Africa Group I Constituency
FY12 Interim Report

Hassan Ahmed Taha
Executive Director

Washington, DC
April, 2012

Table of Contents

Tables:

Charts:

Figures:

Maps:

Annexes:

Photographs: Courtesy of World Bank Photo Collection

Acronyms

AFGI	Africa Group I Constituency
EAP	East Asia and the Pacific
ECA	Europe and Central Asia
ECD	Organization for Economic Cooperation and Development
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
LAC	Latin America and the Caribbean
LICs	Low Income Countries
MDGs	Millennium Development Goals
MENA	Middle East and North Africa
MICS	Middle Income Countries
MIGA	Multilateral Investment Guarantee Agency
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
SSA	Sub-Sahara Africa
WBG	World Bank Group

Foreword by the Executive Director

The global economy is expected to slow down further in 2012, following a weak performance in 2011. This, notwithstanding, output growth for developing countries as a group remains robust, projected to grow at 5.4 percent. Sub-Saharan Africa is also poised to perform well in 2012, with a growth forecast at 5.3 percent. This edition of the *Interim Report,* therefore, comes at a time when countries in Africa Group I Constituency (AFG1) face several uncertainties stemming from the global economy, despite performing better than most parts of the developing world in 2011. In addition, some long-term challenges remain, including poverty, an undiversified production structure, weak governance structures, low human and physical capital, women's empowerment, youth unemployment, and, in the case of most post conflict countries, difficulties in transition to stable economies.

According to the latest World Bank estimates, the global economy grew by 2.7 percent in 2011, down from 4.1 percent in 2010. The decline in global output was largely driven by weak confidence in major financial markets, particularly in the US and Europe, resulting from the down grade of the US sovereign Ratings and heightened uncertainty surrounding the resolution of the European debt and banking crises respectively. The economic malaise of these countries spread to developing economies.

In 2011, SSA grew by an estimated 4.9 percent, slightly below the average 5.0 percent achieved during the pre-crisis period (2003-08). Excluding South Africa, the region grew at 5.9 percent. Ten countries in SSA posted growth rates in excess of 6.0 percent in 2010-11, (mainly exporters of oil or minerals). Overall, 20 countries in the region grew at rates above those in 2007-08, and the fastest growing among these being Eritrea, Ghana, Rwanda, Ethiopia and Mozambique. Consequently, incomes have improved in a number of countries in the region thus reducing the impact of poverty on vulnerable groups on the continent.

SSA countries' economic fortunes in 2011 were not only due to improved terms of trade arising from good export prices for oil and minerals, but were also on account of an improved business environment following reforms implemented in the recent past. As a result, FDI flows to SSA rose by 25 percent in 2011, following two years of decline. Remittances also rebounded, reaching US$23 billion. Most countries in SSA, excluding post conflict countries, have demonstrated a strong record of macro-economic management. However, only a few are on course to meeting the MDGs (Millennium Development Goals) by 2015.

In 2012, SSA countries are likely to be adversely affected by further output contraction in Western countries, in particular in the Euro-zone. The World Bank estimates a 0.3 percent decline in output in the Euro-zone will precipitate an output reduction of at least 1.3 percent in Africa. A fall in GDP in the Euro-zone will affect demand for commodity exports from Africa leading to a fall in prices and weakening of trade. Even though food prices seem to have stabilized in most parts of the world, food shortages in some parts of Africa will pose a serious challenge to economic performance in the region.

To deal with these challenges, Africa will require concerted efforts by governments, the private sector and donor institutions. On its part, the region will need to demonstrate good economic management and sound governance. The IDA envelope does not have adequate resources to meet Africa's development needs, in particular for infrastructure investment. Africa needs to invest heavily in, for example, energy in order to sustain the growth momentum of the region. There is, therefore, need to leverage World Bank resources to attract private investors in the context of the public-private partnerships (PPP).

During FY12, the Board of the WBG approved several strategies, including one on infrastructure. For the African continent this strategy is key to sustainable growth and development. It will address job creation, female empowerment, food, energy and climate change, among other things. The World Bank's Post Crisis Direction (PCD) Strategy which was developed in 2010 provides for strategic engagement with client countries, and addresses internal reforms.

On February 15, 2012 Mr. Robert Zoellick informed the Board of Executive Directors that he will not be seeking a second term as President of the World Bank Group (WBG). He had a successful term in office and his achievements, most importantly, include dealing quickly and effectively with the food crisis in 2007 and putting together over US$200 billion in commitments in response to the financial crisis to protect the poor, boost growth, and leverage the private sector, including through innovative approaches to trade finance and WBG recapitalization. To attract private sector investments, a new management company was created to channel private funds to developing countries. Also during his term there were two IDA replenishments totaling over US$90 billion. There was also the first general capital increase for the International Bank for Reconstruction and Development (IBRD) in over 20 years, with a substantial contribution of developing countries. The WBG is now in the process of recruiting a new president. The process will be competitive and transparent and results are expected by the next meeting of the Board of Governors which takes place during the Spring Meetings of 2012.

Hassan A. Taha
Executive Director

Executive Summary

The global economic outlook for 2012 is subdued due to the significant downside risks and uncertainty associated with slower growth and lower global trade volumes. This arises from events of the second half of 2011, during which there was a decline in confidence in financial markets leading to the crush of several stock markets. The instability in markets followed the down grade of the US sovereign Ratings by Standard and Poor's, and heightened uncertainty surrounding the resolution of the European debt and banking crises. The economic malaise in Europe spread to developing countries. The World Bank estimates that the global economy grew by 2.7 percent in 2011, down from 4.1 percent in 2010, while world trade volumes grew by 6.6 percent in 2011, compared to 12.4 percent in 2010. The revised outlook for 2012 indicates that the world economy will grow by 2.5 percent, lower than the earlier forecast of 3.6 percent of June 2011. Similarly, world trade will slow down, growing by 4.7 percent in 2012.

Despite the challenges in rich countries, economic performance in developing countries remained robust in 2011, registering a growth rate of 6.0 percent, albeit lower than 7.3 percent achieved in 2010. The SSA region continued its post crisis recovery and grew at 4.9 percent compared to 4.8 percent in 2010. In AFG1 countries, GDP growth ranged from a high of 8.8 percent to a low of -2.1 percent in 2011.

An analysis of the WBG operations indicates that total IBRD commitments were US$ 5.5 billion in the first half of FY12, down from US$ 11.1 billion in the first half of FY11, representing a decline of 50 percent. However, expectations were that the total commitments for the year would amount to US$20.9 billion. In contrast, IDA commitments rose by 13 percent to US$ 5 billion in the first half of FY 12. The commitments to SSA were US$ 1.3 billion, representing 27 percent of total commitments. IFC total commitments also increased from US$5.2 billion in the first half of FY11 to US$5.9 billion in the first half of FY12. Commitments to SSA amounted to US$967 million in the first half of FY12. During the same period, MIGA issued eleven new contracts and two additions to existing contracts for a total sum of $215.9 million in support of ten projects. MIGA's guarantees only supported two projects in Sub-Saharan Africa (SSA); a health sector project in Burundi and a Financial Sector project in Senegal.

During the first half of FY 12 the Board endorsed several strategies, one of which was the infrastructure strategy. This strategy had three pillars; (i) Core Engagement; (ii) Transformational Engagement; and (iii) Mobilization of Private Capital. The overall objective was to facilitate acceleration of growth and sustainable development in many of our countries. In this Strategy, the Bank aims to address national challenges such as job creation, female empowerment and others that support socio-economic stability as well as the globalized ones such as food and energy crisis, and the adverse consequences of climate change. Related to the infrastructure strategy, the Bank developed the Environment strategy focusing on achieving a "Green, Clean and Resilient World for All". In this regard, the environment is a key enabler for quality growth and sustainable development, and ultimately for poverty reduction. The WBG will support efforts, which protect biodiversity and ecosystems while nurturing growth and sustainable development.

Job creation, increased per capita incomes, and economic diversifications are at the centre of the "Leveraging Trade for Development and Inclusive Growth: The World Bank Group Strategy, 2011-2021". The Strategy

also seeks to support efforts aimed at mitigating the impact of external shocks and rising food prices, and ensuring a larger share in the international trading system for the developing countries. The Strategy will also leverage trade as an effective instrument for poverty reduction and economic development.

Chapter 3 also provides an update on the operationalization of some key strategies and policies which were endorsed in the recent past. The WBG Post Crisis Direction (PCD) Strategy, which was developed in 2010 following the 2008-2009 crises, is apt in the current environment of uncertainties and risks. Besides instituting internal reforms in areas such as voice and participation and the business model, the PCD provides for strategic engagement with client countries. In this regard, management extended the GFRP to continue supporting different clients in areas such as social safety nets, food production, and maternal and child health.

In operationalizing the WDR 2011 on Conflict, Security and Development, the WBG opened the Global Centre for Conflict, Security and Development in July 2011 in Nairobi, Kenya. The objective was to support the fragile and conflict affected states (FCS) at a closer range. There has been progress on each of the six action points Governors agreed upon during the Annual Meetings of 2010, including support in preparation of CASs and ISNs for the FCSs. In its engagement in FCS, the Africa Region also relies on the Africa Strategy. Similarly, the WBG has made commendable progress in operationalizing the WDR 2012 on Gender and Development, through the five action points agreed upon at the 2011 Annual Meetings. Management successfully publicized the findings of the WDR and scaled up financing and inclusion of gender aspects in CASs, ISNs and CPSs. Besides, the Africa Region has initiated the Africa Gender Innovation Lab, which in conjunction with the Africa Strategy will guide operations in the region.

The concluding chapter of the Report provides an update on Constituency matters. The office continues to follow up on issues raised by different countries, with WBG management. Specifically, the President set up a task force to work on the transformative energy projects for Africa. This was one of the issues raised during the ED's visits and in the Governors' memorandum to the Bretton Woods Institutions. Other concerns include low IDA allocations for FCSs, lack of appropriate instruments for MICs, crisis response and arrears for non-accrual countries. The report highlights the WBG responses to these concerns. The FCS and crisis response are some of the special themes of IDA 16 framework. Management has undertaken to review its MIC agenda, while work to assist countries with arrears is ongoing. The chapter also includes a summary of the proceedings of the third statutory meeting of the Constituency.

Chapter 1

Economic Developments and Prospects

- Overview
- High Income Countries
- Developing Countries
- Sub-Saharan African Countries
- Africa Group 1 Constituency (AFG1)

ECONOMIC DEVELOPMENTS AND PROSPECTS

1.1 Overview

The World Bank estimates that the global economy grew by 2.7 percent in 2011, down from 4.1 percent in 2010. During the second half of 2011, there was a decline in confidence in the financial markets which adversely affected several stock markets. This followed the down grade of the US Sovereign ratings by Standard and Poor's, and heightened uncertainty surrounding the resolution of the European debt and banking crises. As the European economies declined, the contagion spread to developing countries.

Against this background, significant downside risks and uncertainty associated with slower growth and lower global trade volumes, characterize the global economic outlook for 2012. As a result, the World Bank revised the global forecasts for 2012, down from 3.6 percent last June, to 2.5 percent. World trade volumes grew by 6.6 percent in 2011, compared to 12.4 percent in 2010.

The first uncertainty in the global economy is the interplay of the slowdown in Europe and in the MICs. The slowdown in the MICs is partly due to tight monetary policy pursued in late 2010 or early 2011 to combat domestic inflation, and because of the contagion from high-income countries.

The second uncertainty arises from market perceptions of the policy makers' ability to restore market stability especially in the medium-term. Concerns remain about the ability of private banks to raise sufficient capital to meet prudential requirements such as capital adequacy ratios especially in Europe; fiscal sustainability in Japan and the US; and the vicious circle created by measures to cut budgets. In some countries, the measures instituted to restore debt sustainability have led to reduced growth and revenues, ultimately worsening debt sustainability.

The third uncertainty is how the tensions will resolve themselves, and the effect on the developing countries. Overall, developing countries remain resilient. However, should a second crisis materialize, developing countries will have to contend with a much weaker global economy, less abundant capital and weaker financial support; and depressed trade volumes. Such a scenario would not be supportive of continued growth and at worst could bring to the fore more vulnerability, which would require stringent policy measures. It is also a scenario, which would require developing countries to depend more on each other for growth.

The risks posed by these uncertainties include lower than expected economic recovery in developing countries as the high-income countries experience slow growth and capital flows decline. The second risk relates to the possible disruption of oil supply because of geopolitical and domestic tensions in the oil producing countries including the MENA region. Thirdly, the debt and banking problems in Europe pose a risk, although this has tapered as countries successfully held bond sales and spreads declined signaling return of confidence. Indeed markets remain volatile and banks face pressures for funding.

The revised outlook for 2012 indicates that the world economy will grow by 2.5 percent, lower than the earlier forecast of 3.6 percent made in June 2011. Similarly, world trade will slow down, growing by 4.7 percent in 2012. Table 1.1 summarizes the global economic outlook.

Table 1.1: Summary global outlook – percentage changes from the previous year

	2009	2010	2011[e]	2012[f]
1. World trade volume (GNFS)	-10.6	12.4	6.6	4.7
2. Real GDP growth[1]				
World	-2.3	4.1	2.7	2.5
High income countries	-3.7	3.0	1.6	1.4
Developing countries	2.0	7.3	6.0	5.4

Source: The World Bank

1. Aggregate growth rates calculated using constant 2005 dollars GDP weights.
- "e" means estimate, and "f" means forecast.

1.2 High Income Countries

The World Bank estimates that the high-income countries grew by 1.6 percent in 2011, a decline from 3 percent achieved in 2010. The Japanese economy declined by 0.9 percent owing to the Tohoku tsunami, although it rebounded towards the close of 2011 (Table 1.2). Indeed Japan and USA had reasonable growth, which however was not strong enough to mitigate the slowdown caused by the turmoil in the financial markets and the sovereign debt and banking crises in the Euro area. The Euro area grew by only 1.6 percent, while the US and non-OECD countries grew by 1.7 percent and 4.5 percent respectively.

Table 1.2: Outlook for High-income countries: Real GDP growth[1]

	2009	2010	2011[e]	2012[f]
High-Income Countries	-3.7	3.0	1.6	1.4
OECD Countries	-3.7	2.8	1.4	1.3
Euro Area	-4.2	1.7	1.6	-0.3
Japan	-5.5	4.5	-0.9	1.9
United States	-3.5	3.0	1.7	2.2
Non-OECD	-1.5	7.2	4.5	3.2

Source: The World Bank

1. Aggregate growth rates calculated using constant 2005 dollars GDP weights.
- "e" means estimate, and "f" means forecast.

Owing to the events in the second half of 2011, the World Bank forecasts that the high-income countries will grow by 1.4 percent in 2012, with a decline of 0.3 percent in the Euro area, while the US is forecast to grow at 2.2 percent.

1.3 Developing Countries

Economic performance in developing countries remained robust in 2011, registering a growth rate of 6.0 percent, albeit lower than the 7.3 percent achieved in 2010 (Table 1.3). Growth in the EAP region slowed down to 8.2 percent in 2011 from 9.7 percent in 2010, partly due to a declining demand for the region's exports from the OECD countries and natural disasters such as the floods in Thailand. Growth in China remained robust at 9.1 percent, providing momentum to neighbors and countries elsewhere in demand for their exports. Economic growth in ECA on the other hand remained stable at 5.3 percent, compared to 5.2 percent in 2010.

There was robust growth in the LAC region in the first half of 2011, which tapered off in the second half. Consequently, annual growth in the LAC region slowed down to 4.2 percent in 2011, from 6.0 percent in 2010. Growth in the region emanated from strong domestic demand, high commodity prices and stronger agricultural performance. Declining domestic and external demand, the financial crisis in the Euro area and tighter monetary policy are some of the reasons that explain the slowdown.

Economic growth in the MENA region slowed down from 3.6 percent achieved in 2010, to 1.7 percent in 2011. The political upheavals across some parts of the MENA region disrupted economic activity. Real GDP growth in South Asia decelerated to 6.6 percent in 2011, from 9.1 percent in 2011. The slowdown was partly due to weaker domestic demand; and higher interest rates, and high food and fuel prices, which constrained private consumption.

Table 1.3: Outlook for Developing countries: Real GDP growth[1]

	2009	2010	2011[e]	2012[f]
Developing countries	2.0	7.3	6.0	5.4
East Asia and Pacific (EAP)	7.5	9.7	8.2	7.8
Europe and Central Asia (ECA)	-6.5	5.2	5.3	3.2
Latin America and Caribbean (LAC)	-2.0	6.0	4.2	3.6
Middle East and North Africa (MENA)	4.0	3.6	1.7	2.3
South Asia (SA)	6.1	9.1	6.6	5.8
Sub-Saharan Africa (SSA)	2.0	4.8	4.9	5.3

Source: The World Bank

1. Aggregate growth rates calculated using constant 2005 dollars GDP weights.

- "e" means estimate, and "f" means forecast.

The volatility of markets in developed countries affected developing countries leading to rising spreads on the latter's debt. The turmoil peaked in early October, but the spreads have since declined. Besides, capital flows weakened as investors withdrew substantial sums from the developing markets in the second half of the year.

1.4 Sub-Saharan African Countries[1]

The Sub-Saharan African region (SSA) continued its post crisis recovery trend, and grew at 4.9 percent compared to 4.8 percent in 2011. At 4.9 percent, that output growth was just below the pre-crisis average for 2000 – 2008 of 5 percent, but marginally higher than the developing country average at 4.8 percent (excluding China). It is also important to note that excluding the Republic of South Africa, which accounts for one third of the SSA GDP, the region grew at 5.9 percent. Domestic demand continued to be the main source of growth, while external demand, through higher commodity prices, also provided strong support to the growth momentum.

The higher commodity prices led to substantial earnings on merchandise exports from SSA. Oil, metal, minerals and cotton exporting countries were the main beneficiaries of the commodity price boom. In contrast, oil importers and agricultural exporters realized net losses on external trade, which in some countries led to shocks to their economies, which had hitherto been relatively stable. Besides higher commodity prices, exports from new minerals contributed to increased export values. This was particularly the case of oil in Ghana; coal in Mozambique and iron ore in Liberia and Sierra Leone. Services exports, especially tourism, also contributed significantly to foreign exchange earnings. SSA destinations attracted new tourists from Asia, while other tourists switched from North Africa owing to the Arab spring.

With a strong external position, the SSA countries imported more capital goods for infrastructure, and increased productivity, both of which are important for growth in the long-term. The World Bank estimates that FDI flows to SSA rose by 25 percent in 2011, a recovery from a subdued position of the past two years. As in the past, FDI was concentrated in the oil, base metals and minerals sectors. The Bank also estimates that remittances grew in 2011, further boosting GDP growth, and exhibiting a resilience observed since and during the crisis in 2008/09.

During the period under review, several SSA countries experienced higher inflation rates. The non-oil exporters experienced the highest acceleration in headline inflation due to rising global food and fuel prices. Poor rains and consequently poor harvests exacerbated the situation in the East African region. Overall, most countries had less fiscal buffers compared to the pre-crisis period. This was because they implemented counter-cyclical fiscal policy in response to the financial crisis, and more recently the rise in fuel and food prices. The fiscal balances of oil exporting countries improved, while those in non-oil exporting countries deteriorated as oil prices rose. Similarly, resource rich non-oil exporters fared better than non-oil, non-mineral counterparts. The weaker internal and external balances in an environment of high inflation will make it harder for monetary and fiscal policy to absorb exogenous shocks.

1.5 Africa Group I Constituency (AFG1)

In AFG1 countries, GDP growth ranged from a high of 8.8 percent to a low of -2.1 percent in 2011. Notably, 14 countries had GDP growth rates higher than 4.9 percent – the average for the SSA region. In 2010, 15 countries had GDP growth rates exceeding 4.8 percent, the average SSA growth rate (Table 1.4). Eritrea had the fastest growing economy in 2011, at 8.2 percent from 2.2 percent in 2010. The heavy investments in gold mining, and the export of gold are responsible for the robust growth of Eritrea. Other economies that performed well are Sudan (5.3 percent), Sierra Leone (5.6 percent), Mozambique (7.4 percent), and Rwanda (8.8 percent). The growth performance of Mozambique and Sierra Leone was partly due to the export of coal and iron ore from new mines, in a year in which commodity prices also rose.

1. For Sub-Saharan Africa, data for 2010 are estimates while 2011 and 2012 are forecasts

According to the World Bank, there was a reduction in government expenditure in Swaziland, which affected private sector activities and led to the decline in the output. Slower growth in Ethiopia, Namibia and Zimbabwe was mainly because of the worsening external position, reduced fixed investments, and weak private consumption respectively.

Table 1.4: Outlook for Africa Group 1: Real GDP growth[1]

	2009	2010 [e]	2011[f]	2012[f]
Botswana	-4.9	7.2	6.8	6.2
Burundi	3.5	3.9	4.4	4.7
Eritrea	3.9	2.2	8.2	6.3
Ethiopia	8.8	10.1	7.7	7.2
Kenya	2.6	5.6	4.3	5.0
Lesotho	3.1	3.3	3.1	5.1
Liberia	4.6	5.5	6.9	9.5
Malawi	7.6	6.7	5.6	5.0
Mozambique	6.4	7.2	7.4	7.6
Namibia	-0.8	6.6	3.9	4.2
Rwanda	4.1	7.5	8.8	7.6
Seychelles	0.7	6.2	4.0	4.7
Sierra Leone	3.2	4.9	5.6	44.0
Sudan	4.0	4.5	5.3	5.8
Swaziland	0.4	2.0	-2.1	0.6
Tanzania	6.0	7.0	6.4	6.7
The Gambia	6.2	5.6	5.3	5.4
Uganda	7.2	6.4	6.3	6.2
Zambia	6.4	7.6	6.8	6.7
Zimbabwe	5.7	9.0	5.0	2.5

Source: The World Bank and International Monetary Fund (IMF).

1. Aggregate growth rates calculated using constant 2005 dollars GDP weights.

- "e" means estimate, and "f" means forecast.

Prospects for the region remain positive. Recent activity in equity and bond markets bear witness to this, a vote of confidence for the region. Significant transactions included the acquisition by Wal-Mart, the world's largest retailer, of a stake of 51 percent in Massmart. A South African chain, Massmart has branches across Africa, including in Botswana, Lesotho, Mozambique, Namibia, Uganda and Zambia. Further, Namibia successfully issued US$500 million ten-year bond in October, in its first entry into the offshore bond market. Continued uncertainty and/or heightened turmoil could derail similar plans by other countries such as Kenya, Tanzania, and Zambia. Another positive development was the attraction of international support for infrastructure projects. One of these was the US$ 1 billion agreement between China and Tanzania for the construction of a gas pipeline. Increasingly, China collaborates with African countries in agri-business, power generation, oil and mineral prospecting and production, and roads.

The World Bank forecasts growth rates ranging from 44 percent to a low of 0.6 percent in 2012 for AFG1 constituency (Table 1.4). The source of the high growth in Sierra Leone will be in iron ore and oil industries.

Similarly, new oil and minerals activity coming on stream in 2012 in Lesotho, Liberia, and Mozambique will boost the economic fortunes of the respective countries. Only eight countries in the constituency will grow at rates lower than the average for SSA at 5.3 percent. This notwithstanding, the outturn could be worse if the conditions in the high-income countries deteriorate. Remittances and capital flows would decline. Further, tight monetary policy in some countries, fluctuations in commodity prices and continued uncertainty could dampen growth prospects in AFG1 countries.

Chapter 2

World Bank Group Operations

- Overview
- IBRD Operations
- IDA Operations
- IFC Operations
- MIGA Operations
- Highlights of World Bank Group Operations in Constituency Member Countries

WORLD BANK GROUP OPERATIONS

2.1 Overview

This chapter analyses WBG operations during the first half of FY12. Notably, IBRD commitments almost halved compared to the same period in FY11. In contrast, IDA and IFC commitments rose by 13 percent and 12.7 percent, respectively over the same period. The results for MIGA are mixed. The operations of the different organizations of the WBG in AFG1 are also provided on a country by country basis.

2.2 IBRD Operations

During the first half of FY12, the total commitments to IBRD's clients decreased from US$11.1 billion to US$5.5 billion. This trend started in FY10 when commitments for a similar period were US$19.2 billion. In FY12, the Sub-Saharan Africa, Middle East and North Africa, and South Asia regions experienced a decline in commitments; East Asia and Pacific, Latin America and Caribbean and Europe and Central Asia received 32 percent, 32 percent, and 29 percent, respectively. For the first half of the financial year there were no commitments made for the Sub-Saharan Africa region (Table 2.1).

Table 2.1: IBRD Commitments by Region (US$ million)

Region	FY11 1st half		FY12 1st half	
	US$M	Share (%)	US$M	Share (%)
Sub-Sahara Africa	9.0	0.1	-	-
East Asia and Pacific	2,444.0	22.1	1,756.0	32.0
Europe and Central Asia	763.0	6.9	1,611.0	29.0
Latin America and Caribbean	6,151.0	55.5	1,722.0	32.0
Middle East and North Africa	900.0	8.1	250.0	5.0
South Asia	806.0	7.3	125.0	2.0
Total	**11,073.0**	**100.0**	**5,464.0**	**100.0**

Source: World Bank

2.3 IDA Operations

Transfers and Grants from Affiliated Organizations

IBRD's Board of Governors approved the first installment of US$520 million to IDA under IDA16 on September 23rd 2011. In contrast, in FY11, the transfer from IBRD amounted to US$383 million. On December 16th 2011, the International Finance Corporation (IFC) and IDA signed an agreement for IFC to provide a grant to IDA of US$330 million. This was lower than US$600 million disbursed in a similar period in FY 11.

Commitments

In comparison with the first half of FY11, IDA's commitments increased from US$4.3 billion to US$4.9 billion. Notably, there were commitments made for the Middle East and North Africa region in FY12. The regions with the most commitments were South Asia with 52 percent, and Sub-Sahara Africa with 27 percent (*Table 2.2).*

Table 2.2: IDA Commitments by Region (US$ million)

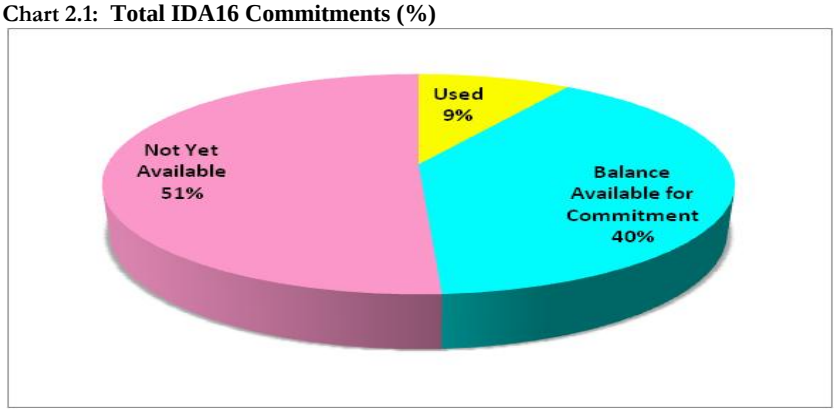
Region	FY11 1st half		FY12 1st half	
	US$M	Share (%)	US$M	Share (%)
Sub-Sahara Africa	1,423.0	32.5	1,352.0	27.0
East Asia and Pacific	191.0	4.4	545.0	11.0
Europe and Central Asia	151.0	3.5	80.0	2.0
Latin America and Caribbean	173.0	4.0	393.0	8.0
Middle East and North Africa	82.0	1.9	-	-
South Asia	2,339.0	53.7	2,576.0	52.0
Total	**4,359.0**	**100.0**	**4,946.0**	**100.0**

Source: World Bank

IDA 16 Replenishment

IDA 16 became effective on November 30th 2011 following receipt of Instruments of Commitment (IoC) for subscriptions and contributions from donors exceeding the minimum threshold of SDR 10.4 billion as specified in the IDA 16 Resolution. Based on the overall revised IDA 16 Commitment Authority Framework of US$50.6 billion (SDR33.0 billion), US$24.8 billion (SDR16.2 billion) was made available for commitment as of December 31st, 2011. A total of US$4.7 billion (SDR 3.1 billion) in development credits and grants were approved during the first half of FY12. As depicted in Figure 2.1, these approvals represent 9 percent of the available IDA16 Commitment Authority, leaving a balance of US$20.1 billion (SDR13.1 billion) available for commitment as of December 31st, 2011.

Chart 2.1: Total IDA16 Commitments (%)



Source: The World Bank

2.4 IFC Operations

IFC's operations continued to be geared toward achieving its strategic objectives through fostering economic stability in client countries and creating jobs in a competitive environment. IFC also focused on promoting inclusion so as to effectively serve all segments of the population.

2.4.1 Commitments

In pursuance of these strategic objectives, IFC total commitments increased from US$5.2 billion in the first half of FY11 to US$5.9 billion in the first half of FY12. As shown in Table 2.3, the largest commitment went to Latin America and the Caribbean (24) percent followed by Europe and Central Asia (20 percent). Compared to the first half of FY11, IFC commitments to Sub-Saharan Africa declined from US$1.1 billion to US$967 million in the first half of FY12.

Table 2.3: IFC Commitments, Disbursements and Approvals by Regions for 1st Half FY 12

Region	Commitments		Disbursements		Approvals	
	US$ M	Share (%)	US$ M	Share (%)	US$ M	Share (%)
Sub-Saharan Africa	966.9	16.4	725.9	18.6	583.9	13.5
East Asia and Pacific	793.2	13.5	351.1	9.0	581.1	13.4
Europe and Central Asia	1177.9	20.0	1114.6	28.5	487.1	11.3
South Asia	436.4	7.4	321.8	8.2	256.5	5.9
Latin America and Caribbean	1408.3	24.0	829.6	21.2	894.6	20.7
Middle East and North Africa	1065.1	18.1	443.9	11.4	1036.1	24.0
World	31.5	0.5	120.6	3.1	481.5	11.1
Total	**5879.0**	**100.0**	**3907.5**	**100.0**	**4320.7**	**100.0**

Source: IFC Database

2.4.2 Approvals and Disbursements

IFC approvals increased marginally from US$4.0 billion in the first half of FY11 to US$4.3 billion during a comparable period in FY12. In line with its commitments, IFC approvals for SSA countries decreased from US$719 million in the first half of FY11 to US$584 million in the first half of FY12. The amount approved for projects in AFG1 countries also decreased from US$73 million to US$66 million over the same period. Overall, more than 70 percent of the approved projects for AFG1 Constituency were in the form of loans, while the balance was in equity and quasi-loans.

IFC total disbursements increased to US$3.9 billion in the first half of FY12 from US$3.4 billion in the corresponding period of FY11. Over US$1.1 billion, representing 29 percent of total disbursements went to Europe and Central Asia region (ECA), as IFC scaled up its lending and advisory services to help the region deal with the spillover effects of the Euro zone crisis. Disbursements for SSA countries almost doubled from US$365 million in the first half of FY11 to US$726 million in the first half of FY12. Similarly, disbursements for LAC increased during the same period. On the other hand, disbursements for the MENA region decreased substantially from US$912 million in FY11 to US$444 million in the first half of FY12.

2.5 MIGA Operations

During the second half of FY12, MIGA issued eleven new contracts and two additions to existing contracts for a total of $215.9 million in guarantees in support of ten projects (eight new ones and expansion of two

previously supported ones). This represents about 44 percent of the twenty-five contracts ($337.2 million) issued in support of 20 projects in the same quarter in FY11.

MIGA's guarantees supported only two projects in Sub-Saharan Africa (SSA); a health sector project in Burundi and a financial sector project in Senegal. This indicates the agency's continued low presence in the region, in spite of the growing need and increased Foreign Direct Investment (FDI) to countries in the region, for which the catalytic role of MIGA's guarantee is crucial.

The project in Burundi was supported by a guarantee of $672,782 and involves the establishment of a green-field company, which will develop and implement health information management systems for health facilities and health-management organizations, and deliver technical support and training services. The project was underwritten through MIGA's Small Investment Program. On the other hand, MIGA issued a guarantee of $99 million supporting a US dollar cross-currency swap arrangement between Standard Bank Plc (SB) and the Government of Senegal. The Government of Senegal commits to use the net proceeds from the swap arrangement to finance infrastructure projects comprising a 19 kilometer extension of a Toll Road to the country's new International Airport project, and investments under the government's emergency energy sector strategy.

2.6 Highlights of World Bank Group Operations in Constituency Member Countries

BOTSWANA

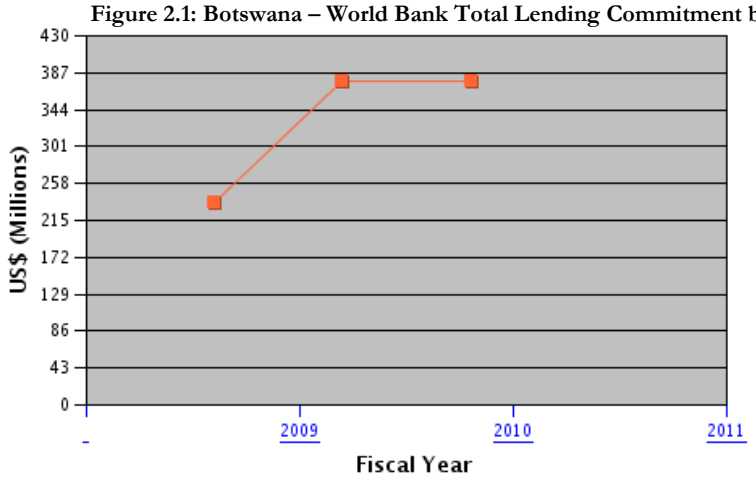
Botswana's partnership with the World Bank started in July 1968. Since then, total bank investments have amounted to US$ 912 million as at end February 2012. The current Country Partnership Strategy (CPS) for Botswana approved by the Bank's Board of Executive Directors in May 2009 presents the World Bank's indicative program for Botswana for the period of FY09 to FY13 with a resource envelope of up to US$ 1.0 billion.

The Bank's program in Botswana currently focuses on the following four elements of the Government's short and long term development agenda

- Enhancing Public Sector Effectiveness;
- Fighting HIV/AIDS and Improving Education Outcomes;
- Increased Competitiveness – Infrastructure and the Climate for Investment and Growth; and
- The Environment.

As of February 2012, the Bank's portfolio consisted of four (4) active projects with total commitments of US$620.56 million, namely: (i) HIV/AIDS Prevention Support (US$50 million); (ii) Integrated Transport (US$186 million); (iii) Morupule B Electricity Generation and Transmission (US$379 million financing package); and (iv) Human-Wildlife Conflict Prevention (US$5.5m grant from the Global Environment Facility). No new projects were added during FY11 and no pipeline activity is reported for FY 12.

Figure 2.1: Botswana – World Bank Total Lending Commitment by Year



Source: The World Bank

In addition to the lending program, the Bank continues to undertake analytical work to improve understanding of the apparent contradiction between the strong track record in governance, macro-fiscal management and growth vis-a-vis levels of poverty, inequality and human development indicators. Other analytical work is geared to identifying key bottlenecks to economic diversification.

Botswana joined the International Finance Corporation (IFC) in 1979 and the Multilateral Investment Guarantee Agency (MIGA) in 1990. As reported in FY 11, IFC support to Botswana continue to focus on the competitiveness agenda through selective strategic interventions. Key IFC Advisory Services have included appointment as transaction advisor to the Government on a public-private partnership for the new Botswana University of Science and Technology (BIUST) and the privatization of the Botswana Telecommunications Corporation (BTC). The Corporation continues to explore options for providing finance to mining beneficiation and advisory services in the health sector.

MIGA is poised to also support the country's competitiveness agenda through the provision of political risk insurance, when needed by foreign investors active in the country. To date few investors have sought such support from MIGA, primarily due to the market's perception of low political risk. Specifically, MIGA's insurance can be used as a credit enhancement tool (to improve lending terms and conditions of private projects) in middle income countries like Botswana. In this regard, MIGA commits to continue to work closely with the Bank and IFC, especially in respect of projects in the infrastructure and extractive sectors, given their significant impact on growth.

BURUNDI

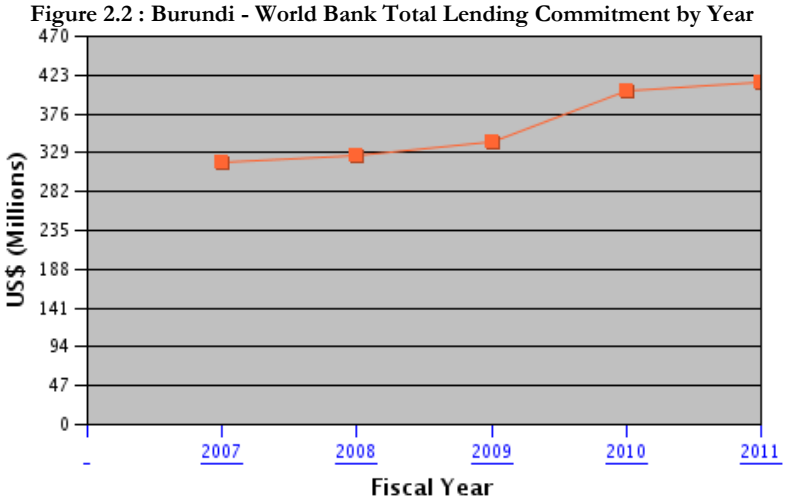
Burundi's relations with the Bank continued to strengthen. Following membership of the Bank in September 1963, Burundi had attracted total bank investments of US$1.661 billion by end February 2012. The current Country Assistance Strategy (CAS) approved in June 2008 with an estimated total IDA resource envelope of US$335 million, was expected to cover the period mid-2008 to mid-2012. A new CAS for the period 2012 – 2016 is still being negotiated.

Aligned with Burundi's Poverty Reduction Strategy Paper (PRSP), the Bank's strategic interventions focused on supporting Burundi's transition from a post-conflict economy by selectively assisting the government to

implement programs in three major areas; the first, to promote sustainable and broad-based economic growth; the second, to improve access to social services to consolidate social stability; and lastly, to diffuse good governance and anti-corruption practices.

The World Bank's financing portfolio as at February 2012 included 13 projects, with commitments of US$414.8 million, to provide budget support and assist economic reforms and to support improvements in agriculture, community development, education, electricity, healthcare, HIV/AIDS, transport, and water supply. Four projects were approved in FY11 in the total amount of US$ 67.4 million for budget support (US$25 million), Road sector development (US$19 million), Emergency Electricity Infrastructure (US$15.4 million) and Financial and Private Sector Development (US$8.0 million). One project is in the pipeline for FY12 to improve efficiency in the power sector.

Figure 2.2 : Burundi - World Bank Total Lending Commitment by Year



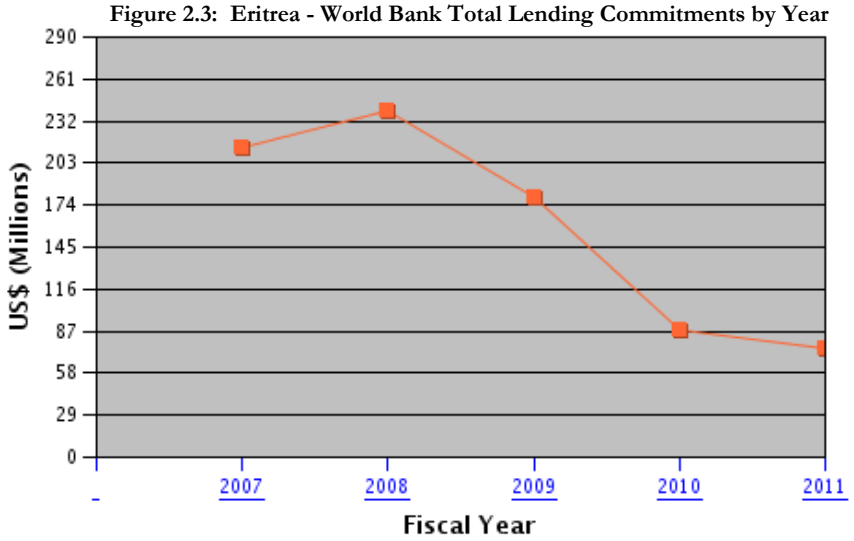
Source: The World Bank

IFC and MIGA have started active engagement in Burundi though on a limited scale. On December 13, 2011, MIGA issued an investment guarantee of US$0.672 million for a project that involves the establishment of a green field company.

ERITREA

At end February 2012 Bank investments in Eritrea amounted to US$ 548.9 million. The Interim Strategy Note (ISN) for Eritrea for the period June 2008 to 2010 which the Bank Board of Executive Directors endorsed in June 2008 was geared at strengthening the Bank's engagement with the government and the people of Eritrea by building on the knowledge base knowledge base for analytical and advisory activities. The objective of this ISN was to support the government to deliver improved human development and infrastructure services. A full Country Assistance Strategy (CAS) for Eritrea to build on the ISN is yet to be considered. As at February 2012, the Bank's portfolio in Eritrea consisted of only two active projects in education and transport with a total commitment of US$75.3 million. No pipeline is programmed in FY12.

Figure 2.3: Eritrea - World Bank Total Lending Commitments by Year



Source: The World Bank

The International Finance Corporation (IFC) has not made any new investment in Eritrea since 1997. In line with IFC's new Strategic Initiative for Africa, activities in Eritrea are in support of improving the investment climate, for example in working with government to develop and attract investors to the mining sector. IFC will look at improving investment climate conditions and investment opportunities in industries with a comparative advantage and export potential, such as tourism, fishery, marble and granite, mining, aquaculture and horticulture.

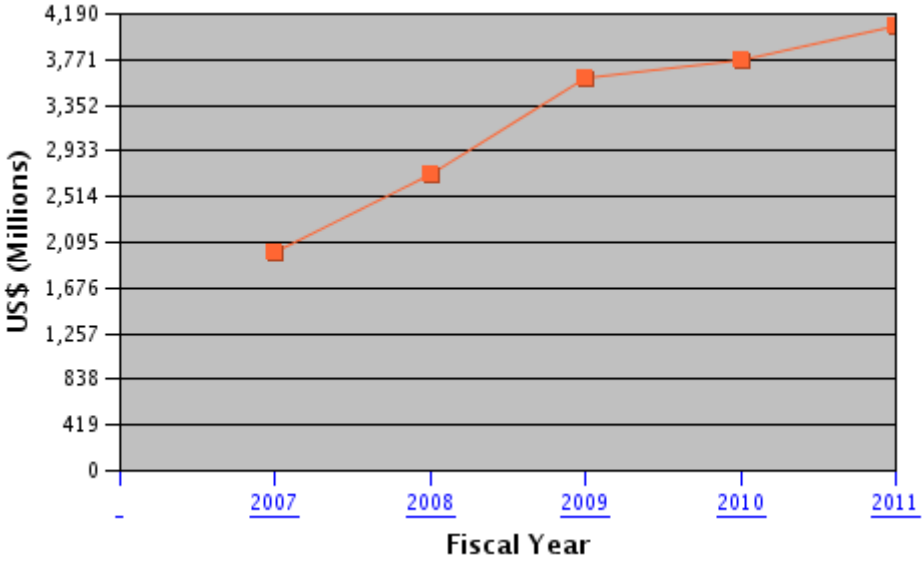
Although the Multilateral Investment Guarantee Agency (MIGA) does not have an active program in Eritrea, it remains a priority country due to its International Development Association (IDA) and conflict-affected status. With progress in the peace process, opportunities could emerge for MIGA to support foreign involvement in Eritrea.

ETHIOPIA

The International Development Association (IDA) is Ethiopia's largest provider of official development assistance. At end February 2012 it had committed over US$9.0 billion in investments, most notably for the protection of basic services, productive safety nets, and roads.

The Bank has worked to promote economic growth and address systemic poverty challenges across many sectors such as education, health, water and sanitation, decentralization, private sector, and regional cooperation. It currently has a portfolio of 24 active projects worth over US$4.087 billion.

Figure 2.4: Ethiopia - World Bank Total Lending Commitments by Year



Source: The World Bank

The Country Assistance Strategy (CAS) for Ethiopia covers the period FY 2008-2011. The CAS aims to support Ethiopia in achieving four main strategic objectives, consistent with the Government's Plan for Accelerated and Sustained Development to End Poverty (PASDEP). The CAS objectives are: (i) fostering economic growth to sustain the emerging economic 'take-off'; (ii) improving access to and quality of basic service delivery to sustain the emerging basic service 'take-off';(iii) reducing Ethiopia's vulnerability to help improve prospects for sustainability; and (iv) fostering improved governance to support progress on the previous three objectives and empower citizens.

The Bank's lending and non-lending activities aim to support Ethiopia in sustaining high levels of investments in key areas (both physical and human capital as well as institutional capacity building), while addressing priority policy issues to maximize the impact of such spending. A new CAS for 2012-2016 is under preparation. While only one project was approved during the first half of FY12, four interventions in the total amount of US$870 million are in the pipeline for FY12. These include the Electricity network Reinforcement and Expansion Project (US$200 million), Productive Safety net Program (US$270 million), Transport Sector Project (US$350 million) and a Women Entrepreneurship Development Project (US$50 million).

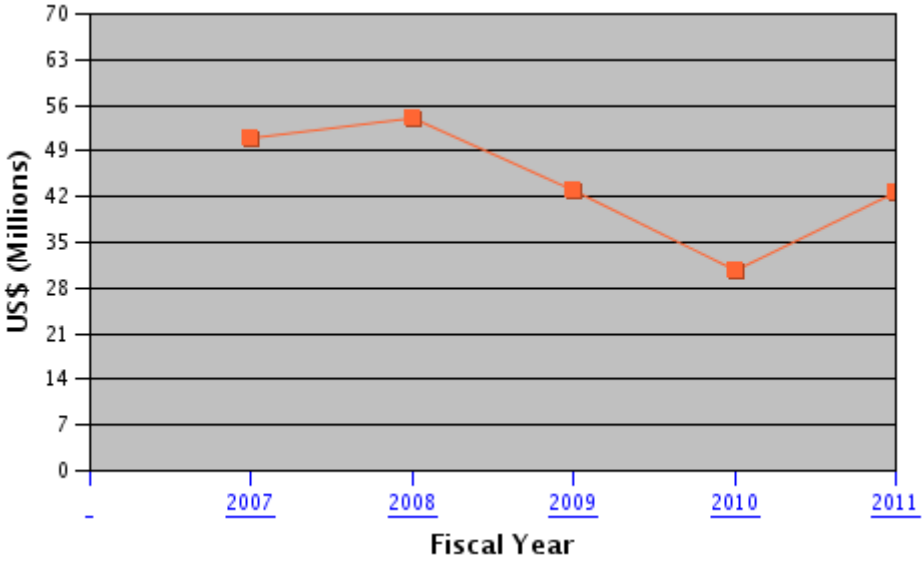
After eight years of absence, the International Finance Corporation (IFC) has re-established its role in developing the private sector. It now has staff in Addis Ababa and is more actively engaged in key sectors. The Multilateral International Guarantee Agency (MIGA) is exploring new opportunities to support investment in Ethiopia.

THE GAMBIA,

As at February 2012, The Gambia had attracted about US$371.5 million in investments, since joining the World Bank in October 1967. The Joint Assistance Strategy for 2008 to 2011 prepared with the African Development Bank which had focused on the institutional framework for economic management and on growth and competitiveness guided the Bank's engagement in the Gambia. The current Bank portfolio has

four active projects with total commitment of US$42.75 million. IDA resources are augmented by Trust Funds in the amount of US$46.5 million and a US$19 million pipeline for FY2012 to 2013, expected to be funded by regular IDA and other resources.

Figure 2.5: The Gambia - World Bank Total Lending Commitments by Year



Source: The World Bank

Interventions cover the areas of community-driven development, basic education (complementary to the Education-for All/Fast Track Initiative), public financial management, and private sector development for growth and competitiveness. A new CAS is anticipated by mid 2012.

Several Trust Fund grants cover operations to increase agricultural production, strengthen basic education, and provide support towards improving the nutrition of, specifically, disadvantaged women and children, and environmental protection. Several analytical and advisory activities are ongoing.

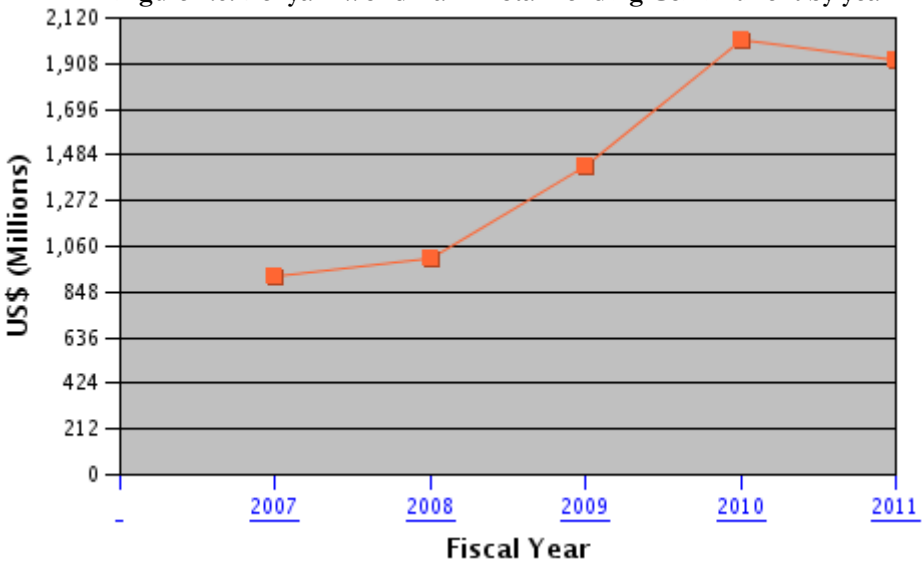
IFC continues to support activities in the tourism sector.

KENYA

Total net commitments by the Bank now stand at over US$ 7.6 billion. The Bank's Country Partnership Strategy (CPS), endorsed by the Board in April 2010 is aligned with the government's Vision 2030 and aims to provide support to accelerate sustainable growth, reduce inequality and manage resource scarcity.

The Bank's commitment to Kenya presently amounts to over US$2.6 billion, including over US$2.28 billion in 23 active projects and US$348.5 million in five regional projects. The largest share of commitments is in infrastructure (US$1.1 billion) including transport (US$460 million), energy (US$490 million) and water and sanitation (US$150 million) which are critical to reducing the cost of doing business and improving Kenya's competitiveness in the East African region and globally. This is followed by agriculture and rural development (US$360 million).

Figure 2.6: Kenya – World Bank Total Lending Commitment by year



Source: The World Bank

Other project sectors include education, health, private sector development, public sector governance, and economic policy. In addition, the Bank is financing six regional projects with a total commitment of US$343.5 million for Kenya. These are; the Telecommunications Infrastructure Project (US$114.4 million), the East Africa Trade and Transport Facilitation Project (US$120.6 million), Lake Victoria Environmental Management Project (US$30 million), East Africa Agricultural Productivity Program (US$30 million), Regional Trade Facilitation Project (US$25 million) and East African Public Health Laboratory Project (US$23.5 million). In fiscal year 2011, the Bank's Executive Board of Directors approved five projects in the total amounts of US$506 million. Eight projects mainly for transport and power infrastructure in the total amount of US$1.278 billion are in the pipeline for FY 12.

IFC's activities in Kenya ranged from direct investment to advisory services that enhance access to finance for Small and Medium-Size Enterprises (SMEs) and that improve the investment climate. Within the context of the Strategic Initiative for Africa, IFC's activities in Kenya focus on project development especially in financial markets, agribusiness, infrastructure and telecommunications. IFC's committed portfolio in Kenya stood at about US$170 million and was one of the largest in Sub Saharan Africa. It consists of projects in the manufacturing and services, agribusiness, tourism, education, telecommunications, power and financial sectors.

MIGA provided guarantees for several projects in Kenya including for a 45 megawatt private geothermal power plant. It is also receiving increasing interest from other investors and sectors in the country.

LESOTHO

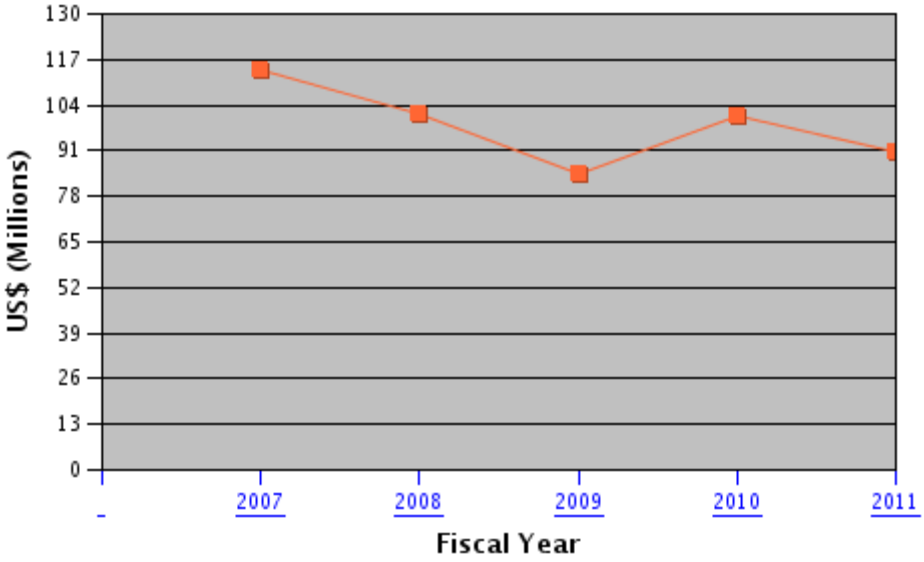
According to the Country Assistance Strategy (2010-2014), the World Bank with an indicative allocation of US$ 195 million plans to provide support to the government's strategy to reduce poverty and improve the country's competitiveness by focusing on the following four areas:

- fighting the HIV/AIDS pandemic;
- sustainable growth and job creation;

- improved human development outcomes and decentralization; and
- service delivery and monitoring and evaluation.

IDA portfolio in Lesotho comprised five active projects and several grants with net commitments of US$90.7 million as at end February 2012. The bulk of IDA financing is for infrastructure development—transport, water, and urban development. IDA is also funding projects in education, health and HIV/AIDS, and private sector development. The Poverty Reduction Support Credit has created a policy reform framework. The IDA portfolio is supplemented by several grants. A Fast Track Initiative grant supports primary education.

Figure 2.7: Lesotho - World Bank Total Lending Commitments by Year



Source: The World Bank

A Global Partnership on Output-Based Aid grant supported a public-private partnership to replace the country's 50-year-old main public hospital in Maseru through a joint undertaking with IFC. IFC contributed risk capital and provided technical assistance to project, which seeks to provide high-quality health care services to patients at an affordable cost to the Government. In addition, the IFC provided technical assistance to private sector development in tourism and export promotion, as well as in health reform.

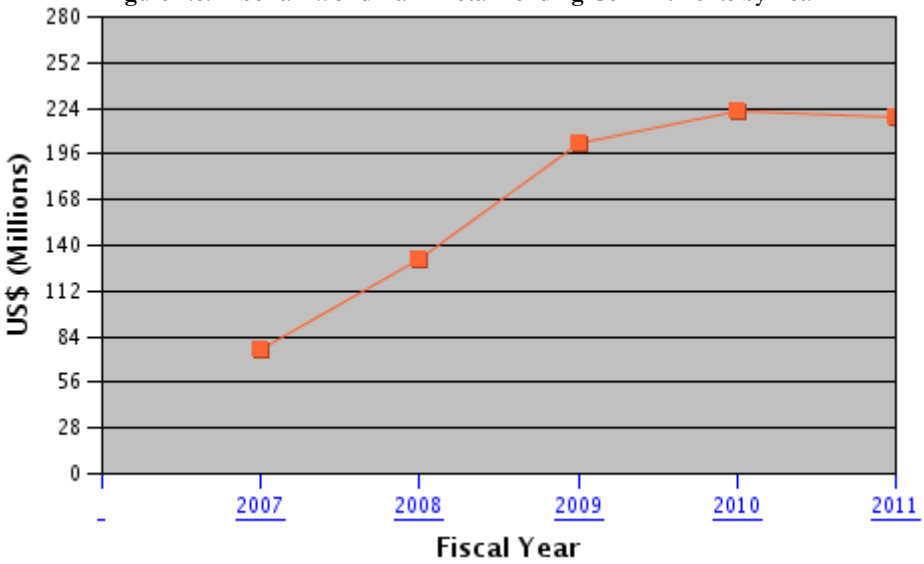
MIGA's outstanding portfolio consisted of two contracts of guarantee with $10.0 million in gross and net exposure in the services sector.

LIBERIA

Liberia had total investments of US$1.079 billion from the World Bank as of end February 2012. The World Bank provided technical and financial assistance to Liberia through the Country Assistance Strategy (CAS), jointly prepared by the WBG, the African Development Bank (AfDB) Group, and the IFC. The CAS laid out planned lending and non-lending support over the period FY09-12 with three main objectives: (i) rebuilding core state functions and institutions; (ii) rehabilitating infrastructure to jump-start economic growth; and (iii) facilitating pro-poor growth, with capacity development as an important crosscutting theme.

As of end February 2012, the Bank had 10 active projects with US$212 million in commitments and another US$400 million of Bank-managed projects in the pipeline from various financing sources for FY12/13.

Figure 2.8: Liberia - World Bank Total Lending Commitments by Year



Source: The World Bank

The existing portfolio included US$136.63 million in infrastructure and basic services (road rehabilitation, port rehabilitation, energy, water urban works, health, education and community-driven development projects); US$19.75 million for economic revitalization projects (forestry, public financial management, procurement reform and budget support); and US$4.67 million for governance and judicial reform. In FY 11, the Board of Executive Directors approved 5 operations for Liberia in the total amount of US$100.7 million.

IFC's strategy in Liberia includes:

- Strengthening the financial sector and increase access to finance;
- Support private participation in infrastructure and finance select private companies;
- Provide technical assistance and advocacy support for improving the investment climate;
- Support capacity building programs in both the private and public sector; and
- Increase investments and advisory services support to SMEs.

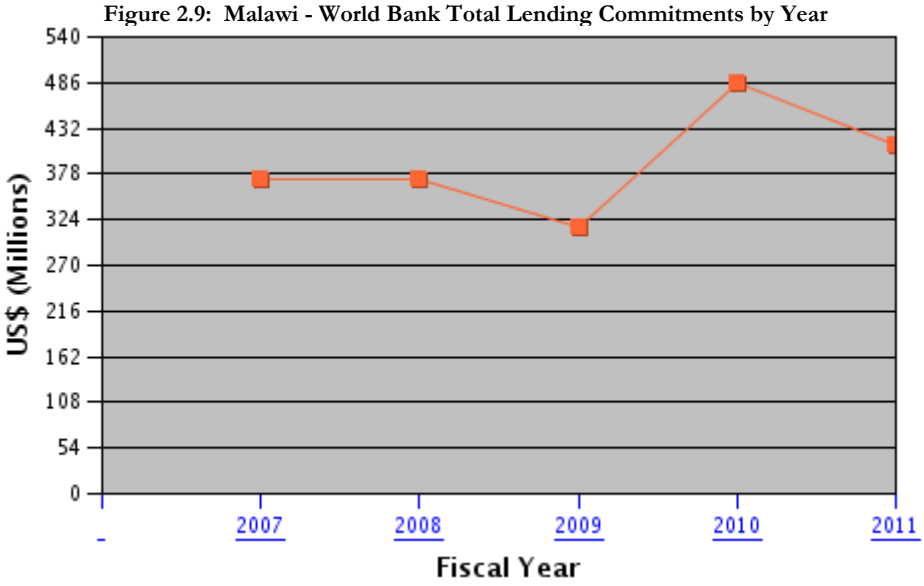
IFC's total committed portfolio in Liberia as of March 30, 2009 was $12.4 million, including a $10 million loan to Salala Rubber Company and a $1.08 million equity investment in AccessBank Liberia. In July 2008, IFC committed to invest US$1.1 million in AccessBank Liberia, the first Greenfield microfinance company, this was accompanied by a US$1.2 million advisory services package to support the management and build capacity within the institution. Within the same month, IFC made its first real sector investment in Liberia. IFC committed to provide a US$10 million line of credit Salala Rubber for the rehabilitation of plantations affected by the conflict. IFC also engaged the services of Development Alternatives Inc (DAI) consultants to work with Liberia Bank for Development and Investment towards improving their (i) Credit Risk Management; (ii) Treasury/Operational/Market Risk Management; (iii) Information Technology/MIS; and (iv) Microfinance Services.

MIGA had begun to take keen interest in facilitating guarantees in Liberia.

MALAWI

Total IDA lending to Malawi as of end February 2012 reached US$3.2 billion, supporting over 120 operations. As of end February 2012, the Bank portfolio in Malawi had nine active investment projects with a commitment value of US$ 411.5 million. Four new projects with estimated amount of US$275 million in commitment are listed in the pipeline for 2012. These projects are: (i) an additional financing of US$30 million to the Malawi Agricultural Development Program Support Project; (ii) Malawi Nutrition and HIV Project of US$40million; (iii) Malawi Development Policy Grant of US$80 million, and (iv) US$125 million for the Malawi Shire River Basin Management Program.

Figure 2.9: Malawi - World Bank Total Lending Commitments by Year



Source: The World Bank

The cumulative bank's support by sector in the last five years have largely supported the areas of poverty reduction and economic management, human development; infrastructure development; agriculture, rural development, and natural resources. However, private sector development received a smaller share. The Bank also supported two regional projects in telecommunications and trade insurance where Malawi is a participating country.

The fourth CAS for Malawi expired in June 2011. The fifth CAS (2012-2015) is tentatively scheduled for Executive Board consideration on May 15, 2012. The new CAS will focus on diversified and inclusive growth, enhanced human capital and reducing vulnerabilities and strengthening public sector systems and capacities.

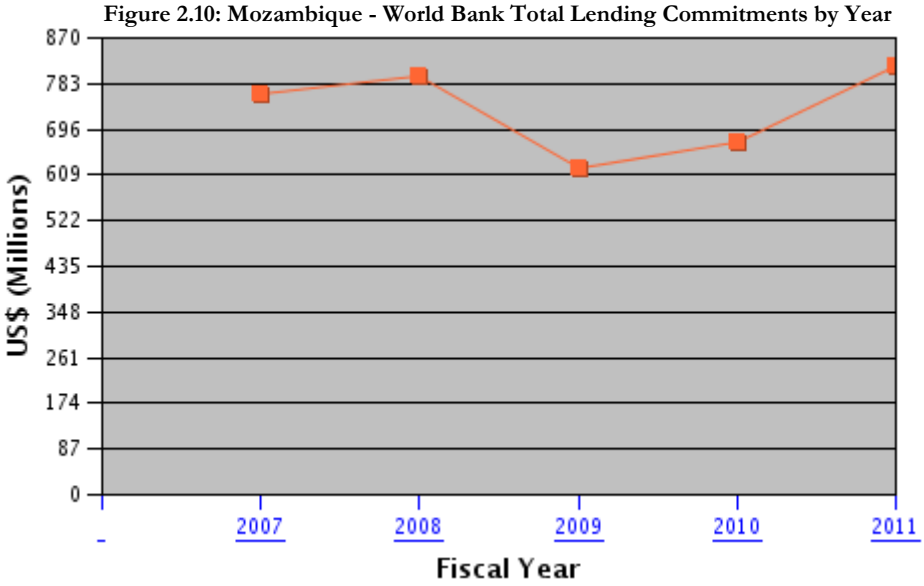
IFC continued to be active in the ICT sector.

MOZAMBIQUE

Since 1984, when Mozambique started borrowing from the World Bank, total assistance had cumulatively risen to US$4.455 billion as at end February 2012. The World Bank revised its strategy for support to Mozambique, which was approved on April 3, 2012.

IDA is financing 18 active projects in Mozambique. In addition, the Global Environment Facility (GEF) is financing another three projects. The country portfolio also includes two regional projects as well as donor-funded Trust Funds under Bank's administration. Seven projects were approved in FY11 in the total amount of US$413 million bringing to total active commitment to US$816 million. As of end February 2012, additional lending in FY12 amounted to US$107 million.

Figure 2.10: Mozambique - World Bank Total Lending Commitments by Year



Source: The World Bank

The projects in the pipeline for FY12 amount to US$340 million for (i) the Greater Maputo Water Expansion project of US$150 million (ii) Cities and Climate Change Support of US$120 million (iii) Mining and Gas technical Assistance Project (US$30 million), and (iv) Mozambique Early Child Development program of US$40 million. The operations cover five sectors with the largest share of commitments going to infrastructure development (including rail, ports, roads, energy, and water), followed by human development, public sector and decentralization, agriculture, rural development and environment, and finance and private sector development. Mozambique benefits from an important number of analytic work and technical assistance that are prepared in collaboration with the Government of Mozambique, development partners, and other stakeholders.

Mozambique also continued to benefit from the IFC's support in the areas of tourism, mining and energy, and financial services. IFC's main investments have been in the Mozal aluminum smelter near Maputo, and the Mozambique-South Africa gas pipeline.

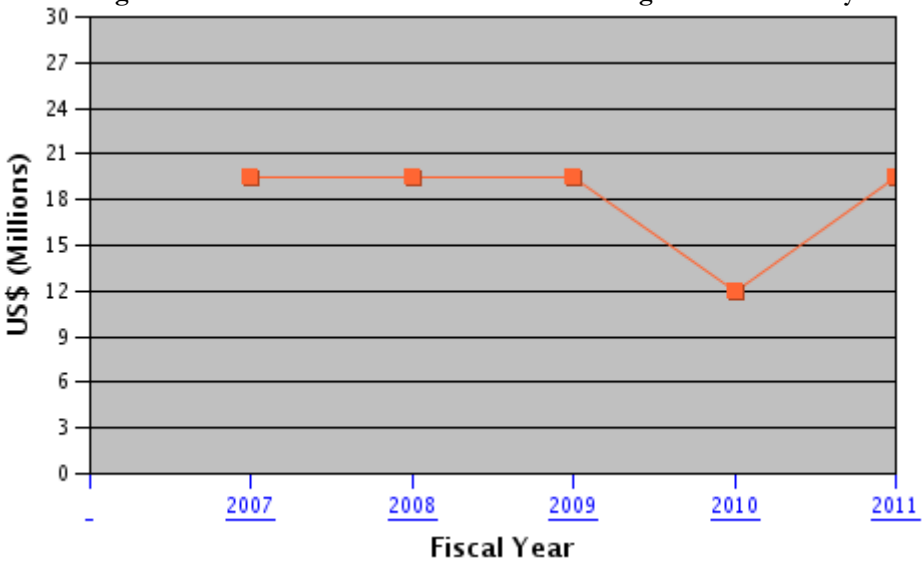
Mozambique is one of MIGA's largest host countries. MIGA cooperated with IDA in relation to the previous IDA-funded Enterprise Development Project (PoDE) by assisting to Mozambique's Investment Promotion

Center. MIGA is working on several applications for guarantee coverage of investments, and its newest program in Mozambique is a small investment guarantee program for investments of less than US$5 million.

NAMIBIA

The World Bank currently has limited engagement in Namibia assisting the government in its efforts to increase the country's resilience to natural disasters in a variety of ways, including through analytical work and technical assistance programs. Namibia has benefited from Global Environment Facility (GEF) grants. There are two active GEF projects at present: the Integrated Community-based Ecosystem Management Project (ICEMA, US$7.1 million) and the Namibian Coast Conservation and Management Project (NACOMA, US$4.9 million). A second Namibia Coastal Conservation and Management project in the amount of US$3.57 million GEF financing is in the pipeline for FY12.

Figure 2.11: Namibia - World Bank Total Lending Commitments by Year



Source: The World Bank

There were only three active IBRD lending in the amount of U$19.5 million as at end February 2012. The first IBRD loan for Namibia – an Education Development Policy Loan (DPL, US$7.5 million) – was approved in May 2007. A second DPL was approved in November 2008, and signed on Sept. 17, 2010. The DPLs support development of specific policies and instruments to implement the Government's education sector reforms and build institutional capacity required for effective implementation of reforms.

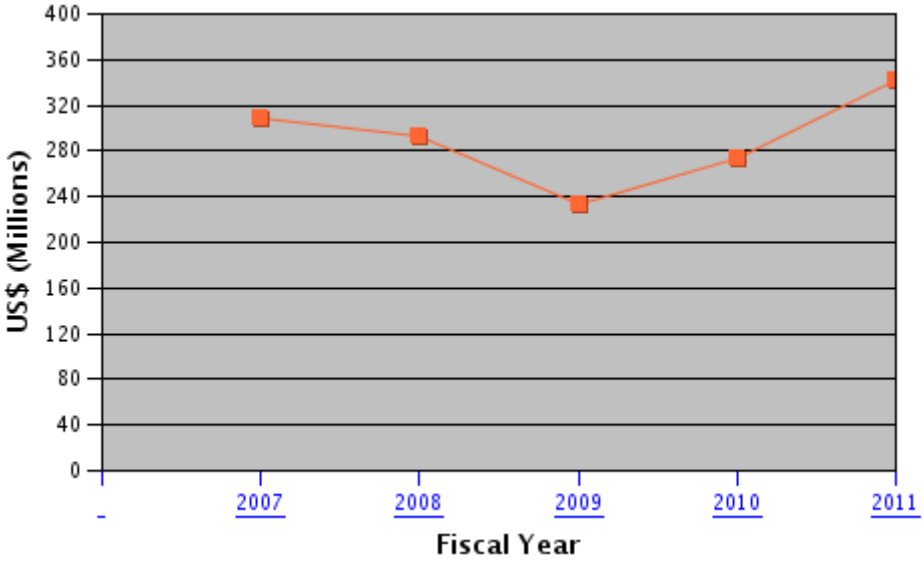
The International Finance Corporation (IFC) continued to be involved in small investments: a fisheries project (Pescanova), and an equity investment in the country's first indigenous life insurance company (Namibia Life). An IFC loan supported the construction of a 110-room Best Western hotel in northern Namibia. On the technical assistance front, IFC worked with the Namibian Agronomic Board to raise trust funds for a feasibility study for a cotton ginning industry. In August 2008, IFC extended a $10 million loan for the construction of a Protea Hotel in Central Windhoek by United Africa Group, marking its second investment.

The Multilateral Investment Guarantee Agency (MIGA) is not active in Namibia and Namibia is not a member of IDA.

RWANDA

Rwanda continued to grow its engagement with the World Bank. At end February 2012, Rwanda had attracted total commitments amounting to US$ 2.295 billion since it joined the WBG. The portfolio comprised 10 active projects with net commitments of US$341.8 million. The top three sectors continued to be energy (33 percent), agriculture (29 percent) and private sector development (19.6 percent). There are three projects in the pipeline for FY12 in the total amount of US$150 million for (i) Support for Social Protection System of US$60 million (ii) Statistics for results Facility of US$10 million (Trust Fund) and (iii) Third Rural Sector Support Project of US$80 million.

Figure 2.12: Rwanda - World Bank Total Lending Commitments by Year



Source: The World Bank

In accordance with the Government of Rwanda's division of labor among the different Development Partners, starting in FY12, the Bank's investment lending had focused in the sectors of energy, agriculture and transport and ICT. Reflecting the importance of the regional integration agenda, Rwanda is also participating in four regional projects with a total commitment of US$59 million, of which 90 percent is focused on regional infrastructure programs and trade facilitation issues.

SEYCHELLES

Seychelles' engagement with the World Bank recently picked up with total commitment reaching US$28 million as at end February 2012. Currently, the portfolio comprises of only two Development Policy Operations (DPLs) approved in FY10 and FY11 equivalent to US$9 million each. The Board considered a four-year Country Partnership Strategy (CPS) on April 3, 2012 which is expected to focus on key analytic work relevant for macroeconomic stabilization, improving competitiveness, diversification of the economy and modernizing the social protection framework. Policy dialogue and analytic work will focus on four main areas. First, to develop the Bank's knowledge base of Seychelles in areas which are key potential sources of inclusive growth and diversification. Second, to help the Government strengthen fiscal governance (budgeting and procurement) and public sector services (safety net, utility pricing). Third, to ensure an enabling environment to improve competitiveness that would boost private sector development. Last, to help

modernize the social protection system by strengthening the social welfare approach, consolidating corporate functions of agencies operating in this sector, upgrading the management information system and introducing an appeal mechanism.

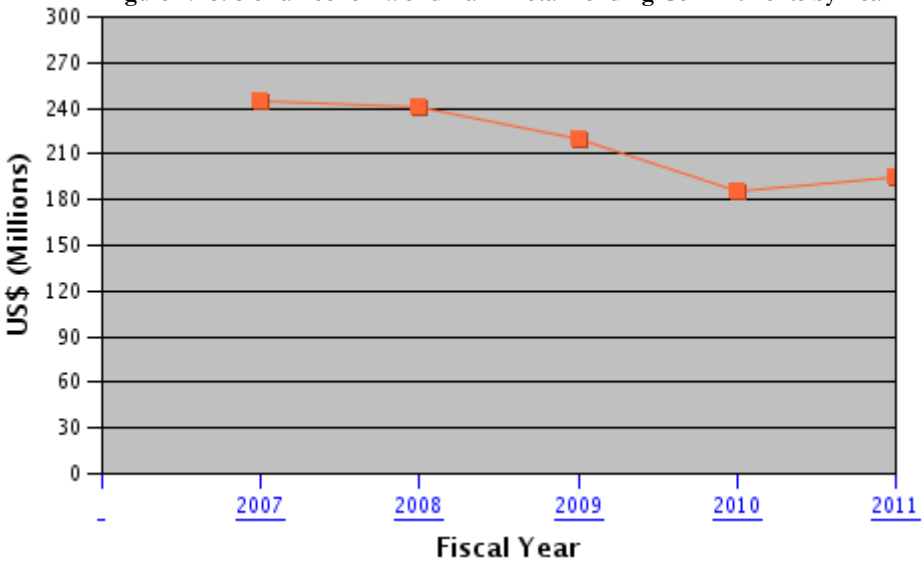
Seychelles had modest engagement from IFC in recent years. As of end February 2012, IFC was in the process of finalizing the financing of a hotel, Labriz, pending the completion of the environmental impact study. IFC was also in discussion with the government to privatize two banks.

Multilateral Investment Guarantee Agency (MIGA) was considered underwriting a large guarantee in support of a hotel investment. A MIGA guarantee was envisioned for a large investment exceeding US$300 million in the tourism sector, but progress would depend on improved global conditions for high-end tourism products. In the meantime, a number of reviews have already taken place, including a review of the macroeconomic situation, the legal environment, the investment climate in the country, and the environmental circumstances of the project.

SIERRA LEONE

Total commitment to Sierra Leone from the World Bank reached US$1.123 billion by the end of February 2012. The World Bank continued to work closely with other development partners to support Sierra Leone in fighting poverty, promoting economic development and improving living standards. A CAS Progress Report was scheduled for Board consideration on May 22, 2012.

Figure 2. 13: Sierra Leone - World Bank Total Lending Commitments by Year



Source: The World Bank

While the lending volume stood at US$190 million for core IDA operations, it improved considerably with new additions to the portfolio including regional projects. The portfolio consists of 20 active projects, including regional projects. In the first half of FY2012, three new projects were approved and these were: (i) The Fifth Governance Reform and growth credit (US$24 million); (ii) Decentralized Basic Service Delivery in Sierra Leone of US$26 million; and` (iii) Extractive Industry Technical Assistance of US$4million plus DfID Trust Fund of US$4million. One project for Sierra Leone Public Sector Pay and Performance Program

was scheduled in the pipeline for FY12. Sectoral allocation of Lending in the last five years has focused largely on the public sector support, transport, agriculture, health and social services.

IFC continued to deploy its advisory services for private sector development and improving enabling environment for doing business in Sierra Leone. MIGA continued to be active with prospects for increasing interest in business engagement in Sierra Leone.

SUDAN

The World Bank's IDA had no active lending portfolio in Sudan. Normal financial support from IDA is currently not possible due to Sudan's outstanding arrears, accumulated since 1993.

The Bank however continued to administer two Multi Donor Trust Funds (MDTFs) for Sudan and South Sudan. Donors of US$508 million, including a US$10 million contribution from the World Bank's operational surplus, formally established the MDTFs after the Oslo donor conference in April 2005. To date, 34 projects have been prepared and approved for a total commitment of US$752 million, out of which US$506 million had been disbursed (US$153 million for the Sudan and US$353 million for the South Sudan). Besides the MDTFs, the Bank continued to scale up its advisory and analytic work, including through a Public Expenditure Review, Country Economic Memorandum, and a variety of other studies. Following the secession of South Sudan, arrears continue to be the key issue of discussion with the World Bank.

SWAZILAND

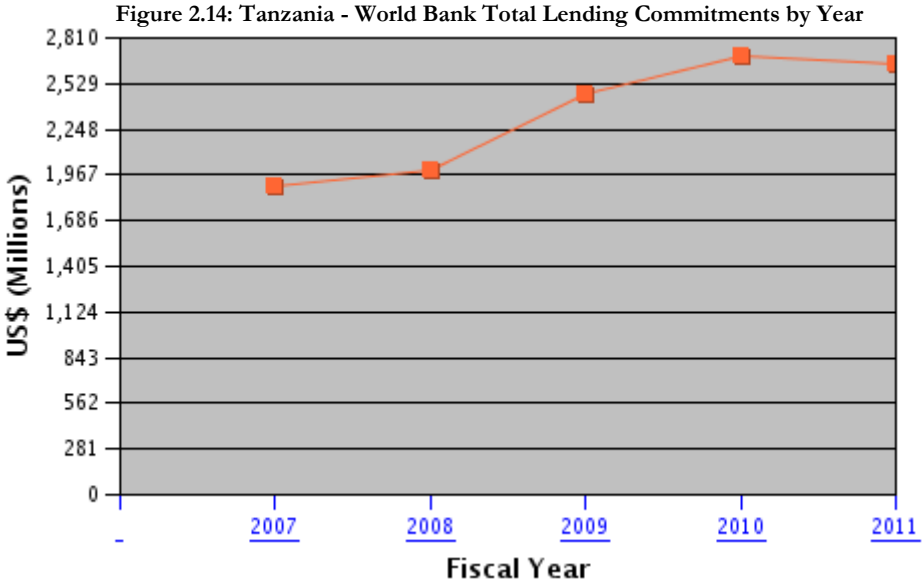
As of end February 2012, the cumulative commitments from the World Bank amounted to US$160 million for twelve IBRD loans and US$8 million for two International Development Association (IDA) credits. The World Bank continued to have limited engagement with Swaziland with only a single loan for the Swaziland Urban Development Project (US$29 million) which was closed in March 2005, and some economic and sector work and limited technical assistance programs. An Interim Strategy Note is expected to be tabled for the Executive Board consideration on June 5, 2012.

The IFC however continued to express investment interest. The Corporation currently has an investment in the manufacturing sector for a total of US$2.99 million. MIGA's portfolio in Swaziland consists of one project in support of the country's infrastructure (power) sector.

TANZANIA

As of end February 2012, total World Bank investment in Tanzania had reached US$9.383 billion to support the country's growth agenda through policy analysis and advice but also through credits for projects and programs. The World Bank's active country portfolio included 24 operations with a net commitment of US$2.647 billion at end February 2012. The largest share of resources is allocated to the infrastructure sector (transport and power). In addition, Tanzania benefitted from seven regional projects, in which Tanzania-specific financing amounts to US$204 million.

Figure 2.14: Tanzania - World Bank Total Lending Commitments by Year



Source: The World Bank

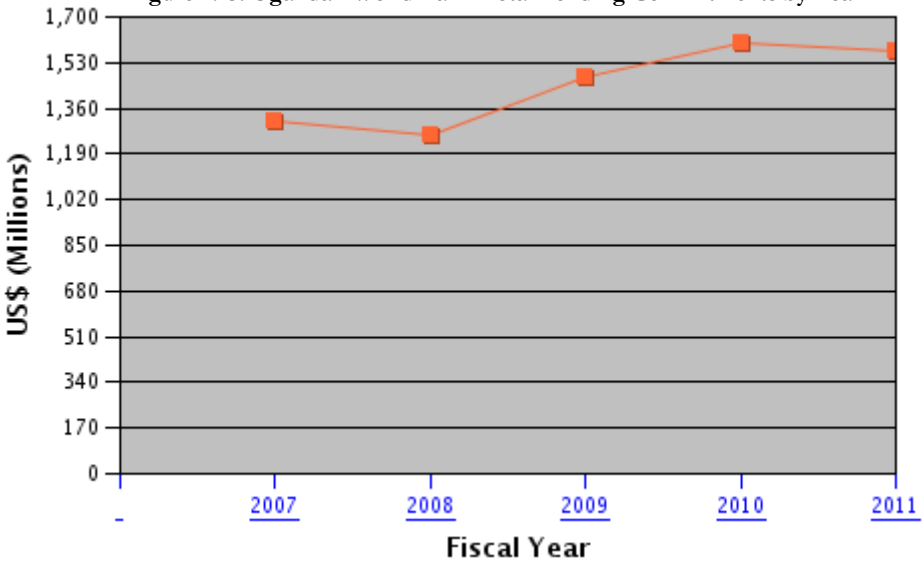
Nine projects are listed in the pipeline for FY 2012 amounting to US$1.016 billion in various sectors. These are: (i) Southern Agriculture Growth Corridor Investment project of US$60 million; (ii) Second Local Government Support Project of US$200 million; (iii) Productive Social Safety Net of US$220 million; (iv) Sindiga Wind Power Project of US$100 million (v)Energy Sector Capacity Assistance Project of US$27 million; (vi) the Private Power Generation (Ruhudji HPP) Project of US$200 million guarantee; (vii) Dar-es-Salaam Metropolitan Development Project of US$75 million; (viii) Pension Reform DPL of US$120 million; and (ix) Agricultural Sector Development Project of US$14.5 million (Trust Fund grant).

IFC continued to mobilize investments and offered a broad range of advisory services to support the private sector. While MIGA has no projects in its pipeline, it is showing interest to attract engagement in Tanzania.

UGANDA

The Bank had provided about US$7.025 billion in total financing to Uganda since the country gained membership of the Bank Group. As of end February 2012, the Uganda portfolio comprised 17 active IDA-financed operations and an IDA guarantee for the Private Power Generation (Bujagali) Project with a total ongoing commitment amount of US$1.572 billion. About one quarter of annual IDA support was provided in the form of direct budget support. Two pipeline operations were scheduled for FY2012 – the Water Management and Development Project of US$130 million and Uganda Support to Municipal Infrastructure Development US$150 million.

Figure 2.15: Uganda - World Bank Total Lending Commitments by Year



Source: The World Bank

The current sector distribution of IDA commitments continued to reflect the government's emphasis on infrastructure. About 64 percent of commitments were allocated to energy, mining, environment, urban development, and transport. About 24 percent were allocated to education, health and social development; 6 percent to finance and private sector development; and 7 percent to economic and public sector management. The Bank's analytical and advisory activities continued to underpin investment operations and sector strategies, and to inform the government's reform path.

Uganda continued to benefit from a large trust fund portfolio, most of which was linked to lending operations. The focus was mainly on environment; renewable energy (Global Environment Facility); demobilization and reintegration of ex-combatants (Multi-country Demobilization and Reintegration Program); monitoring and evaluation (Institutional Development Fund (IDF); avian influenza; and piloting output-based aid in health and water supply (Global Partnership on Output Based Aid).

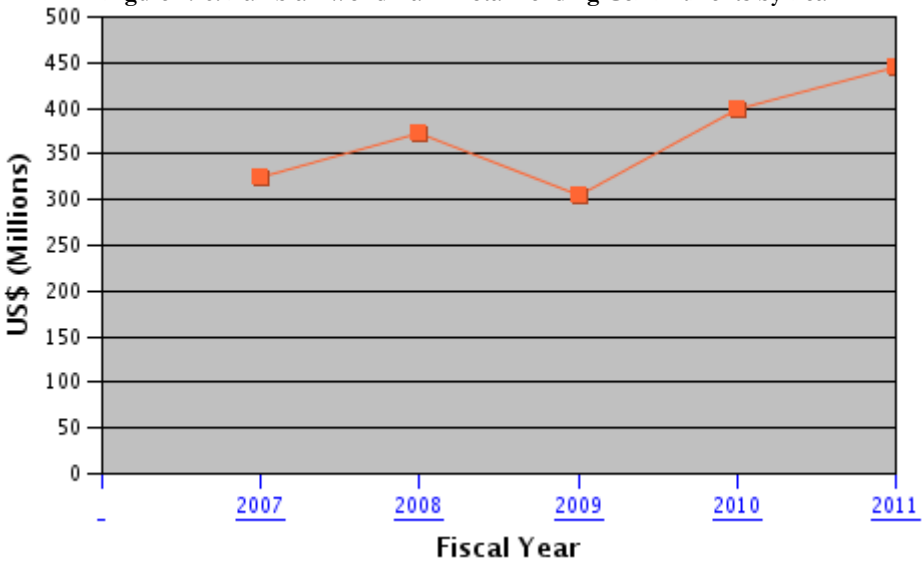
The IFC's portfolio in Uganda grew, focusing on financial markets and infrastructure, the privatization program, and telecommunications. Uganda was one of the pilot countries in the IFC/IDA Micro, Small and Medium Enterprises (MSMEs) Initiative that supports enhanced access to finance, business development services and improving the investment climate. Additional operations in the forthcoming years included heightened focus on agribusiness, finance sector development, infrastructure (including railways) and electricity companies.

As of end of end February 2012, MIGA remained engaged with strategic investments in the energy sector.

ZAMBIA

Zambia's engagement with the Bank continued to grow with total lending, credits and grants in the amount of US$3.991 billion at end February 2012. At end February 2012, the Bank had 9 active projects with a total commitment of US$ 444 million, with infrastructure (roads, water and electricity), accounting for the largest share of the portfolio.

Figure 2.16: Zambia - World Bank Total Lending Commitments by Year



Source: The World Bank

The Bank's engagement significantly ramped up over the last three years. These operations included an irrigation development project in the agricultural sector, budget support operation, and additional financing for the Malaria Booster projects and road rehabilitation. These are being consolidated, and no pipeline operations are recorded for FY12.

ZIMBABWE

The World Bank continued to engage Zimbabwe despite suspension of its lending program in 2000 due to arrears accumulation. Resumption of full World Bank financial support continued to hinge, inter-alia, on arrears clearance and government commitment to a sound economic recovery program with international support. The Bank's role had been limited to technical assistance and analytical work focusing on macroeconomic policy, food security/agrarian sector, social sector expenditures and delivery, infrastructure assessment, and HIV/AIDS program support. Some of the analytical work was funded through the Analytic Multi-Donor Trust Fund (A-MDTF), which the Bank was administering. A World Bank Interim Strategy Note for Zimbabwe is scheduled for Executive Board consideration on May 24, 2012.

Chapter 3

Selected Bank Programs and Policies

- Overview
- Transformation Through Infrastructure
- Managing the Environment for Sustainable Development
- Leveraging Trade for Development and Inclusive Growth: The World Bank Group Strategy 2011-2021
- Post Crisis Directions
- Update on Operationalizing the WDR 2011 on Conflict, Security and Development
- Update on Operationalizing the WDR 2012 on Gender and Development: World Bank Commitments to Gender Equality and Development

SELECTED BANK PROGRAMS AND POLICIES

3.1 Overview

This chapter highlights some of the policies and programs, which have been discussed and approved by the WBG during the period under review. It also provides an update on the operationalization of the WDR 2011 and 2012.

3.2 Transformation Through Infrastructure

The World Bank Group (WBG) fully endorses the view that infrastructure is critically important to poverty reduction, enhanced economic growth and sustained development. Since its re-engagement in infrastructure in 2003, the WBG made substantial investments that contributed to increased growth and reduced income disparities in many countries. However, infrastructural challenges remain, albeit at varied levels in both the low income and middle-income categories.

These challenges include the inadequacy of current infrastructural facilities and the significant problems of access to services. Moreover, according to the WBG, "second generation issues" influence the infrastructure development agenda. These issues include job creation, female empowerment and others that support socio-economic stability. They also include the globalized ones such as food and energy crisis, and the adverse consequences of climate change. There is heightened concern for the infrastructural deficit as was highlighted in the African Governors' Memoranda to the WBG/IMF, and the Development Committee Communiqués during recent Spring and Annual Meetings as well as in other fora.

In response to clients' needs, the Bank developed an updated infrastructure strategy captioned, "Transformation Through Infrastructure: WBG Infrastructure Strategy Update, FY12-15". The strategy has three pillars: (i) Core Engagement; (ii) Transformational Engagement; and (iii) Mobilization of Private Capital. The overall intent of the strategy is to support the means through which infrastructure can facilitate the acceleration of growth while shifting clients towards a more sustainable development trajectory. The WBG would elevate its support to a new level, building on its previous sector-specific core engagement for access and growth while increasing effectiveness in the areas of poverty, governance, gender and knowledge. It would increase support through the various institutions of the Bank and broaden the traditional infrastructure engagement in the core areas (water, transport, energy, and information and communication technology) towards a transformational infrastructure paradigm. This paradigm focuses on seeking opportunities to address the more complex second-generation concerns such as cross-sectoral issues and broader development challenges. The strategy would also involve the leveraging of WBG's capital to bring more private sector financing into infrastructure projects.

3.3 Managing the Environment for Sustainable Development

To ensure that environmental issues feature prominently in development decision-making, and to guide the policy agenda, the WBG developed a strategy dubbed "How Environment Sustains Development: 2011 World Bank Group Environment Strategy - Toward a Green, Clean and Resilient World for All". The focus is to ensure that the environment is a key enabler for quality growth and sustainable development. The strategy has three thematic pillars. First, "green" referring to the conservation and sustainable management of

natural resources, to improve livelihoods and ensure food security over time. Second, "clean" referring to low-pollution, and low-carbon activities that contribute to cleaner air, land and water resources, which ultimately enable people to have healthy and productive lives. Third, "resilient" referring to the capacity for efficient preparedness to deal with shocks and effectively adapt to the consequences of climate change, including frequent natural disasters and volatile weather patterns, amongst others. There is an inextricable link between the pillars, and the mobilization of additional resources of finance to support programs implementation.

The strategy places priority on the imperative for continued economic growth, a necessity for poverty reduction. It includes elements to ensure that all WBG's sectors adhere to their on-going environmental commitments. The intent is to explore ways and means that leverage the greatest impact on nurturing sustainable growth and poverty reduction, while protecting biodiversity and ecosystems. The priority is to support policy reforms, strengthen institutions and build capacity with a view to addressing the environmental challenges mentioned above.

3.4 Leveraging Trade for Development and Inclusive Growth: The WBG Strategy, 2011-2021

The WBG has developed a trade strategy for 2011-2021 that reasserts the vital role of regional and international trade, as a means to job creation, increased per capita incomes and economic diversification, particularly in the context of less developed countries. The strategy is also a means to mitigate the impact of external shocks, rising food prices, and to ensure that less developed countries benefit more equitably from the international trading system. The overarching intent of the strategy is to leverage trade as effective instruments of economic policy for poverty reduction and development.

The WBG, in response to the IEG 2006 recommendations in its assessment of the Bank's support for trade, shifted from programs focused merely on trade liberalization towards diversification, lowering transport and other trade-related costs and the poverty impacts of trade. Focus shifted to complementary measures necessary to assist poverty-stricken households to benefit from trade opportunities, and to manage the impacts of major changes in world market prices, and other external shocks.

Within the context of recent developments, and with the major objective to capitalize on the increase in the Bank's trade efforts in recent years, the WBG seeks to respond more effectively to increased demand by clients for follow-on analysis, project identification, and delivery in its four priorities areas. These are: (i) trade competitiveness and diversification; (ii) trade facilitation, transport logistics and trade finance; (iii) support for market access and international trade cooperation: and (iv) managing shocks and promoting greater inclusion.

Implementation of the strategy would be through region-specific work programs and central units' activities, driven by client countries' specific needs identified by the Country Assistance Strategies. This would necessitate improvements on how the Bank structures itself to help clients and operational teams enhance the use of existing knowledge and facilitate the delivery of its assistance timely and expeditiously in the four identified priority areas.

3.5 Post-Crisis Directions

The 2008 - 2009 global crises reversed the achievements realized in earlier decades, led to stalled economic progress and pushed millions back into extreme poverty. As it appeared that the worst was over, the WBG used the lessons learnt from the global crisis to address the emerging challenges, to develop a strategy, the Post-Crisis Directions (PCD) in 2010. The current uncertainties accentuate the need for the strategy. In the

PCD, the WBG seeks to (i) establish priority areas of strategic engagement; (ii) reform its business model; and (iii) improve its governance, transparency, and voice and participation.

The PCD framework has poverty reduction as its overarching objective, with five strategic priorities that are mutually reinforcing. These priorities are: (i) targeting the poor and the vulnerable; (ii) creating opportunities for growth; (iii) providing cooperative models; (iv) strengthening governance; and (v) managing risks and preparing for crisis. Underpinning these priority areas is a defined focus on service to clients, problem solving, flexibility, delivery, innovation and results.

Through the PCD, WBG has provided relief through policy-driven programs and instruments such as the Global Food Crisis Response Program (GFRP), and the Food Price Crisis Response Trust Fund in collaboration with International organizations. The intention of the activities under most of these Programs is to address both short and long–term vulnerabilities. Recently, management extended the Program owing to its usefulness. In the new phase, the activities will include improvement in the targeting and effectiveness of existing social safety nets by scaling them up and establishing new ones where they do not exist. In addition, the program will support measures for food production, water and sanitation services, education, and maternal and child health, amongst others, over the long term. Further, to create opportunities for growth, the WBG is employing a number of initiatives, often in collaboration with ministries, agencies, and other donors as well as through global collective actions, aimed at addressing a set of critical challenges.

In this regard, the WBG is committed to: (i) addressing the pressing and special needs of conflict- affected countries; (ii) improving governance and institutional capacity; (iii) promoting agriculture, food security and environmental management; (iv) meeting critical infrastructure needs, including efficient energy; (v) fostering an investment climate and private sector that encourages innovation and productivity; (vi) harnessing trade opportunities through improved competitiveness; (vii) supporting women‘s economic empowerment; and (viii) addressing major public finance challenges and constraints to job creation. Other initiatives include providing knowledge and policy expertise to help policymakers manage tradeoffs and risks.

3.6 Update on Operationalizing the WDR 2011 on Conflict, Security and Development

The Development Committee Meeting held during the IMF/WBG Spring Meetings of April 2011 discussed the implications of the findings of the *World Development Report 2011: Conflict, Security and Development* (WDR 2011). The Implications Note listed the five principles of engagement by the WBG in countries facing fragility, conflict and violence. Further, the Note drew up a set of actions for implementation immediately (FY 11-12) and in the medium-term.

In fulfillment of its commitment to operationalize the WDR 2011 and to make progress on the Fragile and Conflict-affected Situations (FCS) agenda, the Bank launched the Global Centre for Conflict, Security and Development (CCSD) in July 2011, in Nairobi, Kenya. The Bank created the center to shift some of its support closer to the ground and to country teams for quick support. Further, the Center brings together physically and virtually, people working on FCS within and across the WBG. The Center is critical to supporting the efforts of conflict-affected and fragile economies to build strong, legitimate institutions and governance that not only provide security, justice, and jobs for citizens, but are also crucial to breaking the cycles of violence. Management of the WBG designed the Center to be a platform for partnerships and knowledge management; to provide support to country teams and clients in achieving and scaling up development results; and to build effective institutions to overcome fragility and conflict. The Center is part

of the Bank's effort to improve its engagement with the FCS, and a signal of the paradigm shift in its operations, which will build on existing achievements and take it forward.

Actions implemented in the context of the WDR 2011 are the following:

Action 1: Making FCS strategies more fragility-focused – in this regard, the Center has provided comprehensive support to the country teams to incorporate the lessons of the WDR 2011 into Country Assistance Strategies and Interim Strategy Notes (CAS & ISN). These include for Guinea Bissau, Liberia, Madagascar, and South Sudan in SSA, while the one for Burundi is forthcoming. In addition, the State and Peace-building Fund[2] realigned its engagement strategy to support "transformative approaches" to fragility and conflict.

Action 2: Strengthening partnerships on development, security and justice – the UN and WBG have exchanged seconded staff. Further, the European Commission (EC), African Development Bank (AfDB) and WB agreed on a joint framework for budget support in FCS, while the Global Program for Forced Displacement with funds from Denmark, Norway and Sweden supports displaced people in more than 15 countries. Besides, in partnership with the UN, the CCSD shall develop a tool-kit on Public Financial Management (PFM) and Security Sector Reform (SSR), and efforts to integrate violence prevention in Development Policy Operations (DPOs).

In addition, the Bank is working closely with the International Dialogue for Peace-building and State-building (the "Dialogue"), which comprises the ***g7+***[3] countries and international organizations. The "Dialogue" agreed to the New Deal for Engagement in Fragile States (the "New Deal") in Busan during the 4th High Level Forum on Aid Effectiveness, November 29 – December 2, 2011. The "New Deal" calls for a new development architecture and new ways of working, which are better suited to the situation and challenges of fragile states, and are necessary to build peaceful states and societies.

Action 3: Increasing attention to jobs and private sector development – including through studies by the Poverty Reduction and Economic Management Network (PREM) of the World Bank, and the CCSD on employment approaches in FCS, and the joint facility with the ILO, UNECA, UNDP, Peace Building Support Office - PBSO[4] and AfDB on employment generation in FCS in FY 12.

Action 4: Realigning results and risk frameworks for FCS – is evident in the establishment of the CCSD, and recruiting pertinent staff including specialists in fiduciary risk in FCS. In addition, the CCSD will finalize updating the Fiduciary guidelines for Staff and the State and Peace-Building Indicators for the "Dialogue" during FY12.

Action 5: Seeking less volatility in financing – to support conflict sensitive programming, the CCSD adopted a new strategy for the State and Peace Building Fund, and the Bank replenished it by US 33 million in FY 2012. Further, the IDA 16 medium term review will consider a new allocation system, taking into

[2] The State and Peace-building Fund is a World Bank multi-donor trust fund to support projects that contribute to prevention and recovery from conflict and fragility.

[3] The g7+ group consists of 19 of the world's most fragile countries, namely; Afghanistan, Burundi, Central African Republic, Chad, Côte d'Ivoire, The Democratic Republic of the Congo, Ethiopia, Guinea, Guinea Bissau, Haiti, Liberia, Nepal, Papua New Guinea, Sierra Leone, The Solomon Islands, Somalia, South Sudan, Timor-Leste, and Togo.

[4] The Peace-Building Support Office (PBSO) of the UN advises, supports and represents the interests of the countries emerging from conflict. In addition, it helps ensure predictable financing for early recovery and sustained financial engagement over the longer term.

account the needs of the FCS. Bank budget per dollar of committed IDA is increasing in FCS, while decreasing in non-FCS.

Action 6: Striving for global excellence in FCS – including building a Knowledge Platform dedicated to exchange of experience for the FCS Community – practitioners and clients. The platform will be launched in 2012.

In addition to working with the CCSD on CAS and ISN for FCS in Africa, the Africa Region (AFR) addresses FCS issues through the New Africa Strategy, using partnerships, knowledge and lending operations as its tools. Some of the initiatives of the AFR are addressing gender-based violence, disarmament, demobilization and reintegration of former soldiers. In addition to the CASs and ISNs, the knowledge instrument is reflected in Research – "Avoiding the fragility trap". In its lending operations, there is a selective approach to target FCS specific issues such as in Burundi, Rwanda, and Cote d'Ivoire. The latter is a post-conflict assistance project supporting job creation and youth-at-risk.

3.7 Update on Operationalizing the WDR 2012 on Gender and Development: World Bank Commitments to Gender Equality and Development

Much of the Gender work in Africa derives from the new strategy – "Africa's Future and the World Bank's Support to It". The Africa Strategy has two pillars; competitiveness and employment; and vulnerability and resilience; and governance as the underlying foundation. The components of the framework closely align with the priorities of the *World Development Report 2012: Gender Equality and Development* (WDR 2012) as discussed in the Implementation Note, in the Development Committee Meeting held during the Annual Meetings in September 2011.

In this regard, there was considerable progress on the implementation of WDR 2012 priorities in Africa. For example, there are water treatment projects to address infant mortality, and analytical work on increasing women's access to technology to narrow the earnings gap. Further, the Africa Region - AFR is preparing a flagship AAA on Youth Employment, and the Adolescent Girl's Initiative (AGI). The AGI was successful in Liberia, Rwanda and South Sudan under the Gender Action Plan (GAP). Thus, the findings of the WDR 2012 give AFR a larger context to address gender inequality in Africa. AFR is committed to gender work based on the hierarchy of the Africa Strategy; building on strong partnerships; knowledge innovation; and finance.

Building on the achievements in earlier decades, and integrating the findings of the WDR 2012, the WBG made several commitments to carry the Gender agenda forward through five strategic directions as endorsed in the Implications Note discussed during the 2011 Annual Meetings. Below is an update on each of them.

i. Informing country policy dialogue

The WBG disseminated the findings of the WDR 2012 widely, and launched the "Think Equal Campaign", which successfully raised the profile of the findings in the Report. In addition, several regions and network offices have produced companion reports to guide their operations. In this regard, the AFR is developing the Africa Gender Innovation Lab. Besides, the WB integrated new gender learning modules into training for regional and sector teams. In addition, there are more regular information sharing workshops and seminars, while navigability and attractiveness of the Gender website were improved.

ii. Enhancing country level gender diagnostics

In addition to including specific gender initiatives in Country Assistance Strategies (CASs) and Interim Strategy Notes (ISNs), Staff increased the breadth and depth of country specific analysis of gender inequalities linked to the policy dialogue and program. They have ramped up country and regional analytical work, with ESW rising from 45 to 65 between FY11 and FY12. Research into poverty, labor, teen pregnancy and agricultural productivity integrated gender.

iii. Scaling up lending for domestic priorities

In FY11, 43 percent of the lending operations were gender-informed; with 47 percent of these under IDA. The gender-informed content is either Analysis; Analysis + (Action or Monitoring and Evaluation – M&E); or Analysis + Action + M&E. Based on this classification, out of 137 operations in AFR in FY11, 31 percent had the three components. This compares to 47 percent with analysis only and 42 percent with Analysis and Actions or M&E. In terms of sectors, Poverty reduction had four operations, and all had Gender Analysis, Action, and M&E at 75 percent.

Other approaches of gender informed financing include the Adolescent Girls' Initiative (AGI) in Sudan for US$ 1.9 million, and Women's Entrepreneurship Development Project in Ethiopia for US$ 50 million in IDA funds. The project in South Sudan supports 3000 girls and young women clubs for training in new skills, while the project in Ethiopia targeted female entrepreneurs with an aim to increase earnings and employment. In other countries, specific projects such as in rural areas, aim to enable rural women to increase household incomes and to train them in new skills. Notably, enhancing country-level gender diagnostics takes time and effort, from training gender focal points in the ministries to implementing the specific project.

iv. Increasing the availability of gender-relevant data and evidence

Management launched a bank-wide Working Group on GenderStats with Staff drawn from across the Regions and Networks in the WBG. The Group identified a core list of indicators on education, employment, entrepreneurship, and age-disaggregated data. Through the Open Data initiative, management promotes the gender agenda, publishing country data stories. Further, plans to have strategic investments to improve the "evidence base of what works", with policy focused research on enterprises, labor markets and social protection are underway.

AFR has undertaken to build the Africa Gender Innovation Lab. The objective is to test and evaluate interventions to fill knowledge gaps of what works to increase women's economic empowerment. The focus will be on interventions that change gender roles such as shifting choices, and into new areas such as voice – access to justice, and endowments – service delivery. By the close of 2011, impact evaluations of 17 operations were under way, while 13 were under development across Africa. In this regard, the Bank has built strong partnerships both within its groups and with universities, development partners and governments.

v. Leveraging partnerships

Management revived the high-level council on gender – the New Advisory Council on Gender and Development, comprising ministers mainly from low- and middle-income countries, academicians, the private sector and NGOs. The mandate of the Council, which reflects the WDR's strategic directions, includes considering progress and constraints; provide feedback on the WBG's work; and promote collaboration on gender equality. The Global Private Sector Leaders Forum, launched in the margins of the Annual Meetings in 2008, took on "*WINvest*" in its new phase, focused on female employment in firms in line with the WDR 2012 strategies. The WBG continues to collaborate with other international organizations such as UN Women. Further, it has set up a new Umbrella Facility for Gender Equality to mobilize financing. The Facility will increase the availability of gender-relevant data and strengthening evidence; strengthen and

expand the successful approaches such as the AGI; and leverage partnerships with regional and national civil society and research institutions as well as the private sector to help advance gender equality.

Chapter 4

Constituency Matters

- Overview
- Highlights of the 3rd Statutory Meeting of the Constituency
- SSA Governors' Dialogue with the President and Senior Management in FY2011
- Executive Director's Outreach Activities

CONSTITUENCY MATTERS

4.1 Overview

This chapter gives a brief account of constituency activities since September 2011, providing highlights of the 3rd Statutory Meeting of the Constituency, the high level Ministerial dialogue with the Senior Management of the World Bank Group and updates on the World Bank President's response to the FY 2011 African Caucus Memorandum. Outreach activities of the Office of the Executive Director during the period are also reported, throwing light on the common concerns and actions taken to facilitate improved engagements between the Bank and Constituency member countries.

4.2 Highlights of the 3rd Statutory Meeting of the Constituency

In accordance with the 2010 Constituency Working Rules and Procedures, the Constituency statutorily meets two times yearly to deliberate on issues of strategic common interests, map out modalities for ensuring that these issues are factored in the broad policy and operational agenda of the World Bank Group and think through ways of enhancing members' engagement with the World Bank Group. The second meeting in 2011, which was the 3rd Statutory Meeting of the Constituency since its reformation in October 2010, was held in Washington DC, USA on September 22, 2011 at the margins of the Annual Meetings of the World Bank and the International Monetary Fund. The meeting considered the following three main reports: (i) the Report of the Executive Director on the developments in the World Bank Group during FY 2011 (ii) Report on the key messages of the Constituency to the Development Committee, and (iii) Report by the IDA Borrower Representative on the IDA Working Group on Results and Effectiveness.

4.21 Consideration of Report of the Executive Director on the developments in the World Bank Group during FY 2011

The Executive Director's Annual Report 2010/2011, highlighted developments in the global economy and prospects for Constituency member countries; World Bank Group lending operations during the year; updates on selected strategies, policies and instruments of the World Bank Group; and key development policy issues that were the focus of the World Bank Board.

Recovery of the global economy - A weak and bumpy recovery of the global economy was noted, with a number of economic shocks during 2011 and uncertainties created by unsustainable debts, fiscal consolidation efforts and rising unemployment in some major OECD countries, as key factors that were influencing the pace of recovery. Sub-Saharan Africa region was noted to have weathered the global financial crisis and returning to pre-crisis growth levels. Underlying risks associated with food and energy price volatility, and rising joblessness especially among the youth population, crisis in the Horn of Africa, which was affecting millions of people, were deemed as a layer of vulnerability to the growth prospects in the sub-region. In this regard, efforts at advocating timely and effective support for crisis response and facilities for promoting sustainable, balanced and inclusive growth, especially in Constituency member countries were highlighted as particularly important under the prevailing environment.

World Bank Group Operations in SSA- Although IBRD and IDA commitments remained high compared to pre-crisis levels in FY08-FY09; Governors noted a decreasing trend again in FY 2011. Governors expressed particular concern with the declined IBRD commitment for the Sub Saharan Africa Region noting that, except for South Africa, all other IBRD eligible countries like Botswana, Namibia, Seychelles, Swaziland in the Constituency and Equatorial Guinea, Gabon, and Mauritius in the sister Constituency remained small borrowers. The IBRD terms were deemed not suitable for this group of lower Middle Income Countries in Sub Sahara Africa. In this context, Governors called for the World Bank to step up efforts in designing innovative schemes and lending instruments that would respond to the needs of these clients.

Also while IDA commitments reached US$7.0 billion in FY2011 the highest compared to other regions, an increase of $1.8 billion over FY2010, Governors noted and expressed concern that the region did not achieve the 50 percent share of total IDA commitment in 2011. The ramped up IFC and MIGA operations in the sub- region were deemed very encouraging for our private sector, and FDI flows.

Priority Issues for the World Bank Group in FY 2011 - Acknowledging that the *Post-Crisis Directions (PCD)* approved in 2010 by Governors continued to provide strategic guide to the World Bank Group operations, Governors noted the increased attention to global food insecurity and price volatility, safety nets, and infrastructure. Further, it was observed that business modernization efforts were key to improving products, services, organization structure, processes and systems, in the course of FY2011.

4.22 Consideration of the Constituency Development Committee Member's Statement

The DC Member Statement reflected the key messages of the Constituency to the Development Committee on the Agenda items relating to (i) Jobs (ii) Food Price Volatility (iii) World Development Report 2012 on Gender Equality and Development, and (iv) Fostering Innovation in Development Financing.

"*Moving Jobs to the Center*" – Governors welcomed the focus on jobs and looked forward to the elaboration of the discussion note through concrete and analytical evidence-based research for the preparation of the WDR 2013 with its focus on "obstacles to job creation". They urged World Bank Management to ensure that the Report informs the process of facilitating the development of a framework that considers possible solutions to the obstacles to job creation.

Food price volatility – Governors expressed concerns that because of rising global food price insecurity and food price volatility, millions more people would become poorer, food producer countries could see higher food import bills and reduced fiscal space, while social unrest would increase. They welcomed the World Bank's agriculture strategy with a focus on speedy provision of resources and advice in the short-run, through such investments as the Global Food Crisis Response Program (GFRP). However, long-term interventions that would focus on enhancement of agricultural productivity were deemed an imperative, and therefore, the Governors welcomed the Global Agriculture and Food Security Program (GAFSP) facility, with support to improve access to

agricultural inputs and increasing investment in irrigation infrastructure, by farmers, particularly small holders.

World Development Report 2012: Gender Equality and Development – welcoming the findings of the Report, Governors agreed with the five major directions that should be pursued, and called for an all-inclusive development strategy to ensure the realization of state for all, security for all, justice for all, jobs for all, and services for all. They called on the Bank to make fresh investigations into the areas, which appear inconclusive, with a view to take appropriate policy measures that will have a significant development impact.

Need to Foster Innovation in Development Financing for infrastructure, agricultural productivity, and capacity in the region - Governors deemed this necessary to foster faster growth, unlock the potential in the region, and reduce poverty, with the ultimate objective to achieve as many of the MDGs as possible by 2015. They urged the WBG to focus on effectiveness, tangible results and sustainability over long-term perspectives within the specific areas of its core competence and comparative advantage**.** Finally, with 2015 in sight, it was important to reflect on the post-MDGs, focusing on the current and emerging issues, not least, jobs, security, justice and gender mainstreaming which were outside and beyond the MDGs.

4.23 Consideration of the IDA Borrower Representative's Report on the IDA Working Group on Results and Effectiveness

Governors commended the efforts of the Borrower Representatives on the IDA Deputies' Working Group and particularly welcomed the Alternate Borrower Representative's role as co-chair on the IDA 16 Working Group on Results and Effectiveness. The Alternate Borrower Representative presented feedback from the Lisbon Consultation. The Governors considered the issues presented as pertinent to improving IDA effectiveness, specifically the forthcoming IDA16 Mid-term Review and IDA17 Replenishment Process.

4.3 SSA Governors' Dialogue with the President and Senior Management in FY2011

Two key ministerial level consultations are held annually with the senior management of the Bank. These take place during the Annual Meetings with follow-ups during the subsequent Spring Meetings. Please see Annex 2 for President Zoellick's response to the African Governors' Memorandum.

4.31 Update on World Bank Task Force on Transformative Power Projects in SSA

Context

At the 2011 African Governors' Caucus Meeting in Kinshasa city – DRC, 3-4 August 2011, the Governors discussed the pressing energy needs in Africa and ways to accelerate progress on large energy generation projects that have the potential to transform the continent. Amongst the potential hydropower projects on the continent, the Governors identified four, which they considered priority based on the projected output and location. The Governors adopted a regional approach to maximize resources and output. The four projects are:

- Inga III & Grand Inga, in the Democratic Republic of Congo (DRC), for the Southern Africa Power Pool;
- Lom Pangar Hydro Power, in Cameroon, for the Central Africa Power Pool;
- Souapiti and Kaleta, in Guinea, for the West Africa Power Pool; and
- The Menengai geothermal development project in the Rift Valley, in Kenya, for the East Africa Power Pool.

Subsequently, the Governors requested President Zoellick of the World Bank Group to back their efforts. They urged the Bank to avail its financial resources and advisory services, and to reach out to donors to mobilize additional resources for these projects. They requested Management to form a WBG Task Force to coordinate, monitor and facilitate the implementation of the projects. The Governors urged the Bank to pay special attention to the associated transmission facilities to allow national grids and cross-border connectivity.

Scope

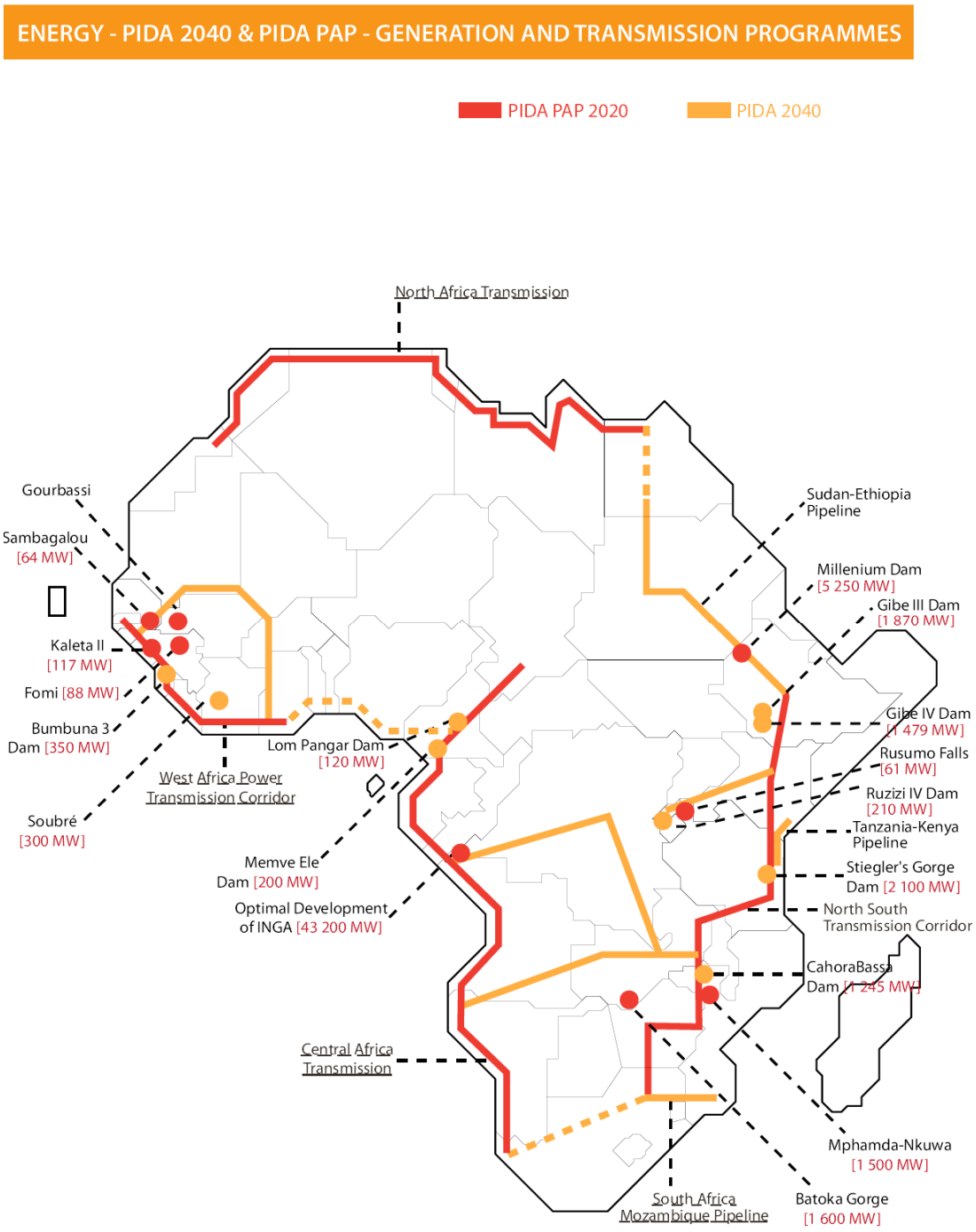
The task force comprises Staff from across the World Bank Group, and coordinates with the Executive Directors' Offices. The task force shall advise the Bank's Management on the best ways and means to take forward this agenda. It expects to undertake the following activities;

(a) Establish a detailed monitoring framework including time lines;
(b) Establish a network for following up on each project and coordinating with counterparts from Governments, donors, and other participating agencies;
(c) Prepare quarterly status reports based on the monitoring framework, submit the report to the President of the Bank who will then report back to the Governors twice a year;
(d) Propose suitable troubleshooting measures and actions;
(e) Facilitate implementation of remedial actions, by approaching the relevant internal and external actors and brokering practical solutions;
(f) Mobilize resources at the World Bank disposal;
(g) Advocate for broader support at key forums such as the G20 and mobilize private sector participation to ensure adequate resources; and
(h) Take the lead on monitoring and coordinating donor activities particularly where projects do not involve direct WBG financing.

For this ambitious program to materialize, Governors and Heads of State are strongly advised to rally and put political weight behind these regional projects in all international forums, at all times. Particular efforts are required at this initial stage to secure the much needed funding for project preparation. The African Consultative Group shall discuss this initiative and other issues pertaining to Africa's development at its next meeting with the President of the World Bank Group during the Spring Meetings in April 2012.

The map in Figure 4.1 and tables 4.1 to 4.5 show the existing and potential generation and transmission projects, detailed preliminary data on the four priority projects respectively.

Figure 4.1: Africa – Existing and potential generation and transmission projects.



Source: The World Bank

Table 4.1: Inga 3 (3000 MW)

Step	Date	Current status
Pre-feasibility study completed	Oct-11	Completed
Feasibility study completed	Sep-12	Ongoing
ESIA completed	Sep-12	Ongoing
Legal framework in place	Jun-13	
Institutional framework in place	Jun-13	
Off-take agreements signed	Jan-14	
Transaction design in place	Jun-15	
Procurement of works completed	2015	
Construction starts	2015	
Construction ends	2020	
Commissioning of plant	2020	

Source: The World Bank

Table 4.2: Menengai (830 MW)

Step	Date	Current status
Pre-feasibility study completed	Mar-10	Surface exploration
Feasibility study completed	Aug-12	In procurement
ESIA completed	Oct-12	In procurement
Legal framework in place		In place
Institutional framework in place		In place
Off-take agreements signed		
Transaction design in place		
Procurement of works completed		
Construction starts		
Construction ends		
Commissioning of plant		

Source: The World Bank

Table 4.3: Souapiti (750 MW)

Step	Date	Current status
Pre-feasibility study completed	2009	Complete
Feasibility study completed		Request to WB
ESIA completed		Ongoing
Legal framework in place		Existing
Institutional framework in place		
Off-take agreements signed		
Transaction design in place		
Procurement of works completed		
Construction starts		
Construction ends		
Commissioning of plant		

Source: World Bank

Table 4.4: Kaleta (240 MW)

Step	Date	Current status
Pre-feasibility study completed		Complete
Feasibility study completed		Complete
ESIA completed		Complete
Legal framework in place		
Institutional framework in place		
Off-take agreements signed		
Transaction design in place		
Procurement of works completed		
Construction starts	Sep-11	Complete
Construction ends	2016	
Commissioning of plant	2016	

Source: The World Bank

Table 4.5: Lom Pangar (30 MW+++)

Step	Date	Current status
Pre-feasibility study completed		Completed
Feasibility study completed		Completed
ESIA completed		Completed
Legal framework in place		Completed
Institutional framework in place		Completed
Off-take agreements signed		NA
Transaction design in place		NA
Procurement of works completed		Completed
Construction starts	2012	March
Construction ends	2014	
Commissioning of plant	2015	

Source: The World Bank

4.4 Executive Director's Outreach Activities

4.41 Overview of Country Outreach

The Executive Director undertook official visits to Burundi, Rwanda, Seychelles, Zambia and Zimbabwe during the period August – November 2011. These outreach activities served the purpose to meet and discuss with Authorities and the World Bank field officials to keep abreast with the development efforts and challenges of Constituency member countries, follow up on portfolio/project implementation issues, and seek out ways of strengthening countries' relations with the World Bank Group.

The Independent Evaluation Group's FY2011 assessment of the World Bank Group operations in Sub Saharan Africa continue to show low implementation performance in the Africa Region compared to other regions in the World Bank Group. The new World Bank Strategy for Africa approved in March 2011 which aimed at addressing inter alia this challenge, provides the lens through which most of the deliberations were undertaken.

4.42 Highlights of Issues

Countries expressed appreciation of the support provided by the World Bank Group. The key issues of concern with the World Bank engagement in the countries, included among others, access to resources, slow rate of disbursement of committed fund, support for arrears clearance for non-accrual countries, regional solutions and, Crisis response support.

Low IDA Allocation Trap for Small, Fragile and Conflict-affected Countries

Authorities urged the World Bank to address the "low equilibrium trap" which most fragile and conflict-affected countries continue to face with the IDA resource allocations. Countries noted that despite record increases in IDA 15 and IDA16 replenishments and the total SSA share of IDA resources maintained at 50 percent, respective allocations for most FCS continued to remain unchanged or in some cases declined, despite improved CPIA performance. While acknowledging the efforts of the IDA 16 framework for fragile states, countries underlined the importance for the IDA framework to be innovative in design allocation schemes that would address the special concerns of this group of countries. Linked with the low allocation, were concerns raised regarding the slow and low disbursement rates in these countries.

Lower MICs Access to IBRD Resources

Also of concern, was the limited access by some countries to a category of World Bank financing instrument because of country classification based on estimated income levels. This is particularly the case of the lower middle-income countries that could not benefit fully through the IBRD window while having no access to the IDA window of financing. Concerns were also raised on modalities for assisting new entrants to the lower middle-income category with IBRD-IDA Blend classification.

Regional Solutions

Great potentials were noted in regional solutions across the countries visited. However, countries observed that the size of regional programs is generally low relative to the region's legitimate needs. A more forceful intervention was urged on the regional scale, especially on selective strategic transformational investment in the energy and transport sectors.

Arrears Clearance for Non-accrual Countries

Acknowledging the Bank's support in advisory services and technical assistance and expressing determination to resume full-fledge reengagement with the World Bank Group, some of the countries in non-accrual status highlighted the difficulties they face in addressing a high external debt arrears situation. They continued to advocate for a clear strategy for arrears clearance with the support of the Bank.

Crisis Response

While most of the countries weathered the financial crisis, in part benefiting from front-loaded IDA resource support during FY 08-09, and are experiencing growth performance near pre-crisis levels, they underscored vulnerability to a variety of exogenous shocks associated with (i) food price

volatility, rising uncertainty in global demand, (iii) climate change, and others. They implored the World Bank to build up strong crisis response mechanism for both IDA and IBRD for countercyclical support.

Actions Taken/Planned by the World Bank to Respond to these Issues

In collaboration with the other two SSA Executive Directors, these issues were taken up with the Senior Management of World Bank Group. Modalities for responding to some of these concerns are highlighted below.

Addressing the Low IDA Allocation Trap for Small, Fragile and Conflict-affected Countries

Under the IDA 16 Framework, one of the focus themes is countries in Fragile and Conflict-affected Situations (FCS). An IDA16 Working Group was set up to articulate modalities for addressing the low allocation trap that these group of countries face with their engagement with the World Bank Group. A proposal in this respect, on alternative financing model for FCS would be table for consideration at the mid-term review of IDA 16 in November 2012. Also, in operationalization of the recommendations of WDR 2011 on Conflict, Security and Development, the Global Center on Conflict, Security and Development (CCSD) became fully operational in late 2011. Located in Nairobi, Kenya, it provides support to World Bank Country Management Units with FCS clients in 5 main business lines: (1) provide surge support to high priority FCS country teams; (2) Design changes in Bank policy and practice to improve results in FCS; (3) Build an FCS community of practice to share knowledge and experience; (4) Reduce volatility of financing for FCS; and (5) Leverage partnerships to address FCS core issues of security, justice and jobs.

Some highlights of the CCD's work to date include:

- Country Team support: To develop a conflict sensitive country assistance strategy (South Sudan, Guinea, Guinea-Bissau, Somalia, Madagascar, among others); to diagnose implementation bottlenecks (South Sudan); and to provide early response funding (Horn of Africa)
- Creating (with the Social Development Department and external partners) a knowledge platform to allow FCS practioners to link up, exchange ideas and practice, and access global expertise (launch in March 2012)
- Creating an Implementation support Team of Procurement, Financial Management, Safeguards and M&E experts focused on FCS with special clearance power to resolve problems in the field.
- Exploring the development of alternative IDA allocation models for FCS in collaboration with the Concessional Financing and Partnership Group of the World Bank.

Addressing the Lower MICs Access to IBRD Resources

The World Bank MICs Agenda is under review and the specific concern of the lower MICs for access to development finance through favorable IBRD terms is under consideration. Management has been urged to open access to IDA/IBRD blends facilities such as enclave lending and promotion of public private partnerships for lower MICs.

Regional Solutions for SSA

As a follow up to the African Caucus Memorandum, a World Bank Task Force has been set up to facilitate the institution's support for transformative investments in the energy sector in SSA. This team has mapped out a work plan focused on the four transformative regional power projects identified by the African Governors. Progress on financing and implementation modalities would be reported regularly to Governors.

Crisis Response

In reviewing the MICs Agenda the Bank plans to facilitate greater access to development finance by (i) managing IBRD financial capacity at time of crisis by using flexible term to allow additional lending; and (ii) better leveraging IBRD resources for long-term development financing through mobilization of external resources.

For IDA clients, an Immediate Response Mechanism, which allows for timely restructuring of country portfolio in time of crisis was approved by the Board in November 2011. The IDA Crisis Response Window and possibility of front-loading IDA 16, which is currently slow disbursing, are plausible shock absorbing modalities in the event of a significant deterioration in the global outlook.

Annexes

- The 2011 Memorandum of the African Governors to the BWIs
- President Zoellick's Response to the African Governors' Memorandum
- Development Committee Communiqué – September 2011
- Rotation Schedule for Constituency Chairmanship
- Rotation Schedule for Constituency Panel Membership
- Rotation Schedule for Constituency Representation on the Development Committee
- Rotation Schedule for Executive Director and Alternate Executive Director

Annex 1 The 2011 Memorandum of the African Governors to Mr. Zoellick, President of the World Bank Group and Ms. Christine Lagarde, Managing Director of the International Monetary Fund Washington, DC September 2011

INTRODUCTION

1. We congratulate Ms. Christine Lagarde for her selection as Managing Director of the IMF and wish her great success in the challenging task ahead. We continue to value the engagement of Mr. Robert Zoellick, President of the World Bank, with African Governors.

2. We welcome our new member state, the Republic of South Sudan, and appeal to the BWIs and the international community to assist both Sudan and South Sudan on the path of development, especially by helping to consolidate the peace, providing debt relief and facilitating access to concessional financial support.

3. Given the importance and the urgency of initiatives on investments that are needed to enable rapid and sustained growth and development for Africa, we have agreed to focus our 20 II Memorandum on the selected critical high-impact areas where Africa's partnership with the Bretton Woods Institutions (BWIs) is active and should be enhanced, in a comprehensive approach. These are:

- Energy infrastructure;
- Agriculture;
- Rising food and fuel prices: BWIs' responses; and
- Voice and Representation in the WBG and the IMF.

A. **ENERGY INFRASTRUCTURE**

4. Energy infrastructure remains Africa's largest challenge. The deficit in this sector is one of the most binding constraints to the continent's growth, competitiveness, and development.

5. The combined energy generation capacity of the 48 countries of Sub-Saharan Africa (SSA, excluding South Africa) amounts only to 28 GW, equivalent to the installed capacity of Argentina; to a little more than one-third of South Asia's region; and to one-tenth of that of Latin America. Less than 30 percent of the population of SSA has access to electricity, compared with about 65 percent in South Asia and more than 90 percent in East Asia.

6 Per capita consumption of energy in SSA is dramatically lagging behind all other regions; it is the only region in which per capita consumption of electricity is falling. Electricity supply in SSA is highly unreliable, and power outages constitute an average of 2.1 percent of GDP. As a

consequence, countries are resorting to an increasing use of costly energy sources, with detrimental impact on resources sustainability.

7. Energy in SSA is expensive by international standards, and the cost is rising. The average cost of I KWh is over 15 US cents, about twice the cost of energy in the other developing parts of the world. The energy crisis in SSA is exacerbated by drought, conflict, weak sector governance and high oil prices. At current trends, less than 40 percent of African countries will reach universal access to electricity by 2050.

8. However, SSA is well endowed with huge hydro, thermal, solar and wind energy sources -with an estimated 93 percent of Africa's economically viable hydropower potential (about one tenth of the world's total) largely untapped. We welcomed the announcement of the President of the World Bank Group during the Spring 2011 Development Committee Meeting to focus the support of the Institution on Africa's infrastructure priority projects as identified by the Africans.

9. In this connection, we propose four (4) projects among the host of potentials, for extra and urgent support by the WBG given that they have high transformational and regional integration potential for the development of Africa. These projects are also well aligned with NEPAD priority infrastructure projects; and ' they benefit from a strong continental political support. Furthermore, they have already been subjected to significant preparatory work. These are: (i) Grand Inga & Inga III, in the Democratic Republic of Congo (DRC), for the Southern Power Pool; (ii) Lom Pangar Hydro Power, in Cameroon, for the Central Africa Power Pool; (iii)6. Souapiti and Kaleta II, in Guinea, for the West Africa Power Pool; and (iv) the Menengui Geothermal Development Project in the Rift Valley in Kenya for the Eastern Africa Power Pool.
    - Inga III has the potential to generate 3,500 MW to supply power to DRC, Zambia, Zimbabwe, South Africa, Namibia, Angola, Mozambique, and Botswana. The Republic of Congo has been connected to the DRC network since 1953. Grand Inga is expected to generate around 40,000 MW and contribute to meet the energy needs of the Southern and Central African countries, and beyond.
    - The Lorn Pangar Hydro-Power -LPHP -could provide access of up to 6,000 MW to the Central African Power Pool and enable the exploitation of important mineral deposits in the Region.
    - Souapiti and Kaleta, with a combined potential of around I,OOOMW, would increase the supply capacity of electricity for the West African Power Pool to serve directly the member states of the Organization for the Development of the River Gambia (Gambia, Guinea, Guinea Biss'au and Senegal).
    - The Menengui Geothermal Development Project in the Rift Valley, with a combined potential of 2000 MW, would accelerate the shift to geothermal-based power as the main source of grid-based electricity, and would increase the supply of energy to Kenya, Tanzania, Uganda, Rwanda, Burundi, Ethiopia, Djibouti, Sudan and Egypt.

10. We are aware that preparing bankable high transformational projects, particularly in the energy sector, has significant cost implications. In this regard, we would like to offer our support to the President of the World Bank in his effort at establishing a Project Preparation Fund (PPF), financed by G20 members. We believe that, in its coordinating role in the preparation of the

joint MDB infrastructure action plan commissioned by the G20 Development Working Group, the WBG can influence the take up of these regional transformational energy projects. Also, as the Bank prepares to update its Infrastructure Strategy, we expect these projects to be at the core of the updated strategy and its operationalization. We count on the strong convening power, the global reach, and the knowledge of the Bank to forge the partnerships needed in mobilizing the financial resources and technical support required to effectively and efficiently advance the realization of these projects. To this end, our experts stand ready to interact with your designated technical team to monitor and report on progress in this critical area during our future meetings.

11. We reiterate our appreciation for a record-high IDA 16 replenishment and related policy flexibility for supporting regional solutions. However, we remain concerned that the limited IDA country allocations can hardly address the growing challenges in particular areas such as infrastructure, agriculture, and regional integration. We, therefore, continue to call for enclave financing for LICs through access to IBRD financing window to enable them develop and implement transformative projects. We also urge the Bank to ease the conditionalities associated with the enclave financing in order to make the facility more attractive and suitable to the needs of our countries. We ask for stronger support to our middle-income countries and call on the Bank to expand, in particular, the use of innovative financial solutions, including partial credit guarantees, debt drawdown options, possible local currency lending, etc., to enable these countries finance their energy infrastructure projects. We appeal to the BWIs to reassess the concessionality-thresholds-setting mechanism to better respond to infrastructure financing needs of African countries. We plead for Bank's leverage to develop public-private partnerships (PPPs) and to access capital markets.

12. Finally, we stress the call expressed in the AUI/NEPAD African Action Plan 2010-2015 that pooling energy resources through regional power trade is the most effective approach to addressing the energy challenges in Africa and the most effective path to reducing its costs. Studies show that as many as 16 African countries would be better off importing more than 50 percent of their power needs through regional trade and that the costs of power system operation and development would be reduced by $2 billion per year, saving 70 million tons of carbon emissions. The Bank Group's assistance in developing regional trade for electrification of Africa is therefore sought and its cooperation with a wider range of partners active in Africa's infrastructure development -such as the African Development Bank, which hosts the Infrastructure Consortium for Africa (lCA) -is requested.

13. In order to promote and monitor the implementation of the proposed energy sector projects, we have put in place a Task force. We call on the President of the WBG to appoint a focal point within the office, including the Africa Region, to interact with this Task force which will regularly report to us, starting the 2012 Spring Meeting.

B. AGRICULTURE

14. Agriculture is a key driver of Sub-Saharan African economies. It provides about 34% of GDP and 64% of direct employment. It has a strong multiplier effect in enhancing economic growth and a high potential to reduce poverty at least twice faster than other sectors. However, agricultural productivity remains low to spur growth and reduce famine and poverty in Africa.

15. We urge the Bank to put and leverage more resources and take concrete actions towards improving the agricultural productivity through support for expansion of water supply and irrigation infrastructure; strengthening security of lands rights and investing in agricultural research. Further efforts should be made to support, as opposed to a silo approach, the development of the whole value chain that strengthens market integration for affordable provision of inputs, effective and appropriate utilization of fertilizers and insecticides, commercialization of products, processing storage, credit facilities, etc.

16. We value the work being done by the World Bank Group to promote the competitiveness of the agricultural sector in Africa, including the work on Comprehensive African Agriculture Development Program (CAADP). We urge the Bank to work with our countries on developing country-specific versions of the CAADP, and to assist them in integrating its principles and values into their national systems of development planning and implementation.

17. Adequate funding remains a daunting challenge for improving agricultural productivity and reducing poverty and hunger in Africa. We call upon the Bank Group to use its leverage and convening power to crowd-in private sector contributions and catalyze donor financing to secure adequate resources needed in the sector. Old pledges need to be met, and new pledges, backed by solid donor commitments, are needed. In this regard, we encourage the BWIs to continue advocating on our behalf for a quick and effective delivery of the G20 pledges under the Global Agriculture and Food Security Program (GAFSP). In the same vein, we expect a swift and efficient implementation of the recommendations of the April 2011 G20 meeting of Agriculture Ministers to reduce food price volatility that hurts mostly our economies and population.

18. Private sector support is a critical pillar to spur agriculture growth in Africa, and we see more room for IFC involvement in this sector. Therefore, we call on the WBG to scale up investments particularly in private agribusiness enterprises.

19. To achieve faster agriculture-based growth in Africa, we expect the World Bank Group to adopt regional integration approaches similar to those featured under the infrastructure sector, with a clear focus on multipurpose and large scale regional transformative projects, and the promotion of regional centers. We solicit Bank's support to our efforts to ease physical constraints that are constraining the region to address, in particular, cross-border custom formalities and agriculture-related infrastructures gaps.

20. Food aid is another component of international transactions that directly and indirectly affects rural poverty. Here, the Bank can also help by calling on the international community to rely on the use of food supplies from surplus to deficit countries in Africa, thereby benefitting both groups.

21. Finally, we call upon both the IMF and the World Bank Group to be supportive of our advocacy for a level playing field through removal of the developed countries' protection and trade restrictions, including tariff and no-tariff barriers which are among the most critical impediments to boosting rural value added in the region, increasing Africa's participation in international markets, and building the necessary capacity to respond to importing markets' standards.

C. RISING FOOD AND FUEL PRICES: BWIs' RESPONSES

22. International food and fuel prices have spiked again for the second time in three years, igniting concerns about a repeat of the 2008 food price crisis and its consequences for the poor. Price volatility is now back to similar levels experienced in the 1970s. Variations are large and unpredictable, posing fundamental food security risks for consumers and governments.

23. In this context, we reiterate our appreciation for the policy advice and financial support that the IMP and the World Bank continue to provide to our countries in support of our efforts to mitigate the macroeconomic and social impact of the 2007-08 food and fuel crisis. However, the resumed upward trend in international prices of food and fuel in recent months and low spare capacity and inventories leave the markets for these products highly vulnerable to supply disruptions. These recent developments threaten to reverse, once again, the macroeconomic stability gains achieved by our countries in the last decade and hinder ongoing "recovery" efforts.

24. We note with concern that, in contrast to the previous food and fuel crisis, the current shocks appear to be permanent in nature, but most of our countries have little or no fiscal room left following their fiscal policy response to the impact of the 2008 food and fuel price hikes as well as the recent global financial and economic crisis. Furthermore, the stringent fiscal constraints facing donor countries make the provision of additional financial assistance uncertain. Against this backdrop, we share the Fund's view that policy responses should aim to preserve macroeconomic stability and protect the poor and vulnerable without hampering economic efficiency.

25. We reiterate our call to the IMF to make its financing instruments more responsive to our needs, notably by increasing the concessionality of Fund lending to low-income countries and extending beyond 2012 the zero-interest rate policy on Fund concessional resources. We also urge the Fund to further increase the ceilings and access levels applicable to its concessional lending facilities, which are very low when compared to those that apply under the general resources of the Fund.

26. Moreover, to meet the actual and potential financing needs of our countries, it is critical to ensure that there are adequate resources in the Poverty Reduction and Growth Trust (PRGT). In this vein, we urge the Fund to push forward the proposal to allocate a significant portion of the gold sale windfalls (SDR 1.7 billion) to the funding of the Concessional Trust.

27. We also call on the Fund to give due consideration to the access of low-income and lower-middle income countries to precautionary facilities as is the case with other segments of the Fund membership. At the same time, we urge the Fund to support more proactively efforts by countries to access international capital markets.

28. We recognize the need for our countries to mobilize additional domestic revenue where possible. In this regard, we greatly value Fund's technical support and call on the institution to bring into effect the proposal of topical trust funds intended to finance efforts to increase domestic revenue in developing countries.

29. We welcome the emphasis of the WBG Post-Crisis Directions on the importance of creating

opportunities for growth through promotion of agriculture and food security, and of helping clients manage risk and prepare for crises. We support the Bank's two pronged approach focused on protecting the poor and vulnerable, responding with both short-term rapid response through implementation of the Global Food Crisis Response Program (GFRP) and a longer-term scale-up of investment in agricultural public goods through implementation of its Agriculture Action Plan: FY10-12.

30. While longer-term agricultural investments are essential to help reverse the global decline in crop yield growth, improve resilience to climate change, and raise the incomes of poor households, there is often a lagged impact response to these scaled-up investments, such as lags in new technology generation. Therefore, given the continued volatility and uncertainty in food markets, we call upon the Bank to extend, as a precautionary measure, the closing date for the GFRP to allow the continued expedited processing of IDA and IBRD funds should country needs arise.

D. VOICE AND REPRESENTATION

31. We are supportive of a Board size that is further aligned with the growing Fund mandate and an increase in the representation of emerging market and developing countries. To that end, while we welcome the decision of the Advanced European countries to reduce their combined Board representation by two chairs in favor of a greater voice and representation of developing countries, we seek your support, Madam Managing Director, in ensuring that one of these two chairs is earmarked for the third chair for SSA. This will be in line with our longstanding request to effectively balance the representation deficit of our region and subsequently reduce the workload on the current two African Chairs. We also continue to call for reviewing the IMF quota formula so that it better reflects the vulnerabilities of member countries, in particular the poorest ones.

32. We restate our view that staff diversity, which has been a recurring theme in our recent statements, is pivotal to enhancing the legitimacy and effectiveness of the BWIs. While we acknowledge that the issue has taken more prominence on the agenda of the two institutions, it is evident that the number of African staff continues to lag behind in terms of recruitment, promotion, and career development.

33. In particular, we expect to have more countries from Africa on the list of Nationalities of Focus (NoF). In this regard, we call upon the Bank to review, in a participative and inclusive process, the existing criteria determining NoF eligibility -notably (I) contribution to the Bank's equity, as reflected by IBRD or IFC voting shares; (ii) contribution to the Bank's operating income, as reflected by the cumulative volume of loans and credits (IBRD) and portfolio numbers (IFC); and (iii) cash transfers most directly linked to poverty alleviation, as reflected by cumulative contributions to IDA -which impede most African countries to qualify as NoFs. We encourage the Bank to take more concrete actions on the diversity and inclusion agenda as it is its comparative advantage as a global knowledge and development organization.

34. At the IMF, we have maintained a concerted dialogue with the leadership on the need for enhancing the representation of African nationals at all levels of staff and promoting their career development. We acknowledge the efforts that have been made thus far to promote the diversity

agenda, and to closely track progress towards achieving the diversity objectives. However, we are concerned that the overall favorable performance masks significant under-performance that continues to be manifest at the departmental level. Therefore, we urge that the Fund sets ambitious goals for the underrepresented regions and take concrete steps to achieve these.

35. In this context, we reemphasize our call for more progress in the recruitment, promotion, and career development of the African staff in the Bank and the IMF. In this regard, there is a need for the two institutions to comprehensively review their respective recruitment policies. In addition, for the BWIs to attract and retain staff of diverse knowledge and experiences there is a need to create a positive work environment where staff feels that their contributions are valued. Enhancing the diversity of staff educational background and raising diversity awareness amongst recruiting managers will be critical in achieving these broader diversity objectives.

Annex 2 President Zoellick's Response to the African Governors' Memorandum

Thank you for the 2011 Memorandum of African Governors to the Heads of the Bretton Woods Institutions. In it, you raised a number of issues concerning our support of Africa's development and suggested ways in which this support could be made more effective. In this response, I would like to address these issues. The 2011 Scorecard distributed at our African Caucus consultation provides a progress update on issues raised by the Governors in previous Memoranda.

I. World Bank Group Support to Africa

I am pleased to indicate that in FY11 the World Bank provided $7 billion in IDA financing for Sub Saharan Africa and $1.7 billion in IDA/IBRD financing for North African countries. This was coupled with $2 billion in IFC investments, and $250 million in MIGA guarantees. IFC is also mobilizing resources through initiatives like the Asset Management Corporation. The knowledge that we are able to bring is as important as our financing, and knowledge sharing is playing an increasingly significant role in World Bank Group relations with the continent. This is consistent with the Africa Region Strategy, which we adopted in FY11 after extensive consultation with you and other stakeholders, and which emphasizes partnerships and knowledge as key instruments of intervention, in addition to financing.

II. Energy Infrastructure

I commend the emphasis in the Memorandum on energy infrastructure, and agree with the assessment that the energy deficit is one of the most serious constraints to the continent's growth, competitiveness and development. I also agree that Africa has significant untapped renewable energy reserves. I welcome the focus on four transformative regional energy projects, Grand INGA and INGA III; Lom Pangar; Souapiti and Kaleta II, and Menengai Geothermal, and we look forward to working with you to determine how best to take these projects forward.

We are engaged with the host countries and other partners on the projects, which are at varied stages of development, and are supporting the Regional Power Pools to which they belong through both financing and technical assistance. INGA III is not yet in our portfolio, but we are working with the African Development Bank on a feasibility study for the INGA development. INGA is also included in our list of priority projects submitted to the G20. Souapiti is not yet in our portfolio, but IDA plans to co-finance the development of the OMVG (Organization of States of the Gambia River) Power System, targeting primarily the Kaleta Hydroelectric Project 2 and cross-border transmission infrastructure that would link Guinea, Guinea-Bissau and The Gambia into the West Africa Power Pool. This project was on standby after the suspension of Guinea, but with re-engagement is back in the pipeline for FY 13. Support for Lom Pangar is in our portfolio and is scheduled for Board submission this FY. Menengai is included in the SREP (Scaling-up Renewable Energy Program in Low-Income Countries) investment plan for Kenya.

Given the level of resources required for large, transformative projects, we are seeking to use our financing to leverage additional funding, including from the private sector. We are also working with

African countries on the policy and reform measures needed to attract private investment. As the Memorandum indicates, large, complex regional projects are costly to prepare. It is for this reason that we have proposed creation of a substantially increased Project Preparation Fund within the G20. I encourage the Governors to endorse this proposal in discussions with G20 members. While the World Bank can and does act as an advocate for Africa in the G20 and other international fora, the voice of African leaders is extremely influential.

I understand the concerns expressed in the Memorandum regarding available levels of IDA financing for major infrastructure projects, and we are looking to expand the available options, including through enclave operations. For middle income countries, we have developed new financing mechanisms such as guarantees, and the World Bank, IFC and MIGA are working together to maximize our knowledge and resources. To leverage private sector financing, IFC has developed innovative mechanisms, such as Infrastructures and the Asset Management Corporation. Beyond financing, the assistance we can provide to structure effective public private partnerships is particularly important to bring in the private sector. To attract private investment, projects must be economically viable business opportunities. The Infrastructure Finance Center of Excellence (lFCOE) in Singapore will allow us to draw on global experience and innovation, and share that experience with African countries. As indicated in the Africa Strategy, we believe that moving forward on Africa's energy and infrastructure agenda is a triple win-increasing productivity and creating jobs for Africa, and strengthening global demand for goods and services.

The Africa Region FY12 pipeline for energy is over $2 billion, of which $920 million is for regional power projects, up from $750 million in FYl1. The Region's energy strategy focuses on expanding electricity coverage; scaling up regional power generation and transmission capacity; improving sector planning and utility performance; rolling out demand side management in energy efficiency programs; and supporting sustainable biomass and use. As the Memorandum points out, increased trade in power has the potential to reduce financial, economic and environmental costs in many countries. To this end, we are providing assistance to strengthen regional power pools and create the required legal and regulatory frameworks. We are also supporting increased power generation and transmission capacity.

I welcome the creation of the Task Force to monitor progress of the priority projects. I have requested Ms. Anna Bjerde, Senior Manager of the Sustainable Development Network in the Africa Region, to form a team that brings together expertise from the Africa Region, IFC and MIGA, and to serve as the Focal Point for the Task Force. Ms. Bjerde will report to me, as well as to the management of the Africa Region, IFC, and MIGA, on a regular basis.

III. Rising Food and Fuel Prices and Agriculture

I share the Governors' concerns about rising food and fuel prices, and the impact on the poor and vulnerable. I agree that the Global Food Crisis Response Program (GFRP) has provided crucial quick-disbursing assistance to meet emergency food needs-over the life of the program, 27 African countries have received almost $900 million. Given the continued volatility of food prices, I also agree that the GFRP should be extended. To date, six African governments have received $270 million under the Global Agriculture and Food Security Program, which has commitments of $970 million. I hope that African investors will take full advantage of the private sector window now that

it has issued its first call for proposals. We continue to urge partner countries to contribute to the Program in order to make additional resources available to African countries.

We are working with the G20 to address the issues that affect food prices, including provision of information on food stocks, and will encourage swift implementation of the recommendations reached in the 2011 meeting of G20 Ministers of Agriculture. We are cooperating with WFP and ECOWAS to establish emergency food reserves at the sub-regional level, and I am pleased to note that the G20 agreed to a WFP exemption from food export bans. As requested in the Memorandum, we will continue to encourage local purchases of food aid by the international community. All of these measures will greatly facilitate rapid response in times of need, as well as support agricultural production.

. Continuing food price volatility underscores the importance of effective safety net programs to mitigate the impact of shocks, especially on the most vulnerable. The impact of these programs is clear, and we are ready to work with African countries to design and implement targeted interventions, or to scale up existing initiatives. We can also share knowledge from around the world, including from African countries, on successful interventions. While programs need to be customized to meet specific needs, they can be informed by the experiences of others.

In line with the vulnerability and resilience pillar of the Africa Strategy, the World Bank Group has just announced a $1.9 billion response to the Horn of Africa drought, which includes $250 million from the newly-established IDA Crisis Response Window. The program focuses on both short-term emergency assistance, working with UNICEF and FAO, and also long-term recovery and resilience, including climate resilient agriculture. I commend the Governments of Kenya and Ethiopia for the actions that they have taken to assist the most at-risk communities, and for the support they are providing to refugees from Somalia. Our longer-term response program will help these and other Governments implement a series of mitigation and adaptation measures to reduce vulnerability. We are also closely coordinating with the African Union Commission to implement, monitor and evaluate programming of the almost $52 million cash and $29 million in-kind contributions raised from member states at the African Union Pledging Conference for the Horn of Africa in August 2011.

I very much agree with the Governors' emphasis on agriculture. The Africa Region invested $1 billion in support of Comprehensive African Agriculture Program in FY11, up from about $500 million a few years ago. Our agricultural strategy is to work throughout the value chain, and to address constraints such as poor rural infrastructure. IFC is ramping up its agribusiness investments, linking farmers and exporters who manage supply chains though lending and technical assistance, and is mapping high potential products and sub· sectors in key countries. Through IFC we are also launching a new advisory and investment linked initiative, the Africa Agri Finance Project, that will work with banks on agribusiness and farmer related lending.

We are working on innovative ways to provide risk insurance to countries and farmers. We are cooperating with the African Union Commission, WFP, and other partners on the African Risk Capacity Project to model and manage drought risk and provide a variety of real-time risk financing options. IFC's new Agriculture Price Risk Management product will improve access to risk management tools for smaller agribusinesses entities, and we aim to launch this product in African

countries during the current fiscal year. We are also supporting research on climatesmart agriculture. The challenge is to help African farmers take advantage of rising food prices and capitalize on the opportunity this affords through increased agricultural production and pr04uctivity.

As requested in the Memorandum, we will continue to advocate for the removal of protectionism and trade barriers in developed countries in order to facilitate a more equitable global trading regime and increased participation of African countries in international trade, especially in agriculture. Increased intra-Africa trade is an important element of enhanced African participation in global trade, and I am pleased to note that we are providing technical input to the African Union Commission in preparation for the 2012 African Union Summit that will focus on boosting intra-African trade. Among other things, we are making available recent World Bank Group work on trade policy and market integration, including a study identifying barriers to increased regional trade in agriculture and food staples.

IV. Other Issues

I would like to take this opportunity to update the Governors on issues not raised in the Memorandum, but touched upon during our meeting. We have been working with the South African Government to prepare for COP 17 in Durban, and it is critical that COP 17 endorses initiatives of benefit to African countries. Advances on the soil carbon agenda would be a triple win for agriculture in Africa in terms of increasing productivity and drawing-in climate funds. The challenge, as with deforestation, is to design and monitor effective programs. Given Africa's energy deficit, it is important that COP 17 supports the expansion of low carbon energy access and efficiency, including hydropower. Tapping the continent's vast renewable energy resources will require technology and finance. Only about 2 percent of funds for ongoing initiatives such as carbon trading or the Clean Development Mechanism flow to Africa because they were not designed to fit the African context or address African concerns. Strong advocacy by your Governments can help to broaden the scope and change the procedures of these initiatives for Africa's benefit, as well as ensure that new initiatives are responsive to the needs of the continent.

I am pleased that the Global Center for Conflict, Security and Development has now been established in Nairobi. The Center will serve as a hub for operationalizing the recommendations of the World Development Report on Conflict, Security and Development, and is intended to be both an operational facility, and a center for knowledge and learning. As the Governors are aware, the 2012 World Development Report focuses on Gender and Development. The report highlights the enormous opportunities that increased gender equality affords, and illustrates that even small steps can have significant impact in terms of productivity and growth. The World Bank Group is already working with African countries to improve gender equality and the economic empowerment of women, and we will step up our efforts in line with the report. The award of the 2011 Nobel Peace Prize to three women-two from Africa-underscores the considerable potential and role of women in conflict management, peace building and development.

As indicated during our consultation, paucity of accurate data is a significant constraint to development in almost all African countries. Without reliable data, it is difficult to design effective programs, attract private investment, or monitor results. We are ready to help African governments improve statistical capacity to generate and use necessary data for development.

V. Voice and Representation

I am pleased that the World Bank Group continues to make progress in ensuring greater voice and representation of African countries. I believe that the third African Executive Director, representing South Africa, Angola and Nigeria, has significantly strengthened the African voice on the Board. The second phase of voice reform is ongoing, with a focus on realigning IBRD shareholding toward more equitable voting power between developed and developing countries, and similar reform measures are underway at IFC. Across the World Bank Group we are moving ahead in terms of staff diversity, but recognize that we need to continue our efforts to increase the representation of Sub-Saharan African and Caribbean (SSA/CR) nationals at all levels. We believe that the most effective way of doing this is to set clear targets against which our progress can be measured, rather than relying on less precise systems such as Nationalities of Focus. To this end, in FYlO we introduced a new SSA/CR target of 12.5% for all GF+ staff. In FY 11, we achieved 11.4%. Currently, 10.5% of managers are SSA/CR, up from 10.3% in FYlO.

Conclusion

In conclusion, I want to reassure Governors that the World Bank Group remains very strongly committed to helping African countries sustain economic growth and reduce poverty, and effectively manage the vulnerabilities they face. We will continue to strengthen our support for energy and other infrastructure, agriculture and regional programs, as well as for the special challenges faced by post-conflict and fragile states. We will encourage continued and additional support for Africa within the G20, at COP 17, and in other international fora.

Once again, I thank you for your 2011 Memorandum, and I look forward to our continued partnership in support of Africa's development.

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

1818 H Street, N.W., Washington, D.C. 20433

Telephone: (202) 458-2980
Fax: (202) 522-1618

Washington, DC September 24, 2011

1. The Development Committee met today, September 24, 2011, in Washington DC.

2. We note with concern the turbulence in global financial markets and widespread fiscal strains, which put at risk the robustness and sustainability of global economic recovery. Volatile commodity prices and pressures on food security are critical challenges. We are alert to the possible global impacts of these issues, particularly for the poor. While developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks. We commit to do everything within our means to support strong, sustainable, balanced and inclusive growth in all our member countries. We reaffirm the need to work cooperatively to meet our development commitments to achieve the Millennium Development Goals by 2015 and to support the poor in developing and emerging countries through this period of instability, as well as in the long term. We commend the G20 for anchoring development in its agenda.

3. Jobs are vital in translating growth into lasting poverty reduction and broad-based economic opportunities. We reiterate our commitment to job creation, especially by supporting the expansion of a vibrant private sector. In this connection, we recognize the important role IFC and MIGA play in poorer countries and in challenging markets. We welcome and encourage the cooperation of the World Bank Group (WBG) with member governments and other partners, such as the G20, the International Labor Organization and the International Monetary Fund (IMF), to pursue a comprehensive approach to job creation for women and men. We look forward to discussing the next World Development Report (WDR) on jobs.

4. The WBG must continue to help member countries build resilience and respond to crises. To do this effectively, the WBG must remain prepared with human, knowledge and financial capacity. We welcome the WBG's enhanced focus on innovative approaches to support countries

in the Middle East and North Africa region to address the social and economic consequences of their current transition. We call on the WBG to scale up support and strengthen collaboration with all relevant stakeholders, in particular other Multilateral Development Banks.

5. We are saddened by the scale of human tragedy caused by the drought and famine in the Horn of Africa. We welcome the WBG's $1.88 billion contribution to tackling the crisis and its underlying causes, including $250 million from the recently created IDA Crisis Response Window, as well as the steps the IMF is taking to provide additional concessional financing. An emergency of this magnitude needs swift, coordinated and effective international action to save as many lives and livelihoods as possible. We also need to build national capacity and resilience to speed recovery, reduce the risk of future disasters and create longer-term solutions. We must put agriculture and food security at the top of our development priorities. To do this, we need to harness the creativity and resources of the private sector. We call for continued innovation to tackle longer-term challenges, including climate change and infrastructure investment.

6. We strongly welcome the WBG's *World Development Report on Gender Equality and Development* and its clear message that equality between women and men is smart economics and an essential ingredient in poverty reduction. We agree that the WDR has important lessons globally and that gender equality requires specific action from governments, the private sector and development partners. To this end, we endorse the recommendations for the WBG set out in the accompanying implications note and look forward to reviewing its implementation in a year. We urge the WBG to integrate further equality between women and men into its operations and reporting, working within its mandate and respecting national values and norms.

7. We welcome progress the WBG has made in institutional reform to meet new challenges. Greater transparency through the Open Data, Open Knowledge, Open Solutions Initiative and improved accountability via the new Corporate Scorecard will contribute to a more efficient and effective WBG. We call on the WBG to continue to promote staff diversity. We urge the WBG to maintain the momentum on its modernization agenda and look forward to discussing further progress at our next meeting.

8. We welcome the addition of the 25th Chair to the WBG Boards and look forward to a proposal in the spring to align the Development Committee with the new structure.

9. We thank Mr. Ahmed bin Mohammed Al Khalifa for his valuable leadership and guidance as Chairman of the Committee during the past two years.

10. The Development Committee's next meeting is scheduled for April 21, 2012, in Washington DC.

Annex 4 Rotation Schedules

SCHEDULE I		
ROTATION SCHEDULE FOR CONSTITUENCY CHAIRMANSHIP		
FIRST ROUND 2010 - 2050		
Year	**Chairperson**	**Vice Chairperson**
2010	BOTSWANA	BURUNDI
2012	BURUNDI	ERITREA
2014	ERITREA	ETHIOPIA
2016	ETHIOPIA	GAMBIA, THE
2018	GAMBIA, THE	KENYA
2020	KENYA	LESOTHO
2022	LESOTHO	LIBERIA
2024	LIBERIA	MALAWI
2026	MALAWI	MOZAMBIQUE
2028	MOZAMBIQUE	NAMIBIA
2030	NAMIBIA	RWANDA
2032	RWANDA	SEYCHELLES
2034	SEYCHELLES	SIERRA LEONE
2036	SIERRA LEONE	SOMALIA
2038	SOMALIA	SUDAN
2040	SUDAN	SWAZILAND
2042	SWAZILAND	TANZANIA
2044	TANZANIA	UGANDA
2046	UGANDA	ZAMBIA
2048	ZAMBIA	ZIMBABWE
2050	ZIMBABWE	BOTSWANA
NOTES:		
1.Every country is given turn for chairmanship in alphabetical order from A to Z		
2.Avoids duplication with IMF Rotation - Governors not serving on the IMF constituency Panel are given preference		

Annex 5

SCHEDULE II					
ROTATION SCHEDULE FOR CONSTITUENCY PANEL MEMBERSHIP					
FIRST ROUND 2010 - 2050					
YEAR	CHAIRPERSON	VICE CHAIRPERSON	OTHER PANEL MEMBERS		
2010	BOTSWANA	BURUNDI	SEYCHELLES	KENYA	SIERRA LEONE
2012	BURUNDI	ERITREA	RWANDA	SWAZILAND	LIBERIA
2014	ERITREA	ETHIOPIA	LESOTHO	ZAMBIA	GAMBIA,THE
2016	ETHIOPIA	GAMBIA, THE	NAMIBIA	ZIMBABWE	SUDAN
2018	GAMBIA, THE	KENYA	MOZAMBIQUE	MALAWI	TANZANIA
2020	KENYA	LESOTHO	SWAZILAND	BOTSWANA	ETHIOPIA
2022	LESOTHO	LIBERIA	RWANDA	BURUNDI	LIBERIA
2024	LIBERIA	MALAWI	MOZAMBIQUE	ETHIOPIA	ZAMBIA
2026	MALAWI	MOZAMBIQUE	GAMBIA, THE	SEYCHELLES	KENYA
2028	MOZAMBIQUE	NAMIBIA	ETHIOPIA	NAMIBIA	ERITREA
2030	NAMIBIA	RWANDA	BOTSWANA	RWANDA	SIERRA LEONE
2032	RWANDA	SEYCHELLES	LESOTHO	UGANDA	TANZANIA
2034	SEYCHELLES	SIERRA LEONE	SUDAN	ZIMBABWE	LIBERIA
2036	SIERRA LEONE	SOMALIA	KENYA	BOTSWANA	MOZAMBIQUE
2038	SOMALIA	SUDAN	SWAZILAND	ZAMBIA	NAMIBIA
2040	SUDAN	SWAZILAND	TANZANIA	UGANDA	BURUNDI
2042	SWAZILAND	TANZANIA	UGANDA	ERITREA	ZIMBABWE
2044	TANZANIA	UGANDA	ZAMBIA	SEYCHELLES	BOTSWANA
2046	UGANDA	ZAMBIA	ZIMBABWE	KENYA	GAMBIA,THE
2048	ZAMBIA	ZIMBABWE	UGANDA	BURUNDI	LIBERIA
2050	ZIMBABWE	BOTSWANA	GAMBIA, THE	SUDAN	RWANDA
NOTES:					
1.Every country is given turn for chairmanship in alphabetical order from A to Z					
2.Avoids duplication with IMF Rotation - Governors not serving on the IMF constituency Panel are given preference					
3. General panel membership reflects regional balance (East, South and West)					

Annex 6

SCHEDULE III
ROTATION SCHEDULE FOR CONSTITUENCY REPRESENTATION ON THE DEVELOPMENT COMMITTEE
FIRST ROUND 2010-2050

2010	ZIMBABWE	ZAMBIA	BOTSWANA	BURUNDI	TANZANIA	ERITREA	RWANDA	GAMBIA, THE
2012	ZAMBIA	UGANDA	BURUNDI	ERITREA	LIBERIA	MALAWI	TANZANIA	KENYA
2014	UGNADA	TANZANIA	ERITERA	ETHIOPIA	NAMIBIA	MOZAMIBQUE	ZIMBABWE	SIERRA LEONE
2016	TANZANIA	SWAZILAND	ETHIOPIA	ZAMBIA	LESOTHO	RWANDA	BURUNDI	LIBERIA
2018	SWAZILAND	UGANDA	SOMALIA	ZIMABABWE	GAMBIA, THE	KENYA	LESOTHO	UGANDA
2020	SUDAN	SOMALIA	GAMBIA, THE	KENYA	BURUNDI	ZAMBIA	SWAZILAND	SIERRA LEONE
2022	SOMALIA	SIERRA LEONE	KENYA	LESOTHO	MOZAMBIQUE	MALAWI	NAMIBIA	GAMBIA, THE
2024	SIERRA LEONE	SEYCHELLES	LESOTHO	LIBERIA	SWAZILAND	ETHIOPIA	BOTSWANA	TANZANIA
2026	SEYCHELLES	RWANDA	LIBERIA	MALAWI	SUDAN	TANZANIA	ZIMBAMBWE	SWAZILAND
2028	RWANDA	NAMIBIA	MALAWI	MOZAMBIQUE	KENYA	SUDAN	ZAMBIA	SIERRA LEONE
2030	NAMIBIA	MALAWI	MOZAMBIQUE	SOMALIA	BURUNDI	KENYA	SIERRA LEONE	UGANDA
2032	MALAWI	MOZAMBIQUE	NAMIBIA	RWANDA	TANZANIA	GAMBIA, THE	ETHIOPIA	BURUNDI
2034	MOZAMBIQUE	LIBERIA	RWANDA	SEYCHELLES	LESOTHO	ZAMBIA	ERITREA	SEYCHELLES
2036	LIBERIA	LESOTHO	SEYCHELLES	SOMALIA	GAMBIA, THE	MALAWI	NAMIBIA	RWANDA
2038	LESOTHO	KENYA	SIERRA LEONE	SUDAN	MOZAMBIQUE	ZAMBIA	ZIMBABWE	UGANDA
2040	KENYA	GAMBIA, THE	SUDAN	SWAZILAND	BOTSWANA	NAMIBIA	ETHIOPIA	RWANDA
2042	GAMBIA, THE	ETHIOPIA	SWAZILAND	TANZANIA	ZAMBIA	ZIMBAMBWE	LIBERIA	MALAWI
2044	ETHIOPIA	BURUNDI	TANZANIA	UGANDA	SIERRA LEONE	LIBERIA	LESOTHO	TANZANIA
2046	BURUNDI	ERITREA	UGANDA	ZAMBIA	LIBERIA	UGANDA	SWAZILAND	NAMIBIA
2048	ERITREA	BOTSWANA	ZAMBIA	ZIMBABWE	KENYA	SIERRA LEONE	SEYCHELLES	RWANDA
2050	BOTSWANA	GAMBIA, THE	ZIMBABWE	ZAMBIA	SIERRA LEONE	KENYA	ETHIOPIA	MOZAMBIQUE

Notes:

1. *Avoids duplication with the other Panel membership*
2. *DC Representative and Alternate members accord opportunity in descending alphabetical order (Z to A), and Associate Members are elected to provide regional balance*

Annex 7

SCHEDULE IV

ROTATION SCHEDULE FOR EXECUTIVE DIRECTOR AND ALTERNATE EXECUTIVE DIRECTOR

FIRST ROUND 2010 - 2050

Year	Executive Director	Alternate ED
2010	SUDAN	ZAMBIA
2012	ZAMBIA	SEYCHELLES
2014	SEYCHELLES	ZIMBABWE
2016	ZIMBABWE	BOTSWANA
2018	BOTSWANA	UGANDA
2020	UGANDA	BURUNDI
2022	BURUNDI	TANZANIA
2024	TANZANIA	ERITREA
2026	ERITREA	SWAZILAND
2028	SWAZILAND	ETHIOPIA
2030	ETHIOPIA	SOMALIA
2032	SOMALIA	GAMBIA, THE
2034	GAMBIA, THE	SIERRA LEONE
2036	SIERRA LEONE	KENYA
2038	KENYA	RWANDA
2040	RWANDA	NAMIBIA
2042	NAMIBIA	LESOTHO
2044	LESOTHO	MOZAMBIQUE
2046	MOZAMBIQUE	LIBERIA
2048	LIBERIA	MALAWI
2050	MALAWI	

NOTES:

1.Sudan and Zambia special dispensation to serve their turn under rotation system of the erstwhile Africa Group I constituency

2.Seychelles which has never served the constituency as Executive Director is accorded special dispensation on the rotation system

3.The rest of the countries follow an Alphabetical rotation alternating between A and Z until the first round is completed

4.This schedule avoids duplication with IMF Rotation for EDs and AEDs