

**OFFICE OF THE EXECUTIVE DIRECTOR FOR FRANCOPHONE
AFRICA / EDS 13
THE WORLD BANK**

**STRATEGIC
FRAMEWORK
FOR
REPOSITIONING
EDS13**

February 3, 2003

**REPOSITIONING THE OFFICE OF THE EXECUTIVE DIRECTOR
FOR AFRICA / EDS 13***

TO

**HAVE IMPACT ON WORLD BANK POLICY TOWARD GROWTH &
POVERTY REDUCTION**

In response to the growth and poverty alleviation needs of Africa as defined in the International Development Goals, this Executive Director's Office (EDO) seeks to develop a strategic framework to identify and pursue opportunities that will reposition the office to play a stronger and more proactive role in providing board oversight, ideas, and recommendations into the World Bank's decision-making process. The strategy will outline core competencies and key areas of focus for the office, as well as desirable objectives for the next four years.

This framework will be beneficial in helping the executive director and his team to think through their interactions with member countries. The framework will examine areas of focus as well as initiatives from public and private parties that incrementally add value to its objectives. The EDO's mission is to assist governments of its constituency countries and their public-private sector partners to identify, understand and exploit development opportunities available to them within the World Bank Group.

In pursuing the Millennium Development Goals, the office will also seek opportunities and synergies that will strengthen the current African agenda under the New Partnership For Africa's Development (NEPAD) and facilitate support that will contribute to its implementation. The office will selectively initiate productive relationships with strategic partners. Through the extension of working relations with parliaments, civil society, NGOs, and the private sector, the office will be in a position to better recognize areas of both need and potential growth within its countries.

* Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of Congo, Côte d'Ivoire, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Sao Tome and Principe, Senegal, Togo

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I. The Overall Context for Change

1. Introduction

This strategic framework for repositioning the EDS13 was conceived of as the change platform for delivering the development goals and strengthening the role of the office in shaping the strategic thrust of the World Bank Group (WBG) and its support to NEPAD. It is designed to achieve the mission of influencing policy dialogue and strategic thinking within the World Bank Group toward distinctive, substantial, and lasting growth with the reduction of poverty in its constituent countries.

Though there has been significant progress (especially in socio-economic reforms) in Africa, the continent still faces a lot of challenges. Poverty remains a recalcitrant foe that further undermines the continent's efforts toward sustainable development. Africa, a continent rich in natural resources, still parades an endemic poverty stricken population. Overcoming such an anomaly will require a concerted effort to minimize the deficiencies (internal and external) that hinder real progress.

While Africa strives for a more equitable economic order, there is still need for increased impetus in its reform agenda, backed by better World Bank assistance programs. The continent needs to further revitalize the interest of private and public development partners, improve regional cooperation, develop its human capital and health systems, and integrate more effectively into the global community.

This strategy encapsulates the action points and work planning process that will enable the EDS13 to achieve desirable outcomes toward Africa's development, consistent with the priorities and implementation framework for achieving the International Development Goal of halving poverty by 2015 and integrating Africa into global trade. Finally, this strategic framework will also serve as the base document to facilitate the tracking of the benefits and value that will accrue to the client countries as a result of the planned repositioning of its strategic focus. The strategy will focus on the Executive Director's four-year term and will pivot upon two major organizational capabilities:

- Capacity to identify, qualify, and influence strategic and value-adding decisions;
- Capacity to organize, disseminate, and utilize strategic and value-adding information.

It contains:

- A description of the strategic focus, components, and initiatives that will be launched to reach the objectives of the EDS13;
- A review of the Executive Director's internal office operations, incorporating the use of focus groups, broad consultations, and team-based/result-oriented processes that will facilitate knowledge development, transformation and sharing

- A description of the approach that highlights how these various strategic components and capabilities will be incrementally delivered and utilized over a period of four years; and
- A description of expected deliverables.

This document will by no means be static. It includes an outline of how the Executive Director will continuously manage his work program to deliver real value to his constituency, and update the strategy in the event of changes in scope or relevance of strategic focus and action points. The document will also be used for reporting progress and impact of the framework on the expected goals and objectively assess on an ongoing basis the likelihood of success in achieving expected targets.

2. Vision

The vision of the EDS13 is “to be a lead facilitator of strategic development opportunities as it relates to its constituent countries.”

The office seeks to “influence policy dialogue and strategic thinking within the World Bank Group toward distinctive, substantial and lasting improvements in the economic growth and the reduction of poverty in its constituent countries, as well as to help their governments identify opportunities and mobilize resources within and outside the World Bank Group to achieve their development objectives.”

3. Guiding Precepts

In order to carry out the mission of the Office and to vigorously pursue its vision for achieving impact and influence, the Executive Director has identified three operational guidelines. Both the daily efforts of team members and the long-term conduct of the office will strive to further the following fundamental goals:

- To increase and strengthen the influence of African countries in the decision-making processes of the Bank;
- To encourage participatory approaches and good governance in policy reform for poverty reduction;
- To ensure sustainability and capacity building in policy formulation and program implementation; and
- To pursue actions that favor timely support to Africa’s reform program, and maintain a positive net transfer of resources to Africa.

II. Framework for Action: Focusing the African Agenda

1. Strategic Components

To achieve its mission, the Executive Director has outlined four main areas of focus:

Governance and Investment Climate

In promoting economic growth and alleviating poverty in each of its constituent countries, the EDS13 will focus on helping to strengthen economic and political governance, as well as the investment climate in these countries *by informing and motivating decisions within the World Bank toward better political understanding, as well as economic governance tracking, monitoring, and evaluation.*

Economic governance

The best practices in public sector reform identify three areas in which governments can improve their performance and their impact on the economy. These are: good macroeconomic management; transparent and efficient resource allocation; and efficient public-service delivery. In many of the EDS13's constituent countries, the problem appears to be essentially in the allocation, and execution of the budget. It is therefore important to increase the efficient and equitable use of public resources and to improve their delivery, notably: reducing the public sector deficit; improving the preparation, execution, and monitoring of the budget; and better facilitating the delivery of public services.

Political Governance

As the NEPAD put it “today, the weak state remains a major constraint to sustainable development in a number of countries. Indeed, one of Africa's major challenges is to strengthen the capacity to govern and develop policies”. This can be done partly by “promoting and protecting democracy and human rights in their respective countries and regions, by developing clear standards of accountability, transparency and participatory governance at the national and sub-national levels.”

Investment Climate

The World Bank defines investment climate as the present and expected environment in which investment decisions are made and, in particular, the nature and functioning of the public institutions and policies that affect associated returns and risks. So, while it is important to keep in mind the importance of the macro variables when referring to the investment climate, the impact of micro-level factors must also be underlined. There should be a clear focus on key steps anchored on concrete private/public oriented projects that will enhance the rule of law, good governance and economic management, and infrastructure development at the national as well as regional levels, along with promotion and support to SMEs and consultations with the private sector.

Most countries in the EDS13 constituency have made substantial progress on the macroeconomic and trade promotion issues (both inflation rates and tariff rates are much lower today than 20 years ago), but there is still more room for progress. The EDS13 will encourage the World Bank Group to more systematically help clients to collect information on the investment climate, analyze what specific problems or bottlenecks are particularly binding, and monitor progress.

Investment climate should also be improved through the PRSP/CAS preparation and implementation process. One concrete action could be to undertake a systematic survey of firms with similar methodology applied under the LSMS household surveys. Conducting a good diagnostic can be a filter through which we look at different possible interventions, types of experiences, impediments to investment, and the costs of those impediments. Drawing lessons of experience from other regions is essential.

Human Capital

“Human capital is the only investment with the potential for unlimited returns, for exceptional growth”¹. Human capital is not just the economist’s word for people; it embodies a range of attributes and processes related to skills, knowledge, and their development and application. It has become the ultimate driver of economic development and competitive advantage. So human capital development and management are the logical and all important next steps – and they are at the same time critical to the virtual integration of country governance and business processes for development.

One of the greatest advances of the knowledge economy has been the advent of “virtual integration” – the use of internet and software technology to link together virtual units and processes in countries and organizations to achieve speed and cost efficiencies, as well as improvements in quality, management of trade, and investment relationships. The next horizon of integration will be enhancing the flow, quality, and alignment of human capital and capabilities to manage these streamlined public works, private business, and development processes.

The EDS13 constituency, however, has not fully realized the impact of virtual integration, and the dearth of human capital development and management in these countries makes their situation more precarious. Though the World Bank Group has begun pursuing human capital development and management initiatives that increase the potential for developing countries to create wealth by developing their human capabilities, more still needs to be done, especially in the EDS13 constituency. Since most of these countries lack the facilities, potential, technology, and resources to develop their human capital to international standards, mitigating these inadequacies will require realistic focus on overcoming tough and demanding challenges in three key areas and over cross cutting issues.

¹ Gary Becker – Nobel Laureate

Education

The EDS13 will work to create opportunities for the development of specialized infrastructure, providing stronger and more thoroughly integrated education systems with increased participation of the private sector (e.g., assisting countries in achieving universal primary education through ensuring adequate budget allocation, improving teacher training and providing good infrastructure, while encouraging private sector participation in the development of institutions for higher learning and vocational training centers).

Directed efforts will be made to build educational information technology systems and local content development through private/public partnerships in order that they might reflect international standards, without which Africa cannot integrate globally. Furthermore, vital links between technical institutes and productive activities will be generated via improved interaction between educational facilities, traditional human capital development institutions, and local business communities.

Health

The EDS13 will encourage the creation of Basic Health Insurance arrangements, while improving decentralized health systems and widening the coverage of basic health care services, training, and infrastructure development. It will also provide the impetus for strategic research on private/public partnerships in the health sector (e.g., supporting further research within the World Bank Group toward public/private partnerships in the health sector, and exploring the effective use of community-based basic health services).

Labor Markets

Stemming the effects of brain drain on the African continent will be a high priority agenda item as the EDS13 seeks to support the adaptation of Africa's domestic labor markets to the demands of a rapidly globalizing world. *The office will concurrently promote the development of appropriate social safety nets.*

Private Sector and Financial Markets Development

Adequate physical infrastructure, a vibrant private sector, and effective financial markets are key vehicles for achieving sustainable growth. The EDS13 strategy will recommend a more active engagement of the World Bank Group in research and funding of projects that will have direct impact on the private sector (particularly small and medium sized enterprises), encourage the creation of equity and debt funds that will improve access to credit, and develop national and regional infrastructure that will enhance the production and flow of goods within the continent and abroad.

The creation and effective use of financial resources (debt and equity funds) to improve access to credit and competition within the continent is central in the EDS13 approach to private/financial sector development. However, there are several challenges that mitigate the creation and effective use of these funds in Africa. Some include:

- Inadequate security, legal infrastructure, and transparent investment codes and processes to guide business deals embarked upon by fund managers.
- Inadequate guarantees against excessive commercial risks and investment exposures. In addition, financial instruments to support investments in projects that are necessary for development (e.g. private sector capacity building) but low in terms of commercial viability are unavailable in Africa;
- Few local and international fund managers exist. This reduces the level of competition/cooperation and risk sharing between fund managers in Africa;
- Lack of local African fund managers to support expatriate fund managers and manage local funds within Africa;
- Though there is tremendous demand for private equity funds in Africa, there is also a very high need for debt funds to compete with, and complement local banks in providing SMEs with direct access to credit for expansion; and
- The need to expand the coverage and network of micro-finance institutions.

In addition to current initiatives to develop financial markets in Africa, the World Bank Group in particular could focus more on activities that:

- Promote the creation of investment and venture capital funds in Africa (Venture capital managers provide more than equity to firms, supplying advice on marketing, management, and business contacts);
- Promote the expansion of successful micro-finance institutions in Africa;
- Contribute to the setting up of debt funds (in addition to private equity funds) within Africa either explicitly through the direct use of IDA funds in partnership with other organizations;
- Provide credit to fund managers directly through IDA funds and/or complementary grants to stimulate investment in less viable projects;
- Support expatriate fund managers through guarantees covered in the OPIC model and guarantees to expatriate fund managers to encourage the use of debts from other sources in financing SME projects and enterprises in Africa;
- Help countries position themselves to benefit from FDI; and
- Encourage pension system reform.

Competitiveness Platform

Regional Integration and Trade

Most African economies are small and provide limited national markets for local trade that will spur faster growth rates for development. Africa hosts the world's poorest countries in terms of total continental income, and it represents less than 2% of world trade. The erosion in Africa's share of world trade between the 1970s and 1990s represents approximately \$70 billion, or one-fifth of its GDP. Therefore, extending into regional and global markets is inevitable for rapid development to take place.

Simply preventing an increase in the number of Africa's poor by 2015 will require an approximate annual growth rate of more than 7%, as well as more equitable distribution of income. To achieve this pace of growth, extending Africa's trade and investment potential within the continent and in the world, fostering regional and global political and economic integration, and improving governance and resolving conflict will be of utmost importance.

However, in expanding trade, African countries face significant challenges in their capacity to meet international production and quality standards. Revamping production processes, quality assurance and management systems, monitoring, evaluation, product testing and packaging processes to respond to the diverse and changing technical requirements and standards of their trading partners will require significant investments. Yet non-compliance with international standards would stand to cost African firms their hard-earned global market share – especially in agricultural activities like horticulture and fisheries. Also, without addressing market access and international standards compliance issues, Africa will be unable to take advantage of important regional, bilateral and multilateral trade opportunities like AGOA.

The EDS13 will support and strengthen effective programs and initiatives designed within the World Bank Group, NEPAD and other partner institutions to improve international trade, enhance compliance to international trade standards, support the harmonization of technical regulations regionally and abroad, and foster regional cooperation and conflict resolution within Africa - especially in its constituency countries. For example, EDS13 will better coordinate its work with the Bank's Regional Integration Unit, Development Research Group, International Trade Unit, and Private Sector Development Group. As a starting point, the EDS13 will seek to promote the functioning of existing African regional initiative (SADEC, COMESA, AGOA, SADC, ECOWAS, etc).

Infrastructure Development and the Use of New Technologies

Africa needs to develop efficient and more productive sectors, businesses, and governance processes that are increasingly transparent and responsive to global trade and partnerships. Rural communities and agriculture need to be revitalized, exports diversified, and new local, regional, and global markets explored.

Some of the countries in the EDS13 portfolio are among the smallest in Africa and need innovative public policy and strategic approaches to enhancing their international competitiveness. Appropriate use of new technologies can add much value to achieving this objective. However, the introduction of new technologies - information and communication technologies (ICT), biotechnology and genetic science - could become a cause for their further exclusion, rather than a tool of progress. The needs of their people could become more neglected, further increasing the income and technology divide.

But well managed, the benefits of ICT and biotechnology could be identified, pursued and harnessed. ICT-based development opportunities and appropriate policy orientations that will help catalyze the implementation of these ideas need to be pursued more aggressively. A framework for identifying how technology can enhance development and the macro economy of African countries must be identified.

The World Bank Group has recognized that a narrow agenda of telecommunications reform and private investment support is no longer enough to help client countries thrive in the new technological and economic environment. The main policy now is to develop the demand necessary to exploit Information Communication Technology by promoting the use of ICT in school and by forming private partnerships to train entrepreneurs and public servants. In addition to this orientation, the World Bank Group could:

- Ensure that the regulations governing the sector are appropriate;
- Promote development of telecommunications infrastructure facilities capable of handling high speed internet access, videoconferencing, sound and television broadcast signals, and sophisticated applications such as medical imaging;
- Make access to telecommunications services widely available to all strata of the population; and
- Promote competition in all segments of the telecommunications market.

2. Cross-Cutting Issues

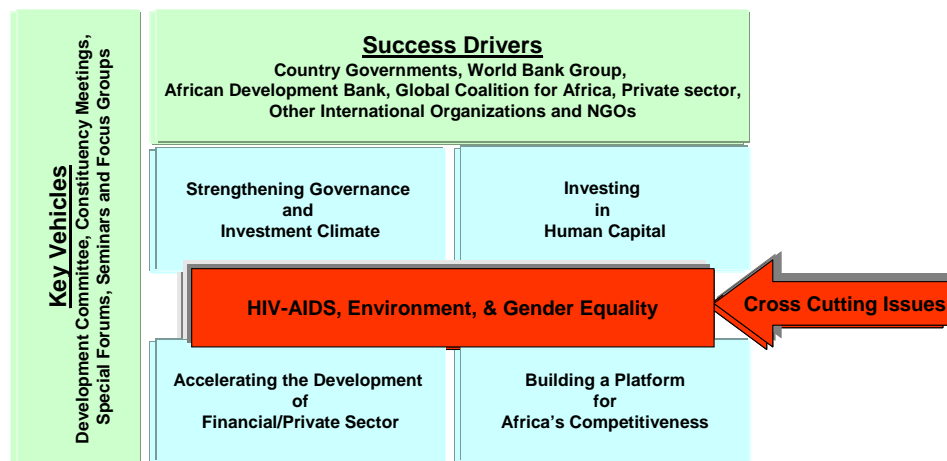
The following key issues are recognized by the EDS13 to have an impact that cuts across all of the prescribed focal areas previously discussed.

- HIV-AIDS is the most potent disaster that plagues the human capital of the entire continent, and creates several other social problems in the process. There is also significant concern about the transfer of HIV from mother to child. As a starting point, the EDS13 will monitor and advocate appropriate use of the Global Fund and implementation of Bank's multi-country HIV/AIDS program.
- Gender Equity – Women are important economic and socio-political development agents in Africa but are still subjected to severe inequality issues.

The EDS13 will advocate and ensure that gender dimensions are considered in every project financed by the Bank in the constituency

- Environmental Preservation – According to NEPAD, this is “the ecological lung provided by the continent’s rainforests, and the minimal presence of emissions and effluents that are harmful to the environment – a global public good that benefits all humankind.” The preservation of the environment has become a key issue in defining development opportunities and competitiveness that are sustainable for a continent heavily mined for the world’s primary natural resources and production activities.

The EDS13 will support activities that streamline HIV-AIDS, Gender, and Environmental issues into country project portfolios. The office will devise a system to track and assess the impact of World Bank activities in these three areas on its constituent countries and will actively support recommendations for improvement.



III. The Next Steps Forward: A Coalition for Change

1. Advancing the Strategic Components

The four pillars of this strategy serve to project the efforts of the office within the World Bank onto a grand scale. With mutual attention to the identified cross-cutting issues, they provide checks and balances along an administrative course whereby resources may be thoughtfully devoted towards a flexible set of priorities via best practices. The EDS13 will advocate the implementation of projects and programs for each component of its strategy, consistent with facilitating Africa’s participation in the World Bank’s overall procurement and in contribution to expanding the continent’s access to global markets.

Increased IDA Commitments to Africa

The office aims to champion the launching of a strategic study on the need to expand IDA commitments to meet its development agenda in light of the Monterrey and NEPAD framework. Pursuant to sustaining NEPAD's common vision for prioritized development in the sectors of education, health, regional infrastructure, agriculture, market access and environment, we expect an increase in IDA commitments toward these goals.

Develop Special Relationships within Africa Regional Office

To meet its objective, the office will develop special relationships within the Bank's Africa Regional Office. In particular, the EDS13 will propose bi-annual meetings with the Vice President (VP) and all the Country Directors of the Africa Region.

Network with other EDs and VPs to talk about Africa

The office will also network with other EDs and VPs to come once a year to talk about Africa.

2. Increasing the Voice of Africa in the World Bank

The role of the World Bank has undergone significant change over the past several decades. Whereas it was initially created as an institution of mutual assistance helping to channel investment to countries for postwar reconstruction and development, it now focuses on lending exclusively to developing countries, prescribing conditional loan policies over a growing range of issues. According to UNDP's *Human Development Report 2002*, "the IMF and World Bank will not be able to do their jobs effectively if they remain tied to structures that reflect the balance of power at the end of the Second World War." Improved support systems must enable representatives of developing countries to help the World Bank best direct its efforts to meet the growing demands upon its management and resources.

As the vanguard proponent for more equitable representation for Africa, the EDS13 will investigate methods for redressing the organizational and operational imbalance in the formal decision making process. The office will take a leading role, engaging its governors and the other Board members in constructive debate to arrive at a more just and equitable system of governance.

The Africa Agenda Advisory Council

In order to serve as an informed conduit for positive change within its constituency, and to operate in a qualified position of influence within the World Bank, the EDS13 will require the support of an enhanced platform of exchange for information and communication. The Africa Agenda Advisory Council will be established as a group of accomplished individuals who will meet semiannually to advise the EDS13 on matters of the office and Bank agenda. Offering informed perspectives from qualified positions across a variety of sectors, the AAA Council will provide insight otherwise inaccessible to the EDS13 in areas of technical

expertise, opportunities for public/private partnership, as well as perceptions from critical extra-Bank vantage points.

Web-based Communications System

A Web-based system will be devised by which the EDS13 may collaborate with constituent country authorities and guide electronic discussions on designated issues. The system will also enable constituency authorities to access and comment on documents posted by the office. Digital video and Internet streaming via the system will convey information to help World Bank policymakers better understand conditions at the periphery.

African Participation in World Bank Governance

The voice of developing country governments in global governance must be increased through changes in formal representation in order to rectify the creditor-country bias of the status quo. In an effort to redress the longstanding deficiency in Africa's representation in the Bank at the personnel level, the EDS13 will advocate the recruitment of a greater number of qualified Africans into key staff positions. The office will also seek a formal guarantee for the continued recognition of (at least) the three existing African chairs on the Board of Directors.

3. Forging Constructive Partnerships

The EDS13 will engage several key partnerships and discussion forums for the purpose of connecting, empowering, and learning from the members of its constituency. Through more efficient systems of communication (i.e., the aforementioned Web-based system), the ministers represented in the EDS13 will be better informed and more adequately prepared to register their views on key issues. Together with conference agendas more focused on operations and discourse, providing faster and more frequent communication between governors and the EDS13. These initiatives will add to the productivity of the traditional working forums to follow, such as the semiannual Development Committee meetings.

Constituency Meetings

A closer relationship with players in the field will help the EDS13 to become a better conduit for information conveyed to the Board. The EDS13 will propose that two constituency meetings be arranged on an annual basis. One of these meetings would be the African Party Meeting. The EDS13 would like to see the productivity and operational expectations for this gathering increased, such that ministers would embrace a clear and ambitious agenda coming into the meetings, and that they will have produced substantive discussion and analysis upon leaving. As a follow-up to this first meeting, the EDS13 recommends that a second meeting take place during the annual meeting should of the African Development Bank.

Global Coalition for Africa and Other Key Partnerships

Among the hundreds of partnerships managed by the World Bank, the EDS13 will seek deeper cooperation and knowledge sharing particularly with those organizations working on issues concurrent with the EDS13 strategic objectives. The office has identified a relationship with the Global Coalition for Africa in Washington, DC as one which it would like to further develop. The GCA's consistent record of being out front on emerging policy issues, its capacity to bring together key policymakers and other actors in the international community, as well as its commitment to supporting NEPAD make it a logical and promising partner in development.

The EDS13 will additionally pursue more frequent exchange and coordination of objectives within the Executive Board of the World Bank Group, as well as with the UN Economic Commission for Africa in Addis-Ababa, the African Development Bank Executive Board in Abidjan, and African think tanks throughout the continent. The African Agenda Advisory Council will be instrumental in recommending and facilitating additional outreach and collaboration efforts by the office via special forums and seminars.

4. Means for Strategy Implementation

In-house Training

Vital to the tasks of successful outreach by the EDS13 is a proactive, high-performing and reliable office with clear and effective structures, programs and activities to achieve its mission and vision statements. In-house training and regular evaluations of progress will be conducted in order to ensure the capacity of the office to anticipate the needs of its constituency and facilitate similar improvements in its countries.

Funding

Through partnership, the EDS13 will seek funds to achieve budgetary flexibility that will improve the capacity of the office. Funding for activities, such as the commissioning of studies and analyse, could incrementally improve the African constituency's capacity to influence policy dialogue and strategic thinking within the Bank.

Self-Monitoring and Evaluation

Appropriate work plans, benchmarks, performance indicators and monitoring instruments will enable the office to track and assess its own progress. Central to its monitoring activities will be a series of Office Score Cards, aimed toward a guarantee of high performance.