



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
On the
Transfer of Real Resources to Developing Countries)



DC2009-0003
April 16, 2009

**UPDATE TO THE DEVELOPMENT COMMITTEE
ON KEY ISSUES AND WORLD BANK GROUP ACTIVITIES**

Attached for the April 26, 2009, Development Committee Meeting is an update on key issues and World Bank Group activities since the past meeting for the Development Committee members.

* * *

**UPDATE TO THE DEVELOPMENT COMMITTEE ON KEY ISSUES AND WORLD BANK GROUP
ACTIVITIES**

DEVELOPMENT COMMITTEE MEETING, APRIL 26, 2009

I. Introduction

1. Since the last meeting of the Development Committee in October, the global economic situation has deteriorated sharply—what began with turmoil in selected segments of financial markets in developed economies has turned into one of the sharpest global economic contractions in modern history and is now rapidly turning into a global human and development crisis. The macroeconomic and distributional impact on developing countries, initially limited, has become severe, facing many poor countries with an immediate crisis as well as threatening long-term growth, poverty reduction and progress in meeting the Millennium Development Goals (MDGs).
2. Strong leadership and multilateral cooperation are needed to address short-term challenges coherently and in a way that also serves longer-term development objectives. The G20 meetings in Washington and London have helped the world's leading economies to come together to work on laying the foundations for a sustainable economic recovery, and for a new international economic partnership, in which all countries can participate and benefit. At the same time, however, the failure to date to reach agreement on the Doha trade round points to an important opportunity for positive international policy action that has not yet been seized.
3. And while there has been significant progress in advancing the Financing for Development agenda—with a record IDA 15 replenishment of \$41.6 billion and with net official development assistance estimated to reach almost \$120 billion in 2008—additional resources need to and must be mobilized and effectively deployed in light of increasingly pressing needs. In this context, the G20 commitments made in London to substantially increase resources available to the IMF, including doubling IMF concessional finance for low-income countries, and support for MDB capital increases as needed and a substantial increase in lending, including to low-income countries, are especially welcome. These actions and decisions will provide additional resources to support social protection, boost trade and safeguard development in low-income countries, including through bilateral contributions to the Bank's crisis response initiatives.

II. Current Economic Environment and Implications for Meeting the MDGs

4. Developing countries, initially shielded from the direct impact of the financial crisis, are now increasingly affected by the resulting global recession, at a time when many countries are still coping with the consequences of the earlier food and fuel crises. The reversal of capital flows, the collapse in stock markets, and in general the deterioration in financing and economic conditions (global growth and world trade are expected to contract by 1.7 percent and 6.1 percent, in 2009 respectively), have brought investment growth in the developing countries almost to a halt, with a risk that critical investments in social and physical infrastructure will be cut back in many countries if additional resources cannot be mobilized and effectively deployed to finance the estimated \$270-\$700 billion external financing gap that developing countries face in 2009.

5. The deceleration in economic growth in low-and middle income countries as a group is expected to match the deceleration in high-income countries, falling from 5.8 percent in 2008 to 2.1 in 2009. This sharp slowdown is likely to seriously set back progress on poverty reduction and other MDGs. Food and fuel price increases between 2005 and 2008 pushed between 160 and 200 million more people into extreme poverty, and about half of them will remain trapped in poverty in 2009 even as food and fuels prices recede from their peaks. Recent World Bank analysis also suggests that the current crisis will result in 53 million more people living in extreme poverty (below \$1.25 a day) in 2009, or 65 million more if the \$2 a day measure is used; 200,000-400,000 more infants will die every year and many poor children will lose the opportunity to attend school. These numbers will rise if the crisis deepens and growth in developing countries falters further.

III. Stronger, Sustainable and More Inclusive Economic Growth

6. **Economic Growth and Social Progress.** Until recently, strong economic growth in developing countries in the past decade had put the MDG for poverty reduction within reach at the global level. As growth slows down, there are strong pressures for counter-cyclical spending in developing as well as developed countries to raise global aggregate demand, maximize the impact of the global stimulus, safeguard future growth and limit the potential for civil unrest. While some developing countries have room for fiscal stimulus as they possess strong fiscal and external positions, most lack the resources to mount any substantial fiscal response, and will in fact experience a further erosion of their fiscal space as public revenues fall and external financing dries up. In this rapidly changing and more demanding global environment, the development community should reaffirm commitments to provide appropriate international assistance in the form of aid, debt relief, global financial stability, and investment and trade opportunities.
7. **Development Assistance.** As the magnitude of the MDG challenge remains daunting and the environment in which poverty reduction efforts are undertaken has become more difficult, increased and more effective aid remains critical to continued progress toward meeting the MDGs in many poor countries. While preliminary data from DAC suggests total ODA from DAC members rose to a record of \$119.8bn in 2008, the current economic contraction poses challenges to the prospects of achieving Gleneagles targets by 2010. Additional efforts are needed in the current economic environment to support growth and protect the poor and vulnerable.
8. To this end, President Zoellick has called for developed countries to pledge an amount equivalent to 0.7 percent of their stimulus packages as additional aid, over and above existing ODA commitments, for the low-income countries and the poor and vulnerable in the developing countries. This could be channeled either through the Bank Group, where we have a new Vulnerability Financing Facility and a range of IFC initiatives, through other multilateral organizations, or bilateral channels. To maximize effectiveness, such assistance should be provided in ways consistent with the Paris Declaration and the Accra Agenda for Action. Enabling and underpinning an adequate fiscal response in developing countries would be a win-win outcome. Easing the fiscal constraint on developing countries is part of the solution for the crisis—as many of these countries have more opportunities than developed countries for high-return investments, which would both benefit their future productivity growth and contribute to global demand and recovery in developed countries.

9. **Public Sector Management and Governance.** The crisis also calls for an even sharper focus on expenditures on core priorities—infrastructure for growth, key investments in human capital, and social safety nets. The Bank has continued to work with client countries to mobilize and effectively deploy domestic resources and is engaging with partners on international illicit financial flows and tax havens. In this context it remains critical to accelerate implementation of the Governance and Anti Corruption (GAC) agenda at the project, country, and global levels, removing governance obstacles to development effectiveness. In October 2008, the Board discussed the *One Year Progress Report on GAC Implementation* which focused on systematic integration of GAC dimensions in the strategies and programs of an initial 27 selected countries, and the launch of pilots in key areas of improving country governance systems such as procurement and capacity building in key ministries. At the global level, the Stolen Asset Recovery (StAR) initiative, jointly launched with the UN Office on Drugs and Crime (UNODC), has received requests for assistance from eleven countries and is providing capacity building in many more through regional training programs. StAR’s country assistance is geared to helping the national authorities make informed decisions about their asset recovery programs.
10. **Trade.** The financial crisis increases the urgency of bolstering multilateral cooperation in the trade area. An ambitious and balanced Doha Round agreement would help keep markets open at a time of financial stress, ease protectionist pressures, and strengthen the rules-based multilateral trading system. It would also provide a much-needed boost in confidence to the global economy. Meanwhile, the risks of protectionism and other trade-distorting policies have heightened as economic activity collapses and unemployment soars in many countries. Maintaining and enhancing trade openness is key not only to preserve the mutual benefits of trade but to support the eventual economic recovery. Making access to trade finance easier and more affordable is another important component of a recovery package. In this context, the G20 decision to ensure the availability of at least \$250 billion of trade finance over the next two years (including up to \$50 billion through the IFC’s GTLP facility) through export credit and investment agencies and international and regional development institutions is welcomed. The fulfillment of Aid for Trade commitments remains paramount to support both the multilateral trade liberalization agenda and domestic trade facilitation efforts, as many poor countries continue to face considerable infrastructure and other supply-side constraints to participating in global markets.
11. **Debt.** Despite the achievements of the HIPC initiative and MDRI, a number of challenges remain to be addressed for countries to fully benefit from debt relief over the years ahead. These challenges include full financing of the HIPC Initiative and MDRI, full participation of official and commercial creditors in the HIPC Initiative, support to the remaining pre-completion point countries to reach completion point, maintaining debt sustainability beyond the completion point, and making countries less vulnerable to shocks and changes in financing terms. The G20 request for the Bank and Fund to undertake a review of the Debt Sustainability Framework (DSF) will provide a further opportunity to ensure that external financing is used in a sustainable manner.
12. **Private Sector Development.** A thriving and competitive private sector is critical to inclusive growth, and the current credit crunch calls for measures to support the private sector’s access to finance for investment and trade, both of which have contracted sharply. Governments, working with development partners, need to move quickly on this front, with a special focus on access to finance for small and medium enterprises that are critical for job creation and that are finding themselves particularly squeezed by the credit contraction. At

the same time, the crisis has underscored the importance of broader reforms to improve financial system stability and soundness. Some countries will likely face the need to recapitalize distressed financial institutions and must prepare for that in advance. In this context, the IFC stands ready to provide additional capital to banks in developing countries through its Bank Capitalization Fund.

13. **Infrastructure.** In many countries action will also be needed to support viable infrastructure investments, both publicly financed as well as public private partnerships (PPP), and key operation and maintenance expenses to preserve such projects, as both governments and private investors face increased financial constraints. However, more financing is only part of what is needed to meet the longer-term infrastructure challenge in developing countries. For example, it is estimated that Sub-Saharan Africa could reduce its infrastructure financing gap of about \$40 billion annually by as much as 45 percent through improved management of investments, reduction of operating inefficiencies, and better cost recovery.

IV. The World Bank Group Role and Strategy

14. **WBG's response to the crisis.** The WBG stands ready to help address developing country needs by offering the full range of financial, analytical and technical assistance resources and policy advice. The WBG is also leveraging its own resources with financial support from a variety of public and private sources using a menu of options to match the needs of developing countries with the interests and capacities of donors:

- The Bank expects to almost triple **IBRD lending** in fiscal year 2009 from \$13 billion to \$35 billion, and lending volumes could reach \$100 billion over the next three years. Much of this additional lending is being delivered through fast-disbursing development policy loans, including with Deferred Drawdown Option (DDO).
- Following its record 15th replenishment, **IDA** has commitments amounting to nearly \$42 billion over fiscal years 2009-11. While these resources have been allocated to long-term country development programs, there is scope for front-loading this support over the next year to assist low income countries to mitigate the impact of the crisis. The **IDA Financial Crisis Response Fast-Track Facility**, set up in late 2008, is fast-tracking up to \$2 billion of financial assistance, with the potential to increase this amount in the future depending on the need.
- With its current capital base, **IFC** is projecting an investment volume of about \$12 billion per year over the next three year period. To increase development impact and leverage its resources effectively, IFC has launched a range of new crisis response initiatives in both investment and advisory services, combining IFC funds and externally mobilized resources.

15. The WBG's operational crisis response has been complemented by targeted initiatives to protect the most vulnerable against the fallout of the crisis; maintain long-term infrastructure investment programs; and sustain the potential for private sector-led economic growth and employment creation, particularly through SMEs and microfinance. These thematic areas are being addressed through three operational platforms, which received endorsement and support at the G20 Summit in London:

- The Vulnerability Financing Facility (VFF) organizes under one umbrella the existing Global Food Crisis Response Program (GFRP) and the new Rapid Social Response

Program (RSRP) to streamline crisis support to the poor and vulnerable. The GFRP - a \$1.2 billion facility made up of Bank-sourced funds, along with \$200 million of Trust Funds - has facilitated a rapid and flexible Bank response to the global food crisis in partnership with other multilateral organizations and donor agencies. As of April 2009, \$916 million was approved for 31 countries, with \$466 million going to African countries. The RSRP is designed to help countries address urgent social needs stemming from the crisis by financing immediate interventions in the areas of: (i) access to basic social services emphasizing services for maternal/infant health and nutrition, and school feeding programs; (ii) scaling up targeted safety net programs, where adequate mechanisms exist, and building future capacity otherwise; and (iii) active and passive labor market policies to assist in the income support of the unemployed.

- **The Infrastructure Recovery and Assets Platform (INFRA)** supports rapid recovery of long-term growth by supporting government efforts to cover costs of operation and maintenance to protect countries' existing infrastructure assets; ensuring delivery of projects that remain government priorities by bridging the current gap in available financing for public, private or PPP infrastructure projects in emerging markets; and by supporting new infrastructure project development and implementation. Building on country diagnostic assessments on the impact of the crisis on infrastructure spending, INFRA will leverage \$15 billion annually of proposed World Bank financing of infrastructure. INFRA will also advance the “green agenda” by leveraging financing through the Carbon Partnership Facility, Clean Technology Fund, and others. An important component of INFRA is the **Energy for the Poor Initiative (EFPI)** which aims to expand energy access, help the poor adjust to energy shocks, and reduce their vulnerability to volatile energy prices.
- **IFC engagement with the private sector in the developing world**, notably by supporting SME and micro-enterprise sectors which account for most private sector jobs, is critical both to the global recovery and to protecting long-term growth. IFC initiatives cover three broad areas:
 - (i) **providing liquidity support**, by expanding Global Trade Finance Program (GTFP) from \$1 billion to \$3 billion and by creating Global Trade Liquidity Pool (GTLP) which was endorsed at the last G20 Summit in London to provide about \$40-50 billion of credits to support trade finance over the next three years, by launching the Infrastructure Crisis Facility to provide liquidity for infrastructure projects, and by creating the Microfinance Enhancement Facility in partnership with German development bank, KfW;
 - (ii) **rebuilding financial infrastructure** by creating the Bank Capitalization Fund, in which IFC and the Japanese Government have invested respectively \$1 and \$2 billion, to provide additional capital for banks in developing countries; and is also designing advisory programs in risk management and non-performing-loans management; and
 - (iii) **implementing a Distressed Asset Recovery Program (DARP)**, which would mobilize investment into distressed asset pools, and provide advisory services to enhance the efficiency of distressed asset markets.
- **MIGA is also stepping up its operational activities to respond to the crisis.** In the second half of CY2008, MIGA signed contracts to extend guarantee support to shareholder loans from European banks for liquidity support or to recapitalize their

subsidiaries in the ECA Region for total coverage of about \$500 million. Much of this was then reinsured, both for MIGA's risk management purposes, but also to retain the active involvement of private reinsurers in this market, despite the crisis. MIGA has also now developed a broader Financial Sector Initiative in response to the global crisis, discussed with the Board on March 31, under which it expects to provide guarantee cover for up to €2 billion for bank lending to their subsidiaries in the ECA Region, plus additional amounts in other regions as demand develops.

16. **Strategic Directions for the World Bank Group.** At its last two meetings, the Committee discussed a vision of the WBG contributing to inclusive and sustainable globalization with strategic initiatives encompassing tailored approaches to address specific needs of the Bank's main client segments and the emergence of increasingly global challenges. In addition, the Bank has also focused on ensuring that the corporate platform for delivering products and services allows the institution to become more flexible and client-responsive. Moving ahead with these changes has been critical in the Bank's response to the rapidly deteriorating global economy. Shareholders have expressed appreciation of the speed with which the World Bank Group has put together new instruments and facilities, and how it is stretching itself to respond to clients' needs in the crisis.
17. **For middle-income countries (MICs),** the WBG continues to adapt its business model to be more responsive, flexible, and innovative, implementing the strategy discussed by the Committee a year ago. Demands for Bank finance from MICs have substantially increased in the last few months as they address the impact of the financial crisis, with the full range of financing options used depending on country circumstances. IBRD delivered 27 additional operations in the first two quarters of FY09 (including additional financing and supplemental financing) as compared to the same period in FY08. In volume terms, IBRD commitments reached \$12.4 billion in the first two quarters of FY09 compared to \$3.3 billion in the same period of FY08. Equally important is the support provided by the Bank's customized financial products that are helping countries manage the risks on their balance sheets, reduce borrowing costs and address financial market volatility. Several countries have taken advantage of IBRD hedging products to transform floating interest rates into fixed interest rate obligations as part of their strategy for liability management. The Bank's Treasury is also responding to increased demand for public debt management advisory services. At the same time, the Bank will seek to further facilitate South-South cooperation by developing partnerships with selected middle income countries capable of contributing to new development initiatives.
18. In responding to the needs of the **low-income countries (LICs),** especially in Africa, in addition to delivering \$3.2 billion of new IDA commitments in the first half of FY09, staff are continuing to build the pipeline for overall delivery of IDA15. A \$2 billion IDA Fast Track Facility was put in place allowing accelerated use of IDA funds to assist the poorest countries respond to the global crisis. The GFRP has also provided crisis assistance to the neediest and poorest countries. Through our advocacy efforts we have helped ensure that the needs of the most vulnerable are placed on the agenda of the global crisis response. IDA-IFC cooperation, particularly in Africa, is improving with the help of the joint Secretariat established in February 2008. Output-based aid and guarantees show significant promise for scale-up.
19. The Bank has also scaled up its efforts to respond to the specific needs of Arab and fragile and conflict-affected countries. For **Arab countries,** the challenges arise not only from the

impact of the global financial and economic crisis on their economies, but also from the sharp run-up and subsequent decline in oil prices. IBRD/IDA lending volumes to countries in the Middle East and North Africa reached \$ 1.6 billion by end March (expected to reach \$2.5 billion by the end of the FY) compared with total lending of \$1.4 in the previous fiscal year. The Bank has also stepped up support under the GFRP to the poorest clients (Djibouti, Somalia, Sudan, West Bank and Gaza, and Yemen) to help them deal with the impact and aftermath of last year's sharp increase in food prices. Through their access to the IDA15 Fast Track Facility, **fragile and conflict-affected countries** will be in a position to benefit from rapid response to the crisis. The signing in October, 2008 of the UN-World Bank Fiduciary Principles Accord should also support World Bank-UN partnerships for the delivery of assistance in low-capacity crisis situations. Further support will be needed to country teams working in fragile and conflict affected countries, increased management attention to project implementation, increased supervision budgets, further decentralization of operational expertise to these countries, targeted analytical work and timely access to best practices.

20. Global Public Goods (GPGs). As the crisis has deepened, the role of the Bretton Woods Institutions in promoting global financial stability, strengthening the international financial architecture, and improving the global trading system has increased. Moreover, engagement in the GPG agenda is a recognized long-term driver of the WBG's business. The WBG's combination of global reach and country presence allows for constructive engagement and credible advocacy in integrating country and global perspectives on GPGs. The WBG has continued to provide support and leadership on global negotiations related to trade, health, and finance and has played a significant role as part of the international system to bring climate change to the development agenda. The challenge in the short term will be to avoid the crowding out of these cornerstones for longer term development, and provide for further progress in these areas:

- In **climate change**, activities since the last meeting include the adoption of the Strategic Framework for Development and Climate Change in October, 2008, the continued work on the World Development Report (WDR) 2010 on Climate Change, and product innovations such as the launch of Green Bonds in November, 2008 which were designed to raise additional funding for projects with climate and environmental benefits including both lower carbon options and climate resilient/adaptation measures. Moreover, the new Climate Investment Funds (CIFs), will be used to further scale up investment in climate resilient and low carbon growth in developing countries, while continuing to strengthen the knowledge base in the development community. Donors pledged approximately \$6 billion to CIFs as of September, 2008 and the Bank will continue to seek additional commitments to help countries deal with climate-change related challenges. The first three investment projects were endorsed under the Clean Technology Fund, and eight countries accepted invitations to participate in the Strategic Climate Fund's Pilot Program for Climate Resilience.
- In **health**, the Bank will continue to work closely with governments and partners to strengthen financial and delivery systems to achieve the health related MDGs. The Africa region has, for example, started work on scaling up health systems efforts in 14 countries, and is currently establishing hubs in Nairobi and Dakar that will house 8 new health specialist positions. This initiative will provide, amongst other things, high level technical support to countries to develop policies to strengthen their health systems, which in turn supports accelerated progress toward achieving the MDG on reduced infant mortality as well as other poverty reduction goals.

- In **trade**, the new crisis-response initiatives mentioned earlier are building on the upward trend in Bank lending already apparent before the crisis and seek to preserve international trade as an engine of economic recovery and future growth. The Bank is stepping up its “Aid for Trade” activities which support country programs on trade and competitiveness, trade-related infrastructure, trade finance, trade facilitation, training and capacity building, and knowledge and research. In April 2009, the Bank, together with development partners, scaled up its trade facilitation programs and launched a \$40 million Trade Facilitation Facility (TFF) for low income countries.

21. **Knowledge and learning.** The WBG remains a premier source of development knowledge in a wide range of areas. Through capacity building, policy advice, and technical assistance, the WBG has scaled up the dissemination of its development knowledge to assist developing countries assess the social and structural sources of vulnerability, address underlying policy and institutional weaknesses, as well as respond to and manage the consequences of the crises. In this context, the Bank has a proven track record of assisting developing countries to design and scale up sustainable safety nets. Diagnostic work, guidance notes, and toolkits are also underway in areas such as macroeconomic vulnerability, fiscal and debt sustainability and management strategies, safety nets and policy options for dealing with the poverty and distributional impacts of the crisis, microfinance and housing finance, and the impact of financial crisis on infrastructure and PPI/PPP projects.
22. Beyond near-term needs, a significant increase in the demand for medium-term reform agenda can be expected, including in regulatory-related advisory work, risk-based supervision, financial infrastructure, assistance in the design of workout schemes, emergency liquidity assistance, and resolution of financial institution failures, depositor and investor protection, and agency coordination and the restructuring of supervisory architecture. Moving forward, this analysis and policy advice will continue to evolve so that it contributes to the fullest possible extent to our members’ need for timely and targeted support.
23. **Gender Action Plan.** Since its launch in late FY07, the WBG's Gender Action Plan – Gender Equality as Smart Economics – has mobilized significant resources from Bank funds and from donors. In April 2009, pledges reached \$61 million. 149 initiatives that seek to increase women's access to land, agriculture, labor and finance markets, and to infrastructure services through Bank lending and non-lending operations, have been supported in 73 countries, mostly through competitive calls for proposals. Progress on the Bank President's six gender-related commitments are on track, including \$48 million in IFC credit lines for women entrepreneurs through five commercial Banks in 12 countries, a Private Sector Leaders Forum launched at the World Economic Forum, and the Adolescent Girls' Initiative. In Liberia, where project design is in its final stages, a kickoff workshop for training providers is planned for May 2009, with up to 3000 Liberian young women scheduled for training over the project's three-year cycle. Similar projects are being designed in Afghanistan, Nepal, Rwanda and Sudan.

V. World Bank Group Governance and Key Partnerships

24. **Voice and Participation of Developing and Transition Countries.** Enhancing voice and participation of developing and transition countries (DTC) in World Bank Group (WBG) governance has drawn growing attention from the Development Committee. In October 2008, the Committee reviewed a package of reforms brought forward by the WBG Board and

asked "to take prompt action to implement this agreed first step." The first phase included an increase in DTC voting power to 44%, through an increase in IBRD Basic Votes and allocation of shares to affected DTCs. The Board of Governors approved these changes in January 2009, with the Basic Votes amendment pending acceptance by shareholders. The Governors also approved an additional elected Executive Director position on the Boards for IBRD, IDA, IFC and MIGA, to strengthen representation of the 47 Sub-Saharan Africa members. The second phase includes reforms resulting from the IBRD Shareholding Review and the IFC Voice Review, and the G20 Leaders have urged its completion by the 2010 Spring Meetings. A report reviewing progress to date and laying out the implementation of the second phase has been distributed to the Committee as a background document.

25. **High-Level Commission on the Modernization of Bank Group Governance.** In October 2008, the Bank Group's President launched an independent, high-level commission to make recommendations on WBG governance so it can better fulfill its mission of overcoming global poverty. The Commission, chaired by former Mexican President Ernesto Zedillo, has been tasked to focus on the modernization of WBG governance so the WBG can operate more dynamically, effectively, efficiently, and legitimately in a transformed global political economy. The twelve members of the Commission have all held or hold senior positions at an international level and are drawn from developing and developed countries. The Commission will report back by the time of the 2009 Annual Meetings.
26. **Volcker Report.** Management has taken steps to implement all of the recommendations of the Volcker Report and is moving forward with the strengthening of INT to enable it to carry out its work in an efficient and transparent manner. The Independent Advisory Board (IAB) has met twice, providing advice on how INT can be further strengthened and providing feedback on measuring results. In response to the Volcker Report recommendation, an external Sanctions Board Member has been appointed as the new Chair of the Board. The Volcker Report also recommended that staff misconduct cases not involving allegations of significant fraud or corruption be transferred from the Integrity Vice Presidency (INT) to the Office of Ethics and Business Conduct. This transfer and new staff rules to facilitate implementation will be completed by the end of this fiscal year.
27. **Coordination with other development partners is essential to leverage scarce resources and capacity.** As with the food crisis, the Bank Group will continue to work closely with other multilateral organizations to ensure that countries receive the support needed, ensuring full coordination of our responses. All activity under the Bank Group's crisis response will ensure close collaboration with regional initiatives (such as the African Union's recently adopted Social Policy Framework and The New Partnership for Africa's Development), increased partnership with the UN (for instance on food), as well as with the other MDBs (for instance with EBRD and EIB on central and eastern European banks, and with IADB and others in Latin America). The current economic and financial environment has underscored the need for **the WBG and the IMF to work closely together**, drawing on one another's institutional mandate and comparative advantage in areas of mutual interest, as underlined at the recent G20 Summit. The Joint Management Action Plan (JMAP) on Bank-Fund collaboration - launched 18 months ago – continues to provide a framework for deepening collaboration in a complex and interconnected policy environment. A comprehensive assessment of JMAP implementation will be prepared for the Boards of both institutions by the end of the year. Similarly, close cooperation with the OECD and WTO is key in the current economic juncture.