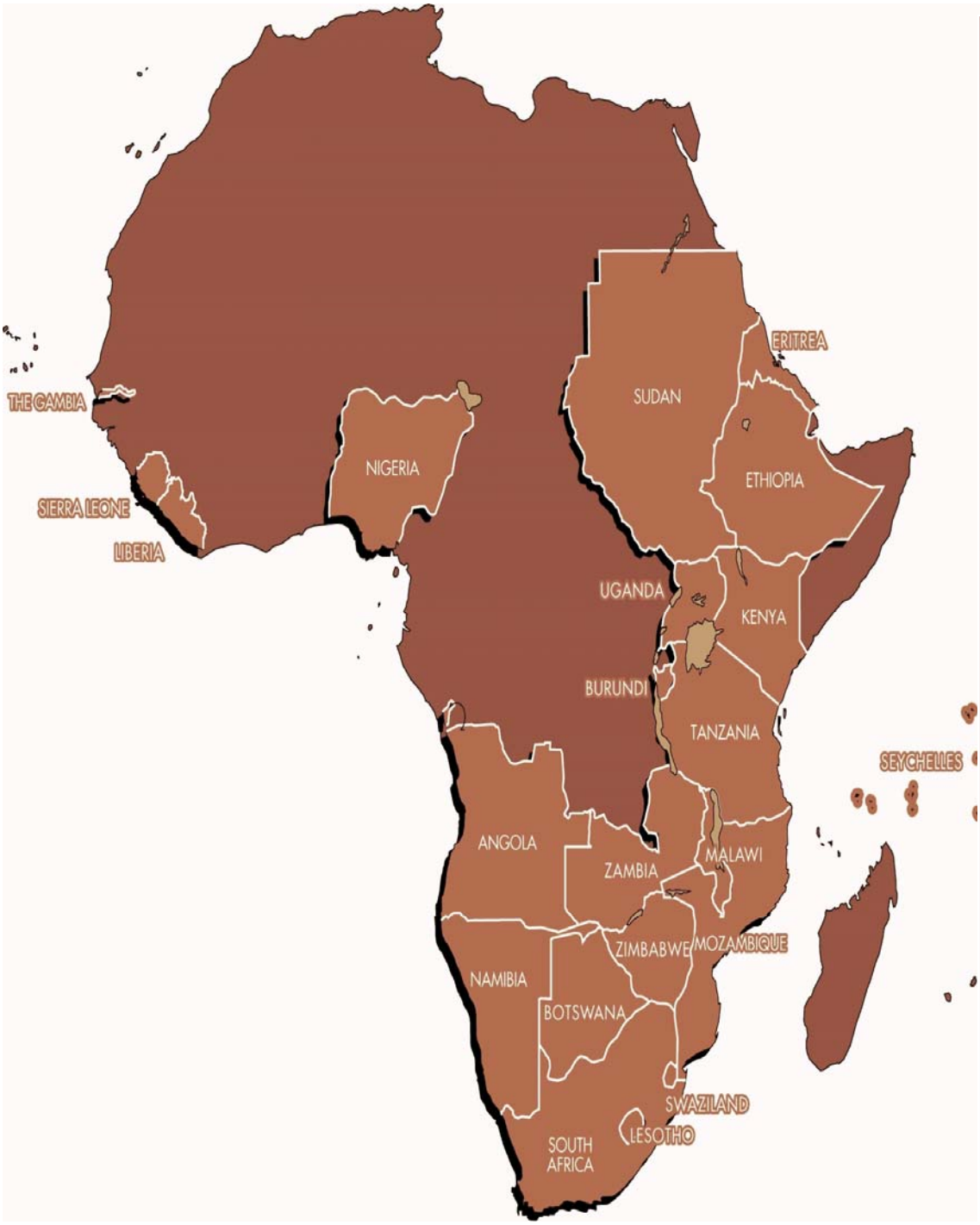
THE WORLD BANK

Africa Group I Constituency
FY08 Interim Report

IBRD, IDA, IFC and MIGA

Mulu Ketsela
Executive Director




THE GAMBIA
SIERRA LEONE
LIBERIA
NIGERIA
SUDAN
ERITREA
ETHIOPIA
UGANDA
KENYA
BURUNDI
TANZANIA
SEYCHELLES
ANGOLA
ZAMBIA
MALAWI
ZIMBABWE
MOZAMBIQUE
NAMIBIA
BOTSWANA
SWAZILAND
LESOTHO
SOUTH AFRICA

TABLE OF CONTENTS

ACRONYMS

AAA	Analytic and Advisory Activities
AERC	African Economic Research Consortium
AML/CFT	Anti-Money Laundering/Combating Financing of Terrorism
APDF	Africa Private Development Facility
APLs	Adjustment Program Loans
BWIs	Bretton Woods Institutions
CAS	Country Assistance Strategy
COMESA	Common Market for Eastern and Southern Africa
CPIA	Country Policy and Institutional Assessment
DGF	Development Grant Facility
EAP	East Asia and the Pacific
EFA	Education for All
EPAs	Economic Partnership Agreements
ESW	Economic Sector Work
EU	European Union
FATF	Financial Action Task Force
FMTA	Financial Markets Technical Assistance
FSAP	Financial Sector Assessment Program
FSRB	Financial Style Regional Bodies
FDI	Foreign Direct Investment
FY03	Fiscal Year 2003 (July 2002-June 2003)
FY04	Fiscal Year 2004 (July 2003-June 2004)
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
IAEs	Anti-Money Laundering Experts
IBRD	International Bank for Reconstruction and Development
ICSID	International Center for Settlement of Investment Disputes
IDA	International Development Association
IFC	International Finance Corporation
IFF	International Financial Facility
IFI	International Financial Institutions
IMF	International Monetary Fund
IMFC	International Monetary and Finance Committee
LAC	Latin America and the Caribbean

LICUS	Low Income Countries Under Stress
LILs	Learning and Innovative Loans
MDB	Multilateral Development Banks
MDGs	Millennium Development Goals
MENA	Middle East and North Africa
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small and Medium Enterprises
NEPAD	New Partnership for Africa
OAD	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OP/BP	Operational Policy and Bank Procedure
PEP	Private Enterprise Project
PRGF	Poverty Reduction Growth Facility
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
ROSCs	Reports on the Observance of Standards and Codes
RTAs	Regional Trade Agreements
SIP	Small Investment Program
SMEs	Small and Medium Enterprises
SMIs	Small and Medium Investors
SA	South Asia
SADC	Southern Africa Development Community
SSA	Sub-Sahara Africa
SWAPs	Sector Wide Approaches
UNECA	United Nations Economic Commission for Africa
WBG	World Bank Group
WITS	World Integrated Trade Solution
WTO	World Trade Organization

Foreword by the Executive Director

I am pleased to submit for the information of Governors a report on the activities of the World Bank Group (WBG) during the first half of FY08. Three major developments characterized the period under review: the announcement of President Zoellick's six strategic themes, IDA 15 replenishment, and the financial market developments.

The development of the six strategic themes has proceeded in a transparent and inclusive manner. Six working groups comprising staff from different parts of the Bank were established to develop each theme. The outcome from the working groups was then discussed with the management and the Board and the emerging strategic directions were incorporated into the budget process. The impact of the new strategic directions on the operations of the WBG is expected to be gradual.

The record increase in IDA's resources from US$32.1 billion in IDA 14 to US$41.6 billion for the next three years can be described as a key milestone in global efforts to fight poverty and achieve the Millennium Development Goals (MDGs). This outcome was attributed to the strong advocacy role played by our Governors and President Zoellick. Our attention should now turn to the implementation of the IDA 15 framework and to ensuring development results at both country and regional levels. In this respect, it is acknowledged that strong leadership from Mr. Zoellick will be a key factor in ensuring that country teams have adequate and appropriate resources to deliver results.

The recent turbulence in the financial markets has exacerbated the slowdown in global growth although this has had limited impact on economic activity in developing countries. The quick policy responses from the Federal Reserve System and other major central banks should revive business and household spending in the near term. However, the low-interest rate environment has created uncertainties, at least in the short-term, for the Bank in terms of its income earning capacity and ability to respond to a sharp increase in demand for loans.

While paying appropriate attention to these issues, the WBG remained broadly on track in terms of delivery of its lending and non-lending activities. In this connection, the Bank has taken a number of concrete steps to try to revive demand for IBRD loan financing. These measures have been made possible by the strong capital base of the IBRD.

This Interim Report discusses most of these issues in some detail and I hope that Governors will find the Report useful.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The downturn in global economic performance is likely to be exacerbated in 2008 by the financial market turmoil that erupted in the second half of 2007. The US economy is now forecasted to slow down sharply from 3.1 percent in 2005 to 1.9 percent in 2008. Consequently, growth in high-income countries (HICs) is projected to drop from 2.9 percent in 2006 to only 2.2 percent in 2008. However, slower growth in the advanced economies will result in weaker but still solid growth in developing countries (LDCs) in 2008. As a group, developing countries should grow at a robust 7.1 percent in 2008, down from the 7.4 percent registered last year.

Despite current uncertainties, expectations are that 2009 should experience a return to stability in financial markets. Against this backdrop, household and business spending should pick up, helping growth to rebound in both US and other OECD countries. On aggregate, growth in developing countries is estimated to remain buoyant at or above 7 percent in 2009. The outlook for Sub-Sahara Africa continues to be favorable due to improved macroeconomic policies and positive external environment, but a weak global growth could soften US and European import demand for African products. In addition, risks from domestic political developments in individual countries could derail the growth momentum of the last five years.

The continuing high oil prices, which reached a record high of over US$100 per barrel in February 2008, pose the greatest threat to long-term growth, especially in oil importing developing countries. Rising demand for oil in fast growing countries, such as China and India; supply bottlenecks in some major oil producing countries; and geopolitical conflict, largely explain the unprecedented increase in oil prices. With the likelihood of oil prices remaining historically high in the long-term, countries are increasingly investing in the production of bio-fuels. The combined effect of high oil prices and the increasing production of bio-fuels has raised food prices.

Against this global economic environment, the World Bank Group continued to provide lending and non-lending operations in support of economic and institutional reforms in member countries. However, during the first half of FY08, commitments of loans and credits by the World Bank (IBRD/IDA) dropped from US$7.7 billion in the first half of FY07 to US$7.0 billion. The drop was attributable to a decrease in commitments by IBRD as those by IDA increased. On the other hand, gross disbursements rose by 3.1 percent to US$10.4 billion, mainly because IDA disbursed nearly twice as much as IBRD.

IFC's operations continued to expand at a fast pace. The Corporation committed US$4.7 billion and disbursed US$4.0 billion during first half of FY08, representing

respective increases of 75 percent and 23 percent higher than the comparable figure in FY07. The SSA region accounted for 14.5 percent and 10.2 percent of commitments and disbursements, respectively.

MIGA issued guarantees amounting to US$1.2 billion during the review period in respect of nine projects, a major turnaround when compared with the US$265 million for eleven projects during a similar period in FY07. For the first time in many years, MIGA's commitments to SSA rose sharply.

To strengthen its relevance in middle-income countries, IBRD proceeded to simplify and reduce interest charges on its loans. These measures together with increased IDA commitment authority should help the Bank to increase lending in the coming few years. The fifteenth replenishment of the International Development Association (IDA) by its donors occurred against the backdrop of increasing proliferation of channels and fragmentation of aid flows. IDA's donors acknowledged that this growing complexity in the global aid architecture tended to reduce the effectiveness of development assistance at a time when this needs to be scaled up to help countries in their efforts to reach the Millennium Development Goals (MDGs).

IDA's donors concluded that the Association remains the most effective channel for providing multilateral development financing to low-income countries. To underscore this point, IDA's donors committed to increase IDA's commitment authority by 30 percent to US$41.6 billion, from US$32.1 billion in IDA 14. They committed to (a) compensate IDA for forgone reflows under the Multilateral Debt Relief Initiative (MDRI), and to (b) finance HIPC debt relief costs and the clearance of payment arrears due from Liberia, Cote D'Ivoire and Sierra Leone.

As part of efforts to measure the WBG's contribution to global efforts aimed at helping countries meet the MDGs, the Executive Board reviewed a number of reports including the 2008 Global Monitoring Report (GMR) and an assessment by the Independent Evaluation Group (IEG) of the Bank's assistance to agriculture in Sub-Saharan Africa.

The GMR shows that poverty reduction is making headway, but progress is uneven. The world is on course to achieve the first MDG, that of halving extreme poverty between 1990 and 2015. The decline in poverty has been the largest in regions with the strongest growth. East Asia, the fastest growing region, has already reached MDG 1. Yet, while MDG 1 will be met at the global level, Sub-Saharan Africa is likely to fall well short, despite the encouraging pick-up in growth in the region. Even among the faster growers, a good number of them have managed to achieve growth in the 7-8 percent range that is needed to make serious dents into persistent poverty and reach MDG 1. In Africa as well as other regions, progress in poverty reduction has been slowest in fragile states where the incidence of extreme poverty actually rose. Globally, nearly one billion people continue to live in extreme poverty.

The main message of the IEG report is that the agricultural sector has been neglected both by governments and by the donor community, including the World Bank. On their part, borrowing countries lack institutional and technical capacity. The IEG finds that the Bank's support has been largely piecemeal. In the event, results on the ground have been limited because of weak linkages with extension and limited availability of critical complementary factors such as fertilizers, water, and market access. The report reveals that the Bank's technical skills to support agricultural development have declined over time and that its analytical work has been limited, of variable quality, and has not strategically informed lending program design or policy advice.

In the next few months, World Bank Group will focus on further development of the six strategic directions. In this regard, it is encouraging that the new vision for the WBG is to contribute to an inclusive and sustainable globalization, to overcoming poverty, enhance growth with care for the environment, and create individual opportunity and hope. Since the announcement of the six strategic themes, extensive consultations have taken place in the process of developing these themes further. Already, a number of strategic directions that have emerged to-date have been incorporated in the work program for FY09.

CHAPTER I

CHAPTER I

GLOBAL ECONOMIC DEVELOPMENTS

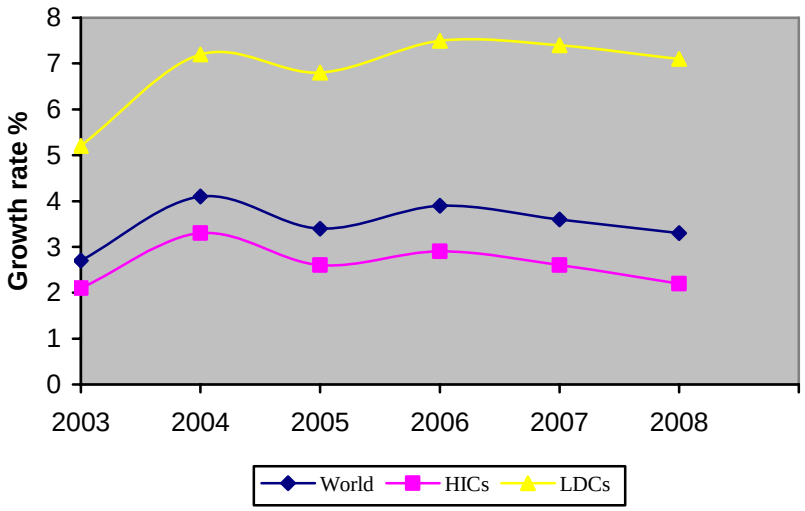
1.1 Overview

The global economy has entered a potentially difficult period after 5 years of robust growth. The forecast for 2008 is that growth will slow down to 3.3 percent from 3.6 percent last year, largely reflecting a steady slowdown in all OECD countries. The financial turmoil that erupted in the second half of 2007 due to the sub-prime mortgage problems in the US and the high oil prices, threaten to derail what has been an excellent global economic performance of the last few years. While it is early to predict how the consequences of the financial crisis will play out in the rest of the world, preliminary data suggests that aggregate growth in 2008 is likely to remain robust for the developing countries and emerging markets.

1.2 Growth in High-Income Countries

Overall, growth in high-income countries (HICs) declined from 2.9 percent in 2006 to 2.6 percent in 2007 and this weak performance will continue into 2008 with a projected growth rate of only 2.2 percent. In the US, growth averaged 2.5 percent in the first half of 2007 as the housing downturn continued to apply considerable drag on the economy. The forecast is that growth in the US will decelerate from 3.1 percent in 2005 to 1.9 percent in 2008.

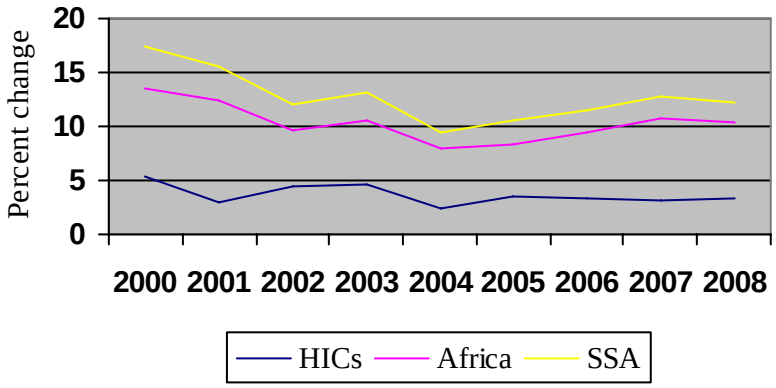
Chart 1.1:Global Real GDP Growth



Source: The World Bank, Global Economic Prospects 2008

Despite half a decade of strong global growth, inflationary pressures have remained muted. According to the IMF *Global Economic Prospects 2008*, average consumer price inflation in the advanced countries was 1.8 percent in 2007, while median inflation in developing countries was a moderate 5.9 percent during the same period. In Sub-Sahara Africa, inflation is trending upward, reflecting rising food and energy prices. In the Middle East and North Africa, higher inflation seems to be triggered by increases in expenditure as a result of burgeoning oil revenue.

Chart 1.2: Consumer Prices



Source: IMF, World Economic Outlook, 2007

Prior to recent turbulence in the financial markets, all major central banks around the world were generally tightening monetary policy to head off nascent inflationary pressure. In August, however, faced by mounting market disruptions, major central banks injected liquidity to ease strains in inter-bank markets, but the principal challenge for many central banks remains to address inflation concerns. In the US, however, the Federal Reserve was concerned more about a possible recession than inflation and so pursued an expansionary monetary policy stance starting from September 2007.

Following a weak start, the United States economy rebounded strongly in the second and third quarters of 2007, growing by 3.8 percent and 4.9 percent, respectively. Business investment and net exports provided a significant boost to growth, but private consumption growth slowed markedly in the face of rising gasoline prices; residential investment also exerted a significant drag on growth. Recent data points to a continued weakness in the US economy going forward, but the combined effects of the accommodative monetary policy and the economic stimulus package announced in February 2008 are expected to prompt a recovery in 2008.

In the currency markets, the US dollar has continued to weaken, while the Euro has appreciated. The Japanese yen has rebounded strongly in the second half of 2007, but remains undervalued relative to medium-term fundamentals.

The Japanese economy maintained a favorable pace of growth in the first quarter of 2007, but registered a decline of 1.8 percent in the second quarter, largely due to declines in investment and weaker consumer demand. This weak performance is expected

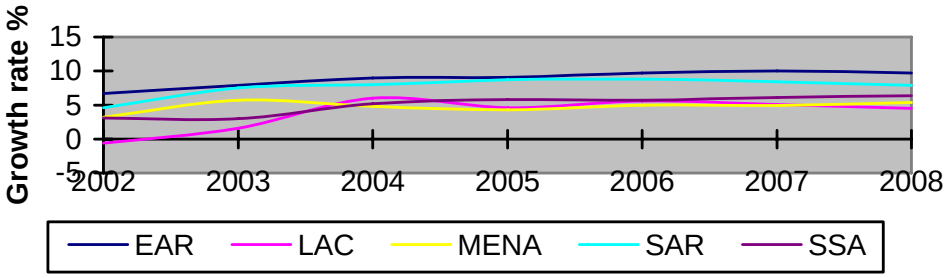
to continue as real GDP growth has been revised down to 2 percent in 2007 and 1.8 percent in 2008.

Economic growth in the Euro Area has slowed down from 2.8 percent in 2006 to 2.7 percent in 2007. Euro Area growth is now forecast to slow further to 2.1 percent in 2008, partly because the strong Euro is likely to affect competitiveness. In Germany, growth has been driven by a broad based acceleration in investment spending in response to high global demand for machinery and equipment. Similarly, the UK economy has experienced continued strong and steady pace of expansion, with growth reaching 3 percent in the second quarter of 2007. However, in the UK, growth is expected to ease from 3.1 percent in 2007 to about 3 percent in 2008.

1.2 Performance of Developing Countries

Slower growth in the advanced economies will result in weaker but still solid growth in developing countries (LDCs) in 2008. As a group, developing countries should grow at a robust 7.1 percent in 2008, but still sharply down from the 7.4 percent registered last year. Growth accelerated more vigorously in China, reaching 11.3 percent in 2007 and 10.8 percent this year. Robust expansion also continued in other emerging markets, including India, Russia and in some African countries.

Chart 1.3: Selected Regions - Real GDP Growth



Source: The World Bank, Global Economic Prospects, 2005-2008

GDP in East Asia and the Pacific region **(**EAP) is expected to grow by about 10 percent in 2007. Growth in China is expected to exceed 11 percent, largely due to exports and investment growth. In India, growth is expected at 9 percent in 2007 on account of gains in domestic demand. The effects from the turmoil in the world's financial markets

may be minimal for most economies in East Asia. Except for China, direct exposures of financial institutions in the region to mortgage-backed securities are limited.

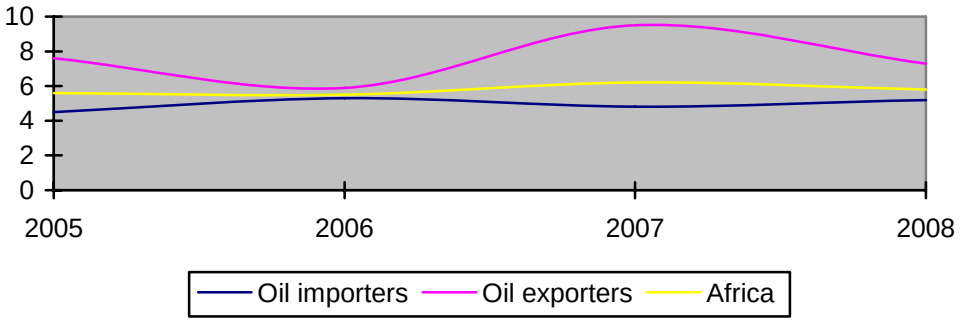
In Latin America and the Caribbean region (LAC**),** GDP grew by 5.1 percent in 2007 due to a favorable external environment and better macroeconomic management. GDP in the region picked up pace to 5.9 percent in the first half of 2007 on the back of continued strong activities in Argentina, Brazil, Chile and Venezuela. In addition, the 2007 credit turmoil that hit the US seems to have had limited effects on the region.

In the Middle East and North Africa (MENA), high oil prices have continued to support growth in the oil exporting countries, with regional growth rate of 4.5 percent in 2007. Although investment in the oil sector stagnated in real terms because of increasing investment costs, GDP growth in oil-exporting countries was sustained by expansion in the non-oil sectors, pushed by rising government spending out of oil revenue, foreign capital inflows, and rapidly growing domestic private credit. Oil-importing countries benefited from the favorable external environment and robust domestic demand, with growth rising to 6 percent in early 2007. Growth in oil-exporting countries is expected to continue to outpace that in oil-importing countries, supported by strong private and public consumption and investment growth. In terms of risk, slower global growth, increased financial market volatility, or regional geopolitical risks could hurt growth.

1.4 Sub-Saharan Africa

The sub-continent continues to sustain the growth momentum of recent years with another strong growth performance in 2007. Overall growth in the region is projected at 6.1 percent in 2007 and 6.4 percent in 2008. The growth acceleration reflects largely investment in new production facilities in oil-exporting countries. It also reflects higher global demand for commodities, notably by China. The oil-exporting countries have been the principal beneficiaries of the increase in FDI into Sub-Saharan Africa in recent years. Among oil-exporting countries, growth has been particularly strong in Angola and Sudan, with respective growth rates of 16.9 percent and 11.8 percent in 2006.

Chart 1.4: Africa - Real GDP Growth



Source: IMF, World Economic Outlook, October 2007

Economic performance was also strong in countries emerging from conflict, such as Burundi, Sierra Leone, and Liberia, but most other countries should maintain relatively high rates of growth. Improved macroeconomic stability has played an important role in sustaining growth, as is pick-up in both domestic and foreign investment. Debt relief in recent years has freed budgetary resources for spending on infrastructure and social programs. A common trait across economies is a notable increase in capital spending focused on the transport, telecommunications, and construction sectors. The current account, however, has come under pressure in several oil-importing countries, but higher commodity prices and increased official and private transfers have helped to offset the outflows.

1.5 Global Outlook and Risks

Despite current uncertainties, expectations are that 2009 should experience a return to stability in financial markets. Against this backdrop, household and business spending should pick up, helping growth to rebound in both US and other OECD countries. On aggregate, growth in developing countries is estimated to remain buoyant at or above 7 percent in 2009.

According to the World Bank *Global Economic Prospects 2008*, the global economy is projected to grow by 3.6 percent in 2009. More importantly, the US economy is expected to recover considerably and register a growth rate of 2.3 percent, grounded in a return to financial market stability. The Japanese economy should also register a turn-around from 1.8 percent in 2008 to 2.1 percent in 2009. In the Euro area, strengthening growth in exports is expected to boost growth from 2.1 percent in 2008 to 2.4 percent next year. Because developing economies have been less affected by the fallout from the sub prime crisis than high-income economies growth is expected to remain robust next year. While the underlying fundamentals supporting growth are sound and the strong

momentum in emerging markets economies is intact, overall the balance of risk is tilted somewhat to the downside, reflecting mainly the possibility of a weaker growth performance in the advanced economies.

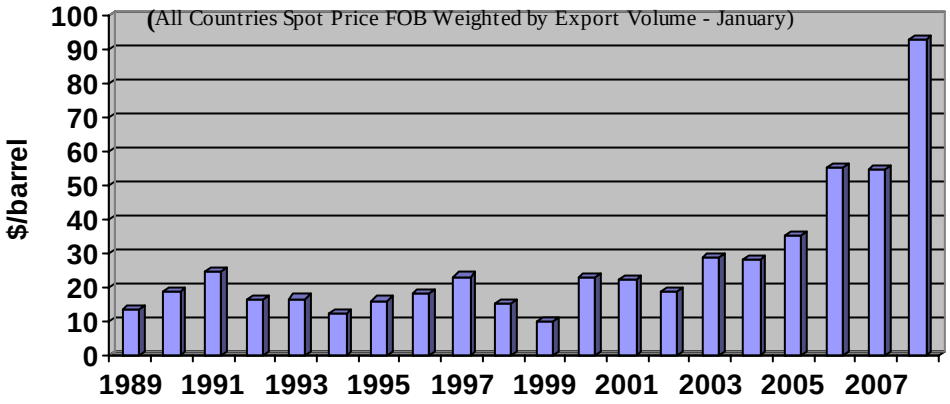
The outlook for Sub-Sahara Africa continues to be favorable due to improved macroeconomic policies and positive external environment, but a weak global growth could soften US and European import demand for African products. In addition, risks from domestic political developments in individual countries could derail the growth momentum of the last five years.

1.6 Rising Oil Prices and the High Cost of Food

Oil prices have risen sharply in the last five years to reach a record high of over US$100 per barrel in February 2008. There are several reasons for this unprecedented price escalation: growing demand from fast growing countries such as China and India, supply bottlenecks in some major oil producing countries, and geopolitical conflict.

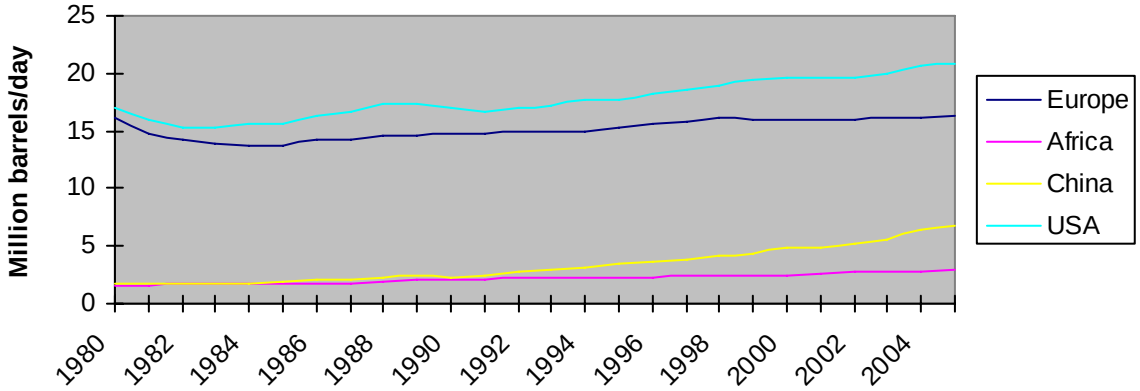
While the rising oil prices represent an opportunity for oil-exporting countries, it constitutes a serious challenge for oil-importing countries as rising oil prices and the resulting increases in energy prices have led to increases in food prices. However, a report by the World Bank suggests that, although global index of food prices have increased 26 percent in the past three years, this increase was not only due to rising oil prices; it was also due, in large part, to the rapid increase in the use of food crops to produce bio-fuels.

Chart 1.5 : World Oil prices - 1989-2008



Source: US Department of Energy

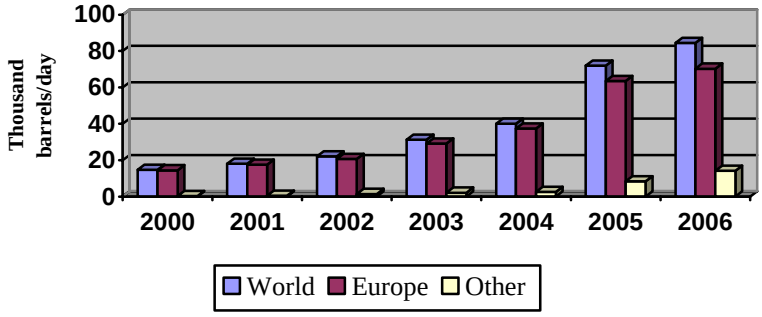
Chart 1.6: World Petroleum Consumption, 1980-2005



Source: US Department of Energy

In a bid to reduce dependence on oil, many countries are investing in bio-fuels technologies, such as ethanol and bio-diesel, creating direct competition with food and therefore increases the price of food. The price increases have been largest in crops such as maize (up 40 percent), vegetable oils such as palm oils (up 55 percent) and soybean oil (up 30 percent) that are used as feed stocks for bio-fuels.

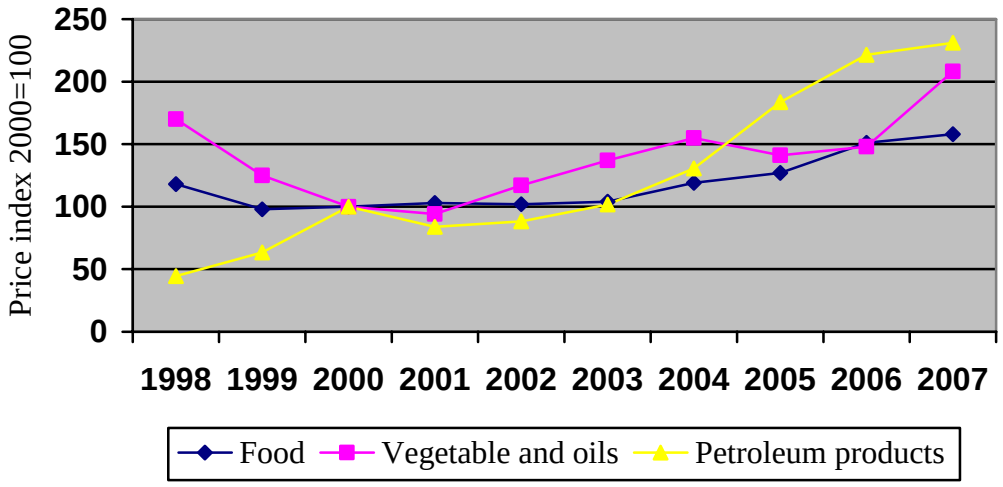
Figure 1.7 : World Biodiesel Production



Source: IEA, Medium-Term Oil Market Report, July 2006

However, food prices in Sub-Saharan Africa, according to the World Bank report, have increased less than the global price increase. Maize prices in some cities, especially in-land cities, have increased by about 10 percent while price rises are higher in coastal cities and higher for some grains such as rice. The report also shows that high oil prices have not significantly affected aggregate economic performance in Africa. For the continent as a whole, GDP growth is expected to be close to 6 percent in 2007 due to favorable terms of trade, increased aid flows, improved governance, and sound economic policy management.

Chart 1.8 : Prices of Primary Commodities, 1998-2007



Source: UN, World Economic Situation and Prospects 2008

The combined effects of rising oil prices and food prices affect various consumer and income groups differently. Higher energy prices affect the urban poor more as they tend to use more transportation, electricity and heating. The poor will be especially vulnerable because they often spend a large proportion of their disposable income on food. On the other hand, countries that are net exporters of agricultural products and households that are net sellers of food will likely gain from high food prices.

To mitigate the impact of rising food price, especially on the poor, the World Bank is supporting African countries to gain access to food for those who need it urgently through the Social Safety Nets (SSN) program. The SSN program plays a crucial role to compensate poor consumers through cash programs, public works, in-kind transfers or subsidies. The Bank is already supporting *food for work* and *cash for work* programs in East Africa and *inputs for work* program in Southern Africa. These programs not only improve access to food for those who need it urgently, but also build assets and raise agricultural productivity. Therefore, faster agricultural growth coupled with adequate

safety nets for the poor can make high food prices an opportunity rather than a problem for Africa.

CHAPTER II

CHAPTER II

WORLD BANK GROUP OPERATIONS

World Bank IBRD/IDA) Lending Operations - First Half of FY08

2.1 Overview

Financial support from the World Bank (the Bank) to middle-income countries is provided through the International Bank for Reconstruction and Development (IBRD) loans, whereas the International Development Association (IDA) provides credits on concessional terms and grants to low-income countries. This section outlines the financial support provided during the first half of FY08 ending December 31, 2007.

During the period, lending commitments (Table 2.1) by the Bank amounted to US$7.0 billion, representing a drop of 9.3 percent from the US$7.7 billion in the first half of FY07. The drop was attributable to a decrease in commitments by IBRD as those by IDA increased. On the other hand, gross disbursements rose by 3.1 percent to US$10.4 billion, mainly because IDA disbursed nearly twice as much as IBRD. The Bank's total net disbursements dramatically increased from negative US$2.31 billion in the first half of FY07 to US$3.4 billion during the period under review. The increase was on account of a sharp turnaround in IBRD's net disbursements.

Table 2.1: Summary of IDA and IBRD Lending Operations (US$ million)

	IBRD Actual		**IDA Actual**		**Total IBRD/IDA**	
	FY07 (1st Half)	FY08 1st Half	FY07 1st Half	FY08 1st Half	FY07 1st Half	FY08 1st Half
Commitments	4,848	3,172	2,888	3,846	7,736	7,018
Gross Disbursements	6,252	5,873	3,800	4,492	10,053	10,365
Net Disbursements	(5,124)	(113)	2,818	3,509	(2,306)	3,396

2.1.2 IBRD Lending Operations

IBRD commitments of US$3.2 billion in the first half of FY08 were 34.6 percent or US$1.7 billion lower than in the comparable period of FY07, mainly due to a US$1.3 billion drop in the Latin America and Caribbean (LAC) region. Gross disbursements stood at US$5.9 billion, about US$0.4 billion less than the comparable figure in FY07, primarily due to lower disbursements to LCR region. In contrast, IBRD's net disbursements increased by about US$5.0 billion from negative US$5.1 billion to negative US$113 million, as a result of lower prepayments in the first half of FY08 than that in the previous year.

In terms of regional distribution (Table 2.3), IBRD's lending was fairly distributed in the three major borrowing regions, namely East Asia and Pacific (EAP), Europe and Central Asia (ECA) and LAC. In comparison to the first half of FY07, it is notable that IBRD's commitments decreased in all other regions except ECA and South Asia (SA). The drop in commitments to LAC and EAP regions is particularly notable. During the period under consideration, IBRD did not lend to Africa and this underscores the need to find special measures that would stimulate demand from Africa's middle-income countries, the majority of which are in the "low middle income countries" category.

Table 2.2: Countries with Highest IBRD Lending Commitments (US millions)

Country	FY 07	FY 08
Indonesia	738	825
India	400	717
Ukraine	155	640
Mexico	-	201
Panama	60	136
Share of Total IBRD Commitments (Percent)		78.7

Source: World Bank Database

During the period under review, as much as 79.4 percent of IBRD's commitments went to five countries: Indonesia, India, Ukraine, Mexico, and Panama. These countries accounted for 28 percent of IBRD commitments in the first half of FY07 (Table 2.3).

Table2.3: IBRD Commitments by Region (US$ millions)

Region	FY07 1st Half	Share %	FY08 1st Half	Share %
Africa	30	0.6	0	0
East Asia and Pacific	1,588	32.8	825	26.0
Europe and Central Asia	585	12.0	807	25.4
Latin America and Caribbean	2,021	41.7	717	22.6
Middle East and North Africa	224	4.6	106	3.3
South Asia	400	8.3	717	22.6
Total	4,848	100.0	3,172	100.0

IBRD has recently improved its loan terms through a number of measures, including extending maturities and reductions in interest charges, with the objective of fostering demand for loans. It is hoped that the impact of the simplified and lower loan pricing will be felt in the medium-term.

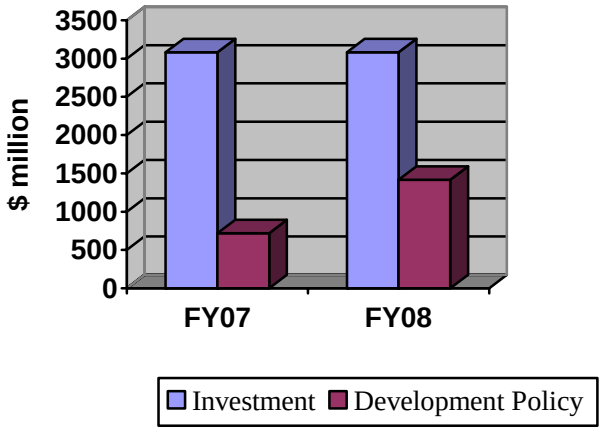
2.1.3 IDA Lending Operations

IDA lending was modest at mid- year FY08, but higher than that in the same period of FY07. The commitments reached US$3.8 billion, compared to US$2.9 billion in the period of FY07. This includes development grant commitments of US$1.5 million for the first half of FY08 compared with $472 million in the corresponding period in FY07.

About US$23.2 billion of total IDA 14 envelope (US$32.1 billion) has been committed as at the end of the first half of FY08, leaving about US$8.9 billion available for the second half. Out of the latter amount, US$4.2 billion had been delivered by end January 2008. Based on experience, IDA is capable of committing the balance of US$4.7 billion by end FY08. With the IDA 15 commitment authority of US$41.6 billion, the Association is expected to deliver about US$14 billion a year, more than half of that in Africa.

While the bulk of IDA's commitments are for specific investment projects, the first half of FY08 witnessed a sizeable increase in development policy loans or credits towards budgetary support. This reflects an increasing popularity among donors of pooled funds in support of country programs.

Figure 2.2: Lending Type of Instrument (First Half of FY)



IDA lending to middle income countries (blend IBRD/IDA) remained slow through the first half of FY08, while that to fragile, blend countries continued to be relatively strong. The share of lending to Fragile States increased modestly in the first half of FY08 as compared to FY07. The increase was attributable to commitments to Liberia and Cote d 'Ivoire. The bulk of the commitments were in respect of arrears clearance. Commitments to these two countries represented 76 percent of total FY08 lending to this category of countries.

During the period under review, IDA commitment levels in all regions were much lower than in FY07. The pipeline of projects for Africa shows that the bulk of FY08 delivery will be bunched in the second half of the fiscal year. IDA is in the process of addressing bunching issues and of identifying key operations that could be financed with remaining IDA 14 resources. Despite recent developments in some borrowing countries, overall lending to Africa is expected to remain strong.

Table2.4: IDA Commitments by Region (US$ millions)

Region	FY07 1st Half	Share %	FY08 1st Half	Share %
Africa	1,188	41.1	2,186	56.8
East Asia and Pacific	198	6.8	380	9.9
Europe and Central Asia	156	5.4	115	3.0
Latin America and Caribbean	78	2.7	78	2.0
Middle East and North Africa	60	2.1	51	1.3
South Asia	1,206	41.8	1,038	27.0
Total	2,866	100.0	3,486	100.0

The majority of FY08 commitments during the first half of about US$2.2 billion of IDA commitments were received by Africa region. This level exceeds that of the equivalent half in FY07 by US$1 billion. SAR and EAP delivered about US$1 billion and US$0.4 billion, respectively, during this period. Table 3.4 shows countries with highest commitments during the first half of FY08 as well as the rest of the African countries. Four countries, Liberia, Ethiopia, Tanzania and Kenya from our Constituency and Ghana are among the ten Sub-Saharan countries which received the highest amount of IDA lending during the first half of FY08.

Table 2.5: IDA Commitments – Selected Countries (US$ millions)

Country	FY 08
Liberia	467
Ethiopia	386
Nepal	253
India	237
Vietnam	235
Pakistan	225
Tanzania	209
Bangladesh	201
Kenya	150
Ghana	140
The other African Countries:	
Burkina Faso	129
Cote d'Ivoire	120
Uganda	101
Madagascar	40
Mozambique	30
Malawi	20
Congo, Democratic	12
Rawanda	11
Níger	5
Gambia, The	3
Share of Total IBRD Commitments (Percent)	40.7%

Gross disbursements during the first half of FY08 reached US$4.5 billion, some US$0.7 billion higher than in FY07. The bulk of these disbursements were made to Africa (US$2.4 billion) and SAR (US$1.0 billion) regions. Additionally, in December 2007, The Gambia reached its HIPC completion point, allowing for cancellation of all remaining eligible debt under the MDRI and HIPC initiatives. As a result, in January 2008, US$214 million of development credits outstanding will be written off. Liberia and Tanzania were among the countries with highest disbursements in FY08.

Table 2.6: Countries with Highest IDA Disbursements (US millions)

Country	FY07	FY 08
Vietnam	166	431
Liberia	1	409
India	528	403
Tanzania	297	383
Afghanistan	103	247
Share of Total IBRD Commitments (Percent)	28.8	41.7

IDA Grants

Gross IDA disbursements include disbursements of development grants of US$1.2 billion compared to US$628 million for the same period in FY07.

2.2 Trust Funds

Disbursements from trust funds amounted to US$3.2 billion during the review period, of which US$1.2 billion were *recipient executed* trust funds and US$2.0 billion *fiduciary funds*.

In October 2007, the Bank adopted a new framework for the management of Trust Funds (TFs), the main purpose of which was to mainstream the use of TFs in the work of the Bank, and effectively track how these activities are managed. Also introduced were measures to ensure better strategic alignment of TF portfolio, strengthened risk management procedures and measures to enhance operational efficiency, including a revised fee structure that should lead to improved cost recovery.

2. 3 IFC Operations

2.3.1 Commitments, Disbursements and Approvals

Commitments for the first half of FY08 were US$4.7 billion or 54 percent of the mid-point of the original plan and 75 percent higher than for the first half of FY07. Disbursements were US$4.0 billion or 67 percent of Plan and 23 percent higher than for FY07 Q1-2. Approvals were US$5.8 billion or 61 percent of Plan and 76 percent higher than for FY07 Q1-2. Loans comprised 62 percent, equity 20 percent, and quasi-equity (both loan and equity types) 18 percent of the disbursed and outstanding investment portfolio. The disbursed and outstanding investment portfolio increased to US$18.8 billion and Cancellations and Prepayments totaled US$1.1 billion at FY08 Q2-end.

Table 2.7: IFC Commitments, Disbursements and Approvals

US$ millions	Commitments		Disbursements		Approvals	
Africa	689	*14.5%*	402	*10.2%*	326	*5.6%*
Asia	991	*20.9%*	952	*24.1%*	1,885	*32.5%*
Europe and Central Asia	922	*19.5%*	978	*24.7%*	1,163	*20.1%*
Latin America	1,615	*34.1%*	1,259	*31.8%*	1,513	*26.1%*
MENA	509	*10.7%*	335	*8.5%*	763	*13.2%*
World	10	*0.2%*	27	*0.7%*	150	*2.6%*
Total	**4,736**	***100%***	**3,953**	***100.0%***	**5,800**	***100.0%***

Table 2.7 above, indicates that SSA accounted for commitments, disbursements and approvals of 14.5 percent, 10.2 percent and 5.6 percent respectively out of total. Latin America still got the highest commitments and disbursements at 34.1 percent and 31.8 percent, respectively. Of the five regions, commitments in SSA are second lowest at 14.5 percent. The highest are in Latin America at US$1.6 billion or 34.1 percent of total commitments. The highest approvals for the first six months of the financial year were in the Asia region at 32.5 percent, whilst SSA accounted for 5.6 percent. Disbursements were low in MENA and SSA at 8.5 percent and 10.2 percent, respectively.

2.3.2 Approvals

Tables 2.8 indicates that the approvals for the first six months of the financial year amounted to US$326 million, more than half of which were in Africa Group 1 countries at 57.2 percent of total. Within the Group, project approvals for Botswana accounted for US$70 million or 21.5 percent. The second is a project in Tanzania where a loan of

US$44 million or 13.5 percent was approved. Projects approved in South Africa totaled USD29 million or 8.9 percent of total.

Approvals granted were divided into Loans, Equity and Guarantee and Risk Management of US$132 million, US$48 million and US$7 million, respectively.

Table 2.8: IFC Approvals- FY08 Q1 - Q2 US$ millions

Country	Project Short Name	Loan	Equity	Quasi Equity	Guarantee and Risk Management	Total	*% of total*
Botswana	ABCH & Subs	12.00	8.00			20.00	*6.1%*
	Letshego II	20.00	30.00			50.00	*15.3%*
	Total					***70.00***	***21.5%***
Kenya	DTK 2007 Rights		2.39			2.39	*0.7%*
Liberia	Access Liberia	2.00	1.10			3.10	*1.0%*
Mozambique	Merec Expansion	7.00				7.00	*2.1%*
Nigeria	AMSME Diamond	20.00				20.00	*6.1%*
South Africa	RMB Risk Share				7.25	7.25	*2.2%*
	TUHF Housing	17.64	2.12			19.76	*6.1%*
	WIZZIT		2.00			2.00	*0.6%*
	Total					***29.01***	***8.9%***
Tanzania	TRL	44.00				44.00	*13.5%*
Uganda	Ishasha	4.00				4.00	*1.2%*
Zambia	Madison Group	5.00	2.00			7.00	*2.1%*
Other SSA						139.50	*42.8%*
TOTAL		**131.64**	**47.61**	**0.00**	**7.25**	**326.00**	***100.0%***

2.3.3. IFC Commitments

Table 2.9 below indicates that IFC commitments for the first six months of the financial year amount to a total US$689 million. The highest commitments are in Nigeria at US$230 million or 33.4 per cent of total commitments. South Africa is the second highest at US$141 million or 20.4 percent of total. The lowest commitments are in The Gambia, Liberia and Sierra Leone at 0.1 percent of total commitment for the first six months of the financial year. It is also worth noting that majority of all commitments are in the financial services sector. Other projects in Africa Group I countries accounted for US$157 million or 22.8 percent of total for the two quarters.

Table 2.9: **IFC Commitments – FY08 Q1 – Q2 US$ Million**

Country	Project Short Name	Loan	Equity	Quasi Equity	Guarantee and Risk Management	Total	% of total
Angola	GTFP Bco Fomento				28.83	28.83	*4.2%*
Botswana	ABCH & Subs	13.55	6.45			20.00	*2.9%*
	Letshego II	20.00				20.00	*2.9%*
	Total					***40.00***	***5.8%***
Gambia	GTFP Acess Gamb				0.12	0.12	*0.0%*
Kenya	DTK 2007 Rights		2.39			2.39	*0.3%*
	GTFP Barclays SE				28.60	28.60	*4.2%*
	GTFP I & M Bank				1.08	1.08	*3.7%*
	GTFP Prime Kenya				1.39	1.39	*0.2%*
	Total					***33.46***	***4.9%***
Liberia	GTFP LBDI Liber				0.76	0.76	*0.1%*
Malawi	AMSME NBS Bank	3.00				3.00	*0.4%*
Nigeria	AMSME Diamond	20.00				20.00	*2.9%*
	GTFP Acess Bank				91.98	91.98	*13.3%*
	GTFP Diamond Bank				71.44	71.44	*10.4%*
	GTFP GTB Nigeria				29.63	29.63	*4.3%*
	GTFP IBTC PLC				1.92	1.92	*0.3%*
	GTFP InterCon Bank				13.02	13.02	*1.9%*
	GTFP Zenith Nig				2.25	2.25	*1.4%*
	Total					***230.24***	***33.4%***
Sierra Leone	GTFP SL Commer				0.72	0.72	*0.1%*
South Africa	Nedbank Tier II	138.89				138.89	*20.2%*
	WIZZIT		1.99			1.99	*0.3%*
	Total					***140.88***	***20.4%***
Tanzania	GTFP Exim Tanzan				0.12	0.12	*0.0%*
	LFS Tanzania		0.79			0.79	*0.1%*
	TRL	44.00				44.00	*6.4%*
	Total					***44.91***	***6.5%***
Uganda	GTFP Orient Bank				1.74	1.74	*0.3%*
Zambia	Madison Group	5.00	2.00			7.00	*1.0%*
Other SSA						157.34	*22.8%*
TOTAL		**244.44**	**13.62**	**0.00**	**273.60**	**689.00**	***100.0%***

2.3.4 Resource Mobilization

IFC mobilized US$2.3 billion in the first half of FY08, in financing for its clients, comprising US$1.550 billion in B Loans, US$29 million in A Loan Participations, and US$685 million in Structured Finance products. During the same period of FY07 IFC mobilized US$1.689 billion comprising of US$640 million in B Loans, and US$1.1 billion in Structured Finance products. As of December 31, 2007, for every dollar that IFC committed, IFC mobilized US$0.48.

2.3.5 Portfolio Performance

The number of companies in non-accrual status for the first six months of FY08 stood at 130 as compared to 132 companies at FY07-end. Overall key portfolio indicators remained stable during the first half of FY08:

- principal outstanding on non-accruing loans increased by USD46 million to US$424 million (US$378 million at FY07-end);
- non-accruing loans as a percentage of the disbursed and outstanding loan portfolio remained at 2.9 percent;
- specific loan loss reserves as a percentage of disbursed and outstanding loans declined marginally to 1.8percent (2.2 percent at FY07- end);
- the total outstanding on loans in arrears decreased by US$5 million to US$467 million (US$472 million at FY07-end).
- Total reserves against losses on loans amounted to USD837 million, or 6.1 percnet of the disbursed and outstanding loan portfolio, at December 31.2007, up from US$832 million at FY07-end, which was 6.6 percent of the then-disbursed and outstanding portfolio.

Dividends, profit participations, and realized capital gains were US$801 million in the six months of FY08 as compared to US$813 million for the same period in FY07. Unrealized capital gains on all equity investments, including those "equity-like" investments classified as debt securities on IFC's balance sheet when measured against cost, were US$8.7 billion during the review period as compared with US$6.9 billion at FY07-end.

2.3.6 Borrowings

Market borrowings through FY08 Q2 amounted to US$2.580 billion equivalent, all of which was raised directly from international capital markets at an overall average cost of LIBOR (minus 32.2) basis points per annum. In addition, US$73 million equivalent in outstanding debt was called. During the second quarter, IFC repurchased USD25 million equivalent.

2.3.7 Financial Results

In general, FY08 Q1-2 operating performance continues the recent strong trend. Where appropriate, IFC has divested and taken gains in equity investments where its developmental mandate was complete and where values have reached levels pre-agreed in sales strategies. The overall quality o f investment portfolio has marginally improved from FY07-end, resulting in small provision for losses on loans and guarantees and a small charge for equity impairment in net income. Liquid asset income on an absolute

return basis has, in the aggregate, been robust in FY08 Q1-2, despite the recent "credit crunch" in the US and its adverse impact on the value of certain asset-backed and mortgage-backed securities held in some o f IFC's liquid asset portfolios.

Unrealized losses on asset backed securities in the internally managed P1 and P2 portfolios totaled approximately USD146 million in FY08 Q1-2, which are included in Income from liquid asset trading activities in IFC's income statement. After the impact of interest income, funding costs and hedging activities is taken into consideration, the overall return on the asset-backed securities in the internally managed P1 and P2 portfolios was approximately USD90 million.

Income before expenditures for Advisory Services, expenditures for performance based grants and net gains (losses) on other non-trading financial instruments accounted for at fair value in FY08 Q1-2 was US$1.345 billion, as compared to US$2.1 billion for the first half of FY07. IFC recorded expenditures for Advisory Services of US$48 million in the first half of FY08 (US$39 million in FY07 Q1-2) and expenditures for performance-based grants of US$1 million in FY08 Q1-2. As a result, income after expenditures for Advisory Services and expenditures for performance based grants, but before net gains (losses) on other non-trading financial instruments (accounted for at fair value) in FY08 Q1-2 totaled US$1.3 billion, as compared with US$2.0 billion in FY07 Q1-2.

During FY08 Q1-2, realized capital gains on equity sales totaled USD597 million, as compared to US$1.607 billion in FY07 Q1-2. Dividends in FY08 Q1-2 totaled USD204 million, as compared with USD206 million in FY07 Q1-2. Provisions for losses on loans and guarantees in FY08 Q1-2 totaled USD1 million, as compared with a release of provision for losses on loans and guarantees of USD29 million for FY07 Q1-2. Equity investment write-downs totaled USD24 million for FY08 Q1-2, compared with USD21 million in FY07 Q1-2. Equity investment impairment write-downs are included in income from equity investments in IFC's income statement.

2.3.8 Budgeting and Spending

Total FY08 administrative budget spending authority of USD624 million comprises the Board approved total administrative budget of USD598 million and carry-forward from FY07 o f USD27 million. Total administrative expenses for FY08 Q1-2 were USD270 million, or 43.3 percent o f the FY08 total administrative budget spending authority of USD624 million, as compared to FY07 total administrative expenses of USD245 million were 44.1 percent of the FY07 total administrative budget spending authority of USD554 million. The under-spending with respect to straight proportional budget usage is mainly attributable to the typical lower spending pattern during the first three quarters of the fiscal year.

2.3.9 IFC Strategy in Sub-Saharan Africa

In June 2005, the Board approved a three year growth strategy for IFC. The centerpiece of the strategy is a major increase in IFC's investment and Advisory Services (AS) activities as well as much greater development impact in Africa. IFC's specific strategy in Africa concentrates on three priorities:

- Full collaboration with the World Bank to address investment climate issues impeding private sector growth;
- Early IFC involvement in developing and subsequently financing major private sector investment projects including Public Private Partnership (PPP) in infrastructure; and
- Much more active IFC engagement to build and finance small business in Africa.

The Board approved a major new AS program, the Private Enterprise Partnership for Africa (PEP Africa) as well as the SME Solutions Centers (SSC) as part o f the Strategic Initiative in 2003. The Africa Department is transforming its AS operations into an integrated, sector focused, program driven powerhouse.

PEP Africa involves a partnership with donors whereby IFC funds the design and oversight of AS programs to build the private sector, and donors fund the specific programs that benefit African lives, in line with IFC's strategy. Advisory Services is critical in establishing sustainable private sector investment and growth in Africa. PEP Africa has already achieved substantial donor support and has raised USD56 million from donors since its inception in July 2005.

2.3.10 Private Enterprise Partnership for Africa (PEP Africa)

Advisory Services is central to the successful implementation of the IFC strategy approved by the Board, and underpins the development impact IFC intends to achieve in Africa. PEP Africa has more than 55 active programs in 26 countries including conflict affected countries like Sierra Leone, Liberia and Guinea Bissau. Donor partners have contributed a total of USD56 million since July 2005. This assistance has enabled PEP Africa to deliver development results under five business lines, namely:

- Access to finance
- Business enabling environment
- Environment and social sustainability

- Social infrastructure
- Value addition to firms

2.3.11 Pilot SME Solution Centers (SSC)

The three pillars o f IFC's Strategic Initiative for Sub-Saharan Africa consist o f proactive project development, improved business environment and enhanced support to small and medium-sized enterprises (SMEs). In August 2003, the Board approved a three year pilot program referred to as SME Solutions Centers Pilot program (SSC Pilot).

The SSC Plot is part o f IFC's efforts to enhance its support to SMEs in Sub-Saharan Africa. The SSC Plot began in September 2003 and was expected to end in June 2007. The SSC Pilot was subsequently extended by the Board until the end o f June 2009. IFC proposed the SSC Pilot to help capitalize on its previous experience supporting African SMEs through the Africa Project Development Facility, Africa Enterprise Fund and African Management Services Company.

The IFC-branded SSC concept consists of establishing one-stop shops which offer advisory services and financing solutions to SMEs. The financing solutions involve equity, quasi-equity and debt through risk capital funds referred to as BPI SME Funds and managed by a Fund Manager out of the SSCs. The SSC offices in Madagascar and Kenya were officially launched-in June 2004 and March 2005 respectively. Following a challenging two-year fundraising process, the financing vehicles of the SSCs in Madagascar and Kenya were closed in August 2006 and in January 2007, respectively.

IFC partnered with Business Partners Limited, a leading South African provider of risk capital to SMEs, to help set up Business Partners International (BPI). BPI manages the financing vehicle of the SSCs, referred to as the BPI Madagascar SME Fund (USD10 million) and the BPI Kenya SME Fund (USD14 million). From closing to date, these funds have committed up to USD4 million to SME clients in Kenya and USD3 million in Madagascar, with an investment pipeline of USD3 million for Kenya and USD2 million for Madagascar.

2.3.12 Advisory Services

During the first half of FY08, IFC successfully completed bidding for two mandates: Telekom Kenya (TKL) in Kenya and the Public-Private Partnership for Queen Elizabeth Hospital in Lesotho. At the end of FY08 Q2, IFC had an active portfolio of 32 advisory mandates in 21 countries that spanned six regions. During the first half of FY08, IFC signed and began work on ten advisory mandates in Botswana, Tanzania, Uganda, Vanuatu, Philippines, Colombia, Haiti and Egypt.

3.1 MIGA Operations

3.1.2 Guarantees

During the second quarter of FY08, MIGA issued US$1.1 billion worth of guarantees in support of seven projects in Africa, Latin America, the Middle East, Europe and Central Asia compared to five projects the same time in the previous financial year. Of these projects supported during the second quarter of FY08, five were located in frontier countries and one was a South-South investment located in a frontier state. During the second quarter, the Board concurred with eleven project proposals amounting to $943.3 million in new coverage. MIGA had a total of $232.1 million in approved coverage yet to be signed at the end of the second quarter. Total MIGA issuance for the first half of the fiscal year reached US$1.2 billion in respect of nine projects compared to eleven projects amounting to US$264.8 million the same time last year.

Table 2.10 : Guarantee Activity, FY08 Q2

Country	Sector	Coverage Amount US$ million
Madagascar	Services	11.0
Congo DRC	Services	25.2
Djibouti	Infrastructure	426.6
Kenya	Infrastructure	88.3
		551.1

During the review period, MIGA issued guarantees valued at US$551.1 million in respect of four projects in Madagascar, Congo DRC, Djibouti and Kenya. In Madagascar and the Congo DRC, the projects were in the services sector and in Djibouti and Kenya all projects were in infrastructure.

The small number of guarantees in Sub-Saharan Africa points to the need for MIGA to do more, especially in view of the sub-continent's increasing attractiveness. This is evidenced by the fact that FDI inflows have risen sharply in recent years as growth accelerated to levels above five percent in the last three years. Foreign Direct Investment has also risen in recent years supported by commodity price boom.

3.1.3 Cancellations

Two large projects were associated with the second quarter cancellations, which were primarily due to termination of contracts. These were a hotel project in Costa Rica and mining project in Peru. By region, Latin and Central America accounted for a sizeable amount (86 percent) of the cancellations. Asia and Africa followed with cancellations

accounting for 12 percent and 2 percent, respectively. According to sectoral shares directly related to the aforementioned projects, tourism and mining had the largest share of cancellations (38 percent), followed by manufacturing (12 percent), financial sector (9 percent) and infrastructure (3 percent).

During the second quarter, 91 percent of the volume of cancellations occurred after the fourth year of the contract, while only 9 percent occurred prior to the third anniversary of the contract date. It should be noted that, while in all these cases the coverage was not carried to term, MIGA's involvement was considered necessary at the outset of the project by the investor. Cancellations were attributable to the client's reassessment of the political risk environment and loan repayment and reflected the nature of the business. These trends underscore the role that political risk insurance plays in helping attract investments into countries where the investors risk perceptions could be high, but change once they were invested for a few years.

3.1.4 Marketing

Over the past fiscal year, MIGA maintained a consistent approach to marketing aimed at increasing volumes, diversifying the portfolio and supporting the agency's strategic priorities. Through participating in and, where judged appropriate, sponsoring select anchor investor events, MIGA strived to reach out to new investors and manage relationships with existing clients, many of whom also participated in such events. Therefore, MIGA often combined business trips involving a series of one-on-one meetings with event participation, and this proved to be the most cost-efficient way to market its products.

Because of these marketing efforts, the Infrastructure sector, a key priority area for MIGA, saw a number of activities involving conference participation and bilateral meetings. Staff spoke at two conferences in Asia: Financing Energy Projects in Asia and the Asia Risk Management Forum. MIGA also sponsored and provided keynote speakers for two events in New York: the Global Infrastructure Leadership Forum and the Global Water Forum. All these events were accompanied by bilateral meetings with project sponsors and financiers interested in developing projects in frontier markets. In Washington, MIGA sponsored and staff spoke at the Corporate Council on Africa's Annual Infrastructure Conference, an important conference aimed at highlighting infrastructure development opportunities in Africa. MIGA also addressed a delegation consisting of Norwegian investors interested in renewable energy projects in developing countries.

Middle-income countries are increasingly investing in developing countries (South-South investments) and MIGA has been active in assisting companies in mitigating perceived political risks. In Latin America, for example, MIGA undertook a business development mission to Rio de Janeiro and Sao Paulo. The Agency met with Brazilian corporations currently investing throughout the region and Sub-Saharan Africa.

The visit placed a particular emphasis on strengthening relationships with local partners, such as the Federations of Industries of Sao Paulo (FIESP) and Rio de Janeiro (FirJan), both of which played key roles in helping MIGA's outreach efforts.

MIGA staff also visited South Africa and Botswana in order to explore, together with World Bank Group partners, opportunities to assist in the financing of power projects. The Agribusiness, Manufacturing and Services sector focused on developing new leads in Europe, which, in this quarter, included a trip to Greece and Italy, where smaller investors are looking to expand into the MENA region and Africa. MIGA organized a series of investor roundtables and bilateral meetings in both countries in cooperation with Italian and Greek business and trade associations (both of which are represented by PSLOs), and met with the largest Italian banks and SIMEST, the Italian development finance institution. These meetings generated a number of leads from companies interested in Africa and MIGA's Small Investment Program. In the oil and gas sector, MIGA pursued opportunities in Central Asia at the Kazakhstan Oil and Gas Conference, where staff met with key oil and gas investment bankers and brokers working in the region.

3.1.5 Other Non- Guarantee Activities

Although there were no changes to the claims reserve or the probable loss reserve during the second quarter, MIGA received notice of a potential claim in Afghanistan during the quarter. During the review period, hearings were held at ICSID involving a project in Argentina, which is insured by MIGA.

MIGA has been in discussions with the government of the Kyrgyz Republic in connection with a settlement of disputes with several investors. During FY08, 42 MIGA's lawyers were also engaged in negotiating and consulting with affected guarantee holders and relevant government officials in respect to disputes in Benin and Guatemala involving potential claims for expropriation.

At the end of FY08, FIAS' Investment Generation portfolio consisted of 34 projects, covering some 20 countries, several regional programs, and 2 global programs. Several African countries and regions benefited from MIGA Investment Generation Portfolio.

MIGA continued to provide support for a mining project in Africa under MIGA's 'Environmental and Social Challenges Fund for Africa'. The fund, which was launched in January 2007 with support from the Japanese government, is open on a case-by-case basis to investors already receiving MIGA guarantees or being considered for support for existing or possible projects in MIGA member countries in Africa.

CHAPTER III

CHAPTER III

SELECTED ISSUES

IDA15 Framework

3.1 Overview

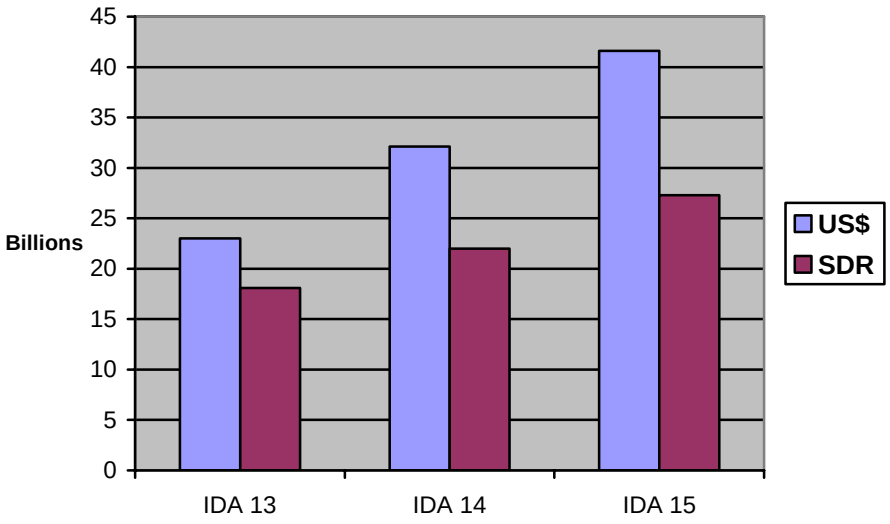
The fifteenth replenishment of the International Development Association (IDA) by its donors occurred against the backdrop of increasing proliferation of channels and fragmentation of aid flows. IDA's donors acknowledged that this growing complexity in the global aid architecture tended to reduce the effectiveness of development assistance at a time when this needs to be scaled up to help countries in their efforts to reach the Millennium Development Goals (MDGs). IDA's donors deliberated upon these and related issues under three special themes: (i) IDA's role in global aid architecture, (ii) country-level effectiveness, and (iii) fragile states.

Donors concluded that IDA remains the most effective channel for providing concessional financing to low-income countries. They also agreed that subject to performance IDA should direct more than half of its financial assistance to Sub-Saharan Africa, which is unlikely to meet many of the MDGs by 2015. To underscore the important role that strong country ownership plays in development, IDA's donors did not introduce new policy conditionality, but emphasized the need to improve poverty and social impact analyses in country programs during the IDA 15 period.

3.1.2 The Resource Envelop

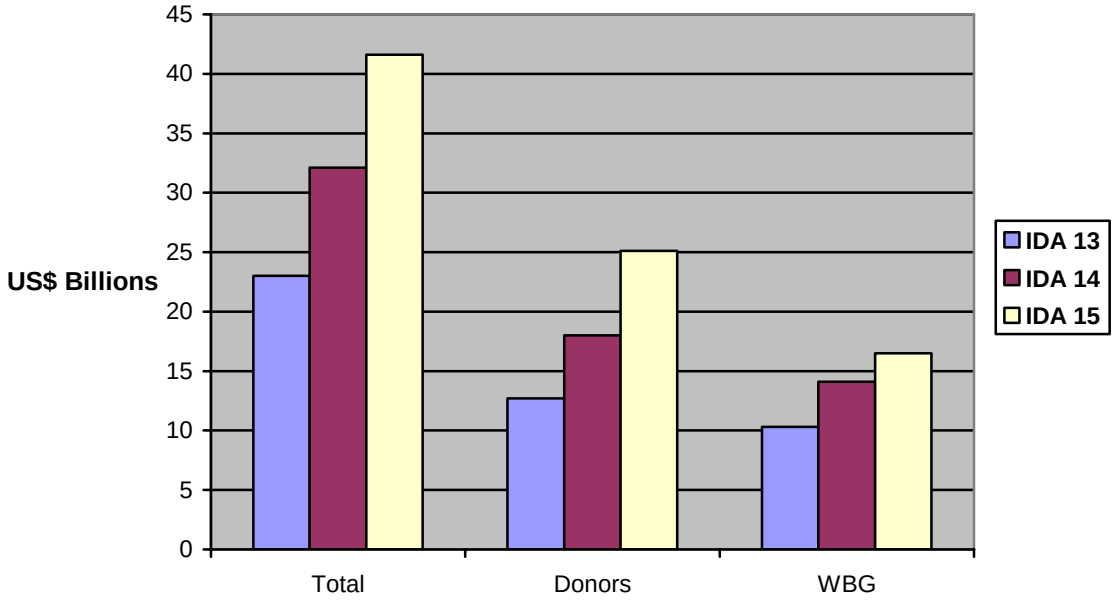
At US$41.6 billion, IDA 15 resources have increased by 30 percent from US$32.1 billion in IDA 14. New donor contributions amounted to US$25.1 billion from US$18.0 billion in the previous replenishment round. Donors also agreed to compensate IDA for forgone reflows under the Multilateral Debt Relief Initiative (MDRI), and to finance HIPC debt relief cost and the clearance of payment arrears due from Liberia, Cote D'Ivoire and Sierra Leone.

Chart 3.1: IDA 13-15 Replenishments



The World Bank Group more than doubled its contribution to US$3.5 billion from US$1.5 billion in IDA 14. Charts 1 and 2 depict developments in IDA's resources since IDA 13. In addition, Chart 1 depicts the impact of the US$ depreciation while Chart 2 also shows a flattening in funding from internal sources largely due to forgone reflows in the aftermath of the MDRI.

Chart 3.2: IDA Donor and World Bank Group Contributions



3.1.3 The Framework

(a) IDA's Performance-Based Allocation System for IDA 15

IDA will continue to estimate country allocations based on the existing performance-based allocation (PBA) system that is underpinned by Country Performance Ratings (CPRs) based on Country Policy and Institutional Assessment (CPIA) ratings, population size and per capita income. With more than 60 percent accounted for by governance-related factors, the CPIA is an evolving methodology, which rates countries' relative performances in terms of policy implementation and the quality of Bank portfolio. Countries with relatively higher performances get proportionately higher initial resource envelops, which can also be augmented as more resources become available as a result of poor performance or lack of absorptive capacity in other countries.

(b) Allocations for Small States

To ensure that small states get reasonable initial resource envelops and that larger states do not crowd out the former, the PBA system provides for basic allocations and puts a cap on per capita allocations. The basic allocation and the cap were last determined in IDA 9. Under IDA 15, the basic allocation and the cap will rise from SDR1.1 million to SDR1.5 million per year and from SDR13.2 to SDR19.8, respectively.

(c) Exceptions to the PBA System

The PBA system provides for exceptional allocations to address special country circumstances and needs. Existing exceptions include:

(i) Countries with access or potential access to IBRD receive less than what they could under the PBA system.

(ii) Subject to availability, and in cases where existing allocations would not allow for sufficient response, IDA countries may receive additional allocations in the aftermath of major natural disasters.

(iii) Eligible countries may get exceptional allocations to help finance the cost associated with the clearance of arrears to IBRD and IDA.

The following are the exceptions introduced during the IDA 15 replenishment negotiations:

(i) Financing of Regional Projects

In general, IDA's financing of regional projects should have been additional to country allocations for core programs, provided IDA could lend directly to regional entities. Currently, however, such a lending facility is not in place. With clients increasingly requesting financing for regional projects, IDA 13 set aside some funds for a pilot regional program. During IDA 14 topping-up funding for regional projects was initially put at SDR200 million a year and this was scaled up to SDR250 million at mid-term review. In IDA 15, the amount has increased further to SDR400 million a year. Consistent with the IDA 14 financing framework, participating countries will continue to contribute from their IDA envelops a third of the required financing for a specific project. To ease pressure on country allocations, especially in the case of small states, IDA 15 has introduced a cap of 20 percent on country contributions to regional projects.

(ii) Allocations to Fragile States

Countries emerging from severe conflict may under certain conditions, obtain additional resources in support of their recovery and in recognition of a period of exceptional need. These special post-conflict allocations are for 4 years, plus 6 years (representing a doubling from IDA 14) of phase-out to the performance-based system. The extension of the phase-out period would be based on country performance, measured by Post-Conflict Performance Indicators. If they have large and protracted arrears to multilateral creditors, such countries may also be eligible for grants in the pre-arrears clearance period.

Based on a strong transitional plan with concerted donor support, countries engaging with IDA after a prolonged period of inactivity may be eligible for exceptional

allocations for a period of 2 years, plus a phase-out period of 3 (an increase of 2 more years in IDA 15) to the PBA system. Such countries will get 50 percent of allocations to post-conflict countries and may also be eligible for grants in the pre-arrears clearance period.

3.2 IFC Annual Portfolio Performance Review – FY07

3.2.1. Background

On an annual basis, IFC (the private sector arm of the World Bank Group) undertakes a review of its portfolio performance to gauge the quality in terms of growth, size, composition, and assesses key indicators to determine the robustness of the Corporation's portfolio management. It is a guide on the status of the portfolio relative to approved policies and procedures for IFC portfolio management. This write-up discusses portfolio performance during FY07.

3.2.2 Overview of IFC's Investment Environment in FY07

The review of the trends in the investment environment showed strong growth in net capital flows to developing countries. Equity investment flows continued to be the most dominant source of net private inflows, reflecting continued high investor appetite for risk given the low interest rate environment in the major financial centers, abundant global liquidity, as well as improving fundamentals reflected in credit rating upgrades in a large number of emerging markets. With strengthened fundamentals in many developing countries, investors looked to emerging markets as a sort of safe haven from the financial pressures building in the high-income markets. As a result, net inflows into emerging markets debt and equity funds, remained strong.

The economic performance of emerging markets in 2006 and the first half of 2007 were generally superior compared to the outturn for 2005. Economic growth continued accelerating in most countries, backed by solid global economic environment, high commodity prices and strong domestic demand. Price stability played an important role as most countries managed to grow at high rates under controlled inflation. The external position of most emerging markets continued improving in 2006 supported by high commodity prices and strong exports (particularly in the agriculture, minerals and energy sectors), and increasing flows of remittances to many countries. In 2007, current account balances improved, accumulation of foreign reserves continued while levels of external debt as a percentage of GDP decreased.

3.2.3 Highlights of IFC's Investment Portfolio and Performance in FY-07

The portfolio performance review is guided by IFC's exposure policies, which seek to diversify risk while remaining responsive to the developmental needs of client member countries. In this regard, guidelines have been set to limit exposure at the country, sector,

and product levels. Therefore, the highlights of portfolio performance were done with these guidelines in mind and focus mainly on the investments portfolio.

3.2.4 Portfolio Growth, Size and Composition

Table 1 provides a snap shot of the main portfolio volume indicators in the last five years, while the remainder of this section briefly highlights further features of the portfolio performance.

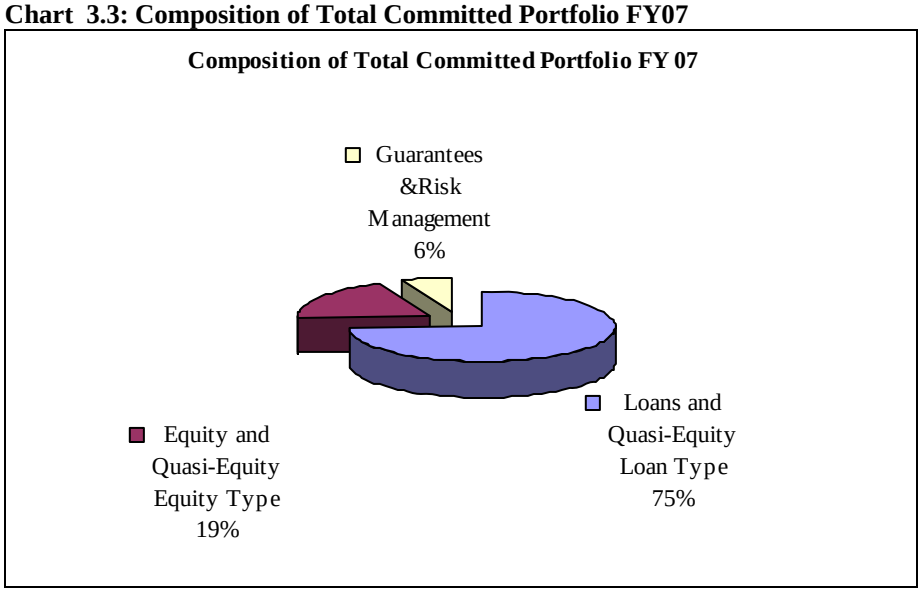
Table 3.1: Total IFC Portfolio - Growth and Composition, FY 03 -07					
	FY03 $ Mil	**FY04 $ Mil**	**FY05 $ Mil**	**FY06 $ Mil**	**FY07 $ Mil**
Approvals pending commitments	2,871	2,417	3,472	3,557	5,118
Droppages	969	711	648	240	830
New Commitments					
Loans	2,520	3,401	4,125	4,214	4,692
Quasi-equity loan type	433	331	416	754	957
Quasi -equity equity type	14	3	73	126	110
Equity	342	787	538	997	1,477
Guarantees & Risk Management	548	230	220	611	985
Total New Commitments	**3,857**	**4,752**	**5,372**	**6,702**	**8,221**
Commitments pending Disbursements					
Loan	2,694	3,518	4,819	5,550	5,913
Equity	758	1,035	1,013	1,361	1,741
Total Comm. pending disbursements	**3,452**	**4,553**	**5,832**	**6,911**	**7,654**
Cancellations					
Loans & quasi-equity loan type	247	434	486	602	804
Equity & quasi-equity equity type	44	46	48	80	118
Loan and equity cancellations	**291**	**480**	**534**	**682**	**922**
Guarantees and Risk Management	231	330	-	221	189
Total Cancellations	**522**	**810**	**534**	**903**	**1,111**
Commitment Portfolio					
Loans	9,866	11,330	12,849	14,080	15,934
Quasi-equity loan type	2,057	1,928	1,932	2,326	3,056
Quasi -equity equity type	172	153	159	279	324
Equity	2,634	2,985	3,168	3,633	4,561
Loan and Equity Committed Portfolio	**14,729**	**16,396**	**18,108**	**20,318**	**23,875**
Guarantees	1,082	886	998	1,150	1,415
Risk Management product (exposure)	255	177	168	159	122
Total Commited Portfolio	**16,066**	**17,459**	**19,274**	**21,627**	**25,412**
New Disbursements					
Loans	2,148	2,349	2,537	3,214	3,691
Quasi-equity loan type	497	337	331	504	1,011
Quasi -equity equity type	9	1	23	55	46
Equity	304	466	566	656	1,093
Total New Disbursements	**2,958**	**3,153**	**3,457**	**4,429**	**5,841**
Disbursed Portfolio					
Loans	7,550	8,084	8,326	9,049	10,494
Quasi-equity loan type	1,679	1,656	1,636	1,808	2,582
Quasi -equity equity type	155	135	100	127	143
Equity	1,893	1,969	2,214	2,424	3,001
Total Disbursed Portfolio	**11,277**	**11,844**	**12,276**	**13,408**	**16,220**
Executed Portfolio of Guarantees & Risk Management					
Guarantees	314	315	291	494	781
Risk management products	87	74	48	27	29
Grand total of disbd and exec portfolio	**11,678**	**12,233**	**12,615**	**13,929**	**17,030**
Loan Repayment	1,402	1,935	2,283	2,752	2,563
o/w Prepayment	411	706	1,161	1,440	1,240

***Source*: IFC**

3.2.5 Commitments

According to the review, portfolio volumes continued to increase in FY 2007. IFC's total committed portfolio diversified across loans, equities, guarantees and risk management products, stood at US$25.4 billion, 17 percent higher than the US$21.6 billion in FY06. Figure 1 characterizes the composition of IFC's committed portfolio, which consisted of loans and loan type quasi-equity at $19.0 billion, equity and equity type quasi-equity at US$4.9 billion and guarantees and risk management products at US$1.5 billion, representing 75 percent, 19 percent and 6 percent of the total portfolio, respectively. The portfolio growth in FY07 was driven largely by robust growth in new equity and new guarantee commitments, as shown in figure 2.

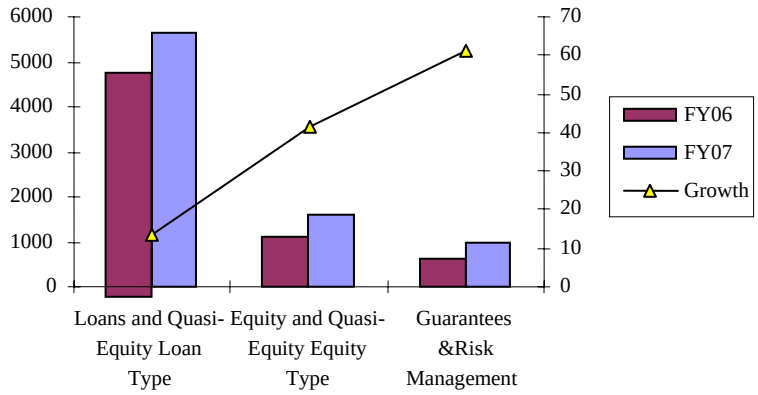
Chart 3.3: Composition of Total Committed Portfolio FY07



New commitments increased by 23 percent to US$8.2 billion with new loan commitments at US$5.6 billion; equity type commitments at US$1.6 billion; and guarantee and risk management commitments just under US$1.0 billion, representing increases of 14 percent, 41 percent and 61 percent, respectively.

While every region registered significant increases in new commitments over FY06 levels, IFC's total committed portfolio was relatively concentrated in the Latin America & Caribbean (LAC) region. In fact, the region had the largest share (22 percent) of new commitments followed by that for Sub- Saharan Africa (17 percent).

Chart 3.4: New Commitments- Composition and Growth
FY06-07



IFC's new commitments went up by 112 percent in South Asia region (SAR), 97 percent in Sub-Saharan Africa (SSA) and 82 percent in Middle East & North Africa (MENA). In contrast, the Central and Eastern Europe region (ECA) witnessed a 39 percent decline in new commitment volumes to US$668 million from US$1.1 billion in FY06. The sharp drop was due to increased headroom as countries accede to the EU.

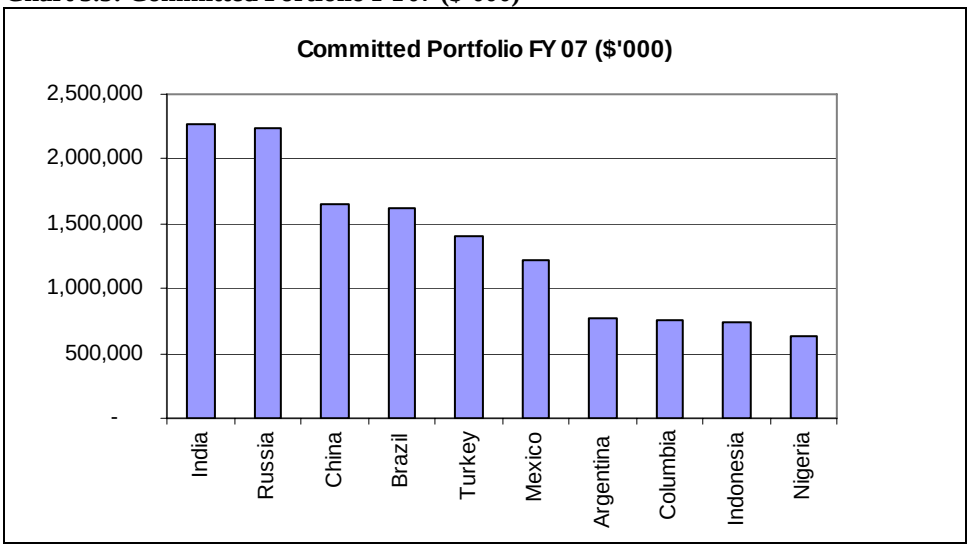
Table 3.2: New Commitment Portfolio by Region FY06-07

	FY 06 $Mil	FY06 Share %	FY 07 $Mil	FY07 Share %	Growth %
Sub-Saharan Africa	700	10.4	1,380	16.8	97.1
East Asia & Pacific	982	14.7	944	11.5	-3.9
South Asia	507	7.6	1,073	13.1	111.6
Central & Eastern Europe	1,092	16.3	668	8.1	-38.8
Southern Europe & Central Asia	991	14.8	1,118	13.6	12.8
Latin America & Caribbean	1,747	26.1	1,781	21.7	1.9
Middle East & North Africa	668	10.0	1,217	14.8	82.2
World	16	0.2	39	0.5	143.8
TOTAL IFC	**6,703**	100.0	**8,220**	100.0	22.6

***Source*: IFC**

The top ten IFC country exposures continued to increase from 51 percent in FY06 to 57 percent of the total committed portfolio. The largest country exposures in 2007 were in India and Russia with about 9 percent share each of the total committed portfolio. The other important countries included China, Brazil, Turkey, Mexico Argentina, Columbia, Indonesia and Nigeria respectively in this order.

Chart 3.5: Committed Portfolio FY07 ($'000)



Source: IFC

The committed portfolio grew in all country-income categories in FY07 with the highest rate of growth in the low-income category, which recorded a 44 percent increase to US$5.1 billion. The countries in this category with the largest growth in commitments levels included India, Pakistan, Uganda and Nigeria. Collectively, these countries recorded a net increase of US$1.4 billion in commitments. Committed investment in the low middle-income countries category grew 4 percent to US$9.4 billion, reflecting an increase in commitments to Columbia, Egypt, Peru and China. The movement of Romania from low to high middle-income category supported growth in the high middle-income category.

The financial services sector accounted for the largest share of committed portfolio at 37.5 percent compared to 35 percent in 2006. The shares for manufacturing and infrastructure were 19.6 percent and 8.6 percent, respectively. Agriculture, collective investment vehicles, oil, gas and mining and industrial sectors experienced marginal year-on-year decrease, while chemical, and social services sector increased only marginally.

Table 3.3: Total IFC Committed Portfolio by Sector

	Total IFC Committed Portfolio					
	FY03 $mil	Share %	FY06 $mil	Share &	FY07 $mil	Share %
Agriculture	246	1.5	650	3.0	530	2.1
Chemical	688	4.1	761	3.5	1,086	4.3
Collective Investment Vehicle	1,093	6.5	1,029	4.8	1,145	4.5
Financial Services	4,768	28.4	7,573	35.0	9,519	37.5
Industrial & Consumer Services	1,012	6.0	1,102	5.1	1,250	4.9
Infrastructure	3,529	21.0	4,346	20.1	4,730	18.6
Manufacturing	4,116	24.5	4,307	19.9	4,984	19.6
Oil, Gas and Mining	1,078	6.4	1,559	7.2	1,726	6.8
Social Services	248	1.5	300	1.4	440	1.7
Total IFC	**16,778**	**100**	**21,627**	**100.0**	**25,410**	**100.0**

Source: IFC

As a share of total committed portfolio, commitments in frontier countries increased significantly to 26 percent against 21 percent in 2006, primarily driven by a dramatic increase in investments in India. Although the portfolio is historically weighted heavily in non-IDA countries, commitments in IDA countries gradually picked up with FY07 commitment level representing 30.7 percent of total portfolio, up from 26.6 percent in FY 06. These developments are consistent with IFC's Strategic Focus for FY07-09, which gives priority to frontier countries (that is, all IDA countries as well as high risk non-IDA countries).

3.2.6 Disbursed Portfolio

The disbursed portfolio (investments with outstanding loans and/or equity balance) was US$16.2 billion at end FY 07, representing a 21 percent increase over the FY 06 level. The growth in disbursed portfolio was driven by the higher levels of loan and equity disbursements which more than offset the US$2.6 billion repayment (including prepayment of US$1.2 billion) and US$596 million in equity sales.

3.2.7 Droppages, Cancellations and Prepayments

Not all approved investment projects become effective or fully implemented to completion - they can be dropped or cancelled. The review classified reasons for droppages and cancellations into six categories viz: alternative finance, poor performance, sponsor issue, lack of finance, change in project scope and other factors. In FY07, droppages and cancellations increased by 70 percent to US$1.9 billion. Droppages alone more than tripled to US$830 million, reaching their highest level since FY03, while cancellations increased 23 percent to US$1.1 billion.

On regional basis, the Latin America & Caribbean, Southern Europe & Central Asia and East Asia & Pacific regions accounted for the largest share of droppages and cancellations, registering 31.5 percent, 19.5 percent and 16.3 percent, respectively. In addition, the droppages and cancellations were concentrated in the financial services and infrastructure sectors. The major reason for this outcome was the availability of alternative finance, which accounted for 48 percent of the loan and equity droppages and cancellations, followed by other factors at 31 percent and sponsors issues at 11 percent.

Since the size of the underlying portfolio changes over time, due to new commitments, approvals, disbursements and prepayments, the relative importance of droppages and cancellation also changes. In this regard, a more meaningful measure is the comparison of level of droppages and cancellation to approval and commitments, respectively. It turns out that droppages relative to approvals worsened to almost 9 percent from 3 percent in FY 06, while increases in cancellations were offset by the high level of commitments, resulting in commitments being relatively higher than the previous year. Prepayments declined by 14 percent to US$1.2 billion underpinned by alternative finance and strong cash flow generation by portfolio companies.

3.2.8 Portfolio Income and Returns

The robustness of the portfolio performance in FY07 is shown in IFC's gross portfolio income, which reportedly grew by 66 percent to $3.4 billion, its highest level ever, following a 22 percent increase in FY06. This was boosted by a 109 percent ($1.0 billion) increase in realized capital gains and 22 percent in dividend income. After provisions, gross income increased by 72 percent to US$3.4 billion from US$2.0 billion in FY 06. The return on the portfolio after loss provisions was 22.7 percent, up from 15.2 percent in FY 06, or more than doubling the 10 percent return averaged during the past five years.

Gross equity income almost doubled, reaching US$2.3 million and gross loan income totaled US$1.1 billion, a 33 percent increase from the previous fiscal year and supported by the growth in disbursed loan portfolio and higher overall interest rate environment.

3.2.9 Reserves and Write-offs

Total loan loss reserves declined by US$66 million to US$832 million or 6.4 percent of the outstanding loan portfolio, down from 8.3 percent in FY06. Total loan and equity write-off fell to US$85 million in FY07 from US$187 million in FY06, underscoring the quality of the investment portfolio.

3.2.10 Conclusions

In sum, the review provided a snapshot of IFC's portfolio and trends as of end FY 2007. For the Constituency, this review should be examined against IFC's business strategy for Africa and the preparedness of member countries for doing business.

As is the case in other regions, IFC is strongly committed to enhancing its relevance in Sub-Saharan Africa .This drive is supported by the Strategic Initiative for Africa adopted since 2004. The Initiative, which is still the instrument of engagement in the period 2007-09, is underpinned by three key pillars, viz: (i) improving the investment climate, (ii) enhanced support to SMEs and (iii) proactive project development to support IFC investments especially in infrastructure projects. Over this period, commitments in Africa are expected to grow substantially, reaching up to US$1.0 billion. The key sectors behind the projected growth are financial markets, infrastructure, and oil, gas, mining and chemical. IFC also intends to increase its activities in the agribusiness sector.

It is widely acknowledged that the economic and political environment in Africa is changing. Macroeconomic improvements have been impressive in recent years, conflicts are on the downside, and confidence among African investors is on the rise. There is therefore an opportunity to unleash the role of the private to drive growth on the continent.

3.3 Progress on the Millennium Development Goals

3.3.1 Background

The 2008 Global Monitoring Report (GMR) addresses the interrelated challenges of development and environmental sustainability. It assesses progress in the agenda to achieve the millennium development goals (MDGs) and the challenge of environmental sustainability and its implications for developing countries. It monitors the progress made at national and global levels in addressing the challenges. The report then sets out a six-point agenda for inclusive and sustainable development to meet the following challenges:

- sustaining and broadening the growth momentum;
- Achieving better results in human development;
- Integrating development and environmental sustainability;
- Scaling up aid and increasing its effectiveness;
- Harnessing trade for strong, inclusive, and sustainable growth; and
- Leveraging IFI support for inclusive and sustainable development.

The specific theme for the 2008 GMR is the link between development and environmental sustainability. Urgency of action to accelerate and broaden progress toward the development goals is paralleled by urgency of action to combat climate change that threatens the well-being of all countries, but particularly that of poor countries and poor people. Development and environmental sustainability are fundamentally complementary objectives. Environmental sustainability is essential for continued economic growth and reduction of poverty. It also exerts positive impacts on human development goals—health, nutrition, and education outcomes. Economic growth and development in poor countries in turn can contribute to environmental sustainability by improving their access to modern energy and cleaner and more efficient technologies and reducing reliance on activities, such as cutting forests, that are detrimental to the environment. Deforestation contributes about one-fifth of total greenhouse *gas* emissions. At present, 1.6 billion people, about a third of developing world's population, are without access to modern energy and are forced to rely on more carbon-emitting biomass and fossil-fuel energy. Economic development also expands the resources and capacities of poor countries to adapt to environmental impacts.

3.3.2 Overall Progress

Poverty reduction is making headway but progress in uneven. The world is on course to achieve the first MDG, that of halving extreme poverty between 1990 and 2015. This success owes to a remarkable surge in economic growth. The world economy and the developing countries have rarely grown faster over a sustained period. Growth in developing countries has averaged over 7 percent in the past five years. The number of extreme poor - those living under US$1/day - in the developing world declined by 278 million between 1990 and 2004, and a stunning 150 million in the last five years of that period. The decline in poverty has been the largest in regions with the strongest growth. East Asia, the fastest growing region, has already reached MDG 1. Yet, progress has been uneven, with many countries lagging behind, especially in Africa.

3.3.3 Sub-Saharan Africa Lagging Behind

While MDG 1 will be met at the global level, Sub-Saharan Africa is likely to fall well short, although there has been a very encouraging pick-up in growth in the region. Some 18 countries with better-managed economies have grown at an average rate of about 5.5 percent over the past 10 years. But roughly as many countries in the region, some 20 in number, many affected by conflict, have remained trapped in low growth, averaging only about 2 percent. Even among the faster growers, only a few, mainly resource-rich countries, have managed to achieve growth in the 7-8 percent range that is needed to make serious dents into persistent poverty and reach MDG 1. In Africa as well as other regions, progress in poverty reduction has been slowest in fragile states. Indeed, in aggregate, the incidence of extreme poverty rose in this group of countries. Globally, nearly one billion people continue to live in extreme poverty.

3.3.4 Prospects in Human Development and Education

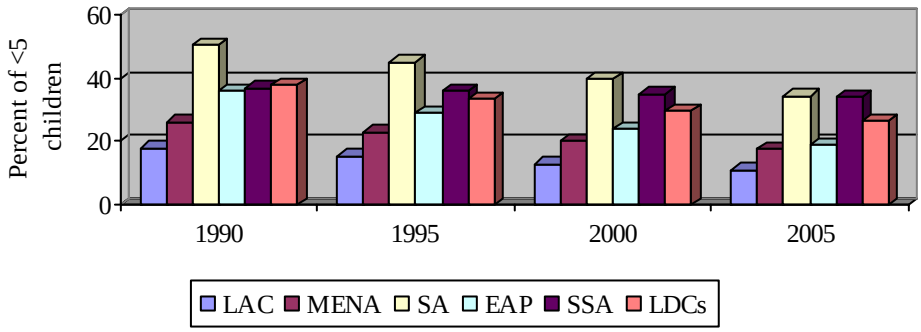
(a) Human Development

> Shortfalls in the human development goal are more serious than in other areas. While notable progress has been made, the risks of falling short are far greater for these human development goals than for the income poverty MDG. Halfway to 2015, about 40 million more children are in school; gender disparity in primary and secondary schools has declined by 60 percent; 3 million more children survive every year; 2 million lives are saved every year by immunization; and 2 million people now receive AIDS treatment.

Despite this progress, about 75 million children are still not in school. Some 10,000 women die every week from treatable complications of pregnancy and birth. More than 190,000 children under five die of disease every week. Over 33 million people are infected with HIV, with more than 2 million dying every year from AIDS. More than one million people die of malaria, a preventable disease, every year, including one child every 30 seconds; and about half of the developing world lacks basic sanitation.

On current trends most human development MDGs are unlikely to be met at the global level. While some regions will meet some of these goals, Sub-Saharan Africa and, in some cases, South Asia is likely to fall seriously short. Prospects are gravest in health, with large shortfalls likely at the global level and in several regions with respect to the goals of reducing child and maternal mortality by two-thirds and three-quarters, respectively, and halving the proportion of those without access to basic sanitation. While much progress has been made in reducing child malnutrition, shortfalls are likely in reaching the goal of halving its incidence, especially in Sub-Saharan Africa and South Asia. Figure 3.3 shows progress made in improving nutrition status of under-five children in developing countries (LDCs), Latin America and the Caribbean (LAC), Middle East and North Africa (MENA), South Asia (SA), East Asia and the Pacific (EAP) and in Sub-Saharan Africa (SSA). The HIV prevalence rate has shown some decline in Africa but has risen in some other regions, albeit from much smaller levels than in Africa. Mortality from malaria remains high but lack of data makes it difficult to monitor incidence over time.

Chart 3.3 : Trends in Under-Five Malnutrition, 1990-2005



Source: World Bank, Global Monitoring Report 2008

(b) Education

The world is likely to miss the goal of universal primary school completion but come close. However, sizable shortfalls are likely in Sub-Saharan Africa and South Asia. The goal of eliminating gender disparity in primary and secondary education seems attainable by 2015, although Sub-Saharan Africa is likely to fall short. Prospects for achieving gender parity in tertiary education are less promising. The regional shortfalls in Sub-Saharan Africa and South Asia in part reflect their lower starting base.

3.3.5 Climate Change – Challenges and Impacts

One of the reports finding is that sound natural resource management is essential for sustainable growth. For developing countries, most of which have a high dependence on natural resources, carefully managing those resources and the environment is especially important for the sustainability of growth and development outcomes. On average, natural capital constitutes more than 40 percent of the national wealth of low-income countries, compared with only 5 percent in high-income countries. Issues of sustainable use of natural resources are typically raised in relation to sub-soil assets - notably oil - but extend to other resources such as forests and water. An area of forest equivalent to the size of Panama or Sierra Leone is lost every year to land use changes, with most of the loss concentrated in Latin America and Sub-Saharan Africa. Per capita freshwater availability could fall below critical levels in the near future in many countries in the Middle East.

Clean air and water are resources that are degraded by pollution. The major urban air pollutant, in terms of impact on human health, is particulate matter whose concentrations in low-income countries are on average nearly three times higher than in high-income countries. How these resources are managed will be critical to longer-term

sustainability of growth. On climate change, the report shows that developing countries will be impacted most. Heavier dependence on natural resources and agriculture and lack of development also render poor countries more vulnerable to the impact of climate change and less able to adapt. These include impacts on agriculture and human health, and the effects of sea level rise and extreme weather events.

Estimates of the impact of global warming through 2080 based on non-mitigation scenarios, show developing countries in Sub-Saharan Africa, South Asia, and parts of Latin America, which are home to a billion of the world's poorest people, suffering the largest losses in agricultural output, ranging from 15-60 percent. Environmental risk factors play a role in 80 percent of diseases globally, and the economic burden of environmental health hazards has been estimated at 2-5 percent of GDP. The cost of climate change in *Disability Adjusted Life Years* was estimated at 5.5 million annually in 2000; an estimate that will only rise if climate change is not checked. Children of the developing world bear the brunt of the health impact of climate change (through increased incidence of diseases such as diarrhea, malaria, and respiratory infections). More than 200 million people in developing countries live in potential impact zones where they would become refugees from coastal flooding at a three-meter sea level rise. During the 1990s, 200 million people per year, on average, were affected by climate-related disasters in developing countries, compared with about 1 million in developed countries.

3.3.6 Conclusion

While some countries have made impressive progress, most countries are currently off track to meet most of the MDGs, with fragile states falling behind most seriously. At a regional level, Sub-Saharan Africa lags on all MDGs, including poverty reduction. South Asia lags on most human development goals, although it will likely meet the poverty reduction MDG. With the world already at the halfway point, recovering lost ground on some of the MDGs seems daunting. Indeed, it is a huge challenge. However, rapid progress is possible. The success of better-performing regions and countries - such as Vietnam which reduced poverty from around 58 percent in 1993 to 16 percent in 2006 - inspire and give reasons for hope. Even in many lagging countries, including in Africa, progress is being made. This progress needs to be quickened and broadened across MDGs, across countries, and across populations within countries.

3.4 Bank Assistance to Agriculture in Sub-Saharan Africa – IEG Review

3.4.1 Introduction

The Independent Evaluation Group (IEG) has evaluated the development effectiveness of World Bank (the Bank) assistance in addressing constraints to agricultural development in Sub-Saharan Africa over the period of fiscal 1991–2006. The report, *World Bank Assistance to Agriculture in Sub-Saharan Africa*, provides an insight into the

implementation of the Bank's renewed focus on agriculture in Africa, especially as embodied in the Africa Action Plan (AAP).

3.4.2 Findings

The main message of the report is that the agricultural sector has been neglected both by governments and by the donor community, including the World Bank. The IEG finds that the Bank's limited and, until recently, declining support has been largely piecemeal and covers across several critical areas such as research, extension, credit, seeds, roads, and policy reforms, but with little recognition of the synergy between them. As a result, though there have been areas of comparatively greater success – research , for example - results on the ground have been limited because of weak linkage with extension and limited availability of critical complementary factors such as fertilizers, water, and market access. The report reveals that the Bank's technical skills to support agricultural development have declined over time and that its analytical work has been limited, of variable quality, and has not strategically informed lending program design or policy advice.

The Bank's dismal performance has also been attributed to capacity issues in borrowing countries. Poor governance and conflict in several countries, weak institutional capacity, and inadequate government appreciation of the importance of agriculture in development, as well as insufficient coordination of donor efforts, have been factors in the continent's poor agricultural performance.

3.4.3 Recommendations

Based on its findings, the IEG has recommended that the Bank should:

- support improvements in agricultural productivity by helping design mechanisms that can bring various factors such as improved seeds, water, credit, and good extension advice, among others, to farmers in a coordinated manner;

- focus on improving its own capacity to adequately support agricultural development by increasing the quantity and quality of analytical work to help set country-level priorities, and ensure that policy advice and lending are grounded in the report's findings and by rebuilding its technical skills; and to

- (iii) improve data systems to better track activities supported by the Bank and strengthen monitoring and evaluation.

3.4.4 Observations

In addition to IEG's recommendations, the following observations would seem to be worth noting:

- The need to ensure that the Bank has an integrated agricultural approach to address systemic issues, identifying binding constraints within different country contexts, and addressing urgent needs of African poor countries with a multisectoral and multifaceted approach.

- The importance of setting realistic goals for Bank's involvement in client countries and balancing between analytical work and policy advice.

- The Bank needs to work in cooperation with other development partners such as the FAO.

- The importance of adaptation to climate change, access to credit for small farmers, and development of innovative financial instruments, particularly for risk management, as well as the importance of addressing the trade agenda.

3.4.5 Conclusion

The IEG report has been generally well received by the Bank and it is hoped that the recommendations will be incorporated in future Bank work at country level.

3.5 The World Bank Group Strategic Directions

3.5.1 Background

A few months into his new job as President of the World Bank Group, Mr. Zoellick announced his thinking on what the strategy of the group should be in the 21st century. His vision for the World Bank Group is to contribute to an inclusive and sustainable globalization, to overcoming poverty, enhance growth with care for the environment, and create individual opportunity and hope.

3.5.2 President Zoellick's Statement:

"What, then, should be the strategic directions the World Bank Group should pursue? First, the World Bank Group faces the challenge of helping to overcome poverty and spur sustainable growth in the poorest countries, especially in Africa. IDA is our core financing instrument for the 81 poorest countries. In these countries, we need to focus

intensively with our partners on achieving the Millennium Development Goals. These basic needs will set the foundation for the future.

"Yet the message I received when I traveled to Africa in June and to Asia in August was that social development objectives are necessary but not sufficient. The good news is that 17 African countries, home to 36 percent of the population, achieved average annual growth of 5.5 percent from 1995 to 2005. These countries want assistance to build infrastructure for higher growth – especially energy and physical facilities that can support regional integration. They also want help to develop local financial markets, including for microfinance that can mobilize African savings for Africa's growth.

"African leaders see great potential to expand agriculture, increasingly through productivity growth. The World Bank Group's recent World Development Report highlights that GDP growth from agriculture benefits the poorest four times more than growth in other sectors. We need a 21st Century Green Revolution designed for the special and diverse needs of Africa. We need greater investments in technological research and dissemination, sustainable land management, agricultural supply chains, irrigation, rural micro-credit, and policies that strengthen market opportunities, while assisting with rural vulnerabilities and insecurities. More countries need to open their markets to farm exports, too.

"Another 8 African countries, home to some 29 percent of the population, have averaged growth of 7.4 percent from 1995 to 2005 due to their oil resources. For these states and some IDA countries in other regions, the priority development challenge is encouraging good governance and anti-corruption policies, along with an expansion of local public sector capacity, to ensure that resource revenues build a sustainable future for all citizens. We also have the opportunity to build new partnerships to assist the poorest. The Bank Group is now working with Russia, China, Brazil, and India to support the needs of poorer states. Second, we need to address the special problems of states coming out of conflict or seeking to avoid the breakdown of the state.

"When the visionaries at Breton Woods conceived of the IBRD over 60 years ago, the "R" stood for the reconstruction of Europe and Japan. Today, the "R" points us toward the challenge of reconstruction in states harmed by modern conflicts. Sadly, these conflicts not only lead to extraordinary suffering for the people directly involved, but the spillover effects drag down their neighbors too.

"Frankly, our understanding of how to deal with these devastating cases is modest at best. I suspect we will need a more integrated approach involving security, political frameworks, rebuilding local capacity with quick support, reintegration of refugees, and more flexible development assistance. The Bank Group's constructive work in Bosnia, Rwanda, and Mozambique shows what is possible. IDA's adaptability and quick disbursements have proven vital in post-conflict environments, and we are working with other development partners to increase our effectiveness.

“Today, we are at work in Southern Sudan, Liberia, Sierra Leone, Democratic Republic of Congo, Burundi, Côte D’Ivoire, Angola, Timor Leste, Papua New Guinea, Pacific island states, Afghanistan, and Haiti, among others. If there is an effective peace accord in Darfur, backed by a strong UN-African Union security force, the World Bank Group would want to help.

“Third, the World Bank Group needs a more differentiated business model for the middle-income countries. Today, about 70 percent of the poor live in India, China and the middle-income countries served by IBRD. In many cases, rapid economic growth has failed to provide opportunities for the poor. Social services remain under-funded. Environmental and energy problems are acute. And there remains a continuing potential for volatility in the flow of capital to these countries — like those we witnessed through the 1980s and 1990s.

“Recognizing these challenges, our middle income members want the World Bank Group to remain engaged with them through a diversified menu of “development solutions.” But this engagement needs to reflect major improvements in their financial position and institutional capacity over the past decade. They want IBRD to provide much more flexible and better-priced banking services, with less red tape and shorter turn-around times. They want customized, just-in-time knowledge and advisory services. They are looking to IFC to help develop private sector solutions for undeveloped markets and even social needs. And they are holding us to ever-higher standards of quality, consistency, and cost-effectiveness in our advisory services. In short, they want performance, and that is what we intend to give them.

“For some middle-income countries, our services will be increasingly in the areas of risk management and applying global know-how to local needs. We can offer credit enhancements, hedging, and neutral expertise that will help build the capacity for asset management. We can encourage local securities markets by helping construct local currency bond funds and indices. We can finance in local currencies to help combine our lending with the management of currency risk. To encourage inclusive growth within countries, we can work with sub-national authorities. We are now developing contingent financial instruments to assist with emergency liquidity needs during financial shocks, as well as insurance and capital market facilities to broaden availability and lower the cost of coverage for natural catastrophes, such as hurricanes and earthquakes. Some of these activities will lead us to explore how best to provide services and knowledge for fees, offering our client countries a choice of delivery with or without financing.

“Fourth, the World Bank Group will need to play a more active role in fostering regional and global public goods that transcend national boundaries. It is our calling to ensure that this agenda is linked to the aims of development. Our work on regional and global public goods will require close cooperation with other agencies that have specialized expertise, such as WHO, UNEP, UNODC, and the WTO.

"The World Bank Group has already demonstrated its potential to assist in countering communicable diseases through our work on HIV/AIDS, malaria, avian influenza, and vaccine development. We are in the midst of reexamining ways to strengthen the nexus between aid and trade.

"We are working with our Board to significantly step up our assistance to the international efforts to address climate change. At the UN Climate Change Conference in Bali this December, I hope to outline a portfolio of ways the World Bank Group can help integrate the needs of development and low carbon growth. We need to focus particularly on the interests and needs of developing countries, so that we can meet the challenge of climate change without slowing the growth that will help overcome poverty.

"Our main objective will be to help countries "mainstream" adaptation and mitigation actions within their growth strategies, including plans for energy development, agriculture, and land use. The Bank Group can also offer innovative and concessional financing mechanisms — such as our new Forest Carbon Partnership Facility — to assist with mitigation, adaptation, and the rapid penetration of technological innovation. As with carbon trading, we can help pioneer and advance new market mechanisms — in ways that assist developing countries. With the help of IFC, we can also promote the creation of public policy and business environments that will tap the private capital necessary to address this challenge.

"Poor countries and poor people are most at risk from the effects of climate change, and least protected. The World Bank Group can support increased resilience to climate risks. We can promote technology advances and adoption, especially in the developing world. For example, new capabilities to permit efficient carbon sequestration are critical. To strengthen developing countries' ability to determine their own low-carbon growth and adaptation strategies, we can support applied research and knowledge development on climate change economics in developing countries.

"Based on this portfolio of supportive activities and the knowledge we develop, the World Bank Group would also be available to help inform international policy discussion on possible regimes for climate change. But this must not be a trade-off between growth and caring for the environment. Developing countries — and Africans in particular — are concerned that resources for climate change will come at the expense of financing for other key development needs. This is another reason why developed countries need to match rhetoric with resource contributions to IDA 15.

"Fifth, one of the most notable challenges of our time is how to support those seeking to advance development and opportunities in the Arab World. In the past, these lands have been at the center of trade and learning, suggesting the potential if they can move beyond strife and barriers to growth and social development. Without broad-based growth, these countries will struggle with social tensions and a large number of young

people who cannot find jobs. The UN's Arab Human Development Report offers powerful self-assessments.

"When I served as the U.S. Trade Representative, I worked closely with leaders from the Maghreb to the Gulf who were opening economies and societies. Some had plenty of energy resources and capital but little economic diversity and ability to create jobs. Others were seeking to improve schools, strengthen the adoption of technology, and expand employment through business deregulation and trade. A number were deepening productive ties with Asia, through cross-investments, trade, and the growth of service centers.

"Our recent "Doing Business 2008" report shows progress is possible. Egypt tops the list of economies reforming regulations to make it easier to do business. Saudi Arabia eliminated layers of bureaucracy that had made it one of the toughest places to start a business and also did away with minimum capital requirements.

"These are encouraging developments, but there is much more that can be done. An inclusive globalization must deliver benefits for all the people in these states. As Arab governments seek to provide social services effectively to all their peoples, we can offer comparative experience. We can assist in creating hospitable environments for business. For some, we may be able to finance development projects, operate donor trust funds, or spur the expansion of private sector services through the IFC. In the Palestinian territories today, we are helping provide basic social services and support for good governance and private sector growth, which could provide the economic foundation for hope if the parties choose the path of peace.

"Finally, while the World Bank Group has some of the attributes of a financial and development business, its calling is much broader. It is a unique and special institution of knowledge and learning. Yet this is not a university — rather it is a "brain trust" of applied experience that will help us to address the five other strategic themes. Delivering, expanding, and testing this learning — in tandem with financing or separately — is the most important part of our work.

"We also must keep challenging ourselves by asking: what does it take to achieve inclusive and sustained development and growth? This challenge requires humility — and intellectual honesty. Many development schemes and dreams have failed. This is not a reason to quit trying. It is cause to focus continually and rigorously on results and on the assessment of effectiveness. These six strategic themes offer a direction — to be discussed, refined, and improved. We welcome the counsel and guidance of our shareholders. There is a great need — and a compelling opportunity — for the World Bank Group at this point in history."

Box 3.1 The New Strategic Directions of the World Bank Group

- helping to overcome poverty and spur sustainable growth in the poorest countries, especially in Africa;
- addressing the special challenges of states coming out of conflict or seeking to avoid breakdown of the state;
- developing a competitive menu of 'development solutions' for middle-income countries, involving customized services as well as finance;
- playing a more active role with regional and global 'public goods' on issues crossing national borders;
- supporting those advancing development and opportunity in the Arab world; and
- fostering a 'knowledge and learning' agenda across the Bank Group to support its role as a 'brain trust' of applied experience.

3.5.3 Progress Made

Since October 2007, several rounds of discussions have taken place with the Board and the strategic themes have received broad support from Executive Directors. In addition, consultations are ongoing seeking views from members of staff and informing them of progress. Some of the issues that have been raised by Board members include the link between the strategic themes and the budget, the skill mix and collaboration within the WBG, coordination with other partners and the Banks comparative advantage, and the specific activities envisaged under each theme.

In February 2008, the President held an informal meeting with the Board to inform on progress in refining the strategic themes. He emphasized that the strategic process will be ongoing and iterative with a focus on piloting, learning, seizing opportunities and serving clients while at the same time building partnerships. For each of the strategic themes, a detailed presentation was provided outlining the key objectives and their rationale, expected results, and some illustrative examples for achieving the objectives.

CHAPTER IV

CHAPTER IV

OFFICE INITIATIVES

4.1 Secondment Program Update

As Governors would recall, the Voice Secondment Program is a global capacity enhancement program that aims to increase the "voice and involvement" of the developing and transition countries in the Bank's decision making process by increasing their officials' knowledge on the Bank's operations and processes through a six-month Secondment assignment with the Bank.

The Program is now in its fourth year and the Secondees are currently in their assigned units as follows:

1. Martha Mugwenhi **(Zimbabwe)** is assigned to the Africa Regional Integration Unit.
2. Beryl Shirley Samson **(Seychelles)** is with the Africa Region Human Development Sector Unit.
3. Tayani Vincent Banda **(Malawi)** is assigned to the Development Economics Data Group.
4. Henry Riungu **(Kenya)** is with the Africa Region's Regional Procurement Unit.
5. Fantahun Belew Asfaw **(Ethiopia)** is assigned to the Africa Region Poverty and Economic Management Unit.
6. Makki Alian **(Sudan)** is with the Africa Region's Results and Learning Unit.
7. Felicia Dlamini-Kunene **(Swaziland)** is with the Africa Region's Finance and Private Sector Development Unit.

The VSP participants spent a week (February 11-15, 2008) with the office of the Executive Director of World Bank. During the week of induction, the secondees were provided with necessary attention and general guidance, while a peer sponsor, i.e., Advisor or Senior Advisor from the ED's office, was assigned for providing day-to-day guidance.

The objectives of the one week induction was to ensure (i) Familiarity with the role, functions and activities of the Executive Director's office and the Board, in particular how the office facilitates the relationship between the Bank and constituency countries (ii) Familiarity with the day-to-day working of the Executive Director's office (iii) Understanding the office's perspective on its relationships with its constituency countries, and how it conducts the relationship (iv) Understanding how constituency countries can best relate to and make use of our office, and (v) Identifying contacts who may be useful to the Secondees, including head office staff who work with the Secondees country, and sectoral or thematic staff experts on issues particularly relevant to the Secondees country.

The participants were provided with a program that included but not limited to the (i) Role of the EDs office and the function of the Board (ii) Discussion of Constituency matters (ii) IDA Replenishment process (iv) Role of IFC and MIGA in promoting private sector development in Africa (v) general world bank products, polices and procedures.

At the end of the week, we evaluated the participants based on their understanding of the Executive Directors office. It is clear that many of them understand the function and role of the EDs office better. They were also highly satisfied with the induction program.

In the end, we expect that there will be (a) More systematic and regular feedback from the constituencies on key issues (b) Substantial involvement in key policy issues (c) Significant improvement in the dialogue between the Bank and the constituent countries (d) Better informed constituencies that can make maximum use of the resources and opportunities available not just at the Bank but also from other aid agencies

We hope to provide more update at the end of the VSP assignment. The expected outcomes of a successful placement and mentoring are (1) Increased understanding of WB policies, procedures and implementation issues (2) Increased involvement in discussions, policy making and improvement efforts (3) Increased interaction with the international development community (4) First hand experience of projects and programs that provide global knowledge (5) Increased lateral and horizontal networking opportunity among constituents, counterparts and peers.

The fifth cohort of the Voice program will start in January 2009. In this regard, the selection process which is underway would be finalized by the end of May 2008. The fifth term will have 30 participants in the program. There will be 10 slots for the AFR region and 4 slots for each of the other five regions.

4.2 EDS14 Website Update

4.2.1 Overview

Improved communications between constituency member states and the Executive Director's office, especially electronic communication through the internet, is deemed critical for effective representation. In this regard, the office included the development of a well functioning web site as a key implementation road map in its Strategic Framework Paper. We are therefore pleased to present in this report, highlights of the revamped web site of the Office of the Executive Director for African Group I Constituency.

4.2.2 Features of the Website

The website now provides information on activities of the office, highlights of constituency matters, Bank's operations in countries, and briefs of approved policy issues relevant to members. We have tried to present the materials in a well-organized, succinct and readable fashion. The design features now allow easy navigation, with site layout that facilitates easy access to the information users are looking for. It serves as a primary resource on constituency matters by providing up-to-date information. Further details on the features are covered below.

4.2.3 Contents

The "home" page presents the contents of the website along the following headings:

- About the office
    - Staff list
    - Office publications
    - Contact
- Voting power
- Constituency
- News and Events
- Operations
- Publications and Reports

Specifically, these pages have been enhanced accordingly as follows:

- *Home* – Now presents all former Executive Directors of the Constituency from 1963 to the present.

- ‘*About the office’* – Revamped with succinct introduction and Africa picturesque etc
    - *Staff list* – Now provides useful information on e.g. the countries covered by staff, their strategic focus areas on Bank Group Policies etc
    - *Office publicati*ons – Updated with 2005, 2006 and 2007 publications on the newsletters, Office Annual report, Office Interim Report; Strategic Framework Paper and Office Action Plan. All documents are published in PDF and available for down loading.
    - *Office Contact* – The current contact address for the Office of the Executive Director and office e-mail are provided as well.
- *Constituency* – The presentation here has been completely reorganized. More important, the page now reflects the actual constituency matters addressed by the office. Member countries of the Constituency are presented on an interactive map that provides links to the World Bank Group’s engagement and activities in respective countries. The new presentation reflects the (i) Constituency Rules and Procedures (ii) Constituency Secretariat Structure and Rotation Scheme (iii) Past Constituency meeting agenda, reports, speeches , Constituency Memorandum to the World Bank Group (iv) Up coming constituency meeting announcement, agenda, and some documents that are approved for the public (v) ATF issues (vi) Voice Secondment Program
- *News and Events* – This carries most press releases pertaining to the constituency.
- *Publications and Reports* – This carries good publications and reports of the World Bank that are relevant to the constituency, but needs to be updated with documents that have cleared for publication by Corporate Secretariat as well as other publication by say ATF etc
- *Side Boxes*: There are side boxes that now present News Flash; Topics and Issues in Focus; etc.

4.2.4 Design

The web pages have been enhanced with African picturesque, PDF publication logos, Maps etc.

4.2.5 Updates

The information on the website has been updated and it would be kept current. We therefore encourage member countries to keep the Constituency website in view for latest electronic versions of the Quarterly Newsletters, Mid year Interim Reports, Annual Reports, Upcoming Meetings and other News.

4.2.6 Access and Navigation

The website address of the Office of the Executive Director for Africa Group I Constituency is **http://www.worldbank.org/eds14**. This web site could also be accessed through the main external web site of the World Bank (**http://www.worldbank.org**) by navigating through the following links: **Home**> **About Us**> **Organization**> **Board of Executive Directors.** On the "**Board of Directors"** page, the website for Executive Director could be accessed by selecting any relevant country or by selecting the office code "**eds14**".

4.2.7 Further Planned Improvement/Work in Progress

There is work in progress in designing a secured facility for e-collaboration with member countries on very important policy and strategy issues that may be under Board Consideration. This facility will provide a secured platform for Governors and Alternate Governors to contribute to the Constituency Positions on very important debates.

4.2.8 Conclusion

Visit African Group I Constituency Web Site on **http://www.world bank.org/eds14** for updates on Constituency matters. Also, contact us on *eds14 e-mail* service for public enquires on issues on constituency matters and other related issues handled by the Office of the Executive Director.

LIST OF TABLES

LIST OF BOXES

LIST OF CHARTS