

Angola, Nigeria, South Africa Constituency

Annual Report 2014

October 2014



Mansur Muhtar

Executive Director

The World Bank



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Acronyms

AAU	Association of African Universities
AAP	Agricultural Action Plan
ADM	Accountability and Decision Making
AfDB	African Development Bank
ATA	Agricultural Transformation Plan
AUC	African Union Commission
BRICS	Brazil, Russia, India, China, South Africa
BWIs	Bretton Woods Institutions
CAADP	Comprehensive Africa Agriculture Development Program
CAFEP	Conflict-Affected and Fragile Economies Facilities
Cat DDO	Catastrophic Risk Deferred Drawdown Option
CCARDESA	Centre for Coordination of Agricultural R&D for Southern Africa
CCSAs	Cross-Cutting Solutions Areas
CGIAR	Consultative Group on International Agricultural Research
CLR	Completion and Learning Review
CMUs	Country Management Units
CODE	Committee on Development Effectiveness
COGAM	Committee on Governance and Administrative Matters
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CRW	Crisis Response Window
CSC	Corporate Scorecard
DBR	Doing Business Report
DC	Development Committee
EAC	East African Community
EMDC	Emerging Markets and Developing Country
ESCP	Environmental and Social Commitment Plan
ESS	Environmental and Social Safeguards
FCS	Fragile and Conflict Situations
GBV	Gender Based Violence
GCIC	Global Coordination and Implementation Committee
GEF	Global Environmental Facility
GIF	Global Infrastructure Fund
GFRP	Global Food Price Crisis Response program
GPs	Global Practices
LIDCs	Low Income Developing Countries
OHADA	Organization for Harmonization of Business Law in Africa
PLR	Performance and Learning Review
SCD	Systematic Country Diagnostic
UNTT	United Nations Task Team on Post 2015 Development Agenda
WAPP	West African Power Pool
WDR	World Development Report

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Angola, Nigeria, South Africa Constituency



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Foreword by the Executive Director

I am pleased to present to Constituency Governors, the FY14 Annual Report for the Angola, Nigeria, and South Africa Constituency at the World Bank.

This Annual Report provides an overview of World Bank Group operations and activities during FY14, ending June 30, 2014. It also gives an update on the articulation and implementation of some selected on-going World Bank Group Strategies, policies and programs. Key among these is the Shared Prosperity: Key Challenges and the Role of the World Bank Group- one of the twin goals earlier approved by the Governors at the 2013 Annual meetings. In addition, comprehensive reviews of WBG operational policy and procedure and Environmental and Safeguard Policies are currently on-going. This is the first major overhaul of these policies in about two decades. The essence of the procurement review is to better serve the needs of countries to strengthen public procurement system, while the objective of the safeguards review is to strengthen the effectiveness of safeguard policies in order to enhance development impact of World Bank projects and programs.

During FY14, overall performance of the World Bank Group was satisfactory, as reflected in the group's Corporate Scorecard and the separate scorecards and performance indicators of the three arms of the institution. Commitments for IBRD and IDA reached US\$ 66.4 billion as at June 30, 2014 with disbursements reaching US\$32.2 compared with FY 13 level, which stood at US\$ 27 billion. Also, IBRD gross commitments witnessed an uptick at approximately US\$18 billion, from US\$ 15.2 billion in FY 13, driven largely by lending to Brazil, India and China. This is the largest increase in over a decade, exceeded only by lending during the global financial crisis and its immediate aftermath.

The report also reflects on the key messages of the 2014 Global Monitoring Report, which focused on challenges in achieving the Millennium Development Goals and monitoring of progress in sharing prosperity, as well as the 2015 World Development Report on Mind and Society, which draws on new approach to challenges of development. The WDR draws on new insights about human behaviour from multiple disciplines, including inter alia, psychology, behavioral economics, neuroscience, sociology, anthropology, to develop a framework which practitioners can draw from and build upon to design more effective development policies.

During the period under review, the World Bank Group extended support to all three of our member countries through the various financing and advisory instruments of its different arms. These are reflected in the report. In terms of our relationship with the WBG, the highlights for our constituency this fiscal year were the approvals of the Country Partnership Strategy (CPSs) for all three countries in our constituency. In the case of Angola, the CPS was designed to

support its transition to a middle income country and IBRD only status; Nigeria's CPS heralded its entrance in to blend status, while South Africa's CPS focuses on plans to reduce inequality among other objectives.

The report also highlights some selected administrative matters for information of Governors. These include the participation of the Constituency in a number of statutory meetings of the Constituency and those of the Bretton Wood Institutions during the course of FY14 period. It also provides details on changes in management positions at the World Bank arising from the new World Bank organizational structure.

I hope that Governors will find the report a useful input for their deliberations at the 2014 Annual Meetings and beyond.

Lastly, I would like to thank Governors for the strong support I have received from them during my tenure as Executive Director of this constituency. I would also like to thank Ms. Vuyelwa Vumendlini-Schalk, Senior Advisor and Patricia Jean-Smith, Senior Executive Assistant for their service to this Constituency during their tenure. I also acknowledge with thanks the good cooperation I have received from our Alternate Executive Director, Ms. Ana Dias Lourenço of Angola and the entire team in the office for their support and cooperation.

I wish Governors fruitful deliberations at the 2014 Annual Meetings.

Sincerely,

Mansur Muhtar

Executive Director for Angola, Nigeria and South Africa

October 2014

Executive Summary

The volume of World Bank Group lending Operations in FY14 witnessed an uptick, with IBRD lending exceeding the FY13. As at the end of June 2014, IBRD lending commitments rose to \$18.6 billion, up from \$ 15.2 billion the previous year, driven largely by lending to Brazil, India and China. This is the largest increase in over a decade, exceeded only by lending during the global financial crisis and the two years after the crisis. During the same period, IDA commitments, including credits, grants and guarantees, stood at US\$ 22.2 billion, as at end of June 2014, an increase of 36% compared with \$16.3 billion in FY13. On the part of IFC, total commitments in FY14, stood at \$22.4 billion, compared with \$24.9 billion in FY13, of which \$17.3 billion is of its own account and \$5.1 through core mobilization, a decrease of 10%, while MIGA issued thirty three new contracts of guarantee for a total of \$3.2 billion, compared to forty seven contracts and two additions to an existing guarantee for \$2.8 billion in FY13.

A number of Strategies were developed, updated or reviewed in FY14 to guide the WBG's work. In this fiscal year, the focus is on promoting shared prosperity (one of the twin goals earlier approved by the Governors at the 2013 Annual meetings) and the role of The World Bank Group (WBG) in assisting member countries to achieve this. Economic growth is important for the achievement of both poverty reduction and shared prosperity. The types of policies governments put in place have a critical role to play and there are certain policies that have important synergies in promoting shared prosperity.

Comprehensive reviews of the Procurement Process in the World Bank Operations and the World Bank Environmental and Safeguard Policies are currently on-going. These reviews represent the first major overhaul of the two sets of policies in about two decades. The essence of the procurement review is to better serve the needs of countries to strengthen public procurement system, while the objective of the safeguards review is to strengthen the effectiveness of safeguard policies in order to enhance development impact of World Bank projects and programs.

Within its regional agenda, the World Bank has identified, three priorities, namely regional infrastructure, institutional cooperation for economic integration, and coordinated interventions to provide regional public goods.

The World Bank Group launched a New Country Engagement Model on July 01, 2014. The new model will become fully operational on January 01, 2015. The key components of the Model are Systematic Country Diagnostic (SCD); Country Partnership Framework (CPF); Performance and Learning Review (PLR); and Completion and Learning Review (CLR). Management released a description of the operational procedures and directions for the WBG approach to Country Engagement on July 01, 2014.

On Expenditure Review, Management is strengthening the institution's financial capacity by increasing revenues and reducing costs, in order to ensure that the Bank is able to deliver on its

new strategy without shrinking the work program, i.e. by becoming more efficient. The Bank's management has committed to achieve at least \$400 million in WBG savings over FY15-17.

The overarching theme of IDA-17 is "Maximizing Development Impact" with inclusive growth, gender equality, climate change and Fragile and Conflict Affected Situations (FCS) as special themes. A record replenishment of USD \$52 billion was raised in IDA 17 in spite of the fiscal challenges in some of the donor countries. IDA 17 has a greater focus on fragile and conflict-affected states (FCS) private sector mobilization, and inclusive growth.

The WBG is putting in place the Global Infrastructure Facility (GIF) - a global platform to integrate and leverage efforts of a wide range of donors, IFIs, Public and Private Financial Institutions and other development finance institutions, with inputs and ideas from the private sector. The essence is to ameliorate the challenges countries faced in mobilizing long-term financing for infrastructural development. The funding support of GIF will focus on design, preparation, construction and ramp-up of the pilot stage' to kick-start a GIF pipeline. The Bank is proposing to start the facility with an estimated \$80m to fund upstream work – project preparation, structuring and financial arrangement for major projects across a range of sectors, regions and countries with an expected total value of around \$2-3 billion, over a three-year period. GIF will have the capacity to offer financing to public, private sector projects and PPPs, through a variety of instruments to match different clients' needs.

The draft IMF report on macroeconomic developments in low-income developing countries, (LIDCs) presents three key messages. These are: a) most LIDCs have recorded strong economic growth for an extended period, but based primarily on factor accumulation rather than productivity growth; b) about one-half of LIDCs are classified as being at medium/high vulnerability to a growth shock, with weakened fiscal positions forming a key source of vulnerability; and c) fiscal institutions, including debt management capacity, should be strengthened to pre-empt the build-up of potential new imbalances.

In furtherance of its efforts to ensure focus on results, accountability and openness, the management of the WBG continues to refine the Groups' Corporate Scorecard as well as individual scorecards and key performance indicators of the other arms of the WBG. The essence is to assess the Bank's overall performance in the context of development results of the other three arms of the group either jointly and/or severally. The Group CSC is the apex from which indicators cascade into the monitoring frameworks of the three World Bank Group institutions.

The report also reflects on the key messages of the 2014 Global Monitoring Report, which focused on challenges in achieving the Millennium Development Goals and monitoring of progress in sharing prosperity. The main thrust of the GMR is how developing countries can strengthen the impact of growth on poverty and shared prosperity. The GMR conveys the message that notwithstanding the encouraging short to medium term growth prospects globally, most of the MDG's are unlikely to be achieved by 2015 and that the prospects of reducing global extreme poverty below 3 percent by 2030 are not good.

The 2015 World Development Report on Mind and Society draws on new approach to challenges of development, as opposed to the standard economic models which is anchored on

the model of human behavior in which decision making was done objectively. The WDR uses new insights about human behaviour from multiple disciplines, to develop a framework which practitioners can draw from and build upon to design more effective development policies.

In terms of the Constituency projects and programs, as of June 30, 2014, the composition of the Angolan portfolio comprises of five active investment projects, representing a total net commitment of US\$ 426 million, and one (1) MIGA guarantee of up to Euro 470 million. The World Bank Group commitment in Nigeria comprised US\$5.947.6 billion in IDA credits, US\$1.395.4 billion of IFC and US\$324.35 million of MIGA. For South Africa, the US\$3.75 billion loan to Eskom Sector Investment Project (ESIP) remains the major IBRD operation, of which a total of US\$1.542 billion has been disbursed to date.

In the last two years, the African Caucus held two meetings in a row in Khartoum, Republic of Sudan on August 21-22, 2013 and September 3-4, 2014 respectively. The last meeting of the Africa Caucus focused on Development Financing and Inclusive Growth: the Role of BWIs lending policies and Trade and Industrialization in Africa. Draft memoranda for the attention of heads of the two Bretton Woods Institutions (BWIs) were also discussed. The next meeting will be held in 2015 in Luanda, Angola, to be chaired by the Angolan Minister of Finance.

The FY14 Voice Secondment Program had three candidates from our constituency, South Africa, Nigerian and Angolan nationals. The officials have since completed their assignments and returned home.

WORLD BANK GROUP OPERATIONS



CHAPTER 1

World Bank Group Lending Operations

1.1 Overview

World Bank Group commitment volume to client countries totaled \$66.4 billion during FY14, an increase of 12% over FY13. This overall increase was driven by a 36% increase in IDA's commitments, a 22% increase in IBRD's commitments, and a 13% increase in MIGA's gross issuance, partially offset by a \$2.4 billion decrease in IFC's commitments.

1.2 IBRD Operations

IBRD implemented several measures in the course of FY14 to enhance its ability to support client countries. These included introducing revised loan terms, lowering the minimum equity-to-loans ratio to reflect improvements in portfolio credit quality, and raising of the single borrower limit (SBL).

As at end June 2014, lending commitments rose to \$18.6 billion, up from \$ 15.2 billion the previous year. This increase of 22%, led by lending to Brazil, India and China, represents the largest annual gain in 14 years, excluding the global financial crisis years of FY09/10 and the following two years (FY11 and FY12).

Commitments for investment project financing accounted for 55% of total IBRD commitments, while development policy operations stood at 43% and Program-for-Results at 2%. (FY13: 53%, 46%, and 1%, respectively). Gross disbursements reached \$18.8 billion in FY14, compared with \$16.0 billion in FY13 (**figure 1.1**), while lending to Latin America and the Caribbean and Europe and Central Asia regions, combined, accounted for the largest share of commitment during FY10-FY14 (**figure 1.2**)

Figure 1.1: Commitments and Gross Disbursements in billions of U.S. dollars

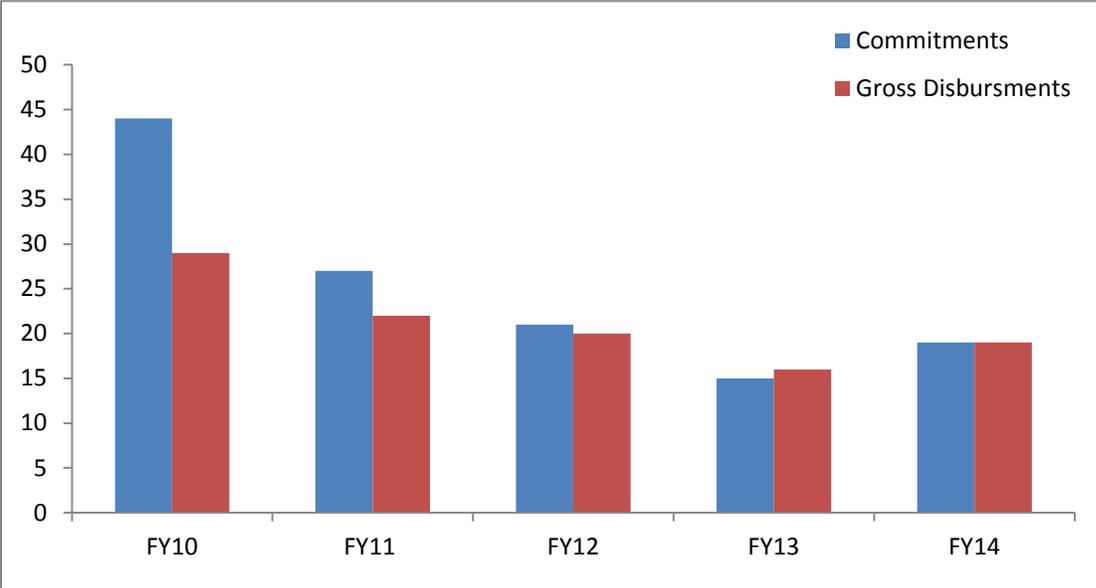
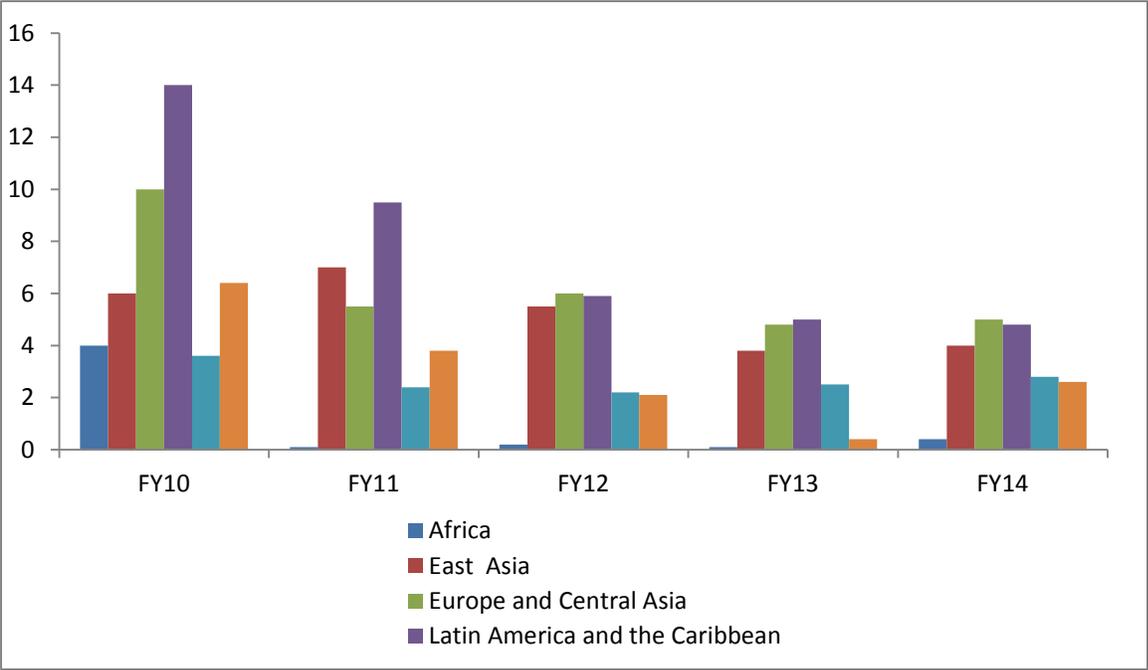


Figure 1.2: Commitments by Region in billions of U.S. dollars



1.3 IDA Operations

IDA commitments, at end of June 2014, stood at \$22.2 billion, an increase of 36% compared with \$16.3 billion in FY13. Commitments of development credits in FY14 were \$18.5 billion, an increase of \$4.8 billion (35%) over FY13.

In terms of regional focus, Africa and South Asia together accounted for 84% of commitments, with the latter registering a meaningful increase of \$3.6 billion, and slightly overcoming Africa as the region with the largest volume of commitments (**Figure 1.3**). This clearly shows the high focus of IDA operations in South Asia, the region accounting for the largest share of extreme poverty in the world.

Total disbursements for IDA in FY14 continued their upward trajectory, significantly increasing from \$11.2 billion to \$13.4 billion, an increase of 18% over the previous year. Gross disbursements of development credits reached \$11.2 billion in FY14, an increase of \$2.0 billion from FY13, mainly driven by the \$1.4 billion increase in South Asia. (**Figure 1.4**).

Figure 1.3: Commitments of Development Credits by Region

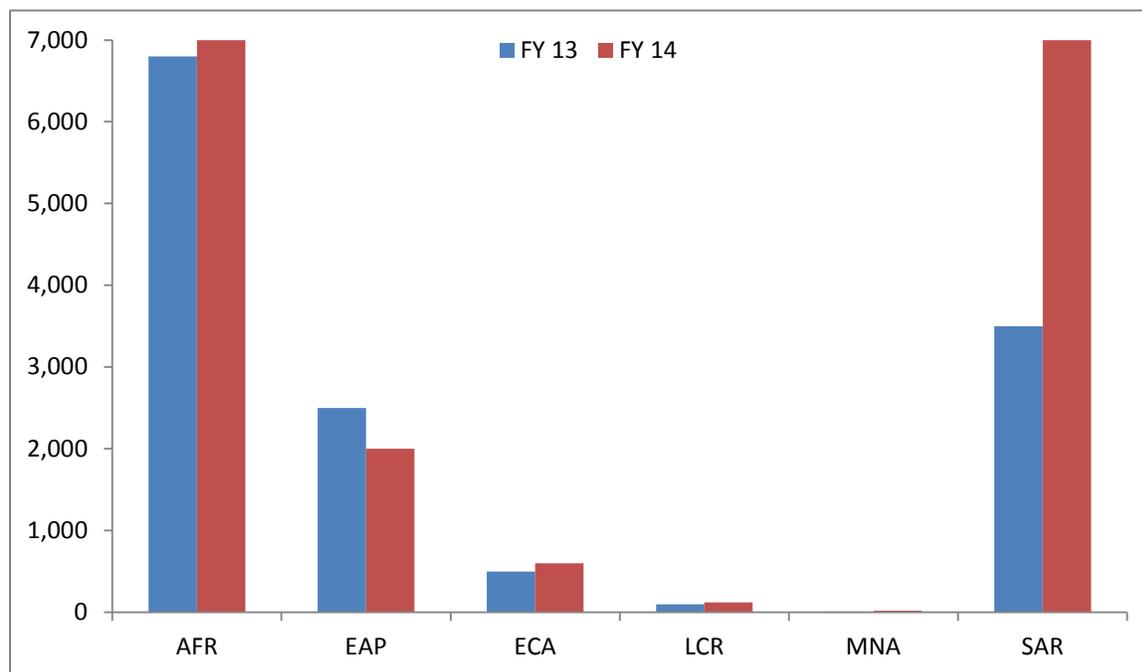
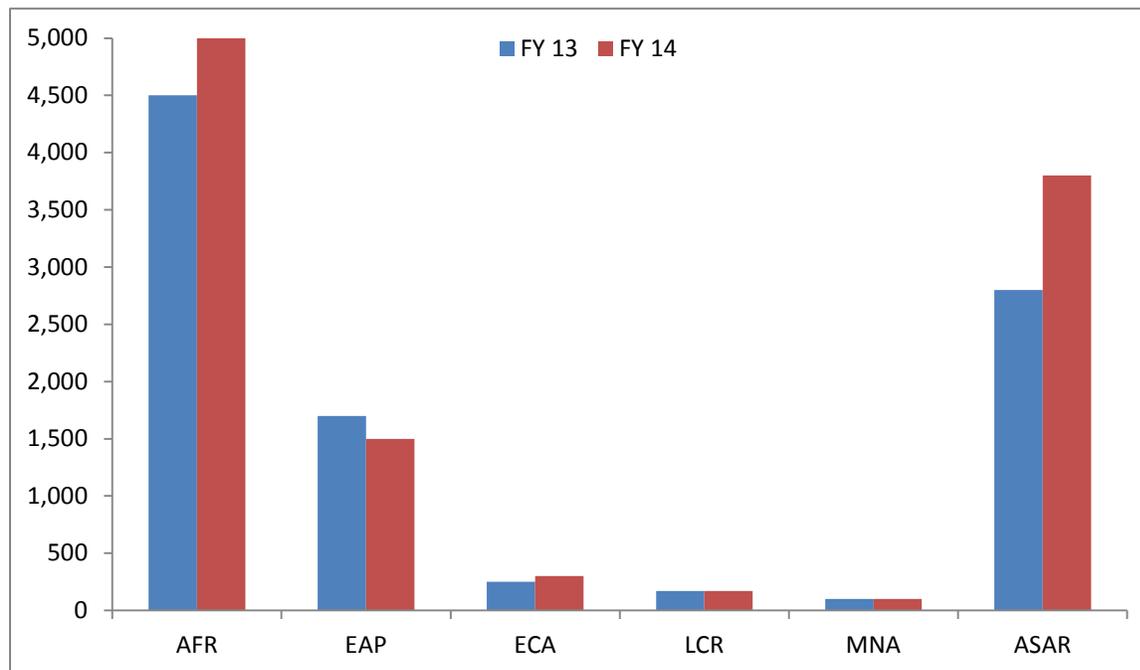


Figure 1.4: Gross Disbursements of Development Credits by Region



The top five borrowers with the largest development credit outstanding, as at June 2014, accounted for 50% of the commitments, and included India, Pakistan, Bangladesh, Vietnam and Nigeria.

1.4 IFC Operations

In FY14, IFC’s total commitments were \$22.4 billion, compared with \$24.9 billion in FY13, of which \$17.3 billion is of its own account and \$5.1 through core mobilization, a decrease of 10%.

The Corporations’ total disbursed investment portfolio was \$36.6 billion, an increase of 8% over the previous year, with \$24.4 billion in loan portfolio, \$9.7 billion in equity portfolio, and \$2.4 in debt security portfolio. From total commitments, 47% were programs in IDA countries.

The IFC Advisory Services portfolio as of June 2014 totaled \$1.1 billion, compared to \$1.04 billion in FY13, with the largest regional advisory program in Sub-Saharan Africa (\$63 million), representing 27% of the total advisory program.

1.5 MIGA Operations

During FY14, MIGA issued thirty three new contracts of guarantee for a total of \$3.2 billion, compared to forty seven contracts and two additions to an existing guarantee for \$2.8 billion in FY13. Of the total new issuance in FY14, \$1.6 billion, 51% were in priority areas, such as complex projects and those supporting IDA countries (**Table 1**). During that period, the Agency supported 7 new projects in Sub-Saharan Africa (21.2% of the total issuance) amounting to \$515.1 million, a decrease from 14 projects in the sum of \$1.5 billion accounted for in FY14.

Table 1: Projects in Priority Areas – FY14

Priority Area	Number of Projects	Volume (US\$5m)	% of Total Issued
South-South	7	147.0	4.7%
Complex Projects	9	1,405.6	44.5%
Conflict Affected	7	218.9	6.9%
IDA Countries	12	1,106.6	35.1%

As of June 2014, Europe and Central Asia remains the region with the highest concentration of MIGA's guarantees, mainly as a consequence of the 2008 financial crisis. Africa comes next, with the recent surge in the Agency's exposure to the region reflecting the increasing support to the energy sector and other infrastructure projects in Sab-Saharan Africa. In FY14, MIGA's net exposure to Africa totaled \$1.9 billion (26.6% of the portfolio), compared with \$1.6 billion in FY13 (25.4% of the portfolio), as shown in **table 2**. In terms of sectoral distribution, MIGA's portfolio was concentrated in Infrastructure and Financial Services which, combined, accounted for 77.9% of total net exposure, over the 74% of FY13.

FY12	Gross		Net		% of Total net Expenditure		
	FY14	FY13	FY14	FY13	FY14	FY13	FY12
Africa		1,154	1,890	1,628	26.6	25.4	20.1
2,777	1,574		1,258		12.4	14.9	13.7
Asia		1,767	882	954	40.4	40.3	48.2
1,621	1,392		861		13.1	10.5	10.3
Europe		5,252	2,875	2,583	7.5	8.9	7.7
4,408	5,543		3,018				
Latin America & the Caribbean		1,413	930	673			
1,069		1,069	642				
Middle East & North Africa		822	536	572			
883	768		483				
Total		12,409	7,113	6,410	100.0	100.0	100.0
10,346		10,758	6,262				

Source: IBRD, IFC, MIGA Reports



Courtesy of OPRC



Courtesy of CRADP

CHAPTER 2

Update on Selected World Bank Group Strategies

2.1 Promoting Shared Prosperity: Key Challenges and the Role of the World Bank Group

In October 2013 the Development Committee (DC) endorsed The World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. It is anticipated that the DC discussion in this meeting will focus on promoting shared prosperity and the role of The World Bank Group (WBG) in this regard. This subject is of importance to both developing and developed countries; in the current economic context and it has been a central issue of discussion in many countries across the globe.

Economic growth is important for the achievement of both poverty reduction and shared prosperity. The Bank notes that improving the earnings of the bottom 40 percent can enhance both growth and inclusiveness. Inequality between countries has been declining, as a result of the faster economic growth that developing countries have experienced in the last two decades. However, post-crisis growth has been slowing and inequality within some large developing countries has been increasing. While growth has been an important factor in halving the world's poverty, the recent slowing of growth trend, including in some large countries, poses serious challenges to attaining the Bank's twin goals.

The type of policies governments put in place has a critical role to play and there are certain policies that have important synergies in promoting shared prosperity. In the background papers that have been prepared for the Annual Meetings, the Bank seeks to put forward some policy options on this issue. It also seeks to outline the role of the Bank, noting that recent organizational and procedural changes are helping to transform the focus and modalities of the WBG's work and enhance its capacity to deliver. To this end, the paper expands on:

- The Bank's new Country Engagement Model, which will be underpinned by a stronger analyses, in the form of Systematic Country Diagnostics, which will inform the Country Partnership Framework. The latter will seek to establish a clear link between a country's development strategy, WBG support and the twin goals;
- The new Global Practices (GPs) and Cross-Cutting Solutions Areas (CCSAs), the intention is that these units would better develop and deploy global knowledge and best practice to support policy design and implementation. This would include efforts such as strengthening data and research on shared prosperity, such as the Data on Goals Initiative, that seeks to substantially improve the availability and quality of data on poverty and shared prosperity to inform policy and track progress; and
- The Bank, IFC and MIGA working closer together in delivering development solutions as one WBG.

2.2 Update on reform of Procurement Process in the World Bank Operations

The WBG has made significant progress with the comprehensive review of its operational procurement policy and procedure to better serve the needs of client countries. Intrinsic in the new framework is the greater emphasis on the need to support client countries to strengthen their public procurement systems. So far, the document has broadly benefitted from the views and opinions of internal and external stakeholders. The Board's Committee on Development Effectiveness has followed the process with keen interest and has made constructive input into the framework. Consultations and interactions on approach to the final document are still ongoing. The proposed framework includes a vision, guiding principles, a strategy for implementation, and amendments to operating policies and procedures that govern the Bank's principal financing instrument, i.e. investment lending.

The focus of the new framework encompasses a vision for "Procurement in Bank operations to support its clients to achieve value for money in delivering results", seeks to maximize development results by continuing to be a global advocate for good procurement, while supporting clients to strengthen their procurement systems. The guiding principles will underpin the overarching goal of achieving value for money. The principles are consistent with international best practice and include economy, efficiency, effectiveness, integrity, openness and transparency, and fairness. Some specific elements of the review include:

- expanding the options of clients on procurement process;
- recognition of country systems where they exist including addressing context specific challenges or weaknesses dynamically and systematically;
- client capacity building for sustainable procurement system; and
- the introduction of flexible principles and guidelines for PPPs, NCBs and ICBs

The Bank anticipates these elements as a strategic approach to the articulation and implementation of a procurement framework in the Bank's operational work. At the center of this strategy would be the Bank's efforts to help client countries "do" procurement well through their own institutions and systems. If those systems do not exist, the Bank will support clients to put them in place. The decision of where, when, and how to use country systems on a specific country, sector and project would be determined on the basis of the best fit for purpose and a step-by-step approach. For each investment operation, the Bank will agree with respective borrowers on the specific procurement arrangements that will apply, consistent with the guiding principles of its policy. This will imply more flexibility in the procurement rules, relying on the country methods and procedures when appropriate.

Though some clients might wish to use the Bank's revised procurement system, this would no longer be mandatory for all Bank-financed projects. The Bank envisages that the procedures and methods contemplated in its current guidelines, standard bidding documents and other templates, and related products would be part of a new "Public Procurement Tool Box" to be deployed in accordance with country conditions, the profile of the Bank's country program, and the particular needs and risks of the operation. The toolbox will also include training material and guidance on improving country procurement systems and incorporating new and innovative procurement methods and techniques as well as best practices worldwide.

So far, Executive Directors are broadly in support of the proposed key components in the review of the procurement policy and guidelines. However, while welcoming the main elements of the review, and in particular the elimination of all procedures that contribute to project delays, the Board has urged the WBG management to ensure that the final document retains those measures that guarantee the integrity of the World Bank procurement process. Governors are encouraged to request their officials and experts on procurement and those who have worked extensively on World Bank projects to take a very close look at the proposed guidelines and provide meaningful feedback to the teams which are currently consultation.

2.3 Review and Update of the World Bank Environmental and Social Safeguard Policies

The World Bank safeguard policies sets out the mandatory requirement of the bank in relation to the projects its supports through investment project financing which comprise both loans and guarantees. The World Bank is currently reviewing and updating its environmental and social safeguard policies. The **main objective** of the review is to strengthen the effectiveness of the safeguard policies in order to enhance the development impact of World Bank-supported projects and programs.

The proposed review and update of the environment and safeguard policies would help the Bank to deliver efficiently on the two goals while supporting more sustainable use of resources , promoting social inclusion , discouraging discrimination while mitigating any potential burden on future generations. This is the first major review in two decades and the review is meant to catch up with varied demands of developments as well as evolution in social and environmental issues over this period. The proposed environmental and social safeguards framework which preserves and builds on the existing core principles of existing safeguard policies adopts a risk-based approach to environmental and social risks and impact, with succinct and clear provisions for efficient application. The proposed policies improve on the clarity and applicability of the policies and strengthen the Bank's partnership with borrowers at the project level.

The proposed policies also clearly distinguish World Bank and Borrower obligations in a comprehensive manner, addressing gaps, inconsistencies and contradictions in current suite of policies. The different levels of policy hierarchy avoid the overlap in values, policy statements, borrower requirement and detailed procedural aspects that characterized the current safeguard policies, making clearer distinction between elements of policy, principles and procedure and eliminate duplication and overlap in some of the existing Ops and BPs. Most importantly, the framework brings the World Bank in closer alignment with other MDBs. Ten ESS are being proposed for projects covering broad range of issues raised in the first shareholders, CSOs and World Bank staff during the first phase of stakeholder consultation and review and update process. These establish the Borrowers' responsibilities to provide adequate protection for people and the environment in Bank-financed projects. The ten ESS cover: The Assessment and Management of environmental and Social Risks and Impacts (ESS1); Labor and Working Conditions (ESS2); Resources efficiency and Pollution Prevention (ESS3); Community Health and Safety (ESS4); Land Acquisition, Restrictions on Land Use and Involuntary Resettlement (ESS5); Biodiversity Conservation and Sustainable Management of Living Natural Resources

(ESS 6); indigenous Peoples (ESS7); Cultural Heritage (ESS8); Financial Intermediaries (ESS9); and Information Disclosure and Stakeholder Engagement (ESS10).

At the Executive Directors Committee on Development Effectiveness (CODE), members welcomed the discussion and appreciated the approach Management has taken in developing the draft. Members also underscored the importance of sound implementation of the policy reform, and encouraged synergy with the WBG's country engagement strategy and Global Practices to maximize development impact. A number of members expressed the view that the implementation of the framework may require additional resources and that management should plan accordingly.

Specifically, our Chair sought clarity on how the issue of Environment and Social Commitment Plan (ESCP) where the World Bank will agree with clients on actionable risk management throughout the lifetime of the project will impact on Partial Risk Guarantees (PRGs). This is vital because for PRGs, we do know that when the project closes there is an obligation for the Bank to continue supervision of the project as long as the guarantee was in force as per OP/BP 14.25. Management noted this as a valid point and promised to address this issue in the next draft. Furthermore, our Chair also stressed the point that since most, if not all the FIs that will be affected are in the private sector and these FIs have been complying with the IFC equator principles and IFC Standards, making the FIs comply with additional standard as currently proposed under ESS 9 would appear burdensome.

Following discussion by CODE on July 30, 2014 of the initial draft of an Environmental and Social Framework, Management will launch the second phase of the review and update process including global multi-stakeholder consultations in the fall of 2014. At CODE, the Executive Directors noted that whilst the proposed framework will serve as basis for consultations, it should not be misconstrued as being endorsed by CODE or the Board. Accordingly, a disclaimer should be included in the consultation draft as appropriate.

We encourage our Governors to have their experts and officials who have engaged with and have knowledge of implementation of World Bank projects to take a good look at the proposed new policies. Based on the feedback received during this period, the proposed framework will be adjusted as needed and submitted to Executive Directors for approval in early 2015. This timeframe will allow for an effective roll-out and implementation of the proposed environmental and Social Framework by mid-2015.

Once finalized, the proposed policies will replace the current safeguard policies and it is intended to come in to effect in Fiscal year 2016.

Source: World Bank Intranet

CHAPTER 3

Update on Selected World Bank Group Programs and Policies

3.1 Regional Integration

As part of the regional strategy presented in May this year, the African vice Presidency, emphasized that the Bank, in line with the goals to end extreme poverty and boost shared prosperity, will prioritize (1) competitiveness and employment, (2) vulnerability and resilience, and (3) Governance and public sector capacity. The team also identified five priorities/initiatives (required to address emerging needs and major challenges in the region, and these are regional integration, special projects with high payoff, public-private partnerships (PPPs), energy, and IBRD access to well performing IDA countries. Within the regional integration agenda, the three priorities identified are regional infrastructure, institutional cooperation for economic integration, and coordinated interventions to provide regional public goods.

WBG regional integration program for SSA remain remains in line with the 2008 strategy titled Regional Integration Assistance Strategy for Sun-Saharan Africa (RIAS), and is focused on addressing the continent's connectivity constraints, leveraging economies of scale and promoting creation of regional public goods.

Recent World Bank commitment reports indicate a growing demand for the Bank's support for cross-country and broader regional projects, and collaboration between the Bank, MIGA and IFC in supporting regional programs. A total commitment of \$7.2 billion for regional projects is reported for FY14 (13% increase from 2013), with interventions concentrated in regional infrastructure- energy, transport, water and ICT. The remaining 6% of the portfolio consist of projects in capacity building, health, education, livelihoods and finance geared to address vulnerability and improve resilience¹.

Improved implementation performance is also reported in FY14. This has been associated with improved client contact, supervision, improved project design and embedding of regional integration priorities into country programs.

On the other hand, challenges in the development and implementation of regional integration projects remain. These include inherent multi-country implementation complexities, fragility of many of the countries, size related complexities; mismatch between policy/soft reforms and progress in infrastructural implementation. To mitigate some of these, and enhance the delivery of the RI and increased trade, the WBG proposes a focus on supporting trade and integration hot spots/coalition of the willing; finding ways to overcome instruments constraints; managing

¹ Examples include the pastoral livelihood strengthening in East Africa, and Emergency Sexual and Gender Based Violence and Women's Health Project in the Great Lakes.

capacity deficits; applying for regional IDA grants to enhance trade and integration, adjusting to partners' RI strategies; and promoting greater selectivity, division of labour, and the building of existing work. In addition, it is expected that the synergy between GPs, GIF, and the enhanced cooperation between the Bank, IFC and MIGA, will help strengthen the development and implementation of the projects, especially those focused on transformational infrastructure.

Regional programs supported through the regional IDA program in FY14 include the financial sector integration and deepening of financial inclusion in East African Community (EAC), enhanced capacity in ACBF, regional fisheries information system in West Africa Regional Fisheries Commission, synchronization of regional grid and preparation studies at the West African Power Pool (WAPP); investment climate reform in West and Central Africa through Organization for Harmonization of Business Law in Africa (OHADA); the Niger Basin Authority's (NBA) initiatives to improve operations, Dar Corridor's Committee's (DCC) project implementation, peer learning in education policy through the Association of African Universities (AAU); the Centre for Coordination of Agricultural R&D for Southern Africa (CCARDESA); and the strengthening of the capacity of the African Union Commission (AUC).

Source: World Bank Intranet

3.2 The New Country Engagement Model

Further to the conclusion of discussions by the Executive Board in May 2014, on the new country engagement framework proposed by management, the World Bank Group launched A New Country Engagement Model on July 01, 2014. The new model will become fully operational on January 01, 2015. The key components of the Model are Systematic Country Diagnostic (SCD); Country Partnership Framework (CPF); Performance and Learning Review (PLR); and Completion and Learning Review (CLR). Management released a description of the operational procedures and directions for the WBG approach to Country Engagement on July 01, 2014.

According to the release, the WBG promises to strengthen the focus of its country programs by developing a more evidence-based and selective country engagement model in the context of country ownership and national priorities, and in coordination with other development partners. In place of the Country Assistance Strategy, the Bank will be implementing a new approach to country engagement underpinned by a more consistent and rigorous identification of the key opportunities and constraints and featuring mechanisms to adjust and learn over the course of the engagement.

The **SCD** would be conducted by WBG staff, in close consultation with national authorities and other stakeholders, to identify the most critical constraints and opportunities facing countries as they work to end extreme poverty and promote shared prosperity in a sustainable manner. The main objective of the SCD is to produce a thorough analytical work that will underpin the World Bank Group's strategies in any given country and would be conducted ahead of the CPF, taking

into account countries' priorities, as well as help identify critical constraints and opportunities for accelerating progress towards the goals at the country level. Its preparation would draw from available information and evidence, and identify data gaps that must be closed to ensure that future analysis provides strong evidence base for policy decisions. The SCD would help the CPF to become more selective and better focused. Although the SCD and the CPF will be conducted separately, they are closely linked. The SCD will become the basis for transparent and evidence-driven discussions about how choices are made in the CPF.

The **CPF** has become the central tool of Management and the Board for reviewing and guiding the WBG's country programs and gauging their effectiveness. It will identify key objectives and development results through which the WBG would support a member country in its efforts to end extreme poverty and boost shared prosperity in a sustainable manner. The CPF replaces the current Country Partnership Strategy (CPS); the Country Assistance Strategy (CAS); and the Interim Strategy Note (ISN). The CPF will align the WBG and country engagement based on the SCD, and will optimize the WBG's comparative advantage and efficiency in deployment of available resources and country ownership. According to the operational procedures and directions, when preparing a CPF, the WBG would start from the member country's own vision of its development goals, which should be laid out in poverty focused national development strategy. The WBG and the country would draw upon the SCD to develop the CPF objectives together; deriving them from country development goals that reflect the WBG's comparative advantage as well as alignment with the twin goals and taking into account opportunities for leveraging the private sector to provide sustainable solutions to development problems. The CPF then outlines a selective and flexible program that will help the country achieve the CPF objectives.

Under the model, **PLR** will seek to answer questions like: How is the WBG doing? It will provide opportunity to learn lessons mid-term, enhance focus, make corrections and recalibrate expected results. In particular, the PLR will identify and capture lessons; determine midcourse corrections, and help build the WBG's knowledge base, including effective approaches for integrating inclusion and sustainability dimensions (including gender and environmental sustainability) into the SCD and CPF.

The **CLR** on the other hand will focus on answering the question: What did we learn? It will thus, identify and capture end-of-cycle learning to contribute to the WBG's knowledge base. The CLR is designed to hold the WBG accountable by taking stock of program performance, and drawing lessons at completion to enhance selectivity in the design of future CPFs.

The discussion on the new country engagement model elicited a lot of attention and interests among Executive Directors (EDs). The EDs emphasized the need to ensure that the SCD provides a platform for meaningful selectivity that builds on client demand and the World Bank Group twin goals. Ultimately, they argued, the new engagement model would be assessed on the basis of impact made in these areas. In addition, Board discussion also centered on the imperative for the SCD and the CPF to clearly focus on country specific priorities and country systems; and the overarching need for a WBG approach to resolve the prevalent cases of data availability and quality among most developing client countries.

Source: World Bank Intranet

3.3 Expenditure Review

In order to ensure that the Bank is able to deliver on its new strategy, management is strengthening the institution's financial capacity- by increasing revenues and reducing costs. Management is of the view that the only way to reduce costs without shrinking the work program is to become more efficient. The objective of undertaking an expenditure review is to bring about a significant reduction of WBG's cost base, while maintaining its capacity to deliver services to its clients. The Bank's management has committed to achieve at least \$400 million in WBG savings over FY15-17.

There is currently a plan in place to realize a saving of \$125 million in the first package of "immediate measures" during the FY15 budget (July 1, 2014-end of June 2015). The measures identified were crowd-sourced to get input from staff; the changes do not involve any major policy changes but rather changing systems and improving governance. The main change was to the Staff Retirement Plan, endorsed by the Board in December 2013; savings will be realized through simplifying, modernizing and rebalancing benefits, including enabling the Net Pension Participants to save more for retirement by allowing additional contributions and increasing the mandatory retirement age to 67 from 65, amongst others.

The next phase of the Expenditure Review will realize savings through an ongoing "deep dive" analysis of the Bank Group's operational and support functional areas. Some of these measure will take time to implement and will imply one-time investments that will eventually lead to longer-term savings, for example, real estate (the Bank is considering an option of finding office space outside of the city for relocating some of the non-core staff, instead of carrying the cost of housing these employees in the city) and IT (through the centralization of shared services). The expenditure review is viewed as an important part of the strategy to transform the WBG over the next several years. It is expected that savings will create space for longer-term growth in response to growing client demand and contribute to the overall financial sustainability of the institution.

Management will, as of the new financial year, report on the savings measure through the Quarterly Business and Risk Review shared with the Board, through the Budget Committee. This will allow the Board to stay abreast of the details related to the expenditure review.

Source: World Bank Intranet

3.4 The World Bank Corporate Scorecard

As part of its focus on results, accountability and openness, the World Bank has developed an electronic version of its Corporate Scorecard, providing a snapshot of the Bank's overall

performance in the context of development results. The electronic version of the Corporate Scorecard provides users with easy on-line access to indicators, data disaggregated by regions and countries for selected indicators, time series, and visual data presentation. The online Scorecard also includes definitions, sources, and links to supplemental information and other relevant resources. The current indicators are aligned with data availability, designed to increase as the ability to report on results expands. The Bank intends to continue to improve the web based Corporate Scorecard going forward, in terms of its functionality, richness of data and information to provide the Bank's shareholders, partners and stakeholders with the tool to effectively access and use the Bank's integrated results and performance framework. The Corporate Scorecard was first published in print in September 2011.

It is instructive to note the difference between the World Bank Corporate Scorecard and the World Bank Group Corporate Scorecard. While the former measures results and performance within the World Bank, the latter does so by aggregating the results and performances of the entire World Bank Group (IDA/IBRD, IFC and MIGA).

Source: World Bank Intranet

3.5 The 2014 World Bank Group Corporate Scorecard

The 2014 World Bank Group Corporate Scorecard provides the overall framework for monitoring and reporting the contributions to the twin goals under the new WBG Strategy. It is designed to provide a high-level and strategic overview of the World Bank Group's performance toward achieving the two goals. It is the apex from which indicators cascade into the monitoring frameworks of the three World Bank Group institutions. The group scorecard attempts to capture the progress and performance of the WBG based on fewer relevant, quantifiable indicators with targets and indicators cascading downwards to the various groups and regions, Global Practices (GPs) and cross-cutting solution areas (CCSAs). This is an approach that can form the basis for aligning resources, responsibilities, accountabilities as well as incentives. The WBG CSC is complemented by the World Bank and IFC Scorecards and MIGA Key Performance indicators (KPIs).

The Scorecard is structured in three tiers including:

The *Goals and Development Context tier* provides an overview of progress on key development challenges faced by World Bank Group client countries.

The *Results tier* reports on the key sectoral and multi-sectoral results achieved by World Bank Group clients with support of World Bank Group operations in pursuit of the goals.

The *Performance tier* captures World Bank Group performance in implementation of the World Bank Group Strategy and includes measures of both operational and organizational effectiveness.

These three tiers are the components of a unified results and performance monitoring framework with indicators grouped along the result chain as follows: the Scorecard monitors, at an aggregate level, how the World Bank Group implements its Strategy and improves its performance (Tier III) in order to support clients in achieving results (Tier II) in the context of global development progress (Tier I).

The indicators in the first two tiers are grouped into three categories encompassing “growth,” “inclusiveness,” and “sustainability/resilience”. The World Bank Group Strategy recognizes the importance of each of these three areas for the achievement of the two goals. Economic growth that creates good jobs requires action to strengthen both the private and public sectors. Inclusion entails empowering all citizens to participate in, and benefit from, the development process and removing barriers against those who are often excluded. Sustainability ensures that today’s development progress is not reversed tomorrow; it implies securing the long-term future of the planet and its resources, ensuring social inclusion, and limiting the economic burdens on future generations. Recognizing the importance the World Bank Group Strategy places on fragility and gender, Scorecard indicators are disaggregated by gender and fragile and conflict-affected situations (FCS) when feasible.

In October 2013, the World Bank Group adopted a new Strategy that is grounded in two ambitious goals:

- ending extreme poverty by reducing the percentage of people living on less than \$1.25 a day to 3 percent by 2030; and
- promoting shared prosperity by fostering income growth for the bottom 40 percent of the population in every country.

The Strategy outlines how the World Bank Group will partner with clients to help them achieve these goals through economic growth, inclusion, and sustainability. Implementation of the Strategy is monitored by a newly developed World Bank Group Corporate Scorecard that aggregates the contributions of all the World Bank Group institutions—the World Bank (WB), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).

The Board of Executive Directors discussed the World Bank Group Corporate Scorecard (CSC) and the Revised World Bank Corporate Scorecard on April 2, 2014. Directors noted that the WBG CSC is both a management and an accountability tool. They stressed that the underlying operative concepts, should be easy to understand and should communicate the WBG’s achievement against its mandate to shareholders and stakeholders. Directors also remarked that there were a number of “indicators in which work was still ongoing. They stressed that necessary revisions should be made to reflect the post-2015 agenda, once it is agreed at the UN.

Some Directors also raised the issue of inclusion of the two gender related indicators in the Goals and Development Context Section and supported IEG’s position that such thing as percentage of females with a transaction account, and Countries with no discriminatory law against women were not the most relevant to track progress towards gender equality and that some of the MDGs

indicators, such as the percentage of women and men in paid jobs, excluding agriculture, or the maternal mortality rate, may be more relevant and consistent with Post-2015 agenda targets. Directors noted in particular that the definition and the source of these indicators were derived from an earlier report on *Women Business and the Law* 2014 which some Chairs faulted for its methodological flaws. Accordingly, the staff agreed to revisit and fine tune the indicators and methodologies in CSC, including expected data updates while harmonizing indicators across the WBG. The exercise is still on-going. Similar revisions are to be effected on the indicator for CO2 emission in line with UNFCCC's recognition.

The World Bank Corporate Scorecard has been revised to ensure its alignment with the new World Bank Group Goals and Strategy. It also now matches the three-tier structure and key indicators of the World Bank Group Scorecard. Once revisions to the IFC Scorecard and MIGA's Key Performance Indicators are complete, the four reports will be presented together. The Scorecards are living documents to be adapted and improved based on experience with their implementation and the evolving external and internal environments.

3.6 IDA-17 Replenishment

The final meeting of IDA-17 Replenishment negotiations was held on December 17, 2013 in Moscow, the Russian Federation. The overarching theme of IDA-17 is "Maximizing Development Impact" with inclusive growth, gender equality, climate change and Fragile and Conflict Affected Situations (FCS) as special themes. The negotiations yielded a record replenishment of USD \$52 billion. The successful replenishment in spite of the fiscal challenges in some of the donor countries is a strong endorsement of the World Bank Group, a sign of global solidarity to end extreme poverty and recognition of IDA's effectiveness and global leadership in tackling some of the toughest development challenges in low-income countries. The Moscow meeting witnessed the participation of new donors including Malaysia, Indonesia and India who contributed for the first time. Some of the key element of IDA -17 policy package are as follows: (i) explicitly aligns IDA's activities and results monitoring with Word Bank Group Strategy and goals; (ii) focuses on outcomes and quality indicators , including tracking IDA's operational effectiveness and organizational efficiency; (iii) strengthens IDA's accountability to client and shareholders through greater use of beneficiary feedback and public disclosure (iv) places greater attention on managing and reporting the cost of delivering results.

A greater focus on fragile and conflict-affected states (FCS) with emphasis on understanding and analyzing the main drivers of fragility. There will be increased focus on the most challenging frontier areas with increased funding for FCS, greater private sector mobilization, and stronger, more targeted investments in climate change and gender equality, as key to shaping the future, with emphasis on strong commitment to equitable and inclusive growth. Main highlights of the conclusions of IDA Deputies meeting are as follows:

- Adjustment to IDA's lending terms to better respond to its increasingly diverse clients' needs.

- Exceptional transitional support for India in the amount of 2/3 of the 11 percent of IDA resources that India would have received had it not graduated from IDA. The essence is to address extreme poverty which still persists in the country, in spite of the progress made in surpassing the per capita income limit required in accessing IDA facilities.
- Provision of substantial transfers by IBRD and IFC to IDA over the next three years in line with past replenishment practices, subject to the availability of net income to be approved by their respective boards.
- Introduction of concessional partner loans, as a way for development partners to increase their contributions to IDA-17 replenishment. The loans are grounded in the exceptional circumstances of the current environment, including the current low interest rate environment, unique resource constraints for a number of contributing partners, the transitional support, and declining internal resources. However, the grant contributions remain at the core of IDA's financing framework for IDA-17.
- Incorporation of climate and disaster risk consideration in to the contribution of countries' development challenges and priorities and when agreed to include same in the results framework

The IDA team briefed the Executive Board on the outcome of the replenishment meeting at an informal meeting of the Executive Directors on January 9, 2014. At the meeting, Directors generally commended the management for their hard work and expressed appreciation to the EDs' representing donor countries and all those who worked tirelessly to achieve this robust outcome.

Directors indicated that the successful replenishment meant that expectations from client countries to deliver on IDA's commitments will be higher than ever. This is even more so as IDA-17 will coincide with the commencement of implementation of the change process in the WBG and this will span the target date for the MDGs and the launch of the post-2015 development agenda. Among other things, our Chair requested for expeditious action on the work of the taskforce that will be set up to assist client countries graduating from IDA (India along with four others including Angola in our Constituencies will graduate in June 2014) to navigate the difficult process/period of graduation. Lastly, our Chair also stressed the importance of ensuring the operationalization of the regional transformational projects within the Bank system so as to keep the issue in the front burner as was earlier committed to during the replenishment negotiations.

3.7 Global Infrastructure Facility

For developing countries, infrastructure is an important component of development. Investment in infrastructure can fuel growth and reduce income disparities. However, for so long, many of these countries continue to face challenges in mobilising long-term financing for infrastructural development. The undersupply of infrastructure constrains economic growth, poverty reduction and shared prosperity and limits social and economic opportunities for these countries. To reap the full benefit of infrastructure, countries must efficiently design, prepare, build, operate and maintain their infrastructure. Currently \$1 trillion is invested annually in infrastructure;

achieving the required growth targets will require an additional investment of \$1-1.5 trillion per annum for the next decade.

To ameliorate the identified challenges among others, the WBG is putting in place a Global Infrastructure Facility (GIF) - a global platform to integrate and leverage efforts of a wide range of donors, IFIs, Public and Private Financial Institutions and other development finance institutions, currently involved in supporting Emerging Market and Developing Country (EMDC) infrastructure, with inputs and ideas from the private sector. GIF will be a multi-donor trust fund to be held at the World Bank and when established, it will provide an independent balance sheet structure that provides flexibility to mobilise funds from public and private sources and to leverage capital to reach scale.

GIF will help to intermediate between the supply of capital and provide beneficiaries with access to scale-up resources for infrastructure projects. The funding support will focus on design, preparation, construction and ramp-up of the pilot stage' to kick-start a GIF pipeline.

The public sector remains the primary source of funding for infrastructure in EMDCs, but it cannot do this alone, hence the need to improve investment climate, address risks and make projects viable as a means of mobilizing private sector funding which remains elusive in complex infrastructure projects in EMDCs. Debt sustainability limits the extent to which developing country governments can continue to expose budgets to the infrastructure sector. To date, the alternative for public financing of infrastructure has been commercial bank debt, which typically offers shorter tenors and does not generally match well against the price sensitivity and long-term nature of infrastructure assets.

GIF will have the capacity to offer financing to public, private sector projects and PPPs, through a variety of instruments to match different clients' needs(e.g. loans to sub-sovereign and State-owned entities without sovereign guarantees, guarantees etc. at pricing that is attractive to clients and differentiated according to risk across countries /projects.

The WBG will deploy its combined strength as one-WBG to ensure the success of the GIF platform. These strengths includes, financial expertise; global/ local knowledge; exposure to financial markets and investors convening power, interface with governments, regulators, tested reliable and effective project preparation and supervision and financial & risk management among several others.

Already there is growing interest by institutional investors (e.g. pension funds – public and private and the insurance industry- with assets in OECD countries.

GIF will have inclusive governance that is open to all WBG members and a governance structure that reflects the needs and interests of contributors.

When GIF was first proposed 12 months ago, it started as a very ambitious facility aimed at bringing significant institutional investment to the table to finance infrastructure in developing countries. As the mechanism of GIF evolved, the scope of the proposed intervention appeared to

have and scaled down considerably. Executive Directors expressed disappointment with this outcome.

The Bank is proposing to start the facility with an estimated \$80m to fund upstream work – project preparation, structuring and financial arrangement for major projects across a range of sectors, regions and countries with an expected total value of around \$2-3 billion, over a three-year period. Downstream funding, for building infrastructure and financial restructuring, will only be considered following the initial three-year pilot. The Bank plans to put in \$15m of its own funds, from IBRD reserves (which has approximately \$396m), into the GIF, as seed capital. During various interactions with the EDs, they expressed concerns regarding the lack of ambition in the proposal, especially in an environment where countries have high expectations. Furthermore, if this facility starts off small, there are concerns that it could remain small.

Given the huge need for resources required for infrastructure, especially in Africa, estimated at \$93bn per annum over the next 10 years, Directors called for a more aggressive approach. While the Bank wants to take a slow approach to developing this facility, developing countries are however not as patient. They will continue to look at other approaches to financing their infrastructure needs.

Source: World Bank Intranet

3.8 World Bank Net Income Allocation

IBRD

On August 7, 2014, Executive Directors approved the IBRD financial statements for FY14, alongside the allocable net income of \$769 million, as follows:

- Addition to Reserves.....	\$ 0
- Transfer to IDA.....	\$ 635 million
- Transfer to Surplus.....	\$ 134 million

The aforementioned allocable income was lower than the \$900 million estimate provided in June 2014, mainly due to an unrealized mark to market (MTM) loss of \$ 115 million on an Austrian bond, which was downgraded reflecting the recent legislation in that country that could nullify the impact of its state guarantee. Management is in touch with the Austrian authorities and considering various options, including potentially taking the issue to Court, to get World Bank holdings exempted.

The amounts to be transferred to IDA and to be retained as surplus were submitted for the approval of the Board of Governors.

For the sake of predictability and financial sustainability of IBRD, Directors have recommended the use of an appropriate and systematic formula to guide the Bank’s transfers to IDA, similar to the IFC sliding-scale formula. This issue is expected to be taken up alongside the upcoming annual net income allocation discussion in FY15, aimed at reassessing the use of surplus versus general reserves.

IFC

The Corporation recorded strong financial results in FY14, with income available for designations reaching \$ 1,614 million, compared to \$ 1,060 million in FY13, mainly as a result of strong liquid asset returns and releases on loan loss provisions (LLP) due to favorable developments in two large loans.

Based on the Board-approved principles and sliding-scale formula, the maximum amount for designation was \$445 million, approved by Directors on August 7, 2014, as follows:

- Grant transfers to IDA for the IDA 17 Replenishment.....\$340 million
- Advisory Services (FMTAAS).....\$ 58 million
- Retained Earnings to strengthen capital.....\$ 47 million

Similar to IBRD, the above designations are expected to be approved by the Board of Governors, and thereby concluded, in FY15.

Source: World Bank Intranet

3.9 WBG HR Strategy and the Diversity Discourse

In line with the overall organizational reform, the Human Resources VP is leading numerous reforms expected to strengthen the organizational performance, standardize practices and manage costs in line with the expenditure review agenda.

Issues of focus this year were appointments of Global Practices (GP) directors; staff reorganization in line with the new organizational structure i.e. mapping of staff to GPs; compensation and benefits reviews including reforms of the salary structure, pension structure, and global mobility framework; new performance and talent management systems and tools; and progress reports on diversity and inclusion.

The new performance management system, pension reform, and compensation reforms have since been implemented. Some of these measures along with travel reforms will result in savings that will contribute towards the \$400 million target. Appointments of the heads of the Global Practices and the Cross Cutting Solution Areas (CCSAs) and the mapping and relocation of staff to respective teams have also been completed. These processes are being followed with further reassessments of capacity reviews and further staffing readjustments or strategic staff planning.

The Strategic Staffing framework and plan, one of the deliverables initially expected in FY2014, will only be presented in Q2 of 2015. The process co-led by the GP directors and VPs will entail analyses of technical and staffing needs of each individual business units. The process is partly informed by the new organizational strategy, the budget allocations, and a match between current roles and skills and number of personnel needed. While this process may result in new recruitments, currently very controlled, it may also result in several headcount cuts across business lines.

Although efforts were made by the HR VP and management to continuously communicate with staff on the reforms, these efforts failed to address widespread feeling of insecurity and fears among staff (expressed also by the Staff association) because, it remains difficult to assure the majority of staff, that their jobs are secure. Recent communication on timelines on staff development plans may help provide some level of clarity on what can be expected going forward.

On diversity and inclusion, the WBG continue to monitor its performance against the set diversity targets of nationality, gender and race. The four institutional targets on women managers, women in GF-GG position, Part II managers and SSA/CR continue to be monitored along with monitoring of performance on the nationalities of focus, and academic institutions. The two indices incorporated into the WBG scorecard measures diversity as a composite of the institutional indicators while inclusion is measured through staff perception of their work environment.

Performance by Q3 of 2014 indicated that 41% of the WBG managers are from Part II countries (target is 43-48.5%); 36% of managers are women (targets: 50%), 45% of the GF-GG staff is women (45 – 50 %), 11.4% of the GF+ staff is from SSA/CR (target is 12.5%). SSA/CR indicator is also used as a proxy for race. The SSA/CR percentage has been fluctuating since 2008 at ranges on 0.1- 0.4).

While these indicators remain in use and continue to be monitored, going forward, the recent HR report has made a strong case for new approaches that include promoting an increased ownership of the D&I targets by the business unit managers, interrogation of the current indicators and targets to assess relevance and efficiency, and possible introduction of additional indicators. For the SSA/CR, questions that need to be explored deeper are whether SSA/CR grouping masks underrepresentation of any specific grouping, whether it captures racial diversity (for which it is used as a proxy) and whether it should attempt to, and whether there are other measures that the WBG should consider as part of the plan to attain the set indicators.

It is also expected that HR will improve its data collection to enable granular reporting on both diversity and inclusion.

3.10 Informal Board discussion on future changes to the Doing Business Report

On February 5, 2014, the Board had an informal meeting, chaired by President Kim, to discuss future changes to the Doing Business Report (DBR). This discussion follows the submission of the report by a High-level Panel, led by Minister Trevor Manuel, that reviewed the DBR, submitted its findings and recommendations in June 2013. This was the first engagement with the Board on the changes that would be made to the report. President Kim noted that he thought the report was useful but like any survey report it needed to be improved, which will happen over the next two years (for the large changes, small improvements would continue to be made over time). The report now falls under the responsibility of the Chief Economists Unit, Kaushik Basu, which leads the discussion on the proposed changes.

Despite concerns raised by a number of chairs, including ours, there was a decision to continue the ranking of countries, which is the most contentious issue of the report. This will continue even though alternatives had been proposed, like grouping similar countries into clusters and ranking them accordingly instead of lumping all countries together. The report will also start off with the first few pages pointing out the caveats, which will be a disclaimer that will note, among others that the report does not measure all aspects of the business environment relevant for SMEs, such as fiscal discipline, corruption, level of labor skill, proximity to markets, etc.

Two types of changes are being proposed. One will involve relatively straightforward extensions of the currently used methodology. For example, for large economies (where the population is over a 100 million) instead of basing the ranking on a single city of a country, it will include a second city. The other change would be to broaden the scope of particular indicators. In this regard, there will be a focus on quality and not just on process. For example, in dealing with construction permits indicator, quality could be assessed through understanding whether third party verification is required before, during and after construction. While many of the changes will add value there still are some concerns that certain changes, including those on how ranking will be done, still provide a distorted picture of what the report provides.

Macroeconomics Development in Low-Income Developing Countries

Low-income developing countries (LIDCs) have experienced consistent growth but they are facing current threats of economic risks and vulnerabilities. Global economy is equally experiencing a brittle and uneven recovery still vulnerable to important financial and geopolitical risks. In the April 2014 Regional Economic Outlook, Sub-Saharan Africa in particular anticipated a pickup in economic growth in 2014, but the region continues to face risks from both external and internal factors, among them slower growth in emerging markets which could impact both export demand and commodity prices.

The three key messages in the 2014 report of the IMF on macroeconomic developments in low-income developing countries can be summarized as follows: a) most LIDCs have recorded strong economic growth for an extended period, but based primarily on factor accumulation rather than productivity growth; b) about one-half of LIDCs are classified as being at medium/high vulnerability to a growth shock, with weakened fiscal positions forming a key source of

vulnerability; and c) fiscal institutions, including debt management capacity, should be strengthened to pre-empt the build-up of potential new imbalances.

Economic growth in most LIDCs has been strong over the past 15 years, faster than in previous decades and on par with growth performance in emerging markets. This performance was helped by external factors but domestic factors also played a central role, with sound macroeconomic management and wide-ranging market-oriented reforms providing the building blocks for sustained growth even as the global economy stalled in 2009. The impressive resilience of LIDCs during the global economic crisis was facilitated by the limited direct linkages between domestic financial systems and international financial markets. According to the IMF, this positive growth performance for the group as a whole masks a number of more problematic developments. For instance, almost one-fifth of LIDCs failed to increase the level of output per capita over the period; mainly countries affected by conflict and weak states, but, in some cases, reflecting flawed economic policies. Second, growth has generally not been very deep or transformative, driven largely by factor accumulation rather than productivity gains. Thirdly, progress in reducing extreme poverty and reaching other Millennium Development Goals has been mixed.

Sources of vulnerability in LIDCs to adverse shocks and policy options

Although, LIDCs have been resilient in recent years, their still-limited export diversification and weakened policy buffers, leave them less well-positioned to handle these shocks than prior to the global crisis. The share of LIDCs that are assessed to be highly vulnerable is easing slightly (to around 10 percent of the total); most of these countries are fragile states. Weak fiscal positions are typically the most important source of vulnerability across countries. Analysis of selected shock scenarios, drawing on the World Economic Outlook, flags the significant adverse impact on LIDCs of a protracted period of slower growth in advanced and emerging market economies. Temporary global oil price shocks have relatively modest output effects on LIDCs, but sizeable fiscal effects on those oil-importing countries that currently subsidize fuel products. Frontier market economies, expanding their links to the global financial system, face new risks; rapid credit growth and the expansion of foreign credit warrant close monitoring in some cases. To enhance resilience, policy actions to rebuild fiscal buffers are a priority in many countries—through a country-specific mix of enhanced revenue mobilization and improved prioritization of public expenditures, including the strengthening of fiscal institutions and public administration. Foreign reserve levels are insufficient in a number of LIDCs and need to be given higher priority in framing macroeconomic policies in these cases. The modernization of monetary frameworks underway in many countries will strengthen the effectiveness of monetary and exchange rate policies in responding to shocks. Over the medium term, policies to promote economic diversification would strengthen resilience in the face of shocks, including natural disasters, but will take time to deliver results.

What do we learn from recent debt trends in LIDCs? Public debt levels are now at relatively low levels in the majority of LIDCs, helped by strong economic growth, low interest rates, and the provision of comprehensive external debt relief to some 34 countries under the Heavily Indebted Poor Countries/Multilateral Debt Relief Initiative (HIPC/MDRI). Some three-quarters of LIDCs are currently assessed as being at low or moderate risk of experiencing external debt distress

under the joint Bank-Fund Debt Sustainability Framework. Nevertheless, debt levels are high and/or have increased significantly in recent years in a third of LIDCs.

Source: World Bank Intranet

CHAPTER 4

Flagship Projects

4.1 Global Monitoring Report 2014: Ending Poverty and Sharing Prosperity

The 2014 Global Monitoring Report (GMR): Ending Poverty and Sharing Prosperity will be a transitional report that will introduce the WBG's twin corporate goals of ending extreme poverty and boosting shared prosperity, while continuing to monitor progress toward the MDGs.

The principal innovation of the document, besides discussing the challenges in achieving the twin goals, will be the monitoring of progress in sharing prosperity in developed economies, making the report truly global in its coverage. Yet, the main thrust of the GMR is still how developing countries can strengthen the impact of growth on poverty and shared prosperity.

In keeping with the tradition of addressing some thematic areas of the development agenda, the GMR discusses how a select set of policies in the areas of human capital and the environment can make growth respectively more inclusive and sustainable, while highlighting that policies in the area of social assistance can help end poverty, improve MDG-related service delivery, and in turn improve growth prospects.

The report proposes a framework that identifies the main linkages between economic growth, poverty reduction and shared prosperity, and potential policy levers to accelerate inclusive development. In addition to the report card on the progress towards development goals, the report presents short-term global growth prospects, policies to achieve both growth and equitable outcomes in the OECD, and policies and institutions needed for accelerating the reduction of extreme poverty and improvements in the living standards of the bottom 40 percent of developing countries' population.

The GMR conveys the message that notwithstanding the short to medium term encouraging growth prospects globally, most of the MDG's are unlikely to be achieved by 2015 and that the prospects of reducing global extreme poverty below 3 percent by 2030 are not good.

At the Committee of the Whole Board meeting held in September 9, 2014, Executive Directors expressed concurrence with the focus and scope of the proposed 2014 GMR. They stressed the importance of embedding the twin goals into the post-2015 development agenda and welcomed the WBG's strong collaboration with the UN system in the definition of the new goals, as encouraged by the DC in its spring 2014 Communique. Directors underscored their concerns with the progress on the MDG's and acknowledged that achieving the WBG's twin goals will entail a dramatic shift in the current growth patterns. They therefore urged the WBG and other development partners, including the UN, to break the mold and look at devising a set of bold measures to speed up the attainment of most of the MDG's, while paving the way for the success of the twin goals in the context of the post-2015 development agenda. Directors also emphasized the need for operationalization of the so called 'data revolution' as a critical move to produce

more comprehensive, reliable and timely data, to monitor progress in achieving the development goals and inform the policies required for economic growth to be adequate, inclusive and sustainable.

The assessment of progress towards the MDGs will inform the deliberations of the Development Committee of the WBG and IMF during the annual meetings in October 2014.

Source: World Bank Intranet

4.2 World Development Report 2015: Mind and Society: How a Better Understanding of Human Behavior Can Improve Development Policy

For many years, the field of economics and much of development policy have centered on a model of human behavior that makes a few simple and rational assumptions about human behavior in decision making: people assess their situations objectively by making appropriate use of all the information available to them; and their interests are consistent, stable, and purely self-seeking.

No doubt, this model has served practitioners well over the years; however, in the last three decades, field and lab experiments have challenged the accuracy of these assumptions which are also often inconsistent with the successes that researchers and practitioners have achieved when experimenting with policies that have not been traditionally used. These trends have led to an expanded understanding of the human actor, which social scientists are increasingly drawing upon to explain behavior. Insights from a broad range of fields have demonstrated that looking more closely at the psychological, cultural, and sociological underpinnings of decision making can improve the ability to design policies that promote economic development and combat poverty.

An enriched view of the human agent indicates the need for policy makers to consider both how people think (the processes of the *mind*) and how social contexts shape thinking (the influence of *society*). Accordingly, the World Development Report 2015 on *Mind and Society* offers a new approach to the challenges of development. The Report draws on new insights about human behavior from various disciplines—including neuroscience, cognitive science, psychology, behavioral economics, sociology, and anthropology—to develop a framework which practitioners can draw from and build upon to design more effective policies.

Key Findings

The report emphasizes three key elements of decision making that are left out of standard economic models viz:

- (i) First, we tend to think automatically rather than deliberately in making most decisions and judgments. **Automatic thinking gives us a partial view of the world.** We use narrow framing and draw on default assumptions and associations, which can give us a misleading picture of the situation. Even seemingly irrelevant details of how a situation is presented can affect how we perceive it, since we tend to jump to conclusions based on limited information.
- (ii) Second, we interpret the world by drawing on culturally available shared mental models, i.e. individuals do not respond to objective experience, but to mental representations of experience. In constructing their mental representations, people use interpretive frames provided by “mental models.” When people think intuitively, they unconsciously draw on mental models that are broadly shared in their communities. People have access to multiple and often conflicting mental models. Using a different mental model can change what an individual perceives and how he interprets it. This Report finds that mental models influence behavior in ways that can affect human capital investment, economic development, and inequality. Where do mental models come from? Historical experience exerts a powerful influence on mental models, and, consequently, on how individuals understand and react to the world. Mental models may outlive their usefulness, or indeed persist when they were never useful to begin with. Societies may have a hard time abandoning mental models that are not serving them well.
- (iii) Lastly, the third central idea of the report is that human beings are deeply social animals whose decisions are strongly affected by social relationships, social motivations and social contexts. In effect, taking human relations into account can help make policy interventions more effective. By the same token, ignoring the role of social motivations in setting expectations can be counter-productive. Far from being autonomous thinkers and decision makers, human preferences and beliefs and behaviors are affected by innate social preferences and the social contexts in which we live and make decisions. What we want and how we act depends on what others around us want and do. We are ‘group minded individuals’ who see the world from social and individual perspectives. A great deal of both economic theory and development policy rests on narrow assumption of material self-interest that fails to account for social preferences and influence.

The three features of decision-making mentioned above go beyond the conception of human nature assumed in standard economic models, on which most development policies have been based. The three ideas in the report posit that an expanded understanding of human behavior can improve development policy by serving as useful resource for new wave of policy interventions aimed at increasing development.

By way of application, in addition, to the standard justification for government action in market economies, such as: monopolies, externalities, public goods, asymmetric information, redistribution, and macroeconomic stabilization, this WDR adds another. Government should intervene when inadequate engagement, situational framing, social practices undermine agency and create perpetual poverty.

During the Board discussion on August 28, 2014, Executive Directors generally appreciated and welcomed the bold concept of the report which brings in new perspectives in the Bank Groups' engagement with client countries. They noted that it was a very complex topic, but it has the potential to serve as a platform in refining the WBG strategy for pursuing the twin goals to end extreme poverty and to boost shared prosperity. Directors severally underscored the point that development solutions are contextual and too complex to permit a template approach and not easily replicable. They also cautioned against tendencies to blame the poor for their condition as the report notes that poverty increases cognitive strain and impairs ability to plan. The Directors advised development professionals and policymakers who are subject to biases and prone to taking mental shortcuts and susceptible to confirmation and sunk cost biases to pay particular attention to the circumstances, beliefs and attitudes of the intended beneficiaries of the policies.

The WDR team is expected to interface with the science of delivery team and the systematic country diagnostic (SCD) team, the latter being the entry point to operationalizing the report to strengthen diagnostics and provide vital inputs for SCD to uncover psychological and social barriers to development. The WDR is expected to be released in December 2014.

Source: World Bank Intranet



CHAPTER 5

Constituency Countries Projects and Programs

5.1 Angola

Strategy with the World Bank Group

On September 26, 2013, the Board discussed the joint IBRD/IDA/IFC/MIGA Country Partnership Strategy (CPS) for the Republic of Angola for FY14-FY16, designed to support its transition to a full-fledged Middle-Income Country. The CPS is aligned with Angola's National Development Plan (2013-2017) and the Strategy to Combat Poverty (2010-2015), and is anchored in the strategic pillars of: (i) economic diversification, (ii) enhancement of service delivery and social protection, and (iii) improvement of capacity to shocks and resilience. With the strategy in place, reinforced by the successful visit of the African VP to Luanda, early this year, an important tone and direction for the future was set, marking a turning point on the partnership between Angola and the World Bank Group. The WBG's support to Angola will therefore shift from concessional financing towards a Knowledge-based services and a broad range of financial products, aimed at helping the country improve social indicators, and diversify the economy to ensure a sustainable growth.

Portfolio size and composition

As of June 2014, the Angolan portfolio comprised five (5) IDA investments projects, representing a total net commitment of US\$ 426 million, and one (1) MIGA guarantee of up to Euro 470 million (Hydropower Cambambe Project). Four IDA projects were carried over from FY13, while the project "Learning for all", an IDA credit of US\$ 75 million was approved by the Board in FY14, alongside the CPS. The cumulative disbursement is slowly improving, standing currently at US\$ 111.7 million, corresponding to 26.2% of the total net commitments.

The IDA portfolio comprised projects in the following areas: 1 project in Water, Sanitation and Flood Protection 41.5%, 2 projects in Human development (Education and Health) 34%, 1 project in Public Sector and Decentralization 19.2%, and 1 project in Agriculture and Rural Development 5%.

As part of the recommendations of the Financial Sector Assessment Program (FSAP) concluded in 2012, the Central Bank of Angola (BNA) has now joined the Reserves Advisory Management Program (RAMP), which will assist in strengthening the BNA's reserves management framework. In the same token, other TA programs are being finalized to address financial sector vulnerabilities and crisis preparedness.

Projects in Pipeline

On July 1, 2014, Angola graduated to IBRD and the Bank and local authorities are in the process of identifying the pipeline consistent with the CPS overarching goals. Accordingly, the Bank has been asked to support the Ministry of Finance in improving debt management practices and finding suitable financial solutions when dealing with the market. Preliminary work is also underway with a view to assisting authorities in improving the business environment (Doing Business) and private sector development, as well as in building capacity initiatives of the recently established Angolan Sovereign Wealth Fund. Apart from the Advisory Services and technical assistance (AAA/RAS), Angola is also considering the appropriateness of tapping into IBRD resources, and scaling up IFC and MIGA engagements in support to its development agenda, as outlined in the country's National Development Plan (2013-2017). To this end, projects in the areas of agriculture, water and energy are currently being explored designed.

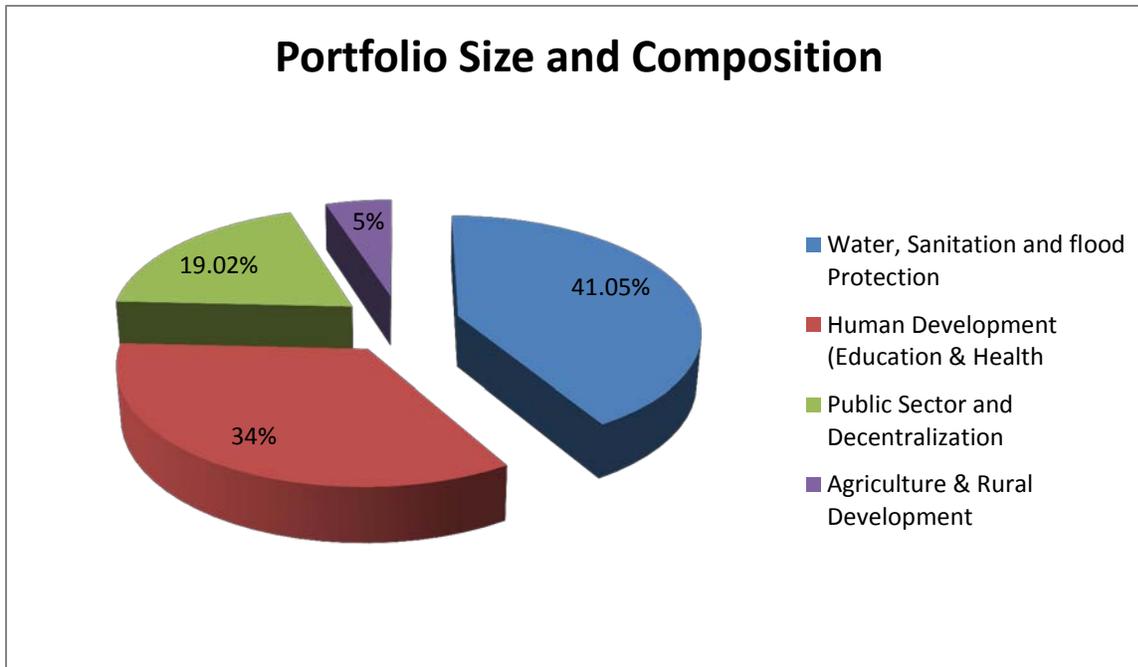


Figure 5.1: Sectoral Composition of the Angolan Portfolio

Projects in Pipeline

On July 1, 2014, Angola graduated to IBRD and the Bank and local authorities are in the process of identifying the pipeline in accordance with the CPS overarching goals. Apart from the Advisory Services and technical assistance (AAA/RAS), Angola is also considering the appropriateness of tapping into IBRD resources to support its developmental agenda, as outlined in the country's National Development Plan (2013-2017).

Source: Client Connection

5.2 Nigeria

Strategy with the Bank

The Executive Board approved the Nigeria Country Partnership Strategy (CPS) on April 24, 2014. The CPS covers the period FY2014-2017 and is fully aligned with the goals of Nigeria's development agenda, Vision 20:2020, and its medium-term strategy for realizing that vision, the Transformation Agenda 2011-2015, as well as the Country Assistance Framework (CAF) developed by Nigeria's partners. With this strategy, Nigeria is officially entering blend status, having been declared creditworthy for IBRD financing in FY13 and having exceeded the IDA operational cut-off consistently for about three years now. In support of these objectives, the CPS program is structured around three strategic clusters: (a) *promoting diversified growth and job creation* by reforming the power sector, enhancing agricultural productivity, and increasing access to finance; (b) *improving the quality and efficiency of social service delivery* at the state level to promote social inclusion; and (c) *strengthening governance and public sector management*, with gender equity and conflict sensitivity as essential elements of governance. Executive Directors overwhelmingly supported the CPS's areas of focus and welcomed its alignment with client demand and Nigeria's ambitious, long-term development objectives. Directors recognized that despite Nigeria's relatively high GDP as recently re-based, important development challenges face the country, being the largest economy in Africa, with the largest population and the largest proportion of people living in extreme poverty in Africa. Therefore, they viewed effective implementation of this CPS as a test case and vital to achieving the WBG strategic goals to reduce extreme poverty and boost shared prosperity in Africa and globally.

Portfolio Size and Composition

As at June 30, 2014, the World Bank Group commitment in Nigeria comprises US\$ 5.9476 billion of IDA credits, US\$ 395 billion IBRD project, US\$ 1.3954 billion of IFC and US\$ 98 million of MIGA and US \$19.4 million Global Environmental Facility (GEF) projects. The Bank group portfolio consists of 27 IDA projects, 1 IBRD Project, 13 IFC Investments & 5 Advisory Services, 12 MIGA projects and 3 GEF projects. The IDA portfolio is well aligned with the recently approved CPS for the country and the Federal Government strategy, including the Agricultural Transformation Agenda (ATA). The bulk of IDA support is in the area of Agriculture, Transport and ICT, health and human development and social protection, as indicated in the sectoral composition discussed hereafter. There are two projects with FY14 closing dates.

Sector Breakdown of Portfolio

The portfolio comprises projects in 12 sectors as re-classified and the sectoral composition are as follows: (i) Health 11.63 % (ii) Education 4.46% (iii) Social protection 9.93% ; (iv) Trade and Competitiveness 4.27 % (v) Finance & Markets 4.65% (vi) Transport and ICT 11.63% (vii) Water 8.84% (viii) Agriculture 16.99% (ix) Environment and Natural Resources 10.86 % (x)

Energy and Extractives 9.31% (xi) Governance 4.34% (xii) Macro Economics and Fiscal Management 3.10% (shown below).

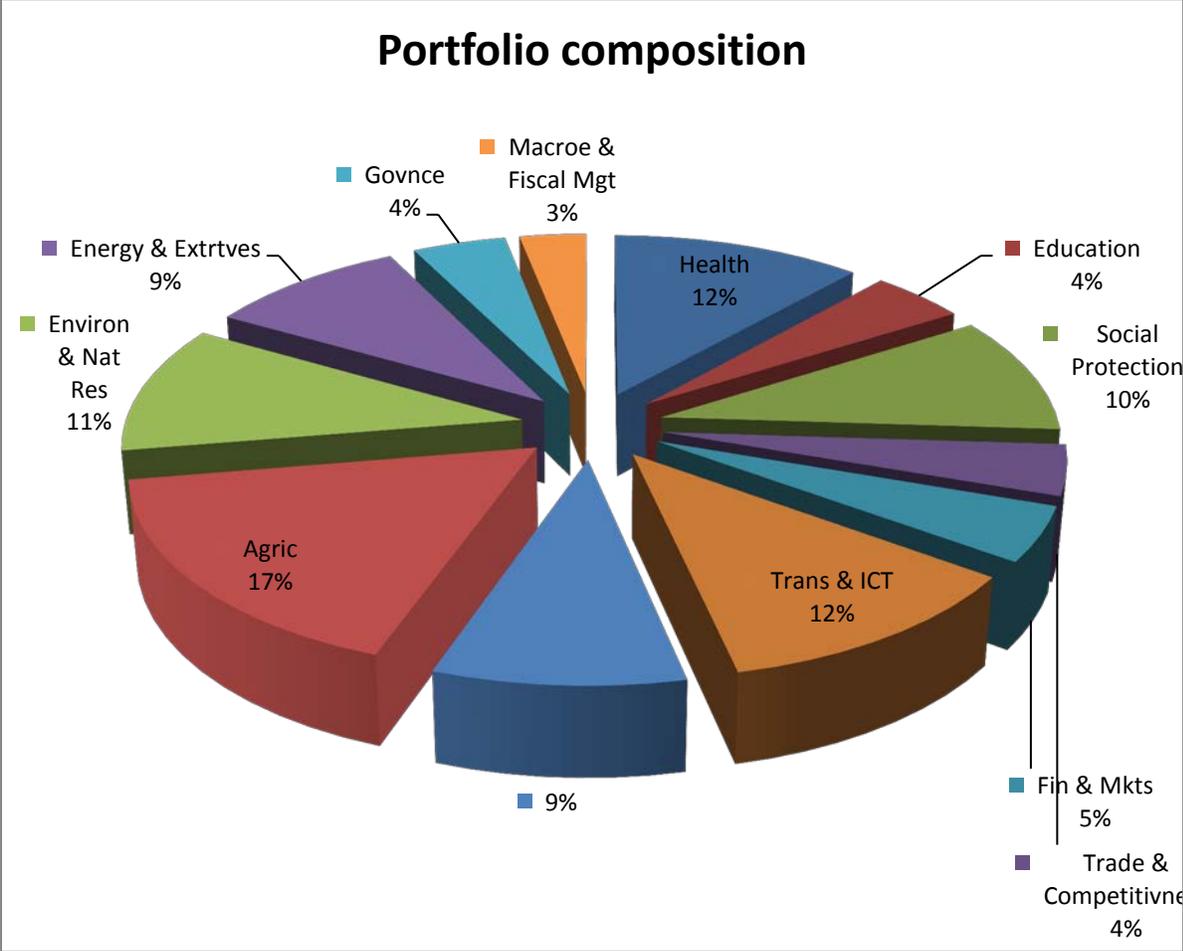
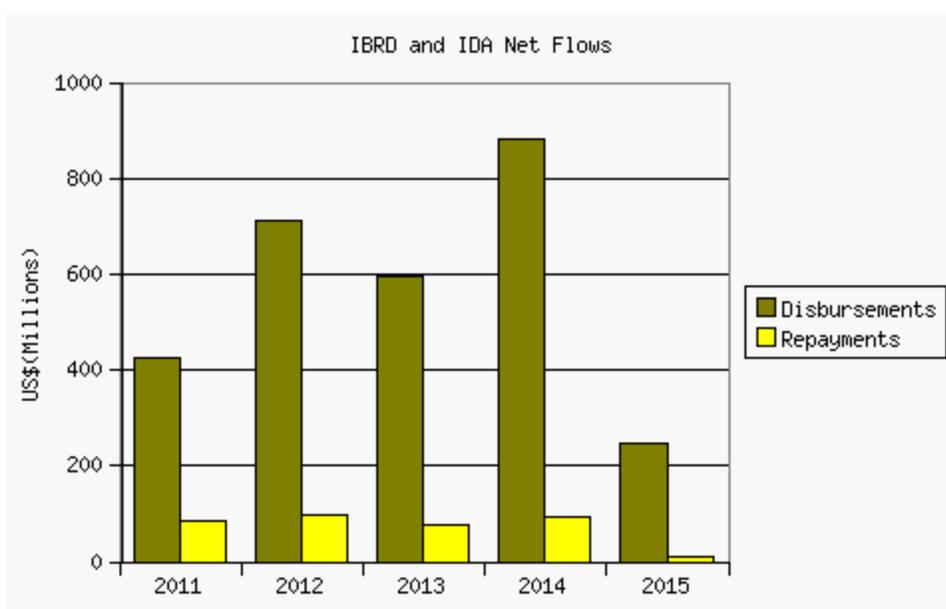


Figure 5.2: Sectoral composition of the Nigerian Portfolio

Disbursements:

The portfolio has a cumulative disbursement of US\$ 2.398 billion from 26 projects representing 40 % of total commitment to date. Three projects are yet to disburse any amount so far mainly because they are not yet effective. Of these, one project was approved in April 2014 and two in June 2014. Clearly concerted efforts are required on these three projects to get them moving in view of the reintroduction of commitment charges by Bank on undisbursed balances for all categories of projects. .



Portfolio Quality

Portfolio quality has been on the uptick in the last few years. Outstanding issues regarding previously reported problem projects are being addressed and implementation performance is improving. The authorities and the Bank are in constant dialogue to resolve other emerging issues with a view to improving development effectiveness.

Pipeline Projects

There are four projects in the pipeline for Nigeria. These projects are mainly in the energy, agriculture, social development, macroeconomic and economic growth and finance and private sector development.

Nigeria Attains Blend status

Based on the recent assessment by the credit risk department of the World Bank which assessed Nigeria's credit worthiness for IBRD financing, the country has been declared credit worthy for IBRD, and I formally attained blend status effective July 1, 2014. Accordingly, all the projects in the new CPS would be based on blend terms.

Source: Client Connection

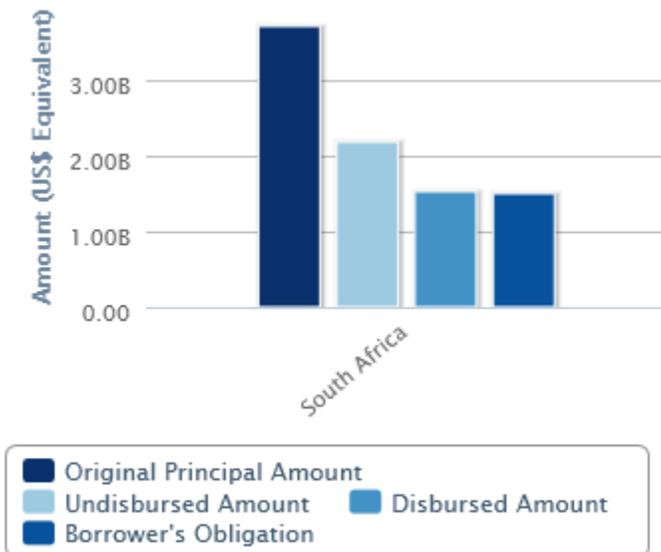
5.3 South Africa

South Africa and the World Bank

The World Bank’s engagement with South Africa is guided by the Country Partnership Strategy (CPS) FY14 – FY17, finalized and approved in October 2013. The CPS focusses the partnership on reducing inequality, promoting investments and strengthening institutions. The engagements in FY14 have been mainly analytical and advisory in nature and include the analysis of the economics of the townships, and the work in asset, debt and risk management.

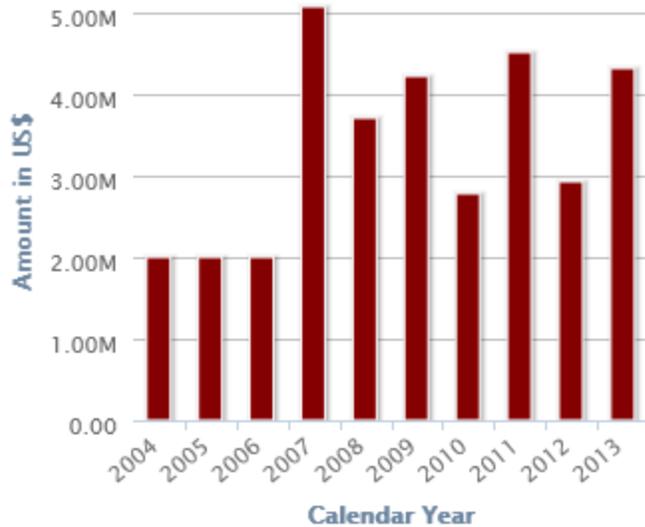
The World Bank lending program in South Africa is comprised of three operations funded by the International Bank for Reconstruction and Development and Global Environment Facility grants. These projects are the Eskom Investment Support Project (US\$3.75 billion), the Isimangaliso Wetland Park project (US\$9 million) and the Renewable Energy Market Transformation project (US\$6 million). In addition, a US\$250 million grant from the Clean Technology Fund supports the building of renewable solar and wind energy sources. These projects close in 2015, 2016 (2) and 2018. No new IBRD project was proposed or approved in FY14 (the table below provides an overview on SA loans and obligations).

IBRD: Summary of Current Loans for South Africa as at 30 June 2014



South Africa continues to contribute and participate in numerous trust funds, both multi-donor and South Africa specific funds. The portfolio includes trust funds for technical consultants and contributions to GEF, IFIM and CGIAR. No new trust fund was opened in FY2014. The graph below highlights paid-in contribution to 5 FIFs (financial intermediary facilities) since 2006. (as at 12/31/2013).

Paid in Contributions to FIFs by South Africa



South Africa remains an IDA donor and has pledged SDR 19.89 million to IDA 17. IDA17, like other windows before, is geared towards strengthening enabling development in low income countries. IDA17 puts special emphasis maximizing development impact through special attention to inclusive growth, climate change, gender, and fragile and conflict affected areas.

With regards to IFC, the committed and outstanding portfolio in South Africa consists of 28 partnerships. The sectors covered through the total portfolio include manufacturing, financial services, agriculture/agribusiness, health, and municipal infrastructure. Five projects were approved in FY14 for a total of \$396.74 million. These were in partnership with CLN South Africa, Sasfin Holdings, and African Bank Investment Limited.

No new MIGA deal was concluded in FY14; however, the exchanges between the country and the agency have heightened, leading to a better understanding of needs and interests.

Source: Client Connection



Courtesy of News Africa

CHAPTER 6

Recent Meetings

6.1 Constituency Meeting AfDB Annual Meetings 2014 in Rwanda, Kigali

The Constituency meeting of our group was held at the margins of the 2014 AfDB Annual meetings in Kigali, Rwanda, on May 30, 2014. The meeting was held at a Deputies level, with South Africa as the chair of the constituency. The Angolan delegation was led by the Mr. Campos, advisor to the Minister of Planning in Angola; the Nigerian delegation was led by Mr. Haruna Mohammed, Director, International Economic Relations the Federal Ministry of Finance; and the South African delegation by the Deputy Director-General of the National Treasury, Ms. Phetla-Lekhethe.

The topics discussed included: (i) staffing of the constituency office; (ii) The World Bank group Change process –An update ; (iii) Changes in the Doing Business Report; and (iv) Chairmanship of the Africa Caucus by Angola in 2015 (v) Ministerial Roundtable and (vi) Request by other Countries to Join EDS 25.

6.2 World Bank / International Monetary Fund Spring Meetings 2014

The 89th meeting of the Development Committee was held on Saturday April 12, 2014 in Washington D.C., USA. The South African delegation was led by Minister Pravin Gordhan (Minister of Finance); the Nigeria delegation by Minister Ngozi Okonjo-Iweala (Coordinating Minister for the Economy and Minister of Finance); and the Angolan delegation by Mr.). South Africa represented the Constituency at the Development Committee (DC) while Nigeria moved over to the International Monetary and Financial Committee (IMFC), in line with the subsisting arrangements between the two countries as fully endorsed by the Constituency at the IMF.

The Spring meeting was preceded by an informal Ministerial-level lunch which provided members the opportunity to comment on strategic institutional matters. At the DC plenary, the main item on Agenda was “Growth in the Post-Crisis Global Economy: Policy Challenges for Developing Countries”, while *Progress Report on Mainstreaming Disaster Risk Management in World Bank Group Operations* served as the Background Paper.

In their deliberations, Governors noted that economic recovery in high-income countries showed signs of strengthening and growth continues in many emerging market economies. However, risks remained. Therefore, fostering strong, inclusive and sustainable growth in today’s interconnected global economy required policy adjustments and appropriate coordination and communication. They encouraged the World Bank Group (WBG) and the International Monetary Fund (IMF) to work jointly and with all member countries in pursuing sound and responsive economic policies. Governors also welcomed the progress made in implementing the change

agenda, and called on the WBG to work effectively to complete the reforms. The WBG should build on its country engagement model as a platform for selectivity based on client demand and the new corporate goals, to deliver better, faster and evidence-based solutions that result in transformative outcomes for the benefit of low and middle income countries alike.

Lastly the Governors expressed their concerns over the problems in Ukraine and the continuously deteriorating humanitarian situation in the Central African Republic, South Sudan and Syria. The Governors commended the generosity of governments and families in neighboring countries who are hosting those displaced at significant economic and social cost. They called for concerted efforts by all to bring these crises to an end.

In addition to the formal WB meetings, the G24 met, the BRICS Finance Ministers (South Africa as chair), G20 Finance Ministers were also held and well attended. The inaugural meeting of Mexico, Indonesia, Nigeria and Turkey (MINT) countries also held on the sidelines of the Spring meetings. The Constituency country delegations also met with WB Staff to discuss their country-specific matters. Several other bilateral meetings held with different delegations.

6.3 Africa Caucus 2013

The 2013 meeting of the African Caucus was held in Khartoum, the Republic of the Sudan on August 21-22, 2013. The meeting was chaired by the host Minister of Finance and National Economy, Hon. Ali Mahmoud Abd Elrasoul. The Caucus meeting was well attended and it was declared opened by H.E. President Omer Al Basher. During the two-day meeting, Ministers exchanged views on a number of topical issues of interest to the continent and the issues slated for the agenda of the two Bretton Woods Institutions (BWIs) – the World Bank and the International Monetary Fund (IMF). The meeting featured two sessions of high level dialogue spanning two days. The topics covered include: Financing for Infrastructure through Structured Bonds and Implications for Debt Sustainability Analysis and Regional Solutions to Africa's Development challenges. In addition, the report of the WBG Energy and Agriculture Task Force was presented to Governors while the Ministerial Task Force on Agriculture was formally established. Also, the Guiding Principles of the Africa Caucus and far reaching changes to the rules guiding the rotation of Africa Caucus Chair were extensively discussed and for the first time in the history of the Caucus the rules were finalized and approved by the Ministers. The Meeting ended with the reading of the 2013 Khartoum Declaration which encapsulated the major conclusions and the next steps to ensure the actualization of the outcomes. The 2013 Final Memorandum of the African Governors was officially presented to the President of the World Bank, Dr. Jim Kim and the Managing Director of the IMF Ms. Christine Lagarde on Sunday October 13, 2013 during the Annual meeting.

6.4 Africa Caucus 2014

The twenty ninth meeting of the African Caucus was held in Khartoum, the Republic of Sudan, on September 3-4 2014 and was chaired by Hon Bader Eldin Mahmoud Abbas Makhtar, Minister of Finance and Economy of Sudan. During the two-day meeting, Ministers exchanged views on a number of topical issues of interest on the agenda of the two Bretton Woods Institutions (BWIs) – the World Bank and the International Monetary Fund (IMF).

The two-day meeting had a series of high-level dialogues, led by presenters and followed by robust discussions, these included:

- Development Financing and Inclusive Growth: the Role of the BWIs' Lending Policies;
- Trade and Industrialization in Africa;
- An update on the establishment of the “New Development Bank” by the BRICS tabled by the South African authorities;
- The Regional Economic Outlook, by the IMF Africa Department;
- A report on the Ministerial Taskforce on Energy and Agriculture- updating Ministers on the priority projects in the two sectors that Governors identified in 2011, by the World Bank;
- An update on the ongoing review of the World Bank's Safeguard policies;
- An update on the Bank Group's Strategy for Africa, by the World Bank and IFC, respectively; and
- A discussion on resource mobilization in the African Development Bank (AfDB), led by the AfDB.

Discussions were captured by the Khartoum Declaration II, attached as Annex 9, which succinctly summarizes Governor's deliberations over the two-day period. The issues in the Declaration inform the 2014 Memorandum to the Heads of the BWI. The 2014 Memorandum is largely in line with elements identified in the 2013 Memorandum and focuses on three main issues: Financing Africa's Development and Inclusive Growth: the role of the BWIs' Lending Policies; Financing Regional Transformative Infrastructure Projects in Africa; and Diversity, Quota and Voice.

The Final Memorandum of the African Governors would be officially presented to the President of the World Bank, Dr. Jim Kim and the Managing Director of the IMF Ms. Christine Lagarde on Sunday October 12, 2014 during the Annual Meetings in Washington, USA. The next meeting of the Africa Caucus is scheduled to hold in Luanda, the Republic of Angola, on date to be determined, in August or September 2015. The meeting will be chaired by the Angolan Minister of Finance, Hon Armando Manuel.



Courtesy of Mohammed Ahmed



CHAPTER 7

Administrative Matters

7.1 Voice Secondment Program (VSP): An Update

The Voice Secondment Program (VSP) started as a five-year pilot program approved by the Executive Directors (EDs) of the World Bank in April 2004. It aims to improve the capacity of Developing and Transition Countries (DTC) in dealing with the Bank. The VSP has contributed to this effort by involving clients in Bank operations directly through participant assignments; and indirectly by increasing the Developing and Transition Countries' (DTCs) dialogue with the Bank, namely, Executive Directors and Bank's operational teams. In this way, the VSP has also contributed to the Bank's operational and development effectiveness. The VSP specifically contributes to south-south cooperation and the knowledge agenda.

Three officials from Angola, Nigeria and South Africa participated in the 10th Cohort of the Voice Secondment Program (VSP), which spanned the period January 14 through July 13, 2014. Nominations for the 11th Cohort of the VSP have been finalized and only one candidate from South Africa was successful in our Constituency this year. The 11th Cohort of the VSP will commence in January 2015.

According to a recent independent assessment of the Program, it is adjudged to have achieved its goals during its second five-year term of 2010 – 2014. The analysis revealed that so far, the VSP has succeeded in achieving its overall objectives. The Program is reported to have attained highly satisfactory success in its second term of five years in meeting its goals of upgrading secondees' knowledge and skills to interact with the Bank. It also succeeded in encouraging informed dialogue and information exchange among a majority of focal agencies and EDs and operational staff, when alumni are engaged in their countries' interface with the Bank. The VSP has met its targeted retention rate of alumni interacting with the Bank. The program has also demonstrated relative success in enhancing the quality of constituents' contributions to policy and other discussions at the Board compared to pre-VSP.

The Program is however challenged by a couple of factors including secondees that do not return to their agencies – *a factor out of the control of the Bank and crucial for the success of the program*. In cohorts 5 to 8, as an illustration, 7 of 80 alumni did not return or deferred their return to their agencies immediately after the secondment or left the government before completing the mandatory two years supporting the Bank-DTCs interface. The Program is equally challenged by the inability of some agencies to involve alumni in Bank-related work due to political situations or institutional constraints at the releasing agency.

To sustain and further boost the VSP's success in attaining its goals, the findings show the importance of having EDs realize that the overall success of the VSP is sustainable to the extent that releasing agencies comply with their commitment to involve alumni in Bank affairs.

The Bank is currently considering moving administration of the VSP out of the Human Resources Vice-Presidency (HRSVP), the program's present home. The Global Coordination and Implementation Committee (GCIC) of the VSP met with the Committee on Governance and Administrative Matters (COGAM) to consider potential options which includes moving the secretariat of the VSP to the Corporate Secretariat Vice-Presidency (SEC-VPU) or the World Bank Institute (WBI). No decision on this issue has been reached yet.

Other modifications to be suggested by our Chair would include strengthening Secondee's practical learning in host units with emphasis on having all host units fully comply with agreed coaching and mentoring plan as a unique opportunity to contribute to the Bank's mission of fostering development of its client countries' human capital. Also, it is expected that the capitals will continue to fulfill their commitment to retain former secondees for a reasonable time as stipulated in the relevant agencies that interface with the World Bank in order to guarantee the success of the program going forward.



7.2 Diversity and Inclusion: Update

The World Bank continues to track staff *diversity* as mandated by its *Article of Agreement* which calls for recruiting on as wide a geographical basis as possible. In addition to diversity, there is institutional emphasis on *inclusion*, which refers to how the diverse workforce is effectively managed in meeting the institutional goal. In an inclusive environment, each person is

recognized and developed, and their talents are regularly nurtured, tapped into and appropriately deployed.

To facilitate monitoring from time to time, four main targets are regularly monitored. These include: Part II Managers (43-48 %); Female Managers (50%); Female GF-GG (45-50 %); and Sub-Saharan Africa / Caribbean (SSA/ CR) GF+ (12.5%). Other data points such as education, language diversity and sub-nationality and Nationality of Focus are also monitored. The sub-nationality factor is aimed at tracking the diversity in Country Offices and diversity among US staff with a view to increasing the numbers of US minorities in the system. To ensure managerial accountability, management teams of all Vice-Presidencies are required to sign a D& I Compact and the senior management vets all annual strategy.

At the end of Q2 in FY13, all four indicators showed improvement and the overall diversity index increased from 0.89, compared to 0.88 at the end of Q2 FY12. Specifically, among the 87 new managers selected internally, in the last 12 months, 47 % were part II nationals and 46 % were women. Of the 12 managers selected externally, 50 % were from part II countries and 17 % of them were women. Also, among the 495 GF+ recent hires, 51% were part II, 13 % were SSA/ CR nationals, and 38 % were women. In addition, there was a positive flow (+50) in the numbers of staff from the 17 nationalities of Focus (NOFs).

On diversity of academic backgrounds, recent educational data made available shows that current IBRD staff earned academic degrees from over 3,300 educational institutions in 156 countries. Overall, more than 77% of staff obtained at least one degree from a school in a country different from their nationality. Current Bank staff reported the knowledge of 164 languages at various levels, 147 of which are spoken as their native tongue, and the average number of languages spoken by IBRD GF+ operational staff is 3.

To improve the prospects of the nationals of the countries in our constituency in the World Bank Group, it is vital to emphasize the importance of the knowledge of a second or even a third working language of the World Bank by prospective applicants.

Source: World Bank Intranet

7.3 The World Bank's New Organizational Structure

As part of the Bank's new strategy and change process, as well as the emphasis that knowledge must guide and inform the full spectrum of World Bank Group (WBG) services, the Bank's Management set in place a new operational model. To this end, knowledge work is to be embedded in all units of the Bank, not as an add-on or as the responsibility of a separate cohort of staff, but as a core function for all staff. As of July 1, 2014, Global Practices (GPs) (including; i Agriculture; ii. Environment and Natural Resources; iii. Health, Nutrition and Population; iv. Social Protection and Labor; v. Urban, Rural and Social Development; vi. Education; vii. Finance and Markets; viii. Macroeconomics and Fiscal Management; ix. Poverty; x. Trade and

Competitiveness; xi. Water; xii. Energy and Extractives; xiii. Governance; and xiv. Transport and ICT) and five Cross-Cutting Solutions Areas (CCSAs) (i. Climate Change; ii. Fragility, Conflict and Violence; iii. Gender; iv. Jobs; and v. Public-Private Partnerships) were established.

Client interface will continue to take place through the Country Offices, under the six Regional Vice Presidents (Africa; East Asia and the Pacific; Europe and Central Asia; Latin America and the Caribbean; Middle East and North Africa; and South Asia). Country offices would however draw their technical capacity requirements from the GPs and CCSAs. It is anticipated that 60% of the technical staff would be decentralized and would therefore be situated in the various Country Offices in the six client regions the Bank serves. As of July 1, 2014, 5,337 staff members were successfully re-mapped. The appointment of GP Senior Directors got off to a shaky start when Management announced, on April 3, 2014 just prior to the Spring Meetings, the appointment of 16 Senior Directors to the GPs and CCSAs. There was a great amount of concern expressed by African Governors that no African was represented in one of those positions. At the time Management noted that two more positions were still open, since the one CCSA, Climate Change is at the level of Vice President. Subsequently, one of those vacant Senior Director posts was filled by an African.

Under the new business model, Global Practice Directors will have the responsibility and accountability for deploying staff as effectively as possible, across the WBG, to deliver on work programs, bringing the best expertise and knowledge to the client. Changes have also been introduced to the budget mechanism to provide the incentives and flexibility to allow for the aforementioned. It is anticipated that the new system will take a while to settle down and that it would need to adapt as it moves forward. FY15 will be a transition year for the new organization structure, determining what works and what does not; accordingly these lessons will be captured as budget and process mechanisms for FY16 are developed.

Source: World Bank Intranet

7.4 The World Bank Group Launched Global Practices on July 1, 2014

In furtherance of the change process in the World Bank Group (WBG) significant milestones have been achieved towards the implementation of the new operating model, with the launch of the GPs on July 01, 2014. The Global Practices (GPs) and Cross Cutting Solutions Areas (CCSAs) have become the key elements to achieving the WBG strategy. The new operating model is part of a broader internal reform aimed at delivering the best of the World Bank Group to clients, so as to achieve the twin goals of ending extreme poverty by 2030 and promoting shared prosperity for the bottom 40%.

The recruitment for all the senior leadership positions of the GPs and Cross Cutting Solutions Areas (CCSAs) were successfully concluded as announced on April 3. Accordingly, all positions are fully deployed and functional. All 5,700 staff affected by the move to GPs, including IFC staff, has validated their proposed mapping to the new structure and deployment is ongoing.

All Sector Managers, Sector Leaders and Country Sector Coordinators have validated their mapping to the new Practice Manager and Program Leader (PL) roles. Also, the recruitment process for 37 vacant PL positions was launched on April 16 and concluded in June. All portfolios, programs and trust funds have been mapped to the new structure.

The Accountability and Decision Making (ADM) framework has been updated to reflect the new GP structure and processes. Knowledge is now embedded in the GPs and CCSAs as a core responsibility under the WBG's new approach to knowledge. Through the work of a task force on incentives and results, the Bank is working to institute an incentives structure that supports the GPs/CCSAs to foster collaboration, strong client solutions and results, and a culture of knowledge sharing.

The primary role of the GPs is first, to *define strategic direction* including defining strategic priorities to deliver solutions and achieve results based on country and regional demands and interactions; and global priorities. Defining and implementing integrated resource strategies; engaging in selected, high priority partnerships; and establishing a robust monitoring and reporting systems are also the strategic responsibility of the GPs.

Second, the GPs have responsibility for *developing and deploying expertise globally*. The GPs will do this in three ways including: leading the development and delivery of solutions to clients; deploying the right technical staff where and when needed; and investing in developing technical talent.

Third, the GPs are to *deliver integrated solutions* including in operations (while regions ensure fit for purpose); in public-private integrated solutions that draw on GPs' CCSAs, MIGA and IFC; and hold the "Concurrence" role in all project/AAA approval steps, ensuring that all technical quality, safeguard and fiduciary requirements (if applicable) are met.

Forth, the GPs are to *capture and leverage knowledge effectively* and ensure that knowledge is used effectively to deliver solutions to clients. Additionally, responsibility for assigning staff roles and accountabilities in creating, capturing, sharing and using knowledge; reward knowledge sharing and learning, in performance management and career development; as well as develop knowledge base around key development challenges and solutions sets are among GPs knowledge responsibility.

The GPs contribute to WBG collaboration through i) forming a GP/CCSA collective leadership with shared vision and accountability; ii) establishing strong partnership with WB and IFC internal clients (i.e. Regions and CMUs); iii) using tools and mechanisms to enable staff to work in multi-GP/cross-WBG teams; iv) using training and incentives that reinforce collaboration (e.g. allocating budget to enable multi-practice engagements, allowing shared leadership and credit, providing flexible opportunities across GPs, and establishing targets for cross-Practice collaboration); and requiring, recognizing and rewarding collaboration in performance management, career development, and promotion criteria.

Source: World Bank Intranet



Courtesy of Nazanine Atabaki

CHAPTER 8

Other Events

8.1 2013 World Bank Group Youth Summit

The Junior Professional Associates (JPA) Program of the World Bank Group (WBG) in collaboration with other units within the Group held the 2013 Youth Summit on October 23, 2013. The theme for that event was “*Youth Entrepreneurship: Cultivating an innovative spirit to alleviate global youth unemployment*”. The summit featured notable panelists of the development community, and provided a forum for young people from around the world to share innovative ideas and solutions to current development challenges to create opportunities for youth employment and job creation.

The summit addressed three key issues: Youth Employment, Education and Millennial Communications – the use of social media and technology for development. In the run-up to the Summit, a Development Case Study Competition was held. The aim of the competition was to provide youths with the opportunity to propose innovative solutions and business products for real development issues that the WBG and external partners are striving to solve.



The highlights of the Summit witnessed the presentation of prizes and awards to four team representatives of the worldwide development case competition winners. Team TECHNOISLAND of Nigeria was the winner of Case C *Reverse Engineering, Youth Entrepreneurship Driving Education*. The team was represented by its leader- Salem Bolaji Kosemani, a graduate of Computer Science from the University of Ilorin, Nigeria. Salem is a software /web developer who majors in Microsoft technologies and he partners with Microsoft to organize tech events in Universities across Nigeria. Currently, Salem is on a project to transfer knowledge to students under Microsoft platform. At the end of the event, the Executive Director, Dr. Mansur Muhtar hosted a luncheon in honour of Salem, being the only winner from our Constituency and from Africa. Key officials from EDS 25, WBG-IMF Nigerian Community and the World Bank attended the luncheon.

8.2 High-level Panel on Illicit Financial flows from Africa

On February 3, 2014, a High-level Panel, established by the United Nations Economic Commission (UNECA) for Africa, on Illicit Financial Flows from Africa, chaired by H.E. former President Thabo Mbeki, of the Republic of South Africa, met with management of the World Bank. The latter included Managing Director and COO of the World Bank, Ms. Sri Mulyani Indrawati and the Vice President for Africa, Mr. Makhtar Diop. African Executive Directors of the World Bank Board were also invited to the meeting. The High-level Panel was formally established February 18, 2012 in Johannesburg, South Africa and its main purpose is to prepare a report with recommendations on the illicit financial outflows from the continent, estimated at \$50 billion annually, for consideration by African Ministers of Finance, Planning, and Economic Development. The Panel requested a meeting with the Bank to understand what it could learn from the WBG's experience in this area.

The Panel shared that they had already consulted a number of African countries to understand how illicit financial flows manifest. The panel tried to gain perspective on how these countries are addressing the matter and engaged with state institutions, the private sector and civil society. It was noted that initial evidence suggested that taking prompt action to curtail illicit financial outflows from Africa will provide a major source of funds for development programs in the continent. One of the keys to achieving success is the adoption of laws, regulations and policies that encourage transparent financial transactions, while developing local capacity to implement these. President Mbeki stressed that African countries must reach out to the G-20 to call for greater transparency and tighter oversight of international banks and offshore financial centres that facilitate such flows.

President Mbeki noted that the visit to Washington was the first visit beyond the continent and that the Panel had met with the US Treasury, with a view to cooperating on this matter. It was noted that the Panel also planned discussions with IMF, the corporate sector in New York and that it had plans to proceed to Europe to meet with the OECD, European Commission and European Parliament. The Bank shared with the Panel examples of its vast experience in the area, notable is the STaR initiative. The Bank's management emphasized that African countries have a functional policy and legal framework to deal with illicit flows, the main challenge is capacity, including statistical capacity. The Bank agreed to continue working with the UNECA

Secretariat to provide additional technical detail. The Panel noted that they found the discussion to be very useful and that they would share the draft recommendations with the Bank for comment.

The High Level Panel is comprised of Mr. Olesegun Teniola Apata, Former Ambassador and Chairman of Coca Cola Bottling Company- Nigeria; Mr. Raymond Baker, Director, Global Financial Integrity- USA; Dr. Zeinab Bashir El Bakri, Former Vice President of the African Development Bank- Sudan; Mr. Abdoulaye Bio-Tchane, Former Minister of Finance and Economy- Benin; H.E. Hendrik Harboe, Director, Development Policy, Ministry of Foreign Affairs- Norway; Prof. El Hadi Makboul, Director National Centre for the Study and Analysis of Population and Development- Algeria; Barrister Akere Muna, President, Pan-African Lawyers Union (African Union ECOSOCC President; Member Eminent Persons Panel of the APRM; and Vice-President of Transparency International, Cameroon; and Ms. Irene Ovonji-Odida, Chair, Action Aid International Board, Uganda.

8.3 World Bank Group Staff Honour Late President Nelson Rolihlahla Mandela

On the announcement of the passing of Nelson Mandela, President Jim Kim of the World Bank issued a formal press release on December 5, 2013 expressing his condolences to the family, the Government and the people of South Africa. Subsequently, President Kim, in conjunction with EDS25, hosted a memorial gathering for the Staff of the World Bank Group on Thursday, December 12, 2013 in honor of the late Nelson Mandela. The memorial event, which held in Jim Wolfensohn Atrium of the Bank headquarters in Washington DC, USA, on Thursday, December 12, 2013 was preceded by kiosk announcements within the entire World Bank Group. The event commenced with a short statement and reflections from President Kim eulogizing Nelson Mandela. This was followed by one-minute of silence in memory of Madiba. This was subsequently followed by eulogies by Dr. Mansur Muhtar, the Executive Director for Angola, Nigeria, and South Africa at the World Bank, Leonard McCarthy, Head, Integrity Vice-Presidency at the World Bank and a prominent son of South Africa, and other members of staff. The speakers all espoused the virtues of the late Madiba and some made personal reflections on the Madiba they knew and what lessons we could all draw from him.



Courtesy of Nazanine Atabaki





Courtesy of Naandanjain





Patti's Farewell



Vuyelwa's Farewell



Vuyelwa's Farewell

8.4 The World Bank hosted 1 in 3 Art Exhibition on Gender-Based Violence

Gender-based violence (GBV) is a global epidemic that disproportionately affects women and girls. An estimated **1 in 3** women worldwide are beaten, coerced into sex, or otherwise abused in her lifetime. The mounting evidence on gender-based violence (GBV), which is being recorded by the World Bank Group (WBG), points to a global epidemic. GBV does not spare any socio economic class, ethnicity, race, religion or education level. The problem of violence against girls and women transcends international boundaries.

The WBG is working with governments and civil society in its member countries, and with other development partners to ensure that everyone – male and female - is able to live free from violence or the fear of violence. The WBG has found that within civil society, the artist community can play a key role in raising awareness about GBV and in promoting behavior change. Artists, who can be unburdened by convention, are often able to communicate what others are not able to say, illustrate what others cannot see, convey meanings and emotions that others cannot. For these reasons, the Art Program and the Gender Anchor of the World Bank believe that artists can be tremendous allies for the Bank in its efforts to combat GBV.

In furtherance of this believe, the WBG hosted the **1 in 3** Art Exhibition from May 22 – July 18, 2014 featuring various activities. The main objective was for the Art Exhibition program to serve as a visual complement to the launch of the WBG’s reports on GBV in late May 2014. Through a variety of artistic media, the exhibit demonstrated the multi-faceted and global nature of GBV, including violence during conflict, domestic violence, human trafficking, and the role of men in the gender debate. The exhibition offered a compelling narrative on GBV conveyed through the stories of victims and those of agents of change, as well as through anti-GBV campaigns from around the world. This narrative aimed to emphasize: i) the global nature of the GBV problem, and ii) the role that both women and men, as well as CSOs, foundations, and international development agencies must play to counter the reality of GBV.

The ceremony featured talented actors and actresses including the legendary Ms Stella Damasus (Actress and Film Producer) from Nigeria. Stella Damasus is an award winning Nigerian actress and singer who has starred in over 50 films including many Nollywood movies. She has won many awards including the Best Actress at the African Academy Award. Stella is also a member of One Heart One Sound - gospel group in Abuja and founder of Stella Damasus Art Foundation which provides economic, intellectual, and emotional support for her community, using art as a primary tool; and Adiva – a membership program that helps women and young women unlock their potentials. Her movie “**When it is Enough**” on domestic violence featured during the **1 in 3** Art Exhibition.

The exhibitions used several means of communication, including: visual artworks and theatre plays to give voices to the victims; films and videos to present stories of people in situations of GBV; posters and billboard advertising used in various countries to educate the public about GBV; and lectures and talks by practitioners and experts on gender issues to bring a greater understanding of the factors underlying GBV and how we can address them. The exhibition was presented at the World Bank Main Complex.



ANNEX 1: Approved Operations for Constituency Countries

APPROVED OPERATIONS FOR CONSTITUENCY COUNTRIES

JULY 1, 2013 – JUNE 30, 2014

ANGOLA

Project Name	Amount US\$M	Approval Date	Product Line / Sector	
Learning for All Project	75.00	09/26/2013	Education	IDA

NIGERIA

Project Name	Amount US\$M	Approval Date	Product Line / Sector	
Seven Energy International Limited	75.00	03/13/2014	Gas for Energy	IFC
Second Lagos DPO	200.00	03/27/2014	Multi-sectoral	IDA
Power Sector Guarantees	700.00	05/01/2014	Power and Energy	IBRD/IFC/MIGA

SOUTH AFRICA

Project Name	Amount US\$M	Approval Date	Product Line / Sector	
CLN South Africa	27.32	12/3/2013	Manufacturing	IFC
Global Trade Finance Programme(GTFP) Sasfin Holdings	17.7	8/2013	Financial sector	IFC
Project Leo	91.72	10/11/2013	Financial sector	IFC
First Rand Limited	250	01/23/2014	Financial Markets	IFC
IHS South Africa Workforce Housing Fund II (SAWHF II)	10	06/06/2014	Housing sector	IFC/GEF

ANNEX 2: Up-Coming Meetings

UP-COMING MEETINGS

MEETING	DATES	VENUE
African Caucus	October 10 – 12, 2014	Washington, D.C, USA
WB/IMF Annual Meetings	October 10 – 12, 2014	Washington, D.C, USA
Constituency Meeting of Angola, Nigeria and South Africa	October 10 – 12, 2014	Washington, D.C, USA

ANNEX 3

UP-COMING ANNUAL MEETINGS OF THE IMF/WBG

MEETING	DATES	VENUE
Fall Meetings of the World Bank Group and the International Monetary Fund.	Saturday, October 11, 2014	Washington, D.C, USA
Spring Meetings of the World Bank Group and the International Monetary Fund.	April 18, 2015	Washington, D.C, USA
Fall Meetings of the World Bank Group and the International Monetary Fund.	Saturday, October 10, 2015	Lima, Peru
Spring Meetings of the World Bank Group and the International Monetary Fund.	April 16, 2016	Washington, D.C, USA
Fall Meetings of the World Bank Group and the International Monetary Fund.	Saturday, October 8, 2016	Washington, D.C, USA

ANNEX 4: Development Committee– October 2013



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

Communiqué

1818 H Street, N.W., Washington, D.C. 20433 Telephone: (202) 458-2980 Fax: (202) 522-1618
Washington, DC October 12, 2013

1. The Development Committee met today, October 12, 2013, in Washington DC.
2. Latest signs of recovery among developed economies, encouraging as they are, remain uneven, and the growth of some emerging economies is slowing. Addressing increased volatility and achieving strong, balanced, and sustainable global growth, will continue to require appropriate policy responses and reforms in countries of all income levels. The World Bank Group (WBG) and the International Monetary Fund (IMF) must remain vigilant to the emergence of new sources of volatility and downside risks. We welcome the intensified focus of the IMF on growth and job creation, as well as on the analysis of risks and vulnerabilities and the assessment of the global impact of policy changes in systemically important countries. Safeguarding and further building on the openness and fairness of the international trading system remains vital to global growth and in this context we look forward to progress at the World Trade Organization's upcoming Bali Ministerial Conference.
3. Tremendous progress over the last two decades has reshaped the development landscape. It has created new opportunities to help reduce poverty and promote shared prosperity, but it has also introduced new risks to sustaining progress. Although the global poverty rate has fallen by half since 1990, progress within the developing world has been highly uneven. Roughly half of the low income countries are classified as Fragile and Conflict-Affected Situations (FCS), which pose particular challenges and are home to a growing share of the world's extreme poor.
4. In many developing countries, growth has been accompanied by rising inequality. Transitioning to middle-income status does not signal the end of poverty, as the majority of the world's poor still live in middle income countries. A lack of sustained progress in building shared prosperity may eventually obstruct growth by causing instability, distorting incentives and reducing upward mobility. Job creation, especially for youth and women, and private sector development are key for inclusive growth.

5. The two ambitious goals for the WBG, to end extreme poverty by 2030 and promote shared prosperity in an environmentally, socially and economically sustainable manner, endorsed at our last meeting, offer an important contribution to the post 2015-agenda. In order to achieve the goals, we strongly endorse the new WBG Strategy. We welcome the repositioning of the institution as “One World Bank Group” that works with the public and private sectors in partnership, contributes to the global development agenda through dialogue and action, supports clients in delivering customized development solutions, and helps advance knowledge about what works in development.

6. The WBG has an important role to play in delivering global development results, supporting countries with their specific development challenges, and helping them eradicate poverty and build resilience to future financial, economic, social, and environmental challenges. We stress the need for a continued strong client orientation that recognizes the diversity and development needs of countries. Special attention must be paid to countries and regions with the highest incidence of poverty, to FCS, as well as to the unique challenges facing small states. We also reaffirm the crucial role of the WBG in helping the international community address major global challenges, including climate change. To achieve maximum impact, the WBG needs to be selective in its efforts, while collaborating with partner organizations and the private sector at both national and global levels, and facilitating south-south cooperation and regional integration in pursuit of its goals.

7. Success of the Strategy requires effective, timely, and well-managed implementation, including clear sequencing of reforms and specific metrics for major changes, as well as regular communication with WBG stakeholders. An evidence-based, country engagement model; supportive reforms to the WBG’s internal organization, systems, processes and procedures; human resources and leadership management in promoting and modeling the needed culture change will be crucial. We call on the WBG to continue delivering on its mandate during the transition period and to refine its monitoring and evaluation framework to measure progress and assess performance, adjust actions and show results to better satisfy clients’ needs. An updated Corporate Scorecard reflecting the new Strategy should be in place by our next Spring Meetings.

8. A robust IDA 17 replenishment, with strong participation from all members, is fundamental for delivering on the WBG Strategy. Needs and demands among IDA countries remain high, and we must seek replenishment with the scale, quality and policy content that will allow IDA to achieve substantial results.

9. We welcome measures to utilize existing resources better and strengthen the WBG’s financial capacity to align it with the ambition of its strategy. We call on the WBG to pursue a finance work program that envisages lifting the growth trend of revenues, resetting expenditures to a leaner cost base by improving organizational and operational efficiencies, and better mobilizing internal and external resources to enhance the WBG’s capacity to deliver more development assistance while paying due attention to risk. We welcome the WBG work on innovative approaches to mobilize and catalyze additional long term financing for infrastructure, which is critical for growth, prosperity and poverty reduction in emerging and low income countries.

10. We emphasize the importance of further mainstreaming and strengthening WBG support for gender equality through better analysis, targeted actions, and more robust monitoring and evaluation. Gender equality is important, both in its own right and also as a means of pursuing the overarching goals for poverty reduction and shared prosperity. We welcome continuing work on updating and renewing the WBG's strategy for promoting gender equality and look forward to a progress report in a year.

11. We commend the WBG and its staff for their initiatives in fragile situations like the Great Lakes and the Sahel Region and for their work with refugees in the Middle East. We also welcome the WBG's strengthened support to Myanmar after its reengagement. We call on the WBG to deepen further its commitment in the Sahel and the Horn of Africa through initiatives that, in coordination with the UN system, address vulnerability and resilience, and promote economic opportunity and integration. We welcome renewed WBG support to transformative regional projects, including for sustainable and affordable energy solutions. We urge the WBG and IMF to scale up their efforts in the Middle East and North Africa region, including support for sound economic reform, job creation, capacity-building programs, and the basic human needs of conflict affected people as well as mitigation of the impact on neighboring countries.

12. The next meeting of the Development Committee is scheduled for April 12, 2014, in Washington DC

**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
DC/S/2013-0058

Statement by

Dr. Ngozi Okonjo-Iweala

Coordinating Minister for the Economy and Minister of Finance

Nigeria

On behalf of the Constituency of Angola, Nigeria and South Africa

88th Meeting of the Development Committee

October 12, 2013, Washington, D.C.

Global Economy

We welcome the emerging signs of recovery among developed countries, including the strengthening of growth in the Eurozone. The projected pickup in growth in high income countries would help facilitate the restoration of the growth momentum in the developing countries and emerging market economies, especially, when combined with the recent easing of commodities and energy prices. We are however concerned that this prospect could be undermined by the near term risks associated with the delays in addressing US fiscal challenges which has resulted in the widespread uncertainties and ambiguities that are further compounded by the exit strategies from unconventional monetary policies by Advanced Economies. We urge for an early resolution of these issues to avoid any negative ramifications for emerging markets and the global economy at large.

World Bank Group Strategy

We welcome the proposed World Bank Group (WBG) Strategy which constitutes an appropriate response to a changing development landscape, requiring that the Bank becomes more dynamic and agile in addressing development challenges facing its clients. We re-affirm our support for the focus on poverty eradication and shared prosperity as the pivotal goals of the WBG's strategy.

In operationalizing the strategy, we welcome the shift in emphasis towards a 'Solutions Bank' underpinned by a new business model founded on creating global practices. This would enable an effective and efficient deployment of organizational knowledge and talent. We look forward to the operationalization of the new country engagement model founded on systematic country diagnostic. We also welcome the enhanced focus on partnership and the strengthened emphasis on working as one World Bank Group, to exploit synergies and complementarities. However, as changes are being made, extra care should be taken to preserve those aspects of this institution that have served it well in the past and which now constitute its main strengths. In particular,

there must be continued attention to client focus, country ownership and results as the primary goal. This is vital for the future sustainability of the on-going reforms.

We also urge that Africa remains at the Centre stage, to help deepen and consolidate the encouraging progress being recorded. The continent is now going through a transformational phase marked by respectable rate of economic growth, drawing private sector interest. World Bank Group's support is needed to effect a smooth transition to sustainable growth that will accelerate the eradication poverty and boost shared prosperity. Continued attention also needs to be given to the complex and acute development challenges of Fragile and Conflict-Affected States in the region as well as other Low Income Countries. The WBG can be assured of our full support towards operationalizing this strategy at country-level, while taking full ownership of our development process.

Implementation will be critical to the success of the strategy. In particular, the reforms and the associated change process including reforms of the core internal HR, administrative, budget and finance functions, need to be sequenced properly in order to ensure seamless implementation. Communication is also vital in any successful reform process. Accordingly, we urge that the on-going reforms be periodically communicated to all stakeholders and especially staff, so as to attenuate the level of anxiety in the system. We look forward to the roll-out of the implementation in the months ahead.

The successful implementation of this ambitious strategy will require additional resources. We note the WBG's efforts to realize efficiencies and create an effective, leaner Bank, while looking at ways to grow the Group's business, in particular as it seek to scale up long-term financing for infrastructure. With regard to the latter, we further note the WBG's efforts to tap into new sources of funding, including *crowding-in* and catalyzing private sector funding. In this respect, we look forward to the elaboration of the proposed Global Infrastructural Facility (GIF) which seeks to further leverage additional sources of financing, particularly for infrastructure in developing countries.

IDA-17 Replenishment

As the single largest provider of funds for economic and human development projects to LICs, we see IDA continuing to play an important development role in the years to come. While much progress has been achieved, there are key social and human development challenges that need to be addressed in low income countries, as well as in fragile and conflict affected situations, including the building social and physical infrastructure, strengthening institutions and governance, as well as supporting inclusive growth. Accordingly, we reiterate our call on current and prospective donors alike to ensure a robust IDA-17 replenishment. A robust IDA-17 which timing coincides with the operationalization of the Bank's new strategy is an essential imperative to the successful implementation of the twin goals in the poorest countries. It is also critical in supporting the post -2015 sustainable development agenda.

WDR: Managing Risk for Development

We welcome the 2014 World Development Report, which brings to the fore the imperative of managing risk as a powerful instrument for development. Both developed and developing countries have witnessed numerous and unprecedented crises, which differed in nature, form and magnitude in the last decade. This WDR is therefore timely and provides useful messages on how countries could respond, given the different capacities and resources as well as trade-offs that need to be made. We look forward to the operationalization of the 2014 WDR in the Bank's work with emphasis on assisting countries faced with competing priorities and trade-offs in realizing their development agenda through proper risk management, in line with their needs, capabilities and priorities. In this regard, we encourage the Bank to support the African Risk Capacity (ARC) - a recently established agency of the African Union that will provide African Governments with timely reliable and cost-effective contingency funding in the event of severe drought or flood by pooling risk across the continent.

Gender

We note and welcome the update on the Gender Equality Agenda. Although progress has been made on many fronts, it is important to keep the momentum going. We also believe that there is room for a stepped-up approach on how the Bank addresses gender, building on progress achieved through the implementation of IDA 16 and the operationalization of the 2012 WDR on Gender. In this regard, we endorse the mainstreaming of Gender in the work of the WBG, as articulated in the proposed WBG strategy. We believe that the proposed WBG's strategy provides a good platform to build on this momentum.



DEVELOPMENT COMMITTEE

Communiqué

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Washington, DC April 12, 2014

1. The Development Committee met today, April 12, 2014, in Washington DC.
2. Economic recovery in high-income countries shows signs of strengthening and growth continues in many emerging market economies. However risks remain. Fostering strong, inclusive and sustainable growth in today's interconnected global economy will require policy adjustments and appropriate coordination and communication. We encourage the World Bank Group (WBG) and the International Monetary Fund (IMF) to work jointly and with all member countries in pursuing sound and responsive economic policies; addressing underlying macroeconomic vulnerabilities; rebuilding macroeconomic buffers; and strengthening prudential management of the financial system.
3. The ability of the WBG to assist countries in achieving the goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, and to support member countries in addressing their development needs, should be enhanced by the implementation of the WBG Strategy that we endorsed at our last meeting. We welcome the progress made in implementing the change agenda, and call on the WBG to work effectively to complete the reforms. The WBG should build on its country engagement model as a platform for selectivity based on client demand and the new corporate goals, to deliver better, faster and evidence based solutions that result in transformative outcomes for the benefit of low and middle income countries alike. We expect the new WBG structure should lead to better global knowledge sharing to benefit all client countries, and to strengthening its role in support of south-south and regional cooperation. We welcome the WBG scorecard and look forward to regular updates on the implementation of the WBG strategy.
4. Strengthening the foundations for strong, inclusive and sustainable growth calls for macroeconomic stability, good governance, promoting public investment, improving the enabling environment for private investment, boosting quality investment in resilient infrastructure and improving access to finance. Social inclusion and policies that broaden income opportunities and the full participation of all groups, including women and the marginalized and vulnerable, are essential. Raising skills, productivity, and innovation capabilities are also key elements. An open business climate that fosters competition, more inclusive human capital development and well-targeted social protection programs are good both for growth and for shared prosperity. Private investment flows complement development finance and are a vital

factor in achieving our goals. In this context, we emphasize the importance of the roles of the International Finance Corporation and the Multilateral Investment Guarantee Agency, working as part of one WBG, in catalyzing private financial flows and promoting the development of a dynamic private sector that can help support sustainable growth, shared prosperity and real opportunities for all citizens in all client countries. Environmental considerations need to be integrated into policymaking: climate-smart policies are necessary for environmental sustainability and resilience, and could also generate side benefits for growth and jobs.

5. The level of ambition of the WBG Strategy demands better utilization of existing resources as well as strengthening the WBG's financial capacity. We are encouraged by and we welcome the conclusion of a successful IDA 17 replenishment, which included strong support from traditional and new donors, and innovative financing mechanisms. The record US\$52 billion approved by shareholders puts IDA in a strong position to maximize impact in supporting our poorest and most vulnerable member countries, including many fragile and conflict-affected situations (FCS) as well as small states, which face particular development challenges. We welcome IDA 17's commitment to maximize development impact with its special focus on inclusive growth; gender equality; climate change, including disaster risk management (DRM); and FCS. We are also encouraged that the subsidy resources needed to ensure the sustainability of subsidized IMF lending to low income economies have been largely secured. We value the IMF's work on how countries can use fiscal policy to address inequality in an efficient manner.

6. The measures taken to grow revenues, reduce costs, and make more efficient use of capital within a prudent risk framework will increase the WBG's financial capacity to serve its clients, both by supporting them with their specific development objectives and by providing countercyclical support in times of crisis. We look forward to continued progress in achieving a leaner cost base via improved organizational and operational efficiencies, as well as ongoing efforts to develop innovative approaches and mechanisms to mobilize additional financing. We encourage increasing the level and quality of investment in infrastructure, which is critical for growth, job creation, prosperity and poverty reduction in countries of all income levels. We call on the WBG to remain actively engaged with middle income countries to help them address their development needs. We also encourage the WBG to explore extending IBRD loans to well performing IDA-only countries while ensuring their debt sustainability.

7. We urge the WBG and the IMF to continue to strengthen their engagement with Sub-Saharan Africa and ensure that their financial, analytical, and capacity-building support is geared toward fostering country-driven structural transformation, reducing extreme poverty, boosting job creation, and making economic growth more inclusive and resilient. We especially welcome the WBG's stepped up engagement in addressing the regional drivers of fragility and conflict, most recently through the Sahel Initiative and continued implementation of the Great Lakes Initiative. The WBG should learn from these initiatives and apply lessons to the Horn of Africa, Central Africa and the Gulf of Guinea. We also commend the role of the WBG in helping to close the infrastructure gap of Sub-Saharan Africa, by attracting new investments and financing sustainable energy supply and distribution. We call on the WBG to assist clients to further develop nutrition-sensitive agriculture production, including through support to smallholders and cooperatives, and to broaden support for sustainable agriculture. We are encouraged that the IMF has now completed its program of establishing five technical assistance centers to meet needs across the entire region. We welcome the forthcoming IMF high-level conference in

Mozambique that will bring together economic policy makers from Africa and beyond to discuss some of the key challenges facing the continent. We call for enhanced focus and attention to the Middle East and North Africa region, and emphasize the importance of WBG support to Arab countries in transition.

8. We remain deeply concerned about the continuously deteriorating humanitarian situation in the Central African Republic, South Sudan and Syria. We commend the generosity of governments and families in neighboring countries who are hosting those displaced at significant economic and social cost. The WBG's work in FCS is fundamental to delivering on its goal to end extreme poverty, and active IMF engagement in FCS is key to achieving macroeconomic stability under what are often very difficult circumstances. We urge the WBG and the IMF to remain closely engaged in these as well as other FCS and countries in transition, in coordination with other development partners. We welcome the continuous support of the WBG and IMF to Ukraine given the challenges the country is facing.

9. We encourage the WBG to maintain strong collaboration with the UN system in the definition of the Post-2015 Millennium Development Goals.

10. We welcome the WTO Bali Ministerial Declaration on Trade Facilitation. We believe the agreement will increase competitiveness for developing countries by improving border management and reducing transaction costs and we call on the WBG to support countries in its implementation.

11. We are encouraged by progress made by the WBG in mainstreaming DRM in its operations and recognize the need to further intensify these efforts in country partnership frameworks. We recognize the challenges faced by small states vulnerable to the effects of climate change and natural disasters. We would welcome a further update on progress two years from now.

12. We remain committed to completing the implementation of the 2010 WBG shareholding realignment. We urge all members who are yet to subscribe to their allocated IBRD and IFC shares to do so without delay, and look forward to the next review of Voice by 2015.

13. We thank Jorge Familiar for his excellent services to the Development Committee over the past four years and wish him well in his future role as the World Bank's Vice President for Latin America and the Caribbean. The next meeting of the Development Committee will be held on October 11, 2014, in Washington, DC, USA

ANNEX 7: Development Committee– APRIL 2014

DEVELOPMENT COMMITTEE
EIGHTY-NINTH MEETING WASHINGTON DC, USA – APRIL 12, 2014

DC/S/2014-0027

**Statement by
Mr. Pravin J. Gordhan
Minister of Finance
South Africa
On behalf of the Constituency of Angola, Nigeria and South Africa
89th Meeting of the Development Committee
April 12, 2014
Washington, D.C.**

Global Economy

We welcome the improvement of economic prospects and growth in high-income countries. The increase in growth in these countries would assist in facilitating the growth momentum in the developing countries and emerging market economies, whose macroeconomic fundamentals remain strong. Sub-Saharan Africa's growth is projected to continue on a robust trajectory, mainly as a result of increased investments in the natural resources sector. While we continue to have a positive outlook on the global economy, downside risks remain. Sustained growth in developing countries could be undermined by the near term risks associated with the exit strategies from unconventional monetary policies by Advanced Economies. Tightening financial conditions could lead to a slowdown in emerging markets, especially those with integrated linkages to the global markets. This could further lead to a slowdown in external demand for developing markets and low-income countries' exports.

To avoid these negative consequences, we call for continued and improved communication on monetary policy actions from developed countries. Developing countries need to have sufficient access to multilateral sources of financing to assist in navigating difficult situations that may arise from negative spill-over effects. In the interim, macroeconomic buffers need to be strengthened and structural transformation augmented to boost productivity. The World Bank Group (WBG) can play an important role in this regard through the provision of knowledge, advisory services and financing, to ensure sustainable long-term inclusive growth.

World Bank Group Institutional Reform Process

We note the progress made to date in aligning the institution to achieve the goals endorsed by Governors at the last Spring Meetings. The Bank is positioning itself to assist client countries in eliminating extreme poverty and reducing inequality in the long-term, and in meeting the challenges of the post-crisis growth in the medium-term, should the economic environment deteriorate. In this regard, we note the measures put in place to grow the revenue of the Bank and strengthen its balance sheet. We however request the Bank to remain vigilant to ensure that they

mitigate any unintended consequences of these measures in order to increase revenue and improve the Bank's margins for maneuver in the medium-term.

We acknowledge that at present, the Bank's capacity is constrained and that the steps needed to make the Bank more effective and efficient may entail difficult trade-offs. Strengthening the Bank's business capacity and financial sustainability will also require both improved revenue flows and greater institutional efficiencies. To this end, we welcome the Bank's Expenditure Review process, which has been the objective of realizing significant savings. While these savings may have far reaching consequences in improving the way the Bank operates in the medium-term, we hope that a reduction in the cost base in the short-term would not negatively impact the quality of service delivery to clients. We therefore call on the Bank to appropriately communicate with all stakeholders and to be transparent, while providing as much information as possible on the outcomes of decisions made.

We welcome the focus and priority being placed on the complex and acute development challenges of Fragile and Conflict-Affected Situation (FCS) as well as Sub-Saharan Africa (SSA) and South Asia, as the regions with the highest incidence of poverty. Keeping Africa on the centre stage will help deepen and further consolidate the progress being recorded, at this moment to prevent a slowdown in growth. Africa will need significant investments in infrastructure to realize its full growth potential. We look forward to further engagement with the Bank on the use of additional sources of financing, such as the Global Infrastructure Facility, to supplement current resources in supporting transformational infrastructure projects at national and regional levels.

We also look forward to the operationalization of the Bank's new country engagement model (CEM), which includes the Systematic Country Diagnostic (SCD) and Country Partnership Framework. A strong statistical database is vital to any successful SCD in our countries. In this regard, we are encouraged by the priorities accorded to strengthening the statistical capacity of client countries, by the WBG. We hope that the CEM will result in a more focused and strategic engagement with countries. We note that the drive to become countries' development partner of choice and a "solutions Bank" will be informed by a new organizational structure, the Global Practices and Cross Cutting Solutions Areas, which will be where the talent and knowledge of the Bank resides. While appreciating the progress made in defining the organizational architecture, we call on the WBG to strive harder in achieving diversity goals, especially in respect of underrepresented regions. The WBG can be assured of our full support towards operationalizing the strategy at the country-level, while taking full ownership of our development process. We look forward to keeping track of the WBG's performance and progress through the new Group Corporate Scorecard.

IDA-17 Replenishment

We welcome the record replenishment of USD \$52 billion and commend IBRD and IFC for their continued support to IDA. We also welcome the participation of new donors in this replenishment and the introduction of concessional partner loans, as a way for partners to increase their contributions to IDA. We are encouraged by IDA's increased focus on FCS and urge that this be strongly complemented by increased mobilization of private sector funding through IFC and MIGA. In addition, we view IDA's strong and more targeted investments in

regional transformational projects in SSA as an important component to shaping the future of sustainable growth on the continent. We look forward to the work of the internal task force to assist some of our countries navigate the difficult process/period of graduation from IDA.

Progress Report on Mainstreaming Disaster Risks Management (DRM) in WBG Operations

We welcome the progress report on the implementation of the recommendations of *The Sendai Report* and commend the increased integration of DRM into policy and investment operations, as well as in Country Partnership Strategies across the Bank Group. The efforts of the IFC and MIGA in supporting investments that incorporate climate resilience should be extended to SSA countries especially, those in the Sahel, which have persistently experienced extreme weather conditions over the years. Capacity building at national, sub-national, local and cross-border levels will also ensure effective results outcome. We urge the Bank to provide, more broadly, improved information on hazard exposure to enable the relevant country authorities to take proactive measures to safeguard human lives and assets. Furthermore, disasters do not respect national boundaries, a regional solution through effective liaison with regional bodies to disaster risk management is essential to any efforts in tackling this problem. Lastly, we welcome the establishment of the Tokyo Hub to serve as a global centre for mainstreaming DRM in to both WBG operations and national development planning and investment programs.

ANNEX 8:

KHARTOUM I DECLARATION

Having met in Khartoum, The Republic of Sudan, at our 2013 African Caucus, chaired by His Excellency Ali Mahmoud Mohamed Abdelrasoul, Chairman of the African Caucus of the IMF and the WBG, Minister of Finance and National Economy of Sudan;

We the African Governors of the World Bank Group and the International Monetary Fund,

Mindful that Africa's growth and transformation are seriously challenged by inadequate physical infrastructure and infrastructure financing instruments;

Considering that without peace, stability, regional solutions and bold investments in key sectors - such as energy, transport, information communication technology and water - eradicating extreme poverty and boosting shared prosperity could be elusive goals;

Aware that the long term financial sustainability of IDA, bolstered by an ambitious IDA 17 replenishment, is vital to Africa's development needs and the realization of WBG's mandate and strategies in Africa ;

Recognizing the unique circumstances of African Lower Middle Income Countries (LMICs) which can neither benefit from IDA resources because of their MIC status nor can access the capital market due to lack of requisite creditworthiness and /or debt sustainability concerns;

Noting that structured bonds and other private flows present an alternative mix of financing sources for infrastructure investment, and that they cannot be substitutes for concessional financing;

Cognizant of the need for an appropriate IMF debt limits policy that is conducive to both debt sustainability and adequate financing of our infrastructure development agendas; and

Stressing that our concerns regarding the IMF quota and governance reforms still needs to be addressed, that our continent remains poorly represented in the high-level decision-making structures of the WBG and the IMF; and that recruitment and promotion of African nationals continue to fall short of the set targets;

**AFTER EXTENSIVE DELIBERATIONS, REITERATE WITH A SENSE OF
URGENCY, OUR CALL**

To *the World Bank Group* to:

- (i) Partner with other donors, in particular the African Development Bank (AfDB), to establish a *Single Infrastructure Project Preparation Facility for Africa* to support large-scale transformational infrastructure projects; contribute and mobilize sufficient resources, including IDA contributions, to adequately fund it;
- (ii) Step up in assisting national and regional institutions, in particularly, central banks, other financial institutions, and securities commissions, to undertake more capital market deepening programs to unleash private financing for transformative projects, along the lines of ongoing IFC's initiatives in Africa;
- (iii) Exercise flexibility by exploring modalities for expanding IBRD lending to IDA countries, for the purpose of structuring large-scale transformational projects with regional impact;
- (iv) To partner with the African MICS to develop innovative lending and knowledge instruments suitable to the needs of these countries;
- (v) Offer the guarantees and leverages needed to attract private sector investments and foster active public-private partnerships (PPPs); increase IFC's resources under its Special Initiative for Infrastructure and its "Infra Venture" program in Africa;
- (vi) Increase financial resources and mobilize additional contributions to support the development of infrastructure including energy, water and sanitation and agriculture development through the entire value chain;

To *the IMF* to:

- (i) Make sustained effort to encourage remaining countries to expeditiously submit their pledges on the gold sales windfall distribution to enhance Fund's concessional resources under the Poverty Reduction and Growth Trust (PRGT);
- (ii) Take note of our disappointment about halving access norms and limits under the IMF's concessional facilities when the Fourteenth General Review of Quotas enters into effect, and to call for a review of the decision when circumstances allow ;
- (iii) Ensure that no PRGT-eligible country is worse off by taking the necessary steps to raise additional resources, including through bilateral contributions and continued non-

reimbursement to the General Resources Account (GRA) of administrative expenses of the PRGT;

- (iv) Allow for more flexibility in setting debt limits for Low Income Countries under Fund-supported programs, based on country circumstances, and ensure that the ultimate goal of a new debt limits policy be to preserve debt sustainability without unduly constraining the timely implementation of our investment programs;
- (v) Enhance Africa's voice and representation at the IMF Executive Board through a third chair for Sub-Saharan Africa; through quota shares that reflect our economic dynamism and underlying vulnerabilities; and through an upward revision of basic votes as part of the Fifteenth General Review of Quotas;

To *the two Bretton Woods Institutions* to:

- (i) Support Africa's industrialization by providing the necessary mitigating risk guarantees to promoting optimal use of the continent's abundant resources through investments in manufacturing and transformation of raw materials;
- (ii) Take concrete measures to achieve the set diversity objectives for Africans , at all levels of staff, in particular , senior managerial levels; and expand the pool of institutions from which their staff is recruited to include the top Universities and financial institutions in Africa;
- (iii) Undertake necessary steps to assist the remaining eligible countries - Somalia, South Sudan, Sudan and Zimbabwe - to address their debt arrears and gain full access to debt relief.

In closing, we, the African Governors, thank His Excellency Omar Ahmed El Bashir, President of the Republic of Sudan for the directions provided. We express our gratitude to the Government, and the People of the Republic of Sudan for the hospitality and support they accorded us throughout our stay in Khartoum.

Khartoum, August 22, 2013

The African Caucus

ANNEX 9:

KHARTOUM II DECLARATION

Having met in Khartoum, The Republic of Sudan, at our 2014 African Caucus, chaired by His Excellency Bader Eldin Mahmoud Abbas Makhtar, Minister of Finance and National Economy, Sudan and Chairman of the African Caucus of Governors of the International Monetary Fund (IMF) and the World Bank Group (WBG);

Mindful that Africa's sustained growth, and poverty reduction and shared prosperity objectives are seriously challenged by the lack of adequate physical infrastructure and infrastructure financing instruments, slow growth in trade and low levels of industrialization, increasing level of urbanization and inadequate job creation;

Grateful for progress achieved so far, and support in fostering the development of transformative regional infrastructure projects in energy and agriculture;

Considering that without security, regional solutions and bold investments in key sectors such as agriculture, energy, transport, health and water, and ending fragility, eradicating extreme poverty, and boosting shared prosperity could be elusive goals;

Dissatisfied that our longstanding concerns on the IMF Quota and Governance Reforms still needs to be addressed, that targets set for Africa's representation, as well as recruitment and promotion of African nationals in the BWIs still need to be achieved;

Disappointed by lack of progress by multilateral institutions and other creditors in providing debt relief for the remaining highly indebted African countries such as Sudan, South Sudan, Somalia and Zimbabwe;

Deeply concerned about the recent outbreak of the Ebola virus in some of our countries and the potential of its spread worldwide, the inadequate response to prevention and treatment and the slow pace of global action to prevent this crisis and its devastating impact on peoples' lives and economies; and

Noting with deep concern the proposed Environmental and Social Safeguards Framework of the World Bank Group has not fully addressed the challenges of the existing Safeguards Policies, which have constrained implementation of critical projects and have provisions that go against national laws and the social fabric of our societies.

WE,

**THE AFRICAN GOVERNORS OF THE IMF AND THE WBG,
REITERATE, WITH A SENSE OF URGENCY, OUR CALL**

To *the World Bank Group* to:

- (i) Move quickly and effectively at establishing the Global Infrastructure Facility, with a dedicated window for Africa's infrastructure financing;
- (ii) Increase its IBRD enclave lending to IDA countries, to help in structuring large-scale transformational projects with regional impact;
- (iii) Explore, on a demand driven basis, the possibility of using IDA resources for project preparation, to attract a range of alternative financing modalities, including the private sector;
- (iv) Offer the guarantees and leverages needed to attract private sector investments and foster active public-private partnerships (PPPs) and increase IFC's resources under its Special Initiative for Infrastructure and its "Infra Venture" program in Africa;
- (v) Increase IFC and MIGA technical and financial support to African entrepreneurs, in order to develop their capacity to trade and build industries;
- (vi) Increase financial resources and mobilize additional contributions to support the development of water supply and agriculture development through the entire supply chain and support countries to attract investors into affordable renewable energy;
- (vii) Support Africa's transformation agenda by promoting optimal use of the continent's abundant resources through investments in manufacturing and value addition of raw materials;
- (viii) Support countries in their effort to develop a comprehensive plan of action to promote low cost housing programs, drawing from successful experiences elsewhere;
- (ix) Ensure that the revised Environmental and Social Safeguards Framework fully benefits from, among others, consultations with government, respects national laws, takes into account unique country circumstances and address concerns around controversial issues, such as, the treatment of indigenous peoples, which as stated in the current and proposed policy is inadequate and divisive; and

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- (x) Strengthen collaboration with the African Development Bank (ADB) and other Development Finance Institutions in resource mobilization in support of infrastructure and other development needs.

To *the IMF* to:

- (i) Play a leading role in securing debt relief for the remaining African countries, including Sudan, South Sudan, Somalia and Zimbabwe from donors and other creditors;
- (ii) Take the necessary steps to raise additional resources, including through bilateral contributions and continued non-reimbursement to the General Resources Account (GRA) of administrative expenses of the Poverty Reduction and Growth Trust (PRGT);
- (iii) Support our investment agenda by not setting restrictive debt limits for Low Income Countries under Fund-supported programs. The Debt Limits Policy should be based on country circumstances with a non-intrusive operational framework;
- (iv) Assist in building capacity in national debt management; and
- (v) Enhance Africa's voice and representation at the IMF Executive Board through a third chair for Sub-Saharan Africa; through quota shares that reflect our economic dynamism and underlying vulnerabilities; and through an upward revision of basic votes as part of the Fifteenth General Review of Quotas.

To *the two Bretton Woods Institutions* to:

- (iv) Build on diversity initiatives, and take concrete measures to achieve the set diversity objectives for Africans, at all levels of staff, in particular, recruit qualified and deserving Africans to senior managerial positions, and develop a pool of middle-level managers who can later transition, to senior managerial positions.
- (v) Expand the pool of institutions from which their staff is recruited to include the top Universities and financial institutions in Africa;
- (vi) Given the emergency situation caused by the Ebola outbreak and the devastating impact on the post-conflict reconstruction and socio-economic development efforts in the countries affected, to take, without further delay, the necessary steps to put in place emergency financial support, and technical and policy advice to build more resilient health systems that are better able to cope with such outbreaks, and help in providing the needed fiscal space to adjust to the social and economic shocks associated with the epidemic.

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- (vii) Finally but not the least, assist our countries to create the necessary fiscal space to address other drivers of fragility, including refugee spillovers arising from security problems.

In closing, we, African Governors, thank His Excellency Omar Hassan Ahmed ElBashir Bakry, President of the Republic of Sudan, the Government, and the People of the Republic of Sudan for the hospitality and facilities they accorded us throughout our stay in Khartoum.

African Caucus

Khartoum, Sudan

September 4, 2014