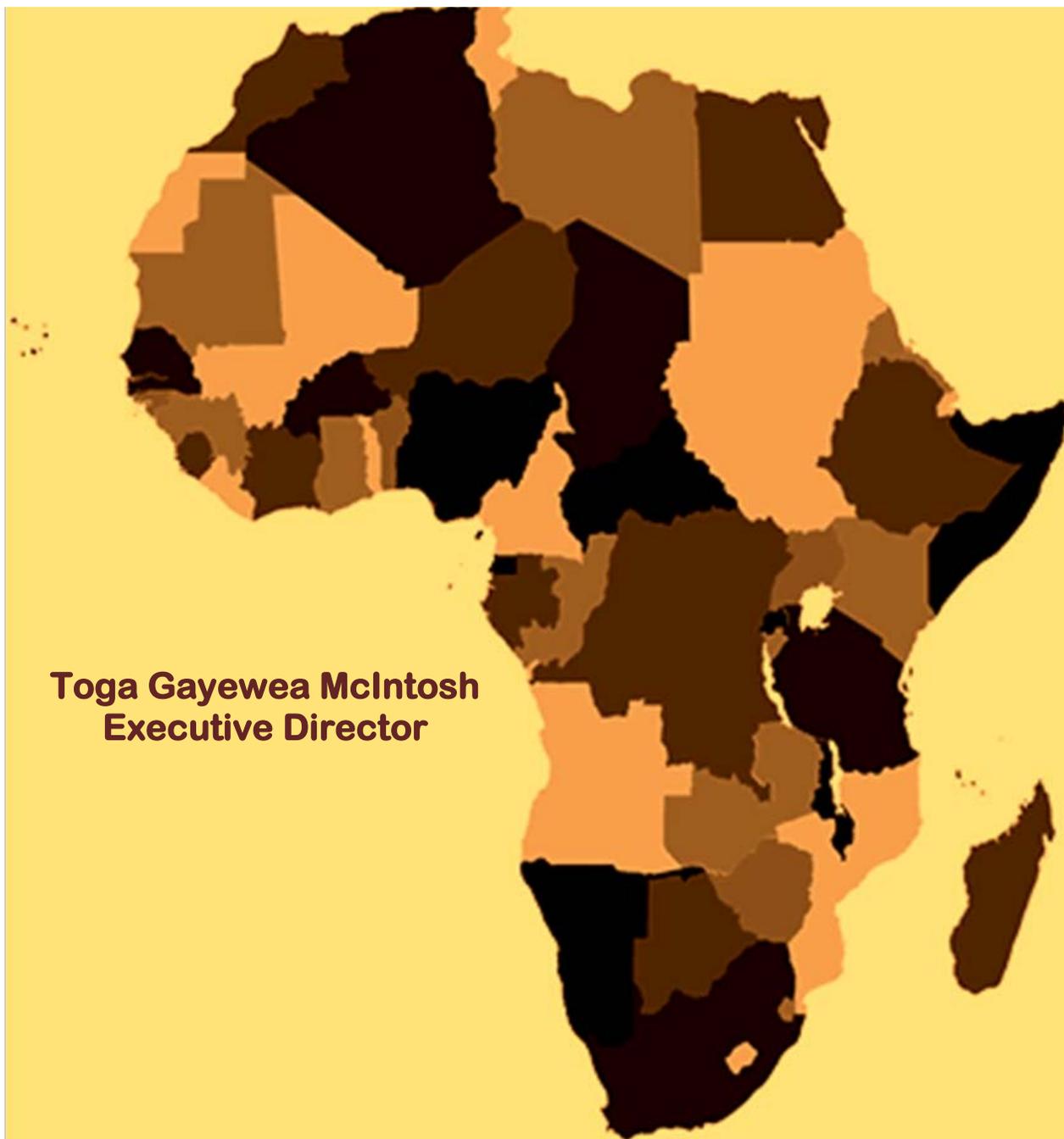




AFRICA GROUP I CONSTITUENCY

FY10 Annual Report

IBRD, IDA, IFC and MIGA



Toga Gayewea McIntosh
Executive Director

Angola * Botswana * Burundi * Eritrea * Ethiopia * The Gambia * Kenya * Lesotho * Liberia
Malawi * Mozambique * Namibia * Nigeria * Seychelles * Sierra Leone * South Africa * Swaziland
Tanzania * Uganda * Zambia * Zimbabwe

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*Aggregate growth rates calculated using constant 2005 dollars GDP weights

Foreword by the Executive Director

Over the last two and half years, the global economy has gone through various episodes of crises – food, fuel and financial. These crises tested the resilience of Sub-Sahara African economies, which for a decade prior to the outbreak of these crises was in the midst of a sustained unprecedented period of growth built upon improved macroeconomic fundamentals. At the outset of the financial crisis, many observers believed SSA economies would not be affected, but the financial and economic conditions of many SSA economies deteriorated, though the initial effects were slow to materialize.

While most countries used counter-cyclical measures to weather the global economic crisis, many looked to the World Bank for some form of support to tide through the crisis. Our Office, together with other African chairs, worked hard appealing for the scaling up of resources to SSA to mitigate the impact of the food, fuel and financial crises on SSA economies.

The World Bank Group, in response, created different facilities designed to respond to specific needs. The Bank established the vulnerability financing facility (VFF) to streamline crisis support to the poor and vulnerable groups. This facility built on the achievement of the Global Food Crisis Response Program (GFRP), which provided immediate relief to countries hit hard by the high food prices. The Bank also established the Infrastructure Recovery and Assets Platform to provide funding for counter-cyclical spending on infrastructure and protect existing assets.

As part of its mission to promote private sector development in developing countries, IFC created several facilities and enhanced existing ones to support the private sector in the face of the recent crises. The Infrastructure Crisis Facility to complement the activities of the Infrastructure Recovery and Assets Platform was launched by IFC. To reinvigorate trade finance, IFC expanded its Global Trade Finance Program from \$1 billion to \$3 billion, and in May 2009 launched the Global Trade Liquidity Program, expected to support up to US\$50 billion of trade. To help support the financial sector, IFC created the Capitalization Fund in order to recapitalize banks in emerging and developing countries.

Facilitated by these interventions, and domestic policy initiatives, many SSA countries are beginning to show signs of recovery. But while the recovery is expected to be broad-based, its strength would differ among different categories of countries. According to the World Bank, middle income countries and oil exporting countries are projected to experience stronger recovery.

However, while the global recovery shows encouraging signs, its sustainability is subject to downside risk. The recent sovereign debt crisis in some European countries and the adverse effects of a possible early withdrawal of the fiscal and economic stimuli may dampen the recovery process. Furthermore, there is a concern about the possible effects that could emanate from internal and external shocks in both high income and developing and

emerging countries. Under this scenario, lower global growth would most likely reduce demand and prices for the SSA's commodity exports, and this could negatively impact African government's revenue and domestic consumption.

To mitigate these risks would largely depend on individual country circumstances. Specifically, it would depend, among other factors, on such issues as the debt position, commodity dependence, exchange rate regime, reserves, trade dynamics, access to capital markets, state of infrastructure, security and social and political stability. This is indeed a tall order; but one that calls for countries to consolidate current policies that have proven effective; and to formulate new ones that are appropriately responsive to evolving circumstances.

Regional integration efforts must also be intensified to provide the sustaining backbone for the recovery. Structural and policy obstacles that have constrained cooperation and integration will have to be removed or minimized. National and regional efforts aimed at strengthening policy measures and programs to manage the crisis would therefore need to be coordinated and at best harmonized for effectiveness. Also, efforts that were made towards reforms in governance and building stronger institutions and human capacities before the crisis must be restarted with bigger vigor.

These policies should be particularly strategic to ensure that short-term measures to meet exigent challenges are consistent with long term objectives for sustainable growth, poverty reduction and development. Institutional and human capital capacity building, investment in infrastructure, strengthening of the private sector, public sector reforms and improved quality and delivery of socio-economic services are critical for policy considerations. Maintaining enhanced engagement with the World Bank Group, other development partners and national and regional stakeholders may be advantageous depending on each country's circumstances.

As this is my last report, let me close by expressing my appreciation to all that have made my assignment doable. Best wishes as Africa consolidates and expands its engagement with the World Bank Group.



Toga Gayewea McIntosh
Executive Director

Executive Directors



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ACRONYMS

AS	Advisory Services
DTGs	Developing and Transition Countries
ECA	Europe and Central Asia
EIB	European Investment Bank
GDP	Gross Domestic Product
GTFP	Global Trade Finance Program
GTLF	Global Trade Liquidity Program
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
MICs	Middle Income Countries
MDGs	Millennium Development Goals
MENA	Middle East and North Africa
MIGA	Multilateral Investment Guarantee Agency
NGOs	Non- Governmental Organizations
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
SSA	Sub-Saharan Africa
WBG	World Bank Group

Executive Summary

Growth and Recovery

The world economy is slowly emerging from “a deep global recession” brought on largely by the bursting of a global financial bubble. The aggressive measures taken by governments in developed and developing countries to counter the financial crisis have not only helped prevent a more severe downturn but are now setting the stage for a recovery, albeit at a slow and uneven pace.

Recent World Bank data indicate that financial markets have stabilized; currencies, which fell worldwide against the US dollar in the immediate aftermath of the crisis, have largely recovered their pre-crisis levels; and international capital flows to developing countries have recovered. Given these positive developments, global economic growth is projected to recover from a contraction of 2.1 percent in 2009 to 3.3 percent in both 2010 and 2011. Economic activities in most developing countries are also recovering and the overall growth is expected to pick up from 1.7 percent in 2009 to 6.2 percent in 2010 and slip slightly to 6.0 percent in 2011. Countries in the ECA region were hit hardest by the crisis and are expected to be the drag on developing countries’ recovery, with projected GDP expanding by only 2.7 percent in 2010 and by 3.6 percent in 2011.

The outlook for SSA signals a modest recovery. While the financial sector in most SSA countries was not directly affected by the global financial crisis, most economies suffered the consequences of the financial crisis indirectly through the trade channel. Growth in SSA is expected to rebound from 1.6 percent in 2009 to 4.5 percent in 2010, rising to 5.1 percent in 2011. However, the outlook is uncertain and the strength of the recovery will depend to a large extent on growth performance in key export markets.

In the high income countries, the recovery is expected to be slow. As a group, high income countries are expected to grow by 2.3 percent in 2010 and 2.4 percent in 2011, with the United States recording the highest growth rate of 3.3 percent and 2.9 percent in 2010 and 2011 respectively.

World Bank Group Response

As the financial crisis intensified in 2008 and 2009, the World Bank Group expanded lending and non-lending operations to member countries. Loan commitments and credits by IBRD and IDA increased from US\$46.9 billion in FY09 to US\$58.7 billion in FY10, with large commitments going to LAC, ECA, SA and SSA regions.

IFC continues its progress in scaling up investments, expanding Advisory Services (AS), and extending its reach to the vast majority of countries in frontier markets. As of end of third

quarter of FY10, IFC committed over US\$1 billion of investment in IDA countries in support of 61 projects, of which 18 amounting to US\$119 million were in conflict-affected states. IFC has also scaled up efforts in the implementation of recent major initiatives related to financial crisis response, health, and climate change.

IFC commitments increased from US\$10.5 billion in FY09 to US\$12.7 billion in FY10. Disbursements increased from US\$5.6 billion to US\$6.8 billion over the same period. Sub-Saharan Africa accounted for 19 percent of IFC commitments and 14.7 percent of disbursements. Compared to SSA, commitments and disbursements to the LAC region were higher at 24 percent and 23 percent, respectively.

Decentralization remains a strategic priority for IFC to move closer to clients in order to serve their needs better. In line with this commitment, IFC's staff located outside Washington has increased to 54 percent by the end of FY09. The Corporation has been successful in improving its organizational agility through greater flexibility and mobility of its work force. In order to attract and retain specialist staff, IFC launched a new Global Career Framework to provide opportunities for professional development to all staff, regardless of the point of hire or duty station. In terms of recruitment, the geographical focus has been on the Sub-Saharan Africa, and Southern Europe and Central Asia regions. Those two regions together accounted for more than 40 percent of all the planned hires.

MIGA, which insures projects against political risks, stepped up to assist recovery and growth in developing countries by insuring investments that create jobs, provide basic infrastructure, and offer lending services to the real economy. In this connection, MIGA issued guarantees amounting to US\$1.5 billion in FY10 for 19 projects in developing countries, slightly up on the US\$1.4 billion guarantees issued in FY09.

Selected Policy Issues

On voice reform, significant progress has been made on the second phase of the reform process at the World Bank Group. The Board transmitted to Governors for approval a second phase of reforms to enhance the voice and participation of developing and transition countries (DTCs), following agreement by members in 2008 of phase 1. These voice reforms include an increase in the voting power of DTCs in IBRD by 3.13 percent, bringing their voting power to 47.19 percent, which represents a total shift of 4.59 percent to DTCs since 2008. This realignment will be carried out through a selective capital increase of US\$27.8 billion, with paid-in capital of US\$1.6 billion. Voice reforms at IFC resulted in bringing their DTCs voting power in IFC to 39.48 percent, an increase of 6.07 percent. IBRD and IFC shareholding reviews will take place every five years as the WBG moves toward equitable voting power between developed and developing countries over time.

IDA 16 replenishment negotiations have started in March 2010 and expected to end in December 2010. The negotiations are taking place in a difficult and uncertain external environment with many donors facing significant fiscal challenges and strong drive to adjust official development assistance. Borrowers are therefore expected to play a strong advocacy role during this replenishment process. The main theme for IDA 16 that has received strong support in the course of the negotiations is the focus on development results. There is emphasis on the importance of improving communication of IDA's results to donors,

clients and other external audiences, particularly from the perspective of demonstrating what difference IDA makes on the ground.

Constituency Matters

Testimonials from the Voice Secondees underscored the relevance and importance of the program. Since 2004, about 147 national officers have benefited from the program; 44 percent of which have come from the African region. A repeated call is for the program to continue; a call that would certainly need the voice of Governors.

On the third chair for SSA on the Board of the World Bank Group, the Ministers have been engaged in a series of consultations on how to reconfigure the Sub-Saharan Africa Constituencies. The African Caucus, which has been spearheading the reconfiguration process, at its meeting in Freetown on August 16, 2010 concluded the reconfiguration of the constituencies. Guided by the principle of sovereign choice, three constituencies were announced and the Board of the World Bank Group informed accordingly. The challenge now is ensuring a process of effective cooperation between the Chairs so as to present a forceful united voice with World Bank Group.

Chapter 1

Global Economic Developments and Prospects

- ❖ Overview
- ❖ High Income Countries
- ❖ Developing and Emerging Countries
- ❖ Sub-Saharan Africa



Global Economic Developments and Prospects

1.1 Overview

The critical financial situation that began in 2007 and subsequently degenerated to an entrenched global economic crisis in the latter part of 2008 is now manifesting signs of recovery. As table 1.1 shows, global Gross Domestic Product (GDP) is projected to expand by 3.3 percent in 2010 and 2011 and by 3.5 percent in 2012. Driven largely by the recovery momentum in such countries as China, Indonesia and India, the GDP of emerging and developing countries in general is projected to grow by 6.2 percent in 2010 and 6.0 percent in 2011 and 2012. In the high income countries the expected growth rates are 2.3 percent in 2010; 2.4 percent in 2011 and 2.7 percent in 2012.

The growth resurgence may be ascribed to a combination of factors including the initial fiscal stimulus and financial rescue initiatives that increased the level of economic activities mostly in the high income and a few emerging economies. Other factors are the limited financial integration that diminished the severity of the initial financial shock as well as the sustained macroeconomic stability in developing countries that facilitated their resilience. These and other developments contributed to increased world trade volume and commodity prices.

Table 1.1 Real GDP Growth* (percentage change from previous year)

	2009 ^e	2010 ^f	2011 ^f	2012 ^f
Global	-2.1	3.3	3.3	3.5
High Income Countries	-3.3	2.3	2.4	2.7
Emerging and Developing Countries	1.7	6.2	6.0	6.0

Source: World Bank, Global Economic Prospects Vol. 1 Summer 2010

Notes: e = estimate; f = forecast

*Aggregate growth rates calculated using constant 2005 dollars GDP weights

According to the World Bank,¹ the volume of world trade, which is one of the important means of determining the level of global economic activity, is projected to increase from a low of -11.6 percent in 2009 to 11.2 percent in 2010. The volume of trade is however expected to decrease to 6.8 and 7.2 percent in 2011 and 2012 respectively. Commodity prices rebound which began at the beginning of 2009 are expected to continue in 2010. The rebound was mostly driven by the strong recovery in industrial production and price

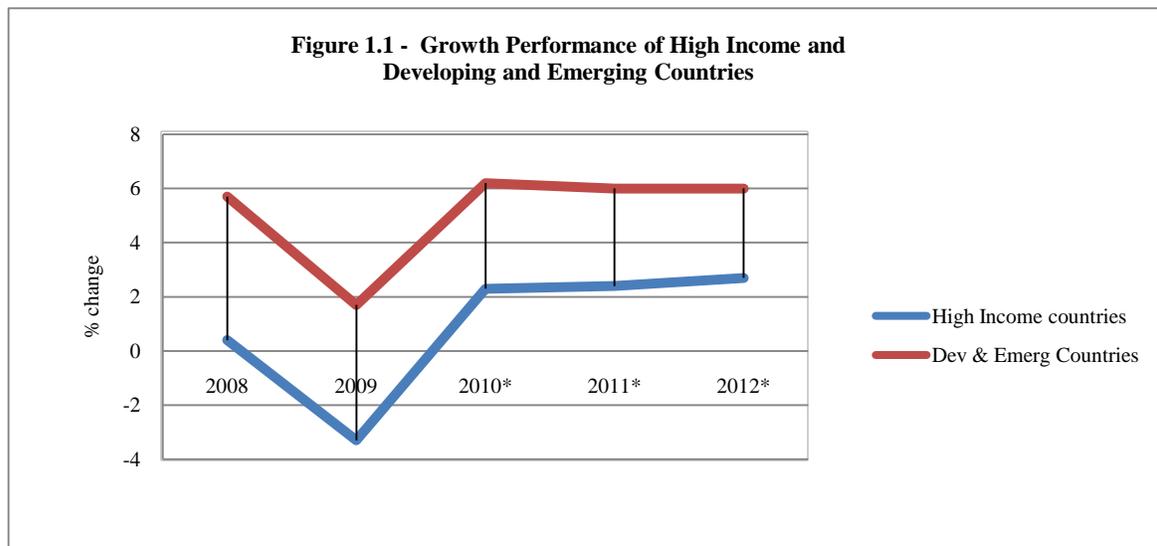
¹ World Bank, Global Economic Prospects (volume 1, Summer 2010). Unless stated otherwise, this is the data source for this section of the report.

increases in oil, metal and agricultural production, particularly raw materials such as rubber and cotton. The increase in commodity prices was spurred mostly by increased demand from China and other emerging market economies. As reported in the *Global Economic Prospects 2010*, this growth is expected to slightly decline in 2011 and 2012 as the recovery in global growth tapers off and output stabilizes.

While the global economic recovery is promising, it is subject to downside risks. As the World Bank report observes, there is an element of “market nervousness” regarding the fiscal positions in some of the high income countries particularly in Europe amidst a lingering or emerging debt crisis in some countries. Moreover, as the impact of the fiscal stimulus decreases, GDP growth would become increasingly dependent on vibrant private investment, increased productivity and broad-based consumption. Without the appropriate policies, confidence building measures and risk mitigating mechanisms, the expected global recovery may be at best sluggish and this could have adverse consequences on developing countries’ growth prospects in 2010 and beyond.

1.2 High Income Countries

The high income countries where the global financial and economic crisis started experienced a more severe impact in terms of economic growth. They registered a -3.3 percent decline in 2009 relative to developing and emerging countries which fell by 1.2 percent. While there are signs of recovery in the high income countries, economic growth is expected to be more gradual and lower than the period prior to the crisis as compared to developing countries which in general are growing at a much higher rate (figure 1.1).

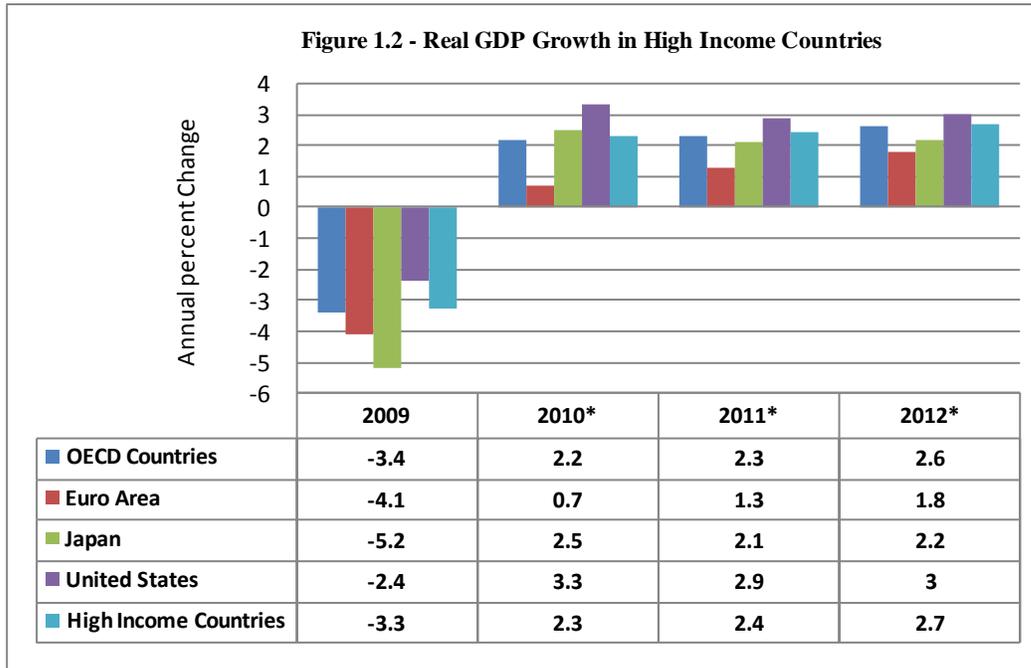


Source: World Bank Database, 2010

*= forecast

Economic growth for high income countries is projected to increase by 2.2 percent in 2010; 2.3 percent in 2011 and 2.7 percent in 2012 (figure 1.2). Among the high income countries, the United States is expected to achieve a modest but significant turnaround relative to other high income countries, with a projected growth rate of 3.3 percent in 2010. Growth is projected to decline to 2.9 percent in 2011 and rise slightly to 3 percent in 2012.

Japan is expected to grow by 2.5 percent in 2010; 2.1 percent in 2011; and 2.2 percent in 2012, mainly due to the government’s fiscal stimulus and increasing exports to China and other emerging countries in Asia. GDP growth in OECD countries and countries in the EURO is forecast to grow by 2.2 percent in 2010 and by 0.7 percent in 2011. The projections to 2011 and 2012 for OECD countries are 2.3 and 2.6 percent respectively and in the EURO area, 1.3 and 1.8 percent. These projections show that growth recovery in the EURO area is the slowest. It is surmised that the situation may be due to the instability of growth in terms of real economic activities and lingering credit financing difficulties.



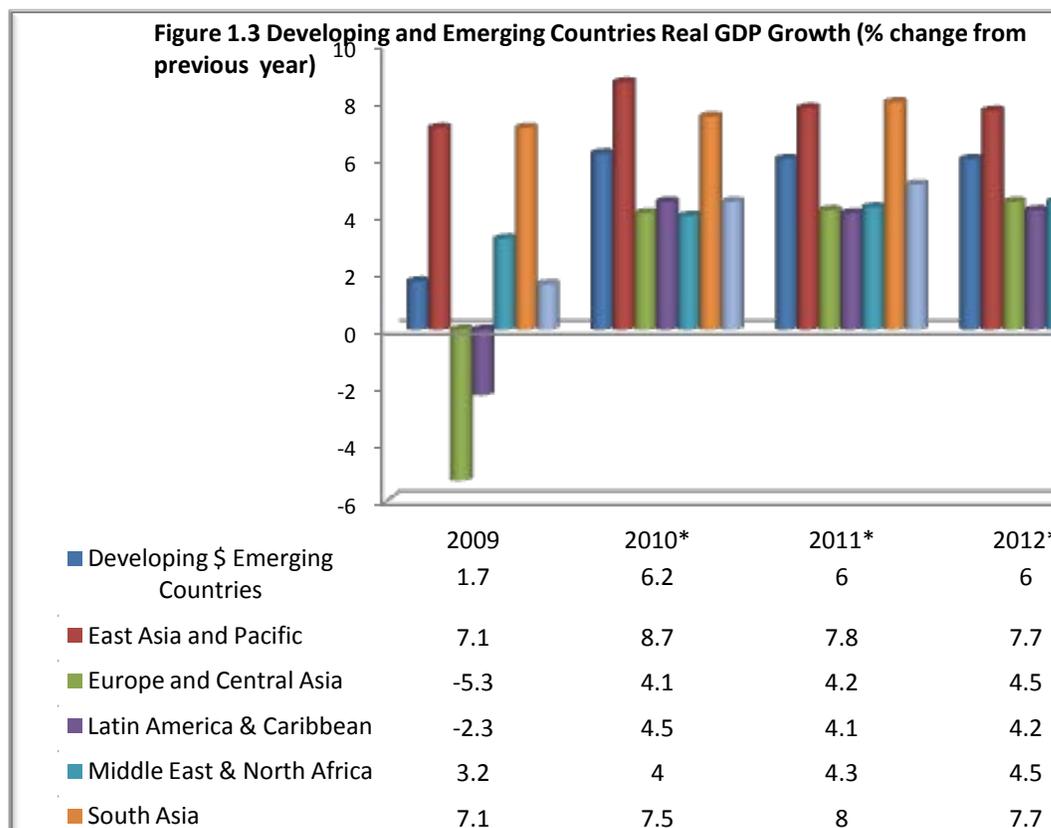
Source: World Bank, Global Economic Prospect, Volume 1, Summer, 2010.
 *= forecast

In general however, the prevailing view concerning the high income countries is that the worst of the crisis is over but the pace of the recovery will depend on a number of factors. Some of these factors are the extent to which private sector activity regains its pre-crisis momentum and the responsiveness of the measures taken to address medium to longer term structural factors pertaining to fiscal sustainability, restructuring of the banking sector, heightened industrial productivity, accelerated trade flows and increased employment.

1.3 Developing and Emerging Countries

The recovery in the developing and emerging countries has been more pronounced relative to the high income countries. This is equally true relative to the global economy. As figure 1.3 shows, GDP is projected to rebound from an estimated 1.7 percent in 2009 to 6.2 percent in 2010 and 6 percent in 2011 and 2012. Furthermore, in 2010 all regions are projected to grow by not less than 4 percent (Middle East and North Africa) with the highest being 8.7 percent (East Asia and the Pacific). Regional projections for 2011 ranged from 4.1 percent (Latin America and Caribbean) to 7.8 percent (East Asia and the Pacific) and for 2012, from 4.2 percent (Latin America and Caribbean) to 7.7 percent (East Asia and the

Pacific; and South Asia). On a country basis two of the best top performers are expected to be China and India.



Source: World Bank Database, 2010

*= forecast

The overall growth performance is expected to be underpinned by a momentum in regional exports and higher prices for oil and non-oil commodities. This would be further strengthened by anticipated new investment in and production of oil, gas and uranium in Africa². These growth generating factors complemented by more buoyant domestic demand and sound economic policies would also buttress the anticipated growth.

While the growth prospects are encouraging, they are to a considerable extent, contingent on the increased quality and sustainability of the growth in the global economy considering the economic inter-linkages. The growth prospects are therefore tempered by the fragility and uncertainty of some of the growth dynamics in the high income countries and some of the high performing emerging ones particularly those in Asia.

A specific area of concern is the relatively reduced international capital flows to developing countries, particularly net private capital (equity + debt). According to the World Bank, while this source of international capital flow is projected to increase from US\$454 billion (2.7 percent of GDP) in 2009 to US\$771 billion (3.2 percent of GDP) by 2012, these

² This refers to expected new production of oil and gas in Chad and Ghana, and uranium in Namibia.

projections fall below the 2007 amount of US\$1.2 trillion (8.5 percent of GDP). This reduced international capital flows to developing countries would create an initial financing gap projected to be US\$210 billion in 2010.

1.4 Sub-Saharan Africa

The Sub-Saharan African economy is expected to continue its recovery that began in 2009. It is projected that GDP will increase from 1.6 percent in 2009 to 4.5 percent in 2010 and by 5.1 percent and 5.4 percent in 2011 and 2012 respectively (figure 1.3). The fiscal balance as a percentage of GDP, while negative, is expected to increasingly improve from a deficit of 5.6 in 2009 to a deficit of 4.8, 3.3 and 2.3 percent over the period 2010, 2011 and 2012. This level of performance is not expected to be achieved in the current account balances but a slight improvement is expected relative to 2009. The data shows that, as a percentage of GDP, the current account balances are expected to improve from a deficit of 2.5 percent in 2009 to a deficit of 1.5 percent in 2010 and then slightly increase in 2011 and 2012 by deficits of 1.9 and 2.2 percent respectively (table 1.2). In the case of inflation the World Bank reports that “inflationary pressures in the region have been subsiding in most economies, as food price inflation is retreating, and as currencies have appreciated (limiting the increase in prices of imported goods” (World Bank, 2010, p. 41).

There is also expected improvement in other selected indicators. Fixed investment is projected to moderately increase beginning 2010 from 5.0 percent in 2010 to 6.8 and 7.6 percent in 2011 and 2012 respectively. The increase however is far from the 12 percent estimated for 2009 due to the impact of the global economic slowdown that adversely impacted on the relatively narrow-based commodity exports which, to a large extent, drive the region’s economic recovery.

The growth, in general, is expected to be driven largely by rising commodity prices, increased external demand, debt relief, and sound economic policies. Anecdotal evidence suggests that the increased use of a more market-friendly economic framework conditions and a sustained stable socio-political environment would facilitate the projected growth momentum.

Table 1.2 Sub-Saharan Africa Selected Indicators (annual % change unless indicated otherwise)

	2009	2010 ^f	2011 ^f	2012 ^f
GDP(at market prices)	1.6	4.5	5.1	5.4
Fixed Investment	12.0	5.0	6.8	7.6
Net Private Capital Inflows (equity +debt) (US\$ billions)	36.0	37.1	45.2	55.8
Exports (GNFS)	-6.9	9.3	6.5	6.7
Current account balance/GDP	-2.5	-1.5	-1.9	-2.2
Fiscal balance/GDP	-5.6	-4.8	-3.3	-2.3

Source: World Bank, 2010

^f = forecast

While the recovery is expected to be broad-based, its strength would differ among different categories of countries. According to the World Bank middle income countries that are more integrated with the global economy and oil exporting countries are projected to experience stronger recovery.

Overall, while the recovery trend is encouraging, stability and sustainability of the situation is not yet assured. The global recovery may be hampered by disruption due to the European uncertain sovereign debt sustainability and the adverse effects of a possible ill-timed withdrawal of the fiscal and economic stimuli. Furthermore, there is the concern about the possible effects that could emanate from internal and external shocks in both high income and developing and emerging countries. This situation poses risks that could dampen the global growth momentum. Under this scenario, lower global growth would be most likely to reduce demand and prices for the region's exports commodities upon which most African countries depend. This could have a consequential impact on African government's revenue, remittance and domestic consumption.

To mitigate these risks would largely depend on individual country circumstances. Specifically, it would depend, among other factors, on such issues as the debt position, commodity dependence, exchange rate regime, reserves, trade dynamics, access to capital markets, state of infrastructure, security and social and political stability.

Prospects regarding economic recovery in the Africa Group I constituency that accounts for about half of the countries in Sub-Saharan Africa, indicate that virtually all countries are expected to rebound in the forecasted period of 2010 to 2012 although the expected recovery is subject to downside risks stemming from uncertain global economic recovery.

Africa Group I constituency countries also face the downside risks discussed above. These countries may need to consolidate current policies that have proven effective and formulate new ones that are appropriately responsive to evolving circumstances. The policies should be particularly strategic to ensure that short-term measures to meet exigent challenges are consistent with long term objectives for sustainable growth, poverty reduction and development. Institutional and human capital capacity building, investment in infrastructure, private sector strengthening, economic management, public sector reforms and improved quality and delivery of socio-economic services are critical for policy considerations. Maintaining enhanced engagement with the World Bank Group, other development partners and national and regional stakeholders may be advantageous depending on each country's circumstances.

Chapter 2

World Bank Group Operations

- ❖ Overview
- ❖ IBRD Lending Operations
- ❖ IDA Lending Operations
- ❖ IFC Operations
- ❖ MIGA Operations
- ❖ MIGA in SSA



World Bank Group Operations

2.1 Overview

The World Bank Group (WBG) is a major source of financial and technical assistance to developing and transition countries around the world. Its member institutions work together and complement each other's activities to achieve their shared goals of reducing global poverty. To its members, the World Bank provides IBRD loans to middle income countries and IDA credits and grants to its low income members. The activities of IBRD and IDA are complemented by that of IFC and MIGA. IFC provides investment and advisory services to foster sustainable economic growth in developing countries by financing private sector investment. MIGA promotes foreign direct investment into developing countries by providing political risk insurance to the private sector.

In FY10, the WBG devoted significant resources responding to the needs of countries hit by the global financial crisis, with a strong focus on initiative to protect the most vulnerable in the poorest countries through budgetary support and safety net support and to maintain long-term investment program in the face of declining private flows. During the fiscal year of 2010, the combined IBRD and IDA lending commitments stood at US\$58.7 billion, an increase of 25 percent over the corresponding period of FY09.

The financing that the World Bank provided to countries has increased since FY08 as member countries struggled to fight a long running global crisis. As table 1 shows, the rise in commitments in FY10 was attributable to a large increase in commitments to South Asia, Middle East and Sub Saharan Africa.

Table 2.1 IBRD and IDA commitments by Region (US\$ billions)

Region	FY 10	FY09	FY 08	FY07
Latin America and Caribbean	13.9	14.0	4.7	4.6
Europe and Central Asia	10.8	9.4	4.2	3.8
East Asia and Pacific	7.5	8.2	4.5	4.0
Sub-Sahara Africa	11.4	8.2	5.7	5.8
South Asia	11.3	5.4	4.2	5.8
Middle East and North Africa	3.7	1.7	1.5	0.9
Total	58.7	46.9	24.8	24.7

Source: World Bank Database

2.2 IBRD Lending Operations

IBRD is a shareholder cooperative owned by 186 countries. It operates as a financial services business that provides its members with inter alia loans. It also provides expertise in the full range of development-and environment-related disciplines, and serves the international community by coordinating responses to regional and global policy challenges.

During fiscal year 2010, IBRD lending commitments increased significantly to US\$44.2 billion from US\$32.9 billion in FY09. Lending to IBRD countries has continued to be strong in FY10 due to the additional demand resulting from the financial crisis.

In terms of regional distribution, IBRD's lending increased significantly to South Asia, Sub Saharan Africa and Middle East and North Africa. The increase in lending to those regions reflected a spike in demand for Bank's resources from countries as a result of the global financial crisis. In contrast, loans to Latin America and Europe have remained at the same high level as during the preceding fiscal year.

Table 2.2 IBRD Commitment by Region (US billions)

Region	FY 10	FY09	FY08	FY07
Latin America and Caribbean	13.9	13.8	4.4	4.4
Europe and Central Asia	10.2	9.0	3.7	3.3
East Asia and Pacific	5.9	6.9	2.7	2.8
Sub-Saharan Africa	4.3	0.4	0.0	0.0
South Asia	6.7	1.3	1.5	1.6
Middle East and North Africa	3.5	1.6	1.2	0.7
Total	44.2	32.9	13.5	12.8

Source: World Bank Database

Even if lending to the IBRD segment has continued to be strong in FY10, its lending operations in Sub Saharan Africa, excluding South Africa, continued to be modest largely reflecting the unattractiveness of IBRD lending instruments to middle income countries in the Sub-region.

2.3 IDA Lending Operations

IDA is the largest multilateral channel of concessional financing to the world's poorest countries. Its funding supports countries' efforts to boost economic growth, reduce poverty, and improve the living conditions of the poor.

In FY10, IDA commitments reached \$14.5 billion. This funding included US\$11.9 billion in credits, and US\$2.7 billion in grants in support of 190 operations. The largest share of IDA resources was committed to Sub-Sahara Africa region, which received \$7.2 billion, or 50

percent of total IDA commitments. South Asia also received large shares of committed funding as shows by the table below.

Table 2.3 IDA Commitments by Region (US billions)

Region	FY 10	FY09	FY08	FY07
Latin America and Caribbean	0.2	0.2	0.3	0.2
Europe and Central Asia	0.6	0.4	0.5	0.4
East Asia and Pacific	1.7	1.2	1.8	1.2
Sub-Sahara Africa	7.2	7.9	5.7	5.8
South Asia	4.6	4.1	2.8	4.0
Middle East and North Africa	0.2	0.2	0.3	0.2
Total	14.5	14.0	11.2	11.9

Source: World Bank Database

As of the end of this fiscal year, and under the 15th Replenishment, IDA commitments reached \$28.5 billion. It is worth recalling that following its record 15th replenishment; IDA has a commitment authority of about US\$42 billion over fiscal years 2009-11.

The mid-term review of IDA-15 was launched in November 2009. Negotiations on the 16th replenishment of IDA to determine the amount of resources to finance IDA between 2012 and 2014 have started in March of this year. These meetings provide an opportunity for donors and recipients to try to guide the allocation of IDA and the conditions of their commitments. Donors have already agreed on several issues of IDA-16, including climate change, gender, fragile states, and the effectiveness of aid.

We may recall that IDA 16 replenishment is taking place in a difficult and uncertain external environment and with only five years left until 2015, the target date for reaching the millennium development goals (MDGs). Many donor governments are facing significant fiscal challenges which are resulting in adjustment in domestic and international programs including in official development assistance (ODA). Against this background, IDA must scale up efforts toward the achievement of the MDGs, while helping to address additional challenges linked to crisis response.

2.4 IFC Operations

IFC continues its progress in scaling up investments, expanding Advisory Services (AS), and extending its reach to the vast majority of countries in frontier markets. As of end of third quarter of FY10, IFC committed over US\$1 billion of investment in IDA countries in support of 61 projects, of which 18 amounting to US\$119 million were in conflict-affected states. IFC has also scaled up efforts in the implementation of recent major initiatives related to financial crisis response, health, and climate change.

2.4.1 Organization Strengthening

Decentralization Progress

Decentralization remains a strategic priority for IFC to move closer to clients in order to serve their needs better. In line with this commitment, IFC's staff located outside Washington, DC has increased to 54 percent by the end of FY09. The Corporation has been successful in improving its organizational agility through greater flexibility and mobility of its work force. In order to attract and retain specialist staff, IFC launched a new Global Career Framework to provide opportunities for professional development to all staff, regardless of the point of hire or duty station. In terms of recruitment, the geographical focus has been on the Sub-Saharan Africa, and Southern Europe and Central Asia regions. Those two regions together accounted for more than 40 percent of all the planned hires.

In Sub-Saharan Africa, IFC continue with its strong field presence with offices in 24 countries. The Corporation also plans to open new offices in Guinea, Mali, and Tanzania, along with the official re-opening of the Cote d'Ivoire's office. With the exception of South Africa, all IFC offices are located in IDA countries. This strategy enables IFC to better adapt and respond more expeditiously to its clients' business needs. Going forward, IFC expects to continue to expand its field presence in countries where it can achieve critical mass and having demonstrated positive trends as reformers.

Advisory Services

IFC's Advisory Services (AS) is important for private sector growth, improving the business enabling environment, and reinforcing public policy reforms. In FY10, IFC strengthened its strategic focus, with ongoing emphasis in IDA countries, and most importantly, in climate change area. The development impact remained the primary focus, with further enhancements to ensure results-oriented outcome. During the past 5 years, the AS in Africa reached 36 countries through the funded PEP Africa projects. Thus, while spending globally decreased in FY10, AS transactions in Africa increased, accounting for almost 30 percent of the global spending.

Advisory Services are yielding positive results in many parts of Africa. In Rwanda, the investment climate program has contributed to the country's progress in climbing up the global ranking in "Doing Business Indicators", from 76th to 67th position in the ease of doing business. Another successful example of AS activities in SSA relate to the completion of infrastructure advisory mandate in Benin with the signing of a 25-year concession agreement for the South Wharf Container Terminal in Cotonou. The primary objective of this agreement is to encourage more trade between landlocked countries in West Africa and the rest of the world.

IDA-IFC Secretariat

With the establishment of the joint IDA-IFC Secretariat, the World Bank and IFC have initiated a series of enhanced joint Country Assistance Strategy (CAS) pilot programs. The immediate benefit of this joint effort has been the reduction in transaction costs of processing joint projects. Both institutions have also expanded the use of joint country

retreats, joint meetings with public and private sector stakeholders, and continue to work together to respond to special country situations.

Through the Secretariat, the Bank and IFC have significantly increased their support to IDA countries. Between FY06 and FY09, Bank lending increased 45 percent to \$18.1 billion; IFC commitment increased to \$4.4 billion - a growth of over 125 percent, excluding FY09 regional commitments to IDA countries. This rapid growth has demonstrated the benefits of improved coordination between the two institutions and has enabled the Bank Group to innovate, offering IDA countries access to a fuller range of products, resources and expertise.

2.4.2 Pre-Crisis Initiatives

Program for Conflict-Affected States in Africa

IFC work in conflicted-affected states involves providing immediate assistance and long-term support for economic reconstruction, rebuilding of the private sector, strengthening economic management, improving the investment climate, and fostering small business growth. In Africa, IFC pursues this goal through the Conflict-Affected States in Africa initiative - a US\$25 million program launched in 2008 to design and implement integrated strategies to support economic recovery in conflict-affected states. The program, which is benefiting from donor funding from Ireland, the Netherlands, and Norway, helped IFC becoming active in some of the poorest and least developed states in Africa. Initially, the program focused on Central African Republic, Democratic Republic of Congo, Liberia, and Sierra Leone, where civil wars have destroyed the infrastructure and caused widespread poverty.

In addition, IFC extends support to the financial sector through its Africa MSME program. This program helped establish new commercial microfinance banks in the Democratic Republic of Congo and Liberia. IFC also issued a local currency bond, *Moabi Bond*, worth approximately US\$43 million to provide a boost to domestic capital markets development and to support the growth of small businesses in Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea and Gabon.

Supporting Private Health Care in Sub-Saharan Africa

The IFC–World Bank Health in Africa Initiative is a US\$1 billion five-year program, which combines investment and advisory programs. The initiative is designed to increase access to high-quality affordable health services to underserved Africans. The initiative also involves work to improve smaller health care companies' access to long-term loans, and to help governments harness the private sector to reach national health targets. In this regard, IFC and the Bank have been active in Ghana, Kenya, Mali, and Nigeria advising the governments on ways to bring existing private sector players into their health sectors to target priority needs.

IFC also formed a strategic partnership with Life Health, a South African health care provider, to encourage south-south cooperation and to help transfer South Africa's hospital management expertise to other countries in Africa. The corporation acquired a 5 percent equity stake in Life Healthcare for approximately \$93.1 million and will jointly finance a

special purpose vehicle (subsidiary company) to support Life Healthcare's expansion into the rest of Sub-Saharan Africa. In Uganda, IFC has signed agreements with the country's health care provider Nakasero Hospital Ltd to increase access to quality health care, create jobs for medical professionals, and introduce new standards of clinical and patient care in the country.

2.4.3 Post Crisis Initiatives

IFC continued to play an important role in helping client countries deal with the long-term effects of the financial crisis. The Corporation took several steps to improve the speed and effectiveness of its decision making concerning its operations and human resources while also strengthening its ability to identify and address risks. Besides the crisis-response initiatives taken, it quickly moved to work with other IFIs in leveraging its own resources to establish a healthy business environment. The strategic move also included an endeavor to address the long-term challenges such as climate change, access to credit, governance, liquidity management, and capital adequacy.

Global Trade Finance Program

The Global Trade Finance Program (GTFP) was created as a response to the shortage of trade finance due to the global financial crisis to encourage trade transactions by providing trade guarantees. The total volume of guarantees provided by GTFP reached US\$2.4 billion in FY09 and expected to reach US\$3.2 billion, a 32 percent increase, by the end of FY10.

Global Trade Liquidity Program

The Global Trade Liquidity Program (GTLP), which was launched in May 2009, aims to mobilize more than US\$6 billion over three years from governments, international financial institutions, and banks to support US\$50 billion in trade. In response to the global call for action in the food and agribusiness sector, the GTLP includes an element of financing directed at this critical sector. Since its launch, the GTLP has been acknowledged in the financial industry as an innovative structure to help infuse much needed liquidity into the trade finance market, thereby catalyzing global trade growth. The solution represents a win-win proposition: (i) for banks it provides an opportunity to continue supporting clients through these difficult times; and (ii) for IFC and its partners, it affords the ability to channel liquidity and credit into markets to help revitalize trade flows by leveraging on the banks' vast networks across emerging markets in Asia, Africa, Middle East, Europe, and Latin America. At the end of the third quarter of FY10, a total of US\$1.053 billion of funding have been disbursed to five banks and the total trade supported represent up to US\$4.4 billion. About 40 percent of the total program is now reaching low-income and low-middle income countries, and 82 percent is benefitting SME trade transactions.

Infrastructure Crisis Facility

Good infrastructure combine with a strong rural development in any country must be part of a well planned and executed strategy to reduce poverty in the long-term. In recognizing that efficient and reliable infrastructure facilities and services are vital to support economic development, IFC launched its Infrastructure Crisis Facility (ICF) in December 2009. Financial commitments and pledges have been obtained from KfW, DEG, Proparco and

EIB, totaling US\$4 billion. IFC is committed to supporting large infrastructure projects in Africa with a combination of investments and advisory services to the private and public sectors. So far, a total of US\$100 million from the facility has been allocated to fund port, airport, electricity and gas distribution projects in four countries.

Microfinance Enhancement Facility

As of the end of third quarter of FY10, the Microfinance Enhancement Facility (MEF) disbursed US\$92 million in loans to 17 Microfinance Institutions (MFIs) operating in the Eastern and Central Asia (ECA) and Latin America and Caribbean (LAC) regions. It is expected that within the next twelve months, the facility will disburse an additional US\$150 million, of which US\$30 million has already been approved by the Board. The priority will be placed on fostering deposit mobilization by IFC partner networks and microfinance institutions. This will include the enhancement in retail capacity in microfinance institutions, and on improving the supply of microfinance in several large countries such as Brazil, China, India, Nigeria, and Russia. MEF is expected to disburse about 10 percent of its funding to projects in Africa.

Global Food Fund

In the context of the global food sector, IFC has made agribusiness a priority because of its potential for broad development impact and especially strong role in poverty reduction. In FY10, IFC committed a \$7 million equity investment in Agri-Vie Agribusiness Private Equity Fund financing food and agribusiness companies in Sub-Saharan Africa. Agri-Vie seek to make equity investment in commercially viable food and agribusiness companies. By supporting the growth of commercial agribusiness enterprises, the Fund promotes local entrepreneurship, local economic empowerment, agribusiness development, and job creation. The fund has made five investments since its inception.

Bank Recapitalization Fund

The Bank Recapitalization Fund was established to recapitalize strong institutions in developing and emerging economies so that they can continue to fund loans aimed at speeding up economic recovery following the financial crisis. Following the establishment of the fund, the Japanese government invested US\$2 billion in the fund, while IFC injected US\$1 billion into the fund. In view of IFC pursuit to promote regional relationship, the fund is currently expanding to selected regions in the initial stage through establishing regional sub-funds, which will focus on supporting the capital needs of strategically important banks in Africa, Russia and MENA. The Fund has already completed three investments in excess of US\$200 million and it is anticipated that two other investment totaling US\$190 million will be completed soon.

African, Latin American and Caribbean Fund (ALAC)

IFC continued with its endeavor to find innovative solutions in supporting its member clients overcome the financial crisis. In FY09, IFC launched the African, Latin American and Caribbean Fund (ALAC) to provide long-term equity investment in private enterprises in the African and LAC regions. ALAC Fund is expected to raise US\$1 billion in capital and

several investors in Azerbaijan, South Korea, Netherlands, and Saudi Arabia have committed to invest in the fund.

2.4.4 Commitments

In FY10, IFC global commitment increased from US\$10.5 billion in FY09 to US\$12.6 billion in FY10, with the largest share of total commitment (24 percent) going to the LAC region. Europe and Central Asia (ECA) share was 23 percent, followed by ASIA (21 percent), Sub-Saharan Africa (19 percent), and MENA (12 percent). The total disbursements for FY10 increased to US\$6.7 billion in comparison with US\$5.6 billion for FY09. Interestingly, there was no change to the total of US\$11.1 billion for the project approvals. Approvals remained relatively flat at US\$1.1 billion from the FY09 level.

Table 2.4 IFC Commitments, Disbursements and Approvals in FY10

Region	Commitments		Disbursements		Approvals	
	(US\$ Million)	(%)	(US\$ Million)	(%)	(US\$ Million)	(%)
SSA	2,428	19	920	14	1,873	17
ASIA	2,608	21	1,403	21	1,891	17
ECA	2,970	23	1,851	27	2,884	26
LAC	3,006	24	1,532	23	2,142	19
MENA	1,572	12	621	9	1,420	13
World	80	1	465	7	896	8
Total	12,664	100	6,793	100	11,107	100

Source: IFC Database

Commitments for Sub-Saharan Africa

In FY10, IFC continued with its commitment to inject further resources to the Sub-Saharan Africa region with a view to reach the underserved market. In line with this strategy, total commitments for the region increased to US\$2.4 billion in support of 61 projects, from US\$1.8 billion in support of 57 projects in FY09 in various African countries. In addition, IFC committed its first ever investment in a private equity fund in Africa (GEF Africa) dedicated to supporting environmentally-responsible forest products companies and encouraging sustainable management of forest resources.

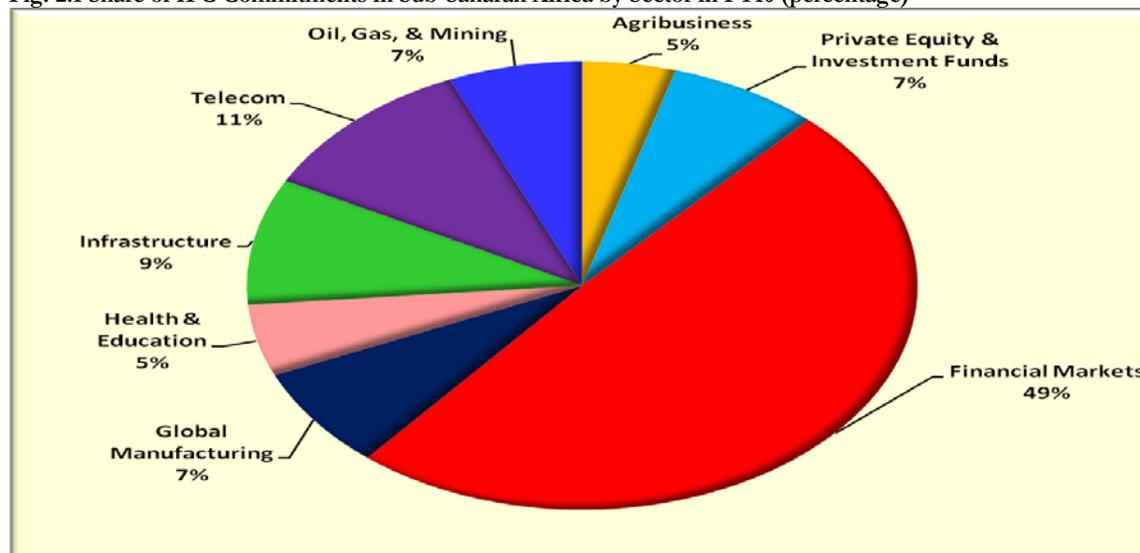
Table: 2.5 IFC Commitments for Sub-Saharan Africa in FY10

Sector	US\$ million	No of Projects
Agribusiness	109.0	10
Private Equity & Investment Funds	176.7	9
Financial Markets	1,196.7	61
Global Manufacturing	179.7	9
Health & Education	125.8	4
Infrastructure	221.8	8
Telecommunication	261.9	8
Oil, Gas, & Mining	156.6	7
Total	2,428.2	116

Source: IFC Database

In terms of sectoral distribution, the financial markets accounted for 49 percent of total commitments, followed by telecommunications (11 percent), infrastructure (9 percent), private equity and investments (7 percent), global manufacturing (7 percent), oil, gas and mining (7 percent), health and education (5 percent) and agribusiness (5 percent).

Fig: 2.1 Share of IFC Commitments in Sub-Saharan Africa by Sector in FY10 (percentage)



Source: IFC Database

Approvals by Sector

There was a marked improvement in the total approval by sectors from IFC, whereby the corporation increased its overall investments to US\$11.3 billion in FY10 compared to US\$11.1 billion in FY09. IFC resources were directed mainly to the critical sectors including global manufacturing, health and education and private equity.

Table 2.6 Approvals by Sector

Sector	FY10 (US\$ million)	% of Total	FY09 US\$ million	% of Total
Financial Markets	4,359.37	38	5,213.16	47
Global Manufacturing	1,900.30	17	1,526.16	13
Infrastructure	1,545.54	13	1,321.09	12
Oil, Gas & Mining	916.07	8	867.18	8
Agribusiness	578.01	5	762.98	7
Telecommunications	707.60	6	585.65	5
Sub-National Finance	174.97	2	336.90	3
Private Equity & Investment Funds	647.86	6	308.76	3
Health & Education	554.40	5	246.97	2
Total	11,384.12	100	11,168.85	100

Source: IFC Database

Projects Approval for Africa Group 1 Constituency

The number of projects approved for Africa Group 1 Constituency (AFG1) in FY10 increased to 73 from 46 in FY09. The total volume also increased by 28.5 percent to US\$1.8 billion in FY10 from US\$1.4 billion in FY09. It is noticeable from the business lines that equity investment accounted for 39 percent of total project approvals, which signals IFC's growing confidence in SSA region economic recovery following the financial crisis.

Table 2.7 Project Approvals for AFG1

	No. of Projects	Loan (US\$ million)	Equity (US\$ million)	Quasi- Loans (US\$ million)	Guarantee & Risk Management (US\$ million)	IFC Total (US\$ million)
Regional Projects	23	164.25	474.77	153.7	65	857.72
AFG1	22	119.4	196.13	18	5.84	339.37
Total	45	283.65	670.9	171.7	70.84	1,197.09
Other SSA	28	333.94	68.14	113	160.41	675.49
Total SSA	73	617.59	739.04	284.7	231.25	1,872.58

Source: IFC Database

2.5 MIGA Operations

MIGA is undergoing an important transformation. It is changing its procedures and is modifying its Convention to become more flexible and expand its range of services. The Agency continues to focus on change to increase effectiveness and improve efficiency for investors and lenders. This year the agency recommended that the Board of Directors take the necessary next steps to amend MIGA's Convention to strengthen its value as a multilateral provider of political risk insurance in a constantly-evolving marketplace. MIGA has also worked more closely with other units of the World Bank Group to ensure the best use of the Bank Group's expertise, products, and services.

Despite a challenging business climate, and as subdued investor confidence and reduced foreign direct investment (FDI) flows characterized the economic landscape this past year,

the world faced undeniably challenging times. Nevertheless, true to its mission, MIGA stepped up to assist recovery and growth in developing countries by insuring investments that create jobs, provide basic infrastructure, and offer lending services to the real economy in those regions most affected. During the past year MIGA supported projects through new guarantee coverage for a wide range of projects across the regions—from bank liquidity in Serbia and Latvia to guarantees for complex port projects in Turkey, China, and Senegal.

Over the past year MIGA supported investments in frontier markets, such as Sierra Leone and Ethiopia. And as was the case last year, MIGA experienced a lower-than-usual level of cancellation. It continued to support financial flows from banks to their subsidiaries in Europe and Central Asia that were harmed by the financial crisis. Beyond the financial sector, however, MIGA supported clients seeking political risk insurance for energy and infrastructure investments with a strong development impact. The projects that MIGA supports create jobs; provide water, electricity, and other basic services; strengthen financial systems; generate tax revenues; transfer skills and technological know-how; and help countries tap natural resources in an environmentally-sustainable way.

MIGA also entered the emerging-market private equity business by providing conditional guarantees for funds seeking to raise private capital. The agency signed its third contract with a private equity fund this year. All three funds focus on small-scale investments in sub-Saharan Africa. MIGA's presence as a risk mitigator acts as a stimulus to those raising funds from investors anxious about political uncertainties.

MIGA demonstrated leadership in the political risk insurance arena. The agency successfully launched its "World Investment and Political Risk Report". The report fills an information gap and underlines that investors view political risk as the most important short- and medium-term obstacle to investing in developing countries. This drew on MIGA's role as a member of the World Bank Group to be a knowledge resource. The report considered that political risk is one of the most significant constraints for FDI into emerging markets. It looks at cross-border investment in conflict-affected and fragile states with a view that this yearly publication becomes an effective resource for investors—cementing MIGA's thought leadership on pressing issues surrounding political risk.

A strengthened relationship between MIGA and IFC is taking place through the creation of a joint unit to oversee business development and provide cross-marketing support. The unit will offer enhanced and more seamless service to private-sector clients, provide development to countries that need it the most, and leverage the strengths of both institutions.

Guarantee Portfolio

In fiscal year 2010, MIGA issued a total of \$1.5 billion in guarantees for 19 projects in developing member countries. This represents a slight increase from last year's new issuance of US\$1.4 billion. This included US\$337 million to support projects in sub-Saharan Africa, as a key priority. Two of the three projects under MIGA's Small Investment Program (SIP) were in Sierra Leone. The agency also underwrote large investments in Senegal to support the modernization and expansion of the Port of Dakar and Ghana.

The overall portfolio grew by \$400 million this year to \$7.7 billion, in part due to a lower level of run-off. MIGA observed again this year that its existing guarantee holders have been

more inclined to maintain coverage—as the emphasis on actively managing all types of risk has increased in the current environment.

After a year in which MIGA’s support was heavily focused on the financial sector in Europe and Central Asia due to the global economic crisis, the Agency returned to a more diversified portfolio. Again this year, MIGA experienced a lower level of contract cancellation, indicating the value that investors place in MIGA’s guarantee coverage during difficult times. However, MIGA did continue to guarantee projects under its Financial Sector Initiative to support financial flows from banks to their subsidiaries in countries hit by the global crisis, allowing for recapitalization and addressing near-term liquidity needs.

Table 2.8 Guarantees Issued by MIGA by Fiscal Year

	2007	2008	2009	2010
Number of Guarantees Issued	45	38	30	28
Number of Projects Supported	29	24	26	19
New Projects ³	26	23	20	16
Projects Previously Supported ⁴	3	1	6	3
Amount of New Issuance (Gross (US\$B))	1.4	2.1	1.4	1.5
Amount of New Issuance Total (US\$B) ⁵	1.4	2.1	1.4	1.5
Gross Exposure (US\$B) ⁶	5.3	6.5	7.3	7.7
Net Exposure (less reinsurance) (US\$B)	3.2	3.6	3.5	4.3

Source: MIGA Annual Report 2010

Sectoral Allocations

The financial sector accounted for the significant part of MIGA’s portfolio as the agency continued to satisfy client demand in the area of assistance to financial institutions. The infrastructure sector decreased, and the remaining sectors slightly increased. The following table shows the guarantees by sector.

³ Projects receiving MIGA support for the first time in FY (including expansion)

⁴ Projects supported by MIGA in FY09 as well as in previous years

⁵ Includes amounts leveraged through the Cooperative Underwriting Program (CUP)

⁶ Gross exposure is the maximum aggregate liability. Net exposure is gross less reinsurance.

Table 2.9 Sectoral Allocation for FY10

Sector	Amount of Guarantees issued (\$M)	Share of guarantees issued (%)
Agribusiness, manufacturing and services	673	9
Financial	4,022	53
Infrastructure	2,302	30
Oil, gas, and mining	573	8
Total	7,723	100

Source: MIGA Annual Report 2010

2.6 MIGA in SSA

Supporting Investment in Africa’s Infrastructure

The Container Terminal in Djibouti is a prime example of a large, complex project that MIGA supported in 2009 where it adapted its guarantee products to respond to the Islamic financing needs of the country. The terminal was already showing results, and Djibouti is emerging as a key trade gateway for the member nations of the Common Market for Eastern and Southern Africa. This encouraged MIGA to support, in this fiscal year, another major port project—on the other side of the continent in Senegal which will modernize three container facilities to more than double the port’s container-handling capacity. This new project should allow Senegal to capitalize on its strategic location, reduce shipping costs, and provide greater access to shipping services for the landlocked countries of the region.

MIGA is also committed to reducing the adverse impact of climate change by supporting green infrastructure investments. The Agency is aware that investment in renewable energy in Africa faces significant challenges—with equally significant opportunities. The potential for wind, solar, hydro, and geothermal energy is vast in sub-Saharan Africa, where only 24 percent of the population has access to electricity. Kenya is leading the way in developing its vast geothermal potential, thanks to its location in the Rift Valley.

Meeting Power Generation and Distribution Challenges in Sub-Saharan Africa

Several Sub-Saharan Africa nations have posted steady growth, but most suffer from chronic power shortages. Even in the capital cities, daily power outages are common. Businesses and residents with the financial resources lean heavily on expensive and polluting diesel generators to keep the lights on. Limited generation capacity, poor distribution networks, and operational inefficiencies push the cost of power out of reach for most—resulting in a vicious circle of higher costs, more social and economic losses.

The needs estimate show that of sub-Saharan Africa 7,000 megawatts of new generation annually, the cumulative total funded by the private sector has been 3,000 megawatts, only. Transmission grids also already require substantial investment resulting in a need for substantial investment outlays in infrastructure. Meeting the region’s vast energy infrastructure needs is one that must be tackled by both public and private investment. Not only can the private sector bring in a portion of the much-needed capital, but perhaps more

importantly, it brings technical and managerial expertise. MIGA, for its part, can give investors the confidence needed to enter what is often regarded as uncharted territory for private investment.

Table 2.10 MIGA Guarantees by Sector

Host Country	Sector	Gross Exposure (US\$ Million)
Africa Constituency Group I		
Nigeria	Manufacturing	13.3
South Africa	Financial	0.3
Sierra Leone	Manufacturing/Agribusiness	5.7
Africa Constituency Group II		
Benin	Tourism	1.0
Congo, DR	Agribusiness	4.3
Madagascar	Tourism	0.7
Rwanda	Financial	15.54
Senegal	Services	9.3
Total Africa		50.14
Other		
Asia, Latin America & Europe	Infrastructure/Financial/manufacturing	1,326.3
Grand Total		1,376.44

Source: MIGA Annual Report 2010

Technical Assistance

MIGA supports the multi-donor Investment Climate Advisory Services of the World Bank Group, which helps client governments design and implement reforms to improve their business environment and attract domestic and foreign investment. Investment Climate Advisory Services remains focused on IDA and conflict-affected countries: 64 percent of fiscal year 2010 reforms were implemented in IDA countries, 36 percent in sub-Saharan Africa, and 20 percent in conflict-affected countries.

MIGA's financial contribution has supported projects that reduce policy impediments and provide support to governments in attracting new investors as well as retaining and expanding existing investments.

Chapter 3

Selected Policy Issues

- ❖ Progress Report on the Implementation of the Reform Agenda
- ❖ IDA 16 Replenishment



Selected Policy Issues

3.1 Progress Report on Implementation of the Reform Agenda

A broad-based reform program has been launched to bolster the institution's capacity to address the challenges and opportunities of a post-crisis world. These reforms cover the review of instruments, establishing a global bank to enhance service delivery through a decentralization process, embarking of a human resource reform and improving the capacity to measure and manage by results. The Bank's current reform agenda also seeks to improve the delivery of service. The reforms will rely on new approaches to decentralization, which will bring the Bank closer to its clients in low-income and conflict affected countries. In addition, the Bank has begun to review its regional and network matrices, which provide core organizational structure for the delivery of investment and knowledge services. Although organizational matrices at the country and regional levels perform well, the Board plans to review and strengthen the global organizational matrix to ensure greater connectivity and staff mobility, enhance accountability, and facilitate knowledge flows.

Instrument Review- the focus is on upgrading the Bank's financial and knowledge services to enhance responsiveness to clients and strengthen partnership. A key instrument under review, the Investment Lending instrument, is being redesigned to focus more on risk identification, implementation and results. The first phase of Investment Lending reform (risk-based approach) has been completed and is now being implemented. A proposed new financing instrument for results-based lending (RBL) will be the focus of the second phase of Investment Lending reform, together with greater harmonization with country policies. The knowledge strategy is also under review and it aims to strengthen the Bank's ability to generate, capture and create incentives for sharing knowledge across the Bank Group and with partners.

Global Bank – There is a push to further decentralize the Bank and enhance its field presence especially in low-income and fragile states with more task and sector management in the field. The Bank has made significant progress in terms of decentralization. About 53 percent of regional operational staff and 30 percent of Head Quarter appointed operational staff are now based in the field, as compared to 37 percent and 16 percent respectively, in fiscal year 2000. Africa Region has now about 65 percent of its staff based in Country Offices and the Region is in the process of establishing a thematic Fragility Hub in Nairobi, Kenya, to house specialized skills that will enhance the services provided by country offices in conflict-affected states. IFC has also significantly decentralized its operations and it is planning to open three new offices in Sub-Saharan Africa.

Human Resources Reform – There is also underway, a human resources reform that is geared at ensuring staff mobility, organizational flexibility and a more incentive and performance based structure.

Voice and Participation – Phase 2

The Board transmitted to Governors for approval a second phase of reforms to enhance the voice and participation of developing and transition countries (DTCs), following agreement by members in 2008 of phase 1. These voice reforms include an increase in the voting power of DTCs in IBRD by 3.13 percent, bringing their voting power to 47.19 percent, which represents a total shift of 4.59 percent to DTCs since 2008. This realignment will be carried out through a selective capital increase of US\$27.8 billion, with paid-in capital of US\$1.6 billion. Voice reforms at IFC resulted in bringing their DTCs voting power in IFC to 39.48 percent, an increase of 6.07 percent. IBRD and IFC shareholding reviews will take place every five years as the WBG moves toward equitable voting power between developed and developing countries over time.

For Sub-Saharan Africa, the major gains came with the Phase 1 reforms, as countries in the two Sub-Saharan Africa constituencies will be represented by three Executive Directors to be elected during the 2010 regular elections. In the Phase 2 discussions, it is important to ensure that the voting power of SSA is maintained at post Phase 1 level. However, we find that the focus of Phase 2 reforms on “protecting the smallest poorest” may not provide adequate protection for all countries, as some will fall through the cracks when the Bank goes into revising the definition of the “smallest poor”.

3.2 IDA 16 Replenishment

While the IBRD raises most of its funds on the world's financial markets, IDA is funded largely by contributions from the governments of its richer member countries. Additional funds come from IBRD's and IFC's income and from borrowers' repayments of earlier IDA credits. Donors meet every three years to replenish IDA funds and review IDA's policies. The last replenishment of IDA's resources the fifteenth replenishment (IDA15) was finalized in December 2007 and finances projects over the three-year period ending June 30, 2011.

The sixteenth replenishment (IDA 16) will be the last full replenishment before the target date for the Millennium Development Goals (MDGs) and comes at a critical time for the African continent. With only five years remaining before the 2015 Millennium Development Goals (MDGs) deadline, Africa stands out as the continent with the biggest development financing gaps. The 2008-2009 global economic and financial crises have further challenged IDA countries, particularly fragile states, and jeopardized the gains Sub Saharan Africa in general has made over the past several years. To restore economic growth to pre-crisis levels, bridge infrastructure gaps, pursue regional integration, invest in climate change adaptation and mitigation, and achieve the MDGs, the needs are high.

Under IDA15, the IDA has responded expeditiously to the needs of its clients, and has achieved unprecedented levels of commitments, particularly in its core strategic priority areas of infrastructure, governance, support for fragile states and regional integration. Both commitments and disbursements have doubled compared to IDA14, demonstrating the IDA's capacity, flexibility and commitment to its client countries. The commitments to Sub Saharan Africa's development continue to grow and this must be sustained.

IDA 16 replenishment is taking place in a difficult and uncertain external environment with many donors facing significant fiscal challenges and strong drive to adjust official development assistance. Borrowers are therefore expected to play a strong advocacy role during this replenishment process as always. Therefore a brief account of the process, the strategic issues relating to the themes, special initiatives, policy reviews and the financing needs is being provided to support our constituency borrowers in the negotiation process.

3.2.1 The process

Four meetings are scheduled to facilitate the replenishment negotiations. Two of these have already been organized in Paris in March 2010 and Mali in June 2010 which set the stage for the process by setting the agenda for IDA 16, the strategic and special themes, commenced discussions on the demand for resources and the financing framework. The third meeting scheduled for October 2010 immediately following the World Bank/ IMF Annual Meetings will continue discussions on the review of IDA policies, new initiative on a permanent IDA Crisis Response Window, treatment of MDRI netting out and the financing framework. The final meeting is expected in December 2010 to seek pledges for IDA16 replenishment.

3.2.2 Strategic Issues

The Main theme - The main theme for IDA 16 that has received strong support in the course of the negotiations is the focus on development results. There is emphasis on the importance of improving communication of IDA's results to donors, clients and other external audiences, particularly from the perspective of demonstrating what difference IDA makes on the ground.

Special Themes -To accelerate additional progress on poverty reduction and overall development results, IDA 16 is expected to enhance efforts on three critical cross-cutting thematic areas with the following proposed actions:

Gender –

- Address gender issues to bolster progress on all MDGs
- Prepare and implement regional gender action plan
- Include gender related actions in the World bank's education strategy and reproductive health action plan
- Strengthen monitoring of gender related activities and
- Disseminate the business case for gender work through the World Development Report 2012.

Fragile situations –

- Focus on countries lagging behind the MDGs
- Extend post conflict financial assistance on a country by country basis
- Promote regional projects, requiring only 2 countries rather than 3 currently required to access regional allocations
- Deepen decentralization efforts through greater delegation of authority to the field and more effective skill mix

Climate change –

- Enhance climate resilience to sustain development progress
- Build in climate resilience and capture mitigation opportunities and
- Strengthen monitoring and reporting of IDA resources used for climate change.

New Initiative

Crisis Response –The global economic and financial crisis revealed a major shortcoming in IDA’s framework with respect to its ability to respond quickly to assist member countries to cope with severe exogenous shocks. In this context, the establishment of a permanent Crisis Response Window (CRW) within IDA is being proposed as a special initiative to provide flexible and needs-based resources additional to IDA’s regular country allocation to enhance IDA’s capacity to deal with unanticipated, severe natural disasters or exogenous shocks.

Policy Review

Review of IDA Performance Based Allocation System -The recent trend in declining or rather fluctuating allocation levels in several of IDA countries is becoming a growing concern. Therefore the proposed revisions of the PBA formula in the course of the IDA 16 negotiations are broadly supported.

Specifically, proposals including (i) extension of the phase-out period for post-conflict and reengaging countries on a case by case basis (ii) relaxing the three country requirement for regional projects under the IDA regional financing window (iii) eliminating the maximum per capita allocation ceiling for small states and raising their base allocation to \$3.0 million per year from the current \$1.5 million per year, have received broad support. There is also call for a rethink of the weighting structure of the CPIA cluster, in particular the weight accorded to the governance indicator.

3.2.3 Financing

IDA is seeking contributions from traditional donors and new and emerging donors for an ambitious replenishment that can yield results higher than IDA 15. It is doing so by balancing IDA countries needs with donors’ fiscal constraints, actively engaging the emerging donors in IDA partnership and posturing itself for maximum effort to mobilize internal resources through IBRD transfer and IDA resource reflows.

Indeed, the needs of IDA countries remain enormous with the overriding challenge being the acceleration of progress on MDGs. Even though IDA 16 is taking place against the backdrop of a difficult fiscal situation for donor countries, there has never been a greater documented need to increase ODA.

Over the past decade, aid to Africa for instance has been highly productive. The continent has seen accelerated and sustained growth, surge in private capital inflows, improved macroeconomic management and strong citizen coalition for reform. When the crisis struck, despite significant pressure, most Africa economies continued- and some even accelerated- the prudent macroeconomic reforms that had put inflation in check and buoyed the continent’s decade-long growth. Aid to Africa will be doubly effective if stepped-up now,

when the macroeconomic policy environment is at its strongest level and the potential for high return on aid investment has been proven. With ongoing reforms, continued investment in key sectors, and support for a dynamic private sector, Africa, over time, can become a new pole of global growth. This is therefore a golden moment to support Africa, and IDA is well placed as a critical vehicle in providing that support through its results-oriented technical and financial assistance.

The combined effect of the support from all stakeholders should therefore result in a successful conclusion to the replenishment in order to provide IDA countries the partnership they need to implement the development programs that would help reduce poverty and improve lives.

Chapter 4 Constituency Matters

- ❖ The Third Chair for SSA and the Three New Constituencies
- ❖ Africa Group I Constituency Coordination
- ❖ Updates on the Voice Secondment Program



Constituency Matters

4.1 The Third Chair for SSA and the Three New Constituencies

Following the Board of Governors' approval on January 30, 2009 of the Bank Group Resolution No. 596, which increased the number of elected Executive Directors on the Boards from 19 to 20, thus enabling Sub Sahara Africa to be represented by three (3) Executive Directors on the Boards of the IBRD, IDA, IFC and MIGA; the countries have been engaged in a series of consultations on how to reconfigure the Sub-Saharan Africa Constituencies. The African Caucus, under the Chairmanship of the Minister of Finance of Finance and Economic Development for Sierra Leone, which has been spearheading the reconfiguration process, at its meeting in Freetown on August 16, 2010 concluded the reconfiguration of the constituencies. Guided by the principle of sovereign choice, the following viable groupings were announced and the Board of the Bank Group informed accordingly. These countries are expected to vote as blocs in October 2010 for three Executive Directors to represent the interest of the subcontinent in the World Bank Group.

New Constituency Membership for SSA countries on the Executive Boards of the World Bank Group

Africa Group I		Africa Group II		Africa Group III	
1	Botswana	1	Benin	1	Angola
2	Burundi	2	Burkina Faso	2	Nigeria
3	Eritrea	3	Cameroon	3	South Africa
4	Ethiopia	4	Cape Verde		
5	Gambia	5	Central Africa Rep.		
6	Kenya	6	Chad		
7	Liberia	7	Comoros		
8	Lesotho	8	Congo Rep.		
9	Malawi	9	Congo (DRC)		
10	Mozambique	10	Cote d'Ivoire		
11	Namibia	11	Djibouti		
12	Rwanda	12	Eq. Guinea		
13	Sierra Leone	13	Gabon		
14	Seychelles	14	Guinea		
15	Somalia	15	Guinea Bissau		
16	Sudan	16	Madagascar		
17	Swaziland	17	Mali		
18	Tanzania	18	Mauritania		
19	Uganda	19	Mauritius		
20	Zambia	20	Niger		
21	Zimbabwe	21	Sao Tome		
		22	Senegal		
		23	Togo		

4.2 Africa Group I Constituency Coordination

Africa Group I Constituency has since shared parallel membership on the Boards of World Bank Group and International Monetary Fund. In this regard, constituency activities have been coordinated jointly by the offices of the Executive Directors of the Bank and the Fund on an annual rotational basis.

However, in view of the reconfiguration of the Sub Saharan African constituencies on the Boards of the World Bank, the parallel structure of the Africa Group I constituency at the World Bank and IMF will cease to exist after the 2010 Annual Meeting. While the 21 member countries will continue to be represented by one Executive Director at the IMF, the 22 member countries in the Bank have been split into new groups. Beginning November 1, 2010, the constituency activities will therefore have to be coordinated separately by the respective offices of the Executive Directors in the Bank and the Fund.

4.3 Updates on the Voice Secondment Program (VSP)

The VSP was approved by the Board in April 2004 as a five-year pilot program in the context of Voice and Participation to help enhance capacity in the Executive Directors' constituent government agencies. Based on a very positive assessment, the program has been renewed for another five years. The VSP has contributed to this effort by involving clients in Bank operations directly through participant assignments; and indirectly by increasing the Developing and Transition Countries' (DTCs) dialogue with the Bank, namely, Executive Directors and country teams. The VSP also contributes to the Bank's operational and overall strategy, increasing operational and development effectiveness. The VSP specifically contributes to south-south cooperation and the knowledge agenda.

To date, 147 civil servants have completed the program through six separate cohorts from 98 countries, with 44 percent of the participants from Africa. Several surveys show that the program has made significant contribution to enhancing the skills and confidence of the participants.

Testimonials by former Voice Secondment Participants

The Voice Secondment Program is valuable in terms of Capacity Building and its extension by another five years is a welcome development. I gained perspective on the operations, policies and procedures of the World Bank Group some of which I am using in my day-to-day duties. This Program gave me the chance to learn more about different customs, religions and languages that I have continued to use after the assignment to address some of the challenges facing the economy.

The experience gained through the training programs as well as experienced gained at the Host Unit and at the Executive Director's Office has assisted in improving my skills. I finished my assignment at a time the civil service had experienced its worst staff turnover, due to poor conditions of service. The experience gained at the Host Unit assisted me in integrating new staff and be able to groom them to produce results for the Ministry. The networking by the World Bank Staff as well as other Voice Secondment Alumni has assisted in getting valuable inputs into my day-to-day work; hence improving its quality on output. I have moved to a New Department and I found it easier to integrate into the new Team since part of the assignment was to work in a Host Unit on a new assignment as well as with a new Team.

M. Mugwenhi (Ms)
Ministry of Finance
Zimbabwe



The VSP has been a rewarding experience to me. I found the Program to be very rich in content, focused in presentation, targeted in delivery and coherent in result. For me, it is not just capacity enhancing, but a platform that broadens ones world's view of development and the challenges confronting developing countries in the delivery of development. For instance, the various activities of the Program including the orientation for new staff in January, the session on the Fundamentals of Bank Operations, the different presentations and briefing sessions by different Units of the Bank, and the assignments in the Executive Director's Office and Host Units, tremendously improved my knowledge of the World Bank Group's goal, operational policies and, procedures. My terms of reference and the accompanying operational mission to Zimbabwe, provided ample opportunities to put to practice what I learnt from the various presentations and to understand better through hand-on experience how the Bank conducts its engagements with Governments and other stakeholders. I am therefore more confident and better informed today than I was before I joined the Program.

There are however, still some rooms for improvement in the delivery of the Program in order to maximize expected outcome. The delivery time is too short and the level of participation too low, to achieve the desired impact within a reasonable time frame. I am therefore of the opinion that the capacities and skills of participants would be better enhanced and the benefits of the Program more measurable if the period of assignment is extended to a minimum of two years and participation per country is increased proportionately. The possible logistics difficulties of such an extension and increase could be resolved through alternation of assignments of participants between Regional/Country offices and the Bank Headquarters. The absence of guaranteed funding threatens future and full implementation of the Program and exposes its budget to the seasonal severities of Bank budgets. It is therefore important that the Board ring-fences funding for the Program to secure its services to developing countries.

Fidel Odey
Federal Ministry of Finance
Nigeria

Testimonials by former Voice Secondment Participants Cont...

I am one of the 3rd cohorts to participate in the VSP World Bank HQ, Africa Region, Result and Learning Group from January to July 2007. Since I returned to my ministry, I was promoted to my current post of principal economist. I enjoyed working at the World Bank and sharing experience with WB officials. One of the areas which I worked on during my stay at the Bank is the PRSP Financing, which is still my area of responsibility with regard to Tanzania's poverty reduction initiative. The experience gained at the Bank helped me to work more effectively with WB officials during their missions to Tanzania. I am also heading one of the Technical Team (Long Term Development Finance Technical team) under the Tanzania Financial Sector Support Project which is financed by World Bank. Through the VSP, I have managed not only to expand my network, but also to sharpen my skills in different fields such as finance, macroeconomic forecasting, PRSP, and managing for results.

Mbayani Yudica Saruni
Ministry of Planning, Economy and Empowerment
Tanzania



I would summarize my participation in the voice Secondment Program simply as an 'invaluable learning experience'. From the assignment in the host unit, the various lectures and briefings we attended to the people we got to meet, everything was centered on learning and self-improvement.

During the term of the assignment I was assigned to the ECA region. The assignment enabled me to gain invaluable insight in the operations of the Bank and to better understand the products it has to offer its clients. The ability to be able to see how business is done from the perspective of the Bank rather than that of the Government provided many valuable lessons which will truly help in the performance of my duties. The program also enabled us to become better acquainted and to better appreciate the important role of the Executive Director's office. It provided us the opportunity to establish contact and a working relationship which will serve both the office and our respective governments.

In addition to being exposed to the working environment of an institution such as The World Bank and the cultural diversity it entails, the Secondment Program also presented an opportunity to experience a different culture in the American culture itself.

I would personally recommend participation of others in the Voice Secondment Program and would like to thank all those who make this program possible as they are making a great contribution to our professional development and to that of our countries.

Elizabeth Charles
Ministry of Finance
Seychelles

4.4 Strengthening the Executive Director's Office

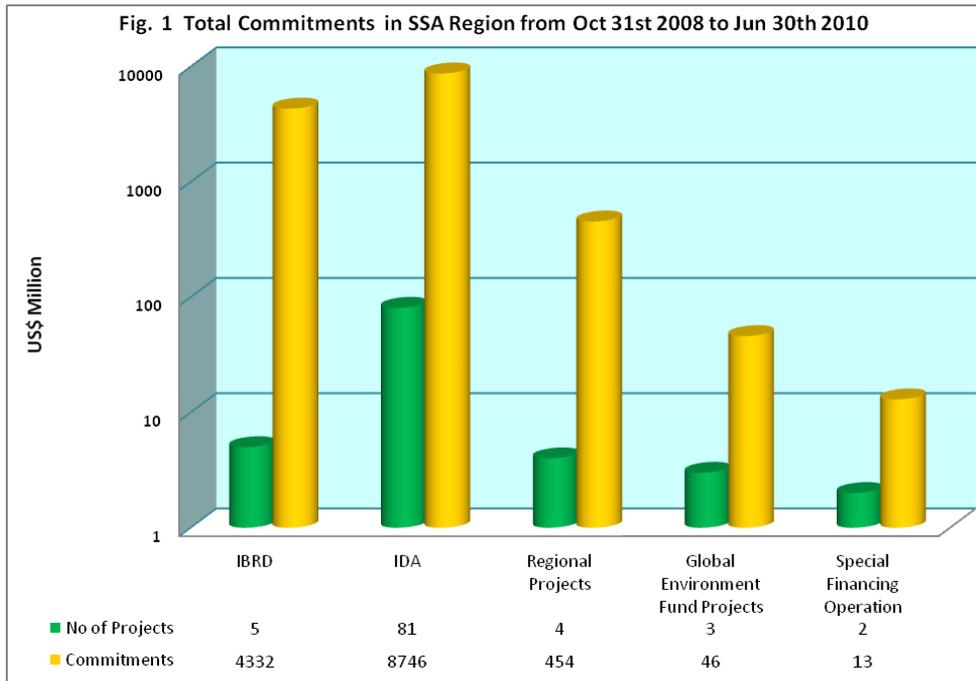
An important area where progress was made during the last two years is in the operation of the Executive Director's Office. The focus was on enhancing the office effectiveness. Feedbacks suggest that our interventions at the Board and in committee rooms have improved greatly in terms of substance and delivery. To achieve this, emphasis was placed on building a cohesive and result-focused office team. Conscious efforts were made with some success in improving relationships with other Board members as well as between our office and member states. This is very important. Without the appropriate support and concerted actions of member countries and the Board, opportunities to maximize Africa's contributions to and benefits from the WBG would be missed or be less than effective.

Going forward, member countries will have to pay a bit more attention on providing feedback to the ED's office on critical issues brought to the Board, particularly in respect of their likely impact on their own development agendas. Such inputs from our Governors on important policy issues would add weight to the debates as and when they are tabled. Our unwavering quest to increase vigilance in ensuring a credible African-owned and African-driven development agenda must be maintained as we engage with the multilateral institutions. Consequently, fostering greater coordinating and consultations between the ED's office and the Bank's African region should be the backbone of this new strategic approach.

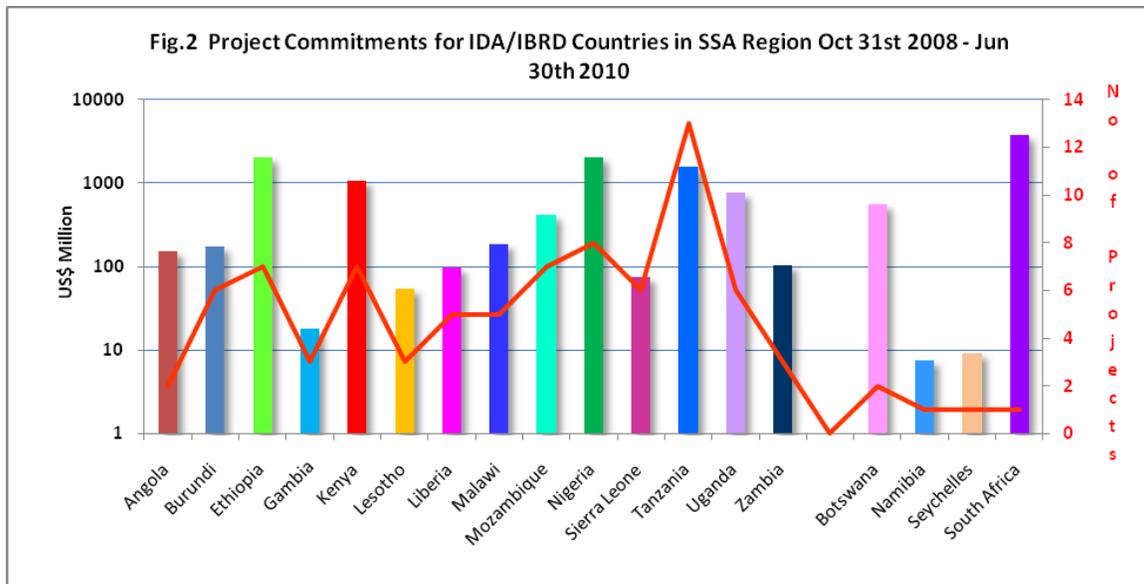
To enhance our performance, a state-of-the-art user-friendly internal electronic filing and record system was developed and made operational aimed at meeting two objectives: one, past, current and future records shall be kept safely appropriately stratified; and two, document shall be easily and orderly accessed and stored after use in the shortest possible time. These gains have not only boosted staff morale significantly, but have enhanced our productivity and participation in Board deliberations.



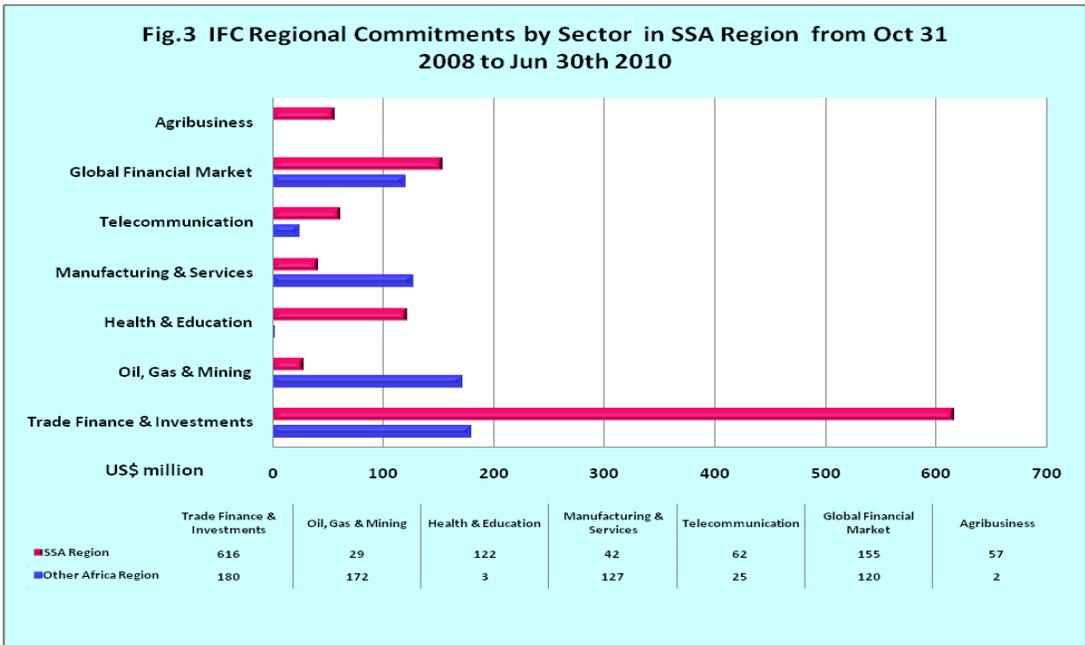
Annex 1. Resource Flows to Sub-Saharan Africa: October 31, 2008 – June 30, 2010



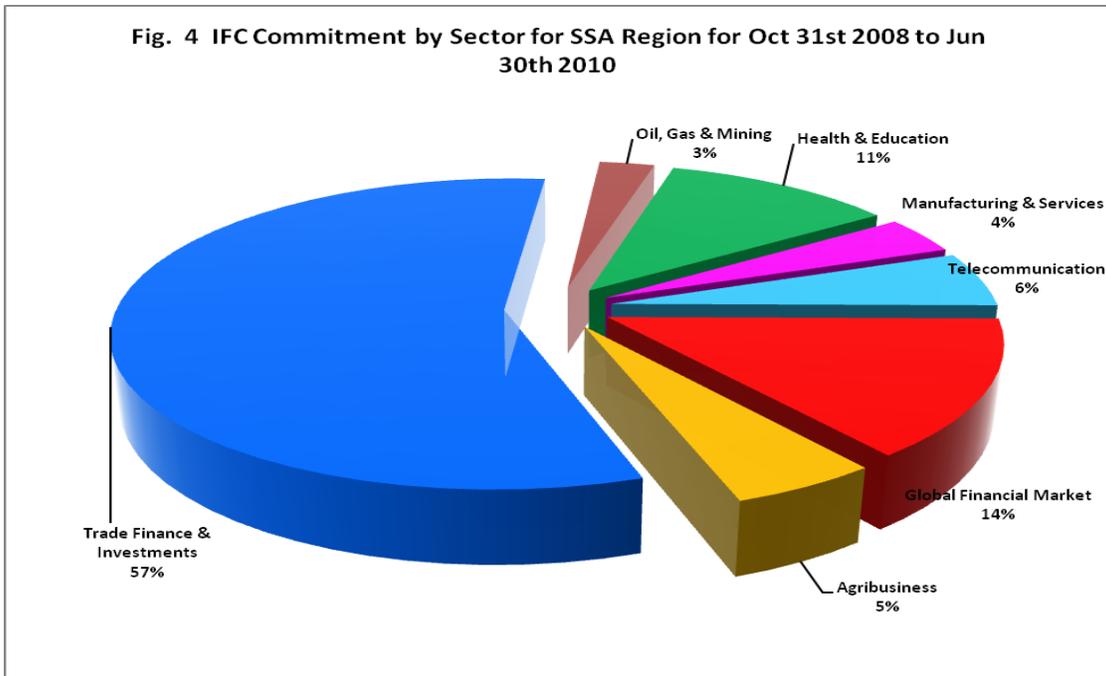
Source: World Bank Database



Source: World Bank Database



Source: World Bank Database



Source: World Bank Database

FOR IMMEDIATE RELEASE



DEVELOPMENT COMMITTEE

JOINT MINISTERIAL COMMITTEE
OF THE
BOARDS OF GOVERNORS OF THE BANK AND THE FUND
ON THE
TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES

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Istanbul, Turkey, October 5, 2009

DEVELOPMENT COMMITTEE COMMUNIQUÉ

1. The Development Committee met today, October 5, in Istanbul. We wish to convey our sympathy to the people of Asia and the Pacific affected by the recent natural disasters, and the Bank stands ready to assist them.
2. The global economy has shown signs of recovery, but risks remain. In many developing countries, the impact on poverty and on the most vulnerable people is rising. As a result of the crisis, by end-2010, some 90 million more people risk being forced into extreme poverty. Hard-earned progress towards the Millennium Development Goals is in danger of being reversed. To protect the poor, we urged members to follow through on commitments to increase aid and its effectiveness. Developing countries play an important role in the global recovery and their progress will be essential for future growth. We welcomed continued progress by developing countries to improve their policy frameworks, and recognized that addressing financing constraints and investing in developing countries is critical for sustainable growth. We also acknowledged that the revival of world trade and investment will drive growth and urged members to avoid protectionist measures.
3. We welcomed the vigorous response by the World Bank Group (WBG) to the crisis, noting that IBRD's commitments almost tripled to \$33 billion this year, and IDA's reached an historic level of \$14 billion. IFC combined strong innovation with effective resource mobilization, providing \$10.5 billion in investments from its own account, and mobilizing an additional \$4 billion through new initiatives in global trade, infrastructure, microfinance, and bank capitalization. We stressed the importance of incorporating appropriate lessons from the crisis into the WBG's future work. We support the WBG's efforts to tackle long term development challenges in line with its comparative advantage, including investing in infrastructure development, support for private sector-led growth and employment, climate change, food security, fragile states, and governance reform, including the Stolen Assets Recovery initiative. We welcomed the ongoing work on a post-crisis strategy for the WBG and look forward to reviewing it at our next meeting. We called on the WBG to work with the regional development banks to assess their respective roles and methods of collaboration.
4. We welcomed the timely and effective efforts of the IMF. Member countries are delivering on promises to triple the IMF's resources. We welcomed the new SDR allocation, the more-than-doubling of the IMF's medium-term concessional lending capacity to \$17 billion, the reform of IMF facilities for low-income countries (LICs), and streamlining of IMF structural conditionality. We supported the joint efforts by the Fund and the Bank to increase the flexibility of the Debt Sustainability Framework and the Financial Sector Assessment Program.

5. We encouraged the WBG to make full use of its existing resources, and are pleased the WBG is on track to provide over \$100 billion in IBRD financing over three years. We welcomed the progress in examining measures to improve the WBG's financial capacity and sustainability. We committed to ensure that the WBG has sufficient resources to meet future development challenges, and asked for an updated review, including on the WBG's general capital increase needs, to be completed by Spring 2010 for decision. The review should also address all possible contingent approaches as well as keep in mind the infusion of capital that would come from a special capital increase for voice reform. In considering the potential general capital increase needs of the IFC, the review should also examine the use of hybrid capital.
6. Core spending on health, education, social safety nets, infrastructure, and agriculture in LICs needs to be protected, while maintaining debt sustainability. In these circumstances, we committed to ensure that IDA has the concessional resources it needs. We committed to explore the benefits of a new crisis response mechanism in IDA to protect LICs from crises, to be considered as part of the IDA 15 Mid-term Review. We called on the Bank to develop a multilateral trust fund to support the Food Security Initiative for LICs in coordination with other relevant multilateral institutions and initiatives. We also asked the WBG to review further ways to make more resources, including IBRD enclave lending, available to LICs.
7. We committed to pursue governance and operational effectiveness reform in conjunction with voting reform to ensure that the World Bank is relevant, effective, and legitimate. We stressed the importance of moving towards equitable voting power in the World Bank over time through the adoption of a dynamic formula which primarily reflects countries' evolving economic weight and the World Bank's development mission, and that generates in the next shareholding review a significant increase of at least 3% of voting power for developing and transition countries, in addition to the 1.46% increase under the first phase of this important adjustment, to the benefit of under-represented countries. While recognizing that over-represented countries will make a contribution, it will be important to protect the voting power of the smallest poor countries. We recommitted to reaching agreement by the 2010 Spring Meetings.
8. Continuing improvements in the corporate governance, accountability and operational effectiveness of the WBG are essential for confronting the development challenges of the 21st century. We welcomed progress to date and asked for a report for our next meeting on progress and proposals for advancing these reforms.
9. The Committee expressed its appreciation to the Government of the Republic of Turkey for hosting the Annual Meetings. It thanked Mr. Agustin Carstens, Secretary of Finance of Mexico, for his valuable leadership and guidance as Chairman of the Committee during the past three years, and welcomed his successor, Mr. Ahmed bin Mohammed Al Khalifa, Minister of Finance of Bahrain.
10. The Committee's next meeting is scheduled for April 25, 2010 in Washington, DC.

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Washington, DC, April 25, 2010

DEVELOPMENT COMMITTEE COMMUNIQUÉ

1. The Development Committee met today, April 25, 2010, in Washington DC.
2. As it emerges from the worst crisis in decades, the world economy faces an uncertain and uneven recovery. The crisis interrupted progress in reducing poverty and the impact will be long-lasting. With only five years to meet the Millennium Development Goals, we must intensify efforts to reach the poor wherever they are – in Middle Income Countries, Low Income Countries, and especially in Sub-Saharan Africa. We welcomed the World Bank Group (WBG)'s response to the crisis through new and creative approaches to help its clients, including IFC's innovative response, as well as the increase since the start of the crisis in the WBG's support to over \$100 billion and the IMF's support to almost \$175 billion.
3. The crisis response underscored the importance of international cooperation and effective multilateral institutions. With global mandates and memberships, the WBG and the IMF must play key roles in a modernized multilateralism.
4. We noted the ongoing discussion at the IMF on its current mandate and the review of its role in surveillance, lending, and the stability of the international monetary system.
5. We recognize the historic nature of the crisis and support the World Bank Group embarking on fundamental reforms and developing a post-crisis directions strategy. The WBG will be better equipped to address the development challenges of the 21st century and its overarching objective of overcoming poverty. These ongoing reforms will strengthen the efficiency, effectiveness and accountability of the World Bank Group. We are increasing its legitimacy through voice reform. We are rebuilding its financial capacity. This transformative agenda is set out in the *Synthesis Paper-New World, New World Bank Group*. Effective implementation will be critical and we look forward to reviewing progress at our future meetings. We look forward to Board proposals for

strengthening corporate governance and accountability at the WBG at the 2010 Annual Meetings.

6 . In line with our Istanbul commitments, we endorsed voice reform to increase the voting power of developing and transition countries (DTC) in IBRD by 3.13%, bringing it to 47.19%. This represents a total shift of 4.59 % to DTCs since 2008 (<http://www.worldbank.org/voiceibrd>). This 2010 realignment includes a selective capital increase of \$27.8 billion with paid-in capital of \$1.6 billion. The approach used for the 2010 shareholding realignment and its elements are the basis for the current selective capital increase only. For the next shareholding review in 2015, we committed to establish a work program and a roadmap to arrive at a benchmark for a dynamic formula reflecting the principles we agreed in Istanbul, moving over time towards equitable voting power and protecting the voting power of the smallest poor countries. We reiterate the importance of an open, merit-based and transparent process for the selection of the President of the World Bank Group. We will also promote staff diversity to reflect better the global nature of the WBG.

7 . As a first step in IFC voice reform, we endorsed an increase in basic votes and a selective capital increase of \$200 million, representing a total shift of 6.07%, to bring DTC voting power to 39.48 % and move towards a broad and flexible alignment with IBRD shareholding (<http://www.worldbank.org/voiceifc>).

8 . The WBG must remain financially strong. We endorsed a general capital increase for IBRD of \$58.4 billion of which 6%, or \$3.5 billion, would be paid in capital, as set out in the paper *Review of IBRD and IFC Financial Capacities*. We further endorsed related matters contained in that paper as well as in *Synthesis Paper-New World, New World Bank Group*, including a reform of loan maturity terms to be discussed at the integrated financial review in June 2010. We recognized the importance of the inclusive nature of the GCI and our ongoing commitment to IDA by enhancing the value of IDA transfers, in line with IBRD's financial capacity. We reiterated our support for a successful IDA-16 replenishment through fairer and wider burden-sharing. We also reconfirmed our commitment to ensuring that IFC has the resources necessary for its continued growth. We endorsed the package to enhance IFC's financial capacity, including consideration of a long-term hybrid instrument to shareholders, subject to the Board review of terms and conditions, and earnings retention.

9 . We urged the Boards and WBG management to expedite the necessary procedures so the appropriate resolutions to implement the voice reform and capital packages are submitted to the IBRD and IFC Boards of Governors by end-June 2010.

10 . We thank Kiyoshi Kodera for his services over the past four years as Secretary to the Development Committee. The Committee's next meeting is scheduled for October 10, 2010 in Washington, DC.

Annex 4. Projects Approved for Constituency Member Countries

This section of the report provides a list of the Constituency's specific investment projects approved by the Executive Board during March 2009 to September 30, 2010.



ANGOLA

Local Development Project

IDA Credit: US\$81.7 million
Approval Date: March 18, 2010

Project Development Objective

To (a) address both territorial asymmetries and social disparities in accessing basic public goods, (b) to promote a diversified local economy aimed at improving social welfare, and (c) to strengthen local governments capacity to provide quality services to the poorest households.

Municipal Health Service Strengthening Project

IDA Credit: US\$70.8 million
Approval Date: June 8, 2010

Project Development Objective

To improve access to quality maternal and child health care services. The funding will help strengthen the Angola health system in the five targeted provinces through training of health personnel, scaling up of outreach and community health services, strengthening of obstetric care, and improvement of hospital waste management.



BOTSWANA

Morupule B Generation and Transmission Project

IBRD Partial Credit Guarantee: US\$242.7 million
IBRD Loan: US\$136.4 million
Approval Date: October 29, 2009

Project Development Objective

To support Botswana in (i) developing a reliable and affordable supply of electricity for energy security; (ii) promoting alternative energy resources for low carbon growth; and (iii)

building institutional capacity in the energy sector.

Northern Botswana Human Wildlife Co-existence

GEF Trust Fund: US\$5.5 million
Approval Date: November 19, 2009

Project Development Objective

To (i) mitigate human wildlife conflict through proactive prevention interventions in selected rural communities in Northern Botswana; and (ii) offer local people in the project areas employment choices in wild life-based tourism to benefit directly from the presence of wild life.



BURUNDI

Third Economic Reform Support Grant

IDA Grant: US\$25 million
Approval Date: October 29, 2009

Project Development Objective

To (i) enable the Government to consolidate reforms already underway in public finance management; (ii) re-energize the reform process in private sector development including the coffee sub-sector; and (iii) address issues affecting the supply and price of petroleum products, which are critical to support private enterprise activities.

Agro-Pastoral Productivity and Markets Development Project

IDA Credit: US\$43 million
Approval Date: April 29, 2010

Project Development Objective

To (a) increase small producers' productivity and market access for targeted commodities in 10 of the 17 rural provinces of Burundi, (b) support agricultural technology transfer in targeted value chains, as well as rehabilitation of irrigation infrastructure to increase productivity, and (c) strengthen the capacities of producers and their partners to link to the market through improvement of post-harvest infrastructure, market intelligence, and rehabilitation of feeder roads.



ETHIOPIA

Ethiopia Productive Safety Net APL III Project

IDA Grant: US\$350 million
IDA Credit: US\$130 million
Approval Date: October 22, 2009

Project Development Objective

To improve effectiveness and efficiency for the Productive Safety Net Program and related Household Asset Building Program for chronically food insecure households in rural Ethiopia.

Public Sector Capacity Building Support Project – Additional Credit

IDA Grant: US\$50 million
Approval Date: December 1, 2009

Project Development Objective

To improve effectiveness and efficiency for the Productive Safety Net Program and related Household Asset Building Program for chronically food insecure households in rural Ethiopia.

Public Sector Capacity Building Program Support Project

IDA Credit: US\$50 million
Approval Date: March 23, 2010

Project Development Objective

To support the improvement of the efficiency and responsiveness of public service delivery at federal, regional and local levels, empowering citizens to participate more effectively in their own development agenda and promoting good governance and accountability.

Water Supply and Sanitation Project

IDA Credit: US\$80 million
Approval Date: March 30, 2010

Project Development Objective

To increase access to sustainable water supply and sanitation services, for rural and urban users, through improved capacity of stakeholders in the sector. This is an additional funding to cover the financial gap for 50 towns to meet the original project objective for an on-going project.

Road Sector Development Stage II Project

IDA Credit: US\$100 million
Approval Date: May 27, 2010

Project Development Objective

To assist the country in increasing its road transport infrastructure, strengthen the capacity for road construction, management and maintenance, and creating conditions conducive to private sector participation in the road transport sector.

Energy Access Project (additional financing)

IDA Credit: US\$180 million
Approval Date: June 29, 2010

Project Development Objective

To establish a sustainable program for expanding access to electricity and improving the quality and adequacy of electricity supply. The project will also reduce environmental degradation, improve energy end-use efficiency and lower the barrier to the widespread adoption of renewable energy technologies, in particular solar photovoltaic and micro-hydro power generation in rural areas. In addition, it will provide technical support to key sector agencies for institutional development and capacity building.

Agricultural Growth Project

IDA Credit: US\$108.4 million
IDA Grant: US\$41.6 million
Approval Date: September 30, 2010

Project Objective

The objective of the project is to increase agricultural productivity and market access for key crop and livestock products in targeted woredas, with increased participation of women and youth.



THE GAMBIA

Integrated Financial Management and Information System Project

IDA Grant: US\$4 million
Approval Date: June 1, 2010

Project Development Objective

To increase the country's capacity in public resource management.

Growth and Competitiveness Project

IDA Grant: US\$12 million
Approval Date: September 30, 2010

Project Development Objective

The project development objective is to improve the investment climate and strengthen the competitiveness of key sectors of The Gambian economy.



KENYA

Enhancing Agricultural Productivity Project (EAPP)

IDA Grant: US\$28 million
Approval Date: March 16, 2010

Project Development Objective

To provide agricultural inputs to 150,000 poor and vulnerable farmers across the country by scaling up the government's National Accelerated Agricultural Inputs Access Program (NAAIAP). The provision of agricultural credit through commercial banks and other financial institutions will be scaled up under the "Kilimo Biashara" program—a credit guarantee system for farmers and agro dealers.

Kenya's Youth Empowerment Program

IDA Credit: US\$60 million
Approval Date: May 4, 2010

Project Development Objective

To support the Government of Kenya's efforts to increase access to youth-targeted temporary employment programs and to improve youth employability.

Municipal Reforms Project

IDA Credit: US\$100 million
Approval Date: May 4, 2010

Project Development Objective

To strengthen local governance, institutions, and physical infrastructure, with the ultimate objective of improving services delivered to Kenyans in the 15 largest municipalities. It will also improve the viability of the five largest cities and all provincial capitals.

Kenya Electricity Expansion Project

IDA Credit: US\$330 million
Approval Date: May 27, 2010

Project Development Objective

To increase electricity access to Kenyans in urban, peri-urban and rural areas. It will also enable Kenya to expand geothermal power generation as part of its green energy development strategy.

Health Sector Support Project

IDA Credit: US\$100 million
Approval Date: June 29, 2010

Project Development Objective

To improve the delivery of essential health services for Kenyans, especially the poor and to increase the efficiency of planning, procurement and the management of pharmaceuticals and medical supplies.

Coastal Development Project

IDA Credit: US\$35 million
Approval Date: July 27, 2010

Project Development Objective

The project will promote sustainable management of tourism and fisheries resources in line with the government's Vision 2030, which identifies tourism as an engine of growth, job creation, poverty reduction and wealth generation in the Coastal region. It will support governance reforms of fisheries management in an exclusive economic zone and promote research in near-shore fish stocks to increase sustainable and profitable fishing practices.

Kenya Agricultural Productivity and Sustainable Land Management Project

GEF Grant: US\$10 million
Approval Date: September 30, 2010

Project Development Objective

The project will facilitate agricultural producers in the targeted operational areas to adopt environmentally sound land management practices without reducing their income. This will contribute to the global environmental objective of reducing land degradation in the targeted areas.



LESOTHO

HIV/AIDS Technical Assistance Project

IDA Grant: US\$5 million
Approval Date: August 27, 2009

Project Development Objective

To build capacity of the government agencies and civil society organizations at the national and local levels to address the identified key gaps in implementation of the national HIV/AIDS strategic Plan with a view to containing and reversing the epidemic.

Second Poverty Reduction Support Credit and Grant

IDA Grant/Credit US\$25 million
Approval Date: March 30, 2010

Project Development Objective

To implement key policy actions outlined in its Interim National Development Framework and in the Performance Assessment Framework agreed by the Government and the five external partners that have agreed to provide general budget support.

Water Sector Improvement Project (Second Phase)

IDA Credit: US\$16.5 million
Approval Date: June 8, 2010

Project Development Objective

To support the Kingdom of Lesotho in (i) developing and sustaining an environmentally sound, socially responsible, and financially viable framework for the Metolong Dam and Water Supply Program (MDWSP); (ii) increasing the quantity of safe, bulk water supplied to Teyateyaneng; and (iii) strengthening institutions and related instruments in the water sector.

Integrated Transport Project - Additional Financing

IDA Credit: US\$8.5 million
IDA Grant: US\$6.5 million
Approval Date: July 2, 2010

Project Development Objective

The objective of the additional financing is the same as the original project, which is to increase economic growth in Lesotho through the provision of an efficient and integrated transport system that is both safe and affordable in the hopes of improving access to services and market opportunities for all across Lesotho.



LIBERIA

Urban and Rural Infrastructure Rehabilitation Project

IDA Credit: US\$47 million

Approval Date: June 29, 2010

Project Development Objective

To scale up activities for expanding the rehabilitation of critical infrastructure along the entire Monrovia-Buchanan corridor

Youth Employment and Skills Project

IDA Grant: US\$16 million

Approval Date: July 29, 2010

Project Development Objective

The project will expand access of poor and young Liberians to temporary employment programs and improve youth employability, in support of the Government of Liberia's response to the employment crisis. This will be achieved by scaling up existing temporary employment programs, ensuring that they are well grounded in communities, and demonstrating how job-oriented and demand-driven skills development can lead effectively to employment and improved productivity in the private sector and by strengthening institutional capacity for Technical and Vocational Education and Training (TVET) providers and regulators.

Urban and Rural Infrastructure Rehabilitation Project: Additional Funding

IDA Grant: US\$47 million

Approval Date: July 29, 2010

Project Development Objective

The objective of the Additional Financing for Urban and Rural Infrastructure Rehabilitation Project (URIRP) for Liberia is to support the government's goal of improving road access in Monrovia and in targeted rural areas, as well as improving institutional structure for technical management of road sector. The additional grant will help finance the costs associated with scale up activities, to expand rehabilitation of critical infrastructure along the entire Monrovia-Buchanan corridor.



MALAWI

Multi-Sectoral HIV/AIDS Project – Additional Grant

IDA Grant: US\$30 million
Approval Date: August 27, 2009

Project Development Objective

To contribute towards the implementation of the joint work program within the HIV/AIDS sector Wide Approach, co-financed by other donors. This grant will go towards increasing access to prevention, treatment and mitigation services, with a focus on behavioral change interventions and addressing the needs of highly vulnerable populations.

Community-Based Rural Land Development Project

IDA Grant: US\$10 million
Approval Date: November 19, 2009

Project Development Objective

To (i) to strengthen land registries at district level, surveying and registration services with a view to improving, governance and access to land; (ii) facilitate the relocation of about 1000 household; (iii) cover complementary services such as extension and other capacity building services to enable project beneficiaries to productively use the land acquired.

Third Poverty Reduction Support Operation

IDA Grant: US\$54 million
Approval Date: June 8, 2010

Project Development Objective

To assist the Government of Malawi as it implements the Malawi Growth and Development Strategy by supporting implementation of policy and institutional reforms that will lead to the following medium-term outcomes (i) increased agricultural productivity, (ii) increased private sector investment, and (iii) sustained improvements in fiscal management.

Additional Support to Malawi's Budget

IDA Grant: US\$54 million
Approval Date: June 16, 2010

Project Development Objective

To help the Government delivers its development programs and respond to global financial and economic shocks. Of the \$54 million, fourteen million is from the crisis response window which the World Bank established to help countries manage the impact of the global financial and economic crisis, while \$40 million is the regular International

Development Association's allocation for budget support to Malawi for 2009/10 fiscal year.

Project to Improve Education Quality

IDA Credit: US\$50 million

Approval Date: June 17, 2010

Project Development Objective

To support implementation of Malawi's National Education Sector Plan by (i) increasing access to and equity in basic education; (ii) enhancing the quality of teaching and learning; and (iii) strengthening the overall managerial capacity of the Ministry of Education.



MOZAMBIQUE

Sixth Poverty Reduction Support Credit (PRSC-6)

IDA Grant: US\$110 million

Approval Date: November 12, 2009

Project Development Objective

To implement key policy actions outlined in its 2006-2010 Second Action Plan for the reduction of absolute poverty. This includes (i) consolidation and deepening of the institutional reforms of the budget process the quality of public financial management system, the transparency and efficiency of the State procurement system and the coverage and effectiveness of external audit; and (ii) economic development by removing constraints to growth notably by reducing structural constraints to financial intermediation.

Energy Development and Access Project

IDA Credit: US\$80 million

Approval Date: February 4, 2010

Project Development Objective

To support the Government of Mozambique's policy goals of economic development and poverty alleviation by increasing the number and quality of graduates at the undergraduate and graduate levels; to also strengthen the national research capacities to produce research outputs of relevance to the country's strategic economic sectors.

Higher Education, Science and Technology (HEST) Project

IDA Credit: US\$40 million
Approval Date: February 25, 2010

Project Development Objective

To support the Government of Mozambique's policy goals of economic development and poverty alleviation by increasing the number and quality of graduates at the undergraduate and graduate levels and improving the country's national research capacity.

National Decentralized Planning and Finance Project

IDA Credit: US\$ 30.4 million
Approval Date: March 30, 2010

Project Development Objective

To strengthen the national system of planning and budgeting, with a specific focus on district level plan elaboration and implementation. Also to strengthen fiduciary systems at the local level and include support to the Tribunal Administrativo (TA) and Inspeccio de Finanqas (IGF).

Maputo Municipal Development Program II

IDA Credit: US\$50 million
Approval Date: September 30, 2010

Project Development Objective

To improve the delivery and sustainability of priority municipal services in Maputo Municipality. The project will also strengthen municipal capacity for service delivery in response to citizen demand.

Spatial Development Planning Technical Assistance Project

IDA Credit: US\$20 million
Approval Date: September 30, 2010

Project Development Objective

The project development objective is to improve the national social and economic development planning through the introduction, institutionalization and mainstreaming of multi-sectoral spatial development methodologies and practices.



NIGERIA

Financial Sector and Public Financial Management Development Project

IDA Grant: US\$500 million
Approval Date: July 28, 2009

Project Development Objective

To (i) maintain confidence and stability in the financial system; (ii) strengthen the Banking System; and (iii) support the objectives of the 2009 budget focused on raising Government investment spending to accelerate non-oil growth.

Proposed Investment in Conserveria Africana Limited

IFC “A” Loan: US\$6 million
Approval Date: December 17, 2009

Project Development Objective

To help expand production scale so as to improve efficiency by locally sourcing and processing fresh tomatoes by developing an out-grower scheme, which is expected to develop a competitive edge and have a direct impact on local farming communities.

Proposed Investment in Adlevo Capital Africa, LLC

IFC Equity Investment: US\$10 million
Approval Date: December 30, 2009

Project Development Objective

To make equity and equity linked investments in growth stage companies that derive their competitive advantage through the development and exploitation of technology or technologically driven processes.

Proposed investment in CAPIC Protea Nigeria

IDA Credit: US\$12.1million
Approval Date: March 29, 2010

Project Development Objective

To contribute to the growth and development of the Nigerian non-oil economy and support increased private sector participation in the Nigerian hospitality industry.

Lagos Urban Transport Project

IDA Credit: US\$190 million
GEF Trust Fund Grant: US\$4.5 million
Approval Date: June 29, 2010

Project Development Objective

To improve mobility along prioritized corridors and to promote a shift to a more environmentally sustainable urban transport system. This will be achieved through a combination of traffic engineering measures, management improvements, regulation of the public transport industry, and the expansion and enhancement of the Bus Rapid Transport system.

National Urban Water Sector Reform Project (Additional Financing)

IDA Credit: US\$80 million
Approval Date: June 29, 2010

Project Development Objective

To address a financing gap caused by the unexpected increase in rehabilitation works and a global increase in equipment costs. This will allow the project to meet its original objectives of improving the reliability and financial viability of selected urban water utilities and increasing access to piped water supply in selected urban areas in Kaduna, Ogun and to Enugu States.

Second State Governance and Capacity Building Project

IDA Credit: US\$120 million
Approval Date: June 29, 2010

Project Development Objective

To improve transparency, accountability, and quality in public finance and human resource management systems in participating states.

Project to Increase Income of Rural Entrepreneurs

GEF Trust Fund Grant: US\$6.8 million
Approval Date: July 8, 2010

Project Development Objective

The objective of the project is to increase the incomes of rural entrepreneurs in areas of irrigable land that are low lying flood plains underlined by shallow aquifers and found along Nigeria's river system. This will be achieved by delivering resources directly to the rural communities, efficiently and effectively, and empowering them to collectively decide on how resources are allocated and managed for their livelihood activities and to participate in the design and execution of their sub-projects. By increasing their incomes, the project will help reduce rural poverty, increase food security and thereby contribute to the achievement of a key Millennium Development Goal (MDG).



SEYCHELLES

Development Policy Loan

IBRD Loan: US\$9 million
Approval Date: November 5, 2009

Project Development Objective

To establish a stable macro-economic environment and sustainable fiscal framework through fiscal adjustment underpinned by public administration and civil service reforms, and a reduction of the role of the State in commercial activities.



SIERRA LEONE

Co-Financing of the National Social Action Project

IDA Credit: US\$4 million
Approval Date: November 12, 2009

Project Development Objective

To assist war-affected or otherwise vulnerable communities to restore infrastructure services, build local capacity for collective action, and assist vulnerable households to access temporary employment opportunities with priority given to areas not previously serviced by the government, newly accessible areas, food insecure areas and the most vulnerable population groups within those areas.

Third Governance Reform and Growth Credit

IDA Credit: US\$10 million
Approval Date: November 24, 2009

Project Development Objective

To (i) preserve the fiscal space needed for poverty reduction; (ii) promote efficiency, transparency and accountability in the use of public resources through enhanced public financial management and governance; and (iii) improve the investment climate by ensuring the provision of electricity in a fiscally sustainable manner.

Mining Technical Assistance Project

IDA Grant: US\$4 million
Approval Date: December 3, 2009

Project Development Objective

To improve the management and regulation of the mining sector by helping to implement the country's mineral sector reform through strengthening the Government's capacity, the formulation of social, environmental regulatory frameworks, the management and promotion of geological data, development of selected mining areas rehabilitation plans, the improvement of administrative capacity and the provision of temporary salary support to the relevant Ministry.

Decentralized Service Delivery Project

IDA Credit: US\$20 million
Approval Date: October 15, 2009

Project Development Objective

To support the decentralized delivery of basic services to strengthen government's capacity to manage decentralized services; improve the availability and predictability of local councils' funding; and to strengthen the intergovernmental fiscal transfer system.

Biodiversity Conservation Project

GEF Trust Fund Grants: US\$5 million
Approval Date: January 21, 2010

Project Development Objective

To assist the Government of Sierra Leone (GoSL) in improving the management of selected priority biodiversity conservation practices. The objective will be achieved through the implementation of three components (1) Strengthening of the National Framework for Biodiversity Conservation; (2) Conservation Site Planning and Management; and (3) Project Management, Monitoring and Evaluation.

Third Governance Reform and Growth Credit (Supplemental Financing)

IDA Credit: US\$7 million
Approval Date: June 11, 2010

Project Development Objective

To support the government's efforts to counter the effects of the global economic crisis, protect the poor and vulnerable and restore the growth trajectory to pre-crisis levels. The GRGC-3 will provide support to specific reform measures under the Government's reform program designed to (i) preserve fiscal space for poverty reduction; (ii) promote efficiency, transparency and accountability in the use of public resources; and (iii) improve the investment climate through provision of electricity in a fiscally sustainable manner.

Youth Employment Support

IDA Credit: US\$20 million
Approval Date: June 30, 2010

Project Development Objective

To help finance the costs associated with mitigating the impact of the global financial crisis on one of the most vulnerable groups in Sierra Leone, i.e. the youth (people aged 15-35). The project will help respond to the situation by supporting short-term employment through the Government's cash-for-work safety net program and testing approaches for improving livelihoods and employability among the youth.



SOUTH AFRICA

Development, Empowerment and Conservation in the Isimangaliso Wetland Park and Surrounding Region Project

GEF: US\$9 million
Approval Date: December 3, 2009

Project Development Objective

To improve access to information needed to select the best feasible option for maintaining the availability of adequate quality fresh water to the Lake St Lucia System; and to increase access among local communities to conservation-compatible economic opportunities.

Proposed Investment in Marico South Africa (Proprietary) Limited

IFC A Loan: US\$5 million
Approval Date: December 30, 2009

Project Development Objective

To allow IFC to accelerate development in emerging economies and to establish long-term partnership with emerging players who are involved in (i) developing new products and markets; (ii) restructuring and modernizing to become internationally competitive; and (iii) expanding and moving towards a regional or global presence.

Proposed Investment in Curro

IFC Investment: US\$9.7 million
Approval Date: March 26, 2010

Project Development Objective

To create a network of 15 schools in South Africa, which will give it the scale to compete effectively in South Africa's growing private education sector. The Project represents the first phase of Curro's longer term plans.

Eskom Investment Support Project

IFC Investment: US\$3,750 million
Approval Date: April 8, 2010

Project Development Objective

To enable Eskom to enhance power supply and energy security in an efficient and sustainable manner to support economic growth objectives and accelerates South Africa's long-term carbon mitigation strategy.



TANZANIA

Supplemental Financing to Seventh Poverty Reduction Support Credit

IDA Credit: US\$170 million
Approval Date: December 21, 2009

Project Development Objective

To assist the Tanzanian government in continuing to improve the quality of health services and management of resources allocated to the health sector policy and institutional capacity building reforms initiated during the first phase of the program.

Health Sector Development Project II (additional financing)

IDA Credit: US\$40 million
Approval Date: December 15, 2009

Project Development Objective

To provide supplemental budget support to help efforts to sustain the implementation of PRSC series objectives in the face of unanticipated budget constraints related to the international financial and economic crisis.

Housing Finance Project

IDA Credit: US\$40 million
Approval Date: March 9, 2010

Project Development Objective

To develop housing mortgage finance market through the provision of medium and long-term liquidity to mortgage lenders.

Proposed Investment in Saza Makongolosi Gold

IFC Investment: US\$13.3 million
Approval Date: January 20, 2010

Project Development Objective

To support on-going exploration work, pre-feasibility study and initial Social and Environmental Impact Assessment (SEIA) of the SMP Gold.

Energy Development and Access Expansion Project

IDA Credit: US\$25 million
Approval Date: April 6, 2010

Project Development Objective

To improve the quality and efficiency of electricity service provision in the three main growth centers of Dar-es-Salaam, Arusha, and Kilimanjaro, and to establish a sustainable basis for energy access expansion and renewable energy development in Tanzania. The project also contributes to the global environmental objective to abate greenhouse gas emissions through the use of renewable energy in rural areas to provide electricity. This additional financing is primarily to support the project's small renewal energy components.

Strategic Cities Project

IDA Credit: US\$163 million
Approval Date: May 27, 2010

Project Development Objective

To improve the quality of and access to basic urban services in participating Local Government Authority's (LGAs). The funding will support improvements in core infrastructure and key urban services.

Transport Sector Support Project

IDA Credit: US\$270 million
Approval Date: May 27, 2010

Project Development Objective

To improve the condition of the national paved road network, to lower transport costs on selected roads, and to expand the capacity of selected regional airports.

Secondary Education Development Program II Project (APL I)

IDA Credit: US\$150 million
Approval Date: May 27, 2010

Project Development Objective

To address unmet needs and the institutional challenges faced by the secondary education subsector, which, if they continue to go unaddressed, will put at risk the sustainability of the achievements of past interventions.

Backbone Transmission Investment Project

IDA Credit: US\$150 million
Approval Date: August 26, 2010

Project Development Objective

The project's objective is to increase availability, reliability and quality of grid based power supply to northern regions of Tanzania. The project will finance a new 667 km High Voltage Alternating Current (HVAC) transmission line from Iringa to Shinyanga linking existing and future generating sources in southern Tanzania to the load centers in the Mwanza and Arusha regions in northern Tanzania.



UGANDA

Eastern Africa Agricultural Productivity Program Uganda Project

IDA Credit: US\$30 million
Approval Date: November 12, 2009

Project Development Objective

To enhance regional specialization in agricultural research; (ii) enhance regional collaboration in agricultural training and dissemination; and (iii) facilitate increased sharing of agricultural information, knowledge and technology across national boundaries.

Transport Sector Development Project

IDA Credit: US\$190 million
Approval Date: December 10, 2009

Project Development Objective

To improve the connectivity and efficiency of the transport sector through improved condition of national road network; improved capacity for road safety management; and improved transport sector and road management.

Boost to Uganda's Health Sector

IDA Credit: US\$130 million
Approval Date: May 25, 2010

Project Development Objective

To (a) strengthen Uganda's public health systems through improved human resources; provision of physical infrastructure; and greater accountability for service delivery, and (b) to support the Government to renovate hospitals, improve management of health workers, strengthen leadership in the sector and provide reproductive healthcare, including family planning services.

Agricultural Technology and Agribusiness Advisory Services

IBRD Loan: US\$120 million
Approval Date: June 22, 2010

Project Development Objective

To increase agricultural productivity and commercialization through the development of agricultural technology and advisory service systems.

Eighth Poverty Reduction Support Project

IDA Grant: US\$100 million
Approval Date: September 30, 2010

Project Objective

The project development objective is improved access to and greater value for money in public services.



ZAMBIA

Road Rehabilitation and Maintenance Project - Phase II

IDA Credit: US\$75 million
Approval Date: October 16, 2009

Project Development Objective

To stimulate economic growth and contribute to poverty reduction through appropriate investment in road infrastructure, adequate policy and institutional reforms, and enhanced road sector management. More specifically, to preserve road assets in target transport sector corridor and improve transport safety and connectivity in target areas.

Additional Investment in Kiwara Warrants

IFC Investment US\$18 million
Approval Date: December 17, 2009

Project Development Objective

To provide equity investment of up to US\$18 million in Kiwara. Of the US\$18 million, an initial investment of US\$6 million has been used to acquire approximately 19.5 million shares representing about 10 percent of the outstanding shares of the company. The balance of US\$12 million will be applied towards exercise of options attached to the share subscriptions.

Investment in Zambia National Commercial Bank

IFC Investment US\$25 million
Approval Date: March 10, 2010

Project Development Objective

To establish long-term partnerships with systemic financial institutions in Sub-Saharan Africa to finance growth and promote sustainable behavior in business practices across multiple projects.

First Poverty Reduction Support Project

IDA Credit US\$29 million
Approval Date: March 30, 2010

Project Development Objective

To (a) preserve macroeconomic stability and to improve public sector performance and (b) support broad-based growth by improving the efficiency in the energy sector and reducing the cost of doing business.

Increased Access to Electricity Services

IDA Credit: US\$20 million
Approval Date: September 22, 2010

Project Development Objective

The development objective of this on-going IAES project is “to increase access to electricity services and improve efficiency and quality of the electricity distribution system in targeted areas”.

