



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 10-Jul-2023 | Report No: PIDA35337



BASIC INFORMATION

A. Basic Project Data

Country Eastern and Southern Africa	Project ID P179804	Project Name Africa Think Tank Platform	Parent Project ID (if any)
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 31-Mar-2023	Estimated Board Date 27-Jul-2023	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) African Union	Implementing Agency African Union Commission - Directorate of Economic Development, Industry and Trade	

Proposed Development Objective(s)

To establish a sustainable platform to strengthen the capacity for effective policy research and policymaking on cross-boundary priorities in Africa.

Components

- Establish capacity to operate a sustainable policymaking platform
- Strengthen the quality, relevance and uptake of policy research on priority issues
- Support platform sustainability

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	50.00
Total Financing	50.00
of which IBRD/IDA	50.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	50.00
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IDA Grant	50.00
Environmental and Social Risk Classification	
Moderate	
Decision	
The review did authorize the team to appraise and negotiate	

B. Introduction and Context

Regional Context

- 1. Two years after the devastating effects of the Coronavirus Disease 2019 (COVID-19) pandemic, Africa faces challenges of slow growth, rising inflation and mounting debt, particularly as the global economy is hit with another set of exogenous shocks.** Africa’s economic growth is expected to remain low at 3.8 percent in 2023 before returning to near post-pandemic levels of 4.1 percent in 2024. The upward inflation trend, which emerged in the post-pandemic period, was exacerbated by Russia’s invasion of Ukraine, resulting in record-high inflation rates in many countries. Despite several countries adopting aggressive monetary policies, inflation has persisted at stubbornly high levels across many countries. The fiscal responses to the current economic crises are constrained because of high levels of debt across Africa, rising borrowing costs, and depleted public savings. As a result of high debt levels, African governments more than doubled the percentage of external debt servicing to revenues from 5 percent in 2010 to 16.5 percent in 2021. Thus, the combination of higher debt servicing costs and currency depreciation has raised exchange rate risks for countries with high external debt.
- 2. Climate change poses a significant and growing threat to the region’s growth and poverty reduction prospects.** Africa is vulnerable to the impact of climate change, as it is the driest continent; also, half of its population is living in arid or semi-arid conditions, significantly affecting livelihoods. The frequency of extreme weather events has increased significantly and is affecting the already precarious fiscal position of many countries in the region. Appropriate adaptation policies can reduce impacts in the short-term but in the longer term national and regional action and coordination is needed to avoid locking in carbon intensive forms of development (e.g., energy and infrastructure systems).
- 3. Africa remains a fragmented continent in terms of regional integration.** The small, sparsely populated, and often isolated economies across Africa make a compelling case to integrate regionally to reap efficiency gains, exploit economies of scale, and reduce the “thickness” of borders. However, the lack of complementarities among trading partners and a range of non-tariff and regulatory barriers continue to raise transaction costs and limit the movement of goods, services, people, and capital across borders.
- 4. This increasingly complex environment and the need for greater regional coordination and knowledge-sharing on key issues highlights the importance of regional capacity for effective policymaking.** Action on the regional integration agenda rests on effective and collaborative policymaking by country governments and regional organizations. Ensuring that good quality policy research and advice is available to the region’s policymakers in ways that can advance the regional integration agenda will be critical to accelerating economic and social development.



Sectoral and Institutional Context

5. Despite facing a more challenging environment, the benefits of effective collaboration on regional priorities in Africa has never been greater. On the one hand there are the economic problems common in developing contexts: rising inflation, worsening poverty, eroding household purchasing power and high rates of youth unemployment. On the other hand, challenges arise from low levels of regional integration including thick borders that affect the free movement of people, limit intra-regional trade and increase the cost of doing business. Transboundary challenges associated with climate change, regional connectivity and food security also require a unified continental vision and policy approach. The benefits associated with tackling these challenges are huge. For example, the African Continental Free Trade Agreement (AfCFTA) has the potential to lift 30 million people out of extreme poverty and increase Africa's income by \$450 billion, or 7 percent of current income, by 2035.

6. Significant momentum has been built to tackle these issues but weaknesses in policy formulation and implementation contribute to the continent's fragmentation. The adoption of the United Nations' Sustainable Development Goals (SDGs) offered significant international momentum around the need for inclusive, transparent, and rigorous action on development challenges. Africa has also laid out its agenda for progressive change through Agenda 2063 which offers "A shared strategic framework for inclusive growth and sustainable development and a global strategy to optimize the use of Africa's resources for the benefit of all Africans". In most cases, the implementation of measures to realize the objectives of these programs has been slow. Recent evidence suggests that less than 10 percent of continental policies and agreements are adopted at the national level because of weaknesses in the policy formulation cycle.¹

7. Tackling these weaknesses and supporting a more integrated Africa requires a network of strong institutions engaging in evidence-based policy research on continental issues. Evidence shows that a vibrant knowledge ecosystem can lead to better decision-making and improved economic outcomes. According to the Think Tank Initiative (TTI), think tanks in low- and middle-income countries are in a unique position to affect positive change in their societies. By generating and analyzing credible data, they can enhance public policy debates and promote evidence-based decision-making that improves people's lives. Supporting think tanks to play a role in providing the conditions in which good policy choices are made has contributed to impressive economic returns. Despite difficulties of attribution, researchers have calculated rates of return on investments in think tank capacity building programs ranging from 200 to 9,000 percent.² Think tanks can also help researchers to be more effective agents of change through linkages with decisionmakers from government, civil society, media and the private sector.

8. Despite the positive impacts of well-supported public policy research and advocacy systems, Africa lags behind. On the supply side, while the share of peer-reviewed economics articles about Africa has more than tripled since the 1980s, the population-adjusted sum of articles published in respected journals by authors from African institutions is the lowest amongst all regions in the world. Moreover, only 6 percent of global think tanks are in Sub-Saharan Africa (SSA) and many face significant financial challenges to remain operational. In per-capita terms, SSA has just 0.58 think tanks per million citizens, compared to 1.04 in Middle East and North Africa (MENA), and 3.9 in Europe and Central Asia.

9. The cross-boundary nature of the development challenges Africa faces demands integrated knowledge

¹ The AU and the African Union Development Agency (AUDA) second continental report on the implementation of Agenda 2063.

² Young, J., Hauck, V. and Engel, P., 2013. Final report of the external evaluation of the Think Tank Initiative September 2013.



platforms and initiatives to generate and apply knowledge across aggregated platforms. This project aims to establish and operationalize a sustainable platform for effective cooperation and harmonization on regional policy issues between country level policymakers, regional associations and think tanks based on existing regional strategies such as the African Union’s (AU’s) Agenda 2063.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To establish an effective and sustainable platform to strengthen policymaking capacity in Africa

Key Results

- Platform established and convened annually on regional priority policy areas
- Number of think tanks delivering relevant policy research outputs for the platform
- Percentage increase in think tank annual revenue
- Number of regional policy research projects on cross-border priority policy issues led by female researchers

D. Project Description

10. The project is a five-year US\$50 million Investment Project Financing (IPF) (Table 1). The project aims to establish and operationalize a sustainable platform for effective cooperation and harmonization on regional policy issues between country level policymakers, regional associations and think tanks based on existing regional strategies such as the AU’s Agenda 2063. It will support the AUC to set up and operate a functional and sustainable platform that: (i) convenes key stakeholders from governments, think tanks and academia to identify and discuss pan-African priority areas for economic policy; (ii) bridges the divide between the policy research community and policymakers to facilitate research uptake and promote linkages between think tanks, RECs and national governments; (iii) provides technical assistance and institutional support to selected think tanks and fosters collaboration among them; and (iv) undertakes and supports resource mobilization for the platform and its beneficiaries’ to support long-term financial sustainability, including setting up a facility to crowd-in resources from African governments, foundations, Development Partners and other donors.

Table 1: Project Costing by Component (US\$ million)

Project Component	Total (US\$ million)
Component 1. Establish capacity to operate a sustainable policymaking platform	8
Component 2. Strengthen the quality, relevance and uptake of policy research on priority issues	30
Component 3: Support platform sustainability	12
Total	50

11. The project will focus exclusively on encouraging collaboration on policymaking for regional integration priorities that are associated with large positive externalities and/or reduce negative externalities. Based on consultations with stakeholders, six priority themes were identified for the project that are aligned with the AU’s Agenda 2063 and other initiatives that articulate continent priorities such as the SDGs and International Development Association (IDA) regional priorities. These include: (i) economic transformation and governance;



(ii) climate change; (iii) regional trade; (iv) food security; (v) human capital; and (vi) digitalization. All the thematic areas will include a strong focus on gender.

12. The project’s approach will also provide the opportunity to establish or support continental policy hubs on priority policy areas and produce public goods relevant for all countries. This is likely to deliver significant economies of scale in terms of the provision of public goods (e.g., common research standards, data collection, an expanded pool of policy professionals to work across countries) and to minimize the costs of supporting continental policy priorities. It is also likely to avoid the duplication and fragmentation of efforts likely to occur from a solely national project approach. It is expected that the platform will serve as a proof of concept to attract further funding. It is anticipated to have a demonstration effect that will support mobilization of funds from a variety of stakeholders such as private sector, development partners, foundations, and even governments to enable the platform to grow further and sustain itself.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

13. The overall project environmental and social risk (E&S) is rated moderate. The project will support technical assistance (TA) activities that do not have any direct significant adverse environmental and social risks and impacts. The project will not involve any physical investment, and therefore, there are no anticipated risks or impacts related to land acquisition, land use restrictions, or involuntary resettlement and labor influx. In addition, as the direct and immediate beneficiaries of the project are the relevant AUC entities that will benefit from support for strong policymaking capacity, the proposed activities of the project will have limited involvement with communities, hence, limited or no community health and safety risks and impacts. The project is anticipated to involve multiple staff for the implementing agencies, mainly in the AUC in Addis Ababa and several other African countries that think tanks will be selected from. The implementation of TA activities could be disrupted due to the contextual risks of the security situation in some parts of Africa that could potentially cause impacts on the project workers’ safety and security as well as risks related to Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) or other forms of Gender Based Violence (GBV). There could be a risk of excluding women and other vulnerable groups (such as people living with disabilities) from activities related to training, fellowships, staff exchanges, secondment programs, and think tanks in Africa that tend to be dominated by male researchers, analysts, and leaders. The project will give priority consideration to the TA programs and activities for women and other potential beneficiaries who represent underserved demographics and geographies including the vulnerable disadvantaged and groups in the participating countries. As the proposed activities involve the engagement of project workers with the proposed TA activities, there may be potential risks related to labor and working conditions, including risks around discrimination/exclusion based on gender and ethnicity, occupational health and safety, workers’ security, and GBV-related risks. Thus, the requirements for labor management procedures and security and safety measures will be incorporated into the

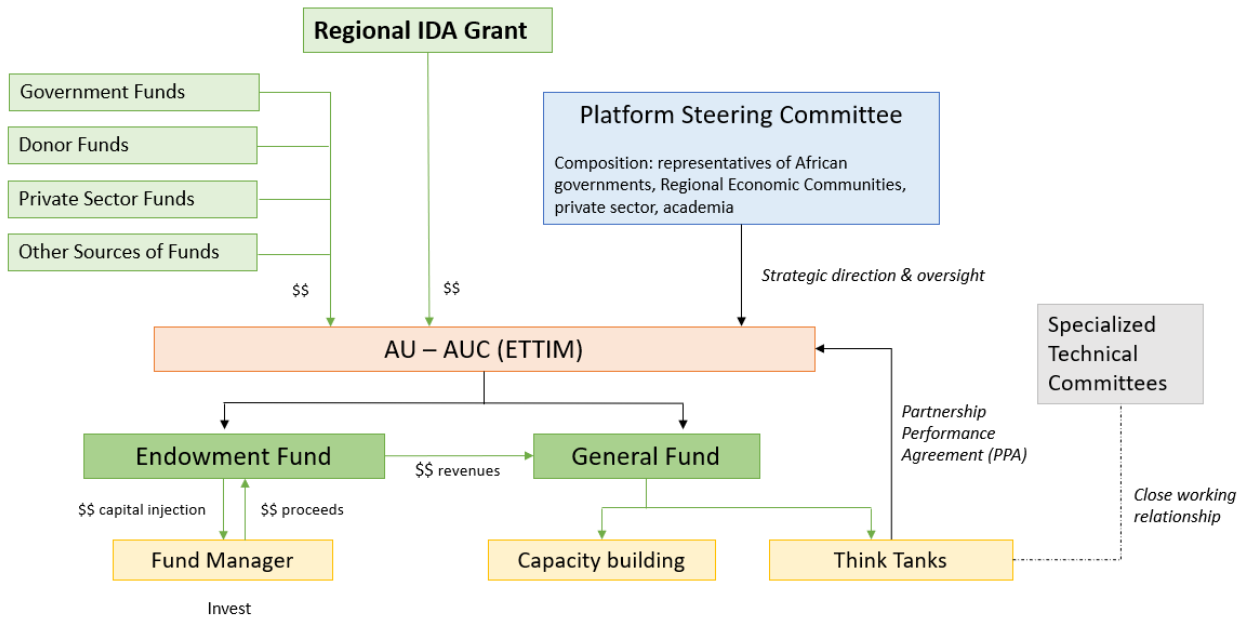


Environmental and Social Commitment Plan (ESCP). AUC will also develop an abbreviated Stakeholder Engagement Plan, which will include the Grievance Redress Mechanism to ensure a meaningful engagement with all project stakeholders and to facilitate the resolution of grievances concerning the Project. For Type 2 & 3 technical assistance activities (based on the Advisory Note on Technical Assistance and the Environmental and Social Framework (ESF)), the project-implementing entities shall ensure that the terms of reference, work plans, or other documents defining the scope and outputs of capacity-building activities will be drafted so that the advice and other support provided are consistent with Environmental and Social Standards (ESSs) 1-10.

E. Implementation

Institutional and Implementation Arrangements

Figure 1: Implementation Arrangements



14. The African Union Commission (AUC) will be the IDA recipient for the project. It will manage and coordinate all components of the project. Different departments within the AUC will be engaged in project implementation according to the project activities and the respective departments’ mandates and areas of work. The Director General’s office will be the central entity tasked with overall project coordination across participating AUC departments. The Economic Development, Trade, Tourism, Industry and Mining (ETTAM) department, a technical directorate in charge of economic policy and research as well as regional integration and cooperation at the AUC, will be responsible for project management and day-to-day project operations. It will provide intellectual leadership on regional economic priorities, operate the regional platform including its administrative and ICT processes, manage the competitive selection process for think tanks, work directly with the think tanks on their annual work plans and oversee the implementation of their proposals, interface between think tanks and governments on policy and research needs, and convene stakeholders for regional forums, meetings and knowledge exchange events. The ETTAM Department will be responsible for environmental and social risk management, monitoring and evaluation (M&E) and project-level reporting to the World Bank. The AUC’s Directorate of Finance will oversee the project’s overall



financial management responsibilities while the Supply Chain Management Division (SCMD) under the Operation Support Service Directorate (OSSD) will be in charge of procurement (See Table A1 in Annex 1 for the roles and responsibilities of the different implementing bodies).

15. The ETTIM Department will be responsible for managing and growing the General Fund and Endowment Fund that will support and sustain the platform established under the project. It will include staff to lead fundraising efforts for the General Fund and Endowment Fund across diverse donors. In addition, it will recruit a Fund Manager to invest funds allocated for the endowment. Profits from the investments under the Endowment Fund will feed into the General Fund which will be used to finance the platform and its activities, including grants to a larger number of think tanks.

16. The Platform Steering Committee (PSC) will provide strategic direction, guidance and oversight as well as facilitate continental ownership of the project. The PSC will have pan-African representation including representatives from selected African Ministries of Finance, RECs, other relevant regional bodies (such as the United National Economic Commission for Africa (UNECA) and African Union Development Agency (AUDA), private sector and academia. The PSC will be the highest decision-making body within the institutional structure of the project. It will advise on continental priorities, assess and support the coherence of the project with such priorities, advocate for and facilitate regional collaboration on priority policy issues, endorse the selection of the beneficiary think tanks, provide high-level guidance on think tanks' institutional annual work plans, and review the implementation progress of the project, including the performance of beneficiary institutions, to ensure achievement of the PDO.

17. The think tanks selected competitively under the project will implement project activities primarily relating to knowledge generation, communication of research, and promotion of national adoption of regional priority policies. Think tanks will also undertake activities to support their own institutional capacity that will be agreed as part of institutional capacity assessments undertaken at the beginning of the project. The beneficiary think tanks will receive funding from the AUC, through the Platform's general fund, to implement their proposals via a Partnership Performance Agreement (PPA) based on annual work plans. The annual work plans, and their associated budget, will be discussed and agreed with the ETTIM department each year.

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APPROVAL

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