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Report No: PAD5316

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 37.6 MILLION
(US\$50 MILLION EQUIVALENT)

TO THE

AFRICAN UNION

FOR THE

AFRICA THINK TANK PLATFORM PROJECT

October 11, 2023

Education Global Practice
Eastern and Southern Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective August 31, 2023)

Currency Unit = SDR

US\$1= 0.75191362

FISCAL YEAR

January 1 - December 31

Regional Vice President: Victoria Kwakwa

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ABBREVIATIONS AND ACRONYMS

ACBF	African Capacity Building Foundation
AfCFTA	African Continental Free Trade Area
AM	Accountability Mechanism
ATTP	African Think Tank Platform
AU	African Union
AUC	African Union Commission
AUDA	African Union Development Agency
AWP&B	Annual Work Plan and Budget
CDC	Centers for Disease Control and Prevention
COVID-19	Coronavirus Disease 2019
DA	Designated Account
DFIL	Disbursement and Financial Information Letter
EDIT	Economic Development, Industry, and Trade
ESS	Environmental and Social Standards
FM	Financial Management
FRR	Financial Rules and Regulations
GBV	Gender-Based Violence
GRS	Grievance Redress Service
HHA	Health and Humanitarian Affairs
HISWACA	Harmonizing and Improving Statistics in West and Central Africa
IBRD	International Bank of Reconstruction and Development
ICT	Information and Communication Technology
IDA	International Development Association
IE	Infrastructure and Energy
IFR	Interim Financial Report
IPF	Investment Project Financing
IT	Information Technology
M&E	Monitoring and Evaluation
OIO	Office of Internal Oversight
PAD	Project Appraisal Document
PDO	Project Development Objective
PMRM	Partnership Management and Resource Mobilization Directorate
POM	Project Operations Manual
PPA	Partnership Performance Agreement
PPSD	Project Procurement Strategy for Development
PRC	Permanent Representative Committee
PTSD	Procurement, Travel and Store Division
REC	Regional Economic Community
RFB	Request for Bid
SAP	System Applications and Products in Data Processing
SCMD	Supply Chain Management Division
SDGs	Sustainable Development Goals
SEBE	Sustainable Environment and Blue Economy
STC	Specialized Technical Committee
STEP	Systematic Tracking of Exchanges in Procurement

TA	Technical Assistance
ToR	Terms of Reference
TTI	Think Tank Initiative
TTPSC	Think Tank Platform Steering Committee



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Africa	Africa Think Tank Platform Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P179804	Investment Project Financing	Moderate

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
02-Nov-2023	30-Aug-2028

Bank/IFC Collaboration

No

Proposed Development Objective(s)

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



Components

Component Name	Cost (US\$, millions)
Establish capacity to operate a sustainable policy making platform	3.50
Strengthen the quality, relevance and uptake of policy research on priority issues	35.50
Support platform sustainability	11.00

Organizations

Borrower: African Union
 Implementing Agency: African Union Commission

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS

World Bank Group Financing

International Development Association (IDA)	50.00
IDA Grant	50.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	SML Amount	Guarantee Amount	Total Amount
Africa	0.00	50.00	0.00	0.00	50.00
Regional	0.00	50.00	0.00	0.00	50.00
Total	0.00	50.00	0.00	0.00	50.00



Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028	2029
Annual	7.00	17.00	7.00	7.00	7.00	5.00
Cumulative	7.00	24.00	31.00	38.00	45.00	50.00

INSTITUTIONAL DATA

Practice Area (Lead)

Education

Contributing Practice Areas

Governance

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Low
3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Substantial



COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description



Section I.A.1(a) of Schedule 2 to the Financing Agreement:

AU to establish, by no later than three (3) months after the Effective Date, and thereafter maintain throughout the period of implementation of the Project, under terms of reference set forth in the POM, a Think Tank Platform Steering Committee (“TTPSC”) headed by the PMRM’s Director and comprising a pan-African representation, including delegates from development partners, regional economic communities, private sector, academia and other Project stakeholders, which committee shall become the highest-decision making body within the Project and provide advice to Project Secretariat

Sections and Description

The Recipient shall, by not later than four (4) months after the Effective Date, select and hire, and thereafter maintain throughout the period of implementation of the Project, the services of an external audit agency or firm, with qualifications and experience, and under terms of reference, acceptable to the Association, for the carrying out of the annual audits of the Project’s Financial Statements

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	The AU has prepared and adopted a POM in a manner and substance satisfactory to the Association
Effectiveness	IBRD/IDA	The AU has established the Project Secretariat in a manner and substance, and under terms of reference, acceptable to the Association
Effectiveness	IBRD/IDA	The AU has prepared and approved through the AUC’s Partnership Management and Resource Mobilization Directorate, a Labor Management Procedures for the Project, in a manner and substance satisfactory to the Association.
Disbursement	IBRD/IDA	No disbursement shall be processed under Category (3) until the AU has: (i) internally approved and established through its internal policy organs the Endowment Fund, and (ii) appointed the Fund Manager, all in manner and substance satisfactory to the Association



I. STRATEGIC CONTEXT

1. African policy makers are breaking new ground on a range of policy issues with cross-continental implications. Under the auspices of the African Union (AU), African countries have jointly pronounced a potentially transformative roadmap—Agenda 2063—with the aim of attaining a pan-continental African vision of “an integrated, prosperous, and peaceful Africa, driven by its own citizens representing a dynamic force in the international area.”¹ Translating the ambitions of Agenda 2063 to deal with the continent’s development challenges will require the African Union Commission (AUC) to harness significant capacity for policy making and implementation, drawing from national and continental resources.

2. Addressing shared continental challenges and building resilience to future shocks will require evidence-based and inclusive policy making. African think tanks can play an important role in supporting evidence-based policy making in Africa. According to the Think Tank Initiative (TTI), think tanks in low- and middle-income countries are in a unique position to bring about positive change in their societies.² By generating and analyzing credible data, they can enhance public policy debates and promote evidence-based decision-making that improves people’s lives. Supporting think tanks to play a role in providing the conditions in which good policy choices are made has contributed to impressive economic returns.³

3. The Africa Think Tank Platform (ATTP) Project aims to create a sustainable platform for generating evidence-based knowledge on cross boundary issues. The project will pay attention to the different actors within the system including governments, think tanks, academia, regional economic bodies, development partners and others to strengthen the relationships between them to ensure that there is a flow of research and evidence to support better policy making on priority issues with cross-border implications and policy implementation at the regional and national levels.

A. Regional Context

4. Three years after the devastating effects of the coronavirus disease 2019 (COVID-19) pandemic, Africa faces challenges of slow growth, rising inflation, and mounting debt, particularly as the global economy is hit with another set of exogenous shocks. Africa’s economic growth is expected to remain low at 3.8 percent in 2023 before returning to near post-pandemic levels of 4.1 percent in 2024.⁴ The upward inflation trend, which emerged in the post-pandemic period, was exacerbated by external challenges, resulting in record-high inflation rates in many countries. Despite several countries adopting aggressive monetary policies, inflation has persisted at stubbornly high levels. The fiscal responses to the current economic crises are constrained because of high levels of debt, rising borrowing costs, and depleted public savings.

5. These shocks have worsened poverty and disproportionately affected vulnerable segments of the population including youth.⁵ The urban poor were the hardest hit by the pandemic, and the assistance provided through fiscal support has not been sufficient to help them recover from the crisis. Youth unemployment has worsened and threatens Africa’s economic transformation. Of Africa’s 420 million youth ages 15–35, one-third

¹ AU. 2015. Agenda 2063: First Ten Year Implementation Plan. Addis Ababa: African Union Commission.

² A think tank, or policy institute, is an institute that performs research and advocacy on different economic and social policy topics.

³ For an example from India see Pritchett, L. 2017. The Perils of Partial Attribution: Let’s All Play for Team Development.

⁴ IMF (International Monetary Fund). 2023. Global Economic Outlook.

⁵ World Bank. 2022. Poverty and Shared Prosperity. Washington, DC: World Bank.



are unemployed and discouraged, another third are vulnerably employed, and only one in six is in wage employment.⁶ The compound effects of inflation and the increasing youth bulge have sharply increased levels of food insecurity in many countries, as average households allocate a larger proportion of their spending to food. Millions of people, especially women, children, and the elderly, have been driven into extreme poverty, food insecurity, and acute hunger and malnutrition.

6. Climate change poses a growing threat to the region's growth and poverty reduction prospects. Africa is vulnerable to the impact of climate change, as it is the driest continent; also, half of its population is living in arid or semiarid conditions, significantly affecting livelihoods.⁷ The frequency of extreme weather events has increased significantly and is affecting the already precarious fiscal position of many countries in the region. Increases in average temperatures over the last 30 years have also led to desertification, increased frequency and severity of heatwaves, and a loss of biodiversity. The frequency of droughts in Sub-Saharan Africa nearly tripled in the 2010s compared to the 1970s and has led to increased food insecurity and the frequency of humanitarian crises. Appropriate adaptation policies can reduce the impacts of climate change in the short-term but in the longer term national and regional action is needed to avoid locking in carbon intensive forms of development.⁸

7. Africa remains a fragmented continent in terms of regional integration. The small, sparsely populated, and often isolated economies across Africa make a compelling case to integrate regionally to reap efficiency gains, exploit economies of scale, and reduce the 'thickness' of borders.⁹ However, the lack of complementarities among trading partners and a range of non-tariff and regulatory barriers continue to raise transaction costs and limit the movement of goods, services, people, and capital across borders.

8. Accelerating progress on regional integration can help make up for the losses incurred over the last two years by improving productivity, raising income, and supporting better outcomes for the region's population. The process of defragmenting Africa is under way through the African Continental Free Trade Area (AfCFTA), which represents a first step toward boosting competitiveness and synergizing African economies as a continental engine for growth. Other continental initiatives include the Single African Air Transport Market to develop air transportation and the Free Movement Protocol to enhance the free movement of people. Improving coordination and agreement in these and other critical areas of regional integration (for example, building regional connectivity and supporting human capital development) are likely to have significant benefits for the region as a whole that go beyond individual country borders.

9. This increasingly complex environment and the need for greater regional coordination and knowledge sharing on key policy issues highlight the importance of regional capacity for effective policy making. Action on the regional integration agenda rests on effective and collaborative policy making by country governments and regional organizations. Ensuring that good quality policy research and advice is available to the region's policy makers in ways that can advance the regional integration agenda will be critical to accelerate economic and social development.

⁶ According to the International Labor Organization, vulnerable employment is characterized by inadequate earnings, low productivity and difficult conditions of work.

⁷ AU. 2022. African Union Climate Change and Resilient Development Strategy and Action Plan (2022–2032).

⁸ World Bank. 2022. Climate and Development: An Agenda for Action - Emerging Insights from World Bank Group 2021–22 Country Climate and Development Reports.

⁹ World Bank. 2021. Defragmenting Africa: Deepening Regional Trade Integration in Goods and Services. Washington, DC: World Bank.



B. Sectoral and Institutional Context

10. Africa faces numerous challenges arising from the weak policy formulation and implementation capacity at the continental, regional, and national levels. The problems that affect the continent are predominantly national in nature yet pose challenges that go beyond borders. There are economic problems that are common in developing contexts: rising inflation, worsening poverty, eroding household purchasing power, and high rates of youth unemployment. Other challenges arise from low levels of regional integration including thick borders that affect the free movement of people, limit intra-regional trade, and increase the cost of doing business. Transboundary challenges associated with climate change, regional connectivity, and food security also require a unified continental vision and policy approach. The benefits associated with tackling these challenges are huge. For example, the AfCFTA has the potential to lift 40 million people out of extreme poverty and increase Africa's income by US\$450 billion, or 7 percent of current income, by 2035.¹⁰

11. Significant momentum has been built to tackle these issues but weaknesses in policy formulation and implementation contribute to the continent's fragmentation. The adoption of the United Nations' Sustainable Development Goals (SDGs) offered significant international momentum around the need for inclusive, transparent, and rigorous action on development challenges. In most cases, the implementation of measures to realize the objectives of these programs has been slow and some continental policies continue to struggle while others have been abandoned altogether. Recent evidence suggests that less than 10 percent of continental policies and agreements are adopted at the national level because of weaknesses in the policy formulation cycle.¹¹ Critical weaknesses include limited institutional capacity; weak mechanisms; and absence of a coordinating platform at the national level to contextualize regional policies nationally, integrate them into national development frameworks, and monitor and report on their implementation.

12. Tackling these weaknesses and supporting a more integrated Africa requires a network of strong institutions engaging in evidence-based policy research on continental issues. Evidence shows that a vibrant knowledge ecosystem can lead to better decision-making and improved economic outcomes. Think tanks in low- and middle-income countries have a unique opportunity to contribute to better policy making by generating and analyzing credible data throughout the policy cycle (formulation, implementation, and feedback), by enriching public policy debates and promoting evidence-based decision-making. Think tanks can also help researchers be more effective agents of change through links with decision-makers from government, civil society, media, and the private sector.

13. Public policy research and policy uptake activities in Africa have had positive impacts, but the continent lags in the number of think tanks and knowledge products they generate. On the supply side, while the share of peer-reviewed economics articles about Africa has more than tripled since the 1980s, the population-adjusted sum of articles published in respected journals by authors from African institutions is the lowest among all regions in the world. Moreover, only 6 percent of global think tanks are in Sub-Saharan Africa and many face significant financial challenges. In per capita terms, Sub-Saharan Africa has just 0.58 think tanks per million citizens, compared to 1.04 in the Middle East and North Africa, and 3.9 in Europe and Central Asia.¹²

¹⁰ Ehandi, R., M. Maliszewska, and V. Steenbergen. 2022. Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty. Washington, DC: World Bank.

¹¹ The AU and the African Union Development Agency (AUDA) second continental report on the implementation of Agenda 2063 found that 51 percent of its 2021 targets had been achieved.

¹² McGann, J. G. 2020. 2020 Global Go to Think Tank Index Report.



14. African think tanks face several constraints in maximizing their potential for supporting effective policy formulation and implementation, limiting their ability to (a) support the formation of regional policies and programs; (b) drive regional policies at the national level; and (c) analyze barriers to implementation of regional policies at the national level. These constraints include:¹³

- **Limited engagement on continental policy issues.** Overall, there is limited demand for policy research and analysis on the design and implementation of continental policies, and where there is demand, think tanks are often not called on. This is partly due to the lack of user familiarity with the work of think tanks and its perceived relevance to the needs of policy makers.
- **Research quality challenges.** A recent survey of policy makers also found that while national think tanks maintain strong ratings of quality, government stakeholders rated the quality of national think tanks lower than academic institutions or nongovernmental organizations. Policy makers highlighted improvements in the quality and quantity of research and the availability of trained staff as the most important factors related to improving the performance of think tanks.¹⁴
- **Lack of collaboration and knowledge sharing among think tanks.** African think tanks also often work alone and do not take advantage of networks to engage with other think tanks, researchers, and policy makers. In addition, in many thematic areas there is a lack of effective and functional knowledge sharing and collaboration platforms for policy. As a result, many think tanks are unable to be active participants in policy making processes.¹⁵
- **Limited uptake of think tank policy outputs.** Weaknesses in research communication also translate into a mismatch between think tank outputs (for example, research papers) and the needs of government stakeholders. The limited participation of think tanks in crucial policy debates and consultations further contributes to a lack of uptake.
- **Sustainability challenges.** International donors are a key funding source for think tanks in Africa, but that funding is limited and is increasingly targeted to specific projects. The lack of medium- or long-term funding affects all aspects of the functioning of think tanks including the ability to attract and retain qualified staff and balancing the need to raise money through project funding with the desire to maintain an independent mission and research agenda.
- **Limited number of female policy professionals.** While data are limited, project consultations revealed that the proportion of female professional staff in think tanks is low. Contributing factors include the 24/7 work culture, the need for women to balance work with other responsibilities, and the absence of childcare support.

15. The AU recognizes the need for a coordinated response to generate evidence-based policy research to inform continental policies and has actively promoted continental knowledge communities. The AUC has established a Congress of African Economists to promote cross-country debate and discussion on key continental economic policy making issues. The AUC's Specialized Technical Committees (STCs) also provide thematic forums for the AUC to support relevant member state ministries to formulate continental policies and agreements. Some STCs collaborate with think tanks in policy formulation, while others lack support for evidence-based policy formulation and feedback mechanisms that provide evidence on challenges of implementation. Specialized

¹³ Constraints drawn from project think tank consultations and Taylor, P. 2023. "Strengthening African Regional Economic Policy Making through Evidence: Opportunities and Challenges for Think Tanks and their Supporters."

¹⁴ Hazime, N., S. Binbrek, and D. M. Femke. 2019. 2018 Policy Community Survey-Global Report Prepared for the Think Tank Initiative.

¹⁵ McGann, J. G. 2020. Think Tank Summit Report 2020.



agencies of the AUC such as the African Capacity Building Foundation (ACBF) and the African Union Development Agency (AUDA) also provide technical assistance (TA) for policy making.

16. The project will support the AUC to set up and operate a functional and sustainable platform that (a) convenes key stakeholders from governments and think tanks to identify and discuss pan-African priority areas for economic policy; (b) bridges the divide between the policy research community and policy makers to facilitate research uptake and promote links between think tanks, Regional Economic Communities (RECs), and national governments; (c) provides TA and institutional support to selected think tanks and fosters collaboration among them; and (d) undertakes and supports resource mobilization for the platform and its beneficiaries to support long-term financial sustainability, including setting up a facility to crowd-in resources from African governments, foundations, development partners, and other donors.

C. Relevance to Higher Level Objectives

17. The project is aligned with the SDGs and finances activities to improve the implementation of policies designed to address citizen welfare across the SDGs. In particular, the project will focus on the design and implementation of policies that support the following SDGs: 3 (Good Health and Well Being), 4 (Quality Education), 5 (Gender Equality), 8 (Decent Work and Economic Growth), and 13 (Climate Action). Furthermore, the project is aligned with Agenda 2063: The Africa We Want, which documents the AU’s 50-year strategic plan for the continent’s economic and social transformation. In particular, it will align with the 2024-2028 midterm plan for Agenda 2063’s second ten-year implementation plan (2024-2033).

18. The project is consistent with and will support the rollout of the AU’s Climate Change and Resilient Development Strategy and Action Plan (2022–2032). The strategy aims to “provide a continental framework for collective action and enhanced cooperation in addressing climate change issues that promotes adaptation capacity, and achieves low-emission, sustainable economic growth.” It supports the commitments made by African countries under the Paris Agreement and defined in their Nationally Determined Contributions, long-term strategies, and National Adaptation Plans. The project will directly support the strategy’s objectives by strengthening the capacity for policy making and implementation in critical areas, including food security, energy transition, and climate resilience. Moreover, the project activities are not expected to adversely affect either the AU’s overall climate strategy or the commitments under the Paris Agreement of individual African countries.

19. The project is also aligned with the World Bank’s twin goals and its updated Regional Integration and Cooperation Assistance Strategy (FY21–FY23, Report No. 154458-AFR) discussed by the Executive Directors of the World Bank on January 6, 2021. The project activities support the four pillars of the Strategy: Regional Connectivity, Trade and Market Integration, Human Capital, and Resilience. The project will also adopt the new strategy’s continental focus rather than a focus only on Sub-Saharan Africa. In addition, the project is aligned with the six priorities of the World Bank’s Africa Strategy. It also supports the special themes of IDA and its regional priorities outlined in the Dakar Call for Action that mobilizes African countries toward supporting an ambitious development agenda across the continent.¹⁶

¹⁶ Dakar Call to Action, July 7, 2022.



II. PROJECT DESCRIPTION

20. The project is a five-year US\$50 million Investment Project Financing (IPF) operation. It aims to establish and operationalize a sustainable platform for effective cooperation and harmonization on regional policy issues among country-level policy makers, regional associations, and think tanks. The project is pan-African, covering all countries across the continent. The project will focus exclusively on encouraging collaboration on policy making for regional integration priorities that are associated with large positive externalities and/or reduce negative externalities. The priorities are based on common areas for regional-level collaboration identified in the AU's Agenda 2063 and the World Bank's Africa Strategy and are aligned with the SDGs. These priority themes include (a) economic transformation and governance; (b) climate change; (c) regional trade; (d) food security; (e) human capital; and (f) digitalization. All the thematic areas will include a strong focus on gender. The priority areas may be updated during project implementation, with the approval of the Think Tank Platform Steering Committee (TTPSC), to respond to emerging demands on the continent.

21. The project's approach will also provide the opportunity to establish or support continental policy hubs on priority policy areas and produce public goods relevant for all countries. This is likely to deliver significant economies of scale in terms of the provision of public goods (for example, common research standards, data collection, and an expanded pool of policy professionals to work across countries) and minimize the costs of supporting continental policy priorities. It is also likely to avoid the duplication and fragmentation of efforts that are likely to occur from a solely national approach.

A. Project Development Objective

PDO Statement

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

PDO Level Indicators

22. The PDO-level indicators are the following:

- Platform on continental priority policy issues established and operational
- Policy-relevant research products on cross-border priority issues generated by think tanks
- Think tank policy engagement activities undertaken
 - of which includes citizen participation
- Research projects led by female researchers

B. Project Components

23. Component 1: Establish capacity to operate a sustainable policy making platform (US\$3.5 million equivalent). This component will develop the capacity of the AUC to create and set up the structures and systems necessary to operate a continent-wide platform that brings together a wide variety of stakeholders to support economic policy making across the region. The component will finance: (a) establishing a secretariat to manage the platform; (b) establishing and maintaining the TTPSC, including its meetings; (c) designing and implementing monitoring and evaluation (M&E) strategies for the platform; (d) establishing mechanisms to draw and learn from lessons during implementation; (e) building and maintaining a network of think tanks, RECs, and policy makers;



and (f) organizing meetings of African governments, RECs, and other partners to identify and discuss regional policy challenges.

24. The component will also support the competitive and merit-based selection of think tanks, to support the activities and objectives of the platform (Box 1). Think tanks will submit proposals, as consortia, targeting at least four of the six regional priority themes identified under the project and described earlier. The think tanks within a selected consortium working on a specific thematic area will also be paired with the relevant STC working on the same regional priority issue to establish a network/community of practice among researchers and policy makers working on common issues. It is expected that the think tanks selected under the project as part of consortia will form a network of think tanks working on continental priority issues and supporting knowledge generation and policy advice on these issues through the project's support.

Box 1. Proposed Selection Process for Think Tanks¹⁷

Expressions of interest will be requested from the think tank consortia. The consortia will be selected through a competitive, transparent, and merit-based selection process and will be required to (a) have experience of working on at least four of the six priority themes; (b) **have continental and regional representation**; and (c) be eligible to utilize World Bank resources.

Think tanks registered in continental Africa as independent public policy research organizations and undertaking research and engagement on public policy issues will be eligible to apply as part of a consortia. Eligible applicants will be required to submit a proposal that describes the consortia's proposed research areas within the six priority themes identified under the ATTP Project. The proposal will also describe the proposed activities that will meet the project's objectives to produce relevant and high-quality policy research on continental priorities, promote effective policy engagement and influence, and build institutional capacity. Each consortium application will be required to identify a lead think tank. A template for the proposals will be developed and included in the Project Operations Manual (POM).

Selection Process

The selection process will entail an initial screening step to ensure submitted proposals meet the eligibility criteria followed by a detailed evaluation of proposals by an Independent Expert Committee comprising representatives from the STC secretariats, international economic policy institutions, and academia. Applicants will be evaluated on the quality of their proposals and relevance to the ATTP objectives, capacity of key personnel to implement the project, and proposed budget. Based on the evaluation results, the **Independent Expert Committee will recommend the final proposals for funding to the TTPSC for approval**. Selected think tanks will be required to undergo a fiduciary assessment and an environmental and social risk management assessment organized by the AUC. The receipt of funds will be contingent upon the think tank consortia's agreement to implement recommendations from the assessments.

The number of think tank consortia to be selected will depend on the quality of proposals and available funding. Think tanks are expected to receive a maximum of 30 percent of their annual operating budget for each of the four years that grants will be provided.

25. Component 2: Strengthen the quality, relevance, and uptake of policy research on priority issues (US\$35.5 million equivalent). This component will support activities to improve the quality and relevance of policy research on continental priority issues and facilitate its dissemination and utilization to inform policy making by countries across the continent and beyond. This is expected to be achieved by creating a forum between policy makers and think tanks to develop a shared research and TA agenda, promoting knowledge exchange on regional economic issues, and facilitating greater policy adoption. Activities to be financed will include the following: (a) Creating and maintaining a database of African and global think tanks (including information on number of female

¹⁷ Subject to revision during implementation.



professionals at think tanks); (b) Organizing knowledge exchange events (for example, regional conferences, and forums) that convene policy researchers and policy makers to align on policy needs and promote policy uptake and adoption; (c) Facilitating fellowships or secondment programs between governments and think tanks to enhance the research and skill sets of public policy makers and policy researchers, respectively, and narrow the research-policy gap (this will support governments' own capacity for policy research in addition to strengthening think tanks' skills in policy implementation); (d) Training and capacity building of policy makers, civil society, and other key stakeholders to develop their research and analytical capabilities; (e) Creating and maintaining a database and online Africa Knowledge Repository of existing policy research conducted across the continent (including collecting and publishing data on a number of research outputs with female authors) to enhance knowledge management; (f) Financing high-quality research on priority issues for the continent and supporting capacity building for think tanks to provide the knowledge and evidence base for regional policy making and policy engagement.

26. The AUC will provide funding to competitively selected think tank consortia to finance high-quality policy research that will inform evidence-based policy making and policy engagement. Each think tank in the selected consortia will use the funding received to implement activities in four main areas:

- **Producing relevant, good quality, and collaborative policy research on continental priorities.** With strategic guidance from the TTPSC, the selected think tank consortia will develop a demand-driven research and advisory agenda in their respective priority areas. Regional issues on which the think tank consortia may pursue research include (a) harmonization of trade policies across the continent such as reducing tariff and non-tariff barriers; (b) policy harmonization around the use of digital technologies, cybersecurity, and data protection; and (c) strengthening of a common continental qualifications framework that promotes the mobility of students and workers across the continent.
- **Developing and implementing activities for effective policy engagement and influence regionally and nationally.** As part of their proposals and workplans, think tanks will be expected to develop strategies to engage and influence policy formulation and implementation at the continental and country levels. These strategies, closely aligned with their proposed policy research agenda, will identify the stages of the policy making cycle to engage with, and the activities to support that engagement. For example, funding received will finance activities related to dissemination of policy research, facilitating dialogue on policy issues between key stakeholders, advising policy makers, and advocating specific policies.
- **Building institutional capacity to enhance sustainability.** As part of project support, think tanks in the selected consortia will develop institutional capacity building plans that identify critical capacity-building activities to support their long-term sustainability. A critical area of project support will be to help think tanks strengthen their financial sustainability. Each think tank will develop or strengthen its existing resource mobilization plan with activities to support business development and fundraising.
- **Improving representation of female policy professionals.** Each think tank consortia will be required to include activities in their proposals that increase the representation and career advancement of women. This will include: (a) introducing or expanding mentoring programs for female researchers to help them advance in their careers; (b) increasing the visibility of female researchers to attract more women to the field; (c) conducting outreach to colleges and universities to encourage more women to take up research; and (d) making think tanks a more conducive and safer environment for women.

27. The AUC will also directly support elements of the institutional capacity-building plans of think tanks. While some capacity-building activities supported under the project will be institution specific, others will be



common to most or all of the think tanks supported under the project. The AUC, through its specialized agencies, will manage and deliver these common capacity-building activities under this component. These will include: (a) facilitating and supporting partnerships and twinning arrangements among African think tanks, global think tanks, and universities; (b) providing a package of support to enhance the quality and communication of research (for example workshops for staff and experts on policy engagement and communication and project management); (c) providing support for strengthening resource mobilization efforts; (d) creating a peer network for female economic researchers to engage on professional topics and career building issues; and (e) undertaking a study to research and analyze lessons, good practices, and success stories of previous initiatives that are aimed to increase female participation in policy research.

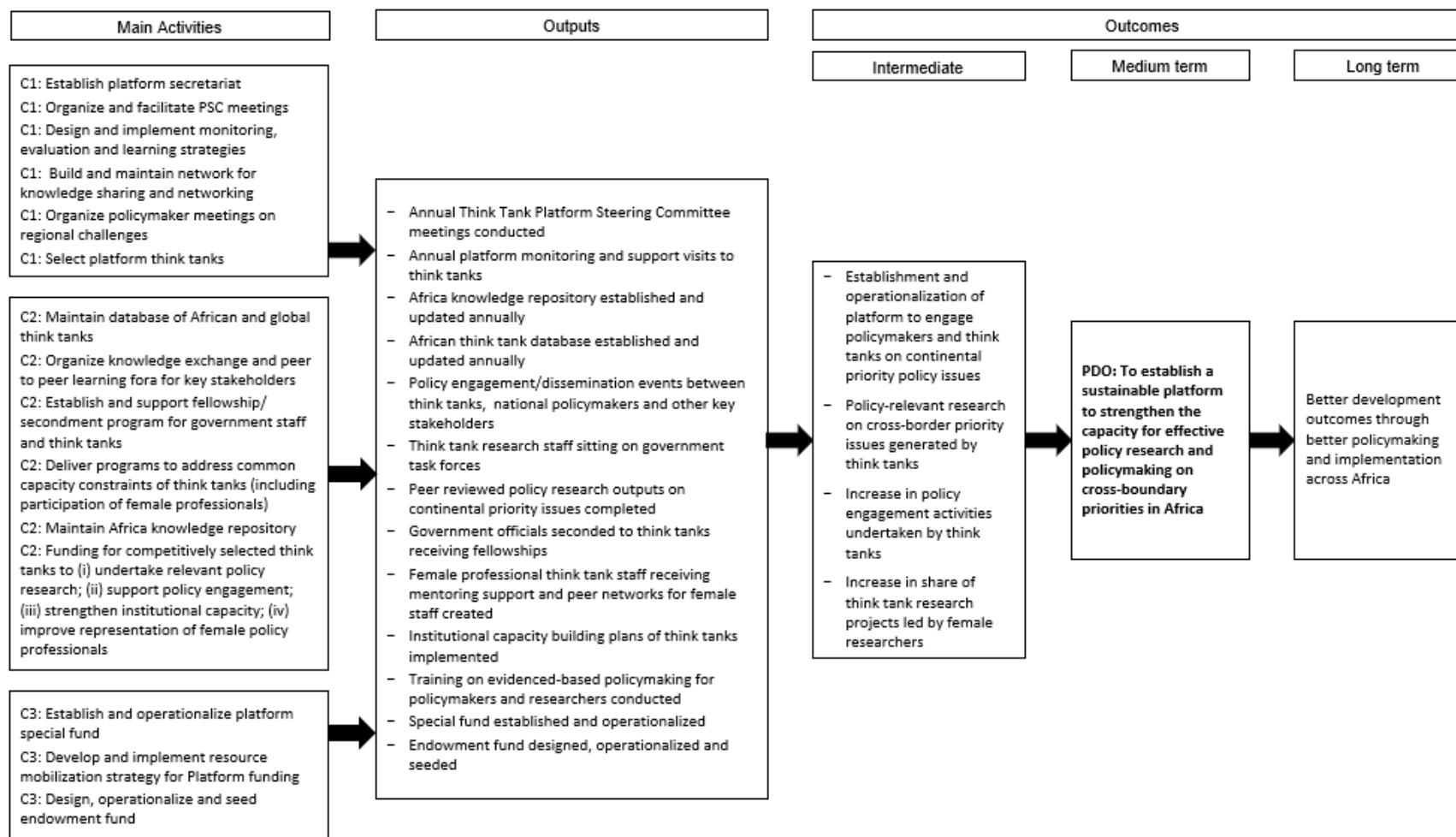
28. Component 3: Support platform sustainability (indicative amount: US\$11 million equivalent). The objective of this component is to develop the capacity of the AUC to mobilize resources and establish facilities to crowd-in funds from a variety of stakeholders to support the sustainability of the platform and policy research over the long term. It will explore the establishment of both a special fund and an endowment fund to support the sustainability of the platform. These funds aim to provide a facility to pool resources to support the objectives of the platform from diverse donors such as African governments, private sector, foundations, individuals, and institutional donors. Revenues from the endowment fund will eventually flow to the special fund and will be used to finance further research and capacity-building efforts around continental policy making. In addition, the component will support the AUC to identify and undertake innovative resource mobilization activities that can finance research on regional priority issues in a sustainable manner over the long term. The component will finance: (a) recruitment of staff to support regular fundraising for the special fund; (b) design of a resource mobilization strategy to raise funds ; (c) studies necessary to establish and operate the endowment fund including feasibility studies; (d) TA to design the special and endowment funds including their statutes, governance, structure and funding strategies and the identification and selection of its fund manager; and (e) seed contribution to the endowment fund in the amount of US\$10 million. The special and endowment funds will be effective upon approval by the AU policy organs.¹⁸

C. Project Beneficiaries

29. The proposed project has direct and indirect beneficiaries. The direct and immediate beneficiaries are the relevant stakeholders that will benefit from support for strong policy making capacity. This includes regional entities such as the AUC, its specialized agencies and RECs, African governments, and think tanks. Participating think tanks will receive various benefits including support for research and analytical work on cross-boundary policy issues, policy engagement and uptake and institutional capacity building. It is expected that approximately 15, or 1 percent, of the 1,300 think tanks on the continent will directly benefit from the project. Indirect beneficiaries will be private sector companies and the millions of African citizens estimated to benefit from improvements in policy making and implementation in various countries arising from strengthened capacity of the AUC to make better pan-continental policies.

¹⁸ The Assembly of Heads of State and Government and the Executive Council.

D. Results Chain





30. The project's interventions are designed to build on each other across the results chain and to contribute to the long-term objective of supporting improved development outcomes through better policymaking and implementation. The project's activities and outputs are designed to: (a) establish and operationalize a platform to engage policy makers and think tanks on continental policy issues; (b) support think tanks to produce policy-relevant research on cross-border issues; (c) increase policy engagement of think tanks in these areas; and (d) increase the share of research projects led by women. These intermediate results will support the project's objective to establish a sustainable platform to improve the capacity for policy research and policy making across the continent and ultimately to contribute to better development outcomes in Africa.

E. Rationale for Bank Involvement and Role of Partners

31. The World Bank is well placed to support efforts to build capacity for continental policy making. It has an extensive global research capability developed through its lending and advisory engagement across the world that can support the project's objectives. It can also contribute its experience and know-how, drawn from its extensive project portfolio in all sectors and regions, to support the capacity-building activities proposed under this project.

32. The project will draw on and leverage current World Bank regional capacity-building projects to maximize the proposed project's impact. The Support to Regional Knowledge Capacity on Economic Transformation, Resilience, and Recovery Project (P178045) strengthens the African Center for Economic Transformation's capability to inform economic transformation policy. The project can also build on the Harmonizing and Improving Statistics in West and Central Africa (HISWACA) Project (P178497) that aims to improve statistical performance, regional harmonization, data access and enhance statistical systems across West and Central Africa. On the implementation side, the Building Institutions and Systems to Harness and Realize Agenda 2063 (P180117) aims to improve the effectiveness of the AUC and the AfCFTA secretariat in supporting member states to implement selected commitments to enhance regional integration in Africa. The project has the potential to support this initiative by providing a platform to draw together expertise on cross-boundary issues and support policy harmonization through knowledge communities.

33. The project will also draw on the World Bank's experience from previous efforts to support think tanks across Africa. The World Bank has provided extensive capacity-building support to a network of African think tanks through a series of projects.¹⁹ The most recent project, covering the period between 2011 and 2017, aimed at enhancing the capacity for effective policy formulation in Africa.²⁰ It provided sub-grants to regional institutions, including RECs, and selected think tanks across the region to build institutional capacity for economic policy analysis and development management and to support regional economic cooperation and integration and provide regional public goods. The project was successful at strengthening a pan-African network of think tanks and other institutions focused on economic policy and public sector management as well as supporting a growing cadre of policy professionals. It also succeeded in building capacity and influencing economic policy with many examples of supported institutions producing good quality policy research, on a variety of issues including regional integration, which influenced national and regional economic policies. The project will also benefit from the newly

¹⁹ Between 1991 and 2017, the World Bank provided support of US\$45 million, and approximately US\$278 million was provided by other multilaterals, bilateral agencies, and foundations. The projects supported 45 think tanks in 29 countries across the region.

²⁰ African Capacity Building Foundation Regional Capacity Building Project (P122478).



established World Bank Development Economics Global Institute, an initiative aimed at increasing access to tailored and actionable know-how and research on emerging global challenges.

34. The project will also build partnerships with a broad range of stakeholders. The TTPSC is expected to include membership from relevant regional bodies and RECs, private sector, development partners, and representatives from a selection of academic institutions across Africa. A key objective of the project is to establish a platform and fund to support regional economic policy making. Once the platform is formed, it will seek opportunities to engage strategically with development partners and foundations on priority areas and mobilize further funding.

F. Lessons Learned and Reflected in the Project Design

35. Project design has been informed by the World Bank’s experience in capacity building, including working with think tanks and regional organizations. For the AUC in particular, lessons from recent project implementation suggest the need for a narrower scope of activities and clear accountability, rigorous analytics, strong ownership, and impact (Table 1).

Table 1. Lessons Learned and Reflected in Project Design

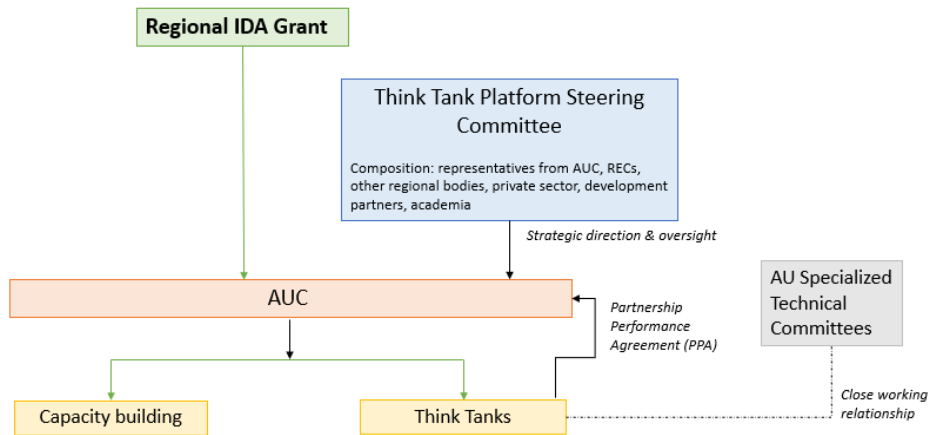
Issue	Lesson Learned	Application in Project Design
Supporting design with rigorous analytics	Project areas to be supported should be driven by rigorous analysis to ensure proper basis for inclusion.	The project design has been informed by diagnostic and analytical work drawn from examples of previous World Bank engagement with the ACBF and lessons from the TTI. The issues addressed have been prominently discussed in these reviews and raised as the most strategic areas of engagement.
Ensuring ownership	The motivation for uptake of projects is always difficult to determine, especially in contexts with multiple stakeholders and politically driven issues as is the case in regional bodies. It is important to understand the driving force behind the agenda and conduct consultations among all stakeholders to build ownership.	The project design emerged from a continuing relationship between the World Bank and AU in the context of ongoing TA and policy dialogue as well as in conversation with other partners, such as the AUDA and ACBF, and consultations with African think tanks.
Focus on a few areas of impact and ‘go big’	Selecting a few areas of emphasis allows for better targeting of results and bigger impact.	The project reflects this selectivity lesson. Rather than supporting an elaborate work program across several institutions, the project has been deliberately selective and focuses on a limited number of activities that support improvements in the capacity of the AUC and think tanks to support policy making.
Networking and knowledge sharing	Establishing knowledge networks helps in the aggregation of outputs, exchange of ideas, and sharing of best practices.	The project will facilitate partnerships and twinning programs between think tanks.
Creating a strong foundation for sustainability	Support provided by external sources can only go so far. Think tanks require stronger foundations for sustainable funding through dedicated and predictable resource streams.	The project has incorporated lessons from the Research and Scholarship Innovation Fund Project (P165581) around platform funding by establishing a platform fund that allows flexibility in contributions. The project will include the establishment of an endowment fund to provide a long-term pool of resources for think tanks.



III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

Figure 1. Implementation Arrangements²¹



36. The AU will be the recipient of the IDA financing for the project. Through the AUC, the AU will manage and coordinate all components of the project. Different AUC departments and directorates will be engaged in project implementation according to the project activities and their areas of work. The Partnerships Management and Resource Mobilization (PMRM) Department will host the project’s secretariat, headed by a project coordinator, and will be the central entity tasked with overall project coordination across the participating AUC departments and directorates. It will be responsible for project management and day-to-day project operations, operating the regional platform including organizing TTPSC meetings, managing the competitive selection process for think tanks, environmental and social risk management, M&E, and reporting. To support implementation, the PMRM department will establish a technical working group consisting of the portfolio department directorates and specialized agencies involved in the project. The portfolio directorates will align with the priority thematic areas of the project and include those focused on Economic Development, Industry, and Trade (EDIT); Sustainable Environment and Blue Economy (SEBE); Agriculture and Rural Development (ARE); Education, Science, Technology, and Innovation (ESTI); Health and Humanitarian Affairs (HHE); and Infrastructure and Energy (IE). The AUC’s Directorate of Finance will oversee the project’s overall financial management (FM) responsibilities while the Supply Chain Management Division (SCMD) under the Operation Support Service Directorate (OSSD) will be in charge of procurement.

37. The PMRM department will be responsible for mobilizing resources for the proposed special fund and endowment fund upon their establishment. The funds will support and sustain the platform established under the project. It will include support for fundraising efforts for the special fund and endowment fund across diverse

²¹ The platform’s implementation arrangements will include the special and endowment funds when they are approved by the relevant AU policy organs.



donors. In addition, it will recruit a fund manager to invest funds allocated for the endowment. Profits from the investments under the endowment fund will feed into the special fund, which will be used to finance the platform and its activities, including grants to a larger number of think tanks.

38. Through the project, the AUC will strengthen the capacity of other specialized agencies of the AU so that they can contribute to running the platform. In particular, specialized agencies, including the ACBF and the AUDA, have a long history of building the capacity and working with think tanks on policy issues across the continent. These agencies will support the project's secretariat to (a) contribute to the development of the policy research agenda; (b) implement capacity-building activities for think tanks; (c) facilitate fellowships or secondment programs between governments and think tanks; (d) organize and facilitate knowledge exchange events; (e) create and maintain databases of think tanks and existing policy research; (f) build capacity of policy makers, civil society, and other key stakeholders; and (g) collaborate on selected research activities.

39. A TTPSC will be established to provide strategic direction, guidance, and oversight as well as facilitate continental ownership of the project. The TTPSC will have pan-African representation including representatives from the AUC, RECs, other relevant regional bodies, private sector, development partners that support AUC and academia.²² The TTPSC will be the highest decision-making body within the institutional structure of the project. It will advise on continental priorities; assess and support the coherence of the project with such priorities; advocate for and facilitate regional collaboration on priority policy issues; endorse the selection of the beneficiary think tank consortia; provide high-level guidance on think tanks' institutional annual work plans; and review the implementation progress of the project, including the performance of beneficiary institutions, to ensure achievement of the PDO. The TTPSC is expected to meet twice a year.

40. The think tanks selected competitively under the project will organize as consortia and have a lead think tank to coordinate implementation. Each think tank in the selected consortia will receive funding from the AUC for the implementation of the consortia's proposals via a Partnership Performance Agreement (PPA) based on annual work plans. The PPAs will define the responsibilities and obligations of each think tank and elaborate on reporting requirements and frequencies (a template of the PPA will be included in the POM). The annual work plan and associated budget of each member think tank will be coordinated by the respective lead think tank and aggregated into an annual work plan and budget (AWP&B) for the whole consortium. This aggregated AWP&B will be discussed with the AUC and agreed with the TTPSC each year. Each lead think tank will also be required to provide a short narrative report on progress against the consortium's annual work plan and results framework at the end of each year of the project. Each think tank will be responsible for institutional-level FM, procurement, environmental and social standards compliance, monitoring, and evaluation. Each think tank will be required to establish an implementation team led by a think tank coordinator and comprises relevant staff to manage institutional-level project implementation.

41. STCs will work closely with the beneficiary think tanks within their thematic area to provide technical expertise on their research agenda and policy development. The STCs provide technical advice to the AUC, Executive Council, and other AU organs on (a) trade, industry, and minerals; (b) agriculture, rural development, water, and environment; (c) finance, monetary affairs, economic planning and integration; and (d) transport, communications, and tourism. The committees are responsible for identifying policy priorities and developing policies and programs and facilitating the exchange of best practices, knowledge, and experiences among the AU member states. Given their technical expertise and important role in policy development and knowledge

²² Additional members may be added to the TTPSC to reflect the platform's focus and contributions to the fund.



exchange on the continent, the STCs will work in close collaboration with the selected think tanks, for example, to develop research agenda and facilitate the flow of knowledge between researchers and policy makers.

B. Results Monitoring and Evaluation Arrangements

42. The Results Framework defines the indicators and the institutional arrangements for data collection. The M&E institutional arrangements are designed to reflect the shared responsibility for implementation between the AUC and think tanks. The AUC will be responsible for the collation and verification of reports from the think tanks on project progress on a semi-annual basis. These reports will cover implementation progress, the status of procurement, contract management issues, and updates on the intermediate and results outcome indicators included in the Results Framework for the project. Section VII provides detailed information on the key indicators that will be monitored and the approach and responsibilities for data collection.

43. A key element of the project's M&E will be the fielding of an annual policy community survey. The survey will assess whether the needs of policy makers are being met by the platform. It will include questions about the policy making context; the formats and sources of evidence required; and more specific questions on the platform's performance. Alongside the community survey, the platform will conduct regular monitoring visits to think tanks participating in the project to review progress on all aspects of organizational performance, research quality, policy engagement, and communications. It will also host a series of peer exchange events to share lessons and provide feedback to guide project implementation.²³

C. Sustainability

44. The AUC has demonstrated a strong commitment to the project's objective and commitment to establish a sustainable platform. The project's focus on strengthening continental policy making is aligned with the AU's core functions and aims to strengthen the already established mechanisms that contribute to regional policy formulation and implementation. Upon the approval of the AU's policy organs, the project will also establish a platform fund, including a special and an endowment fund, to address issues of long-term financial sustainability. Given its alignment with the AU core functions and project activities aimed at mobilizing long-term funding, it is expected that the activities and objectives of the project will be sustained over the long term.

45. A central aim of the project is also to build the institutional capacity of a network of think tanks with a strong focus on financial sustainability. Each selected think tank will develop and implement an institutional capacity-building plan, which identifies key activities that will promote its long-term sustainability. It will also include a resource mobilization plan to improve financial sustainability. Complementary activities, including training on grant applications, strengthening FM, and improving staff retention, also aim to support the overall sustainability of selected institutions beyond the lifetime of the project.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

46. The economic rationale for this project is justified by the project's contribution to the continent's Agenda 2063. Project activities in the six priority areas are likely to contribute to substantial benefits. For example,

²³ This is similar to the successful approach to monitoring, evaluation, and learning adopted in the TTI.



in the area of economic transformation, the project supported research on debt sustainability and illicit financial flows, can help countries develop policies to promote sustainable borrowing and debt management and strengthen economic governance. Project-supported research on climate change mitigation, energy transition, adaptation capacity, and carbon markets could have several externalities for the continent such as enhancing energy security by decreasing dependence on fossil fuels, identifying venues for green job creation, improving resilience of infrastructure, and promoting disaster risk reduction. In the area of regional trade, project research could help develop and implement policies that promote trade and investment, reduce trade barriers, and enhance regional integration.

47. The project is technically sound and strategically relevant. The project design reflects both the priorities of the AU and those of think tanks. The project is grounded on analytical work undertaken by the World Bank, evaluation of previous engagement in TA to support think tanks, and rigorous debates and consultations with think tank practitioners and experts on the role of think tanks in economic policy making and implementation. The project design incorporates lessons from previous similar projects and includes a robust plan for M&E and provides the information necessary for midcourse correction.

48. The benefits associated with policies that support regional integration that the project aims to support are large. For example, recent research estimated that implementation of the AfCFTA has the potential to lift 40 million people out of extreme poverty and increase Africa's income by US\$450 billion by 2035. Similarly, increased investments in renewable energy in Africa could increase growth by 6.4 percent and create 26 million jobs by 2050. Reducing illicit financial flows to the continent could save an estimated US\$88.6 billion, or 3.7 percent of Africa's gross domestic product, annually.²⁴

49. Investments in building institutional capacity and supporting an effective and well-functioning policy research community in Africa is expected to yield substantial returns. The investments under the project are expected to support the capacity for policy making. Evidence shows that the associated benefits, while hard to attribute directly to one particular set of actions or institutions, are enormous. For example, in India, think tanks, with the support of external partners, contributed to an improved understanding of the options the government was considering for macroeconomic and structural policy reform to improve economic development. The most conservative estimates of the returns, in terms of increased national income, on the investment in policy research institutes showed cost-benefit ratios in the order of 100–1.²⁵

50. The large externalities and potential for economies of scale provide a strong rationale for public financing. The proposed project is expected to realize significant positive externalities through its support for policy reform and harmonization on regional issues that have cross-border benefits that would not be captured by private or national government investments. Moreover, the proposed project has the potential to capture economies of scale by supporting continental policy hubs and minimize the costs of supporting regional policy priorities. It is also likely to avoid the duplication and fragmentation of efforts that are likely to occur from a solely national project approach.

51. The AU has established mechanisms for engaging citizens across the continent, which will be expanded to ensure beneficiary feedback. Various mechanisms were used during the formulation of Agenda 2063. However,

²⁴ IRENA and AfDB. 2022. Renewable Energy Market Analysis: Africa and Its Regions. Abu Dhabi and Abidjan: International Renewable Energy Agency and African Development Bank; UNCTAD. 2020. Tackling Illicit Financial Flows for Sustainable Development in Africa.

²⁵ Pritchett, L. 2017. The Perils of Partial Attribution: Let's All Play for Team Development.



the project will also support greater involvement of citizens through a series of national level activities that are directly focused on engaging and garnering feedback from citizens on the priority policy issues covered under the project to feed into project-funded research programs and policy engagement activities. This will be monitored by measuring the number of think tank policy engagement activities undertaken that involve citizen engagement (see Results Framework). Proposals from participating think tanks will be required to emphasize citizen engagement. In addition, the AUC has developed a Stakeholder Engagement Plan which will guide the engagement and consultations with stakeholders who may be directly or indirectly impacted by the project throughout its lifecycle.

52. Beyond efforts to improve the policy making cycle by incorporating a focus on gender, it is also critical to address the gender imbalance among policy research professionals in think tanks. The project incorporates activities aimed at supporting female policy professionals to improve their representation in the policy community and participating think tanks will be required to emphasize such activities in their proposals. These activities are expected to lead to a significant increase in the share of research projects led by female policy research professionals in think tanks, which will be tracked under the project (see PDO indicators). Moreover, the project also aims to fill information gaps by enhancing existing databases on think tanks to incorporate information on the gender composition and characteristics of their workforces.

Climate Change

53. The AUC is undertaking measures to build resilience and support regional adaptation in member states through its continental strategy.²⁶ The strategy identifies priority areas, interventions, and actions to reduce the vulnerability of affected communities and manage the risks related to climate change and climate-induced extreme events. It also supports the commitments made by African countries under the Paris Agreement. African countries are widely affected by climate change and adaptation and mitigation efforts are increasingly being incorporated into both the administration of the AUC and its priority projects. In response to climate change risks, the AU member states are increasing adaptation and mitigation efforts and the project activities aim to support these efforts by ensuring that climate-related impacts of continental policies are assessed, and relevant mitigation and adaptation strategies are included throughout the policy cycle.

54. A climate and disaster risk screening has been carried out highlighting high exposure of potential program sites to climate and disaster risks (particularly extreme precipitation and flooding, and droughts). However, given the nature of project activities, the screening identified no to low risk of climate and disaster risks affecting the program's ability to achieve its outcomes. This is due to the potential for project activities to be relocated, in the event of climate and disaster shocks, to other institutions in less-affected countries or conducted virtually.

55. Climate co-benefits. The project includes activities associated with supporting the development and implementation of the AU's Climate Change and Resilient Development Strategy and Action Plan (2022–2032). In particular, climate change is one of the six priority areas of the project and climate co-benefits will result from the project's financing of continental policy research and engagement and institutional capacity-building activities to support policy development and implementation of continental and national climate mitigation and adaptation strategies. Food security is another project priority area that will have significant adaptation benefits including policies to promote climate-resilient agricultural practices. Other priority areas supported under the project (for example, economic transformation) will also incorporate research and policy actions for climate-resilient

²⁶ African Union. 2022. African Union Climate Change and Resilient Development Strategy and Action Plan (2022–2032).



development (for example, efforts to diversify out of climate-sensitive livelihoods). Think tank consortium proposals will require an assessment of climate change impact and mitigation measures of proposed programs. The platform will produce a guidance note on how to incorporate climate change dimensions in research and policy making.

56. Paris alignment. The operation is aligned with the goals of the Paris Agreement on both mitigation and adaptation. The project's main activities revolve around undertaking research, providing training, and supporting dialogue on continental policy issues. The climate change mitigation and adaptation risks of the direct project activities are assessed to be low:

- **Mitigation.** The project includes capacity building, policy research and analysis, dissemination, and knowledge sharing activities and is classified as 'universally aligned' with the Paris Agreement. None of the proposed activities are expected to have an adverse effect on the continent's low-greenhouse gas emissions development pathway.
- **Adaptation.** The risks from climate hazards are not expected to have significant adverse effects on the activities undertaken by the project. However, an assessment of risks from climate hazards will be undertaken for competitively selected think tanks and where necessary, risk reduction strategies will be developed and will include measures to reduce both the exposure risks to climate hazards and increase energy efficiencies wherever possible.

B. Fiduciary

(i) Financial Management

57. The FM assessment of the AUC was conducted in line with the World Bank Guidance: Financial Management Manual for World Bank Investment Project Financing Operations Effective on March 1, 2010, and reissued on September 7, 2021. The proposed project will benefit from the existing knowledge and experience of the AUC in other World Bank-financed projects. These include Support for Capacity Development of the AUC and other African Union Organs Project (P126848), Africa Centers for Disease Control and Prevention (CDC) Regional Investment Financing Project (P167916), and HISWACA Project (P169265). The projects have benefited from the well-established FM system of the AUC. The experience of having a project-specific FM manual has also enabled in accommodating financier-specific requirements. The AUC's Directorate of Finance and finance officers have become aware of World Bank FM-related requirements, which has enabled smooth communication and remedial actions when necessary. This will continue to benefit the existing and upcoming projects. The FM risk of the project is considered to be Substantial.

58. The AUC will be responsible for overall project implementation and coordination. The AUC's Directorate of Finance, through its External Resources Management Division, will be responsible for the project's overall FM. The detailed FM arrangements are presented in Annex 1. The AUC's budget procedures will be applicable for the project budgeting purposes with due regard to ensuring timely preparation, approval, and monitoring of budget execution. The POM and the FM manual will set out specific project budget preparation and control arrangements. The AUC will prepare and submit an Annual Work Plan & Budget (AWP&B) and obtain the World Bank's 'no objection' before the start of each financial year. The project will apply AUC's Financial Rules and Regulations (FRR), along with the FM manual of the project. The System Applications and Products in Data Processing (SAP) will be used at the AUC to account/report on project transactions and chart of accounts that allows recording of



project transactions will be designed. The AUC will recruit a finance officer to handle this project. The AUC's internal control systems will be applicable for the project. The Office of Internal Oversight (OIO) of the AUC will include this project in its annual plan and conduct timely internal audits on the project. The AUC will submit an internal audit report covering a 12-month period not later than 60 days after the end of the 12-month period covered by the audit. Terms of reference (ToR) will be prepared and agreed with the World Bank specifying the coverage/scope and timing of the audit cycle. The AUC will prepare quarterly unaudited interim financial reports (IFRs) and submit them to the World Bank within 45 days of the end of the quarter. The AUC will have the project's annual financial statement audited by an auditor acceptable to the World Bank and will submit the annual audited financial statements within six months of the end of the financial year.

59. The project will use all disbursement methods. The AUC shall open a segregated US dollar Designated Account (DA) to receive funds from the World Bank and a local currency bank account for processing local transactions. A report-based method will be used to advance disbursement from the World Bank to the DA using a six-month cash forecast. Further details are indicated in the Disbursement and Financial Information Letter (DFIL). The project involves provision of seed money to an endowment fund, upon its approval by the AU policy organs, and fund transfers to think tanks. For the seed money, the project will record expenditures upon transferring the seed money into the account of the endowment fund. The project's M&E activities will monitor the use of the endowment fund. A guideline/manual will be prepared/included in the POM, which clearly describes the procedures for the endowment fund establishment, fund disbursement (seed money), and its subsequent management. For think tanks, the World Bank itself or through the AUC will conduct FM assessments of their FM arrangements. Fund disbursement is dependent on the supported think tanks having adequate FM arrangements as required by the World Bank. The think tanks that have adequate FM arrangements will sign contractual agreements/memorandum of understanding with the AUC. They will receive funds from the AUC based on an agreed AWP&B and performance. Separate project bank accounts should be opened by all think tanks for this purpose. The think tanks are required to prepare quarterly IFRs and submit them to the AUC for consolidation and reporting to the World Bank. Additional fund transfer from the AUC to the think tanks is based on the status of the use of funds, as presented in their respective IFRs and performance for delivery. The project's annual external audit will cover the audit of all think tanks. The logistical arrangement for this will be discussed and agreed with the AUC. The project's internal audit exercise should also cover the review of the expenditures reported by the think tanks. The POM should elaborate the assessment, selection, disbursement, and additional fiduciary requirements in relation to the think tanks.

(ii) Procurement

60. A procurement capacity and risk assessment for the AUC was conducted and found the procurement risk to be 'Moderate'. Major risks and mitigation measures and a summary of the Project Procurement Strategy for Development (PPSD) are detailed in Annex 1. Procurement under the project will be conducted in accordance with the World Bank's Procurement Regulations for IPF Borrowers: Procurement in Investment Project Financing for Goods, Works, Non-Consulting, and Consulting Services, dated July 1, 2016, and updated November 2020 (as amended from time to time). Furthermore, the World Bank's Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by International Bank of Reconstruction and Development (IBRD) Loans and IDA Credits and Grants, dated October 15, 2006, and revised as of July 1, 2016, and the provisions stipulated in the General Conditions of the Legal Agreement shall apply.

61. Implementation arrangements. The AUC's corporate procurement function is conducted by the SCMD under the OSSD of the AUC. Thus, procurement under the project shall be conducted under the SCMD. The SCMD



is responsible for procurement planning, monitoring and supervision, and reporting. The AUC has prepared and submitted the PPSD to the World Bank. The Division is required to prepare Procurement Plans and submit them to the World Bank for review and ‘no objection’ through the Systematic Tracking of Exchanges in Procurement (STEP) tool (See Annex 1). The think tanks which will be selected at a later stage based on the criteria described in Box 1 are also beneficiaries of the project response. The project resources will be transferred to their account for the procurement of goods, consulting services or non-consulting services to perform their assignments. The think tanks shall carry out the procurement in accordance with the World Bank’s Procurement Regulations for IPF Borrowers; Procurement in Investment Project Financing for Goods, Works, Non-Consulting, and Consulting Services, dated July 1, 2016, and updated November 2020 (as amended from time to time). Furthermore, the World Bank’s Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, revised as of July 1, 2016; and the provisions stipulated in the General Conditions of the Legal Agreement shall apply. The AUC will assess the procurement capacity and risk of these think tanks at a later stage, identify the risks with mitigation measures and recommend a fit for purpose procurement arrangement once the think tanks are identified. The AUC will also be required to regularly monitor and ensure that the think tanks carry out the procurement in accordance with the World Bank’s procurement regulation.

C. Legal Operational Policies

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

D. Environmental and Social

62. The overall project’s environmental and social risk is rated as Moderate. The project will provide TA activities that do not have any direct significant adverse environmental and social risks. Since the project does not involve any investment in physical infrastructure, there are no anticipated risks or impacts related to land acquisition, land use restrictions, or involuntary resettlement and labor influx. The direct beneficiaries of the project are the relevant AUC entities and think tanks that will benefit from support for strong policy making capacity. Therefore, the proposed activities of the project will have limited involvement with communities and hence, limited or no community health and safety risks and impacts. However, there are some potential risks associated with the implementation of TA activities. The project will involve multiple staff from the implementing agencies, mainly in the AUC based in Addis Ababa and several other African countries that think tanks will be selected from. The contextual risks of the security situation in the western and eastern Africa could potentially cause impacts on the project workers’ safety and security as well as risks related to sexual exploitation and abuse and sexual harassment or other forms of gender-based violence (GBV). There could be a risk of excluding women and other vulnerable groups (such as people living with disabilities) from activities related to training, fellowships, staff exchanges, secondment programs, and think tanks in Africa that tend to be dominated by male researchers, analysts, and leaders. To address this risk, the project will give priority consideration to TA programs and activities for women and other potential beneficiaries who represent underserved demographics, geographies, and sectors. As the proposed activities involve the engagement of project workers, there may be potential risks related to labor and working conditions, including risks around discrimination/exclusion based on gender and ethnicity, occupational health and safety, workers’ security, and GBV-related risks. Therefore, the project will incorporate Labor Management Procedures and security and safety measures are incorporated into the Environmental and



Social Commitment Plan. The AUC has also developed an abbreviated Stakeholder Engagement Plan which will include the grievance redress mechanism to ensure meaningful engagement with all project stakeholders and facilitate the resolution of grievances concerning the project.²⁷ For Type 2 and 3 TA activities, the project-implementing entities will ensure that the ToR, work plans, or other documents defining the scope and outputs of capacity-building activities will be drafted so that the advice and other support provided are consistent with Environmental and Social Standards (ESS) 1–10, based on the Advisory Note on Technical Assistance and the Environmental and Social Framework.²⁸

V. GRIEVANCE REDRESS SERVICES

63. Grievance redress. Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank’s independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank’s Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank’s AM, please visit <https://accountability.worldbank.org>.

VI. KEY RISKS

64. The overall residual risk for the project is Substantial. The grant funding, on its own, will not be sufficient to generate the research and engagement activities necessary to address all cross-border policy issues. Mitigation factors include establishing an endowment fund and supporting think tanks to generate additional revenue; establishing a continental network of think tanks; and building technical and institutional capacity to support research and dissemination on cross-border issues.

- **Political and Governance (Substantial).** Some project activities carry significant political economy challenges, some of which have slowed down implementation in the past. In some cases, there may also be political interference or tensions between host governments and think tanks on specific policy issues. These risks will be mitigated through the establishment of a TTPSC; provision of capacity-building support around governance issues; and the use of a transparent competitive selection processes for think tanks.
- **Institutional Capacity for Implementation and Sustainability (Substantial).** Challenges around ensuring the sustainability, especially financial sustainability, of the efforts undertaken under this project are

²⁷ The Environmental and Social Commitment Plan was publicly disclosed on September 27, 2023, and the Stakeholder Engagement Plan on July 6, 2023.

²⁸ Type 2 TA activities refer to those supporting the formulation of policies, programs, plans, strategies or legal frameworks, while Type 3 TA activities refer to those strengthening borrower or recipient capacity.



expected. This will be mitigated through the establishment of an endowment fund to support think tanks over the long term. The AUC will also receive support to strengthen its capacity for fundraising.

- **Fiduciary (Substantial).** Over the years, the AUC has developed experience in handling FM of World Bank-financed projects. It has a well-established internal control system and overall FM arrangements. However, recently, some challenges/risks are noted in terms of delays in submitting IFRs and external audit reports, low budget utilization, gaps in internal audit reviews, and interfund borrowings. A detailed action plan has been developed to address these risks. This will be closely followed up during implementation. Some of the mitigating measures include: recruiting a finance officer at AUC to address the delay in submission of IFRs; recruitment of external auditors to be made in a timely manner (within four months of project effectiveness) and the auditors to be appointed to audit 2-3 years of accounts; close monitoring of budget utilization and setting a timetable for AWP&B preparation and approval; internal auditors to be hired by other World Bank-financed projects at AUC to cover the internal audit of this project and the internal audit report submission is a legal covenant; reviewing fund flow statements in quarterly IFRs to monitor and ensure that interfund borrowings are not made. Some of the risks identified related to procurement and contract management include: (a) overloading of procurement staff with multiple tasks; (b) delays in initiating the planned activities in accordance with the approved Procurement Plan and not using STEP as procurement and contract management monitoring tool; (c) preparation of unrealistic Procurement Plans specifically with respect to cost estimates and contract duration; and (d) weak contract management system. The risks will be mitigated through a comprehensive set of actions outlined in Annex 1.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Eastern and Southern Africa

Africa Think Tank Platform Project

Project Development Objectives(s)

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

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
To establish a sustainable platform for effective policy research and policy making						
Platform on continental priority policy issues established and operational (Text)		The AUC has established the platform steering committee (PSC) and associated governance structures	PSC has assessed the previous year's performance of think tank activities and approved research priorities for the following year	PSC has assessed the previous year's performance of think tank activities and approved research priorities for the following year	PSC has assessed the previous year's performance of think tank activities and approved research priorities for the following year	PSC has prepared and approved an exit strategy outlining a sustainability mechanism.
Policy-relevant research products on cross border priority issues generated by think tanks (Number)		0.00	10.00	20.00	30.00	40.00
Think tank policy engagement activities undertaken (Number)		0.00	20.00	40.00	60.00	80.00
of which include citizen engagement (Number)		0.00	20.00	10.00	15.00	20.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Research projects led by female researchers (Number)		0.00	5.00	10.00	15.00	20.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
Establish capacity to operate a sustainable policy making platform						
Platform steering committee meetings convened (Number)		0.00	1.00	2.00	3.00	4.00
Strengthen the quality, relevance and uptake of policy research on priority issues						
Africa online knowledge sharing repository established and updated (Yes/No)		No	Yes	Yes	Yes	Yes
African and global online think tank database established and updated (Yes/No)		No	Yes	Yes	Yes	Yes
Policy engagement and dissemination events between think tanks, national policy makers and other key stakeholders (Number)		0.00	5.00	15.00	25.00	30.00
Think tanks with research staff sitting on government task forces, advisory panels, and working groups (Number)		0.00	2.00	4.00	6.00	8.00
Peer reviewed policy research outputs on continental priority		0.00	4.00	12.00	18.00	24.00



Indicator Name	PBC	Baseline	Intermediate Targets			End Target
			1	2	3	
issues (Number)						
Government officials seconded to think tanks receiving fellowships (Number)		0.00	2.00	8.00	12.00	16.00
Percentage of female professional staff in think tanks receiving mentoring or peer learning support (Percentage)		0.00	15.00	50.00	75.00	100.00
Annual institutional capacity plans implemented in full (Number)		0.00	8.00	8.00	8.00	8.00
Completed training by stakeholders on evidence based policy making training (Number)		0.00	10.00	40.00	60.00	80.00
Perception of national and regional level policy makers, and other key policy stakeholders of think tanks' abilities to inform and influence domestic policy (Percentage)		0.00	10.00	40.00	60.00	80.00
Support for platform sustainability						
Studies to establish and operate endowment fund completed (Yes/No)		No	Yes	Yes	Yes	Yes
Platform fund mobilization targets met (Yes/No)		No	Yes	Yes	Yes	Yes



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Platform on continental priority policy issues established and operational	The think tank platform steering committee (TTPSC) will be constituted by the AUC and will be tasked with assessing and evaluating the performance of think tanks and approving their research priorities for the upcoming year. In year 5, the TTPSC will prepare and approve an exit strategy with a clear sustainability plan.	Annual	AUC - Project secretariat	Review of Platform convention reports and minutes	AUC - Project secretariat
Policy-relevant research products on cross border priority issues generated by think tanks	Relevance will be assessed by the TTPSC during the annual think tank performance review. The TTPSC will also use results from the policy community survey (when available) to assess the relevance of the research outputs produced.	Annually	TTPSC Report, policy community survey	Information will be extracted from the Annual TTPSC Report	AUC - Project secretariat
Think tank policy engagement activities undertaken	Policy engagement activities would include think tank engagement with key policy stakeholders, including the private sector, industry, government officials, and	Annual	Semi-annual think tank progress reports	Semi-annual think tank progress reports	AUC - Project secretariat



	civil society. These engagement activities could take the form of consultative workshops, research dissemination events etc. aligned to the agreed research agenda of the think tanks.				
of which include citizen engagement	measures the number of engagement activities that include citizens and/or CSOs	Annual	Semi-annual think tank progress reports	Semi-annual think tank progress reports	AUC - Project secretariat
Research projects led by female researchers	Measures the number of think tank research outputs in project priority areas and on cross-border issues	Annual	Semi-annual think tank progress reports	To be compiled from annual think tank progress reports and policy outputs	AUC - Project secretariat

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Platform steering committee meetings convened	Measures convening of annual TTPSC meetings	Annual	Minutes of TTPSC meetings	Review of reports	AUC - Project secretariat
Africa online knowledge sharing repository established and updated	Measures the establishment and updating of a database on policy research	Annual	AUC progress reports and repository	Review of reports and verification of entries in database	AUC - Project secretariat



	conducted across the continent on the six priority areas		database		
African and global online think tank database established and updated	Measures the establishment and updating of a database on African and global think tanks undertaking policy research and advisory services on the six priority areas in Africa	Annual	AUC progress reports and think tank database	Review of reports and verification of entries in database	AUC - Project secretariat
Policy engagement and dissemination events between think tanks, national policy makers and other key stakeholders	Policy engagement includes workshops, dissemination events and think tank participation on formal government bodies/committees. It would also involve engagement between think tanks, government officials, civil society and/or the private sector.	Annual	Semi-annual think tank progress reports	Review of reports	AUC - Project secretariat
Think tanks with research staff sitting on government task forces, advisory panels, and working groups	Measures direct think tank engagement at the country level on regional priority issues	Annual	Semi-annual think tank progress reports	Review of semi-annual reports	AUC - Project secretariat
Peer reviewed policy research outputs on continental priority issues	Measures policy research outputs including policy briefs, working papers, just-in-time analysis, literature reviews that think tanks produce on the six priority	Annual	Semi-annual think tank progress reports	Review of semi-annual progress reports	AUC - Project secretariat



	areas and on agreed workplans				
Government officials seconded to think tanks receiving fellowships	Measures the number of government officials seconded on fellowship program to Think tanks supported by the project	Annual	Fellowship program progress reports	Review of progress reports	AUC - Project secretariat
Percentage of female professional staff in think tanks receiving mentoring or peer learning support		Annually	Semi-annual think tank progress reports	To be extracted from semi-annual think tank progress reports	AUC - Project secretariat
Annual institutional capacity plans implemented in full	Measures the implementation of annual institutional capacity building plans and includes both AUC provided capacity building and institutionally tailored support	Annual	Semi-annual think tank progress reports	Review of progress reports	AUC - Project secretariat
Completed training by stakeholders on evidence based policy making training	Measures the number of stakeholders trained by think tanks on evidenced based policy making. Stakeholders include government officials, civil society, private sector and media.	Annual	Semi-annual think tank progress reports	Review of semi-annual progress reports	AUC - Project secretariat
Perception of national and regional level policy makers, and other key policy stakeholders of think tanks' abilities to	This indicator will assess the perceptions of the AUC, national government	Annually	Policy Community Survey	Survey will be administered to key stakeholders	AUC - Project secretariat



inform and influence domestic policy	officials, CSOs, private sector, industry and academia of think tanks' abilities to inform and influence policy dialogue. This would be assessed through the Policy Community Survey (PCS) which will assess the extent to which think tanks' research is aligned with regional/national priority issues, provide an informed critique of public policy, the quality and expertise of researchers, objectivity, and quality of recommendations. An end-of-project target of 80% of PCS respondents scoring think tanks with 4 out of 5 or higher on relevant question items.				
Studies to establish and operate endowment fund completed	Measures completion of agreed studies needed to establish the platform's endowment fund	once	Endowment fund studies	Review of commissioned studies	AUC - Project secretariat
Platform fund mobilization targets met	This measures whether the targets for fund mobilization, set out when the special and endowment funds are established, are	Annual	AUC - Project secretariat fund progress reports	Review of annual progress reports	AUC - Project secretariat



	met.				
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ANNEX 1: Implementation Arrangements and Support Plan

Project Institutional and Implementation Arrangements

1. The AU will be the IDA financing recipient for the project. Through the AUC, it will manage and coordinate all components of the project. The PMRM Department will host the project’s secretariat, headed by a project coordinator, and will be the central entity tasked with overall project coordination across the participating AUC departments and directorates. It will be responsible for project management and day-to-day project operations, operating the regional platform including organizing TTPSC meetings, managing the competitive selection process for think tanks, environmental and social risk management, M&E, and reporting. The AUC’s portfolio department directorates will align with the priority thematic areas of the project and include EDIT, SEBE, ARE, ESTI, HHE, and IE. Specialized agencies of the AU will support the project secretariat through: (a) contributing to the development of the policy research agenda under each priority area; (b) implementing capacity-building activities for think tanks, including facilitating fellowship or secondment programs between governments and think tanks; (c) facilitating partnerships and twinning programs between think tanks; (d) providing support to think tanks to enhance the quality and communication of research; (e) facilitating the adoption of regional policies by countries through national-level engagements; and (f) collaborating on selected research activities. The AUC’s Directorate of Finance will shoulder the project’s overall FM responsibilities, while the SCMD under the OSSD will be in charge of procurement (table 1.1).

Table 1.1. Roles and Responsibilities of Implementing Bodies

Table with 2 columns: Implementing Body and Roles and Responsibilities. Rows include PMRM department of AUC, AUC portfolio department directorates, AUC Directorate of Finance (External Resources Management Division), AUC OSSD (SCMD), and AUC specialized agencies.



Implementing Body	Roles and Responsibilities
	<p>quality and communication of research, strengthening fund mobilization and sustainability planning; and improving participation of female policy professionals)</p> <ul style="list-style-type: none"> • Facilitate fellowship and secondment programs between government and think tanks • Organize knowledge exchange events between think tanks and policy makers • Build capacity of policy makers, civil society, and other key stakeholders • Create and maintain the online Africa Knowledge Repository of existing policy research conducted across the continent • Support think tanks in promoting national adoption of regional policies • Contribute to the development of policy research agenda under each priority area • Collaborate on selected research activities
Think Tanks	<ul style="list-style-type: none"> • Implementation of annual work plans • Institutional-level FM and procurement • Institutional-level environmental and social risk management • Institutional-level M&E
STCs	<ul style="list-style-type: none"> • Work closely with think tanks to guide and support implementation of annual work plans

Implementation Support Plan

2. This project will require intensive supervision throughout its implementation to ensure sufficient attention to each of the components. Regular implementation support will be provided by the World Bank. Two standard missions will be undertaken during the first year of implementation in addition to regular virtual meetings. In the second and third years, it is anticipated that the implementing agency will have strengthened internal capacity to support implementation, and project implementation would have taken off. Again, two implementation support mission are expected for each year. To ensure sufficient uptake of project activities, it is envisaged that specialized technical expertise will be embedded within the implementing agency to provide support in strategic areas such as, FM, procurement, and communications.

Financial Management Arrangements

3. World Bank-financed projects have benefited from the well-established FM system of the AUC. The experience in having a project-specific FM manual has also enabled in accommodating financier-specific requirements. The AUC’s Directorate of Finance and finance officers have become aware of World Bank FM-related requirements, which has enabled smooth communication and remedial actions when necessary. This will continue to benefit the existing and upcoming projects.

Lesson Learned

4. In recent years, the number of World Bank-financed projects being implemented by the AUC has grown. Currently, there are six active projects and five pipeline projects including this proposed project. The active projects include Support for Capacity Development of the AUC and other African Union Organs Project (P126848), Africa CDC Regional Investment Financing Project (P167916), and Harmonizing and Improving Statistics in West



Africa Project (P169265). This has shown the AUC's capacity to manage multiple projects with the necessary support and capacity development including staffing requirements. The projects have benefited from the well-established FM system of the AUC. The experience in having a project-specific FM manual has also enabled in accommodating financier-specific requirements. The AUC's Directorate of Finance Management and finance officers have become aware of World Bank FM-related requirements, which has enabled smooth communication and remedial actions when necessary. This will continue to benefit the existing and upcoming projects.

Organization Context

5. Over the past years, the AUC has been working toward strengthening its FM activities through the Directorate of Programming, Budget, Finance, and Accounting, which is now renamed as the Directorate of Finance. To ensure structured FM arrangements, the AUC has developed FRR, approved by the Head of States. The FRR codifies key procedures and regulations in budgeting, payment, accounting, reporting, auditing, and so on. It was revised, reviewed, and approved by policy organs in January 2014.

6. Despite noted improvements and developments in the AUC's FM capacity, the Commission still faces challenges. There are limited tools for planning and budgeting, and budget preparation and management is centralized leading to inefficiencies. Moreover, due to unpredictable member states' contributions, the AUC experiences frequent funding shortfalls. Human resource capacity constraints limit quality and efficient delivery of services, such as timely completion of audits while grants' management-specific challenges linked to reporting and banking arrangements result in comingling of funds. Delays have been noted in finalizing budget preparation, approval, and notification process in the other World Bank-financed AUC projects. To strengthen its FM system, the Directorate of Finance has developed a strategic plan for 2022–2024.

Budgeting

7. Budget preparation. The AUC will prepare its annual budget following the Commission's budget calendar. Delays have been noted in finalizing budget preparation, approval, and notification process in the other World Bank-financed AUC projects. The Internal Program and Budget Committee coordinates the planning and budgeting processes within the Commission. The financial resources from development partners are declared and included as part of the Commission's budget. The AUC's regular budgets are formulated in the Finance Division while program/project budgets, including donor-financed programs, are organized at the various divisions that are responsible for the execution of the programs. The Internal Program and Budget Committee scrutinizes, consolidates, and compiles the budget estimates and submits it to the AUC chairperson for presentation to the Permanent Representative Committee (PRC). The annual consolidated budgets are approved by the Assembly after consideration by the Executive Council upon the recommendation of the PRC. Once approved, the budget details will be logged in the SAP system. Any project, whose budget is not approved by the PRC will not be accommodated by the Directorate of Finance. In addition, the approved budget logged in the SAP should be released in the system for the project to disburse. The AUC procedures allow the project to disburse up to the released budget amount in the system. The initial budget approval happens around June of each year for the subsequent fiscal year and supplementary budget is usually incorporated around October–November of each year for the subsequent fiscal year. Hence, there is a need to ensure the FY2023/24 budget of this project is incorporated in the system. The AUC's budget procedures will be applicable for the project budgeting purposes with due regard to ensuring timely preparation, approval, and monitoring of budget execution. In addition, the POM, which also includes the FM manual, will set out specific project budget preparation and control arrangements. The AUC will prepare and submit an AWP&B and obtain the World Bank's 'no objection' before the



start of the fiscal year. The POM and FM manual should set out the timeline for the budgeting process and review and provision of 'no objection' by the World Bank.

8. Budget utilization. Recently, very low budget utilization is noted across all World Bank-financed projects at the AUC. Hence, close follow-up of project implementation and budget utilization is required.

9. Budget control. Budget control will be made starting from the initiation of a transaction up to its approval. Budget variance analysis and explanation of bottlenecks with the relevant resolutions will be provided in the IFRs. The AUC uses SAP for budgeting monitoring including projects. Budget monitoring appears to be quite strong. The monitoring starts at the initiation of the transaction and the system allows for 'real-time' follow-up of the project funds and activity transactions.

Accounting and Staffing

10. Basis of accounting. The AU has adopted IPSAS effective from January 2014. Detailed procedure manuals were revised, and relevant staff were trained. The project will have an FM manual as part of the POM, which will describe project-specific FM arrangements.

11. Accounting system. The AUC uses a computerized accounting system, SAP, to process and record financial transactions including this project. It has adequate internal information technology (IT) support system. The organization's FRR, approved by the Head of States, codifies key procedures and regulations in budgeting, payment, accounting, reporting, auditing, and so on. It was revised, reviewed, and approved by policy organs in January 2014. There is a plan to revise the FRR further, as this is somehow outdated. The chart of accounts allows reporting of World Bank-financed transactions (especially income and expenditures by activities/components). However, the current system does not provide a separate trial balance for a specific project. To address this issue and effectively manage its partners funds, the AUC started the process to implement Business Planning and Consolidation and Grant Management Modules of SAP. However, these are not yet finalized. Until then, the project's financial reports will continue to be prepared by extracting data from SAP in a spreadsheet.

12. Staffing and capacity building. The External Resources Management Division provides overall guidance on FM issues. There are qualified staff in this unit at the headquarters. However, staff are already handling multiple assignments in the unit and delays in submitting financial reports are noted in the other projects. Hence, a finance officer to handle this project should be recruited.

13. Accounting centers. Accounting center for program funds is the AUC. Think tanks are responsible to maintain their own accounting records.

Internal Control and Internal Audit

14. Internal control. SAP is used for processing payments at the AUC and provides adequate security to various users in terms of data entry, verification, and approvals. Duties are adequately segregated. The authorized signatories approve payments and related documents before payments are processed. Transactions to be processed are checked by the Finance Division for availability of budget; relevance; fund availability; and compliance to rules, regulations, and agreements. Once procurement processes or payment requests reach the Finance Division, transactions pass through the finance officers, certifying officer, authorizing officer, releasing officer, and treasury (where checks are prepared) and are paid through the bank. The drawback of this process is



that it involves several individuals, and unless the respective officers and officials sign off on time, payments can be delayed, sitting in the inbox of individuals pending response. In addition, if requests are rejected at any stage, reworking the process in the system may also be time consuming. This might adversely affect budget utilization and project implementation. Monthly bank reconciliations are prepared, and counter checked. However, in recent times, errors and discrepancies are noted. Hence, this requires close attention. The fixed assets register is maintained in SAP and can easily be identified. It incorporates various attributes about the assets including asset code, source of fund, and user.

15. Internal audit. The AUC has an OIO reporting directly to the Commission’s Chairperson. It has an Internal Audit Charter that was approved/adopted in July 2012. The PRC Sub-Committee on Audit Matters (which follows up on all internal and external audit matters including investigations) and the Internal Audit Progress Committee (an internal committee set up by the Chairperson of the Commission, that is, management, to follow up on implementation of audit recommendations) are established. Despite its constraint in staffing, the directorate performs internal audit on program funds in the Commission on a risk-based approach, but significant delays are noted. For the AUC Support for Capacity Development of the AUC and other African Union Organs Project (P126848), the internal audit review for FY2019 and 2020 has been delayed and the audit report has not yet been issued. Hence, it is important to improve the timeliness of the internal audit function. An internal auditor is to be recruited under the Eastern Africa Regional Statistics Program-for-Results (P176371) and the Building Institutions and Systems to Harness and Realize Agenda 2063 (P180117) projects. These auditors are primarily expected to work on the internal audit reviews of all World Bank-financed projects at AUC. The AUC will submit an internal audit report covering a 12-month period not later than 60 days after the end of the 12-month period covered by the audit. A ToR will be prepared and agreed with the World Bank specifying the coverage/scope and timing of the audit cycle.

Financial Reporting

16. Reporting requirements. The AUC will prepare quarterly unaudited IFRs. It will ensure that the advances received, and documentation of expenditure are properly accounted for. A finance officer at the External Resources Management Division is responsible for preparing IFRs.

17. Reporting timeline and content. Project IFRs will be submitted within 45 days of the end of the reporting quarter. At a minimum, the report will include a statement of sources and uses of funds and opening and closing balances for the quarter and cumulative; a statement of uses of fund that shows actual expenditures, appropriately classified by main project activities (categories, components, and subcomponents) and actual versus budget comparisons for the quarter and cumulative will also be included; a statement on movements (inflows and outflows) of the project DA, including opening and closing balances, and notes and explanations; and other supporting schedules and documents.

18. The AUC has experience of preparing and submitting IFRs to the World Bank in relation to the ongoing projects. IFRs are submitted with good quality. However, recently, delays in submitting IFRs are being observed due to the workload of the assigned finance officer who is working on all World Bank-financed projects. Recruiting a finance officer for this project has been proposed. Project transactions are processed and recorded as part of the other AUC financial activities. To prepare IFRs, financial information relating to the project is exported to an Excel Spreadsheet from SAP.



External Audit

19. Annual financial audit. The AUC will submit the project's annual audit report, which should include the audited financial statements and Management Letter to the World Bank within six months of the end of the reporting year. The annual financial statements will be prepared in accordance with the standards to be indicated in the audit ToR. The audit should be conducted by an auditor acceptable to the World Bank. The AUC will then submit project audited financial statements in a form and content satisfactory to the World Bank.

20. Recently, delays are noted in submitting external audit reports for World Bank-financed projects. The AUC capacity-building project audit report for FY2021 was submitted with a delay of a couple of months, while the audit reports for the HISWACA Project and Africa CDC Regional Investment Financing Project for FY2021 were submitted with a delay of more than eight months.

21. The recent external audit reports of the projects are clean reports. However, some internal control weaknesses were revealed that relate to low budget utilization, long outstanding advances and payables, and interfund borrowing. The AUC submits the action plan and subsequent status report for actions taken on audit findings in a timely manner.

22. In accordance with the World Bank's policies, the World Bank requires that the recipient disclose the audited financial statements in a manner acceptable to the World Bank. Following the World Bank's formal receipt of these statements from the recipient, the World Bank makes them available to the public in accordance with the World Bank Policy on Access to Information.

23. It is noted that the AUC has not disclosed audit reports for FY2018, 2019, 2020, and 2021. Hence, AUC should ensure that the audited financial statements of this project are disclosed in a manner acceptable to the World Bank.

Fund Flow and Disbursement Arrangements

24. DA and disbursement methods. The AUC, at the headquarters (Addis Ababa) will open a segregated designated US dollar bank account into which project funds will be disbursed by IDA. A separate local currency (Ethiopian birr) account will also be opened by the AUC at the Commercial Bank of Ethiopia to manage funds received. Such arrangement is currently being used by the AUC.

25. All disbursement methods are available for the project. The project will prepare a six-month expenditure forecast and cash requirement to be submitted along with the IFRs of the project. This will be the basis to request funds from the World Bank for disbursements into the project DA. Additional information with regard to disbursement such as minimum value of application for direct payments, reimbursement, and special commitments will be indicated in the DFIL of the project.

26. The project involves the provision of seed money to an endowment fund, to be established upon its approval by the AU policy organs, and transfer of funds to think tanks. For the seed money, the project will record expenditures upon transferring the seed money into the account of the endowment fund. The project's M&E activities will monitor the use of the endowment fund. A guideline/manual will be prepared/included in the POM, which will clearly describe the procedures for the endowment fund establishment, fund disbursement (seed money), and its subsequent management. For think tanks, the World Bank will conduct assessments of their FM



arrangements. Fund disbursement to the think tanks is dependent on having adequate FM arrangements as required by the World Bank. The think tanks that have adequate FM arrangements will sign PPAs with AUC. They will receive funds from AUC based on an agreed AWP&B. Separate project bank accounts would be opened by all think tanks of the selected consortia for this purpose. The think tanks are required to prepare quarterly IFRs and submit to AUC for consolidation and reporting to the World Bank. Additional fund transfer from AUC to the think tanks is based on the status of the use of funds as presented in their respective IFRs. The project's annual external audit will cover the audit of the think tanks of the selected consortia. The logistical arrangement for this will be discussed and agreed with AUC. The project's internal audit exercise would also cover the review of the expenditures reported by the think tanks. The project's POM or a separate guideline will elaborate the assessment, selection, disbursement and additional fiduciary requirements in relation to the think tanks.

27. It is noted that usually one account is being used (special fund account of the AUC for donor financings) to make aggregate payments to some services obtained for various projects (for example, airlines and credit union related bills). The balances are later cleared by refunding the involved balance to the special fund. Such practices have interfund borrowing implications. It should be noted that interfund borrowing is not allowed under World Bank-financed projects and hence the AUC should cease such practices.

Fraud and Anticorruption

28. As per the General Condition of IPF, the AUC and other project implementing entities shall ensure that the project is carried out in accordance with the provisions of the Anti-Corruption Guidelines: 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,' dated October 15, 2006, and revised in January 2011 and July 1, 2016.

29. The main risks identified so far relate to (a) procurement activities, which might not follow procurement procedures, and (b) staff entitlement benefits. To address these risks under the proposed project, an annual internal audit reporting requirement has been proposed as a legal covenant. This should closely review procurement and staff costs.

Risk Assessment, Strengths, Weaknesses, and Action Plans

30. The FM risk of the project during this assessment is considered Substantial. The key strengths are as follows: (a) the AUC has ample experience in managing World Bank-financed projects and is familiar with the FM requirements, including disbursement through Client Connection; (b) there are FRR that detail internal control procedures; and (c) the internal control system over payments is strong, as there is adequate segregation of duties in approving payment requests and authorizing payments through the ERP²⁹ system. The key risks/weaknesses are as follows: (a) delay in preparation and approval of budget; (b) low budget utilization; (c) delay in submitting IFRs and audit reports; (d) interfund borrowing; and (e) delay in processing transaction, as the payment process involves several individuals and unless the respective officers and officials sign off on time, payments can be delayed. If requests are rejected at any stage, reworking the process in the system may also be time consuming. This might adversely affect budget utilization and project implementation. The mitigating measures proposed in the action plan will help reduce the risk of the project once implemented and applied during project implementation.

²⁹ ERP = Enterprise resource planning.



Table 1.2. FM Action Plan

Action	Due Date	Responsible Entity
Budgeting		
(a) Set up the timetable for budget preparation, approval, and submission in line with AUC's budget calendar	To be included in the POM/FM manual	AUC
(b) Closely follow up on budget communication and release in the system by a focal finance officer assigned/recruited	During implementation	AUC, World Bank
(c) Discuss and clarify how the FY2023/2024 project budget will be incorporated on AUC's system and be available for use	During the first two months of project	AUC
(d) Prepare AWPB and submit to the World Bank for 'no objection'	During implementation	AUC, World Bank
(e) Closely monitor budget utilization and address low budget utilization	During implementation	AUC, World Bank
Accounting		
(f) Recruit finance officer to handle the project at the AUC	During the first two months of project implementation after effectiveness	AUC
(g) Develop the FM manual for this project. Include guideline on disbursement and management of funds for endowment fund and think tank groups	Within three months of effectiveness	AUC
(h) Provide FM training for finance staff recruited	After recruitment is finalized - within one month	World Bank
(i) Ensure necessary account codes are maintained in SAP for this project.		AUC
(j) Ensure TBs are extracted and checked regularly	During implementation	AUC
Flow of Funds		
(k) Provide training on filling withdrawal applications for the finance staff to be recruited	After recruitment is finalized - within one month	World Bank
(l) Open separate US dollar and local currency bank accounts for the project at the headquarters	Before funds are transferred	AUC
(m) Avoid interfund borrowing	During implementation	AUC
Internal Control and Internal Audit		
(n) Closely monitor and follow up the payment/transaction process by the recruited finance officer to avoid delays by consulting with those involved in transaction processing	During implementation	AUC
(o) Conduct internal audit on the project accounts by involving the internal auditors to be hired by the other World Bank-financed projects (EARSP and BIASHARA) and submit the report to the World Bank. Until recruitment is done, communicate with the OIO and ensure that the project is covered by their internal audit review. Internal audit report should be submitted to the World Bank covering a 12-month period. The	During implementation - report submission within 60 days of the end of the 12-month period	AUC



Action	Due Date	Responsible Entity
internal audit review should particularly look at procurement and staff costs		
Financial Reporting		
(p) Agree on the format and content of the IFR	By effectiveness	World Bank, AUC
(q) Provide training on IFR preparation	During implementation	
External Audit		
(r) External auditors to be recruited in a timely manner and the auditors recruited should be able to audit 2–3 years of accounts	Recruitment to be made within four months of project effectiveness - auditors to be appointed to audit 2-3 years of accounts. For subsequent recruitment after expiration of appointment terms, recruitment should be made six months before the end of the FY to be audited.	AUC
(s) Compile annual financial statements in a timely manner to allow adequate time for audit	Within three months of the end of the fiscal year	AUC
20. Disclosure: (t) Audit reports on AUC’s website.	Annually	AUC

Supervision Plan

31. The FM risk for the project is rated Substantial. The project will be supervised twice per year. After each supervision, risk will be measured and recalibrated accordingly. Supervision will include field visits, review of IFRs, audit reports, and follow-up of agreed actions. The arrangements are summarized on table 1.4.

Table 1.3. FM Implementation Support Plan

FM Activity	Frequency
Desk reviews	
IFR review	Quarterly
Audit report review of the program	Annually
Review of other relevant information such as interim internal control systems reports	Continuous as they become available
On-site visits	
Review of overall operation of the FM system	Semiannually (implementation support mission)



FM Activity	Frequency
Monitoring of actions taken on issues highlighted in audit reports, auditors' Management Letters, internal audit, and other reports	As needed, but at least during each implementation support mission.
Transaction reviews	As needed
Capacity-building support	
FM training sessions by World Bank FM team	Following project effectiveness and thereafter as needed.

Conclusion

32. Subject to the successful completion of the actions recommended in the action plan to address the risks identified, the proposed FM arrangements are considered acceptable to the World Bank.

Procurement Arrangements

33. **Applicable procurement rules and procedures.** Procurement under the project will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers: Procurement in Investment Project Financing for Goods, Works, Non-Consulting, and Consulting Services, dated July 1, 2016, and updated November 2020 (as amended from time to time). Furthermore, the World Bank's Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants, dated October 15, 2006, and revised on July 1, 2016, and the provisions stipulated in the General Conditions of the Legal Agreement shall apply.

34. **Scope of procurement.** Procurable items under the proposed project include goods and non-consulting and consulting services. The items to be procured under the project include goods contract such as supply and installation of IT and IT service management tools; supply, installation, and commissioning of IT wired and wireless network infrastructure to enhance the system performance and data security; and so on. The consulting services include the selection and employment of consulting firms and individual consultants to carry out studies and various assessments, provide TA to different sectors of the AUC, audits, and so on. There are no works contract implemented under this project. The major procurable items are detailed and presented in the PPSD and in the first 18 months of the Procurement Plan.

35. **PPSD, Procurement Plan, and STEP.** The recipient has prepared the PPSD and Procurement Plan for the first 18 months of project implementation. The PPSD identified the fit-for-purpose procurement approach through an analysis of the market, procurement risks, and capacity and recommends suitable procurement arrangements. The PPSD will be updated regularly as required during the project implementation period. The recipient will use the World Bank's online tool (STEP) for procurement planning, processing, monitoring, contract management, reporting, and record keeping. The Procurement Plan will be updated by the recipient (subject to World Bank 'no objection') as required.

36. **Procurement implementation arrangements.** The AUC through its SCMD under the OSSD is responsible for the implementation of the procurement function of the project. The AUC corporate procurement management is carried out by its newly formed SCMD under the OSSD replacing the former Procurement, Travel and Store Division (PTSD) because of the recent internal restructuring of the AUC. All procurement staff and the entire procurement system of the former PTSD is maintained and moved to the new SCMD. The former PTSD (that is, the new SCMD) has experience in managing World Bank-financed projects. The AUC has experience in procurement of IT equipment and other medium-value goods and consultancy service contracts financed by the



World Bank projects. The SCMD also has experience in the preparation of simplified PPSD and procurement planning using STEP. Thus, procurement under the proposed project shall be carried out under the SCMD. The SCMD is responsible for procurement planning, processing, monitoring, supervision, and reporting. The division will submit the Procurement Plan to the World Bank for its review and 'no objection' through STEP. The SCMD will also maintain all procurement and contract management records. In view of this a procurement risk assessment was carried out at the SCMD of the AUC. Some of the findings that emerged from the procurement capacity and risk assessment include the following:

- (a) **Procurement staffing.** The SCMD is well staffed with the necessary procurement support personnel and handles a portfolio of around more than US\$100 million. There is one qualified procurement staff and two recently recruited senior procurement consultants employed under the World Bank-financed project in the SCMD. The one procurement staff is familiar with the procurement procedures of World Bank-financed projects and has worked for the last eight years in the AUC. The two procurement consultants recruited by the AUC have also reasonable qualification and experience in World Bank-financed projects. This will significantly improve the procurement management capacity in the AUC. The major challenge regarding organization and staffing is that the procurement staff and other teams in the division are overwhelmed with procurement planning, processing, and contract administration of all procurement activities of the AUC in addition to the procurement in World Bank-financed projects. Besides, there is no qualified staff to handle contract administration at the SCMD. As a result, the procurement staff and consultants are also engaged in contract administration activities without the required qualification and training. Now, the new structure allocated three contract management officers' positions under the SCMD. There is a need to quickly fill these positions with qualified and experienced contract management officers to support the day-to-day contract administrations of the signed contracts. However, to further enhance their capacity, the recently recruited consultants and endorsing committee members need to be trained on the World Bank Procurement Regulations and contract management.
- (b) **Procurement planning and processing.** Procurement processing is carried out with the principle of value for money, economy, integrity, and open competition and this is the preferred procurement method at the AUC. Sometimes, if required, direct contracting/single source selection are also utilized on a case-by-case basis. The procurement activities are planned and carried out in accordance with the authorized annual budget. However, procurement activities are not carried out in accordance with the timeline of the Procurement Plan, particularly in the World Bank-financed project. Mostly, the cost estimates and contract implementation durations of the planned activities are not determined based on the prevailing market assessment and scope of the assignment. So, there is a weak practice in preparing reasonable cost estimates comparable to the scope of assignment and recent market assessment and reasonable contract duration during the preparation of good Procurement Plan. This is one of the areas that needs significant improvement. The assessment has also found delays in releasing the budget for the approved Procurement Plan. The AUC is updating its standard bidding documents. However, for high-value contracts, the AUC uses the World Bank's standard bidding documents/Request for Proposals. Business opportunities are openly advertised on the AUC's website and United Nations Development Business (UNDB) online. The contents of the Request for Bids (RFBs)/Request for Expressions of Interest are considered adequate and the bid floating periods are also considered adequate. The evaluation reports contain the required information necessary for approval. Following the approval of evaluation reports, the SCMD sends the notification of contract award. However, publication of contract awards is not being done on the same media of publication.



- (c) **Procurement manual.** The AUC has prepared a revised procurement manual, which is applicable to the wider African Union Organs. Procurement decision-making and delegation of authority for contract signature is clearly stipulated in the AUC procurement manual. The revised procurement manual is at the draft stage, and it will be reviewed and approved soon. Depending on thresholds, decisions are made by the AU Tender Board, internal procurement committee, Director of OSSD, and the Head of SCMD. The draft bidding document, evaluation reports, and draft contracts are reviewed at different stages in the AUC. Specifically, all draft contracts, regardless of their value and category, will be submitted to the legal unit housed in the AUC headquarters for review and approval before signing the contract. This will create delays in timely signing of the contracts as one team review all contracts. Now under another project financed by the World Bank, it was agreed to recruit one qualified and experienced legal officer who will sit in the legal unit and his/her role is to review and clear the documents submitted by the World Bank-financed project. This will improve timely review and clearance of the contracts submitted to the legal unit.
- (d) The SCMD has experience in the preparation of simplified PPSD and using STEP for procurement planning. However, the unit will not properly and fully use STEP as a tool for proper procurement management monitoring for post review contracts, which is a common challenge for most of the implementing agencies. The required records and documentation are not uploaded on time in STEP for post review contracts. This is mainly due to lack of skill and knowledge on the proper use of STEP and not prioritizing this task by the division.
- (e) The AUC procurement manual provides for lodging complaints during any stage of the bidding process. The complaints handling office is required to report on its findings to the Controller's Office. The procurement process of the Commission is subject to annual audits by internal and independent external auditors.

37. The think tanks of the selected consortia, which are beneficiaries of the project, are responsible for procurement and contract management as part of implementation of the project. The think tanks are expected to manage very low value risk contracts. These think tanks will follow the World Bank's Procurement Regulation for IPF borrowers. The think tanks are not identified at this stage. The procurement capacity and risk assessment of the think tanks will be conducted by the AUC after the consortia are selected, risks will be identified, and the mitigation measure will be recommended at a later stage. The AUC will report the key procurement risks identified during its assessment and during implementation of the project to the World Bank for review and guidance. The think tanks will submit the procurement plan to the AUC procurement team and will be processed after the Procurement Plan is approved by the AUC. The AUC is responsible for building the procurement and contract management capacity of these think tanks. The AUC and the think tanks will keep the procurement plan and all procurement and contract management records. AUC is responsible for checking and ensuring that the think tanks and the suppliers and consultants to be procured by them are eligible to offer goods, non-consulting services and consulting service for World Bank-financed projects. The think tanks are required to get the AUC's and World Bank's prior no objection if they recruit procurement and legal related consultancy services and large value contracts which is within open international competitive bidding thresholds.

38. Based on the findings of the risk assessment the overall procurement risk rating for the AUC procurement is Moderate. The residual risk will be 'low' after the mitigation measures are implemented. The identified risks and risk mitigation measures are provided in table 1.5.



Table 1.4. Procurement Risks and Mitigation

S. No.	Identified Risk	Risk Mitigation Measures	Responsible Body	Timeline
1	Staff overloaded with procurement and contract administration activities of all the AUC procurement operations beyond the procurement under World Bank-financed projects	<ul style="list-style-type: none"> • Redistribute assignments of the procurement activities for the World Bank-financed projects among the existing and new procurement staff and consultants in the AUC. • The procurement officer and consultants dedicated to World Bank-financed projects should give high priority for the World Bank projects. 	AUC	Before effectiveness
2	There are new staff and officials who came on board and are involved in project procurement because of internal restructuring of the AUC.	Organize a refresher training on the World Bank's Procurement Regulations for the staff and all involved in the project procurement.	AUC/World Bank	Before effectiveness
3	Delays in initiating and completing the procurement process in accordance with the approved Procurement Plan	<ul style="list-style-type: none"> • Initiate and complete the planned activities as per the approved Procurement Plan. • Establish performance indicators for processing of procurement activities and monitor the implementation of such standards. 	AUC	Ongoing In the first quarter of the project implementation
4	Weak contract management experience and practice	<ul style="list-style-type: none"> • Fill the three contract management positions with qualified and experienced staff. • Establish a complete contract management system for monitoring the procurement and contract management performance of signed contracts. 	AUC	Ongoing
5	The procurement capacity and risk of the think tanks is not assessed as they are not identified at this stage	<ul style="list-style-type: none"> • AUC will conduct procurement capacity and risk assessment of the think tanks whenever they are selected and report to the World Bank if there are critical risks identified during the assessment and at any stage during the implementation of the project. • AUC and the think tanks are required to keep procurement plans, and procurement and contract management records in a proper manner and avail them when they are needed by the Bank. 	AUC AUC AUC and think tanks	Immediately after the think tanks are selected During project implementation During project implementation



39. Fiduciary oversight by the World Bank and procurement supervision. The World Bank shall review contracts as agreed in the PPSDs and Procurement Plans. All contracts not covered under prior review by the World Bank shall be subject to post review during implementation support missions and/or special post review missions, including missions by consultants hired by the World Bank. The World Bank will conduct post procurement review annually on sample basis for those contracts uploaded in STEP. Two semiannual missions are envisaged for procurement implementation support for the project.

40. The review type and thresholds for general guidance for different categories for the Moderate risk rating and procurement arrangements for contracts will be detailed in the POM. The Procurement Plan for the project is agreed with the client and is provided in the PPSD.