

Proposed TOR for the Regional Integration Team

Introduction

The purpose of this document is to outline the framework within which the Bank proposes to carry forward support for regional integration in Africa. The Bank plans to increase support for integrated development under the SFIA and has established the Regional Integration Department within the Africa Region to lead this effort. The Department will build upon the robust platform of partnerships established over the last three years and the path-breaking work of the Regional Integration Unit under the leadership of Marie-Francoise Marie-Nelly to scale up Bank support and move regional integration into the mainstream of Bank operations.

Background

In recent years there has been a growing recognition in Africa, and within the development and donor community, that outward-looking programs of regional integration can contribute significantly to improve growth and poverty reduction. There is no other region in the world where such integration is more relevant: sub-Saharan Africa comprises 47 countries having a median GDP equivalent to approximately \$ 4 billion¹. African countries have realized that by themselves national programs will not be sufficient to stimulate growth at rates sufficient to make inroads into poverty, and that larger and more successful economic spaces hold the key to easing this limitation.

Efforts to integrate Africa's economies are gathering momentum. Establishment of regional customs unions, creation of regional power markets and energy transport systems and the development of joint strategies for river basin development are but some of the tangible signs of countries' shifting approach to development. Progress has been spurred by the need to address difficult cross-border issues such as conflicts and the fight on HIV/AIDS. Reflecting these shifting priorities, NEPAD recognizes regional integration as one of its eight key priorities..

The Bank's Strategic Framework for IDA Assistance (SFIA) recognizes the importance for government and donors increasingly to think and act regionally. The recent creation in the Africa Region of a Department for Regional Integration is the means through which the Bank will assist countries to leverage national development programs to more successful outcomes through developing and implementing these in regional approaches.

¹ In 2002, total sub-Saharan GDP was \$417 billion.

Mission and Objectives

The mission of the Regional Integration Department is to assist our clients to accelerate growth and development through integrating the human, technical and physical resources of mostly small economies to create larger, more competitive and more successful economic spaces.

The Department has two main objectives. First, to support clients to extend the integration of national development plans in ways that offer practical opportunities to accelerate growth through regional and sub-regional approaches. Second, to assist clients to realize priority regional and sub-regional projects that show tangible benefits in the near term².

Strategy: Main Pillars and Outcomes Targeted

The Department's strategy will rest on four main pillars:

1. Advocacy, to assist clients and regional organizations to extend the constituency of support for integrated approaches and commitment to specific initiatives;
2. Knowledge building, to strengthen further the conceptual and analytical basis of sub-regional plans, and the national plans derived from them, by helping clients and regional partners plug important knowledge gaps;
3. Capacity building, to support regional approaches among the regional and sub-regional organizations and among national planning bodies, to extend the capabilities of the concerned organizations to prepare high quality sub-regional plans and priority projects;
4. Financing of priority regional and sub-regional projects and programs.

Specific outcomes targeted from Bank support are as follows:

- * Practical sub-regional poverty reduction strategies, developed jointly by the sub-regional organizations and concerned countries, in which the countries have a strong sense of ownership, and which as a result influence national poverty strategies in a convergent manner;
- * Consequential reflections in individual CASs, as clients move towards fuller adoption of sub-regional approaches;

² An important side benefit is that successful projects will increase commitment to more integrated approaches.

- * Strengthened capacity in regional and sub-regional organizations for strategic planning, as well as in concerned national agencies;
- * Significant financing for high priority sub-regional projects;
- * Improved co-ordination among sub-regional organizations, particularly as regards priority NEPAD objectives; and
- * Improved co-ordination (and hence effectiveness) of donor assistance to regional and sub-regional organizations.

Indicators to monitor these outcomes, and hence the effectiveness of the strategy will be developed in due course.

The sub-regional organizations have essential roles to play in the process of regional integration. Presently however, the capabilities of the organizations are stretched by shortages of resources and expertise, while sometimes overlapping responsibilities intensify challenges of coordination. The Bank's role will be to help the organizations succeed in the mandates which member countries have set for them, and to encourage delineations of responsibility which clarify roles and build on organizations' particular strengths. This will not be achieved by encouraging the institutions to 'over-reach' on present capabilities, with attendant risks of under-delivering on the priorities entrusted to them. Particular emphasis will be placed upon further developing the Bank's relationship with the NEPAD secretariat and the Africa Union Commission.

The Department will agree explicit partnerships with each of the regional organizations, focusing on a limited number of core objectives for Bank support. Each partnership will combine a continuation of support for capacity building with priority support in areas where a leadership role for the organization is desirable and feasible. Better coordination of donor assistance will be important to sharpen focus on improving delivery capability.

The modalities of Bank engagement with the organizations will comprise technical assistance for capacity building and ESW, to plug knowledge gaps and support analytical and planning activities. Full engagement of Country Teams will be important to broaden ownership of regional ESW, and to bring the ensuing regional plans into the mainstream of Bank activities.

Strategy: Financing Priority Programs and Projects

The Department's fourth objective, to catalyze progress with priority regional and sub-regional projects, will be pursued through three main thrusts:

1. Mobilizing additional technical and financial resources to accelerate realization of priority projects under NEPAD, especially those at advanced stages of preparation;

2. Supporting regional organizations and national authorities to develop the technical preparation and readiness for financing of other NEPAD priority projects; and
3. Further capacity building within the regional organizations, to further strengthen capabilities for project development and supervision of project implementation.

Specific outcomes targeted will be:

- * Accelerated financing of projects identified as priorities under NEPAD, and an increasing Bank lending program in support of these projects;
- * A strong pipeline of additional projects, with resources provided to accelerate preparation and readiness for financing;
- * Participation of private financing in support of some infrastructure projects;
- * Introduction of modern risk management techniques in agriculture;
- * More extensive participation of regional and sub-regional organizations in project development and in supervising or coordinating implementation; and
- * Stronger presence in Country Teams' own programs of projects with a sub-regional character.

Indicators to monitor achievement of these outcomes will be developed in due course.

The Bank will seek co-financing from donor partners and where possible seek to mobilize private financing. The Department will therefore work closely with IFC and coordinate with other financiers. Technical assistance will be used to support development of priority projects, and for project-related capacity building in regional and national institutions. ESW will also be needed to strengthen the pipeline of projects. Bank financing will comprise a combination of IDA grants and credits, with grants reserved for capacity building and initiatives in social sectors where cost and benefit apportionment is problematic.

Infrastructure will be a priority for the Department, recognizing the importance NEPAD assigns to transport corridors, interconnected power and energy systems, modern telecommunications and improved co-ordination in development of water resources.

To complement this, trade development will also be a priority. Projects to unlock supply responses from improved physical infrastructure through customs reform, trade and tariff harmonization and international trade financing will be supported.

The Department will also support selected aspects of agricultural development. Integrated approaches to agricultural research offer the possibility to step-up effectiveness compared

with separate national efforts. And hedging of climatic risks may be possible on a sub-regional basis, offering the possibility to improve farm viability and food security through introducing modern financial instruments.

In human development, the Department will support regional initiatives in tertiary education and health, where sub-regional approaches to the ‘training of trainers’ and other specialists offer possibilities to improve outcomes feasible from national programs.

Particular support will be given to trans-national efforts to combat HIV/AIDS, and related pandemics. The Department is keen to support a trans-national initiative to combat malaria.

Finally, as required, the Department will lead Bank support to overcome emergencies which impact parts of the region, where a sub-regional response is most effective; the infestation of desert locusts in West Africa being a current example of this.

Within the Bank, mainstreaming sub-regional projects will require a continuation of efforts to adjust thinking within Country Teams towards sub-regional opportunities. An important aspect of this will be to engage Country Teams more fully in the identification and development of regional and sub-regional programs and projects.

Implementing the Strategy

The Regional Integration Department will implement the strategy through four (real – not virtual) Sub-Regional Teams (SRT): Western Africa, East Africa, Central Africa and Southern Africa. Each SRT will comprise staff appointed by the concerned CDs. Each SRT will operate in an analogous manner to a Country Team, interfacing with sub-regional clients and constituent governments (in a manner coordinated with Country Teams.) Each SRT will be led by a management team, comprising the concerned Sector Managers and the Director, Regional Integration. The management team will establish the agenda for the respective SRT in consultation with concerned CDs and regional clients. The management team will take operational decisions as and when required, and monitor implementation of the agreed work program. The Regional Integration Department will provide secretariat functions to each SRT.

Resourcing the Strategy

Conceptually, work on regional integration can be likened to a light family structure within which AFR seeks to situate constituent Country Assistance Strategies in a coherent manner. As countries give more emphasis to regional approaches, we can anticipate that Bank CASs will likewise become progressively more convergent. To be effective in supporting regional programs and projects, each SRT will need strong representation from the professional families to ensure a quality of Bank engagement analogous to that in our national work through CTs. Close coordination between regional and country work will be essential to ensure clarity of forward and backwards linkages,

to and from regional and country programs. This coordination will be key for the effectiveness of the regional program, and hence the leverage which it can provide to the impact of country programs.

Work on regional integration will mostly be resourced from within the SRTs. Specific activities will be contracted from Sector Teams in the normal way; from staff belonging to the constituent CTs of the SRT concerned. This will help fold work on regional integration into the mainstream of each CT's activities.