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THE WORLD BANK GROUP'S AFRICA ACTION PLAN: PROGRESS IN IMPLEMENTATION

Attached for the April 15, 2007, Development Committee Meeting is a background report entitled "The World Bank Group's Africa Action Plan: Progress in Implementation", which includes the Executive Summary and the Overview Chapter of the full report, prepared by the staff of the World Bank. The paper will be discussed together with item II.

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The World Bank Group's Africa Action Plan
Progress in Implementation

AFRICA REGION
THE WORLD BANK

ABBREVIATIONS AND ACRONYMS

AAP	Africa Action Plan
ADI	Africa Development Indicators
AAA	Analytic and Advisory Services
AERC	African Economic Research Consortium
ACT	Artemesinin-based combination therapy
AfDB	African Development Bank
AFR	Africa Region
AIDS	Acquired Immune Deficiency Syndrome
AGOA	Africa Growth and Opportunity Act
AMC	Advance Market Commitments
APRM	Africa Peer Review Mechanism
ARV	Anti-retroviral
AU	African Union
CAADP	Comprehensive African Agricultural Development Program
CAS	Country Assistance Strategy
CCC	Collaborative Country Clusters
CDMAP	Capacity Development Management Action Plan
CEIF	Clean Energy Investment Framework
CFAA	Country Financial Accountability Assessment
CG	Consultative Group
CGIAR	Consultative Group on International Agricultural Research
CPIA	Country Policy and Institutional Assessment
CMU	Country Management Units
DAC	Development Assistance Committee
DBA	Doing Business Assessment
DFID	UK Depart for International Development
DTIS	Diagnostic Trade Integration Studies
EBA	Everything But Arms
ECA	Economic Commission for Africa
EFA	Education for All
EITI	Extractive Industries Transparency Initiative
GEF	Global Environmental Facility
GEM	Gender, Entrepreneurship, Markets Program
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GTZ	German Agency for Technical Cooperation
LLIN	Long-lasting Insecticide-treated Nets
MDB	Multilateral development bank
MAP	Multi-Country AIDS Project for Africa
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
M&E	Monitoring and Evaluation
MIC	Middle Income Countries
MSMEs	Micro, Small and Medium Enterprises
MFIs	Micro Finance Institutions
MIGA	Multilateral Investment Guarantee Agency
NEPAD	New Partnership for Africa's Development
NORAD	Norwegian Agency for Development Cooperation
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OPCS	Operations Policy & Country Services
PBA	Performance-Based Allocation
PEFA	Public Expenditure Management and Financial Accountability
PEP	Private Enterprise Partnership
PER	Public Expenditure Review
PEAR	President's Emergency Plan for AIDS Relief
PETS	Public Expenditure Tracking Surveys
PFM	Public Financial Management
PMI	The US President's Malaria Initiative
PPI	Private Participation in Infrastructure
PRI	Political Risk Insurance
PRSC	Poverty Reduction Support Credit
PRS	Poverty Reduction Strategy
PSD	Private Sector Development
REC	Regional Economic Community
R&R	Resources and Results Processes
RIAS	Regional Integration Assistance Strategy
SSA	Sub-Saharan Africa
USAID	United States Agency for International Development

The World Bank's Group Africa Action Plan
Progress in Implementation

Contents

Tables

Figures

Boxes

Annexes

The World Bank Group's Africa Action Plan
Progress in Implementation

EXECUTIVE SUMMARY

1. ***Africa is a priority for the development community and the World Bank***. Despite accelerated growth since 1995, the region is not growing fast enough to reach the poverty Millennium Development Goal (MDG), or to reach all of the human development goals embodied in the other MDGs. While the level of attainment and progress toward the goals varies greatly from country to country, at the present pace about one third of African countries will not meet any MDG by 2015.

2. ***In 2005 the international community renewed its commitment to Africa.*** Development partners promised to increase aid levels and to improve the effectiveness of aid. In April 2005 the World Bank's Board of Executive Directors asked the Africa Region to show how the Bank Group would work in partnership with others to help every African country achieve as many of the MDGs as possible.

3. ***The Africa Action Plan (AAP) was the World Bank Group's response.*** It presented an outcome-oriented framework to guide the Region's work in four pillars–accelerating shared growth, building capable states, sharpening the focus on results, and strengthening the development partnership.[1] It proposed 14 thematic areas and 25 priority actions drawn from over 100 supporting actions. The Board of Executive Directors discussed the AAP on September 6, 2005. In launching the AAP, Management indicated that it would be assessed regularly and modified in light of experience during implementation.

4. ***Economic and social trends in Africa have been positive***. Since the mid-1990s, average incomes in Africa have been rising in tandem with those in other regions. Despite an unanticipated oil shock, growth has remained good. Average growth in 2005 was 5.5 percent; it is estimated at 5.3 percent in 2006 and projected to be 5.3 percent in 2007. Today more than a third of Africans live in countries that have grown at more than 4 percent per year for 10 years. Human development outcomes are improving across the region, and progress toward the MDGs is picking up. In 1990 47 percent of Africans were living in poverty. Poverty incidence had fallen to 41 percent in 2004, and on present trends will fall to 37 percent by 2015. Gross primary school enrollment rates rose from 72 percent in 1991 to 96 percent in 2004. Health outcomes are more varied, but are also improving in many countries. These development trends are broadly consistent with the assumptions that underpinned the AAP.

5. ***A group of diversified sustained growers has begun to emerge, and natural resources have gained new importance.*** In 2005, countries' growth varied substantially from -6.5 percent to 18.7 percent and nine countries were near or above the seven percent threshold needed for sustained poverty reduction. Within this continuum three broad country types are emerging: diversified economies that have sustained growth at more than 4 percent per annum for a decade (36 percent of Africa's population); oil exporters (29 percent); and economies that are growing slowly (35 percent)– including conflict or post-conflict countries.

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[1] *Meeting the Challenge of Africa's Development: A World Bank Group Action Plan* (SecM2005-0445), August 17, 2005.

6. ***But trends in aid and trade have been less encouraging.*** . At the Gleneagles summit, G-8 heads of state committed to double development assistance to Africa–from $25 billion in 2004 to $50 billion in 2010–and the Multilateral Debt Relief Initiative (MDRI) was launched. The prospects of improving trade seemed bright, as a successful conclusion of the Doha round of trade negotiations was anticipated. The MDRI has been a major success, but aside from debt relief and special initiatives, aid has not yet increased in line with pledges. A typical "well-performing" African country has seen little or no increase in the resources available to support development projects and programs. Despite a recent revival of interest, the Doha round of trade talks has been a disappointment in terms of market access for Africa. Set against this, trade preferences from the United States and Europe have provided some new market opportunities.

7. ***New development partners and instruments are emerging and pose opportunities and challenges that were not fully recognized in the AAP.*** For example, China and other East and South Asian countries are scaling up assistance to Africa, often financing infrastructure investments. Debt relief is changing the face of aid in Africa: it allows treasuries to keep general budget resources, but at the same time it reduces the scope for project-based assistance.

8. ***These regional and international trends offer opportunities for the World Bank Group to strengthen its role in the partnership with Africa.*** The country-centered model, based on nationally owned poverty reduction and growth strategies (PRSs), is at the heart of the AAP. The Bank Group can strengthen its support for a country-led process in three important areas:

- *Targeting opportunities for more rapid, shared economic growth***.** Helping break the constraints to growth is essential for all countries, as is making growth more pro-poor. Although there are encouraging signs of increased economic growth, the region still is not growing fast enough to win the fight against poverty, and many countries are at risk of being left behind. More rapid growth is also essential for achieving and sustaining the MDGs.

- *Increasing support for good governance and capacity development in resource-rich and slowly growing countries*. . About two-thirds of Africans live in mineral rich or slowly growing economies. A key challenge will be to increase support for institutional development in these countries. The Bank Group can play a key role in supporting institutional development in these countries.[2]

- *Matching viable country plans and strategies to appropriate financing.* Nationally owned poverty reduction and growth strategies (PRSs) will continue to guide World Bank Group resource mobilization efforts under the AAP. Convening power and capacity development will be needed to help governments to match country strategies with appropriate financing, deal with new development partners, and adapt vertical programs to country-specific circumstances.

9. ***This report assesses the first 18 months of experience in implementing the AAP.*** It summarizes progress toward goals and outcomes in its four main pillars and gives greater detail on progress in 14 thematic areas. Progress in each of the thematic areas was assessed on the basis of: (a) evidence of country-led programs and policies leading to development outcomes, (b) evidence of development partner efforts to provide the resources–or to better coordinate the resources–

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[2] *Capacity Development in Africa: Management Action Plan.* (SecM2006-00323) July 14, 2006.

needed to assist countries, and (c) a review of World Bank Group actions and operational and analytic work supporting progress.[3]

10. ***Implementation progress in FY06-FY07 has been broadly satisfactory.*** Table 1 highlights some of the results achieved by African countries with the support of their development partners, including the Bank Group during implementation.[4]

Table 1. Examples of progress

Selected indicators of progress in Africa	***Selected results of Bank- supported country programs***	***Selected expected results of Bank supported country programs***
Private sector development		
• According to the Doing Business Assessment (DBA), Africa is 3rd fastest region in pace of reform, up from last. • Tanzania and Ghana rank among the top 10 reformers in the world.	• IFC reached 15,000 beneficiaries in MSME programs in three countries and trained 4000 managers between 2005 and 2006. • Eleven African countries introduced reforms to reduce the time and cost needed to start a business in 2006.	• Will increase the percentage of private credit to GDP from 25.8 percent to 34 percent in Kenya, 20 percent to 24.8 percent in Ethiopia, and 3.9 percent to 10 percent in Tanzania by 2010. • IFC will support 20-28 institutions to expand microfinance in 21 countries by 2010.
Infrastructure		
• Average penetration rates for communications services doubled between 2004 and 2006. • Upward trend in private provision of infrastructure to $6 billion in 2006. • Financial commitments by six nations to West Africa Power Pool.	• Provided 1.7 million people with access to water, delivered 7,200 water points (projects completed 2002-2006). • Built systems to irrigate 15,524 hectares of land in four countries (projects completed 2002-2006).	• Will construct or rehabilitate 29,000 km of roads by 2013. • Will deliver generation capacity of 1,384.4 megawatts in seven countries by 2012. • Will supply an additional 2.5 million people with access to clean water by 2011.
Human development		
• Fivefold increase in number of people receiving ARVs between 2001 and 2005. • Evidence of behavior change in several east and central African countries (e.g., condom use, number of partners). • Primary school gross enrollments increased to 96 percent in 2004.	• Provided 1.5 million HIV positive women with treatment to reduce the risk of mother to child transmission (MAP projects 2000-2005). • Reached 173 million people with HIV prevention messages (MAP projects 2000-2005). • Trained 86,116 teachers and built 46,058 classrooms (projects completed 2002-2006).	• Will deliver 14,800,000 insecticide-treated bed-nets primarily to children and pregnant women by 2009. • Will deliver 42,000,000 doses of Artemesinin based combination therapy by 2011. • Will train 95,000 teachers and rehabilitate or construct 31,522 classrooms in nine countries, by 2012.
Capable states		
• Africa Peer Review Mechanism completed in two countries.	• 14 countries endorsed Extractive Industries Transparency Initiative.	• Four new countries will endorse EITI principles, and eight other countries show progress in implementation of EITI.

Sources: African Development Indicators 2006, sector submissions for the AAP Progress Report, 2007 Infrastructure Consortium Report. Data on selected Bank results are derived from sector reviews (PSD, electricity, agriculture); OPCS Implementation Completion Reports (ICR) Review; IFC reports. The Africa MAP 2000-2006: Regional review of project documents.

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[3] Many areas lacked comprehensive and current data on intermediate outcomes; in those cases trends in outputs and country-based actions were used to assess progress.

[4] The table does not imply attribution to the AAP. It is a summary of progress in Africa and of results achieved by governments with the support of World Bank-financed operations, which may be sector wide or project-specific.

11. ***Progress has been best in the shared growth pillar.*** The shared growth pillar contained two distinct themes. The first, *supporting the drivers of growth*, sought to increase the rate of growth. The second theme, *participating in growth,* sought to improve the abilities of poor people, women, and other excluded groups to participate in and benefit from growth. The AAP's human development objectives were contained in this theme. Progress has been satisfactory or better in all but two (agricultural productivity and gender) of the pillar's nine thematic areas. Four areas–private sector development, closing the infrastructure gap, and addressing HIV/AIDS and malaria–have had better than anticipated progress, both in terms of increased Bank Group support and from evidence that countries are closer to delivering development outcomes. Accelerated progress will be needed to increase agricultural productivity and to connect the poor to markets. Despite some promising initiatives, substantially more work is needed to increase the economic empowerment of women.

12. ***The capable states pillar has supported African governments in improving transparency and accountability, and in raising the effectiveness of public services***. There has been good progress in improving public financial management and in rolling out the Extractive Industries Transparency Initiative (EITI). The Capacity Development Management Action Plan (CDMAP) is the Africa Region's implementation plan to support countries to build capable states. [5] It was launched later than assumed in the AAP and more progress could have been made if the CDMAP had been launched earlier.

13. ***The results pillar is assisting countries in developing operational strategies to deliver development outcomes.*** There has been good progress on the results framework. Implementation of statistical capacity building and accelerated data programs have picked up pace; however, Africa still lags behind other regions in both the level of statistical capacity and the pace of progress.

14. ***The development partnership pillar is leveraging IDA14 for greater impact.*** There has been considerable progress in the partnership pillar. Countries have taken the lead in developing baselines and action plans for the Paris Declaration with development partners. Progress on harmonization and alignment at the policy level–expressed through the working groups of the OECD/DAC–has been encouraging. But country level efforts to develop stronger "resources and results" processes have lagged in the face of few credible commitments by development partners to scale up financing.

15. ***IFC and MIGA have made substantial contributions to the implementation of the AAP***. Much of the progress in the shared growth pillar is due to the joint efforts of IDA, IFC, and MIGA in private sector development, infrastructure, and skills development.

- IFC began its Strategic Initiative for Africa three years ago with three objectives: bettering investment climates, improving support for SMEs, and supporting project development for potential IFC projects. IFC has introduced new services and products, including the SME Solution Centers, local currency lending, trade finance, and the Post-Conflict and IFC against AIDS Initiatives. During the first three years of the Strategic Initiative for Africa, IFC's commitments grew by 400 percent. Four sectors drove this growth: financial markets; oil, gas, mining, and chemicals; information and communications technology; and telecommunications. IFC strengthened its partnerships throughout the region, and its Private Enterprise Partnership for Africa (PEP) was oversubscribed.

[5] *Capacity Development in Africa: Management Action Plan.* SecM2006-00323: July 14, 2006.

- In FY06 and 07, Sub-Saharan Africa has been MIGA's most important regional priority. MIGA issued guarantees for 17 new projects resulting in additional gross exposure of $245 million. Guarantees covered projects in 10 countries: Angola, Burkina Faso, Cameroon, Ghana, Kenya, Madagascar, Mozambique, Nigeria, Sierra Leone, and Uganda. Priorities were regional integration, conflict-affected countries, and infrastructure. MIGA also built its outreach program and cooperated closely with the African Development Bank (AfDB) and other institutions to identify and facilitate infrastructure projects. Increasingly, MIGA works upstream with IFC and the Bank to improve national legal frameworks for foreign direct investment (FDI), and with investors to structure transactions and improve development impacts.

16. ***The Bank Group is committed to working with others to achieve shared growth and the MDGs***. The AAP's objectives remain to support all African countries to accelerate growth, to increase the participation of poor people and women in growth, and to achieve the MDGs. (Annex 10) Guided by the Paris Declaration, the AAP will seek to strengthen the effectiveness of the development partnership for Africa. It will "leave no country behind".

17. ***Four key lessons from implementation suggest both continuity and some changes to the AAP are needed:*** (i) the country based model works and should be strengthened; (ii) the original AAP lacked sufficient focus to be an effective management tool; (iii) emerging demand from countries should guide selectivity and management attention; and (iv) stronger accountability for monitoring and delivering results in areas of emerging demand will increase the development impact of Bank programs.

18. ***Countries and their nationally owned poverty reduction and growth strategies (PRSs) are at the center of the AAP***. Because success in delivering shared growth and the MDGs requires good governance, better management of the environment, and an effective development partnership, attention to these issues will be heightened. Implementation of the country-based model will continue to be guided by the CAS, and managers will be held accountable for supporting country level outcomes.

19. ***Changes to the AAP can increase selectivity and sharpen the focus on results.*** While the AAP has been broadly successful as a framework for Bank Group engagement in Africa, with four pillars, 14 thematic areas, and 108 actions – of which 25 were priority actions – it has not been an effective tool for management. It had two major defects: it attempted to do too many things, and it did not distinguish adequately between results and internal Bank. A review of each of the 14 focus areas of the AAP with respect to: relevance, results, Bank Group core competencies, and global priorities indicated scope to focus management attention more selectively. Four of the original AAP objectives–*identifying the drivers of growth, creating an export push, regional integration*, and *primary education*–have been successfully implemented and can be mainstreamed into the Region's work program. Two areas in human development–*malaria and HIV/AIDS*–are closely related and therefore have been combined into a single business line. In contrast, energy, transport, and water, key to *closing the infrastructure gap*, need to be addressed separately to realize the Bank Group's core competencies. Three areas–*increasing agricultural productivity connecting the poor to markets* and *promoting gender equality*–were judged to have shown insufficient progress and were redesigned.

20. ***Eight "Flagship" operational areas respond to emerging demand from countries.*** The flagships are anchored in the Bank's overall program in Africa. These are areas where there is increasing demand from national strategies, for instance energy, water, or private sector development, and where the Bank Group can add value to the international partnership by using

and strengthening its core competencies, including through ensuring that managers and staff maintain appropriate expertise and skills. The flagships aim to: (i) strengthen the African private sector; (ii) increase the economic empowerment of women; (iii) build skills for competitiveness in a global economy; (iv) raise agricultural productivity; (v) improve access to and the reliability of clean energy; (vi) expand and upgrade road networks and transit corridors; (vii) increase access to safe water and sanitation; and (viii) strengthen national health care systems and combat malaria and HIV/AIDS. Progress will be assessed regularly, guided by an explicit implementation framework and monitoring system. (Annex D)

21. ***Implementation will be guided by a framework that better differentiates between country results and Bank processes.*** In each flagship, we will draw a clearer distinction among: (a) African development outcomes and intermediate targets; (b) Management targets to support development outcomes; and (c) Bank Group strategic initiatives and instruments, which deliver financial and intellectual resources. Progress will be assessed regularly against delivery of results (Annex D).

22. ***The AAPs country classification has been modified to reflect emerging issues and opportunities.*** The original country classification, based on economic performance and capacity to make demonstrable progress with increased aid, has been refined to give more management attention to Africa's growing number of resource rich economies and the region's sustained-growers, while continuing to serve the needs of slowly growing economies and conflict-affected countries. The country typology is intended to assist Regional management, country directors and country teams to forecast emerging issues and demands at the country level and to help shape the Bank-country dialogue. It does not guide resource allocation for IDA, which will continue to be set under the performance-based allocation (PBA) framework. Regional integration will continue to feature prominently through a demand driven process.

23. ***Bank will adapt its approach to scaling up up to the changing aid landscape in Africa***. . The Bank will help countries put together a menu of financing options to attract additional resources and support accelerated progress toward results. It will also work with existing and new development partners, including non-traditional bilaterals and the private sector, to implement the Paris agenda on harmonization and alignment.

24. ***Progress in changing business processes to implement the AAP will continue.*** In the past two years AFR has speeded up decentralizing staff and operations; shifted its administrative budget toward the flagships; and emphasized work by multisector teams. It has also substantially strengthened the results agenda in operations and has developed a monitoring framework for the AAP.

25. ***The AAP has been largely successful, but a more focused, outcome-oriented African Action Plan offers the potential to strengthen the World Bank Group's contribution to development results in Africa.*** In the past two years Africa has shown that it can sustain shared economic growth. It has also demonstrated that it can speed up progress toward the MDGs. The World Bank Group and its international development partners have played an important role, supporting Africa's leaders and its people in these efforts. To accelerate progress the Africa Region will focus on three key strategic elements over the next three years.

- First, the country based model will remain central to our efforts to accelerate development outcomes in Africa. Success in delivering shared growth and the MDGs requires good governance, better management of the environment, and an effective development partnership. Attention to these issues will be heightened. A revised country classification, based on economic and social performance and institutional capacity, will guide our dialogue with governments and our internal thinking about country strategies.

- Second, we will concentrate on areas that respond to emerging demand from countries and reflect the Bank's evolving role in the development partnership with Africa. Management will focus attention on eight flagship business lines. In each flagship, Management will commit to specific, time-bound targets to achieve results. The full impact of the Bank's operations at the country level will continue to be assessed by monitoring the CAS.

- Third, we will adapt our strategy for scaling up resources to new realities. The Bank Group's analytic, operational and country knowledge will be used to identify opportunities where an infusion of sequenced and predictable financing can support results-oriented national programs. We will continue to play a leading role in implementing the Paris harmonization and alignment agenda and will work with new partners, such as emerging bilateral donors, foundations, and the private sector, to bring them more fully into the country-based model.

The World Bank Group's Africa Action Plan
Progress in Implementation

I. INTRODUCTION

1. In April 2005, the Board of Executive Directors asked the Africa Region to show how the Bank Group would work in partnership with others to help every African country achieve as many of the MDGs as possible. The Africa Action Plan (AAP), discussed by the Board on September 6, 2005, addressed this request, using an outcome-oriented framework of 25 priority actions supporting four pillars: accelerating shared growth, building capable states, sharpening the focus on results, and strengthening the development partnership.[1]

2. In launching the AAP, Management indicated that it would be assessed regularly and modified in light of progress in implementation. This report reflects the first 18 months of experience in implementing the AAP. It examines changes in the development picture in Africa, results achieved during implementation, and the World Bank Group's evolving comparative advantage among Africa's development partners. It concludes that while the AAP will retain its vision of fostering shared growth and more rapid progress toward the MDGs within a country-based model, changes are needed to increase selectivity, foster stronger accountability, and achieve better development outcomes.

II. ECONOMIC, SOCIAL, AND PARTNERSHIP TRENDS IN AFRICA

3. *Africa Development Indicators 2006: From Promises to Results* offers a mixed–but increasingly positive–picture of development outcomes.[2] In the past 18 months, economic and social progress has continued in many countries, despite prolonged oil price rises, and a group of growing diversified economies is emerging. These trends are broadly consistent with the assumptions that undepinned the AAP. Significant new non-OECD/DAC donors are changing the aid architecture. In contrast, except for debt relief, promises of scaled up aid have not been realized for the majority of African nations and international trade talks have stalled.

A. Economic Trends

4. The AAP was formulated in 2005 on the assumption that Africa was at a turning point in reversing a two-decade decline in economic and social outcomes. This section reviews long-term trends in light of recent economic developments. It finds that while average growth has been maintained, differences in economic performance across countries are becoming sharper. In contrast, some social outcomes, such as primary education, appear to be converging toward better levels across the region.

Growth

5. Growth has improved from the 1980s, and since the mid-1990s, average incomes have been rising in tandem with those in other regions. This trend continued in 2005, with average growth at 5.5 percent. It is estimated at 5.3 percent in 2006 and projected to be 5.3 percent in 2007.

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[1] *Meeting the Challenge of Africa's Development: A World Bank Group Action Plan* (SecM2005-0445), August 17, 2005.
[2] *African Development Indicators 2006*: *From Promises to Results.* Washington, DC: World Bank, 2006.

In 2005 nine countries were near or above the seven percent threshold needed for sustained poverty reduction.[3]

6. In 2005 countries' growth varied substantially from -6.5 percent to 18.7 percent. Along this continuum of growth performance, three broad country types are emerging: oil exporters, which include 29 percent of Africa's population; diversified, sustained-growth countries (36 percent of population) which have grown at more than four percent per annum for 10 years; and slow-growing economies (36 percent), which include conflict or post-conflict countries (Table 2).

Table 2: Africa GDP Growth Rates, 1996 – 2005
(Compound annual average)

Countries growing at less than four percent (36% of population)		***Countries Growing at more than four percent*** (36% of population)		***Oil exporters*** (29% of population)	
Zambia	3.6	Mozambique	8.4	Equatorial Guinea *	20.9
Guinea	3.6	Rwanda	7.5	Angola *	7.9
Niger	3.5	Cape Verde *	6.5	Chad	7.8
Togo	3.3	Uganda	6.1	Sudan	6.4
Madagascar	3.3	Mali	5.7	Nigeria	4.0
Malawi	3.2	Botswana *	5.7	Congo, Rep. *	3.5
South Africa *	3.1	Ethiopia	5.5	Gabon *	1.7
Sao Tome and Principe	3.1	Tanzania	5.4		
Swaziland *	2.8	Mauritius *	4.9		
Kenya	2.8	Mauritania	4.9		
Lesotho	2.7	Benin	4.8		
Eritrea	2.2	Ghana	4.7		
Comoros	2.0	Senegal	4.6		
Seychelles *	2.0	Burkina Faso	4.6		
Cote d'Ivoire	1.5	Gambia, The	4.5		
Burundi	1.2	Cameroon	4.5		
Sierra Leone	1.1	Namibia	4.0		
Central African Republic	0.9				
Guinea-Bissau	0.6				
Congo, Dem. Rep.	0.0				
Zimbabwe	-2.4				
Unweighted average	**2.1**		**5.5**		**7.4**
Median	**2.7**		**5.1**		**6.4**

Source: Africa Development Indicators 2006 Note: Middle Income Countries identified by an asterisk *(*).*

Rising oil prices

7. When the AAP was formulated, oil prices were in the low $40s per barrel. While the AAP acknowledged that there was considerable uncertainty over future prices, substantial price rises were not considered the most likely scenario. Since then, oil prices rose as high as $79 before falling back to current levels in the low $50s, and they have consistently exceeded the assumptions on which the AAP was based.

8. During the oil price spikes in 1970-90, African oil importers suffered severe adjustment costs and diminished growth. This time they responded differently, and the consequences have been less disruptive. Growth has diminished only slightly for oil importers.[4] In line with overall better economic policies, governments have managed inflationary impacts more effectively and

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[3] Angola, Burkina Faso, Chad, Republic of Congo, Equatorial Guinea, Ethiopia, Niger, Sierra Leone, and Sudan.

[4] The IMF estimates that "oil and other fuel price increases in 2003-05 may have lowered real GDP by 0.2 to 1.0 percent, depending on national production and trade structures." IMF, *Sub-Saharan Africa: Regional Economic Outlook. Washington, D.C.: International Monterrey Fund, September 2006*.

have passed the higher costs through to consumers.[5] Despite importers' better management of the shock, and the offsetting effect of rises in other commodity prices, estimates of the income loss due to the net terms of trade shock range between two and four percent of GDP for importing countries over 2005-2008.

9. The protracted oil price increases pose different problems for exporters. Natural resources (including oil) constitute 24 percent of total wealth in Sub-Saharan Africa (SSA). Exports from oil-producing countries jumped from 40 percent of GDP in 2002 to 65 percent in 2005 and to 69 percent in 2006. Growth has accelerated, and some exporters have increased their savings and scaled up their capital budgets. Their immediate challenges are to strengthen their financial management systems and to formulate fiscally sustainable spending plans.

Investment and efficiency

10. Africa's growth deficit has been the product of low productivity and low investment levels.[6] New evidence indicates improvements in these areas. Overall, investment increased between 2004 and 2006, from 20.2 percent of GDP to 21.6 percent. Sustained-growth countries have aggregate efficiency levels that are on par with India's and Vietnam's (Table 3), and they are approaching these countries in investment levels. By contrast, in the slow growers, efficiency and investment levels were lower.

Table 3: Sustained-growth countries compare favorably to India, Vietnam

Country group	***Incremental output/capital ratio (%)***	***Investment (% of GDP)***
Africa: Sustained-growth countries	26	21
Africa: Slow-growth countries	10-18	16-19
India, 1995-2004	26	24
Vietnam, 1995-2004	25	29

Source: *Africa Development Indicators 2006.*

11. The aggregate productivity numbers are supported by firm-level studies.[7] Recent research shows that efficient enterprises can compete with Indian and Chinese firms in terms of factory floor costs. They become less competitive, though, due to higher indirect business costs, including infrastructure. In China indirect costs are about eight percent of total costs, but in African countries they are in the range of 18 to 35 percent.

Trade

12. African exports have been growing over the last few years, most dramatically in the oil exporters, but in non-oil-producers as well (Table 4). Exports rose from \$179 billion in 2004 to \$220 billion in 2005 and 38 countries increased their exports. There are growing pockets of non-traditional exports (e.g., clothing from Lesotho, Madagascar, and Mauritius). In Rwanda, by helping farmers connect to buyers of high-quality coffee, the country boosted its coffee exports to the United States by 166 percent in 2005—a factor that helped drive Rwanda's impressive growth rates. In Ghana, thousands of employees process U.S. health insurance claims around the clock, and many French customers do not notice that they are dealing with call centers located in Senegal. In Kenya, exports of cut flowers more than doubled between 2000 and 2005 and now rank second

[5] "Adjustment to Higher Oil Prices in Sub-Saharan Africa – Current Oil Price Cycle versus 1970s/80s," Working Paper, Office of the Chief Economist, Africa Regional Office, Washington DC: World Bank, September, 2006.
[6] Benno Ndulu, et al. *Challenges of African Growth*. Washington DC: World Bank, 2006.
[7] Ben Eifert, et al. *Proceedings of the World Bank ABCDE*. Dakar, Senegal, 2005.

among the country's exports, after tea. While these trends are encouraging, growth rates for non oil-exporters are not yet sufficient to constitute an export push.

Table 4: Africa export growth rates (%)

Country category	*2003*	*2004*	*2005*	*2006*
All countries	8.2	12.9	14.1	11.3
Oil exporters	16.7	21.6	19.2	13.5
Non oil-producers	4.5	7.6	5.7	7.1

Source: IMF data.

Policies and governance

13. The AAP was predicated on favorable long-term trends in policies and governance. A central lesson of Africa's growth experience is that "policy and governance matter a great deal."[8] Africa today enjoys improved growth prospects, because Africa's leaders have undertaken major reforms over the past 10 years. In 2005, Africa's best Country Policy and Institutional Assessment (CPIA) ratings were in macroeconomic management and trade policy. In the seven years prior to the AAP, the average scores from the CPIA rose year on year, and the number of African countries with scores at or above the international "good performance" threshold of 3.5 increased from five to 15. The average African CPIA score in 1995 was 2.80; by 2005 it had risen to 3.22, and 27 of the 36 countries that were evaluated in both years had improved their scores.[9]

14. Recent data from the *Global Monitoring Report 2007* provide some evidence of governance improvements. Measures of gains in bureaucratic capabilities or quality of the checks and balances institutions improved in six African countries (the Gambia, Ghana, Kenya, Madagascar, Senegal, Tanzania), and three of seven countries worldwide showing improved governance in a balanced manner over the last decade were in Africa. However, four countries suffered large declines in governance indicators (Central African Republic, Cote d'Ivoire, Eritrea, and Zimbabwe). In 2007 there are still five civil wars, but this is much less than the 16 that existed in the late 1990s.

B. The Millennium Development Goals and Social Outcomes

15. Good economic growth and sustained efforts by governments and their development partners have contributed to accelerated progress on the MDGs. Although Sub-Saharan Africa is one of two regions (the other is South Asia) that are not expected to reach most of the MDGs by 2015, there is substantial variation among countries, with respect to both the level of attainment of the MDGs and the pace of progress. Mauritius has met four goals, Botswana has met three and will likely meet one more, and South Africa has met three. Among the other countries, nine will meet two MDGs, and 13 will meet at least one. But despite better progress, especially in education, malaria, and HIV/AIDS, 23 African countries are not likely to meet any of the MDG targets (Figure 1).

Poverty

16. In 1990, 47 percent of sub-Saharan Africans were living in poverty ($1 per day). The incidence of poverty had fallen to 41 in 2004 and with rising population the absolute number of poor people rose. The *Global Monitoring Report* projects that on present trends, poverty incidence

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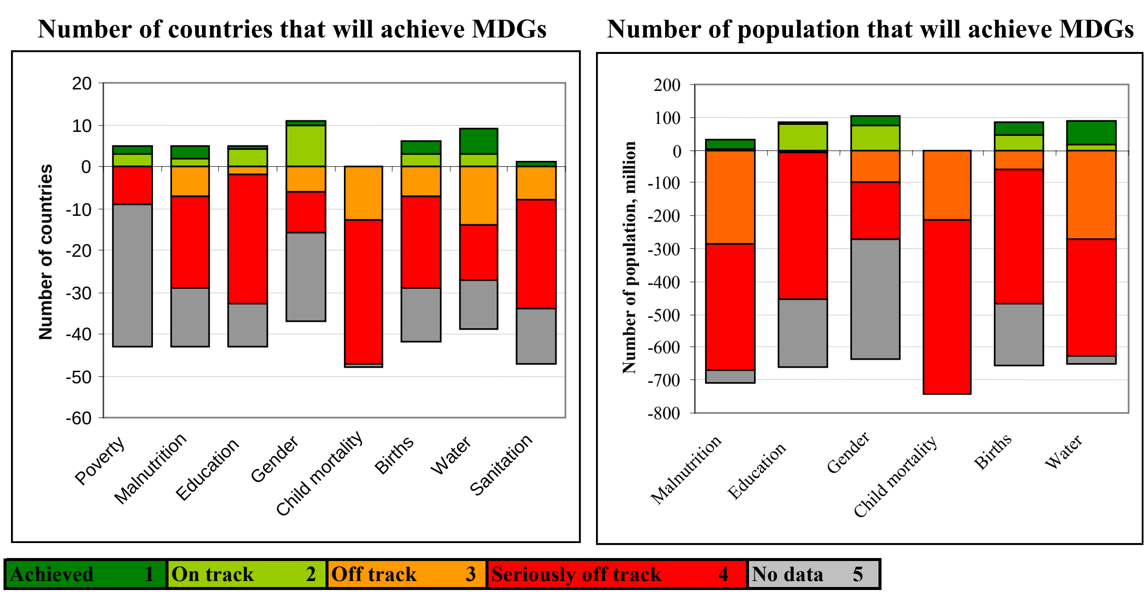
[8] Ndulu, et. al.

[9] CPIA scores in the two years are not strictly comparable because of changes in the composition of the index. They are sufficiently comparable, however, to show meaningful trends.

will fall to 37 percent by 2015. Five sub-Saharan African countries are expected to meet the poverty MDG.[10] In the related goal of ending hunger Africa is estimated to have a 26 percent prevalence of child malnutrition, and in some countries–Burkina Faso, Cameroon, and Zambia–recent surveys indicate that trends are worsening.

Figure 1: Status of Millennium Development Goals



Source: *Global Monitoring Report, 2007*.

Education

17. Between 1990 and 2004, the average literacy rate (in the 29 countries for which data exist) rose from 52 percent to 62 percent, while the range contracted from 11-81 percent to 26-87 percent. This convergence is the result of increasing primary school enrollments. Region wide, gross enrollment rose from 71.5 percent in 1991 to 96 percent in 2004. Eighty-seven percent of Africans live in countries where the average enrollment rate is above 75 percent, and less than two percent live in countries where the rate is below 50 percent. Six of the seven top countries worldwide in expanding primary completion rates (by over 10 percent per year between 2000 and 2005) are in Africa (Benin, Guinea, Madagascar, Mozambique, Niger, and Rwanda). There have not been comparable improvements in secondary and tertiary education. While East Asian nations increased secondary and tertiary enrollment rates by 21 and 12 percentage points over 12 years, Africa raised its rates by only 11 and two percentage points, respectively.

Health outcomes

18. Between 1990 and 2004, life expectancy at birth declined from 49.2 to 46.2 years in sub-Saharan Africa. Although life expectancy increased in 25 countries by an average of eight years, it declined in 21 more populous countries by an average of four years. HIV/AIDS, malaria, and armed conflict have contributed to these falling life expectancies. Progress against malaria, tuberculosis, and HIV/AIDS is mixed but is showing some positive signs. The spread of AIDS has slowed in Africa, but the continent still bears the brunt of the epidemic. Rapid increases in TB

[10] Burkina Faso, Cameroon, and Mauritania have met the goal based on a dollar a day. Ethiopia and Kenya are expected to meet it by 2015. Of the other countries, nine are seriously off track, and there are no data for 34.

infections in Africa are linked to the greater likelihood of TB appearing from latent infections of HIV carriers. Malaria remains Africa's leading killer of children under five, but a strong new global partnership has developed to address the disease.

19. There is evidence that outcomes are improving for some of the other health MDGs. Progress in addressing child mortality has been slow worldwide, but there are promising signs in Africa. For example, over 550 million children have been vaccinated against measles, reducing deaths from measles by 75 percent. Seventy percent of Africans now live in countries where the rate of under-five mortality has dropped to between 100 and 200 per thousand live births, while only 16 percent live in countries with rates above 200. Eritrea, despite a per capita income of only $190 cut child mortality in half between 1990 and 2005. These rates will still have to be lowered substantially, if any country is to meet the MDG of reducing the rate by two-thirds by 2015.

C. The Evolving Development Partnership

20. The AAP was developed amid the international community's renewed focus on Africa. In the Paris Declaration (March 2005), ministers and heads of multilateral and bilateral development institutions reaffirmed commitments to make aid more effective through harmonization and aid alignment. At the Gleneagles summit (July 2005), G-8 heads of state committed to double development assistance to Africa–from $25 billion in 2004 to $50 billion in 2010–and the Multilateral Debt Relief Initiative (MDRI) was launched. The prospects of improving trade seemed bright, as a successful conclusion of the Doha round of trade negotiations was anticipated.

21. The AAP laid out actions to help countries effectively utilize the anticipated increase in development finance, and proposed specific actions that could help development partners make good investments by leveraging World Bank analytic and operational knowledge. The AAP's trade-related initiatives were focused on helping countries seize the opportunities offered by improved market access.

Aid volumes and debt relief

22. The Gleneagles Summit resulted in pledges to increase aid to $50 billion by 2010, but aside from debt relief and special initiatives, aid has not yet increased in line with pledges. A typical "well performing" African country has seen little or no increase in the resources available to support development projects and programs. Excluding debt relief and emergency food aid, aid to sub-Saharan Africa actually fell by 2.1 percent in real terms from 2004 to 2005. Where increased aid allocations have been in the form of extra development finance (as is the case of IDA14), it has been spread across a large number of countries, resulting in only a modest increase at the individual country level. The OECD/DAC and the Strategic Partnership with Africa project that for 2006-2008 most aid growth will be from debt relief and special purpose grants (such as disaster relief). Meeting the Gleneagles pledges will require a significant acceleration in aid in 2008-2010.[11] After the debt deals are complete, donors will need to increase other forms of aid sharply.

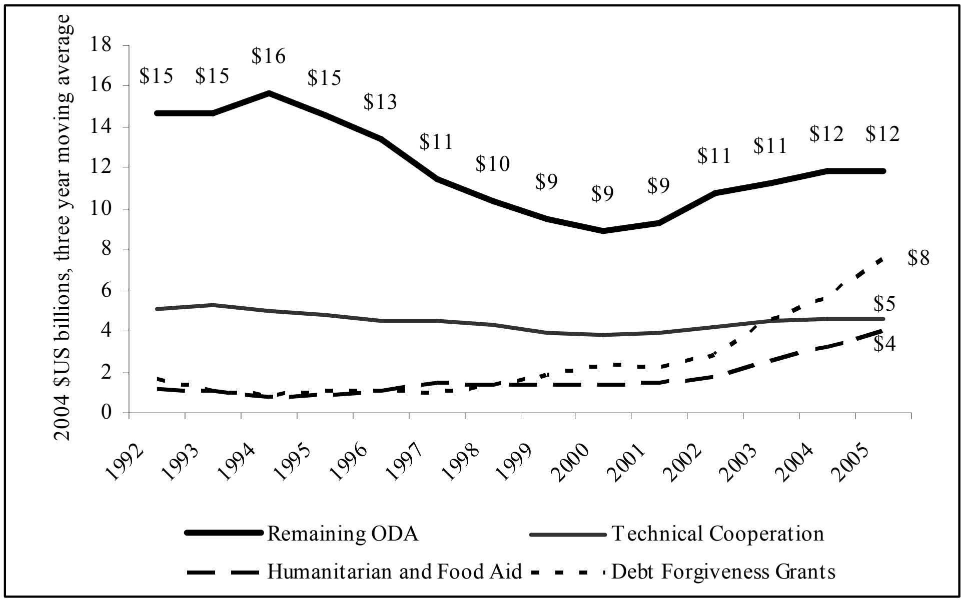
23. The multilateral debt relief initiative was approved by IDA, the IMF, and the African Development Bank (AfDB). It took effect in July 2006, and will be implemented over 40 years resulting in full cancellation of $50 billion debt. IDA's contribution totals $37 billion. Beginning in July 2006, 16 countries have benefited from the MDRI.[12] Another 17 will become eligible

[11] Development Cooperation Directorate, Organization for Economic Cooperation and Development, *Final ODA Data for 2005*, December 6, 2006.

[12] Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Tanzania, Uganda, and Zambia

when they reach their HIPC completion points. The MDRI marks an important shift in the nature of development finance. Because of the structure of the debt reduction packages, project support from IDA and the AfDB will be reduced while unrestricted budget resources will increase for MDRI beneficiaries.

Figure 2. Components of total net ODA to sub-Saharan Africa, 2000-2005



Source: OECD Development Statistics. ODA figures are three year moving average.

New development partners and instruments

24. New development partners and instruments bring opportunities and challenges that were not fully recognized in the AAP. For example, China and other East and South Asian countries are scaling up assistance to Africa, often financing infrastructure investments. Recent estimates are that the Chinese government will lend $3 billion in preferential credit and will double aid and interest-free loans over the next three years.[13] Beijing's "China's Africa Policy" white paper, released in early 2006, also foresees more debt relief, technical assistance, and educational exchanges as part of its far-reaching economic assistance strategy with the continent.

25. Foundations and corporate responsibility programs are also increasing the resource envelope. Private donors resources are largely for global programs in education and health, with a significant portion going to Africa. To maximize the development impact of these increased resources, efforts are needed to ensure adequate integration of global programs and vertical funds into country programs and implementation processes.[14]

International trade: The Doha Round and preferences

26. The World Trade Organization's Doha Round began in November 2001 with a goal of lowering trade barriers for low income countries. Since the AAP was adopted, the negotiations have stalled. There was a *de facto* suspension in late July 2006, amid disagreement about

[13] Peoples Republic of China, Statistical Yearbook, Beijing: 2006
[14] World Bank, *Integrating Global Partnership Programs with Country-led National Programs: Synthesis of Findings and Conclusions,* Washington, D.C: 2007

agricultural market access, reductions in domestic subsidies, and market access for manufactures. There has been a recent (January 2007) revival of interest in the talks, but a new negotiating schedule may take some time to emerge.

27. The slow pace of the Doha Round has been disappointing for African countries. High barriers against specific crops–cotton, sugar, groundnuts–and processed agricultural products limit exports to both industrial and other developing countries. Tariff escalation limits market access in processing of important primary commodities such as cocoa, cotton, tea, or coffee, particularly in East and South Asia, Africa's most rapidly growing market.[15]

28. However, bilateral preferences have made some progress in providing greater market access. The United States' African Growth and Opportunities Act (AGOA) gave preferences in the U.S. apparel market, relaxing rules of origin and allowing third-party textiles and yarn to be used in exports to the U.S. The result was a trebling of exports over eight years, from $0.5 billion to $1.5 billion, with Kenya, Lesotho, and Madagascar as the main beneficiaries. On the other hand, exports to the EU (including those under the Everything but Arms initiative, which are subject to stricter rules of origin) have not shown similar success.[16]

Alignment and harmonization

29. There has been good momentum on aid effectiveness following the Paris Declaration of March 2005. Since then, a mechanism to set baselines for progress indicators and a process to monitor the Declaration have been launched, and a first progress report is due in March 2007. The agenda is being rapidly implemented in Ghana, Mozambique, Tanzania, and Uganda, and good progress is being made in other countries. More can be done to improve data, communications, and staff incentives (in both donor and government agencies) and to reduce institutional rigidities.

D. Implications for the Africa Action Plan

30. Economic and social trends have been consistent with the underlying premises of the AAP. Growth has been sustained, despite an unforeseen oil shock, and progress toward the MDGs has been steady, although still insufficient to meet a majority of the goals by 2015. The development partnership has some major achievements to show–debt relief, new partners, and improved harmonization–but also some disappointments: slow growth in aid budgets, despite the Gleneagles pledges, and a pause in the Doha negotiations.

31. These emerging regional and international trends imply three important areas of work to strengthen the World Bank Group's role in the development partnership with Africa:

- ***Targeting opportunities for more rapid, shared economic growth.*** Although there are encouraging signs of increased economic growth, the region still is not growing fast enough to win the fight against poverty, and many countries are at risk of being left behind. More rapid growth is also essential for achieving and sustaining the MDGs. Creating opportunities for growth is equally important for all countries, but the challenges differ. In the more rapid growers they are to identify and break the key constraints to further growth. In slowly growing economies they are likely to be building the institutional and physical infrastructure needed to establish a basis for growth. Helping poor people and excluded groups to participate in and benefit from growth remains a central element of making

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[15] H. Broadman, et. al. *Africa's Silk Road: China and India's New Economic Frontier.* Washington, DC: The World Bank, 2006

[16] Paul Collier and Tony Venables, "Preferential Trade for Africa: Making Preferences Work," October 2006.

growth pro-poor in all countries. The World Bank Group (IDA, IFC and MIGA) is well positioned to help mobilize private and public development finance to break growth constraints and to help governments improve policies and transform the institutions needed to attract private investment. It can also partner with others to make growth more broadly shared through investments in education, health and the rural economy.

- ***Increasing support for good governance and capacity development in resource-rich and slowly growing countries***. For resource-rich and slow-growing countries governance is a priority. Resource-rich countries face major challenges in improving transparency, using the revenues from minerals to achieve sustainable growth and human development, and ensuring that non-renewable resources benefit future generations. The Bank Group's role in the Extractive Industries Transparency Initiative (EITI) and its expertise in public financial management are relevant to these challenges. In the slow growers— especially conflict affected and other fragile states— there is a need to build basic institutions at both the national and community level to use resources and deliver services effectively.[17] The Bank Group working together with development partners as set out in its Capacity Development Action Plan (CDMAP), can play a key role in supporting institutional development in these countries.[18]

- ***Matching viable country plans and strategies to appropriate financing.*** Nationally owned poverty reduction and growth strategies (PRSs) will continue to guide World Bank Group resource mobilization efforts under the AAP. Because many new bilateral donors and private foundations are primarily interested in sector specific initiatives in such areas as education, infrastructure, and health, the Bank should use its convening power and human resources to assist governments in matching viable country plans and strategies with appropriate financing. It can help develop systems to adapt vertical programs to country-specific circumstances and play a leadership role in bringing non OECD/DAC development partners into country-led donor partnerships.

Section V proposes changes to the AAP to respond to these challenges.

III. AN ASSESSMENT OF PROGRESS

32. This section assesses progress in implementing the AAP since its adoption in 2005. It presents a summary assessment of progress in each of the AAP's four pillars, more detailed assessments of progress in each of the 14 thematic areas, and a summary of IFC and MIGA activities in Africa under the AAP. The assessment shows broadly satisfactory progress.

A. Summary Assessment

33. The AAP was designed to make progress toward goals and outcomes in four main pillars – shared economic growth, building capable states, results framework, and partnerships. Fourteen thematic areas and 25 priority actions supported this effort. Progress in each of the thematic areas supporting the pillars was assessed on the basis of (a) evidence of country-led programs and policies leading to development outcomes, (b) evidence of development partner efforts to provide the resources–or to better coordinate the resources–needed to assist countries in each area, and (c) a review of World Bank Group priority actions and operational and analytic work.

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[17] Benno Ndulu et.al., *Challenges of African Growth*. Washington, DC: The World Bank, 2006.

[18] *Capacity Development in Africa: Management Action Plan.* (SecM2006-00323) July 14, 2006.

34. The assessment was hindered by the limited availability of data on economic and social development indicators, especially intermediate outcomes: for many objectives in the thematic areas there are no intermediate outcome data for recent years. To compensate for this problem, the assessment examined trends in Bank Group outputs and country-based actions to gauge intermediate progress. Data were drawn from institutional databases (WDI, CPIA ratings), external reports (e.g., the Africa Partnership Forum, the Global Fund, African Development Bank), Board reports, and Africa Region economic and sector work (ESW) and sector reports.

35. Ratings for the 25 priority actions were based on an interview and validation process (Table 5). Beginning in July 2006, the Region discussed with country management units progress in their countries against the priority actions. In December, 42 country teams completed a survey instrument that included a self-assessment and supporting evidence. The ratings, which were validated by the Region's sector units, are summarized in Annex B. In evaluating the 14 thematic areas, the results of the Bank's instruments were assessed using the IDA14 midterm review (for roads, water, education, and health) and a regional review of Implementation Supervision Reports (ISRs) and Project Appraisal Documents (PADs) of recently closed, active, and proposed projects through the end of FY07.

Table 5: Status of priority actions by pillar

	Total actions	***Good progress***	***On track***	***Lagging progress***
Growth				
Drivers of growth	12	5	5	2
Participating in growth	5	1	3	1
Capable states	3		3	
Results framework	3		3	
Partnerships	2		2	
Total	25	6	16	3

Source: Annex B.

Shared economic growth

36. The shared growth pillar contains two distinct themes. The first, *supporting the drivers of growth*, sought to increase the rate of growth in as many countries as possible. The second theme, *participating in growth,* sought to improve the abilities of poor people, women, and other excluded groups to participate in and benefit from growth. The AAP's human development objectives are contained in this theme.

37. Progress has been best in the shared growth pillar. The AAP is on track to meet the expected outcomes in all but two (agricultural productivity and gender) of the pillar's nine thematic areas. It is ahead of projected progress in four: private sector development (PSD), closing the infrastructure gap, HIV/AIDS, and malaria. IDA, IFC and MIGA have all made major contributions to progress in supporting shared growth. For example with Bank Group support, Madagascar moved up eight places in global rankings in the ease of starting a business, and the time to start one was cut in half, from 38 to 19 days. Public-private partnerships are changing the face of infrastructure in Africa. (Box 1) HIV/AIDS programs have reached 173 million people with HIV prevention messages and have supported efforts to prevent mother to child transmission of HIV for 1.5 million women. In Nigeria, the malaria program is using private vendors to increase access to treatment. Similar approaches are possible in other countries with the scaling up of Bank support through the Malaria Booster Program..

38. There has been good progress in establishing the preconditions for an export push, in regional integration, and in primary education, including addressing gender discrimination in education. For example, customs clearance times have dropped in Ghana, where there is now a single window clearance process, from seven to three days for imports and four to two days for exports. The West Africa gas pipeline and the East Africa submarine telecommunications cable are landmarks in regional approaches to relieve infrastructure bottlenecks. Progress is on track in supporting skills development. IFC has played a leading role in African business education through its global network of business schools. Accelerated progress will be needed to increase agricultural productivity and to connect poor people to markets. There are pockets of success in agriculture; for instance in Ghana reductions in market share and export earnings from pineapples have resulted in conversion to a new variety and rehabilitation of cold storage facilities to meet industry targets of 300,000 tons of pineapples by 2010. However, more progress is needed across Africa to underpin shared growth. Rural connectivity remains limited. Despite a promising beginning—including bringing gender into PRSs in the Democratic Republic of the Congo, Liberia, Malawi, Niger Senegal, and Uganda—more work is needed to increase the economic empowerment of women.

Capable states

39. This pillar supported African governments to improve transparency, accountability, and efficiency in the provision of public services. Overall, progress has been mixed. Countries have made progress in strengthening the institutions needed to implement policies and programs.[19] The Africa Peer Review Mechanism (APRM) successfully completed peer reviews in Ghana and Rwanda, and both governments are implementing the APRM recommendations. Fourteen countries have endorsed the Extractive Industries Transparency Initiative (EITI), and Nigeria has led the way in developing fiscal rules for saving oil windfalls. Compared to the average for all developing countries, about a third of African countries have made more rapid strides in decreasing corruption, improving voice and accountability, and boosting government effectiveness since 2000. The remaining two-thirds, however, are not keeping pace.

40. The Africa Region's Capacity Development Management Action Plan (CDMAP) was identified in the AAP as the Bank Group's primary instrument to support countries in building more capable states. Designing the CDMAP took longer than anticipated, and more progress could have been made if it had been launched earlier.[20] There has been good progress in improving public financial management (PFM). Poverty Reduction Support Credits (PRSCs) are, for example, supporting tax and customs reforms in Madagascar and Tanzania. In Uganda a local government development program has resulted in 35 percent of local governments increasing revenues by more than 20 percent.

Results framework

41. The objective of this pillar was to assist countries to develop operational strategies to deliver development outcomes and to manage progress towards results in ways that matched country circumstances. The pillar also focused on internal efforts to improve the monitoring and evaluation (M&E) of Bank operations.

42. There has been good progress on the results framework, and the AAP is on track to deliver the expected outcomes. Sixty-six percent of African countries, such as Burkina Faso, Ghana,

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[19] United Nations Economic Commission for Africa, *African Governance Report 2005*. Addis Ababa: UNECA, 2005.
[20] A progress report on early implementation of the CDMAP is currently being prepared.

Mozambique and Tanzania, undertook major efforts to clarify their development goals and targets, based on a medium- to long-term vision, and to link these to public actions. They also developed action plans to improve M&E.[21] Implementation of the statistical capacity building and accelerated data programs has picked up pace; however, statistical capacity remains low, and the rate of improvement lags behind other regions. Progress on the Bank's results agenda has been sufficient to mainstream it into the day to day management of the AAP.

The global development partnership

43. The AAP aimed to leverage IDA14 for greater impact by strengthening the role of the Bank Group in the global development partnership for Africa. This pillar targeted translating commitments made in the Paris Declaration into country-level actions, combined with mechanisms to scale up aid in partnership with IDA.

44. There has been considerable progress in the partnership pillar. Countries have taken the lead with development partners in setting out baselines and action plans for the Paris Declaration. Progress by development partners at the policy level, through the working groups of the OECD/DAC, has been encouraging.[22] The World Bank Group has undertaken a number of important steps in advocating and adhering to the Paris principles, both at the policy and country level. In FY06 good progress was registered on two key Paris indictors: 29 percent of analytic work on Africa was prepared jointly with others (compared to a Bank-wide average of 12 percent), and 63 percent of technical cooperation has been coordinated with other donors (compared to a Bank-wide average of 49 percent).[23] Progress also includes work on selective scaling up of aid for Africa, the launch of resources and results (R&R) processes, and improved alignment with development partners to the new generation of PRSs. The Africa Catalytic Growth Fund (ACGF) received initial funding and has launched five operations (in Ghana, Mozambique, Rwanda, Sierra Leone, and the Horn of Africa region) designed to crowd in substantial donor support. FY07 and FY08 funds are fully committed. Several additional opportunities have been identified.

B. IFC's and MIGA's Expanded Roles in Africa

45. The AAP is a coordinated Bank Group plan, and IFC and MIGA are integral to its implementation, particularly in the shared growth pillar. Many of their contributions in such areas as private sector development, infrastructure, economic empowerment of women and skills development are outlined in Section C. This section describes their broader African strategies and operations.

IFC

46. IFC began its Strategic Initiative for Africa three years ago and recently summarized its progress and current priorities in the *IFC Strategic Initiative for Africa: Progress Report (FY04-06) and FY07-09 Priorities,* November 21, 2006. The initiative was based on three pillars, which are well aligned with the African Action Plan:

- improving investment climates;
- supporting for Small and Medium Enterprises better; and
- supporting project development for potential IFC projects.

[21] World Bank *Enabling Country Capacity to Achieve Results:* 2005 CDF *Progress Report.* Washington, D.C., 2005.
[22] The forthcoming (March 2007) progress report on the Paris Declaration and the recent Board paper *Harmonization and Alignment for Greater Aid Effectiveness,* provide a fuller description of progress made by the international community.
[23] Preliminary estimates from the forthcoming OECD progress report.

47. IFC has introduced new services and products: the SME Solution Centers, local currency lending, trade finance, and the Post-Conflict and IFC Against AIDS Initiatives. During the first three years of the Strategic Initiative, commitments grew by 400 percent. Four sectors drove IFC's African growth: financial markets; oil, gas, mining and chemicals; information and communications technology; and telecommunications. IFC strengthened its partnerships throughout the region, and its Private Enterprise Partnership for Africa (PEP) was over-subscribed. IFC is working with IDA and IBRD to pursue regional integration through cross-border projects.

48. Based on the first three years' success, IFC will continue its strategic initiative with the same three pillars. It expects to accelerate investments further to an average of $740 – $800 million per year over the next three years. It will seek to develop South-South investment opportunities, especially with investors from Brazil, China, India, and South Africa.

MIGA

49. Since FY06 Sub-Saharan Africa has been MIGA's most important regional focus. The African portfolio was about 16 percent of MIGAs gross exposure. Guarantees for 17 new projects resulted in additional gross exposure of $245 million in 10 countries.[24] MIGA rolled out the Small Investor Program for transactions below $5 million. Specific priorities were regional integration, conflict-affected countries, and infrastructure. MIGA also built its outreach program and cooperated closely with the AfDB and other institutions to identify and facilitate infrastructure projects. It provided technical assistance in Ghana, Lesotho, Liberia, Mali, Namibia, Sierra Leone, South Africa, and Uganda, and published a regional study, *Snapshot Africa*, which compared the operating costs and conditions for investors in six industries in nine countries.[25]

50. While retaining its focus on U. S. and European investors, MIGA undertook marketing initiatives for investors from Mauritius, South Africa, and other developing countries (particularly in Asia), who are increasingly important as investors in Africa. MIGA has worked upstream with IFC and the Bank to improve national legal frameworks for foreign direct investment and with investors to structure transactions and improve development impacts. It has also been seeking donor support for a special political risk insurance fund for conflict-affected countries, and it has provided guarantees for viable projects in several of these countries. MIGA started a three year pilot facility, funded by a grant from the Japanese government, to help foreign investors deal with environmental and social challenges in Africa. The facility provides technical support to help clients meet or exceed environmental and social standards for projects MIGA is considering or has guaranteed.

C. Progress in the AAP Thematic Areas

51. The following sections provide details on progress in each of the 14 thematic areas that support the four pillars of the AAP. The first part of this section assesses the nine areas supporting the shared growth pillar, and the second assesses the five areas related to pillars two, three, and four, which support the country based model–building capable states, the enhanced results framework, and partnerships. Each section describes the development challenge identified by the AAP, its approach to address the challenge, recent patterns of regional change, development partners' responses where applicable, and the Bank Group's contribution to results.[26]

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[24] Angola, Burkina Faso, Cameroon, Ghana, Kenya, Madagascar, Mozambique, Nigeria, Sierra Leone, and Uganda

[25] Ghana, Kenya, Lesotho, Madagascar, Mali, Mozambique, Senegal, Tanzania, and Uganda

[26] The progress report does not attempt to attribute the regional patterns of change to the AAP. In addition, results that are related to World Bank operations, involve a number of other players, especially in sector wide approaches.

Identifying the drivers of growth

52. *Development challenges and the AAP's approach.* To achieve faster growth, countries will need better diagnostics of opportunities and constraints to growth. The AAP's approach was to use growth diagnostics to help countries to develop and implement better growth strategies.

53. *Bank Group activities and results.* To date 16 growth diagnostic studies have been completed and 12 others are under way. Drawing on these analyses and additional research, the Region published a major study, *Challenges of African Growth*, in November 2006. Two additional reports dealing with growth-related topics–*Africa's Silk Road* (2006) and *Making Finance Work for Africa* (2007)–have also been published, and a fourth study on closing the infrastructure gap is in its final stages of preparation. Workshops brought together representatives of government, think tanks, and the private sector to explore in depth the topics of growth, creating an export push, and regional integration. These analyses and the policy dialogue they underpin have influenced the focus and content of second-generation PRSs. New growth-oriented priorities include financial sector reform, infrastructure, skill development, and nontraditional products and services to diversify exports.

54. *Lessons.* The Bank is well recognized and respected for the quality and depth of its analytic work. The growth diagnostic studies are a promising new analytic direction and a different way of approaching the policy dialogue. With this in mind, the Region has recently strengthened dissemination efforts through its ESW Quality Improvement Program.

Developing an African private sector

55. *Development challenges and the AAP's approach.* Africa is widely recognized as a high-cost, high-risk place to do business. Six of the 10 countries judged as having the most difficult environment for starting a business are in Africa. African financial systems remain shallow, and only a low share of deposits is intermediated into credit to the private sector. Most African microfinance institutions (MFIs) are unprofitable and fare poorly compared to those in other regions.[27] The AAP sought to address two major investment constraints: the cost of doing business, and the large and growing gap between the existing infrastructure–electricity, transportation, water, telecommunications–and the needs of modern, growing economies. It also set out to bring together all Bank Group members–IDA, IFC, and MIGA–to help improve investment climates, address the special needs of African private enterprises, and build markets through private sector initiatives.

56. *Patterns of regional change***.** In the 2005 *Doing Business* indicators, the average ranking of African countries was 132 out of 155 total countries (Table 6). Four countries had rankings in the top third−Botswana, 44; Mauritius, 32; Namibia, 39; and South Africa, 28–but all the others had rankings of 80 or higher. In the latest rankings (2006), there was a modest average improvement, but there are still only five countries with rankings better than 80, and only nine of the 45 SSA countries evaluated have rankings in the top 100.

[27] Microfinance Information eXchange, Inc. *Benchmarking African Micro-finance,* Washington, D.C: November 2006.

Table 6: Ease of doing business, 2005-2006
(Average country ranking, by region – lower rankings are better)

Region	***2005***	***2006***
East Asia & Pacific	72	74
East Europe & Central Asia	81	77
Latin America & Caribbean	92	84
Middle East & North Africa	92	98
Sub-Saharan Africa	132	131

Source: World Bank *Doing Business in 2007*.
Note: 2005 rankings are adjusted to reflect changes in the 2006 methodology and the addition of 20 countries.

57. Before 2005, African countries were slow to reform, but the pace has picked up in the last two years. High-level Presidential investors' councils or similar bodies are active in seven countries, among which are Mozambique, Rwanda and Tanzania. Benchmarking–via the Bank's *Doing Business* and Investment Climate Assessments–has proven highly useful in focusing high-level attention on the business environment. Africa has moved up from the slowest region to the third fastest in the pace of business reforms–behind Eastern Europe and Central Asia and the high-income countries. Two-thirds of African countries have made one or more business environment reforms in the past year and Ghana and Tanzania are among the top 10 reformers in the world. In the last year, 11 African countries introduced reforms to reduce the time and cost needed to start a business. For example, Burkina Faso created a one-stop shop for business entry–cutting the required procedures from 12 to eight, and the time from 45 to 34 days. Though financial depth remains low in Africa, signs of recovery are encouraging. Real private sector credit as a share of GDP in low income African countries has turned the corner, reaching almost 13 percent in 2005, about a third higher than at its low point in 1996.

58. *Development partners.* The major development partners in private sector development (AfDB, DFID, AFD, and USAID) are strengthening collaboration for private and financial sector development within the framework of the Paris Declaration. Japan and AfDB have increased their roles. In Ghana, Kenya and Tanzania, components of IDA projects are being pooled with donor funds to improve the business environment and deepen the financial sector. MIGA has established a political risk guarantee facility in post conflict countries to which 17 donors have contributed. The IFC Private Enterprise Partnership (PEP) has raised $31 million of donor funding, beating its $22 million goal, funding 17 programs covering 20 countries.

59. *Bank Group activities and results*. The World Bank Group substantially increased its analytic work and project support for private sector reforms and micro, small and medium enterprises (MSME) in FY06 and FY07. Bank Group diagnostic tools–including Investment Climate Assessments (ICA), Doing Business Assessments (DBA), reports on standards and codes (ROSCs), Foreign Investment Advisory Service (FIAS), administrative barrier studies, and value chain analyses–are being used across Africa to provide data to underpin reforms. In 2005, the Global Investment Climate Survey Rollout, a systematic data collection exercise supported by a consortium of donors, was launched.

60. Doing Business Analyses were conducted in 45 countries, and seven Investment Climate Assessments were carried out between 2005 and 2006. These reports were used in the design of reforms in both low- and middle-income countries. For example, in South Africa, the Deputy President announced an initiative on "priority skills acquisition" based on the ICA findings. In Mali, the Presidential Investor Council used both the Doing Business report and the ICA to develop a prioritized action plan of reforms, which resulted in eliminating business registration fees and

improving property registration. As a result, Mali's overall ranking in the Doing Business index improved from 165 in 2005 to 155 in 2006.

Box 1: A successful public private partnership in railways

Support from the World Bank Group for the creation of a public private partnership for the Kenya and Uganda Railways took advantage of a unique opportunity to enhance the social value of a privatization. IFC's Advisory Services led a transparent and competitive bidding process. RVR, led by Sheltam Rail Company (Pty) Limited of South Africa, will pay an annual concession fee of 11.1 percent of gross revenues to each country and an additional $1 million per year to Kenya for the passenger services concession. In Kenya anticipated payments amount to about $9.5 million per year, reversing a current government subsidy that was $13 million last year.

The contract obliges RVR to implement a turnaround and development program for the two railway systems. It is expected to double freight traffic volumes in five years. This will take thousands of trucks off the roads and provide better and cheaper service to shippers in Kenya, Uganda and other countries in the interior. RVR is expected to invest around $450 million over the 25-year term of the concession, of which more than $100 million is anticipated within the first five years. IFC is lending some $32 million to the concessionaire. IDA is committed to fund up to $70 million for retrenchment for Kenya Railways, for setting up a pension fund for former KR employees, and for the implementation of a relocation action plan (designed with IFC funding) in the Nairobi slums. A donor-funded SME linkages program was designed by IFC as an integral part of the concession; this will maximize services provided to the railways domestically. A program to improve support and care for workers affected by HIV/AIDS is firmly on the new company's agenda.

Source: IFC Strategic Initiative for Africa: Progress Report (FY04-06), and FY07-FY09 Priorities

61. IDA has 28 Private Sector Development (PSD) projects totaling $1.3 billion.[28] These projects support investment climate improvements, regulatory reforms, privatization, public-private partnerships, firm-level capacity building, and financial sector deepening (Box 1). Recent projects for financial sector deepening aim to increase private credit as a percentage of GDP (for example, in Ethiopia from 20 percent to 24.8 percent, and in Tanzania from 10.4 percent to 13.1 percent). In Tanzania, where there have been three sequential financial sector projects, the ratio of private credit to GDP has increased steadily from 3.1 percent in 1996 to about 10 percent in 2005, and bank deposits have also been growing rapidly. Private sector components are included in several other operations–agriculture, energy, transport–and in development policy lending, increasing coverage of PSD issues by the Word Bank Group to 35 countries.[29]

62. Under the IDA-IFC MSME Program, IDA support for micro, small and medium firms increased to $320 million. IFC has approved approximately $25 million of related investments in MSME financing and has an additional pipeline of approximately $60 million under development. IFC has approved 25 banks in 17 countries for its Small and Medium Enterprise financing program, and it expects to support another 30-40 banks by the end of FY09. IFC's Africa microfinance program aims to support 20-28 new institutions in the next three to four years, expanding access to micro-finance to 21 countries. To underpin this work, the IFC developed SME Solution Centers in Kenya and Madagascar.

63. Although still in the early stages of implementation, projects under the MSME program have trained 4000 firms in management, accounting, and sector-specific skills. In addition,

[28] Private Sector Development Sector: Submission for AAP Progress Report.

[29] The Bank's coding system was used to calculate the coverage of PSD issues across the entire portfolio. This includes corporate governance, infrastructure services, regulations and competition, SME support, state enterprises/bank restructuring, standards and financial reporting.

matching grant schemes in three countries have already reached approximately 15,000 beneficiaries. In FY06 banks and private equity funds supported by IDA and IFC projects made their first loans and equity disbursements to MSMEs, with significant impacts on access to finance. For example, within the first three months of implementation, the two participating banks in Madagascar approved 300 loans to MSMEs (from a baseline of zero), totaling over $7 million.

64. Lessons. The pace of PSD reform has accelerated, partly because of the Bank Group's increased activity, but it is still too slow to support the levels of growth and job creation that are needed. Early progress in the AAP indicates that the Bank Group is well placed to advance the PSD agenda. It is able to combine analytic skills and international knowledge with diverse financial instruments using MIGA, IFC, IBRD/IDA, and the Foreign Investment Advisory Service. Its strength in MSME development lies in its ability to address financial sector issues at the country level, while also supporting micro and small enterprises. Early success in using new analytic tools to benchmark and motivate countries to undertake reforms can be expanded.

Creating an export push

65. *Development challenges and the AAP's approach.* Africa still lags behind other regions in export growth and diversification (Para. 12). The AAP proposed to increase analytic work and operations–primarily through the Trade Facilitation Initiative–to facilitate exports by reducing border and behind-the-border barriers to trade and by expanding regional integration.

66. *Patterns of regional change.* Trade reform has progressed well in Africa. Of 22 countries with data, 19 reduced their tariffs by an average 15 percent between 2003 and 2005.[30] Average tariffs are similar to those in other developing countries, and quantitative restrictions have been virtually eliminated. Increasing numbers of countries are improving their export competitiveness by reducing behind-the-border constraints and improving customs procedures.

67. *Development partners.* The Integrated Framework for Trade-Related Technical Assistance (IF) is a multi-agency initiative to coordinate trade-related technical assistance in the Least Developed Countries (LDCs), as classified by the UN. Donors established an Integrated Framework Trust Fund to finance Diagnostic Trade Integration Studies (DTIS) and related activities. These studies include an appraisal of barriers to trade and typically cover market access, trade policy, transportation, trade facilitation, and the investment framework, as well as the overall macroeconomic situation and an assessment of the institutional setting. Thirty-three African countries are eligible for support under the IF. Of these, 20 have completed DTIS, five are under preparation, and seven are in the pipeline. In addition, there have been detailed "DTIS-type" trade studies for some non-LDCs such as Botswana, Ghana, Kenya and Nigeria.

68. *Bank Group activities and results.* IDA operations have supported the development of trade logistics and infrastructure, as well as an integrated approach to investment and trade promotion. This approach was implemented successfully in Ghana: there is now a single-window clearance process for traders to file all paperwork at one place; import/export procedures have been streamlined through use of improved information technology infrastructure; technical assistance has been provided to staff in goods clearance procedures, and implementation of a plan to complete the ISO-9000 compliance program for the Customs Excise and Prevention Service by end-2006 has been implemented. As a result, clearance time dropped from seven days to three days for imports and from four days to two days for exports.

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[30] World Bank Trade website: http://siteresources.worldbank.org/INTRES/Resources/tar2005.xls.

69. *Lessons.* There has been good progress in the past two years, largely through the DTIS, in setting out at-the-border and behind-the-border constraints to export growth. The Bank Group is one of a number of agencies that offer extensive support, both financial and intellectual, in Africa on trade-related issues, and it plays a leading role in advising on global trade issues and negotiations. In view of the broad donor partnership for trade and the Bank's comparative advantage in PSD and infrastructure, the export push can most successfully be supported by integrating trade-related components into Bank Group operations in PSD and infrastructure. Policy analysis can be continued under the region's AAA program, supported by the work of the Bank's Trade Department.

Closing the infrastructure gap

70. *Development challenges and the AAP's approach.* SSA lags at least 20 percentage points behind the average for IDA countries on almost all major infrastructure measures.[31] In addition, the quality of service is low, supplies are unreliable, and there are frequent, unpredictable disruptions. This adds to production costs and is a critical impediment for investors (Table 7). There are also large inequities in access to household infrastructure services, with coverage rates in rural areas lagging behind those of urban areas. The region's unmet infrastructure needs are estimated to total around $22 billion per year (five percent of GDP), plus another $17 billion for operations and maintenance. The AAP's approach was to increase infrastructure financing and to work with development partners on a coordinated approach to mobilize resources.

71. *Patterns of regional change.* Recent progress is encouraging. With the exception of roads, all other indicators of infrastructure access have increased between the 1990s and the 2000s (Table 8). The Africa Partnership Forum (APF) reported steady improvements in making more effective use of existing infrastructure and increasing public investments. Countries are also undertaking regulatory and policy reforms, especially in water, telecommunications and transport.[32] Twenty of the largest African countries have, or are formulating, reform agendas for water and sanitation.

Table 7: Impact of unreliable infrastructure services on the productive sector

Type of Service Problem	***SSA***	***Developing world***
Electricity		
Delay in obtaining electricity connection (days)	79.9	27.5
Electrical outages (days/year)	90.9	28.7
Value of lost output due to electrical outages (% turnover)	6.1	4.4
Firms maintaining own generation equipment (% total)	47.5	31.8
Telecom		
Delay in obtaining telephone line (days)	96.6	43.0
Telephone outages (days/year)	28.1	9.1

Source: World Bank *Investment Climate Assessments.*
Note: Data for SSA cover six countries; developing world, 55 countries.

72. Compared to other regions, Africa has moved more slowly in mobilizing the private sector for provision and financing of infrastructure. The Infrastructure Consortium reports that private sector interest has gradually spread. There is an upward trend in private sector provision and

[31] An important exception is the penetration of fixed and mobile telephones where SSA leads the lower income countries by as much as 13 percent. The largest gaps are with respect to rural roads (29 percentage points) and electricity (21 percentage points).
[32] Africa Partnership Forum, *Progress Report: Infrastructure.* Moscow: October, 2006.

management of infrastructure, which stood at $6 billion in 2006, up from $4 billion in 2004. Most private flows (84 percent) are attracted to telecommunications and energy. Concessions have now been awarded for operation and rehabilitation of many African ports and railways and some power distribution enterprises, but financial commitments by the concessionaire companies are often quite small. This reflects both the value of the management improvements that the concessionaire is expected to bring and the limited scale and profitability of the enterprises taken over. An important facilitator in some cases has been the insurance instruments developed over the past fifteen years by bodies such as the United States' OPIC, MIGA, and the World Bank's own Partial Risk Guarantee offerings.

73. There has been significant progress in the information and communication technology (ICT) sector. Access to communications services has dramatically increased over the past three years with the proportion of the population (excluding South Africa) living under the mobile footprint rising from three percent in 1999 to 50 percent in 2006. This has been matched by an equally rapid increase in the use of communications services. By the end of 2006 there were 123 million mobile subscribers. Average penetration rates in the region doubled between 2004 and 2006, reaching 16 percent by the end of the year.

Table 8: Improvements in African infrastructure access

Service	*1990s*	*2000s*	*Change*
Telephone (per 1000 people)	21	90	69
Improved water (% households)	55	65	9
Improved sanitation (% households)	31	37	7
Grid electricity (% households)	16	23	7
Road density (% population)	4	3	-1

Source: *Africa Development Indicators 2006.*

74. *Development partners.* There has been significant progress in increasing development partner funding for infrastructure. Preliminary 2006 figures from the Infrastructure Consortium record a 20 percent increase in ODA from OECD donors between 2005 and 2006 ($4.4 billion in 2005 and $5.3 billion in 2006). The increase is largely driven by multilateral donors (notably the AfDB, the EU, and IDA), which account for 78 percent of ODA to infrastructure in Sub-Saharan Africa. Non-OECD/DAC members are not captured in the Infrastructure Consortium figures, in particular, China is emerging as an important player.

- *Energy* resources funding increased from US$642 million in 2004 to US$700 million in 2005 and US$1.2 billion in 2006, including funding from the private sector, especially in 2005. Significant commitments were made for generation capacity of independent power producers (in Nigeria and Uganda) and concessions for the operation of existing plant and equipment (e.g. Cameroon and Uganda). In 2006, financial commitments for regional integration to reduce reserve requirements and develop more economical generating sources were concluded in West Africa.[33]

- *Transport* finance increased from US$1.9 billion in 2004 to US$2.3 billion in 2006 (excluding South Africa). Most of these investments are for facilities (notably roads). Private finance recorded in these years is quite limited in scale and is linked entirely with port and railway concessions in a few countries. The bulk of financing is provided by the three main multilateral agencies (EC, IDA, AfDB). Regional and cross-border activity has increased, with

[33] Infrastructure Consortium for Africa: *Annual Report 2007 on the Financing of Infrastructure in Africa*, Draft, January, 2007

all three multilateral agencies taking leadership roles in different cases. Japan is also increasing its support for transport.

- *Water* resources commitments increased from US$787 million in 2003 to US$1.34 billion in 2006. As in the transport sector, the multilateral organizations play a dominant role, reflecting in part the successful and continuing initiative of the EC Water Facility and also the close cooperation among the three multilaterals in planning and coordinating activities to maximize results.

75. *Bank Group activities and results.* The World Bank has reversed its decline in infrastructure investment lending. Financing commitments rose to $1.6 billion in FY06 and are on track to reach $2.4 billion in FY08, compared to an annual average of $1.4 billion during IDA13. IFC and MIGA are committed to doubling their support to SSA infrastructure during IDA14. The Bank Group has supported greater private sector participation in infrastructure through financial support, technical support for infrastructure regulation, and risk mitigation instruments to make SSA countries more attractive to private investment in infrastructure. Analytical work has addressed solutions to the tension between affordability and cost recovery of maintenance and expansion of access.

- *Energy*. Substantial efforts have been made to scale-up IDA lending to the power sector under the new Clean Energy Investment Framework (CEIF). The framework sets out an Energy Scale-up Plan for SSA along five tracks: (a) scaled-up programs of household electrification (including grid reticulation and off-grid solutions); (b) additional generation and transmission capacity (including regional projects to lower costs); (c) provision of energy services for key public facilities such as schools and clinics to help meet MDGs; (d) provision of stand-alone lighting packages for households without electricity service; and (e) promotion of sustainable access to cleaner cooking and heating fuels. Energy reforms target reductions in power outages for an improved business climate. Interconnections of national power grids are expected to cut (wholesale) power supply costs, for example in the West Africa Power Pool. The IFC is working with IDA to pursue innovative cross-border projects, such as redevelopment of the Inga hydroelectric power station in DRC. In Uganda, increasing access to renewable energy in rural areas is being supported by the private sector. The West Nile hydropower grid is now providing 18 hours of reliable power supply, mini-hydro is under construction in Kakira, and solar home systems are being installed in enterprises and households. By 2012, the Bank's current portfolio for energy aims to deliver 1,384 MW of additional generation capacity in seven countries (Burkina Faso, Ethiopia, Guinea-Bissau, Kenya, Rwanda, Senegal, and Sierra Leone). Projects in the pipeline are designed to deliver an additional 700 MW of incremental generation capacity by 2012 in seven countries (Cameroon, DRC, Ghana, Madagascar, Malawi, Rwanda and Uganda).

- *Transport*. There are 28 projects in the portfolio and another 34 non-transport sector operations–such as poverty reduction support credits (PRSC)–that address transport issues. The portfolio is focused on rehabilitating roads and developing independent financing and management mechanisms. Road investments aim to construct and rehabilitate 30,000 km of which 14,000 km is for rural roads by FY2013. The portfolio also supports trade corridor financing (two in West Africa and one in East Africa), trade facilitation, and private participation in rail, port, and airport concessions. In Nigeria, the World Bank has supported the long-awaited reform of the port sector by financing investment, legal and technical advisers to underpin increased private sector participation port. Private participation in Lagos container terminals has removed berth delays, reducing the 7-14 days previously needed to unload ships and congestion surcharges.

- *Water supply and sanitation*. During the last five years IDA's share of donor financing increased from 7 to 21 percent, making IDA the largest donor in the water sector. Investments in water supply have increased from $500 million in IDA13 to $750 million in IDA14, and will potentially reach $1,050 million in IDA15, resulting in increases in access from 1.7 million people in IDA13, to 2.5 million in IDA14, to potentially 3.5 million in IDA15. The Bank group has brought in the private sector to address affordability and cost recovery and to ensure the sound management of water utilities. In Senegal the Bank provided technical assistance to develop a public-private partnership in which a state holding company running the water and sanitation services contracted out operational responsibility to a private firm in which government held a stake. This contributed to increased access to safe water for 1.6 million people, including coverage of 92 percent of poor urban communities with low cost connections. With the proposed increase in IDA resources, together with the cofinancing of other partners, at least 12 of the 17 target countries are expected to be on track to achieve the MDG for water supply and sanitation. Support is also being provided to assist countries' collaborative management of water resources in key river basins (Niger, Nile, Senegal, and Zambezi).
- *ICT*. Since 2005 the Bank has supported three telecommunication privatizations in the region, and a further four are in the pipeline. The IFC has committed approximately $750 million of ICT investments. An additional $163 million of transactions is expected to be completed by the end of 2007. Celtel, an IFC client, has created over 4300 jobs, of which 98 percent are for country nationals. IFC and IDA are also supporting development of a submarine cable system for east and southern Africa to provide low-cost international telecommunications access in 24 countries.

76. *Lessons***.** The Bank Group is delivering on its commitments to scale up infrastructure investments under the AAP, but the infrastructure gap is too large for the Bank to solve alone. Traditional bilateral partners have not significantly increased infrastructure financing, but new partners, such as China, have shown significant interest. African governments could do more to attract private infrastructure investment. In addition to continuing its leading financing role, the Bank Group is well positioned to advise on sector reforms, strengthen government capacity for PPI programs and transactions, and play a coordinating role among nontraditional donors, OECD/DAC partners, and the private sector. The World Bank Group can combine risk mitigation instruments, support for utility reforms, and local currency financing to help make African countries more attractive for private investment, including small scale, domestic, and African investors and service providers. Innovative financing instruments and continued collaboration among all members of the Bank Group will be needed to support this effort.

Supporting regional integration

77. *Development challenges and the AAP's approach.* The small size of African economies and the fact that many countries are landlocked call for regional approaches to common problems: for example, infrastructure in trade corridors, common institutional and legal frameworks (e.g. customs administration, competition policy, regulation of common property resources such as fisheries), and trans-border solutions to regional health issues. The AAP assigned prominence to regional integration and called for expanding regional infrastructure and health projects.

78. *Patterns of regional change.* African leaders are increasingly aware of the benefits of regional approaches, especially in matters related to trade and infrastructure. The New Partnership for Africa's Development (NEPAD) has adopted regional integration as one of its core objectives, and the African Union is leading efforts to rationalize regional economic communities (RECs). Most countries in Africa are party to multiple treaties/conventions addressing joint development

and management of shared water resources (including navigation and fisheries), hydropower, trade corridors, irrigation, and flood control. Progress has been most notable in regional infrastructure, particularly regional power pools (in West and Southern Africa) and in launching customs unions (West, East, and Southern Africa). Progress on regional infrastructure is slowed by the technical complexity of multi-country projects and the time required for decisions by multiple governments. There is less progress in regional approaches to education and in systematically addressing regional health issues.

79. *Development partners.* The Infrastructure Consortium for Africa has assisted coordination of $800 million for 11 regional projects in NEPAD's Short Term Action Plan and $7.9 million for feasibility studies for additional projects. Overall, the share of ODA for infrastructure that is financing regional projects increased from one percent in 2000 to five percent in 2005 to over 10 percent in 2006 ($0.9 billion). About 95 percent of current funding for regional infrastructure projects comes from multilateral sources, of which IDA alone accounts for 44 percent. Progress on alignment and harmonization in regional programs is limited and variable, for the most part lagging significantly behind improvements in country programs.

80. *Bank Group activities and results.* The Africa Region established a Department of Regional Integration with a target to invest 10 percent of IDA resources in regional projects. Demand for regional projects under IDA14 has grown more quickly than anticipated. In FY06, the Board approved over $480 million of regional infrastructure projects, and there is a pipeline of over $1.5 billion for FY07 and FY08. Many operations are cofinanced with the AfDB. Operations include integration of power and transport networks, financial sector integration, river basin management, agricultural research, and migratory diseases programs.

81. Regional projects are positioned to show tangible results. The West Africa Power Pool Project will reduce energy costs, improve service quality, and promote environmentally cleaner fuels while building an efficient power market in six countries. The East Africa Transport Project will reduce transport costs in main trade arteries by 20-35 percent. The Southern Africa Power Market Project connects the electricity grids of several countries to improve the reliability of supply and lower costs, by providing a regional power market with efficiency gains. There are also non-infrastructure–related regional projects, such as the Emergency Locust Project in West Africa and the West Africa Capital Markets Development Project.

82. The African Trade Insurance (ATI) program was established in 2001 with the technical and financial support of IDA. It is an Africa-wide public-private partnership that provides insurance against political risk, with a goal to increase intra-regional trade flows and investment. To date, ATI has issued more than 25 insurance policies, including eight intra-regional transactions. The value for total trade and investment transactions exceeded $168 million in 2006, leveraging ATI's resources more than six fold.

83. MIGA started a guarantee facility with the West African regional development bank (BOAD) to improve local capacity to support small and mid-sized infrastructure investments in eight West African countries. It worked with the NEPAD Secretariat to develop and implement an online project management and reporting system that allows development partners to share information and documents on regional projects and disseminate project updates and tenders to the business community and civil society.

84. *Lessons.* The Bank has accelerated its work on regional integration under the AAP and has made good progress in mainstreaming support through a country-based approach. Implementation has underscored both the demand for regional approaches, and the significant barriers to full

implementation of the regional integration agenda in Africa. Some barriers are the responsibility of African governments, which have shown reluctance to cede sovereignty to regional bodies, and some are the responsibility of the donor community, which has yet to come up with effective funding mechanisms for regional projects. Progress is also limited by the weak capacity of the main regional institutions. The Bank has been able to use its depth of technical skills across a range of issues, its ability to conduct policy dialogue at both the national and regional level, and its convening power among development partners to advance several regional integration programs. These strengths are best employed in the context of specific regional operations, and with the creation of the regional integration department, can be demand-driven.

Building skills for competitiveness and growth

85. *Development challenges and the AAP's approach*. Africa needs more and better-trained workers to compete in the global economy and to build government capacity. African entrepreneurs need to access information, innovate, and create viable businesses in the knowledge economy. The AAP focused attention on post-primary education, while sustaining the momentum of progress in primary education.

86. *Patterns of regional change*. There are positive enrollment trends in secondary and tertiary education, though completion rates and quality remain low. The secondary gross enrollment rate rose from a regional average of 19 percent in 1990/91 to 34 percent in 2004. Still, only 30 percent of each age cohort completes junior secondary school, and 12 percent completes senior secondary. There is also considerable variation. For instance, Botswana, Cape Verde, Mauritius, Namibia, Seychelles, and South Africa enroll more than 80 percent of the relevant population in junior secondary schools, while Burundi, Burkina Faso, Central African Republic, Niger, and Rwanda enroll less than 20 percent. For tertiary education, access has been increasing at 15 percent a year, but coverage remains the lowest among world regions at below five percent of relevant aged population. Short technical programs and polytechnic education enroll 28 percent of tertiary students. Gender parity in secondary education is improving, with women comprising more than 40 percent of enrollments in most countries (up from 20 - 30 percent 10 years ago).

87. Over the past two years, African policy makers and development partners have placed greater emphasis on post-primary education and primary school completion. National policies are being reoriented toward better tertiary education in Botswana, Gambia, Kenya, Nigeria, Rwanda, Tanzania, and Uganda. Private secondary education and training is expanding, and public-private partnerships are emerging. Previously neglected issues such as labor market linkages of curricula, science and technology capacities, and research performance are emerging in public discussions. Private options are increasing.

88. *Development partners*. The Commission for Africa Report and the G8 Gleneagles meeting of 2005 brought increased attention to post-primary education as a development priority. This international consensus, however, has not translated into substantially scaled-up resources for secondary or tertiary education at the country level. ODA for secondary education declined from \$183 million to \$110 million, and for higher education, from \$588 million to \$557 million, between 2003 and 2005. In 2005, ODA to secondary education received only five percent of the total ODA for education in SSA, down from 11 percent in 1999.[34]

Box 2. Boosting the market for private education in Ghana

Private schools in Accra, Ghana, face rising demands for high-quality, reasonably priced education. To help meet these needs, IFC recently introduced a new product in the education sector–the Ghana risk-sharing facility. In collaboration with a local bank, TTB, IFC designed a financing facility geared to providing medium-term local currency loans to private kindergarten to twelfth grade schools. The facility consisted of a partial guarantee–for an amount of up to \$1.07 million–to TTB on loans extended to finance school expansion, purchase of educational materials, and other capital expenditures. It will also enable TTB to facilitate the implementation of a cost-effective, alternative funding mechanism for each school and assist the bank in building its track record, potentially leading to a securitization when the markets are ready. Together with the financing, IFC extended a technical assistance program through TTB that was designed to strengthen schools' financial and managerial capacities.

Source: IFC Structured Finance Fact Sheet

89. *Bank Group activities and results*. The Bank has 42 projects/programs in 23 countries to support post-primary education and research institutes. Vocational training is supported in 17 countries through private sector operations as well as projects in the educational system.[35] Thirteen projects support secondary education. Bank-supported operations for post-primary education are showing results at all levels. In tertiary education, Mozambique's 10 year higher education program, supported with \$60 million from IDA, has resulted in an expansion of tertiary education from nine to 23 institutions (2000-2005) and increased enrollment from 13,592 to almost 30,000–of which female enrollment accounts for 33 percent. Annual graduate output reached 3,615 in 2005. In Mauritania a sector wide approach resulted in 1800 employees benefiting from vocational training; enrollment of 1,056 students in science and technology, of which 230 students are girls (22 percent), and distribution of 733,600 textbooks and recruitment of 900 teachers for secondary education (2002-2007). IFC has been active in encouraging private provision of education (Box 2).

90. *Lessons.* The problems of inadequate post-primary education and training will increase. The success of increases in primary enrollments is putting greater pressure on post-primary education. As most of the donor community continues to focus on primary education, the Bank Group has an important role both in providing finance and in addressing roadblocks to policy reform in secondary education and training, including how to meet the fiscal burdens that will come with increased access and improved quality at all levels of the educational system. The Bank Group can also engage the private sector in provision of education and in defining skill needs.

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[34] OECD / DAC, Education For All Fast Track Initiative, Analysis of Official Development Assistance Report. Data used is from the OECD/DAC On Line Database on Annual Aggregates. The review also lists 31 per cent of ODA in education that is unspecified, some of which may have gone to secondary education.

[35] Educaton Sector Submission: AAP Progress Report.

Making agriculture more productive and sustainable

91. *Development challenges and the AAP's approach.* Sustained growth that reduces rural poverty will require that more countries achieve five percent annual growth in agricultural value-added. While growth in agricultural value-added has been good since 2000, averaging 4.2 percent in 2005, too little growth has been derived from increases in productivity or higher yields.[36] While land productivity is increasing in 38 of 46 countries, only six countries have a rate of increase of five percent or better.[37] Labor productivity is increasing in 29 countries, with 10 achieving an increase at three percent annually or better.[38] The AAP included measures to (a) increase investment in agriculture, especially for irrigation, water resources management, and research and extension; (b) increase rural public services; and (c) raise productivity through increased use of improved seeds, fertilizers and better agricultural practices.

92. *Patterns of regional change.* Productivity growth will require an expansion of area irrigated, as well as improved performance of rain-fed agriculture; however, less than four percent of cultivated land is irrigated–because of the relatively long lead time before investments are completed and operational this proportion changed little in the past 18 months. Improvements in management of soil fertility have been slow, as has adoption of better seeds. Spending for agricultural research and technology remains low, although it is starting to increase along with the modest upturn in overall spending on agricultural programs in the region.[39] On a positive note, there has been an increase in the use of water management techniques (e.g., water harvesting, reduced tillage).

93. *Development partners.* ODA for agriculture has held steady at approximately $1 billion per year since 1996. The Global Donor Platform for Rural Development plays a significant role in harmonizing donor activities in rural development and is currently piloting harmonization efforts in Burkina Faso and Tanzania. The Consultative Group on International Agriculture Research (CGIAR) system of internationally funded agricultural research centers continues to support agricultural technology suitable for African agro-climatological conditions. The Standards and Trade Development Facility housed at the World Trade Organization, and a number of bilateral partners, support developing country efforts to place agricultural products on international markets. FAO is a key provider of technical assistance. Development partners are increasingly coordinating sector support at the country level.

94. *Bank Group activities and results.* New commitments for agriculture have increased from $104 million in 2000 to $278 million in 2005 to $654 million in 2006. Current projects support expansion of irrigation in seven countries (Burundi, Ethiopia, Malawi, Niger, Rwanda, Senegal, and Zambia) targeting 75,000 hectares, in addition to better management of water as part of improvements in technology. Eighteen projects support improvements in agricultural productivity, an increase from 12 in 2005, reflecting a renewed commitment to agricultural research and extension. Analytic work, innovative approaches to mitigate the effects of transitory weather shocks, and food aid are helping farmers hedge prices and secure revenues for future production in Ethiopia, and are leading to discussions on new ways to manage food aid (Ethiopia and Malawi) (Box 3). In addition, the Bank is finalizing a regional approach to agricultural research in West Africa, through rationalizing specializations in national centers of excellence.

[36] Growth in Angola, Burkina Faso, Cape Verde, Republic of Congo, Eritrea, Ethiopia, Ghana, Mauritius, Mozambique, Nigeria, and Tanzania has been through an expansion of cropped area.
[37] Five year moving average based on 2001- 2005
[38] Five year moving average based on 2000- 2004
[39] Africa Partnership Forum, *Progress Report: Agriculture,* October, 2006.

95. *Lessons***.** Progress in increasing agricultural productivity has not met expectations and requires additional management focus. The World Bank Group has a wide range of skills and programs from which it can draw to support agricultural productivity. The Bank Group is well positioned to work with African leaders to identify multisectoral approaches to agriculture, to bring in development partners to finance funding gaps, and to support agribusiness. The Bank Group can also play a leading role in policy analysis and global advocacy, identifying the costs and consequences of distortions in agricultural trade and market access, and highlighting the importance of investment in global public goods, such as agricultural research and control of pests and diseases.

Box 3. Supporting agricultural productivity: diversity and country results

Agricultural development can take many forms. In some countries smallholders struggle to establish links to markets under policies that distort agricultural markets, while in others producers struggle to retain their presence in a fast-changing and highly competitive international arena.

The Country Assistance Strategy for Malawi outlines how one agriculture project is complemented by eight other Bank operations, analytic work, and policy dialogue to support the Government in decreasing output volatility and increasing export growth in nontraditional commodities. IDA support targets an increase in land productivity by 50 percent in 11 districts by addressing (a) high vulnerability to weather-related shocks and limited farmer capacity, (b) distorted incentives (including Government policies) that keep farmers in subsistence farming, (c) poorly functioning input/output markets, and (d) weak institutional capacity to manage the risk of food insecurity. Early results include completion of mini-gravity irrigation schemes, with structures to harvest and store water, and dirt roads. The roads, which are reducing the travel time to the nearest market center, were constructed through public works paid in fertilizer that was applied to crops irrigated under the newly constructed works.

In 2004, farmers in Ghana faced a dramatic reduction in market share and export earnings from pineapples. To compete, the industry is switching varieties (to Smooth Cayenne) and working to meet higher quality standards for cold chain management and food safety. With IDA support Ghana is converting 1,150 acres to the new variety to benefit 1,560 small-scale farmers. Forty groups of farmers (400 farmers) have been supplied with 1.76 million plantlets. A rehabilitated cold storage facility will support improvements in fruit quality. The industry has the potential to reach a capacity of 300,000 tons by 2010.

Connecting the poor to markets

96. *Development challenges and the AAP's approach.* To reduce poverty and reach the MDGs, growth has to be inclusive. Poor people and excluded groups, including women, often lack opportunities to participate in the modern economy. For the rural poor, the high cost of transport raises input prices, depresses output prices, and limits crop diversification. The AAP's commitment was to increase investment in rural roads, rural electricity, and communications, so that rural areas are better connected to market opportunities. This was combined with actions to improve women's ability to participate in growth.

97. *Patterns of regional change*. Progress has been uneven in rural connectivity and women's empowerment. Only 35 percent of Africa's population has access to all-season roads, and this has not increased in the past two years. In telecommunications, the percentage of Africa's population that lives under the footprint of a cell phone tower has increased from 2.9 percent in 1999 to 50.2 percent in 2006.[40]

[40] Early estimates from the IDA 15 replenishment work on ICT. The analysis will be extended to rural / urban areas later this year.

98. Across the continent, data on progress in women's access to economic opportunities and productive assets are very limited. Female labor force participation size exceed 50 percent, but is not rising. Forty-two countries out of 45 show increases in the percentage of women in parliament. There is also recent progress in improving the rights of women under the law. In Maputo in 2003, African Heads of State adopted a protocol on the Rights of Women in Africa, which entered into force in November 2005. By 2006, 42 countries had signed the protocol, and 20 had ratified it.

99. *Development partners.* The 1995 gender summit in Beijing committed to a Platform for Action for gender mainstreaming. This has increased attention and institutional commitments to gender equality. The commitments made at Beijing and the Convention for the Elimination of all Forms of Discrimination Against Women (CEDAW) are monitored by subregional bodies, such as SADC. Networks of development partners, such as Gendernet of OECD/DAC, have been created to increase attention to gender issues. In 2006, a regional consultation on Aid Effectiveness and Gender Equality in Africa was held with participation from NGOs, Government, OECD/DAC partners, and UN agencies. At the country level development partners participate in gender thematic groups for national PRSs and support gender focal points in line ministries. Major development partners include Norway, Sweden, Demark, the Netherlands, DFID, CIDA, AfDB, and UN Agencies. UNDP and UNIFEM have provided significant leadership in making progress toward the gender MDG.

100. *Bank Group activities and results.* Bank Group investments in rural roads increased substantially from FY00 to FY05–from $91.9 million to $201.9 million–and now represent 20 percent of the investment in transport infrastructure. Active projects are designed to construct or rehabilitate 14,000 km of rural roads by 2011.

101. In FY05-FY06, several IDA and IFC initiatives were directed at reducing the barriers to women's economic empowerment, and they are beginning to show results: identifying legal and regulatory obstacles (Ghana, Kenya, Tanzania, Uganda); informing preparation of gender aspects in PRSs (DRC, Liberia, Malawi, Niger, Senegal, Uganda); carrying out country gender assessments (e.g., Côte d'Ivoire, Mali, Mauritania, Mozambique, Niger, Senegal, Tanzania); turning recommendations from gender strategies into action (Ghana and Zambia); and supporting women-owned MSMEs. IFC's established Gender, Entrepreneurship, Markets (GEM) unit has undertaken, in collaboration with the Bank, joint analytic work on legal and regulatory obstacles to women's entrepreneurship and women-owned businesses in Kenya and Uganda, and work is ongoing in Ghana and Tanzania (Box 4).

Box 4. IFC-Bank partnership focuses on women entrepreneurs

IFC's Gender-Entrepreneurship-Markets (GEM) unit, together with the Africa Region, has developed new advisory and analytic instruments to improve the business environment for African women. Gender and Growth Assessments (GGAs) analyze legal and regulatory obstacles that affect women-owned businesses, and propose concrete measures to reduce them. They build on Doing Business surveys, Investment Climate Assessments, and FIAS Assessments, and are offered where the government requests them. The first two were in Kenya and Uganda, and others are under way in Ghana and Tanzania. Early results include:

- In Uganda and Kenya, recommendations have been integrated into PSDt strategies.
- In Uganda, a Gender Coalition was created to support the GGA's recommendations. The Coalition's lobbying led to including GGA recommendations in four labor laws in 2006, covering employment, occupational safety and health, labor disputes, and labor unions.
- More than 200 stakeholders in Ghana, Kenya, Tanzania, and Uganda, including government staff, lawyers, entrepreneurs, and civil society, have been trained in public-private dialogue, advocacy, and media issues.
- IFC-GEM has worked with IFC Financial Markets to develop lines of credit for women entrepreneurs through commercial banks.
- A \$15 million line of credit for women entrepreneurs was provided to Access Bank plc in Nigeria, and by January 2007 \$4.5 million had been disbursed to 33 women-owned businesses.
- Lending to women is only part of the story. Under a financial products and advisory services package, IFC is helping to train Access Bank staff in market positioning and gender sensitivity, and is advising the bank on new product development, such as insurance services for women. In addition, 160 women have been trained in business management skills.
- Similar lines of credit, and accompanying advisory services, are to be signed with DFCU in Uganda and EximBank in Tanzania, two GGA focus countries, and one in Mauritania with GBM.

Source: IFC Gender-Entrepreneurship-Markets Unit.

102. *Lessons.* Apart from some achievements in rural roads and telecommunications, insufficient progress was made in connecting poor people to markets, partly because the AAP actions focused on infrastructure and did not link to the broader business environment. More progress could have been made if the following elements had been integrated with efforts on rural infrastructure: (a) the special needs of SMEs, (b) more comprehensive infrastructure solutions that include rural areas and transit corridors, and (c) off-farm employment. In gender, the AAP primary action was directed at the MDG goal of equal enrollment rates for girls and boys in primary schools. To support women's economic empowerment, the AAP's approach relied on indirect means such as changing PRSs. This broad "mainstreaming" approach has proved less successful than a sharper focus on specific constraints to women's economic activity and legal rights.

Scaling up human development: Malaria

103. *Development challenges and the AAP's approach.* Malaria remains the leading killer of children under five in Africa and continues to strain health care systems. It accounts for 40 percent of outpatient visits and 50 percent of inpatient care in countries characterized by low numbers and poor distribution of human resources for health (HRH). The AAP's approach was to scale up financial support for government strategies and provide analysis of financing gaps to bring in other resources for prevention and treatment.

104. *Patterns of regional change.* While there has been progress against malaria since 2005, malaria is endemic in 42 African countries; and their experiences range from indisputable success to potentially worsening situations. Almost all have more effective prevention using long-lasting

insecticide-treated nets (LLINs) and Artemesinin-based combination drug therapy (ACT), and as newer products become available, competition results in lower prices. In almost all countries, distribution is being integrated into antenatal care.

105. *Development partners.* Donors have significantly increased funds for malaria control. Commitments (including by the Bank Group) for FY06-07 are $920 million and for FY08-FY10 will be $1,269 million.[41] The largest financers are the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), the U. S. President's Malaria Initiative (PMI), and the World Bank. Begun in 2006, the PMI is intended to provide $1.2 billion for malaria control in 15 African countries between 2006 and 2011. In some countries important roles are played by bilateral donors, such as DFID; foundations, particularly the Bill and Melinda Gates Foundation; and the private sector (Marathon Oil, Exxon-Mobil).

106. *Bank Group activities and results.* Countries' malaria strategies are the entry points for the Bank's Malaria Booster Program, which began in September 2005. To accelerate this work under the AAP, Management formed a Malaria Implementation Resource Team in November 2005. The first phase (2005-2008) will commit $500 million of IDA resources to support the program in about 20 countries. The program actively partners with the private sector; for example, the Nigeria project is using private vendors to increase access to treatment. Since the booster program's inception, malaria programs have been developed in 10 countries, plus a multicountry project in the Senegal River Basin. All are beginning implementation and should deliver at least 14.8 million LLINs–primarily to children and pregnant women–and about 42 million doses of ACT, primarily to children.

107. The Bank is also working outside the booster program, through policy dialogue and multisectoral operations with malaria components. For instance, the Water Resources Development project in Senegal has a malaria component. The Bank has implemented an approach to program M&E (Lot Quality Assurance Sampling), recently used on a large scale in Nigeria, to periodically assess whether malaria control targets are being met. In Mozambique, Bank-financed "gap analysis" was instrumental in the Global Fund's awarding Mozambique a $30 million grant.

108. *Lessons.* Malaria is preventable and treatable, provided sufficient resources, are delivered efficiently. The Bank has quickly expanded funding and has created a team to step up its response in coordination with other donors. The Bank's strength is in using multisectoral teams, analytic work, and policy dialogue to develop and implement fiscally sustainable solutions for malaria and country health systems. The Bank Group is well placed to scale up the positive momentum in malaria and strengthen the health care systems within which effective prevention and treatment must operate.

Scaling up human development: HIV/AIDS

109. *Development challenges and the AAP's approach.* SSA continues to bear the brunt of the global AIDS epidemic: 63 percent of adults and children with HIV/AIDS live in SSA. The disease is taking a heavy toll among women: 57 percent of infected adults are women, and 75 percent of infected young people are girls. Several African countries reported reduced HIV prevalence in 2005, but the absolute numbers of infected people continue to rise, and the rate of incidence of new infections is difficult to measure. The AAP's approach was to scale up nonlending support and to seek additional funding.

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[41] Sector submission Malaria Booster Program, 6/28/2006.

110. *Patterns of regional change.* There are important signs of progress in prevention, treatment, and support services in several countries, with the nature of these improvements varying by country and sub region. There is increasing evidence of behavior change in several east and central African countries. Surveys points to reductions in the number of sexual partners, delay in sexual debut, and increased use of condoms, though this is not uniform in all sub-regions. In much of Africa, increasing numbers are seeking HIV/AIDS testing and are receiving counseling. With drug prices dropping, the number of people on antiretroviral therapy (ART) has increased fivefold between 2001 and 2006. The number of sites providing ART has grown to 3,012 in 26 countries, with 554,648 people on ART. Treatment sites have increased dramatically–for example, from three to 110 in Zambia, and from three to 60 in Malawi over two years. While these are positive results, the treatment of patients is putting pressure on physicians' and nurses' time, as well as on laboratories and logistics, threatening the sustainability of health care systems.

111. *Development partners.* The global response to HIV and AIDS has been unparalleled: funding from all sources has grown fourfold, from $1.6 billion in 2001 to $8.3 billion in 2005. Significant new funding has come principally from four sources–domestic resources, GFATM (created in 2002), the US President's Emergency Plan for AIDS Relief (established in 2003), and the Bill and Melinda Gates Foundation. UNAIDS estimates the needs for 2007 at $11.0 billion.

112. *Bank Group activities and results.* The Bank's Multi-Country AIDS Project for Africa (MAP) operates in 31 countries. It has committed over $1.28 billion to 29 countries and four sub-regional operations since 2000, with over $120 million in new commitments since September 2005. Cumulative disbursements are close to $900 million. Of the portfolio, an estimated 41 percent is devoted to systems strengthening, 34 percent to HIV prevention, 15 percent to HIV care and treatment, six percent to impact mitigation, and four percent to M&E.[42] The Bank's advisory support is helping 31 countries to develop programs and budgets and identify funding gaps.

113. Results from the MAP include prevention of mother-to-child transmission (PMTCT) for more than 1.5 million women. In the Congo, PMTCT has provided wider benefits for the husband and family by focusing not only on the HIV-positive mother, but on other members of the family as well through income generating activities and/or legal support. MAP is helping to provide 1.3 billion male condoms and 4 million female condoms. It is contributing to the training of over half a million people in HIV-related services and is mitigating impact for more than half a million adults and 1.8 million children by supporting education and income generating activities through over 38,000 grassroots initiatives.

114. There are 8,812 Voluntary Counseling Testing (VCT) sites in the 23 MAP countries, 1,512 of which MAP helped to establish. In Ethiopia there was a 300 percent increase in the number of VCT visits over a two-year period as a result of MAP funded initiatives. In Burundi, over a four-year period, VCT visits increased from 31,000 to 103,951 per annum. By the end of 2005 the MAP had funded ARVs for 27,000 people. In the Abidjan-Lagos Corridor project, MAP is the main source of ARV for people in border communities who would otherwise have no access to ARV or would have been forced to travel long distances to access the drugs. In a third of MAP countries in Africa, orphan school attendance increased relative to that of non-orphans. In Rwanda alone, the MAP enabled more than 25,000 children to remain in school by paying their school fees. In Cameroon, the percent of orphans who advanced from one grade of primary school to the next increased from 60 percent to 84 percent.

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[42] The African Multi-Country AIDS Program 2000-2006: Results of the World Bank response to a development crisis. World Bank, 2007.

115. *Lessons***.** The unparalleled increase in new private and official assistance for HIV/AIDS presents opportunities to target resources to the highest impact interventions. However, these resources must be delivered predictably and in a multi-sector way. The Bank adds value in two unique ways: IDA provides a sustainable and predictable source of financial support that can bridge shortfalls from bi-laterals or vertical funds, and the Bank's recognized expertise in economic and fiscal policy and its breath of sector coverage provide skills for bringing various forms of financing together for a coherent approach. The Bank's analytic work focuses on governance and anticorruption measures to improve delivery of resources to communities and on country-based M&E.

Scaling up human development: primary education and gender equality in education

116. *Development challenges and the AAP's approach*. Most countries have made solid progress in expanding primary enrollment. At the same time, the quality of education is poor, and a gender gap remains. The AAP committed to increase IDA support for primary education through the Education for All Fast Track Initiative (EFA-FTI) and to give special attention to closing the gender gap.

117. *Patterns of regional change*. Primary gross enrollment rose from 82 percent of the age cohort in 2000 to 96 percent in 2004, and the primary completion rate rose from 43 percent in 1999 to 58 percent in 2004. There have been improvements in girls' schooling equality, with the gender gap in primary education closing in 30 of the 36 countries for which there are data, and the ratio of girls to boys rising from .82 in 2000 to .87 in 2004. This progress, however, has not been matched by gains in student learning. This poses new problems of improving the quality of educational services, and affects the secondary school system, where new entrants do not always have a sufficient basis to advance in the secondary education curriculum, especially math and science.

118. *Development partners*. ODA for education in SSA declined from $2.6 billion (constant 2004 prices) in 2003 to $2.1 billion in 2005. In 2006, however, there was an increase in ODA for primary education in Africa. An important mechanism for donor funding to education is the EFA-FTI Catalytic Fund, established in 2003, which received a total of $996 million in pledges for 2006-2008.

119. *Bank Group activities and results.* The AAP focused on supporting primary education through the EFA-FTI. So far, of the 28 countries approved to receive funding, 15 are in Africa. In addition, IDA support for education in FY06 through new projects was $127 million, and in FY07 commitments for the education sector as a whole were projected to reach $629 million. Projects that closed between FY02-FY06 resulted in 86,000 teachers trained and 46,000 classrooms constructed. Ongoing and planned projects are on track to train another 95,000 teachers and construct 31,000 classrooms. Analytic work and technical assistance increased capacity in national, regional, and local systems.

120. *Lessons.* SSA has made good progress in primary education, and international donors are aligned behind the EFA-FTI. They are putting substantial financing into primary education, and the Bank has increased its support. As the donor community continues to focus on primary education, the Bank can adjust its focus to the overall quality of the educational system, especially in providing students with the skills needed to succeed in the post-primary system. Thus, Management attention can shift toward post-primary education and apply the lessons learned from success in primary education.

Helping countries build outcome-driven national development strategies

121. *Development challenge and the AAP's approach.* The Bank Group and its development partners cannot manage for results unless countries take the lead. African governments have been making progress in setting development goals and specific targets, based on medium- to long-term visions, and in monitoring and evaluating implementation of development strategies. The AAP's approach was (a) to increase analytic and advisory work to support strengthened, results-oriented national strategies, and (b) to assist countries to develop and implement M&E plans.

122. *Patterns of regional change.* As countries have implemented their poverty reduction strategies, they have refined their development programs and aligned them with specified goals.[43] Paris Indicator 1 is the internationally agreed measure of operational strategies.[44] In 2006, data on indicator 1 became available for 31 African countries. Four of these countries (13 percent) (Mauritania, Rwanda, Tanzania, and Uganda) had strategies that were largely developed and aligned to goals, and an additional 16 countries (53 percent) were taking requisite actions. Progress in establishing clear priorities, however, is moving faster than linking those priorities to medium-term expenditure frameworks (MTEFs) and annual budgets.[45]

123. Most countries are introducing and strengthening M&E systems. Paris Declaration Indicator 11 is the internationally agreed measure of performance assessment frameworks. Of the 31 African countries evaluated, none had adequate M&E frameworks in place, but 16 (53 percent) were taking requisite actions. Burkina Faso, Ghana, Mozambique, Tanzania, and Uganda, in particular, have shown progress toward establishing a national M&E system that is linked to information systems in line ministries, produces data tailored to the needs of national policymakers, and informs stakeholders on progress. These systems are increasingly being used to improve development outcomes. In Uganda, for example, when indicators showed disappointing results in reducing infant mortality, the set of public actions was adjusted to move from a set of fairly narrow health sector interventions to a broader, multisector approach. Regional bodies are also giving attention to regional statistical capacity and results frameworks.

124. *Development Partners*. The OECD/DAC and the MDB Working Group on Managing for Development Results are the global fora for sharing experiences among development partners and governments. Translating discussions in these bodies successfully to the country level varies considerably across the region.

125. *Bank Group activities and results.* Under the AAP the region has undertaken analytic and advisory work to support results-oriented national strategies in 15 countries (Benin, Burkina Faso, CAR, DRC, Ethiopia, Ghana, Kenya, Malawi, Mauritania, Mozambique, Nigeria, Senegal, Sierra Leone, Tanzania, and Uganda). In addition, the Bank increased support for M&E systems through Institutional Development Fund (IDF) grants to eight countries in FY05/06 (Benin, Guinea, Madagascar, Nigeria, South Africa, Tanzania, Uganda, and Zambia).[46] Seventeen countries have adopted Bank-supported integrated national M&E databases (DevInfo) and are using them to inform MDG reporting (Benin, Burkina Faso, Burundi, CAR, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Mauritania, Mozambique, Niger, Rwanda, Tanzania, Uganda, Zambia, and Zimbabwe), and four more (Angola, Chad, Eritrea, and Guinea) are in the process of adopting them.

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[43] World Bank and IMF *2005 PRS Review: Balancing Accountability and Scaling Up Results.* Washington, D.C., 2005.
[44] The Paris Declaration monitoring report (forthcoming March 2007) should provide an update on indicators 1 and 11.
[45] World Bank *Enabling Country Capacity to Achieve Results: 2005 CDF Progress Report.* Washington, D.C., 2005.
[46] Africa IDF Grants Database

126. *Lessons.* There has been adequate momentum behind the results agenda in some countries and at the global level. Bringing better results management into governments' institutional structures, such as MTEFs and the budget, should be the focus for the next two years. Because the Bank's experience in public expenditure management and fiscal policies and its multisector presence provide a platform for moving from stand-alone results initiatives into public sector management reforms, the results agenda will be mainstreamed into the governance and capacity-building program through the CDMAP.

Measuring and reporting on progress in shared growth and service delivery

127. *Development challenge and the AAP's approach.* To assess progress in poverty reduction or service delivery, household surveys can be used to measure longer-term outcomes. Few African countries, however, have comprehensive household surveys for two points in time. Administrative data on service delivery are not always accurate or timely. The approach taken by the AAP was to assist countries to collect baseline and comparative information in key areas of public service delivery using targeted, purposive surveys of clients and service providers–including client scorecards–coupled with efforts to improve statistical capacity.

128. *Patterns of regional change*. Statistical scores in Africa increased slightly in 2005-2006, reflecting improvements in the availability of data, but Sub-Saharan Africa IDA countries show lower capacity and slower progress than countries in other regions in the world. Nine countries are implementing National Statistical Development Strategies, seven countries have completed their strategies and will start implementation, and another 18 countries are in the process of developing their strategies. Data coverage remains spotty, quality is uneven, and substantially more effort is needed to obtain reliable and timely information to monitor trends. For example, recent (2005) information on HIV/AIDS prevalence is available in 27 countries, but trends are only reported in six. The most recent reporting on malaria mortality (2000) covers only 27 countries.

129. *Development partners.* The international community has mobilized around the Marrakech Action Plan for Statistics (MAPS) to help countries strengthen statistical institutions, build capacity, and produce higher-quality, readily available statistics to support evidenced-based decision-making.[47] In addition, the Accelerated Data Program (ADP) is a pilot program for data improvements launched by the PARIS21 Secretariat in April 2006. Stronger, sustained commitment from donor agencies is still needed. The PARIS21 Secretariat estimates the amount of annual spending by development partners on statistical capacity improvement in Africa to be around $70 million a year in 2003 and 2004. Implementation of MAPS in Africa's IDA countries is expected to require at least an additional $60 million per year for the next five years. There are also independent efforts to improve M&E at the sector level, such as the Gates Foundation's support in focus countries for M&E systems covering staff location and skills for health care.

130. *Bank group activities and result*s. Under the AAP, the Africa Region developed a program of quantitative service delivery surveys to improve measurement of public service provision and understanding on the determinants of quality. In FY06, the program supported the completion of four purposive surveys of communities, clients, and service providers in Burkina Faso (Health Sector Facility Survey); Nigeria-Enugu State (Community CWIQ Pilot); Uganda (Health Sector Service Citizen Cards); and South Africa (Focus Group on Municipal Services).

[47] The Marrakech Action Plan for Statistics (MAPS) is a time-bound and costed plan to develop sustainable national statistical systems, and achieve rapid improvements in the availability of outcome indicator data. It was agreed at the Second Roundtable on Managing for Development Results held in Marrakech in February 2004.

131. *Lessons.* The Bank Group will continue to support international efforts to improve statistical capacity. At the country level, statistical capacity initiatives will be subsumed into the CDMAP. At the program and project levels, purposive surveys are proving useful in providing just-in-time feedback and will be continued.

Strengthen Capacity and Public Expenditure Management

132. *Development challenge and the AAP's approach.* Building capable and effective states remains a fundamental challenge in Africa today. In many countries–especially those in or emerging from conflict–the state lacks capacity to provide basic services, promote security, and create an enabling environment for investment. The AAP focused on the need for a systematic approach to building capacity and strengthening public expenditure management and financial accountability.

133. *Patterns of regional change***.** In seeking to implement national PRSs, many of Africa's societies and their leaders have pointed to sound governance and institutional capacity as critical prerequisites for sustainable growth. Since 2000, about one-third of African countries are improving faster in decreasing corruption, increasing voice and accountability, and boosting the effectiveness of government than the average for all developing countries. The remaining two-thirds, however, are falling behind their peers. In 2006, only two African countries showed progress on the CPIA rating for transparency, accountability and corruption in the public sector, while the average CPIA score in this area has gone down from 3 to 2.9.

134. There are encouraging examples of countries able to make significant progress on public financial management (Ghana, Mali, and Tanzania). HIPC countries were judged against 15 benchmarks in 2002 and 2004, and five countries (Cameroon, Ghana, Mali, Senegal and Tanzania) showed significant improvements by meeting at least three more benchmarks in 2004. Ghana improved most, meeting seven benchmarks in 2004, up from one in 2002.

135. *Development partners***.** The Africa Region is working with the AfDB, EU, DFID, French Cooperation, USAID, NORAD, and GTZ on capacity building. The Public Expenditure and Financial Accountability (PEFA) program is beginning to bear fruit and is an example of good practice in aligning and harmonizing diagnostic and technical assistance support to national priorities. In many countries, public sector governance reforms are supported increasingly by concerted efforts of the donor community.

Box 5. Developing capacity–improving accountability and governance

The Africa Region's action plan to support capacity development, the CDMAP, was launched in July 2006. It was based on extensive consultations with African governments, civil society, and the private sector. CDMAP emphasizes delivering results by creating space for learning by doing, supporting domestic accountability mechanisms, and avoiding supply-driven initiatives. It embodies 20 actions focused on five goals and outcomes: (a) more reliable and accountable public financial management systems, (b) improved capacity for effective delivery of public services, (c) better and more appropriate skills to support growth and competitiveness, (d) capacity to deliver essential services in post-conflict countries, and (e) improved capacity for country leadership for more effective management and monitoring for results.

CDMAP covers 43 countries and a wide range of sectors. The Bank will scale up its support for capacity development from 22 percent of its portfolio at the end of FY05 to 38 percent by the end of FY08. IDA expects to allocate $3.2 billion to capacity development over FY06 to FY08. Actions will be undertaken selectively where they can get the best results. There are a handful of countries (for example Burkina Faso and Tanzania) where strong government ownership and good donor coordination support significant broad-based progress in capacity development. In some areas, such as public financial management, mutual accountability between governments and their development partners is beginning to result in more effective (sequenced, coordinated, country-specific) capacity development plans. CDMAP seeks to replicate these examples more broadly.

Source: *Capacity Development in Africa: Management Action Plan* (CDMAP), (SecM2006-0323), July 14, 2006.

136. *Bank group activities and results***.** CDMAP is the implementation plan to support countries as they build capable states (Box 5). It relies on increasing the effectiveness of spending that is already dedicated to capacity development and on working with other partners to achieve better results. It covers 43 countries, and through it the Region expects to commit over $2 billion. Most PRSCs emphasize the need to reform Public Financial Management (PFM) systems. Several countries (Madagascar, Malawi, Mozambique, Republic of Congo, and Tanzania) are addressing PFM deficiencies through PRSCs. PRSCs are supporting reforms of tax and customs administrations in Madagascar and Tanzania. The Uganda Local Government Development Project led to local governments submitting their annual financial statements to the Auditor General on time. Thirty-five percent of the governments registered a 20 percent increase in own-source revenues from the baseline year.

137. Under the AAP the Region has been actively supporting transparency and accountability in natural resource revenue management, primarily through the Extractive Industries Transparency Initiative (EITI). To date 14 African countries have endorsed the EITI principles and are at various stages of implementation. In many of these countries, EITI programs directly involve local civil society groups in oversight of natural resource revenues for the first time. Beyond the EITI, support for resource-rich countries is focused on public expenditure management. This includes, for instance, the FY05 Economic Reform and Governance Investment Project in Nigeria, which supported introduction of discipline in budget procedures, due process in procurement, and strict enforcement of financial crimes.

138. *Lessons.* While progress in capacity development has been adequate–and better than adequate in natural resource revenue management–more progress could have been made in governance and capacity building if the CDMAP had been launched earlier. Going forward, the CDMAP should be the instrument to build capacity.

Building the capacity of post-conflict states to deliver essential services

139. *Development challenge and the AAP's approach.* Low-income countries that are involved in conflict or have recently emerged from conflict are typically characterized by fragility of the state–that is lack of legitimacy, institutional capacity, or both. The approach taken in the AAP was to work with development partners to tailor country strategies to the special needs and challenges of post-conflict countries.

140. *Patterns of regional change.* The reduction in conflicts noted in the AAP has continued, although not at the pace of the early 2000s. The African Union has taken a leading role in conflict resolution and peacemaking.

141. *Development partner***.** In 2005, the OECD DAC's Fragile States Group drafted Principles for Good International Engagement in Fragile States. These principles highlight the fact that development in a fragile state depends, at least in part, on well sequenced and coherent progress across the political, security, economic, and administrative domains. Working effectively across these domains requires donors to adopt a "whole-of-government" approach, involving departments responsible for security, and for political and economic affairs, as well as those responsible for development aid and humanitarian assistance. OECD-DAC is working on policy coherence in fragile states to develop guidance on good practices.

142. *Bank group activities and results*. The World Bank has worked with partners to tailor country strategies to post-conflict realities (e.g., in Angola, CAR, Comoros, Congo, Côte d'Ivoire, Eritrea, Liberia, Sierra Leone, Sudan, and Zimbabwe). The approaches taken are varied and customized to country circumstances. In Sudan, for example, early engagement seeks to help build leadership capacity. Collaboration among all major donors in preparing a joint assessment of needs helped to identify entry points for recovery in the CAR.

143. *Lessons*. As with capacity development in general, the major instrument of the Bank Group in conflict affected states will be the CDMAP. Experience in implementation has shown, however, that especially in the case of early post-conflict engagements, speed and field presence are essential. Thus the Region will explore new ways to support rapid, decentralized decision-making in these environments.

Improving partnerships and delivering more effective aid

144. *Development challenges and the AAP's approach.* Effective aid requires that donors align their aid with countries' priorities, rationalize their activities to make them cost-effective, and simplify policies and procedures to encourage collaboration. The AAP committed to improve the consultative group mechanism to tighten the link between resources and results, and to increase harmonization and alignment at the country level.

145. *Patterns of regional change.* There are region-wide efforts to strengthen country level harmonization and alignment: Table 9 illustrates the degree of country-level implementation of a set of key partnership actions. Countries in Africa not listed in the table are also taking less comprehensive action on harmonization and alignment. In many countries, country ownership, including in some cases the presence of a "champion" of harmonization and alignment in the administration, is a key element of progress.

Table 9: Progress in partnership actions

	Harmonization road map	Joint / collaborative assistance strategy	Common performance assessment framework	Coordinated budget support	Sectorwide approaches	Joint diagnostic and analytical work	Use of common arrangements	Independent monitoring of progress
Countries showing substantive progress (at least four areas of substantial action).								
Burkina Faso	○	○	●	●	●	●	•	•
Ghana	●	•	●	●	●	●	•	•
Mozambique	○	•	●	●	•	●	●	•
Tanzania	•	●	•	●	●	●	●	●
Uganda	•	●	●	●	●	●	•	•
Countries where actions are being taken but not across as broad a front as in the first category.								
Cameroon		○	○	○	○	○	○	•
Ethiopia	●		•	•	•	●	•	○
Malawi	○	•	•	•	●	•	○	○
Rwanda	•	○	•	●	○	●	•	•
Senegal	○	○	○	●	●	•	•	
Zambia	●		○	•	●	•	•	•

● = substantial or sustained action; • = moderate action; ○ = action being initiated and at early stage; blank = little or no action

Source: Harmonization and Alignment for Greater Aid Effectiveness:An Update on Global Implementation and the Bank's Commitments, (R2006-0193) World Bank, October 2006. [48]

146. Donor coordination mechanisms are being revamped in a number of countries, and in some cases they are better linked to domestic processes and timetables. For example, in Mozambique, donor coordination takes place through joint and midyear reviews (April and September), aligned with the government's planning and budget cycles. In Tanzania, the main fora for donors and government to address scaling up include the annual public expenditure consultative meeting (April/May) and the annual review of the MKUKUTA and general budget support (October). Ghana held a first resources and results roundtable based on a results framework, a resource matrix, and a mutual accountability agreement (Box 6).

147. *Development partners.* Under the Paris Agenda, the international community is committed to improving aid effectiveness and has begun work, including surveys, to establish benchmarks and monitor progress against agreed indicators. A progress report on the Paris Declaration is scheduled for March 2007. The recent Board paper *Harmonization and Alignment for Greater Aid Effectiveness: An Update on Global Implementation and the Bank's Commitments* describes international progress. Momentum to strengthen aid effectiveness in regional programs is building; however, progress on harmonization and alignment in regional programs in limited and variable, for the most part lagging significantly behind improvements in country programs.

[48] *Note:* This table depicts some of the most strategic actions/measures that governments and donors are taking in a selected list of countries to implement harmonization and alignment. The countries selected show a range and depth of implementation. This presentation does not imply that such activities are taking place only in the countries listed; rather, actions in one form or another are taking place in over 60 countries.

148. *Bank group activities and results.* The Bank has supported efforts with other multilateral institutions (AfDB, UNDP), bilateral donors, and country partners. In FY06, 29 percent of analytic work in Africa was prepared jointly with others (compared to a Bank-wide average of 20 percent). The Bank has initiated scaling-up exercises in six countries (Burkina Faso, Ethiopia, Ghana, Madagascar, Mozambique, and Tanzania) to provide concrete evidence on the potential to use greater aid effectively. But in the absence of scaled-up development assistance, less progress has been made on developing resources and results processes than was originally expected.

149. *Lessons.* In Africa the Bank has been a leader in harmonization, alignment, and managing for development results. In most countries, it has the convening power to bring together country counterparts and development partners, potentially including non-OECD/DAC members–such as China, foundations, and the private sector–into financing country strategies. These strengths will play an important supporting role in the AAP going forward.

Box 6. Country-based scaling up: the case of Ghana

Following up on commitments to increase aid, the World Bank, OECD-DAC, and UNDP teamed to build momentum for scaling up and to improve the prospects that countries would use aid productively. They focused on six well-performing low-income countries–Burkina Faso, Ghana, Madagascar, Mozambique, Rwanda, and Tanzania–and began a series of "Results and Resources" (R&R) meetings. These meetings build on mechanisms such as Consultative Group or country processes meetings to link resources to development results, make aid flows more predictable, and strengthen mutual accountability between countries and donors.

Ghana's first R&R meeting was in Accra in June 2006. Country ownership and leadership have been at the center of R&R in Ghana, and the meeting was led by the Ghanaian Government. The scaling-up framework is the Growth and Poverty Reduction Strategy II, covering 2006-09, which set out specific development results and policies and programs to achieve them. The Bank helped to prepare other documents for the meeting, including a summary, integrated growth strategy, the macro context, and scale-up opportunities; a results matrix linking GPRS II outcomes, resources, and indicators for monitoring; a financing plan; and a matrix on aid harmonization.

Ghana's scaled-up strategy was well received. Donors offered $5 billion in new money ($800 million more than had been projected six months earlier) and $1.3 billion in HIPC and MDRI debt relief for the four-year GPRS II period. Additional financing of about $2 billion ($500 million a year, or about four percent of GDP) would be needed to fully fund the scaled-up investment plan. Donors are reviewing the financing of GPRS II, and the Bank is preparing a country economic report on accelerated growth. The next meeting is scheduled for June 2007 to take stock of program implementation against the agreed results and to consider additional financing. Future R&R meetings are planned to be held annually.

IV. The Way Forward: A More Focused Africa Action Plan

150. This section describes how Management will modify the AAP to increase development impact. These modifications represent a logical, evolutionary change in the Region's priorities and programs. They respond to the regional and international trends outlined in Section II and to the Bank's evolving role in the development partnership.

A. A Summary of Lessons Learned

151. The AAP has succeeded as a framework for Bank Group engagement in Africa. Its original goals–to accelerate shared growth and achieve as many of the MDGs as possible–were validated by the review of implementation. While there is evidence of more rapid progress toward

these goals, it still is not sufficient. (Table 10) The assessment of progress underlined both achievements in and the need for continuing to support capable and transparent states and strong development partnerships. However, the evidence also indicated that more focus and greater selectivity can accelerate progress toward results as the AAP enters its third year. Four key lessons from implementation suggest both continuity and some changes to the AAP are needed:

- *The country based model works and should be strengthened.* Positive regional trends in a number of outcome areas show that progress has been made by improving the alignment of development partners to country-owned strategies and shaping programs to country specific circumstances. New donors and vertical programs make supporting country-centered development strategies increasingly important.
- *The original AAP was too comprehensive to be an effective management tool.* It also did not distinguish adequately between achieving results in countries and internal Bank processes.
- *Emerging demand from countries should guide selectivity and management attention.* Countries are increasingly aware of the constraints that could stall the progress made over the past few years and are looking for support in a number of critical sectors, such as energy, the business environment, and agricultural productivity. There are also areas that will be needed for shared growth–for example skills and the economic empowerment of women. These demands must be anticipated now to increase the chances of achieving and sustaining longer term growth and human development.
- *Management accountabilities need to be better balanced.* The results based CAS provides an important management tool for the country-based business model. A similar tool is needed to increase accountability for results at the sector level (region-wide) and to guide management attention to critical issues across Africa, such as energy access or post-primary education.

B. Strengthening the Country-Based Model

152. The country-based model is central to development effectiveness in Africa. Because African countries vary, sometimes dramatically, with respect to their growth opportunities and constraints, levels of social well-being, and institutional contexts, country-specific approaches are critical to achieving shared growth and faster progress toward the MDGs.[49] The country-based model empowers governments to set results-oriented development priorities and build capable, accountable states. As articulated in the Paris Declaration, the model calls on donors to respect partner country leadership and to deliver aid in ways that increase its effectiveness and enhance, rather than undermine, domestic accountability and institutions. It emphasizes the mutual accountability of countries and donor partners for achieving development results. Bank Group support will continue to be guided by nationally owned PRSs. The Region will further strengthen the results based CAS to provide appropriate services to countries, tailored to their needs and the Bank Group's comparative advantage at the country level. The CAS defines Management's accountability for results at the country level.[50]

[49] See World Bank, *Economic Growth in the 1990s–Learning from a Decade of Reform*, Washington, D.C.: World Bank, 2005, for an assessment of the need to adapt broad economic principles intended to spur growth and improve the delivery of services to the poor to individual country circumstances.

[50] The results based CAS provides a results framework, progress report and completion report. The CAS sets out clear links between national strategies, outcomes the Bank's program directly influences and the Bank Group's lending and non lending program. ver time the results frameworks can provide a more aggregate picture of Bank support

Table 10: Baselines and Targets for Growth and the MDGs

	Baseline Data / Year	Latest Available Data / Year	Goal / Year
Growth			
GDP Growth (%)	2.8 (1990)	5.5 (2005)	7 (2010)
Millennium Development Goals (subset of indicators)			
Goal 1. Eradicate Poverty			
■ Population below the poverty line (%)	44 (1990)	46.4 (2001)	38 (2015)
Goal 2. Achieve Universal Primary Education			
■ Primary completion rate (% of relevant age group)	43 (1990)	58 (2004)	100 (2015)
Goal 3. Promote Gender Equality			
■ Ratio of girls to boys in primary and secondary school	78.4 (1991)	86.5 (2004)	100 (2015)
■ Women in Parliament (%)	9 (1990)	15 (2005)	--
Goal 4. Reduce Child Mortality			
■ Under Five Mortality Rate (# per 1000)	161 (1990)	149 (2004)	54 (2015)
Goal 5. Improve Maternal Health			
■ Maternal Mortality Rate (# per 100,000)	870 (1990)	826 (2005)	218 (2015)
Goal 6. Halt and begin to reverse the incidence of HIV/AIDS and malaria			
■ HIV prevalence among adults 15-49 (%)	0.5 (1990)	6 (2005)	--
■ Annual Malaria Mortality (out of 100,000)	--	199 (2000)	--
Goal 7. Ensure Environmental Sustainability			
■ Forested land area (% of total land area)	6.9 (1990)	6.3 (2005)	--
■ Proportion of people with access to safe water (%)	53 (1990)	65 (2004)	76 (2015)
■ Proportion of people with access to sanitation (%)	29.8 (1990)	37 (2004)	66 (2015)
Goal 8. Develop a Global Partnership for Development			
■ Debt service (% of exports)	13.5 (1990)	7.9 (2004)	--
Data source: World Bank WDI database and UN Millennium Development Goals Report, 2006			

152. The review of implementation of the AAP indicated that, looking across Africa, success in delivering better country-centered development outcomes requires supporting good governance and public sector capacity, increasing attention to environmental management, and building an effective development partnership. This section summarizes how the AAP will selectively increase support to these important areas. The implementation framework that sets out goals, anticipated outcomes and management targets in each area is contained in Annex D.

Governance and effectiveness of the public sector

153. Good governance is an integral part of achieving shared growth and the MDGs. Where transparency and accountability mechanisms are weak or lacking, poor people are often marginalized and development outcomes suffer. African citizens are increasingly demanding more accountable and transparent governments, and Africa's leaders are responding. Improving governance–the effectiveness, responsiveness, and transparency of national and local governments–is the overarching goal of this area.

154. Governments and development partners can use the Bank's international knowledge and strong analytic skills to identify the political and institutional dynamics that underpin implementation of government programs. The Bank also has a solid track record in public expenditure management and more recent experience in integrating results-based approaches into public sector reforms. In resource-rich countries, the Bank Group is also positioned to help address governance and transparency issues. The Bank can play a key role in encouraging greater harmonization of donor effort for capacity development.

155. The AAP will help African governments to identify their own priorities for improving governance and to articulate and implement programs responding to those priorities. The scope, sequencing, and speed of governance reforms will be tailored to the country context.[51] The Region will accelerate implementation of CDMAP, its primary instrument to support countries as they build capable states.[52] The Region expects to commit over $2 billion to develop capacity under IDA 14. CDMAP is designed to increase the effectiveness of this spending by working with other partners to achieve better results. Support for poverty monitoring and statistical capacity will be integrated into governance reforms.

156. This will require addressing public sector governance and capacity issues more strategically and holistically in CASs and the lending program. It will also require tailoring support to country circumstances, recognizing priorities and responses may vary depending on country conditions. In reform-minded countries, the Region's assistance is being integrated into development policy lending and multisectoral programs. In other countries, there is greater reliance on technical assistance aimed at building basic capacity and enhancing accountability.

157. The anticipated outcome of Bank and partner efforts is to improve the CPIA ratings of the quality of public administration and budget and financial management. Management will implement operations and scale up initiatives in high-performing countries and slow growers to achieve the following:

Support good governance–high-performers and slow-growers

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Across 10 countries the average CPIA score for quality of public administration improves by 2010. ▪ Across 15 countries the average CPIA score for quality of budgetary and financial management improves by 2010.	▪ 15 countries improve the quality of public administration for doing business measured by: (i) cost of enforcing a contract and (ii) time taken to prepare, file, and pay taxes (number of days per year), by 2009. ▪ Improvement in one or more public financial management performance indicators (measured by PEFA and HIPC assessments) in 12 countries by 2009.	▪ Accelerate implementation of the CDMAP. **Portfolio**: Net commitments of $924 million for public sector governance (23 projects). Total commitments in public sector governance, including the rule of law, were $2,224 million. **AAA**: Increase governance in CASs, Assist countries with governance diagnostics.

[51] This approach is consistent with the strategy in *Strengthening World Bank Group Engagement on Governance and Anticorruption*, (SecM2007-0036/2), March 2007.

[52] The CDMAP (*Capacity Development in Africa: Management Action Plan.* (SecM2006-00323) July 14, 2006) has a monitoring framework against which it will report progress.

158. The World Bank Group will scale up support in managing natural resources to achieve sustainable improvements in non-mineral growth and human development in resource-rich countries. It will use the Extractive Industry Transparency Initiative (EITI) and public financial management instruments and technical assistance to help improve transparency and accountability, while working to strengthen public expenditure frameworks. In addition, IFC will provides (a) implicit political risk cover and advice for sponsors on governance and transparency in high-risk countries, and (b) convening power to facilitate IBRD/IDA involvement on policy issues such as sector reform, transparency and governance, and infrastructure. The Gas Flaring Reduction (GGFR) Initiative involves a number of African countries. The joint World Bank/IFC mining department expects to increase its commitment volumes in Africa to $100 million: $150 million per annum. Mining is the most likely area for new business, but gas could grow as well.

159. In resource rich countries, the anticipated outcome of Bank and partner efforts is to improve the CPIA scores for transparency, accountability and corruption. Management will implement operations and scale up initiatives in resource rich countries to achieve the following:

Support good governance and capacity development - resource-rich countries

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Ten natural resource-rich countries increase the average CPIA score for transparency, accountability, and corruption by 2011.	▪ Four countries endorse the EITI principles by 2008. ▪ Eight other countries show progress in implementing EITI principles by 2008.	▪ Increase support for resource-rich countries to manage their natural resources for sustained improvement in non-mineral growth and human development.

Better management of the environment

160. African countries need to have the capacity to manage their natural resources and to mitigate and adapt to the threat of climate change. The success of a number of important elements of shared growth−agricultural productivity, clean energy, and access to water and sanitation services−depends on water resources management at the country and regional levels and proper management of the multiple claims for use of available water. In addition, gains in health and poverty reduction could be reversed if countries do not adapt to climate change. The Bank Group's goals in support of environmental management are to reduce the cost of environmental degradation and improve the use of natural resources, including the management of non-renewable resources.

161. The World Bank has a flexible and varied set of instruments that governments can use to protect their resource base. This includes, trust funds and global programs–such as Global Environmental Facility (GEF), and the Carbon Fund, expertise in institutional capacity building, a large ongoing portfolio in environmental management, and many multisectoral operations through which environmental concerns can be addressed (agriculture, water management, energy, governance). In addition, the Bank has valuable international knowledge on environmental matters coupled with recent experience in building country systems for environmental safeguards. The Bank's portfolio addressing environmental issues, including GEF operations, is $1.3 billion. More than half of the projects that deals with the environment seeks to improve the legal and regulatory issues for environmental and natural resource management and build the capacity of institutions to enforce regulations.

162. The anticipated outcome of Bank and partner efforts is to improve medium term management of natural resources, while protecting the environment. Management will implement operations and scale up initiatives to achieve the following:

Better management of the environmental

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ 10 countries improve their medium- term revenues from natural resources by 2012.	▪ 10 countries have analyzed how to maximize natural resource revenues over the medium term and have undertaken reform in related NRM policy (e.g., concession policy; tourism policy; fishing policy) by 2009. ▪ 10 countries have invested in their enforcement capacity related to natural resource management by 2009.	▪ Develop action plans on sustainable environmental practices for key productive sectors in 10 countries. **IDA Portfolio**: $1.3 billion. Includes water resource management ($222 million), pollution control ($302 million), biodiversity ($147 million), climate change ($153 million).

A more effective development partnership

163. Improving aid effectiveness is the overarching goal of this supporting area. The Bank will build on and accelerate the progress in harmonization, alignment, and results at the country level achieved under the Paris Declaration. Harmonization and alignment principles will be mainstreamed into all aspects of the Bank's business process. Monitoring of the Paris Declaration indicators will continue. During the last year, harmonization and alignment principles have been mainstreamed into all aspects of the Bank's work. Management will assist more countries to build R&R processes that embody: a strategy that identifies funding gaps and demonstrates how additional resources will deliver results, a mix of financing options, considering debt sustainability; and complementary roles for development partners, including the private sector. Work will be undertaken to involve non-OECD/DAC members–such as China, foundations, and the private sector–into financing national strategies.

164. IDA15, supported by the Africa Catalytic Growth Fund, will be the Region's main instruments for this purpose. In addition, budget will be provided to country units to bring together the process, using existing analytic work, and to support the country in bringing development partners on board.

165. These processes are expected to contribute to a sustained increase in development finance targeted to national priorities and in the effectiveness of aid.[53] Management will implement operations and scale up initiatives to achieve the following:

[53] Opportunities will be identified on the basis of (a) clear strategic opportunities where coordinated funding can break a constraint to growth or help achieve a hard-to-reach MDG, (b) a costed strategy that identifies funding gaps and demonstrates how additional resources will deliver results, including an assessment of implementation capacity, (c) sufficient fiscal space, considering debt sustainability for a mix of financing, and (d) interests of the development partners

A more effective development partnership

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Increased resources for development programs in at least 10 countries.	▪ 10 countries where R&R processes lead to funding for a prioritized, targeted, and sequenced government programs.	▪ Sponsor resources and results processes, bringing a well-defined national strategy together with development finance.

C. Achieving Greater Selectivity and Accountability: From Themes to Flagships

166. The region will complement the country based approach by addressing emerging demand from African countries in important areas and increasing management accountability for the of results. This section discusses how management will refocus on eight operational areas (Flagships).

More selectivity for increased impact

167. The implementation review showed that with four pillars, 14 thematic areas, and 108 actions–of which 25 are priority actions–the AAP has not been an effective tool for management. It has two principal defects: it is too comprehensive, and it does not distinguish adequately between results in countries and internal Bank processes. Greater impact can be gained by focusing more selectively on a smaller number of initiatives and by strengthening the accountability for results within each remaining area. Each of the14 thematic areas was assessed with respect to:

- the continued *relevance* of the area to country needs, development outcomes, and the MDGs;
- the contribution the Bank Group has made and can expect to make toward better *results*;
- the Bank Group's *core competencies* and how these can best complement other development partners and the private sector; and
- the Bank Group's role in addressing *global priorities* needing collective action.

The evaluation, summarized below, provided the basis for reducing the number of areas requiring increased Management attention from 14 to eight "Flagship" operational areas.

168. Four of the original objective areas have been incorporated into the Region's work program: (i) *identifying the drivers of growth* through growth diagnostics has been mainstreamed into AAA work; (ii) the diagnostic work for c*reating an export push* has been implemented through the Diagnostic Trade Integration Studies (DTIS), allowing operational work to be incorporated into the PSD, infrastructure and skills flagships; (iii) creation of the *regional integration* department has fostered coordination between country and regional programs and demonstrated the success of a demand driven approach to regional issues; and (iv) the broad based success of the global partnership for *primary education* has allowed the Bank to shift its incremental focus toward post-primary education.

169. Two successful areas in human development – *malaria and HIV/AIDS* – are closely related, and both depend on improved health care systems. They have therefore been combined into a single flagship. In contrast, the success of the Region in addressing the *infrastructure gap*, and different evolving roles for the Bank in the development partnership, led to making energy, transport, and water separate flagships, reflecting the Bank Group's comparative advantage.

170. Four of the original objective areas pertained to capacity development: *helping countries develop outcome-driven national strategies; measuring and reporting on progress in shared growth and service delivery; strengthening capacity for public expenditure management;* and *building capacity in post-conflict states to deliver essential services.* With the advent of the CDMAP these objectives have been incorporated into the Region's overall program for capacity development and appear as elements of a single cross cutting theme. Similarly, strengthening the development partnership has been made a cross cutting theme.

171. Two areas judged to have shown insufficient progress – *connecting the poor to markets* and *promoting gender equality* – were redesigned. The objective of connecting poor people to markets will be addressed through the transport, private sector development, and agriculture flagships. In the case of gender, a new flagship focusing on women's economic empowerment has been developed. Insufficient progress has also taken place in increasing *agricultural productivity*, which has been retained as a flagship, but redesigned with new management targets and initiatives.

Greater focus on results

172. The revised AAP draws a sharper distinction between (a) African development goals and outcomes–which are the product not only of Bank Group interventions but also of actions by the private sector, African governments, and development partners; (b) management targets that are closely related to the implementation of the flagships; and (c) Bank initiatives and instruments (lending, non-lending)–that deliver financial and intellectual resources. Implementation will be guided by a framework that links initiatives and instruments to management targets. (see Annex D) Progress will be assessed regularly against these objectives. Bank support will continue to be guided by country-owned strategies and the value the Bank can add within the development partnership.

173. In the original AAP, nine of the 14 areas were along sector lines. Therefore, it explicitly recognized the risk that too tight a focus on these areas might undermine the centrality of the country-based model embodied in the Paris Declaration. The change from themes to flagships poses similar risks. Just as in the original AAP, Bank support will continue to be guided by national strategies (PRSs), and implementation will be centered on the CAS. The revised AAP will use the results-based CAS to select the outcomes and country-specific targets that the Bank will support.

174. The flagships are designed to increase management attention on both sides of the matrix to managing for and reporting on results. At the country level, the CAS and country program reviews provide the mechanism for reporting on and managing for results. The challenge will be for country units to facilitate the right mix of flagships to address multisectoral outcomes, such as the MDGs, while being selective. For sector units, the flagships' management targets and outcomes reflect the demand from country strategies and provide a basis for monitoring outcomes and intermediate results across Africa. The challenge for the sectors will be to ensure that technical staff are available to respond to country demand and that there are strong partnerships with country units and development partners in monitoring sector results, even in countries where the Bank may not have an investment operation. The process of focusing management attention on the flagships will help the Region better plan for the staffing and budget needs to integrate sector skills into country programs.

D. The Flagships

175. This section describes each of the eight flagships. It defines the goal of each flagship and explains its relevance to addressing development challenges in Africa. An implementation framework sets out the goals, outcomes, and management targets that will be monitored. (See Annex D)

176. The flagship operational areas are a subset of the Bank's total program in Africa, which will continue to be guided by country level demand through the CAS. The Flagships represent areas where there is client demand and where the Bank Group can add value to the international partnership by exploiting and strengthening its core competencies, including through ensuring that managers and staff maintain appropriate expertise and skills levels. They are used to focus management attention to priority needs arising from countries' national strategies, for instance in energy, water, and PSD, and possible future constraints, such as skill development and science and technology. In some cases−for example the economic empowerment of women−they also provide the basis for identifying new analytic and advocacy work to raise the profile of the issue with countries. They aim to: (i) strengthen the African private sector; (ii) increase the economic empowerment of women; (iii) build skills for competitiveness in a global economy; (iv) raise agricultural productivity; (v) improve access to and the reliability of clean energy; (vi) expand and upgrade road networks and transit corridors; (vii) increase access to safe water and sanitation; and (viii) strengthen national health care systems and combat malaria and HIV/AIDS.

177. Progress will be assessed regularly against delivery of results. Baseline data were established for social and economic development outcomes based on regional SSA averages and an assessment of the number of countries that are showing progress against country specific baselines and targets. (See Annex A) A more detailed implementation framework sets out the goals, anticipated outcomes, and management targets that will be monitored for the Flagships. (See Annex D) The AAP monitoring system will provide information on progress against these indicators and provides additional detail. The full impact of the Bank's operations at the country level will continue to be assessed by monitoring the CAS.

Strengthen the African private sector

178. The two goals of this flagship are to increase domestic and foreign private investment and strengthen the African-owned private sector. Management attention will focus on two areas: improving the investment climate and addressing the specific needs of African entrepreneurs.

179. *Improving the investment climate*. The Bank will advance the PSD agenda and build on early success in using new analytic tools to benchmark and motivate countries to undertake reforms. Trade-related components to support an export push will be integrated into PSD operations. Bank Group initiatives will contribute to accelerated progress on investment climate and doing business indicators, and decreased costs to export. The Bank Group will scale up regulatory reform in all PSD operations and continue to roll out analytic work through ICAs, DBAs, and other competitiveness studies. In cooperation with IFC (including FIAS and PEP), IDA will deepen the work on reducing administrative barriers and seek further opportunities to foster public-private partnerships and provide technical support for business development.

180. The anticipated outcomes of Bank and partner efforts are expected to increase the number of countries that show improvements in the investment climate relative to 2005 and to reduce the

time to export, from the SSA average of 40 days in 2006.[54] Management will implement operations and scale up initiatives to achieve the following:

Improve the investment climate

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Increase the number of countries that accelerate progress on improving the investment climate as measured by Doing Business Indicators by 2011. ▪ Increase the number of countries that reduce the time to export by 2012.	▪ Nine countries show improvements in DBA indicators–specifically the cost and time to establish a business by 2009. ▪ Four pilot countries decrease the time to export and the cost to export by 2009.	▪ Scale up WBG support to reduce the cost of doing business and develop a minimum platform of trade logistics in four pilot countries. **IDA Portfolio**: $1.3 billion PSD in the overall portfolio, including non-PSD projects. **IFC**: IFC PEP Investment Climate Facility, PPP prospective advisory services. **MIGA:** Political risk guarantee. **AAA**: ICA Global Roll out and other analytic work.

181. *Addressing the needs of African entrepreneurs.* African-owned firms have different business obstacles than foreign-owned firms, and this flagship will help to remove these obstacles. MSMEs dominate the African-owned private sector, but they are constrained by limited access to finance, a restrictive business environment with strong incentives for informality, and poor management and technical capacity. The Bank will use its strength in MSME development to address financial sector issues at the country level, while also supporting micro and small enterprises. It will build on the lessons learned in the joint IDA/IFC MSME program in pilot countries. The Bank Group action will contribute to improved investment, employment, and productivity of beneficiary MSMEs. Lessons from the IDA14 review of the MSME pilot will be used to speed up progress and realize synergies of joint IDA/IFC work. The IFC will increase equity investments, provide equity capital to SMEs through special purpose funds, and invest in early stage development equity, in infrastructure and extractive industry sectors.

182. The anticipated outcome of Bank and partner efforts is to increase investment, productivity and employment of SMEs, relative to 2004. Management will implement operations and scale up initiatives to achieve the following:

Address the needs of African entrepreneurs

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Increase investment, employment and productivity of beneficiary SMEs in seven countries by 2011.	▪ Increase loan volume to MSMEs by private financial intermediaries in seven pilots by 2009. ▪ Improve the skills of MSMEs in seven pilot countries by 2009.	▪ Accelerate and scale up implementation of the IDA and IFC programs for MSME development in seven pilot countries. **IDA Portfolio:** IDA SME Programs, Joint IDA/IFC MSME. **IFC:** MSME, Microfinance initiative for SSA, Global micro-finance initiative, Local currency initiative SME solution center, Equity capital for SMEs, Focused equity team, Special purpose fund for SME equity capital.

[54] *Doing Business, 2007*, has a full listing of the scores for countries where the survey has been undertaken.

Increase the economic empowerment of women

183. The empowerment of African women is essential for shared growth, especially in view of the prominent role women play in African economies. Women-owned businesses face more difficult obstacles than male-owned enterprises. Men and women differ significantly in their access to, and control over, productive assets. Increasing the number of women-owned businesses and improving women's legal status and access to justice are the goals of this flagship.

184. Rather than continuing the broad gender mainstreaming approach of the original AAP, Management will make "mainstreaming" more operationally relevant and focused on results. The flagship is drawn from the *World Bank Group Gender Action Plan: Gender Equality as Smart Economics*.[55] It will concentrate on women's role in the economy in order to promote shared growth and accelerate implementation of MDG3. The Bank will focus on eight countries where it will contribute to an increase in revenues and profits of women-owned businesses and improved enforcement of laws affecting women. Gender and Growth Assessments in SSA countries will provide information for training women entrepreneurs, and for addressing productivity issues in PSD operations; in addition, Investors' Councils and policy-makers in national programs will be able to use this information to engender private sector development. The Region's gender and law program will support gender responsive law reform. Progress in addressing women's issues in the social sectors will be monitored through gender disaggregated data in the relevant flagships (such as education, health systems, HIV/AIDS).

185. Bank and partner efforts are expected to increase the number of registered women-owned businesses in SSA and to improve property rights, as measured by an increase in the number of land titles held by women. Management will implement operations and scale up initiatives to achieve:

Increase the economic empowerment of women

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Increase number of registered women-owned businesses in SSA by 10 percent by 2009. ▪ Improve property rights for women in SSA (increase in the number of land titles held by 10 percent)	▪ Commercial banks in four countries receive lines of credit for on lending to women entrepreneurs by 2009. ▪ 25 countries ratify the Women's Rights Protocol by 2008 from 15.	▪ Scale up IFC GEM program and build components into IDA PSD projects and justice projects to address constraints to women's participation in business and employment. **IDA Portfolio**: Regional Legal Program and components of PSD operations. **IFC**: Gender Entrepreneurship Market (GEM) Program.

Build skills for competitiveness in the global economy

186. Increasing the skills of Africans to innovate, develop SMEs, and meet the needs of the private sector for a trained work force are the goal of this flagship. The Bank Group will model its strategy on the successes of primary education, developing an equally effective response in post-primary education and engaging with development partners and the private sector in viable joint programs. As outlined in the *Education Sector Strategy Update*, the World Bank has an important

[55] *Gender Equality as Smart Economics: A World Bank Group Gender Action Plan.* (SecM2006-0370), August 2006.

role to play in strengthening education for the knowledge economy and helping countries to integrate post-primary education into their policy and institutional context.[56]

187. Bank Group action will contribute to increasing secondary enrollment, improving learning outcomes, and enrolling more undergraduates in science, technology, and business courses. The Bank Group will help African countries develop sound and fiscally sustainable policies and comprehensive educational programs designed to achieve multiple goals: meet the education MDG; improve learning outcomes throughout the educational system; manage the growing pressures on post-primary education; respond to employers' demand for skilled labor; and ensure that the post-primary education system is oriented to enhance Africa's connection to international scientific knowledge and know-how. IDAs efforts to improve quality in primary education has important implications for post primary schooling by raising the quality of entering students. Finally, the Region will seek innovation in education systems and skills training through public-private partnerships.

188. The anticipated outcomes of Bank and partner efforts are to increase secondary enrollment and to increase the share of undergraduates enrolled in science and technology. Management will implement operations and scale up initiatives to achieve the following:

Build skills for competitiveness in the global economy

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Eight countries increase secondary education enrollment by 1 percent per year beginning 2009. ▪ Eight countries increase the share of undergraduates enrolled in S&T and business courses by 2010.	▪ Eight countries meet their own targets for number of qualified secondary teachers and availability of classrooms and textbooks in core subjects (math, science) by 2009. ▪ Three countries use competitive funding mechanisms to improve teaching and research in S&T by 2009.	▪ Increase engagement with government, private sector and development partners in developing financially sustainable programs for policy reform, institutional strengthening, and financing of post-primary education. **IDA Portfolio**: US$590 million for all projects coded for secondary, tertiary, or vocational education. **IFC**: Expand Global Bus. School Network.

Raise agricultural productivity

189. The goal of this flagship is to accelerate growth in agricultural productivity, including land and labor productivity. As long as the majority of Africans live in rural communities and depend on agriculture, improvements in land and labor productivity in agriculture will be key components of any shared growth strategy. Although productivity growth has been a high priority of African leaders, there has not been sufficient progress.

190. The Bank will work with the NEPAD Comprehensive African Agricultural Development Program (CAADP) to scale up coordinated support from the development community. Programs will contain the following building blocks: (a) improved agricultural technology (research, extension, and adoption of improved techniques); (b) investment in rural infrastructure through local government and/or community initiatives; (c) irrigation and water harvesting; (d) sustainable

[56] *Education Sector Strategy Update*, CODE2005-0045/1, July 2005.

land management; (e) stronger value chains and access to markets, including input markets; (f) greater access to rural finance and risk management; and (g) stronger safety nets. Achieving these outcomes in productivity will require scaled-up and coordinated support from the development community. The Bank Group will use multi-sector approaches to develop outcome-focused programs. IFC initiatives to support agribusiness will be coupled with Bank support to farmers' voluntary organizations, resulting in more opportunities for farmers to purchase inputs on better terms and/or market their products for improved on-farm income. Finally, the region will integrate protection of watersheds that feed the irrigated perimeter and strengthen the relevant institutions.

191. The anticipated outcomes of Bank and partner efforts are to increase the percentage of cropland under irrigation from the current level of 4 percent and to increase investments in agricultural technology. Management will implement operations and scale up initiatives to achieve the following:

Raise agricultural productivity

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Increase in irrigated land (percent of crop land) by 2011 ▪ Increase investment in agricultural technology by 2011.	▪ Five countries have costed, comprehensive programs of public investment to support agricultural growth by 2009. ▪ Three regional economic communities complete regional strategies for cooperation in agricultural technology development by 2009.	▪ Assist governments to design and cost comprehensive programs of agricultural development, and mobilize financing in five countries by 2009. **IDA Portfolio**: 53 projects in agricultural sector and an additional 23 projects that have components coded to agriculture for a combined commitment of active projects of US$1.2 billion.[57] Regional approach to agricultural research in West Africa. **IFC**: Agribusiness industry.

Increase access to and reliability of clean energy

192. Ensuring reliable access to clean energy for enterprises, households, and key public facilities is the goal of this flagship. The flagship will build on IDA success in increasing resources for infrastructure, in promoting regional power pools to develop regional power markets, and in developing public-private partnerships. The Bank Group will help governments to acquire the capacity for preparation and implementation of transaction, and post-transaction follow up to improve outcomes of PPI. Experience under the AAP shows that the Bank is well positioned to link policy reforms and investments to create sustainable energy sector programs. Bank support will cover investments in access, network expansion and strengthening, and rural/off-grid programs. Operations will also include technical assistance components for strengthening utility planning and operations and institutional and policy development. Under the AAP substantial efforts have been made to scale-up IDA lending to the power sector within the new CEIF.

193. The CEIF has noted that a target of increasing the percentage of households connected in SSA, from roughly 23 percent in 2005 to 35 percent in 2015 and 47 percent by 2030, is feasible if

[57] The rural development portfolio is much larger, and the multisectoral issues are necessary to move to agricultural productivity. A more direct subset is used here as opposed to the larger body of investments. If rural development coding were used, this would be over $2 billion in commitments.

countries improve their sector policies and implementation capacity, and concessionary financing doubles from the current $2 billion per year to $4 billion a year. [58]

194. The anticipated outcomes are: to increase access to electricity from 23 to 35 percent of the population region-wide by 2015; to decrease in the number of power outages suffered by enterprises in a typical month in 20 countries; and to reduce indoor air pollution through use of LPG and kerosene by households. Management will implement operations and scale up initiatives to achieve the following:

Increase access to and reliability of clean energy

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Region-wide increase in household access to electricity to 35 percent from 23 percent by 2015. ▪ In 20 countries, the number of power outages suffered by an enterprise in a typical month decreases by 2015. ▪ Contribute to reduced indoor air pollution in more than five countries.	▪ At least 30 countries increase generation capacity by 20 percent or more between FY07 and FY11.[59] ▪ Utilities in 20 countries reduce their losses (technical and non-technical) by 10 percent or better by 2011. ▪ Increase LPG and kerosene use by households in five or more countries.	▪ Mobilize sector-wide approach for electricity access in a few pilot countries, including donor and private financing through sector syndications by FY09. **IDA Portfolio**: Total commitment of $1.9 billion. $400 million regional power pools. **IFC**: Light Up Africa Program, 3 PEP to infrastructure. **MIGA**: Guarantee Facility for PPP. **AAA**: Advise governments on fuel pricing for faster transition to LPG and kerosene use (from biomass use) by households and initiatives for sustainable land management including forestry.\

Expand and upgrade road networks and transit corridors

195. Decreasing the cost and time to reach key international markets and improving access to markets via all-season roads are the goals of this flagship. The World Bank will leverage development partners' interest in scaling up investments in transport. Management will focus on the institutional framework for urban and rural transport in eight countries and launch three major regional transit corridors by FY08. These efforts will be complemented by a redirection of Bank sector programs toward maintenance of transport infrastructure and support for urban transport to reduce congestion and improve mass transit. The Bank will expand regional transit corridor projects to take advantage of synergies between individual country roads programs and major corridors. Regional projects will target decreased time and cost to reach trade entry points through a combination of customs reform, transit traffic enforcement, road rehabilitation, and port clearance. To help lower barriers to export, these projects will also address at the border constraints.

196. The anticipated outcomes of Bank and partner efforts are to increase the share of improved roads—currently 45 percent for the seven countries with data in 2005—and to increase the

[58] *Clean Energy for Development Investment Framework: The World Bank Group Action Plan*. SecM(2007-0098), March 2007.
[59] This includes investments by other development partners.

percentage of the rural population within two km of an all-season road from 35 percent in 2003. Management will implement operations and scale up initiatives to achieve the following:

Expand and upgrade road networks and transit corridors

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Improve road networks against the country's baseline in eight countries' by 2012. ▪ Increase the percent of rural population within 2 km of an all-season road in five countries by 2012. ▪ Reduce the tons of CO_2 equivalent in Accra, Lagos, Dar es Salaam.	▪ 25 percent increase in resources allocated for road maintenance and rehabilitation (from all sources) in eight countries by 2010. ▪ 30,000 km of roads constructed or rehabilitated by 2011, including 14,000 km of rural roads.[60] ▪ Decrease in share of household spending on transport in three urban areas by 2011.	▪ Strengthen the institutional framework to facilitate urban and rural transport in six countries and launch three major regional transit corridors by FY08. **IDA Portfolio**: 28 roads projects managed by the unit, and another 34 projects not managed by the transport unit. The total commitments are \$2.2 billion.

Increase access to safe water and sanitation

197. The goal of this flagship is to help achieve the MDG for water supply and sanitation in 17 of the largest countries (representing 75 percent of the population of Africa). This will require \$2 billion in new investments (1/3 government resources, 2/3 donor) to connect 20 million people per year. The flagship will focus on strengthening the public sector's ability to manage expanding sector programs and the private sector's role in providing the goods, works and services.

198. The World Bank will work with the AfDB and other donors to support the establishment of national water supply and sanitation programs in 17 countries. IDA investment in individual countries will complement that of other donors to ensure that investments in rural communities, towns and urban centers are balanced, and capacity-building needs are addressed. The Bank Group will replicate successful experiences with public-private provision of infrastructure, for example the ACGF project in Mozambique seeks to scale up a delegated management framework to improve service levels, efficiency, and consumer satisfaction. This project will also seek to crowd in development partners, such as the Millennium Challenge Corporation, to support a broader program to reach over two million people with access to water. With an increase in IDA resources to \$1,050 under IDA15, together with the cofinancing of other partners, at least 12 of the 17 target countries are expected to be on track to achieve the MDG for water supply and sanitation. In addition, support will assist countries' collaborative management of water resources in key river basins (Niger, Nile, Senegal, and Zambezi).

[60] Not all of the km of roads are managed by the transport unit. Other operations also contribute to these figures.

199. Management will implement operations and scale up initiatives to achieve the following:

Increase access to safe water and sanitation

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ In 17 countries, an additional 2.5 million people per year have access to clean water supply and sanitation by 2012.	▪ 50,000 households connected and 4500 community water points are constructed / rehabilitated annually, in 2007–to 2010. ▪ In the 17 countries, 85 percent of rural water supplies are operational and 75 percent of urban water utilities cover costs.	▪ Scale-up collective donor support to water supply and sanitation programs in 17 countries committed to their reform agendas and two post-conflict countries. **IDA Portfolio**: 21 projects.

Strengthen national health systems and combat malaria and HIV/AIDS

200. In line with the Bank's proposed strategy *Healthy Development: The World Bank Strategy for Health, Nutrition, and Population,* the Region will focus on health systems as a key vehicle to improve health outcomes and protect populations from the impoverishing impact of illness. [61] A number of systemic issues weaken health systems: inadequate numbers and poor distribution of health care professionals; weak logistical systems, especially for pharmaceuticals; fragmented health care financing; and limited accountability mechanisms. In addition, even when basic services are available, people's use of them is still relatively low. The goal of supporting to health systems is to ensure that national and local health systems deliver quality treatment and prevention with sustainable financing, to achieve the several of the health, especially child mortality (MDG4); HIV/AIDS (MDG6), maternal mortality (MDG5).

201. The Africa Region will work with development partners to identify financing gaps and to address systemic constraints to delivering high-impact investments. The intent is to match the growth in resources by private and public donors with attention to public health administration, improved health care delivery infrastructure, and effective public health sector management. This will include regional programs, undertaken in conjunction with the Gates Foundation and the Government of Norway, to address the low number and inequitable distribution of health workers. Finally, the Bank will support stronger accountability and governance mechanisms to increase beneficiary control over service delivery. This is expected to increase beneficiary control over service delivery. Total Bank commitments, including non health sector projects such as Poverty Reduction Strategy Credits are over $470 million in 42 countries. Bank and partner efforts are expected to increase retention of front-line services providers (measured by the number of nurses per 1000 population) and contribute to improved service delivery. The Bank will monitor improvements in the capacity of health systems, especially in the critical area of health care professionals, through the CDMAP.

202. *Malaria.* The flagship will provide rapid support to control malaria followed by a phase in which malaria is kept "under control." The World Bank will use its strength in multisectoral analytic work and policy dialogue to develop and implement fiscally sustainable solutions for malaria and country health systems. The approach will help to align other partners' funding to country-based programs and to help governments identify opportunities for vertical anti-malaria programs to become part of national health care strategies.[62]

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[61] *Healthy Development: The World Bank Strategy for Health, Nutrition, and Population Results.* CODE2007-00016

[62] As many as 40 percent of outpatient visits and up to 50 percent of inpatient admissions (in health posts, clinics, and hospitals) attributed to malaria

203. The anticipated outcomes of Bank and partner efforts are to achieve faster progress toward the internationally agreed Abuja targets─such as 60 percent of children under five using insecticide-treated bed nets (ITNs) and 80 percent of households owning at least one ITN─in the 20 booster countries and, ultimately, to control of the disease. Management will implement operations and scale up initiatives to achieve the following:

Combat malaria

Anticipated outcomes	Management targets	Management initiatives and instruments
Proportion of booster countries that meet the Abuja targets for intervention coverage by 2010: ▪ 60 percent of children under five use ITNs; ▪ 60 percent of children under five with fever access effective anti-malarial treatment within 24 hours; ▪ 60 percent of pregnant women receive two or more doses of intermittent preventive treatment; and ▪ 80 percent of households own at least one ITN.	▪ At least 14.8 million LLINs and 15.1 million ACTs distributed in Booster countries by end FY08. ▪ Five Booster countries have fully costed operational plans in place to which development partners, private sector, and foundations can align support by end of 2007. ▪ Increased proportion of countries with fully-funded malaria control programs, up from zero in 2006.	▪ Forge at least three new collaborations with traditional and nontraditional development partners (ExxonMobil, Russian Federation, Bill & Melinda Gates Foundation) to fund malaria control and country health systems. **IDA Portfolio**: 11 Booster Program projects with $355 million in active IDA commitments. **AAA**: Public expenditure tracking, gap analysis and partner mapping, inter-sector collaboration for malaria control, health sector support, financial mngt., procurement supply chain and M&E.

204. *HIV/AIDS*. The flagship's goal is to reduce the number of newly infected people and improve the quality of life of those living with HIV/AIDS. The flagship will scale up prevention, treatment, and support services that are now showing success in 30 countries. This is expected to contribute to an increase in the number of countries showing positive changes in behavior. The Region will address differences in each country's HIV/AIDS problem. In addition, the Region will support regional responses to HIV/AIDS, such as the Horn of Africa HIV/AIDS ACGF project. In 2007 the Region will begin the Africa Regional HIV/AIDS Agenda for Action.

205. The anticipated outcomes of Bank and partner efforts are to help more countries increase the percentage of men and women aged 15-29 reporting use of a condom during last sex and reduce the percentage of men and women aged 15 to 24 who have had sex with more than one partner in the last 12 months by 2012. Management will implement operations and scale up initiatives to achieve the following:

Combat HIV/AIDS

Anticipated outcomes	Management targets	Management initiatives and instruments
▪ Increase in the number of countries showing an increase in the percent of men and women, age 15-29 reporting use of a condom during last sex with a non regular partner from baseline by 2011. ▪ 40 percent of countries report decrease in the percentage of men and women aged 15 to 24 who have had sex with a nonmarital, non cohabitating sexual partner in the last 12 months from their baseline by 2011.	▪ Increase the number of persons aged 15 and older who received HIV counseling and testing and their test results by 2011. ▪ Increase in the number of pregnant women living with HIV who receive a complete course of antiretroviral prophylaxis to reduce the risk of mother to child transmission. ▪ Increase the number of countries that achieve the Three Ones by 2009.	▪ Escalate efforts to bring vertical programs, private sector, and development partners into costed, well phased, fiscally sustainable national strategies in 30 countries by 2008. **IDA Portfolio**: Committed $1.3 billion in 29 countries and 4 regional subprojects. **AAA**: Technical assistance for strategies (30) and M&E in 40 countries; Five countries receive financial gap analysis.

D. Implementation Risks to Achieving the Goals and Outcomes of the AAP

198. The revised structure of the AAP presents challenges for Management in the way it approaches implementation. The Region is aware of these challenges and has put in place actions to mitigate them. These include:

- As in the original AAP, where nine of the 14 thematic areas were along sector lines, there is a risk that the sector focus of the flagships may diminish the centrality of the country-based model and create incentives to provide supply driven solutions to country issues. To address this risk, Management has reinforced country management units and strengthened attention to the results-based CAS. Country directors remain fully accountable for the design and implementation of country programs and for progress in achieving country level results.
- A sector focus may miss opportunities to identify and implement multi-sector approaches, especially to reach the MDGs. Management will build on the positive momentum achieved in decreasing the fragmentation of tasks and improving incentives for multi-sector work. It will also recognize the importance of integrator skills in the professional development of staff.
- Weak statistical capacity in Africa poses the risk of not having the right measure against which to manage for results. Management has addressed this in three ways: (i) statistical capacity building has been strengthened and integrated into the CDMAP; (ii) targets and baselines to monitor implementation, based on existing country practice, have been established, allowing measurement of progress while reinforcing national accountability and ownership, and (iii) a monitoring system has been developed to report on broader development outcomes.

199. There are also risks to development outcomes that arise from country circumstances, for example, conflict, poor management of mineral revenues, or limited capacity to implement development programs. Accelerated progress in most of flagships also depends on increases in resources from development partners. Approaches to managing risks are discussed in Section V.

E. Monitoring and Reporting on the AAP

206. The AAP is a living, flexible strategy designed to enable Management to respond to changes in implementation–such as economic, social, or partnership developments–and to new opportunities to help countries achieve as many of their development objectives as possible. Over the past 18 months, the Region has developed a three-tier reporting system that provides Senior Management, staff, and counterparts with information on progress.

- *Indicators of social and economic development outcomes in Africa.* These include the MDGs, the IDA14 monitoring indicators, and economic indicators–such as growth, investment, and trade. The Region has revamped its *Africa Development Indicators* (ADI) to report these data annually and to include intermediate outcomes at the country level that can be systematically monitored. The next ADI is scheduled for September 2007.
- *Monitoring the flagships and three cross-cutting themes.* The implementation framework sets out goals, outcomes, and management targets that will be monitored by the AAP monitoring system. The system is a database to simplify the collection of and reporting on data relevant to implementation of the flagships and to increase access to data. The system gathers information from legacy systems (such as Business Warehouse, SAP), the World Development Indicators database, sector specific monitoring systems (such as the HIV/AIDS Results Scorecards) and other sources, to provide a central repository of information linking financial inputs, Management initiatives, Management targets, and country-level results.
- *Monitoring the CAS and portfolio.* While the AAP monitoring system provides a simplified monitoring framework, assessment of the World Bank's contribution to development results is broader and remains country-driven through the results-based CAS. The Region will put increased emphasis on the quality of CAS results frameworks, the CAS Progress Report, and CAS Completion Report. Project results frameworks are also important, and their monitoring systems will continue to measure project-specific results, based on project development objectives. Indicators will continue to track what is important to measure for program and project management.

207. In preparing the progress report, sector teams proposed goals, outcomes, and Management targets for each of the flagships and supporting areas with a limited set of indicators for use by Regional management (Annex D). The AAP monitoring system will be modified to reflect the implementation framework for each flagship and will incorporate baselines and targets for indicators where these measures are not currently available. Sector units will continue to track additional indicators for their internal use. Significant emphasis will be placed on building a flexible system that allows country-specific tracking of data and does not place a burden on countries to measure indicators for reporting to the Bank. The process of collecting information will complement, nor distort Bank business practices. Finally, greater attention will be given to improving the monitoring and evaluation of Bank operations, and strengthening the use of Bank reporting systems.

V. SUPPORTING COUNTRY STRATEGIES AND OUTCOMES

208. As discussed in Section IV, the AAP was designed to reinforce the country-based model of development assistance embodied in the Paris Declaration. It also supported regional integration by the creation of a "country-type" department for regional programs. It proposed actions to help countries to manage additional resources through country systems. It also proposed a four way

classification of countries according to the speed and sequence with which they could demonstrate progress in using additional resources. This section proposes a revised country classification based on implementation experience and some changes to the AAPs approach to scaling up resources at the country level.

A. A Revised Country Classification

209. The AAP identified four categories of countries— conflict-affected countries, fragile states, poor performing economies, and better performing economies— defined by their economic performance and capacity to make demonstrable progress with increased aid. It proposed adapting country assistance strategies to the circumstances of each country type. Experience has shown that a typology of counties is useful as a guide for internal Bank Group thinking about the opportunities, needs and constraints in each category. Two important new trends— the increasing diversity in economic performance among countries and the significant increase in natural resource prices and discoveries— point to a need to adapt the AAP's original country classification to changing circumstances.

210. At the country level, Bank support will be guided by the PRS and reflect the value the Bank can add within the development partnership. To achieve the MDGs, support through a combination of a number of Flagships may be necessary. For instance, national targets for agricultural growth depend not only on direct agriculture programs, but also farm credit, better market access and small food processing businesses (Flagships 1, 4, 6, 7); reductions in under five mortality–a hard to reach MDG–depend on good sanitation practices and clean water sources, prevention and treatment of malaria, educated mothers, and access to essential health care packages (Flagships 2, 5, 6, 7, 8); and improved nutrition–another MDG where progress is needed–depends on access to nutritious food and mother's knowledge of good feeding practices (Flagships 1, 4, 8).

Emerging issues and opportunities in IDA countries

211. In line with the original AAP, the revised country classification set out below represents one way of structuring the Region's thinking with respect to the challenges faced by and the opportunities to serve countries in each group. It is intended to assist Regional management, country directors and country teams to forecast emerging issues and demands at the country level and to shape the Bank-country dialogue. The country typology does not guide resource allocation for IDA, which will continue to be set under the performance-based allocation (PBA) framework. This is particularly important for understanding the typology's relationship to other country classifications such as the IDA category of "fragile states". The fragile states classification is intended to guide resource allocation and donor behavior.[63] It is an operational category not an analytical concept. In Africa fragile states occur in three of the four types of countries set out below. The additional differentiation of mineral rich fragile states or conflict affected fragile states will complement, not substitute for, the Bank's approach to fragile states. The country classification is intended to help Management offer identify the appropriate range of analytic and operational products for countries with different needs in order to "leave no country behind".

212. *Mineral-rich countries.* With rising mineral prices and new discoveries the number of mineral-rich economies is increasing. In the next several years these countries and their development partners will face a significant challenge in managing revenues from natural resources well and investing them to sustain prosperity. The Bank Group's core competency in mineral-rich countries is often in providing analytical and advisory services for governance and in supporting

[63] World Bank and OECD/DAC: *Good Practice in Country Assistance Strategies in Fragile States.*

capacity development in natural resource and public expenditure management. Working with partners it can also address diversification of the economy— a strategic priority for many resource rich countries— through support for private sector development and help governments include poor people and women in the benefits of growth. The EITI has shown that the Bank Group can play a highly relevant role with private and public partners in ensuring the transparency of revenue flows. Governments are increasingly turning to the Bank Group to learn from international good practice in structuring agreements with extractive industries.

213. *Conflict and recent post-conflict countries.* Conflict and the threat of conflict remain obstacles to development in Africa. The costs of conflict are borne not only by those directly involved, but also by conflict affected countries' neighbors. The early post-conflict period, however, is also an opportunity for rapid policy and institutional reform. For countries just emerging from conflict, it is critical to deliver early success in providing services and establishing a viable state. The Bank's core competency in these types of countries is frequently in capacity development and support for basic services at all levels of government to help cement the transition out of conflict. An emerging lesson of experience in countries such as Liberia and Sudan is that the Bank needs to innovate to develop sound, but flexible and fast, project design and implementation processes and to quickly amass a substantial field presence that can engage effectively with other development agencies and the government to deliver rapid results.

214. *Slow-growing countries.* More than a third of Africans still live in countries that are not growing rapidly enough to reduce poverty. In these countries national strategies often lack priorities, aid agencies lead the development effort, and implementation capacity is weak. They face challenges that include strengthening state capacity, fostering ownership, effectively implementing existing programs, and strengthening data and monitoring systems. A key objective for the development partnership in slow-growers is to enable them to make the policy and institutional reforms and the investments needed to put them on the path to more rapid, sustained growth while at the same time accelerating progress toward the MDGs. Often, the Bank's most effective role in these types of countries is in capacity development of core government functions and in donor coordination. The most immediate impact of Bank Group operations is likely to be felt in human development— improving education and health systems— and in basic infrastructure such as water and roads. Anticipating and addressing future constraints to shared growth, such as energy access or strengthening the private sector, in the first instance needs to be addressed through analytic work and dialogue with government and other development partners.

215. *Sustained-growth countries.* These countries have achieved good growth, and many have also improved service delivery, and reduced poverty. Their remaining challenges are to break constraints to future growth and to ensure that benefits of growth continue to reach poor people and women. Africa's economic history and international evidence suggest that even ten years of successful growth may not serve as a good guide to equally rapid growth in the following decade. The Bank can assist sustained growers through conducting growth diagnostics and leveraging IDA to attract additional private and public resources to break the binding constraints to growth. These countries often have effective country-based donor partnerships. Likely priorities for development community support would be help in removing the remaining bottlenecks to private sector development— especially for African owned firms— and pushing export growth. Closing the infrastructure gap, particularly in those areas that constrain growth such as energy supply; and building skills for competitiveness are likely to emerge as government priorities. Analytic work and investments in the rural economy and in the economic empowerment of women can help countries ensure that the benefits of growth are broadly shared. Understanding how these countries have succeeded in sustaining growth can provide important demonstration effects for other countries. (Box 7)

Middle-income countries

216. Africa's middle-income countries (MICs) are important to its future, both as models of change and as markets for their neighbors. Recent research for example has indicated how strong growth in South Africa has significant "locomotive" effects for its regional neighbors. The region will continue to address the special needs of its non-IDA member countries along the lines of the Bank's emerging strategy for IBRD partner countries. The African MICs have large pockets of poverty, and they confront significant development challenges in: (i) HIV/AIDS and malaria, (ii) inequality and poverty, (iii) unemployment, (iv) the poor quality of education and lack of vocational skills, and (v) public service delivery. For African MICs, external development finance is less of a problem than knowledge and capacity development. IFC and MIGA work with MIC private investors, but MIC governments have been reluctant to take on IBRD financing, effectively limiting the Bank's instruments in these countries to analytical and advisory services. These can be coupled with grants from other development partners to boost capacity development and, as in the case of HIV/AIDS, expand service delivery.

Box 7: Learning from Growth Leaders

The persistence of 4-5 percent growth among many African countries suggests that some may be poised to achieve and sustain more rapid growth rates. This prospect raises the question of whether the Bank Group, and the international development community more broadly, can play a role in assisting such countries to become growth leaders in Africa. The continent would be a very different place if a handful of economies sustained annual growth rates in excess of 7 percent. Over time, this growth would benefit both the rapid growers and neighboring countries, through spillovers, demonstration and neighborhood effects. Other countries would want to learn from and emulate their success.

Analytic work on the growth challenge in Africa shows that to move from good (4-5 percent) to high speed (more than 7 percent) growth will require significantly increasing the pace of economic and institutional reforms and boosting investment to break the physical constraints— such as poor energy supply and transport— to private investment in export oriented industries and services.[64] Better ideas and more investments will both be needed to help growth leaders emerge.

To address these needs the Bank is exploring an approach that uses the Bank Group's global knowledge and skills to support and learn from growth leaders. Countries that appear poised for growth accelerations could request increased Bank Group analytic support— using staff with broad international experience— to help identify the constraints to future growth. New ideas from this work, in the shape of policy and institutional changes, can boost growth in those countries, create spillovers, and provide valuable lessons for all of Africa. The results could also help guide efforts to mobilize new finance. Rather than focusing on individual countries, resource mobilization initiatives could concentrate on areas— such as energy or transport— that were identified as physical constraints to more rapid growth. IDA allocations to countries would not be affected and would continue to be determined by its PBA system. New resources raised to relieve growth constraints would be available to fast and slow growers alike.

B. Regional Integration

217. Regional integration is one of the main components of the Africa Action Plan (AAP). Regional approaches are important means to deliver better development outcomes in such areas as energy, transport, environmental management, and health. Especially in Africa, where 40 percent of the population lives in countries without effective access to the sea, regional infrastructure and institutions are also critical to broad based export success.

[64] Ndulu, et.al., *Challenges of African Growth*.

218. Under the AAP, the Region established a Regional Integration Department to work with Bank staff and clients to incorporate regional approaches into country programs and to support regional bodies. The department operates as an additional "country department", working directly with the region's sector departments to carry out operational and analytical work on regional integration issues. At the same time the consolidation of country departments into larger units has meant that country directors have an increasingly large stake in pursuing regional solutions to problems of their country clients. This demand driven approach has proved highly successful in identifying and financing such regional initiatives as the West Africa Gas Pipeline and the Southern Africa Power Pool. It has also worked effectively in river basin management for example with the Nile Basin Initiative, and is moving successfully into trans-border health issues with the Horn of Africa HIV/AIDS program, supported by the ACGF.

219. Based on extensive consultations with stakeholders and on analytical work by the Bank and development partners, the region is developing an outcome focused Regional Integration Assistance Strategy (RIAS), the regional counterpart to the CAS. The RIAS will focus on areas where regional approaches can deliver additional impact at the country level. It will also identify activities to support donor harmonization in regional projects and programs. Baselines and targets are identified in the RAIS. The strategy will further shape the regions demand driven approach to regional integration.

C. Financing Packages to Accelerate Results

220. The Bank will adapt its approach to scaling up, based on two emerging trends. First, the growing demand for large scale infrastructure investments to spur economic growth requires a mix of sequenced, coordinated development finance products— private and public— to achieve and sustain results. This is equally important in social sectors, where the needs are outpacing the supply of aid. Second, new "non traditional" partners such as emerging bilateral donors (Brazil, China, and India), foundations, and the private sector are becoming more prominent, but often are not fully integrated into national strategies and sector programs.[65]

221. The Bank Group's analytic skills, operational experience, and country knowledge can be used to identify opportunities where resources from multiple sources can fill funding gaps and achieve sector wide development targets. In sectors such as energy, roads, or water supply, where governments have clearly defined sector strategies focused on a range of outcomes and a sound regulatory framework, sector wide programs or "syndications" can be developed to scale up development financing. Syndications will be prepared by the Government and supported by a lead partner, normally a multilateral or bilateral donor.

222. In countries with well-developed national strategies and clearly defined financing needs, the Bank Group will continue to use R&R processes to provide more comprehensive coverage of development financing needs. In all cases, the Bank Group will support countries in ensuring that debt sustainability. IDA and the Africa Catalytic Growth Fund (ACGF) will be the principal means by which the Bank Group seeks to crowd in other donor support.

223. The ACGF, a multi-donor trust fund, has been a central feature of discussions with OECD countries on how to make the "scaling up" of aid to Africa operational. The ACGF received its initial contribution from the United Kingdom in October, 2006. The first two years of funding are fully committed in four countries, Ghana, Mozambique, Sierra Leone, Rwanda, and in the Horn of

[65] These include private donors such as the Gates Foundation.

Africa through a regional operation. To date, all ACGF proposals have been associated with additional development partner funding (estimated at between $300 to $500 million) and strengthened cooperative approaches (such as with UNICEF, UNHCR, and the private sector).

VI. ORGANIZATION, STAFFING AND BUDGET CHANGES

224. This section describes the changes in organization staffing and budget that have taken place under the AAP and sets out some additional changes that will be needed to support the revised AAP. It also describes briefly how the results focus of Bank operations has improved under the AAP.

A. Consolidating, Decentralizing and Changing Staff Skills

225. The Africa Region is making good progress in changing its business processes to implement the AAP by consolidating country units, decentralizing operations staff, shifting administrative budget to flagships, and emphasizing work by multisector teams.

Consolidation and decentralization of country units

226. The Region has reduced the number of country directors and country management units (CMUs) from 15 in FY06 to 12 (11 country units plus the Regional Integration unit). With a wider span of responsibility for the country directors, most of whom now cover five or more countries, the Region is enlarging the role for country managers and giving them more operational authority. The Region also introduced a new CMU staffing model to assign more staff with wider skills to the CMUs. These decentralized staff can respond faster and more efficiently to needs in the field. Additional staff have already been assigned in some countries and are being recruited in others.

227. The Region is moving staff and decision making to the field, accelerating a trend since FY00. Total staffing has increased by seven percent since FY00, but the number of Washington-based staff has dropped by 15 percent, and the number of country-based staff have increased by 32 percent. Between FY04 and FY08, the Region expects to double the number of Washington-appointed staff in the field from 84, with a net increase of 50 (32 of whom are already placed) during FY07 and FY08. The Region assumes that all new or vacant internationally recruited positions will be field-based. Since April 1, 2006, Management has filled new Washington-based positions as exceptional cases, generally technical experts who work across the continent.

228. To optimize the deployment of staff skills in the field, and to improve responsiveness, the Region established sub regional groupings of CMUs, known as collaborative country clusters (CCC) in 2006. Under the CCC model, neighboring CMUs work together on staffing needs and share specialized, internationally recruited staff. There are five clusters: Southern Africa, Eastern Africa, Central Africa, and two in West Africa. Staff are being recruited under the CCC model, with the expectation that they will serve multiple countries within their cluster.

Emphasizing multisectoral tasks and changing staff skills

229. In its FY07 business plan, the Region reduced fragmentation of tasks and encouraged multisectoral tasks. The number of tasks fell by about 12 percent, and the average budget allocated per task increased by 22 percent. The pipeline of multisectoral tasks has grown from 12 operations in FY05 to 22 in FY06, reflecting a wider use of programmatic approaches. The Africa Region uses PRSCs more extensively than other Regions. Twenty have been approved for Africa since 2001 (for $1.8 billion) compared to 14 in all other Regions combined (for $1.1 billion). PRSCs in Africa facilitate harmonization among donors, generate fewer transactions costs, and, consequently, put less strain on country implementation capacity.

230. Integrated analytic and advisory services are a promising approach for similar reasons. One initiative has been in Integrative Fiduciary Assessments, combining analyses of public expenditure, procurement, and financial management. Five Integrative Fiduciary Assessments were undertaken in FY06. Technical assistance is also becoming more multisectoral, covering for instance, governance in several sectors such as telecoms, petroleum and the financial sector.

231. Analysis of the barriers to working across sectors is being undertaken, and the issues of recognition and incentives are being addressed. To support the increased emphasis on multisectoral teams–and as a response to staff concerns about a lack of recognition of contributions to multisectoral work–the Region has implemented the Africa Regional Awards for Excellence Program. The program is the first of its kind in the region, and its main objective is to reward multisectoral teams that have delivered results while showing high levels of teamwork, professionalism, client responsiveness, partnership, and innovation.

232. Successful implementation of the AAP requires skills mix changes–more specialists in energy, roads, and malaria, and fewer generalists. While the Region is pursuing these skills mix changes through natural attrition, these adjustments take time. Because the Region needs to recruit these new skills now, funding equal to 4 percent of its budget is needed, with similar incremental needs for FY08 and FY09. This would result in an additional 22 staff positions and approximately 25 full-time-equivalent consultants. Without the funding, there is a risk that the AAP targets will take longer to achieve and the scale-up of activities will not be realized.

B. Shifting Administrative Budget to Reflect Priorities

233. FY07 administrative budget allocations were influenced by three factors: the AAP flagship; programs in high-performing and post-conflict countries; and the evolving roles of development partners. In terms of sectoral shifts, the Region is moving $10 million to priority flagship areas–such as transport, water and sanitation, private sector development, irrigation, and energy–where there are significant gaps in funding or analytical work from areas with lower funding needs: health (excluding malaria and HIV/AIDS), primary education, and non-sector specific or back-line activities. In light of stronger involvement by development partners, the Region is doing less in some areas such as law and justice.

234. A total of $13 million was reallocated to high-performing countries (e.g., Burkina Faso, Ghana, Mozambique, and Tanzania), two middle-income countries (Mauritius and South Africa), post-conflict programs (e.g., Liberia and Sudan) and regional integration activities. Funds were redeployed from low-performing or dormant country programs (e.g., Côte d'Ivoire, Togo, and Zimbabwe) and from countries with major governance issues (e.g., Kenya). The Region was able to reallocate $8 million in FY07 to country programs through savings in Regional programs and management and administration; CMU consolidations; reduced travel costs; and reduced budget fragmentation across tasks. These savings exceed by $3 million the two percent cut that all Regions made in FY07. These funds have supported such activities as the fragile states work program, including the establishment of the Liberia and Sudan office and the Juba sub-office; governance initiatives, such as EITI and the Chad/Cameroon International Advisory Group; and expanded work on Regional integration.

235. Although the redeployments noted above have helped to ensure that many of the AAP objectives are fully funded, a review of business plans shows that certain initiatives and flagships still require additional resources over and above the base budget for the Region. A total of $12 million was requested for FY07 to finance infrastructure projects (e.g., for incremental energy projects in Ghana, Senegal, Uganda), the implementation of the Capacity Development Management Action Plan (e.g., financial accountability systems in, amongst others, Nigeria and Tanzania; science and technology ESW in four countries); the Malaria Booster Program,

supporting client results frameworks and statistical capacity; and the decentralization of 50 staff to the field over two years. Of the requested amount, $6.3 million has been received to finance AAP activities in FY07.

C. Increasing the Results Focus of Bank Operations

236. During the past 18 months, 15 results-based CASs have been either designed or retrofitted, and results-based program reviews have been carried out in seven countries. Five countries completed reviews of M&E across the portfolio, including measures to strengthen M&E. At the sector level, the transport sector undertook a review of M&E in the portfolio; and a similar review is planned for the sustainable development sector portfolio for FY07. The proportion of projects with a satisfactory rating on M&E systems has remained around 89 percent since 2004.[66]

237. To increase the results focus of operations, the Region has reorganized and realigned its support to improve the consistency of advice to country and project teams. The Region undertook a major effort to increase the percentage of ISRs with baseline data, reaching 90 percent for FY06 projects, from 47 percent in FY05. At the project level, the Region has increased the number of impact evaluations to 57 in 26 countries. In 2006 the Region launched an ESW quality improvement program to increase the results focus and policy impact of its analytic work. This program seeks to improve the integration of ESW into country programs, increase dissemination, and strengthen management attention to and oversight of ESW.

238. IEG evaluation of outcomes of completed projects in AFR show a steady improvement (FY05 exits at 74 percent satisfactory compared to 61 percent in FY00, 69 percent in FY03 and 70 percent in FY04). Three countries have attained 100 percent satisfactory outcomes in the last three fiscal years: Ethiopia, Mozambique, and Tanzania. The AFR goal to reach 80 percent satisfactory outcomes overall in FY08 seems attainable under conditions of political stability and good governance (Annex C).

V. Conclusion

239. In the past two years Africa has shown that it can sustain shared economic growth. It is poised to accelerate progress toward more rapid growth and has demonstrated that it can speed up progress toward the MDGs. The World Bank Group and its international development partners have played an important role, supporting Africa's leaders and its people in these efforts.

240. The AAP has been largely successful, but a more focused, outcome oriented African Action Plan offers the potential to strengthen the World Bank Group's contribution to development results in Africa. To accelerate progress, the Africa Region will focus on three key strategic elements over the next three years.

- First, the country based model will remain at the center of our efforts to boost development outcomes in Africa. Success in delivering shared growth and the MDGs requires good governance, better management of the environment, and an effective development partnership. Attention to these issues will be heightened. A revised country classification, based on economic and social performance and institutional capacity, will guide our dialogue with governments and our internal thinking about country strategies.

- Second, we will concentrate on areas that respond to emerging demand from countries and reflect the Bank's evolving role in the development partnership. Management attention

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[66] These are self ratings by the country team and therefore may be higher or lower if reviewed by monitoring and evaluation experts.

will focus on eight flagship operational areas. In each flagship, Management will commit to specific, time-bound targets to achieve results. The full impact of the Bank's operations at the country level will continue to be assessed by monitoring the CAS.

- Third, we will adapt our strategy for scaling up resources to new realities. The Bank Group's analytic, operational and country knowledge will be used to identify opportunities where an infusion of sequenced and predictable financing can support results-oriented national programs. We will continue to play a leading role in implementing the Paris harmonization and alignment agenda and will work with new partners, such as emerging bilateral donors, foundations, and the private sector, to bring them more fully into the country-based model.

Annex A: Statistical Annex

	Year	SSA Average (#countries)	LIC SSA Average (#countries)	MIC SSA Average (# countries)	% SSA LICs doing better than LIC average	All SSA Avg. annual change between 1995 and current year (%)	Trends (# of countries with at least two data points, # of countries with positive growth rate)
PILLAR ONE: SHARED GROWTH							
THEME ONE : DRIVERS OF GROWTH							
Export Competitiveness							
Macro and administrative data							
Trade (% of GDP)	2005	89.4 (42)	78.2 (30)	117 (12)	NA	1.7	46 countries with 31 showing progress
Extent of export diversification (traditional exports and crude petroleum as % of exports)[1]	2005	37 (47)	38 (34)	36 (13)	NA	1.5	43 countries with 21 showing progress
Export tariffs[2]	2005	14.5 (46)	14.4 (33)	14.5 (13)	15.5	-3.5	22 countries with 19 showing progress
Survey data							
Weighted average total transport cost between unloading from the ship to final destination city (US$, standard 20-foot TEU)[3]	2004	963 (10)	869.7 (7)	1180 (3)	NA	NA	NA
Time For Export (Days)[4]	2006	40 (44)	43.4 (31)	31.7 (13)	55	-2.7	36 countries with 10 showing progress
Time For Import (Days)[5]	2006	51.5 (45)	56.4 (32)	39.4 (13)	57	-1.5	37 countries with 6 showing progress
Private Sector Development							
Macro and administrative data							
Foreign Direct Investment Net Inflows (% of GDP)	2004	6.8 (42)	6.5 (31)	7.6 (11)	22.6	2.6	42 countries with 22 showing progress
GFCF private sector (% of GDP)	2005	13.1 (41)	12.4 (29)	14.7 (12)	38	0.9	46 countries with 26 showing progress
Domestic credit to private sector (% of GDP)	2005	18.1 (41)	12.8 (29)	31 (12)	34.5	1.6	46 countries with 34 showing progress
Interest rate spread (lending rate minus deposit rate)	2005	15.4 (28)	20.1 (16)	9.1 (12)	25	4.1	33 countries with 21 showing progress

Methodology: All aggregates (SSA Average, SSA LIC Average, and SSA MIC Average) are calculated as simple averages using the most recent year of data with the largest number of observations. Trends are estimated by calculating a compound rate of change for the range of observations available for each country**.** All countries showing improvements in the selected indicator. (positive or negative rates of change as appropriate) are reported as 'showing progress' in the last column.
Data Sources: All data are from the World Development Indicators 2006 (unless otherwise mentioned in footnotes)

PILLAR ONE: SHARED GROWTH							
THEME ONE : DRIVERS OF GROWTH							
	Year	**SSA Average (#countries)**	**LIC SSA Average (#countries)**	**MIC SSA Average (# countries)**	**% SSA LICs doing better than LIC average**	**All SSA Avg. annual change between 1995 and current year (%)**	**Trends (# of countries with at least two data points, # of countries with positive growth rate)**
Private Sector Development (cont.)							
Macro and administrative data (cont.)							
Time required to start a business (days)[6]	2006	61.8 (45)	57.6 (32)	72 (13)	72	-3.0	37 countries with 18 showing progress
Ease of Doing Business Ranking (#)[7]	2006	130 (45)	142 (32)	100 (13)	25	0.6	37 countries with 20 showing progress
Cost of business starting up procedures (% of GNI per capita)[8]	2006	162 (45)	188 (32)	100 (13)	54	-10.4	37 countries with 32 showing progress
Taxes on Exports (% of Tax Revenue)	2002	4.5 (6)	6.7 (4)	.. (2)	NA	-1.5	7 countries with 4 showing progress
Survey data							
Credit information index[9]	2006	1.3 (45)	0.7 (32)	2.7 (13)	56.2	-2.2	23 countries with 0 showing progress
# of MSME's (Per 1 000 People)[10]	2005	31.4 (8)	31.5 (5)	31.3 (3)	NA	NA	NA
Branching penetration (per 100 000 people)[11]	2004	2.9 (13)	1.3 (9)	6.5 (4)	NA	NA	NA
MSME employment (% of total employment)[12]	2005	54 (4)	39 (1)	59.4 (3)	NA	NA	NA
Informal Economy Estimate (% GNP)[13]	2005	42.2 (20)	44.1 (17)	31.5 (3)	NA	NA	NA
Infrastructure							
Macro and administrative data							
Electric power consumption (kWh per capita)	2003	504 (20)	211 (14)	1186 (6)	14.3	3.0	20 countries with 14 showing progress
Electricity production (Bn kWh)	2003	14 (20)	45 (14)	35 (6)	0	5.5	20 countries with 19 showing progress
Electric power transmission and distribution losses (% of output)	2003	16.1 (18)	15.9 (13)	16.9 (5)	NA	0.9	20 countries with 9 showing progress
Survey data							
Estimated annual road investments (Mil US$)[14]	2005	262 (15)	109 (12)	875 (3)	NA	19.2	15 countries with 14 showing progress

PILLAR ONE: SHARED GROWTH							
THEME ONE : DRIVERS OF GROWTH							
	Year	**SSA Average (#countries)**	**LIC SSA Average (#countries)**	**MIC SSA Average (# countries)**	**% SSA LICs doing better than LIC average**	**All SSA Avg. annual change between 1995 and current year (%)**	**Trends (# of countries with at least two data points, # of countries with positive growth rate)**
Infrastructure (cont.)							
Survey data (cont.)							
Percentage of The Network In Good And Fair Condition[15]	2005	45.3 (7)	49.4 (5)	20.8 (2)	NA	NA	NA
Percentage of Paved Road Carrying Less Traffic Than 250 Vpd[16]	2004	20 (10)	18 (8)	27 (2)	NA	NA	NA
Trading Across Borders - Cost To Export (US$ Per Container)[17]	2006	1562 (44)	1619 (31)	1422 (13)	58	NA	NA
Value lost due to electrical outages (% of sales)[18]	2006	6.1 (6)	NA	NA	NA	NA	NA
Number of Electrical Outages (Days)[19]	2006	90.9 (6)	NA	NA	NA	NA	NA
Duration of Electrical Outages (Hours)[20]	2006	3.4 (8)	4.8 (3)	2.5 (5)	NA	NA	NA
Number of Water Supply Failures (Days)[21]	2006	10.7 (7)	9.2 (3)	11.8 (4)	NA	NA	NA
Duration Of Insufficient Water Supplies (Hours)[22]	2006	16.7 (7)	7.1 (3)	24 (4)	NA	NA	NA
Fixed And Mobile Phone Subscribers (Per 1000 People)	2004	140 (29)	46 (19)	318 (10)	NA	28.6	47 countries with 47 showing progress
Survey data							
Improved Water Source (% of Total Population With Access)[23]	2004	65 (47)	60.8 (34)	76 (13)	38.2	1.5	36 countries with 31 showing progress
-Rural (% of Rural Population With Access)	2004	54.4 (47)	51 (34)	63.2 (13)	44.1	1.6	36 countries with 28 showing progress
-Urban (% of Urban Population With Access)	2004	82.9 (47)	80.8 (34)	88.2 (13)	47	0.6	38 countries with 18 showing progress
Improved Sanitation Facilities (% of Total Population With Access)[24]	2004	37 (46)	33.9 (34)	46 (12)	35.3	1.8	35 countries with 29 showing progress
-Rural (% of Rural Population With Access)	2004	29.4 (47)	25 (34)	41 (13)	38.2	2.3	35 countries with 23 showing progress
-Urban (% of Urban Population With Access)	2004	52 (46)	49.7 (34)	58.4 (12)	23.5	0.5	36 countries with 17 showing progress
Household Electrification Rate (% of Households)	2004	23 (6)	16.2 (5)	48.4 (1)	NA	NA	NA

	Year	SSA Average (#countries)	LIC SSA Average (#countries)	MIC SSA Average (# countries)	% SSA LICs doing better than LIC average	All SSA Avg. annual change between 1995 and current year (%)	Trends (# of countries with at least two data points, # of countries with positive growth rate)
PILLAR ONE: SHARED GROWTH							
THEME ONE : DRIVERS OF GROWTH							
Building Skills for Competitiveness							
Macro and administrative data							
Secondary School Enrollment (% gross)	2004	34.2 (32)	25.9 (25)	63.8 (7)	20	4.1	45 countries with 36 showing progress
Tertiary school enrollment (% gross)	2004	3.6 (25)	2.6 (20)	7.8 (5)	5	8.7	40 countries with 32 showing progress
Primary completion rate total (% of relevant group)	2004	58 (32)	50.5 (25)	84.8 (7)	24	3.4	41 countries with 32 showing progress
Tertiary Graduates In Science (% Graduates)	2004	8.4 (9)	8.7 (7)	7 (2)	NA	12.8	12 countries with 8 showing progress
Survey data							
Unskilled workers perceived as major constraint to business growth (% firms)[25]	2005	14.8 (15)	20 (2)	13.5 (13)	NA	NA	NA
Skilled Production Workers (% Workforce)[26]	2004	35.2 (23)	32.7 (15)	39.9 (8)	NA	NA	NA
Macro and administrative data							
Agricultural, value added (% growth)	2005	3.6 (40)	2.9 (29)	3.3 (11)	58.6	3.2	43 countries with 14 showing progress
Irrigated land (% of crop land)	2003	4.7 (43)	4.2 (32)	6.2 (11)	9.3	0.6	44 countries with 20 showing progress
Crop Production Index	2004	104 (46)	104 (33)	103 (13)	54.5	2.5	46 countries with 38 showing progress
Survey data							
Agricultural value added per hectare (% growth)[27]	2005	2.6 (40)	2.1 (29)	4.1 (11)	48.2	2.2	NA
Agricultural value added per worker (% growth)[28]	2004	1.2 (40)	0.6 (29)	2.6 (11)	58.6	1.7	NA
Fertilizer consumption (100 grams per hectare of arable land)	2002	179 (43)	107 (32)	391 (11)	54.5	3	44 countries with 24 showing progress

PILLAR ONE: SHARED GROWTH							
THEME TWO : PARTICIPATING IN GROWTH							
	Year	**SSA Average (#countries)**	**LIC SSA Average (#countries)**	**MIC SSA Average (# countries)**	**% SSA LICs doing better than LIC average**	**All SSA Avg. annual change between 1995 and current year (%)**	**Trends (# of countries with at least two data points, # of countries with positive growth rate)**
Connecting the Poor to Markets							
Survey data							
Access to An All-Season Road (% of Rural Population)[29]	2003	34.9 (10)	34.1 (9)	42 (1)	NA	-22.7	1 country with 0 showing progress
Scaling-Up Human Development							
Survey data							
Mortality rate, under five (per 1000)	2004	149 (47)	165 (34)	107 (13)	11.8	NA	34 countries with 12 showing progress
Maternal Mortality Ratio, Per 100,000 Live Births	2000	826 (44)	935 (32)	537 (12)	30	-4.1	44 countries with 33 showing progress
Diarrhea Prevalence (% of Children Under 5)	2000	21.6 (13)	23.5 (11)	11.1 (2)	NA	-7	8 countries with 6 showing progress
Diarrhea Treatment (% of Children Under 5 Receiving Oral Rehydration And Continued Feeding)	2001	32.1 (6)	32.2 (5)	32 (1)	NA	NA	NA
Malaria							
Macro and administrative data							
Endemic Malaria Risk (% Population At Risk)[30]	2002	86.2 (37)	84.8 (32)	95.7 (5)	NA	NA	NA
Epidemic Malaria Risk (% Population At Risk)[31]	2002	7.2 (37)	7.9 (32)	2.8 (5)	NA	NA	NA
Annual Malaria Mortality (out of 100,000)[32]	2000	199 (20)	191 (19)	354 (1)	NA	NA	NA
Survey data							
Children under five use ITN's (%)[33]	2003	5.2 (35)	5.7 (30)	1.5 (5)	NA	54.3	9 countries with 9 showing progress
Children under 5 with fever being treated with anti-malarial drugs (%)[34]	2000	44.3 (28)	44.4 (23)	43.5 (5)	NA	NA	NA
Children under 5 sleeping under insecticide-treated bed nets (%)[35]	2000	3.8 (28)	4.3 (23)	1.6 (5)	NA	NA	NA
HIV/AIDS							
Macro and administrative data							
% of people with HIV receiving antiretroviral combination therapy[36]	2005	19.4 (40)	16.2 (30)	29 (10)	43.3	NA	NA

PILLAR ONE: SHARED GROWTH							
THEME TWO : PARTICIPATING IN GROWTH							
	Year	**SSA Average (#countries)**	**LIC SSA Average (#countries)**	**MIC SSA Average (# countries)**	**% SSA LICs doing better than LIC average**	**All SSA Avg. annual change between 1995 and current year (%)**	**Trends (# of countries with at least two data points, # of countries with positive growth rate)**
Scaling-Up Human Development							
Survey data							
Estimated number of adults and children living with HIV [37]	2005	500211 (30)	567087 (23)	280476 (7)	NA	2.5	28 countries with 6 showing progress
Deaths Due To HIV/AIDS (Per 100 000 Population at Risk Per Year)[38]	2003	53961 (36)	51662 (27)	60855 (9)	33.3	NA	NA
Deaths Among Children Under Five Years of Age Due to HIV/AIDS (%)[39]	2000	11.2 (45)	6.2 (32)	23.6 (13)	43.7	NA	NA
Survey data							
Estimated number of orphans due to AIDS [40]	2005	260196 (29)	300031 (22)	135000 (7)	NA	11.6	29 countries with 2 showing progress
HIV prevalence female (ages 15-24 %)[41]	2005	4.7 (27)	3 (21)	10.1 (6)	23.8	NA	NA
HIV prevalence male (ages 15-24 %)[42]	2005	1.5 (27)	1 (21)	3.5 (6)	19	NA	NA
% of females who used a condom the last time they had sex with a non-regular partner (aged 15-24)[43]	2004	38.6 (6)	33.2 (4)	49.5 (2)	NA	NA	NA
% of males who used a condom the last time they had sex with a non-regular partner (aged 15-24)[44]	2003	42.8 (6)	42.8 (6)	NA	NA	NA	NA
Health Care Support Systems							
Macro and administrative data							
Physicians (per 1000 population)	2004	0.2 (44)	0.1 (32)	0.4 (12)	3.1	6.9	46 countries with 34 showing progress
Nurses (per 1000 population)[45]	2004	1.1 (39)	0.6 (29)	3.0 (11)	50	NA	NA
Survey data							
Births attended by skilled health staff (%)	2000	53.3 (28)	45.1 (19)	72.2 (9)	47.4	2.7	32 countries with 23 showing progress

PILLAR ONE: SHARED GROWTH							
THEME TWO : PARTICIPATING IN GROWTH							
	Year	**SSA Average (#countries)**	**LIC SSA Average (#countries)**	**MIC SSA Average (# countries)**	**% SSA LICs doing better than LIC average**	**All SSA Avg. annual change between 1995 and current year (%)**	**Trends (# of countries with at least two data points, # of countries with positive growth rate)**
Education							
Macro and administrative data							
School enrollment primary (% gross)	2004	96 (36)	91.5 (28)	111 (8)	42.8	2.4	46 countries with 32 showing progress
School completion primary, total (% of relevant age group)	2004	58 (32)	50.5 (25)	84.8 (7)	24	3.4	41 countries with 32 showing progress
Survey data							
Pupil-Teacher Ratio Primary	2005	46.9 (6)	51.6 (5)	23.2 (1)	NA	0.3	42 countries with 19 showing progress
Trained teachers in primary education (% of total teachers)	2004	76.9 (17)	78.1 (12)	74 (5)	NA	-1.0	26 countries with 13 showing progress
Ratio of girls to boys in primary and secondary education (%)	2004	86.5 (32)	83.6 (25)	96.9 (7)	44	1.2	43 countries with 32 showing progress
Literacy rate adult total (% of people ages 15 and above)	2004	59.6 (33)	50.3 (23)	80.8 (10)	47.8	NA	NA
Literacy rate youth total (% of people ages 15-24)	2004	68.4 (31)	60.5 (23)	91.1 (8)	52	NA	NA
Ratio of young literate females to males (% ages 15-24)	2004	81.6 (31)	75.7 (23)	98.5 (8)	52.7	NA	NA
Gender							
Survey data (external)							
Labor Force Participation Rate Female (% of Female Population Ages 15-64)	2005	61.9 (46)	65.7 (34)	50.9 (12)	58.8	-0.4	46 countries with 10 showing progress
Female Share of Unskilled Production Workers[46]	2003	20.7 (7)	11 (5)	44.8 (2)	NA	NA	NA
Female Share of Skilled Production Workers[47]	2004	17.2 (17)	11.9 (12)	29.8 (5)	NA	NA	NA
Proportion of seats held by women in national parliament (%)	2005	15.1 (45)	15 (32)	15.3 (13)	37.5	10	45 countries with 42 showing progress

PILLAR TWO: CAPABLE STATES

	Year	SSA Average (#countries)	LIC SSA Average (#countries)	MIC SSA Average (# countries)	% SSA LICs doing better than LIC average	All SSA Avg. annual change between 1995 and current year (%)	Trends (# of countries with two data points # of countries showing progress)
Overall CPIA scores[48]	2005	3.2 (45)	3.1 (32)	3.3 (13)	56	NA	45 countries with 21 showing progress
CPIA scores for transparency accountability and corruption[49]	2005	3.0 (45)	2.8 (32)	3.2 (13)	68	NA	45 countries with 2 showing progress
# HIPC benchmarks met in public financial management[50]	2004	5.7 (24)	5.7 (23)	5.7 (1)	50	NA	19 countries with 9 showing progress
Control of corruption (percentile)[51]	2005	29 (47)	23 (34)	37 (13)	41	NA	47 countries with 20 showing progress
Voice and accountability[52]	2005	31 (47)	29 (34)	33 (13)	52	NA	47 countries with 28 showing progress
Statistical capacity building score[53]	2006	54.5 (47)	54.6 (34)	54.2 (13)	58	NA	36 countries with 27 showing progress

PILLAR THREE: RESULTS FRAMEWORK

	Year	Total SSA (#countries)	Developed Strategy/framework in place (Meeting PD Target)	Action Strategy/framework in place (Score A)	Unsatisfactory Strategy/framework in place (Score L/E)	All SSA Avg. annual change 1995-current (%)	Trends (# of countries with two data points # of countries showing progress)
Country Based Managing for Results							
Survey data							
Countries with outcome based national strategies (PD #1)[54]	2006	35	4	26	5	NA	NA
Countries with results frameworks (PD #11)[55]	2006	35	2	19	14	NA	NA

[1] UN Comtrade Database (note: traditional exports include coffee, cocoa beans, cotton, metalliferous ores, and petroleum)
[2] UN Trains Database (unweighted tariffs)
[3] Africa Transport flagship program
[4] Doing Business Database
[5] Doing Business Database
[6] Doing Business Database
[7] Doing Business Database
[8] Doing Business Database
[9] Doing Business Database
[10] IFC MSME Database (based on various surveys)
[11] World Bank staff
[12] IFC MSME Database (based on various surveys)
[13] Doing Business Database
[14] Africa Transport flagship program
[15] Africa Transport flagship program/AAP Monitoring System
[16] Africa Transport flagship program
[17] Doing Business Database
[18] Investment Climate Assessment
[19] Investment Climate Assessment
[20] Enterprise Analysis Surveys Database
[21] Enterprise Analysis Surveys Database
[22] Enterprise Analysis Surveys Database
[23] Data range is 1990-2004
[24] Data range is 1990-2004
[25] Enterprise Analysis Surveys Database
[26] Enterprise Analysis Surveys Database
[27] FAO
[28] FAO
[29] AAP Monitoring System (original data not provided)
[30] Africa Malaria Report 2003 (WHO/UNICEF)
[31] Africa Malaria Report 2003 (WHO/UNICEF)
[32] United Nations Statistics Division (WHO estimates)
[33] DHS, MICS, MIS or MoH surveys
[34] UN Millennium Development Indicators (http://mdgs.un.org/unsd/mdg/)
[35] UN Millennium Development Indicators (http://mdgs.un.org/unsd/mdg/)
[36] WHO Statistical Information System (http://www.who.int/whosis/en/)
[37] WHO Statistical Information System (http://www.who.int/whosis/en/)
Note: Total number of people living with AIDS/HIV in Sub-Saharan Africa is estimated to be 25.8 million (2005)
[38] WHO Statistical Information System (http://www.who.int/whosis/en/)
[39] WHO Statistical Information System (http://www.who.int/whosis/en/)
[40] WHO Statistical Information System (http://www.who.int/whosis/en/)
Note: Total number of orphans due to AIDS is estimated to be 12 millions.
[41] WHO Statistical Information System (http://www.who.int/whosis/en/)
[42] WHO Statistical Information System (http://www.who.int/whosis/en/)
[43] UN Millennium Development Indicators (http://mdgs.un.org/unsd/mdg/)
[44] UN Millennium Development Indicators (http://mdgs.un.org/unsd/mdg/)

[45] WHO Statistical Information System (http://www.who.int/whosis/en/)
[46] Enterprise Analysis Surveys Database
[47] Enterprise Analysis Surveys Database
[48] CPIA Review (data range is 2004-2005)
[49] CPIA Review (data range is 2004-2005)
[50] World Bank, HIPC assessments (data available for only 2001 and 2004)
[51] Worldwide Governance Indicators (Kaufman-Kraay Indicators website)
[52] Worldwide Governance Indicators (Kaufman-Kraay Indicators website)
[53] DECVP
[54] Paris Declaration – Aid Effectiveness Survey, 2007
[55] Paris Declaration – Aid Effectiveness Survey, 2007

ANNEX B: SUMMARY OF 25 PRIORITY ACTIONS PROGRESS AND RATINGS

OBJECTIVES	ACTIONS	STATUS	TARGET	SURVEY FINDINGS
PILLAR 1A: SUPPORTING THE DRIVERS OF GROWTH				
Identify the drivers of growth	1. Develop concrete recommendations for policy reforms and public actions to accelerate growth based on growth diagnostics.	●	12 countries by FY09	The Bank has completed 16 country growth diagnostic studies; and 12 others are underway. Countries are performing Foreign Investment Advisory Service Studies, and development policy reviews have recently been conducted, or are being planned in 4 countries.
Develop an African private sector	2. Support an increase in Investor Councils to develop concrete programs to remove constraints to private investment	●	From 5 in FY05 to 8 by FY08;	Active Investment Councils in 7 countries another one expected to be active during FY07. There are similar bodies active in 10 countries.
	3. Expand IDA/IFC Africa MSME initiatives to eight countries by FY08.	●	8 countries by FY07	The program was launched in 2003 and to date has covered 11 countries. All are approved and effective.
	4. Expand IFC Private Enterprise Partnership interventions	●	From one country in FY05 to 10 in FY08.	By the end of FY06, a total of 17 programs were launched, covering 20 countries and four operational areas. A total of $31 million donor funds have been committed.
Create an export push	5. Increase support under the Trade Facilitation Initiative	◐	23 countries - to $530 million by end FY06	19 completed IFIDTIS including validation workshops. There are 18 TF operations which include regional trade insurance operations, mainstreaming trade in Bank operations, providing political risk insurance for post conflict countries, and facilitation of regional trade facilitation initiatives from SADC and SACU.
	6. Support analysis and operations to identify and remove 'behind-the-border' constraints to export competitiveness and regional integration	◐	In 10 countries by end-FY08	27 countries have analysis or operations to identify and remove "behind-the border" constraints. Analysis includes ICAs, integrated trade diagnostic studies, and chapters in other country strategic documents such as CEM or growth diagnostic studies. Operations include support for the increase of non-traditional exports, & higher value added exports, and capacity in meeting international standards within the framework of the ECOWAS Regional Quality Development Program.
Close the infrastructure gap	7. Substantially scale-up financing for SSA infrastructure	●	$1.8 billion in FY06 and $2.4 billion in FY08.	The Bank is active in infrastructure in 23 countries, up from 17. Bank support in infrastructure includes major regional transport corridors, energy, water projects, and rural roads.. IDA lending in AFR to infrastructure is up from $500 million in FY00 to $1.5 billion in FY06, and total financing commitments for SSA infrastructure reached $1.6 billion in 2006, on track to reach the target of $2.4 billion in FY08.

● **Good Progress**

◐ **On Track**

○ **Lagging**

	8. Work as part of the Africa Infrastructure Consortium to mobilize additional donor support for infrastructure	◐	$2.5 billion increase by FY08.	The Bank works progressively with the infrastructure consortium and actively with other donors of infrastructure in Africa (China). Preliminary Infrastructure Consortium figures show a 20% increase to from $4.4 billion to $5.3 billion in 2006.
Support regional integration	9. Leverage support for regional investment in infrastructure and health IDA, other partners, private sector and government	◐	$1 billion per year through FY 08	Regional investment in infrastructure increased 10% to $0.9 billion in 2006. Regional partnerships for investment in infrastructure are being fostered throughout the region, including through COMESA, SADC, CEMAC, WAEMU, and in projects such as the Nile Basin Initiative, the Chad Corridor Project, the West Africa Pipeline and West Africa Power Pool, and the Senegal River Basin Multi-Purposes Water Resources Development Project. Less progress has been noted in regional investment for health.
Building skills for growth and competitive-ness	10. Develop and implement operational plans for IDA support to secondary education and technical, tertiary, research institutions	◐	Secondary education in 12 countries and technical, tertiary, research institutions in 8 countries by FY08.	There are 42 projects in 23 countries to support post primary education and research institutes. Vocational training is supported in 17 countries. 13 projects support secondary education.
Make agriculture more productive and sustainable	11. Mobilize global programs to expand investment in agricultural science and technology and strengthen national innovation systems in agriculture	○	Mobilize global programs such as CGIAR.	Support for agricultural technology and productivity cover 18 countries, up from 12 countries. Two additional countries are undertaking assessment in the sector. Spending remains low of agricultural research, although there is a modest upturn in overall spending on agriculture.
	12. Increase public and private investments to expand irrigated perimeter by 50% over FY05 base by end FY08.	○	50% over FY05 base by end FY08	Irrigation investment in Sub-Saharan Africa is estimated at 642 million US dollars, for 0.7 million hectares of land, in the period 2003-2007. This represents a decrease relative to the period 1998-2002, where 4,229 million US dollars were invested, for 4.7 million hectares.
PILLAR 1B: PARTICIPATING IN AND SHARING GROWTH				
Connect the poor to markets	13. Increase investments in rural roads, starting with feeder roads by 20% per annum	◐	by 20% per annum	20% of IDA transport infrastructure resources were allocated to rural roads in 2006.
Scaling up human development	14. Expand the Malaria Booster Program by 150% in 17 countries by end 2008	●	By 150% in 17 countries by end 2008	11 projects recently approved by the Board are now moving toward implementation. Bank is also working closely with other partners on coordination of overall strategies; and identifying country-by-country implementation bottlenecks.
	15. Scale up non-lending support for HIV/AIDS programs and address funding gaps in 10 countries by 2007	◐	10 countries by 2007	Non-lending HIV/AIDS projects have increased including awareness campaign, integration of AIDS into curriculum, assessment of the private sector response to HIV, and social support. Funding gaps are being addressed in MAPs.

	16. Increase IDA support to primary education in at least 15 countries through the Education for All Fast-Track Initiative (EFA-FTI).	◐	15 countries	15 countries have been approved to receive funding under the EFA-FTI. IDA support through new projects was $127 million in FY06.
	17. Accelerate progress to the rate required to reach the gender MDG goal through strengthened country systems (in national strategies	○	In 10 countries by FY08.	Gender and Growth Assessments (GGAs) have been prepared for Uganda, Kenya, and are being implemented for Uganda and Kenya. Further GGAs are planned for Nigeria, Ethiopia, and Liberia, with possible extensions to Senegal and Burkina Faso. Efforts have been put to enhance gender analysis/agenda in the country poverty reduction strategies in Senegal, Niger, Uganda, and DRC.
PILLAR 2: BUILDING CAPABLE STATES AND IMPROVING GOVERNANCE				
Developing in-country institutional capacity	18. Every new CAS to have a systematic program for capacity building based on the Task Force on Capacity Development	◐	From 15 to 25 such CASs in three years (i.e. until Sept 2008)	Although every CAS addresses capacity development issues, there are variations in the depth of the analysis and focus The Bank, under the CDMAP, will commit over US$2.0 billion to support capacity development in Africa over the next three year period.
	19. Assist in strengthening core elements of Public Expenditure Management and Financial Accountability, including the use of PETs	◐	20 countries	Benin, Burkina Faso, Burundi, Cameroon, Chad, Congo Brazzaville, Ethiopia, Ghana, Kenya, Liberia, Mozambique, Madagascar, Mali, Nigeria, Niger, Rwanda, Senegal, Tanzania, Uganda, Zambia
Build the capacity of post-conflict states	20. With development partners, build tailor-made country strategies in five post-conflict countries by 2007.	◐	5 post-conflict countries by 2007	The Bank is working with donors to support post conflict countries, (through the Multi-Donor Trust Fund programs in Angola and Sudan, plus another potential MDTF in Cote D'Ivoire,) and Liberia, Benin, Comoros, and Sierra Leone
PILLAR 3: RESULTS FRAMEWORK FOR ACHIEVING IMPACT				
Support outcome-driven national development strategies	21. Increase analytical and advisory work – together with development partners to support strengthened, results-oriented national strategies	◐	29 countries by 2010; 10 outcome based PRSs by end FY08	Ten countries have new PRSs. The Bank currently has AAA in 33 countries, contributing to 18 PRSPs, and country sector strategies. Of these five of M&E focus and 4 have an explicit results based M&E framework.
	22. Assist 29 PRS countries to develop and implement Monitoring and Evaluation Plans-including strengthening statistical systems- for their national strategies	◐	Statistical capacity strengthened in 29 countries. by end FY08	16 countries report support to national M&E plans, along with other DPs, whether integrated into the PRSPs, or as Statistic Master Plan. 8 countries report support for sector wide M&E in PRSP priority sectors. 10 new M&E activities were initiated during the AAP period.
Measuring and reporting on progress in programs and projects	23. Collect baseline and comparative information in 10 countries in key areas of public service delivery using purposive surveys	◐	10 countries	Five formal purposive surveys of communities, clients and service providers completed since the beginning of FY06. 41 surveys (PETS and QSDS) in 2000-2006 with10 in 2005-06.

PILLAR 4: STRENGTHENING PARTNERSHIPS				
Strengthen partnerships at the country level	24. Revamp the consultative group mechanism to become annual "resources and results meetings', raising the scope of these meetings and strengthening partnership on the MDG agenda. As part of this support independent evaluation of country donor relations	◐	Independent evaluations of country-donor relations in 5 African countries	16 countries currently have CG group meetings that are increasingly results oriented. Ghana had the first resource & result roundtable. Other countries, such as Tanzania, Uganda, Mozambique and Malawi, are undertaking similar efforts within their own country processes. 5 countries with independent monitoring processes (Tanzania, Burkina Faso, Ghana, Mozambique, and Uganda)
	25. Develop a "menu of options" to make the analytical and operational knowledge of the World Bank Group available to the development community as a public good	◐	Menu of options functional.	25 countries reported the scale up effects of the Bank's analytical work, some of which are developed in collaboration with the DPs and governments. However, there has not yet been a roll-out of the menu options as conceived in the AAP. The ACGF launched in Fall 2006 as an instrument for strategic scaling up.

ANNEX C: AFR PORTFOLIO PERFORMANCE – TRENDS IN 2002-2007

I. Portfolio size and composition

1. AFR is a large, complex region with 47 countries, a concentration of poor and fragile states, and a large portfolio of projects. IDA lending has more than doubled from US$2.1 billion in FY00 to US$4.7 billion in FY06, in line with the increased resources being channeled to AFR. Table 1 below shows some trends in key portfolio indicators. The projections for FY07 are based on current deliverables and may be slightly optimistic due to possible slippages into FY08.

2. Highlights of developments over FY06/07:

- Marked rise in new commitments, up by about $1billion
- Increased use of DPLs[72]
- Stable reduction in portfolio riskiness and especially DPLs

3. DPLs show a decline in FY03/04, possibly reflecting the mainstreaming of PRSCs which are different than earlier policy-based lending.[73] FY07 projections indicate a possible rebound in DPL volumes. The period is also marked by a decrease in the average size of DPLs from $110m in 2002, to about $70m in FY05/06, and even smaller in FY07, as the larger multi-tranche operations are replaced by a series of smaller and more focused operations.

Table 1. AFR Portfolio at a Glance

Fiscal year	2002	2003	2004	2005	2006	2007/1	2007 pipeline /2	2007 projection
Comm Amt	15,375.6	15,938.4	16,506.2	16,441.6	18,384.5	18,021.0	3,518.0	21,539.0
# Projects	355.0	343.0	334.0	334.0	351.0	336.0	54.0	390.0
Comm At Risk	4,088.2	2,937.3	3,174.5	4,300.9	3,241.0	2,900.9	n.a.	2,900.9
as % of total comm	27%	18%	19%	26%	18%	16%	n.a.	n.a.
% DPLs at risk	34%	41%	3%	14%	2%	3%	n.a.	n.a.
Approvals during FY	3,793.5	3,737.2	4,115.9	3,792.3	4,726.6	1,493.0	3,518.0	5,011.0
of which DPLs (PRSCs)	1,436.7	789.2	925.2	1,085.0	1,341.5	372.0	630.0	1,002.0
Tot Undisb Bal	9,394.2	10,400.4	11,250.1	10,909.2	11,676.7	11,115.0	n.a.	n.a.
Tot Disb	5,518.9	5,839.5	6,109.7	6,362.3	7,646.0	7,999.3	n.a.	n.a.
Disb in FY	1,758.5	1,986.9	2,339.6	2,535.5	2,571.4	1,612.9	n.a.	n.a.

All amounts are in $ million.
Source: BW
/1 As of Feb 1, 2007, approved projects
/2 A&B probability

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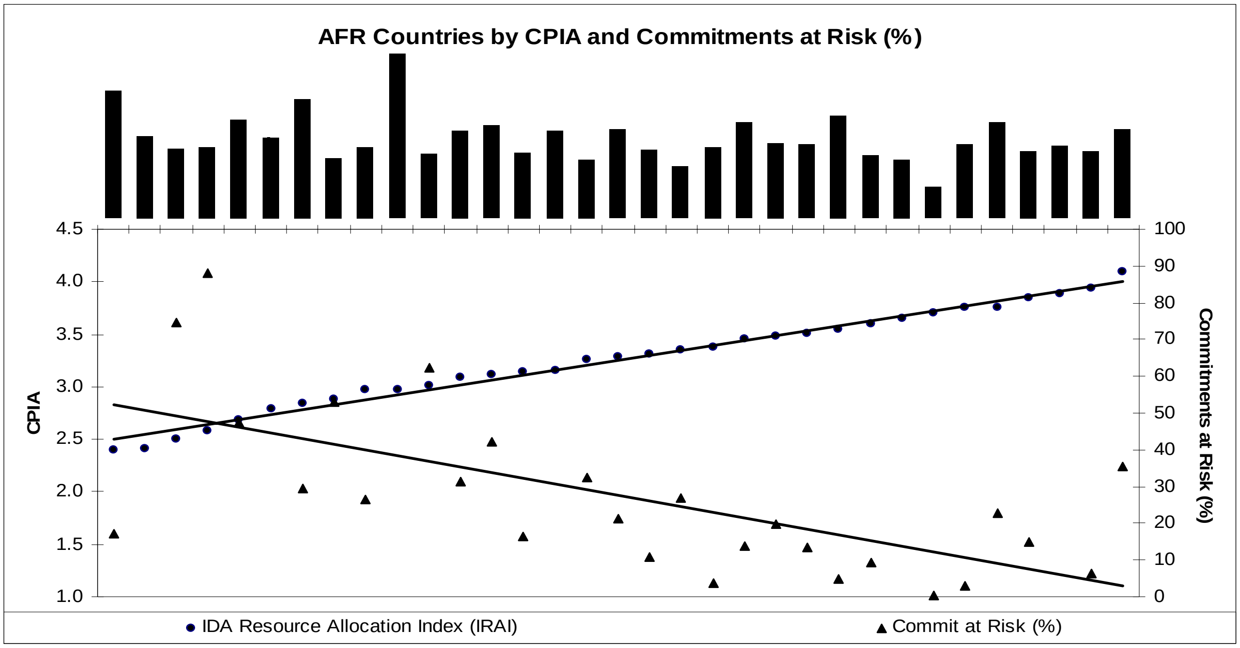
72 Development policy lending (DPLs) is the common term used in the Bank for rapidly disbursing policy-based financing, which the Bank provides in the form of loans or grants to help a borrower address actual or anticipated development financing requirements that have domestic or external origins.

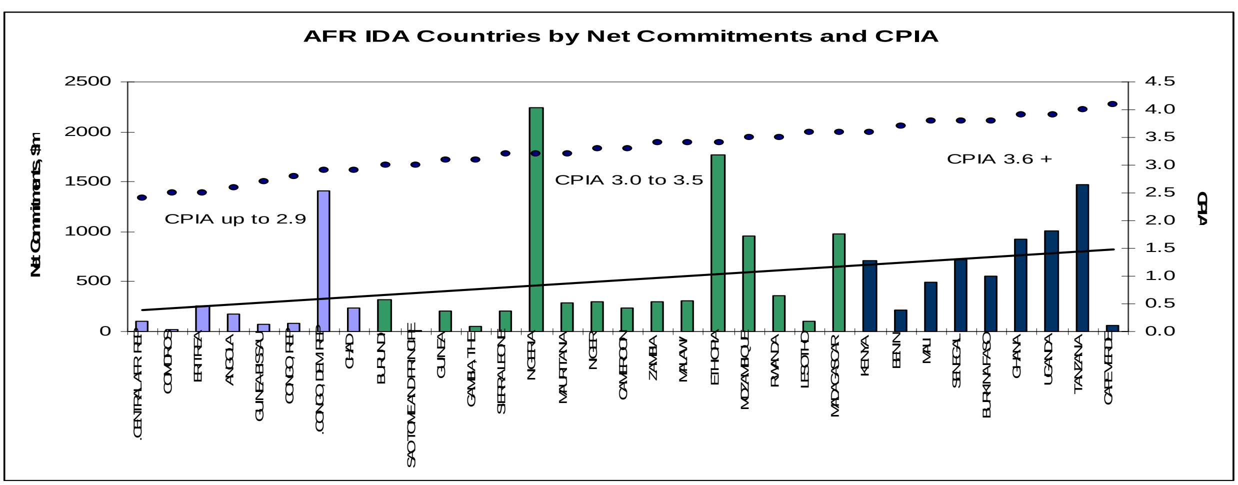
73 The Poverty Reduction Support Credit (PRSC) was introduced in May 2001 and is a programmatic approach designed for IDA countries that seeks to bolster a Government's poverty reduction strategy. PRSCs have a strong human development focus and their preparation requires broad stakeholder consultations. They typically represent a series of smaller annual loans that principally draw policy actions from and elaborate on reform measures set out in the Poverty Reduction Strategy Paper (PRSP).

Figure 1. AFR Countries by Portfolio Riskiness and Performance



4. Portfolio riskiness[74] tends to be higher than in other regions because of the fragility of many states in the region. Nonetheless, there has been a tangible downward trend as the result of both increased management attention to portfolio performance, and more rigorous project preparation and supervision efforts. At the same time, there has been a Bank-wide tendency to rate performance on the optimistic side which is triggered by a number of considerations including staff incentives and client relations. Therefore, it is safe to assume that the current assessment of risk may be somewhat generous and needs to be viewed with certain caution.[75] Figure 1 below shows that, overall, risk tends to lie in countries with low CPIA ratings. Similarly, Figure 2 shows the positive correlation between resources, measured by net commitments, and CPIA rating.

Figure 2. AFR Countries by Portfolio Size and Performance



[74] Actual and potential problem projects as a share of total portfolio.

[75] For example, the spike in portfolio riskiness in FY05 (Table 1) corresponds to management's appeal for more candor in performance ratings which brought about a wave of project performance downgrading. This jolt in an otherwise stable trend brought about the creation of an escrow account for problem projects which has been considered a great success even outside AFR. See also the Box on page 6 of this Annex.

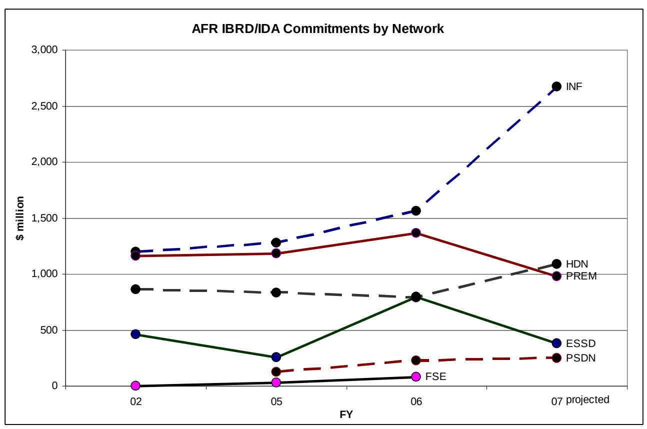
5. The bulk of the portfolio (77 percent) is concentrated in 1/3 (13) of the countries with active portfolios. These countries have net commitments above the region average. At the same time, these countries account for 57 percent of total commitments at risk but only three countries have a CPIA rating below 3.6. This apparent anomaly is due to the concentration of risk in two countries, Nigeria and the Democratic Republic of Congo, both of them with low CPIA ratings.

6. Challenges remain in countries where the Bank is in the process of re-engagement, typically post-conflict countries. IBRD countries represent a different kind of challenge brought by the drive to respond to the needs of a sophisticated borrower. Lending in IBRD countries is negligible (about 1%) and the Bank's role is focused on AAA. Another challenge which has persisted over time is that of risk assessment and the ability to mitigate risk.

II. Alignment in new lending and on-going portfolio.

7. The shifts in the structure of the portfolio are only beginning to reflect the realignment of resources in line with the AAP. For example, the spike in INF lending in FY07 could be explained by the combination of both the Bankwide re-engagement in infrastructure and the scaling up efforts under the AAP to close the infrastructure gap. However, at this point in time it is too early for it to be possible to observe true re-alignment of the portfolio with the AAP, because of the relative lead time for project preparation and it is only now that the first "truly aligned" projects are being approved.

Figure 3. AFR Trends in $ Volumes, New Commitments



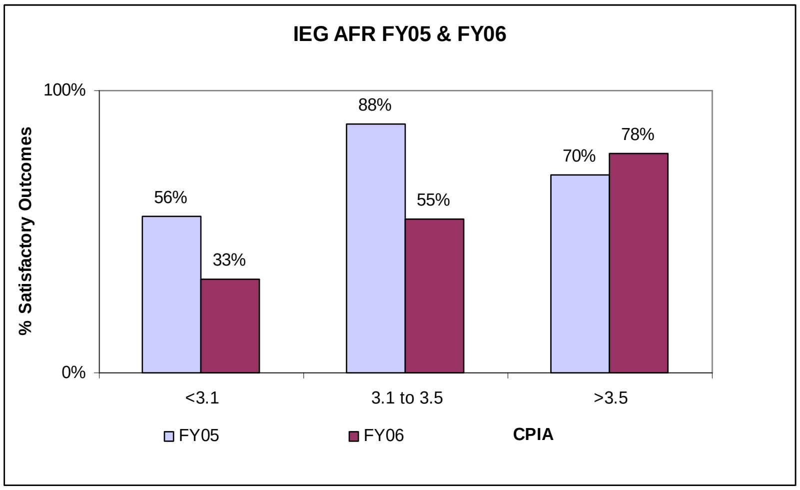
8. Highlights of developments over FY06/07:
- Highest growth in INF lending, also project size tends to be bigger;
- Lesser growth in HDN, ESSD and PSDN
- Declining lending in PREM

III. Improved results evaluated by IEG

9. IEG evaluations show steady improvements in outcomes over time. The target for FY08 is 80 percent satisfactory outcomes. As of date, only about 40 percent of the FY06 exits have been evaluated, and the current rate of satisfactory outcomes is 60.9. While this result is very preliminary, it sends a strong signal that more attention needs to be paid to quality at exit and exit ratings, along with an unwavering focus on results. All things considered, it is expected that the positive trend will continue.

10. Highlights of developments over FY06/07
- High-CPIA countries consistently enjoy more satisfactory outcomes.
- Improvements in the soundness of data at completion as measured by the quality of the ICRs, which is the only IEG rating where AFR shows marked improvement.

Figure 4. IEG Satisfactory Outcomes



11. Similar to the portfolio under supervision, better performing countries (high CPIA) show higher percentage of satisfactory outcomes. Countries with lower CPIA show mixed performance across projects, and it is not possible to conclude anything definitively based on the project exits of the past few years . Countries with consistently satisfactory outcomes over the FY02-FY05 period are Benin, Mozambique, Burkina Faso and Tanzania, all three with a CPIA of 3.5 or higher. Countries such as Ethiopia and Rwanda (CPIA 3.4 and 3.5 resp.) are exhibiting marked improvement in satisfactory outcomes compared to 2002.

12. Challenges remain particularly in sub-regional conflict and post-conflict countries. In terms of performance management, the biggest challenge is to effectively manage for results, including creating a demand for results and proper measurement and reporting. As historical analysis has shown, improved quality at entry would most likely lead to significant gains in results.

IV. Improved quality trends: quality at entry and quality of supervision efforts

13. As QAG analysis shows, there is an overall upwards trend in quality at entry. Clear improvements can be seen in certain aspects, such as implementation arrangements, risk assessment, and fiduciary aspects. Traditionally strong areas in AFR are the technical, financial and economic aspects of project preparation.

14. Highlights of developments over FY06/07:

- Marked success in supervision quality
- Quality at entry shows more room for improvement

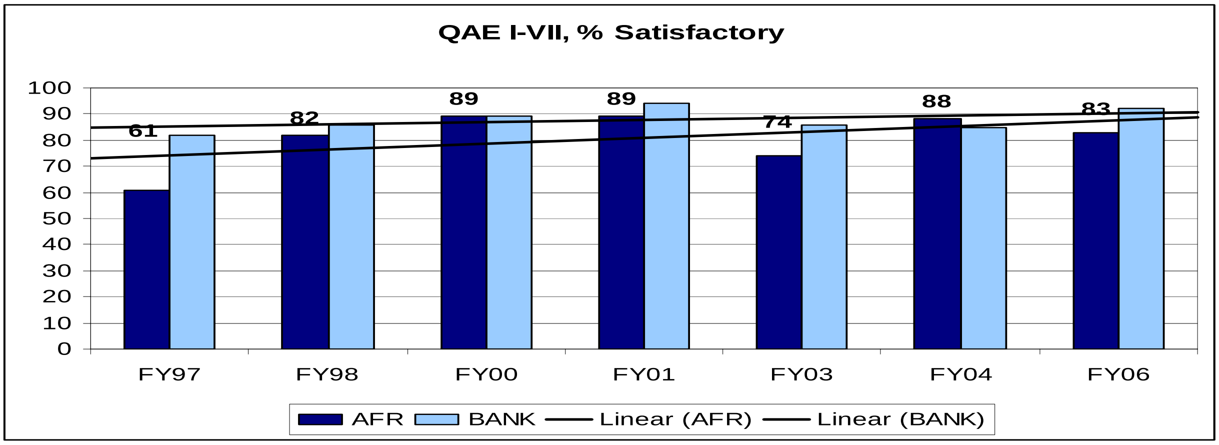
Table 2. Quality at Entry Assessments I-VII

Region	FY97	FY98	FY00	FY01	FY03	FY04	FY06
AFR	61	82	89	89	74	88	83
EAP	92	100	88	82	100	91	89
ECA	89	73	80	97	85	90	99
LCR	100	96	100	100	100	83	95
MNA	50	75	89	100	100	48	100
SAR	88	83	88	100	59	100	95
BANK	**82**	**86**	**89**	**94**	**86**	**85**	**92**

Source: BW.

15. Areas in need of particular improvement are poverty, gender and social development, and environmental aspects. The areas where AFR performance has not changed and therefore, too, need special attention and efforts are strategic relevance and approach, policy and institutional aspects, and Bank inputs and processes.

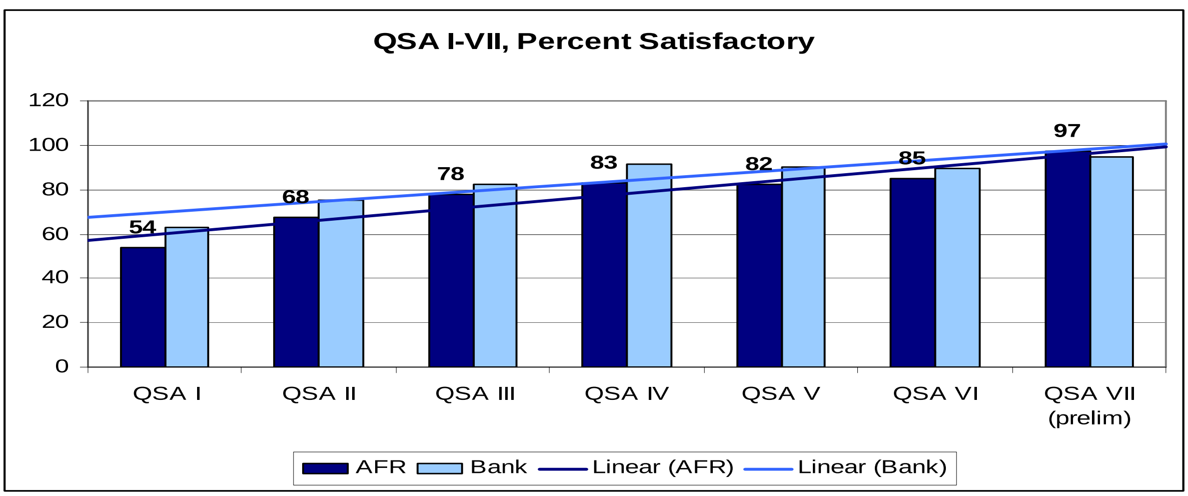
Figure 5. Quality at Entry Assessments



16. Despite improving trends in quality at entry, the latest QEA shows that 30 percent of the AFR sample is rated Moderately Satisfactory. Further, "…operations in low-CPIA countries in AFR have lower quality at entry than others in the Regional cohort, but several AFR operations in such countries are also rated *S+,* indicating that the issue is of ensuring more uniform standards".

17. In recent years and even more so since the AAP, AFR management efforts are focused on measures to strengthen M&E quality, risk management and implementation arrangements aspects, and there is increasing attention to results and impact of operations (see Table 4 below).

Figure 6. Quality of Supervision Assessments



18. Quality of supervision in the latest assessment QSA7 shows significant improvements on - AFR is second best with 97 percent of the projects rated Moderately Satisfactory or better, only by one percent below the top performing region. The introduction of escrow funding for problem projects has been considered best practice in shifting attention and resources to projects in difficulty and will without doubt contribute to better outcomes at completion.

Box 1. AFR Increases Incentives for Candor and Intensive Supervision of Problem Projects

In FY06, the RVP of the Africa Region encouraged staff to be more candid and responsive to implementation problems. The Region provided additional funding for intensive supervision of problem projects from an escrow fund of $1.1 million on a demand basis. Additional funding was capped at the budget for variable cost provided by the Sector, to be consistent with the principle of the "additionality." Thirty-seven problem projects received funding and results have been promising. About one-half of these projects have been upgraded and/or restructured. Lessons learned indicate the need to agree up-front on a strategy to address systemic issues, establish close links between escrow funding and the proposed actions and expected results, and to complete corrective actions during the fiscal year. The Region is continuing to provide additional funding for supervision of projects in difficulty in FY07. Task Teams have been encouraged to access the funds early in the Fiscal Year. Sector Units will prepare quarterly progress reports on the proposed actions.

AFR's average supervision budget in FY06 for both problem ($136,000) and non-problem ($105,000) projects is the highest among all regions (average supervision budget Bank-wide in FY06 is $112,000 and $90,000 for problem and non-problem projects, respectively). The recent increase in budget for problem projects has been mainly in AFR, SAR, EAP and ECA. Recently-approved project restructuring procedures will further improve incentives, lower procedural constraints, and encourage more flexibility during implementation. The Africa Region expects that its increased budget for supervision of problem projects combined with new procedures for restructuring will improve the candor of project ratings and the prospects for more satisfactory project outcomes.

A look forward

19. A number of measures converge towards scaling up AFR's portfolio results and impact. Alignment of aid and administrative resources to AAP priorities will continue over the period up to FY08. The biggest risks for the region continue to lie in the areas of political instability and in country capacity to reform, including capacity to absorb aid flows. To address some of these risks, AFR adopted a Portfolio Management Action Plan (PMAP, FY06-08) which is embedded in the AAP. It has a number of targets as given in the table below, together with an assessment of achievement of targets as of date. One target has not been achieved (satisfactory quality at entry, and one target - IEG Evaluated satisfactory outcomes – is as yet uncertain, though it is expected that the upward trend will continue). Based on current performance, prospects for achieving FY07 targets are good, though particular attention is needed to improve results under the two indicators mentioned above. Some changes in business practices that are already affecting performance include a more robust review of results frameworks during project preparation, including mandatory quality enhancement reviews, and the management decision not to release projects for Board approval unless they have a baseline set.

20. A significant development since the PMAP has been the adoption of the Capacity Development Management Action Plan (CDMAP) in 2006. This management action plan outlines an ambitious program that relies on both increasing the effectiveness of the spending for capacity development and on working more effectively with others to ensure results from new resources. The strategy has a strong focus on monitoring and accountability for results, and contains 20 key actions organized around five major outcomes: (1) More reliable and accountable public financial management systems; (2) Improved capacity for effective delivery of public services; (3) Better skills for supporting growth and competitiveness; (4) Build capacity to deliver essential services in post-conflict countries; and (5) More effective monitoring and management for results.

Table 3. Select Performance Management Action Plan Targets

PMAP Targets		FY05 Base	FY06	FY06 actual		FY07	FY08
% of Portfolio at Risk		28	25	18	✓	20	15
Quality at Entry		88	90	83[/1]	✗	90	90
Quality of Supervision		85	85	97	✓	90	90
IEG Evaluated satisfactory outcomes		71	75	60.0[/2]	-	78	80
Adopting results-driven country portfolio reviews		4	6	7	✓	10	15
Improve the quality-at-entry and increase satisfactory use of M&E							
• No. of projects with Impact Evaluation		40	60	57[/3]	✓	80	90
• % of new operations with satisfactory use of M&E		70	75	n.a.	-	85	95
• % of projects with satisfactory use of M&E during supervision		65	70	89	✓	75	80
Raise share of Implementation Status and Results Reports with satisfactory baseline data		80	82	90+	✓	84	85
Raise the share of Implementation Completion Reports with satisfactory data on project outcomes[/4]		70	75	87.5	✓	80	85

/1 Latest QAE
/2 Based on evaluations of 40 percent of FY06 exits
/3 Includes only rigorous evaluations started since June 2005
/4 As measured by satisfactory ICR quality which captures assessment of data quality

Annex D: Implementation Framework

*For baselines and targets on goals, anticipated outcomes and management targets, please refer to the **AAP Monitoring System**.*

THE FLAGSHIPS

Tracking Development Outcomes Across the Region			World Bank Group Support
Goals	**Anticipated Outcomes**	**Management targets**	**Management Initiatives and Instruments**
I. Strengthen the African Private Sector			
▪ Increase domestic and foreign private investment as measured by -- Increase private investment (percent of GDP) -- Increase annual growth of exports	▪ Increase the number of countries showing improvements in the investment climate, as measured by Doing Business Indicators, by 2011 ▪ Increase the number of countries that reduce the time to export by 2012	▪ Nine countries show improvements in DBA indicators – specifically the cost and time to establish a business by 2009 ▪ Four pilot countries decrease the time to export and the cost to export by 2009	▪ Scale up WBG support to reduce the costs of doing business as measured by the ten DBA indicators and develop a minimum platform of trade logistics in four pilot countries **Portfolio**: $1.3 billion PSD operations in the portfolio. 72% of PSD operations have components on regulatory issues (PSD Unit Report). **IFC**: IFC PEP with $31M funding, 17 programs covering 20 countries; Investment Climate Facility, public private partnership prospective advisory services[76] **MIGA:** Political risk guarantee, commitments of $873M **AAA**: ICA Global Roll Out
▪ Strengthen the African owned private sector as measured by -- Increase in MSME employment as a percent of total employment	▪ Increase investment, employment and productivity of beneficiary SMEs in seven countries by 2011	▪ Increase loan volume made to MSMEs by private financial intermediaries in seven pilots by 2009 ▪ Improve skills for MSMEs in seven pilot by 2009	▪ Accelerate and scale up implementation of the IDA and IFC programs for MSME development in seven pilot countries **Portfolio**: IDA SME Programs, Joint IDA/IFC ($320M) **IFC**: AMSME, Micro-finance initiative for SSA, Global micro-finance initiative, Local currency initiative, SME solution center, Focused equity team, special purpose funds for SME equity capital
II. Increase the Economic Empowerment of Women			
▪ Increase women's participation in the economy and improve their legal status as measured by -- labor force surveys[77]	▪ Increase number of registered women-owned businesses in SSA by ten percent by 2009 ▪ Improve property rights for women in SSA (increase in the number of land titles held by ten percent)	▪ Commercial banks in four countries receive lines of credit for on-lending to women entrepreneurs by 2009 ▪ 25 countries ratify the Women's Rights Protocol by 2008 from 15	▪ Scale up IFC GEM program and build components into IDA PSD projects and justice projects to address constraints to women's participation in business and employment. **Portfolio**: Regional Legal Program and components of PSD operations **IFC**: Gender Entrepreneurship Market Program (GEM)

[76] IFC commitment targets are: $670-$710 in '07, $720-$800 in '08, and $825-$900 in '09. The three key sectors include financial markets (50 percent), infrastructure (23 percent), and oil, gas, mining, and chemicals (13 percent). Intends to strengthen program in agribusiness. From IFC Strategy Document.

Tracking Development Outcomes Across the Region			World Bank Group Support
Goals	**Anticipated Outcomes**	**Management targets**	**Management Initiatives and Instruments**
III. Build Skills for Competitiveness in a Global Economy			
▪ Increase skills of Africans to innovate, develop small and medium size enterprises, and meet the needs of private sector for a trained work force -- Proxy indicators measure learning outcomes and perception (surveys)	▪ Eight countries increase secondary education enrollment by 1% per year by 2009 ▪ Eight countries increase the share of undergraduates enrolled in science and technology	▪ Eight countries meet their own targets for number of qualified secondary teachers and availability of classrooms and textbooks in core subjects (math, science) by 2009 ▪ Three countries use competitive funding mechanisms to improve teaching and research in science & technology by 2009	▪ Increase engagement with government, private sector & development partners in developing financially sustainable programs for policy reform, institutional strengthening and financing of post primary education **Portfolio**: CDMAP Targets: 8 countries for sec. education, 10 countries for tertiary, and 8 countries for S&T, 7 African Business Schools, S&T TA in 4 countries. 28 projects are managed by the education sector unit. Total post-primary commitments are $590M **IFC:** Expand Global Bus. School Network **AAA**: 26 ESW including regional assessments by FY09, Africa Knowledge Innovation Fund
IV. Raise Agricultural Productivity			
▪ Accelerate growth in agricultural productivity as measured by -- Number of countries achieving growth in agriculture value added of 5% annually -- Number of countries achieving growth in value added per hectare of 5% annually -- Number of countries achieving growth in value added per worker of 3% annually[78]	▪ Increase in irrigated land (percent of crop land) by 2011 ▪ Increase investment in agricultural technology by 2011	▪ Five countries have costed, comprehensive programs of public investment to support agricultural growth by 2009 ▪ Three regional economic communities complete regional strategies for cooperation in agricultural technology development by 2009	▪ Assist governments to design and cost comprehensive programs of agriculture development and mobilize resources in five countries by 2009 **Portfolio:** 48 projects are in the agricultural sector unit. There are an additional 23 projects that have components in agriculture, but are not in the managing unit, for a combined commitment of active projects of $1.2 billion.[79] There are also regional approached to agricultural research in West Africa **IFC**: Agribusiness industry support

[77] Data is not available to set an indicator at the present time. The best proxy is the registration of women-owned businesses.
[78] Number of countries already achieving the targets -- 10, 6, and 10 countries respectively
[79] Rural development portfolio is much larger, and the multi-sector issues are necessary to move to agricultural productivity. More direct subset is used here as opposed to the larger body of investments. If rural development coding were used, this would be over $2billion in commitments.

Tracking Development Outcomes Across the Region			World Bank Group Support
Goals	**Anticipated Outcomes**	**Management targets**	**Management Initiatives and Instruments**
V. Improve Access to and Reliability of Clean Energy			
▪ Reliable access to energy for enterprises and households as measured by -- Household electrification rate -- Electricity consumption per capita	▪ Region-wide increase in household access to electricity to 35% from 23 percent by 2015 ▪ In 20 countries, the number of power outages suffered by an enterprise in a typical month decreases by 2015 ▪ Reduce indoor air pollution in more than five countries	▪ At least 30 countries increase generation capacity by 20 percent or more between FY07 and FY11 (this includes investments by other development partners) ▪ Utilities in 20 countries reduce their losses (technical and non-technical) by ten percent or better by 2011 ▪ Increase LPG and kerosene use by households in five or more countries	▪ Mobilize a sector wide approach for electricity in a few pilot countries, including donor and private financing through sector syndications by FY10. **Portfolio**: 26 projects in the energy unit plus additional non energy sector projects contribution plan for a total commitment of $1.9 billion, excluding mining. $400m regional power pools, Sector wide approach in few pilot countries. **IFC**: Light Up Africa Program, 3 PEP projects to infrastructure; support to public private partnerships **MIGA:** MIGA Guarantee Facility for public private partnerships **AAA**: Advise governments on fuel pricing for faster transition to LPG and kerosene use (from biomass use) by households and initiatives for sustainable land management including forestry. Several regional analytical and advisory services (eg. West Africa regional regulatory framework for electricity)
VI. Expand and Upgrade Road Networks and Transit Corridors			
▪ Decrease the time to reach key international markets as measured by -- Total time from moment of ship readiness to unload to final destination for an imported container (days)	▪ Improve road networks against the country's 2007 baseline in eight countries' by 2012 ▪ Increase the percent of rural population within 2km of an all-season road by 2012 in five countries ▪ Reduce the tons of CO_2 equivalent in Accra, Lagos, Dar es Salaam	▪ 25 percent increase in resources allocated for road maintenance and rehabilitation (from all sources) in eight countries by 2010 ▪ 30,000km of roads constructed or rehabilitated by 2013, including 14,000 km of rural roads. ▪ Decrease in share of household spending on transport in three urban areas by 2011	▪ Strengthen the institutional framework to facilitate urban and rural transport in six countries and launch three major regional transit corridors by FY08 **Portfolio:** 28 roads projects managed by the unit (also including port projects). Another 34 projects have transport activities, but are managed by other units (through PRSCs or CDD projects). The total commitments are $2.2bn. 2 regional transit corridor projects, 2 IDF grants for regional transport facilitation and custom union support. 8 proposed regional integration projects in pipeline **AAA**: 6 country specific strategies/costing; factors behind high transport costs in Africa, SADC Joint Analytic work on Regional Transport
VII. Increase Access to Safe Water and Sanitation			
▪ Meet the water and sanitation MDG in 17 of the largest countries -- percent of population with access to water and sanitation	▪ In 17 countries, an additional 2.5 million people per year, have access to clean water supply and sanitation by 2012	▪ 50,000 households connected and 4500 community water points are constructed/rehabilitated annually, beginning in 2007 – to 2010 ▪ In the 17 countries, 85 percent of rural water supplies are operational and 75 percent of urban water utilities cover their current costs	▪ Scale up collective donor support to water supply and sanitation programs in 17 countries committed to their reform agendas and two post conflict countries **Portfolio**: 21 Projects in the sector unit. Together with components of other operations (such as PRSC) total commitments for water related operations are $1.8 billion; Regional integration focused on shared water resources and reversing water degradation **AAA**: Ten country specific strategies/ costings

Tracking Development Outcomes Across the Region			World Bank Group Support
Goals	**Anticipated Outcomes**	**Management targets**	**Management Initiatives and Instruments**
VIII. Strengthen National Health Systems and Combat malaria and HIV/AIDS			
Health Care Systems			
▪ Contribute to the achievement of the anticipated outcomes and goals in malaria and HIV/AIDS, and health related MDGs		▪ Increase the retention of front line service providers as measured by -- Number of nurses per 1000 population	▪ See sections on malaria and HIV/AIDS ▪ Complemented by $400 million health sector portfolio.
Malaria			
▪ Decrease deaths due to malaria, especially child mortality as measured by mortality rates	Proportion of Booster countries that meet the Abuja targets for intervention coverage by 2010: ▪ 60% of children under five use insecticide treated nets (ITN) ▪ 60% of children under five with fever access effective anti-malarial within 24 hours ▪ 60% of pregnant women receive two or more doses of intermittent preventive treatment ▪ 80% of households own at least one ITN	▪ At least 14.8 million long-lasting insecticide-treated nets (LLINs) and 15.1 million Artemesinin-based combination therapy (ACTs) distributed in Booster countries by end FY08 ▪ Five Booster countries have fully costed operational plans in place to which development partners, private sector and foundations can align support by end of FY07 ▪ Increased proportion of countries with fully-funded malaria control programs up from zero in 2006	▪ Forge at least three new collaborations with traditional and non traditional development partners (ExxonMobil, Russian Federation, Bill & Melinda Gates Foundation, private sector) to fund malaria control and country health systems. **Portfolio**: 11 Booster Program projects with $355m in active IDA commitments (Malaria Report) **AAA:** Public expenditure tracking, Gap analysis and partner mapping work, Malaria Impact Evaluation Program; Establish inter-sectoral collaboration for malaria control (urban, education, regional) and link malaria control to health sector support ; Focus on financial management, procurement supply chain and M&E
HIV/AIDS			
▪ Reduce the number of newly infected people and improve the quality of life of those living with HIV/AIDS as measured by -- percentage of countries where the HIV prevalence among women aged 15 to 24 decreases	▪ Increase in the percent of men and women, age 15-29 reporting use of a condom during last sex with a non regular partner from baseline by 2011 ▪ 40% of countries report decrease in the percentage of men and women aged 15 to 24 who have had sex with more than one partner in the last 12 months from their baseline by 2011	▪ Increase the number of persons aged 15 and older who received HIV counseling and testing and their test results by 2011 ▪ Increase in number of pregnant women living with HIV who receive a complete course of antiretroviral prophylaxis to reduce the risk of MTCT in MAP countries by 2011 ▪ Increase the number of countries that have achieved the Three Ones[80] (up from 56 percent of MAP countries) by 2009	▪ Escalate efforts to bring vertical programs, private sector and development partners into costed, well phased, fiscally sustainable national strategies in 30 countries by 2008 **Portfolio**: Committed $1.3 billion in 29 countries (HIV/AIDS report) and 4 four regional subprojects **AAA**: Technical assistance for strategies in 30 countries and for M&E in 40 countries; 5 Regional analytical work on HIV/AIDS. In ten countries embed appropriate HIV/AIDS in country specific development agendas (annually), five countries receive financial gap analysis

[80] Development partners have agreed to the principle of the "Three Ones" - one national AIDS framework, one national AIDS authority and one system for monitoring and evaluation—as guiding principles for improving the country-level response.

STRENGTHENING THE COUNTRY BASED MODEL

Tracking Development Outcomes Across the Region			World Bank Group Support
Goals	**Anticipated Outcomes**	**Management targets**	**Management Initiatives and Instruments**
I. Governance and Effectiveness of the Public Sector			
▪ Improve the effectiveness, responsiveness and transparency of the public sector at the national and local levels of governments	▪ Across ten countries the average CPIA score for quality of public administration improves by 2010 ▪ Across 15 countries the average CPIA score for quality of budgetary and financial management improves by 2010	▪ 15 countries improve the quality of public administration for doing business measured by: (i) cost of enforcing a contract and (ii) time taken to prepare, file, and pay taxes (no. of days per year), by 2009 ▪ Improvement in one or more public financial management performance indicators (measured by PEFA and HIPC assessments) in 12 countries by 2009	▪ Accelerate implementation of the CDMAP **Portfolio:** Net commitments of $924 million for public sector governance (23 projects). Total commitments in public sector governance, including the rule of law, were $2,224 million. **AAA**: Increase governance in CASs; Assist countries with governance diagnostics, including citizen's scorecards in collaboration with WBI; Assist 20 countries strengthen core elements of their Public Expenditure Management and Financial Accountability Frameworks
	▪ Ten natural resource-rich countries increase the average CPIA score for transparency, accountability, and corruption by 2010	▪ Four countries endorse the EITI principles ▪ Eight other countries show progress in implementing its principles by 2008	▪ Increase support for resource rich countries in managing their natural resources for sustained improvement in non-mineral growth and human development **Portfolio:** Extractive Industry Transparency Initiatives (EITI) and public financing management instruments and technical assistance. Gas Flaring Reduction Initiative (GGFR)
II. Better Management of the Environment			
▪ Reduce the cost of environmental degradation and improve the use of natural resources, including the management of non-renewable resources	▪ Ten countries have improved their medium term revenues from natural resources by 2012.	▪ Ten countries have analyzed how to maximize natural resource revenues over the medium term and have undertaken reform in related NRM policy (e.g. concession policy; tourism policy; fishing policy) by 2009 ▪ Ten countries have invested in their enforcement capacity related to natural resource management by 2009	▪ Develop action plans on sustainable environmental practices for key productive sectors in 20 countries **Portfolio:** $1.3 billion. Water resource management ($222 million), Pollution control ($302 million), Biodiversity ($147 million), Climate change ($153 million)
III. A More Effective Development Partnership			
▪ Improve the effectiveness of aid	▪ Increased resources for development programs in at least ten countries	▪ Ten countries where R&R processes lead to funding for a prioritized, targeted, and sequenced government programs	▪ Sponsor resources and results processes, bringing a well defined national strategy together with development finance