffing and footprint. In addition, improving IFC's development performance is a top priority and several actions are being taken to reverse the decline in Independent Evaluation Group (IEG) ratings for both investment and advisory projects.

29. The investment program outlook in the SBO Update FY20-22 mirrors the targets in the IFC Corporate Scorecard and includes preliminary targets for FY22. IFC is targeted to reach own -

account (OA) long-term finance (LTF) commitments of between US$14.4 billion and US$16.0 billion by FY22, with total LTF commitments (i.e. including mobilization) in the range of US$24.9 billion to US$27.5 billion. Program targets are informed by the expectation that the paid-in capital increase agreed by the shareholders in FY18 will begin to be made available during FY20-22.

2.4.Multilateral Investment Guarantee Agency (MIGA)

30. Despite a very challenging macro-economic environment, characterized by declining Foreign Direct investment (FDI) inflows into developing countries, particularly into IDA countries and FCS, MIGA has doubled its combined IDA and FCS portfolio, from $3.6 billion in FY13 to $7.2 billion at end FY19Q3. This is despite declining Foreign Direct Investment (FDI) inflows. The Climate Finance portfolio has grown from $2.2 billion in FY13 to $4.7 billion at end FY19Q3. This progress has been enabled by the Agency's pro-active business development and outreach to governments, private investors and partners. Over the same period, the Agency's gross guarantee portfolio has nearly doubled from $10.8 billion at end FYI 3 to $21.3 billion at end FY19Q3, attributable to strong growth in new guarantee issuance.

31. FY20 will mark the final year of MIGA2020, under which MIGA aspires to create greater development impact through increased scale and by focusing on the priority areas of IDA eligible countries, FCS and Climate Change. To deliver on this strategy MIGA has four pillars: growing core business, innovating applications, creating projects, and creating markets to deliver development impact.

32. MIGA plans to achieve the ambitious FY20 business plan through an increase in operations related resource allocation to IDA and FCS countries to 60% and to Climate Finance to 36%, supported by increased collaboration within the WBG and with other Multilateral Development Banks. During FY20, MIGA will also be investing in the development of a new medium-term Strategy and Business Outlook for FY21-23, informed by the broader WBG Strategy, support for the Twin Goals, the Forward Look and the challenge posed by the United Nations Sustainable Development Goals. Development of the next medium-term Strategy will be collaborative and inclusive across a wide range of stakeholders.

33. MIGA continues to be financially sustainable, efficient and cost effective. This is reflected in the capital utilization ratio of 46.5% as of March 31, 2019 and a declining Administrative Expense-to-Net Premium Income ratio.

34. To deliver on its FY20 work program and business plan, the Board has approved MIGA's total Administrative Budget of $62.4 million, which represents a 1. 7% real increase compared to the FYI 9 Board approved budget of $60.1 million. These additional resources will support MIGA' s

increased investment in IDA-eligible countries, FCS, Climate Change and the development of the next medium-term Strategy for the FY21-23 period. In addition, the Board approved a capital budget of $2.5 million.

3. CHAPTER 3 UPDATE ON WBG OPERATIONS IN AFRICA

3.1. Angola - Country Performance

35. Angola joined the WBG in 1989. In 1991, the WBG began its assistance to Angola, through IDA credit facility, to improve economic management capacity in the country. Consequently, the Bank opened its office in Luanda to promote a dialogue with the Government of Angola. After the implementation of a Transitional Support Strategy 2003-2004 of the country, two Interim Strategy Notes (ISN) followed.

Figure 6 Angola-WBG financial relations

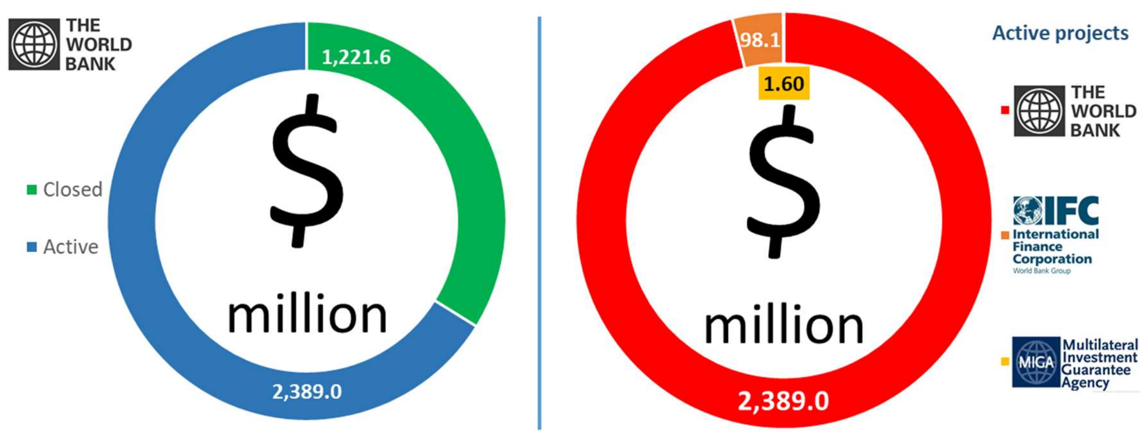
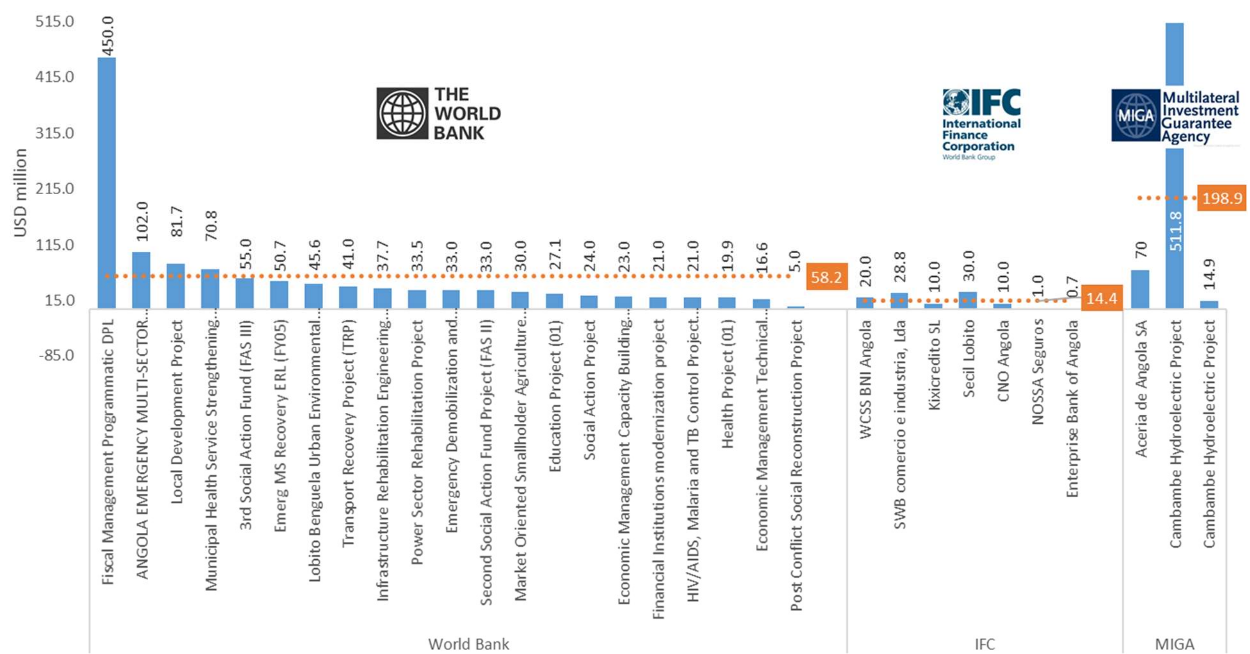


Figure 7 Angola projects financed by the World Bank Group, 1998-2019



36. From 1998 to 2019 the World Bank (IBRD and IDA) carried out over 21 projects of social and economic impact with a total value of **US$ 1,221.6 million** to improve the transparency, efficiency, and credibility of the management of public resources, expand the delivery of services to the war affected vulnerable groups and prepare the country for economic growth that eradicates poverty. IFC financed 7 projects in the amount of **US$ 100.5 million** and MIGA provided 3 guarantees in the amount of **US$ 596.7 million**.

3.1.2 Strategy with the World Bank Group

37. The World Bank Group Country Partnership Strategy (CPS) for Angola for FY14-16 was approved in 2014 to support the country's transition and to define areas that could be supported with a new set of instruments, among which knowledge took a center stage. Aligned with its 2013-2017 National Development Plan, the CPS aimed at boosting economic diversification, equitable distribution of wealth, and better service delivery using various financial and advisory instruments available in the WBG (i.e. IBRD, IFC and MIGA).

38. The current Country Partnership Strategy (CPS) – revised by a Performance and Learning Review (PLR) in March 2018 – covers FY16-19 and has two Focus Areas: 1. *Promoting Diversified Growth and Competitiveness*; and 2. *Increasing Efficiency of Social Programs and Strengthening Social Protection*.

39. The PLR scaled the CPS and extended its original timeframe of FY14-16 through FY19. The WBG and the client had initially designed a modest CPS providing solely knowledge and RASs, but not immediate IBRD lending, reflecting lessons calling for a "knowledge-centric" strategy, and authorities limited familiarity with IBRD terms amid Angola's abrupt graduation to IBRD, which took place in 2015.

Figure 8 New CPF Focus areas

40. With the winds of change in Angola, starting with the election in 2017 of a new President the new Cabinet launched a new National Development Plan reflecting the new priorities of the government and triggering a set of unprecedented reforms. Alongside this exercise, the World Bank finalized its SCD identifying priorities and constraints to guide the preparation of the Country Partnership Framework (CPF) for FY20-25, which incorporates also the recently finalized findings of the Private Sector Diagnostic (PSD). This CPF should support Angola's transformation from an

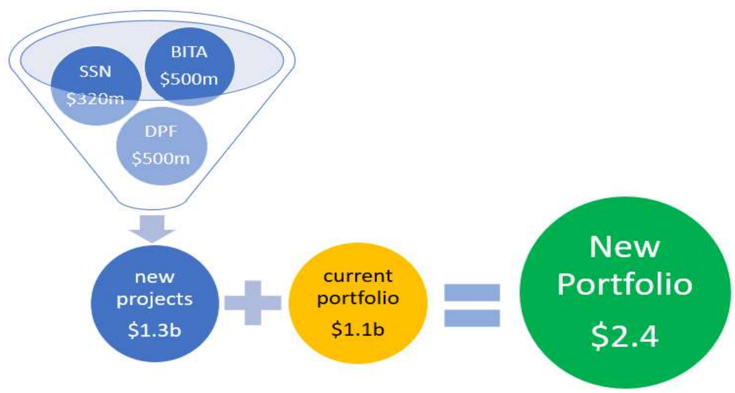
oil-based, state-led economy to a more inclusive, diversified and private-sector led economy. The proposed CPF, to be approved by the Board in the beginning of FY20, will channel budget support, investment lending, and knowledge products in support of three Focus Areas:

3.1.2 World Bank portfolio size and composition

41. From the three possible World Bank instruments, Angola had just experienced Investment Project Financing (IPF) and Development Policy Financing (DPF), giving still space for the instrument Program for Results (P4R).

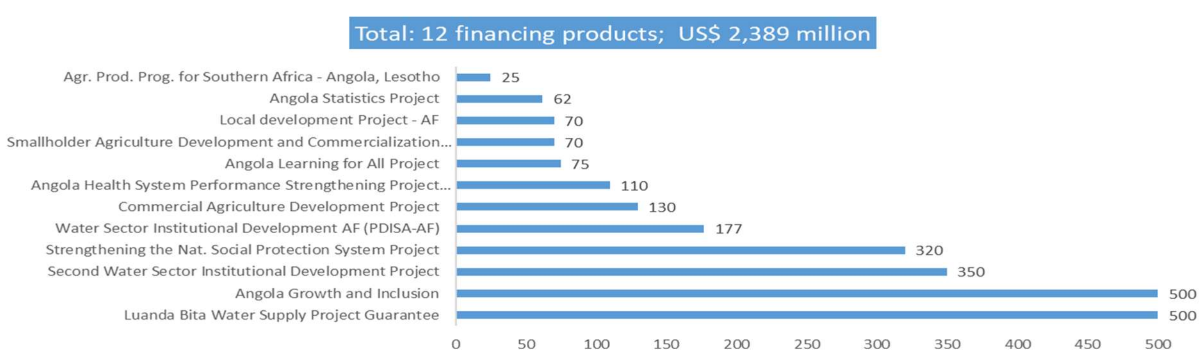
42. On July 16, 2019, the World Bank's Board of Executive Directors approved three projects whose impact for the development of Angola is considerable, namely (i) the BITA Water Supply Project Guarantee (up to US$ 500 million); (ii) the Social Safety Nets Project (US$ 320 million); and (iii) the Development Policy Operation (US$ 500 million). This approval doubled the country's portfolio of projects financed by the World Bank, from USD 1.19 billion to USD 2.4 billion.

Figure 9 Angola projects recently approved for financing by the World Bank



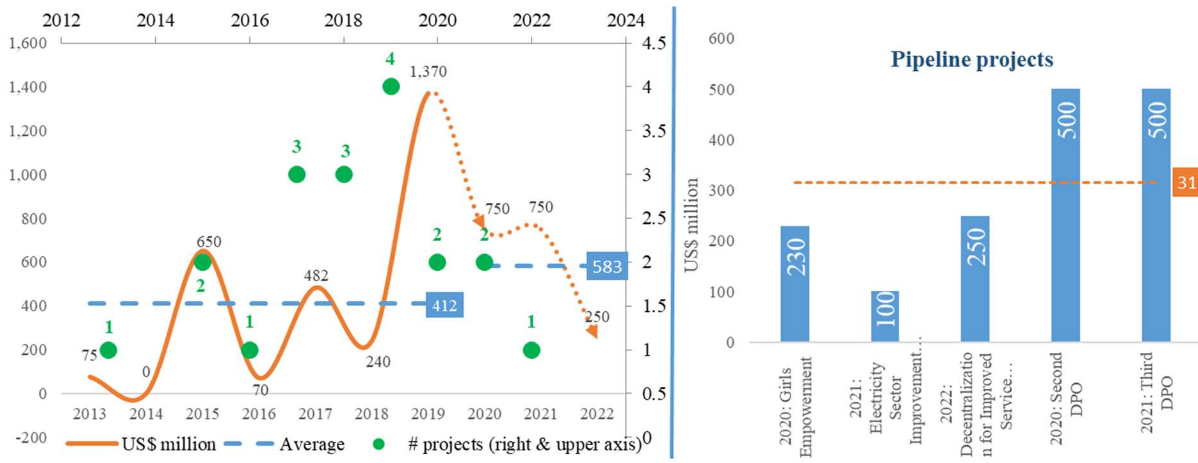
43. The current portfolio consists of 11 IPF valued at **US$ 1,389 million, 1 PBG in the amount of US$ 500 million and a DPF in the amount of US$ 500 million.**

Figure 10 Angola actual portfolio size and composition with WBG lending facilities



44. **Pipeline -** In addition to the projects and other lending facilities being resourced by the World Bank, there are other 5 IPF and 3 DPF in the pipeline, amounting to US$ 3,043 million. This sets a new tone of financial relationship with the Bank, moving from 2 digit to 3 digit million projects and averaging US$ 380 million.

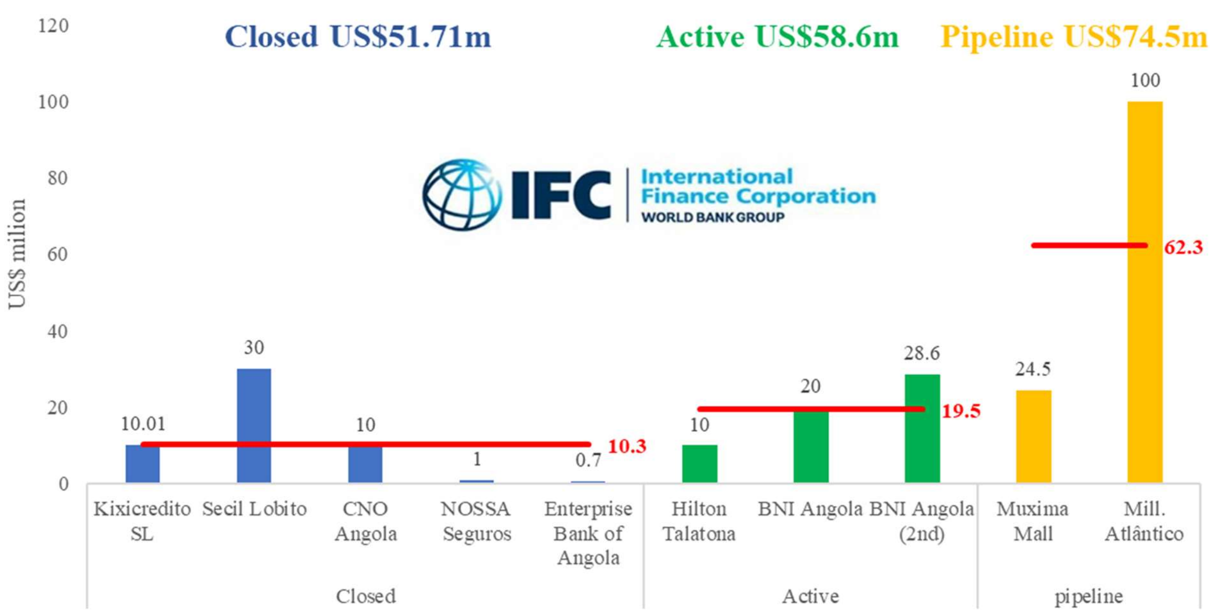
Figure 11 World Bank financing in pipeline



3.1.3 IFC portfolio size and composition

45. IFC's portfolio consists of trade lines with some banks (short-term) as well as the first investment in the real sector in 10 years—the Hilton Talatona Hotel. A new loan facility and trade line totaling $100 million has just been approved by the board for an engagement with Banco Millennium Atlántico.

Figure 12 IFC operations in Angola



46. In November 2018, IFC approved a detailed Business Strategy identifying key reforms needed for additional investments in priority sectors which could allow upwards of $1 billion in investments over the next CPF period if they are implemented. In the pipeline, IFC is looking at Scaling Solar, as well as investments in telecom, infrastructure, the financial sector, and agribusiness.

3.1.4 MIGA portfolio size and composition

47. On the **MIGA** side, its exposure consists a guarantee of US$ 1.6 million to lead arranger HSBC Bank Plc. covering a non-shareholder loan (and interest) for the expansion of the Cambambe Hydroelectric Power Station. No additional operations were made during the current semester.

3.1.1. ED's visit to Angola

48. An Executive Director's Group Trip to Eastern and Southern Africa took place April 23 – May 4, 2019, visiting Uganda, Mauritius and Angola. The Group Trip to Angola took place from May 1 to 5 and participants included Mr. Jean-Claude Tchatchouang (Cameroon), Ms. Christine Hogan (Canada), Mr. Fabio Kanczuk (Brazil); and Mr. Guenther Schoenleitner (Austria) as EDs and as AEDs Mr. Erik Bethel (United States), Mr. Pierre Chotard (France), Mr. Fernando Jimenez Latorre (Spain), Mr. David Kinder (United Kingdom), Ms. Minwen Zhang (China) and Mr. Armando Manuel (Angola), the host Alternate Executive Director for Angola.

Figure 13 Outreaching at University Agostinho Neto, and Museu da Moeda in Luanda

49. The visit to Angola was centered around Luanda. Meetings and site visits were selected to provide the EDs with a cross section of experiences and perspectives from development-related stakeholders, in both the public and private sectors, and when possible, to witness the challenges being addressed by current and planned WBG engagements in the country.

50. EDs noted that following the most recent presidential elections, Angola is at a turning point in its economic development. Notwithstanding the country is endowed with an abundance of natural resources, substantial challenges that persist include: (i) excessive economic reliance on oil revenues; (ii) years of civil war that drained human capital; (iii) governance, and (iv) significant debt burdens. The recent change in the political landscape created a new, positive momentum for change in the country.

Figure 14 Field visit on BITA water project area in Luanda

51. From the meeting with the President of Angola, ED's noted the President's intentions to actively combat governance challenges in the country, as well as Angola's plans towards further decentralization of power away from the presidency and into other institutions. These intentions were noted and welcomed by the EDs who deemed that the commitment of the Government to reforms was a good reason to prudently modify the WBG financial engagement in Angola and that progress would need to be carefully monitored.

52. EDs agreed that numerous reforms were needed to move to a fully-fledged market economy and overcome Angola's complex political economy as reforms will cut against strong vested interests. The EDs also noted the importance of the World Bank having a carefully considered and sequenced plan to help support and deepen the President's reform agenda. In this regard, the WBG's experience was very useful, through assisting the Government with quick impact, short term reforms supporting poverty reduction with sequenced recourse to Development Policy Financing ("DPF").

53. It was notable how EDs valued the Angolan authorities' strong commitment to strengthen investments in human capital going forward trying to overcome consequences of decades of civil war and a very uneven distribution of wealth, which ranks the country in a low 0.36 in the HCI. EDs also worried about the high levels of stunting (roughly 40% of the population), the presence of diseases like typhus, and the limited access to basic water and sanitation services. Hence, the EDs welcomed the strong emphasis placed by the authorities on human capital and a WBG engagement on human capital is seen as a priority. More broadly, embedding skills development actions in each WBG project was recommended.

54. EDs extensively engaged on the future of the growth model for Angola, which needs to progressively diminish its reliance on oil revenues. As it is estimated that Angola's oil reserves will be depleted in few decades to come, there is an urgency to develop an alternative sustainable growth model. Another issue brought during discussions was the public debt levels, which have risen to 80% of GDP and need to be carefully and transparently managed. EDs encouraged the Government to continue planning and focusing public investment on areas which will help deliver long-term sustainable growth, boost human capital and reduce poverty. A key priority in this regard is developing the agricultural sector, which was severely restricted by the civil war, as this can play a significant contribution to boosting both absolute poverty reduction and shared prosperity.

Government priorities in this sector include land reform (while respecting the constitutional, state-owned nature of the land) and developing a robust agribusiness logistics sector (including cold chain) and agricultural inputs industry (fertilizers, seeds). One means of addressing the land rights issue is through digitizing land records.

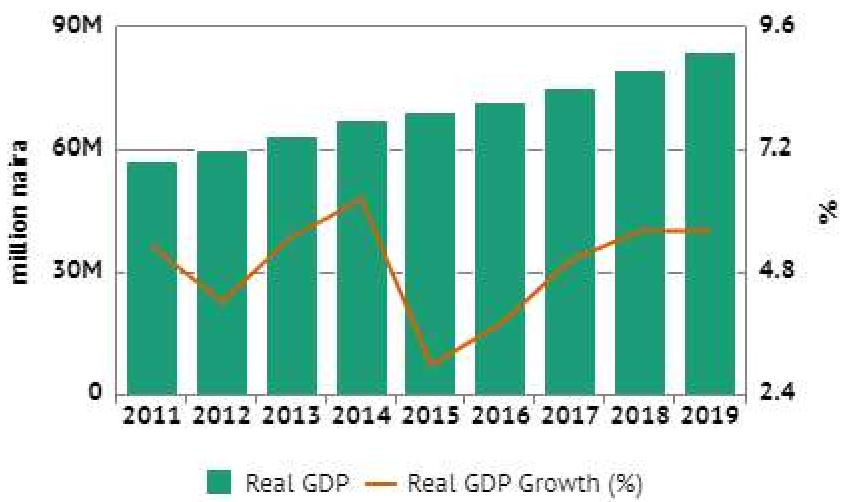
55. The EDs also noted that the WBG can help Angola develop its private sector and heard consistently from stakeholders how hard it is for the private sector to develop and thrive in Angola. In this regard, EDs consider Angola to be a test case for deploying IFC's 3.0 Strategy, with a specific focus on the improvement of the business environment and of the financial sector, as financing opportunities remain scarce and expensive for businesses. EDs noted the weak institutional capacity of the country and the need for continued WBG engagement in this area.

56. It was an important EDs visit to Angola as the country was seeking for a new strategic engagement with WBG, shifting its external financing approach from non-concessional to concessional.

3.2.Nigeria – Country Performance

57. Nigeria's Gross Domestic Product (GDP) growth rate dropped to 1.94 per cent (year on year) in real terms in the second quarter of the year (Q2 2019) compared to 2.10 per cent in the preceding quarter, according to the National Bureau of Statistics (NBS).

Figure 15 Nigeria's Real GDP



Source: Economic Outlook for Nigeria, 2011-2019

58. The last general elections and slight delay in the constitution of the cabinet after the elections appeared to have taken some toll on the GDP numbers. According the GDP Report for Q2 2019, which was released by the National Bureau of Statistics (NBS), compared to the corresponding quarter of 2018 (Q2 2018), which recorded a growth of 1.50 per cent, the growth observed in Q2 2019 indicates an increase of 0.44 per percentage points. While the oil sector accounted for 8.82 per cent of growth in Q2occasioned by relative stability in crude output, the non-oil sector contributed

91.18 per cent to GDP with agriculture leading this momentum. Nevertheless, some of the actions of the authorities like the empaneling of a National Economic Advisory Council consisting of some eminent nationals and the steady crude output as well as the improvements in the ease of business may attract some positives. No doubt risks remain high in the near term as revenue targets have remained low in the face of high debt service.

3.2.1. Strategy with the Bank

59. Like a trusted partner the World Bank has remined faithfully close to the authorities and have gone a step further by appointing a new Country Director apparently to rejig the momentum after the elections so that efforts at promoting diversified growth and job creation, increasing opportunities for youth, women, and the poor, particularly in marginalized areas would remain on course. Nigeria maintained a strong relationship with the Bank over time and it is managed through the instrumentality of both the Country Assistance Strategy as enunciated in the Country Partnership Strategy (CPF) and routine advisory services as a trusted partner in the development community. The last CPF (FY14 -17) ended in December 2017 and after the last was extended until the end of FY 19 following the completion of the PLR to accommodate current realities occasioned by the home-grown Economic Recovery and Growth Plan (ERGP) and the last election cycle so that priorities of the authorities could be captured while the CPF aligns itself with the country's political cycle. While work on the Systemic country diagnostics (SCD) is nearing completion, the main areas of emphasis for the proposed CPF remains the following four (4) clusters. They are illustrated in the box below:

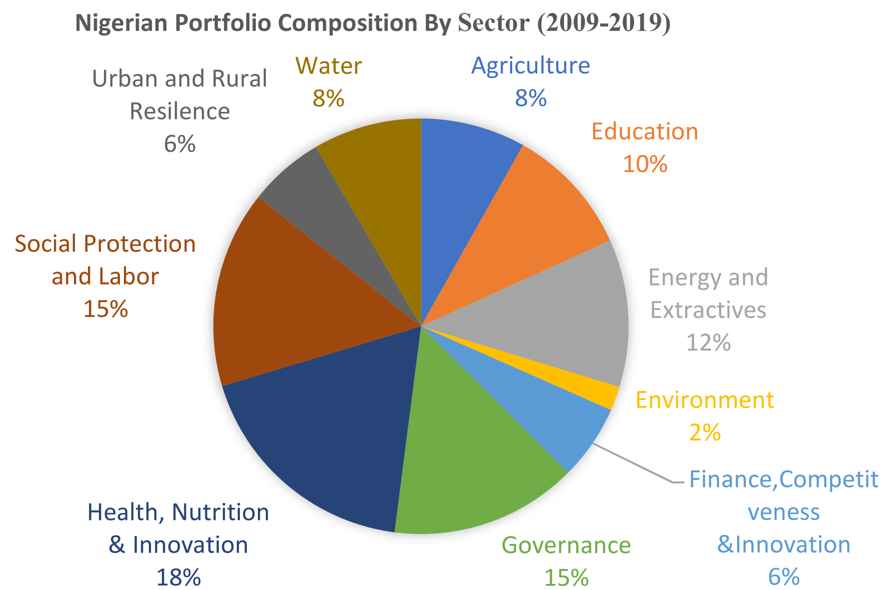
Box 2 Nigeria Country Strategic Framework areas of emphasis

- 1) ***The federally-led structural reform agendas for growth and jobs:*** fosters diversified growth and job creation by addressing two key constraints: power and access to finance; it targets agriculture as one of key drivers of economy, holding a strong promise of improving livelihoods in rural areas;
- (2) ***The Quality and Efficiency of Social Service Delivery at State Level:*** the focus is on developing more effective systems for social delivery (social protection programs, education, health, and water services delivery) to help address inequities in income and opportunities;
- (3) ***Governance and Public Sector Management:*** aims at strengthening public finance management and public investment management;
- (4) ***Restoring Macroeconomic Resilience***: the focus is on improving fiscal transparency, revenue mobilization, efficiency of public expenditure management, and debt management at state level.

3.2.2. The Systematic Country Diagnostic (SCD) for Nigeria:

60. Progress with the SCD was stalled by the political transition in the country. Following the inauguration of the cabinet, consultations are ongoing to incorporate additional priorities. The document is expected to be finalized either by the end of 2019 or early in 2020 and would serve as the core analytical basis for the new Country Partnership Framework (CPF) expected next year.

Figure 16 Nigeria Portfolio breakdown by sector



61. Nigeria's World Bank portfolio as at June 30, 2019 stands at about $9.8 billion consisting of credits and grants covering 29 national projects (28 IDA and 1 IBRD) and 3 regional operations ($187m). There is also a partial risk guarantee ($395m) in the energy sector. The two Regional projects have a total value of $160m, representing 1.5% of the total Nigeria portfolio (Africa centers of excellence project ($70m) and Regional Disease surveillance systems enhancement ($90m) as shown in the pie chart above.

3.2.3. Nigeria Portfolio Performance:

62. Improving Ease of Doing Business - Nigeria is a top 10 reformer in the 2020 World Bank's Doing Business Survey that will be published in October 2019, particularly because of a new electronic platform that integrates the tax authority and the Corporate Affairs Commission, digitization of cadastral plans, and new digitization initiatives in customs clearance and port services.

62. The portfolio performance has been less than satisfactory for some obvious reasons. While the size of the active portfolio is $9.8 billion the undisbursed balance is $6.3 billion or 64% of the active portfolio. The main reasons for this large lag in disbursement is because over $2.786 billion of has not been effective despite Board approval in 2018. For the period FY 19 only about $1.3 billion has been disbursed. Already concerted efforts by the authorities in the Abuja are being intensified to make the in effective projects effective. Of the remaining undisbursed balance, the authorities are in constant engagement with both the Project Team in the Bank and PIUs to resolve all issues so that development effectiveness can be achieved.

Figure 17 Nigeria Portfolio Performance Award ceremony

In the middle is Dr Mahmoud Isa Dutse, Permanent Secretary, Federal Ministry of Finance who stood in for the Honourable Minister while the WBG Country Director for Nigeria is on the right. On the left is Mr. Aliyu Ahmed, Nigeria's Director of International Economic Relations.

63. As part of the strong efforts to improve portfolio performance Federal Ministry of Finance in conjunction with the WBG Nigeria Country Office held its maiden edition of the Nigeria Portfolio Performance Award ceremony on Thursday 8th August 2019 in Abuja to honor and recognize the performance of project implementation teams across states and Federal institutions and then brainstorm on the challenges and proffer comprehensive solutions to address these challenges going forward. It should be noted that an earlier CPPR had taken place.

64. At the end, different categories of awards were given which include overall best performing state and project, best state coordination mechanism among others. Winners of the awards were selected through a rigorous selection process that entailed analyzing performance data, which ranged from coordination mechanism to project results, disbursement figures, and adherence to fiduciary and safeguard guidelines. The awards are meant to serve as a mechanism for states and project implementation units (PIU) to learn from each other to enhance efficiency of project implementation. Representatives of Subnational State Governors were present and conveyed their good will and commitment to strengthen their partnership with the World Bank. They also provided their assurance of the State Governments' ownership of World Bank funded programs in their respective states and of their alignment with state development priorities. Yobe State, one of the states affected by conflict and internal displacement in the North East region won four awards ranging from overall best performing state to best performing state on disbursement. The Nigeria Erosion and Watershed Management Project (NEWMAP) won the award for overall best performing project.

3.2.4. IFC Activities

65. Until very recently the narrative from IFC has been mostly in the financial sector to the detriment of the real sector despite having a portfolio of over $2 billion. However recent investments in Indorama and Dangote fertilizer is changing the narrative. On its part IFC has also been trying to engage with the authorities resetting the agenda in line with IFC 3.0. Accordingly, in the week of September 16, 2019 a strong WBG Team led Hafez Ghanem, VP - AFR and in Mr. Sergio Pimenta, Regional VP visited Nigeria to discuss key the new strategy wherein the authorities requested for IFC's support deepening the capital market and mobilizing private capital to support key infrastructural projects in the power, roads and rail sectors while the WBG Team also used the opportunity to explore the digital moonshot agenda could be leveraged upon.

3.2.5. World Bank Group Executives Visit Nigeria

66. Three World Bank Group Vice Presidents (*Hafez Ghanem – VP Africa Region, Sergio Pimenta – IFC VP for Africa & Middle East and Hans Peter Lankes – IFC VP for Economic & Private Sector Development*) visited Nigeria during September 16 – 20, 2019 and held consultations with Government authorities, some key players in the private sector, some members of the Economic Advisory team, project beneficiaries, a section of the diplomatic community and the media. High points of the visit were the workshop on maximizing Finance for Development (MFD) with a focus on Nigeria's infrastructure, a strategic meeting with the Minister of Finance, Ms Zainab Ahmed, and a high-level meeting with Vice President Yemi Osinbajo. Discussions in these meetings centered around the need for strategic reforms that spur growth in Nigeria, infrastructure deficits including power, low levels of domestic revenues and women empowerment.

Figure 18 VIce Presidents of WBG and Nigerian Minister of Finance

67. Speaking while addressing the workshop, Minister Zainab Ahmed pointed out that since 2016, the federal government had committed over 30 percent of total budget appropriation to the implementation of capital projects. She blamed the slow growth in the economy to the absence of critical infrastructure, adding that Nigeria's infrastructure needs were huge and cannot be met by government alone. She stressed the overarching importance of critical infrastructure to connectivity, regional integration and participation in global value chain and laments the paucity of a strong, credible and viable Public-Private Partnerships system that can respond appropriately to national and regional infrastructure requirements. She disclosed that the transport sector alone comprising rail, roads and airports received over **N430 billion** between 2018 and 2019.

68. Minister Zainab informed the visiting Vice Presidents that Nigeria would like to see the World Bank Group, especially the IFC do more in her infrastructure space, using its convening power to mobilize investments for national and regional infrastructure development to push the agenda on regional integration, expand and strengthen economic activities within the sub-region and open new regional corridors. She said government was awaiting the outcome of the ongoing diagnostics and analytics works by the World Bank Group on Nigeria, including how Nigeria can better harness and enhance private participation in economic development and job creation. she said, "we would like to see analytics review of sustainable options for addressing our huge infrastructure gaps" and expressed the hope that the MFD workshop will provide the important first step to tackling Nigeria's infrastructure challenge.

Figure 19 Senior Staff who attended the Visit to Nigeria with VP Peter Lanks

3.2.6 *Mr Shubham Chaudhuri Appointed Country Director for Nigeria*

69. The World Bank has appointed Shubham Chaudhuri as the new Country Director for Nigeria with effect from Tuesday, October 01, 2019. Mr Chaudhuri is succeeding Rachid Benmessaoud who completed his term recently on September 30, 2019. Mr Chaudhuri, a U.S. national who grew up in India, joined the World Bank in 2004 and has held several leadership positions at the Bank, with his most recent position being Country Director for Afghanistan.

70. Mr Chaudhuri said it was an honor to be in Nigeria and have the opportunity to help government partners, at the Federal and state levels, realize Nigeria's full and considerable potential. This, he said, the Bank was doing by transforming the economy, catalyzing private investment and job creation, investing in Nigeria's children and creating opportunities for Nigeria's youth and women. According to him, "the World Bank Group has a long-standing partnership with Nigeria and I look forward to deepening our engagement with government partners, with Nigeria's very vibrant

civil society and private sector and with international development partners to help lift millions of Nigerians out of poverty."

71. In his new position, Mr Chaudhuri's top priorities would be to lead the strategic dialogue with government, development partners and other key stakeholders. He would also help to develop and implement the new Country Partnership Framework and provide customized solutions and policy advice to Nigeria.

72. In the past, Mr Chaudhuri had been Practice Manager in the Macroeconomics and Fiscal Management Global Practice for the South Asia Region. He also held the position of Manager of the World Bank's Poverty Reduction and Economic Management Department for East Asia and the Pacific and Lead Economist for Indonesia. As lead economist for Indonesia, Mr Chaudhuri was responsible for leading the overall economic policy dialogue, advisory and development policy lending work in Indonesia. He managed the Jakarta-based economic team, which works closely with partners in government and in the development community to further Indonesia's development agenda. Prior to relocating to Jakarta in early 2008, he worked primarily on China and on East Asia regional policy issues. Before joining the Bank, Mr Chaudhuri spent a decade as an Economics professor and Director of the Program in Economic and Political Development at Columbia University in New York. Mr Chaudhuri obtained his bachelor's degree from Harvard University and his Ph.D. from Princeton University, both in Economics.

3.2.6. The Nigeria Heritage Day Celebration in Pictures

73. The Angola, Nigeria, South Africa Constituency Office in the World Bank Group and the Nigerian Community in the World Bank and the International Monetary Fund, celebrated the Nigeria Heritage Day on October 01, 2019. The event coincided with Nigeria's 59th Independence anniversary. The event has taken a proactive approach to celebrate Nigerians and those of Nigerian descent who are excelling in a diverse range of vocations globally.

74. Among the activities, participants attended events on health, Science and technology and gender empowerment.

Figure 20 Nigeria Heritage Day event -Panel on Health

Figure 21 Nigeria Heritage Day event -Panel on Technology

Figure 22 The Panel on Gender Empowerment

3.3. South Africa – Country Performance

75. South Africa's GDP growth forecast for 2019 has been revised to 1.5 per cent, from an estimated 1.7 per cent in October 2018. The weaker outlook projects a slow improvement in production and employment following poor investment growth in 2018, and a moderation in global trade and investment. The medium-term outlook is subdued, with GDP growth projected to reach 2.1 per cent in 2021, supported by a gradual improvement in confidence, more effective public infrastructure spending, and a better commodity price outlook than previously assumed.

3.3.1. State owned company reform & investment drive

76. Following a decade of economic weakness, there are some positive signs that the economy has begun to gain lost ground. The policy inertia and uncertainty that have constrained investment and confidence have begun to lift. The reconfiguration of Eskom is a major step in the broad reform of state-owned companies. President Cyril Ramaphosa's investment drive has yielded pledges of R300 billion in investment.

77. Over the next three years, general government infrastructure investment is projected at R526 billion. In addition, government will contribute R100 billion to a blended-finance infrastructure fund over the next decade in the form of new spending, reprioritization and guarantees. The fund will allow the public and private sectors to work together to finance sustainable social and economic infrastructure projects.

3.3.2. From the Systematic Country Diagnostic to the Country Partnership Framework

78. The World Bank Group (WBG) launched the South Africa Systematic Country Diagnostic (SCD) on May 14, 2018 titled "***An Incomplete Transition: Overcoming the Legacy of Exclusion in South Africa.***" The SCD identifies critical binding constraints to reducing poverty and inequality in South Africa.[1] These constraints form the cornerstone of the preparations for the next Country Partnership Framework (CPF). A consultation process is underway with the GoSA to identify key priority areas to be included in the CPF. It is anticipated that the CPF will be presented to the WBG Board for approval in the 1st Quarter of 2020.

3.3.3. The IBRD Portfolio

79. The World Bank lending program in South Africa comprises two operations funded through the IBRD, namely five active projects valued at US$ 4121 million:[2]

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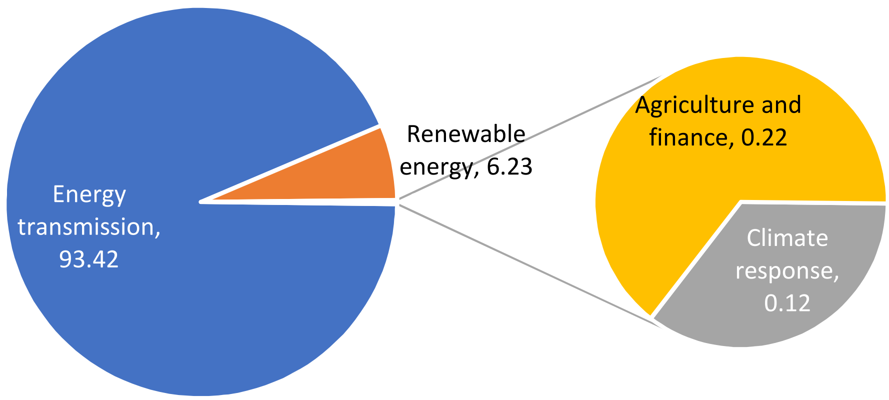
[1] (i) insufficient skills, (ii) the skewed distribution of land and productive assets, and weak property rights, (iii) low competition and low integration in global and regional value chains; (iv) limited or expensive connectivity and underserviced historically disadvantaged settlements, and (v) climate change: the low carbon transition and water insecurity.

[2] **2** IBRD-financed projects US$3843m (75% disbursed), **3** Trust Funded Projects US$278m; 3 RAS funded Activities, 31 Knowledge Activities –US 19.12 m, ESKOM was restructured to extend the close date in order to pave way for major restructuring to accommodate the renewable energy

Figure 23 South Africa: Sectoral composition of IBRD lending



80. The Eskom Investment Support Project (US$3.75 billion) closing in FY2019. The Eskom Investment Support Project is a package of IBRD financing for three distinct components:

Table 2 Eskom package components

Component A	Component B	Component C
Medupi coal-fired power station (4,800 MW using clean coal super-critical technology) to finance supply, erection, and civil construction contracts for the power plant and associated facilities.	Renewable energy (100 MW wind and 100 MW concentrated solar power).	Carbon energy efficiency components comprising road to rail conversion for coal transportation and power plant efficiency improvements.
US$ 3.05 billion	US$ 260 million	US$ 485 million

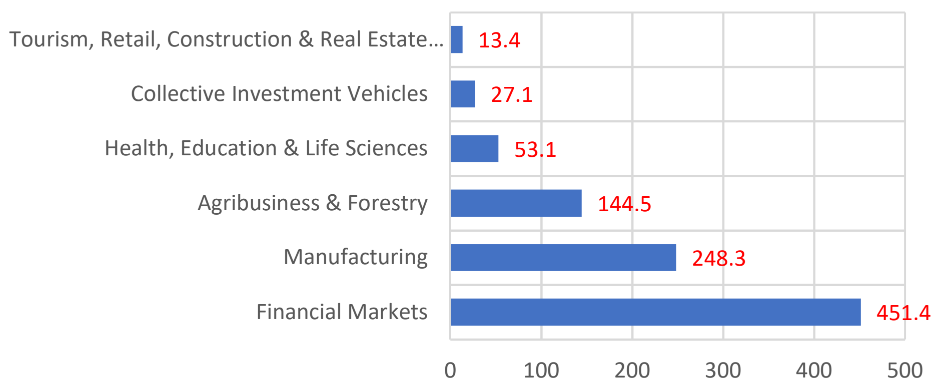
81. The Land Bank Financial Intermediation (US$ 93 million) closing in 2022, will contribute towards the Government's aim to promote agriculture and rural development to create jobs, reduce poverty and lessen inequality. This was the first loan from IBRD since 2010.

82. Other operations financed through loans supported in energy sector are the South Africa Partnership for Market Readiness (US$5 million). Support for the Development, Empowerment and Conservation in the Greater St Lucia Wetland, Park and Surrounding Region, was closed in February 2017 after seven years of implementation. In addition to the lending portfolio, South Africa has numerous partnerships underway, structured as advisory services and analytics (ASA) and reimbursable advisory services (RAS).

3.3.4. IFC and MIGA

83. The IFC is uniquely placed to give the private sector a central role in financing and delivering development solutions. In 2018 the IFC has committed $1,123.7 billion dollars from its own account in investments in South Africa. For FY2018, MIGA has issued a total of US$1,585.1 million in total guarantees to private firms investing in South Africa and US$546.3 million in total guarantees to South African business investing in Africa. IFC portfolio in South Africa continues to grow and includes equity, debt and mobilization. Investments include mainly injection into local operations and support for growth beyond domestic market. The current IFC portfolio split per sector includes the following:

Figure 24 Snapshot of IFC investments per sector in South Africa



3.3.5. IFC Private Sector Country Diagnostic

84. The IFC Country Private Sector Diagnostic (CPSD) was published in March 2019. It aims to address barriers for private sector development It identifies policy actions and interventions in selected enabling sectors of the economy where short-to-medium term reforms could unlock investment and jobs.

85. In its review of South Africa's enabling sectors, the report puts a special focus on the opportunities for crowding-in private financing and leveraging private sector solutions to address the gaps in skills and infrastructure. The report lays out options to strengthen competitiveness in the agriculture and agribusiness, automotive, and ICT sectors.

86. Three deep dives were conducted by the IFC in preparation for the CPSD, focusing on sector specific opportunities in agriculture, automotive and ICT sector. The 3 sectors were selected because they are vital and dynamic, economically important and have strong backward and forward linkages to the rest of the economy. Following the decision review meeting in February 2019, the South Africa CPSD report was sent to the National Treasury on a no-objection basis prior to its publication. The dissemination of the report is planned for the second half of 2019.

3.3.6. South Africa's Digital Diagnostic

87. The assessment of South Africa's digital economy development has been launched as part of the WBG's Digital Economy for Africa Moonshot, launched in 2018 through a collaboration between the African Union and the World Bank Group. The initiative aims to ensure that every individual, business and government in Africa will be digitally enabled by 2030. In South Africa, the DE4A builds on the ICT deep dive carried out in the WBG Country Private Sector Diagnostic, the results of the advisory work on ICT regulation by the WBG competition team, and the next steps agreed between the WBG and government at the Digital Economy workshop held in Pretoria in November 2018. The assessment maps the strengths and weaknesses that characterize the national digital economy ecosystem and identifies challenges and opportunities for future growth.

3.3.7. Appointment of new Country Director for South Africa

88. Ms. Marie Francoise Marie-Nelly was appointed as Country Director for South Africa in July 2019. She officially took up office in the capacity as Country Director role in September 2019. She is responsible for overseeing the Banks policy dialogue with Government and other stakeholders.

3.3.8. Other events

89. On 30th May 2019 EDS25 hosted a book discussion titled "Larry – simply Larry" with author Mr Elias Masilela, Commissioner of the 1st & 2nd National Planning Commission. This book holds deep insights into the powerful role that religious figures can play in the development of human capital.

Figure 25 Book discussion Larry simply Larry

90. **ANSA Constituency office hosts** South **African students visiting the World Bank** - On 28 June 2019, EDS25 hosted 18 South African students from University of Pretoria who were selected to attend a 6-week Fordham University New York exchange program as part of the university's annual visit to the bank. The students were bright young minds from South Africa selected by the university

to undertake a 6 weeks course in world economics and finance. South African staff members were invited to be part of the session, to share their experience of working for the Bank.

Figure 26 South African students from University of Pretoria

4. CHAPTER **4 UPDATE ON WBG STRATEGIES AND ACTIVITIES**

4.1. Spring 2019 Development Committee

91. The Development Committee met on April 13 during the 2019 Spring Meetings. The meeting was chaired by Minister Ken Ofori-Atta, the Development Committee Chair since October 12, 2018. The Meeting was also joined by the former IMF Managing Director, Christine Lagarde, and the current **IMFC** Chair, Lesetja Kganyago. This was the first meeting with the new WBG President, Mr. David Malpass.

92. A big focus of the meeting was on progress in the implementation of the Forward Look and the IBRD-IFC Capital Package agreement. Ministers welcomed the progress made by the Board and Management on changes in the IBRD loan pricing and differentiation in the Single Borrower Limit, the development of the IFC additionality framework and the IBRD Financial Sustainability Framework. The Committee also noted progress with the revised methodology for staff compensation. Countries urged that all outstanding adoptions of IFC resolutions be secured by September 2019.

93. A significant focus of many Ministers was on the WBG's work on the Digital Economy. The Committee reflected progress by the WBG in mainstreaming 'disruptive and transformative technologies' in the support to client countries. Many Ministers called on the Bank to help countries improve the level and cost of broadband access. Technology is expected to enable the digitalization of many government services such as education and health. The WBG was called to play a big part in e-government or GovTech to enhance service delivery. The Digital Economy Moonshot for Africa was welcomes by African Governors and the partnership with the African Union was endorsed.

94. The issue of consumer protection was raised as a priority particularly by European Governors. The Bank was called to play an advocacy role in the ongoing discussions on the appropriate regulations on privacy and consumer protection.

95. The negotiation for the 19th replenishment received a lot of support from Governors. Many Governors welcomed the negotiations, including the proposed special themes, and proposed Deputies to address some urgent challenges facing IDA including debt sustainability problems. African Governors called on the WBG to develop a framework to help African countries address the challenges jobs and economic transformation (JET).

4.2. Topics for DC during 2019 Annual Meetings

96. The Committee of the Whole (COW) met on 10 September to prepare for the DC meeting that will take place on 19 October 2019. Ministers will discuss international trade from the perspective of global value chains (GVCs). This discussion will be informed by the findings of the 2020 World Development Report. Ministers will be given an opportunity to share ideas on policies that can help countries achieve jobs and economic transformation. Many WBG member countries continue to

struggle with human capital development and Governors will continue sharing ideas on how to tackle this challenge. The issue of the review of IDA voting rights will be open for discussion and Ministers are expected to endorse the proposed scale, principles and roadmap of the review.

4.2.1. 2020 World Development Report: GVC

a) Overview

97. The World Development Report (WDR) is an annual flagship report of the World Bank Group. The focus of the WDR 2020 addition is on international trade, looking specifically on Global Value Chains (GVCs). The Report is titled "Trading for Development in the Age of the Global Value Chains".

98. This Report has been welcomed by Executive Directors during Board meeting as addressing a highly relevant and timely topic. Given the trade dispute between the United States and China, there are fears that these unresolved trade conflicts could lead to a retrenchment or a destruction of GVCs. The Report is also produced at a time where there are fears that labor saving technologies could reduce demand for labor at home and abroad. For African Chairs at the Board, the Report is more relevant as it is coming out a few months following the ratification of the Africa Continental Free Trade Area.

b) Findings of the Report

99. According to the Report, GVCs are distinguished by the fragmentation of production across countries of the traded goods and services. Backward participation in GVCs is the importation of foreign inputs for processing and further export. Forward participation is the exportation of inputs that are incorporated in the exports of other countries.

100. The Report finds that the rise of trade and global value chains (GVCs) accelerated economic growth and reduced poverty in the 1980s and 1990s. However, since the global financial crisis of 2008, the growth of trade has been sluggish and the expansion of GVCs has slowed. In terms of the sources of economic growth, the Report finds that hyper-specialization enhances efficiency and firm-to firm relationships promote the diffusion of technology, and access to capital and inputs.

101. Despite the phenomenon growth of GVCs in the last two decades, the Report finds that GVC participation has been uneven across regions, countries, and sectors. GVC growth has been concentrated in machinery, electronics, transportation, and in the regions specializing in those sectors: North America, Western Europe, and East Asia. Sub-Saharan Africa has played a minor role in the GVCs with participation limited to the exports of raw material and minerals. The distribution of the economic gains differs among the countries, trading firms and regions within countries.

102. The Report finds that firms that are part of GVCs tend to be more capital intensive and create less jobs compared to firms that are not part of value chains. Nevertheless, firms in GVCs tend to achieve larger scales of production and, therefore, create way more jobs. The Report also finds that

technology has resulted in the creation of new products (e.g. computer software). The trading of these products has helped to grow trade.

c) *Determinants of the countries' participation in GVCs*

103. The Report show that country's participation in GVCs is determined by fundamentals such as factor endowments, location and nature of its institutions. It is encouraging that the Report finds that, in the absence of these fundamental, countries can still adopt policies that can help them participate and benefit from GVCs. For example, **policies to attract FDI** *(e.g. political stability, favorable business climate and investment promotion)* can remedy the scarcity of domestic capital, technology, and management skills. **Liberalizing trade** at home while negotiating trade liberalization abroad can overcome the demand and supply constraints of a small domestic market. **Improving customs and border procedures**, promoting competition in transport and logistics services, and improving port structure and governance can address the disadvantage of a remote location.

104. In addition to adopting policies for participation in GVCs, the Report also encourages countries to adopt policies that can help in the sharing of the benefits of GVCs. These policies include labor market policies to help workers disrupted by structural change, better enforcement of labor regulations and appropriate tax policies to attract GVCs without undermining revenues.

105. The Report reflects on measures that the WBG can offer to help countries integrate in GVCs. The Report calls for the following measures:

Figure 27 How countries should integrate the GVC's

- **More attention to trade policy in WBG client countries is needed.** The challenge now is that trade policy is rarely used as a prior action in the World Bank development policy lending.
- **Support for support for regional integration.** The beyond-the-border nature of many of the challenges to GVC participation suggests that WBG multi-country interventions should be bolstered.
- **Support the mobilization for granular data for effective policy making.** Firm-to-firm relationships are one reason why GVCs have such positive impacts on development, but country/sector/product data are too aggregate to assess determinants, benefits, and costs of participation from the firm perspective.

d) *Multilateral trading system*

106. The Report warns of the potential disruptive nature of the current trade protectionist measures that countries, such as the US and China, are taking outside of the WTO. The multilateral trade system is particularly important for smaller economies that are price takers of the traded products.

107. The move by African countries towards a continental trade area should strengthen the multilateral trade system. However, significant progress must be made on policy reforms and investment in infrastructure (e.g. energy and transportation) to enable the regional value chains that will make the AfCFTA a success.

4.2.2. Jobs & Economic Transformation Agenda of the WBG

108. Further to the consensus reached during the IDA19 Second Replenishment Meetings in Addis Ababa in June 2019, ten Executive Directors, supported by the rest of the Board issued a Statement requesting the WBG management to initiate a strategic framework to guide the implementation of the JET Agenda. Following this development, a paper on JET is being prepared by management to brief Governors during the Fall 2019 Annual Meetings.

109. In the statement, Directors acknowledged the complexity of activities under JET as they involve series of interrelated and cross cutting activities across the entire WBG; and thus, making attribution difficult, and coordination and measurement a huge challenge in the absence of a strategic framework. They pointed out that the ***JET agenda in IDA countries will need a sustained resource commitment from IDA*** as economic transformation is a long-term process that yields incremental results. A recent JET Non-Paper on IDA19 jointly issued by the German and the United Kingdom argues that "*IDA makes significant investments in economic development. Of the US$ 27 billion investments approved in the first five quarters of IDA 18, nearly half were in the economic sectors (infrastructure, finance, industry, trade and agriculture). In FY18, about 9 million beneficiaries were supported by either creating more, better, and/or inclusive jobs through IDA interventions (primarily in agriculture, education and social protection projects*)." Directors thus underscored the fact that a strategic approach to the implementation of the JET agenda will better enhance the critical role IDA can play in supporting JET. This role they identified to include catalyzing job creation by helping build the conditions for profitable, jobs-rich investment and providing demonstration effects.

110. Scaling-up results and successes in the implementation of the agenda for JET would require ***coordinated interventions among many actors***. The statement noted that the WBG has a unique comparative advantage both for convening and for coordinating. They observed that in the absence of effective coordination, activities run in silos, interventions are fragmented and not properly tracked or monitored, progress is veiled while the bigger picture about results and impact is often not known and not reported. Directors argued further that the ***need to track, monitor and measure progress with appropriate indicators makes JET strategy a necessity***. They pointed out that the management Paper[3] acknowledges that progress on jobs measurement in IDA18 has helped improve understanding of the impact IDA is having on the JET agenda. This is because in FY18, WBG launched a corporate indicator monitoring jobs impacts. IFC's report *Creating Impact: The Promise of Impact Investing* provides the analytical underpinning of principles for new standards that will bring much-needed discipline, transparency, and credibility to the market. In addition, a new *Economic Transformation* indicator in the IDA18 Results Measurement System (RMS) – developed jointly by the WBG and the Department for International Development (DFID) – reports on the share of County Partnership Frameworks (CPF) that directly support economic transformation.

111. Directors argued that a JET Action Plan or an Implementation Framework will outline a balance of demand and supply-side interventions and encourage a deliberate focus on specific sets of

[3] *World Bank Paper on IDA19 Special Theme: Jobs and Economic Transformation; May 18, 2019*

operations. It will also strengthen advisory services aimed at supporting and guiding countries' efforts towards effective delivering on JET, including the coordination of partnership activities for improved outcome.

112. Directors see the ***need to pull the WBG's resources together to deliver on*** JET as imperative, since IDA is the single largest pool of resources targeted specifically at the poor. It must therefore be relied upon to work and to systematically transform the conditions of the poor. Directors underlined the position of the JET Paper on IDA19 which acknowledges the uniqueness of IDA, working together with the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) to support policymakers to deliver on a comprehensive JET agenda, given its integrated delivery model of financing, advisory, and convening services. They noted that the WBG's knowledge at the global, sectoral, and industry levels provides an integrated perspective to advise governments on policies to promote private sector-led job creation and economic transformation. A guiding framework on JET will define goals and set broad targets for effective collaboration internally and externally and clearly map out mechanisms for accountability for better result and impact.

113. During the IDA18 Mid-Term Review in Livingston, Zambia Deputies called for a "more ambitious and targeted efforts to create more and better jobs and facilitate economic transformation" in IDA 19. For the JET special theme in IDA19 to be more impactful and action-focused than IDA18, it must make four shifts[4]: stronger and deliberate focus on JET; achieving scale through collaboration and coordination; catalyzing private finance and doing more to build the project pipeline; and scaling-up transformative sectors (especially manufacturing and digital) and improving impact in sectors that enable economic transformation (especially infrastructure, cities and agriculture).The WBG needs a strategic framework to implement these shifts and maximizing poverty reduction.

114. In conclusion, Directors welcomed and supported the point that JET will increase its focus on operational impact during IDA19, acknowledging the approach as forward looking. They equally welcomed that the WBG will continue to support economic transformation and private sector development as the pathway to more and better jobs, improving the quality of jobs in the formal and informal sectors, and strengthening inclusion. They underscored the realization that the JET objectives described in the Management Paper requires a strengthened whole-of-WBG approach. Thus, the WBG would need to increasingly focus on coordinated approaches, including through integrated operations that address both demand and supply-side constraints, as well as more broadly through coordinated interventions at the sectoral, portfolio, and national/regional levels. Directors concurred with the fact that while IDA18 focused on developing knowledge and diagnostics tools to support the JET agenda, IDA19 will mark a pivot towards operational impact, including through a more deliberate focus of JET in country programs. This will not only require changing the way the WBG approaches JET, including the incentives for focusing on more transformational, job-creating

[4] *IDA19 – Delivering an Ambitious Jobs and Economic Transformation (JET) Agenda - Germany and United Kingdom Joint Non-Paper*

interventions led by the private sector; it will require a systematic JET implementation framework for the WBG. A WBG JET strategic framework is equally critical for strengthened coordination of development partners from the public and private sectors and for better collaboration with development stakeholders, both through global and regional strategic initiatives.

4.3. The Africa Food Security Leadership Dialogue, Kigali, Rwanda, August 5 – 6, 2019

115. The Africa Food Security Leadership Dialogue held in Kigali, Rwanda in summer and aims to strengthen coordination among development partners and regional efforts to support countries to accelerate progress towards their collective food and nutrition security goals as envisioned in the Comprehensive Africa Agriculture Development Program (CAADP). The Dialogue was convened and coordinated through a partnership of the Africa Union (AU) with four multilateral agencies – the World Bank Group, the Food and Agriculture Organization (FAO), the African Development Bank (AfDB), and the International Fund for Agricultural Development (IFAD). The core participants were high-level decision makers and leading technical subject matter specialists in African and international organizations, such as the AU, UN Agencies, CGIAR, AfDB, World Bank, agricultural science organizations, bilateral development partners, and private sector representatives.

116. The objective of the Dialogue was to catalyze demand for action, leveraging funding and scale up impact through improved coordination process across key multilateral development agencies and other partners working on food security and resilience.

Box 3 Food Insecurity under Climate Change

The urgency of addressing Food Insecurity under climate change in SSA

The Dialogue underscored the fact that Africa's food security situation has recently deteriorated. After a period of improved food security, the situation in the continent is said to have recently worsened, particularly in Sub-Saharan Africa. Long-term growth in per capita food production has declined since the mid-2000s, and production volatility has increased. The key drivers and implications include:

- *Conflicts and climate* – Conflict and violence in several parts of the Africa are key contributors to hunger and food insecurity.
- *Climate change impacts are projected to worsen* – and to further increase the number of drought days in Africa and shorten growing seasons.
- *African government ambitions for food security is at risk of not being met* – the 2014 Malabo Declaration set ambitious 2025 targets to end hunger, double agricultural productivity, halve post-harvest losses, and sustain agricultural GDP growth of at least 6 percent per year. Africa is not on track to meet these targets due to large periodic climate-induced production shocks.
- *Urgent attention is needed by governments and the development community to improve climate adaptation of Africa's food systems*. Incentives, knowledge, science, and finance will all need to play a role, together with increased co-ordination among the development community, to improve climate resilience of production, facilitate internal and external trade through efficient value chains, and to improve purchasing power of the most vulnerable households.

117. The African Union strongly believes that partnerships are important to implement the CAADP agenda to achieve the Malabo goals and targets, including ending hunger by 2025. The Commission (a custodian of CAADP) is highly committed to this agenda and has expressed a strong intent to continue the high-level dialogue on food security under climate change. The Dialogue was concluded with a Communique designed to formalize the commitments of the World Bank, FAO, AfDB, and IFAD to a new way of working jointly to address food and nutrition security and achieve impacts that are much larger than what the individual organizations could offer working separately.

5. CHAPTER 5 UPDATE ON WBG STANDING COMMITTEES

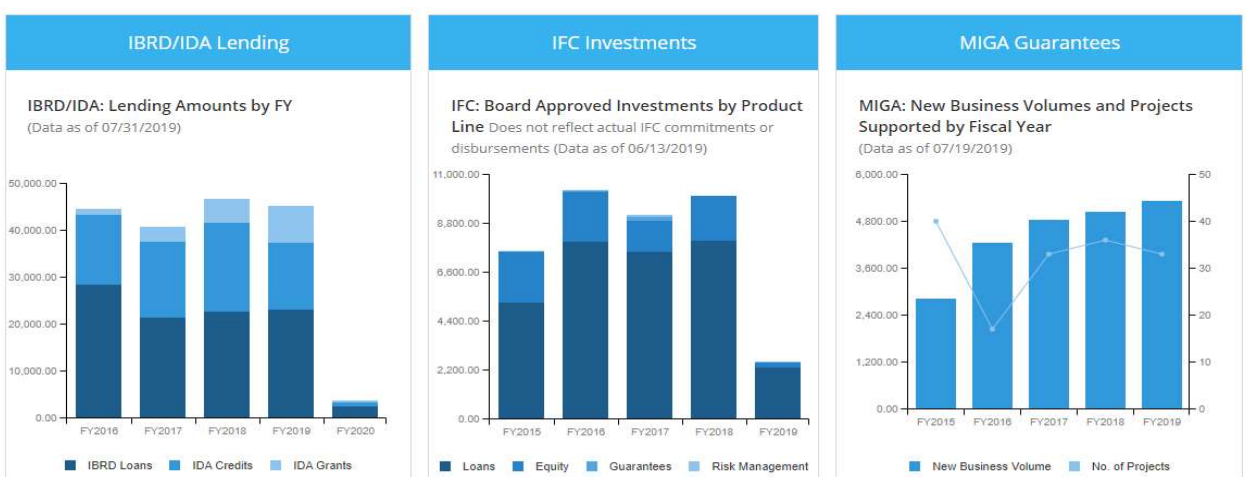
5.1.Overview

118. There are five Standing Committees of the Boards of the World Bank Group including the Audit, Budget, Development Effectiveness, Governance and Administrative Matters and Human Resources. There is also an Informal Subcommittee of CODE. Standing Committees are established to strengthen the efficiency and effectiveness of the Board in discharging its oversight responsibilities through in-depth examinations of policies and practices. Though Committees do not make decisions, they provide recommendations to the Board for its consideration and decision, if required. Committees strive for broad consensus in reaching a recommendation. The extent to which the Committee can work with Management and other key parties on pending issues, reach a consensus, and drive the ensuing Board discussion is key for the effective operation of the Board and timely decision making and for productive engagement with Management and oversight and accountability units.

5.2.Audit Committee

119. From year to year, IFC's net income is affected by several factors that can result in volatile financial performance. Beginning in FY19, IFC's net income includes all unrealized gains and losses on investments in equity securities, resulting from adopting ASU 2016-01, Recognition and Measurement of Financial Assets and Liabilities (ASU 2016-01). This has resulted in, and will continue to result in, volatility in net income given the size of IFC's current equity portfolio, the higher balances of equity investments recorded at fair value through net income, and the volatility inherent in security prices and resulting impact on investment valuations. The adoption of ASU 2016-01 also impacted the comparability of IFC's financial results between FY19 and the year ended June 30, 2018 (FY18).

Figure 28 WBG Operations



120. The overall market environment also has a significant influence on IFC's financial performance. Emerging equity markets were volatile during FY19 with a significant decline in the first half of the year and an improvement in the second half, primarily in FY19 Q3; commodity prices, including oil, declined for the year and IFC's major investment currencies depreciated against IFC's reporting currency, the US dollar. IFC reported net income of US$93 million in FY19, US$1,187 million lower than FY18 (US$1,280 million) and US$1,329 million lower than the year ended June 30, 2017 (FY17) (US$1,422 million).

121. The decline in net income in FY19 was primarily due to lower valuations on equity investments in the three months ended September 30, 2019 (FY19 Q1) and the three months ended December 31, 2019 (FY19 Q2) contributing to a net loss of US$446 million in FY19 Q1 and a net loss of $401 million in FY19 Q2 with a significant improvement in the three months ended March 31, 2019 (FY19 Q3) ($655 million net income) and the three months ended June 30, 2019 (FY19 Q4) (US$285 million net income).

122. IFC's net income was also impacted by lower realized gains on sales of equity investments and higher debt security impairment losses due to the significant depreciation of a currency that was deemed other than temporary in FY19 Q1. However, IFC also recorded higher foreign currency transaction gains on non-trading activities on foreign exchange hedges of the exposure in these investments, which substantially offset the impact of the debt security impairment losses. IFC also recorded higher income from liquid asset trading activities, higher loan and debt security net interest income, and higher net foreign currency gains on non-trading activities.

5.3. Budget Committee

123. The Bank continues to pursue efficiencies and economies of scale as part of its Forward Look and Capital Package commitments. Efficiencies (including workforce structure and compensation methodology reform, optimization of corporate procurement and real estate management, and continued rationalization of travel expenses, among others) and economies of scale (including the scale-up of average project size, and containment of overhead costs as business expands) informed the FY20-FY22 budget planning cycle and adjusted unit budget trajectories accordingly. These were supported by a series of expenditure and revenue measures, including loan pricing increases, an ambitious Expenditure Review which generated over US$300 million in Bank Budget (BB) savings and an additional US$40 million of savings in Bank Executed Trust Funds (BETFs).

124. The Board approved the FY20 World Bank Budget ($2,721m) in June 2019, with a nominal increase of 4.2% (and 1.8% in real terms) from FY19. The proposed FY20-22 budget trajectory will maintain budget sustainability and contribute to the Bank's financial strengthening. The World Bank reported a small underrun of $8.5m (0.3% of the Bank Budget) from a net administrative expenditure of $2,602.5m against the Board approved budget of $2,611.0m, which included an underrun of $8.6m on the revised budget allocated to the Board.

125. Complementing the Bank's own administrative budget in FY19, externally-funded expenditures of $1,650.5m registered a 2.7% increase over FY18. The reported results and final budgets of the Operational Units include the increase of $32.7m of budget allocated to them during the year to address the IBRD Capital Package commitments.

126. With respect to expense type, staff costs increased by 4.9% ($94.5m) and 4.3% ($99.2m) respectively, due to increases in salary level and net staff count within approved staffing plans, staff benefits and staff separation costs, dictated by operational needs and grade-mix rebalancing (see staffing section below). Non-staff expenses (in terms of all sources of funds) increased in depreciation (3.7%, $4.9m) mainly driven by IT projects, and decreased in equipment and building (2.2%, $4.8m). Due to a combination of higher revenues and cost containment, FY19 marked the first time in recent history where both IBRD and IDA budget anchors together fell below 100%. IBRD's budget anchor of 79.4% improved by 8.6 percentage points over FY18 and is within the target zone of 75%-95% in the FY19-21 period. IDA's budget anchor improved to 97.6% from 102.5% in FY18.

127. As part of the WBG approach to foster a culture of efficiency through the US$400 million Group-wide Expenditure Review program, the Bank realized savings of about US$340 million (US$300 million clawed-back from Bank Budget and US$40 million benefiting External Funds) by FY18 against the agreed "Everything Else Being Equal" budget. Sustainable efficiency gains have been achieved mainly in areas related to organizational changes, travel, workforce, technology, and facilities – an effort which was made more challenging as changes in our business model increased the costs of doing business.

5.4. Committee on Development Effectiveness

128. The Committee on Development Effectiveness (CODE) has been engaged for the most part with in the review of the World Bank Group accountability mechanisms namely: The Inspection Panel Tool (IPN) kit and that of the Compliance Advisory Office (CAO). The case of the IPN Tool kit review which started which with an external review since last year is nearing completion as most of the critical areas have been agreed upon. The remaining areas of contention are being addressed with more regular consultations with all stakeholders. For the CAO, an external review on its role and effectiveness. It is hoped that the successful completion of these reviews will strengthen these accountability mechanisms and position the World Bank for the renewed mandate imposed on it by the last capital package.

5.5.Committee on Governance and Administrative Matters

129. The ANSA Constituency is not a full member of COGAM but participated in all the discussions of the Committee. Since the beginning of 2019, the Committee discussed the review of IDA voting rights, approved the extension of the Voice Secondment Program and took stock of the process of reviewing the performance of the WBG President and the Board.

130. **IDA voting rights -** COGAM received a report-back from management on the discussion on IDA voting rights. An update was provided to the Committee from the discussions that took place among IDA Deputies during the IDA18 mid-term review meeting in Zambia. The Committee discussed the ideal process of undertaking the review. COGAM expressed the desire for the Committee to eventually lead the review in a close working relationship with IDA Deputies. The Committee called for IDA Deputies to first develop principles for the review, define the scope and outline a roadmap for the review. The 3 elements of the principles, scope and a roadmap were agreed upon by IDA Deputies in April 2019 during the Spring Meetings.

131. **Phase 2 of Voice Secondment Program -** The Committee approved the third phase of the Voice Secondment Program. The VSP was initiated in 2004 to promote capacity-building of government officials from eligible client countries in WBG-operational policies, procedures and instruments. The VSP was first approved by the Board in April 2004 as a pilot program. After a successful pilot phase of 5 years, the Board confirmed the VSP for its first 5-year phase ending in FY15 and a second phase that will end in FY20. The Committee also discussed options for expanding the size of the VSP cohorts to countries that have not participated in the Program as well as to countries receiving Reimbursable Technical Assistance (RAS) from the WBG. SEC was requested to examine budgetary and administrative issues associated with such expansion for future implementation.

132. **Reviewing the Performance of the President and the Executive Board -** COGAM discussed the process of reviewing the performance of the WBG President and the self-assessment process of the Board. The performance review of the President is done annually. During the discussions, there were concerns by the Committee that the review of the President was too cordial and was not robust enough. Issues that COGAM members will work to improve for stronger performance of the WBG President are sustained engagement with Board, consultation with the Board on strategic direction of the Bank and consultation on the selection of senior staff. COGAM would also like the President to provide more feedback to the Board on foreign trips.

133. The Board undertakes a process of self-assessment for its own performance annually. The assessment is based on a questionnaire that is provided to EDs to seek their views on the different areas of the Board functions (Board meetings, Board Committees, setting strategic direction for WBG). The EDs responses to the questionnaire are collated and summarized into a report and an

Action Plan. COGAM approved the Questionnaire to review FY20 performance. The issues that seem to have been significant in the performance of the Board in the past were the need to limit interventions during Board meetings, bunging of projects towards end of the financial year, high number of technical briefing, limited participation by the Board in the appointment of senior staff (e.g. VPs), inadequate participation in the decisions of allocating the different chairs to Board Committees.

5.6.Human Resource Committee (HRC)

134. The ANSA Constituency Executive Director is a full member of the Human Resource Committee of the World Bank Group. Between Spring and publishing of this report, the Committee had considered a number of important HR matters among which are the key ones summarized below.

135. ***Performance management system*** - The HRC met for a working lunch on *May 2, 2019* to discuss the WBG staff performance management system. The Bank and IFC Management highlighted how the current performance management approach is ineffective, and outlined some ongoing challenges, namely low trust in the system, low perceived value and impact by staff and managers, perception of linkages between performance and pay, division of responsibility between management and HR, and a need to better train managers. Management reinforced the need for a cultural change within the WBG to impact the value of performance management. Management briefed members on the recommendations for a renewed approach based on improving everyday interactions, enabling simplified agile processes, and focus on managerial performance. These proposed changes to the performance management will be introduced in the Bank while IFC is reviewing the changes for future consideration.

136. Overall the members were pleased with the new initiatives, reiterating the need to provide staff with increased awareness of how they are performing. They welcomed the new approach's focus on continuous check-ins with on-going feedback throughout the year; and were of the view that the approach will help increase productivity and transparency.

137. ***Activities of the Ethics and Business Conduct Department (EBC)*** - The Committee on *July 24, 2019* discussed the Activities of the Ethics and Business Conduct Department (EBC) in Fiscal Year 2019 during which Management presented the progress in implementing EBC's FY19-21 strategy and its plans for prevention, building trust and accountability. Management has made progress in tackling sexual harassment by launching the Action Plan to Prevent and Address Sexual Harassment.

138. Members welcomed the update and commended EBC for its considerable progress including in implementing the strategy, increasing training and global footprint, promoting the Code of Conduct, reducing the time for investigations, and tackling harassment including hiring an anti-

harassment coordinator and launching the Sexual Harassment Action Plan. Members underscored the importance of creating an ethical culture at the Bank which requires setting the tone from the top and ensuring that staff behaviors align with the Bank's core values.

139. ***Decentralization*** – On *August 6, 2019*, the Committee had a working lunch to discuss the IBRD and IFC decentralization plans and implications for staffing, the footprint, and HR policies. At the meeting, Bank Management outlined that decentralization will help respond to the objectives set out under the Forward Look, IDA19 and HC Project, amongst other mandates. It would also help push the Bank's global footprint and position the WBG to enhance delivery in more agile and high impact engagements, with better risk management. The goal of the decentralization efforts is to increase operational effectiveness whilst providing quality services.

140. IFC management also briefed the HRC on their decentralization plans. With a current field presence of 55%, their goal is to strive towards further decentralization of up to 65%, with concerted efforts to shift towards operations. IFC expects to open 9 new offices in FY20, and the IFC management are working towards an appropriate balance between hubs and country offices; they note Africa region has 3 hubs which had worked well though country and industry needs will evolve with delivery of strategy.

141. Members were clear on the message that decentralization should not be viewed as a cost cutting initiative, but one which will help serve clients to meet the goals set out in the Forward Look, IDA19, and the capital package; and maintain and grow the WBG's reputation as a knowledge center on core issues. Members noted that there is still room for a strong headquarters in this regard. They also highlighted that defining the typology of offices (Part 1 or 2, hub or country office) should be based on business needs. Finally, they supported the approach for harmonizing the benefit packages to match cost of living to DC for all employment types but particularly to 3rd country nationals (not from the country office, but from the region).

142. On ***Inclusion*** and ***Education diversity***, the assessment of the top ten countries for staff education shift slight in the countries for master's degrees and, at the Doctoral level, including South Africa alongside with China and Switzerland. To support the diversity agenda, the WBG conducted outreach to several new colleges and universities. In Africa the outreach covered mainly Angola and South Africa, as following table.

Table 3 FY19 Outreach and Recruitment Universities in Africa

Region	Institutions	
Africa	• Agostinho Neto University, AO • Catholic University of Angola, AO • ISPTEC, AO • Strathmore University, Kenya • Universidade Mandume ya Ndemufayo, AO • University of Botswana, BW	• University of Cape Town, SA • University of Johannesburg, SA • University of Nairobi, KE • University of Namibia, NA • University of Pretoria, SA • University of the Witswatersrand, SA

6. CHAPTER 6 **UPDATE ON CONSTITUENCY MATTERS**

6.1.Coordination of Sub-Saharan African Chairs in the World Bank

143. The 3 core African Chairs on the Executive Board of the WBG committed to working together to strengthen the effectiveness of SSA's voice in the Board and the Bank. Accordingly, the 3 chairs rotate on a six-monthly basis, responsibility for the coordination of positions on different policy and operational issues that materially affect African countries in the Executive Board and the Bank. The ANSA constituency currently chairs the coordination of the SSA Chairs for a six-month period of June-Dec 2016. So far, most of the coordination has been targeted at Board Statements for investment projects and Development Policy operations going to African countries.

144. So far, the office has taken the lead on strategic engagements with the WBG management on issues such on an update regarding the upcoming MIGA 3 years Strategy and on the Action Plan for Africa to implement IFC 3.0 Strategy. On behalf of the 3 offices, the ANSA Constituency has requested audience with President Malpass to seek his assistance for an engagement with the United States government for an ambitious IDA19 replenishments. The office is facilitating preparations for major events involving the 3 African Chairs during the 2019 Annual Meetings including the Development Committee, African Caucus engagement with WBG President and the IMF Managing Director and the concluding meetings of the IDA19 Replenishment.

6.2.African Caucus Meetings in Accra, Ghana

145. The 2019 Africa Caucus meetings took place in Accra Ghana, from July 31 – August 2, 2019 with His Excellency Nana Addo Dankwa Akufo – Addo decaling the meetings open with a strong call for Africa to take its destiny in its hands as we move beyond aids. Attended by representative of forty – eight African Countries, the meeting went into plenary sessions with three eminent Panels session and 4 special information session. Almost all Panels were addressed by African Governors except for a few Panelists from both the WBG and the Private sector on the continent. The three - day meeting had series of high - level dialogues, led by eminent presenters and Panelists followed by robust discussions, which centered on the followings: Enhancing Human Capacity and Skills Development to accelerate Jobs and Economic Transformation; Strengthening institutional Capacity and Public Financial Management; Promoting Innovative Finance for Private Sector – led Growth; Presentation on the IMF Governance Framework; Review of Facilities for Low Income Countries by the IMF; Presentation on Africa's Development Financing Needs and Debt Dynamics: A way forward by Former President of AfDB; An update on Industrialization and Export Development: Industrial Parks and Special Economic Zones – the case of Ghana; Presentation on IBRD and IFC Capital

Increase by eth VP Corp Sec for WBG; WBG Strategy for Africa and advocacy for IDA – 19 Replenishment by the WBG Vice President for Africa Region.

Figure 29 Caucus Meeting Opening Section

146. The photography above shows His Excellency, President Nana Addo Dankwa Akufo – Addo declaring open the Caucus meetings. He is supported by Hon Minister of Finance, Ghana and Chair of Caucus, Hon. Ken Ofori -Atta MP, on the right while the First Vice Chair of the Caucus, Minister Alamine Mey of Cameroon looks on.

Figure 30 Panel on "Supporting and stimulating sustainable economic growth" His Excellency Hon Tito Mboweni, South African Minster of Finance

147. Among the distinguished participants was Honourable Tito Mboweni, South African Minister of Finance who drawing from his rich background as former Governor of eth Reserve Bank and current Finance Minister advised the Caucus on policy choices both from the monetary and fiscal

sides on how best the private sector can be leveraged to support and stimulate sustainable economic growth on the continent.

148. At the end of the three - day meetings, Governors issued the Accra Declaration, attached as Annex II which succinctly summarized deliberations by Governors. The issues in the 2019 Accra declaration informed the 2019 Memorandum to the Heads of the BWI. The 2019 Memorandum is largely in line with the principal themes of the meeting as well as other critical areas of importance to eth continent like Trade Facilitation and the Continental Free Trade Area (CFTA), Illicit Financial Flows (IFFs), Robust IDA – 19 Replenishment as well as deep appreciation to the out - going MD of the IMF including a call for an open and transparent process in the selection of a new MD for the IMF.

Figure 31 A cross-section of the African EDs and some representatives of the Management of the BWI at the Caucus

149. The Final Memorandum of the African Governors which is attached as Annex III would be officially presented to the President of the World Bank, Mr. David Malpas and the Managing Director of the IMF on Sunday, October 20, 2019. The next meeting of the African Caucus is scheduled to hold in Yaoundé, Cameroon on a date to be determined in July or August 2020 and it will be Chaired by the Cameroonian Minister of Finance.

Figure 32 Members of the Technical Committee, both the WBG and the IMF with the Chair of Caucus

6.3.Update on the Voice Secondment Program

150. In 2004, the Executive Directors approved the VSP in 2004 five - year pilot approved which is expected to consist of twenty – five (25) participants. The VSP has by the Eds has come of age currently in its 3rd cohort moving ahead to a new cohort in 2020. The VSP aims to improve the capacity of DTC in dealing with the WBG as well as accelerating South – South Cooperation.

151. One official from Angola, Ms. Martina Chiomara Fernandes participated in the 15th Cohort in 2018. Nominations for the 16th Cohort of the VSP has been finalized and again only one candidate from Angola, Ms. De Castro Teresa was successful from our constituency. The Cohort is expected to begin on 6 January 2020. Capitals are advised to note that the process I s increasingly becoming very competitive as many hitherto uninterested countries have shown considerable appetite now. In view of the above, it is advisable for countries to develop credible pipeline and nominate strong candidates going forward. It is instructive that the Candidate from Angola had the highest score from over sixty – seven (67) candidates globally. As a 5 - yearly approved renewable program, the Executive Board recently through its oversight body COGAM undertook a comprehensive evaluation of the VSP with a view to determining its continuity, making necessary adjustments and or its outright scrapping. After a three - months evaluations, the eternal consultants submitted a report which the both COGAM and the Executive Board considered favorable and approved continuation of the next Cohort with some adjustments to possibly increase the number of participants from twenty – five to thirty annually. The details are been finalized by the management.

6.4. Staff Changes

152. The ANSA Constituency has witnessed significant staff changes. These are as follows:

- **Ms Larai Hajara Shuaibu** – from Nigeria assumed duty as Executive Director effective October 10, 2019. Ms Shuaibu was elected as Executive Director to complete the tenure of Nigeria represented by Mr Haruna Mohammed who passed away in February 2019.
- **Ms Barbara T. Molakeng** – from South Africa assumed her duty as Executive Assistant to Executive Director effective July 15, 2019.
- **Mr Mario Caetano Joao** – from Angola relinquished his duty as Advisor to Executive Director with effect from September 21, 2019.
- **Gil Matos Henriques** – from Angola assumed his duty as Advisor to Executive Director with effect from September 16, 2019.

153. Other notable staff changes in the World Bank include:

- **Kristalina Georgieva** – relinquished her duty as Chief Executive Officer of the World Bank Group and assumed her duty as the Managing Director of the International Monetary Fund; following the resignation of Madame Christine Lagarde.
- **Mr Axel von Trotsenburg** – relinquished his duty as Vice President for Latin American and the Caribbean Region and assumed his duty as Managing Director Operations at the World Bank with effect from October 01, 2019.
- **Abdoulaye Seck –** relinquished her duty as Country Director for Afghanistan and assumed his duty as Country Director for Cameroon, Angola, Equatorial Guinea, Gabon, and Sao Tome & Principe with effect from April 02, 2019
- **Ms. Marie Francoise Marie-Nelly** – relinquished her duty as Country Director for Morocco and assumed her duty as Country Director for South Africa with effect from September 16, 2019.
- **Mr Shubham Chaudhuri** – relinquished his duty as Country Director for Afghanistan and assumed his duty as Country Director for Nigeria with effect from Tuesday, October 01, 2019

6.5. Travels

154. The management system has reported a total of 39 approved travels, essentially related to constituency travel matter, followed by conference attendance.

Figure 33 Number of travels per purpose

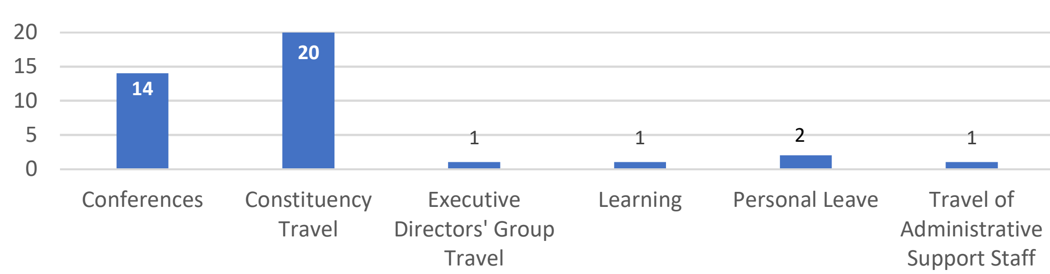
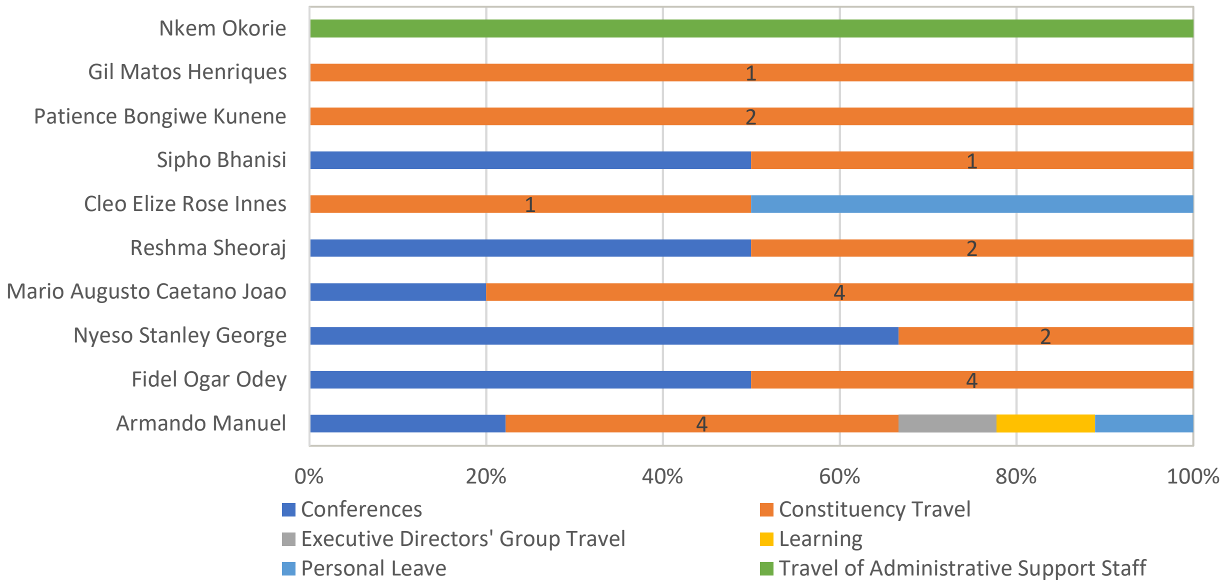


Figure 34 Travels per traveler and purpose

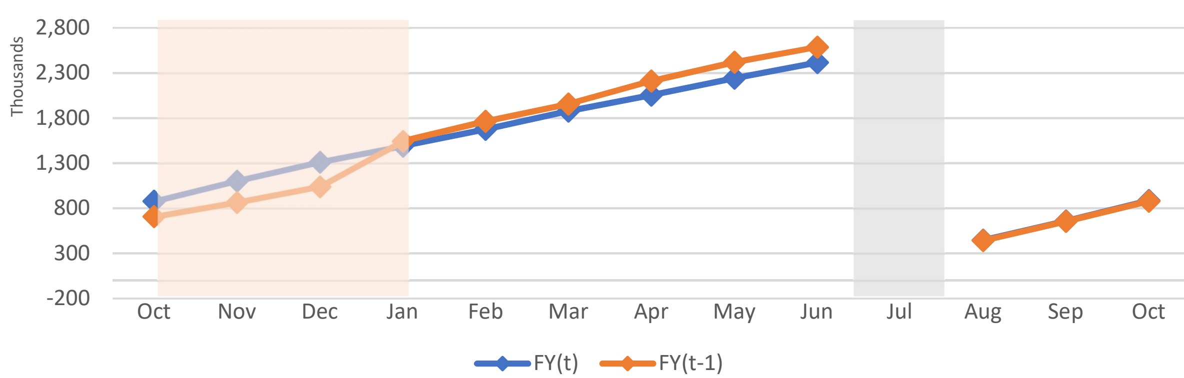


6.6.Budget Execution

155. The monthly Budget Report status as of October 31, 2018 was executed by 32.9%, as compared to 33% in the year F18. Fixed costs were executed by 31% compared to 32% in FY18, while variable cost reached 50.9% against the 52.9% in FY18.

156. The monthly trend of analysis of office has gone smoothly when compared to the previous year. From January spending was kept below the previous year levels, while in the last quarter the gap has narrowed as indicates the following illustration.

Figure 35 Monthly Expenses trend Analysis EDS25



7. ANNEX

7.1. IDA19 Replenishment Addis – Thursday, June 20, 2019

Oral Statement by Ms Larai H Shuaibu of Nigeria
Lead Speaker on IDA19 Resource Requirement

Chair

The call for a Strong IDA19 Replenishment is a continuation of the call for a more ambitious IDA19. Much has been said at this meeting regarding the URGENCY with which we must approach IDA19 given that it is just about ten years to 2030. The **immediacy of this urgency** is driven by our collective risks of missing the SDGs if our efforts are not amplified to close financing gaps, accelerate growth, conquer new and emerging development challenges, safeguard achievements and, build resilience. There have been calls from all quarters for a more ambitious IDA19. We are pleased to see IDA Management responding positively to the call for greater ambition. Our collective goal should therefore, remain our commitment to a coherent, holistic, inclusive, transparent and action-oriented approach, embracing all processes and initiatives aimed at achieving the SDGs. Strong solidarity, active collaboration, effective partnership and coordination among all relevant stakeholders is necessary to make this happen.

2. This is also both a call and a statement of commitment that IDA Borrowing Countries, must remain committed to reforms that accelerate the development process. We have confidence in our partnership with IDA, which spans several decades. We commend Deputies and Management for the important role that IDA is playing and will continue to play as a trusted partner in development. We are happy and confident with the package that has been negotiated so far for IDA19. In particular, we welcome the continuation of all the special themes and the PSW, as well the improvements to the various facilities especially under FCV. On impact, the framework of operational commitments under IDA18 to date is a clear demonstration of the capacity of IDA to deliver at scale. We are confident that we will be able to strike a balance in IDA19 between the ambition raised and the capacity to absorb under the high Scenario. We appreciate the Deputies' push and elevated appetite for greater risks that has enabled IDA to operate in FCS. We therefore, commend the proposal to scale up allocation to FCV building upon the increase under IDA18. This commitment to work in the most challenging places while partnering with other organizations is one of IDA's key strengths. We call on IDA to remain innovative and continue to strive

to develop integrated financing frameworks, to help align countries' priorities towards the SDGs.

3. IDA countries will continue to rely on IDA's capacity, vast knowledge, financing and convening power to deliver better development results and impact. Under IDA18, Borrowing Countries called for IDA to be fit-for-purpose. Management and Deputies responded with innovation and ambition by leveraging IDA's balance sheet and introduced new special themes (JET & Governance and Institutions) and created transformative facilities such as the PSW. We once again call on Deputies and all stakeholders to rise to the challenge for a more ambitious IDA19 package.

4. Through our dependable partnership with IDA, increasing number of our countries have remained committed to the fight to end poverty and hunger; combat inequalities; enhance inclusiveness; promote gender equality and empowerment of women and girls; and ensure sustainable development. We are also committed to protect the environment, invest in social sector, particularly in education and health, embark on human capital development, protect human rights, and promote security and peaceful environment. We have achieved milestones on these fronts through our enduring partnership with IDA, which has also enabled us scale up investments in inclusive and equitable quality education and health services. Investing in quality, accessible, affordable, reliable, sustainable and resilient infrastructure, including transport, energy, water and sanitation for all, remain critical for achieving many of the SDGs. We recognize that infrastructure must be gender-responsive and also accessible for persons with disabilities. These are the needs and challenges that IDA19 is being called upon to address.

5. Delivering on a higher set of ambitions with great impact, while building on past achievements and consolidating IDA's long-term financial sustainability will require a robust replenishment. Borrower countries hereby reinforce and corroborate the message on high client demand, estimated at more than US$90 billion. The Regional Window and the Scale Up Facility have both registered strong demand and the absorptive capacities are there. We therefore, strongly urge Deputies to look at the needs on the ground, as well as the urgency of achieving the 2030 development goals and, reach for the high scenario of US$86 billion.

6. We would like to express our strong appreciation to IDA18 donor countries and encourage new donors to join existing ones in this noble effort to end extreme poverty and restore quality and dignity to life. The Result Management System shows that IDA is already returning a dividend on investments made earlier. Reaching for

greater impact and ambition requires that there is an accompanying financing envelope to minimize the trade-offs between important priorities. We once again, reiterate our call for a strong replenishment and an ambitious IDA19 financing and policy package

7. Nigeria was pleased to join a new class of lenders in 2017 under IDA18 and will strive to remain a predictable IDA donor going forward, despite our constrained fiscal head room. For us, ***poverty anywhere is a problem everywhere***. It is a call of duty to assist countries that are still rising the path of development with many challenges. That is what motivated Nigeria to step forward as first-time contributor during IDA18 replenishment. We will therefore like to call on all non-traditional IDA members who are not yet contributors to rise in solidarity with the ambition of IDA19 for the world's poor and vulnerable. We call on those who are already contributors to respond positively to the call for a more ambitious IDA19 Replenishment.

8. In closing Co-Chairs and Deputies, attaining a robust replenishment of US$86 billion will:

- Enable more girls in schools; recruitment and training of more teachers; and make school environments friendlier to girls
- Improve the delivery of health services, immunize more children against killer diseases, and reduce infant mortality
- Improve connectivity and access to electricity, including in rural areas
- Improve transport infrastructure and enhance regional connectivity
- Build Resilience against climate change, and promote climate smart agriculture, and save our planet.
- Enhance more effective policy implementation, better and more transparent management of resources and corruption, and build strong institutions, including for debt management, domestic resource mobilization, and service delivery.
- Advance the agenda on disabilities and inclusion
- Leverage the rapidly changing technology, and digital economy; and
- Support private sector development and drive the overall economic transformation agenda.

Dear deputies and donors, this is the task before us and our generation. Can the world's poor depend on you?

I thank you all.

7.2. Development Committee Communique – Spring Meetings, 2019.

1. The Development Committee met today, April 13, in Washington, D.C.

2. The global outlook foresees a moderate slowdown in economic activity, while lingering downside risks remain. Global trade growth has weakened, investment prospects have softened, debt vulnerabilities persist, and policy uncertainty weighs on confidence. We reiterate the important role of international trade and investment as engines of growth, productivity, innovation, job creation and sustainable development. We continue to support the World Bank Group (WBG) and the International Monetary Fund (IMF) in their multipronged approach, with borrowers and creditors, to improve the recording, monitoring, and reporting of public and private debt, as well as efforts to strengthen creditor coordination in debt restructuring situations, drawing on existing fora. We stress the importance of adopting growth-enhancing policies while containing risks and protecting the most vulnerable. We call on both institutions to work jointly with policy makers to identify the right balance, given country circumstances, between supporting demand and rebuilding fiscal space; to help countries improve debt management capacity, sustainability, and transparency; and to strengthen domestic resource mobilization.

3. We endorsed a transformative capital package for IBRD and IFC one year ago. This package and the Forward Look guide the WBG’s strategic direction to 2030. We welcome the paper *Update: The Forward Look and IBRD-IFC Capital Package Implementation* and the significant policy reforms delivered, including: IBRD loan pricing and Single Borrower Limit differentiation, the IFC additionality framework, the IBRD Financial Sustainability Framework, and the revised methodology for staff compensation. We also note the strong yet selective WBG engagement in countries above the graduation discussion income as reflected in the revised guidance for country partnership frameworks. We encourage the Bank Group to continue implementing and monitoring the agreed efficiency measures. We request management to continue tracking progress against the Forward Look and capital package commitments and to update the Governors in one year.

4. We welcome the ongoing work by shareholders to start the subscription documentation and payment process for the IBRD capital increase launched on October 2, 2018. We urge that all outstanding adoptions of IFC resolutions be secured by September 18, 2019.

5. We remain committed to the twin goals of ending extreme poverty and boosting shared prosperity as well as the WBG's global role and the objectives set out in the Forward Look: (i) serving all clients; (ii) leading on the global public goods agenda, (iii) creating markets, and (iv) continually improving the business and operational model. Effective implementation will require strong country partnership with IBRD and IDA clients with a focus on measurable development outcomes. The capital package will enhance WBG leadership in the key areas of crisis preparedness, prevention and management; situations of fragility, conflict and violence (FCV); climate change; gender equality; knowledge and convening; and regional integration.

6. The Bank's fund for the poorest countries, IDA, is critical to reaching the WBG's goals as well as to achieving the Sustainable Development Goals (SDGs). We welcome the strong delivery of the ambitious and innovative IDA18 package and support recently proposed adjustments, particularly the reallocation across IDA windows. We call on the Bank Group to strengthen emphasis on jobs and economic transformation in IDA countries, one of the IDA19 special themes. We also support the other special themes – governance and institutions, gender, climate change and FCV – as well as the cross-cutting areas of debt, disability, human capital and technology. We observe the rising debt levels in IDA countries and encourage measures to enhance their debt sustainability. We look forward to the outcomes of the upcoming meeting of IDA Deputies and their guidance on strategic directions and the IDA19 Roadmap.

7. We welcome the *Mainstreaming the Approach to Disruptive and Transformative Technologies at the World Bank Group* paper and the WBG's efforts to make these technologies affordable and accessible for developing countries. We encourage the WBG to create opportunities for the poor and mitigate risks associated with technology. We ask the Bank Group to continue to work with countries as well as private and public sector partners to mainstream this agenda across sectors. We particularly welcome its work on competitiveness, innovation and consumer protection by supporting agile regulations. We also call on the WBG and IMF to continue work on fintech issues, building on the momentum generated by the Bali Fintech Agenda.

8. Investments in human capital that produce better learning and health outcomes are critical to productivity and economic well-being. We welcome the strong start on the Human Capital Project and the fact that close to 60 countries have joined thus far. We request further development of disaggregated data and refinement of indicators under the Human Capital Index and an emphasis on policy

reforms that achieve tangible results. We look forward to an update on the Human Capital Project in October 2019.

9. The private sector plays a key role in providing sustainable solutions to development challenges, creating markets, mobilizing investment and generating jobs. We encourage the WBG to foster enabling business environments, leverage capital, and implement the Cascade to maximize finance for development. We support the IFC 3.0 strategy to catalyze private sector investments. We acknowledge IFC and MIGA efforts to increase investments in IDA countries and fragile situations, and we support the use of the IDA Private Sector Window to reach the most vulnerable, recognizing that such projects come with higher risks. We call on the World Bank, IFC and MIGA to be innovative and work together in mobilizing private sector solutions and resources, leveraging sectoral reforms, and mitigating investment risks.

10. Fragility, conflict and violence cause human suffering, vulnerability and displacement, and economic stress, all posing challenges to delivering the 2030 Agenda. In addition, economic crises, natural disasters, and pandemics can test countries' resilience and threaten development gains. Building institutional capacity, developing disaster resilience, and encouraging knowledge sharing and south-south cooperation are also key priorities, particularly for small states. We support strengthening domestic resource mobilization, addressing illicit financial flows and corruption, as well as investing in quality infrastructure and enhancing energy security to improve the response to crises. We reiterate the importance of delivering on the WBG's Climate Change Action Plan. We look forward to the development of a strategy on FCV.

11. As the WBG scales up work in high-risk scenarios, where institutional capacity is often weak, strong environmental and social protections and accountability processes are critical, and we support the WBG's continued commitment in these areas. We acknowledge the important role that the World Bank's Inspection Panel and the IFC and MIGA Compliance Advisor Ombudsman play in accountability, lessons learned, and mitigating risks in an efficient and effective way.

12. We urge the WBG to continue to work closely with public and private partners including international financial institutions and the UN, on the most pressing development challenges. We note that heads of state will gather in September for the UN summit focusing on climate, universal health coverage, SDGs, financing for development, and small island developing states. We also underscore

the importance of continued WBG and IMF collaboration in implementing their respective mandates as well as the potential of multilateral development banks working as a system to improve their response to common challenges, including through a coordinated country platform approach.

13. We are encouraged by progress on diversity and inclusion among WBG staff and management, and we continue to support the Board in its work to enhance and promote gender diversity at the WBG Executive Boards. Closing gender gaps is smart economics, while balanced representation and full gender equality are central to the Bank's mission. We urge continued work on this front.

14. We congratulate Mr. David Malpass on his selection as President of the World Bank Group and look forward to working closely with him. We value his strong commitment to the Bank Group, its mission and strategy. We express our appreciation to Dr. Jim Yong Kim for his leadership of the WBG and its significant accomplishments during his tenure. We also thank Ms. Kristalina Georgieva for her leadership and effective management of WBG affairs as Interim President.

15. The next meeting of the Development Committee is scheduled for October 19, 2019, in Washington, DC.

7.3. G24 Communique – Spring Meetings 2019.

INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL MONETARY AFFAIRS AND DEVELOPMENT

COMMUNIQUÉ
Washington D.C., April 11, 2019

1. We held our meeting in Washington DC with Julio Velarde, Governor of the Central Reserve Bank of Peru as Chair, Ken Ofori-Atta, Minister of Finance of Ghana as 1st Vice-Chair, and Peyman Ghorbani, Vice-Governor of the Central Bank of Iran as 2nd Vice-Chair.

2. We congratulate and welcome Mr. David Malpass on his selection as President of the World Bank Group (WBG) and thank Mr. Jim Kim for his leadership and contributions during his tenure. We thank Ms. Kristalina Georgieva for her effective stewardship as Interim President.

Navigating the Uncertain Global Environment to Support Inclusive Growth

3. Global growth is expected to moderate this year but is projected to pick up in 2020, reflecting the continued dynamism of emerging market and developing economies (EMDEs). However, projected growth would be uneven across EMDEs. Important downside risks remain from ongoing trade tensions, sharp tightening in financial conditions and large swings in commodity prices, amid more limited policy space to address downturns. Major challenges to be addressed include weak productivity growth, increasing inequality, climate change, migration, demographic shifts and policy uncertainty. We call for stronger international cooperation to ease global risks and help address these challenges.

4. We call for a collective response to resolve ongoing trade tensions within a rules-based multilateral trading system. International trade has delivered enormous benefits globally and has been an important engine of growth among G-24 countries and EMDEs more generally. We stand ready to work with other members of the global community to foster a modern, open, rules-based, non-discriminatory and equitable multilateral trading system.

5. We reiterate our call for a strong Global Financial Safety Net with a quota-based and adequately resourced IMF at its center. In view of rising global uncertainty, we call for at least maintaining the IMF’s current lending capacity, which should be preferably met

by increasing quota resources. We deeply regret the insufficient support so far for a quota increase under the 15th General Review of Quotas, which could require continued reliance by the Fund on borrowed resources to maintain its lending capacity. This also has unfortunately delayed the needed realignment of quotas that was intended to reflect the greater share of dynamic EMDEs in the global economy and increase the share of EMDEs as a group, while protecting the quota shares of the poorest countries. Going forward, we continue to support progress in quota and governance reforms in the IMF, including agreement on a new quota formula.

6. On the occasion of the 50th anniversary of the reform that included the Special Drawing Rights (SDR) in the IMF Articles of Agreement, we reiterate our call for a more active use of SDRs as a reserve asset.

7. We call on the IMF to intensify its ongoing integrated surveillance efforts to assess the spillovers of domestic policies of systemically important countries on EMDEs and stress the importance of responsible policies in this area. Within the Institutional View, we reiterate our call for a balanced and context-based assessment by the IMF of the appropriateness of the mix of measures used by countries in dealing with capital volatility to ensure financial stability. In this regard, we welcome the Fund's work on an Integrated Policy Framework.

8. We urge the IMF to continue adapting its lending toolkit, including program design and conditionality, to members' evolving circumstances and needs. We welcome the Fund's proposals to strengthen its lending toolkit for low-income countries (LICs). We call for more tailored engagement with countries in fragile situations and small developing states. We support a significant increase in access limits within the Poverty Reduction and Growth Trust (PRGT) to address erosion relative to Gross Domestic Product (GDP) and trade growth over time. We therefore urge the Fund to ensure adequate resources for the PRGT to support the growing balance of payments needs of LICs. We encourage the IMF to reconsider a short-term liquidity swap instrument in a way that addresses the concerns of members and consider a broader set of contingency arrangements for EMDEs.

9. Debt vulnerabilities have increased in many countries, including LICs. We welcome the joint IMF/WBG multipronged approach for addressing rising debt vulnerabilities. We look forward to a review of their relevant policies. We urge the international community to strengthen its support for developing countries' efforts to deal with the interrelated challenges of debt and growth. We call for

stronger action from the WBG, IMF and other international organizations to support capacity building for fiscal and debt management, increasing the efficiency of investment programs, ensuring debt transparency, building a comprehensive database and developing domestic capital markets. We emphasize the joint responsibilities of debtors and creditors in fostering debt sustainability, and stress that creditor coordination should be strengthened in debt restructuring situations with a view to facilitating sustained debtor economic and fiscal recovery.

10. To address the challenges created by climate change, we are committed to meeting our undertakings under our Nationally Determined Contributions. We call on the IMF, WBG and other international financial institutions (IFIs) to intensify their efforts to address climate risks. We look forward to developed countries delivering on their commitment to provide US$100 billion per year additional financing by 2020 to support EMDEs' climate actions. Multilateral Development Banks (MDBs) are well positioned to support the scaling up of EMDEs' investments in sustainable infrastructure, which will substantially contribute to growth and climate objectives. MDBs should work together to harness the untapped potential to pool and diversify risks across the MDB system, scale up their financing and support country-led programs. We note the initiative to form the Coalition of Finance Ministers for Climate Action. We strongly urge that the Climate Investment Funds be adequately resourced in light of their vital role in scaling up concrete climate solutions in developing countries.

Mobilizing Financing for Growth and Development

11. Our key priority is to boost economic transformation and inclusive growth, which are crucial requirements in achieving the ambitious Sustainable Development Goals (SDGs) by 2030. In this regard, we ask the WBG to define its strategy for supporting jobs and economic transformation in client countries. These efforts should be based on a narrative that effectively considers persistent inequality in the poorest regions in EMDEs.

12. Achieving the SDGs is a daunting challenge for all developing countries. While all of them face resource constraints, estimates show that LICs, on average, require additional annual spending of 15 percentage points of GDP in 2030 to achieve the SDGs, for which relying solely on mobilizing domestic resources is not feasible. Therefore, we call for the coordinated support of IFIs for national and global efforts to mobilize the necessary financing to support sustainable development. It is also vital for advanced countries to deliver on their Official Development Assistance commitments and

increase concessional resources, especially for LICs, which have declined in recent years. We look forward to meaningful replenishments of IDA19 and the African Development Fund.

13. Strengthening domestic resource mobilization is essential to our development efforts and to ensure fiscal sustainability. This requires not only countries' substantive efforts but also continued technical support from the IMF, WBG and other international and regional organizations. We encourage the IMF to ensure sufficient resources for its capacity development activities, including regional technical assistance centers, and to respond effectively to members' needs and circumstances in line with their priorities.

14. We believe that intensifying the fight against corruption and increasing transparency are essential for achieving a more efficient allocation of resources. We also call for strong international cooperation to combat illicit financial flows and develop an international platform, along the lines of the Stolen Asset Recovery (StAR) initiative of the WBG and the UN, to recover and return stolen assets and repatriate and prosecute fugitive offenders. Accelerating the Fund's ongoing work on the measurement of illicit financial flows will be helpful in this regard. Further, we welcome the harmonization of anti-money laundering and counter-terrorism financing rules and regulations across jurisdictions. In addition, strengthening the rule of law and fostering fair competition are also important to the fight against corruption.

15. International tax standards, practices and issues have disproportionate implications to the fiscal revenues received by developing countries. Thus, the views of developing countries need to be central in the reform of the international tax system's rules and standards. In this regard, we commend the work of the G-24 Working Group (WG) on tax policies and international tax cooperation to enhance international advocacy and members' peer learning on key tax challenges. The WG articulated our perspectives in the deliberations of the Base Erosion and Profit Shifting Inclusive Framework on addressing the taxation challenges of the digital economy. We support a multilateral solution that recognizes that with the digitalization of economies, enterprises can have a significant economic presence in our economies, even without physical presence, and that allocates profits according to rules that take into account the contribution of markets and users in creating those profits. The solution should be fair and simple, and capable of being implemented effectively in developing countries.

Governance Reforms of the Bretton Woods Institutions

16. We continue to stress the importance of deepening the voice and governance reforms for the legitimacy and effectiveness of the IMF and the WBG. The lack of progress on the IMF 15th General Review of Quotas is a major source of concern since quota increases are essential to undertake the necessary quota realignment. Furthermore, we should continue pursuing the completion of the Board Representation Reforms under the 14th Review. We further reiterate our longstanding call for a third Chair for Sub-Saharan Africa to enhance the voice and representation of the region without this being at the expense of another EMDE Chair.

17. We look forward to the full implementation of the WBG's Capital Package with a Bank that works effectively and efficiently with all developing countries and leads in the global public goods agenda as laid out in the WBG's Forward Look and Capital Package. The full implementation of the Package will benefit from strong country partnerships, WBG commitment to decentralization and a focus on measurable development outcomes. For this, it is important that the new Environmental and Social Safeguard Policies be allowed to stabilize operationally before looking for further changes in the Bank's accountability mechanism. We urge the immediate adoption of the IFC Resolution to implement its capital package. The WBG will need to achieve the necessary scale and impact to contribute to achieving the SDGs.

18. Finally, we call on the IMF and the WBG to strengthen their efforts toward addressing the severe under-representation of some regions and developing countries in recruitment and career progression, including at the managerial levels. We reiterate the importance of staff diversity and gender balance at all levels, including the diversity of educational institutions and backgrounds