WORLD BANK: MIDDLE EAST AND NORTH AFRICA REGION STRATEGY PAPER

A word of a caution*. The Middle East and North Africa Region covers a wide array of countries from Morocco in the West to Iran in the East. Each one of the countries has a long and rich history and strong individual characteristics. A region-wide strategy is bound, by its very nature, to make generalizations that do not always do justice to the specific situation of a particular country. Nevertheless, a number of similarities exist that constitute a good basis for general principles and overall guidance, which then needs to be adapted in what must remain country specific strategies. It is important to keep this caveat in mind while reading the strategy.*

MNA IN BRIEF. The Region includes 12 active or potentially active borrowers — Algeria, Djibouti, Egypt, Iran, Iraq, Jordan, Lebanon, Morocco, Syria, West Bank and Gaza, Tunisia, and Yemen—with per capita incomes that range from USD 380 (Yemen) to about USD 3,500 (Lebanon). In addition, 8 relatively high-income countries (per capita incomes above USD 4,000)— Bahrain, Kuwait, Libya, Malta, Oman, Qatar, Saudi Arabia, and the United Arab Emirates— are also users of the region's non-lending services, much of which is reimbursed.

Despite a large dispersion in per capita incomes, size, economic structure, and geo-political circumstances between our client countries, there are some common structural questions and issues. Starting in the late 1980s, many of the economies of the Middle East and North Africa (MNA) region committed to far-reaching programs of economic reform, designed to restore macroeconomic balances and help in the transition from state-led to private-sector led development. The effort contributed to improved economic performances in the region, with GDP growth increasing from 2.4% a year from 1981-1990 to 3.1% between 1991-2000, and over the past year, economic growth has continued at this moderate pace (3.1%). Despite the improved growth performances, it is still modest—particularly in light of the high population growth rates—and the region faces serious economic and social challenges. Integration with the rest of the world still lags behind other developing economies in East and South Asia and Latin America. Mounting concern exists over unemployment rates, which average more than 15% regionally, with low female participation in the labor force. Much of the region is still characterized by large public sectors, with centralized governments, large and over-staffed civil services, and weak systems of accountability. Several countries continue to be extremely vulnerable to adverse weather and commodity price shocks due to the limited economic resource base on which they depend. And water shortages and desertification constitute already a pressing challenge.

THE CHALLENGE OF POVERTY REDUCTION IN MNA REMAINS LARGE …

The World Bank, has, by any standard, a role to play in assisting governments in their efforts to bring millions of people out of (income) poverty, to reduce the vulnerability of the many more who are close to poverty, to increase the opportunity for a growing young labor force and the large segments of the population that do not have access to basic services needed to provide adequate standards of life, to empower women to play a more significant development role, to mobilize constructively the aspirations of the young and disenfranchised, to understand why recent trends show poverty increasing, and to develop policies and programs that will lead *to sustainable reductions in poverty. The Millennium Development Goals(MDGs) including the objective of cutting poverty in half by 2015 provide the global framework for our strategy and our collaboration with the international development community which has universally subscribed to these goals.*

Income poverty is still a significant issue in MNA. By frequently used international standards, income poverty numbers in MNA are low. Only 2.3% of the population lived under $1 per day in 1999.[1] But, at $2 per day, a more realistic figure for a largely middle-income region, 29.9% of the population --87 million people[2]-- lived in poverty. While this is still relatively low compared to some other developing regions, it is still a significant portion of the population. Also of concern is that the reduction in the absolute number of poor that was achieved in the 1980s was reversed in the 1990s, with 28 million more people living on less than $2 per day in 1999 than in 1990. This is particularly significant since growth in the 1990's was higher than during the preceding decade. In terms of nationally defined poverty lines, the headcount index is 45% in Djibouti (1996); 33% in Yemen (1998); 23% in Egypt (1997); 23% in West Bank Gaza (1998); 19% in Morocco (1998); 14% in Algeria (1995); 12% in Jordan (1997); and 8% in Tunisia (1995).

Many more are vulnerable to lapsing into poverty. So, while poverty is a real problem in MNA even using only the standard, income-based headcount index, the problem is even greater when moving beyond this narrow, aggregate representation. A strong conjecture is that a significant portion of the population is vulnerable to lapsing into poverty, and this is particularly problematic in MNA given the region's volatility.[3] Poverty rates in MNA are quite sensitive to the selection of the poverty line; significant numbers live close to poverty. For example, in Egypt, in addition to the 23% poor, an additional 37% of the population lives on income levels that are no more than 30% higher than the poverty line. Further, some countries that have been hit by a series of shocks such as Yemen, have seen dramatic changes in poverty rates over relatively short periods of time (from 14.9% at $2 per day in 1990 to 45.2%in 1998).

Indicators of access also show a deep problem. Social indicators show serious problems well beyond what is portrayed by the headcount index. For example, looking at youth illiteracy rates, in 1999, 24% of girls and 13% of boys were illiterate—with MNA lagging well behind Europe and Central Asia (ECA), Latin America (LAC) and East Asia (EAP). In 1999, a girl in MNA was only slightly more likely to be literate than a girl in Sub-Saharan Africa where

[1] Source: Table 1.8, 2001 Global Economic Prospects. The usual caveats about poor data coverage in MNA apply. These figures are for the developing countries in MNA and exclude the higher income countries. At $1/day, MNA has the lowest headcount index of any developing region, followed by ECA (3.6%) and East Asia excluding China (7.9%). Sub-Saharan Africa (46.7%) and South Asia (36.9%) have the highest rates.

[2] At $2/day, MNA has a higher incidence of poverty than ECA (19.3%) and is close to the level in LAC (33.1%). The headcount index reaches 82.6% in South Asia and 75.3% in Sub-Saharan Africa.

[3] This remains a conjecture at this point due to lack of adequate data and a paucity of research on the topic. The MNA region is subject to particular volatility from oil prices, climatic conditions that have a large impact on agricultural outputs and the livelihood of the rural population, and conflict and war that have strong, negative consequences either directly or indirectly through factors such as making the entire region less attractive to private investors or for tourism.

illiteracy rates were 27%. And this is despite public spending on education in MNA that is higher than in any other developing region. Further, these numbers disguise even more serious concerns in individual countries. In Egypt, youth illiteracy among girls was 38%, in Morocco 43%, and in Yemen 56%. Similarly, the infrastructure needed to access basic services often lags, especially in poorer regions and urban areas.

Women are not empowered to better their quality of life and that of their families. Despite progress over the past few decades, many gender indicators in the region are among the worst in the world. This is true for *social indicators* (fertility rates in MNA are 4.2 compared to 3.5 in South Asia; illiteracy rates among adult females reach over 50%—twice that of EAP, almost three and a half times higher than in LAC, and very close to Sub-Saharan Africa); *participation of women in the economy* (MNA has the lowest percent of females in the labor force at 26%, below South Asia and LAC where the rate is just over 30% and Sub-Saharan Africa and EAP where it is over 40%), and *political and legal rights.*

Past achievements in poverty reduction may not be sustainable. Notwithstanding the deterioration in income poverty during the 1990s, the MNA region's success in moving from one of the most unequal income distributions in the world in the early 1970s to one of the most equal today is usually –and properly-- cited as a positive achievement. This increase in income equality is probably a key ingredient in explaining why growth in MNA seems to have been more pro-poor than in other regions. This story of pro-poor growth masks, however, real sustainability concerns that emerge if one looks to some of the factors that may have led to this "success." For example, oil windfalls and increased aid flows enabled governments to show great public largess through subsidies and public employment. While these measures helped enhance income equality and managed to reduce (or keep in check) poverty levels, their untargeted nature was costly and the re-distributive aspect was not complemented by rapid (non-oil) growth in per capita income. In fact, some of the very policies that helped facilitate greater income equality may have created an underlying structure of the public sector that impedes the type of diverse, private sector led growth that will lead to long-term, sustainable reductions in poverty. Trends during the 1990s—where the percentage of the population living under $2 per day stagnated in the first part of the decade and then increased towards the end—seems to provide evidence that, as a whole, the region's existing approach to poverty reduction may have reached its limits and no longer be sufficient for continued progress.

Opportunities are needed for a rapidly growing, young labor force. Already facing unemployment rates that are the highest in the world, MNA has the greatest challenge of any region in the need to create employment opportunities for new entrants. The average growth rate of the labor force between 2000-2010 is expected to be three to four percent a year, twice as high as in all other developing regions. This amounts to a total of about 40 million net new entrants (4 million a year), two times the number expected in ECA and nearly the same as in the entire LAC region—both of which are much larger middle-income regions. Further, if female participation in the labor force substantially increases, the need for new jobs will be even higher. In the absence of adequate opportunities, a social (and political) crisis looms, heightened by expectations of public sector employment based on past policies. But the age structure of the population could also constitute a "demographic gift" that has the potential to raise GDP 2 to 2.5% per year if the working-aged population is productively employed. If, however, jobs are not created, this "gift" could rapidly become a curse with rising unemployment. And the challenge is even greater since the scope for migration—a traditional employment outlet—is not as large as in the past. Further, if good opportunities are not created at home, the possibility of serious "brain drain" looms, depriving the region of valuable human capacity, ideas, and energy needed to push forward the development process.

… BUT FINDING EFFECTIVE WAYS TO HAVE IMPACT IN OUR CLIENT COUNTRIES HAS BEEN DIFFICULT.

A rich cultural and architectural heritage, beautiful landscapes, a strategic geographical location, proximity to potential markets, and mineral endowments offer –among other assets – tremendous development opportunities to the MNA countries. But to realize its development potential fully, the region still needs to address serious challenges. Several factors are key in describing where the region is in the development process, what the key constraints are, and how the World Bank can position itself to provide assistance.[4]

The region is politically sensitive. Geo-political considerations, the Israeli-Palestinian conflict, a process of political transition in the face of strong vested interest groups, religious extremism, and volatility which creates enormous uncertainty all increase the degree of political sensitivity in the region. This sensitive political environment leads to prudence on the part of the leaders in adopting new policies with long term benefits but immediate social costs. It is this concern about social costs and the centrality of addressing simultaneously poverty and economic development issues that defines the operating environment for the World Bank in the MNA region.

The region is slow and lagging in reforms. Countries are slow to move on structural reforms and for decades have performed well below their potential. Oil and strategic rents have enabled many countries to postpone reforms while putting in place social and employment policies that are proving increasingly unsustainable. Serious governance issues in both the public and corporate sectors are not being adequately addressed. MNA policies are ill-suited to the global economy. The region has not featured in the upsurge of private capital to developing countries. Distortions continue to thwart competitiveness. Savings rates are below those in comparator countries. Growth rates are low. In the absence of successful non-oil trade diversification, it will be very difficult for MNA countries to find alternative sources of growth and manage the social costs and consequences of inward-oriented and slow growth – as neither oil, aid, nor workers remittances are likely to be sufficient to generate adequate employment and incomes in years to come. *One of the two key pillars underlying our poverty reduction priority is*

[4] At a country or sector specific level, one could find an abundance of counter-examples. However, these are broad statements that represent an aggregated outlook of the region.

providing assistance to governments that are seeking to build a climate for investment, jobs and sustainable growth.

Financial resources are the least binding development constraint. There is significant waste in public expenditures, with ample scope for enhancing the development effectiveness of public funds. Oil revenues provide a lucrative resource for some of the countries in the region. And geo-political circumstances ensure one of the largest per capita inflows of aid in the world for others. These aid flows—often in support of key alliances rather than a purely development agenda—may at times take the pressure off of governments to implement development-oriented, structural change.

The potential resource transfer of the World Bank remains limited. Over the medium term, and similar to past levels, the external financing requirements of our client countries that are running BOP deficits totals nearly $23 billion over the next three years (2002-2004).[5] To give a comparative sense of magnitude, public spending on education reaches well over $13 billion per year.[6] And to lift the poor to an income of $2 per day—through a perfectly targeted, costless cash transfer system—would require an annual budget of nearly $5 billion.[7] Against this background, over the past decade we have averaged annual new commitments of only $ 1.2 billion; recently, this figure has been even lower ($1.0 billion on average from FY98-01).[8] For a variety of reasons such as the availability of financial resources from oil, FDI flows, and concessional aid resources more advantageous than ours, as well as prudential rules such as limit on exposure, World Bank resource transfers are unlikely to exceed past levels of lending. To have any meaningful development impact, the projects we do pursue need to have high externalities, for example because they promote and accelerate key policy changes; come bundled with knowledge, TA and international best practice in critical areas such as education quality or water management, or support pilot, innovative approaches that could lead to systemic change. In other words, *our strategy must include the need to scale up our own interventions and to leverage what we do through lasting and constructive partnerships with other providers of external assistance.*

Ideas, knowledge, and willingness to change are most critical. Policies and ideas have a powerful scaling up effect. What is needed is knowledge about how other countries have successfully navigated their development challenges and opened-up to the world. Information on how to tailor international good practice to unique regional circumstances is in short supply. Further, and even more important, willingness is needed on the part of governments to open to the world economy—seeking to maximize the benefits of globalization while minimizing the

---

[5] Source: SAVEM 2002, excludes Syria.

[6] Figures calculated for 1995 for Algeria, Egypt, Iran, Jordan, Lebanon, Morocco, Tunisia and Yemen. Source: calculated from Table 9: *Reducing Vulnerability and Increasing Opportunity: A Strategy for Social Protection in Middle East and North Africa*, Draft, May 2001 and Word Development Indicators.

[7] Source: Calculated from Chen and Ravallion (2000*), How did the world's poorest fare in the 1990s?* for 1998. Regional aggregate estimated from sample of six countries (Algeria, Egypt, Jordan, Morocco, Tunisia and Yemen.

[8] Does not include special financing provided by Trust Fund for Gaza and the West Bank for FY01 of $36.1 million.

costs. Since the paucity of ideas and the reluctance to change are key development constraints, the World Bank MNA Region has a potential to make a more significant impact by putting these issues at the fore and giving them as much importance as financial transfers. Project lending has been the main instrument to support change and share knowledge on a sustained basis, but it is not the only one and often not the best nor most efficient for knowledge sharing purposes. We need to diversify the range of options and instruments available to our clients so that they can engage with us on a sustained relationship involving knowledge sharing or financial transfers or a combination of both depending on their specific needs and circumstances. A sustained relationship is one that spans a multi-year framework, where partners work together on identifying problems, solution packages, implement them, monitor, learn from implementation, adjust to lessons from experience and evaluate. Knowledge takes a variety of forms and entails learning on both the Bank and the client sides. It takes the form of technical assistance, advisory services, economic and sector analyses, dissemination of cutting edge knowledge and international experience to quote a few. Knowledge sharing is a multi-faceted exercise. It involves transfer of international experience on how countries across the world have addressed development challenges. But it also entail learning about the local context and the specifics of each country and situation, and adapting generic approaches to specific context. However, our capacity to be effective in this regard is hindered by a depleted knowledge base in some of our client countries and a lack of tools to monitor the delivery, efficiency, and impact of our non-lending instruments, in particular knowledge services.

This can best be brought about in a more open and participatory environment. New ideas, fresh approaches, and willingness to take the risk of change are best generated in an environment where policy making is open and transparent. However, the existing political and bureaucratic structures in the region tend to be static and closed. Many in governments are sensitive to external views, including on crucial issues such as governance, civil society and participation, and gender. This at times leads to tensions between what "governments" want and a broader development agenda, which underscores the need to find ways to engage governments in the region in reforms towards greater participation of the civil society in policy formulation and monitoring processes. Furthermore, *as a key pillar in poverty reduction, emphasis needs to be given to support the empowerment of poor people to participate in development, and to invest in their ability to do so*. For the region to develop and prosper, it is crucial to find ways to rekindle the hopes of the young in their future. The World Bank faces a significant challenge in better understanding their aspirations and in helping countries find ways to channel them towards efforts to integrate and adapt to a rapidly changing, interlinked world.

We need to arrive at the "right" combination of lending and knowledge needed to achieve our Country Assistance Strategies (CAS) objectives in terms of development outcomes **.** As we refine the MNA strategy, it is important to avoid a false dichotomy between lending and knowledge and to recognize that these are two complementary channels to deliver our assistance to the Region. Lending embodies knowledge and contributes to keeping our knowledge relevant operationally and pragmatic. Knowledge and ideas have a powerful impact, which lending can leverage, but it can also constitute a self-standing channel, given the specificity of financial resource transfers in the Region. Rather than a dichotomy, ***finance AND knowledge*** constitute the two pillars to support the CAS development outcomes objectives and they are the two major "product lines" that we intermediate in our relations with our client countries. And we need to develop systems to track the results of our finance and knowledge activities whether they are combined or self standing, and to learn from these results in a constantly adaptive manner.

OUR STRATGY IS TO FOCUS ON KEY OPERATING PRINCIPLES THAT ENABLE US TO MAKE AN IMPACT.

Our over-arching objectives are to strengthen the momentum for policy reform and institution building that lead to poverty reduction by building a climate for investment, jobs and sustainable growth and empowering the poor to become assets in the development process. As the rest of the Bank, we will strive to support the countries in achieving the MDGs. To reach these objectives, the MNA region needs to be innovative, willing to take risks, and deliver top quality products. We need to take advantage of our small size, structuring ourselves as a nimble region that can respond to the tremendous volatility faced in MNA. Since key to our success will be leveraging our limited resources into maximum impact, we need to be selective not only in our areas of involvement, but also across countries based on an assessment of where our development impact can be greatest. Additionally, we need to look closely at times when regional work may be more effective than country-specific support. Working across boundaries, we need to manage and operate with realism, integrity, and flexibility based on a few guiding principles.[9]

Share knowledge. Our work will be grounded in sharing knowledge that encourages change in policies and institutions and is catalytic to development.[10] We will measure our impact in this context, rather than in the amount of financial resources that we transfer[11]. This allows us to build on our comparative advantages that include the back-up of a global institution, the strong reputation and credibility of the World Bank, our ability to synthesize and draw inter-sectoral linkages, our strength in tapping into the highest-quality resources, and the technical knowledge of our staff. We will work very closely with WBI to bundle our operational, knowledge, advice and capacity building resources into services and products that are tuned to the specific demands from our clients. We will be strategic in allocating our resources to those countries, sectors and activities where we can be most catalytic.

Use high-impact, strategic lending. We will use the right mix, specific to each client country, of strategic lending and advice. Recognizing that lending is much more than a financial transfer, we will ensure that our lending comes bundled with a high knowledge content and is

---

9 MNA, largely a middle-income region, also has two IDA countries where World Bank support will be guided by those countries poverty reduction strategies. However, the operating principles discussed are still relevant in that context.

10 Knowledge has many dimensions including international best practice, consensus building, implementation assistance, and advisory services. Instruments to deliver knowledge include both lending and non-lending products.

11 The difficulty of measuring impact and attributing it to the Bank's intervention is even more difficult for non-lending services than for lending. The work under way in the context of the MDGs to define and monitor the Bank's impact will be useful for the Region.

designed to be instrumental to change. Individual investment projects will remain an important tool to the extent that they provide opportunities to test approaches, learn lessons and provide intensive poverty-focused support, for example through community driven development. But programmatic approaches will increase in importance as they place an emphasis on systemic improvements rather than narrow, World Bank supported "islands of excellence". The emphasis on programmatic approaches will also help to strengthen the complementarities between our lending and non-lending activities. And scaling up our interventions (directly or through other partners) for maximum impact will be a guiding principle.

Focus on five areas. Our intervention will continue to span a broad range of sectors and areas of activity tailored to the specific development challenges and objectives of individual countries. They will vary depending on the specific issues each country faces and will be developed in the context of the CAS. But we have identified five areas of focus – public sector efficiency and governance, private sector development and employment creation, education for a global world, water and gender - which represent common challenges across the whole region, and on which it is essential that we have a measurable and significant impact through all our interventions (whether or not they "fit" directly --in a traditional sector sense-- under the 5 areas of focus). In other words, in each intervention (whether it is in health, rural development, financial sector, urban development, infrastructure or any other area in which the country requests our assistance) we must assess how that specific intervention contributes to the areas of focus. For example we must ask whether the intervention helps with the development of the private sector; does it improve female access to social services or female participation in the labor force; does it enhance governance by increasing public sector efficiency and transparence and allowing civil society participation; does it pay due attention to the management of the scarcest natural resource – water, and so on. We must assess the impact of everything we do on these 5 areas and we must develop special expertise and excellence in these 5 areas.

The areas of focus have been derived from the corporate advocacy priorities (CAPs) and the global public goods (GPGs) that are part of the overall strategic directions of the Bank Group. We have analyzed the CAPs and GPGs and selected in priority those that address most directly the major challenges faced by the Region.

- ***public sector efficiency and governance***: the weight of the public sector constitutes a serious impediment to more rapid growth and large public expenditures do not always translate into an efficient and equitable distribution of services. Weak governance limits faster and more equitable growth. Improving governance is crucial for development. Not only does it entail curbing corruption, enhancing the quality of budgetary and financial management, the efficiency of revenue mobilization and public spending, the quality of public administration and the transparency and accountability of the public sector. Good governance also requires increasing the extent to which the management of the economy and the development program reflect technical competence, sustained commitment, and public support. Finally good governance means that participatory processes have been established through which the views of stakeholders can be heard and can inform decision making;

- ***private sector development and employment creation***: as the current model of public sector dominance reaches its sustainability limit, the private sector (especially SMEs and micro enterprises) are becoming the prime source of job creation. Trade, privatization, and private participation in infrastructure are essential elements, together with corporate governance and a vibrant financial sector;
- ***education for a global world***: large allocations to the education sector have not yet produced a competitive work force. Issues of quality at all levels, life long learning, and appropriate vocational training are among the key challenges;
- ***water***: the countries of the MNA region are home to 5 percent of the world population but have less than one percent of the world's renewable fresh water. The region's per capita supply stands at only one-third of its 1960 level and water availability is expected to halve over the next 30 years. Managing water as an economic resource and looking into the regional dimension of the water challenge is crucial for human welfare and economic growth and stability in the region.;
- ***gender***: women's key role in the family sphere are not commensurate with their role and participation in the life of the broader society (from issues of personal status to work force participation and literacy).

A greater role for knowledge activity at the regional level will complement country-based knowledge services. We will emphasize in particular GPG issues of most relevance to the MNA region: trade integration, labor migration (and remittances flows) and natural resource management (water).

Reach out. To make a difference, we need to forge effective partnerships with other donors, with broad groups in countries, and within the World Bank Group**.** We will leverage what we do through partnerships both inside the Bank (with WBI, the networks, other regions, IFC and MIGA) and outside (EU, AfDB, IMF, Islamic Development Bank, Kuwait Fund, Arab Funds, and bilaterals). We will reach out beyond our traditional interlocutors to those in civil society who are responsible agents of change. We will remain close to our government clients in the sense of political, social and cultural understanding, but we need to build the kind of partnership with them which is free of self-censorship on potentially sensitive issues such as gender, civil society, and governance. We need to find better ways to balance this tension, for example through regional work that can provide an entry for dialogue. We also need to ensure that we continue to seek ways to better engage the viewpoints of and incorporate the aspirations of a wide-range of civil society groups and the poor, for example by continuing to enhance participation.

Respond flexibly and quickly. Given the volatility and political sensitivities in the region, we need to be able to respond quickly to changing circumstances. We also need to be poised to seize windows of opportunities when they emerge. In this context, our country offices must be empowered and play a critical role in making things happen, finding the best ways to measure our impact and stay alert to indicators that the Bank is viewed as a key player and a vital partner in the region.

MOVING FORWARD

We need to immediately start aligning our support to our strategic directions. While the new cycle of Country Assistance Strategies (FY03-05) provides the natural tool for embedding the directions indicated by the MNA Strategy into our programs of support, adjustments can and need to start immediately. As a first step in the transition, each sector and country department is looking at its existing and planned work program through the prism of the operating principles and areas of focus that are defined in the MNA Strategy. The aim is to determine the scope for realigning our work to be consistent with our new approaches, and the implications of these shifts. Additionally, for each of the five areas of focus, a small team needs to assess the actions required to make them fully operational and to identify and build up the multi-sectoral linkages.

There are many operational implications. Although the MNA Strategy does not imply a complete shift in our work, it is not business as usual. The analysis proposed above will assist us in identifying the significant operational implications that need to be addressed. These include issues of selectivity across countries, the balance between regional work and country specific support, staff skills mix, appropriate staffing in country offices and delegation of responsibilities to these offices, how to better define and finance the delivery of knowledge products, how to measure these products, and how to gauge our efficiency and impact.

Our future CASs need to reflect the two pillars of the Bank's overall strategy (building the investment climate and empowering the poor) and the five areas of focus that are more specific to MNA while reflecting corporate priorities. Our clients need a far more diversified menu of options when engaging with us. Our on-going work will be revisited as well with these concerns in mind and adjusted as appropriate in concertation with our clients.

We need to keep building better teams. Multi-disciplinary teams, vested with both country specific and international knowledge, are key to our success. We need to continue to work on breaking silos and drawing important, synergistic linkages in our support. We also need to do better at drawing upon a range of complementary skills, including those that can be offered by ACS staff. ACS responsibilities, and the requisite skills, need to be augmented so that these staff – including ACS staff in country offices-- become fully functioning team-members who provide valuable support in line with the knowledge-focused nature of our work.

We need to staff up strategically. Implementing the strategy will require a complement of skills that meet the new challenges: outreach, ability to analyze and understand civil society dynamics, communications, excellence in international experience on policy reform on macro and sector issues, listening skills, in addition to technical excellence, country knowledge, and operational efficiency. The location of work will also need to shift more responsibilities and accountabilities to country offices. We have begun to review our staffing plans with these requirements in mind.

We need to define and measure our "new product line". Following the FY02 Strategic Forum, MNA working in close partnership with WBI and SRM will develop a new set of knowledge services for clients and the proper "metric" for measuring the effectiveness of resource use and the impact of such products and services.