REGIONAL

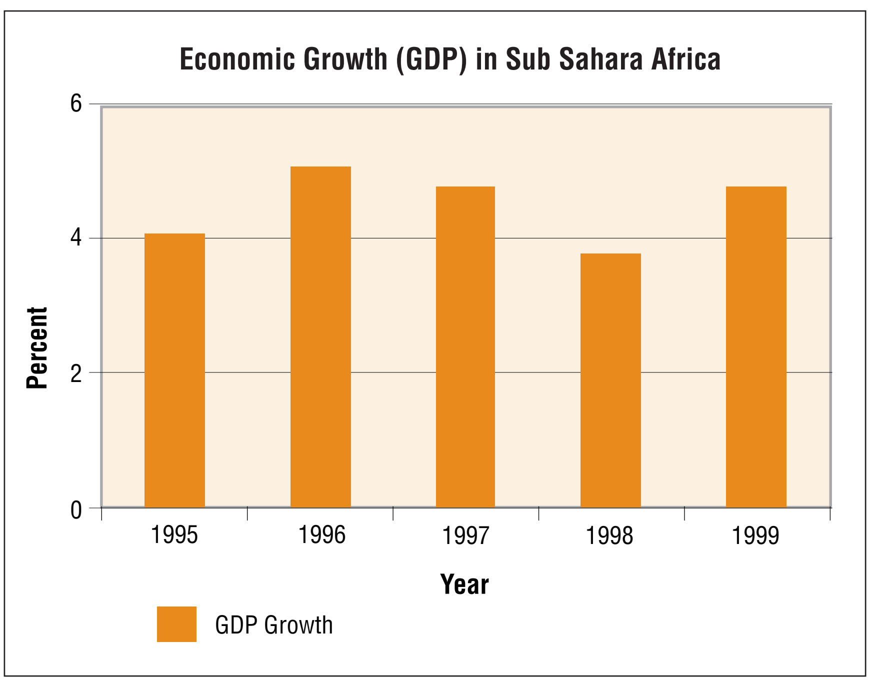
BRIEF

WORLD BANK BRIEF

Sub-Saharan Africa

Sub–Saharan economies are growing again after decades of stagnation. But on average, growth continues to fall short of what is needed for the abosolute number of poor to decline. The challenge for countries in the region is to create the right conditions for high economic growth and improve the welfare of Africans living in severe poverty.

While war and discord have renewed doubts about Africa's future, a more complex and encouraging reality is also unfolding. A recent report, *Can Africa Claim the 21st Century?*, (prepared jointly by the African Development Bank (AfDB), the UN Economic Commission for Africa (UNECA), the African Economic Research Consortium (AERC), the Global Coalition for Africa (GCA) and the World Bank), suggests that where countries, such as Mozambique and Ghana, have made key economic reforms –liberalizing markets and trade, improving economic management, and promoting private sector activity – growth and personal incomes have risen and poverty has declined.



Yet Africa enters the 21st century comprising some of the world's poorest countries. Average income per capita is lower than at the end of the 1960s. Incomes, assets, and access to essential services are unequally distributed. Those most vulnerable to poverty live in rural areas, in large households which are often headed by women.

In addition HIV/AIDS is fast reversing some of the social gains of the last 40 years. For example, two African countries (Botswana 25.1 percent, Zimbabwe 25.84), now have HIV infection rates in excess of 25 percent of the adult population.

The combination of low economic growth, the highest rate of population increase in the world (2.7 percent) and a high ratio of dependents to workers puts Africa low on the rankings for the most critical indicators of social progress: how long people live, how much knowledge they acquire, and how much access they have to resources necessary for a better standard of living. The twin challenge is to achieve sustainable economic growth of over 7 percent and make sure that growth reaches the poorest in Africa. Currently the region would need to grow by 5 percent a year just to keep the number of poor from rising. If the percentage living in dire poverty is to be halved by 2015, not only will economies need to grow considerably but incomes will have to be distributed more equitably.

This will require decisive action in four main areas: resolving conflict and improving governance; greater equity and more investment in Africa's people; increasing competiveness and diversifying economies; and better support from the international development community.

Stimulating Growth and Reducing Poverty in Africa

Africa cannot achieve and sustain rapid economic growth without investing better in its people. Many lack the access to health, education and productive resources to contribute to a thriving economy. Women are one of Africa's hidden growth reserves, providing most of the region's labor, but their productivity is hampered by widespread inequality in education and access to essential services and skills. HIV/AIDS continues to take its toll on the population and has undermined savings growth and the social fabric in many countries.

Imaginative reforms are taking place throughout Africa but these need to be scaled–up to have a substantial impact on development. Political participation has increased sharply in the past decade, paving the way for more accountable governments. Since the early 1990s, 42 African countries have held multiparty presidential or parliamentary elections, the most recent being the Senegalese elections where former president Abdou Diouf gracefully bowed out to President Abdoulaye Wade ending 40 years of de facto one–party rule.

With the end of the Cold War, Africa is no longer an ideological and strategic battleground where countries receive foreign assistance regardless of their record on governance and development. Globalization and new technologies, especially information technology, offer great opportunities for Africa to make significant advances in its development agenda.

African countries differ widely so there is no universal formula for success. But many countries face similar issues, and can draw on positive African examples of how to address them.

The Bank and its partners in the World Bank–chaired Strategic Partnership with Africa(SPA) – formerly the Special Program of Assistance for Africa – are committing substantial resources to support not only a resurgence in African economic performance but also one which begins to lift the well–being of the 240 million citizens who live on less than $1 a day.

Africa and The World Bank

The Bank's portfolio in Africa represents total lending of just over $13.0 billion, with $2.4 billion for education, $1.3 billion for agriculture and $1.3 billion for energy. In fiscal year 2000 (FY00), the focus remained on improving the quality and implementation of existing Bank financed operations. New commitments in FY00 by the International Development Association (IDA), the soft–lending arm of the Bank, and the International Bank for Reconstruction and Development (IBRD) were $2.2 billion. Over 75 percent of these resources were for projects in infrastructure, agriculture, human development and public sector management.

Bank lending strategies have been thoroughly reviewed and the institution has moved on to adopt more flexible lending tools. Quick–disbursing support for economic policy and institutional changes in the form of stand–alone structural adjustment credits, are now adapted to be more flexible, more country–owned, and broadly focused on improving the economic situation and quality and access to social services.

New lending instruments focus on issues such as post conflict reconstruction, cultural preservation, a renewed emphasis on Africa's social needs and public–private partnerships. Accelerated growth and reducing hard–core poverty has increasingly become a strategic focus in the Bank's Country Assistance Strategies and the continuity of successful projects has been ensured by extending their lifespan rather than designing new projects.

Commitment to financing Africa's growth needs to be underpinned by selectivity. World Bank research findings show that the impact of aid is positive in countries pursuing sound economic policies but negligible in countries that lack a supportive policy framework. For example, in countries with good economic management, 1% of GDP in development assistance translates into a decline in poverty of 1% per annum and a similar decline in infant mortality. To put it another way, each additional dollar in aid is five times more effective in countries with good policies.

The donor partners of the SPA have worked to strengthen links between economic performance and the allocation of assistance to ensure that those countries implementing sound economic policy reforms receive sufficient levels of financial support.

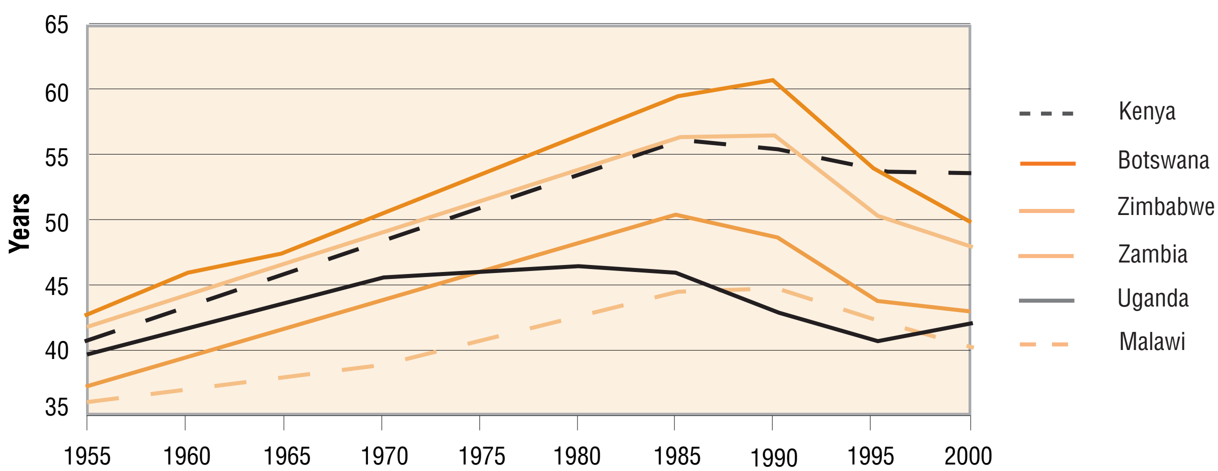
The economic policy framework is the first level at which the concept of selectivity applies. The Africa Region of the World Bank distinguishes among countries on the basis of policy performance and is beginning to increase lending to countries with policies that seek to promote poverty reduction through growth, trade and investment, and human development. The Country Assistance Strategies of these countries are then adjusted with a view to promoting higher growth rates where feasible.

The Bank is also distinguishing carefully among the different instruments available and raising the thresholds for access to new lending instruments. Selectivity does not mean that the countries with the greatest needs are overlooked: some of the poorest countries have good policies. The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) are also playing stronger roles in the countries identified for increased lending.

HIV/AIDS

Nearly 24 million people in Africa currently live with HIV/AIDS and the epidemic continues to ravage the development prospects for millions of Africans throughout the continent. In 1999, about 3.8 million Africans were infected with HIV during that year, and a total of 10.7

Estimated Life Expectancy at Birth: Selected African Countries, 1995–2000



Source: UNAIDS

million children were estimated to be orphaned by it.

At the national level, the 21 countries with the highest HIV prevalence are in Africa. In South Africa, Botswana and Zimbabwe, one in four adults is infected. A child born in Zambia or Zimbabwe today is more likely than not to die of AIDS. In many other African countries, the lifetime risk of dying of AIDS is greater than one in three.

What sets HIV/AIDS apart is its impact on development. It undermines five of the foundations of development. These include economic growth, good governance, development of human capital, the investment climate and labor productivity. A decade of data from 75 countries worldwide suggests that AIDS is costing the typical African country more than half a percent of per capita growth every year. Because it kills so many young adults in the prime of their lives, the impact in both the public and private sector has been devastating.

During the XIIIth International AIDS Conference in Durban, South Africa, the Bank announced a new $500 million comprehensive AIDS program for Africa. The funds will be made available to any African country which sets up a national AIDS program. The Multisectoral AIDS Program, developed in collaboaration with the UNAIDS international partnership against HIV/AIDS in Africa, will help countries implement nation-wide HIV/AIDS programs. A large share of resources will flow directly to communities to support their own local responses. This program is intended as part of the Bank's long-term commitment to fighting HIV/AIDS in Africa and resources will be replenished as quickly as countries use the funds. However for these programs to be successful there needs to be strong and committed political leadership.

In September 1999, the Bank launched a strategy "*Intensifying Action Against HIV/AIDS in Africa: Responding to a Development Crisis*" at the 11th International Conference on AIDS and STIs in Zambia. The strategy calls on the World Bank, its development partners and African governments to make a new commitment to saving millions of people from the worst effects of HIV/AIDS. The strategy stands on four pillars: advocacy, increased resources, programs for prevention, care and treatment, and knowledge.

To stimulate and support its HIV/AIDS strategy, the Bank established a multi-sectoral AIDS campaign team for Africa known as ACTafrica. This team's work includes a variety of services such as mobilizing African leaders, civil society and the private sector to put the HIV/AIDS crisis at the center of their national agendas. The Bank will continue to raise the issue with all development partners, conduct assessments on the impact of HIV/AIDS on development, assist countries to build capacity within national and local governments, and communities to design and implement effective programs. The team also assists the Bank in strengthening its own capacity to respond to country requests for support by making the fight against HIV/AIDS a priority development objective.

The Bank's approach to preventing HIV/AIDS has evolved over time. Early Bank-funded HIV/AIDS projects primarily focused on HIV prevention through health education, condom promotion, and ensuring blood safety. Now, HIV/AIDS projects will address many of the socio-economic determinants of sustained behavior change, such as working with the most vulnerable groups to the disease and, integrating information HIV/AIDS into existing school and training curricula.

An example of the way in which HIV/AIDS prevention is integrated into the broader development objective is the Chad-Cameroon Oil Pipeline project, the first large-scale Bank infrastructure project in which Sexually Transmitted Infections (STI) and HIV/AIDS prevention efforts for truckers and construction workers is incorporated. In Senegal, a community-based infrastructure project includes Information Education and Communication (IEC), community capacity-building, and resources for community care and prevention activities. The Bank's Agricultural and Environmental Management sector began a series of pilot projects using agricultural extension workers to increase awareness of and efforts to prevent HIV/AIDS and other STIs.

In the search of an HIV/AIDS vaccine, the Bank has been an active member of the International AIDS Vaccine Initiative (IAVI). Over the past 18 months, the Bank's AIDS Vaccine Task Force has worked with IAVI to find innovative strategies to accelerate the development of an AIDS vaccine targeted at the needs of developing countries. The Bank is also working closely with the Global Alliance for Vaccines and Immunizations.

The Bank will continue to work in close partnership with UNAIDS to ensure a coordinated, strengthened and global response to the HIV/AIDS crisis.

Human Development

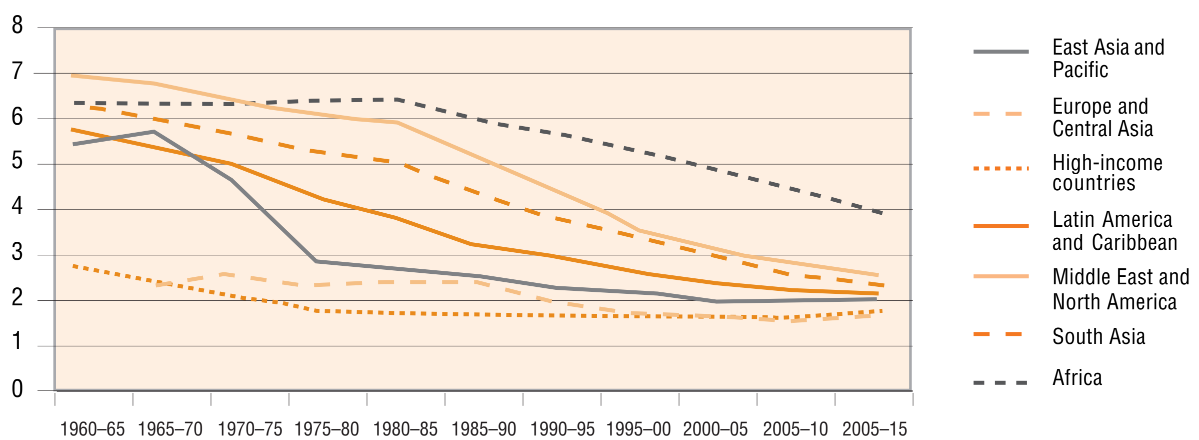
Africa's main productive asset is rapidly shifting from natural resources toward people, and human capacity is becoming ever more important for development in a world economy increasingly driven by knowledge and technology. But Africa is facing a human development crisis. Life expectancy increased in Africa between 1950 and 1990 but this is being eroded by the HIV/AIDS epidemic. Access to education and health services is unequally distributed between rural and urban areas and between males and females. Primary enrollment rates have fallen since 1980 and less than a quarter of poor rural girls attend school.

The Bank is working on several fronts to help African countries transform the human development crisis.

Under the United Nations Special Initiative for Africa (UNSIA), there is renewed focus on countries with low education enrollments in an effort to help them achieve universal primary education in the minimum possible time. The Bank is also placing emphasis on areas where it has done relatively little before – adult education, literacy (especially for women), and early childhood development. It is stepping up support for higher education through programs like the African Capacity Building Foundation, the Africa Virtual University, and WBI's World Links program.

During the April 2000, International Conference on Education in Dakar, Senegal, President Wolfensohn announced a fast-track plan to assist governments in providing free basic education for all children by the year 2015. The Bank has partly financed a $3 billion Quality Education for All project in Senegal. The project designed by the Government in partnership with other donors

Fertility Rates by Region



will support their ten year framework to increase primary enrollment rates from 65 percent in 1998–99 to 100 percent in 2008–09, while improving learning levels.

An example of an African–led partnership is the Association for the Development of Education in Africa (ADEA), whose bureau of African ministers has become a leading force in reforming African education. Such partnerships are required to help the continent succeed.

In September 1999, the Bank launched a new education strategy, which strengthens its commitment to working with the UN, bilateral donors and NGOs to develop comprehensive education sector programs in Africa.

There has been some progress in health in Africa over the past several decades but the challenges remain enormous. Infectious and parasitic diseases, such as tuberculosis (TB), diarrhea, and acute respiratory infections, are on the rise and, continue to severely affect poverty stricken areas. Perinatal and childhood diseases as well as injuries also rank high in Africa's total disease burden.

Poor health weakens Africa's human capacity and productivity and constitutes a major economic burden on households, particularly women. What is most tragic is that it is largely preventable with interventions of modest cost.

Malaria results in over a million deaths and up to 500 million clinical cases each year worldwide. Ninety percent of these cases occur in Africa, and children and pregnant women are the most vulnerable groups. The disease is one of the most significant health problems on the continent, with enormous economic and social consequences.

The Bank is supporting the African Initiative for Malaria which was launched in November 1998, as part of the World Health Organization (WHO)–led Roll Back Malaria Initiative. At the African Summit on Roll Back Malaria, in Abuja, Nigeria, $300–500 million was pledged by the Bank towards the eradication of malaria in Africa. In addition the Bank and the World Health Organization have launched The Malaria Network, a website where information can be shared efficiently.

In another instance of rallying forces to combat disease, the Bank–sponsored program to eliminate riverblindness combines the WHO and other international agencies with 25 NGOs, 27 donors, 30 African countries and the private sector pharmaceutical company Merck and Co. Inc. This initiative has eliminated riverblindness (onchocerciasis) in West Africa and is making headway in the rest of the continent.

Heavily Indebted Poor Countries Initiative and Poverty Reduction Strategies: The African Case

Easing the burden of unsustainable debt is an essential component of restoring macroeconomic stability, social investment and investor confidence. Through the Heavily Indebted Poor Countries (HIPC) debt initiative the Bank has been working closely with African countries and other donors to deal with the region's official debt, which at the end of 1999 stood at approximately $170 billion. Thirty–three of the 41 countries from around the developing world which are currently classified as HIPCs are from Africa.

In the past year, the international community has agreed upon a new enhanced HIPC framework which provides deep, broad and fast debt relief to the poorest countries. As of August 2000, seven countries from the region (Benin, Burkina Faso, Mauritania, Mozambique, Senegal, Tanzania and Uganda) qualified for debt relief under the enhanced HIPC initiative. Projected debt relief under the enhanced Initiative to these countries from all creditors is estimated to amount to more than $7.5 billion over time.

The relief already committed to Uganda and Mozambique under the original HIPC framework and the total relief for these seven countries is estimated to be more than $12 billion. The World Bank Group's share of this relief would amount to more than $3.6 billion over time.

In September 1999, the Bank and IMF developed a new framework for action, to help developing countries transform their poverty reduction strategies (PRSP) into a focused plan of action. This plan of action will then be a basis for external assistance and where necessary, debt relief.

Based on its poverty reduction strategy, Uganda established a Poverty Action Fund to enhance transparency and monitoring of debt relief and other donor resources for programs focused on poverty.

Two workshops on PRSPs have already been held in Washington (attracting over 300 participants from developing countries, multilateral and bilateral agencies and NGOs) and in Yamoussoukro, Cote d'Ivoire (focusing on couterpart teams from eight African countries).

Rural Development and the Environment

About 70% of Africa's poor live in rural areas, and the rural population will continue to outnumber the urban population for nearly three decades to come. Agriculture accounts for about 35% of the region's GNP, 40% of exports and 70% of employment. While agriculture needs to be an engine of growth in rural areas, its past performance has been disappointing.

However, signs of hope are visible after decades of stagnation. This is the result of substantial improvements in macroeconomic and agricultural policies, which in the past taxed African farmers relentlessly. Improvements are also the result of the introduction of more responsive systems of agricultural extension, which listen, rather than dictate, to the farmer and which encourage the spread of new technologies. Current national expenditures on agricultural research are typically less than 1% of agricultural GDP.

In the area of policy reform, the Bank continues to urge the completion of marketing and pricing reforms. It also emphasizes the development of national programs which seek to improve agricultural extension, marketing services, private sector development and rural financing. Land policy, intra-regional trade and access to OECD markets must also be areas of focus.

The Bank has been active in the empowerment of rural communities by facilitating the design of community-driven programs. A village participation initiative pioneered in Benin and expanded to other countries (Burkina Faso, Côte d'Ivoire, Guinea, Madagascar, Malawi, Mali and Uganda) has farmers choosing appropriate technology, better managing natural resources, developing communal infrastructure and managing other components of rural development. In Ghana, the Bank is assisting the government in decentralizing agricultural services to local communities. This will mainly benefit Ghana's rural population, particularly women farmers, traders and food processors. It will also contribute to food security. In these and other nationally-driven programs, the Bank continues to work with EU, AfDB, International Fund for Agricultural Development (IFAD), Food and Agriculture Organization (FAO) and France.

Millions of rural Africans are dependent on natural resources for food security and meager incomes. An important challenge is the building of capacity in Africa for environmental management. Much of the work done so far has been at the public level, but more effort is needed to involve the private sector and to alert Africans to ways in which successful management of the environment can enhance development progress.

In Mozambique, a Coastal and Marine Biodiversity Management Project will help the government achieve sustainable economic development of coastal zone resources. With Mozambique's growing economy (since the end of the war), there is an opportunity to develop institutional structures, technical capability, and a philosophy of natural resource management that will eventually lead to environmentally and socially sustainable development.

Globally, the Bank is preparing a new environment strategy aimed at integrating environmental concerns into its mainstream poverty alleviation and economic development efforts. Over the next months there will be consultations on this with governments, NGOs and other partners around the world.

African forests are believed to contain 45% of all global biodiversity and thus a very special concern in Africa is the sustainable management of this rich resource. Forest-related activities account for at least 10% of the GDP of 17 African nations. In Cameroon, Central African Republic, Congo, Côte d'Ivoire, Equatorial Guinea, Gabon and Liberia, forest products account for more than 10% of trade.

A program with FAO and the World Wildlife Fund (WWF) is designed to strengthen capacity for the sustainable management of forests and biodiversity conservation in the Congo Basin.

To protect this remarkable resource, in May 2000 in South Africa, the Bank initiated a dialogue with its partner governments in Africa, private companies and NGOs to see how all these parties can work together in the interests of promoting biodiversity conservation and sustainable forestry management. During the workshop participants stressed the need to focus on decentralization and ensure local communities were involved in natural resource management.

The phenomenon of climate change is likely to hit hardest in Africa, even though the continent produces only about 7% of the world's green house gases. Greater rainfall variability will result in more floods and more drought, thus greater food insecurity and problems with diseases like malaria. Africa's partners will need to help it adapt to climate change by grasping opportunities offered by the Global Environmental Facility (GEF). New instruments from the Kyoto Protocol should be tested to develop renewable energy, to protect and expand forests, and to increase soil fertility.

Further, weather forecasting and international climate research must expand to this region: meteorological agencies need capacity to speed up the dissemination of weather forecasting results, and in enabling farmers in particular to cope with climate variability. Much of the Bank's work, some in partnership with the GEF, is geared to helping countries not only build defenses against extreme climate events like the droughts and flash-flooding of the Sahel but also to finding innovative ways to harness renewable energy sources such as wind and solar power. For example the Energy and Water Sector Reform and Development Project in Cape Verde will increase efficiency by reducing barriers to the development of renewable energy sources and by promoting sound management of water resources.

Social Development and Post Conflict Reconstruction

The Bank's work in Social Development puts people at the center of the development process. Instead of using blueprints drawn up by external advisors, this approach emphasizes the need to engage people at all levels of development, from the design of projects to the formulation of policies. It is an approach which supports poverty reduction by ensuring that the marginalized, the vulnerable, the victims of war and civil strife, and others on the sidelines of national policy making, become mainstream participants in the decisions that affect their lives.

Over time the Bank and its various government partners have sought to refine the ways in which communities are engaged in these decisions so that the development results are both sustainable and just. The Bank has earmarked resources specifically to support the participation of civil society in the development of various strategies for African countries.

In FY00, country assistance strategies (CAS) were approved for Zambia, Tanzania, Mozambique and Ghana. The guiding principles of the strategies are to reduce poverty especially for vulnerable groups in rural and urban areas and accelerate economic growth. In designing the strategies extensive consultations were carried out with a cross-section of civil society. The new Ghana CAS for example is part of the comprehensive development framework which calls for a holistic approach to development. Within this context, the government discussed its "*Development Strategy for Poverty Reduction*" with the World Bank's Executive Board of Directors.

In a regional power project involving Mali, Mauritania and Senegal, it was crucial that the people living downstream from a large new reservoir be involved in the management of the water flows. A social assessment opened ways for these communities to ensure their needs were fairly met.

The involvement in Africa's development of civil society organizations, especially national and international NGOs, has increased dramatically over the past decade. Collaboration between civil society and the Bank has intensified markedly both at the level of policy dialogue and in operational collaboration.

The Ehiopia Social Rehabilitation and Development Fund Project aims to provide poor, mainly rural communities, the assets and services needed to improve their economic and social standards. At the time of the mid-term review in 1999, the project had touched the lives of about 6 million people, almost one-tenth of the country's population.

Poor communities were able to identify development priorities and manage project implementation. As a result, at least 600,000 children of whom 49 percent were girls had better access to schools. About 4 million people had more access to health facilities and access to cleaner water. A clear targeting strategy resulted in reaching normally remote populations, at least 50 Km or more away from an all-weather road.

Drawing on the talent and energy of African society at large requires sustained efforts to repair the effects of national conflicts. Realizing the limitations of its traditional lending in such situations, the Bank has established a Post-Conflict Unit in its Social Development Department, as well as a focal point for post-conflict transition issues within the Poverty Reduction and Social Development Technical Group of the Africa Region.

In close collaboration with other parts of the Bank and other institutions (e.g., the UN family and NGOs), these groups are developing new approaches to post-conflict transition, to address such needs as the social reintegration of displaced and ex-combatants, community reconciliation, reconstruction of social and physical infrastructure, and institutional development at all levels of society. The Bank is also developing tools for financing such endeavors in countries which are not eligible for standard IDA lending.

The Bank's recent post-conflict work in Africa has included a Community Reintegration and Rehabilitation Project in Sierra Leone. The project supports the government's strategy to help reintegrate approximately 45,000 ex-combatants and help rebuild the social and economic infrastructure that has been destroyed by more than eight years of civil conflict. It will also provide assistance to about 1.5 million displaced people in war affected regions of the country.

The Bank has also provided credits to Guinea-Bissau and the Central African Republic to assist the governments maintain peace building efforts, promote the revival of the economies and encourage the pursuit of reforms to reduce poverty. New financing tools to help assist countries include the Post-Conflict Program Grants, IBRD Grants, and learning and innovation loans.

Private Sector Development, Infrastructure and Finance

The World Bank Group is active in private sector development on a number of fronts. Much of its work is policy-oriented but the Bank is also an active player in the burgeoning number of investment conferences examining opportunities in Africa.

In the critical area of infrastructure, new public-private partnerships are emerging and Africa is rethinking the role of government. The World Bank Group plays a catalytic role in bringing together the appropriate mix of international advice and financial resources to support these partnerships.

The Chad-Cameroon Petroleum Development and Pipeline Project, provides a framework where the Bank is assisting Chad and Cameroon transform oil wealth into direct benefits for the poor, the vulnerable and the environment. In addition to the financing, the package of support includes a new program to direct new revenues to support economic and social development programs in Chad, which is one of the world's poorest countries.

The project is expected to cost $3.7 billion and will develop oil fieds at Doba in southern Chad and construct a 1,070 km pipeline to offshore oil-loading facilities on Cameroon's Atlantic coast. The World Bank will provide $93 million on IBRD terms ($53.4 million for Cameroon and $39.5 million for Chad) to finance the governments' equity share in the project and a $100 million loan from the IFC to the joint-venture pipeline companies. In addition, IFC will mobilize up to $300 million in syndicated loans from commercial banks.

In transportation, a private company now operates the Abidjan–Ouagadougou rail line and in Southern Africa, the second railway concession in sub–Saharan Africa could soon be a reality as the Maputo Corridor takes shape. This transport passage between South Africa and Mozambique includes prospective port and rail concessions for which the Bank has provided technical assistance and financial resources. The project will support the Mozambican government's objectives of transforming the railways and ports into modern competitive efficient, market–driven and financially viable systems.

The new tools developed by the Bank such as the private sector guarantees for IDA countries, the Fixed–Spread Loan for IBRD countries and the Cross Border Initiative facilitating investment across countries in Southern Africa, are encouraging private investment.

New infrastructure partnerships are often linked to regional integration. Most local markets are not large enough to attract sufficient private investment. The Southern African Development Community (SADC) countries are working together to create new growth poles for Southern Africa (roads, rails, ports), like the Maputo Corridor and the Beira Development Corridor. In West Africa, Mali, Mauritania, and Senegal are working together on a Regional Hydropower Development Project.

To support this growing regional architecture, the Bank is developing new lending instruments and has already modified the rules of the Institutional Development Fund to allow grants to regional organizations.

The effective and efficient provision of infrastructure is at the center of attempts to reduce poverty. Beyond the more recent private sector involvement in this area, as discussed above, there remains a significant responsibility for governments and their development partners. Infrastructure is needed to provide both the rural and the urban poor with reliable and affordable basic services in the areas of water and sanitation, energy, urban infrastructure and transport. The provision of basic infrastructure also underpins the facilitation of production and trade.

The Bank is involved in 17 projects worth $1.3 billion for the provision of energy. In the transport sector, there are 32 current projects with a total Bank commitment of $2.4 billion. The biggest among these is a $309 million roads project in Ethiopia, Africa's second most populous nation and a country with one of the lowest road density on the continent.

Of course, the more recent involvement of the private sector in infrastructure in a number of countries has blurred the line between what is a public good and what is not. Governments are challenged to develop a more flexible culture in the provision of infrastructure and to redefine the role they should play in its provision and in the new public–private partnerships that are emerging. Such partnerships could be built of multilevel ties consisting of entrepreneurs and financial and public institutions.

Financial sector reform is critical to Africa's development and its competitiveness and many of the initiatives mentioned above could not be taking place without changes at this fundamental level. There is a striking consensus among governments, donors and the private sector on the need for a stable business and macroeconomic environment and a performing financial sector.

Recognizing the pressing need for states to pursue joint efforts in the face of a globalizing world, the Bank is also assisting at the regional level. The West African and Central African economic and monetary unions are developing common payments systems and improving bank supervision, while SADC is receiving assistance with ongoing work to harmonize payments systems.

The Bank also provides direct assistance to export and investment promotion. One example of several export processing zones and gateway projects it supports is the $50 million Ghana Gateway Project. Developed and managed by the private sector, it aims to reduce the cost of doing business and to provide internationally competitive infrastructure.

The International Finance Corporation (IFC) has increased its investments in Africa to $1.3 billion in FY00. An IFC project has invested $30 million to acquire 7.5 percent equity interest in the Zambia Consolidated Copper Mines Ltd. (ZCCM). This will help rehabilitate and restore the Konkola and Nchanga Divisions of the ZCCM for an estimated total of $345 million. The privatization and proposed investment program will preserve 9,000 direct jobs, and several times that number indirectly. Gross exports are forecast at more than $400 million annually.

In Kenya, IFC facilitated up to $41 million of investments in the Kipevu II power project in Kenya. The $86 million project will build a 74 megawatt diesel engine generation plant in Mombasa, Kenya's main seaport and second largest city. Kenya has an acute shortage of power, and Kipevu will provide a much needed stable source of electricity that will contribute to economic growth.

IFC has helped set up stock exchanges, private merchant banks, venture capital companies, leasing companies, insurance companies and investment funds in numerous countries. The Corporation is also helping to address the potentials and practicalities of investing in social services in developing countries, and the needs of small businesses through a variety of management and technical support programs which offer an integrated package of financial and advisory services, and through the Africa Enterprise Fund.

The Multilateral Investment Guarantee Agency (MIGA) has also been actively involved in investment facilitation in Africa. MIGA is the member organization of the World Bank whose purpose is to encourage the flow of foreign direct investment to its developing member countries for economic development through the provision of investment guarantees.

In FY00 MIGA issued a total number of 67 contracts of guarantee covering projects in 17 African countries which facilitated foreign direct investment of a total of about $3.8 billion.

In October 1999, MIGA along with the United Nations Development Program (UNDP) organized the first ever Africa-Asia Business Forum in Kuala Lampur, Malaysia. The objective of the forum was to promote trade and investment between private sector parties in Asia and Africa. Before the forum, a series of capacity-building workshops focusing on cross-cultural business communication, negotiation and preparation of business plans were held throughout both continents

MIGA's electronic network, IPAnet, has extended the reach of African countries into the global marketplace, facilitating the flow of information to potential investors worldwide. A specialized window within IPAnet, PrivatizationLink, was launched to promote privatization in Africa and profile the investment opportunities arising from them.

Trade

Expanding Africa's trade is fundamental to accelerating growth in the continent. Bank-financed economic adjustment programs support the lowering of trade barriers, as well as tariff and tax reforms needed to create a more level playing field and reduce anti-export bias.

Intensive analytical work in a number of countries is focusing on trade expansion and the competitiveness of African countries in the global economy. This includes successful regional work like the Cross Border Initiative (CBI) and trade linkages in the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA).

In May 2000, COMESA held a high level consultative meeting with the Indian Ocean Commission. During this meeting, the Bank reinforced its commitment to support the Regional Trade Facilitation Project. The project is designed to facilitate trade to and from participating countries by improving access to commercial financing for cross-border transactions. It will also widen the scope for private sector activity, in particular by extending the maturities on which credit is available and lowering the risk premium charged by foreign financiers.

Trade taxes still provide some 40% of fiscal revenue in a representative African country. It is important, therefore, to support the fiscal reforms needed to make a country less dependent on trade taxes through public sector reviews and adjustment operations.

The Bank is a partner in the Integrated Program for Least

Developed Countries Trade Development, initiated by the World Trade Organisation (WTO) and including United Nations Conference on Trade and Development (UNCTAD), United Nations Development Program (UNDP), the International Trade Center (ITC) and IMF. The program coordinates trade-related technical projects and activities in 30 African countries.

A number of African governments are working to assess the impact of the introduction of the Euro, especially in West and Central Africa where fourteen countries are linked to the French franc. In developing mechanisms to expand trade flows and improve the business environment, the Bank is providing technical assistance to the Organization pour l'Harmonisation en Afrique du Droit des Affaires (OHADA). This is an initiative to harmonize business law within West and Central Africa through the adoption of common rules ("actes uniformes"), the establishment of appropriate judicial procedures and the promotion of arbitration.

Knowledge

Knowledge is another important resource that the Bank is helping to mobilize in support of accelerated poverty reduction in Africa.

The Bank's knowledge-based activities in Africa are diverse. The Africa Live Data Base makes available to Bank clients and partners its vast store of knowledge: 27 years' worth of data (around 1,500 variables) for all countries in Africa. Similarly, the Bank shares information and best practices from all over the world across 30 sectors and thematic areas through the Sector Knowledge Base. Topics already covered are poverty, education, gender, AIDS and the use of information (connectivity).

Connectivity for the Poor is a program which uses Bank projects and Resident Mission communications facilities to help develop local networks with access to global knowledge sources. In Mozambique, the Bank worked together with other partners in establishing a satellite connection and extending the link to the Eduardo Mondlane University to expand distance learning opportunities.

InfoDev is a public-private partnership that finances innovation in connectivity. Infodev played a critical role in helping African countries address the Y2K bug by providing grants to carry out various assessments and implementation strategies.

The Global Distance Learning Network, provides training for professionals worldwide. The program now has 8 distance learning centers established throughout Africa. The GDLN provides an opportunity for the Africa Roundtable (a Bank sponsored program) to hold monthly discussions with various members of African society on key development issues.

The African Virtual University (AVU) will offer degree programs in science, engineering and continuing education via satellite. A partnership between the Bank, InfoDev, and others, is now expanding to francophone Africa with cooperation from universities in France and Canada.

World Links is a school-to-school connectivity program between secondary schools, first piloted between Uganda, Ghana and Senegal, and Wyoming, Toronto and Chicago. In partnership with UNDP, UNESCO, GLOBE, USAID, OXFAM and others, over 64 African schools are now linked via the Internet with schools in the industrialized world.

But knowledge should not be seen as the exclusive domain of the technologically advanced world. The Bank is acutely aware of the need to learn, preserve and share the knowledge embodied in traditional practices, especially in Africa. In this way, empowering the poor also means assisting them in becoming contributors to the global knowledge base, and not simply recipients.

Partnerships

No single institution can hope to meet the challenge of development in Africa without joining hands with others in the development community. The Bank continues, for example, to work closely with the IMF in economic reform and debt relief. With a growing number of new partners and with its long-established allies, the Bank strives constantly to explore new avenues for joint effort.

At a meeting in Nairobi, Kenya, a group of 150 senior Christian leaders from 20 African countries and the Bank agreed to work more closely together to fight poverty and spur economic and social development. The agreement marks the first time the Bank has partnered on a regional level with the Church.

Through this new partnership, the Bank and Church will focus on development issues ranging from governance and corruption to gender equity, post–conflict reconstruction and HIV/AIDS.

In the UN Special Initiative for Africa, the Bank is responsible for mobilizing resources for sectoral development programs. It is also a co–lead agency in education, health, and water supply, and cooperates on governance and the use of information (connectivity) with UNDP and the UN Economic Commission for Africa (UN–ECA).

The Bank launched the Strategic Partnership for Africa (SPA) in 1987, in response to the region's severe debt and development crisis. Its main objective is to mobilize resources and coordinate support for economic reforms in Africa. The African "voice" in the partnership is being strengthened through participation by African leaders in the working of the SPA and both the AfDB and the UNECA are members. The donors have also endorsed greater outreach to African civil societies in the design and implementation of SPA programs.

A close partnership with the European Union (EU), a major donor, a vital trading partner and an important political interlocutor for Africa, has flourished over the years. The European Commission (EC) representing the EU, has always been one of the largest donor partners in the SPA and recently committed Euro 1 billion to the HIPC trust fund. High level meetings and operational contacts take place on a regular basis.

In the context of its new Partnership Agreement with Africa (Cotonou Agreement), there is an opportunity for the Bank to enhance cooperation with the EC. This Agreement has innovative components on sub–regional integration, trade and private sector development, as well as a huge financial commitment – $22.9 billion – in the period 2000–2007.

The EC is also closely involved in the PRSP process and provides full support both at the policy and at the country level. The Bank and the EC continue to exchange professional staff in the areas of policy and macro–economics.

The Bank is also working closely with WTO in its efforts to integrate the least developed countries into a global framework.

For several years now the Bank and the African Development Bank (AfDB) have placed increased emphasis on improving partnerships with clients and other development institutions. With a strengthened AfDB, areas of possible collaboration include the joint preparation of country strategy papers and the elaboration of the comprehensive development framework.

The first phase of collaboration between both institutions will primarily focus on HIV/AIDS, governance, regional integration, micro–finance and assistance to countries in conflict. The priority countries will include Ghana, Cote d'Ivoire, Ethiopia, Eritrea, Morocco and Uganda.

The Bank is also deepening its partnerships with Africa's regional institutions in order to achieve the regional policies needed to attract more trade and investment. This includes work with the Union Économique et Monétaire Ouest–Africaine (UEMOA), l'Union Douanière et Économique de l'Afrique Centrale (UDEAC), the Eastern Africa Cooperation (EAC), SADC and COMESA on various trade and investment related issues. The partnership also includes the important Cross Border Initiative (CBI) which aims at lowering trade barriers in Southern Africa.

With the UN Economic Commission for Africa, the Bank is building the Africa Information Society Initiative (AISI) which seeks to establish an information and communication infrastructure in Africa, an "infostructure". In May 1999, the Bank participated in an important ECA conference on the challenges of financing African development.

Among areas of collaboration between the Bank and the Organization of African Unity (OAU) are the Investment Promotion Agency Network (IPAnet), the Internet–based marketplace for investment opportunities, capacity building and data sharing through the Bank's Africa Live Data Base. The Bank is now routinely invited to OAU Ministerial and Heads of State meetings.

The Bank is working on the Nile Basin Initiative (NBI). NBI is a regional partnership for Nile Basin co-operation. The Bank is working with other donors to facilitate consultation and co-operation among the basin states of the Nile. The central theme of the Nile Basin Initiative revolves around a shared vision to achieve sustainable socio-economic development through the equitable use of Nile Basin water resources.

Besides official institutions, the Bank continues to strengthen its partnerships with NGOs. In 28 resident missions there are 26 staff members who devote all or a significant part of their time to liaising with NGOs. This has facilitated enhanced participation in poverty assessments and helped organize beneficiary consultations.

Capacity-Building

Over the past few years the Bank has sharpened its emphasis on the critical importance of capacity building in the development process.

The need for capacity building in new Bank activities is being assessed more carefully and some older projects have been restructured to meet such needs (for example in Malawi and Tanzania). Further, the need for capacity building has appeared as a central theme in country assistance strategies in Côte d'Ivoire, Ethiopia, Kenya, South Africa and Zimbabwe.

The Bank continues to support capacity building institutions in Africa such as the African Economic Research Consortium (AERC) and the African Capacity Building Foundation (ACBF). This is done through direct funding, technical assistance and donor coordination.

The Bank is also supporting the African-led Partnership for Capacity Building (PACT) initiative. PACT deals with one of Africa's major development difficulties, as recognized by African leaders, which is a lack of capacity to plan, implement, and monitor the development process properly. In May 2000, the Foundation's Executive Board of Directors, approved funding for the first set of projects for capacity building in Africa.

Over the next 5 years, PACT will mobilize $1.0 billion for a capacity building trust fund. The Bank has expressed readiness to contribute $150 million and the Netherlands, Norway, Sweden and the United Kingdom have expressed an interest to contribute resources. PACT is an African Initiative established by the African governors of the Bank.

Governance

The President of the World Bank, Mr. James D. Wolfensohn reiterated his commitment to fighting corruption in Africa during the 9th International Anti-Corruption Conference in Durban, South Africa. In September 1997, the Board of Directors approved a comprehensive anti-corruption policy framework for the Bank. Since the adoption of this framework, up to fifteen African countries have requested assistance from the Bank in establishing anti-corruption programs, ranging from judicial reforms, civil service reform to procurement.

The World Bank Institute's integrity programs are supporting these efforts in a number of instances and in some countries, corruption has become a central feature in discussions in preparation of country strategy documents. The Bank is also piloting "no bribery pledges" in Bank-financed contracts in countries which have requested this approach.

Internal Change

The Bank has changed considerably over the years and the Africa Region of the institution has led the way in achieving greater client focus and improved responsiveness. Two Vice-Presidents have been responsible for the Bank's work in Africa since 1996. As of May 2000 Callisto Madavo has sole responsibility of leading the Bank's efforts in the region. Since then a new team has been introduced to support Mr. Madavo in addressing Africa's development agenda.

The team will continue to focus on the Africa Renewal Program. The main goals of this Renewal Program are to enhance the Bank's appreciation of its clients' perspectives, to improve the technical quality of our work, and to provide faster, more cost-effective service. The program replaced the former hierarchical design of the Africa region of the Bank with a flatter, matrix structure built around country focus and technical expertise.

The new structure has concentrated formerly scattered country responsibilities in Country Directors, and assigned overall sector strategy responsibilities to Sector Directors. The new system also places far more emphasis on the Country Assistance Strategy as the basis for the Bank's work in each country.

Although this change is an ongoing process, it has already resulted in lower costs, greater client satisfaction in key areas, and a significant improvement in country focus. Efforts to provide full connectivity to World Bank resident missions have resulted in nearly all 28 missions in Sub-Saharan Africa being linked to the Bank's network.

All dollar figures are in US$ equivalents.

The **Africa Region** includes: *Angola, Benin, Burkina Faso, Burundi, Cameroon, Cape Verde, Cental African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of Congo, Equatorial Guinea, Eritrea, Ehtiopia, Gabon, The Gambia, Ghana, Guinea-Bissau, Guinea, Kenya, Lesetho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, São Tomé & Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.*

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