



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 07-Dec-2022 | Report No: PIDC34806

**BASIC INFORMATION****A. Basic Project Data**

Country Eastern and Southern Africa	Project ID P179804	Parent Project ID (if any)	Project Name Strengthening Economic Policymaking Capacity in Africa (P179804)
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date Mar 31, 2023	Estimated Board Date Jun 12, 2023	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) African Union Commission	Implementing Agency African Union Commission	

Proposed Development Objective(s)

To strengthen the capacity and sustainability of selected African economic policy institutes to undertake world-class policy relevant research, advise governments and collaborate for improved economic policy making across the region.

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
IDA Grant	50.00

Environmental and Social Risk Classification

Concept Review Decision



Low

Track II-The review did authorize the preparation to continue

B. Introduction and Context

Regional Context

- 1. The multiple shocks experienced over the last three years have stalled, and in some cases reversed, economic and social development in Africa.** Between 2000 and 2019, Africa experienced a sustained period of stability, healthy economic growth and reductions in overall poverty rates. Since then, and as a result of shocks associated with the Coronavirus Disease 2019 (COVID-19) pandemic, conflict in Europe and the growing costs of climate change, the overall macroeconomic context has deteriorated. These multiple shocks have begun to reverse the development gains made over the last 20 years. For example, in Sub-Saharan Africa it is estimated that an additional 12-21 million people fell into extreme poverty in 2020 as a result of the pandemic.¹ The current global economic environment remains uncertain and there are significant risks that growth prospects in many countries will deteriorate further.
- 2. The current situation highlights the importance of effective policymaking and the need for renewed efforts to tackle persistent challenges to economic and social development.** The impact of the pandemic and the other shocks experienced since 2020 have not been felt uniformly across countries. In particular, the effects have been a function of the policy choices that countries made to tackle the crisis. Similarly, the policy choices and actions governments take now, and in the future, will have a significant impact on the speed and depth of recovery and the success of efforts to make economies more resilient to future shocks.
- 3. Recent shocks have also brought to the forefront the need to accelerate progress on the regional integration agenda so that it supports the region's recovery and transformation efforts.** The gains of the last 20 years and future progress is under threat not only as a result of the pandemic but on a host of other issues that require global, regional and national policy responses. For example, climate change poses a significant and growing threat to the region's growth and poverty reduction prospects. 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).
- 4. This increasingly complex environment and the need for greater regional coordination and knowledge-sharing 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 unlocking its many cross-border benefits and externalities.

¹ Mahler, D.G; Yonzan, N; and Lakner, C. 2022. The Impact of COVID-19 on Global Inequality and Poverty. PRWP 10198, World Bank.



Sectoral and Institutional Context

5. **There is significant evidence 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. 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

6. **However, policy institutes and think tanks on the African continent face multiple challenges.** 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 with an institutional address in Africa is the lowest amongst all regions in the world. On the demand side, there is significant demand for policymaking support, but think tanks are not utilized effectively and there is a mismatch between the outputs they produce and the demands of policymakers which contribute to a lack of policy research uptake.

7. **Past efforts to support policy institutes have been broadly successful and the proposed project can utilize these experiences to strengthen policymaking capacity further.** Evaluations of previous capacity building initiatives have demonstrated that think tanks can be key drivers of policy discourse and debates, as well as reliable conduits of technical and advisory support to stakeholders along the policy value chain. They also highlight the continued need to build the financial sustainability of policy institutes and to improve further the uptake of the policy research they produce by policymakers.

8. **Adopting a regional approach to the support of policy institutes can provide a platform to address critical regional issues while at the same time building and sustaining a robust and high-quality African knowledge ecosystem.** Tackling the largest challenges faced by the continent (e.g., climate change, pandemic preparedness, food security, migration) requires cross-country collaboration and coordination to design and implement the necessary policy changes. A regional program to support the capacity and sustainability of economic policy institutes can contribute to higher quality and locally informed research that will lead to better economic policymaking that will have significant benefits beyond national boundaries.

Rationale for Regional Program and Relationship to Regional Integration Strategy

9. **Through the strengthening of regional policymaking capacity, the proposed grant is expected to generate significant positive externalities.** The proposed grant aims to build policymaking capacity to advance the regional integration agenda, provide a platform for policy harmonization and improve development outcomes. Its proposed activities will focus on strengthening policy development and implementation of critical regional policy issues that aim to maximize positive and/or reduce negative externalities. For example, the grant is expected to support institutes to provide better analysis and advice to national governments and regional organizations on improving regional trade flows. This is expected to support better national and regional policymaking to increase trade between countries and ultimately economic growth in the region.

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



10. **The proposed grant is aligned with the World Bank’s Regional Integration Strategy and will build the capacity of institutions in Africa to support policymaking in strategic priority areas of the International Development Association (IDA).** The project aims to strengthen policymaking capacity and support better policies across the four strategic pillars of the current regional integration strategy: (i) building regional connectivity; (ii) promoting trade and integration; (iii) supporting human capital development; and (iv) reinforcing resilience. It also aims to focus on five IDA priority areas seen as critical for the region to accelerate economic growth, create jobs and address climate change: (i) economic transformation; (ii) agriculture, livestock and food security; (iii) human capital; (iv) digital and technical innovations; and (v) the energy transition.

11. **The proposed grant will support collective action on a range of important issues by investing and building the capacity of regional and national institutions that support the policymaking process.** It aims to do this by providing direct support for regional organizations and research institutes to strengthen critical policy capabilities on regional issues and support greater collaboration, coordination and policy harmonization across countries. The proposed project provides an opportunity to establish or support existing regional centers of excellence on specific policy areas and 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 regional policy priorities. It is also likely to avoid the duplication and fragmentation of efforts likely to occur from a solely national project approach.

C. Proposed Development Objective(s)

To strengthen the capacity and sustainability of selected African economic policy institutes to undertake world-class policy relevant research, advise governments and collaborate for improved economic policy making across the region.

Key Results (From PCN)

12. **The proposed PDO will contribute towards** a flourishing policy research community in Africa that supports better evidenced and informed policymaking through:

- Improved quality of homegrown research and analysis on priority regional issues
- Stronger institutional capacity and sustainability of policy research institutes
- Increased pool of male and female policy professionals
- Stronger links between research output and decision-making and design of policies and programs
- Greater regional and sub-regional collaboration on priority regional issues

13. **Possible PDO indicators include:**

- (i) Number of economic policy institutes that have successfully implemented institutional capacity assessment recommendations;
- (ii) Number of policy research, analysis and dissemination exercises completed;
- (iii) Number of policy recommendations from think tanks adopted by national governments and regional organizations;
- (iv) Number of peer learning, knowledge exchange and collaborations between policy institutes and other actors (e.g., Regional Economic Communities (RECs), African Union (AU)); and
- (v) Policy community satisfaction of supported institutes training, outputs and engagement.
- (vi) Number of institutional sustainability plans developed.



D. Concept Description

14. **The proposed project aims to support the capacity and sustainability of African economic policy institutes to deliver more high quality, locally informed research and analysis to positively influence economic policy across the continent.** The program will work across countries and with the AU and RECs to identify policy priorities and research needs that respond to national demand and have continental impacts. The proposed project will aim to support both the supply side, through institutional capacity development, and the demand side, through a focus on actions to support uptake of policy analysis and advice by national governments and regional organizations. The proposed project will be pan-African supporting institutions in both Sub-Saharan Africa (SSA) and North Africa and collaborating with RECs across the continent. The project will be organized around three main components:

- Component 1: Supporting an Effective and Sustainable Policy Research Community through Regional Interventions (indicative amount: US\$9 million). Under this component, the project will finance activities at the regional level to build a thriving community for policy research across Africa. A Regional Coordination Institution(s) will be selected through a merit-based, competitive process by the IDA grantee to coordinate the regional level interventions.
- Component 2: Enhancing Research Capacity of Think Tanks in Regional Priority Areas (indicative amount: US\$40 million). This component will support between five and eight think tanks to become leading centers of policy research in regional priority areas in Africa. Each think tank will receive a grant of between US\$5-8 million to implement a proposal that identifies specific activities to enhance its capacity to support research in regional priority areas and strengthen the uptake of research by governments for policy-making. A transparent and rigorous competitive process will be organized by the Regional Coordination Institution(s) to select the beneficiary think tanks.
- Component 3: Project Coordination and Management (indicative amount: US\$1 million). This component will support the coordination, supervision and overall communication and management activities of the IDA grant recipient.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	



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APPROVAL

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