

AFRICAN CAUCUS MEETING

SUSTAINABLE GROWTH FOR AFRICA AND ITS STRATEGIC PARTNERSHIP
WITH THE WORLD BANK GROUP



WORLD BANK GROUP
World Bank • IFC • MIGA

ACCRA, GHANA
YVONNE M. TSIKATA
AUGUST 2019

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2018 IBRD AND IFC CAPITAL PACKAGE – IBRD RESOLUTIONS

The 2018 Capital Package consists of six Resolutions with a voting deadline of September 18, 2019.

1- IBRD General Capital Increase (GCI) - **Adopted on Oct. 1, 2018**

2- IBRD Selective Capital Increase (SCI) - **Adopted on Oct. 1, 2018**

IBRD GCI

- Allocates 230,500 additional shares (\$27.8 billion) to 189 members.
- Enhances IBRD's financial capacity
- Subscription period: 5 years from the adoption date (ends on Oct. 1, 2023)
- Requires a paid-in portion of 20% of share value

IBRD SCI

- Allocates 267,943 additional shares (\$32.3 billion) to 187 members.
- Rebalances shareholding and voting power.
- Subscription period: 5 years from the adoption date (ends on Oct. 1, 2023)
- Requires a paid-in portion of 6% of share value

2018 IBRD AND IFC CAPITAL PACKAGE – IFC RESOLUTIONS

3- Conversion of Retained Earnings into Paid-in Capital - **Not adopted yet**

4- IFC Selective Capital Increase (SCI) - **Not adopted yet**

IFC Conversion of Retained Earnings

- Converts \$17 billion of retained earnings into paid-in capital.
- Creates approx. 17 million additional shares allocated to 184 members.
- No payment required.
- No subscription period. Shares will be issued to members when the Resolution becomes effective.

IFC SCI

- Authorizes and allocates 919,998 additional shares (\$0.92 billion) to 125 members.
- Promotes IFC shareholding realignment.
- Subscription and payment period: 3 years from the effective date of the Resolution.



2018 IBRD AND IFC CAPITAL PACKAGE – IFC RESOLUTIONS

5- IFC General Capital Increase (GCI) – **Not adopted yet**

6- IFC Amendment to Articles of Agreement – **Not adopted yet**

IFC GCI

- Authorizes and allocates 4,579,995 additional shares (\$4.58 billion) to 183 members.
- Enhances IFC's financial capacity.
- Subscription period: 3 years from the effective date of the Resolution
- Payment period: 5 years from the effective date of the Resolution.

IFC Amendment to AA

- Amends Article II Section 2 (c)(ii) to increase the threshold for approval of future capital increases from 80% to 85%.

SIGNIFICANCE OF CAPITAL INCREASE PACKAGE

The Capital Package is an illustration of the collective power of members working together to strengthen the World Bank Group, providing immediate benefits to all countries.

1. Benefits to IDA and Blend Countries:

(i) Capital Subscriptions from IDA countries are core to the governance of the World Bank.

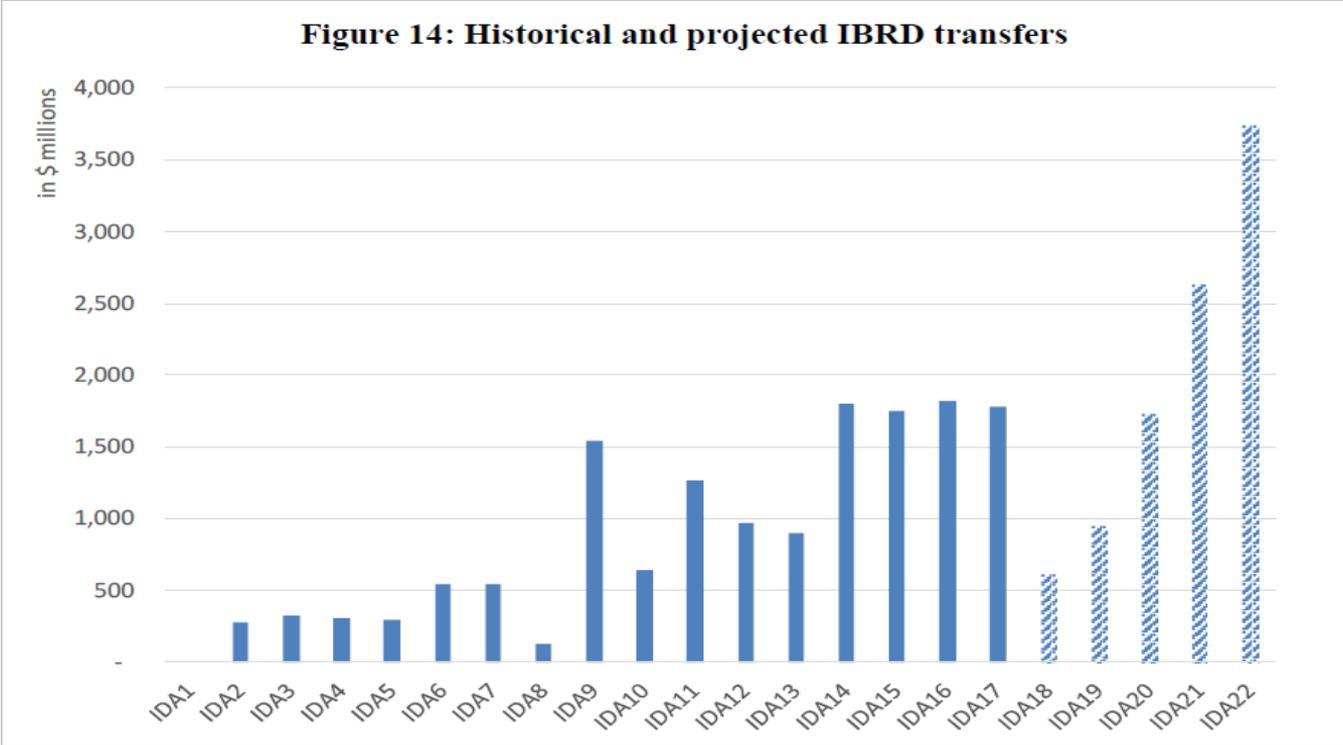
- Increase in voice and participation.
- Maintain credit rating

(ii) IDA countries will directly benefit from the Capital Package.

(iii) IDA countries will also benefit indirectly from the Capital Package.

- Potential IBRD resources to IDA graduates and blend, which will lead to freeing up resources.
- Exemption from price increase for six years after graduation to IDA graduates and blends.

IBRD TRANSFERS TO IDA : ACTUAL AND PROJECTION



SIGNIFICANCE OF CAPITAL INCREASE

2. Benefits to IBRD Countries:

- Work in IBRD countries is expected to grow over the medium term, so making the most of the capital increase is essential. One example is our increasing engagement in countries like Angola with upcoming expected approval of an >\$1.3 billion lending package beginning of FY20.

3. Other Benefits:

- The Capital Package will also help tackle global challenges
- Global Knowledge and Supporting Multilateralism

WHAT DOES THE IBRD CAPITAL INCREASE MEAN FOR AFRICA

- The 2018 Capital Increase allows for an additional 28,944 shares (cumulatively) to the African Caucus member countries. This is a 19.84% increase from present shareholding at 145,915 shares.
- The African Caucus consists of 74% of the countries with IDA only or Blend eligibility. About 60% (32 of the 54 countries) of African Caucus countries are classified as 'Least Developed Countries- LDC' by the United Nations.
- The shareholding review allocated additional shares to protect the voice and voting power of the poorest countries, including 37 countries in the African Caucus. In total, 4,883 shares were reallocated from the largest beneficiaries of the allocation exercise to the 37 countries, for a readjustment of 0.18 percent of total shareholding. **Full subscription will help maintain shareholder support for this protection in the future.**

WHAT DOES THE IFC CAPITAL INCREASE MEAN FOR AFRICA

- The 2018 Capital Increase is critical to IFC's ability to implement IFC 3.0, which is squarely focused on the most challenging markets, particularly IDA and FCS countries.
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 - IFC plans to grow its field presence from 437 staff in April of this year to 617 by FY 22.
 - In addition, IFC intends to open nine new offices in Sub-Saharan Africa by the end of this fiscal year.

HOW DID AFRICA PERFORM IN 2010 CAPITAL INCREASE?

Total participation was very high.

- On GCI, 89% of African Caucus countries participated. Out of these, 85.42% subscribed and paid to their shares for the 2010 Capital Increase. In total 27,974 shares were subscribed cumulatively by the African Caucus countries to the tune of \$ 202.48 million.
- On SCI, 87% of African caucus countries subscribed to their allocated 8332 (cumulative) shares.

Missed opportunities

- 5 countries lost 622 fully callable SCI share (ie - 0% paid in portion).
- Out of the African Caucus countries which subscribed, nearly 54% of countries provided their subscription documentation during the extension period, which meant additional approval and constrained timelines for the countries, apart from delayed allocation of shares and voting powers.

PROGRESS ON THE 2018 CAPITAL INCREASE

- Exceptional support from Botswana leading the way on subscription payments. Botswana is the first member country to have subscribed and paid to its authorized share of 2018 IBRD GCI and SCI Capital Increase.
- Morocco is the second amongst African countries and 7th amongst WBG IBRD members to have made partial payment towards their authorized share.
- Many thanks to Angola, Cote d'Ivoire, and Mauritius for completing their subscription documentation. Thank you to Malawi for submitting the subscription documents which are under review.
- Nearly 46% of the countries have submitted their indicative “Subscription and Payment Schedule”. This helps WBG in financial planning.

SUBSCRIPTION PROCESS AND RESOURCES

1. **Legislative Authorization:** To ensure internal relevant legislative measures are taken to authorize the subscription and payment.
2. **Documentation:** The member country should submit:
 - An **Instrument of Subscription (IoS)**, signed by the Governor, Alternate Governor or equivalent official; and
 - A **Memorandum of Law (MoL)**, signed by the Minister of Justice or equivalent official authorized to give legal opinion on subscription and payment matters.
 - **Copy of relevant legislation/authorization** to subscribe.
 - **Draft Documentation** can be submitted to seccapital@worldbank.org for review and guidance before finalizing.
3. **Payment:** The subscription and payment period for the IBRD GCI and SCI is 5 years from the adoption date of both Resolutions (October 1, 2023).

LET US LEAD THE WAY

Africa has shown that change is possible!



Better Health

- In Rwanda, the under-5 mortality rate plunged from 196 per 1,000 live births in 2000 to 50 in 2015
- 8 countries have achieved more than 60% reduction in the maternal mortality rate since 1990.
- The estimated number of malaria deaths across the region declined by nearly 50% between 2000 and 2015.



Better Nutrition

- In Ethiopia, the food gap fell from 3 months in 2006 to 1.9 months in 2014.
- Senegal is implementing a “whole-of-government” approach to reduce stunting: from 30% in 2000 to 19% in 2017.



Fertility Reduction

- 7 countries in the region have reduced fertility by more than 50% since 1970.
- 6 countries in the region have reduced the adolescent fertility rate by more than 40% between 2000 and 2015.



Financial Inclusion

The region is home to all eight economies where 20% or more of adults use only a mobile money account: Burkina Faso, Côte d'Ivoire, Gabon, Kenya, Senegal, Tanzania, Uganda, and Zimbabwe.



Better Institutions

- In Kenya, under IFPPP, the government and the World Bank have built a 2013 PPP Act and PPP Unit to establish a sound legal, regulatory, and institutional framework that is beginning to deliver.
- 4 African countries (Togo, Kenya, Cote d'Ivoire, and Rwanda) rank among the top 10 Global Doing Business Reformers for 2019.



Greater Inclusion

- Africa's access rate for mobile cellular rose rapidly from 27% in 2010 to 45% in 2017, and for mobile broadband from 6% in 2010 to 21% in 2017.
- Since 2010, Kenya, Ethiopia, and Tanzania were in top 5 fastest electrifying countries globally, providing electricity to at least 3% of their populations annually.



Jaraama
Nagode
Asante
Merci
Thank
you
Obrigado
شكرا
Gracias



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