Africa Group I Constituency Newsletter
No. 4/2007

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The World Bank Africa Group I Constituency Newsletter is published quarterly by the Office of the Executive Director for Africa Group I.

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The Office of the Executive Director for the Africa Group I Constituency acts as the resident representative for its member countries. The office protects the individual and collective interests of its member countries in World Bank Group affairs. The office has a chair on the Board of the World Bank Group (IBRD/IDA, IFC and MIGA). It is one of the twenty-four chairs on the Board.

Executive Directors are responsible for the conduct of the general operations of the Bank and exercise all the powers delegated to them by the Board of Governors under the Articles of Agreement. Executive Directors consider and approve or reject IBRD loan and guarantee proposals, as well as IDA credit, grant and guarantee proposals made by the President. They also decide on policies that guide the Bank's general operations. They are responsible for presenting to the Board of Governors at the Annual Meetings, an audit of accounts, an administrative budget, and an annual report on the Bank's operations and policies as well as other matters. In shaping Bank policy, the Board of Executive Directors takes into account the evolving perspectives of member countries on the role of the Bank Group as well as the Bank's operational experience. The Executive Directors have Board sub-committees that monitor Bank Group operations. The sub-committees are serviced by independent evaluation and audit entities.

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CONSTITUENCY BRIEFS

RECENT BOARD APPROvals

➢ The Gambia – Capacity Building for Economic Management Project – Additional Financing

➢ Liberia – Reengagement and Reform Support Program (DPL)

➢ Malawi – First Poverty Reduction Support Credit

➢ Nigeria – West and Central Africa Air Transport Safety and Security Project

➢ South Africa – Urban Housing Finance

➢ Tanzania – Energy Development and Access Expansion Project

➢ Uganda – Kampala Institutional Infrastructure Development Project
The 2007 Annual Meetings of the Board of Governors of the International Monetary Fund and the World Bank took place in October, 2007 in Washington, DC. The decisions and agreements reached during the meetings will however continue to resonate in the minds of the world community for some time. One of such was that, strengthened support for the inclusion and empowerment of the poorest in development, especially in sub-Saharan Africa, and for active engagement by the World Bank Group (WBG) in fragile and conflict affected states, must be key elements in the strategic framework of the WBG.

In recognition of the critical importance of energy access for growth, the Governors called on the WBG to increase its support for access to modern, cost-effective and clean energy, especially among the poorest in sub-Saharan Africa. It was also recognized that beyond IDA15, there is need to mobilize additional resources to help Africa to finance the Millennium Development Goals (MDGs).

The Governors welcomed the Joint Management Action Plan on the Bank-Fund collaboration, which is expected to foster closer and more efficient cooperation between the Bank and the Fund, including their work in low income countries. These and other decisions are contained in the Communiqués issued at the end of the International Monetary and Financial Committee and the Development Committee on 20th and 21st of October respectively.

Discussions on IDA 15 Replenishment continued at the Development Committee.

The Board of Governors called on donors to meet their commitments to scale up aid for development and on those that had not done so, to take concrete steps to deliver on their commitments. In this issue, we also bring you the full version of the Chairman’s Summary of the 4th IDA15 Replenishment meeting held in Dublin on November 12-13, and the outcome of the 5th IDA15 Replenishment Meeting held in Berlin on December 13-14, 2007, respectively.

This Newsletter provides updates on some WBG policy and strategy issues that have direct bearing on our region’s member countries, which were discussed at the meetings of the Board of Executive Directors during the last quarter of 2007. As usual, information is provided on approved WBG credits, loans, grants and guarantees in the past three months. There are other items in this edition which will certainly enrich readers’ knowledge of current developments on the WBG and our member countries.

As the year draws to a close, may I, on behalf of all members of the Africa Group I Constituency Office, thank the Governors for their continued support, commitment and tireless efforts for the development of our member countries and indeed the entire African continent, over the past year. We also continue to pledge our total devotion to the cause of the Constituency at all times. Here is wishing you best Compliments of the Season and a Happy New Year, in advance, from all of us here in the Africa Group I Constituency Office.
During the 2007 Annual Meetings of the Board of Governors of the International Monetary Fund and the World Bank Group, Africa Group 1 Constituency was ably represented by the Minister of Finance of South Africa, Mr. Trevor Manuel and Minister of Finance of Nigeria, Dr. Shamsudeen Usman at the Development Committee (DC) and International Monetary and Financial Committee (IMFC) meetings, respectively. Dr. Shamsudeen Usman of Nigeria was attending the Annual Meetings for the first time, since his appointment as Minister of Finance in July, 2007. As usual, the Constituency sustained the strong voice it had always had on both Committees. Statements of our representatives as well as the Communiqués issued at the DC and IMFC are hereunder reproduced.

Development Committee Statement
By Mr. Trevor Manuel, Minister of Finance for South Africa
Washington, DC – October 20, 2007

Strategic Direction of the World Bank Group

Economic growth in Sub Saharan Africa averages 6 percent and projected slightly higher for 2008 - it’s strongest in recent years. In addition to steady growth, largely the result of the boom in commodity prices, many countries continue to consolidate macroeconomic reforms and the development of sustainable policy frameworks. However, the end of poverty is not imminent. Dealing decisively with the poverty challenge and accelerating progress in meeting the MDG targets requires sustained growth and stronger mutual partnerships.

In keeping with policy concerns articulated by African leaders, President Zoellick outlined six key focus areas in his vision to better position the World Bank to support growth promotion, poverty reduction and global equality. There is widespread recognition that the Bank must adapt if it is to contribute to an inclusive and sustainable globalization in a rapidly changing world. In the note he submitted to this meeting, the President details a range of new and interesting innovations and ideas to move the Bank forward.

We welcome the President’s emphasis on helping to overcome poverty and promote sustainable growth in poor countries, particularly those in sub-Saharan Africa. However this is not a new emphasis. Africa has been on the development agenda for some time. In April we reviewed progress with respect to the Africa Action Plan, and we have frequently given consideration to the limited progress in meeting the MDGs at this Development Committee and other policy fora.

Sub-Saharan Africa is the least integrated region in the world, and continues to be a primary commodity exporter providing raw materials to manufacturing and other industrial processes located in other parts of the world. Regional and global integration increases cross-border flows that include goods, services, financial capital and labor. Accelerating these flows promotes efficiency and access to prosperity. Poor interconnectivity constrains economic growth and affects landlocked countries particularly badly. Poor links between rural and urban areas undermines the potential for farmers to shift from subsistence to commercial production and constrains agricultural development.

African governments remain committed to scaling up public sector investment in infrastructure, agriculture, health and education, to enable a deeper, more sustainable and equitable growth. The President’s acknowledgement in his speech
on 10 October that: “social development objectives are necessary but not sufficient. The countries want assistance to build infrastructure for higher growth – especially energy and physical facilities that can support regional integration” suggests a real understanding that the absence of such investment constrains growth. The reality is that for many developing countries, achieving the MDGs is an outcome of rapid economic growth, enabling improvements in social welfare, and not interventions that are too narrowly focused on particular indicators or outcomes.

The President’s understanding that states coming out of conflict are not well served by the current institutional approaches, and his recognition that we need “a more integrated approach involving security, political frameworks, rebuilding local capacity with quick support, reintegration of refugees, and more flexible development assistance” in dealing with fragile states, suggests a new pragmatism at the Bank that could be of real benefit to countries in our constituency.

Addressing the challenges inherent in the scaling up the production of global public goods will also require a renewed flexibility at the Bank to address issues across borders. The Bank must take a broader view of our development within the overarching context of globalization, and its approaches to countries must be informed by the global picture of imbalance, exchange rates, trade dynamics and extent of regional integration. In coming decades, global and regional issues will need clear economic and policy thinking backed up by institutions and regulatory frameworks. These must be capable of handling the intersection of national governments and economies, cross-border environmental concerns and externalities arising from our increased interconnectedness. This must be undertaken in close cooperation with our organizations and institutions that have complementary mandates including our regional development bank, and regional economic structures.

Many economies are currently grappling with the challenges of a shortage of the skills they need to sustain their growth and social development outcomes. The challenge in our region to develop competencies in support of a more broad based growth is profound. In order to ensure positive results, particularly in low-income countries, we need a real understanding of how policy should be developed, and resources be best allocated to relieve the constraint on the delivery of development outcomes. The Bank’s commitment to ‘knowledge and learning’ has the potential to contribute to capacity and skills development, and should review the manner in which it promotes educational and training opportunities to this end.

We recognize the critical importance of improving governance and ensuring institutional development. Country ownership of the reform agenda is critical to its sustainability and this is why we have placed governance at the centre of NEPAD in the form of the African Peer Review Mechanism.

**Scaling up and the Role of IDA**

We welcome the Bank’s decision to commit US$3.5bn of IBRD and IFC resources in support of the IDA15 replenishment, as the strongest statement yet of the Bank’s commitment to development. Moreover, this will spur donors to deepen their commitment.

There are concerns that countries cannot absorb additional resources without an adverse impact on their economies. The Bank’s analysis finds that considerably more aid can be absorbed by a number of countries and early delivery on the Gleneagles commitments, including doubling aid to Africa by 2010, should now
become a reality. The key to addressing concerns with respect to currency and other instability is good planning and well crafted development support over a longer time frame, as aid volatility and unpredictability remains a major challenge for recipients. The Bank must do all that it can to instill some discipline in the potential for chaos and waste to ensure that additionality is provided in a transparent and predictable manner, that supports countries’ in identifying activities consistent with national and regional priorities. The implementation of the Paris Declaration is critical to managing aid fragmentation, and the Bank must play a leadership role in promoting the use of country systems in the delivery of additional resources.

The President acknowledges that “there is a two-way relationship between aid and institutions: aid is more effective when institutions are strong, but properly directed aid can also be instrumental in building stronger institutions”. The Bank must be innovative and creative in identifying how it can build local capacity and support reconstruction and development in states. The Bank must be responsive to the limits of state capacity while remaining sensitive to the domestic political economy, if it is to be effective.

**HIPC and the MDRI**

HIPC and the MDRI have had a major impact on improving the creditworthiness of beneficiaries many of whom are in our constituency. There are however a number of key remaining challenges which include: full donor financing of HIPC and the MDRI; an understanding of country vulnerability to external shocks; and the need for additional resources to support growth and development, after debt relief has been granted. The President’s proposal to encourage official bilateral creditors’ participation in HIPC by posting ‘scorecards’ to identify debt relief granted by each bilateral creditor is among the welcome innovations to move forward with applied solutions to issues of common concern.

**Aid for Trade**

Despite the continued uncertainty with respect to the fate of the Doha Round, the accelerating pace of global integration requires that countries improve their domestic competitiveness. With bargaining power securely vested in developed countries, without impartial advice informed by thorough empirical work, there is a real danger that trade agreements may be disadvantageous to developing countries. This is a key area where the Bank can work to ensure that the costs and benefits of our globalization are better understood and more equitably shared. As a knowledge bank must apply itself to concrete problems such as the development of non-tariff related revenue sources, one of the most pressing technical challenges facing many governments in our constituency.

We are concerned that the aid for trade agenda is competing with other donor priorities within an existing donor envelope, and it does not appear that significant additional resources are being provided for this purpose, or that there is a really clear idea on how this would be best utilized. The Bank must actively engage governments and other institutions working on this issue to assess how to mobilize additional resources, but also to identify what needs to be done to increase capacity to trade which is integral to national expenditure and development planning, within a dynamic global environment.

**Bank reform, Voice and Participation**

The Bank must continue to explore the manner in which the President of the Bank is selected as this is going to be a recurring issue, which erodes the legitimacy of the Bank and ultimately impacts on its development effectiveness. It should explore ways in which it could facilitate a deeper engagement between IDA donors and recipients in a manner that promotes
improved governance, greater cooperation and accountability.

The Bank is a shareholder institution, but it must enable broader participation of its clients in the policy formulation process. The Bank should be an organization that seeks cooperation between nations to promote growth and development.

**Bank-Fund Collaboration**

We are pleased to see that efforts are being made to translate the principles of cooperation into practice. It is critical that organizations with such complementary mandates as the Bank and the Fund must work very closely together.

1. We met today in Washington, DC on Sunday, October 21, 2007.
2. We welcomed the opportunity to discuss the future strategic direction of the World Bank Group, and thanked the President for his presentation. We recognized the potential of the goal of inclusive and sustainable globalization to guide the Bank mission of promoting economic growth and reducing poverty, including helping countries attain the Millennium Development Goals (MDGs). We welcomed the President’s commitment to develop and refine the strategic framework in a consultative manner under the guidance of the Bank Board, and looked forward to reviewing progress at our next meeting. We emphasized the importance of efforts to strengthen synergy among the Bank Group institutions, building upon their respective areas of competence.

3. We agreed that strengthened support for the inclusion and empowerment of the poorest in development, especially in Sub-Saharan Africa, and for active engagement by the Bank Group in fragile and conflict-affected states, must be key elements in the strategic framework. We also noted that gender equality and women’s rights are crucial for sustainable poverty reduction. The Bank Group must also ensure its continued relevance to the needs and demands of Middle Income Country members. We welcomed progress in implementing the framework for partnership with IBRD clients, and the recent simplification and reduction in IBRD pricing. We urged the Bank to make further progress in reducing the non-financial cost of doing business, including enhancing the use of country systems where appropriate.

4. We welcomed the report on the Bank Group’s role in Global Public Goods (GPGs) and its emphasis on integrating the GPG agenda into country-owned programs at country and regional levels.

We stressed the importance of the Bank responding to global challenges, while exercising selectivity, focusing on its comparative advantage, filling institutional gaps and cooperating closely with other international institutions. We underlined the importance of innovative financing mechanisms. We also encouraged the Bank to further strengthen its work as a knowledge-broker on development policy.

5. We welcomed the recent adoption of strategies on health and the financial sector. We emphasized the importance of successful implementation of the governance and anti-corruption strategy.

6. We welcomed the progress made by many low-income countries in strengthening development strategies and implementing policy and institutional reforms, and noted that many countries have enhanced their capacity to absorb larger amounts of aid productively. We emphasized the need to sharpen the focus of poverty reduction strategies on stronger, shared, private sector-led growth, to link these strategies better to budgetary frameworks, and to implement them effectively. We reaffirmed the importance of the country-based model,
founded on strong country ownership, which is crucial for improving aid effectiveness and harmonization.

7. We called on donors to meet their respective commitments to scale up aid for development, improve aid predictability and address financing gaps for meeting the MDGs. We reiterated our call to those donors who have not done so to make concrete efforts towards the target of 0.7% of gross national income as Official Development Assistance in accordance with their commitments. We noted that emerging new donors and creditors bring much-needed resources and development knowledge, while underscoring that the effectiveness of these resources will depend on their alignment with country priorities, as well as creditors’ commitment to the debt sustainability framework. We encouraged wider implementation of the Results, Resources and Partnership approach. We underlined the need for a strong IDA15 replenishment to enable IDA to play its crucial platform role in the evolving aid architecture. We welcomed the very substantial contribution to IDA from IBRD and IFC earnings, and the proposed enhanced collaboration between IFC and IDA on private sector development.

8. We noted that global economic growth remains strong and the direct impact of recent financial market turbulence on developing countries has been limited. We urged governments to continue implementing policies supporting economic resilience, and urged the Bank and the Fund to support and monitor those efforts.

9. We welcomed progress in implementing the Bank’s Clean Energy Investment Framework. We recognized the critical importance of energy access for growth. We asked the Bank Group to increase its support for access to modern, cost-effective, clean energy, especially among the poorest and in Sub-Saharan Africa. We also called for expanded work on energy efficiency and renewable energy, and facilitation of the development and dissemination of related knowledge and technology.

10. Bearing in mind the scale of the challenge of addressing the causes and impacts of climate change, we called on Bank management to develop a strategic framework for Bank Group engagement, including support for developing countries’ efforts to adapt to climate change and to achieve low-carbon growth while reducing poverty. In this connection, we urged the Bank Group to enhance cooperation and harmonization with other development partners, based on comparative advantages, and to help catalyze substantial additional resources from both public and private sources, including concessional finance as appropriate (e.g., Global Environment Facility). We welcomed the focus on environmental sustainability in the 2008 Global Monitoring Report.

11. We noted the progress in implementing the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI), and stressed the need for all creditors to participate on an equitable basis, including non-Paris club and commercial creditors. We stressed the importance of providing dollar for dollar compensation for lost credit reflows due to the MDRI and HIPC initiatives, as agreed. We observed that, improved debt burden indicators notwithstanding, the risk of debt distress in many HIPCs remains a challenge to their long-term debt sustainability. In this regard, we emphasized the importance of sound lending and borrowing decisions guided by the Bank-Fund Joint Debt Sustainability Framework (DSF), and the strengthening of public debt management, for preventing unsustainable accumulation of debt by HIPCs. We welcomed the efforts of the OECD Export Credit Group to develop sustainable lending guidelines embodying the DSF.

12. We reiterated our strong support for intensified efforts to agree on an ambitious pro-development Doha Round. We stressed the need to integrate trade and competitiveness within national
development strategies, while stepping up support for Aid for Trade, as proposed by the Bank and Fund.

13. We welcomed the Options Paper on Voice and Participation. We recognized that further consultations among shareholders will be necessary to reach a political consensus on a comprehensive package and look forward to a timely report on the progress achieved.

14. We are encouraged that the World Bank Board, together with management, is continuing to review and reform key aspects of the Bank’s governance.

15. We took note of the Joint Management Action Plan prepared by the World Bank and the Fund as a follow up to the report of the External Review Committee on Bank-Fund Collaboration.

16. We welcomed Robert B. Zoellick on his appointment as World Bank President and look forward to working with him. We thanked Paul Wolfowitz for his contribution to the work of the World Bank. We expressed our deep appreciation for the leadership of Rodrigo de Rato at the IMF, and welcomed the selection of Dominique Strauss-Kahn as his successor.

17. The Committee’s next meeting is scheduled for April 13, 2008 in Washington, DC.

Following is the Chairman’s Summary from the Dublin Meeting.

Chairman’s Summary
Fourth IDA15 Meeting
Dublin, Ireland
November 12-13, 2007

1. Deputies of donor countries, joined by representatives of borrower countries and observers from other multilateral banks and agencies, met in Dublin, Ireland for the fourth meeting of the Fifteenth Replenishment of IDA resources (IDA15). Mr. Eddie Sullivan, Secretary General, Public Service Management and Development at the Department of Finance opened the meeting and welcomed participants to Dublin. Participants thanked the Government of Ireland for their generous hospitality and welcomed observers from Argentina, China and Croatia.

2. Participants welcomed IDA’s progress in implementing the Paris Declaration on Aid Effectiveness while noting that significant challenges remain. They requested IDA to set high standards for itself and take the lead in harmonization and alignment in line with its role as a platform for development assistance. The meeting endorsed the measures proposed in the paper to strengthen IDA’s contribution to harmonization and alignment. In particular, participants supported measures to reduce the number of parallel Project Implementation Units (PIUs) and endorsed the proposal to make integrated project management the default option in new operations. The meeting further endorsed proposals to: review IDA’s performance on predictability of disbursements; update CAS good practice guidance; continue participation in division of labor exercises at the country-level; and make further efforts to engage with non-traditional partners, including by facilitating “South-South” cooperation. They requested that, in time for the next meeting in Berlin, Management update and alignment that was presented at
the IDA14 Mid-Term Review with the recommendations from the IDA15 papers on harmonization and alignment and results. They also urged the development of a World Bank Action Plan for Harmonization and Alignment for country-level effectiveness in preparation for the High Level Forum on Aid Effectiveness to be held in Accra in September 2008.

3. Recognizing the centrality of country ownership, participants underscored the importance of robust country systems and a continued focus on capacity building. In this context, they welcomed progress under the Good Practice Principles on conditionality in development policy operations (DPOs), looked forward to the upcoming Board discussion on conditionality in DPOs and requested that progress be reviewed again before the IDA15 Mid-Term Review. Participants noted progress on analytical work carried out jointly with other partners, and encouraged Management to strengthen the preparation of country and sector strategies and improve the conduct of poverty and social impact assessments (PSIAs). Participants looked forward to the revised good practice note on these assessments, to be posted on the World Bank website in January 2008, and welcomed plans to review the disclosure policy.

4. Decentralization was seen as critical to IDA’s platform role and to advance progress on harmonization and alignment. Management is committed to addressing this important issue by reviewing, inter alia, appropriate skills mix, staff incentives, costs and benefits with special attention to fragile states. It was also recognized that this work would need to address increased delegation and devolution of authority to country offices. Management agreed, as a first step, to provide baseline figures as part of the World Bank Action Plan for Harmonization and Alignment for country-level effectiveness and to report back on the overall exercise and the resulting operational and policy recommendations at the IDA15 Mid-Term Review.

5. Participants discussed the role of the Results Measurement System in strengthening the focus on results at the country-level as well as in IDA programs and projects. They recognized that while significant progress was made, there is still scope for improvements, especially in closing the statistical gaps in IDA countries, particularly in Sub-Saharan Africa. They encouraged Management to continue strengthening and monitoring statistical capacity in line with partner country priorities during IDA15, including measurement of country statistical capacity ratings, development of a data standards system to help IDA countries track their progress in statistical capacity building, and collaboration with a group of donors to strengthen statistical capacity in priority countries. Further, there was unanimous support for Management’s proposal to further improve the Results Management System as described in the paper. Participants noted the value of the concrete country, sector and project level results contained in IDA at Work website in explaining the role of IDA to their various constituencies. Management will report on the progress and implementation of the results agenda at the IDA15 Mid-Term Review.

6. Participants endorsed the goal of closer IDA and IFC collaboration in support of private sector development in low income countries and welcomed ongoing efforts to enhance this collaboration. However, there was consensus that the specific proposal on IDA lending without sovereign guarantee will not be included in the IDA15 Deputies’ report, due to the strong reservations expressed by most participants. They urged Management to continue to pursue, with the IDA and IFC Boards, further options to increase the IFC-IDA collaboration and to inform deputies of progress.

7. There was broad recognition that climate change has gained impetus and urgency as a development issue and that the poorest countries and communities are likely to suffer most from the impact of climate
change. There was agreement that IDA’s work on climate change should be closely linked to and be consistent with its core poverty reduction and economic growth mandate. Participants recognized that the main priority in IDA countries would be adaptation to the adverse effects of climate change, supplemented by selective mitigation actions, such as expanding access to clean energy and improved forest and land management. They urged IDA to use its multi-sectoral approach to mainstream climate actions into country strategies in line with national priorities. Management’s commitment to continue coordinating climate change actions with other development partners, especially the GEF, was welcomed. Some participants underlined the need to clarify in the near future the respective roles of IDA and GEF in climate change through these organizations’ governance processes. Management agreed to report to the Deputies on the progress and implementation of the climate change agenda at the IDA15 Mid-Term Review.

8. Participants recognized IDA’s platform role, its performance and results-orientation as well as significant country needs, improving growth performance and increasing absorptive capacity. In that light, most participants expressed strong support for the updated financing scenario presented by Management for the IDA15 replenishment which includes the proposed additional World Bank Group transfers. This scenario will be used as the reference point for donor pledges.

9. Participants discussed the updated cost estimates for IDA's debt relief provided under the HIPC Initiative and the MDRI. There was broad agreement to use a 9-year standard encashment schedule for IDA15 and to utilize a discount rate of 4.0 percent per year for accelerated encashment of donor contributions in IDA15. Several participants agreed to use scaled up burden shares to cover the structural financing gap in debt relief compensation, while urging all donors to deliver on their MDRI commitments. Management will continue to analyze the structural gap in future replenishments.

10. Management thanked participants for their comments on the IDA15 Replenishment Report and outlined the process going forward. A revised report will be sent to the Deputies by November 20th. In addition to the draft report which was posted on the Bank’s external website on November 6th, updated sections on topics discussed in Dublin will be posted for comments by civil society organizations. It was agreed that the revised draft addressing comments received by November 30th will be circulated to participants by December 5th.

11. The fifth meeting will be held in Berlin, Germany on December 13-14, 2007.

Governors of the African Caucus held their second plenary of the year on October 19, 2007 just before the Annual Meetings of the World Bank and the IMF. The meeting approved the Memorandum, which is a tradition, before submitting it to the Heads of the Breton Woods Institutions.

A new Caucus Bureau was elected in that meeting where, taking over from Mozambique, Mauritania sits on the chair as represented by Governor of the Central Bank of Mauritania Mr. Kane Ousmane, Sierra Leone on the Vice Chair, and Sudan and DRC on the Anglophone and Francophone secretariats respectively.

Furthermore, the outgoing chairman presented his end- of -term report, and the meeting also, considered two other documents; the first pertaining to the reform of the Caucus and the other on the recently
established African Consultative Group (ACG).

The activities of the Caucus concluded with issuance of a press release to inform the general public.

At two separate meetings, the Caucus presented its Memorandum to the Managing Director of the IMF, Mr. Rodrigo De Rato, thanked him for his service and bid him farewell. In the second meeting, Governors officially welcomed the new President of the World Bank, Mr. Robert Zeollick and presented the Memorandum to him. The themes of the memorandum broadly focused on two issues of scaling up of resources with particular emphasis on the 15th replenishment of the IDA resources, and quota, voice and representation of the African countries in the Breton Wood Institutions.

In 2005, the Bank approved five good practice principles to strengthen the quality of the Bank’s application of operational policy for development policy lending (DPL). The Board of Executive Directors recently discussed the report on the application of these principles in development policy operations (DPOs) that were approved during FY07.

**Conditionality in Development Policy Lending**

In 2005, the Bank approved five good practice principles to strengthen the quality of the Bank’s application of operational policy for development policy lending (DPL). The Board of Executive Directors recently discussed the report on the application of these principles in development policy operations (DPOs) that were approved during FY07.

**Trends in the Use of Conditionality and Benchmarks**

The report indicated that the average number of conditions per policy based operation had declined from over 30 in the mid-1990s to about 10-12 in recent years. In policy based operations funded by IDA, the average number of benchmarks declined by 40 percent from FY06 to FY07. In contrast, the average number of benchmarks in IBRD countries and blend operations, increased as the Bank supported more multi-sectoral and complex programs in these countries during FY07 than in past years.

The implementation aspects were reviewed along the following five good practice principles:

1. **Ownership**

With ownership the Bank attempts to reinforce the country ownership with development projects. In this regards, the Bank’s DPO supports policy and programs for which there is some clear evidence of country ownership, for example in a Poverty Reduction Strategy (PRS).

2. **Harmonization**

With harmonization, the Bank seeks to agree up front with the government and other development partners on a coordinated accountability framework. The intention is for the Bank to reach an understanding with the government and other development partners on a single and internally coherent framework for measuring progress of government programs.

3. **Customization**

Customization seeks to customize the accountability framework and modalities of Bank support to country circumstances. The Bank operation builds on government programs as the source of policy action in the policy matrix, but the detailed policy actions vary depending on whether the country is an IDA or IBRD borrower. In IDA country, the government takes the lead in updating the policy matrix, typically annually in alignment with the PRSP process. In IBRD countries, the bank operations rely on detailed sectoral strategies as implementation road map.

4. **Criticality**

The Bank’s intention with criticality is to choose only actions critical for achieving results as conditions for disbursement. In this regard, if the government programs
coherently set out actions, output, and outcomes, there should be no need for the Bank to require more than a few conditions and results indicators.

5. Transparency and Predictability

With transparency and predictability, the Bank seeks to conduct transparent progress reviews conducive to predictable and performance-based financial support.

Directors were generally happy with the report, especially with regard to the progress that has been made in strengthening local ownership and the harmonization of donor intervention under a single donor framework in many IDA countries.

The program - entitled “Our Commitment: The World Bank’s Africa Region IV/AIDS Agenda for Action 2007-2011”- is a renewed commitment for the Bank to remain actively engaged in the region. It envisages provision of US$250 million of support per year based on client demand; expands IBRD engagement in countries at the epicenter of the disease, mostly in southern Africa; and work to establish incentive funds to promote capacity building. Also, the program is based on four pillars of focus through evidence-based and prioritized strategies, scaling up targeted multi-sectoral and civil society response, deliver more effective results through increased monitoring and evaluation, and harmonization and donor collaboration.

It also worth noting that on June of this year the Board of the Bank approved a US$15 million grant to support an HIV/AIDS partnership program to the Inter-Governmental Authority on Development (IGAD).

In November 2007, the World Bank’s commitment to support Sub-Sahara Africa in responding to the HIV/AIDS epidemic was reiterated when the Board of Executive Directors considered a paper on Africa Region HIV/AIDS Agenda for the period 2007-2011. HIV/AIDS constitutes – and unfortunately, will remain for the foreseeable future, an enormous challenge where the region continues to be the global epicenter of the disease with more than 25 million Africans testing positive for HIV/AIDS, 12 million children orphaned, and AIDS is the leading cause of premature death in the continent.

The World Bank launched its first major global response in Africa in 1999 which helped to put in place the foundations of the response in the national strategies, governance structure, and systems for monitoring and evaluation. By May 2007, the Bank had provided US$1.4 billion for HIV/AIDS programs in over 30 countries, including 29 Multi-country Programs (MAP) in African and 4 regional projects to address cross-border issues.

The International Financial Corporation (IFC), the private-sector wing of the World Bank Group (WBG), initiated a health strategy that lays out its contribution to the implementation of the WB’s Health, Nutrition, and Population Strategy in Africa, which emphasized working with countries (governments, the private sector, and civil society) and international partners to achieve results on the ground. The Strategy is also consistent with the Africa Action Plan (AAP), IFC’s Strategic Initiative for Africa, as well as its Life Sciences Strategy. Basically, the IFC Health Strategy for Sub-Saharan Africa (IFC-HSA) intends to complement the work of other parts of the WBG that support health services through the public sector, by stepping up IFC’s engagement and support of Africa’s increasingly important private health sector.
The development of the plan of action outlined in the strategy involved an intense analytic effort launched by IFC with support from the Bill and Melinda Gates Foundation (BMGF) which encompassed: (i) a study of the profile, role, and impact of the private health sector in Sub-Saharan Africa, and (ii) developing a strategy to better engage that sector. Accordingly, the IFC-HSA strategy outlines the extensive role of the private sector in health in Sub-Saharan Africa (SSA) as well as a strategy for IFC with respect to health in the region.

The IFC-HSA builds on IFC’s core competencies and is based on market principles and proven methods. It is focused on working with local business people, entrepreneurs, financial intermediaries, and policymakers as well as other interested stakeholders in the international community to address the constraints that currently hinder the further development of the region’s private health care industry and, therefore, limit the contribution it can make in addressing the region’s healthcare needs.

The IFC-HSA is composed of four key pillars: (i) an Investment component (and Advisory Services to private sector) which includes: the establishment of an equity vehicle, known as an Equity Vehicle for Health in Africa (EVHA); increased availability of long-term debt; and increased focus on Life Sciences opportunities; (ii) a Non-Investment, or Operating Environment component that aims at complementing the World Bank’s work with governments required to encourage sustainable private sector development; (iii) a Health Worker Education component that aims at joining the Bank efforts and considering how the private sector can contribute to address the major health worker shortages; and (iv) a Risk Pooling Component that, once again within the WBG framework, which intends to facilitate private sector involvement.

The IFC-HSA aims at significantly increasing access to health-related goods and services in SSA by supporting the development of a higher-quality and more robust private health sector in the region. It will also positively influence other elements that have a significant impact upon the private health care sector in Sub-Saharan Africa including governments, policymakers, regulators, and local financial intermediaries. The implementation of this strategy will also positively impact the coordination amongst the WBG, other development financial institutions, foundations and other private entities supporting the development of the private health sector in SSA.

Through the implementation of the strategy, IFC will take a leading and catalytic role in improving the private component of Sub-Saharan Africa’s health care systems and the interface between the private and public sectors.

In terms of the financial commitments, the strategy envisages interventions of up to US$1 billion over five years. A significant portion, up to 40 percent, of this is proposed to be contributed by IFC and will allow IFC to actively mobilize other partners, especially local financial intermediaries. At its initial phase, EVHA will benefit seven African countries, out of which five belong to the Africa Group I Constituency; namely, Angola, Kenya, Nigeria, Tanzania, and Uganda.

The Carbon partnership Facility and Forest Carbon Partnership Facility: Instruments for Addressing Global Climate Change

The World Bank continues to search for niches in contributing to the global efforts at tackling climate change. The two Facilities – Carbon partnership Facility and Forest Carbon Partnership Facility – are new instruments approved by the Board of Executive Directors in September 2007 to ratchet up the fight against global climate change and promote the transition to low carbon economy.
Both facilities will pilot new approaches that address key gaps and limitations of the existing carbon markets and scale up investment needed to achieve meaningful climate change mitigation. They will also build on the Bank Group’s traditional relationship with developing countries and the new relationships it has forged over the past decade as a pioneer in carbon finance. They are structured to remain viable under any new climate change regime post 2012.

The Carbon Partnership Facility would promote Green House Gas emission reduction through large scale, long term carbon finance investment in sectoral initiatives that helps catalyze a change in the way client countries approach GHG mitigation. This Facility is expected to be used in areas such as power sector development, energy efficiency, transport, and urban development including integrated waste management systems.

Deforestation and forest degradation together are the second leading cause of global warming, responsible for about 20 percent of global greenhouse gas emission. The Forest Carbon Partnership Facility will support programs targeting the real drivers of deforestation and develop tangible activities to reach out to the poor who depend on forests to improve their livelihoods. It will also help developing countries in tropical and sub-tropical regions build the technical, regulatory, and sustainable capacity to reduce emissions from deforestation and land degradation.

Governance of the facilities would be based on a partnership of buyers and sellers of carbon credits with balanced representations of public and private entities from developed and developing countries. They have been designed to complement official development assistance. They are intended to be catalytic agents in certain segments of the carbon market by developing and testing new ways of leveraging private sector funds to invest in low-carbon development alternatives on a large scale.

These facilities have just been launched by the President of the World Bank in the recently concluded Climate Change meeting in Bali, Indonesia in December 2007. Under each of the Facilities, a Carbon Fund is being established to purchase carbon credits using financial contributions from developed countries governments and private institutions. Already, several developed countries and international non-governmental organizations have provided financial support to the facilities. Many developing countries have expressed interest to participate in the Facilities. To date, about 30 countries from Africa, Latin-America and the Asia-Pacific region have requested the opportunity to participate.

**News in Brief**

**Uganda – Visit of the President Yoweri Musevini, to Washington D.C.**

In October 2007, H.E. President Yoweri Musevini, on October 31, 2007, paid a State visit to the United States of America. During the visit, the Ugandan President received a World Bank delegation comprising the Executive Director, Africa Group 1, the Managing Director of the World Bank in charge of Africa, the Vice President, Africa Region, and other senior officials from the ED’s Office and Africa Region. Among issues discussed, was the need for increased Bank support in the area infrastructure, particularly power/energy.
Assumption of Duties-Ngozi Okonjo-Iweala

On December 1, 2007, Dr. (Mrs.) Ngozi Okonjo-Iweala, former Minister of Finance and later Foreign Affairs, of Nigeria, officially assumed duty as the Managing Director, in charge of Africa, South Asia, Europe and Central Asia (ECA) and Human Resources (HR). Before her public service stint in Nigeria, Mrs. Okonjo-Iweala had been Vice-President and Corporate Secretary, of the World Bank Group.

Liberia – Lifting of Suspension of Disbursements

Following the settling of its overdue payments to the IBRD and IDA, the Republic of Liberia’s right to make withdrawal under Credits, Loans, Project Preparation Facility Advances and Institutional Development Fund and other Grants, and for new Operations and Projects was reinstated with effect from December 5, 2007.

Nigeria – Visit of President Umaru Musa Yar’adua, to Washington D.C.

At the invitation of President G.W. Bush, Alhaji Umaru Musa Yar’adua, Nigeria’s President, visited the United States of America in December, 2007 and had discussions with American leaders on a number of issues affecting Nigeria and the African continent. During the visit, President Yar’adua identified good governance and anti-corruption as important focus of his government. In furtherance of this, the Nigerian President indicated that Nigeria would subscribe to the joint United Nations and World Bank Stolen Assets Recovery (StAR) Initiative. The Nigerian President was further quoted to have directed relevant agencies of his government to inform the United Nations Office of Drugs and Crimes (UNODC) and the World Bank of Nigeria’s accession to the StAR Initiative. The initiative is aimed at helping developing countries recover assets stolen by corrupt leaders and invest them in effective, people oriented development programs. The Nigerian President described the fight against corruption as a difficult challenge but promised that opportunities to be corrupt would be checked and that the horizon of the war against corruption would be expanded beyond the activities of anti-corruption agencies to the reform of key institutions.

During the meeting, the American President promised to assist Nigeria in the fight against killer diseases such as HIV/AIDS and malaria.

In a meeting with the U.S. Secretary of State, Condoleezza Rice, Nigeria was mended for her adherence to the rule of law. Ms. Rice also promised America’s support in the area of electoral reforms, education, HIV/AIDS and the finding of a lasting solution to Nigeria’s Niger Delta problem.
South Africa hosted the Meeting of G-20 Finance Ministers and Central Bank Governors on the 17 and 18 November 2007 in Kleinmond, Cape Town.

The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999 to bring together systemically important industrialized and developing economies to discuss key issues in the global economy. The inaugural meeting of the G-20 took place in Berlin on 15–16 December 1999, hosted by the German and Canadian finance ministers.

**Mandate** - The G-20 is an informal forum that promotes open and constructive discussion between industrial and emerging-market countries on key issues related to global economic stability. By contributing to the strengthening of the international financial architecture and providing opportunities for dialogue on national policies, international co-operation, and international economic and financial institutions, the G-20 helps to support growth and development across the globe.

**Origins** - The G-20 was created as a response both to the financial crises of the late 1990s and a growing recognition that key emerging-market countries were not adequately included in the core of global economic discussion and governance.

Prior to the creation of the G-20, similar groupings to promote dialogue and analysis had been established at the initiative of the G-7. The G-22 met in Washington in April and October 1998. Its aim was to involve non-G-7 countries in the resolution of global aspects of the financial crisis then affecting emerging-market countries. Two subsequent meetings comprising a larger group of participants (G-33) held in March and April 1999 discussed reforms of the global economy and the international financial system. The proposals made by the G-22 and G-33 to reduce the world economy's susceptibility to crises showed the potential benefits of a regular international consultative forum embracing the emerging-market countries. Such a regular dialogue with a constant set of partners was institutionalized by the creation of the G-20 in 1999.

**Membership** - The members of the G-20 are the finance ministers and central bank governors of 19 countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom and the United States of America. The European Union is also a member, represented by the rotating Council presidency and the European Central Bank.

To ensure global economic fora and institutions work together, the Managing Director of the International Monetary Fund (IMF) and the President of the World Bank, plus the chairs of the International Monetary and Financial Committee and Development Committee of the IMF and World Bank, also participate in G-20 meetings on an ex-officio basis.

The G-20 thus brings together important industrial and emerging-market countries from all regions of the world. Together, member countries represent around 90 per cent of global gross national product, 80 per cent of world trade (including EU intra-trade) as well as two-thirds of the world's population. The G-20's economic weight and broad membership gives it a high degree
of legitimacy and influence over the management of the global economy and financial system.

The G20 finance ministers and central bankers were also addressed by President Mbeki and for the first time by the new heads of the World Bank and the IMF, Robert Zoellick and Dominique Strauss-Kahn. President Thabo Mbeki put his weight behind efforts to reform the IMF and the World Bank substantially. Addressing the G20 finance ministers and central bankers, the President said the world's financial system, laid out in the Breton Woods arrangements after the war, have only served the minority interests of the world's leading economic powers. 'A general consensus is also emerging that the structural fault in the global economy which ensures growing disparities between the rich and the poor, as well as deepening levels of poverty and underdevelopment, can only be effectively addressed through creating a new paradigm for international engagements,' the president said.

To mark his first hundred days in office, the President of the World Bank Group, Mr. Robert Zoellick on October 10, 2007, shared his initial ideas on the Bank Group’s Strategic Directions in which the central theme was “an inclusive and sustainable globalization”. Mr. Zoellick explained that Globalization offered “incredible opportunities…Yet, exclusion, grinding poverty and environmental damage create dangers. The ones that suffer most are those who have the least to start with – indigenous peoples, women in developing countries, the rural poor, Africans, and their children”. It was therefore not surprising that this came out strongly among the six strategic themes that he identified are to form the basis of Banks engagement and policies in the foreseeable future. The six suggested themes include:

- Helping overcome poverty and spur sustainable growth in the poorest countries, especially in Africa.
- Addressing the special challenges of states coming out of conflict.
- 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, including Climate Change, HIV/AIDS, Malaria and Aid for Trade.
- Supporting those advancing development and opportunity in the Arab world.
- Fostering a “knowledge and learning “agenda across the World

Six Strategic Themes of the World Bank Group

Bank Group to support its role as a “brain trust” of applied experience. It is hoped that these six themes would metamorphose into a strategic framework to guide the Bank’s operations and policies, in the long run.
THE GAMBIA

Capacity Building for Economic Management Project – Additional Financing

On October 30, 2007, the World Bank’s Board of Executive Directors approved an additional financing of US$3 million (IDA Grant) for the Capacity Building and Economic Management of the Gambia. This is a supplemental grant and does not amount to an expansion and/or scale up of original project activities. This particular grant will serve to establish the Integrated Financial Management Information System (IFMIS) and to build local capacity in its usage. It will help with the establishment of the Gambia Revenue Authority (GRA), with streamlining of customs procedures, and upgrading of the Automated System Customs Data Administration (ASYCUDA) IT System.

Enhanced HIPC Debt Initiative

On December 18, 2007, the Board of the World Bank approved the HIPC completion point for the Gambia after seven years of reaching the decision point. According to staff of the IMF and the World Bank, the Gambia has met the requirements for reaching the completion point under the Enhanced HIPC Initiative. Indeed, the Gambia has successfully met most of the completion point triggers while achieving considerable progress in the remaining two, for which a waiver was granted.

The Gambia has a new PRGF-supported program since February 2007 and the first IMF review was successfully concluded in August 2007. Moreover, the Gambia has produced two full PRSPs since the decision point, and the Second PRSP and the JSAN was discussed by the Board in July 2007.

The HIPC Completion Point document shows that progress in implementing the PRSP and the required reforms in critical sectors of the economy provided a satisfactory basis for the Completion Point.

The Gambia will qualify for additional debt relief under MDRI upon reaching the completion point under Enhanced HIPC. MDRI debt relief, net of HIPC assistance, would lead to nominal debt service savings on debt owed to IDA, the IMF and the AfDB of US$373.5 million.

Going forward, Directors noted that the Gambia’s debt situation will improve significantly after it receives Enhanced HIPC assistance and debt relief, but the DSA shows that the country will be at a high risk of debt distress. Therefore, Directors urged the authorities to remain committed to required reform for growth, development and poverty reduction. Directors also urged the government to pay particular attention to keeping borrowings to a minimum and sustainable level.

LIBERIA

Reengagement and Reform Support Program (DPL)

On December 4, 2007, the World Bank Board approved a grant of US$407.4 million to clear Liberia’s arrears to IBRD (US$332.3 million) and IDA (US$55.7 million), which is required to restore normal relations between Liberia and the World Bank. This grant would support Liberia in its economic and social recovery
underpinned by the country’s poverty strategy. The one-tranche operation would support government-owned reforms to improve the country’s fiduciary environment and strengthen public institutions.

More importantly, it is expected that normalization with the Bank would (i) set the stage for the provision of regular IDA resources; (ii) facilitate Liberia’s efforts to reestablish relations with the rest of the international community, including both other creditors and donor agencies; and (iii) pave the way for Liberia to access debt relief under HIPC and MDRI initiatives. It is also expected that this will lead to an increase in the level of support for social and economic development activities in Liberia, which in turn is expected to help improve a fragile security situation and ease tensions in the region. It is also expected that normalization and access to new resources and debt relief would help stimulate private sector investment in Liberia.

Moreover, many Directors were supportive of the operation’s effort to stabilize the fiscal situation, improve fiscal management and increase the transparency of the government’s activities. They also noted that Liberia faces daunting challenges after decades of civil war and political instability. However, they commended the authorities for having made considerable progress in implementing the program of reforms and rehabilitation, as shown in an exemplary spirit of cooperation with the international community. In this regard, they also noted the authorities’ efforts for taking the necessary steps to restore the country’s credibility and improve the fragile security situation with the help of the international community.

Finally, Directors recognized that the arrears clearance is an important first step but stressed the need to help the country reach HIPC completion point and benefit from MDRI resources, given the huge debt overhang. Going forward, they emphasized the need for the Government of Liberia, the Bank and the international community to focus on sustainable development for poverty reduction.

**Investments in Access Bank Liberia/Advans Banque Congo (DRC)**

On Thursday, November 15, 2007, the IFC Board approved two microfinance projects, one in the Republic of Liberia and the other in the Democratic Republic of Congo, each of which has been appraised and prepared over the last few months. These projects involve IFC funding in the form of equity, debt and advisory services to create new microfinance institutions.

Both projects are in immediately post-conflict countries, where the need for microfinance services is magnified. Micro and small enterprises operating at a subsistence level are often the only surviving businesses after a conflict. These businesses are the spark for both economic regeneration and continued stability in the countries as they allow people to focus on building a stake in the future of their country.

The investments consist of an aggregate of US$2.2 million equivalent in equity and US$4.0 million equivalent in debt financing for the creation and expansion of two MFIs in Liberia and DRC. IFC’s role in these projects includes providing equity, term debt financing and advisory service funding to support the start-up phase of each institution. IFC brings additionality in the form of (i) a unique and comprehensive funding package; (ii) expertise in microfinance greenfielding worldwide and particularly in post-conflict countries; and (iii) credibility with investors and regulatory authorities.

The projects are expected to have a high developmental impact as they will directly expand the access to financial services for poor populations and low-income micro-entrepreneurs. The projects will enable the establishment of commercially viable microfinance entities that will provide
sustained access to credit and other financial services for previously excluded populations.

The projects are also expected to generate a range of social and economic benefits, including economic growth and employment creation through small-scale economic activity as well as financial deepening with new financial products and services tailored for low-income populations.

MALAWI

On October 30, 2007, the World Bank’s Board of Executive Directors approved the First Poverty Reduction Support Credit (PRSC-1) to the Republic of Malawi for US$20 million. It was the first in a series of three annual PRSCs to be provided to Malawi through the International Development Association (IDA). Malawi’s PRSC-1 will be a grant.

The PRSC programme will be used by IDA to provide budget support to the Government of Malawi within the Common Approach to Budget Support (CABS) framework. It will support the Government’s efforts to undertake the policy and institutional reforms necessary for the successful implementation of the Malawi Growth and Development Strategy. In particular, support of policy changes to improve the functioning of agricultural markets, create a conducive environment for the private sector, and improve payroll management and external financial accountability of the Government.

NIGERIA

West and Central Africa Air Transport Safety and Security Project


The project aims to create a safe and secure environment for air transport in West and Central Africa (WCA) that will enable African airlines to completely access regional and worldwide Markets to support sustainable economic growth region-wide.

The first phase of the program was approved by the Bank’s Board in April 2006 for activities in Burkina Faso, Cameroon, Guinea and Mali. The second phase of the project is to assist Nigeria address serious lapses in aviation security and safety following three fatal crashes of passenger airliners in 2005 and 2006.

The project will improve Nigerian Civil Aviation Authority’s compliance with the international Civil Aviation Organization’s safety and security standards as well as enhance Nigeria’s main international airports’ compliance with ICAO’s security standards.

SOUTH AFRICA

Urban Housing Finance

On the 04 October 2007, the Board of International Finance Corporation approved a project on Urban Housing Finance in
South Africa. The proposed project involves an IFC investment of up to ZAR125 million ($16 million equivalent) through a collateralized mortgage finance warehousing line to TUHF (Pty) Limited (TUHF Pty or the company); and an equity investment of up 10 percent in the company.

The company will be newly incorporated as a private sector firm, assuming the key business operations that are currently performed by Trust for Urban Housing Finance, a section 21 company duly registered under the Companies Act in South Africa.

**Development impact of the project include:**

- **Households** - Enhance access to housing by increasing supply and making property more affordable to low and middle income households in South Africa, especially through the rental and rent-to-buy schemes;

- **Environment/Communities** - Provide value added products and services to underserved markets. Improve living standards generally and environmental sustainability by investing in residential refurbished, renewed and enhanced residential properties. Such investment provides social and financial upliftment in inner-city of Johannesburg by reversing the cycles of disinvestment and abandonment -- the positive aspect of contagion effects.

- **Financial Sector (Banks, Investors)** Support the development of financial markets by improving the quality and quantity of the housing stock, which will help create important downstream effects on the mortgage/housing finance markets; bolster housing finance markets by providing a demonstration effect to other players as it showcases the commercial viability of this business.

- **Related Businesses** - During construction, provide contracts to construction businesses as well as sub-contractors and service providers, especially SMEs. As consumers purchase and/or occupy their homes, generate increased demand for goods and services supplied by local businesses, and provide opportunities for Black Economic Empowerment (BEE) policy by supporting emerging entrepreneurs.

- **Local Employment** - Create jobs in housing-related industries – contracting and sub-contracting, surveying, construction, interior design, and other complementary industries and service provider.

- **Economy** - Contribute to the creation of viable and sustainable residential (housing) property markets, which have a powerful influence on a broad range of socio-economic conditions (High income countries use housing statistics as an economic barometer).

**TANZANIA**

**Energy Development and Access Expansion Project**

On December 13, 2007 the Board of Executive Directors of the World Bank approved an IDA credit of US$105 million and a grant of US$6.5 million to the Government of Tanzania, to finance the Energy Development and Access Expansion Project.

The objective of the project is to improve the quality and efficiency of the electricity service provision in the three main growth centers of Dar-es-Salaam, Arusha, and Kilimanjaro and to establish a sustainable basis for energy access expansion. The project is consistent with the latest Joint Assistance Strategy (2007-2010) by
specifically supporting the goals of the Government’s National Strategy for Growth and Reduction of Poverty, which is locally known as MKUKUTA.

The project has a global environmental objective, which is to abate greenhouse gas emissions through the use of renewable energy in rural areas to provide electricity. This objective is also consistent with the Investment Framework for Clean Energy and Development and its goal of accelerating investments to increase energy access in developing countries, especially in Sub-Saharan Africa, while reducing global carbon emissions.

**Performance Results and Accountability Project**

On September 27, 2007, The World Bank Board approved an IDA credit of US$40 million for the Government of Tanzania’s Performance Results and Accountability Project (PRAP).

The PRAP, whose theme is “Demanding results and accountability,” will aim at enhancing the capacity, performance and accountability of government ministries, departments and agencies in the use of public resources and service delivery. The project will ensure timely and effective implementation of strategic and priority programs, which will contribute to the achievement of the MKUKUTA goals.

**UGANDA**

**Kampala Institutional Infrastructure Development Project**

On November 6, 2007 the World Bank Board of Executive Directors approved an International Development Association (IDA) Credit of US$33.6 million for Uganda to support the Kampala Institutional Infrastructure Development (KIID) Project.

The project aims at improving the institutional efficiency of Kampala City Council (KCC) through implementation of the second Strategic Framework for Reform (SFR II) – an in-house strategy developed by KCC to restructure its administration and management, liberalize service delivery, institute financial and fiscal reforms, and improve the organization’s image and public relations.

It is estimated that about 80 percent of the country’s industrial and services sectors are located in Kampala and the city now generates over 50 percent of Uganda’s Gross Domestic Product.

The 10-year project will run in three phases from 2008 – 2017. The first phase of the project, which will run from 2008-2010, has three components that are aligned to support the implementation of the Second Strategic Framework for Reform.

Kampala is currently the largest urban centre in Uganda with a population of about 1.8 million and an annual demographic growth rate of about 3.9 percent compared to the national average of 3.3 percent. At this rate, the city’s population will reach 2.4 million by 2012, which will require proper planning and management.
The World Bank Group  
Africa Group 1 Constituency

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