

**MEETING THE CHALLENGE OF
AFRICA'S DEVELOPMENT:
A WORLD BANK GROUP
ACTION PLAN**

October, 2005

STRUCTURE OF THE PRESENTATION

**WBG ACTION PLAN IN SUPPORT OF AFRICAN COUNTRIES
WILL ADDRESS THREE BROAD QUESTIONS:**

- **HOW IS THE WORLD BANK GROUP CHANGING ITS APPROACH TO MEET THE NEW CHALLENGES AND OPPORTUNITIES OF AFRICA'S DEVELOPMENT?**
 1. Why an Africa Action Plan?
 2. The Shared Growth Strategy.

- **WHAT ARE OUR PARTNERSHIP STRATEGY AND ACTION PLAN FOR THE IDA14 PERIOD (FY06-08)?**
 3. The IDA14 Partnership.
 4. Implementing the IDA14 Partnership.

- **HOW WILL THE BANK RESPOND TO THE GLENEAGLES AND OTHER INITIATIVES ON AFRICA?**
 5. Beyond the IDA14 Partnership.

AFRICA IS AT A TURNING POINT

- **BETTER ECONOMIC PERFORMANCE**
 - Growth has picked up in many countries accompanied by better human development outcomes.
- **STRONGER AND BETTER LEADERSHIP**
 - Africa's leaders, including through the AU and NEPAD, have taken a leading role in addressing the challenges of conflict, governance and regional integration.
- **COUNTRIES ARE TAKING CHARGE OF THEIR GROWTH AND POVERTY REDUCTION AGENDA**
 - PRSs are providing a viable framework for country actions and donors' alignment and harmonization.
- **MORE AND BETTER AID**
 - Donors have reaffirmed commitment towards stronger harmonization, alignment and results management (Paris Declaration)
 - Sharply higher pledges including recent G8 announcement and the EU's new commitments for 2010.
 - Gleneagles Initiatives: more aid, debt relief, trade.

THE PROMISE OF GLENEAGLES

- **A SUBSTANTIAL INCREASE IN DEVELOPMENT ASSISTANCE**
 - Pledges will result in a substantial increase in aid to Africa.
 - The commitments of G-8 and other donors will lead to an additional \$25 billion in ODA by 2010, doubling the 2004 level.
- **DEBT RELIEF WILL CHANGE THE COMPOSITION OF AID**
 - IDA and AfDF debt relief countries will retain resources that would have been paid as debt service.
 - Donor-supported reflows will increase total resources modestly, which will be allocated on the basis of performance.
 - But IDA14 and AfDF country allocations will be reduced dollar-for-dollar by the amount of debt service forgiven.
 - As a result, debt relief resources will be allocated through country budgets rather than through IDA/AfDB projects and programs.
 - Strengthening financial and public expenditure management will be essential to effective use of the debt relief resources.
- **THE BANK HAS BEEN ASKED TO PLAY A CENTRAL ROLE**
 - G-8 communiqué calls on Bank to “play a leading role in supporting the partnership between the G8, other donors and Africa, helping to ensure that additional assistance is effectively coordinated”.
 - Together with the AU, NEPAD and the AfDB, the Bank plays a lead role in the Infrastructure Consortium.
 - A strengthened role in other sectors such as health and education.

HELPING COUNTRIES USE PRSs TO ACHIEVE HIGHER GROWTH AND MEET MDG TARGETS

- **PRS FRAMEWORK IS IMPROVING BUT MANY AFRICAN COUNTRIES WANT MORE SUPPORT FOR GROWTH.**
- **PRS GOALS GO BEYOND MDG TARGETS IN SUCH AREAS AS:**
 - **Governance.**
 - **Growth: rural development, private sector development, infrastructure.**
 - **Cultural aspects of national development.**
- **PROPOSED ACTION PLAN IS DESIGNED TO HELP COUNTRIES DEVELOP STRATEGIES TO MEET MDG TARGETS AND OTHER NATIONAL GOALS.**
- **AND TO BUILD SYSTEMS TO MONITOR RESULTS OF IMPLEMENTATION.**

IN RESPONSE TO DEMAND OF MEMBER COUNTRIES, BANK GROUP HAS DEVELOPED A SHARED GROWTH STRATEGY

- **WITH THREE CENTRAL COMPONENTS**

- 1. BUILDING CAPABLE STATES THROUGH BETTER GOVERNANCE AND IMPROVED CAPACITY**

- Support initiatives by partners and Africa such as Africa Peer Review Mechanism.
- Recognizing country diversity and complexities of this process.
- Strong focus on public expenditure and financial management.

- 2. STRENGTHENING THE DRIVERS FOR GROWTH**

- *At country level, focus on PSD, infrastructure, agricultural productivity, and creating an export push.*
- *Through regional integration efforts.*

- 3. BUILDING THE CAPACITY OF THE POOR AND OF WOMEN TO PARTICIPATE IN AND CONTRIBUTE TO GROWTH**

- Focus on rural development, micro and small enterprises, and through the expansion of service delivery, particularly in education and health.
- Support country-led process to empower women to meet the MDGs.
- Multi-sectoral approach to gender dimensions in CAS, analytical work, lending and support to PRS.

- ***RESULTS AND OUTCOMES ARE A CENTRAL PART OF THIS SHARED GROWTH STRATEGY.***

WHAT IS NEW IN THE AFRICA ACTION PLAN?

- **SHARED GROWTH BUT WITH A MUCH STRONGER FOCUS ON STRENGTHENING THE DRIVERS FOR GROWTH** (agricultural productivity, export push, post-basic education, regional integration).
- **CENTRALITY OF RESULTS MANAGEMENT IN COUNTRIES AND BANK'S ASSISTANCE**
 - Increased accountability to citizens
- **RENEWED FOCUS ON PARTNERSHIP WITH COUNTRIES IN THE LEAD**
 - Supplementing the Paris Declaration
 - Independent evaluation of country-donor relations
- **AS MORE RESOURCES BECOME AVAILABLE BEYOND THE IDA14 PARTNERSHIP**
 - Supporting star performers
 - “Turn-around” countries
 - Stronger regional focus
- ***SHOWN IN ORANGE AND ITALICS IN THE REST OF THE PRESENTATION.***

Bank's Agenda to Strengthen the Focus on Results

Country Capacity to Manage for Results	Bank's Focus on Results	Partnership for Harmonization and Results
PRSP results frameworks	Results-based Country Assistance Strategies <ul style="list-style-type: none"> - New RB CASs - Retrofit CASs during CAS progress review. 	Aligned or joint country strategies
National statistical systems <ul style="list-style-type: none"> - STATCAP - Statistical master plan - Surveys - Use of grants. 	Strengthening operations M&E	Harmonizing operational procedures <ul style="list-style-type: none"> - Procurement - Financial management - SWAP pooling
Results-based public sector management	Staff training and incentives	Unified results reporting/M&E

GETTING RESULTS THROUGH COUNTRY-BASED APPROACHES

- JOINTLY WITH DEVELOPMENT PARTNERS, SUPPORT NATIONAL POVERTY REDUCTION STRATEGIES.
- FOCUS ON INTEGRATED, CROSS-SECTORAL APPROACHES TO ACHIEVE OUTCOMES
 - Private sector led growth, infrastructure, *export push and agricultural productivity.*
 - Reductions in the incidence of diseases: **malaria, HIV/AIDS.**
 - *Promoting regional integration*
 - *Regional investments, up to \$2 billion over 3 years.*
 - *Capacity of regional institutions (ECOWAS, SADC).*
 - *Post primary education.*
 - *IDA allocations rising to at least 35% of all education lending (secondary education, vocational training, and higher education).*
- WORK WITH OTHERS TO ALIGN TO PRS AND HARMONIZE PROCESSES AND BEHAVIORS
 - Accelerate implementation of Paris Declaration.
 - *Support independent evaluation of country-donor relations.*

SELECTED ACTIONS TO INCREASE RESULTS FOCUS

FOCUS

ACTIONS

- Help countries develop and implement results-focused PRS
 - *Adopt results-based CAS in most active countries by 2007.*
 - *Help all PRS countries develop M&E plans (9 are underway).*
 - *Strengthen Bank's portfolio M&E for most active countries.*
 - *Help develop "outcome teams" (Nigeria).*
- Develop intermediate outcome indicators
 - **Complete ICAs and HD surveys for most active countries.**
 - *Help countries develop a "culture of evaluation".*
 - **Help countries to have at least 2 household surveys, allowing for over time assessment of policies and actions and their impact.**
- Help build statistical capacity
 - **Help all active countries develop statistical master plans.**
 - **Expand Statistical Capacity Building (STATCAP).**
 - *Help establish a joint funding mechanism for statistical strengthening (grant funding).*
- Raising impact of Bank's interventions
 - *Revamping the Region's results monitoring setup.*

SELECTED ACTIONS TO STRENGTHEN GOVERNANCE AND STATE CAPACITY

- **SUPPORT COUNTRY-LED GOVERNANCE REFORMS IN COUNTRIES WITH COMMITTED LEADERSHIP**
 - Capitalize on the momentum launched by the African Peer Review Mechanism (APRM).
 - Help strengthen public expenditure and financial management with *increased accountability (citizen scorecards)*.
 - Administrative and civil service reforms to gradually mainstream meritocracy.
 - Performance-enhancing incentives for ministries, departments and agencies.
 - Introduce pay reforms where prior conditions permit.
 - Support decentralization with links with community-driven development.
- **HELP STRENGTHEN INSTITUTIONS OF ACCOUNTABILITY, PARTICULARLY IN FRAGILE STATES**
 - Support, through WBI, parliamentary committees, supreme audit and ombudsman institutions, the media and civil society organizations.
 - Collaborate with others on similar undertakings.
- **COLLABORATE WITH REGIONAL ORGANIZATIONS FOR IMPROVED GOVERNANCE AND CAPACITY DEVELOPMENT**
 - NEPAD/APRM; ECA; RECs; ACBF.
- **IMPLEMENT THE RECOMMENDATIONS OF THE TASK FORCE ON CAPACITY DEVELOPMENT IN AFRICA.**

STRENGTHENING DRIVERS FOR GROWTH

FOCUS

ACTIONS

- **Private sector led growth**

- In close cooperation with IFC (including Private Enterprise Partnership or PEP)
 - Expand ICAs and value-chain analysis.
 - Produce “shared-growth” country economic analyses.
 - Improve investment climate.
- Mobilize private investment.
- Scale up IFC investment and MIGA insurance to support private finance.

- **Export push**

- *Use Trade Facilitation Initiative to support country efforts and regional integration projects.*
- *Expand Trade and Transport Facilitation Audits to identify constraints to trade (Kenya, Tanzania, Rwanda, Uganda next).*
- *Promote out-grower system, which is blooming in many countries.*
- *Sustain advocacy against tariff escalation, agricultural subsidies, and the need for a “super AGOA for Africa”.*
- *Together with other donors, scaling up “aid for trade”.*

- **Infra-structure**

- Scale up Infrastructure, including Minimum Infrastructure Platform to support PSD/exports.
- Support African Infrastructure Consortium
- Use WBG instruments to support public-private infrastructure.
- Strengthen donor coordination, including partnership with AfDB, to scale up infrastructure and PPI (private participation in infrastr).

- **Regional integration**

- *Scale up regional infrastructure.*
- *Selective Capacity strengthening of regional institutions.*

SELECTED ACTIONS FOR BETTER OUTCOMES IN HUMAN DEVELOPMENT

- **IN COLLABORATION WITH OTHER PARTNERS, SUSTAIN SUPPORT FOR PROMISING INTERVENTIONS IN HIV/AIDS.**
- **IMPLEMENT SCALED-UP MALARIA BOOSTER PROGRAM.**
- **CONSOLIDATE REGIONAL AND GLOBAL CHILD AND MATERNAL HEALTH PROGRAMS.**
- **LEVERAGE RESOURCES TO ASSIST COUNTRIES TO DEVELOP AND IMPLEMENT MORE EFFECTIVE EDUCATION STRATEGIES.**
- **SUPPORT AT LEAST 4 MORE COUNTRIES IMPLEMENTING EFA IN 2006 FOR A TOTAL OF 11 COUNTRIES.**
- ***INCREASE SUPPORT FOR POST-BASIC EDUCATION AND SKILLS DEVELOPMENT TO HELP FACILITATE TECHNOLOGY TRANSFER AND ABSORPTION IN ALL SECTORS.***

ADDRESSING THE NEEDS OF AFRICAN MIDDLE-INCOME COUNTRIES

- **12 PERCENT OF AFRICA'S POOR LIVE IN MIDDLE-INCOME COUNTRIES (Botswana, Cape Verde, Gabon, Lesotho, Mauritius, South Africa).**
- **MEETING THE MDGs IN MANY OF THESE COUNTRIES REMAINS A CHALLENGE.**
- **THE KNOWLEDGE BANK CAN BOTH LEARN FROM AND ADVISE AFRICA'S MICs.**
- **THE MICs' KEY AREAS ARE:**
 - **Scaling up interventions in HIV/AIDS and malaria.**
 - **Management of natural resource revenues.**
 - **Public expenditure management.**
 - **PRS support.**

THREE PERSPECTIVES ON AFRICA'S NEEDS TO MEET THE MDGS

- **UN Millennium Project (Sachs) Report**
 - For all countries not affected by crisis and conflict, ODA will need to increase by \$70 billion per year, worldwide, by 2006. Of this total an estimated \$36-38 billion would go to Africa.
- **The Africa Commission Report**
 - Calls for a doubling of aid to Africa by 2007, an increase of \$25 billion per year, and an additional \$25 billion per year by 2010.
- **The World Bank**
 - The Global monitoring Report calls for an increase in ODA to Africa of between \$25-30 billion per year through 2015.
 - Baird/Shetty conclusion: High performing African countries can absorb an average increase of 60% in aid, excluding infrastructure needs.

SOME OPTIONS FOR PARTNERSHIPS TO MEET THE GLENEAGLES CHALLENGE - “HELPING TO ENSURE THAT ADDITIONAL ASSISTANCE IS EFFECTIVELY COORDINATED”

- **IDA14 PARTNERSHIP AS A PLATFORM TO FACILITATE COORDINATED INTERVENTIONS BY OTHER PARTNERS**
 - *The menu of options as a “public good” that partners can tap while maintaining full ownership of financing and programs.*
 - *Indicative 3-year IDA14 allocations expected to be below earlier figures.*
 - *As countries performance improves, assume that SSA will get 50% of IDA14.*
- **STRATEGIC USE OF GLOBAL PROGRAMS AND PARTNERSHIPS (GPPs)**
 - Leverage additional resources and ensure that these "vertical" funds are aligned with country-based programs
 - Programs included: Global Funds for AIDS, Roll-Back Malaria, Education for All, CGIAR, GEF, etc
- **IMPROVE DONOR COORDINATION**
 - AfDB/WB common water platform helped catalyze more support (EU, bilaterals).
 - Chad Transport Program Support Project (10 donors, \$450 m during 2000-05).
- **CATALYZE SUPPORT FOR A NEW FINANCING MECHANISM: AFRICA CATALYTIC FUND**
 - *Additional funds for high performing countries, turnaround situations and regional integration projects*
- **HELP LEVERAGE PRIVATE FINANCE**
 - By supporting public private partnerships with IFC and MIGA.
- **MITIGATE POLITICAL RISKS IN POST CONFLICT COUNTRIES**

BEYOND THE IDA14 PARTNERSHIP: AS MORE RESOURCES BECOME AVAILABLE AFTER GLENEAGLES, IMPROVING OUTCOMES BY

- **KEEPING COUNTRY AT THE CENTER**

- *Brokering between vertical funds and horizontal country programs.*

- **SUPPORTING STAR PERFORMERS**

- *Scaling up support to countries with strong overall performance and highest possibility of reaching MDGs (“Reward effective growth strategies”).*
- *Supporting model countries and broadening demonstration effect.*

- **TAKING GREATER RISKS ON “FRAGILE STATES”**

- *The costs of conflicts are especially high.*
- *Timely capturing of “turn-around” opportunities using leading indicators (changes in CPIA and growth), and judgment on leadership commitment.*
- *This is a “high risk/high reward” undertaking.*

- **BUILDING A STRONGER REGIONAL FOCUS**

- *More regional infrastructure projects.*
- *Selective capacity building for regional institutions.*