

An African Agenda for World Bank Group Reforms

Carnegie Africa Program

This policy outlook is based on the proceedings of a high-level roundtable on an African agenda for World Bank reforms convened on April 10, 2023, and was compiled and edited by:

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The Africa Program at the Carnegie Endowment for International Peace and the African Climate Foundation brought together more than thirty high-level African policymakers and international development experts at a private roundtable in April 2023 on the sidelines of the IMF/World Bank Spring Meetings in Washington, DC. The event had a clear mission: to brainstorm proposals for a much-needed African agenda for World Bank Group (WBG) reform, as current discussions around multilateral development banks (MDBs) lack a clear African perspective.

There have been various proposals for reforming the global financial architecture in general and the WBG in particular, including Barbados' [Bridgetown Initiative](#) and U.S. Treasury Secretary Janet Yellen's push for stronger private capital and domestic resource mobilization. The WBG itself recognized the need for reform when it released its "[evolution road map](#)" in December 2022. Since the Carnegie-African Climate Foundation roundtable,

an African Caucus position within the WBG's board of governors on the evolution road map was also put forward, in July 2023.

Against this backdrop (see annex 1 for further information), discussions at the roundtable centered around the following questions: In a landscape with diverse development actors, in what ways is the WBG still a relevant development financier and partner for Africa? How can reform deliver more value for African countries? In what areas should the WBG focus its engagement with Africa going forward?

The roundtable produced seven proposals for how the WBG can be reoriented to meet African needs and five recommendations for African stakeholders and their partners to advance these proposals. The guidance from the roundtable aligns with the WBG's evolution road map and is consistent with the themes discussed at the 2023 Annual Meetings in Marrakech, Morocco, where there was a focus on making progress toward the goal of eradicating poverty (especially for women and youth) by maintaining a livable planet.

Proposals for the World Bank Group

- 1. Expand the WBG's mission and priorities beyond its current twin goals and increase capital.** For decades, the WBG's work has centered on ending poverty and increasing shared prosperity. However, echoing the evolution road map and the 2023 Annual Meetings, the WBG must expand its priorities. Its primary focus should be aligned with a goal of addressing Africa's contemporary development challenges, such as climate change, food insecurity, economic issues, debt management, and the infrastructure gap. This realignment should be tied to a capital increase and a request to double International Development Association (IDA) resources. Overall, the WBG should make more concessional public finance available as efforts to mobilize private capital gain momentum.
- 2. Speed up project implementation.** The WBG needs to speed up its pace of responding to African countries' development needs. Most projects stay at the proposal stage, and implementation moves slowly. This status quo will only serve to make the WBG increasingly redundant as other financiers move more quickly. To combat this, the WBG should consider short-term liquidity instruments and increase its risk appetite to be more responsive in Africa. It will also be important to implement suggestions of the [G20 Capital Adequacy Frameworks](#), especially to support collective shareholders' commitments of pools of additional callable capital and strengthen communication with credit rating agencies (to create better-informed lending profiles that support implementation and progress of MDB work).
- 3. Expand, rethink, and innovate financial instruments.** The WBG needs to extend more dynamic, creative, and agile instruments to African countries. These include using concessional finance toward project preparation to help unlock trillions of dollars in private capital, preparing projects to be financed in local currencies to mitigate currency volatility risks, considering new instruments such as debt-climate swaps, and implementing new approaches to debt sustainability analyses as well as meaningful debt management during disasters.
- 4. Support regional development projects.** By supporting regional-based approaches to addressing development challenges, the WBG can support African economies, activate regional value chains, and create bigger industrial markets. Regional refers both to continent-wide initiatives and within the subregions of East, West, South, and North Africa. The focus should be on building infrastructure, such as rail and shipping lines, that make regional integration sustainable. An example of a tangible area for future support by the WBG is contributing to the financial architecture of the African Continental Free Trade Area (AfCFTA). Furthermore, the WBG can leverage its presence as the biggest MDB in Africa to support and facilitate country-led reforms that promote cross-border development through its advisory services. A focus on regional development projects will also complement, rather than compete with or displace, national-level development initiatives within African countries.
- 5. Collaborate with African regional organizations.** The WBG can align its strategies with the [African Union's Agenda 2063](#), which aims to create a peaceful, democratic, and resilient Africa that can lead globally; collaborate more closely with African multilateral organizations, such as the African Development Bank; and prioritize goals set by African governments. The gains are twofold. First, the WBG will gain the expertise of African development specialists in its analyses. Second, collaboration will enhance the momentum of reforms with new insights from African voices and ensure that African countries meet their development objectives.

6. **Collaborate with other development partners to finance global public goods.** The WBG can convene multilateral partnerships to fund global public goods, benefiting all partners. For instance, the WBG is the largest financier among MDBs of climate action in developing countries, delivering over \$31.7 billion in FY 2022. By sharing the cost with other partners, the WBG can redirect funds to other areas that promote development in African countries. The WBG can collaborate with African countries that have established climate change funds by providing its expertise in debt-for-climate and -forest swaps to generate climate financing for Africa. However, the financing of global public goods should not be at the expense of African countries' national priorities.
7. **Increase the voices of African countries in global economic governance.** African countries remain marginalized in global economic governance institutions, including the WBG. For the WBG's own legitimacy, it will be important to further democratize its governance by continuing to diversify the makeup of its operational staff and its leadership to include more African professionals.
2. **Select organizational representatives to push the Africa-centered reform agenda.** There is potential for an advisory body of regional organizations ready to work with the WBG to define Africa's priorities and identify opportunities and challenges, especially at the regional level.
3. **Design Africa-led analytical tools and indices to combat bias.** There is agreement among Africa-focused development specialists that WBG indices and analyses (such as debt sustainability analyses and governance indicators) are often biased and cause inaccurate indexing of African countries. One reason is that these indices and analyses often rely on limited datasets that do not consider the complexities of African countries. African governments and institutions can change the narrative on African development indicators by producing their own complementary data and analytical tools.
4. **Focus on infrastructure-centered projects. Less than 30 percent of WBG funds to Africa go toward developing infrastructure.** African governments should prioritize using development capital for activities that stimulate economic growth and achieve development goals. For instance, in line with the objectives of Agenda 2063, there should be a focus on infrastructure that facilitates intercontinental trade.

Recommendations for African Stakeholders

1. **Create and lead a uniform African agenda on WBG reform.** Various countries and organizations have proposed strategies for WBG reform. However, Africa needs a clear, concise, and unified agenda that synthesizes contributions from African governments. Through such efforts, African countries can move from passive recipients to leaders of global economic governance reforms to the benefit of their economies.
5. **Mobilize development capital within Africa.** African governments should partner with local private sector actors to creatively mobilize capital and reduce foreign currency debt risk while ensuring resource availability and a fair quota system.

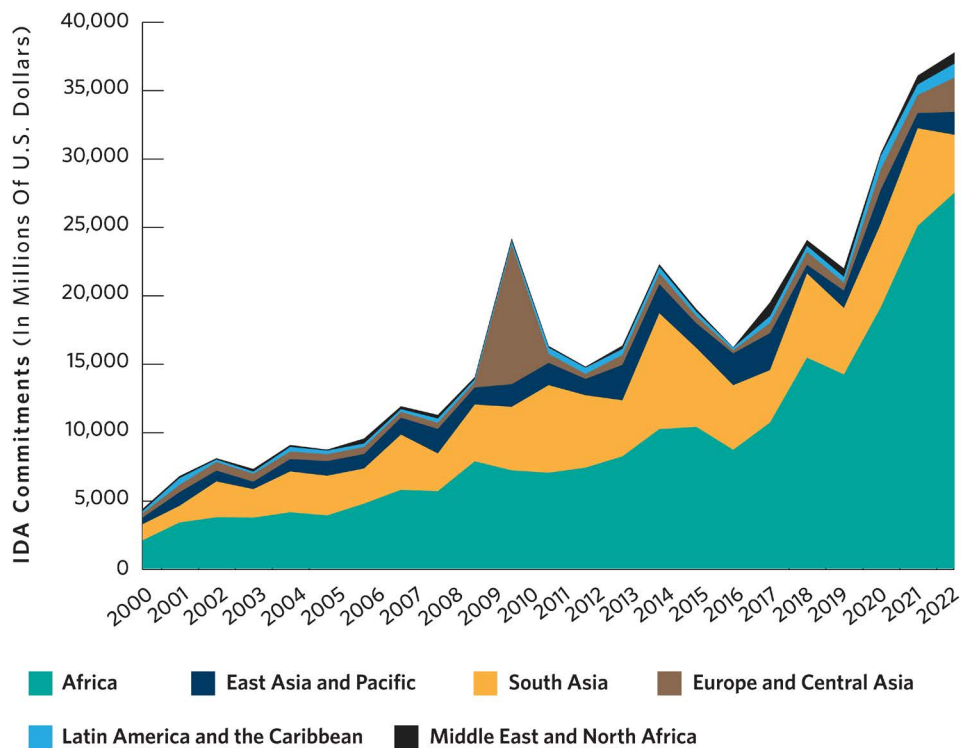
In conclusion, the message from the roundtable is clear: the WBG has shaped Africa's development outcomes for decades, so Africa should have a say in shaping the WBG.

Annex 1: Background

The high-level roundtable occurred at a propitious time for conversations on MDB reform and against a backdrop of a need for louder voices on African priorities in these conversations. The challenges of the twenty-first century are proving to be more frequent and complex than those of the past, raising questions about the ability of MDBs, particularly the WBG, to respond quickly and comprehensively. Indeed, the recent polycrisis has posed significant challenges for developing nations, reversed years of development, and highlighted the need for more effective deployment of multilateral resources. To address the twenty-first century's challenges and adapt to the changing global landscape, multilateral resources must be effectively deployed.

MDBs play a crucial role in providing development financing to countries, particularly in Africa. In FY 2022, the WBG committed \$104.4 billion, with sub-Saharan Africa receiving 37 percent. Despite this, the infrastructure investment gap in Africa is significant. For context, only 27 percent of the amount borrowed by African governments falls under the WBG's infrastructure portfolio. Nonetheless, the IDA's financial commitments have been largely concentrated in Africa, with 83 percent of commitments in forty-eight sub-Saharan African countries.

Figure 1. Africa Receives the Largest Share of World Bank IDA Commitments, 2000-2022



Source: Carnegie Africa analysis from World Bank Annual Reports and Financial Statements for FY 2000-2022, <https://openknowledge.worldbank.org/collections/19c6a992-5293-5a25-8d7e-557f668e3954>

Note: "Africa" here refers to the "Sub-Saharan Africa" regional classification used by the World Bank Group, comprised of 48 countries south of the Sahara and excluding the five countries in North Africa and Djibouti.



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