



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 01-Feb-2022 | Report No: PIDC33326



**BASIC INFORMATION**

**A. Basic Project Data**

Country Africa	Project ID P178045	Parent Project ID (if any)	Project Name Support to Regional Knowledge Capacity on Economic Transformation, Resilience, and Recovery (P178045)
Region AFRICA	Estimated Appraisal Date Mar 04, 2022	Estimated Board Date Mar 31, 2022	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) African Center for Economic Transformation	Implementing Agency African Center for Economic Transformation	

**Proposed Development Objective(s)**

To strengthen the African Center for Economic Transformation’s capacity to inform economic transformation policy and practice.

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	8.28
<b>Total Financing</b>	8.28
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS**

**Non-World Bank Group Financing**

Trust Funds	8.28
Think Africa Partnership	8.28



Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

Not Applicable.

## B. Introduction and Context

### Regional Context

**1. The African continent, home to nearly 1.4 billion people in 54 countries, is a diverse continent with both tremendous potential and challenges to achieving poverty reduction and inclusive growth.** The region is composed of low, lower-middle, upper-middle, and high-income countries, with populations that range from under 100,000 (Seychelles) to over 200 million (Nigeria) and per capita GDPs that range from less than USD 300 (Burundi) to over USD 11,000 (Seychelles). Transformational growth and achievement of the Sustainable Development Goals (SDGs) will require both national and regional strategies, supported by strong partnerships and financing.

**2. Knowledge is a central instrument of the World Bank Africa Strategy in promoting structural and economic transformation in the region, while meeting objectives of supporting macro stability, resilience to shocks, and improved competitiveness.** COVID-19 has pushed Africa into a recession: growth in sub-Saharan Africa slumped by 2.1% in 2020 alone and the pandemic could reverse development gains made over the past decades. The road to recovery may be a long one. In the space of just a few weeks the development needs and priorities of governments shifted dramatically, while the modalities of working and spending also needed to adjust.

**3. In 2017, the World Bank established the “Think Africa Partnership” (TAP) Program with the objective of building a knowledge to policy action pipeline.** TAP was established with the objective of further strengthening production and uptake of knowledge and research to enhance the formulation and implementation of evidence-based policy. This challenge still largely persists, but in the wake of COVID-19 is even more relevant. Responding to the induced limitations and restrictions of the pandemic, the TAP and its partners adapted programming and worked with government to identify new priorities and trial modes of delivery suited to the new global conditions.

**4. TAP has received numerous requests to support African governments with their COVID-19 recovery strategies, for cross-country peer learning, and for access to the African knowledge community to develop and refine these plans.** Looking ahead there are opportunities to meet the increased and changing demands of policymakers through knowledge-driven support and peer learning, to ensure effective economic responses to the crisis. Given significant uncertainty over the length of the economic crisis and the shape of recovery, the TAP secretariat has proposed a three-year scaled up vision for the Multi-donor Trust Fund (MDTF) focusing its new activities on the support to governments in their economic recovery from COVID-19. This project with the Africa Centre for Economic Transformation (ACET) is a critical part of this expanded support and builds on the successful implementation of a past project, Support to Regional Knowledge Capacity (P167357).



## Sectoral and Institutional Context

5. **Many think-tanks on the continent are faced with challenges such as limited or no access to policy makers, inadequate analytical capacity and availability of funds that directly impacts their capacity to generate national discussions regarding priorities and recommendations at the highest levels of government.** With the rapidly evolving needs from policy makers, the competition for scarce resources in the research space, as well as the limited involvement of the private sector, there is a need to rethink ways to secure the core services in the knowledge to policy chain. The range of African home-grown think-tanks and local universities which are currently incubators for relevant debate and discussion could build better bridges between research and policymakers.

6. **The African Center for Economic Transformation (ACET) is a leading pan-African economic policy institute, which is at the forefront of promoting economic transformation.** Since its 2008 inception, ACET has produced a notable body of work that has contributed to shifting the debate towards economic transformation as the way to achieve sustained growth and prosperity in Africa. ACET has done so using an approach that blends analysis, advice, and advocacy. ACET's policy influence largely stems from the impact of their foundational framework Growth with DEPTH (Diversification, Export competitiveness, Productivity increases, Technology, and Human well-being). ACET regularly produces key knowledge products, such as the African Transformation Report, the African Transformation Index (ATI), as well as numerous multi-country studies exploring national and regional progress towards economic transformation. ACET has also been endorsed by the G20/Compact with Africa initiative (CwA) Ministers of Finance to support implementation of CwA in Africa.

7. **Given the results of ACET's activities under TAP1 and its critical position as a knowledge broker in the Africa region, the World Bank is reaffirming its strategic partnership with ACET.** In the coming years, through this project, the partnership will seek to broaden and deepen ACET's proven policy engagement model to focus on economic transformation, resilience, and recovery in a post-COVID-19 context. ACET will continue to draw upon best practices to enhance its role in designing and supporting implementation of transformational policies. The goal is to develop a scalable model and frameworks through which priority countries can Build Back Better and share knowledge through tailored forums and peer-to-peer networks. The project will support ACET's core activities in engaging African governments, provide technical assistance to strengthen the support for G20 Compact with Africa (CwA) implementation, and promote private sector development, in the context of Covid-19 recovery.

## Higher Level Objectives to which the Project Contributes

8. **The proposed project is consistent with the strategic priorities of the World Bank Group's Regional Integration Strategies for Africa.** These strategies include "*Africa - Regional integration cooperation assistance strategy for the period FY18-FY23 (Report No. 121912)*", "*Supporting Africa's Recovery and Transformation: Regional Integration and Cooperation Assistance Strategy - Update for the Period FY21-FY23 (Report No. 154458)*" and "*Supporting a Resilient Recovery: The World Bank's Western & Central Africa Region Priorities 2021-2025.*" The project supports the higher-level objectives of these strategies, which include crisis recovery, economic growth and transformation, and 'more better jobs' vis-à-vis promoting private sector development. The project is also aligned with priorities related to education, skills, and capacity building. Like the WBG's Regional Integration strategy for Africa (Report No. 154458-AFR)<sup>1</sup>, the project is also aligned with the Africa 2063 Agenda, specifically the goals of transformed economies and capable institutions and transformative leadership.

9. **The Think Africa Partnership (TAP2) MDTF trust fund will focus on four core pillars that were identified as high**

<sup>1</sup> *Supporting Africa's Recovery and Transformation: Regional Integration and Cooperation Assistance Strategy - Update for the Period FY21-FY23 (Report No. 154458)*



**priority for Africa’s Post COVID-19 economic recovery.** The pillars are (i) Resource Mobilization & Management; (ii) Governance and Effectiveness; (iii) Business and Investment environment; and (iv) Digital Innovation and Entrepreneurship. These four policy priorities were endorsed by the Transformation Leadership Panel. There are also three key activity areas within TAP - amplifying the African knowledge base; supporting knowledge capacity; and building the bridge to policy impact. Further, ten core reform countries will be identified where government demand for and commitment to reform is strong. ACET’s activities under TAP2 will focus on activity area two, supporting knowledge capacity, and will concentrate support on the priority countries as appropriate.

**10. Through its support to ACET, the World Bank affirms its commitment to Building Back Better using the Green, Resilient, and Inclusive Development approach embodied in the International Development Association (IDA20) strategic framework, also taking into consideration the special theme Jobs and Economic Transformation.** Knowledge is not easily accessible to those who make decisions and many World Bank projects, while striving to reach this goal, too often struggle to directly address this issue through concrete and actionable capacity building activities. The project puts the foundations for the development and strengthening of African think-tanks by developing a “good practices case study”.

**11. The World Bank supports transformational economic policy design by partnering with G20 members and other international organizations.** The CwA, under the G20 Finance Track, provides a framework for supporting private sector investment, including infrastructure, in Africa. It is based on the premises that progress will be achieved when African countries, G20 members and international organizations work together to create a better environment for private investment. The project supports ACET in continuing to undertake a coordinating role in CWA implementation.

### **C. Proposed Development Objective(s)**

12. To strengthen the African Center for Economic Transformation’s capacity to inform economic transformation policy and practice.

#### Key Results (From PCN)

13. The key results include:
- ACET’s growth with DEPTH assessments and other policy analysis is widely used by country partners to inform, design, and/or update their economic policy
  - Selected key partners benefitting from ACET engagement and support
  - At least 70 percent of stakeholders rate COVID-19 technical support from ACET as Satisfactory or Highly Satisfactory

### **D. Concept Description**

14. **This project aims to provide scaled-up support to ACET in delivering economic transformation and contribute to a more effective Covid-19 response and resilience through core policy analysis, advice, and advocacy in alignment with ongoing Think Africa Partnership activities; implementation support to the G20 Compact with Africa agenda; and provision of hands-on support to partner countries regarding economic transformation and private sector**



development, particularly in the face of COVID-19. The project is comprised of four components including:

**Component 1 – Technical Support to Think Africa Partnership Activities**

**Subcomponent 1.1 - Flagship programs and ongoing analysis, advisory, advocacy, and partnership programs**

15. **This subcomponent will provide technical support to activities continuing from TAP1 to TAP2.** The support will focus on ACET’s flagship programs and ongoing analysis, advisory, advocacy and partnership programs for transformation. Analytical activities will include, inter alia, the development of the 4<sup>th</sup> African Transformation Report, the African Transformation Index, economic transformation assessments (DEPTH Assessments) in ACET institutional priority countries, and research in ACET key strategy thematic areas as determined by the ACET 2020-2025 strategy: Economic Management; Youth, Employment, and Skills; Private Sector Development; Regional Integration; and Gender Equality. Advisory work will support national governments, on a demand basis, through peer learning and technical advice to support economic transformation. Advocacy activities will focus on galvanizing action through outreach, dissemination, and convening through modalities such as the African Transformation Forum and Transformation Leadership Panel.

**Subcomponent 1.2 – Support to Private Sector Development**

16. **The program will pioneer a partnership approach to private sector development, with a particular emphasis on extending the ACET Business Transform (ABT) pilot to an additional two countries to facilitate further testing of the approach.** The ABT will deliver 2-3 years of technical support to selected firms that have the capability to create jobs and contribute to export diversification in the country.

17. **Through the ABT, ACET will; i) promote investments into SMEs; ii) support SMEs integration into global value chains; and iii) provide technical support to select national export and business organizations to enhance sustainable exports.** Ultimately, the program will provide high quality technical and managerial support, mentorship, coaching, and transactions advisory services, with the aim of facilitating the development of a pipeline of investment ready SMEs.

**Component 2 – Supporting ACET’s role in implementing the G20 Compact with Africa (CwA)**

18. **Under this component ACET would continue supporting the implementation of CwA programs with Reform Partnership countries.** The project’s CwA-related activities are designed with a view of ACET possibly playing a more substantial role in CwA program coordination and administration once funding for these activities becomes available.

19. **Activities under this Component would provide continued support to the implementation of the CwA at the country level through CwA implementation support, peer-to-peer learning, and investment promotion, peer reviews, and advocacy within T20 and G20.** Support includes direct assistance and advice to Compact Teams when necessary, working with international and bilateral partners on coordination platforms and mechanisms when requested, and continuing to leverage the CwA Advisory Panel. ACET will continue to co-chair the CwA working group, and the development of policy briefs for G20 Finance Ministers and Heads of State via the T20 consultative process. Additionally, ACET would support countries’ communication and dissemination capacity; and facilitate access to advisory services for compact countries. ACET would also conduct peer reviews, including the CwA self-assessments to be submitted to the G20 Africa Advisory Group, and convening and coordinating learning and advocacy with CwA countries, T20 and G20 e.g. peer-to-peer learning and investment promotion events.

**Component 3 –Special Initiatives to Support Partner Countries’ Economic Management and Resilience in the face of**



## **COVID-19**

20. **Under this component, ACET will deliver a COVID 19 Emergency Response and Recovery program and administer the Transformation Fellowship Program in a select CwA countries.** All activities in this component support African governments' ability to make strong economic rebound from the COVID-19 pandemic.

### **Subcomponent 3.1 -- Think Africa Partnership COVID-19 Emergency Response and Recovery**

21. **The Think Africa Partnership COVID-19 Emergency Response and Recovery program will support African governments to make strong economic rebound from the COVID-19 pandemic.** The TAP COVID-19 program would build upon ACET's ten-point framework for post-pandemic recoveries. ACET's activities under TAP will have a particular focus on:

- i) Providing research, analysis, and on-demand support to governments and institutions in designing and implementing national COVID-19 economic recovery strategies.
- ii) Knowledge-sharing among African governments and institutions, including through regional and national policy institutes, and through high-level engagements that address the political economy and binding constraints of reform measures.
- iii) Placement of Transformation Fellows to provide direct support to governments and other institutions in crafting and implementing economic recovery plans (see subcomponent 3.2).

### **Subcomponent 3.2 - Hosting and Administration of Transformation Fellowship Program**

22. **ACET will host and coordinate the administration of three types of economic research fellowships under the umbrella of the Transformation Fellowship Program.** The types of fellowships are the CEoG Presidential Fellowships, the COVID-19 Response Fellowships and the ACET Transformation Fellowship. Each fellow will be a PhD-level researcher in the field of economics. The three different fellowship programs will each have its own objectives and will be centrally administered by a Program Coordinator. Details regarding program administration, fellows' selection, and duration of fellowships will be provided at appraisal.

## **Component 4: Administrative and Institutional Capacity Support**

### **Subcomponent 4.1 Administrative and Implementation Support**

23. **This subcomponent will facilitate the management and coordination of project implementation.** This component finances the core administrative functions required for coordinating the activities under the project. The ACET management team will carry out project implementation, procurement, and FM and produce regular progress reports as required by their governing body. This subcomponent will finance the additional staff required to carry out the activities under the project, office equipment, operational costs, as well as an annual audit and independent performance review of the project.

### **Subcomponent 4.2 Institutional Capacity Strengthening**

24. **Under this subcomponent, ACET will continue to strengthen its institutional capacity in alignment with**



**advances made under the support from TAP1.** Key areas of focus may include communications and marketing, procurement, technical capacity of fellows, staff, consultants, and development of expert networks to support our work. It will support project implementation, monitoring, evaluation and learning, as well as a corporate-wide digital transformation strategy to include new hardware and software and tools for virtual work. ACET may also develop the functionality and capacity to enhance its online platforms and presences, as well as partnership building for policy dialogue. Lastly, the component might also support vehicle acquisition.

**Lessons Learned**

**25. The World Bank’s Africa Strategy over the years, highlights the Bank’s commitment and engagement on capacity building, as capacity development remains so essential for the economic and social transformation of countries in Africa.** As such the design of this project was informed by lessons learned from the African Capacity Building Foundation (ACBF) Regional Capacity Building Project (P122478). Specifically, on (i) enhancing policy uptake in Africa: the role of think tanks; and (ii) managing think tanks in Africa: what works and what does not; which are this project’s core interventions. Key lessons learned from first round of ACET support include:

- The TAP partnership provides ACET with flexible multi-year support that allows for a visionary and ambitious agenda, building up to sustainable, long-term results and achievements. The TAP 1 funding has been instrumental in ensuring that ACET can develop the capacities and focus areas required to have a tangible policy impact.
- Transparency, planning and a continuous dialogue are central in ensuring that the partnership progresses smoothly.

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

**26. The environmental risk is rated low.** The rating considered the nature of the project, the potential environmental risks and impacts, and the capacity of the implementing institution to manage the potential environmental risks and impacts. The project will mainly involve capacity strengthening, knowledge sharing, and policy dialogue. Other interventional areas include providing top tier technical and managerial assistance, mentorship, and transactions advisory services to small and medium enterprises (SMEs). These activities are not anticipated to present significant environmental risks and impacts. Component 4 will support procurement of office equipment, vehicles, hardware and software tools for virtual work. These activities will happen at a low scale and environmental risks and impacts are generally expected to be low. The implementing institution between 2018 and 2021 successfully implemented the World Bank funded Support to Regional Knowledge Capacity (P167357) under the Operational Policies without any reported safeguards infractions. The experience gained could be very useful to this project which is prepared under the World Bank Environmental and Social Framework (ESF). The implementing agency will appoint one E&S Specialist to oversee the management of potential environmental and social risks and impacts.

**27. The social risk of the project is classified as Moderate.** The social risk of the project is classified as Moderate.



The key potential social risks and impacts identified in the project include Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH), as well as discrimination and lack of equal opportunities for women and persons with disabilities to participate in and benefit from the project including equitable access to opportunities presented by the fellowship. The project will not finance activities that involve land acquisition, restrictions on land use and involuntary resettlement. Potential Gender-based risks were identified at two levels. The first is the unequal access to benefits and opportunities of the project. There may not be equal opportunities for participation in the project for women due to traditional gender bias. The second is sexual harassment, sexual assault or verbal harassment on the assumption that more women may be part of the capacity building/fellowships programs and as project workers. There could also be potential issues regarding exclusion of people with disabilities from the stakeholder engagement process across Africa for the project design and implementation including exclusion of female owned firms/SMEs, as well as the design of capacity building and support to private sector development activities that may not be tailored to the needs of persons with disabilities.

28. **To address these anticipated potential social risks and impacts, the participating partners client shall prepare and disclose both in-country and in the World Bank’s website an Environmental and Social Commitment Plan (ESCP), a Stakeholder Engagement Plan (SEP), including SEA/SH sensitive Grievance Mechanism (GM), and a SEA/SH Prevention and Response Framework.**

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**APPROVAL**

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