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Divider Title: **BIOS**

Divider Title: **Susan E. Rice**
Asst. Sec. of State

SUSAN E. RICE

ASSISTANT SECRETARY

FOR AFRICAN AFFAIRS

Susan E. Rice was confirmed by the Senate on October 9, 1997 and sworn in as Assistant Secretary for the Bureau of African Affairs on October 22, 1997, succeeding Ambassador George Moose. Before joining the Department of State, Dr. Rice served at the White House as Special Assistant to the President and Senior Director for African Affairs where she was responsible for all aspects of U.S. policy towards Africa. Prior to this position, she served as Director of International Organizations and Peacekeeping at the National Security Council where she was responsible for the Administration's policy pertaining to the United Nations system and regional and United Nations peacekeeping.

In addition to her government experience, Dr. Rice has worked as a management consultant for McKinsey and Company, Toronto, Ontario, assisting large international corporations to solve complex strategic, operational and organizational problems.

Dr. Rice has a D. Phil. (Ph.D.) in International Relations from New College, Oxford University, England where she also obtained a Masters of Philosophy in International Relations. She graduated Phi Beta Kappa from Stanford University, Stanford, California where she received her Bachelor's degree in History with Departmental Honors and University Distinction. She is a Rhodes Scholar and has been awarded the Royal Commonwealth Society's Walter Frewen Lord Prize for oustanding research in the field of Commonwealth History and the Chatham House-British International Studies Association Prize for the most distinguished doctoral dissertation in the United Kingdom in the field of International Relations.

Dr. Rice is married with one child. She has traveled extensively in Africa, China, Europe, and Russia and enjoys playing tennis and basketball, cooking, and writing poetry.

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Divider Title: **Witney W. Schncidman Special Asst.**

WITNEY W. SCHNEIDMAN

On December 21, 1997, Witney W. Schneidman joined the State Department as a Special Assistant to the Assistant Secretary of State for African Affairs, Susan Rice, pending completion of the clearance process of his appointment as Deputy Assistant Secretary of State for African Affairs. At the State Department, his responsibilities will include enhancing America's commercial and economic engagement throughout Sub-Saharan Africa and, in particular, ensuring the implementation of the President's Partnership for Economic Growth and Opportunity in Africa. Dr. Schneidman will also have responsibility for Southern Africa and interaction with USAID and the international development community.

Prior to joining the State Department, Dr. Schneidman was senior vice president at Samuels International Associates, Inc., a Washington-based international trade and investment consulting firm. At Samuels, he advised American companies investing and trading in Africa. He also worked with South African companies as they moved into Africa. Before Samuels, he served as a speech writer and policy analyst at the World Bank in the office of the vice president for the Africa region. From 1987-90, he was the South Africa analyst in the Department of State's Bureau of Intelligence and Research.

Dr. Schneidman received his Ph.D. from the University of Southern California's School of International Relations, and holds a master's degree in political science from the University of Dar es Salaam, and a bachelor of arts cum laude in history from Temple University. He has written numerous articles on economic, business and political developments in South Africa and Southern Africa that have appeared in publications such as the Christian Science Monitor, Business Day (Johannesburg), and CSIS Africa Notes. He has commented on South African affairs for ABC News, CBS News, CNN, National Public Radio, South African Broadcasting Corporation and the Canadian Broadcasting Network.

January 9, 1998

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Divider Title: **J. Brian Atwood**
Administrator USAID

USAID

J. Brian Atwood

Administrator, U.S. Agency for International Development

As the administrator of the U.S. Agency for International Development (USAID) since May 10, 1993, J. Brian Atwood has led the agency toward dramatic management reforms and a clearer development strategy.

At USAID, Atwood has helped promote a number of highly successful initiatives in the areas of global environmental change, disaster assistance, and child immunization and health. He has led presidential delegations to Rwanda and the Greater Horn of Africa.

Atwood has also been a driving force at USAID behind the Lessons Without Borders program, which has applied successful overseas development assistance programs to the problems of America's inner cities. His management skills have rejuvenated programmatic quality and personnel/morale at USAID. Based on Vice-president Gore's National Performance Review, the agency has streamlined systems and narrowed its strategic focus to achieve measurable results and is now regarded as a model government agency.

Atwood's career in foreign policy began 30 years ago when he joined the Foreign Service to serve in Cote d'Ivoire and Spain. He has also served on the staff of former Sen. Thomas Eagleton (D-Mo.), as assistant secretary for congressional relations under the Carter Administration, and as executive director of the Democratic Senatorial Campaign Committee under former Sen. Lloyd Bentsen (D-Texas).

Atwood has also held the position of President of the National Democratic Institute for International Affairs, where he helped encourage successful democratic change in many countries. He also served as dean of professional studies and academic affairs at the Foreign Service Institute. He has a B.A. from Boston University and has done graduate work at the American University.

A native of Wareham, Mass., Atwood is married to Susan J. Atwood and has three children, John, Deborah and Michelle.

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Divider Title: **Daniel M. Zelikow Depty. Asst. Sec.**

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

DANIEL MARTIN ZELIKOW

DEPARTMENT OF THE TREASURY

DEPUTY ASSISTANT SECRETARY (ASIA, THE AMERICAS AND AFRICA) WASHINGTON, D.C.
Responsible for formulating and implementing U.S. financial policy toward 120 emerging market and developing countries. Develop and conduct relationships at the ministerial level. Supervise four divisional offices, overseas staff, budget, and recruitment. Co-chair or lead organizer of numerous bilateral and multilateral working groups focused on financial market stability, liberalization, regulatory harmonization, and infrastructure finance. Make frequent presentations on emerging market financial issues to Congress, Cabinet officials, the press, and the investment community. Primary author and legislative negotiator of the President's "Africa Initiative", combining trade concessions, debt relief, equity and infrastructure investment funds, and redirection of aid.

HEAD OF MEXICO TASK FORCE WASHINGTON, D.C.
Managed all day-to-day aspects of Administration's $20 billion emergency financing program for Mexico. Oversaw structuring of oil-backed transactions totalling $13.5 billion, negotiated terms of disbursements, and monitored compliance with loan agreements (economic and financial policies, reporting requirements, etc.). Successful cooperation with Mexico's Secretariat of Finance and Public Credit resulted in full prepayment 3 years ahead of schedule and profit of $580 million to the U.S.Government.

DIRECTOR, OFFICE OF TECHNICAL ASSISTANCE WASHINGTON, D.C.
Headed the U.S. Treasury's overseas technical assistance programs. Positioned the Treasury as one of the principal providers of policy and technical advice to the financial authorities of ex-socialist countries. Raised $26 million in funding, established activities in 24 countries, and managed organization of 200+ employees. Devised and executed thorough reorientation of programs, dramatically improving the technical quality of advice provided, its relevance and results achieved (e.g. London Club deal and first Eurobond issue for Poland, tax reform in Russia, first treasury bill issue in Romania).

SENIOR ADVISOR TO THE MINISTER OF FINANCE AND ECONOMY TIRANA, ALBANIA
Helped Albania's highest officials devise and implement country's economic and financial policies. Principal architect of Albania's first stabilization program, then one of the region's most radical and successful. Within two years, Albanian economy was the fastest-growing in Europe. Negotiated, on behalf of the Albanian Government, foreign loans and economic assistance agreements with the IMF, World Bank, and donor governments, as well as private foreign investments.

SPECIAL ASSISTANT TO THE ASSISTANT SECRETARY FOR ECONOMIC POLICY WASHINGTON, D.C.
Initiated, planned and carried out economic and financial policy analyses for the Treasury's chief economist. Wrote, edited, commissioned and reviewed reports, briefs, speeches and Congressional testimony.

ST. PETER'S COLLEGE, UNIVERSITY OF OXFORD

DEAN OXFORD, ENGLAND
Member of Governing Body responsible for students. Youngest Dean at Oxford University.

EDUCATION

OXFORD UNIVERSITY, Oxford, England. Awarded D.Phil (Ph.D) in 1989.
Doctoral thesis on regulation and development of the Nigerian capital market.

DARTMOUTH COLLEGE, Hanover, NH. Awarded A.B. *summa cum laude* in 1983 with High Honors in English.

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Divider Title: **AFRICAN TRADE**

African Trade

Key Messages

- ***African exports are increasing*** but remain concentrated and dominated by primary products. Likewise, ***trade policy reform has advanced*** considerably in Africa but still has a way to go
- ***Industrialized countries need to do their part*** to encourage African exports, especially in agricultural products, textiles and clothing
- ***The Bank supports the*** African Growth and Opportunity Act—in particular its emphasis on opening markets and encouraging private investment. The ***immediate impact*** of the Act on Africa would not be large because trade between Africa and the US in relevant areas is small. But ***cumulative effect could be much greater***—including through encouraging investment.
- Bank/Fund could ***reinforce the impact of the Act*** through support to trade liberalization, revision of investment codes, increasing competitiveness, facilitating market access, and regional integration to expand markets.
- At the same time, the US needs to ***reaffirm its support for continued assistance*** to Africa to quell fears that the Act is a cover for US intentions to withdraw from aid. President Clinton could emphasize continuing US commitment: "Aid for Trade," rather than "Trade, not Aid."
- There are also reservations concerning the ***preparedness of the US to provide secure market access for African exports*** in sensitive areas (clothing, textiles, agricultural products) at a time when the US is urging African countries to rapidly liberalize their trade regimes.

Background and Current Status of Trade in Africa

- Sub-Saharan Africa has posted below-average export performance over the past few decades and been marginalized on world markets. Exports heavily concentrated in primary products.
- But now Africa is on the move, with good export growth in last few years, showing that economies do respond to improved policies.
- Trade policy reform has advanced considerably in Africa, but still has a way to go. In addition, Africa faces high transport costs and suffers from low quality products/packaging, requiring demonopolization and more foreign direct investment. Binding tariffs at low levels through the WTO would reduce uncertainty in trade regimes.
- Industrialized countries can also take steps to encourage African exports, especially in agricultural products, textiles and clothing.
- Trade reform in Africa is taking place against a backdrop of rethinking approaches to trade and aid in industrial countries, including the prospective renegotiation of the Lome Convention, the African Growth and Opportunity Act and the WTO Initiative on Least Developed Countries.

Trade Performance: Recent trade performance is looking better, but after years of decline. From the 1950s to 1990 share of global trade fell from 3.1% to 1.2%. Export growth rate from 1975-1984 was only 1%. In 1995 and 1996 Sub-Saharan Africa showed good export growth of 7.5% and 7.9%, respectively. This followed growth of less than 4 percent from 1991-1994.

Some regional groups also showing growth. EAC (Kenya, Tanzania and Uganda) had export growth of 14.8% (1995) and 10.5% (1996). COMESA had export growth of 9.3% and 7.8%.

For the past six years, Sub-Saharan Africa has been a net exporter:

Sub-Saharan Africa Imports and Exports (Million US$; COMTRADE data)						
Year	1991	1992	1993	1994	1995	1996
SSA Exports*	39294	39402	35970	38121	43795	45872
SACU Exports	14030	14430	14245	17171	20282	19792
Total SSA	53324	53832	50215	55291	64077	65665
Year	1991	1992	1993	1994	1995	1996
SSA Imports*	32790	37400	33222	31764	38311	32230
SACU Imports	12991	13803	13791	17575	23387	22507
Total SSA	45781	51203	47013	49339	61698	54738
Net exports for SSA and SACU	7543	2628	3203	5953	2378	10927

* Excludes SACU

Concentration of Export Partners: Most African nations suffer from a limited number of currently exploited export markets:

- 28 countries send more than half of total exports to Europe
- 7 countries send more than 25% of exports to the US
- 9 countries send more than 90% of exports to OECD

Moreover, for nearly all African countries there is very limited trade with other developing countries; the average share is 18%.

Composition of Exports: Sub-Saharan Africa's exports are dominated by agricultural materials, mineral and nonferrous metals, which make up 61% of African exports, compared to 33% for all developing countries. Over 18% of African exports are food, compared to 11% for all developing countries. Only 19% of African exports are manufactures, compared to 54% for all developing countries.

Trade and FDI Patterns: The distribution of foreign investment into Africa mirrors the resource-intensive nature of its trade. About 60% of FDI goes to oil and gold exporters. Nearly all African countries are WTO members, but Africa's voice in the WTO is weak.

Recommended Trade Reforms in Africa

In 1980, most African countries had overvalued exchange rates, extensive qualitative restrictions (QRs) and high and non-uniform tariffs. Now:

- In three-quarters of African countries, the private sector has access to more than half of available foreign exchange, and parallel exchange rates are close to official rates.
- QRs have been converted to tariffs which are lower and more uniform. UEMOA recently agreed to implement a simplified common external tariff with maximum rate of 20% from the year 2000. Previous *ad hoc* patterns of exemptions are starting to be rationalized.
- But trade regimes are still less than supportive of exports; some primary producers still may receive less than 50% of world price.

Policy reforms in Africa needed to accelerate trade growth and deepen regional integration:

- Further lowering trade barriers and discrimination against exports
- Addressing other barriers, including high shipping and air transport costs, and increasing the efficiency of ports
- Implementing fiscal reforms to reduce dependence of revenues on trade taxes, which may represent up to 40% of revenues. Further rationalization of trade regimes may require compensatory financing in the transition; the Bank is ready to assist.
- Ensure that regional trade agreements lay a basis for further global integration. Regional trade-related institutions such as COMESA, SADC, UEMOA, UDEAC and EAC should speed up implementation of the many regional trade agreements that have already been signed. Recent research suggests that regional integration can be beneficial—especially for small countries—but should not substitute for global integration.

Recommended Measures in Industrial Countries to Encourage African Exports

When preferences are taken into account, African producers face low average tariffs in major industrial-country markets. But these preferences do not extend to processed and temperate agricultural products, or to textiles and garments. In addition to the Lome renegotiation, the trade legislation in Congress, and the WTO Initiative, G-7 countries could:

- Reduce or eliminate most-favored-nation-bound and applied tariffs on agricultural goods of interest to African producers, and reduce tariff peaks and tariff escalation which is significant for many product chains relevant to Africa, such as wood products, textiles and clothing, fish and leather products. Could also accelerate the phase-in of Uruguay Round liberalizations on products of interest to African exporters, in particular textiles and garments.
- Ensure that information is readily available on technical regulations, product standards and sanitary measures which feature among the principal barriers to African exports.
- Make firm time-bound commitments to eliminate subsidies on export and production of temperate agricultural goods with the possibility of time-bound compensation for African countries most affected by the resulting increase in import prices;
- Exempt African exporters from contingent protection actions permitted under the Uruguay Round, since their exports are too small to be a threat for the industrial countries, even if they expand quite rapidly.
- Provide technical assistance to build capacity in Africa in trade-related areas, including to prepare themselves to participate actively in multilateral negotiations.

African Growth and Opportunity Act

- This Act aims to reform the economic relationship between the US and Africa from aid dependency toward stronger commercial relationships. Sponsors of the Act envisage the US moving to a free trade area with parts of Africa by 2020. Inter alia, the Act involves:

  ⇒ greater opening of US markets to selected exports from Africa
  ⇒ creation of guarantee funds to encourage private investment in Africa.

- The Act passed the House on March 11 and will likely go for a Senate vote in May. Contentious areas include clothing and textiles, where strong US lobbies oppose further opening of markets. The textile lobby may be stronger in the Senate than in the House.

- The Bank has welcomed the initiative in that it seeks to encourage commercial relationships and contribute to a change in perceptions about Africa. In these respects it complements our focuses on opening markets and expanding trade and FDI, and emphasis on the private sector.
- The Bank also very much welcomes measures to enhance secure market access for African exports. The previous example of Kenya—where increasing garment exports to the US were blocked by a quota despite their small size—suggests that securing market access is essential. (See attached article from the *Wall Street Journal.*)
- The Bank and Fund could help reinforce the impact of the Act via support to trade liberalization, revision of investment codes and improvements in the business environment. Will also continue increasing our emphasis on development of infrastructure and business services to increase competitiveness and facilitate market access. Regional integration initiatives will help increase the size of markets, which should attract foreign investors.

Current World Bank Projects and Activities

Numerous Bank projects and programs relate to export promotion and reforming trade policy in Africa:

- <u>Country examples</u>: Senegal (competitiveness), Ethiopia (export promotion); focus on fiscal/trade reform issues in adjustment credits; Regional trade program, Cross Border Initiative, Southern Africa Trade Research, etc.
- <u>Subregional activities</u> with UEMOA (tariff and tax reforms), CBI, SADC, COMESA, etc.
- <u>WTO Needs Assessments</u>: Bank has assisted Zambia, Madagascar, Guinea, Mali, Tanzania, Uganda, Chad and Djibouti with WTO needs assessments. Represented these countries at WTO in October 1997. Coordinating donor responses to needs assessments (Uganda)
- <u>G7/US Africa Initiative</u>: Bank has provided inputs to both G7 (Denver and Birmingham Summits; paper for G7 meetings on encouraging African exports) and US government regarding Africa trade initiatives (African Growth and Opportunity Act).
- <u>UNDP Capacity Building</u> for Trade and Development in Africa: Bank has provided inputs and has been requested for cooperation.

WALL STREET JOURNAL **ECONOMY**

Some Blacks Are Torn by Africa Trade Bill

Legislation Could Threaten Southern Textile Workers

By MICHAEL M. PHILLIPS
Staff Reporter of THE WALL STREET JOURNAL

WILMINGTON, N.C. – During college, Eva M. Clayton dreamed of becoming a medical missionary in Africa, the land of her ancestors. Now that Ms. Clayton represents North Carolina in Congress, she has a chance to vote on the most sweeping U.S. economic initiative for Africa in years.

She plans to vote against it. "I think there's something historic in the U.S. entering into a trade agreement with Africa," says Democratic Rep. Clayton, who last week hosted a town meeting here to discuss international trade. But "it does have a tremendous impact on my constituent; it's a parochial issue."

The African Growth and Opportunity Act, set for a House vote today, might be the only trade bill to pass Congress this year. Liberal Rep. Jim McDermott views it as a way to aid impoverished sub-Saharan African nations. Conservative House Speaker Newt Gingrich likes its business-based approach to development. President Clinton would love to sign it into law before his trip to Africa later this month.

Free Access to U.S. Markets

Although many African-American business executives back the bill, it isn't an easy call for some blacks in the textile-rich South. That is because, among other provisions, the bill would allow African textile and apparel makers free access to U.S. markets. Supporters see the textile provision as a boost for African businesses, while U.S. textile workers – a large portion of whom are African-Americans – see it as a threat to their jobs.

Alton B. Pollard, an African-American professor of religion at Wake Forest University, considers the bill a long-overdue boost for African businesses. But he also knows that feeling isn't always shared by African-Americans near his Winston-Salem home. "There's very definitely a bread-and-butter issue at stake when it's your livelihood. The rest of us see it from a different perspective," Prof. Pollard says. The textile-export business is an Asian-proven path to growth, but to date Africa hasn't had much luck traveling that route. When Kenya began developing a garment industry in 1994, the U.S. slapped on an import quota that cost 10,000 Kenyans their jobs, according to a World Bank study.

Quotas to Disappear

Global textile quotas are slated to disappear in 2005 under the Agreement on Textiles and Clothing, part of the General Agreement on Tariffs and Trade. The U.S.-Africa bill, a joint venture of Democratic Rep. McDermott of Washington, GOP Rep. Philip M. Crane of Illinois, and Democratic Rep. Charles B. Rangel of New York, would speed that process for exports from African countries that adopt market-friendly reforms.

The measure would also mandate a plan for a U.S.-Africa free-trade area, enhance trade preferences for African goods, and create $650 million in investment funds to encourage African business and infrastructure development.

"We're hoping it will put Africa on the map and encourage American investors to take a look at what the region has to offer," says Judith F. Aidoo, an African-American who is president of Aidoo Group Ltd., a New York financial adviser and investment bank specializing in Africa.

The textile provisions, however, have proved controversial. The Union of Needletrades, Industrial and Textile Employees, the textile and garment workers union, estimates that 50% or more of southern textile workers are African-American. The union predicts thousands of lost jobs for them and other workers, a warning echoed by manufacturers who oppose almost any increase in imports.

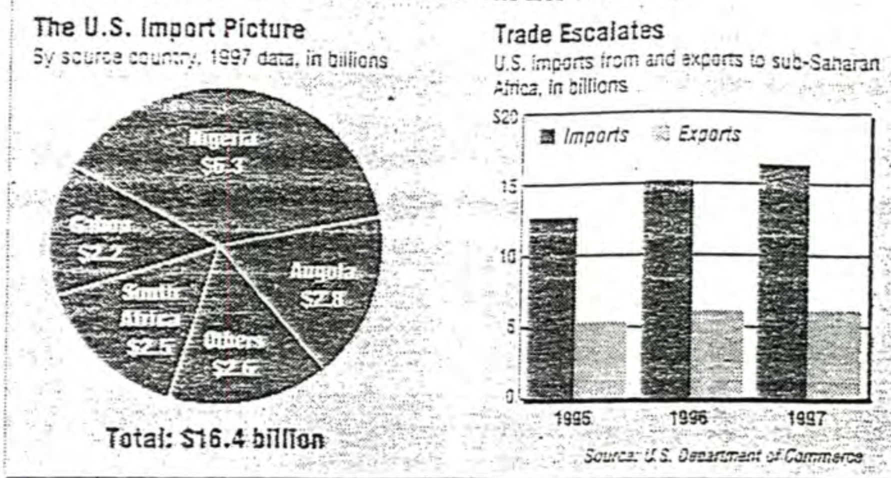
Big Business for Kenya

A U.S. International Trade Commission study predicts just 676 U.S. jobs would be lost. African producers accounted for less than 1% of the $46 billion in U.S. apparel and textile imports in 1996. The bill's supporters argue that, even if duties and quotas were lifted, Africa could only manage to export $1.2 billion to the U.S. by 2005 – not much in the vast U.S. economy, but big business for Kenya, Mauritius or Lesotho.

Those arguments don't cut much mustard with beleaguered textile workers, who have seen fierce competition from Asia and Latin America. Many in the rank and file don't know about the bill yet, but many of those who do are worried by parallels to the North American Free Trade Agreement. "It's got to do with not knowing and not feeling the pain of textile workers in America," says Willie J. Long, a 45-year-old African-American who works in Pillowtex Corp.'s Fieldcrest Cannon plant in

Please Turn to Page A10, Column 4

U.S. Trade With Sub-Saharan Africa



Productivity Growth Is Revised Downward For Fourth Quarter

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – Productivity growth during the final quarter of 1997 was a tad slower than first estimated. Still, the revised figure didn't diminish the year's healthy productivity gain.

The Labor Department revised its estimate of nonfarm productivity for the fourth quarter to a 1.6% annual rate from 2%, a significant deceleration from the third quarter's 3.6% rate and the second quarter's 2.3% rate. All figures are seasonally adjusted.

Productivity, a measure of output per hours worked, is closely watched because as employers achieve greater efficiencies, they can lift workers' wages without raising prices. For all of 1997, productivity rose 1.7%, the same as originally estimated. That compares favorably with the average gains of 1% a year between 1974 and 1995. There are signs that labor costs are increasing somewhat.

Unit labor costs, a gauge of inflationary pressures, were revised upward to an annual growth rate of 3.5%, from an earlier estimate of 3%. On an annual basis, unit labor costs rose 2.1% in 1997, after rising

Southern Blacks Torn By Africa Trade Bill That Threatens Jobs

Continued From Page A2

Columbus, Ga. "I wish all the congressmen would come around and talk to textile workers and understand how we feel about losing our jobs."

African-American lawmakers from textile areas are torn between their desire to help Africa, and their desire to protect their constituents. One of them, Rep. Melvin Watt, a North Carolina Democrat, has refused to discuss his position on the bill. His aide, Dominique McCoy, explains: "In essence, he wants to support it. [But] he's elected by his constituents. He's not elected by people in Africa. It's a very delicate issue."

Rep. Clayton would be satisfied if the bill more strongly discouraged Asian producers from shipping garments through Africa into the U.S., and required that more work on each item be done by Africans. Some of the bill's opponents want other import quotas reduced – China's, for example – to compensate for new African imports.

Others, however, are ideologically opposed to market-oriented development. Randall Robinson, president of the Washington advocacy group TransAfrica and one of the continent's most visible U.S. activists, is actively campaigning against the bill, contending that its requirement that African nations adopt economic reforms leaves them beholden to foreign corporations. "We do not consider it constructive for the United States to demand via statute solely those policies which make it easier for foreign corporations to function unfettered in African countries," says Mr. Robinson, an African-American.

Several members of the Congressional Black Caucus are suspicious of free trade itself, and, like Rep. Clayton, opposed the "fast track" legislation that would have granted President Clinton broad leeway to negotiate free-trade pacts. They argue such deals allow U.S. companies to exploit rock-bottom wages, poor environmental enforcement and lax labor protections abroad, to the detriment of American workers.

The 38-member caucus (37 in the House, one in the Senate) hasn't been able to agree on a statement for or against the bill. "We did not want to put the two or three undecided members that come from heavy textile districts in the position of opposing a trade relationship with Africa, knowing in their hearts they really wanted to vote for it," Rep. Rangel says.

Aquila Gas Pipeline Mulls a Sale

SAN ANTONIO – Aquila Gas Pipeline Corp. said it is considering "strategic alternatives," including a sale or merger. The natural-gas gathering and processing company said it hired Merrill Lynch & Co. to look for options.

Aquila's shares rose 29%, or $3.5625, to close at $15.875 in New York Stock Exchange composite trading.

...ent, will jointly choose managers ... oversee various

...tor, or percentage of available seats occupied, increased to 51.8% from 49.7%.

U.S. Rethinks Trade Policy With Africa

Lawmakers Discuss Lifting Textile Quotas, Boosting Investment

By MICHAEL M. PHILLIPS
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — Americans may preach "Trade, not aid" for developing nations, but Kenyans have good reason to suspect the U.S. doesn't like either one.

The East African country is still smarting from the U.S. decision two years ago to limit key Kenyan textile exports. Before the move, Kenya boasted more than 40 textile and apparel companies employing at least 14,700 workers. Many were owned by Asian firms that set up shop in Kenya precisely because it had no U.S. import quota and could serve as a gateway to the U.S. market. But when U.S. trade officials spotted the surge in imports of Kenyan-made pillowcases and shirts, they slapped on import restrictions.

The result: 10,000 Kenyans lost their jobs, more than 30 companies exited the business and the country's plan to follow the Asia-tested, textiles-first path to economic development was left in tatters, according to an unofficial study by World Bank economist Tyler Biggs.

Now a bipartisan group of U.S. lawmakers is trying to reverse that decision and grant Kenya and other economic reform-minded sub-Saharan African nations greater access to American customers.

"When [the Kenyans] got an infant industry going, suddenly they got stepped on," says Rep. James McDermott, a Washington Democrat and main author of the proposal. "That seems to me to be in the interest of neither Africa nor the U.S."

Rep. McDermott and his Republican co-sponsor, Rep. Philip M. Crane of Illinois, are proposing an ambitious new African trade and investment policy at a time when U.S. foreign-aid programs are withering. The proposal, which will be the subject of congressional hearings beginning Tuesday, would move $300 million from the aid budget into privately managed investment funds for Africa, ease Africa's access to financing from the Export-Import Bank of the U.S., open negotiations on a U.S.-Africa free-trade area, and grant African firms a free hand to export up to a total of $3.5 billion annually in clothing and other textiles to the U.S.

Only those countries that meet strict standards for economic liberalization—currently about 15 of the 48 countries in sub-Saharan Africa—would qualify for the program. Africa watchers say the proposal is the most serious African trade and investment initiative they have seen in Congress recently.

Sub-Saharan Africa's 1995 Trade With U.S.

Raw Materials Dominate
Principal U.S. imports from sub-Saharan Africa

PRODUCT	VALUE (billions)
Crude oil	$3.47
Nonferrous metals	1.00
Precious and semiprecious stones	0.38
Ferroalloys	0.27
Cocoa beans	0.17
Other*	0.43

Principal Exporters
Four countries accounted for 84% of U.S. imports from sub-Saharan Africa, in billions

*Other includes men's and boys' shirts, cotton, forestry products, ... sugar and ... products
Source: Commerce Department

Last year, the U.S. bought $12.7 billion in African exports, but the bulk consisted of crude oil, gemstones, metals, cocoa and other commodities. The U.S. purchased just $413 million in textiles and apparel from sub-Saharan countries, roughly 1% of its total textile and apparel imports.

Although there is strong support for encouraging African private-sector development, not everyone likes Rep. McDermott's approach. The U.S. Agency for International Development objects to the diversion of aid funds. The U.S. Trade Representative's office considers talk of a free-trade area to be premature given the variation in trade policies and patterns among African countries. African officials are intrigued but worry their companies will suffer in head-to-head competition with American firms. And lawmakers from textile states consider the proposal, if it prompts $3.5 billion in new imports, threatening to their constituents. "It's bound to displace American jobs," says Rep. John Spratt, a South Carolina Democrat.

But Reps. McDermott and Crane argue the return to African and American exporters would be worth the price paid. "You can't underestimate the decision of the American government to open our markets or to begin the process of opening our markets," says Rep. McDermott, who lived in Zaire for a year.

Reps. McDermott and Crane say the proposal, which they are formalizing into a bill, could pass the House this year. More realistically, however, they will have to wait until the legislative calendar clears up after the elections.

If the bill becomes law, its most immediate impact would be in textiles and apparel. Import restrictions for textiles—along with sugar and tobacco—are deeply woven into the fabric of U.S. domestic politics. Under international-trade accords, the U.S. can and does impose quotas if imports disrupt or threaten to disrupt the domestic textile industry. The U.S. negotiates the quotas on a product-by-product, bilateral basis, with the starting point the import level when the quota call is issued. The system generally ensures that established exporters, such as China, win larger quotas than upstarts such as Kenya.

The quotas will disappear in 2005, however, when trade will be liberalized under the Agreement on Textiles and Clothing, which came out of the Uruguay Round of talks on the General Agreement on Tariffs and Trade. Many countries, such as Kenya, Mauritius and Zimbabwe, would like to be in a strong position for the new world of quota-free commerce.

"We look at this as a way to increase revenue and gross national product and eventually to move into other areas as other countries have done," says Peter Nyikuli, commercial attache at the Kenyan Embassy in Washington. "But the impact of the quota has been to scare some of the people who were thinking about investing in Kenya—this includes American firms."

Other African countries stand to benefit should the McDermott proposal become law. Certainly Mauritius, the only other sub-Saharan country that now bears a U.S. import quota, would be well-placed to increase sales.

And Zimbabwe would like to squeeze more jobs out of its domestic cotton industry by expanding the manufacture and export of fabric and clothing. "The U.S. market is certainly the most lucrative market in the world," Ambassador Amos B. Midzi says. Should American customers be put out of reach, "obviously the companies in Zimbabwe will be discouraged."

JULY 15, 1996

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Divider Title: **CAPACITY BUILDING**

Capacity Building

Key Messages

- Capacity is **central to sustainable development**. Countries that show insufficient attention to investment in human capital and institutions are left behind in development.

- African Ministers of Finance and Planning have stressed that the need for capacity exists in **virtually all sectors and areas** of African economies, including the private sector. Capacity to formulate and carry out sound policies and programs is especially low.

- Good governance and capacity building are **two sides of the same coin**. With good governance, African governments can create an enabling environment for capacity building. In turn, capacity creates an enabling environment for both the public and private sectors.

- The **Partnership for Capacity Building in Africa** will require cooperative efforts from all the partners in African development:

  ⇒ From within Africa, it will require consistent focused commitment of the **leadership**. Capacity Building has to be locally-owned and led. At the meeting of Heads of State in Kampala there was endorsement of actions taken so far and a recommitment to capacity building.

  ⇒ On the donor side, it will require qualitative **changes in approach**, so that aid-supported programs will be more sensitive to the need to strengthen local institutions. ***USAID can play an important leadership role in supporting this*** initiative in partnership with African leaders and other donors.

- The Bank is taking steps to change the way in which it does business in Africa so as to ensure that capacity building is mainstreamed in its own lending and non-lending activities.

Interaction with the US Agency for International Development

- USAID attended the initial presentation of the African Governor's Report in Paris in January 1997, and there has been some follow-on dialogue between USAID and World Bank staff tasked to work on the initiative.

- USAID is working with Bank staff in a number of countries on capacity building in areas of mutual interest. Such contact is generally idiosyncratic; more systematic consultation and coordination of support by *all* donors is required.

- Along with other donors, the Partnership proposes approaching USAID for funding support of the PACT Trust Fund.

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Specific Country Activities Relevant to US Interests

South Africa

- USAID has pledged support through paying for participants to attend an Executive Development Program for 200 southern African leaders in the public and private sectors and from civil society at large. The EDP is modeled on the Bank's EDP and involves the Harvard Business School twinned with the University of the Witswatersrand (Wits Business School) and includes a programme for strengthening management training in previously disadvantaged predominately black universities.

- Support and involvement of US firms is being sought, and is already being provided, for technology enhanced education projects in South Africa and southern Africa.

Botswana

- An IDF supporting Human Resource Development was recently completed, for which the selected consultants were a Washington-based consulting firm. The Government of Botswana has expressed satisfaction as to the outcome of the activities.

Uganda

- The Bank and USAID are cooperating on several specific capacity building activities in the private sector such as in the policy and regulatory aspects of micro-finance and strengthening of institutions, and through separate, but related, private sector competitiveness and development vehicles. There is also dialogue about possible joint/complementary work in strengthening the capacity of local government.

Senegal

- Senegal will host the next meeting of Mr. Wolfensohn with African Heads of State. One of the expected topics to be discussed is capacity building.

- There has been recent in-country dialogue with USAID, amongst other donors, about implementing the Government's capacity building agenda, which will be framed out of the forthcoming National Capacity Assessment planned for completion before the Heads of State meeting.

The Importance of Capacity

- Underused capacity and capacity deficits hamper growth and social development in Africa. Government inefficiency undermines the management of the economy and delivery of social services, and impedes the development of the private sector.

- Using and building capacity are development issues which must be integrated into national development agendas. Social and economic development depend on a country's ability to:
  - ⇒ **Retain** its skilled and experienced people
  - ⇒ Let all citizens **develop their talents** to the fullest
  - ⇒ **Formulate sound policies**, strategies and programs and make sound technical decisions
  - ⇒ **Manage** financial, human and material resources
  - ⇒ Provide a **regulatory environment** which supports development

Making Better Use of Capacity

- Both African governments and donors need to focus on making better use of the significant capacity that already exists in Africa.
  - ⇒ For instance, many African countries export human capital—the "brain drain"—because they are unable to offer a rewarding and remunerative career path to skilled professionals. **Private sector development and civil service reform** are key steps in keeping skilled and experienced people in-country.

- In other cases, capacity is partially developed but then encounters roadblocks to further progress.
  - ⇒ As a whole, for instance, Africa has made tremendous progress in providing basic education since independence.
  - ⇒ But during the "lost decade" of the 1980s, primary enrollment fell and did not rebound until the 1990s. Now below 80%, it remains the lowest in the world.
  - ⇒ Primary enrollment also exhibits a sharp gender discrepancy—the rate is 84% for boys and 71% for girls. Of those children who are in school, many suffer from learning difficulties because of malnutrition, which remains too high. And for those who finish secondary school, only 4% have access to higher education.

- In other words, Africa is **greatly underutilizing its existing human capacity**. Many countries already have the human development tools—health, education, nutrition—to realize more of their own potential. But these core services **must be provided much more broadly and effectively** to help all Africans make the most of themselves.

The Partnership for Capacity Building

- The **Partnership for Capacity Building** is a new, continent-wide initiative led entirely by Africans. The Partnership will be closely coordinated, and enriched by, EDI's program of activities in Africa.

- It avoids the most critical shortcomings of past capacity building efforts and adopts methods that build on best practices and lessons learned. Unlike past efforts, the

Partnership will be demand-based and locally-driven. It will not create new institutions or costly bureaucracies, but will aim to make current technical assistance and other tools more effective.

- The Partnership's primary concerns lie with improving governance, changing behavior, shifting focus, refining tools and improving coordination of capacity building elements.

The Partnership will focus on:

- ***Transforming the Public Sector:*** making the public service professional; building government capacity in policy analysis by complementing and strengthening existing institutions; decision-making, monitoring and evaluation; accounting, auditing and financial management skills; strengthening the legal system; developing management and leadership in public administration; and legislative oversight and supervision.

- ***Building Private Sector Capacity:*** creating management training for entrepreneurs, strengthening professional and trade associations; revising banking systems.

- ***Giving Voice to Civil Society:*** strengthening analytical and managerial skills, empowering community organizations, associations and NGOs, supporting public-interest advocacy, enhancing capacity in development communications.

- ***Strengthening Capacity for Education, Training, Research and Information Technology.*** The PACT will support two especially important measures.
  - ⇒ <u>Revitalizing African universities</u> through strategic planning, enhancing quality of research, and incentives to attract African professionals back from abroad.
  - ⇒ Selecting and upgrading institutions as <u>regional centers of excellence</u> in networks with international institutions. Priorities here are enhancing access to information technology and improving the quality of basic education.

- ***Capacity Building in Key Sectoral Programs***, such as agriculture and rural development, environmental management, health care services and infrastructure.

National and International Level:

- At the <u>national</u> level, the Partnership suggests creating National Capacity Secretariats, which would join government, the private sector, civil society and the academic community to create a national strategy. Already created in more than 20 countries.
- At the <u>international</u> level, the Partnership has proposed an umbrella *Partnership Group* of about 20 members to build consensus and seek international support.

PACT Trust Fund:

- A ***Trust Fund*** will be created to fund initiatives on a grant basis. It will derive funds from an endowment and from contributions by development agencies, private corporations and foundations. The Trust Fund will be managed by the Partnership Group, with the help of a small secretariat.

- The World Bank and other donors are prepared to support the Partnership and immediately assist it financially and administratively in getting started. The Bank has already established a focal point for capacity building within the Bank.

Next Steps

1) Capacity Building may be on the agenda of the next Leaders Forum in Senegal.
2) The Partnership will soon present a **business plan** which sets out strategy, management structure, and costing. This will make it possible to:
    a) establish the PACT Group
    b) seek seed capital from the Bank and contributions from other donors

The current schedule calls for completing all the above steps by the end of this fiscal year.

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Divider Title: **CONFLICT PREVENTION**

Conflict Prevention and Post-Conflict Reconstruction

How does the nightmare of violent conflict begin? Can we prevent it from recurring? And for those countries who have suffered it, can they work with partners to reconstruct their shattered families. fields and factories, and to restore the mutual trust that is the bedrock of development?

The Causes and Costs of Conflict

- There is no simple answer as to why or when conflicts erupt. But it is clear that underlying causes of conflict almost always include:
  - ⇒ **Poverty and inequality**--in particular, uneven access to productive resources such as land, capital, skills and services (e.g. health and education).
  - ⇒ **Political, religious and/or ethnic** competition for the control of scarce resources. Half of all conflicts since 1980 have had an ethnic or religious dimension.
    - For example, Rwanda had the highest population-to-usable-land ratio in all of Sub-Saharan Africa before its war erupted, as well as pronounced ethnic divisions. Angola's ideological struggle was fueled in part by a competition for control of oil and diamonds. And in Liberia and Sierra Leone, competition over gold, precious woods, and diamonds sparked conflict.

- War in the modern world is inevitably accompanied by poverty, displacement, and destruction of previous development.
  - ⇒ **Poverty**, in particular, seems to be both **a cause and a consequence** of conflict. Fifteen of the poorest 20 countries in the world have suffered significant periods of conflict since 1980, and more than half of all low-income countries have been involved in major civil conflicts in that time,
  - ⇒ Likewise, in Africa there is a direct correlation between the poorest countries and those countries either embroiled in, or just emerging from, violent conflict. **Poverty and war are a vicious circle**.

- **Sub-Saharan Africa** has been **hit especially hard by violence**. The continent loses more lives to war and related causes than does any other region.
  - ⇒ **Of the forty countries suffering from major conflicts in 1996, one-third were in Africa**. Historically, 90% of the casualties resulting from wars between armies were military personnel. In Africa today, 90% of the casualties are civilians. These conflicts have generated **five million refugees in Africa**—one-third of the world's total—and **displaced an additional 16 million people**. This can have profound impacts on neighboring countries. These conflicts have also left a deadly legacy of **20 million landmines**, 9 million in Angola alone.

- Moreover, even the prospect of conflict can infringe on development. **Military expenditures** in many African countries **outstrips expenditures on such basic services as health and education**. This constrains countries' ability to break the vicious cycle of inter-generational poverty, which is due in large part to gross underinvestment in human and social capital.

- In fact, **warfare has** not only **retarded human development** on the continent, it has actually contributed to the **depletion of human and social capital** by **causing the death or flight (brain drain)** of many of the educated.

Stopping Conflict Before It Starts

- **Poverty reduction** is one of the best means of conflict prevention. Reducing poverty helps treat the underlying causes of conflict by addressing inequalities and by encouraging the shift of resources from nonproductive (military) to productive (agriculture, education, health, industry) sectors. Instruments include:
  - ⇒ *Poverty assessments to* learn who and where the poor are and how to reach them
  - ⇒ *Economic reforms--especially* shifts in budgets to reduce allocations to defense and protect social service expenditures
  - ⇒ Programs addressing good *governance and resource* accounting through *reform of* financial and economic institutions, demobilization, civil service reform, and promotion of civil society.

- Governments and donors also need to **integrate concern** for conflict **into development operations**. They must ensure that interventions do not aggravate existing inequalities.

- It would also be useful to **study the roots *and* lessons** of recent African conflicts **with *a view* toward preventing** them from happening again:
  - ⇒ Some African leaders have already proposed such an inquiry, which could be undertaken by an eminent panel of African experts. Prime Minister Meles proposed such a study of Rwanda during a recent OAU session; President Mugabe has expressed interest in seeing the Bank support such an initiative.

- Where countries are already on the verge, or in the midst of conflict, the Bank's scope for action is obviously far more limited. However, the Bank and other agencies can provide emergency relief. They can also maintain "**watching briefs**" to **understand the context and dynamics of the conflict** and **anticipate post-conflict needs**. This could enable the design of appropriate interventions even before the conflict has ceased.

- **Taking conflict dynamics into account during reconstruction can help prevent conflict from recurring**, since many countries return to war when reconstruction fails. In such cases, the Bank should work with humanitarian agencies on the long-term implications of short-term relief strategies.

Post-Conflict Reconstruction

- For countries emerging from war or conflict, there are two primary aims: first, to ***facilitate the transition*** from war to peace; second, **to lay the *groundwork for development***.
  - ⇒ Because the window of opportunity is short, both must be pursued simultaneously. Piecemeal interventions will not work; indeed, they may even create additional distortions in the economy and deepen conflicts. Policy interventions need to be applied in a comprehensive, well-sequenced and flexible manner.

- ***Economic reform** is* critical. Economic stabilization and revitalization need to be rapid. Controlling inflation, enhancing financial and economic management, and creating a stable environment for investment in key productive sectors are crucial to restoring confidence.

- But **reconstructing** war-torn societies **involves much more than economic measures**. While keeping the macro picture squarely in view, it also requires:
  - ⇒ *Relocation and reintegration of* refugees;
  - ⇒ *Assisting ex-combatants in* transition to civilian life through demobilization and reintegration programs;
  - ⇒ Mounting projects targeting the *war-affected populations,* such as "social funds" in Angola, Eritrea, Ethiopia, Mozambique, Rwanda and Uganda or emergency social recovery projects in Angola, Rwanda and Sierra Leone;
  - ⇒ Rebuilding shattered *social and economic institutions*;
  - ⇒ *D*emining programs;
  - ⇒ Restoring good governance by reestablishing the rule of law and rebuilding related security, judicial and political institutions;
  - ⇒ Strengthening civil society and the relationship between government and the citizenry, in other words, restoring social capital to promote reconciliation and trust-building, especially among formerly warring groups; and
  - ⇒ Rehabilitating basic *physical and social infrastructure,* especially roads, ports, power and water supply, schools, and health centers

The World Bank's Role

- Much of the Bank's earlier reconstruction work was focused on rebuilding infrastructure--a traditional area of strength--but recent responses have expanded to include operations in economic recovery (Uganda), social sector needs (Angola), and building institutional capacity (Sierra Leone).

- **New lending** operations have also been developed specially for post-conflict situations, including **demining** (Bosnia) and **demobilization of ex-combatants** (Ethiopia, Namibia, Uganda). On the whole, given the absence of clearly defined procedures, the Bank has responded flexibly. However, up-front costs have been high. The scope and urgency of the reconstruction task requires greater certainty about what is permissible under Bank policy and guidelines.

- Over the past five years, an increasing number of African countries has sought Bank financial and technical assistance for post-conflict social and economic reconstruction. To meet this demand, the Bank established a **War-to-Peace Transition Team** within the Institutional and Social Policy Group of the Africa Region in July 1996.
  - ⇒ The Team's objective is to help client countries and Bank staff build the foundation for peaceful development in conflict-related situations. The Team provides operational support in all the above areas. It is intended to design such programs in partnership with beneficiaries, client governments, NGOs and other donor agencies. The Region's current war-to-peace portfolio comprises the following countries and projects which are described in the attachment:

    Angola: Social Action Project

	Emergency Social Recovery Project
Chad:	Demobilization and Reintegration Program
Djibouti:	Ex-Combatants Assistance Program
Eritrea:	Refugee Reintegration Program and Community Action
Project	
Mozambique:	Provincial Reintegration Support Fund
Namibia:	Northern Reconstruction and Poverty Reduction Strategy
Rwanda:	Demobilization, Reintegration and Reconciliation Program
Sierra Leone:	Emergency Recovery Project
Uganda.	Veterans Assistance Project

The Africa Region's War-to-Peace Portfolio

ANGOLA

Social Action Project
- Improve access to basic services and generate employment for the poor by rehabilitating and equipping community infrastructure in health, education, water and sanitation.
- Build institutional capacity and establish an integrated system to monitor the living conditions of the population to inform poverty alleviation strategies and programs.

Post-conflict Social Recovery Project
- Facilitate the reintegration of demobilized soldiers, internally displaced persons, refugees and the handicapped by rehabilitating the economic and social infrastructure.
- Support family tracing, placement of orphans, training for street children, and nutrition programs.
- Build capacity for the implementing agency, the Ministry of Social Assistance and Reintegration.

CHAD, DRC, DJIBOUTI, NAMIBIA, RWANDA, AND UGANDA

Demobilization and Reintegration Program
- Decrease the possibility of future violence by reducing the number of soldiers and to reallocate scarce public funds from security to social and economic development.
- The program includes the following: disarmament and discharge, the provision of a settling-in package (clothing, food, medicines and other basic necessities), and longer. term reintegration assistance (strengthening social services, access to land, seeds, tools. credit and referral service, training and employment).

ERITREA

Community Development Fund Project
- Support the rehabilitation and development of basic social and economic infrastructure, especially in the remote and war-devastated areas.
- Improve the income-generating capacity of poor people and households.

MOZAMBIQUE

Provincial Reintegration Support Program
- Utilize a decentralized approach to facilitate the reintegration of ex-combatants through the reconstruction and rehabilitation of social and economic infrastructure through a series of micro-projects.
- Main components include: (i) information and counseling, (ii) training and skill development, and (iii) employment generation through micro-projects (microenterprise development, household farming) and public works (small scale construction, institution building).

RWANDA AND DRC

Community Reintegration and Development Program

- Support the social and economic reintegration of refugees and other vulnerable groups in a process of national reconciliation.
- Main components include: (i) a community reintegration and development find, (ii) institution and capacity building, (iii) studies, and (iv) project coordination and monitoring.

SIERRA LEONE

Emergency Recovery Project

- Support reconstruction, rehabilitation and reconciliation efforts in war-affected areas through (i) social and economic reintegration assistance for vulnerable groups, in particular ex-combatants; (ii) capacity-building for the Ministry for National Resettlement, Rehabilitation and Reconstruction; and (iii) the development of an Integrated Information Center to facilitate donor, government and NGO coordination.
- Project currently on hold due to the political situation.

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Divider Title: **EDUCTION**

Education

Key Sector Messages

- Education in Africa must improve in order to reduce **poverty**, improve **health**, ensure a capable **workforce**, attract **investments.**
- Africa as a whole is **not getting its money's worth** for education investments.
- **Enrollments must increase** at all levels, especially at the basic level.
- **Quality** of education must improve.
- **Enrollment of girls** must increase in most countries.
- Major **policy reform** is needed to improve effectiveness of services.
- Harnessing of **technology** will help Africa to "leapfrog" into the 21st century.

Bank Views on U.S. Initiative

World Bank education managers were invited to a White House meeting with Assistant Secretary Rice on March 2, 1998 to discuss US plans to reallocate $120 million of existing funds for education in Africa. The Bank managers gave the following responses:

- It is **very encouraging** that President Clinton gives so much attention to education. This is probably more important than the money itself, which in total is not much.
- The Bank's priority (as is USAID's in most of Africa) is to help Africa **rapidly develop basic education**, since we believe that perhaps half of the African countries do not even have the minimum level of human development required to fuel sustained growth needed for poverty reduction. However, at the same time, Africa needs to ensure that it keeps up with international development in science and technology if it is to integrate with the global economy. If not, it will become even more marginalized. Therefore, **targeted support for higher education** would also be a priority.
- For sustainability and effectiveness, the US should not develop a new initiative to spend the $120 million, but should support *existing* initiatives in areas **where the US has comparative advantages** and where this could act as a catalyst for greater involvement from the **US private sector and US civil society** at large. The Bank cited the Africa Virtual University as an existing initiative that needs support, and noted the comparative advantage of US higher education institutions in providing software—programs already developed or that could be developed for the AVU.

Sector Issues

Enrollments at all levels are too low and are not equitable

- From 1960-80, Africa's gross primary enrollment ratio more than doubled, from 36% to 77%.
- But during the "lost decade" of 1980s, enrollment fell again and did not rebound until the 1990s.

- While 15 of 48 Sub-Saharan African countries are at or near universal primary education, 12[1] still enroll fewer than half their children in primary school.
- One in two adults in Africa is illiterate. More than half the adult women are illiterate.
- Girls' access to education--the best single investment a country can make--still trails boys' by a wide margin. Primary enrollment ratio is 84% for boys and 71% for girls.

The Quality of Education is too Low

- Key measures of quality -- repetition and survival -- are worse in Africa than in most regions

Primary repetition rates	**% of pupils reaching 5th grade**
Africa 17.5%	Africa 50%
Latin America 7.5%	Latin America 80%
East Asia 7.1%	East Asia 84%

- Low quality means children learn little and repeat grades. Parents see value for their children and sometimes withdraw them from school. Low quality tends to **increase the costs** of education while **reducing enrollments**.

Africa invests considerably in education but does not get enough for its money

- As a share of GNP, SSA invests more public funds on education than does any other region: SSA (4.4%), East Asia (3.3%), South Asia (3.8%).
- But the combination of smaller, slow growing economies, a larger share of the population in school and low quality, means per pupil spending and quality outcomes are low.
- Countries have to run faster in order to remain still - population growth outpaces resources available to education - Between 1995-2020 the population of primary school age children is projected to increase by 52% in SSA while it will decline in virtually all other parts of the world. To attain universal primary education by 2020, the current figure of 71 million pupils in primary education would have to increase by another 91 million. 63% of this figure is explained by population growth.

Neither the quantity nor the quality of post-primary education is adequate

- African secondary enrollments are below 25%, compared to 50%, or more in other regions.
- Secondary education systems are too small to provide the mid-level skills base needed to prepare African students for university or to make African workers competitive.
- Only 4% of students have access to tertiary education.
- Tertiary institutions are not sufficiently developed to build African capacity in research or in relevant professions such as technology, the sciences, and public information.

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[1] Eritrea, Ethiopia, Mali, Chad, Guinea, Niger, Sierra Leone, Liberia, Angola, Burkina Faso, Somalia, and Djibouti.

Priorities for Action

- For most African countries, achieving **universal primary education** is the highest priority. Primary education--especially for girls--pays a higher economic return than any other development investment. It also has important spin-off effects in reducing fertility, improving health, increasing maternal and child survival, and improving environmental practices.
- **Improving quality** of education at all levels is a precondition for other education interventions to succeed and to help make Africa competitive in the global economy. The low quality of primary education is a significant factor in the low enrollments at higher levels. Quality improvements include new curricula, teacher training, and new pedagogic methods.
- **Improving access** to secondary education will have a direct effect on income distribution. Increasing **non-formal** education opportunities in **literacy** and for **workers** can increase labor earnings and enable firms to improve productivity and use higher technologies. Such programs need to be responsive to labor market demand, however.
- **Policy reform** may be necessary in some countries to ensure focus on core investments and to allow for innovative approaches such as **early childhood development** and **distance learning**.
- **Doing more with less**--non conventional means of delivering education.
- Demonstrated **political commitment** to education **access** and to **quality.**
- Forge **partnerships** between the government and private sector.
- **Target public** resources to programs with high externalities such as female education and basic education.

Bank's Role

- The Bank lends about $400 million annually to Africa. Currently, the portfolio comprises 49 projects worth $1.5 billion. About 2/3 of these funds are not disbursed.
- Support governments' capacity to plan, manage programs in an integrated manner, and with a long term view. The Bank has made its instruments more flexible to enable greater responsiveness. Adaptable program lending allows the countries to develop a long term (about 10 years) lending program with the Bank while the Learning and Innovation Loans enable the Bank to support innovation and experimentation in an agile manner.
- HIPC initiative creates space for increased spending in education.
- UN initiative on education - especially focusing on low enrollment.
- Helping countries harness information technology - the Bank is supporting education technology through (a) the Africa Virtual University which delivers education in science and engineering via satellite in Kenya, Ethiopia Ghana, Tanzania, Uganda and Zimbabwe. Another eight Francophone countries will be added to this list, (b) EDI World Links for Development which will connect schools in Uganda, Ghana, Senegal, Mozambique and

South Africa to OECD countries, (c) Teacher education-at-a-distance which has identified 19 countries for possible support for in-service and pre-service teacher development and technology infrastructure.

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Divider Title: **ENVIRONMENT**

The Environment in Africa

Key Messages

- ***Reversing the degradation spiral of natural capital*** to achieve food security and improve rural income while conserving ecosystems.
- ***Building capacity for environmental management*:** this is an unfinished business for both the public and the private sector. The US, World Bank and other donors have mainly supported the building of public environmental agencies. More effort is now required to enhance the environmental capacity of the private sector.
- ***Ensuring the environmental quality of new investments*:** a stick-and-carrot approach should be followed to help entrepreneurs become more proactive by incorporating the environment in their business processes
- ***Creating more jobs through improved environment*:** Africa has a unique natural heritage which has been almost untapped for tourism, a booming industry worldwide. This is a source of growth and jobs to develop as a few African countries have started e.g. South Africa, Botswana. Other jobs should equally be created in environmental goods and services
- ***Incorporating the environment in macroeconomic management*:** environmental information systems have started to be developed with key indicators providing the right signals to decision-makers. Current pilot operations should be expanded.
- ***Building regional partnerships for managing regional ecosystems*:** this is a necessary complement to regional free trade, telecommunications, energy pooling, and financial infrastructure. It concerns the management of the large river basins, coastal zones, transfrontier biodiversity areas. It requires harmonization of environmental policies and regulations, and continued roles for SADC and other regional organizations.
- ***Dealing with climate change, one of the toughest African challenges.*** Africa is likely to be the the continent hardest hit by climate change while contributing the least in terms of green house gas emissions. The US, World Bank and other donors should therefore help African countries adapt to climate change and increasing variability and grasp opportunities offered by GEF. New instruments originating from the Kyoto Protocol should be tested and piloted to develop renewable energy, protect and expand forests, and increase soil fertility through more carbon storage.

Main Environmental Issues

- ***Heavy reliance on natural capital*:** most African economies depend heavily on their natural capital. Land degradation, deforestation, lack of access to safe water and loss of biodiversity are the main environmental concerns
- ***Extreme poverty with fast population growth*:** poverty is both a cause and a result of environmental degradation. The extreme poverty is exacerbated by a demographic explosion unprecedented in human history with a current annual average growth rate of about 3%.

- ***World's fastest urbanization and migration to coastal zones.*** More and more, urban population lives in coastal zones which register the fastest in-migration. These zones are affected by a wide range of issues related to terrestrial and marine ecosystems, infrastructure, urban and industrial development
- ***Evolution to market economies unsufficiently supported by environmental safeguards*:** there is still a huge need for appropriate environmental policies and regulations, including market-based instruments.
- ***Extremely fragmented continent without yet adequate capacity and mechanisms to manage regional ecosystems*:** the current division in 48 countries makes it particularly difficult to address sub-regional issues such as the management of major water basins, the protection of primary rainforest and the conservation of marine and coastal ecosystems.
- ***Africa likely to be the most affected continent by climate change*:** many parts of the continent are likely to get drier with greater rainfall variability, including more frequent droughts and floods (as experienced this year with El Niño), despite the fact that Africa is the lowest emitter of green house gases (only about 7% of the world total). This is likely to intensify existing problems of water supply, diseases such as malaria, and food insecurity

USA/World Bank Environmental Partnerships

- ***Promoting National Environmental Action Plans*** and helping countries implement them: the US and World Bank have been pioneers in helping African countries develop their NEAPs and implement them through Environmental Support Programs (ESPs). About 35 NEAPs have been prepared but only 8 ESPs are being implemented
- ***Supporting regional mechanisms*:** both the US and World Bank are contributing to building sub-regional capacity for environmental management, e.g. in the Sahel via the Club du Sahel and CILSS; in the Congo Basin to protect the main block of tropical rainforest (second only to the Amazon); and in Southern Africa. However much more needs to be done, e.g. for the effective management of the large river basins
- ***Supporting networks, NGOs and professional associations*:** the Network for Environmentally Sustainable Development in Africa (NESDA) has become an incorporated international NGO because of steady support of the US, World Bank and other donors. Likewise, other networks and professional associations have been established e.g. for environmental economics and environmental assessments. Internet has become the link within this networks for disseminating knowledge.
- ***Developing environmental information with key indicators*:** a special effort has been made via the NEAPs and ESPs to provide decision-makers with the right signals about the status and evolution of their natural capital. These indicators are now being incorporated in macroeconomic management in a small sample of countries (e.g. South Africa, Namibia). A network of EI specialists has been developed with its secretariat in South Africa.
- ***Starting dealing with climate change*:** US/World Bank partnership (through USAID and NOAA) has been successful in helping establish weather forecast with lead time in Southern Africa, giving resource users (particularly farmers) for the first time the

opportunity to adjust their strategies to predicted rainfall. The same process is now starting for Western Africa

Challenges ahead

- ***Environmental capacity building, an unfinished business*:** the US, World Bank and other donors need to continue and expand their support to local and national EAPs and ESPs to cover almost all African countries, helping each of them to develop adequate policies, regulations and build their institutional framework to implement them
- ***Being tough to ensure the environmental quality of new investments*:** both the US and World Bank have focused on environmental safeguards to ensure the environmental sustainability of new projects. More needs to be done by using a carrot-and-stick approach, educating private entrepreneurs and bankers, and making them environmentally proactive
- ***Creating more jobs while conserving the unique African biodiversity heritage*:** tourism is a booming industry worldwide with average annual growth rate of about 10% and about 10% of total employment but Africa , despite its natural capital, is only marginal in this business with only about 1% of world turnover. This should be one of the major sources of growth for Africa and a way to ensure biodiversity sustainable conservation . South Africa is taking this route. Its objective is to push its tourism industry from 5 to 10% of GNP, which would mean about 2 million new jobs according to the recent SA White Paper on tourism. Many other countries can follow the same path. Other sources of green jobs should also be tapped in the brown agenda, e.g. water and waste management, and other environmental services.
- ***Expanding actions to mitigate climate change*:** support for helping Africans adapt to climate change and variability should expand, ensuring that the new mechanisms agreed in Kyoto become operational in Africa. Moreover, both the US and the Bank in association with other donors should help Africans grasp the new opportunities offered by the Kyoto Protocol and GEF to develop pilot projects for renewable energy, protect and expand forest and woodland areas and improve soil fertility by storing more organic matter. Environmental issues need to be fully integrated in rural development to ensure sustainable food security while protecting natural ecosystems.
- ***Towards more regional integration for environmental management*:** this should be a necessary complement to regional free trade, energy and telecommunications, and financial infrastructure. Special effort needs to be made for integrated water resource management of the major river basins, transfrontier biodiversity conservation and tourism, harmonization of environmental regulations, and environmental information.
- ***Promoting integrated coastal zone management*:** The Bank has initiated support in this domain. The US and other donors should join to deal with this big emerging issue, as illustrated in West Africa where about 50 million people are expected to live on the coastal band between Accra and Lagos by 2025.
- ***Continuing support to networks, NGOs and professional associations*:** this rather successful support provided by the US, World Bank and other donors should expand, with even more focus on connectivity and knowledge management.

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Divider Title: **Governance, Transparency & Corruption**

Governance, Transparency and Corruption

Background

- The degree of **government legitimacy, accountability and contestability** are indicators of good governance. Concrete examples include well-functioning legal and judicial systems and transparent financial transactions.

- African leaders have expressed particular concern about corrupt practices in the **funding of political parties** from local and international sources.

- Bank lending has focused on strengthening those functions which are **essential for rigorous governance**: the civil service; economic and financial management; accounting, auditing and procurement systems; enforcement of related laws, especially regarding property rights and contracts.

- The Bank has lent to African governments for deregulation of their economies and the privatization of public corporations: this **fosters free markets and reduces opportunities for corruption**.

Bank Program to Combat Corruption in Africa

- **Procurement guidelines have been amended**. At borrower's request, an undertaking to observe the country's laws on bribery may be inserted into the bid form. Benin, Tanzania and Ethiopia have requested such assistance.

- **No Bribery Pledge (NBP)**. Some Heads of State have expressed interest in the Bank helping them to introduce a NBP into procurement related to Bank-financed international tendering. The Bank has agreed subject to: (1) there being adequate laws on bribery on the books; (2) a willingness to extend the NBP to other forms of procurement, and (3) a satisfactory anti-corruption program being in place.

- An **internal regional procurement audit has been carried out**; 20% of WB's March-May 1997 no-objections given to contract awards were examined and lessons drawn to reduce opportunities for irregularities.

- We are **strengthening disbursement and audit capabilities**. Additional specialists in these areas have been sent to resident missions. Accounting Department has prepared 19 country profiles of financial accountability in Africa to help identify institutional weaknesses within accounting and audit services.

- We have been asked to help six countries **establish** or **strengthen anti-corruption programs**: Ethiopia, Uganda Tanzania, Malawi, Mali and Benin. In five of these cases you have received letters from heads of state requesting WB help. We are discussing support to anti-corruption units in Malawi and Benin.

- **EDI has been active**: conducting workshops for journalists on investigative techniques and for parliamentarians on the role of public accounts committees.

- We have stated that the **Bank Group will curtail its support to governments** which are **unwilling to take action against corruption**. Kenya is a case in point.

- **We are collaborating** closely with the IMF, the Global Coalition for Africa and Transparency International **in the fight against corruption in Africa**.

Country Example: Uganda

- Public expenditure on primary education and health care being carefully tracked.

- EDI workshops held on investigative journalism and national integrity; service delivery and national integrity surveys conducted.

- Current Bank-supported Public Expenditure Review examining role of corruption.

- WB will send mission by mid-1998 to develop program of support to combat corruption.

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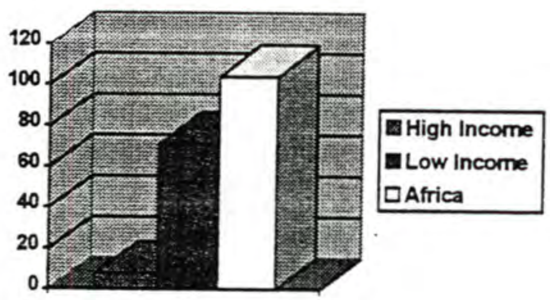
Divider Title: **HEALTH & AIDS**

AFRICA: HEALTH, NUTRITION AND POPULATION

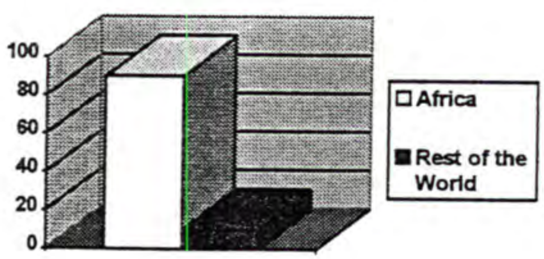
THE IMPORTANT ISSUES:

- MATERNAL DEATHS
- CHILD MORTALITY
- HIV/AIDS
- MALARIA
- EXCESS FERTILITY
- HEALTH SECTOR REFORM

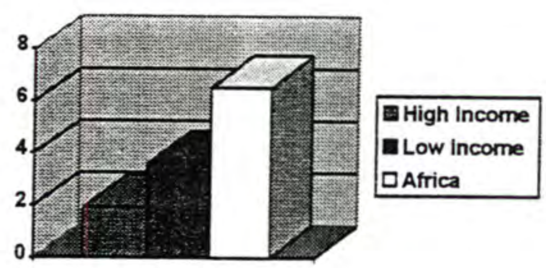
Infant Mortality Rate



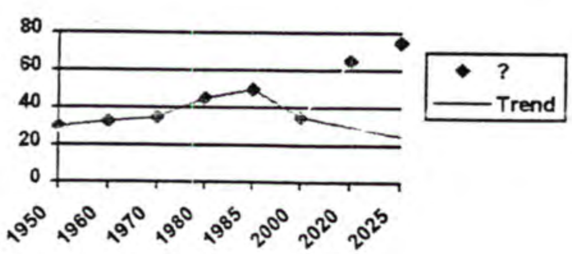
Malaria Cases (Millions)



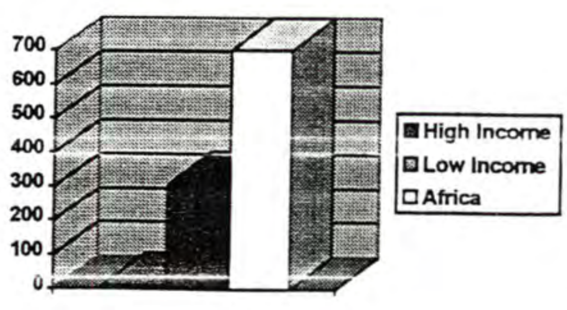
Total Fertility Rate



Efffects of HIV on Life Expectancy



Maternal Mortality



1. **Africa faces three major crises that are related to population/reproductive health**

a. The world's highest maternal and childhood mortality

- Average life time risk of a pregnancy related death:
    - Africa: 1:15 to 1:50
    - OECD 1:4000 to 1:10,000
- one in six children dies before the age of five years
- 40% are malnourished

b. The world's highest fertility levels

- 6.5 for African women compared to 3.6 for other ***developing countries***
- low contraceptive use indicating big gaps in unmet need for family planning
- above resulting in uncontrolled population growth that outstrips any reasonable expectations of improvement in health care, education, food security, housing or energy supplies

c. The most serious HIV/AIDS epidemic

- The first 15 countries that rank highest in HIV/AIDS prevalence rates in the world are in Africa
- Of the 30.8 million adults and children that are affected by the epidemic, 20.8 million live in Sub-Saharan Africa
- Main age group affected are adults between the ages of 15-60
- HIV/AIDS leading cause of death among adults. Mortality has increased 2-3 times in this group
- Between 25-40 % of current teachers, health personnel, etc. expected to die form AIDS in 5-8 years
- Life expectancy in Sub-Saharan Africa today is what it was in the 1960s due to the effects of the epidemic

2. Malaria: a big disease burden

- 93% of Africans are at risk of contracting malaria
- 90% of malaria cases in the world occur in Africa
- Emergence of drug resistance and rising incidence of malaria has worsened situation

3. Weak performance of the health system

- Health services reach only 50 % of the population
- Children, mothers and the poor have even lower access
- Health care system is not efficient. Because of widespread inefficiency and waste, patients at public health facilities may be effectively receiving the benefits of only $12 worth of quality of drugs for each $100 of tax money spent on them

THE WAY FORWARD

Africa has made great strides to improve the health status of its population during the past few decades. However, a lot more needs to be done.

- Despite the magnitude of the challenges, improvements in the health of the African people is **possible**. However, strong political commitment and determination are prerequisites. The decline in fertility in Bostwana, the persistent decrease in prevalence of HIV over the past five years in Uganda, and the implementation of health sector reform in Zambia and Ghana provide good examples that it can be done.

- We have accumulated experience and lessons in development over the past years that can help us prepare better for the future. **Low cost and yet powerful and cost-effective interventions exist to improve health outcomes**. An essential package of public health and clinical services at a cost of **$13 per capita a year**, which is within reach of most Africans, can significantly reduce disease burden.

The Bank appreciates the enormity of the challenge and is prepared to work in partnership with you and other partners to attain the following:

1. improving health outcomes, particularly for the poor, and protecting them from illness, malnutrition and unwanted pregancies;

2. improving the performance of health care systems by promoting efficiency through much more effective management and health reform; and

3. securing sustainable health care financing through the public and private sectors.

The Bank's primary mission is to alleviate poverty. Improving people's health is fundamental if we are to succeed in this fight.

THE BANK'S INVOLVEMENT

- STATUS AS OF JANUARY 15, 1998 -

Active HNP portfolio in Africa

49 projects in 43 countries
Total project cost: $ 2.7 billion
Bank loans/credit investment: $ 1.5 billion

For the period FY 98 - 03:

the above is envisaged to grow exponentially to about 100 HNP projects.

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Divider Title: **SOCIAL & POLITICAL STABILITY**

The Importance of Social and Political Stability to Economic Performance

There are three elementary conditions for economic growth:

- the absence of social/political strife, so economic activity is possible
- macroeconomic stability, to reduce uncertainty in the economic environment and reduce the risks of economic decisions
- basic efficiency in the allocation of resources in key areas of the economy

The importance of social/political stability in Africa has been demonstrated time and again, when periodic cataclysms of violence and destruction of private property and public assets have undone years of solid economic achievement. It has also become evident that the poorer countries of Africa are less able to withstand such instability than the richer ones, suffering larger and longer-lived economic slowdowns. Further, several socioeconomic groups tend to be especially vulnerable to the violence, insecurity, and loss of income that seem to accompany such periodic episodes of instability.

In addition to the physical destruction of assets and institutions, with serious implications for long term growth (e.g. from the cessation of teaching and learning in schools), instability has had an adverse effect on investor perceptions of Africa. Unfortunately, the occurrence of such instability in several countries has been frequent enough that perceptions have tended to spill over to affect neighboring countries and, in the end, the cumulative effect has been to affect the continent as a whole.

It is possible to capture this effect in several ways, such as low levels of domestic private investment, miniscule foreign investment, and so forth. One telling piece of evidence is the difference in growth rates between countries that have suffered notable episodes of social/political instability, and those that have not. In the most recent three-year period, 1995-97, the 37 poorer countries in Africa (those with per capita incomes below $1000) had an average annual growth rate of 3.7 percent. The 29 countries of this group that were able to maintain reasonable social and political instability had a growth rate of 4.3 percent. The countries that failed this test had an estimated growth rate of 1.8 percent.

AFRICA
Figure 1:Growth and Performance
(Simple country averages)

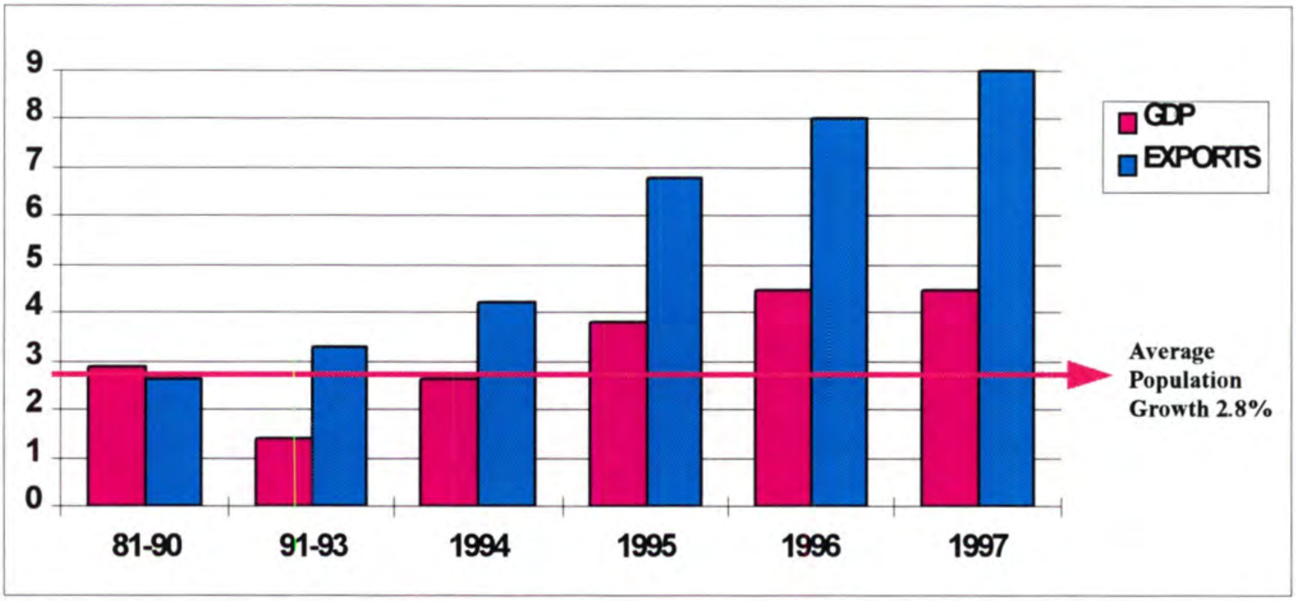
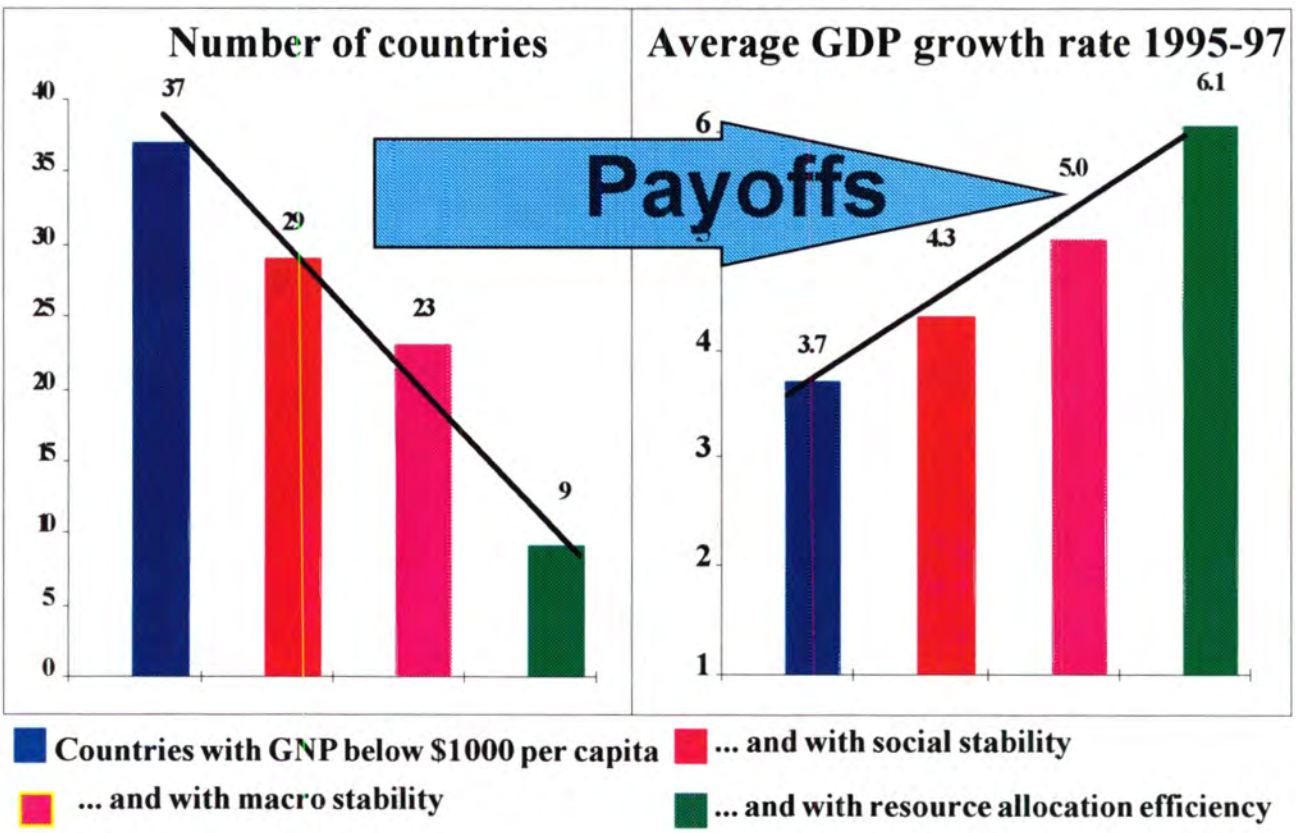


Figure 2: Accounting for Growth



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Divider Title: **TRANSPORT.**

Sub-Saharan Africa Transport Policy Program (SSATP)

Introduction	
Framework for the Program	Program Components
Improving Approach to Dissemination	Planning for Emerging Needs
Available Publications	Calendar of Events

- SSATP Team Travel Schedule (as of 02/01/98)

Sub-Saharan Africa Transport Policy Program (SSATP)

Introduction | Framework for the Program | Program Components |

Improving the Approach to Dissemination | Planning for Emerging Needs

Available Publications

Introduction

The SSATP was launched in 1987 as a joint initiative of the World Bank and the UNECA (United Nations Economic Commission for Africa), to improve response to key policy issues and development of related capacities in Sub-Saharan Africa. The program benefits from the participation of bilateral and multilateral development agencies and is managed by the World Bank in partnership with UNECA, within the framework of the Second United Nations Transport and Communications Decade in Africa (UNTACDA II).

The Program is implemented through a number of components: Road Maintenance Initiative (RMI), Urban Transport (UT), Rural Travel and Transport Program (RTTP), Trade and Transport (T&T), Railways Restructuring (RR), Transport Data (TD), and Human Resources and Institutional Development (HRID).

Framework for the Program

In mapping the future of the program, appropriate consideration is given to the contribution of the transport sector to a development strategy centered on increases of agricultural output and poverty reduction. The SSATP would play an important role in that strategy by focusing on thematic areas targeted at: (i) trade facilitation through reductions in transport costs and quality improvements in services; (ii) alleviation of poverty, by increasing accessibility to the rural and urban poor; (iii) employment creation, by fostering the use of small scale, labor-absorbing, contractors; and (iv) improved domestic resource mobilization thus increasing the availability of fiscal resources for use in the social sectors. In this framework, operational synergies between the SSATP and the preparation and implementation of Sector Investment Programs (SIPs) would be increasingly sought. Program management would emphasize country-focus and the dissemination of best-practices across the Region. Capacity-building would continue to be at the forefront of SSATP's concerns.

An independent Prospective Review of the program issued in 1995 and subsequent discussions in an SSATP Business Meeting in April 1996, led to the following framework for the Program for the coming four years:

(i) the overall thrust of the program will target policy reform with a view towards furthering stakeholder influence on the management of sectors and sub-sectors; general liberalization of the operations of the sectors and sub-sectors; and increase of local resource mobilization for infrastructure maintenance. Building African capacity for sector management and operation remains the core purpose of the program.

(ii) the program will continue to be built on discrete components. The present components that will be continued are the RMI, RTTP, UT, T&T, and RR. The question is left open whether the continuation of TD and HRID is desirable. No additional components are contemplated at this moment (October 1996).

(iii) there are additional activities which should be undertaken, but these will be done within the existing components. At present these activities comprise:

- increased dissemination activities (to be undertaken under all components);
- added emphasis on road safety matters (to be undertaken under the RMI, UT, and RTTP);

- adoption of indicators to show the performance of the program (all components);
- enhanced linkage with African partners and Regional Organizations (RMI, RTTP, UT, and RR).

(iv) overall program management will remain lodged in the Africa Region of the World Bank, but devolution of components on African institutions will be actively pursued; joint management of components will be avoided.

(v) resources for the program will continue to derive from the World Bank (staff time and auxiliary expenses, provision of office space and secretariat); bilateral donors (finances placed under World Bank management through Trust Funds, and direct contributions to particular program components); the multilateral agencies (direct contributions to particular components). The policy should be to move toward funding for a multi-year slice of a rolling program. Donors could continue to finance components of their interest through instruments of their choice. However, donors should consider umbrella trust funds to alleviate the need for a multiplicity of formal agreements, and each financing partner should contribute a reasonable part of the managerial costs of the component, and of the program as a whole.

Program Components

The following components will be pursued and developed within the framework and practices outlined above:

(i) Road Maintenance Initiative (RMI)

The Road Maintenance Initiative unquestionably is the most active and visible SSATP component at this moment. The component has the unreserved backing of several African countries, regional organization, multilateral and bilateral agencies, and of the Bank.

The medium-term objectives of the RMI are: to consolidate advances in countries where reforms are starting to take hold; to broaden its reach and adapt its message to the context of Francophone countries; to develop regional exchange networks; to assist in the implementation of policy reform; and to significantly branch into the area of road safety.

(ii) Rural Travel and Transport Program (RTTP)

The diagnostic stage of the RTTP is completed. It has resulted in the production of four recent (FY97) approach papers on Rural Transport: The Institutional and Financial Framework of Rural Transport Infrastructure, Rural Transport Planning, Promoting Intermediate Means of Transport, and Expanding Use of Labor-based Work Methods in Road Works. These papers provide a clear approach to the development of country programs during the new implementation phase of the RTTP.

Country specific programs include activities aimed at assessing country experience in rural transport, raising awareness through seminars and workshops, and consolidating emerging consensus into a national rural transport policy and strategy and a program for addressing rural travel and transport issues. An iterative process, the RTTP country programs emphasize grassroots participation and local ownership of output. In support of country-based programs, an RTTP Regional Advisor, Mr. George Banjo, has been placed in the Bank's Resident Mission in Zimbabwe.

(iii) Urban Transport (UT)

The urban transport component has until now addressed two practical objectives: (i) the restructuring of urban bus services and the reform of the regulatory framework; (ii) options for the development of non-motorized transport (NMT).

Under the first objectives advice has been provided for reform in Senegal, Burkina Faso, Cameroon, Tanzania, and leading to operational interventions in Senegal and in Cameroon. This work should continue with the objective of drawing lessons and disseminating good practices. It is widening its scope to cover general policies and practices of urban transport, and in this respect should incorporate the experience from the NMT components into urban transport policy formulation.

Activities under the component will widen investigations into urban transport demand and the relations between urban poverty and transport of all modes, motorized and non-motorized.

(iv) Trade and Transport (T&T)

The T&T component is in a well-defined status leading up to the conclusion of the study phase and transformation, by mid-1997, into an action plan phase. The study phase is reaching completion with the recently concluded round-table review of findings and recommendations of the work that grew out of the 1992 Cotonou round table. This is expected to give rise to a follow-up component focused on transport facilitation. The concept and the broadening of coverage to Eastern and Southern Africa will be considered in this context.

(v) Railway Restructuring (RR)

This component, which has been dormant for about two years, is receiving renewed interest from operators and donors alike, in view of the increased amount of action seen in recent years. An assessment of the experiences - good and bad - with restructuring, concessioning, and privatizing African railways could be the starting point for resumption of work on this component. To this extent a regional seminar is currently envisaged for mid-1997.

Improving the Approach to Dissemination

It is envisaged to establish a Task Force on dissemination and capacity building to formulate an action plan. The proposed Task Force should be composed of representatives of sector agencies, administrations, regional organizations, private sector stakeholders, academia and a limited number of representatives of the donors. The Task Force would have a precisely defined scope of work, and a limited duration in time. It would need specific financing allocations. It should look into (i) the linkage between the SSATP and African capacity building; (ii) dissemination of the findings of the SSATP in the African media, administrations and academia; and (iii) practical means of maintaining information links between the SSATP nodes (SSARIN and others) and SSATP stakeholders.

Planning for Emerging Needs

The need for policy reform at the level of individual transport modes is broadly recognized; the paths along which reform should proceed are generally understood. As governments disengage themselves from the provision of services and from the management of transport agencies, they will have to gain the capacity to provide overall policy guidance so that private providers and autonomous public entities are given proper incentives and a sound regulatory framework to foster improvements in services, public safety and good environmental stewardship. Environmental concerns and assessments will have to be brought into the decision-making process in the transport sector to a much greater degree than is presently the case. Simultaneously, the ongoing drive towards administrative and fiscal decentralization will introduce challenges in the management and financing of rural infrastructure.

Presently, however, most governments lack the tools and the capacity to monitor the performance of the sector, to provide the appropriate regulatory framework, and to oversee the financial management of public entities. The renewed focus on poverty reduction will call for a better understanding of the way transport deficiencies contribute to poverty, and of the effectiveness of various possible interventions.

This will lead to a gradual shift from a modal reform stand to a transport sector management perspective to support the objectives of broad-based growth and poverty reduction. It will of necessity place new demands on countries in terms of policy analysis and capacity. These will fall mainly in five areas:

(i) Regulatory Reform and Transport Facilitation

The macro-economic adjustment process and the modal reforms have brought to light the fact that restrictive regulation and lagging capacity in logistics are sustaining high cost structures and preventing innovations. This is hampering the competitiveness of SSA and limiting the development of regional trade. A regional framework for transport facilitation will foster the necessary foundation for multi-modal trans-border services.

The current T&T component would provide the foundation to define this possible future direction of the SSATP. Shippers' councils and organizations representing users and traders would be the driving force at the country level. The sub-regional organizations for economic integration (UMOA, UDEAC, COMESA) would be the regional anchors.

(ii) Corporatization of Sector Agencies

The move towards institutional autonomy of sector agencies, previously under the line of responsibilities of Ministries, will determine the need to clearly define their powers, responsibilities, and accountabilities prior to their creation. This, in turn, will need to be accompanied by the development of the regulatory, legal, statutory, and performance contracting arrangements which are required for the effective discharging of their functions. Since organizational restructuring is a typical component of most SIPs, the SSATP can play an important role through fostering the necessary consensus among the stakeholders involved in the institutional reform process. This would be particularly important in the case of the RMI and RR.

(iii) Fiscal Policy and Financial Management

The transport sector has a heavy impact on public finance and investments. Governments will remain key players in sector financing, through fiscal policy, and as source or guarantor of financial resources. They exert considerable influence on inter-modal competition through taxation and financing. The formulation and implementation of appropriate cost-recovery and funding mechanisms for the various transport modes will therefore be a key prerequisite for creation of a situation of equitable competition between them.

(iv) Sector Performance Monitoring

There is a need to very substantially strengthen the capacity to collect and analyze data at the national level. This is seen as an area where ECA would provide the leadership in partnership with a well established transport institute supported by a lead donor. Governments need the tools to oversee the financial management of autonomous parastatal agencies. The building up of related capacity through financial assessments of the sector would benefit from a regional framework.

(v) Capacity Building for Sector Operation and Management

The Task Force on dissemination and capacity building will establish the links between the program and training and research institutions. The training for transport sector management, from planning and policy-making to the more narrow professional fields of freight forwarding, logistics planning etc., is grossly underdeveloped. It is an area where the potential benefits of regional cooperation are evident.

The development of this line of work would have to be anchored in networks of sub-regional training institutions and universities. The survey carried out for West Africa could provide a starting point. It is suggested here that ECA consider assuming a lead role in redefining regional cooperation in this field.

For further information, please contact Leita Jones, Task Team Assistant, SSATP, World Bank, AFTT1.

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