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The World Bank's Africa Action Plan: New Actions?

On request of its Executive Directors, the World Bank rolled out, in later summer 2005, how it envisages implementing decisions, in particular those taken in Gleneagles, on raising official development assistance (ODA) to Africa. The result is the Africa Action Plan (AAP) and, as of February 2006, the Africa Catalytic Growth Fund (ACGF). Building on a highly optimistic view of Africa's political and economic development, the Bank's aim is to strengthen the result and partner orientation of its work. In the undeclared competition among donor organizations, the Bank thus sees itself qualified for the role of administrator and coordinator alike, of a rising international development aid. The Bank points to its drivers-of-growth/shared-growth agenda as the most important innovation in the AAP. What is new about the agenda is, basically, the plan to scale up the Bank's infrastructure portfolio, which had been shrinking for decades. The Bank's economic diagnosis, self-assessment, and definition of sectoral priorities leave quite a number of critical questions for discussion.

The situation

The global political decisions taken in 2005, in particular at the G8 summit in Gleneagles, on doubling ODA for sub-Saharan Africa to an annual figure of 50 billion US $ by the end of the current decade have created a new situation for the World Bank, too. In view of the increases already reported to the OECD Development Assistance Committee as well as of announcements by Japan and EU countries, it appears likely ("highly credible") to the Bank that the additional 25 billion US $ in ODA will in fact be mobilized. With the replenishing of the resources of its subsidiary, the International Development Association (IDA) (IDA 14: 2006–2008) already done, the Bank had to explain where it still sees meaningful new areas of action in its portfolio and how it will be able to better coordinate its activities with other donors in transacting a development aid that is, on the whole, growing.

The diagnosis: "Africa at a turning point"

While the UN Millennium Project and the Commission for Africa came with a fairly critical assessment of the economic picture in Africa, and derived precisely from this assessment the need for a "Big Push" in ODA, the AAP, with all due caution, sees Africa at a turning point, citing as positive developments there better, more prudent political leadership, broad improvements in policies and institutions, but also the excellent economic performance of a core country group that is home to 35 % of Africa's population. The World Bank sees here the proof of something like a new era that started toward the mid-1990s, marked by the completion of the major economic adjustments, the changes set in motion in South Africa, and the end of armed conflict in several important African countries. This goes beyond e.g the EU's new Africa Strategy, which likewise sees the continent "on the move," while drawing a more reserved overall picture of the situation there.

According to the AAP, the positive overall development for the period from 1995–2004 was driven by fifteen "sustained growing countries" which have used this growth to reduce poverty at home: Rwanda, Mozambique, Uganda, Mali, Cape Verde, Botswana, Benin, Mauritius, Senegal, Tanzania, Cameroon, Ethiopia, Burkina Faso, Ghana, Mauritania.

The World Bank emphasizes that this does not apply for all of Africa and that diversity on the continent is growing. However, "sustained growth", starting in the mid-1990s is probably still an overly extensive thesis, even for this group of countries. Catch-up effects in post-conflict countries and raw materials booms in the world market – which are not necessarily stable – have their influence on the statistics. Moreover, most of these countries are still below the threshold of 7 % growth which, as cited in the AAP, is needed for sustained poverty reduction. The analysis would therefore have to center on the structure of growth in these countries, i.e. on the question of whether these countries have experienced a real increase in their capital stock and productivity as well as the diversification that has been claimed for them. Far from indicating a trend reversal, available productivity figures for sub-Saharan Africa point merely to a slowdown in the decline of overall productivity for the 1990s, and even in the lead group referred to above there has been no discernible boom in private investment.

The assertion that – in economic terms – the wind of history has definitively turned in Africa's lead country group thus remains – at least for the moment – an unproven thesis. The new political dynamic in Africa is not demonstrably linked to a quantum leap in economic modernization. The discussion over a report on the "growth challenge" in Africa announced in the AAP will be interesting in this connection.

Even at a purely political level, an initiative like the African Peer Review Mechanism (APRM) is unlikely to spark any best-governance competition, thus breaking up development blockades here. A number of countries are rather likely to divert the review process, just the fact that they have committed themselves publicly to good governance may give their populations the possibility to demand that they follow up on their words with deeds.

Core elements of the Action Plan

The optimistic diagnosis implies that, in essence, the World Bank sees its Africa Action Plan (www.worldbank.org/africa) as a means of helping to accelerate and expand an already present growth dynamic. The Bank has summed up the core propositions of the AAP in roughly five priorities, although the text shows a number of shifts in the way these priorities are presented and counted (see Box, below).

Box: Priorities and selected subgoals of the Africa Action Plan

1. Targeted Poverty Reduction Strategies (PRSs) as an anchor for the outcome orientation of IDA country strategies
2. Efforts to build capable states and improve governance
3. New actions to promote growth and exports (drivers of growth)
   – creating an "export push"
   – closing the infrastructure gap
   – supporting regional integration
   – building skills for growth and competitiveness
   – making agriculture more productive and sustainable
   – helping countries manage the impact of shocks
4. Efforts to strengthen the capacity of the poor to participate in growth (shared growth)
   – market access for the poor
   – strengthening the social sectors (human development)
5. Efforts to boost the leverage of IDA 14 together with other partners / donors

Twenty-five lead fields of action are assigned to these priorities.

Outcome orientation

What, now, is new or noteworthy about these priorities? The starting point is the announced support for second-generation national Poverty Reduction Strategy Papers (PRSPs) in the 29 countries concerned; their aim its to correct earlier weaknesses noted in the IMF/WB 2005 PRSP Review. The main thrust here is a focus of the PRSs on a limited number of clearly defined, priority results.

Building on this, the AAP attaches great weight to the impact and outcome orientation of the Bank's own work. Various sections of the plan are devoted to a presentation of the activities planned to speed up the change from an input to an output orientation – with the aid of the already tested Results-based Country Assistance Strategies (RBCASs) and modified incentive systems for the Bank's management. This emphasis on impact orientation is right and welcome, and it is consistent with the general line of a strengthened MDG alignment of donor strategies. Mention is made in this connection of a more intensive use of Poverty and Social Impact Analysis (PSIA), i.e. assessment of the social impact of structural reforms.

Partner alignment and donor harmonization

Based on growing partner-country political ownership, the AAP centers more than other Bank Africa strategy documents have in the past on the principles of (a) alignment with partner priorities and (b) donor harmonization, both of which were codified in the Paris Declaration. Consistently, the text sets a number of concrete landmarks for what the Bank actually means by implementation of alignment & harmonization. To name some of them :

- Use of Joint Country Assistance Strategies (JCASs) containing uniform sets of indicators and conditionalities for seven countries
- Broad use of joint analytical instruments together with other donors
- Reform of the Consultative Group Meetings, which, in their present form, are not suited to providing adequate development impulses
- Development of Sector-wide Approaches / Programmes (SWAPs) in the health sector of at least ten countries
- Review of the Bank's options to participate in joint programs as a "silent partner" only
- Review of all separate project management units with a view to sharply reducing their number

Given that the Bank has thus far seldom proved to be a champion of donor harmonization in the process of MDG/PRSP support in Africa, these must be seen as important targets for the implementation of the Paris Declaration. Interesting here is what is not stated. Beyond what was noted above, the reader will look in vain for clear-cut targets geared to further unifying general budget support (incl. PRSCs) or technical cooperation. The AAP speaks of expanding sector programmes virtually only as far as the health sector is concerned.

Capacity-building and governance: What is the World Bank capable of?

The Bank's internal evaluation unit had come out earlier with a very critical assessment of its performance in capacity building, noting that these efforts had for the most part been "collateral rather than core" and had led to questionable results. The AAP now goes on the offensive, presenting capacity building as a new core agenda – broken down into *five* governance dimensions with *eight* themes, the relevance of which differs in keeping with *three* governance situations. In a format not easy to grasp, the plan offers improved governance diagnostics, public financial and – in particular – expenditure management, legal and judicial reform, decentralization, and, finally, a contribution to the Extractive Industries Transparency Initiative.

Just about everywhere emphasis is placed on cooperation with other donors, but hardly a word is wasted on whether or not the Bank is able in the first place to provide broad technical assistance in all these fields, or might be better off seeking a division of labor with other organizations. Does e.g. the Bank have a comparative advantage in support of decentralization or of governance in post-conflict situations? If, in this regard, we compare the AAP with, say, the EU Africa Strategy (see DIE Briefing Paper 9/2005), the similarities with the latter's ambitions are so obvious that there is no getting around a more precise consideration of the question: "Who is doing what / who is best able to do what?" This blank is even more obvious in the World Bank's Africa Capacity Development Task Force (ACDTF) report, which was prepared under the leadership of former Africa Vice President Madavo in parallel to the Africa Action Plan, and to which the latter occasionally makes reference to.

Growth, also for the poor

In the AAP the Bank underlines its drivers-of-growth/shared-growth agenda as the most significant topical shift in focus during the IDA 14 period. Promoting the general investment climate and in particular the environment for small and medium enterprises, the AAP – under the headers "Developing the private sector" and "Creating an export push" – sums up a number of interesting approaches to strengthen competitiveness at home ("behind the border") and in subregions. The AAP supplements this by indicating the Bank's intention to shift from its decades-long concentration on support for primary education alone to strengthening occupational, secondary, and tertiary education, a move bound up with the needs of the private business sector.

The AAP notes, however, that growth alone will not be enough to reach the MDGs; "the poor and women" will also have to *share* in growth. Here, though, the international discussion had gotten further along, since around 2000. The topic of a joint research project, which the World Bank and bilateral donors carried out until 2005, was not simply "Shared Growth" but "Pro-Poor Growth" (PPG). Rather than mere chance, the fact that the concept of pro-poor growth has been dropped in the AAP and other documents from the Bank's Africa department must be seen as a deliberate policy decision. In fact the search for PPG concepts had a twofold focus: a definition of growth in which the poor have a more than proportionate share and pro-active economic policies that make particular use of the factor- and sector-specific comparative advantages of poor producers to boost growth. Under the label of "Shared growth," neither is now recognizable as a strategic orientation. What this means de facto is that in the AAP poverty reduction – i.e. Millennium Goal 1 and the focus of the PRSPs – has been subordinated to promotion of economic growth, in which the poor are merely to participate.

It is just some paragraph in the AAP with a clear statement on the issue of gender that still reflects the thrust of PPG: support for measures designed to more evenly distribute factors of production between men and women, presupposing that this is both just and serves to promote growth even further.

A little more agriculture

The stagnation in the yields of food-producing agriculture, due in particular to soil-leaching, is one of the central worries for all those concerned with securing the bases of growth in Africa, starting with what the UN Secretary-General stated in the report "In Larger Freedom" (2005). Despite a lively discussion within the Bank, agriculture is still *not* a priority field of action in the AAP, a fact made plain by the forecast allocation of additional financial resources. The plan outlines a support strategy focusing on some selected value chains in agricultural exports and on rural infrastructure. The plan contains only a few general considerations bearing on enhanced agricultural productivity proper and on the management of natural resources.

This reserve is understandable as long as others have not explained more convincingly where they see strategic avenues for direct promotion of agriculture broken down by Africa's agroclimatic macro regions, and in view of the pervasive uncertainty as to whether the right "packages" are already available or whether considerable agricultural research is still needed to come up with them. However, this is not enough in view of the ambitious growth targets envisioned for Africa.

Improving infrastructure and the investment climate

One thing the AAP does in fact focus on is closing the so-called infrastructure gap in Africa. The aim is to reverse the decades-long decline in the importance accorded to the promotion of physical infrastructure in the Bank's portfolio. This is wholly in line with the global declarations of intent made in 2005, since this sector is capable of absorbing large volumes of funds. The Bank estimates that "Closing the infrastructure gap" would cost an annual 20 billion US $. To mobilize the funds needed, the Bank is actively involved in the Africa Infrastructure Consortium led by AU and NEPAD. Only in this context (roads, power, ports, etc.) does the Bank speak, for once, of a "big push." Considerable increases are also envisioned to boost social infrastructure in education and health.

Despite big headers, the promotion planned for the productive sectors proper lags behind that for infrastructure, and it is concentrated on indirect support of small and medium enterprises. There is, however, reason to doubt whether better infrastructure and an improved legal environment are themselves sufficient to reach a quantum leap in private investment in Africa. The conspicuous reserve in the AAP when it comes to agriculture and industry as such may rightly be criticized as an infrastructure bias or as kind of a minimalist private-sector strategy. The – otherwise quite understandable – emphasis on physical infrastructure in the Bank's portfolio, where it was long neglected, somehow tends to go from extreme to the other.

The Africa Catalytic Growth Fund

The ACGF, adopted on 21 February 2006 by the World Bank's Board of Executive Directors, is one of the instrumental results of the AAP. Its task is to provide, in addition to IDA 14, flexible financial support for three client groups that had already been described in the AAP itself:

1. high-performing countries whose growth strategies run up against certain financial constraints even though they hold promise of good results;
2. transforming countries that need fast-track assistance in the wake of a reorientation in economic policy when they can obviously not yet have a reasonable track record in good governance;
3. regional integration initiatives that, despite prospects of broad economic impacts, are difficult to cover using the instruments until now available to the Bank.

Conceived as a pure trust fund for the administration of contributions from other donors (thus far: the UK), it would certainly not be underestimating the ACGF if it were viewed above all as a vessel which the World Bank will use to collect its share of a possible post-Gleneagles push in development assistance – something that, apparently, it would otherwise not be able to do between regular IDA replenishments. It is, in other words, be advisable not to interpret too much into the concept of the growth fund. Otherwise we could ask if the three cases outlined above really do not yet fit into the Bank's system. As to case No. 2, the Bank's management e.g. points out that its performance-based allocation system is not suitable for political "turnaround" situations, because under it lending is keyed to longer-term track records. But in the most typical case – a new government in the wake of an armed conflict that will of course not have a good track record for the years past – we would find that there are indeed other tools that could be used to support countries of this kind. All in all, the ACGF is an example of how, pragmatically, the Bank is gearing up for participation in a possible Big Push in ODA, which it basically rejects in conceptual terms.

Country distribution

The Bank rightly notes that there is still no way to know with certainty how much additional aid Africa can in fact absorb. In a conservative estimate, the Bank assumes that it would be possible to usefully deploy additional aid ranging between 14 billion US $ (now) and up to 28 billion US $ (in 2015). Since hardly anyone believes in the forthcoming of a continent-wide ODA push in Africa, the question is in which selection of countries the Bank sees possibilities to scale up aid. It has its eye on four groups here, beginning with countries that can make use of fast-track aid across a broad spectrum of sectors. But no exact description is given of the country classification, and some of the country examples provided in the AAP diverge from the classification in terms of growth perspectives presented in the earlier section on "Africa at a turning point." It remains unclear why e.g. Burkina Faso or Tanzania should meet all of the conditions for a quantum leap in ODA while Mali or Ethiopia do not. Here the Bank offers no orientation.

Open questions

In formal terms, the AAP expands on the Bank's Africa Strategy, still in force. In the undeclared race among the multilateral donors, the plan has the limited aim of making special offers in the preparation for a possible scaling up of ODA for Africa, but without first having clearly delineated country or sector priorities or a growth diagnosis on which they are based.

In its own perception, the World Bank's role varies between not less than a catalytic function in the ongoing work on a joint donor-recipient action framework, a pioneering task in supporting shared growth, a broker role in the difficult task of harmonizing vertical initiatives à la "Education for all" with PRSP-style horizontal planning, and a lead role in the monitoring & evaluation of growing volumes of ODA. This assumption of multiple roles will to have to be discussed at more length. In view of the large sums Europe provides for Africa, it is above all important to ask what role the EU could possibly play in this institutional setup alongside the World Bank. The presentation of the first implementation report, on which the Bank is currently working, will offer a good opportunity to discuss questions like these.

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