ANNUAL REPORT

AYANDA DLODLO

EXECUTIVE DIRECTOR

THE WORLD BANK
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EDS25

ANGOLA, NIGERIA AND SOUTH AFRICA

Angola, Nigeria, and South Africa

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Minister of Finance and
WBG Governor
South Africa

FOREWARD BY THE EXECUTIVE DIRECTOR

It is my pleasure to present to you, my Governors, the Annual Report of Angola, Nigeria, and South Africa (ANSA) Constituency at the World Bank Group. This Annual Report is issued during the 2023 Annual Meetings as a follow up to the Newsletter issued in August 2023 and all other quarterly reports. I would like to take this opportunity to express my heartfelt appreciation to the Governors for their continued support and guidance.

The Board had to contend with the aftermath of Covid 19 and hybrid working conditions. Over and above the normal work of the Board, we had to begin the Evolution process of the World Bank Group. This took a considerable amount of our time at a point where the office was short staffed and in between country mission visits. It must be noted that the Alternative Executive Director only joined almost a year into the tenure of this Board and so did the Advisor from South Africa. This would have a negative impact on the working load of staff including when one was on constituency Country mission, ED trips to other regions and honoring speaking invitations at external events such as the United Nations SDG Summit in New York and the G24 Technical Group Meeting in Abidjan, Cote d' Ivoire. Important to bring to the Governors' attention is the inundation of requests for speaking engagements within and outside the United States and this has had a negative impact on an already stretched budget and personnel.

The last Spring Meetings highlighted the slowdown in global economy growth, expressed concerns about high inflation, bank failures, financial instability, amongst other global threats. All these signaled the need to reflect on the World Bank's mission and expand its lending capacity, including new initiatives to help restore debt sustainability in debt-distressed countries. In this regard, the Board and Management are working together on the Evolution Roadmap for the Bank Group to better address the myriad of development challenges such as extreme poverty, shared prosperity, inequality, and cross-border challenges including climate change, pandemics, and fragility, conflict and violence, that affect the Group's ability to achieve its mission. Since the last Spring Meetings there have been changes to the Vision and Mission that were presented to the Governors in April 2023.

The meeting in Marrakech is an opportunity to finally seal the three building blocks of the Roadmap process, such as "Vision and Mission", "Operating Model", and the "Financial Model". This process has also seen the development of a new scorecard that is yet to be finalized, the Operational Efficiency and Effectiveness concept paper, a Crisis Preparedness and Response toolkit to name but a few. We are grateful for your guidance so far. In terms of WBG's relationship with constituent countries, we are happy with progress in portfolio performance and delivery of products. We take note of challenges with current disbursement rates and will continue to work with all parties to ensure speedy delivery of development dividends to help address the development challenges that our Constituent countries face.

With regards to the subject of enhancing development, let me express our continued and strong advocacy for more visibility for IFC and MIGA to lead in the private sector participation in our countries for greater economic growth and development. This chimes in well with the call for a streamlined One World Bank approach to assistance and interventions towards growth and development in countries. We believe our ongoing work on pushing the frontiers for the massive deployment of knowledge products and other Global Public Goods need to be pursued to their logical conclusion.

Finally, allow me to express my profound gratitude to my colleagues, Zainab, the Alternate Executive Director, Lindo, Gladys, Avelino, Nandi, Nkem and Penelopy whose support enabled us the modest successes recorded.

ABBREVIATIONS

ANSA	Angola, Nigeria and South Africa
AVATT	Africa Vaccine Acquisition Task Team
CDF	Disruptive Technologies and Funds Group
CPSD	Country Private Sector Diagnostic
DC	Development Committee
DPL	Development Policy Loan
DPO	Development Policy Operation
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia
EAP	East Asia and Pacific
ERRP	Economic Reconstruction and Recovery Plan
FCS	Fragile and Conflict-affected Situations
FIG	Financial Institutions Group
FSP	Fiscal Sustainability Plan
IJS	Internal Justice System
INR	Infrastructure and Natural Resources
INRH	National Water Resource Institute
IPO	Initial Public Offerings
IRSEA	Energy and Water Services Regulatory Agency
LAC	Latin America and Caribbean
LIC	Low Income Country
MAS	Manufacturing, Agriculture and Services
MENA	Middle East and North Africa
NDP	National Development Plan
PDISA	Institutional Development Project for the Water Sector
RHS	Right Hand Scale
SAR	South Asia Region
SCD	Systematic Country Diagnostic
SONA	The State of the Nation Address
SSA	Sub-Saharan Africa
SOE	State Owned Enterprise
TMT	TELECOMS, Media, and Technology
WEO	World Economic Outlook
CPF	Country Partnership Framework
LTF	Long Term Financing
MOB	Mobilization
STF	Short term financing

OFFICE OF THE EXECUTIVE DIRECTOR - ANGOLA, NIGERIA AND SOUTH AFRICA

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EDS25 STAFF

EXECUTIVE SUMMARY

Herewith is the Executive Summary that provides a synopsis of the Annual Report as at October 2023.

Chapter 1 provides an overview of economic developments globally, in advanced economies and sub-Saharan Africa. The Global economy has remained subdued in the near term and risks that cloud the outlook include financial stress, weaker growth in advanced economies, climate related disasters and geopolitical tensions just to name a few. Although inflation has declined, there is expectation that inflation will be above central bank targets next year. Higher commodity prices could have an impact on inflations, particularly oil prices as some OPEC countries reduce oil production. Sub Saharan Africa growth recovery remains elusive due to low growth in large countries, climate related shocks, rising conflict and political instability particularly in West Africa, debt overhang and fiscal pressures and global economic uncertainties.

Chapter 2 presents progress on the World Bank Group (WBG) Evolution Roadmap ("Evolution") since the Spring Meetings in April 2023 when a report on progress was delivered to the Governors. Executive Directors have dedicated a considerable amount of time on the second phase of the Evolution which also saw a change to the work already reported on in April with greater significance on an enhanced and ambitious Vision and Mission. This included structured and robust discussions between the Board and Management and has culminated into the deliverables that will be presented to the Governors. Whilst commendable progress has been made, there are a number of initiatives which will require further deliberations until consensus has been reached and for some, until the concepts have been fully developed and finalized.

Chapter 3 chronicles a summary of the WBG operations during this period. IBRD operations for FY23 reached USD$$38.6 billion, which represents more 16.6% than FY22's amount of USD$33.1 billion. Despite net commitments increasing in Sub Saharan Africa improvement is needed in the share of financing, compared to other regions, which stands at 10%. On IDA, the Africa region received 75% (USD$25.8 billion) of the total commitments, which represents a 9.2% reduction as compared with FY22.

The IFC portfolio has performed well, from FY22 to FY23, at own account, IFC invested USD$4 billion in long-Term Finance (LTF). As a result, the total committed amount has increased to USD$16.68 billion from previous year. Of the 40 projects MIGA supported during the year 37 were in low-income countries, fragile and conflict-affected situations, or involved climate finance. The volume of guarantees is the highest in the 35 years since the founding of MIGA.

Chapter 4 provides country-specific economic overview as well as a summary of the different country portfolio performances. In Angola, oil production stabilization supported the estimated growth of 3.0% growth in 2022. The Country Partnership Framework (CPF) is under preparation and planned for delivery in FY24 nevertheless the overall World Bank national portfolio in Angola stands at USD$3.47 billion distributed across 14 projects. IFC has provided advisory services and conducted the power market assessment to identify investment opportunities in the energy sector. MIGA covers phase II of a three-phased rehabilitation and expansion of the Cambambe Hydroelectric power station 180km on the east side of Luanda.

Growth in Nigeria weakened to 3.3% in 2022 while oil output dropped to 1Mb/day, down by over 40% compared to its 2019 level, reflecting technical problems, insecurity, rising production costs, payment issues in joint ventures and underinvestment. The current WBG Portfolio overview in Nigeria as at FY23 has 30 active projects with committed investment of USD$14.2 billion with IBRD estimated of US$ 1.95 billion. Nigeria is the 2nd largest portfolio for IFC in Africa, with committed exposure of USD$2.5 billion across various clients. MIGA portfolio in Nigeria is comprised with 3 inbound projects under 7 bank loan with a total amount of USD$ 362 million, and 4 outbound projects financed under 3 financial institutions with a total amount of USD$ 392,8 million.

In South Africa, growth in 2022 slowed markedly to an estimated 1.9% marked by the impact of rising cost of living and weakening of the terms of trade amid falling global metal prices. The Gross Domestic Product (GDP) increased by 0.6% in the second quarter of 2023 from a 0.4% rise in the first quarter, driven by increases in the manufacturing industry, contributing 0,3% to GDP. South Africa has the largest IFC portfolio in Africa and 5th largest globally with a cumulative portfolio of USD$$3,076 million. South Africa is the 2nd largest host country in MIGA's Africa portfolio and 7th largest globally with guarantees of USD$1.1 billion.

Finally, chapter 5 provides a summary of official activities where the Executive Director participated and attended. A highlight is the governors called for (i) Call on the Bretton Woods Institutions to help ensure public debt sustainability. (ii)Urge the Bretton Woods Institutions to unlock climate financing. (iv)Ask the WBG to foster energy financing (v) Exhort the Bretton Woods Institutions to help boost private sector development. (vi) Appeal to the Bretton Woods Institutions to support a new Global Financial Architecture.

The Executive Director will submit Quarterly reports/Newsletters Interim Reports(bi-annual) and Annual Reports and any other reports updates to Governors.

CHAPTER ONE – ECONOMIC DEVELOPMENTS

GLOBAL ECONOMIC DEVELOPMENTS[1]

The global economy is set to slow substantially in 2023, to 2.1%, before edging up to 2.4% in 2024. This has been exacerbated by the overlapping shocks of the pandemic, geopolitical tensions in Eastern Europe, the sharp tightening of global the sharp tightening of monetary policy to contain high inflation, and other financial conditions. Growth in several major economies was stronger than envisaged at the beginning of the year, with faster-than-expected economic reopening in China and resilient consumption in the United States. Recent banking sector stress in advance economies will further tighten credit conditions. This will result in a substantial growth deceleration in the second half of this year.

Inflation has been persistent but is projected to decline gradually as demand weakens and commodity prices moderate, provided longer-term inflation expectations remain anchored. Inflation is above target in almost all inflation-targeting economies. Financial markets remain highly sensitive to evolving expectations about the future path of interest rates of major central banks. Concerns about the viability of balance sheets of some banks led to depositor flight and market volatility in the United States and Europe earlier in the year, which were stemmed by a swift and extensive policy response.

Fiscal policy is expected to have little net impact on global growth over the forecast horizon, with modest tightening in EMDEs generally offsetting support in advanced economies.

Energy prices have eased considerably since their peak in 2022 on account of weaker global growth prospects and a warmer-than-expected Northern winter, which reduced natural gas and electricity consumption. Metal prices increased in early 2023, reflecting signs of a stronger-than anticipated recovery in China, but subsequently retraced those gains. Agricultural prices have been easing on the back of good production prospects for most crops.

Growth in advanced economies is set to decelerate substantially for 2023, to 0.7%, and to remain feeble in 2024, due to monetary tightening, less favorable credit conditions, softening labor markets, and still-high energy prices. Aggregate growth in Emerging Market and Developing Economies (EMDEs) is projected to edge up to 4 percent in 2023, almost entirely due to a rebound in China following the removal of strict pandemic-related mobility restrictions.

Growth in Sub Saharan Africa is expected to slow from 3.7 % in 2022 to 3.2 % this year—a 0.4 percentage point downgrade from January forecasts. The three largest economies in Sub-Saharan Africa—Nigeria, South Africa, and Angola are projected to grow by about 2.1 percent annually over 2023-24. Over half of the 2023 downgrade is attributable to an abrupt slowdown in South Africa. However, downgrades are widespread across energy and metal producers, and non-resource-rich countries. Excluding South Africa, growth in SSA is expected to slow from 4.2% in 2022 to 3.9% this year. The reopening of China is expected to boost exports of some countries this year, limited access to external borrowing is forecast to hold back recoveries as debt burdens and financing needs increase. More broadly, high costs of living across the region are projected to continue to restrain private consumption, while limited fiscal space and tight monetary policies are likely to weigh on investment growth. Many SSA economies already coping with negative consequences of climate change are also affected by fragility stemming from persistent poverty,

[1] The Global Economic Review is based on the 2023 Global Economic Prospect Report developed by the World Bank Group.

as well as festering violence and conflict. These countries lack the needed policy space to mitigate the consequences of, and adapt to, climate change because of macroeconomic vulnerabilities, such as high debt or even debt distress, reliance on food and fuel imports, and elevated inflation.

Figure 1 - Overview of WEO Projections

(Percent change unless noted otherwise)	2022	2023	2024	2025	% point differences from January Projections	
					2023	2024
World Output	3.1	2.1	2.4	3.0	0.4	-0.3
Advanced Economies	2.6	0.7	1.2	2.2	0.2	0.4
United States	2.1	1.1	8	2.3	0.6	-0.8
Euro Area	3.5	0.4	1.3	2.3	0.4	-0.3
Japan	1.0	0.8	0.7	0.6	-0.2	0.0
Emerging Market and Developing Economies	3.7	4.0	3.9	4.0	0.6	-0.2
East Asia and Pacific	3.5	5.5	4.6	4.5	1.2	-0.3
China	3.0	5.6	4.6	4.4	1.3	-0.4
Indonesia	5.3	4.9	4.9	5.0	0.1	0.0
Thailand	2.6	3.9	3.6	3.4	0.3	-0.1
Europe and Central Asia	1.2	1.4	2.7	2.7	1.3	-0.1
Russia Federation	-2.1	-0.2	1.2	0.8	3.1	-0.4
Türkiye	5.6	3.2	4.3	4.1	0.5	0.3
Poland	5.1	0.7	2.6	3.2	0.0	0.4
Latin America and the Caribbean	3.7	1.5	2.0	2.6	0.2	-0.4
Brazil	2.9	1.2	1.4	2.4	0.4	-0.6
Mexico	3.0	2.5	1.9	2.0	1.6	-0.4
Argentina	5.2	-2.0	2.3	2.0	-4	0.3
Middle East and North Africa	5.9	2.2	3.3	3.0	-1.3	0.6
Saudi Arabia	8.7	2.2	3.3	2.5	-1.5	1.0
Iran, Islamic Rep	2.9	2.2	2.0	1.9	0.0	0.1
Egypt, Arab Rep	6.6	4.0	4.0	4.7	-0.5	-0.8
South Asia	6.0	5.9	5.1	6.4	0.4	-0.7
India	7.2	6.3	6.4	6.5	-0.3	0.3
Pakistan	6.1	0.4	2.0	3.0	-1.6	-1.2
Bangladesh	7.1	5.2	6.2	6.4	0.0	0.0
Sub-Sahara Africa	3.7	3.2	3.9	4.0	-0.4	0.0
Nigeria	3.3	2.8	3.0	3.1	-0.1	-0.3
South Africa	2.0	0.3	1.5	1.6	-1.1	-0.3
Angola	3.5	2.6	3.3	3.1	-0.2	0.4

Source: World Bank

Global trade growth decelerated in the second half of 2022, echoing the deteriorating activity in major economies. Weakening trade is aligned with the slowdown in global industrial production, as demand shifted toward its pre-pandemic composition and away from goods. Despite this moderation, goods trade surpassed pre-pandemic levels last year; meanwhile, services trade continued to recover, supported by the gradual shift in demand toward services. According to the World Trade Organization (WTO), tourism flows rebounded as many countries eased travel restrictions but remained well below pre-pandemic levels and uneven across regions.

This difficult context highlights a multitude of policy challenges. Recent bank failures call for a renewed focus on global financial regulatory reform. Global cooperation is also necessary to accelerate the clean energy transition, mitigate climate change, and provide debt relief for the rising number of countries experiencing debt distress. At the national level, it is imperative to implement credible policies to contain inflation and ensure macroeconomic and financial stability, as well as undertake reforms to set the foundations for a robust, sustainable, and inclusive development path.

ADVANCED ECONOMIES

Following growth of reached 5.2% in 2021, economic growth in advanced economies slowed in 2022 to an estimated 2.5% corresponding with the effect of a global recession. Economic conditions deteriorated substantially in the second half of 2022 as high inflation eroded household purchasing power and dented confidence, while contractionary monetary policy tightening weighed-down demand. Housing prices and property-related activity have cooled. Gas supply to the euro area was disrupted, pushing up energy prices and inflation, hampering industrial production, and stoking uncertainty.

Growth in advanced economies is projected to slow sharply in 2023, to 0.5%, as central banks continue to tighten monetary policy to contain inflationary pressures, labor markets soften, and energy market disruptions in Europe persist. Growth is expected to pick up modestly in 2024 as result of relaxation in monetary policy and stabilization of the energy market. Persistent high inflation requiring an even more aggressive monetary policy response as well as prolonged energy supply disruptions in Europe represent a major downside risk.

In the United States, rising food and energy prices, together with a tight labor market, pushed inflation to multi-decade highs in 2022, before price pressures began easing toward the end of the year. This has prompted the most rapid monetary policy tightening in more than 40 years. In all, growth for 2022 is estimated to have slowed to 1.9% as substantial fiscal consolidation added to monetary policy headwinds.

In the euro area, activity in the first half of 2022 exceeded expectations, resulting in annual growth being revised up to 3.3%. In the second half of the year, however, activity weakened substantially because of soaring energy prices and supply uncertainty, compounded by rising borrowing costs. Inflation rose to record highs as geopolitical tensions led to natural gas supply cuts and surging energy prices.

In Japan, growth slowed in the second half of 2022 as high energy prices and supply bottlenecks eroded household purchasing power and dampened consumption. Deteriorating terms of trade and weakening global demand added to these headwinds. According to the WBG growth is expected to slow further to 1% in 2023, alongside a slowdown in other advanced economies.

EMERGING MARKET AND DEVELOPING ECONOMIES

Economic growth in EMDEs is expected to average just 3.4% because of both cyclical dynamics and slowing potential growth. This is one of the weakest half-decades of the past 30 years. Excluding China, growth in EMDEs is set to slow substantially to 2.9% this year. This projection is predicated on the assumption of a protracted period of tight global monetary policy, fiscal consolidation in most EMDEs, and weak external demand. The slowdown is expected to be even more severe for EMDEs with elevated fiscal vulnerabilities and external financing needs.

EMDEs with lower credit ratings are set to experience a particularly sharp slowdown this year. Inflation remains elevated in many countries and is envisaged to remain above pre-pandemic levels beyond 2024. Excluding China, EMDEs are expected to make next to no progress at closing the gap in per capita incomes with advanced economies over the forecast horizon.

Spillovers from banking turmoil in advanced economies to EMDEs have so far been limited. However, countries with more pronounced macroeconomic policy vulnerabilities, as reflected by lower credit ratings, have experienced slower growth and greater financial stress, including large currency depreciations and a sharp widening of sovereign spreads. Projections for 2023 growth in these economies have fallen by more than half over the past year.

EMDEs financial conditions continue to be restrictive, with less creditworthy borrowers facing greater financial strains. Another risk to the forecast pertains to the possibility of higher-than-expected global inflation. This would result in additional monetary policy tightening, which could trigger financial stress. In the longer term, the decades-long slowdown of the fundamental drivers of potential growth— labor supply, capital accumulation, and total factor productivity—may be exacerbated by trade fragmentation and climate-related natural disasters.

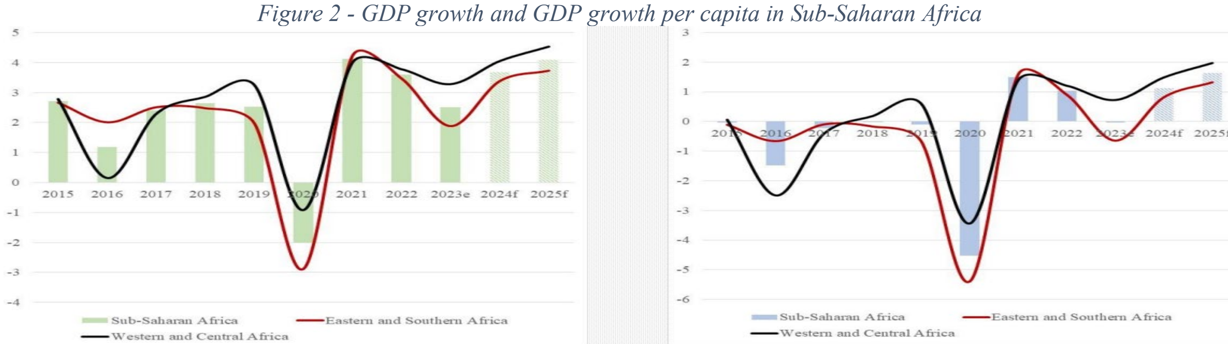
Debt distress in various EMDEs, including low-income countries (LICs), highlights the need for globally coordinated debt relief that overcomes the challenges posed by the increasing diversity of lenders. Sustained international cooperation is needed to accelerate the clean energy transition, help countries improve both energy security and affordability, and incentivize the investments needed to pursue a path toward resilient, low-carbon growth. The global community also has a vital role to play in mitigating humanitarian crises stemming from food shortages and conflict. At the national level, central banks in some EMDEs face persistent inflation and heightened risks due to the impact of their policies on fiscal positions and the financial sector. The increase in central bank credibility in many EMDEs in recent decades is an important policy accomplishment. Any erosion of credibility at this critical juncture would make the job of inflation control much more difficult and could trigger destabilizing capital outflows.

Policy makers can also reduce financial market volatility by maintaining adequate foreign reserve buffers, promoting rigorous financial supervision, and strengthening bank resolution frameworks. Proper monitoring of financial system exposure to an increase in defaults and other dislocations can ensure that prompt corrective action can be taken, as needed. Tighter financing conditions, slowing growth, and elevated debt levels create significant fiscal challenges, less favorable credit conditions, softening labor markets, and still-high energy prices.

SUB-SAHARAN AFRICA ECONOMIES

Growth in Sub-Saharan Africa is projected to slow to 3.2% in 2023, as external headwinds, persistent inflation, higher borrowing costs, and increased insecurity weigh on activity. Although the baseline projection for 2024-25 envisions a pickup in growth, per capita incomes are expected to expand much more slowly than needed to make progress in reducing extreme poverty. Risks to the baseline remain tilted to the downside. These include a deeper-than-expected global economic slowdown, deteriorating terms of trade, higher inflation along with further domestic and international monetary policy tightening, renewed financial distress in advanced economies, and more adverse weather events.

Figure 2 - GDP growth and GDP growth per capita in Sub-Saharan Africa



Source: World Bank staff estimates

The cost-of-living increases, intensified by the effects of geopolitical tension in Eastern Europe, have reduced food affordability and domestic demand across the region, especially in countries lacking policy space to protect the poor. The downgrade is also due to diverse circumstances and the uneven impact of terms-of-trade and cost-of-living developments across the region. Growth estimates were revised down for over 60% of countries as a marked weakening of the global economy combined with tightening financial conditions and rising inflation dampened already fragile recoveries and amplified domestic vulnerabilities.

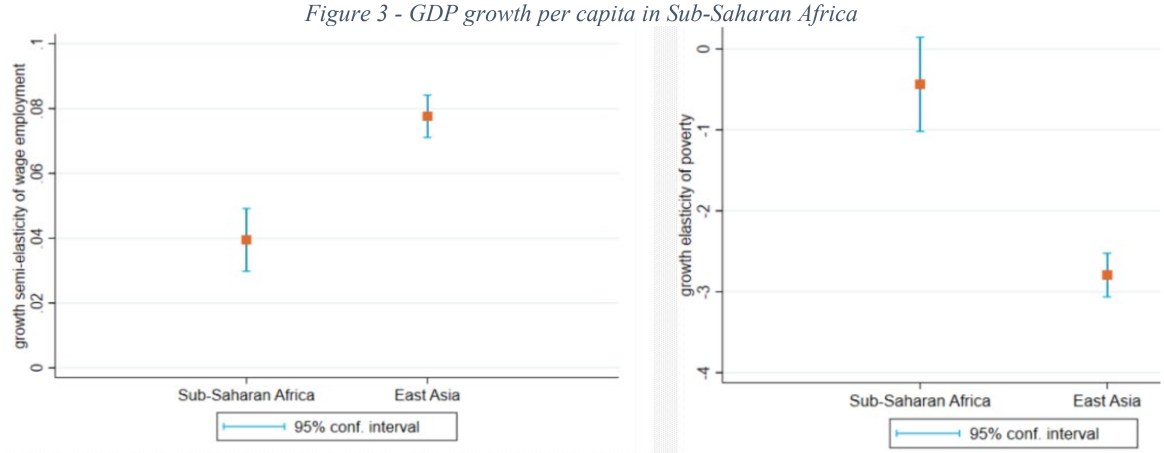
In SSA, a firming but still mediocre growth outlook suggests only limited progress with poverty reduction, and as in all regions, improvements in living standards over the half-decade to 2024 are expected to be slower than from 2010-2019. In SSA, per capita incomes are expected to further diverge from those in advanced economies, rather than catching up.

Restrictive global financial conditions and domestic monetary tightening are weighing on most regional outlooks by discouraging investment and raising debt service costs, with impactful effects in SSA. Also, in SSA, fiscal and monetary policies have recently become less accommodative, as authorities seek lower fiscal deficits and higher real interest rates to stem external financing pressures and combat rising inflation.

Annual food price inflation has remained above 20 percent in several large SSA economies (Ethiopia, Ghana, Rwanda), and in double digits in over 60 percent of countries— reflecting large currency depreciations and supply disruptions induced by conflict and adverse weather events.

In 2022, the estimated number of people experiencing acute food insecurity or worse in SSA surpassed 140 million or up by nearly 24 million compared to 2021. Soaring food prices are, therefore, having grave repercussions on food security, poverty alleviation, social cohesion, and growth in many countries. Food price increases, which accounted for more than half of overall inflation, pushed average inflation in SSA to 13%. High costs of living across the region are projected to continue to restrain private consumption, while limited fiscal space and tight monetary policies are likely to weigh on investment growth.

Figure 3 - GDP growth per capita in Sub-Saharan Africa



Source: World Bank staff estimates

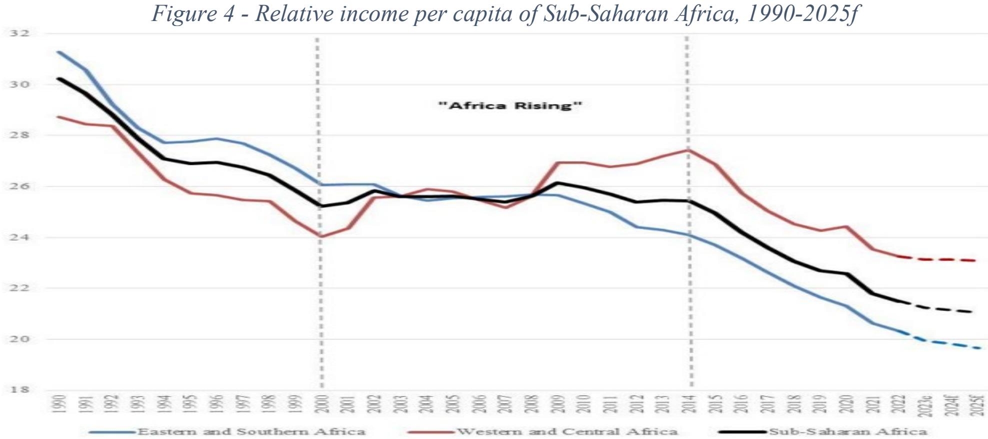
Higher interest rate weight on investment because investors shift the bid from stock to bonds that will pay more competitive yields. Reduced investment impacts the growth in Sub-Saharan Africa yielding fewer jobs, limiting a main channel out of poverty. Fiscal space has narrowed further, while surging import bills and higher debt burdens have heightened financing needs.

In several countries, prolonged droughts mainly in East Africa and armed conflicts have compounded these effects. High security spending, like in fragile countries, may reduce fiscal space to fund other priority government spending such as in education, health, and other critical infrastructure.

The working age population in Sub-Saharan Africa is expected to increase by 740 million by 2050, more than doubling from its current level of 630 million people. Yet African economies are already struggling to create well-paying, stable jobs, let alone address the looming demographic challenge.

Current growth patterns can generate only 3 million formal jobs annually, leaving many young people unemployed. If youth are not provided the skills that business demands, and firms cannot create enough jobs, youth bulge could be associated with social unrest and political instability. Hence, creating job opportunities for the youth will drive inclusive growth and turn the continent's demographic transition into a demographic dividend.

Figure 4 - Relative income per capita of Sub-Saharan Africa, 1990-2025f

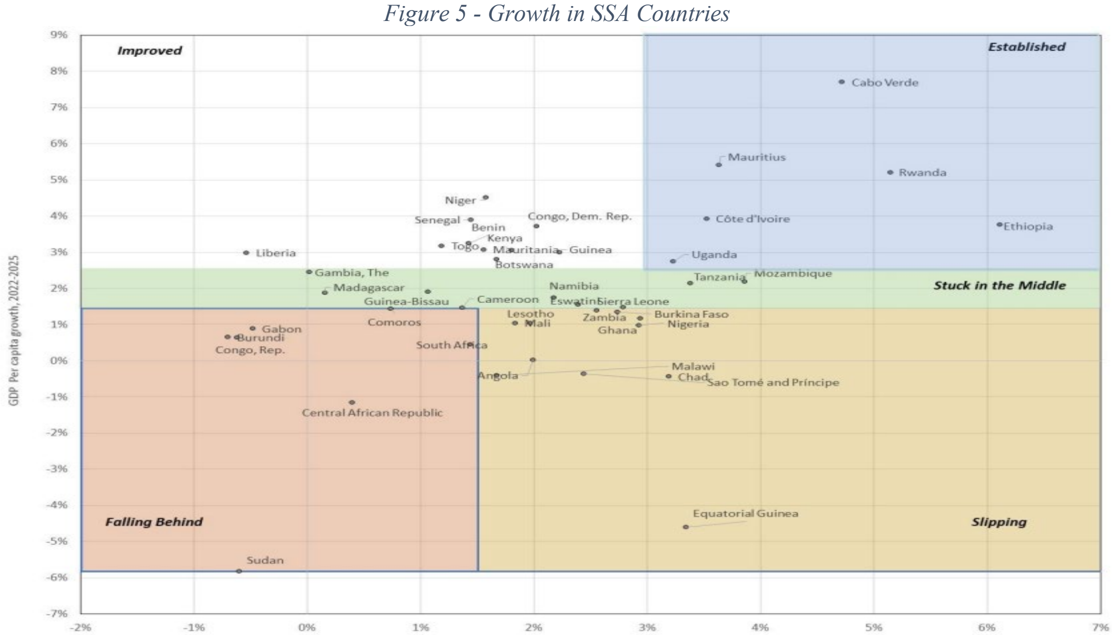


Source: World Bank staff estimates

The graph reveals a harsh truth that for sub-Saharan Africa need to do better. The risk of another decade of stagnating personal income is real, and it would be a dreadful outcome for the continent. Africa is particularly vulnerable because a large share of its population is already living below the poverty threshold.

However, growth is resilient in some SSA countries reflecting positive results arising from fundamental reforms many countries put in place, as shown in the graph below.

Figure 5 - Growth in SSA Countries



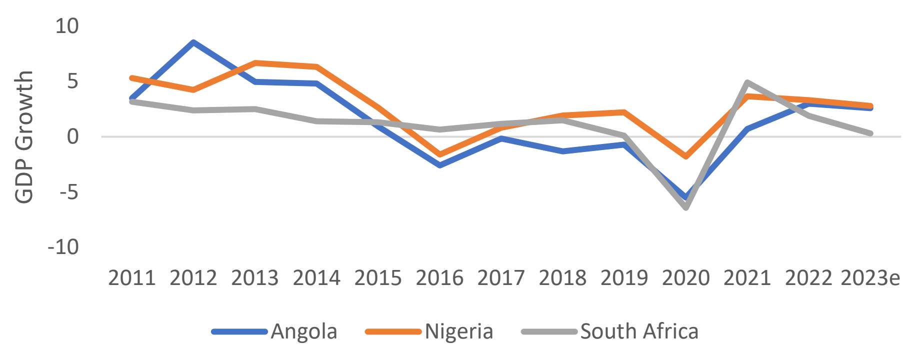
Source: World Bank staff estimates

MAJOR ECONOMIC DEVELOPMENTS IN EDS25 CONSTITUENCY

Development growth

After rebound in 2021, the resilience of EDS25 countries is being severely tested. The growth is expected to decelerate to 3.2% in 2023 down from 3.7% in 2022 and 4.4% in 2021, due mainly to be big fund squeeze that countries are facing. Access to the external financial market has been sharply curtailed, overseas development assistance continues to train downwards and reduction on investment also plays an important role. Declining in growth also reflects the spillover of tightening monetary policy in developed economies.

Figure 6 - Economic Growth in EDS25 Countries



Source: WBG and IMF - Regional Economic Outlook for Sub-Saharan Africa, April 2023

Growth in Nigeria weakened to 3.3% in 2022 while oil output dropped to 1Mb/day, down by over 40% compared to its 2019 level, reflecting technical problems, insecurity, rising production costs, payment issues in joint ventures and underinvestment. A strong recovery in non-oil sectors moderated in the second half of the year as floods and surging consumer prices disrupted activity and depressed consumer demand.

Persistent fuel and foreign exchange shortages, with the naira depreciating about 13% from January 2023 (*12 mon. Avg. Ch.)*.[2]

Growth is projected to decelerate to 2.8% in 2023. Although, a growth momentum in the non-oil sector is expected to endure; it is envisioned to be restrained by continued weakness in the oil sector, where existing production challenges and a predicted increase in oil prices during the remaining of 2023 are expected send mixed signals over the recovery in oil output. Policy uncertainty, high inflation, and rising incidence of violence, poverty, and food insecurity are anticipated to temper growth.

In South Africa, growth in 2022 slowed markedly to an estimated 1.9% marked by the impact of rising cost of living and weakening of the terms of trade amid falling global metal prices. Power outages have also intensified, thereby hampering growth. Capital outflows and shrinking trade surpluses and deteriorating global financial conditions contributed to a depreciation of the rand against the US dollar in 2022, further adding to price pressures. Annual inflation reached higher levels prompting more policy tightening.

The nominal effective exchange rate (NEER) of the rand decreased by 5.3% in the first quarter of 2023, negatively impacted by the effects of intensified electricity load-shedding on the domestic economic growth outlook as well as the greylisting of South Africa by the Financial Action Task Force (FATF). The NEER decreased further in April 2023 and the rand traded at its weakest level ever against the US dollar in May, likely in reaction to accusations that South Africa provided arms to Russia and the further 50 basis points increase in the repurchase (repo) rate a few days later. However, foreign exchange markets adjusted quickly to these developments and, together with less severe electricity load-shedding, the rand appreciated by 7.9% against the US dollar from 31 May 2023 to 15 June3.

Growth in South Africa is forecast to weaken further to 0.3%. Weak activity in major trading partners— China, the euro area, the United Kingdom, and the United States account for over 40% of exports— tight global financial conditions, political and policy uncertainty will constrain growth and widen external vulnerabilities. Further domestic policy tightening is bound to temper domestic demand and investment, while high unemployment and worsening power cuts will also weigh on growth.

In Angola, oil production stabilization supported the estimated growth of 3.0% growth in 2022. However, economic recovery in the near and near terms remain dependent on the oil sector as well as on the materialization of the diversification plans. On the outlook risks remain high given the continued high reliance on the oil sector, and the authorities' progress on the implementation reforms to advance the diversification plan.

Maintaining focus on medium-term structural reforms is critical to maintaining growth in the context of a declining oil production. Lessening the dependence on the oil sector is critical to reduce vulnerabilities arising from the increased volatility of this sector. Accordingly, continued efforts to strengthen governance, improve the business environment, and promote private investment are needed, as well as strengthened macroeconomic and financial policies.

The gain by almost 10% of Kwanza against US dollar of the last year lost its impetus. This year the kwanza weaken by 39.5% in June, and it is expected to keep the downward trajectory over the remainder of the year if domestic foreign exchange supply remains constrained, and export, that would provide additional revenue in addition to oil, fails to gain momentum.

[2] https://www.cbn.gov.ng/rates/inflrates.asp

[3] Full Quarterly Bulletin – No 308 – June 2023 (resbank.co.za)

Owing to the depreciation of the kwanza as well as the government's reduction of subsidies to gasoline prices, inflation is forecasted to average 13.3% in 2023 with further possible increase in 2024, opposed to the initial estimate of single digits in 2024.

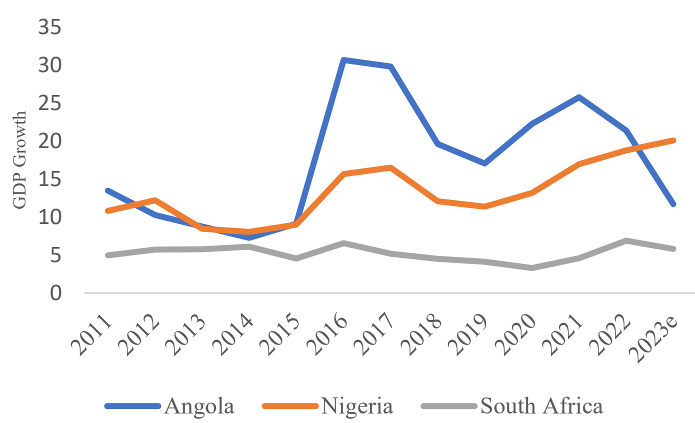
Exchange rate and Inflation

Sub-Saharan African countries experienced significant exchange rate depreciations in 2022, exacerbating the financing crisis by increasing the external debt service burden. These pressures were predominantly brought on by shifts in global fundamentals, including increases in interest rates in advanced economies and adverse terms of trade. Currency depreciations contributed to a rise in inflation and public debt while deteriorating the trade balance in the near-term. Exchange rate pressures also manifested in the depletion of reserve assets—about a quarter of countries had reserves below three months of imports at the end of 2022—because foreign exchange inflows slowed down and central banks used their reserves to finance imports.

In major Sub-Sahara economies, inflation accelerated since 2021 particularly in Nigeria and South Africa and it is being revised upwards to the levels higher than in 2022 for Nigeria while Angola and South Africa downward figures. The outlook is subject to substantial uncertainty and various downside risks. Volatility of global commodity prices could intensify as markets remain vulnerable to renewed supply shocks.

Many countries acted to contain these pressures in 2022. The tightening of monetary policy helped to support their currencies, and some countries also intervened in foreign exchange markets to resist exchange rate pressures. As reserves dwindled over the course of 2022, the degree of intervention also slowed down. Many countries also applied administrative measures to control foreign exchange flows in 2022, including multiple currency practices (Nigeria), price control through moral suasion, and banning foreign currency transactions for local businesses.

Figure 7 - Inflation Rates in EDS25 Countries



Source: WBG and IMF - Regional Economic Outlook for Sub-Saharan Africa, April 2023

CHAPTER TWO – EVOLUTION ROADMAP – ROAD TO MARRAKESH

The Board and Management have worked tirelessly post the Spring meetings to ensure that the second phase of the Evolution process is advancing. Deliberation continued to focus on the three pillars of the Evolution Roadmap. Through several Advisor and Executive Director Seminar's, the Board had a number of discussions which enabled clarity on proposals and provided direction on the direction that Management needed to take in preparation for the Annual Meetings and presenting various deliverables. Discussions also took place in the relevant committee meetings for endorsement. These were followed by Board discussions to either approve or agree that issues need further discussion. given the amount of work and time required to evolve an organization such as the World Bank.

On Vision and Mission, the proposed vision by was "to create a world free of poverty on a livable planet" and the mission "to end extreme poverty and boost shared prosperity on a livable planet." The Corporate Scorecard has been expanded to help monitor results aligned with the new mission. This office has particularly called for the Corporate Scorecards to be aligned further with the Sustainable Development Goals (SDGs). Discussions under this pillar included Seminars and workshops to discuss papers drafted by Management included the New WBG Scorecard Concept Note and Global Challenges and Global Public Goods: Concepts, implications and selection, Spending Needs to Address Selected Global Challenges.

On the operating model has been rephrased to "Creating a new World Bank playbook" however the objectives remain the same. To increase our efforts in addressing the development needs of client countries whilst addressing global challenges, all in an agile, scalable and replicable manner. The areas of focus where seminars and workshops were held with the assistance of working papers include a Knowledge Compact as One World Bank, Partnerships of the World Bank Group for better Outcomes, Enhanced Country Engagement, Crisis Preparedness and Response Toolkit, Global Challanges Programs(GCP) which is yet to be finalized and piloted, Mobilizing Domestic Public Resources and Enabling and Mobilizing Private Capital. To modernize the Bank's approach will entail working as One World Bank, People and Culture which requires the World Bank to attract and retain talent with the right skills, strengthen skills of existing staff, and set the right incentives to enable the One World. Operational Efficiency and Effectiveness which will address speed, scale, and quality of implementation to better serve our clients and Partnerships for Impact. The working papers that were discussed included the concept note for a WBG Knowledge Compact for Action, note on the Operationalizing the One WBG Approach, WBG engagement with Subnational entities, IFC Country Private Sector Diagnostic Reports (CPSD 2.0).

On the Financial model the focus of the WBG will be to increase IBRD's financing capacity with the potential to add up to USD$50 billion of IBRD financing capacity over the next ten years, while continuing to protect IBRD's triple-A rating, long-term financial sustainability, and preferred creditor status. The G20 Independent panel Capital Adequacy Framework (CAF) recommendations have been one of the main drivers of the Evolution process. It is important to note that there are Balance Sheet Optimization (BSO) measures that are implementable and others that will require further deliberations. The Board received feedback from Management concerning ongoing consultations with the Credit Rating Agencies. This in line with CAF recommendations to review CRA methodologies that take into account the Multilateral Development Banks (MDBs) CAF structures and the need for MDBs to retain their triple A ratings.

Financing will be scaled up both by leveraging our own balance sheets through Balance Sheet Optimization (BSO) measures and by mobilizing additional finance, including through partnerships and co-financing.

IDA remains the primary source of concessional financing for lower-income countries, and the World Bank is taking steps to protect and increase resources available to IDA countries. IFC and MIGA are also working together on a stronger coordinated approach to scale up investments and support future mobilization growth through co-financing and MIGA's guarantee instruments. Significant steps have been taken to increase IBRD lending capacity. The concessional resources that are already available to the World Bank to support its clients are insufficient to deliver on the new vision and mission, in particular for IBRD-eligible countries. The World Bank will seek to build on existing mechanisms to increase financing for clients in IBRD countries, in partnership with donors. WBG Evolution Background Note: World Bank Trust Funds, Financial Intermediary Funds and Direct Co-financing as Sources of concessionality for Global Challenges/ Global Public Goods in IRBD countries and Proposal on WBG guarantees to name a few. A proposed Principles and criteria for the Allocation of Concessionality is also being considered.

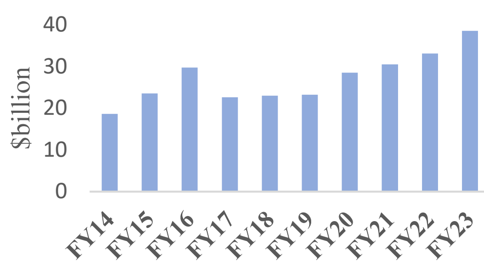
CHAPTER THREE – WBG OPERATIONS

OVERVIEW

In 2023 IBRD, as part of the World Bank group, is committed to continue and further its mandate of eliminating extreme poverty, boosting shared prosperity, and contributing to global public goods; increase sustainable lending levels, which relies on portfolio performance as well as on the ability to create flexible and innovative source of funding.

For 2023, IBRD has been marked with an allocable income of USD$1,3 billion. From this, last august Management recommended, and the Executive Directors approved, the allocation of USD$921 million to the General Reserve, as well as the transfer of USD$291 million to IDA and USD$100 million to surplus. FY23 also registered a record in level of financing commitments which in amount of USD$38.6 billion, representing an increase of USD$2.0 billion from FY22.

Figure 8 - IBRD Financing



Source: WBG FY23 Financial Statement IBRA & IDA

For additional source of funding, IBRD is in the process of amending the Articles to remove the (Statutory lending limit)[4]. The Board of Governors approved a Resolution to remove the SLL on July 10, 2023.

IBRD OPERATIONS

For FY23 IBRD continued to expand its efforts to help countries respond to crises, notably to mitigate the global impacts of geopolitical conflict, support the recovery from the COVID-19 pandemic and restore

[4] Difference between the Statutory Lending Limit (SLL) and the total amount outstanding of loans, participations in loans, and callable guarantees. It represents the additional exposure that IBRD can provide before reaching the SLL.

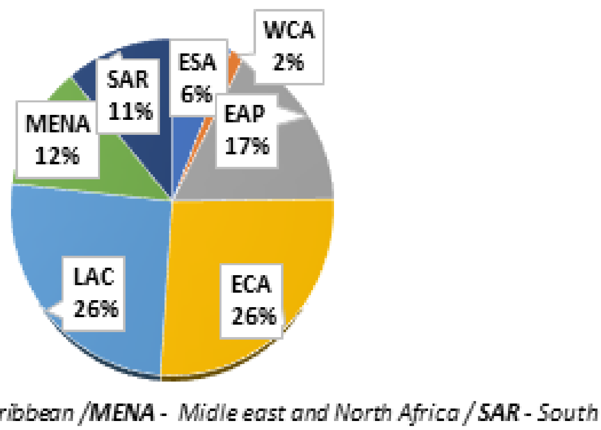
momentum towards green, resilient and inclusive development. main area of intervention includes climate, food security, human capital development.

In this context, four strategic priorities have guided FY23's actions of) delivering, a higher level (i) of IBRD financing and supervising an expanding and more complex project portfolio with rising costs in low-capacity settings and higher-cost sectors; (ii) advancing country, regional and global knowledge and analytics, and implementing IBRD operational commitments to further enhance impact; (iii) increasing in-country presence to enhance Bank capacity to support clients; and (iv) strengthening institutional support for delivery.

FY23 also marked the continued the expansion in the program that took place in FY21 which requires an increase in the institution's resources needed to strengthen, amongst others, its staffing capacity and skills set to deliver on a sustainable basis.

Financing (net commitments) for FY23 reached USD$38.6 billion, which represents more 16.6% than FY22's amount of USD$ $$33.1 billion. The regions with the largest share of commitments during FY23 were Europe and Central Asia and Latin America and the Caribbean with 26% each. The graph below depicts the share of the commitment by region and practice group.

Figure 9 - Share by Region (percent of Volume of net commitments)



Source: World Bank

Regionally, the SSA region has received more financing in FY23 compared with FY22. However, the total amount available for Eastern and southern Africa and Western and Central Africa, represents only 10% of the total net commitment in FY13.

IDA OPERATIONS

IDA finances countries in a situation of relative poverty in accordance with its per capita income if falling below the IDA operational cut-off of USD$1,315 and/or lack creditworthiness for IBRD borrowing; therefore, IDA's lending terms are highly concessional carrying no or low interest charges.

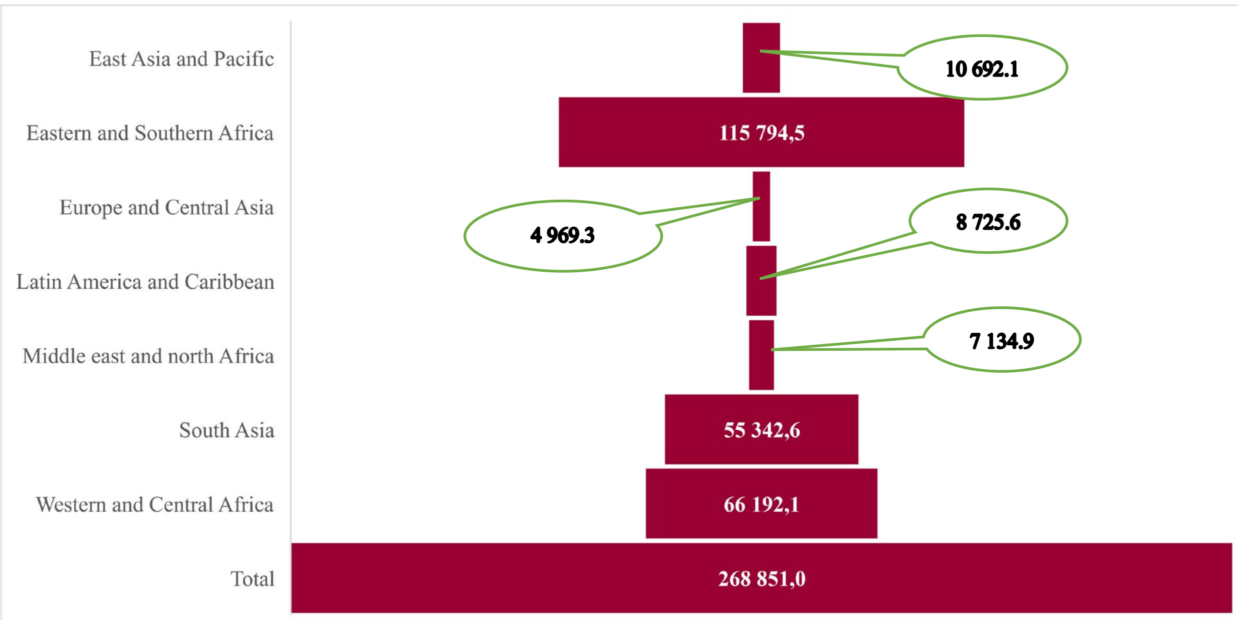
The financing terms for each member country vary based on an annual assessment of the country's GNI per capita, creditworthiness for the International Bank for Reconstruction and Development

(IBRD) borrowing, risk of debt distress, and population size. Most IDA resources are provided in the form of highly concessional loans (also known as credits) or IDA grants. A portion of IDA resources is offered at non-concessional terms to eligible IDA Recipients. (IDA lending terms)

In FY23, IDA commitments totaled USD$34.2 billion, of which USD$7.3 billion in grants. Africa region received 75% (USD$25.8 billion) of the total commitments, which represents a 9.2% reduction as compared with FY22.

IDA-financed operations address primary education, basic health services, clean water and sanitation, environmental safeguards, business climate improvements, infrastructure, and institutional reforms. These projects pave the way toward economic growth, job creation, higher incomes, and better living conditions.

Figure 10 - Figure 6 - IDA International commitments from inception (USD$ in Mn)



Source: World Bank

IDA financing is provided in the form of loans, grants, and guarantees. Most of IDA's resources are allocated to eligible members through IDA Country Allocations that provide unearmarked support. The allocation framework is agreed for each replenishment cycle. IDA Country Allocations are determined using the Performance Based Allocation (PBA) system, which takes into account the country's performance rating (CPR), population size and per capita income, and complemented by the FCV envelope. The rest of IDA resources are provided through five IDA Windows dedicated to addressing specific development priorities, and an Arrears Clearance framework that provides exceptional support for countries to fully reengage with the World Bank.

Figure 11 - IDA Allocations FY2023 – In millions of U.S$ FY23

End of the fiscal	Loans and guarantees	Grants	Total
Concessional financing			
IDA Country allocations	18 268	4 311	**22 579**
IDA Concessional Windows			**0**
Regional Window	*1 047*	*1 321*	***2 368***
Window for Host Communities and Refugees	*33*	*437*	***470***
Crisis Response Window	*417*	*1 215*	***1 632***
Scale-up Window - Shorter maturity loans	*3 758*	*0*	***3 758***
Non-concessional financing including Scale-up window	2 238	0	**2 238**
IDA19 Commitments approved in July 2022	1 200		**1 200**
Cumulative Net Commitments under IDA20	**26 961**	**7 284**	**34 245**

Source: World Bank

IFC OPERATIONS

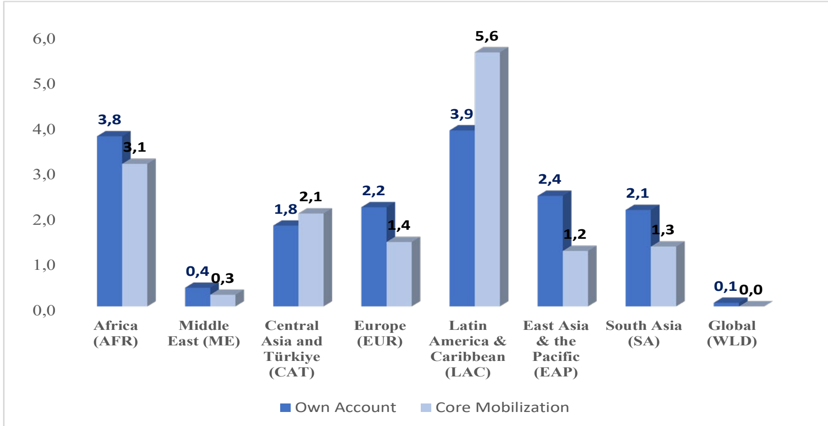
IFC help build foundations for opening private sector and develop domestic economies in member countries. It collaborates with other World Bank Group institutions to support a range of sectors that help drive member countries economic development. From FY22 to FY23, at own account, IFC invested USD$4 billion in long-Term Finance (LTF). As a result, the total committed amount has increased to USD$16.68 billion from previous year. For the same period, IFC mobilized USD$4.4 billion, of which USD$0.59 billion was for clients in Africa region, representing 13% of the Total increase. Mobilization remained critical to for IFC to maintain the established leading position to promote private sector investment, foster inclusive growth, boost innovation, and strengthen regional integration in all the regions particularly in Africa, where, over nearly six decades, IFC has invested more than USD$60 billion in businesses and financial institutions, and the current portfolio exceeds USD$12 billion.

Figure 12- Investment Program Delivery

Commitments (US$, millions)	FY22					FY23				
	LTF			STF		LTF			STF	
	Own Account	Core Mob	Project Count	Own Account	Core Mob*	Own Account	Core Mob	Project Count	Own Account	Core Mob*
Africa (AFR)	2 643	2 558	85	3 023	276	3 755	3 145	108	3 517	376
Middle East (ME)	254	1 308	9	800	212	413	258	12	1 280	488
Central Asia and Türkiye (CAT)	1 024	637	20	832	26	1 784	2 052	27	970	0
Europe (EUR)	906	185	19	153	66	2 190	1 422	38	199	30
Latin America & Caribbean (LAC)	3 164	3 748	70	1 788	0	3 885	5 607	58	2 183	0
East Asia and the Pacific (EAP)	2 965	1 775	51	1963	99	2 439	1 224	38	1 833	81
South Asia (SA)	1 605	385	41	1100	87	2 130	1 321	42	1 046	21
Global (WLD)	8	0	2			81	0	3	0	0
Total	**12 569**	**10 596**	**296**	**9 659**	**767**	**16 677**	**15 029**	**325**	**11 027**	**996**

* IFC only started to report STF Core Mobilization in FY23. The table was upated to include STF Core Mobilization for both FY22 and FY23.

Source: IFC, 2023

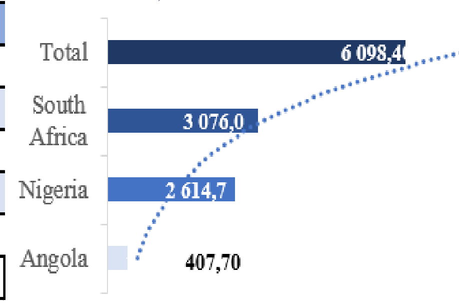


In EDS25 countries, IFC strategic goals include: i) Fostering economic diversification and inclusion; ii) Structural Reforms for, Diversified Growth and Job Creation; iii) Improved Governance, and Public Sector Management; iv) Greater Social Inclusion, through Improved Social Services; and Macroeconomic Resilience. In this regard, sector focus areas include Inclusive finance, Light manufacturing, Gas-to-industry, Agri Business, Energy, and Digital Economy. Human Capital and Transport, Logistics & Cities continue to be supporting sectors that IFC is also involved in. In South Africa, IFC is also involved in automotive, transport and water sectors.

IFC is also involved in various energy access initiatives in EDS25 countries, in collaboration with the World Bank. While in Angola IFC's interventions through Country Private Sector Diagnostic (CPSD) aims at identifying opportunities to stimulate sustainable economic growth and development by harnessing the power of the private sector, in Nigeria the IFC's strategy also aligned with the WB CPF pillars which seeks to support diversified growth, inclusion, sustainability, and job creation with engagement across key sectors such as energy, digital economy, agribusiness, light manufacturing, and financial services. Likewise, South Africa maintain its leading position has the largest IFC portfolio in Africa and 5th largest globally, which continues to be dominated by the financial services followed by manufacturing, services, and agribusiness.

Figure 13-EDS25 Total Committed portfolio as of 09/2023- MUSD$)

Total commitement By Sector		Total commitement By Country	
Sector	Committed Portfolio	Country	Committed Portfolio
CDF	169,0	Angola	407,70
FIG	3959,5	Nigeria	2 614,70
INR	491,8	South Africa	3 076,00
MAS	1478,1		
Total EDS25	**6 098,40**		**6 098,40**



Source: IFC, 2023

IFC[5] plays a critical role in EDS25 countries by focusing on key industries that form the foundation of sustainable growth and that provide affordable goods and services to consumers, create jobs, contribute to government revenue, and stimulate the growth of local small and medium enterprises. However, because IFC does not lend directly to micro, small, and medium enterprises or individual entrepreneurs, a new

[5] https://inop.ifc.org/

approach could be undertaken through IFC's financial intermediaries to increase the prospect of lending to smaller businesses. Small and medium enterprises (SMEs) are the backbone of the Africa economy, accounting for most businesses especially in SSA countries.

MIGA OPERATIONS

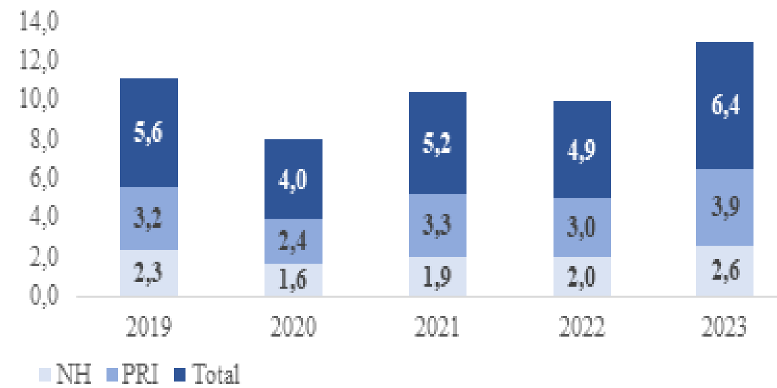
Sub-Saharan Africa is increasingly becoming a more attractive and hospitable destination for investors. It has registered historically consistent growth over the years. While the extractives industry has been a significant driver behind rising foreign direct investment (FDI) on the continent, investment in non-extractive industries has also been rising thanks to improvements in regulatory frameworks, governance, and the overall ease of doing business in the region—as well as a growing middle class that is attractive to investors seeking new markets. However, this market is perceived as politically vulnerable.

For some investors, the downside risks of doing business in politically vulnerable countries are often greater than the rewards of entering a lucrative market, and many countries in sub-Saharan Africa are still seen as a high risk, high-cost place to do business.

MIGA can help attract investment that creates jobs and contributes to economic growth and help investors realize returns in the process. MIGA's mandate is therefore to support economic growth, reduce poverty, and improve people's lives by promoting FDI into developing countries, by providing political risk insurance (or guarantees) against certain noncommercial risks to investments in developing countries.

Of the 40 projects MIGA supported during the year 37 were in low-income countries, fragile and conflict-affected situations, or involved climate finance. The volume of guarantees is the highest in the 35 years since the founding of MIGA.

Figure 14 : MIGA's gross issuance by fiscal year ($Billion)



Source: MIGA EVP Report - FY23 Q1-Q3

Out of USD$6.45 billion gross issuance, Sub-Saharan Africa contributes with USD$1.9 billion. In terms of product type, MIGA invested USD$ 3.9 billion in Political Risk Insurance (PRI) in FY23. In the same period MIGA's Non-Honoring (NH) product supported projects for USD$2.6 billion. The pipeline for the remainder FY23 is split between PRI and NH in terms of Gross Guaranteed issuances, with more projects expected to be supported through PRI. The Agency issues NH guarantees in a prudent manner, especially given rising concerns around sovereign debt levels in EMDE.

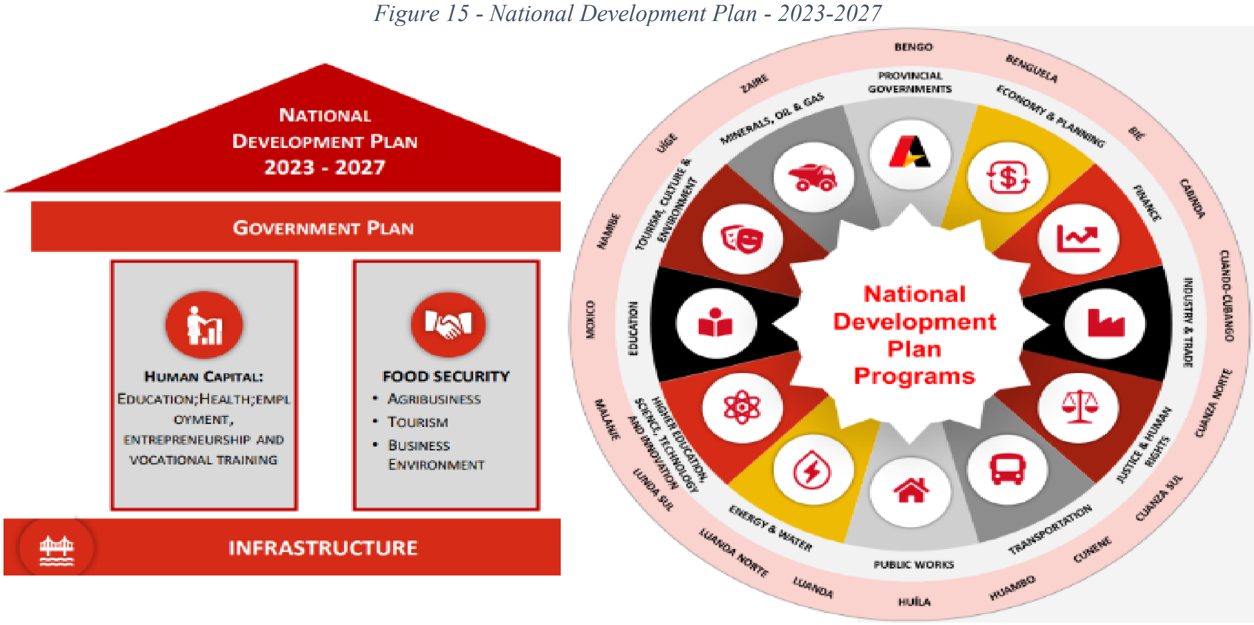
Compounding the steep decline in economic growth is the adverse effect of the geopolitical tension has created by exacerbating the global impact on food security, energy access, international trade, and other major sectors. Recognizing the invasion's potentially long-term consequences, MIGA has implemented multiple products during the year to respond to the challenges of the ongoing war. As the impacts of the invasion continue to increase fragility and political risks across the world, MIGA's role to encourage and help facilitate investment becomes even more crucial and the Agency is committed to implementing and refining its response to these multiple crises. In total, MIGA has issued USD$142 million of new guarantees in Ukraine since February 2022.

CHAPTER FOUR – CONSTITUENCY OPERATIONS UPDATE

ANGOLA

Angola recorded positive GDP growth of 3.05% in 2022, higher than the 1.2% in 2021 which shows a positive trend following consecutive years of economic contraction from 2017 to 2020. As analysts forecast brent crude would average above USD$80 a barrel in 2023 the outlook for 2023 is favorable, considering the high dependency of Angola to crude oil. Still, Angolan authorities should capitalize on higher prices, as the country's oil production is set to gradually decline over the coming years, falling from more than 1.1mn b/d in a decade, due to the natural declines of the oil productions fields. Important reforms are requested for that end.

Figure 15 - National Development Plan - 2023-2027



Source: Angola, MEP

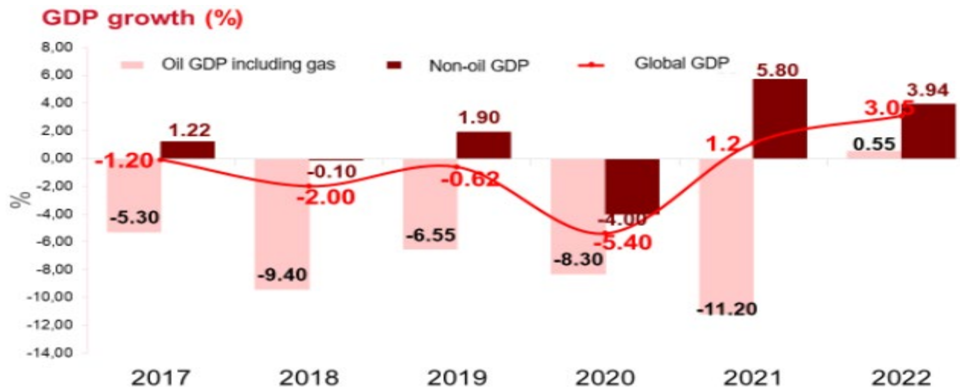
Reforms over the past years have improved macroeconomic management and public sector governance. Macroeconomic stability has been enhanced through a more flexible exchange rate regime, central bank autonomy, sound monetary policy, and fiscal consolidation at the same time as diversification efforts are in place to provide non-oil revenue, to support growth, create job, and reduce poverty.

Additional reforms include barriers removal to private sector investment and other programs *(Prodesi, Prei, Propriv, Piim)*[6] to achieve economic diversification to support growth, job creation, and poverty reduction.

[6] *Prodesi* – Program to support production, export diversification and import replacement.
Prei – Informal economy reconversion program Propriv

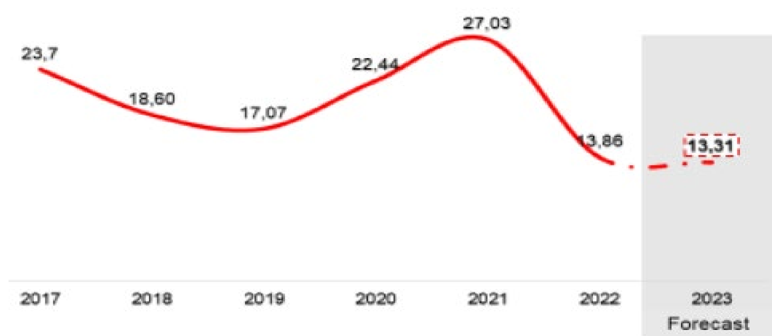
Given the jobs challenge, high poverty, and a rapidly growing population, investing in human capital and poverty reduction is a top priority.

Figure 16 - Evolution of real sector indicators and prices



Source: Angola, MEP

Figure 17 - Angola inflation trend



Source: Angola, MEP

The annual inflation rate in Angola accelerated in August 2023, after a sharp decrease in 2022. The current outlook forecasts a rate of 13.3% in 2023 mainly due to a sharp depreciation of the local kwanza currency. The inflation is also being driven higher by a government decision to lower a fuel subsidy in June, with aim at freeing up resources for other sectors of the economy has led to an increase in gasoline prices, which in the short term, in addition to increase inflation, may decrease economic growth, increase the prices of petroleum products, increase the loss of jobs in the informal sector and increase poverty.

To offset the impact on poverty, it's worthwhile mentioning, under a social protection strategy, a program known as Kwenda - a cash transfers that helps alleviate poverty and cushion economic shocks for over 600,000 households in rural Angola.

Propriv – Privatization program
Piim – Integrated intervention plan in municipalities

World Bank Portfolio in Angola

The WBG operations strategy in Angola is guided by the Angola Country Partnership Framework (CPF) for FY14 – FY17, while the updated CPF is under preparation and planned for delivery in FY24. The current CPS takes has the overarching Strategy of promoting more inclusive development, with two core Pillars, and one Foundation Plank. The First Pillar focuses on supporting integrated national economic diversification by revitalizing rural economies toward greater competitiveness and employment. The Second Pillar focuses on enhancing the quality of service delivery to improve the quality of life of the population and equip them to take a greater role in the development of the country. The CPF is the central tool guiding the WBG's country programs and gauging their effectiveness.

As of September 26, 2023, the overall World Bank national portfolio in Angola stood at USD$3.47 billion dollars distributed across 14 projects.

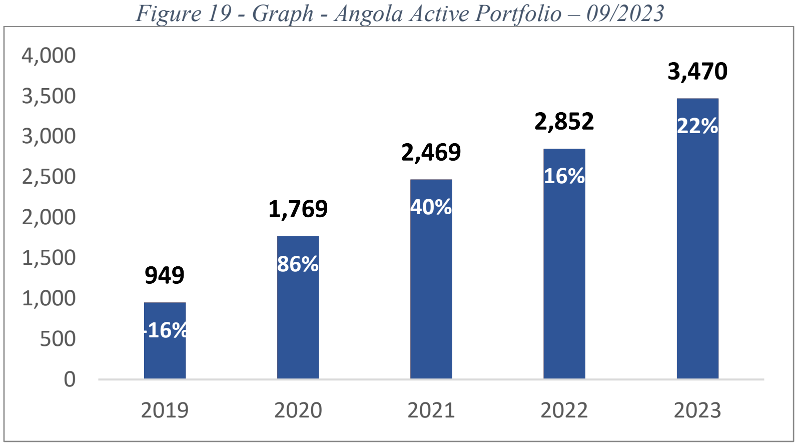
Critical challenge observed in the portfolio is that delays between approval and effectiveness presents a structural impediment to effective implementation. On the other hand, some Ministries in Angola commend the WBG for the support but expressed concerns on high overhead and advisory costs that comes together with financial support from the Bank. Angola requests the WBG to promote a deep analysis of the process to identify potential improvements to reduce costs so that resources may be available for effective implementation of projects.

Figure 18 - Angola Active Portfolio as of September 2023 - in M$

Global Practice	Project Count	Commitment $	Disbursement $	Undisbursed Balance $
Agriculture and Food	2	430	38,38	387,25
Education	1	250,00	19,14	230,86
Energy & Extractives	1	250	3,79	246,21
Finance, Competitiveness and Innovation	1	300,00	0,00	300,00
Governance	1	250	0	250
Health, Nutrition & Population	3	460,00	203,32	256,68
Macroeconomics, Trade and Investment	1	500	0	500
Poverty and Equity	1	60,00	0,15	59,85
Social Protection & Jobs	1	320	218,72	101,28
Water	2	650,00	104,64	545,33
Total	**14**	**3 470,00**	**588,14**	**2 877,46**

Source: The World Bank

Figure 19 - Graph - Angola Active Portfolio – 09/2023



Source: World Bank

IFC Portfolio in Angola

Angola's IFC portfolio is comprised of 10 advisory programs, namely 5 in the financial sector, 2 in the agriculture sector, and the remaining 3 in the energy, financial institution Group (FIG) and market areas, with a total investment of USD$ 0.451 billion from FY19 to FY22.

IFC is advising Angola in a variety of sectors, for example the strengthening the credit reporting legal and regulatory framework for key stakeholders, including the central bank of Angola. IFC has also helped raise awareness among lenders and consumers on the importance and benefits of credit reporting to facilitate access to responsible credit. In the agriculture sector it helps in the implementation of a program to unlock constraints for specific companies with potential to get IFC investments in the poultry, coffee and fruit sectors. IFC also supports Angola in developing options to establish an agricultural reinsurance facility aiming at enhancing the financial stability of local insurers, considering the high volatility risk typically associated with climate risk.

In the energy sector, IFC helped Angola to conduct the power market assessment, which identified several potential investment opportunities in generation (1,473MW), transmission and distribution (179 MW investment). However, several critical barriers still weighed on private capital inflows into the energy sector, such as low end-user tariffs which are not reflective of costs, significant losses, and an unclear regulatory framework.

Figure 20- IFC's Investment Program in Angola

Finance/Years	2019	2020	2021	2022	2023	Total
Long Term Financing (LTF)	60					**60**
Mobilization (MOB)	0					**0**
Short term financing (STF)	61	96	115	76	85	**432**
Total	**121**	**96**	**115**	**76**	**85**	**492**

Source: IFC, 2023

For IFC, there is an amount of USD$ 100 million in pipeline to support different sectors ranging from health, agriculture, and infrastructure. On the advisory/upstream area, there are 3 projects focused on the agriculture and resource efficiency improvements.

For the implementation to be a success, a lot will depend on some key challenges at the macro environment, supply of projects, and speed pace of reforms in key sectors.

MIGA Portfolio in Angola

For MIGA there is only one USD$ 119 million project in the portfolio for Angola which is the phase II of a three-phased rehabilitation and expansion of the Cambambe Hydroelectric power station 180km on the east side of Luanda.

Figure 21 - MIGA's portfolio in Angola

Angola - As of August 31, 2023

Inbound Portfolio (Active) - All values are in US$ Millions

Investor	Project Name	Investor Country	Sector	PRI	NH	Gross Exposure (in Millions)
HSBC Bank Plc.	Cambambe Dam	United Kingdom	Infrastructure		✓	45.7
HSBC Bank Plc.						**45.7**
Societe Generale	Cambambe Dam	France	Infrastructure		✓	43.9
Societe Generale						**43.9**
Oddo & Cie	Cambambe Dam	France	Infrastructure		✓	14.1
Oddo & Cie						**14.1**
Grand Total						**103.6**

Outbound Portfolio (Active) - All values are in US$ Millions (None)

Source: IFC, 2023

The MIGA portfolio in Angola includes only one project financed by HSBC, Societe Generate and Oddo & Cie with a total gross exposure of USD$103.6 million. This project is the phase II of a three-phased rehabilitation and expansion of the Cambambe Hydroelectric power station 180km on the east side of Luanda.

NIGERIA

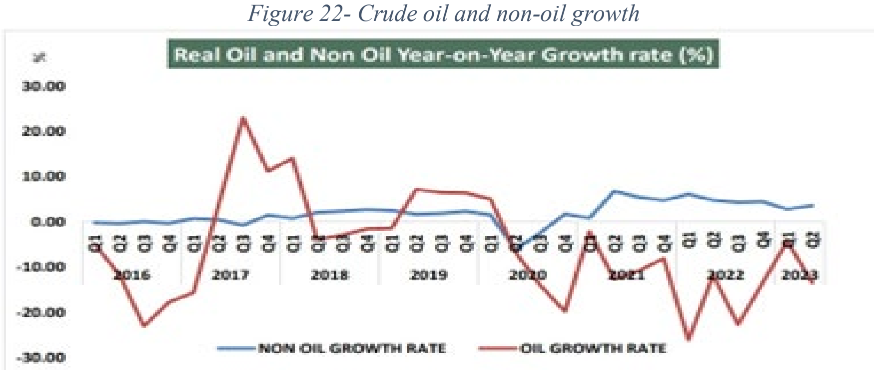
Economic Overview

The challenging global economic context has put pressure on Nigeria's economy, but domestic policies are of critical importance in determining Nigeria's economic performance and resilience to further external shocks. The country economic growth weakened with real gross domestic product declining from 3.3% in 2022 to 2.4% in Q1 2023 and 2.51% in Q2 2023. Tracking year-on-year basis, the growth rate is lower than the 3.54% recorded in Q2 2022. Persistently high inflation and low fiscal revenues continues to hinder economic growth. The challenge of slow economic growth is majorly attributed to macroeconomic instability, low investment, escalating poverty, low productivity, and fragility. Without adequate social intervention to shield Nigerian households, many households will continue to fall below the poverty line as the country along with other EMDEs continues to derail further from the attainment of 2030 SDG targets.

Nigeria economy was already facing deteriorating fiscal situations prior to the PMS subsidy removal and the convergence of exchange rate (FX) by the current administration on assumption of office in May 2023. These reforms are considered as critical steps taken to address long standing macroeconomic imbalances and create potential foundation for sustainable and inclusive growth. The removal of the PMS subsidy could help Nigeria avoid a fiscal cliff and ease debt sustainability risks. However, the burden in the short and medium term is excruciating as inflation soar and reached a 17 year high. Household finances are crumbling, and it is critical to accompany the reforms with a social protection program (SPPs) including cash transfers to shield the poor and most vulnerable from escalating living cost. The government is projecting to achieve fiscal savings of approximately 2 trillion Naira in 2023 alone which is about 0.9% of GDP.

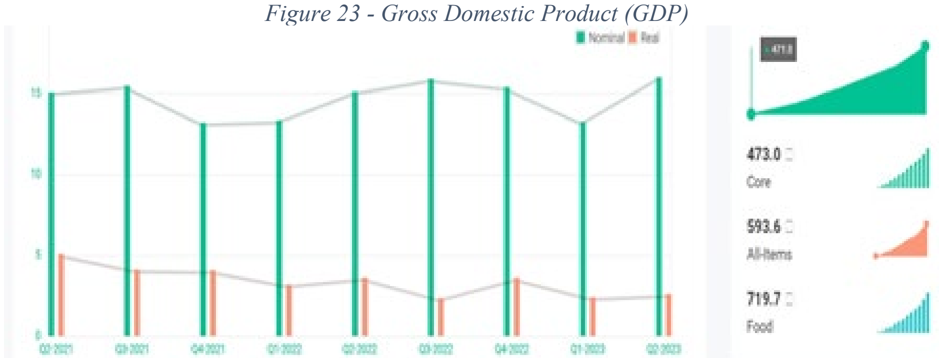
Nigerian economy has been broadly classified into oil and non-oil sector. The complexity is that the oil sector provides 95% of the Nigerian foreign exchange earnings and 80% of its budgetary revenues. In Q2 2023 real GDP stood at 2.51% from 2.31% in Q1 2023. The average daily oil production of 1.22 million barrels per day (mbpd) was recorded in the 2nd quarter 2023. This was lower than 1.51 mbpd recorded in Q1 2023. The oil sector contributed 5.34% to the total real GDP in Q2 2023 while the non-oil sector contributed 94.66%, which was higher than 93.79% recorded in Q1 2023. The performance of the Q2 2023 GDP was mostly driven be service sector, however agricultural sector made positive gains growing from 1.20% in Q1 2023 to 1:0% in Q2 2023.

Figure 22- Crude oil and non-oil growth



Source: Nigerian Bureau of Statistics GDP Q2 Report

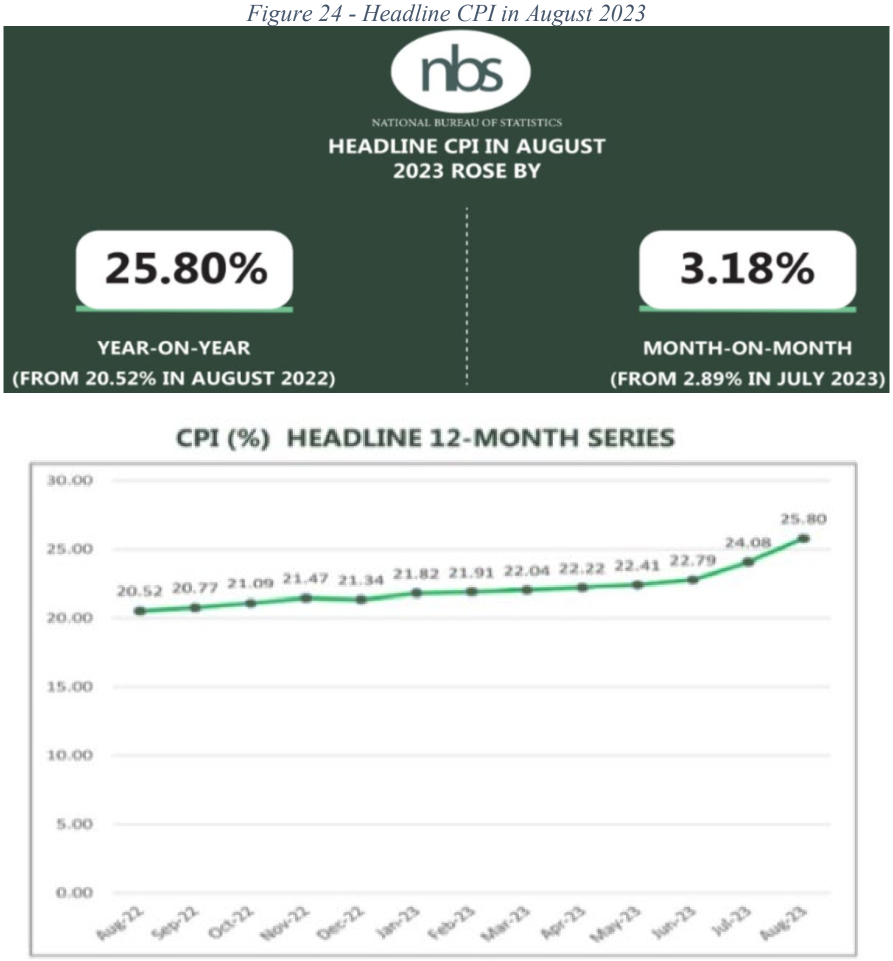
Figure 23 - Gross Domestic Product (GDP)



Source: *Nigerian Bureau of Statistics – GDP Q2 2023 Report*

The headline inflation rates increase to 25.80% in August 2023 from 24.08% recorded in July 2023. On a year-to-year basis, the headline inflation rate was 5.26% higher compared to August 2022 which recorded 20.5%. Headline inflation continues to increase driven by food inflation, high cost of energy and logistics impacting on the price of staples. However, stress tests conducted on the Banking industry show that despite the several headwinds in the economy, the banking system remains resilient. Nigeria's public debt stock stood at USD$ 113.42 billion in Q2 2023 while it was 108.3 billion in Q1 2023. These indicates an increase rate of 75.27% on a quarter-to-quarter basis. The gross external reserves recorded marginal improvement.

Figure 24 - Headline CPI in August 2023



Source: Nigeria Bureau of Statistics CPI and Inflation Report September 2023

According to Central Bank of Nigeria's projection, output growth recovery in 2023 would remain positive as economic agents adjust to the two major reforms which are removal of PMS subsidy and convergence of exchange rate. However, there is continued uptick in inflationary pressures; year to year inflation rises to 25.80% in August 2023 from 24.08% in July 2023. Inflation is escalated by increase of both food services and core components. Security challenges in major food producing states, high cost of transportation driven by high cost of energy, and inadequate public infrastructure are major drivers of key inflation.

The scourge of unemployment is pushing millions of Nigeria into poverty with long term adverse consequences as growth continues to decelerate. In the short to medium term this key development indicators would sustain upward pressure on domestic prices. The unfolding dynamics require greater attention and collaboration between the monetary and fiscal authority.

Overall, global and domestic economics is moderated with uncertainties. Factors precipitating the uncertainties in Nigeria domestic economy remains high prices of PMS and other energy products, as well as pressure in foreign exchange market which continues to persist. Macroeconomic indicators for Nigeria economy indicate moderate recovery through 2023 to 2.66%(CBN); 4.20% (FGN); and 3.30% (IMF).

World Bank Portfolio in Nigeria

The WBG operations strategy in Nigeria is guided by the Nigeria CPF for FY21 – FY25 which was approved by the Board on 14th December 2020. The CPF comprises of four pillars under which the WB supports the Government of Nigeria; (i) strengthening the foundations of the public sector; (ii) investing in human capital; (iii) promoting jobs and economic transformation and (iv) enhancing resilience. The strategic focus of the CPF is aligned with the priorities of the Government of Nigeria's Medium-Term National Development Plan and the Fiscal Sustainability Plan (FSP).

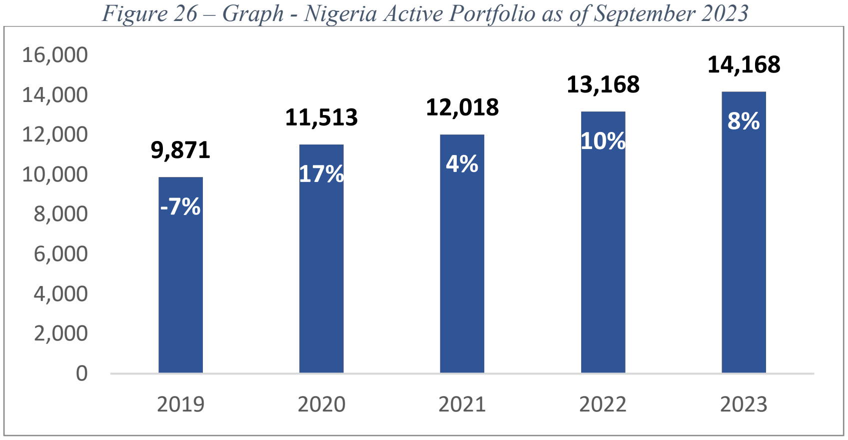
The current WBG Portfolio overview in Nigeria as at FY23 has 30 active projects with committed investment of USD$14.2 billion. These comprise of investment in IBRD, IDA. If we include Trust Funds at various location across the breath of the country, the total amount will increase to USD$15 billion. With about 35% operations federally executed and 65% executed at the state-level (with funds on granted or on-lent by the federal government). Disbursements under World Bank financed programs represent between 3% to 5% of Nigeria's annual consolidated government expenditures, and around 15% to 20% of the government's capital expenditures.

Figure 25 - Nigeria Active Portfolio as of September 2023 - in M$

Global Practice	Project Count	Commitment $	Disbursement $	Undisbursed Balance $
Agriculture and Food	3	950	264,5	660,99
Digital Development	1	115,00	37,36	75,50
Education	4	1386	822,81	542,45
Energy & Extractives	5	2 986,00	1 072,04	1 851,57
Environment, Natural Resources & the Blue Economy	1	700	58,45	599,11
Finance, Competitiveness and Innovation	1	750,00	0,00	756,19
Governance	3	1705	1522	128,02
Health, Nutrition & Population	3	1 375,00	574,48	683,24
Social Protection & Jobs	2	1550	195,38	1284,44
Social Sustainability and Inclusion	2	600,00	76,05	516,17
Transport	1	280	24,7	246,54
Urban, Resilience and Land	2	576,00	381,65	172,37
Water	2	1 195,30	423,05	673,89
Total	**30**	**14 168,30**	**5 452,47**	**8 190,48**

Source: The World Bank

Figure 26 – Graph - Nigeria Active Portfolio as of September 2023



Source: The World Bank

However, critical challenge observed in the portfolio is that delays between approval and effectiveness presents a structural impediment to effective implementation. Despite the establishment of Ministerial Task

Force in December 2021 to streamline the processes involved in government approvals and accelerate implementation, these upstream delays still plague the portfolio operations. In fiscal year FY24, the portfolio pipeline indicates four project with an estimate of US$1.95 billion. Details are presented below.

IFC Portfolio in Nigeria

The strategic objectives of IFC in Nigeria is aligned with the WB CPF pillars and the on-going WBG evolution trajectory which seeks to support diversified growth, inclusion, sustainability, and job creation with engagement across key sectors such as energy, digital economy, agribusiness, light manufacturing, and financial services. The primary focus areas would target increasing access to finance for SME's through financial intermediaries, supporting agribusiness and manufacturing to enhance food security, meet domestic needs and grow exports, expanding energy towards universal access and green energy, and digital services access.

Nigeria is the 2nd largest portfolio for IFC in Africa, with committed exposure of USD$2.5 billion across various clients. Between FY19-24 YTD, IFC total LTF commitments totaled USD$2.01billion, of which USD$759.5 million has been mobilization, concentrated in financial markets and manufacturing sectors. The five top clients of IFC in Nigeria are in trade finance, financial market, and manufacturing. As at 31st August 2023, IFC committed exposure to the top five clients in Nigeria portfolio stands at USD$1.33 billion. Some of the most recent commitments includes the following.

a) USD$500 million financing to BUA Cement Plc, towards the expansion of its cement complex in Sokoto State, Northwestern Nigeria. The expansion will serve the growing northern Nigerian cement market, as well as provide cement and clinker to other landlocked countries in the Sahel, including Niger and Burkina Faso.

b) USD$35 million financing package (includes utilization of IDA PSW) to Jubaili Agrotec, a Nigeria-based agrochemicals manufacturer and distributor, to increase smallholder farmers' access to key input and boost food production to strengthen food security in sub-Saharan Africa.

c) USD$18 million in debt financing to Robust International Pte. Limited (Robust) to build modern warehouses and processing facilities in northern Nigeria, and the financing is one of the first investments in modern secondary sesame processing in that region.

d) USD$10 million in TIDE-II, an Africa-focused venture capital fund, making investments in early to growth stage tech and tech-enabled companies across SSA, including Nigeria.

e) USD$50 million (utilizing IDA PSW) with Lagos City Infra on two bus corridors to help provide safe, efficient, cost-effective transportation in Lagos, reduce travel times and noise along the corridors.

f) USD$250 million Working Capital Solutions (WCS) facility to Zenith Bank to provide working capital and trade finance facilities to enterprises in Nigeria, including MSMEs impacted by COVID-19.

Figure 27: Nigeria Investment Program Commitments by Fiscal Year (as of September 2023) - in USD$M

Investment Program	FY19	FY20	FY21	FY22	FY23	FY24 YTD	FY19-FY24
Long Term Finance (LTF)	94.4	527.6	212.1	615.1	563.6	-	2012.8
of which IFC Own Account	94.3	379.6	171.0	445.2	163.2	-	759.5
of which Core Mobilization	0.1	148.0	41.1	169.9	400.4	-	759.5
Short term Finance (STF)	**67.9**	**1068.7**	**2180.3**	**2331.62**	**2577.6**	**676.6**	**8902.7**

Source: IFC

Figure 28: Nigeria Investment Portfolio by Industry Group (as of September 2023) - in USD$M

Industry Group	FIG[7]	MAS[8]	INR	CDF	Total
Committed Exposure	**1,349.8**	**614.8**	**128.7**	**68.1**	**2161.4**
Portfolio Outstanding	1345.3	511.7	67.9	60.8	1986.7
of which Loan Outstanding	1319.4	466.9	63.0	2.8	1852.2
of which Equity Outstanding	25.9	44.8	4.9	58.0	133.6
Undisbursed	4.4	103.1	60.8	7.3	175.6
Non-performing loan (NPLs)	-	37.8	6.4	0.3	44.5
NPL Ratio (%)	0.0%	8.1%	10.1%	10.1%	2.4%

Source: IFC

Figure 29 - Top 5 Portfolio Clients by committed exposure – in MUSD$

Client	Industry	Committed exposure	Portfolio Outstanding
Zenith Nigeria	FIG	434.0	434.0
Access Bank PLC	FIG	360.0	360.0
Zenith Nigeria	FIG	250.0	250.0
BUA Cement	MAS	160.5	121.8
IEFCL	MAS	134.1	134.1

Source: IFC

IFC Pipeline Activities in Nigeria

In Nigeria, IFC is prioritizing mainstreaming climate and gender within projects in Nigeria providing own-account long-term financing of USD$288 million to climate tagged projects and USD$545 million to gender tagged projects within the last five years (FY19-23). IFC is actively working with banks in Nigeria to develop climate finance portfolios and has completed a diagnostic and market assessment on climate smart agriculture. They held a workshop in November 2022 on Green and Sustainability Bonds in Nigeria in conjunction with Nigeria Exchange Group (NGX). IFC is helping build the capacity of the Nigeria Stock Exchange to integrate gender as part of the Exchange's core activities that promote SDG 5 (Gender Equality) and SDG 17 (Private sector partnerships for gender equality) to ensure sustainability beyond the end of the program's period. Through the work, the Exchange will implement a gender action plan for internal-facing gender interventions and become the first exchange globally to be EDGE gender certified.

7 FIG - Financial Inclusion Group
8 MAS - Manufacturing, Agribusiness, & Services

IFC will also support MTN Nigeria (MTNN), a partner company under Nigeria2Equal program to become the first EDGE gender certified telco in Africa.

For FY24, IFC pipeline is projected at USD$2.9 billion driven by a few large projects in the financial and manufacturing sector. which includes UBA ($350 million LTF) and Access Bank (USD$100 million IFC Owned Account). The manufacturing sector with focus on food security and climate components at Indorama Fertilizer for estimated portfolio of USD$1.3 billion, out of which $250m is IFC Owned Account. Other pipeline investment programs are in Agribusiness, infrastructure, renewable power and fintech projects. The top five investment pipeline projects in Nigeria as at September 2023 are presented in the table below.

Figure 30 – Investment Pipeline Projects by Total LTF in Nigeria (as of September, 2023)

Commitment Probability	Fiscal Year	Project	Industry	Industry Group Sector	IFC Own Account	Total LTF
HP	2024	Access WCS CR II	FIG	Financial Markets	100.0	100.0
LP	2024	ANOH	INR	Oil, Gas & Mining	60.0	60.0
LP	2024	WCS CR II FCMB	FIG	Financial Markets	50.0	50.0
LP	2024	WCS CR Sterling	FIG	Financial Markets	50.0	50.0
LP	2024	WCS UBA Nigeria	FIG	Financial Markets	125.0	250.0

Source: IFC

MIGA portfolio in Nigeria

MIGA portfolio in Nigeria is comprised with 3 inbound projects under 7 bank loan with a total amount of USD$ 362 million, and 4 outbound projects financed under 3 financial institutions with a total amount of USD$ 392,8 million.

Figure 31 - MIGA Portfolio in Nigeria

Nigeria - As of August 31, 2023

Inbound Portfolio (Active) - All values are in US$ Millions

Investor	Project Name	Investor Country	Sector	PRI	NH	Gross Exposure (in Millions)
Azura Power	Azura Power West Africa Ltd.	Nigeria	Infrastructure	✓		210.9
Azura Power						**210.9**
FirstRand Group	Azura Power West Africa Ltd.	South Africa	Infrastructure	✓		31.2
FirstRand Group	FirstRand Bank Nigeria	South Africa	Financial	✓		25.6
FirstRand Group						**56.8**
CNG International Investment Limited	Float Glass	China	Manufacturing	✓		38.7
CNG International Investment Limited						**38.7**
KFW	Azura Power West Africa Ltd.	Germany	Infrastructure	✓		21.9
KFW						**21.9**
Siemens Aktiengesellschaft	Azura Power West Africa Ltd.	Germany	Infrastructure	✓		15.2
Siemens Aktiengesellschaft						**15.2**
The Standard Bank of South Africa Limited	Azura Power West Africa Ltd.	South Africa	Infrastructure	✓		11.8
The Standard Bank of South Africa Limited						**11.8**
Standard Chartered Bank Plc	Azura Power West Africa Ltd.	United Kingdom	Infrastructure	✓		6.7
Standard Chartered Bank Plc						**6.7**
Grand Total						**362.1**

Outbound Portfolio (Active) - All values are in US$ Millions

Investor	Project Name	Host Country	Sector	PRI	NH	Gross Exposure (in Millions)
Azura Power	Azura Power West Africa Ltd.	Nigeria	Infrastructure	✓		210.9
Azura Power	Central Termica Ressano de Garcia (CTRG)	Mozambique	Infrastructure	✓		90.5
Azura Power	Tobene Power SA	Senegal	Infrastructure	✓		56.7
Azura Power						**358.1**
Africa Finance Corporation	UT Abidjan	Cote d"Ivoire	Infrastructure	✓		34.7
Africa Finance Corporation						**34.7**
Grand Total						**392.8**

Source: MIGA, 2023

SOUTH AFRICA

Economic Overview

Economic growth in South Africa remains relatively weak due to persistent power outages, high interest rates on economic activity, volatile commodity prices and a challenging external environment. Data shows that the South African economy grew by 0.4% between January and March this year. The Gross Domestic Product (GDP) increased by 0,6% in the second quarter of 2023 from a 0.4% rise in the first quarter, driven by increases in the manufacturing industry, contributing 0,3% to GDP.

The GDP growth forecast for 2024 and 2025 is at 1.0% and 1.1%, respectively. The growth pace is, however, too slow to reduce the high unemployment and inequality. Constraints in the transport sector coupled with the weak external demand remain binding on the growth outlook, limiting economic activity and increasing costs. South Africa faces a high level of vulnerability to the effects of climate change.

The Bureau for Economic Research, survey of inflation expectations indicate inflation at 6.5% in 2023 (up from 6.3% in Q1) and 5.9% for 2024 (up from 5.8% in Q1) and 5.6% in 2025. Market surveys expect inflation to be 5.9% in 2023 from 6.9% in 2022 driven by lower food and fuel prices. This would mark the return of headline inflation closer to the mid-point of the target range by the third quarter of 2025 following three years of rising interest rates since 2020 by the South African Reserve Bank to curb rising inflation. Upside risks to the inflation outlook including the absence of sustained and consistent increases in energy supply and electricity prices, continue to present clear inflation risks.

The tightening of global financial conditions and appreciation of the United States dollar have exacerbated debt service costs increasing the risk of debt distress. For South Africa, weaker domestic growth has further translated into persistent deficits resulting in government limiting public expenditure growth. The current account moved back into a deficit after a temporary commodity-price driven surplus. Government debt is expected to increase to 72.6% of GDP and 74.9% by 2025. In February 2023, the government announced a three-year debt relief arrangement of R254 billion (USD$14 billion) to help Eskom establish its commercial viability and mitigate the energy crisis. Government also eased the registration process and licensing requirements for energy production to encourage private sector investment. Additional reforms are needed to achieve a more resilient, inclusive, greener, and sustainable growth, requiring substantial investments in human capital and infrastructure. These should include reforms to improving the country's energy and logistical constraints, the fiscal framework, procurement system, public investment management, reducing barriers to private sector investment, addressing structural rigidities in the labor market, reducing the government wage bill and transfers to state-owned enterprises. Building government's capacity to implement these reforms and tackling crime and corruption is critical.

The South African rand has weakened over the past year, depreciating by about 5% year to date against the US dollar due to deteriorating global financial conditions and tightening monetary policies in advanced economies.

World Bank Portfolio in South Africa

It has been two years since South Africa's CPF was approved by the Executive Board for a five-year period from FY22 to FY26 in July 2021. The CPF's overarching goal is to support the government of South Africa in stimulating investment and job creation to achieve economic and social convergence for an inclusive and resilient society. It focuses on overcoming exclusion and binding constraints identified in the WBG Systematic Country Diagnostics for South Africa.

The three strategic focus areas are i) to promote increased competition and improved business environment for sustainable growth; ii) strengthen Medium and Small-Scale Enterprises and skills development to support job creation; and iii) improve infrastructure investment framework and selected infrastructure services. These focus areas are in line with government's priorities as outlined in the National Development Plan 2030, and the Economic Reconstruction and Recovery Plan. They are also aligned to the WBG objectives of eradicating poverty and shared prosperity.

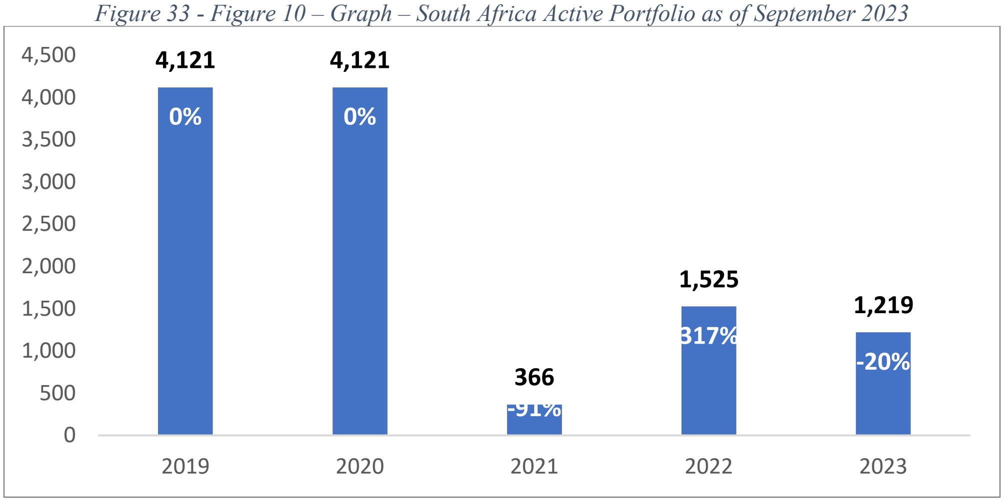
Since the CPF implementation two years ago the portfolio has expanded from an all knowledge based to a growing financing portfolio and increase in partnership allowing SA to use the full suite of WBG products and services. The IFC and MIGA portfolios to promoting private sector investments remain the largest in South Africa. The IBRD consists of 6 projects for the FY23 with a total cumulative amount of USD$1,22 billion compared to USD$1.53 billion in FY22. The portfolio includes two additional projects for USD$919.5 million.

Figure 32- IBRD financing portfolio in South Africa

Project	Amount in US$ million	Financing instrument	Year approved	Closing Date
SA Covid-19 Emergency Response Project	480,00	IPF	2022	31-mar-24
Eskom JETP	439,50	IPF	2022/23	29-Dec-2028
Eskom Renewable Energy	250,00	IPF	2012	31-Dec-2023
Technical Assistance for the Development Carbon Capture and Storage	22,80	IPF	2017	29-Feb-2024
Catalyzing Financing and Capacity for the Biodiversity Economy around Protected Areas Project	8,99	IPF	2022	31-Dec-2025
Wildlife Conservation Bond Operation	13,70	IPF	2022	October 2027
Accelerating Genomics-based Surveillance for COVID-19 Response in South Africa	5,00	IPF	2022	31-mar-25
Total	**1 219,99**			

Source: IBRD

Figure 33 - Figure 10 – Graph – South Africa Active Portfolio as of September 2023



Source: IBRD

For FY22, the IBRD continued to support the Government of South Africa towards financing the procurement of vaccines to complement GOSA's vaccination program in dealing with COVID-19. The second biggest project is the Eskom Just Energy Transition Pilot Project for the decommissioning and repurposing of the coal-powered Komati Power Station in the Mpumalanga Province. This project has the potential of being possibly replicated in other coal-powered stations in line with the GOSA just energy strategy and commitments.

IFC Portfolio in South Africa

South Africa has the largest IFC portfolio in Africa and 5th largest globally with a cumulative portfolio of USD$3,076 million as of 30 June 2023.

The portfolio continues to be dominated by the financial services at 61% from to 62% in FY22, followed by manufacturing, services, and agribusiness at 25%. IFC Advisory services includes the EUR 4.4 million with the Ministry of Environment of Germany to increase the climate share of credit portfolios of participating banks by 2030 to 30%. The IFC continues to assist South African companies to expand across Africa, focusing on reducing inequality, promoting investments, and strengthening institutions.

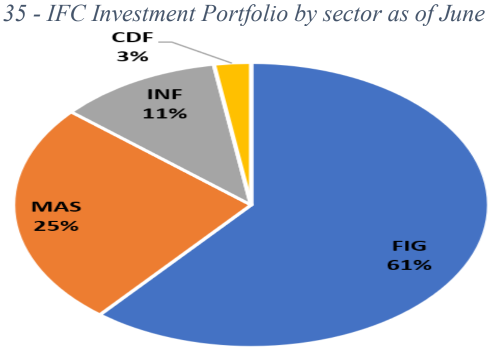
Table 10 below shows the growth of the IFC Investment Volume portfolio for the past two years indicating an increase of USD$1,253 from USD$434 and mainly funded from IFC's own account.

Figure 34 - IFC Investment Volume as of June 30, 2023, in USD$ Million

	FY22	FY23	FY20 - FY23
IFC Own Account	370	958	2,707
Core Mobilization	64	295	1,400
Total	**434**	**1,253**	**4,107**

Source: IFC

Figure 35 - IFC Investment Portfolio by sector as of June 30, 2023



Source: IFC

MIGA Portfolio for South Africa

South Africa is the 2nd largest host country in MIGA's Africa portfolio and 7th largest globally with guarantees of USD$1.1 billion at the end of June 2023. Table 11 below shows MIGA's exposure in South Africa from FY21 till FY23. The decline in MIGA Guarantees over this period to the inclusion of debt instruments which reduce over time as the debt is repaid. MIGA is actively engaged with South African investors to promote intra-regional investments in Sub-Saharan Africa, facilitating outbound investment.

Figure 36 - MIGA Exposure as of June 30, 2023, in USD$ Million

FY21 MIGA Guarantees (end-June 2021)	$1.51bn
FY22 MIGA Guarantees (end-June 2022)	$1.25bn
FY23 MIGA Guarantees (end-June 2023)	$1.08bn

Source: MIGA

The MIGA portfolio consists of guarantees, comprising both political risk insurance and credit enhancement products, for SA renewable energy sector projects – supporting 16 wind and solar energy generating facilities, agriculture/agribusiness - supporting access to finance for farmers; energy – supporting power generation and transmission and financial for the expansion of lending to finance infrastructure projects.

Figure 37 – Breakdown of MIGA Exposure in USD$ Million

South Africa - As of August 31, 2023						
Inbound Portfolio (Active) - All values are in US$ Millions						
Investor	**Project Name**	**Investor Country**	**Sector**	**PRI**	**NH**	**Gross Exposure (in Millions)**
Deutsche Bank AG	Eskom Holdings SOC Ltd	Germany	Infrastructure		✓	286.9
Deutsche Bank AG						**286.9**
Galileo Securities (Ireland) DAC	Eskom Holdings SOC Ltd	United Kingdom	Infrastructure		✓	191.3
Galileo Securities (Ireland) DAC						**191.3**
Standard Chartered Bank Plc	Land and Agricultural Development Bank of South	United Kingdom	Financial		✓	130.3
Standard Chartered Bank Plc	DBSA	United Kingdom	Financial		✓	54.3
Standard Chartered Bank Plc						**184.6**
DZ Bank	Land and Agricultural Development Bank of South	Germany	Financial		✓	87.8
DZ Bank	DBSA	Germany	Financial		✓	54.3
DZ Bank						**142.1**
Actis	Kangnas Wind Farm	United Kingdom	Infrastructure	✓		38.5
Actis	Perdekraal East Wind Farm	United Kingdom	Infrastructure	✓		34.0
Actis	Khobab Wind Farm	United Kingdom	Infrastructure	✓		19.9
Actis	Loeriesfontein Wind Farm	United Kingdom	Infrastructure	✓		18.9
Actis	Noupoort Wind Farm	United Kingdom	Infrastructure	✓		9.8
Actis						**121.2**
Okavango Biology	Amstilite (RF) Proprietary Limited	Luxembourg	Infrastructure	✓		34.9
Okavango Biology	Ramizone (RF) Proprietary Limited	Luxembourg	Infrastructure	✓		11.1
Okavango Biology	Amstilinx (RF) Proprietary Limited	Luxembourg	Infrastructure	✓		10.7
Okavango Biology	Sonnedix Solar Power Plant	Luxembourg	Infrastructure	✓		9.7
Okavango Biology	Main Street 957 (RF) Proprietary Limited	Luxembourg	Infrastructure	✓		6.0
Okavango Biology						**72.4**
Atlantica Sustainable Infrastructure PLC	Kaxu Solar One (Pty) Ltd	United Kingdom	Infrastructure	✓		47.0
Atlantica Sustainable Infrastructure PLC						**47.0**
KFW	Land and Agricultural Development Bank of South	Germany	Financial		✓	14.6
KFW						**14.6**
Habib Bank AG Zurich	HBZ Bank Limited	Switzerland	Financial	✓		12.8
Habib Bank AG Zurich						**12.8**
Scatec Solar	Scatec Solar Kalkbult (Pty) Ltd RF	Norway	Infrastructure	✓		3.3
Scatec Solar	Simacel 160 (Pty) Ltd RF	Norway	Infrastructure	✓		2.6
Scatec Solar	Simacel 155 (Pty) Ltd RF	Norway	Infrastructure	✓		1.4
Scatec Solar						**7.3**
Grand Total						**1,080.2**

South Africa - As of August 31, 2023						
Outbound Portfolio (Active) - All values are in US$ Millions						
Investor	**Project Name**	**Host Country**	**Sector**	**PRI**	**NH**	**Gross Exposure (in Millions)**
ABSA Group	ABSA\/Barclays Kenya	Kenya	Financial	✓		109.7
ABSA Group	ABSA\/Barclays Mauritius	Mauritius	Financial	✓		94.1
ABSA Group	ABSA\/Barclays Mozambique	Mozambique	Financial	✓		88.6
ABSA Group	ABSA\/Barclays Ghana	Ghana	Financial	✓		84.5
ABSA Group	ABSA\/Barclays Uganda	Uganda	Financial	✓		41.8
ABSA Group	ABSA\/Barclays Seychelles	Seychelles	Financial	✓		40.2
ABSA Group	ABSA\/Barclays Zambia	Zambia	Financial	✓		38.1
ABSA Group	Central Termica Ressano de Garcia (CTRG)	Mozambique	Infrastructure	✓		31.5
ABSA Group	Gigawatt 100MW Gas-Fired Power Plant	Mozambique	Infrastructure	✓		23.6
ABSA Group	Thika Power Ltd	Kenya	Infrastructure	✓		13.7
ABSA Group	Bujagali Hydroelectric Project	Uganda	Infrastructure	✓		4.8
ABSA Group						**570.5**
FirstRand Group	FirstRand Bank Botswana	Botswana	Financial	✓		81.1
FirstRand Group	FirstRand Bank Ghana	Ghana	Financial	✓		39.7
FirstRand Group	FirstRand Bank Zambia	Zambia	Financial	✓		33.2
FirstRand Group	Azura Power West Africa Ltd.	Nigeria	Infrastructure	✓		31.2
FirstRand Group	FirstRand Bank Mozambique	Mozambique	Financial	✓		29.7
FirstRand Group	FirstRand Bank Nigeria	Nigeria	Financial	✓		25.6
FirstRand Group	FirstRand Bank Swaziland	Eswatini	Financial	✓		20.5
FirstRand Group	FirstRand Bank Lesotho	Lesotho	Financial	✓		5.2
FirstRand Group						**266.2**
The Standard Bank of South Africa Limited	83 Megawatt Kitengela Power Plant	Kenya	Infrastructure	✓		74.0
The Standard Bank of South Africa Limited	Gigawatt 100MW Gas-Fired Power Plant	Mozambique	Infrastructure	✓		32.4
The Standard Bank of South Africa Limited	Seawater Desalination Project - Ghana	Ghana	Infrastructure	✓		20.4
The Standard Bank of South Africa Limited	Azura Power West Africa Ltd.	Nigeria	Infrastructure	✓		11.8
The Standard Bank of South Africa Limited						**138.6**
Standard Bank	Annuity Road - Lot 15	Kenya	Infrastructure	✓		75.8
Standard Bank	Annuity Road - Lot 18	Kenya	Infrastructure	✓		59.6
Standard Bank						**135.3**
Sasol	Central Termica de Temane	Mozambique	Infrastructure	✓		67.6
Sasol						**67.6**
Pan-African Infrastructure Development Fund	UT Abidjan	Cote d"Ivoire	Infrastructure	✓		26.2
Pan-African Infrastructure Development Fund						**26.2**
Gigajoule Group	Gigawatt 100MW Gas-Fired Power Plant	Mozambique	Infrastructure	✓		24.0
Gigajoule Group						**24.0**
Nedbank Limited	Seawater Desalination Project - Ghana	Ghana	Infrastructure	✓		18.4
Nedbank Limited						**18.4**
Investec Bank Limited	Ejuva Two (Pty) Ltd	Namibia	Infrastructure	✓		6.1
Investec Bank Limited	Ejuva One (Pty) Ltd	Namibia	Infrastructure	✓		6.1
Investec Bank Limited						**12.2**
Mettle Solar	Karibib Solar Park	Namibia	Infrastructure	✓		2.2
Mettle Solar	Tandii Investments (Pty) Ltd	Namibia	Infrastructure	✓		0.6
Mettle Solar	NCF Energy (Pty) Ltd	Namibia	Infrastructure	✓		0.6
Mettle Solar						**3.4**
Grand Total						**1,262.4**

Source: MIGA, 2023

CHAPTER FIVE – SPECIAL EVENTS AND CONSTITUENCY BRIEFS

STAFF CHANGES

May marked the appointment of the Alternate Executive Director, and former Nigeria's Minister of Finance, Budget and National Planning – Ms Zainab Ahmed, as well as the appointment of Advisor from South Africa – Ms Nandipha Mkunqwana. The appointments became effective in July 2023.

CONSTITUENCY MISSIONS TO CAPITALS

The Executive Director has completed three missions to Nigeria, Angola and South Africa respectively as part of a consultation process with Governors. The outcomes of the meetings were successful as it presented an opportunity for the Executive Director to share her vision for the year. Further details of the missions have been shared in the July 2023 Quarterly report.

AFRICAN CAUCUS

The 2023 African Caucus Meetings were convened in Cape Verde from 6 to 8 July 2023. With the theme "New Modalities and Mechanisms to Finance Economic Development in Africa", the Caucus is an important coordination and policy-making platform to strategically engage with the World Bank Group (WBG) and the International Monetary Fund (IMF) on macroeconomic and structural policies to promote the continent's socioeconomic development.

Participants recognized the persistence of some issues: Rising debt vulnerabilities, costs of borrowing, and "big funding squeeze" for most African countries. Cognizant that financing climate change is critical to ensuring human health and welfare, while preserving ecosystems, for Africa the fight against climate change will not succeed without financing energy to power and drive livelihood, technology, innovation, digitalization, trade, industrialization, and transformation.

- In this regard the private sector is required in the development agenda, the tripling of concessional financing as well as the infusion of additional resources and substantial grants, from the IMF and the WBG, to regain lost ground towards eradicating extreme poverty and achieving the Sustainable Development Goals (SDGs) by 2030.
- In the nutshell, 6 main requests came from this Caucus's Edition:

a) **Call on the** Bretton Woods Institutions **to help ensure public debt sustainability.**

b) **Urge the** Bretton Woods Institutions **to unlock climate financing.**

c) **Ask the WBG to foster energy financing.**

d) **Exhort the** Bretton Woods Institutions **to help boost private sector development.**

e) **Appeal to the** Bretton Woods Institutions **to support a new Global Financial Architecture.**

f) **Demand**, in the context of **the WBG Evolution**, to bolster and scale the response to eradicate extreme poverty, address global challenges, and achieve the SDGs, serving all client countries.

The 2024 Caucus meeting will be held in Nigeria on a date to be decided.

G-24 TECHNICAL WORKING GROUP (TGM)

The G24 TGM was hosted in Abidjan, Côte d'Ivoire on 17 – 18 July 2023. The TGM is the G24 forum to gather research input and perspectives in preparation for member countries discussions at the Finance Ministers and Central Bank Governors meetings. A number of informative sessions took place with participation from the African Development Bank. The Executive Director moderated session 2 on Foreign and Private Financing. In this picture she is joined by Executive Director for Africa Group II or EDS13, Mr Abdoul Salam Bello. Côte d'Ivoire is the current G24 chair and is within the constituency EDS13.

VOICE SECONDMENT PROGRAM

Angola and Nigeria have presented candidates for consideration by the VSP Steering Committee. Given the increasingly competitive nature of the process, we encourage countries to present strong and experienced candidates as we anxiously await the outcome of this year's nomination and screening process.

ANNEXURES

ANNEX 1 SAL DECLARATION

Having convened from July 6-8, 2023, in the Island of Sal, the Republic of Cabo Verde; under the High Patronage of His Excellency the Prime Minister of the Republic of Cabo Verde, Dr. José Ulisses CORREIA e SILVA; for our 2023 African Caucus Meeting hosted and chaired by the Vice Prime Minister, Minister of Finance, Business Development and Digital Economy, Honorable Olavo Avelino CORREIA, Governor of the International Monetary Fund (IMF) and the World Bank Group (WBG) for the Republic of Cabo Verde and Chair of the 2023 African Caucus; we, the African Governors of the IMF and the WBG together known as the Bretton Woods Institutions (BWIs), discussed the theme "New Modalities and Mechanisms to Finance Economic Development in Africa".

Noting the rising debt vulnerabilities, costs of borrowing, and "big funding squeeze" for most African countries; cognizant that financing climate change is critical to ensuring human health and welfare, while preserving ecosystems; aware that the fight against climate change in Africa will not be won without financing energy to power and drive livelihood, technology, innovation, digitalization, trade, industrialization, and transformation; and mindful that - in addition to public sector efforts - actions on debt, climate, and energy require private finance and private sector involvement in the development process; we seek the tripling of concessional financing as well as the infusion of additional resources and substantial grants, from the IMF and the WBG, to regain lost ground towards eradicating extreme poverty and achieving the Sustainable Development Goals (SDGs) by 2030. In this regard, we:

Call on the BWIs to help ensure public debt sustainability, through:

- Facilitating debt relief that is equitable, rapid, comprehensive, and sizable; debt standstill during times of negotiation; and outright cancellations for countries in high debt distress.
- Helping to improve multilateral debt restructuring frameworks- enhance transparency of loan terms and contracts, accelerate reforms that support the extension of eligibility to highly indebted middle-income countries in Africa, and ease aggressive limits on non-concessional borrowing.
- Reform the debt resolution and regulatory framework by overhauling the Common Framework to make it more effective, time-bound, and transparent; and embedding climate contingency clauses and collective action clauses in debt issuances.
- Bolstering support against illicit financial flows (IFFs), tax evasion and avoidance, trade mis-invoicing and transfer pricing, while facilitating stolen assets recovery and strengthening the capacity of public revenue-earning entities to boost domestic resource mobilization.

Urge the BWIs to unlock climate financing, by:

- Mobilizing - at a greater speed and scale - the USD$ 2.8 trillion climate financing needed from international public and private sector sources - including developed countries' unmet commitment of USD$ 100 billion per year, retroactive to 2020 - to close the funding gap which represents only about a third of Africa's climate financing needs.
- Facilitating access to green climate financing; streamlining the IMF's Resilience and Sustainability Trust (RST) requirements to enable increased uptake by African countries that need them most; helping additional member countries to finalize their pledges and meet the RST's fundraising targets; and establishing a Trust Fund for debt swaps for climate and SDGs.
- Scaling up the pipelines of adaptation and mitigation projects so that Africa - the world's lowest polluter - does not end up disproportionately paying for climate change; recognizing officially the Vulnerable Twenty (V20) as a useful platform for advocating climate justice/finance; and delivering a joint cost analysis of "loss and damage" for African countries affected by climate change that can underpin and support eligibility and allocations under the "Loss and Damage Fund".

Ask the WBG to foster energy financing, by:

- Meeting or exceeding the USD$200 billion required between 2021 and 2030, that is about USD$20 billion per year - based on data from the Summit on the Financing of African Economies held in Paris, France, on May 18, 2021 - to ensure access to electricity for more than 600 million people and clean energy for some 900 million persons across the continent.
- Deploying innovative financing instruments, de-risking products, and risk-sharing mechanisms to finance energy projects, including midstream and downstream hydro and gas-to-power projects, with the related resilience transport, transmission, and distribution networks, for increased energy baseload, uptake, and trade across the Continent in the context of the African Continental Free Trade Agreement (AfCFTA), via the Southern, Western, Eastern, and Central Africa's power pools.
- Setting, contributing to, leveraging private funding for, and managing a *Multi-Donor Energy Trust Fund* (MDE TF) that will finance bankable upstream pipeline of transformative energy projects in Africa and provide financing for innovative technologies that enhance the capacity and performance of national utility companies.

Exhort the BWIs to help boost private sector development, through:

- Scaling up the use of the Private Sector Window (PSW); mobilizing substantial private savings from global institutional investors, like pension funds and insurance companies; re-engineering financial markets and creating investable assets; and embedding de-risking as a key avenue for private investment, using various financing instruments that are most commercially attractive to private investors, including blended finance and Public Private Partnerships (PPPs).
- Supporting the development of African private equity and venture capital funds, as well as African private equity associations and microfinance institutions, to incubate a pipeline of readily investable private companies and accelerate the growth of African MSMEs for the emergence and prosperity of a truly indigenous private sector.
- Developing and financing digital platforms that allow young African entrepreneurs to incubate and commercialize their ideas and products, while enhancing their skill sets to be deployed throughout the continent to serve market demand.

Appeal to the BWIs to support a new Global Financial Architecture that yields a higher ambition and a stronger resolve to deliver additional and incremental concessional resources to insulate the poor and vulnerable and support improved progress in Africa's development agenda. To this end, we echo the Africa High-Level Working Group on the Global Financial Architecture and the Paris Summit on the New Global Financing Pact (June 22-23, 2023), to:

- Lower the cost of financing and increase its availability by ensuring the financial sustainability of the Poverty Reduction and Growth Facility (PRGT); scaling up available resources for the International Development Association (IDA); operationalizing the re-channeling of Special Drawing Rights (SDRs) through Multilateral Development Banks (MDBs); and increasing the availability of blended finance.
- Scale-up the use of guarantees, by increasing access to official and WBG-provided guarantees.
- Amplify Africa's voice and representation, by supporting a permanent seat for the African Union in the G20; and increasing Africa's quota share at the IMF.

Demand, in the context of **the WBG Evolution**, to bolster and scale the response to eradicate extreme poverty, address global challenges, and achieve the SDGs, serving all client countries, by:

- Ensuring that the global commitment to address climate change is underpinned by the development agenda and demonstrates clear interlinkages between addressing global challenges and delivering on the SDGs.
- Recognizing that increasing Sub-Saharan Africa's on-grid and off-grid baseload capacity for energy security is an essential growth enabler and prioritizing investments in various energy sources, including hydro and gas, will facilitate Africa's transition to cleaner sources.
- Stepping up concessional resources for compounded crises affecting Africa; providing additional funds to the Crisis Response Window Plus (CRW+); keeping sight that any additional resources going to IBRD are not at the expense of IDA; convening donors to contribute to IDA21 replenishment; and mobilizing considerable private financing.
- Making sure that the WBG provides additional resources and adopts operating and financial models that consider the specificities of and serve all countries.

In closing, we thank and commend the IMF and the WBG for their continued financial, technical, and advisory support in addressing African countries' challenges within the current difficult development finance landscape. We have high expectations for a business paradigm shift from ongoing discussions on both the WBG's Evolution and the IMF's 16th General Review of Quota (GRQ) to a new Global Financial Architecture. The outcomes of this 2023 African Caucus deliberations will be summarized in our Memorandum to be delivered to the Heads of the BWIs, in October 2023, during the Annual Meetings of the IMF and the WBG, in Marrakech, the Kingdom of Morocco.

For the African Governors,
Chair of the 2023 African Caucus
Honorable Olavo Avelino CORREIA, Governor of the IMF and the WBG for the Republic of Cabo Verde and Vice Prime Minister, Minister of Finance, Business Development and Digital Economy of the Republic of Cabo Verde

EXPRESSION OF GRATITUDE

We, the African Governors of the International Monetary Fund (IMF) and the World Bank Group (WBG) together known as the Bretton Woods Institutions (BWIs), thank His Excellency the Prime Minister, Dr. José Ulisses CORREIA e SILVA, for kindly placing this event under his very high and distinguished patronage, as well as for his availability and opening speech. We commend and congratulate the Vice Prime Minister, Minister of Finance, Business Development and Digital Economy, Honorable Olavo Avelino CORREIA, Governor of the IMF and the WBG for the Republic of Cabo Verde and Chair of the 2023 African Caucus, together with his team for the outstanding coordination, execution, and delivery of the 2023 African Caucus. We equally acknowledge the brilliant work of the joint IMF/WBG Technical Team of the 2023 African Caucus under the guidance of our Executive Directors representing African countries on the IMF and WBG Boards led, for this year's Caucus edition, by Mr. Abdoul Salam Bello and Mr. Afonso Bevilaqua who oversee the Republic of Cabo Verde on the WBG and the IMF Boards, respectively. Last, but not least, we remain grateful to the People of the Republic of Cabo Verde for their warm welcome and hospitality.

Island of Sal, the Republic of Cabo, July 8, 2023

For the African Governors,
Honorable X

Annex 2 Draft Memorandum of the African Caucus to the Heads of the Bretton Woods Institutions.

AFRICAN CAUCUS

THE 2023 MEMORANDUM

OF

THE AFRICAN GOVERNORS

TO

Mr. AJAY BANGA

PRESIDENT OF
THE WORLD BANK GROUP

AND

Ms. KRISTALINA GEORGIEVA

MANAGING DIRECTOR OF
THE INTERNATIONAL MONETARY FUND

INTRODUCTION

In search for "*New Modalities and Mechanisms to Finance Economic Development in Africa*", we, the African Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF), call, through this 2023 Memorandum, on the Bretton Woods Institutions (BWIs) to provide additional support that helps the continent ensure "public debt sustainability", unlock "climate and energy financing", and boost "private sector development". The Memorandum also includes our views and asks on the ongoing WBG Evolution, for consideration as this process evolves.

I. ENSURING PUBLIC DEBT SUSTAINABILITY IN AFRICA

High debt levels and borrowing costs continue to amplify the fiscal and financing gaps of African countries. However, recognizing the need for prudent borrowing to foster growth and development, we:

- Urge the BWIs to intensify support for an effective and swifter implementation of the G20 Common Framework for Debt Treatment (CF), including fostering information sharing and scaling up technical support for debt restructuring; and align their advocacy for debt treatment with the United Nations Sustainable Development Goals (UN SDGs) Stimulus and Bridgetown Initiatives, which our governments support.

- Request that short-term high-interest loans be converted into long-term low interest loans, including for debt reduction, debt standstill during times of negotiation, and outright cancellations for countries in debt distress. We ask the WBG to increase support for the development of domestic financial markets and roll out its local currency lending to mitigate related exchange rate risks across the membership.

- Call for BWIs' support in developing acceptable debt comparability clauses for inclusion in future bilateral and private financing agreements; and urge the World Bank to add state-contingent clauses to financing agreements that allow for debt payment suspension in the event of natural disasters or exogenous shocks that trigger an economic or financial crisis.

- Request the tripling of concessional financing; increased and effective rechanneling of IMF's Special Drawing Rights (SDRs), including through Regional Development Banks; and establishment of a Trust Fund for debt swaps for climate and SDGs; and voluntary sovereign-debt buybacks and debt service suspension of both principal and interest payments.

- Urge the BWIs to assist African countries enhance domestic resource mobilization capacity by closing loopholes in tax treaties, strengthening regulatory frameworks, and advocating for a more inclusive International Tax Cooperation (ITC) system that limits tax evasion and avoidance; curtails illicit financial flows (IFFs), trade mis-invoicing and transfer pricing; facilitates stolen assets recovery, and supports member countries to hold national and multinational companies accountable for paying their fair share; strengthens tax systems and national revenue generation and collection institutions; adjusts and expands the tax base according to the specificities of economic operators, including from the informal sector towards formalizing the informal economy and reaping the related benefits.

II. UNLOCKING CLIMATE AND ENERGY FINANCING FOR AFRICA

We welcome the 27th United Nations Climate Change Summit (COP27) outcomes, the African COP, especially the historic commitment to funding arrangements to respond to loss and damage associated with the adverse effects of climate change. We call for the acceleration of the Sharm el-Sheikh Implementation Plan and look forward to stronger commitments in COP28 to help bridge financing gaps in low- and middle-income African countries. Climate and energy financing are complementary and mutually reinforcing and would require balanced levels of support.

(a) Climate Financing

The financing needed to implement the continent's Nationally Determined Contributions (NDCs) from 2020 to 2030 is about USD$ 2.8 trillion, that is USD$ 277 billion annually. While we are committed to contributing 10 percent of this amount from our already limited domestic resources and appreciate donors' contributions thus far to the IMF's Resilience and Sustainability Trust (RST), we note with concern that governments are unable to bridge the growing climate financing gaps. Therefore, we:

- Exhort the BWIs to accelerate discussions on climate finance instruments, and provide tailored and viable financing options, scale up climate finance through the RST and implement the WBG Climate Strategy; increase concessional financing and innovative de-risking instruments to support adaptation and mitigation operations; establish stronger partnerships with other multilateral development banks (MDBs) to address climate-related challenges; and strengthen incentives for private investments in Climate Funds.

- Request the BWIs to use their respective convening power and relative advantage to mobilize - at a greater speed and scale - the USD$2.8 trillion climate financing needed from international public and private sector sources to fill the funding gap; noting from the 2020 Climate Policy Initiative (CPI) report that the USD$29.5 billion annual climate finance flows to Africa accounts for only 11 percent of the required climate response investments. Also, developed countries' commitment of USD$100 billion per year, retroactive to 2020, represents only about a third of Africa's climate financing needs.

- Encourage additional member countries to finalize their pledges and meet the RST's fundraising targets; urge the IMF to streamline the RST requirements enabling increased uptake of this Facility by African countries that need it most, with increased access limit and quicker disbursements under realistic, affordable, and manageable conditionalities. We ask the WBG to learn from the challenges of the RST's design and implementation while exploring more viable options to streamline reporting timelines and finance the recommendations of the Country Climate and Development Reports (CCDRs).

- Call on the BWIs to officially recognize the Vulnerable Twenty (V20) as a useful platform for advocating for climate justice/finance; and to carry out a joint cost analysis that can underpin and support eligibility and allocations under the "Loss and Damage Fund".

- We urge the WBG and IMF to intensify their support for developing countries' mitigation, adaptation, just transitions, and resilience efforts, including through the provision of adequate finance, technology transfer, affordable energy, and capacity building; as well as stepping up climate finance to support loss and damage and crowding-in private finance to scale up efficient green public investments.

(b) Energy Financing

Based on data from the Summit on the Financing of African Economies held in Paris, on May 18, 2021, the continent will require substantial investments in the energy sector amounting to USD$200 billion between 2021 and 2030, that is about USD$20 billion per year, to ensure access to electricity for more than 600 million people and clean energy for some 900 million persons. Therefore, we:

- Ask the WBG to step up its energy financing to an annual average of 35% of its financial flows and deliver an Energy Strategy, with an *Energy Action Plan* (EAP), which will secure comparative levels of ambition, commitments, and targets as the "Climate Change Action Plan" (CCAP) for 2021-2025; while providing a clear strategic direction and a single framework integrating currently fragmented WBG interventions on energy in Africa.

- Exhort the WBG to set, contribute to, leverage private funding for, and manage a *Multi-donor Energy Trust Fund* that will finance the bankability of national and regional transformative energy projects in Africa, laying the ground for subsequent investments in energy generation, transport, and distribution infrastructures.

- Call on the WBG to mobilize substantial private savings from global institutional investors, like pension funds and insurance companies; re-engineer financial markets and create investable assets; and embed de-risking as a key avenue for private investment, using various financing instruments that are most commercially attractive to private investors, including blended finance and PPPs.

- Request the WBG to significantly increase the continent's total installed electricity generation capacity, which currently stands at ~110 GW only. Thermal power and intermittent renewables already account for more than 50% of Africa's energy mix. However, despite their increase by 250% in recent years and the adoption of modular solutions to rapidly expand access at lower cost, they cannot, alone, keep up with the energy demand 24 hours a day, and 7 days a week, throughout the year. Financing the rehabilitation, development, and construction of large, mid-sized, and small hydro and gas power grids, plus the accompanying energy transport and distribution infrastructures is necessary and urgent. Likewise, improving the capacity and performance of national utility companies and reinforcing Africa's energy power pools for intra-regional energy trade in the context of the African Continental Free Trade Agreement (AfCFTA) are paramount.

III. BOOSTING PRIVATE SECTOR DEVELOPMENT: THE CASE OF AFRICAN SMALL STATES

Africa's private sector development challenges are well known and extensively documented. In addition to limited market size, the high cost of doing business, the shortage of skilled labor, and low levels of education and training are concerns, impeding private initiative in Small States. The BWIs have been instrumental in supporting Africa to tackle these challenges. However, ongoing efforts can be intensified to induce a vibrant indigenous/local private sector. To this end, we:

- Urge the BWIs to mainstream gender and youth in their analysis, recommendations, and technical support to African countries; finance the development and implementation of Africa's youth entrepreneurship initiatives and programs; engineer innovative financial structures and risk mitigation instruments to improve access to finance for MSMEs and incentivize more lending to youth start-ups.

- Call on the WBG to develop and finance initiatives and programs of skills sets to be deployed throughout the continent to serve the market's demands, as well as the development of digital platforms that allow young African entrepreneurs to incubate and commercialize their ideas and products; easily identify all trading and investment opportunities within and outside the continent; widen opportunities for technological development, economic diversification, networking, collaboration among peers; promote investment possibilities, and quality job prospects, while ensuring the adequacy of the trade regulatory framework in Africa, and facilitating access to financing resources to help strengthen regional integration and positively transform the continent.

- Encourage the WBG to scale up use of its Private Sector Window (PSW); and support the development of African private equity and venture capital funds as well as African private equity associations and microfinance institutions to incubate a pipeline of readily investable companies and accelerate the growth of African MSMEs for the emergence and prosperity of a truly indigenous private sector.

- Urge the WBIs to strengthen their engagement with Small States, through sharper analytics, tailored policy advice, and targeted programs aimed at bolstering private sector participation, growth potential, resilience to external shocks, competitiveness, and financial sector development.

- Call for support for African countries through the newly launched B-Ready Project to facilitate African economies' business readiness and industrialization process to mobilize needed investments, including private through IFC and MIGA, for sustainable development and economic growth.

IV. OUR VIEWS AND ASKS ON THE WBG EVOLUTION

In a decade marked by crises beyond the scope of individual nations to tackle, the push for global solutions is timely and reforming development finance is necessary to successfully meet development needs. To this end, the WBG Evolution Roadmap is a step in the right direction, as it aims to address global and regional challenges while serving all clients. We believe that the WBG can play a significant role in addressing those challenges, given its history, global reach, convening power, and near-universal membership. We expect the Evolution process to be transparent and inclusive, considering all clients' priorities and desired outcomes. As the WBG updates its vision, broadens its mission, and strengthens its operating and financial models, while reinforcing its financial capacity, we look forward to seeing positive changes and improvements in WBG's engagements with our governments. To this end, we:

- Urge the WBG to factor IDA's long-term financial sustainability into the Evolution discussion with the objective of tripling the IDA envelope at the next cycle of IDA replenishment; call for urgent measures to avert an IBRD/IDA financial cliff in FY24 and incentivize donors to contribute to the Crisis Response Window Plus (CRW+) of the IDA Crisis Facility; exhort the WBG to come up with innovative instruments, platforms, and incentives for stronger private capital mobilization (PCM) and private capital enabling (PCE).

- Request the WBG to include achievement of and give prominence to addressing fragility, ensuring energy security, food security, water security, digital development, human development, faster effective debt resolution, and regional integration within its narrow set of "global public goods" (GPGs) and "global challenges" (GCs).

- Expect a Country Engagement Model that reinforces country ownership and partnerships with Africa's specialized development agencies and institutions; rationalizes trade-offs between achieving the SDGs and delivering on the Global Public Goods (GPGs) and Global Challenges (GCs); reflects the positive externalities of GPGs and GCs; integrates more systematically GPGs and GCs into lending activities, and incentivizes GPG and GC investments with cheaper finance, faster approvals, more flexible borrowing limits, and longer maturities. For the WBG to expand engagement in GPGs and GCs, it requires not only concessional financing, but also additional "regular" resources to expand the current balance sheet.

- Ask the WBG to integrate fragility and vulnerability considerations into resource allocation criteria and the development of new and innovative financial products that scale up lending and investments to help our countries eradicate extreme poverty, address inequalities, exit fragility, and ensure shared prosperity.

- Solicit the review of the WBG's Cascade approach to streamline the private sector in WBG operations and enhance WBG investments in long-term growth enablers, including through stronger partnerships and One WBG Approach, essential components for achieving the SDGs and building resilience to global challenges.

CONCLUSION

Ensuring "public debt sustainability", unlocking "climate and energy financing", and boosting "private sector development" for Africa, particularly in the context of the WBG "Evolution", cannot be achieved through traditional means nor simply by reallocating existing resources to new programs or between sectors and countries. Instead, it requires a paradigm change with "*New Modalities and Mechanisms to Finance Economic Development in Africa*" and an infusion of additional and substantial concessional financing, as well as additional regular resources, to regain the lost ground towards achieving the SDGs and the Twin Goals of eradicating extreme poverty and boosting shared prosperity, while meeting the new ambitions from the updated Vision and expanded Mission. We can rely on the support of the BWIs to help Africa achieve its multifaceted development objectives.