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UNCLASSIFIED

African Capacity Building Initiative (ACBI)
(698-0536)

Grant to the International Bank for Reconstruction
and Development

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D C 20523

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

FROM: AFR/PD, Paul Guedet 

SUBJECT: African Capacity Building Initiative (ACBI) (698-0536):
Grant to the International Bank for Reconstruction and
Development

I. Problem: Your approval is required for a grant of \$10,000,000 from the Development Fund for Africa (DFA) to the International Bank for Reconstruction and Development (IBRD) for the African Capacity Building Initiative (698-0536). Your signature is also required for the Memorandum of Understanding for the Establishment of the African Capacity Building Initiative and the Letter Grant to the IBRD obligating \$ 5 million of FY 1991 Funds for the African Capacity Building Initiative.

II. Discussion: Africa's falling per capita incomes since the late 1970's are explained largely by declining levels and efficiency of investment, compounded by accelerating population growth. Renewed economic growth depends primarily on the existence of an enabling environment conducive to development through efficient production and private initiative. To create such an environment, African governments are reforming their economic policies and institutions, mainly at the behest of donors. The IBRD has been the prime mover in the African Capacity Building Initiative, (the ACBI), to build capacity in Sub-Saharan African countries to carry out policy analysis and development management. Its long term objective is to implement effective and efficient indigenous economic policy reform and development management in Sub-Saharan Africa.

A. Summary Project Description

The purpose of A.I.D.'s Grant to the IBRD for the four year pilot phase is to: (1) start building, in selected African countries and selected regional institutions, a critical mass of professional African policy analysts and economic managers who will be able to manage the development process better; and (2) to ensure more effective use of already trained African analysts and managers. This project is critical to achieving objectives under the DFA. It contributes to all targets under the strategic objective of improving the management of African economies by redefining and reducing the role of the public sector and increasing its efficiency. The immediate beneficiaries of the

project will be the African policy analysts and development managers working in the public and private sectors in the participating countries. The fundamental beneficiaries, however, will be the citizens of every country in which policy analysis is enhanced.

The A.I.D. Grant has the following outputs within the countries and regional programs participating in the pilot program:

- Build indigenous individual African capacities in policy analysis and development management;
- Strengthen mechanisms for integrating policy analysis into public policy making in participating countries;
- Utilize effectively available talent and improve donor coordination; and
- Ensure long-term funding and sustainability of capacity building.

B. Summary of Implementation and Financial Arrangements

ACBI's structure consists of an African Capacity Building Foundation (ACB Foundation) supported by the African Capacity Building Fund (ACB Fund). Bilateral and Multilateral donor contributions should lead to an ACB Fund for core program costs of about \$76 million over four years, which the IBRD will manage for the ACB Foundation. The IBRD's limited role as funds manager for the donors (rather than as the program's implementing agent) is analogous to its role in the multidonor Onchocerciasis Control Program, in which A.I.D. has participated for many years through grants to the IBRD under AFR Project No. 625-0996.

The thrust of the ACBI Program would be national, although the ACB Foundation would support limited, highly specialized regional approaches to building policy analysis capability. During the pilot phase, it would have programs in about eight countries. The program would be implemented as specific assistance projects with strict monitoring and evaluation criteria to measure impact of each activity. Release of ACB Fund monies for projectized activities would depend upon the achievement of specific indicators spelled out in the assistance activities and would be subject to review and analysis by the ACB Foundation's Executive Board and approval by its Board of Governors. The U.S.G. will be represented at both levels.

The total proposed A.I.D. contribution to the ACB Fund is \$10 million, which would be used only to finance projectized grants from the core funds. These funds will be deposited in an IBRD managed Trust Fund. Since A.I.D.'s funds will be commingled with those of other donors, the following budget appears in the Grant

for illustrative purposes only. A.I.D. will monitor use of funds through direct liaison with the ACB Foundation, through the above-mentioned U.S.G. representatives.

ILLUSTRATIVE BUDGET(in U.S. \$)

Cost Element	FY 1991 Amount	Estimated Additional	Total Estimated
advisors & consultants	3,258,900	2,675,500	5,934,400
local studies	215,000	334,000	549,000
workshops	250,000	799,700	1,049,700
participants	1,047,100	1,175,800	2,222,900
commodities	229,000	15,000	244,000
<hr/>			
Total	5,000,000	5,000,000	10,000,000

Other donors include Japan, the United Kingdom, France, Sweden, Canada, Norway, the Netherlands, Austria, UNDP, AfDB and the IBRD. In addition, considerable additional co-financing by other donors will finance related projects. The separate funding for the Secretariat amounts to about \$9.8 million, the primary donor being the UNDP.

The ACB Foundation and ACB Fund, their functions, and the main objectives of the ACBI are established through a Memorandum of Understanding signed by the participating countries and international organizations. The signature of a responsible A.I.D. official (in this case the AA/AFR or his designee) is needed for full A.I.D. participation in the ACBI. The Memorandum of Understanding is incorporated into this package as Attachment C.

C. ECPR Actions and Findings

The ECPR found the proposed grant to be technically sound. The ECPR requested that additional material be provided to demonstrate the preference for a multilateral approach, because bilateral efforts had resulted in a haphazard, uncoordinated process and fitful progress towards the desired objectives. The multilateral process would realize important economies of scale due to the concentration of resources, reduce duplication and facilitate development of regional networks for policy analysis at the senior level. The multilateral framework of ACBI gives A.I.D. more scope and brings in important new resources to facilitate capacity building. Regarding sustainability, it should be noted that this is a pilot program, which includes demonstrating sustainability of the ACBI type approach. If the experiment does not demonstrate sustainability, then ACBI is supposed to end and A.I.D.'s assistance will end.

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Concern has been expressed in the past over ACBI's "supply side" orientation and the need to strengthen "demand" for policy reform. As ACBI has evolved, much more attention has been paid to demand and the present ACB Foundation proposal is much better balanced. The ECPR recommended that, as planned, the pilot project should be undertaken only in countries/institutions where a demand exists for policy analysis and improved development management. ACB Foundation programs should also support development of private sector capacity, which should contribute to demand. While the pilot project cannot be expected to create demand from nothing in the short run, the ACB Foundation should undertake activities, within the Action Plans, which contribute towards building broader support for policy analysis.

The ECPR requested that the logframe be revised so that indicators are limited to what the participating countries/institutions will achieve within the pilot project framework, and that it try to take into account "People Level Impact" considerations wherever possible. The U.S. Executive Board Representative will be requested to insist on quantified indicators in all projects and programs supported by the ACB Fund. A.I.D. will participate in IBRD evaluations of ACB Foundation projects. In addition A.I.D. intends to conduct a separate evaluation of progress in the fourth year of the project.

Regarding implementation and whether the management structure and control system of ACBI is strong enough to ensure coordination with A.I.D. programs and priorities, it should be noted that ACBI has strong and specific criteria for country selection and project support. Projects are approved by an Executive Board of distinguished development policy professionals, on which the U.S. Government will be represented by a private sector nominee. The Board reports to a Board of Governors, where a U.S. Government representative sits. The ACBI has an elaborate monitoring and evaluation system built into the program. The ECPR felt that as long as incremental advances are made against a specific request for disbursement, accompanied by reports on expenditures to date, sufficient control was built into the process.

At the ECPR's request, additional material on illustrative budgets was incorporated into the PP. The proposed grant now meets 611 (a) criteria.

Regarding A.I.D./W project implementation responsibilities, it was decided that under the reorganization, the new AFR/ONI office should manage and implement the Grant, but that they should call upon ARTS for substantive knowledge of policy reform when necessary. Given the delays in Africa Bureau reorganization, interim responsibility should rest with AFR/DP/PAR.

The U.S. Representative on the Executive Board will be asked to

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request that criteria for ACB Funded projects include a provision that at least a proportional percentage of women be trained with ACB Funds as are active in that sector or subsector.

Concerning the IEE, a categorical exclusion was prepared and approved for the ACBI grant (dated March 11, 1991). A.I.D. is part of a larger multi-donor effort and no actual construction facilities is involved. To the extent that donor cofinancing of ACB Foundation programs includes construction, the Executive Board is being requested to ask that co-financers follow IBRD environmental guidelines.

D. Special Concerns

1. The grant uses the interim standard provisions for grants to the International Bank for Reconstruction and Development, under which the allowable costs, disputes and nonliability clauses are deleted. It has been further modified to permit 60 day advances

2. The IBRD, which is the implementing organization for other Public International Organizations for the ACB Foundation, will manage the trust fund for the ACB Fund. The actual assessments and action plan preparation will be done jointly by the participating country/regional organization and ACBI. Implementation of projectized activities for capacity building will be done jointly by ACBI and the participating country/regional institution. They will handle participant training.

3. No local cost financing is required because this is a multi-donor regional activity.

4. Since this is a grant to a Public International Organization the Gray amendment does not apply.

5. The Project Development Officer who prepared the PP is Abbe Fessenden, AFR/PD/SA. The USDH Officer who will implement the project in the interim is Jerry Wolgin, AFR/DP/SA. Once the Bureau reorganization is complete, project implementation responsibilities will go to AFR/ONI, with AFR/ARTS being consulted on substantive issues of policy reform analysis and capacity building.

III. Conformance with A.I.D. Requirements

A. Grants to Public International Organizations.

A.I.D. Handbook 13, Chapter 5D states that grants to Public International Organizations (PIO's) are appropriate where: (1) support of the activity is considered more effective and

efficient than direct A.I.D. assistance in achieving a particular development achievement; (2) the objectives of the PIO are compatible with those of A.I.D.; (3) there is no reason to consider the PIO not responsible; and (4) the grant is not made to augment the PIO's operating budget or fund activities for which the U.S. is making a voluntary contribution under Chapter 3 of the Foreign Assistance Act. The proposed grant to IBRD conforms to each of these conditions as outlined below.

-- The IBRD has been the lead donor to structural adjustment programs in Africa and it has taken the lead in developing capacity for planning, budgeting and policy analysis in the central ministries. The multilateral approach of the ACB Foundation, using action plans combined with strong donor coordination, should prove to be much more efficient in its use of donor resources (including those of A.I.D.) than the present non-system. A.I.D. is encouraged to proceed with bilateral projects in the participating countries to carry out specific activities within the framework of the country action plans. It would not be appropriate for A.I.D. to take on the role of manager of resources from many donors in the ACB Fund. A.I.D. does not have the resources to carry out such a program by itself. Consequently, support for the ACBI through the ACB Foundation's core program fund is considered to be more effective than A.I.D. providing the assistance directly.

-- The objectives of the proposed grant are fully consistent with those of A.I.D. Capacity building contributes directly to the Development Fund for Africa's Action Plan strategic objective to improve the management of Africa economies.

-- The IBRD is a responsible organization. The IBRD has previously managed funds from donors, including the U.S., for major regional initiatives.

-- The purpose of this grant is to start the process of building a critical mass of professional African policy analysis and economic managers who will be able to better manage the development process, which A.I.D.'s own analysis has determined is one of the most critical needs in sub-Saharan Africa. It will enhance the impact of DFA sector assistance programs and projects by providing increased capacity to plan and manage them. Thus this funding is not an augmentation of general appropriations for the IBRD since it is for a specific activity which A.I.D.'s own analyses have determined to be appropriate and of critical importance and which would not occur but for this grant.

As a grant to a PIO, this activity falls within the purview of Chapter 4, Handbook 3 (Exceptions to the General Project System)

and Chapter 5 of Handbook 13 (Grants to Public International Organizations). This activity is much larger and more complex. It will require substantial evaluation focusing on the sustainability of the pilot multi-donor ACBI program than is normally the case for a grant to a PIO. With respect to Handbook 3, the requirements for a PID were met with the AA/AFR's approval of the PID on December 19, 1990. This Action Memorandum requests authorization of the attached Project Paper, in lieu of using the Grant agreement as the final design of the activity (as is standard practice with smaller PIO Grants).

Under Handbook 13, Chapter 5, A.I.D. may rely on the audit policies and procurement procedures of the PIO if (a) A.I.D. is not providing 100 percent of the financing for the activity and (b) A.I.D. is satisfied that the PIO has effective and responsible audit procedures. Through this grant, A.I.D. will finance consultants and advisor services, workshops, local studies, participant training and limited commodities under ACB Foundation approved projects for assessments, action plans and capacity building activities in selected African countries and selected regional institutions. A.I.D.'s planned contribution of \$10 million is a relatively small proportion of the \$76 million ACB fund, supported by eleven donors and public international institutions. The IBRD will administer the trust fund for the ACB Fund, into which the A.I.D. Grant funds will be deposited, using a system of periodic advances. The IBRD's audit procedures are well established and considered satisfactory. Therefore, A.I.D. may (and indeed will) rely on the World Bank's procurement rules and procedures, including its nationality rules and fee limits. Finally, competition is not required for grants to PIO's.

A Congressional Notification was sent forward on June 25, 1991 and it passed Congress on August 16, 1991.

Pursuant to Delegation of Authority No 402 and Handbook 13, Section 5.C.1, you have the authority, respectively to authorize and to sign grants to Public International Organizations, including the International Bank for Reconstruction and Development.

IV. Recommendation:

(A) That you sign the attached Project Authorization and the Project Paper, thereby approve life-of-project funding of \$10,000,000 for the African Capacity Building Initiative Grant to the International Bank for Reconstruction and Development; and

(B) That you sign the attached Memorandum of Understanding

on the establishment of the African Capacity Building Initiative;

(C) That you sign the attached transmittal letter and Letter Grant to the IBRD for the African Capacity Building Initiative, obligating \$5.0 million of FY 1991 funds as the first increment of the Grant.

APPROVED: Laughlin

DISAPPROVED: _____

DATE: 9/19/91

Attachments:

- A. Project Authorization
- B. Project Paper
- C. Memorandum of Understanding
- D. Letter Grant to the IBRD

Clearances:

AFR/PD/SA:NBillig (draft) date 21 Aug 91
 AFR/TR/ANR:JGaudet (draft) date 16 Aug 91
 AFR/TR/EHR:JOREa (draft) date 21 Aug 91
 AFR/DP/PAB:JWolgin (draft) date 15 Aug 91
 AFR/DP/PAB:GCauvin (draft) date 28 Aug 91 (JGovan for)
 AFR/DP:JGovan (draft) date 28 Aug 91
 FM/A/PNP:RAnderson date 9/6/91
 FM/A:RBonnafon et al date 9/6/91 *dict funds rais on grant*
 GC/CCM:GBisson (draft) date 26 Aug 91
 GC/AFR:ESpriggs EG date 7/11/91
 DAA/AFR:ELSaiers h date 9/9/91

AFR/PD:AFessenden:af:G9/16/91:7-7465:ACBLAUTH.mem

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PROJECT AUTHORIZATION

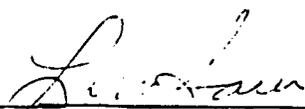
Name of Country: AFRICA REGION
Name of Project: African Capacity Building Initiative
Project Number: 698-0536

1. Pursuant to Section 496 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the African Capacity Building Initiative Project (the "Project" as a grant to the International Bank For Reconstruction and Development ("IBRD") for the Africa Region, involving planned obligations of not to exceed Ten Million United States Dollars (US\$10,000,000) in grant funds over a two year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned Project Assistance Completion Date ("PACD") is September 30, 1995.

2. The Project consists of a Grant to the International Bank for Reconstruction and Development to: (1) start building in selected African countries and selected regional institutions a critical mass of professional African policy analysts and economic managers who will be able to manage the development process better; and (2) to ensure more effective use of already trained African analysts and managers.

3. The grant agreement(s) with the IBRD which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions, as A.I.D. may deem appropriate.

a. Source and Origin of Commodities, Nationality of Services. Procurement under this project shall be in accordance with Handbook 13, Chapter 5G2.



Edward L. Sayers, (Acting)
Assistant Administrator
Bureau for Africa

Date: 7/19/91

Clearances:

As shown on the Action Memorandum

AFR/PD/SA:AF^Fessenden:x79200:19Aug91:ACBIAUTH

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number	DOCUMENT CODE 3
2. COUNTRY/ENTITY AFRICA REGIONAL		3. PROJECT NUMBER 698-0536		
4. BUREAU/OFFICE AFR/DP		5. PROJECT TITLE (maximum 40 characters) African Capacity Building Initiatives		
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09 30 95		7. ESTIMATED DATE OF OBLIGATION (Under "B" below, enter 1, 2, 3, or 4) A. Initial FY 91 B. Quarter 4 C. Final FY 92		

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	5,000		5,000	10,000		10,000
(Grant)	(5,000)	()	(5,000)	(10,000)	()	(10,000)
(Loan)	()	()	()	()	()	()
Other U.S.						
1.						
2.						
Host Country						
Other Donor(s)	12,000		12,000	75,000		75,000
TOTALS	14,000		14,000	85,000		85,000

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) SS	660	700				10,000		10,000	
(2)									
(3)									
(4)									
TOTALS						10,000		10,000	

10. SECONDARY TECHNICAL CODES (maximum 5 codes of 3 positions each) 710 720 910				11. SECONDARY PURPOSE CODE 770	
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)					
A. Code					
B. Amount					

13. PROJECT PURPOSE (maximum 480 characters)

To start building in selected African countries and selected regional institutions, a critical mass of professional African policy analyst and economic managers who will be able to manage the development process better; and to ensure the more effective utilization of already trained African analysts and managers. This is the pilot phase of a long term multi-donor capacity building effort led by the IBRD.

14. SCHEDULED EVALUATIONS				15. SOURCE/ORIGIN OF GOODS AND SERVICES			
Interim	MM	YY	MM	YY	Final	MM	YY
	06	94				06	96
				<input type="checkbox"/> 000 <input type="checkbox"/> 941 <input type="checkbox"/> Local <input checked="" type="checkbox"/> Other (Specify) 935			

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page FP Amendment.)

17. APPROVED BY	Signature <i>Kang</i>	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
	Title Assistant Administrator for Africa	

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INTRODUCTION

The following Project Paper summarizes and acts as a decision document for A.I.D.'s \$10 million contribution to the pilot phase of an IBRD-led, long term, multi-donor effort entitled the African Capacity Building Initiative (ACBI). The project's purpose is to (1) start building, in selected African countries and selected regional institutions, a critical mass of professional African policy analysts and economic managers who will be able to manage the development process better; and (2) to ensure more effective utilization of already trained African analysts and managers. The ACBI will be managed by an African Capacity Building Foundation (ACB Foundation) and supported by the African Capacity Building Fund (ACB Fund), managed by the IBRD. The pilot phase will last four years and is estimated to cost \$86 million (excluding co-financing).

Because of the size of ACBI and the complexity of the undertaking, we have prepared this summary PP to facilitate the approval process and eventual evaluation. A.I.D.'s assistance to the ACB Foundation will be implemented as a grant to the IBRD under HB13 Ch5, grants to Public International Organizations.

I. PROJECT BACKGROUND AND RATIONALE

A. Background

Although many African countries have had their development efforts disrupted by sharp falls in the world price of key commodities, falling per capita incomes since the late 1970's are explained largely by the declining level and efficiency of investment, compounded by accelerating population. A number of studies, especially the IBRD's Long Term Perspective Study on Sub-Saharan Africa¹, examine the problem in depth and recommend courses of action. A summary is included in Chapter 1 of the consolidated report on the African Capacity Building Initiative.²

¹ IBRD, Sub-Saharan Africa: From Crisis to Sustainable Growth, Washington D.C., 1989. Cited as Long Term Perspective Study.

² IBRD, "The African Capacity Building Initiative: Toward Improved Policy Analysis and Development Management," Washington, January 1991. Cited as IBRD, ACBI, and reproduced as Annex C to this paper.

It is clear that renewed growth depends primarily on the existence of an enabling environment conducive to development through efficient production and private initiative. In order to create such an enabling environment, African governments are in the process of reforming their economic policies and institutions, mainly at the behest of the donor community. Over the long run, donor driven reform must be replaced by indigenous policy-making and economic management. It has become increasingly clear that not enough local skills, institutions and lasting indigenous capacities are being built systematically and that technologies are not being transferred effectively. The best way to foster ownership of reforms is to produce these policies through first-rate, in country research and policy design capacity.

Capacity building, according to the IBRD, has three components:

- (1) Human development;
- (2) Restructuring institutions to create a context in which skilled workers can function effectively; and
- (3) Political leadership which understands that institutions are fragile entities that require sustained nurturing.

The Bank's study recommended "radical" remedies to build capacity. It stressed improving the quality of education and training as the most important action. The remedies also included accelerated reforms of state enterprises and making use of opportunities to strengthen local, communal, and non-governmental organizations. In addition, public administration should be drastically overhauled in order to promote development. Better use should be made of the best trained nationals, consultants and university researchers and of data collection. Lastly, special measures should be taken to remove legal barriers and provide support so that women play a full role in the economy.

The IBRD has been the prime mover behind a major initiative to build capacity in Sub-Saharan African countries to carry out policy analysis and development management. That initiative is reflected in the IBRD's proposals for ACBI.³

B. The Process of Developing the ACBI

In January, 1989, the World Bank brought its preliminary analysis of the capacity building problem before a group of some 30 multilateral and bilateral donors (including A.I.D.), private

³ IBRD, ACBI.

foundations, international development policy and research institutions, and African experts at the Rockefeller Foundation in New York City. At that time the Bank's idea centered on the need to create "centers of excellence" in economic policy making. These "Centers," modeled, perhaps, after a Brookings Institute, would be places where senior policy makers could, with great freedom, provide sage, experienced and unfettered advice on economic policy matters.

This approach met with a number of difficulties. Donors and other experts were concerned about (1) the problems associated with regional institutions; (2) the problems associated with linking analysis developed by regional institutions with national policy-making; (3) the question of whether policy-making was more constrained by a lack of supply of trained experts or by the failure to effectively utilize the experts that are in place.

As a result of these discussions, the World Bank went back to the drawing board to reshape the structure of the ACBI. At the same time, A.I.D. began to explore these issues itself in order to determine what the Agency's approach to the ACBI should be. In May, 1990, A.I.D. invited a number of experts from U.S. universities and foundations to a workshop to discuss the experience of U.S. institutions in capacity building in the developing world, and, in particular, in sub-Saharan Africa. The basic messages coming out of that workshop were: (1) the need to move slowly and cautiously; (2) the skepticism with respect to regional institutions; (3) the problem of "brain drain," and the various solutions available to deal with this problem; (4) build on existing institutions, rather than create new ones; (5) set criteria for judging progress; (6) establish pilot programs to explore approaches before plunging into full-blown programs; and (7) create tough eligibility criteria for institutions or countries participating in this initiative.

Secondly, A.I.D. commissioned a study on capacity building in Africa, conducted by the Harvard Institute of International Development in September, 1990. This study focussed on the region's needs, rather than on the ACBI specifically, and offered a number of suggestions for potential A.I.D. interventions. Among the most important conclusions of the study were: (1) that demand for policy analysis currently outpaced supply, and was growing much faster than supply; (2) that policy analysis capacity in itself could do little, without strengthening governmental and educational institutions more broadly; and (3) despite the problems and checkered history of regional institutions, the small size of most African countries suggested that there were significant economies of scale in the strengthening of regional institutions.

Meanwhile the Bank was expanding its discussions to include a number of African governments and experts, culminating in a

conference held in Canada in September, 1989, that was attended by a number of senior African government officials, heads of universities, and experts. As a result of these discussions, and a number of bilateral discussions with various donors, the ACBI proposal was substantially modified. In particular, the emphasis shifted from regional institutions to national institutions.

The next step was a major donors' meeting held in June, 1990. At that time a number of modifications were offered by A.I.D. and other donors. These included:

1. Increased attention to evaluation. Given the pilot nature of these activities, it was felt important that the ACB Foundation have a strengthened capacity to monitor and evaluate capacity building activities to learn what works and what doesn't work.

2. Concentration of activities in the first few years. The donors felt very strongly that the Foundation should focus on working on a few countries until it is clear that it had developed a set of activities and implementation approaches in which it had confidence.

3. Emphasis on eligibility criteria. There was broad recognition that effective economic policy making could only take place in an environment where there was freedom to openly exchange ideas. The development of the eligibility criteria presented on page 34 of the ACBI document is a result of these discussions.

4. Refinement of governance structure. The development of a two-tier governance structure, a policy group of donor organizations (the Board of Governors), and a decision-making board of directors (the Executive Board) evolved from the June discussions.

At that time, it was agreed that the Bank would call a meeting of donors willing to participate in the ACBI to finalize arrangements for participation. This meeting was held in Paris in September, 1990. The legal framework for the ACBI was agreed upon, as well as membership of the Executive Board, and the location of the Secretariat. In November, 1990, the ACB Fund and ACB Foundation were officially established and officially began operations early in 1991.

C. Rationale: Why this Approach?

While there is little question that limited African capacity to analyze economic policy is an important constraint to economic growth and poverty alleviation, there are serious questions about how this constraint can best be reduced or removed. It is important to understand that the this project represents only one

of a series of expected activities by A.I.D. and the donor community. We are already supporting two research networks in Africa, the African Economic Research Consortium (AERC), based in Nairobi, and a Francophone network focussed on industrial policy, managed by the IDRC of Canada and based in Senegal. In addition we are supporting a joint World Bank (Economic Development Institute) --ILO --UNDP effort at improving management training called UNEDIL. Many Africa Bureau Missions have independent capacity building and training projects, and a number of broad regional programs (ATLAS and HRDA) also serve, in part, to train African policy analysts.

Despite all this there are very strong reasons to support this particular effort.

Economies of Scale. African economies are, by and large, quite small. They are too small to support a large number of independent specialized institutions of higher learning, for example. Thus, while the focus of the ACBI is on national-level institutions, many of the interventions may be regional. For example, outside of Nigeria, there are probably only three economics departments in Africa capable of mounting credible Masters degree level programs in economics. The economics departments of Eastern and Southern Africa are currently exploring ways of offering a joint masters degree which would combine teaching basic courses at each university and specialized courses at a central location. This is the type of activity that is best funded through a regional mechanism, such as ACBI.

A.I.D. as Catalyst. The U.S. is the center of excellence in classical and neoclassical economics. A.I.D. has more experience in the area of the development of public policy analysis than any other donor, including the World Bank. Moreover A.I.D. can draw on the expertise of U.S. foundations and academic institutions which have been involved in capacity building throughout the world for four decades. By participating in ACBI, A.I.D., through its participation on the Board of Governors and its influence on the Executive Board, can ensure that the large sums of resources going into capacity building (\$86 million of the ACB Fund and another \$200 to \$300 million of coordinated finance) will be used more effectively than if A.I.D. were not participating.

Management Efficiencies. By channelling substantial resources (both direct contributions and whatever associated financing the Missions may wish to contribute) through the ACB Foundation, A.I.D. is reducing its direct management responsibilities. We will focus on policy and evaluation, and leave the very labor intensive management requirements to the ACB Foundation.

D. Description of the ACBI

The ACBI is a long term framework for the process of building and strengthening local capacities in policy analysis and development management in Sub-Saharan Africa. It represents a broad partnership between Sub-Saharan African countries and the international donor community. The present proposal focuses on the first four years of the development of the ACBI. As such, it represents a pilot program whose success will be carefully monitored. If, as we hope, the ACBI does succeed in laying the groundwork for effectively increasing the capacity of African governments to manage their own economies efficiently and equitably, then we would expect that the donor community, including A.I.D., would continue to fund it in the future. If it fails, however, then we and other donors will walk away.

ACBI is a framework that will evolve as it is implemented, using a new partnership between recipients and donors to build a critical mass of professional African policy analysis and economic managers, and to ensure the more effective use of those already trained. The ultimate objective is substantially improved indigenous analysis and management of Africa's economic and development process.

The essential goals of the ACBI over the next two decades are:

- to build professional policy analysis and development management skills and institutions in Africa and to enhance utilization of already existing resources;
- to create a forum for full and active African participation in the design and implementation of capacity building programs;
- to improve donor coordination and help develop greater focus, prioritization and rationalization in the development of economic policy research and management capacity -- leading to substantial cost savings as well as improved technical programs; and
- to mobilize financial and technical resources for increased investment in human capital and institutions in Africa on a consistent and long term basis.

There is much in this proposal that is innovative. The development of the design of the proposal has been particularly participatory, involving both donors and recipients, as well as experts of various stripes. Equally important, the ACBI's governance structure builds on the successful experience of a much smaller organization, the African Economic Research Consortium (AERC). The creation of an independent Executive Board of widely respected experts in this field, both African and

non-African, should lead to much more ownership of this activity by the recipients. This is, in many ways, a very noble experiment.

ACBI's Action Program will focus on six principal components:

- The rehabilitation and improvement of selected **national institutions** (e.g., already existing economics and public administration departments in universities, or research and management institutes);
- The building or strengthening of a small number of **regional institutions** for policy analysis and development management, primarily as training institutions and sources of policy information and advice;
- The strengthening or creation of **government policy units** in the Office of the President, Ministries of Finance, Planning, and Central Banks;
- The provision of **fellowships** to support selected African individuals in their research and training needs;
- The expansion of **in service training** and work experiences for African professionals; and
- The strengthening of **local consulting firms**, professional associations and other non-official organizations.

The ACBI will be implemented through the following proposed major mechanisms: The ACB Fund to support actions to build capacity and manage the process (grant financed by donors, A.I.D.'s contribution will be to core program funds); Co-Financing where donors will direct resources to support a specific program or institution, in parallel with the ACB fund; and Associated Programs of the donor's own programs.

Phase I of ACBI is a four year long pilot program. It emphasizes supporting national institutions and programs (including the private sector), and strengthening selected regional institutions.⁴ It is limited in scope and designed to prove the effectiveness and sustainability of the ACBI's approach. It will involve perhaps eight country programs and a limited number of programs to make regional capacity building institutions more effective and efficient. See section III.D. below.

⁴ See IBRD, ACBI, pp.18-23 for more information.

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II. PROJECT DESCRIPTION FOR A.I.D.'S CONTRIBUTION TO PHASE I

A. Goal

The long term objective to which this project contributes towards is that of implementing effective and efficient indigenous economic policy reform and development management in sub-Saharan Africa. The subgoal is to produce first rate in-country research and policy design capacity in selected African countries in order to foster local "ownership" of economic policy reforms and development management. The objectives at the sub-goal level consist of the participating countries possession of:

- Strengthened economic management capacity and self reliance in policy analysis and decision making.
- Participating country develops policy analyses which become an acceptable basis for policy dialogue with other bilateral and multilateral donors for policy and institutional reforms, sector based program assistance and development projects.

We consider this program critical to achieving our objectives under the Development Fund for Africa (DFA). The project will contribute primarily to all targets under the first strategic objective under the DFA, which is to improve the management of african economies by redefining and reducing the role of public sector and increasing its efficiency. It will also contribute to each of the other strategic objectives under the DFA.

B. Purpose of A.I.D. Contribution

The purpose of this grant to the IBRD is to: (1) start building in selected African countries and selected regional institutions a critical mass of professional African policy analysts and economic managers who will be able to manage the development process better, and to (2) ensure in those same countries a more effective utilization of already trained African analysts and managers.

At the end of the pilot phase, the ACBI should have achieved the following indicators in selected countries and regional institutions:

- Innovative techniques, processes and mechanisms such as networks and appropriate educational and training programs developed for capacity building and incorporated into policies and programs.
- Improvement in the functioning of institutions, units and individuals and ability to rationalize use of public and private resources as well as improve the

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effectiveness of policies and programs.

- Indigenous capacity for policy analysis has grown in participating countries and less reliance is placed on outside experts (including donor support).
- ACB Foundation has contributed to an enabling environment in the participating countries, allowing individuals and institutions opportunity to integrate their analyses and influence the deliberative and decision-making processes and managing the implementation of policy reform.
- ACB Foundation demonstrates that it offers a sustainable mechanism for building capacity in policy analysis and development management.
- ACB Foundation has had sufficient overall impact in enhancing policy analysis and development management capacity of participating countries to warrant continued support of the Foundation.

C. Outputs

Within the countries and regional institutions selected for participation in the four year program:

Output 1 Build indigenous individual African and institutional capacities in policy analysis and development management.

Indicators

- ACB Foundation/participating countries and institutions complete country and/or sectoral capacity assessments in eight target countries; selected regional institutions and networks.
- Action program completed and approved in recipient countries, regional institutions and networks with clearly identified institutions/ policy and analyses units; and completed and approved action programs for selected regional institutions.
- Training and other capacity building programs, projects and activities implemented, stressing the use of African experts and institutions (in-service training; linkages of developed country public or private sector institutions; teaching innovative techniques to improve curricula, appropriate qualitative and quantitative analytical skills of staff and participants). This includes training people abroad if necessary.

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- Non-governmental institutional capacity building programs implemented, stressing use of African expertise.

Output 2 Mechanisms for integrating policy analysis into public policy making in participating countries are strengthened.

Indicators

- Actions in participating countries' plans are implemented which bring indigenous experts into policy analyses processes and development administration.
- Public seminars, fora, publications take place, with high level of government and non-governmental participation.
- Increased interaction and participation of local and voluntary associations occur with planning and developmental entities in policy and development program/project identification, design, implementation and evaluation.
- Approval and implementation of policies and programs which reflect more open policy making.

Output 3 Available talent is utilized effectively and improved donor coordination takes place.

Indicators

- Local talent clearly identified.
- Programs established and operating to increase participation in host country and/or donor analysis and development administration.
- Decision-makers in participating countries use resulting analyses in making and implementing policy decisions.
- Mechanisms are established and used in participating countries and organizations to coordinate donor-financed policy analyses and development program management to reduce overlaps, duplications and gaps, ensure that better use is made of local talent, and that the product is used and shared by donor community and host country.

Output 4 Long term funding and sustainability of capacity building ensured.

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Indicators

- Financing plan and linkages with developed and other country institutions established and implementation begun for entire long term capacity-building action program in participating countries and regional institutions, using both domestic and external resources.
- Analysis completed on making financially sustainable the participation of people trained under ACBI in policy making (using both public and private resources).

D. Inputs

Bilateral and multilateral donor contributions should lead to an ACB Fund of about \$86 million for the four year pilot program, which the IBRD would manage for the ACB Foundation. The funding proposal divides financing requirements into secretariat costs (about \$9.8 million over four years) and ACBI core funds for grants (about \$76 million). In addition, the proposal envisions substantial donor co-financing of related projects. The proposed A.I.D. contribution to the ACB Fund is \$10 million, which would be used to finance grants from the core funds. Other donors who have indicated their willingness to contribute include Sweden, Canada, Norway, the Netherlands, Austria, UNDP, AfDB and IBRD. The A.I.D. funds will be used to finance country analyses, specific studies, training, evaluation, audit, and other activities to build institutions and capacity for policy analyses and development management.

E. Impact and Beneficiaries⁵

The immediate beneficiaries of the project will be African policy analysts and development managers working in the public and private sectors in the participating countries. However, many countries cannot afford the full range of expertise because of economies of scale and questions of sustainability, thus increasing the importance of adequate capacity in regional institutions. Economic decision makers in these countries will benefit from having higher quality analyses available to them for decision making, and the cost of locally commissioned studies and analyses should be less than that of using expatriates. As decision-makers make more use of higher quality policy analyses to facilitate their decisions, the decisions should become better informed and more effective and efficient in achieving the desired objectives.

⁵ See Section VI, Analyses, A and B for more information.

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However, the fundamental beneficiaries of this program will be the citizens of every country in which policy analysis capacity is enhanced. It is now abundantly clear that:

- 1) The only sustainable way to alleviate poverty is through economic growth;
- 2) That the main determinant of economic growth is the quality of a country's investments; and
- 3) that the rate of return on investments is profoundly affected by the quality of a country's economic policies⁶.

Thus better capacity leads to better analysis leads to better policy leads to higher growth leads to reduced poverty for the majority of poor. While this is a long chain of reasoning; there are few results that are more robust.

III. IMPLEMENTATION PLAN

A. IBRD

The IBRD will manage the trust fund for the Core funds on behalf of the ACBI Foundation. The IBRD has previously performed this function for regional projects to which a number of donors contribute, including such programs as the Regional Onchocerciasis project and the cost sharing of consultants' services for the Bank's Special Program of Assistance in Sub-Saharan Africa.

The IBRD has played the leading role in conceptualizing and developing the African Capacity Building Initiative.⁷ The World Bank's Board of Executive Directors approved participation in and support of ACBI, in April, 1990. The Steering Committee has been dissolved since the Executive Board was established and the Executive Secretary appointed. The most recent Executive Board meeting was held in February and the next one will be in June 1991.

The IBRD is the "implementing agency" for the original co-sponsors (African Development Bank and the United Nations Development Program). It consequently plays a major role in coordinating and providing assistance to the ACB Foundation. The IBRD will contribute \$ 15 million to the ACB Fund. A technical

⁶ D. Kauffman, "The Forgotten Rationale for Policy Reform: The Productivity of Investment Projects, draft mimeo, The World Bank, 1991.

⁷ See Section I.B and C. above for history.

team of IBRD, AfDB and UNDP staff members who have been working on ACBI will assist the Secretariat during the pilot phase.

B. ACBI

The proposals set forth in Chapters 4 and 5 of IBRD, ACBI paper set forth ACBI's implementation and management structure, which envisaged the establishment of the African Capacity Building Foundation, supported by an African Capacity Building Fund. The ACB Foundation will be governed by a Board of Governors, who will appoint an Executive Board. The Executive Board, in turn, will appoint an Executive Secretary to head a small secretariat.

The ACB Foundation's Board of Governors sets objectives, approves policies, and approves funding arrangements. The 11 member Executive Board reviews and approves the Foundation's work program, establishes criteria for and approves Action Programs, provides operational guidelines, sets priorities for research training and management improvement, approves annual budget and report, and appoints the Executive Secretary. The Executive Board promotes and ensures the ACB Foundation's operational autonomy and ensures the Foundation's financial integrity and accountability, including professional auditing of its operations.

The ACB Foundation's small secretariat, based in Zimbabwe, will have about 11 professional staff members when fully staffed. It will formulate and implement the work program, manage the consultative process, help mount teams for assessments, facilitate project design, monitor project implementation, collect evaluation data, ensure that projects meet the ACB Foundation's standards and principles, and that those activities are cost effective.

C. U.S. GOVERNMENT

Implementation modality and representation. ACBI will be implemented as a grant to a Public International Organization, under HB 13, Ch.5. Authorization of grants to Public International Organizations is delegated to the Bureau Assistant Administrators. A.I.D./W will negotiate a grant with IBRD, and the funds will be deposited into a Trust Fund for the ACB Fund. A.I.D.'s funds will be commingled with funds from other donors.

A.I.D. is represented on both the Board of Governors and the Executive Board of the ACB Foundation. A U.S. Direct Hire Official, probably AA/AFR, will represent the U.S. on the Board of Governors. The U.S. Representative on the Executive Board will be a respected private sector authority on policy analysis and will be nominated by A.I.D. A.I.D.'s representative is Elliot Berg.

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Implementing Office. The Office of Operations and New Initiatives in Africa Bureau will implement this project as soon as the Bureau reorganization takes effect. Before then, the project will be implemented by AFR/TR/EHR. From time to time, ONI will draw upon AFR/ARTS staff (AFR/DP/PAR before the reorganization) for substantive input regarding policy analyses, methodologies and content, development management and institution building. Work will include review of periodic financial reports, overseeing voucher processing and advances under the Trust Fund arrangement with the IBRD, and reviewing periodic reports on ACBI activities (including Board of Governors and Executive Board reports). The ACBI program includes an elaborate monitoring and evaluation system, which will be carried out with IBRD support. A.I.D. will participate in that evaluation process. If needed, A.I.D. will use PD and S funds to conduct a separate evaluation in FY 1994.

Procurement. Under HB13 Ch5, Sect. G2, A.I.D. may rely on the procurement procedures and policies of the Public International Organization if A.I.D. does not finance 100 percent of the activity. Under the ACB Fund, the A.I.D. contribution will not exceed \$10 million out of a total estimated funding of \$76 million during the four year pilot phase. ACB Fund "core funds" will be allocated using criteria set forth below.⁸

Audit. According to HB13, Ch5, Section G2, Grants to Public International Organizations (PIO), A.I.D. may rely on the audit policies and procedures of the PIO, in cases where A.I.D. is not the sole contributor to the project. Prior to approval, however, A.I.D. should be satisfied that the PIO has effective and responsible audit procedures. A.I.D. has previously made this determination for the IBRD, since it has already made grants to the IBRD which used trust fund mechanisms for implementing regional projects of this magnitude.

D. ACB Foundation Program Implementation and Operations

1. Country and Regional Institutions Selection

The main thrust of the ACBI program would be national. Many issues reflect common problems, and these problems should respond to regional solutions, which can help identify success, disseminate successful experiences and stimulate governments and practitioners to take a new look. The program, therefore incorporates a regional and sub regional dimension, adjusted to the needs of national clients. It also allows for outstanding individuals to develop skills even if circumstances in their own countries are unfavorable for a full fledged capacity building program through a competitive postgraduate training program.

⁸ See Section III.C.

During the four year pilot phase, the ACB Foundation will have programs in about eight countries. They should be chosen from countries which are committed to building a capacity for economic policy making and have expressed an interest in the program. This approach should help program implementation in that demand for policy analysis in the pilot countries need not be created from ground zero (although it may need focussing and redirecting). The pilot phase should include countries that do not have well developed professional cadres, those that have reasonable human resources but difficult economic programs, and those that have improving economies but inadequate capacity. Countries will be selected according to the following criteria:

- o A recognition that good governance is a prerequisite for economic development.
- o A willingness to undertake creditable economic reform, especially civil service reform, and including adequate incentives for performance improvement.
- o A demand for and a concern to achieve effective utilization of domestic personnel and institutions in policy analysis and development management, together with a commitment to improve the level of self-reliance and a desire to reduce dependence on expatriate technical assistance.
- o An open and nurturing environment and a supportive intellectual climate contributing to policy making and promoting the critical analysis of options for development.
- o Commitment to coordinating donor support activities in capacity-building efforts.

As a first step in strengthening regional institutions, the ACB Foundation Secretariat could compile an inventory and make an assessment of the regional training programs and research institutions, and collaborative groups. The survey could also include regional groupings such as CILSS and SADCC that might have regional capacity-building programs. Regional institutes might also be invited to formulate proposals in response to ACBI. It is unlikely that any of the existing regional institutes has the capacity to offer the sort of postgraduate level training which ACBI envisages. In some cases, however, they may have good physical facilities and experience in the logistics of organizing regional programs. The ACB Foundation is unlikely to establish new institutions, although consideration may be given to

⁹ See IBRD, ACBI chapter 4 for a discussion of regional entities/institutions which engage in policy research and analysis.

establish new regional centers in existing organizations. The case for doing so must be compelling and based on the prospect that a fresh, ambitious thrust in response to its concerns will be realized.

2. Capacity Assessment and Action Plans

The ACB Foundation would begin assistance to a country by helping it carry out a capacity assessment, using teams with nationals and expatriates, private and public sector and consultants. The teams would review existing policy making and implementation processes; policy analysis capability; the pool of relevant skills; the environment for policy work, and previous technical assistance, training in institution-building and initiatives. They will make use of earlier analyses carried out under the UNDP's Management Development Program and other activities.

The joint teams would then design a national action program for capacity building in line with the needs of government, other institutions and the private sector. A program might include support for selected government institutions, especially government policy units undertaking research and analyses, training, including in-service training, to upgrade key national facilities and provide selective training abroad (where national and regional facilities do not exist); support for non-governmental institutional capacity building, support of public seminars and media campaigns to foster an environment for public debate on development policy issues. The Action Program should reflect the availability of resources and the opportunity cost of directing scarce human and financial resources to the program. The time frame should allow for developing capacity building efforts and be sufficiently focussed to make a critical impact. Actions should be phased to meet priorities.

3. Projectized assistance criteria and the approval process.

The program would be implemented as projectized assistance activities, with strict monitoring and evaluation criteria to measure impact. The ACB Foundation secretariat would review all proposals for Foundation support.

Key requirements for ACB Foundation financial support are:

- o A sound assessment of national capacity needs, which should result in a prioritized capacity building action program, including mechanisms at the national level to implement it.
- o Prospects that the program will lead to the improvement of analysis, formulation, implementation and management of policies for economic and social reform. Projected

benefits and risks must be articulated clearly.

- o The use of African experts and institutions.
- o A strong commitment by the beneficiaries to sustain the capacities which would be developed through ACBI.

Proposals for Foundation funding from countries and institutions that qualify for assistance should include:

- o A description of the national background and strategic context of the operation, drawn either from a country assessment or from the country's existing development plan.
- o A technical, economic, and financial evaluation of the project, including previous efforts and links to current programs.
- o An assessment of African and donor support for the operation and its relative priority.
- o An assessment of the technical financial and management capacity of the institutional beneficiary.
- o Identification of the key clients and beneficiaries of the proposal, their participation in its preparation and their commitment to utilize the output and ensure a supply-demand link.
- o A description and quantification of the specific outputs.
- o The approach, strategy and specific actions to be taken, incorporating a work program and schedule.
- o The organizational arrangements, budget and contributions required.
- o The contribution that the requesting agency is willing to make toward the cost of the program. A counterpart contribution should normally be a prerequisite for ACBI funding.

The Secretariat will decide whether a specific program (i.e. project) meets the established criteria and falls within the framework of the Country Assessment. The Secretariat will assess its priority and recommend to the Executive Board whether an operation should be funded by the ACB Foundation or co-financed with other donors. Except in special cases, the ACB Foundation will transfer funds only and as when projects are implemented, together with an appropriate level of start-up finance. Normally

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funds will be transferred when intermediate objectives and targets are met satisfactorily. If the recipient does not meet these objectives, or is unable to satisfy the conditions stipulated in the funding agreement, further funding increments will be delayed.

In reviewing proposals for funding, the Executive Board will give priority to projects which address constraints, disincentives, regulations and other barriers that currently obstruct the effective use of local professionals and institutions. The Executive Board, on the advice of the Secretariat, may cancel a program that is not being implemented satisfactorily.¹⁰

IV. COST ESTIMATE AND FINANCIAL PLAN

The total estimated cost of ACBI (except for parallel other donor financing) is about \$86 million.

	Illustrative Budget ACBI Expenditures (in \$ million)				
	1991	1992	1993	1994	Total
Secretariat costs	2.2	2.4	2.5	2.7	9.8
ACBI grants (Core)	8.0	19.0	23.0	26.0	76.0
(of which A.I.D)	(0.4)	(2.0)	(3.5)	(4.1)	(10.0)
<hr/>					
Subtotal	10.2	21.4	25.5	28.7	85.8
Donor Co-financing	24.0	57.0	84.0	92.0	257.0
Total	34.2	78.4	109.5	120.7	342.8

A.I.D.'s contribution the ACB Fund during the four year pilot program will amount to \$10 million. A.I.D.'s contribution will be put into a trust fund and used only as part of approximately \$76 million of "core fund grants" for programs. It will not be used for the ACB Foundation's administrative support and other costs, which the UNDP will be financing. Eleven other countries and international organizations have already committed themselves to contributions to the ACB Fund, with the IBRD (at \$15 million)

¹⁰ See IBRD, ACBI chapters 3 and 4 for further information on phase I programs.

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Illustrative Budget

A One Country Program ACBI Foundation Financing

1. Capacity Assessment/Action Plan Development	\$000
2 Public sectors/macro requirements	
2 expatriate consultants x 2 sectors x	
2 trips 1 month each @ \$30,000 mo/person	240.0
2 local consultants x 2 months x 2 sectors	
@ \$10,00/month/person	80.0
4 workshops @ \$10,000 workshop	40.0
Subtotal 2 public sectors	360.0
1 University/higher education assessment/plan	
1 expatriate consultant x 3 trips x 1 mo	
each x \$30,000 person/month	90.0
4 local consultants x 3 sessions x	
1 month each x \$5,000 person/month	60.0
3 workshop @ 10,000 each	30.0
Subtotal 1 academic assessment	180.0
1 Private sector assessment/plan	
1 expatriate consultant x 2 trips	
1 month each @ 30,000/month	60.0
4 local consultants x 2 work months	120.0
@ \$15,000 each	
2 workshops @ 15,000 each	30.0
Subtotal 1 private sector	210.0
Computer/information skills sector and support	
1 expatriate x 2 trips x 1 mo each	60.0
@ 30,000 person/month	
1 local consultant @ \$12,000	24.0
1 workshop @ \$10,000	10.0
Subtotal 1 computer/info skills	94.0
1 Synthesis workshop	
1/2 mo from 5 expatriate advisors	
@ \$30,000 person month	75.0
1/2 mo from 10 locals	58.0
1 workshop @ \$15,000	15.0
Subtotal synthesis workshop	148.0
Total Capacity Assessment/Action Plan Development	992.0
Contingency @ 10 percent	99.2
<u>Inflation @ 5 percent</u>	49.6
Grand Total	1140.8

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2. Capacity Building Implementation

Sectoral Policy Planning Unit Upgrade	
1 expatriate advisor x 3 yrs @	600.0
\$210 person year	
1 local advisor on contract	180.0
x 3 yrs @ 60,000 year salary allowances	
Short studies expatriate 2 consultants x	360.0
2 months each x 3 years @ \$30,000	
Short studies local 4 consultants x	
2 months each x 3 years @ \$10,000	240.0
person/month	
2 participants MA/MBA in US x 2 1/2 years	135.0
@ \$27,000 each	
5 participants MA/MBA in Africa,	
2 years @ \$14,000 each	140.0
15 short term participants @ \$15,000 each	225.0
(includes regional workshops)	
6 internships @ \$25,000 each	150.0
workshops/local training @ \$50,000/year	150.0
<u>Commodities, especially computer/software</u>	100.0
Subtotal sectoral policy planning	2280.0
Contingency @ 10 percent	228.0
<u>Inflation @ 12 percent LOP</u>	273.6
Total	2781.6
Private Sector Capacity Development	
1 local advisor on contract x 2 years @	
\$70,000 year (salary/allowances)	140.0
short studies 2 expatriate consultants	240.0
x 2 months each x 2 years @ \$30,000	
person/months	
short studies local 4 consultants x 2 months	360.0
x 3 years @ \$15,000 month	
4 private sector scholarships MA/MBA 2 1/2	
years @ \$27,000 each	270.0
15 short term participants @ \$15,000	225.0
each (includes regional workshops)	
30 local short course participants	60.0

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@ \$2,000

<u>workshops @ \$75,000 year x 3 years</u>	<u>210.0</u>
Subtotal private sector	1505.0
Contingency @ 10 percent	150.5
<u>Inflation @ 12 percent LOP</u>	<u>180.6</u>
Total private sector capacity	1835.1

University/Allied Institutions Upgrade

1 expatriate advisor/professor x 3 years @ \$200,000 year	600.0
1 full time local hire @ \$60,000 year-salary allowances	180.0
3 part-time professorial lecturers x 3 years @ \$10,000 year	90.0
local studies x 3 years @ \$100,000 year	300.0
3 PhD participants x 3 1/2 years @ \$27,000 person year	283.5
3 PhD dissertation fieldwork/defense @ \$30,000 person	90.0

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workshops/seminars 3 per year @ \$20,000 for 3 years	180.0
<u>Subtotal academic</u>	<u>1723.5</u>
Contingency @ 10 percent	172.3
<u>Inflation @ 12 percent LOP</u>	<u>206.0</u>
Total Academic	2102.6

Country Program Total 6719.3

1. Regional Center Budget Assessment/Plan

1 expatriate consultant x 3 trips x 1 mo each @ \$30,000 person/month	90.0
2 expatriate consultants x 2 trips x 1 mo each @ \$30,000 work month	120.0
2 local consultants x 2 mo x \$10,000 person/month	40.0
2 local workshops @ \$10,000 each	20.0
1 Regional workshop @ \$40,000 each	<u>40.0</u>
Subtotal	310.0
Contingency @ 10 percent	31.0

Inflation @ 5 percent 15.5

356.5

4. Regional Center Upgrade

1 expatriate academic advisor @ \$200,000 for 2 years	400.0
1 full time local hire professor @ \$60,000 year for 2 years	180.0
2 professional lecturers x 3 years @ \$10,000 year	60.0
3 work months expatriate consultant services @ \$30,000 each	90.0
6 work months local/regional consultant services @ \$10,000 each	60.0
1 PhD participant x 3 1/2 years @ \$27,000 person year	94.5
3 PhD dissertation fieldwork fellowship @ \$25,000 each	75.0
3 internships (include travel & allowance) @ \$25,000 each	75.0
local studies x 3 years @ \$50,000 year	150.0
curricula/teaching workshops 2 per year for 3 years @ \$3,000	18.0
2 Regional workshops @ \$40,000 each	80.0
6 local policy workshops @ \$8,000 each	48.0
<u>Commodities, including computer related</u>	<u>100.0</u>
Subtotal	1430.5
Contingency @ 10 percent	143.0
<u>Inflation @ 12 percent LOP</u>	<u>171.7</u>
Subtotal upgrading	1745.2

Grand total 9,961.8

Rounded to \$10,000,000

acbi.bud

A.I.D.
Illustrative Obligation Schedule
(000 US \$)

	FY91	FY92	TOTAL
Long term advisor	1,710.9	1,253.9	2,964.6
contractor			
short term consultant	1,548.0	1,383.5	2,931.5
local studies	215.0	334.0	549.0
workshops	250.0	799.7	1,049.7
participants			
long term US	582.3	385.2	967.5
long term African	102.0	68.8	170.8
short term	183.0	366.0	549.0
fellowship/interns	150.0	325.8	475.8
local courses	30.0	30.0	60.0
<u>commodities</u>	<u>229.0</u>	<u>15.0</u>	<u>244.0</u>
TOTAL	5,000.0	4,961.9	9,961.0
rounded to:	5,000.0	5,000.0	10,000.0

Note: inflation and contingency built in to line items.

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Illustrative Budget
(\$000)

Long term advisors/ contract personnel	-----	---
long term expatriates 8 person/years	1,952.0	
local hire contract 11 person/years	829.6	
part time professional lecturers 15 years	183.0	
Subtotal long term advisors/ contract personnel		2,964.6
consultant services expatriates, 47.5 person months	1,687.0	
local consultants, 93 work months	1,244.9	
short term consultants		2,931.9
local studies/research		549.0
participants		
10 long term U.S./graduate	967.5	
5 short term African graduate	170.8	
30 short term out of country	549.0	
15 dissertation fellowships/ internships	475.8	
30 local part time academic courses	60.0	
		2,223.1
workshops/seminars		1,049.7
commodities (computers and related)		244.0
TOTAL		9,961.7
rounded to:		10.000.0

*inflation and contingency built in

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being the largest donor. There will be substantial cofinancing by other donors. Details on the ACB Foundation's budget, secretariat expenditures, and secretariat staffing are provided in Section 4 of the IBRD paper, Management and Operational Structure for the African Capacity Building Initiative (ACBI) for Policy Analysis and Development Management in Sub Saharan Africa (August 1990). We expect that a revised budget will be reviewed in the October 1991 Executive Board meeting.

An illustrative budget has been prepared for the \$10 million A.I.D. contribution. It is designed for:

- A country capacity assessment/action plan for two sectors, the private sector and computer needs.
- Implementation of country program in a single sector plus the private sector and strengthening one university department or allied institution.
- Assessment/Action Plan development for one regional center.
- Implementation of an improvement program for a regional center which trains Africans.

It is assumed that other donors and beneficiary countries will provide support to specific sectors and assessments. Some country programs will be much larger than the \$7 to \$9 million (including assessment and action plan development) from ACB Fund core funds plus \$12 to \$15 million from donor co-financing assumed in the Illustrative Budget, while others will be smaller. The capacity building program now being developed for Uganda is a good example of a very large program of the type that the ACB Foundation might support. It uses many of the same collaborative techniques in conducting the assessment and in developing the action plan, although the physical rehabilitation aspects will be very substantial in Uganda.

A.I.D.'s contribution to the ACB Fund will be placed in a trust fund managed by the IBRD and commingled with funds from other donor(s). The core fund monies will be projectized and allocated for specific studies, implementation of country programs and regional capacity building projects. These projects will be reviewed and analyzed by the ACB Foundation's Executive Board and approved by the Board of Governors) (the United States Government will be represented at both levels).

While A.I.D. would not wish to dictate or control the management of the ACBI Secretariat, there are disbursement mechanisms to ensure that A.I.D. monies are used appropriately. The grant to ACB Fund will be disbursed in a series of 60 day advances to the Trust Fund over the four year life of the project. The bank

shall attach to each request for payment a list which includes the name of each approved project/projectized activity which will receive funding and the country/regional institution in which the project/activity is located. The ACB Foundation shall also submit to A.I.D. for its information, after approval by the Executive Board, a summary description and budget for each project or projectized activity.

The A.I.D. evaluation in the fourth year of the pilot program will be financed out of separate PD&S funds.

V. MONITORING AND EVALUATION

Given the nature of the ACBI program, it is very important that it possess strong monitoring, evaluation and information systems. While ACBI was being formulated, AFR Bureau representatives made forceful arguments in meetings and the steering committee that the pilot program must have a strong monitoring and evaluation system to measure adequately the validity of ACBI's approach to capacity building. They obtained modifications in the initial proposals which resulted in incorporating strong monitoring and evaluation components into the ACBI program.

All ACB Foundation activities must be framed as projects to permit use of monitoring techniques. Project objectives must be specified in operational terms to permit meaningful evaluation. The system must take into account lag time between input completion and benefit realization, quantification problems in social sciences and political sensitivity about external intervention. At a minimum, the monitoring system will track program and project inputs and outputs. It will include assessing resource use against budget and timetable to ensure that outputs are being produced efficiently. Implementation methods will be monitored for efficiency and effectiveness, and replicability.

Due to time lags caused by collaborative proposal development and the slowness of capacity building investment to show measurable results, the end of project evaluation should focus mainly on process management and ascertaining the rate of progress in moving towards longer term objectives. It must analyze whether the pilot phase has had sufficient effect on the process of policy analysis and development management in the beneficiary countries and institutions to warrant additional investment. This includes:

- o Extent to which specific activities met objectives of strengthening individual and institutional indigenous capacity in pilot countries and regional centers.
- o Impact in improving national economic management

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processes and capacity in participating countries.

- o Success as a mechanism for capacity building in Africa, especially to extent to which effective processes and mechanisms to deliver capacity building assistance and for securing donor contributions.

One of ACB Foundation's 11 professional staff will be a senior Advisor who reports directly to the Executive Secretary on research methodology and design and implementation of evaluation and monitoring systems. This individual must have an advanced degree and at least a decade of relevant experience.

A.I.D.'s contribution to ACB Foundation will finance evaluation team members and monitoring system establishment and operation. A.I.D. intends to rely on the program's monitoring and evaluation system, which will operate under IBRD guidance. If it is deemed necessary to finance a separate evaluation, this will be done at the beginning of year four, in order to gauge progress in reaching the program's objectives and to provide an objective analyses that will facilitate deciding whether to continue A.I.D.'s financing of the ACB Foundation in the next phase. The Bureau's Program Development and Support funds should be used for this evaluation.

VI. ANALYSES

A. Supply, Demand and Sustainability

The IBRD's Long Term Perspective Study and its paper, Education in Sub-Saharan Africa, both present discussions of the nature and magnitude of the policy environment's weaknesses, the critical lack of capacity for policy analysis and development management, and the consequent impact upon economic development in the continent.

Not only is there a dearth of policy analysts and economic institutions, as well as of the institutions needed to provide these skills, but also the available resources are under used. Both the political and economic situations have not been conducive to capacity building and appropriate utilization of capacity. The decline in higher education systems has had a particularly severe effect on analytical and management capacity, and too many poorly trained graduates enter the labor force each year, often trained in disciplines useful only in overcrowded sectors. Physical capacity and national management training institutions have declined. The finest African intellectual

¹¹ See IBRD, ACBI, pp. 32-33, for more information

resources often flow to institutions outside the continent. The situation is little better in the public service.

Donors have made many positive contributions to capacity building, but lack of a consistent and coherent strategy may have inadvertently contributed to Africa's capacity shortfall. Foreign consultants may have failed to transfer their skills permanently to local managers and institutions; technical assistance may appear to be driven by donors and recipients' commitment to technical assistance may be weak. Overseas training and education have not necessarily been successful in solving capacity problems. Capacity building requires a long term effort and donors have often taken a much shorter term approach or concentrated primarily on providing operating experts rather than building institutional capacity. The conclusions of the IBRD and other studies on the need for capacity to carry out and sustain policy are discussed in chapters 1 and 2 of the IBRD's ACBI paper.

Given the relative lack of success in previous capacity building efforts, the question arises of why should the donors try again, and what makes it likely that we will succeed this time, particularly if the broad human resources and institutional development efforts are unconditioned and unconnected to sectoral resource flows. The original ACBI proposal of March 1990 took a supply oriented approach to capacity building, in that it assumed that the presence of the human resources and the analyses will result in better utilization and better decision-making on an informed basis. Since there is evidence to indicate that this is not necessarily so, and that impressive human resources are not always used, A.I.D. discussed the matter with the IBRD and the Steering Committee repeatedly.

By the time of the August meeting, and especially in the IBRD ACBI paper of January 1991, ACBI had been modified substantially to take latent and actual demand pull into account, making the stimulation of demand and improving its consistency one of ACBI's major objectives. It recognized the unevenness of demand, particularly in countries with no intellectual tradition of non-governmental policy advice from the metropole. Even in other countries, the demand may be strong in one Ministry and weak in another. The IBRD ACBI paper stresses that any new effort to build capacity must stimulate effective utilization of capacity already available even as it works to increase capacity. This can be done through the use of local consultants and researchers in assistance programs, grants for policy research and analysis in ministries and public agencies, seminars symposia, assistance projects with built in policy analysis components, etc. There will be some cases where demand is low. Continuing some training and fellowships even at the height of Amin's regime is paying a major dividend with the availability of some trained key people now that Uganda is serious about policy reform and development

management.¹²

ACBI's approach is now much more country-oriented and takes into account the role of structural adjustment programs in generating demand and demonstrating results of policy analysis and development management carried out by local individuals and institutions.

Given the impact of A.I.D. and other donors in this area, A.I.D. representatives on the Board of Governors and the Executive Board should continue to stress the demand aspect of capacity building. We understand that the pilot program will be implemented only in countries where demand already exists. Willingness to undertake reform, the existence of Structural Adjustment Programs (or "shadow" reform programs) and the degree of commitment of the Government to undertake reforms should continue to be emphasized by the U.S. representative. In addition, A.I.D.'s representatives in the ACB Foundation structure should push for imaginative solutions to the nearer term demand question using parallel financing of sectoral structural adjustment/policy performance based assistance to encourage the use of indigenous capacity supported by ACB Foundation initiatives.

Since we view the role of the private and non-governmental sector as being very important in capacity building, especially in creating demand, the program selection criteria should emphasize finding non-public sector solutions for implementation by the private sector.

DFA funded projects must be sustainable. The objectives of the ACBI includes making capacity building for policy analysis and development management sustainable. This requires increased demand for policy analysis on the part of decision makers and also requires going beyond the public to the private sector. It means that much more use should be made of locally available resources, rather than expensive expatriate consultants and that their use should be planned and coordinated better than it has been in the past. This project is a contribution to a pilot program to prove that capacity building for policy analysis can be implemented in a way that makes it sustainable in the long run. If the experiment does not demonstrate sustainability, then ACBI is supposed to end and our assistance will certainly not continue.

B. Social: Impact and Women

1. Impact on the Poor

¹² See pp. 15-17 of IBRD, ACBI.

The basic nature of the impact of the ACBI on AID's target group is presented in Section II (beneficiaries) above. The detailed syllogism that links capacity to policy to growth to poverty alleviation has now been buttressed by substantial evidence coming from a variety of sources.

a. Economic Policy and the Capacity to Undertake Independent Analysis. The linkage between policy and analytic capacity is based on the experience of Latin American and Asian countries. The impact of a number of key institutions such as the Korean Development Institute (KDI), the Instituto Nacional de Administracion Publica of Mexico, and the Fundacion Economia y Desarrollo, Inc. of the Dominican Republic, as well as the key contributions of the "Berkeley mafia" in Indonesia, and the "Chicago Boys" in Chile are difficult to overestimate. While sound policy requires more than a number of highly trained professional analysts, it is clear that the presence of (1) a critical mass of well-trained and motivated professional policy analysts within government and (2) a strong independent private sector policy analytic capacity are necessary for sustained policy formulation excellence, and in many cases, may force changes in the public policy formulation process, as well as broaden the base of civil discourse on key policy issues.

b. Economic Growth and Economic Policy. There is mounting evidence that sustained economic growth requires a conducive policy environment. The most important policy requirements are (1) stability and flexibility in demand management (2) an open, export-oriented trade and payments regime; and (3) a limited, but effective government, that provides a stable regulatory and legal environment which encourages private investment and entrepreneurial activity. This evidence is presented most clearly in a number of publications of the World Bank, including the World Development Report, 1991, forthcoming; the Report on Adjustment Lending, II, known as RAL2, and a series of country studies by Deepak Lal and Hla Myint, which will be published in 1991.

c. Poverty and Economic Growth. The Deepak Lal/Hla Myint studies referenced in the previous paragraph, as well as the World Bank's World Development Report, 1990, make a strong case that the only sustainable way to alleviate poverty is through market-based economic growth. The experience in Southeast Asia (Thailand, Malaysia and Indonesia) as well as that of East Asia (Korea and Taiwan), along with limited evidence from Costa Rica, demonstrate that growth, particularly growth that is export-oriented and labor-intensive, leads to poverty alleviation. In fact, in these countries the reduction in poverty was greater than what would have been the case had growth been neutral. Only in Brazil, among twelve countries for which data are available, was long-term growth not accompanied by reduced inequality (in other words, the poor did better than the

average). Even in Brazil during the period of high growth (1960-1980), poverty was reduced by 29%.

Thus, while the direct linkages between this program and the alleviation of poverty may be difficult to ascertain, there is abundant evidence to buttress the belief that the building of African economic policy-making could and should have a profound effect on poverty in Africa. These effects, however, are indirect and will only be felt in the long-run (over ten to thirty years). This does not make them less important.

2. Women in Development

This project has an indirect impact in improving the condition of women in the long term. In principle, improved policy analysis and development management capacity should lead to policy and institutional reforms which improve the participation of women in the economy and their well being in the long term. That being said, the reforms may have perverse effects when winners and losers are identified, which makes it very important that policy analyses cover impact on women and disadvantaged groups.

It should be noted that the distance between A.I.D. input into a trust fund for capacity building in policy analysis and eventual improvement of women's conditions due to the economic and institutional impact of those still undetermined policy changes makes it very difficult to disaggregate and measure the gender impact of A.I.D.'s investment. The IBRD's Long Term Perspective Study recognizes that it is extremely important to conduct adequate analyses of policy constraints (such as land tenure and access to credit and marketing) which affect women disproportionately in order to make full use of development potential. The ACBI proposals deal implicitly with the question of the role of women, treating the problem as part of the whole. We note that conducting these analyses will require increased local capacity to carry out field studies to determine the extent of the constraints and shape that the policy recommendations should take.

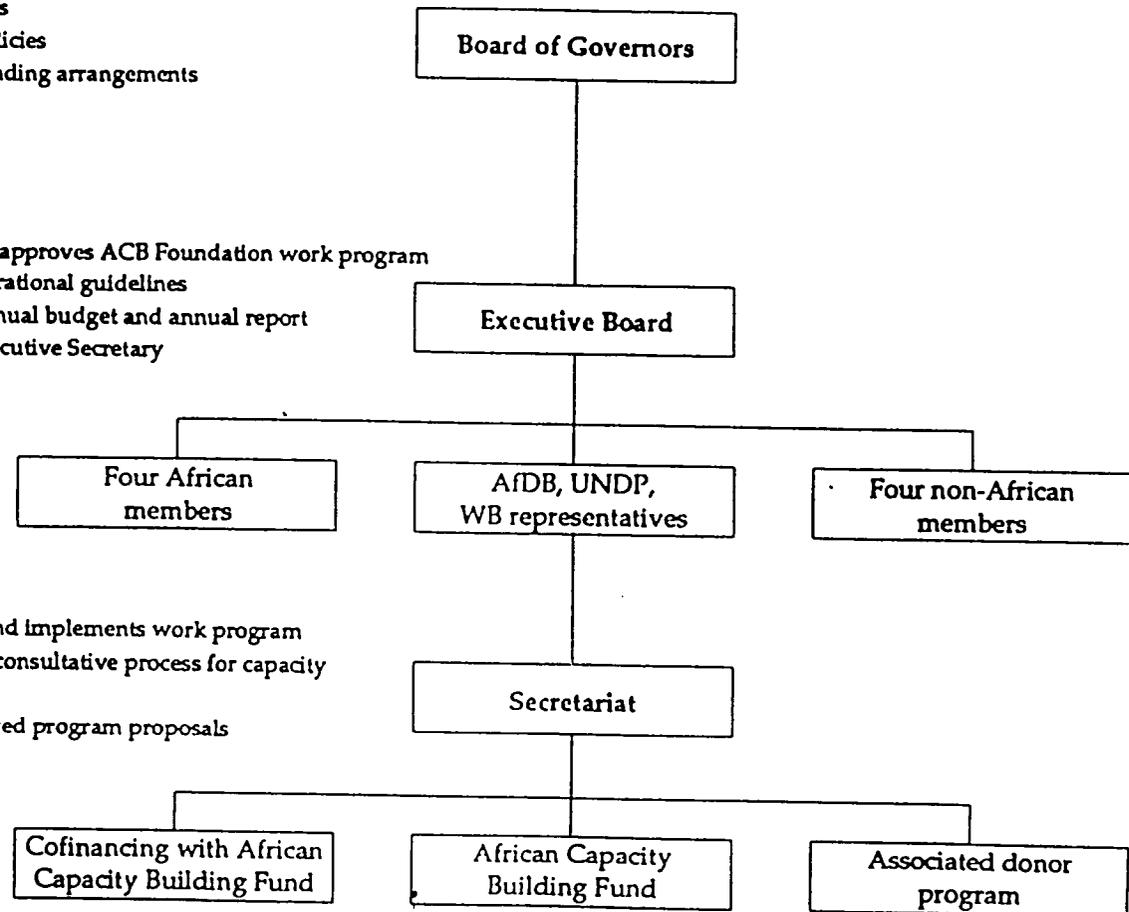
Current legislation on WID requires that A.I.D. seek to ensure that projects are designed so that the percentage of women participants will be demonstrably increased. ACBI therefore must require training as participants a proportional number of women to those active in policy analysis and development management in each country/institution participating in the pilot phase of ACBI. In some places, the cultural environment may necessitate training a greater than proportional number of women in order to obtain meaningful data and analyses in sectors where women predominate (small farm agriculture, food crop production and marketing, basic health and nutrition, etc).

.1 African Capacity Building Foundation (ACB Foundation): Organizational structure

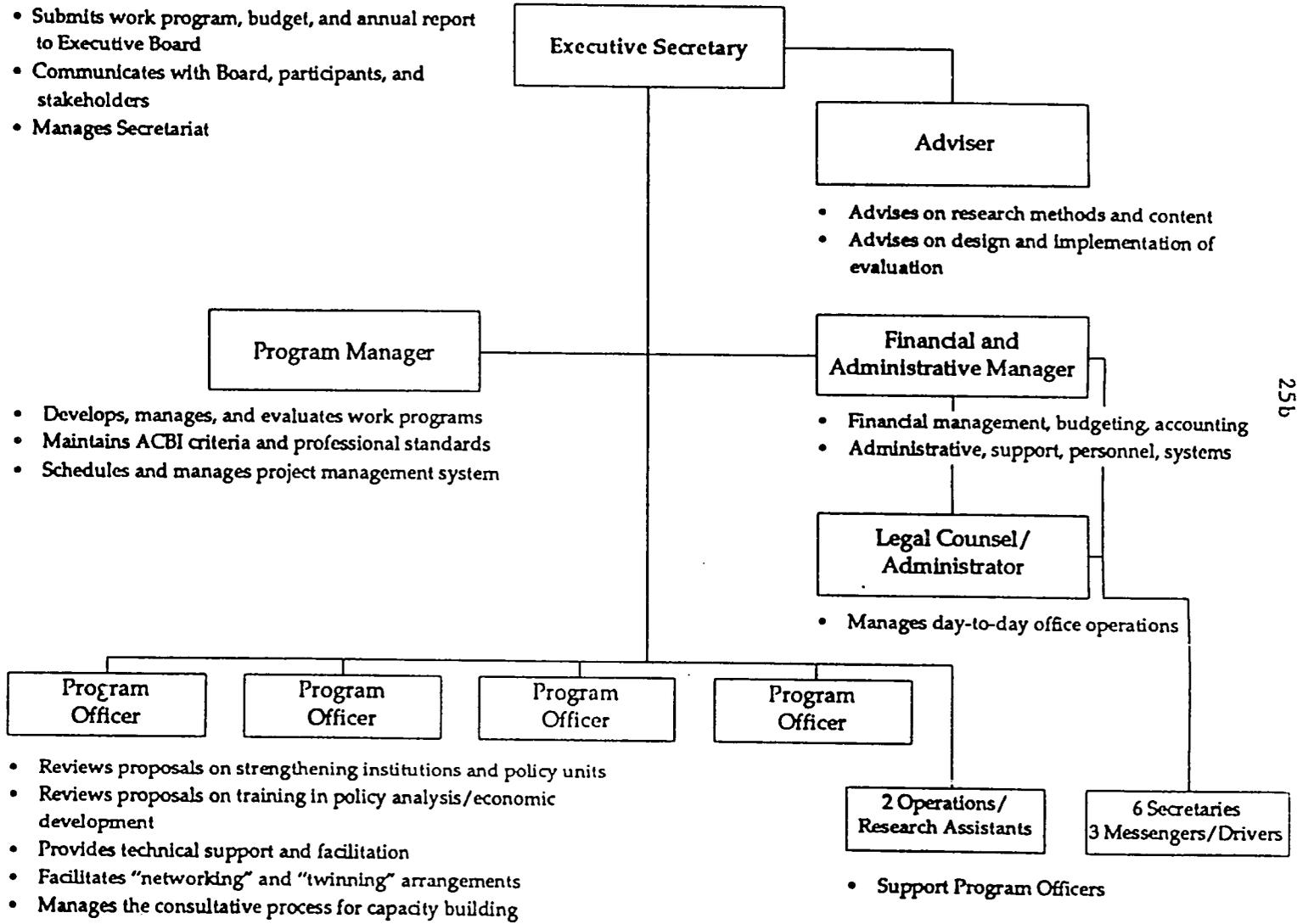
- Sets objectives
- Approves policies
- Approves funding arrangements

- Reviews and approves ACB Foundation work program
- Provides operational guidelines
- Approves annual budget and annual report
- Appoints Executive Secretary

- Formulates and implements work program
- Manages the consultative process for capacity building
- Funds approved program proposals



2 African Capacity Building Foundation (ACB Foundation): Management structure of the Secretariat



Note: As of the end of 1997.

Since formal conditionality and covenants in the Letter Grant may be unworkable, the U.S. Representatives on the Board of Governors Executive Board will be instructed to work for: (1) identification of the proportion of women in the relevant field(s) when conducting capacity assessments; (2) building into the Action Plan targets for training and other participation the proportionate share of women in policy analysis and development management; (3) establish criteria for core funded projectized activities that require training of a proportional number of women to those active in the field; and (4) the IBRD's evaluations of ACBI's projectized activities will cover adherence to these principles.

C. Institutional

The ACBI Foundation is a three tiered organization from the board of Governors through the Executive Board to the Secretariat. (See figure). The types of funding include the African Capacity Building Fund (ACB Fund) itself which uses the core funds, donor co-financing of programs with the ACB Fund (which includes monitoring and evaluating by the Secretariat), and more loosely associated donor programs (which are part of a donor's regular programs and parallel to the ACB Foundation projectized financing).

ACB Foundation's Board of Governors sets objectives, approves policies, and approves funding arrangements. Its membership is determined by contributions, at least \$250,000 for a Sub Saharan African country and \$1.0 million from a donor country or international organization. The Board of Governors will have authority to terminate the ACB Foundation and also to agree on the replenishment of the ACB Fund.

The eleven member Executive Board reviews and approves ACB Foundation's programs and activities to assure that they conform to the changing needs and priorities of Sub-Saharan Africa, review the evaluation of the first phase and propose any necessary policy changes in the way that the ACB Foundation will operate in its next phase. It establishes criteria to determine which countries, institutions or persons qualify for assistance. It approves the annual budget and report, appoints the Executive Secretary and approves guidelines for staffing, recruitment and remuneration. The Executive Board promotes and ensures the ACB Foundation's operational autonomy, insulating it from policies and biases of donors, countries and international agencies. It ensures the ACB Foundation's financial integrity and accountability, including professional auditing of its operations. The Board members are respected development professionals who serve in their professional and personal capacities and are selected on the basis of professional competence, ability and knowledge of African development issues. Four members represent OECD countries and four represent Africa.

The three sponsoring international organizations are also represented on the board. The Chairman will be selected by the board from among its members.

The ACB Foundation's secretariat will total about eleven professionals when fully staffed. It will formulate and implement the work program, manage the consultative process for capacity building, assists potential beneficiaries in mounting teams for assessments, facilitates the design of projects, including specific studies on national and regional capacity building issues, promotes and supervises research, monitors project implementation and collects information vital to the evaluation of the ACB Foundation's first phase, and ensures that projects meet the ACB Foundation's standards and principles, and that those activities are cost effective.¹³

While the ACB Foundation's structures and procedures seem layered and elaborate, they are managing a complex process. A deliberate effort has been made to keep the organization small, to recruit very strong personnel, and to have clear responsibilities. The Executive Board, which might appear redundant level, has the function of keeping the Secretariat to the straight and narrow. It seems to have attracted very strong and respected development professionals who have given considerable time, energy and thought to making the ACBI work. The Executive Board met in February and worked on organization, criteria, budget, etc., and will be meeting again in June to review/approve revised budget and operational criteria and other matters. The members appear to be open to suggestion while at the same time committed to developing and implementing effective capacity building programs. U.S. concerns related to increased private sector participation, demand for policy output, evaluation, and so forth have been well represented by Elliot Berg, the U.S. board member.

An Executive Secretary, Jonathan Frimpong-Ansah, is already at work. The ACB Foundation will have its headquarters in Harare, Zimbabwe. A revised draft budget for the core funds will be presented at the next Executive Board meeting. As an example of the rapid progress, ACBI started work in late 1990 in preparing an assessment and Action Plan development with IBRD assistance in Uganda. A.I.D. is conducting the private sector capacity assessment and plan for Uganda, using bilateral funds to jump-start the process. The approach used in developing the capacity building program for Uganda contains many elements that probably will be used to implement ACB Foundation programs.

Our experience to date in the collaborative process that has led to ACB Foundation establishment has been that the donors and

¹³ See chapters 4 and 5 of IBRD, ACBI for additional information.

other participants have been extremely responsive to our concerns on demand for policy analysis and monitoring, etc. Early indications are that the Executive Board will be equally responsive. The Executive Board and the Secretary have started their work quickly and have already made considerable progress in organizing themselves and beginning to contribute to the substantive process.

In conclusion, we believe that the ACB Foundation and its boards are organized and appear to have the appropriate capacities to carry out their responsibilities. To date, the evolving ACBI institutions are responsive to our concerns and appropriate to the needs of Sub-Saharan Africa.

D. Initial Environmental Examination

A categorical exclusion was approved for this project on March 11, 1991. It was based on the fact that project funds will cover training, consultant services, and technical assistance for building capacity for policy analysis and development management. In the IBRD proposals, the key criteria for ACB Foundation support de-emphasize physical construction. Institutional upgrading consists of technical assistance activities and training. If institutions do not exist in country, participants will be sent to other African countries or elsewhere for training. ACBI does not anticipate creation of any new institutions, but there may be expansion of existing regional institutions. It appears that unutilized physical plant capacity exists. The documentation implies that any possible construction to increase physical capacity (such as dorms) would be financed by parallel and co-financed donor projects.

We will ask the U.S. Representative to the Board of Governors and the U.S. nominee to the Executive Board to insist that the core funds will not be used for physical plant and that any parallel co-financing of construction and physical facilities by donors adhere to IBRD environmental standards.

VII. Requirements for Grants to Public International Organizations

A. Is support for the PIO considered to be more effective and efficient than direct A.I.D. assistance in achieving a particular development objective?

The IBRD has been the lead donor to structural adjustment programs in Africa and has taken the initiative in stressing the importance of capacity building for policy analysis and development management. IBRD has taken the lead in developing capacity for planning, budgeting and policy analysis in the

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central ministries.

A.I.D. has had considerable experience in some of the more traditional forms of institution-building, such as a faculty of agriculture and in human resources development through participant training. Projects usually train the future managers of the activity. Individual projects have occasionally tackled the development of planning or evaluation or statistics and studies units, especially at the sector level of the public services. Outside of participant training, in recent years A.I.D. Africa Bureau projects have rarely tackled directly building capacity for macroeconomic policy analysis. A.I.D.'s focus has usually been specific, limited, and with a relatively short time horizon, and A.I.D. hasn't been particularly successful in building sustainable capacity on a bilateral basis.

Repeated recent analyses have demonstrated that resolving the capacity problem will require a very long term effort to resolve it, although some indicators of progress will appear relatively quickly. It is also apparent that the question of building and using effectively policy analysis and development management capacity extends from the Ministries through parastatals to the private sector. Considerable economies of scale occur with an integrated approach, particularly if training in other African facilities is included. The present approach, stressing individual bilateral donor driven assistance, does not make proper and efficient use of available capacity of policy analysis and development management. A large number of donors provide uncoordinated fragmented assistance in areas in which they are interested, but this is not necessarily effective in doing what it is expected to do, does not make good use of existing in-country resources, does not necessarily build capacity that will exist after the consultants or technicians have left, and leaves substantial gaps unfilled.

The multilateral approach of the ACB Foundation, using country specific assessments and action plans combined with strong donor coordination should prove to be much more efficient in its use of donor resources (including those of A.I.D.) than the present non-system. A.I.D. will still be able to (and is encouraged to) proceed with bilateral projects in the participating countries within its bilateral programs to carry out specific activities within the framework of the country action plans that will exist as a result of the ACB Foundation's activities. It would not be appropriate for A.I.D. to take on the role of manager of resources from many donors in the ACB Fund. A.I.D. does not have the resources to carry out such a program by itself.

Consequently, support for the ACBI through the ACB Foundation's core program fund is considered to be more effective than A.I.D. providing the assistance directly.

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B. Are the objectives of the proposed grant consistent with those of A.I.D.?

Increased capacity in policy analysis and development management is a critical component of structural adjustment. Capacity building contributes directly to the Development Fund for Africa's Action Plan strategic objective #1, improving the management of Africa economies, as well as strategic objective #3, potential for long term increases in productivity.

C. Is there any reason to consider that the PIO is not responsible?

The IBRD is a responsible organization. The IBRD has previously managed funds from donors, including the U.S., for major regional initiatives such as the Onchocerciasis Control Program.

D. Will the Grant augment the PIO's operating budget or will it fund activities for which the U.S. makes a voluntary contribution under the Foreign Assistance Act?

The purpose of this grant is to start the process of building a critical mass of professional African policy analysts and economic managers who will be able to better manage the development process, which A.I.D.'s own analyses have determined is one of the most critical needs in sub-Saharan Africa. It will enhance the impact of DFA sector assistance programs and projects by providing increased capacity to plan and manage them. The grant will go into a trust fund for implementing the ACB Foundation's core program and projects. Thus, this funding is not an augmentation of general appropriations for the IBRD, since it is for a specific activity which A.I.D.'s own analysis have determined to be appropriate and of critical importance, and which would not occur but for this grant.

VII. NEGOTIATING STATUS, CONDITIONS PRECEDENT AND COVENANTS

The Trust Fund procedure and the multilateral nature of the ACBI do not lend themselves to the formulation of formal covenants and Conditions Precedent. The ACBI participants and process has been most responsive to our concerns, resulting in a considerable modification of the initial proposal. Mention will be made of our remaining concerns in the transmittal letter for the Letter Grant, and the U.S. representatives to the Board of Governors and the Executive board will be requested to follow up on these concerns.

They are:

- The medium to long-term sustainability of the capacity in which we are investing. ACBI's objectives include

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sustainability. Both the criteria for programs and projects, combined with an implementation procedure that requires "tranching" ACB Fund disbursements on the achievement of particular measures and actions should contribute to sustainability. See Section IV and VI.A above.

- The need to continue to emphasize strengthening private sector capacity and private sector solutions (although probably only a fifth at most of ACB funds will go directly to private sector).
- The need to stress the role of women and the need for analysis of the impact that policy implementation will have on them, as well as our requirement that at least as many women must receive training as are already active in that particular profession.
- ACB Funds should not be used for construction, and that if ACBI co-financed activities and parallel financing by other donors involve construction, these activities should adhere to IBRD environmental standards.

On December 19, AA/AFR Spangler sent a letter to Vice President Jaycox of the IBRD indicating an agreement in principle with the ACBI and our interest (subject to congressional approval and availability of funds) in contributing to the ACB Fund.

Drafted by: AFR/PD/SA: AFessenden: x.78818: 19Aug91: ACBIPP.dr4

PROJECT DESIGN SUMMARY

ANNEX A

Logical Framework

Life of Project:
From FY 91 to FY94
Total U.S. Funding: \$10 million
Date Prepared: 4/91

Project Title and Number: African Capacity Building Initiative (698-0536)

NARRATIVE SUMMARY

Goal: Effective and efficient indigenous economic policy reform and development management in sub Saharan Africa.

Sub-Goal: Produce first-rate in country research and policy design capacity in selected African countries in order to foster local ownership of economic policy reforms and development management.

OBJECTIVELY VERIFIABLE INDICATORS

Measures of Goal Achievement:

- More efficient and effective use of funds available for economic development and more rapid implementation of effective economic development programs and projects in participating countries.

- The effective allocation of available funds to projects and programs resulting in a more efficient public sector that improves people level access to services and goods.

- More effective planning and implementation of economic policy reforms in both public and private sectors with due regard for equity and people level impact.

Strengthened economic management capacity, and increased self reliance in policy analysis and decision-making.

Participating country develops policy analysts which become an acceptable basis for policy dialogue with other bilateral and

MEANS OF VERIFICATION

IBRD, IMF and other donor reviews of economic development efforts that improve basic living conditions.

Review of capacity availability compared with 1990.

Review documentation and preparations for major bilateral and multilateral policy and adjustment assistance meetings as the sources of analytical research that serves as the basis for

IMPORTANT ASSUMPTIONS

That effective and efficient policy reform and development management is both sufficient and necessary, overcoming socio-political inertia and lack of real and financial resources.

That the human and financial resources are available to support this capacity.

That the capacity once developed, is co-opted by the politico-administrative leadership and appropriate use is made of it.

NARRATIVE SUMMARY

Project Purpose:

To (1) start building a critical mass of professional African policy analysts and economic managers in the participating countries and selected regional institutions who will be able to manage the development process better; and to (2) ensure the more effective utilization of already trained African analysts and managers.

OBJECTIVELY VERIFIABLE INDICATORS

multilateral donors for policy reforms and sector based program assistance.

Conditions that will indicate purpose has been achieved: End of Project Status

At the end of the pilot phase ACBI should have achieved the following indicators (in the participating countries)

- Innovative techniques processes and mechanisms such as networks and appropriate educational and training programs developed for capacity building, and incorporating into their capacity building programs and policies.
- Improvement in the functioning of institutions, units and individuals and ability to rationalise use of public and private resources as well as improve the effectiveness of policies and programs.
- Indigenous capacity has grown in participating countries and less reliance is placed on outside experts (including donor support).
- ACB Foundation has contributed to an enabling environment in the participating countries, allowing individuals and institution opportunity to integrate their analyses and influence the

MEANS OF VERIFICATION

discussions at major meetings such as roundtables and consultative groups.

IFBC reports and evaluations, executive board reviews.

Reports of IBRD and other donors on use of local capacity, evaluation.

Independent survey and interviews with policy makers and analysis in public and private sector.

Assessments by independent entities, such as African Economic Research Consortium, Harvard Institute of International Development and other selected assessments of needs and networks,

IMPORTANT ASSUMPTIONS

That the capacity, once developed, does not slip away in the brain drain.

Assumptions for Achieving Purpose:

That people designing and implementing capacity building programs actually have the freedom to be creative.

That local talent is available with sufficient academic training to be trained in policy analysis and development management in short period of time.

That donors will use local talent and consultants rather than their own personnel (or contractors) to carry out policy analysis.

That the demand among decision makers for using locally based policy analysis and development management overcomes the tug patron/client socio-political preference.

That economic decision making is based on solid analysis.

That quality analytical work is rewarded within the bureaucratic culture.

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NARRATIVE SUMMARYOBJECTIVELY VERIFIABLE INDICATORSMEANS OF VERIFICATIONIMPORTANT ASSUMPTIONS

deliberative and decision-making processes and managing the implementation of policy reform.

- ACB Foundation demonstrates that it offers a sustainable mechanism for building capacity for policy analysis and development management.

- ACB Foundation's impact in enhancing policy analysis and development management has been sufficient in the participating developing countries to warrant continued support of the mechanism.

Output: Within the countries and regional institutions selected for participation in the four year program:

1. Build indigenous individual African human and institutional capacities in policy analysis and development management.

- 1.a. ACB Foundation/Participating Countries complete capacity assessments in eight target countries and selected regional institutions and groups.
- b. Action Plan completed and approved for participating countries, regional institutions and networks with clearly identified institutions/ policy and analyses units; and completed and approved action programs for selected regional institutions.
- c. Training and capacity building actions implemented (including in service training, linkages with

Executive Board records, in house evaluations.

That countries selected have sufficient potential human long term and financial resources to sustain successfully building capacity.

That appropriate, truly regional institutions can be identified.

That governments of countries in which such institutions sit are willing to allow these resources to be used for training people from other countries.

That at least some African experts and institutions are able to carry out training and capacity building early in project.

That participating countries allow independent capacity for policy

NARRATIVE SUMMARY

OBJECTIVELY VERIFIABLE INDICATORS

MEANS OF VERIFICATION

IMPORTANT ASSUMPTIONS

2. Mechanisms for integrating policy analysis into public policy making in participating countries.

developed country public or private sector institutions, teaching innovative techniques to improve curricula, appropriate qualitative and quantitative analytical skills of staff and participants). This includes training people abroad if necessary.

d. Non-governmental institution and capacity building designed and implemented.

2.a. Actions in participating countrys' plans are implemented which bring indigenous experts into policy analysis and development administration.

b. Public seminars and fora held, studies and analyses published with high level of government and non-government participation.

c. Increased interaction and participation of local and voluntary associations with planning and developmental entities in policy and developmental program/project identification, design, implementation and evaluation.

In house evaluation of progress on Action Plans.

Local surveys periodicals, reports in public domini.

Surveys of local and voluntary associations.

management to be built up in competition with State controlled institutions.

That sufficient local talent is available and willing to be brought into the process.

That local expertise is used effectively by the bureaucracy.

That participating government encourages publication and participation of public servants in joint work with private sector.

That public servants find the time to participate in these activities.

That governments will allow private and local associations to participate in identification, implementation.

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NARRATIVE SUMMARY

OBJECTIVELY VERIFIABLE INDICATORS

MEANS OF VERIFICATION

IMPORTANT ASSUMPTIONS

3. Available talent is utilized effectively and improved donor coordination takes place.

- d. Approval and implementation of policies and programs which reflect more open policy making.
- 3.a. Local talent clearly identified.
- b. Programs are established and operating to increase participation in host country and/or donor analysis and development administration.
- c. Decision makers in participating countries use the resulting analyses in making and implementing decisions.
- d. Mechanisms are established and used in participating countries and organizations to coordinate donor financed policy analyses and management of developing programs to reduce overlaps, duplications and gaps, ensure that better use is made of indigenous talent, and that product is used and shared by donor community and host country.

Gov't. records and reports, surveys.

Reports, surveys.

Reports (participating countries and donors) backed up by surveys.

Survey, studies, interviews.

Reports, surveys, consultative group reports, local donor group reports.

Reports of participating countries

That program implementors are willing to hunt for people who may be future competitors, and establish programs which will hone the skills of "competition."

That donors are willing to use local talent.

That decision makers are disposed to use the advice and analyses.

That donors are willing to share information on pending studies and exchange materials.

That participating governments do not "play off" donors against one another.

That the office charged with coordination is strong in "coordinating."

That "hidden agenda and or interest" of individual donors in participating country do not mess up coordination.

That participating country government will not try to restrict local donor consultation and coordination.

That financing can be found for

4. Long term funding and

4.a. Financing plan established

594.

NARRATIVE SUMMARY

sustainability of capacity building ensured.

Inputs

Core Cost
1. A.I.D.

OBJECTIVELY VERIFIABLE INDICATORS

and implementation begun for entire long term capacity building action program in participating counties and regional institutions, using both domestic and external resources.

- b. Analysis completed on making financially sustainable the participation of people trained under ACBI in policy making.

Inputs over LOP (in \$000)

1. A.I.D. contribution

Technical Services

Long term advisors	2,964.6
Consultant services	2,932.9
Local studies/research	<u>549.0</u>
Subtotal	6,445.5

Participants/Training

10 long term U.S. graduate	967.5
5 long term African graduate	170.8
30 short term out of country	549.0
15 dissertation fellowships/internships	475.8
Local part time courses	<u>60.0</u>
Subtotal	2,223.1

Workshops/Seminars 1,049.7

Commodities (computers

MEANS OF VERIFICATION

and regional institutions.

A.I.D. and IBRD records.

IMPORTANT ASSUMPTIONS

such long term, slow pay off efforts.

That analysis will show recurrent costs can eventually be met.

That sufficient donor funds are forthcoming for core grant.

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NARRATIVE SUMMARY

OBJECTIVELY VERIFIABLE INDICATORS

MEANS OF VERIFICATION

IMPORTANT ASSUMPTIONS

and related	244.0
Total	9,961.7
Rounded to	10,000.00

- 2. Other donors
- 3. Secretariat -
UNDP and others
- 4. Donor Cofinancing

- 2. Other Donor ACB Fund Core
66,000
- 3. Secretariat UNDP (included
9,800
- 4. Donor Co Financing 257,000

other donor records

That other donors will cover what large UNDP contribution due sent.

That other donors come forward.

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5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE? Regional Project

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

This is a regional project. The ACBI project contributes to developing capacity for better policy and institutional analysis and development management. Effective use of the new capacity in participating countries will favor increased trade, private initiative, cooperative programs, discourage monopolistic practices, and improve technical efficiency.

2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

The project should result in more effective policy planning and reforms, which should encourage all trade and investment, including U.S.

3. Congressional Notification

a. **General requirement (FY 1991 Appropriations Act Secs. 523 and 591; FAA Sec. 634A):** If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

CN was submitted on June 26, 1991, and the hold lifted on August 16, 1991.

b. **Notice of new account obligation (FY 1991 Appropriations Act Sec. 514):** If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

N/A

c. **Cash transfers and nonproject sector assistance (FY 1991 Appropriations Act Sec. 575(b)(3)):** If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N/A

4. **Engineering and Financial Plans (FAA Sec. 611(a)):** Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

There is a reasonable firm estimate of cost of technical assistance and a financial plan.

5. **Legislative Action (FAA Sec. 611(a)(2)):** If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

N/A

6. **Water Resources** (FAA Sec. 611(b); FY 1991 Appropriations Act Sec. 501): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)

N/A

7. **Cash Transfer and Sector Assistance** (FY 1991 Appropriations Act Sec. 575(b)): Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

8. **Capital Assistance** (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

N/A

9. **Multiple Country Objectives** (FAA Sec. 601(a)): Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

The improved policy analysis capacities should result in policy and institutional reforms that increase trade flows, foster private initiative and cooperative undertaking discourage monopolies and improve technical efficiency.

10. **U.S. Private Trade** (FAA Sec. 601(b)): Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

The project should result in more effective policy planning and reforms, which should encourage all trade and investment, including U.S.

11. Local Currencies

a. **Recipient Contributions** (FAA Secs. 612(b), 636(h)): Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

N/A

b. **U.S.-Owned Currency** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

N/A (regional)

c. **Separate Account** (FY 1991 Appropriations Act Sec. 575). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

N/A

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

12. Trade Restrictions

a. Surplus Commodities (FY 1991 Appropriations Act Sec. 521(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N/A

b. Textiles (Lautenberg Amendment) (FY 1991 Appropriations Act Sec. 521(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? N/A

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas? N/A

14. **Sahel Accounting (FAA Sec. 121(d)):** If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?

N/A

15. **PVO Assistance**

N/A

a. **Auditing and registration (FY 1991 Appropriations Act Sec. 537):** If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

b. **Funding sources (FY 1991 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"):** If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

N/A

16. **Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)):** Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

N/A

17. **Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy):** Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the

N/A

extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

18. Women in Development (FY 1991 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

19. Regional and Multilateral Assistance (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

20. Abortions (FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 525):

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

b. Will any funds be used to lobby for abortion?

21. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

Although the funds go into a trust fund, we are requesting that proportionally at least as many women as are active in the subsector be trained and are requesting that the U.S. representative on the ACB Foundation Executive Board insist for proportional training at a minimum be enforced for ACB Fund activities.

This is a multilateral, regional program.

N/A

The project does not directly assist cooperative development, but may do so indirectly through policy and institutional analysis.

22. U.S.-Owned Foreign Currencies

a. **Use of currencies** (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509): Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

N/A

b. **Release of currencies** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No

23. Procurement

a. **Small business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

This is a grant under the DFA to a multilateral organization for a program to which other donors contribute. Therefore USG procurement rules are not applicable.

b. **U.S. procurement** (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him?

N/A

c. **Marine insurance** (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

N/A

d. **Non-U.S. agricultural procurement** (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

N/A

e. **Construction or engineering services** (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible

N/A

under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

f. Cargo preference shipping
(FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

N/A

g. Technical assistance
(FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

N/A

h. U.S. air carriers
(International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

N/A

i. Termination for convenience of U.S. Government (FY 1991 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

N/A

j. Consulting services
(FY 1991 Appropriations Act Sec. 524): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

N/A

k. Metric conversion
(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

N/A

1. Competitive Selection
Procedures (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

N/A

24. Construction

a. Capital project (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used?

N/A

b. Construction contract (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

c. Large projects, Congressional approval (FAA Sec. 620(k)):
If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?

N/A

25. U.S. Audit Rights (FAA Sec. 301(d)): If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

The fund includes contributor from other donors.

26. Communist Assistance (FAA Sec. 620(h)). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

Arrangements are being made.

27. Narcotics

a. Cash reimbursements (FAA Sec. 483): Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?

N/A - international organization program is for consultants advisors and participants to improve capacity for economic policy analysis.

b. Assistance to narcotics traffickers (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?

N/A

28. **Expropriation and Land Reform** (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes
29. **Police and Prisons** (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes
30. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? Yes
31. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? N/A
32. **Military Personnel** (FY 1991 Appropriations Act Sec. 503): Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes
33. **Payment of U.N. Assessments** (FY 1991 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? Yes
34. **Multilateral Organization Lending** (FY 1991 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes
35. **Export of Nuclear Resources** (FY 1991 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? Yes

36. Repression of Population (FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights?

Yes

37. Publicity or Propoganda (FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propoganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propoganda purposes not authorized by Congress?

No

38. Marine Insurance (FY 1991 Appropriations Act Sec. 563): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

Not applicable (Grant to Public International Organization)

39. Exchange for Prohibited Act (FY 1991 Appropriations Act Sec. 569): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

No

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers Amendment) (FY 1991 Appropriations Act Sec. 521(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

N/A

2. Tied Aid Credits (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

N/A

3. Appropriate Technology (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

N/A. Program addresses economic policy analysis.

4. Indigenous Needs and Resources (FAA Sec. 281(b)): Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The ACBI stresses the development of indigenous capacity to carry out analysis of economic policy and institutional reform.

5. **Economic Development (FAA Sec. 101(a)):** Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes

6. **Special Development Emphases (FAA Secs. 102(b), 113, 281(a)):** Describe extent to which activity will: (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

ACBI addresses building capacity for analysis to facilitate economic policy and institutional reforms. It should address analyses in all these areas.

7. **Recipient Country Contribution (FAA Secs. 110, 124(d)):** Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

N/A - regional project

8. **Benefit to Poor Majority (FAA Sec. 128(b)):** If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

Better economic and institutional policies should, in the long term, benefit the poor majority. The ACBI has an elaborate evaluation system.

9. Abortions (FAA Sec. 104(f); FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 535):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services?

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning?

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning?

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

10. **Contract Awards (FAA Sec. 601(e)):** Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Exception as a multi-donor funded grant to a public international organization.

11. **Disadvantaged Enterprises (FY 1991 Appropriations Act Sec. 567):** What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

Exception as a multi donor funded grant to a public international organization.

12. **Biological Diversity (FAA Sec. 119(g)):** Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

Not directly although policy and institutional reform capacity developed through this project may be in this area.

13. **Tropical Forests (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c)-(e) & (g)):**

a. **A.I.D. Regulation 16:** Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

Yes

b. **Conservation:** Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent

Not directly, although policy and institutional reform capacity developed through this project may developed in this area.

feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

c. Forest degradation: Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

No

d. Sustainable forestry: If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

Capacity for policy analysis developed under this project may address this area.

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

No. This is a technical assistance program to develop capacity for economic policy and institutional reform.

14. Energy (FY 1991 Appropriations Act Sec. 533(c)): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

Capacity for policy analysis developed under this project may address this area.

15. Sub-Saharan Africa Assistance (FY 1991 Appropriations Act Sec. 562, adding a new FAA chapter 10 (FAA Sec. 496)): If assistance will come from the Sub-Saharan Africa DA account, is it: (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) to be used to promote sustained economic growth, encourage private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector; (c) being provided in accordance with the policies contained in FAA section 102; (d) being provided in close consultation with African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (e) being used to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (f) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks,

(a) -(e) yes

to maintain and restore the renewable natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

16. Debt-for-Nature Exchange (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N/A

17. Deobligation/Reobligation (FY 1991 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

N/A

18. Loans

a. Repayment capacity (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

N/A

The African Capacity Building Initiative

*Toward Improved Policy Analysis and Development
Management in Sub-Saharan Africa*

The World Bank
Washington, D.C.

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Foreword

Many different approaches have been taken to the development challenge in Sub-Saharan Africa. These approaches have all failed to support on a sustainable basis one essential dimension: indigenous African capacities—skills, knowledge, and institutions.

The World Bank's long-term perspective study on Sub-Saharan Africa (*From Crisis to Sustainable Growth*, 1989) highlighted this weakness and noted that human and institutional capacity is lacking in virtually all sectors and countries. The study called for a radical reappraisal of technical assistance strategies for Africa and for substantially increased investment in indigenous human capital and institutions. The African Capacity Building Initiative (ACBI) offers one of the first opportunities to respond directly to this challenge.

African governments and the donor community are working on capacity building in diverse ways—through projects to develop human resources, agriculture, education, health, the environment, and so on. All these efforts are important and should be continued and intensified. But they are not enough. In particular, a vital gap is not being adequately filled: capacity in economic policy analysis and development management. Despite the achievements in education and training in Africa during the past 30 years, most countries still do not have a critical mass of top-flight policy analysts and managers who can help pilot their economies through the storms and turbulence that must be faced daily.

Over the past several years, extensive consultations have been held with Africans and donors about the thrust of a new capacity-building effort. Where should it begin? The consensus is

that policy analysis and development management are the most obvious gaps and should be the fulcrum of any new initiative—because rigorous policy analysis allied with professional management will support progress in every other sector. While the focus of the ACBI, therefore, is sharply defined, its impact will be broad and deep.

The ACBI is based on several premises: it is a framework that allows for flexibility; it is focused on improving donor coordination; it features strong African participation; it emphasizes sustainability; and it starts out small.

This report traces the development of the ACBI—from a beginning conceptual framework to a management and operational structure. The real test of the ACBI, of course, will be how effective it proves to be as it moves forward from this intellectual point of departure. The three co-sponsors of the ACBI—the African Development Bank, the United Nations Development Programme, and the World Bank—are committed to its success. Other donors and African governments have also expressed enthusiasm and financial support for it. Now the idea must be implemented.

The ultimate objective of the ACBI is clear: 10, 15, or 20 years from now, Sub-Saharan Africa will have its own professional policy analysts and managers and its own institutions for training and advice in policy analysis and development management. There will be much less dependence on external technical assistance. Africa will be more in control of its economic destiny.

That is an objective that all of us committed to sustainable development in Africa can share and work toward.

Edward V. K. Jaycox
Vice President, Africa Regional Office
The World Bank

This report was prepared under the direction of Edward V. K. Jaycox. The Task Manager was Dunstan M. Wai, who co-authored the report with Gerard T. Rice, with the invaluable assistance of Mary Lou Ingram. It is the product of extensive consultation with individual African experts, the donor community, particularly the African Development Bank and the United Nations Development Programme, and African governments. Ms. Myrna Alexander and Messrs. Stephen Denning, Dennis de Tray, Pierre Landell-Mills, Stephen O'Brien, and Lee Roberts made valuable contributions. The Council of African Advisers also played a critical role in shaping the document—especially Messrs. Ojetunji Aboyade, Jonathan Frimpong-Ansah, and Harris Mule, all of whom provided intellectual input, sound advice, and support. Within the World Bank, the report benefited from the comments of the Africa Regional Management Team, the Operations Committee, and the President's Council. Many others inside the Bank also contributed, including Elkyn Chaparro, Sydney Chernick, Mamadou Dia, Robert Hindle, Robert Lacey, Paatji Ofosu-Amaah, James Socknat, and Roy Stacy. Excellent support was provided by Catherine Baumber, Teresita Buktaw, Anne Dronnier, and Marcell Robb. Alison Strong edited the text for publication. A special word of thanks goes to Alexander Kwapong and Brian Van Arkadie for their contributions.

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Acronyms and initials

ACBI	African Capacity Building Initiative
ACB Foundation	African Capacity Building Foundation
ACB Fund	African Capacity Building Fund
AERC	African Economic Research Consortium
AfDB	African Development Bank
AMTA	Agricultural Management Training for Africa
ARDNET	Agricultural and Rural Development Network
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
CODESRIA	Conseil pour le développement de la recherche économique et sociale en Afrique
DTCDC	Department of Technical Cooperation for Development
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
EDI	Economic Development Institute of the World Bank
ESAMI	Eastern and Southern African Management Institute
FAO	Food and Agricultural Organization of the United Nations
IDEP	Institut africain de développement économique et de planification
IDRC	International Development Research Centre
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
NATCAPS	National Technical Cooperation Assessment and Programs
PTA	Preferential Trade Area
SADCC	Southern African Development Co-ordination Conference
SAPAM	Special Action Program for Administration and Management in Africa (UNDP)
SIDA	Swedish International Development Authority
SPAAR	Special Program for African Agricultural Research
UNDP	United Nations Development Programme
UNEDIL	UNDP/EDI/ILO Program
USAID	U.S. Agency for International Development

Introduction

The African Capacity Building Initiative (ACBI) is aimed at building and strengthening local capacities in policy analysis and development management in Sub-Saharan Africa. The African Development Bank, the United Nations Development Programme, and the World Bank are the lead co-sponsors of the ACBI. The Initiative represents a broad partnership between Sub-Saharan African countries and the international donor community.

The ACBI is a framework that will evolve as it is implemented. It addresses the major parties working in this field—principally, African governments, and donor organizations—and proposes a new partnership between them to build, over the long term, a critical mass of professional African policy analysts and economic managers and to ensure the more effective use of those already trained. The ultimate objective is substantially improved indigenous analysis and management of Africa's economic and development processes.

The ACBI recognizes the shortage of a wide range of development management skills in Sub-Saharan Africa. The need for capacity building is very broad indeed. In light of the current economic crisis facing the region, however, the ACBI focuses on policy analysis and development management—because these skills are crucial and affect all other development issues. The scope of the Initiative is thus clearly defined and relatively modest, but its impact should be deep and widespread.

Essential goals of the ACBI are to build professional policy analysis and development management skills and institutions in Africa and to enhance utilization of already existing resources; to create a forum for full and active African participation in the design and implementation of capacity-

building programs; to improve donor coordination and help develop greater focus, prioritization, and rationalization in the development of economic policy research and management capacity—leading to substantial cost savings as well as improved programs; and to mobilize financial and technical resources for increased investment in human capital and institutions in Africa on a consistent and long-term basis. These features are too often lacking in current approaches to capacity building in policy analysis and development management in Africa.

The ACBI's action program includes new interventions and strengthens effective ongoing actions. There will be a focus on six principal components:

- The rehabilitation and improvement of selected national institutions—already existing departments of economics or public administration in universities or colleges, or research and management institutes
- The building or strengthening of a small number of regional institutions for policy analysis and development management; these regional centers would be principally training institutions in policy analysis and development management skills, and sources of policy analysis and advice.
- The strengthening or creation of government policy units in the Office of the President, Ministries of Finance, Planning and Central Banks
- The provision of fellowships to support selected African individuals in their research and training needs
- The expansion of in-service training and work experiences for African professionals
- The strengthening of local consulting firms, professional associations, and other nonofficial organizations.

The mutually reinforcing linkages among these

components will be emphasized, including the anticipated positive impact on both the public and private sectors. It is also recognized that the proposed ACBI action program will need to be carefully phased over a long period and rigorously evaluated. The intention is to start out gradually and build upon experience.

In order to implement the action program, new mechanisms will be needed to help coordinate interventions and mobilize resources. Three major mechanisms are proposed through which the ACBI will function:

- **An ACB Fund** to support actions to build capacity in policy analysis and development management in Sub-Saharan Africa. The Fund, comprised of contributions from donors, will also be used to support an ACBI administrative structure (described below). Financing from the Fund will be on a grant basis. The Fund is a central component of the Initiative and will allow the ACBI to provide direct continuity of financial support for capacity-building actions. An amount of US\$100 million is proposed to support the ACB Fund over the first four-year period.

- **Cofinancing** is another mechanism whereby donors may join some of their current capacity-building resources with financing from the ACB Fund, and direct those resources to support a specific capacity-building program or institution.

- **Associated programs** are a third mechanism whereby donors can design and implement their own capacity-building actions, but inform and liaise with the ACBI in order to enhance coordination. By associating their programs with the ACBI, donors will help to create a central networking and information-sharing center from which they and African recipients will benefit.

These various mechanisms for implementation will provide a flexible environment for capacity building in policy analysis and development management in Africa.

To coordinate ACBI actions, and to manage the ACB Fund, it is proposed that a new institution, the African Capacity Building Foundation (ACB Foundation), be established, with a small administrative structure as follows:

- **A Board of Governors** consisting of donors and African contributors to the ACB Fund.

- **An Executive Board of Directors** consisting of African and non-African experts in the field of policy analysis and development management. The Executive Board will approve the ACB Foundation's work program and be custodian of the ACB Fund.

- A small **Secretariat**, consisting of talented and experienced professionals, and an Executive Secretary (appointed by the Board of Executive Directors) to operate the ACB Foundation's work program. The Secretariat will be responsible for identifying programs, monitoring and evaluating operations and committing the ACB Fund resources under mandate of the Executive Board. The ACB Foundation Secretariat will also play the principal coordinating role among donors and African institutions. The Secretariat is to be located in Harare, Zimbabwe.

These administrative arrangements will provide for the requisite technical and financial oversight of the ACBI and ensure the strong participation of Africans in the program.

The ACBI should be viewed as a pilot program in its initial, four-year phase. It will be rigorously monitored and evaluated and its continuation and level of support will be contingent upon its proven effectiveness. It should be emphasized, however, that capacity building in Africa is a long-term objective.

The opportunity for a concerted international effort to build African capacity in policy analysis and development management now exists. Donors recognize the need for improvement in their approach in this area. African governments, many of them already engaged in economic reform efforts, are also increasingly cognizant of the urgent need for internal capacity to analyze and manage their economic programs.

On April 26, 1990, the World Bank's Board of Executive Directors approved Bank participation in and strong support for the ACBI. The Bank's Board approved a contribution of up to 15 percent of an anticipated total ACB Fund of US\$100 million. The Board also urged other donors to contribute as soon as possible. To this end, the World Bank convened a meeting of donors in Paris in June 1990 to formalize donor support and financial commitments for the ACBI, and to exchange views on the ACBI's proposed program components and implementation arrangements. Donors expressed strong support for the objectives of the ACBI and indicated willingness to contribute to the ACB Fund. The ACBI will begin operation in 1991.

Part I
A Framework for Capacity Building

1

Capacity building and African development

The purpose

The basic purpose of the African Capacity Building Initiative (ACBI) is to build, over the long term, a critical mass of professional African policy analysts and economic managers who will be able to better manage the development process, and to ensure the more effective utilization of already trained African analysts and managers. This paper outlines a framework for improving substantially the development of those capacities. The principal objectives are twofold: first, to place investment in human capital and institutions high on the agenda of African governments and donors; and second, to mobilize the commitment and resources of these parties to implement a program of specific actions.

The problem

The World Bank's study of long-term development prospects for Sub-Saharan Africa (*From Crisis to Sustainable Growth*, 1989) emphasizes that sound policies are a necessary, but often not sufficient condition for economic development.¹ To be effective these policies must be sustainable. Policy sustainability, in turn, requires a strong sense of African ownership. There is no better way to foster this sense of ownership than to produce these policies through first-rate indigenous research and policy design capacity. As the long-term perspective study also documents, this capacity is

in critically short supply in almost every sector of most African countries. Providing the needed policy research and managerial capacity in the near term, and a capacity to produce these skills in the longer term, will require a large-scale, concerted, and coordinated effort by both donors and African governments.

The challenge of building policy analytic and management capacity in Africa is underscored by the substantial resources donors and African governments have already put into institutional development and, especially, by the disappointing results to date.² While it is difficult to estimate accurately how much donors are spending in Africa on technical assistance aimed at policy analysis and economic management, the figure is certainly large and on the increase.

Overall technical assistance to Sub-Saharan Africa increased by 50 percent between 1984 and 1987 and is currently estimated at over \$4 billion a year.³ Some 100,000 expatriates are at work across the region, a greater number than at independence. Nevertheless, it has become increasingly evident that not nearly enough local skills and institutions are being systematically built, technologies are not being transferred effectively, and lasting indigenous capacities are not being developed. Donor efforts and commitments to capacity building need to be better focused and coordinated. At the same time, the commitment of African governments to those same capacity-building goals—as well as to a willingness to utilize local policy analysis and management skills—must also be reaffirmed.

The scope

Development depends on the capacity of a society to analyze, adapt, initiate, and manage change. One of the root causes of the economic crisis facing Africa has been the lack of capacity in governments and institutions to respond quickly and decisively to a rapidly changing global economic environment. While the agenda for capacity building in Africa is large, therefore, policy analysis and development management should be the starting point, because Africa's weakness in capacity is most telling in that area.

Effective policy analysis and economic management are necessary for successful development in all sectors. Agriculture, industry, the social services, environmental conservation and demographic management all require the capacity to analyze and formulate responsive policies as well as to implement them. Strengthening these core skills will not only help create an environment that will benefit Africa's socioeconomic development, but will also add professionalism and quality to the management of individual sectors and the interaction between them. Thus, while the scope of the ACBI is relatively narrowly defined—policy analysis and development management—its impact on the African development process will be deep, widespread and catalytic.

The Initiative will help Sub-Saharan African countries to improve their policy formulation by training a critical mass of policy researchers, analysts, and economic managers; by encouraging more effective utilization by African gov-

ernments of these new resources as well as of those that already exist; and by strengthening institutions at the national and regional level so they can survive periods of economic and political instability and provide research, training and advice on crucial economic policy issues.

The immediate aim of the ACBI will be to strengthen government policy formulation and managerial functions by promoting the use of existing African researchers, analysts and managers. Over the longer term, the Initiative will create networks of highly trained professional policy analysts and economic managers in government, academia, and the private sector—many working in decision-making positions that have a broad impact on all aspects of African economic life. In short, the ACBI will provide Sub-Saharan Africa with a critical mass of expertise to articulate, analyze and implement the region's development goals, and help African nations gain a firm grip on their economic destiny (Box 1.1).

The importance of policy analysis and development management

While the widespread economic dislocations of the 1970s—changing oil prices, boom and bust in commodity prices, overburdening of debt—affected most countries of the world, the extraordinarily limited policy analytic and management capacity in Sub-Saharan Africa weakened the region's ability to adjust to these new economic realities. Rigidities in bureaucratic structures, insufficient information about and lack of appreciation for the consequences of changing economic situations, reliance on a very few economic policy instruments, and the absence of

Box 1.1 Dimensions of policy analysis and development management

Effective policy analysis depends on the ability to identify and measure the impact of various economic options, to assess trade-offs, and to present well thought-out choices in a well-prepared manner to policymakers and managers. Policy researchers need special abilities to analyze and synthesize; to weigh various alternatives for solving complex problems under conditions of uncertainty, competing interests, and limited time; to explain persuasively and clearly to policy managers the strengths and weaknesses of various options; and to recommend a specific course of action in keeping with the economic and sociopolitical realities of the country. Persuasive policy advice must be founded on technical competence, but it also requires insight into practical political and bureaucratic options, creativity and imagination, and

effective communication skills.

The counterpart of effective policy formulation based on sound policy analysis is well managed implementation. But it should be recognized that the skills of the manager differ somewhat from those of the policy analyst. The manager may be a minister or deputy minister, permanent secretary, department director, senior civil servant, or the head of a parastatal. As well as a sound understanding of economic principles, these managers need to apply their knowledge in their particular political, bureaucratic, social, and cultural environments. This requires political sensitivity and skills in public administration, communication (oral and written), task management, personnel selection, time management, consensus building, and negotiating techniques.

The ACBI is aimed at strengthening both sets of skills.

Box 1.2 The policy formulation process

For the policy process to be effective, both policy analysis and economic management must interact. The process by which they interact might be described as a pyramid. Typically, at the pyramid's apex is a small team of senior managers concerned primarily with economic strategy and other broad policy issues. This group, enjoying the confidence of the political leadership, is called upon for advice and knowledge as decisions are made, and is also required to oversee implementation decisions. Below this apex are the analysts who work on particular aspects of policy (pricing, budget, money supply, balance of payments, social spending), and the managers who administer development projects.

To ensure that different perspectives are examined in the search for the best policy choices, governments must be able to call upon groups from many different parts of society. Some of these may be interest groups, such as trade unions, chambers of commerce, and professional associations. Others may be academic institutions that can impart a more detached view of policy developments. Still others may be

internal government policy units established to serve particular administrative or bureaucratic purposes. And beyond these groups lie important community leaders, non-governmental organizations (NGOs) and other grassroots organizations whose experience, insights, and commitment are often vital to effective policy formulation and implementation. Tapping a wide range of viewpoints not only increases the prospect of generating quality advice, but also improves the likelihood of its acceptance and eventual implementation.

The importance of these different kinds of capacities and institutions in the policymaking process will vary over time, and their influence will depend on the issues at stake. What matters is that policymakers should have continual access to these capacities and institutions as they address major policy questions. The dearth of these indigenous capacities and the weakness of local institutions in Sub-Saharan Africa have resulted, in numerous cases, in a flawed policy process which, in turn, has led to severely negative effects on development.

strategic thinking hampered many governments' responses to the economic and social problems facing their countries.

For Sub-Saharan Africa to be better prepared to play a competitive and productive role in the global economy in the 1990s and beyond, the region will need the intellectual and managerial capacity to shape policies and to implement them effectively. Too often in Africa critical public policy issues are inadequately analyzed; little relevant and timely research is done by African universities and other centers of policy research; African data sources are generally inadequate or unreliable; and high-level African officials in key economic ministries are sometimes poorly trained and equipped.

With Africa's urgent need to take action, it is not surprising that expatriate advisors have been increasingly called upon to substitute for this lack of capacity. However, these stop-gap measures cannot provide a lasting solution. In the immediate future, donors will need to continue to help bridge the gap in African expertise through technical assistance and other forms of support. In the long run, however, there is no substitute for Africa having its own indigenous capacity.

Like other regions that have achieved development success, Africa too requires excellence in its economic leadership: civil servants, administrators, entrepreneurs and academics. If sufficient numbers of high-quality African economic man-

agers and analysts can be created, the current intellectual and professional dependence on external and expatriate technical assistance will be reduced. This will strengthen African ownership of economic programs, thus improving the prospects for the design and implementation of effective policies and subsequent performance.

Essential features of the ACBI

Policy formulation is an interactive process involving many different agents and disciplines (Box 1.2). The ACBI framework would bring together these various constituencies in a dynamic and participatory program which would ensure strong African involvement in the planning and formulation of capacity-building strategies. African leadership in design and implementation of policy is an integral part of the Initiative.

The Initiative is also based on the premise, which has become clear after nearly three decades of development assistance, that the donor community can and must do much better in terms of creating and fostering local policy analytic and management capacities and the institutions that produce these capacities. Although a number of donor agencies have developed expertise in this area and have undertaken effective programs, it must also be acknowledged that many of the past and present approaches to the delivery of technical assistance have not worked. The donor com-

munity has not developed a coherent strategy and, in case after case, development projects have been evaluated and found wanting in terms of creating and consolidating indigenous human resource and institutional development goals.

The ACBI will address deficiencies in past programs by drawing on the insights of the donor community to forge a practical and effective approach to building capacity in policy analysis and economic management in Africa. Based upon best practices and drawing from the lessons of experience, the ACBI will seek to provide a strategic and long-term sense of direction to capacity-building efforts, help to coordinate and integrate the actions of donors and African governments, provide sustained support and focus on agreed priorities, and also help achieve cost savings with

higher quality results and greater impact. To achieve these goals, the ACBI's structure and programs will need to respond in a sensitive and collaborative fashion to African national and regional priorities—and be able to devise innovative and flexible approaches that can succeed in differing institutional and political settings. The framework outlined in this paper—which is based on extensive consultations with Africans and donor institutions—suggests such approaches (Box 1.3).

Any effective effort to build capacity in policy analysis and development management in Africa will also require a long-term horizon. It is an ambitious task, not only because of the long time frame, but because success will require reform and improvement in other critical sectors—espe-

Box 1.3 The ACBI: A consultative approach

An initial World Bank review contrasting policy analysis capabilities in Africa with those in other parts of the world began a process of internal staff discussions on the breadth and depth of Africa's human resource and institutional capacity problems. A working session, held in Kenya in June 1988, brought together selected Bank staff and experienced African managers, policymakers, and academics. This session launched a process of consultation and interaction with African and international experts on the nature of the problem and feasible solutions.

The World Bank brought its preliminary analysis of the problem of capacity building before a group of some 30 multilateral and bilateral donors, private foundations, international development policy and research institutions, and African experts at the Rockefeller Foundation in New York City in January 1989. This meeting reinforced the Bank's earlier diagnosis and helped highlight the outstanding issues and determine priorities. The Rockefeller meeting also served as a forum for participants to share their substantial experience in developing institutional capacities in Africa in different policy domains. Participants at the Rockefeller meeting endorsed the critical importance of capacity building in Africa and encouraged the World Bank to proceed with the idea of a special initiative in this area and to seek support for it.

The World Bank, the African Development Bank (AfDB) and the United Nations Development Programme (UNDP) next agreed to work jointly to develop the ACBI. The views and experience of African experts were particularly beneficial in the process of consultations and this was facilitated by financial support from the UNDP and the Carnegie Corporation.

The President of the World Bank consulted with the African Governors of the World Bank on the ACBI concept

during the Bank/IMF Annual Meetings of 1988, 1989, and 1990. On these occasions, the African Governors endorsed the idea. The World Bank's Council of African Advisers has discussed the Initiative extensively, and the Bank's Regional Vice President for Africa has also solicited the views of African and non-African experts on many occasions. In particular, a Round-Table discussion on the ACBI was held in Canada in September 1989. Sponsored by Dalhousie University and the Canadian International Development Agency, this Round-Table was attended by a number of senior African government officials, heads of universities, and various policy advisers, researchers and experts. Many discussions on the ACBI have also been held with bilateral donor agencies—including during the 1989 and 1990 Bank/IMF Annual Meetings. In all these consultations, strong support was expressed for a focused, long-term initiative.

The ACBI concept was discussed and approved by the World Bank's Executive Board on April 26, 1990. Following this meeting, a major donors' meeting was held in Paris in June 1990. Further follow-up meetings of a Steering Committee of donors were held in September 1990 in Paris and in November 1990 in Washington, D.C.

In designing the ACBI, lessons have also been drawn from such innovative programs as the African Economic Research Consortium (AERC) and the UNEDIL regional network program to strengthen African management training institutions. Consultative mechanisms, such as the Consultative Group on International Agricultural Research (CGIAR), the Special Program for African Agricultural Research (SPAAR), and other models of donor coordination have been reviewed. This extensive consultation and review process, and the ideas generated from the exchanges with Africans and donors, have been instrumental in shaping this paper.

Box 1.4 The Asian and Latin American experience

Capacity-building experiences for policy analysis in Asia and Latin America show that only two decades ago, many problems familiar to Africa were prevalent there as well. Political instability and weak bureaucracies, for example, were typical of several Latin American countries as well as of some Asian countries like Indonesia. In the 1950s and 1960s, university standards in these countries were considered to be extremely low. Korea had only six Western-trained PhDs in economics in 1969, and Indonesia had hardly any at the time of independence (1948). Indeed, some of the African universities were ahead of institutions in Asia and Latin America in the 1960s.

Demand for policy analysis was also low, and independent policy research centers were relatively new phenomena in Asia and Latin America. Yet over time, these institutions have come to play an important and respected role in policy formulation, complementing the in-house capabilities within governments—for example, the Instituto

Nacional de Administración Pública of Mexico, the College of Public Administration of the University of the Philippines, and the Korean Development Institute (KDI).

For a long time, many Korean PhDs did not return to their homeland after training in the West. It was only the establishment of KDI in 1971 and its favorable environment that attracted the first set of economists back. Experience in other parts of the developing world also shows that autonomous centers can attract and retain well-trained professionals.

An important feature of successful capacity building in both government and private and semi-private institutions in Asia and Latin America has been long-term twinning arrangements. The Indonesian Government, for example, has had a continuing relationship with the Harvard Institute of International Development (HIID); and in Korea, KDI was assisted by HIID for several years. Several Indian institutes have also had extended twinning arrangements.

cially in education and public sector management. Success will also depend on the evolution of systems of governance within African states to encourage and make use of sound policy analysis and efficient management principles. The increased demand for policy analytic and management skills generated by the growing number of reform programs that have been initiated by African governments in recent years is a highly positive development. Over the longer term, however, this demand for analytic and management skills can only be sustained through the strengthening of local capacity to identify and discuss problems, devise appropriate solutions and effectively implement them.

Framework

The ACBI is not meant to provide a detailed blueprint for capacity building in Africa over the next several decades. Rather, it seeks to establish a framework which can help African governments and donors focus on priorities, respond to chang-

ing circumstances, and coordinate their actions for maximum effectiveness. The responses to the challenge of building capacities in policy analysis and development management in Africa must be allowed to evolve over time in a flexible manner, building upon best practices and experience.

A renewed capacity-building effort in Africa can benefit from the experience of other regions which have already created and maintained institutions capable of excellent policy analysis and research, and which have trained strong groups of analysts and managers in the public and private sectors. It is noteworthy that such capacity building in Asia, for example, has been viewed as a long-term effort with a good deal of continuity and intensive participation by collaborators. Moreover, these capacities have survived in an environment of continual political and economic change (Box 1.4). The ACBI will draw on lessons from these regions to identify not only the skills to be strengthened, but also the institutional structures needed to maintain and utilize these skills.

2

Nature and magnitude of the problem

Weak policy environment in Africa

There are many reasons for Africa's weak capacity in the areas of policy formulation and development management. Of primary concern is a pervasive lack of the basic elements of successful institutions: educated and trained human resources, sound management systems and strategies, and favorable policy environments and incentive structures.

As African countries gained independence in the 1960s, new governments had to face the fact that colonial regimes had bequeathed to them neither strong institutions nor an educated and skilled populace. At independence less than a quarter of professional civil service posts were held by Africans; most trade and industry throughout the continent was foreign-owned; only 3 percent of high school-age students received a secondary education. Zaire, for example, reached independence without a single national engineer, lawyer, or doctor.⁴ With all its copper wealth, Zambia had only a hundred university graduates and a thousand secondary school graduates. In 1961, the University of East Africa (serving Kenya, Tanzania, and Uganda) turned out a total of only 99 graduates for a combined population area of 23 million.

Post-independence policies pursued by African countries exacerbated this weakness. To take control of their new nations, many governments became directly involved in commercial and productive activities which had been in

private, usually expatriate, hands before independence. This tendency led to rapid expansion of the public sector in Sub-Saharan Africa. Public employment now accounts for over 50 percent of non-agricultural employment in Africa in contrast to 36 percent in Asia and only 27 percent in Latin America.⁵ Over 3,000 public enterprises have been created in Sub-Saharan Africa since the 1960s. This expansion, along with the rapid push for Africanization, often stretched limited indigenous technical and managerial capacity to the breaking point.

It must also be acknowledged that the political situation in many African countries has not been conducive to the growth or sustenance of independent human or institutional capacity. The political systems of new African regimes tended to be secretive, mistrustful, and intolerant of dissenting views—even of objective policy research and analysis. Consequently, censorship became common in Africa and local analysts confined themselves to relatively uncontroversial subjects. There is often no countervailing force in African countries—opposition parties, unions, professional associations, informed groups of intellectuals and opinion-makers—to debate and offer alternative policy options. The unfavorable political climate has diminished the expressed demand for policy analysis and advice, has lowered morale in government ministries, and has led to the neglect of educational, research and statistical institutions.

Africa's dire economic situation has also affected capabilities in policy analysis and development management. Steep declines in Sub-Saharan Africa's export earnings, brought about in part by poorly

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formulated and misconceived economic policies, have produced a decade of negative per capita income growth for the region. Per capita GNP has fallen by about 20 percent in the 1980s alone. The resulting financial crisis has led to budget cuts throughout the public sector, resulting in serious shortages of funds for research, training, institution-building and education in general.

Crisis in higher education

The decline in Sub-Saharan Africa's systems of higher education has had a particularly severe effect on the region's analytical and management capacity. The World Bank's 1988 policy paper, *Education in Sub-Saharan Africa*, pointed out that higher education in particular has been hard hit by declining budgets and a rapidly expanding student body.⁶ The growth in numbers of university graduates since independence has been extraordinary, from 1,200 in 1960 to over 70,000 in 1983. However, partly as a consequence of this growth, there is now a crisis of quality in African universities. Too many poorly trained graduates are entering the labor market each year, many of them in already oversupplied sectors, while chronic shortages continue in key economic disciplines.

Africa has produced first-class institutions of higher education, but these have not been maintained in terms of physical infrastructure, libraries, or staff. Makerere University in Uganda, for example, one of the finest academic institutions in the developing world in the 1960s, has fallen into a severe state of disrepair (Box 2.1). The same is largely true of the University of Ghana at Legon

and the University of Ibadan in Nigeria—universities that in the 1960s were supplying both trained human resources and, on occasion, objective policy analysis to governments. A similar story can be told about national management training institutions, and even the few regional management institutions have seen uneven and slow progress.

Africa needs to develop again first-rate university programs that can produce the highly skilled professionals who can undertake basic and applied research. Universities and higher educational institutions should be intellectual forces that can assist governments with both today's and tomorrow's national development. Policies and programs need to be developed in Africa's higher educational institutions that can help stem the flow of Africa's finest intellectual resources to overseas institutions, and also reduce the need for African academics and trainers to supplement their salaries with second jobs or outside business interests.

Public sector management

The situation in Africa's public sector agencies and ministries is little better than in its universities. A disproportionate part of national recurrent budgets (up to 85-90 percent) now goes to cover wages and personnel costs, leaving insufficient funds to meet routine operating expenses. Cuts have been made in all areas: maintenance, equipment, supplies, training, and staff development.⁷ In-house facilities and training for staff are practically non-existent. Exacerbating an already difficult situation, new entrants to the civil service, recently graduated from university and hired by government as the "employer of last resort," are frequently assigned jobs without sub-

Box 2.1 Decline in capacity at Makerere

Throughout the 1960s, Makerere University College in Kampala, Uganda was one of Africa's premier universities. Makerere played an important part in training Africa's first generation of post-independence leadership. As a leading university, Makerere was also a de facto regional center of academic excellence, attracting top-flight students from neighboring countries and visiting scholars from all over the world.

Unfortunately, this golden age for Makerere was cut short during the 1970s and 1980s. Those years of economic hardship and the ravages of war saw the institution shrivel to a mere skeleton of its former self. Inadequate staff salaries, a decrepit library, neglect of campus public utilities (telephone, water, electricity, sewers) — all these fac-

tors led to widespread faculty flight and a staggering decline in the quality of the educational experience at the university. Lecturers there were being paid the equivalent of less than US\$25 per month in the summer of 1989. Only one phone was working for the whole of the university. Computer and modern technological facilities (for example, the fax machine) were virtually non-existent.

Makerere is a graphic example of the decline that has occurred in numerous higher educational institutions throughout Sub-Saharan Africa. Makerere's experience underscores the need for a consistent, long-term, and focused approach to capacity building in Africa—untidy domestic political situations notwithstanding.

stance and given negligible supervision. Power and decision-making authority are concentrated at the very top management rank with the result that senior management levels in government are severely overextended.

Fiscal austerity has led not only to a decline in public sector real wages, but also to a narrowing of the already small differentials between management levels and lower-skill groups. Under these circumstances, many of the best public sector personnel have chosen either to devote less time to their official capacities, or to leave public service altogether to become part of the brain drain. Estimates place the number of Africans who were trained in Europe and who remain there at some 70,000. Over 10,000 trained Nigerians are reportedly now working in the United States.⁹

Reform of African public sector management in general, and civil service structures and incentive systems in particular, must go hand in hand with efforts to increase the supply of trained analysts and managers. Most governments in Africa now recognize this need, and virtually every structural adjustment program now under way in Africa includes public sector management reforms. The ACBI will build on this growing recognition to develop strategies for improving the attractiveness of careers in the public service.

Donor efforts

While the many positive contributions by individual donors to capacity building in Africa should be noted, the lack of an overall, consistent and coherent strategy in this area may have inadvertently contributed to Africa's current capacity shortfall. For example, donor assistance often includes, and sometimes is specifically tied to, foreign consultants who are meant to transfer technical skills to African managers and institutions. In too many cases this simply has not happened. Technical assistance may be delivered during a consultant's service, but often no permanent skill transfer takes place. Sometimes the poor local environment and incentive structure have worked against skill transfer. But frequently lack of coordination has overburdened African institutions and available skilled manpower, and too often aid agencies have undermined the capacity of core ministries by setting up their own project management units. Donors have tried to promote capacity building in Africa, but the results have been uneven and generally disappointing.

"From an operational point of view, the record of technical assistance, particularly in Sub-Saharan Africa, is perceived by the Bank, the UNDP, donors and recipients largely as unsatisfactory," notes a 1987 World Bank report on technical assistance.⁹ Among the major issues identified as hampering the effective utilization, absorption, and sustainability of technical assistance were the following:

- Technical assistance is often perceived as supply-driven, or imposed as a price for financial assistance rather than a response to local demands; it often reflects donor objectives that are not in keeping with Africa's needs.
- Projects are overdesigned, reflecting an imperfect understanding of the local institutional and cultural environment; there is often little attempt to ensure local input and adoption.
- The usually uncoordinated and sometimes duplicative flow of bilateral, multilateral, and regional sources of technical assistance has created monumental coordination problems among donors and recipients and has led to an overstretched capacity of aid recipients to provide counterpart human resources.
- There has been a significant shift from engineering-type, technical assistance to institutional assistance, which is more difficult to provide, implement, and monitor.
- The commitment of borrowers to the need for and objectives of technical assistance is often weak.

The flow of technical assistance into Africa is substantial. Reported average technical assistance for 42 African countries in 1987 amounted to about \$7 per capita.¹⁰ Many thousands of expatriate technical assistants are working in Sub-Saharan Africa, ranging from senior policy advisers, managers and business executives to technicians and teachers. There is no question that external technical assistance will continue to be needed in Africa during the next decade. Local experts in economics, finance, and other important specialties will be in short supply. However, the use of expatriates as a first choice rather than a last alternative must be resisted by both African governments and donors. Technical assistance must be designed to focus on building domestic capacity and institutions, and African administrations must be prepared to make full use of these local capacities. To this end, the World Bank's long-term perspective study on Sub-Saharan Africa has called for a radical reappraisal of current technical assistance efforts.¹¹

For example, overseas training and education, which are sometimes used as part of the traditional technical assistance approach, have not been entirely successful in solving Africa's capacity problems. First, the low pay structures in African countries have often led talented Africans to remain abroad. Second, not enough has been done to ensure that the overseas universities or institutions selected for fellowships have programs relevant to the needs of African participants. As a result, students returning to Africa often find that they have acquired theoretical concepts and tools that are inappropriate to the practical problems they face as practitioners. Much more needs to be done to encourage overseas universities and training institutes to research the realities of African sociopolitical systems, and to adjust their programs accordingly.

Another clear lesson from past donor efforts to build African capacity is that these efforts must be long term if they are to succeed. In the 1960s and 1970s, donors made substantial contributions to the overseas and local training of Africans, the financing and conducting of research, and the establishment of teaching departments and research institutions. Much of this support, with notable exceptions, has now disappeared. While the support of the 1960s and 1970s did produce significant numbers of

trained individuals and several excellent institutions (such as the economics departments of the universities of Legon, Ibadan, Dakar, Abidjan, Dar-es-Salaam, Nairobi, and Makerere), all of these institutions have suffered dramatic declines in the 1980s (Box 2.2).

Although the record of success is mixed, it is important to emphasize that multilateral and bilateral donors, as well as private foundations, have provided and continue to provide much-needed human resource and institutional support to Sub-Saharan Africa.¹² Furthermore, in response to the clear need for considerable strengthening of research and management capacities, new initiatives are being developed.

The UNDP, for example, has become an important source for policy and management improvements in Sub-Saharan Africa. Recent initiatives by the UNDP include the Special Action Program for Administration and Management (SAPAM), the funding of Structural Adjustment Advisory Teams to assist governments in preparing adjustment programs, and the establishment of a specialized development management program which will fund programs designed to address economic management problems that arise during adjustment reforms.

The Economic Development Institute (EDI), as the World Bank's external training agency, has also expanded its role as a trainer of key civil servants and policymakers in Africa through a series of senior policy seminars on the management of develop-

Box 2.2 The Rockefeller Foundation and capacity building

In the 1960s and 1970s some of the major international foundations, particularly Ford and Rockefeller, were major contributors to building capacity in Africa. Rockefeller, for example, invested \$7.1 million in institution-building grants to the universities of Makerere, Nairobi and Dar-es-Salaam between 1961 and 1973. African institutions which remain today as important centers of research were first launched by grants from Rockefeller's University Development Program—including the Institute of Development Studies at Nairobi and the Economic Research Bureau at Dar-es-Salaam. While these efforts have been much reduced, many trained persons now occupy important posts and some of the institutional legacy remains. Foundations, moreover, continue to make important contributions—from small grants to individuals to institutional support for training and research, in a number of critical sectors.

Four major elements were crucial to the success of the Rockefeller Program:

1. Concentration on five selected African universities:
 - Makerere University College, Uganda
 - University of Dar-es-Salaam, Tanzania
 - University of Nairobi, Kenya
 - University of Ibadan, Nigeria
 - National University of Zaire
2. Emphasis on long-term indigenous staff development: Master's and doctoral fellowships abroad were awarded to strengthen the creation of local teaching skills and research capacity.
3. Appointment of visiting expatriate staff: The Rockefeller Program facilitated the achievement of excellent policy research centers by recruiting visiting professors and researchers from abroad for short-term appointments.
4. Support for applied research: Rockefeller's insistence on having research grounded in real-world problems encouraged the development of a research ethos.

ment. These seminars strengthen the EDI's more traditional work in training Africans in sectoral issues, in the art of training, and in developing curricula. Another noteworthy EDI initiative—undertaken in conjunction with the UNDP, the International Labour Organisation (ILO), and a consortium of other donors—is the UNEDIL project to strengthen some 16 leading regional and national management training institutions in Africa (Box 2.3).

A further significant initiative involving close donor collaboration is the African Economic Research Consortium (AERC). Supported initially by the International Development Research Centre (IDRC), the World Bank, the Ford and Rockefeller Foundations, and the U.S. Agency for International Development (USAID), the AERC was established to fund research proposals on African economic issues by Africans working in Africa. This effort is working to enhance the capabilities of individual researchers in more than a dozen university and policy institutions in Af-

rica by sponsoring needed research on African issues. Although still in its initial stage, the AERC has demonstrated the ability to coordinate and focus research on important African economic issues as well as to provide a forum for African scholars to share information and research ideas (Box 2.4).

These and other recent donor efforts are helping to build policy analysis and economic management capacity in Africa, but they fall below the threshold needed to develop a critical mass of activities that will result in permanent change. Moreover, the traditional country-by-country, project-by-project approach makes it difficult to coordinate programs and to achieve economies of scale, particularly when dealing with the large number of small countries in Africa. Projects are often more costly than necessary both to donors and to recipients because each donor tends to repeat design and preparation in its own way. Lessons learned are seldom well disseminated.

Box 2.3 UNEDIL: An example of African and donor collaboration

The UNDP/EDI/ILO Program (UNEDIL) to strengthen African management training institutions is a rare example of collaboration among a group of donors and a group of African institutions. The purpose of UNEDIL is to build self-reliance among 16 of Africa's leading regional and national management development institutions (MDIs) through a process of collective action. The MDIs themselves take the lead in determining the priorities and the agenda for action; designing the programs and modalities; and implementing the action plans. Most programs are aimed at increasing the productivity and efficiency of development agencies and government departments engaged

in major sector or enterprise management endeavors. UNEDIL operates in all subregions of Sub-Saharan Africa.

UNEDIL is supported by a consortium of donor agencies (including the UNDP, EDI, ILO, Commonwealth Secretariat, USAID, CIDA, SIDA, and the government of the Netherlands). The consortium is held together by a strong belief in the importance of building indigenous competence by utilizing the competence that is already there, bringing together the strongest resource persons, and strengthening the strongest institutions so that they in turn can multiply the benefits and take leadership in capacity building.

Box 2.4 The AERC: An example of a regional network

The African Economic Research Consortium (AERC) is an example of a potentially successful capacity-building research network. The exchange about policy options and experiences facilitated by the AERC is open, nonpolitical, constructive, and carried on mostly by Africans.

Established in 1988 and based in Nairobi, the Consortium provides funding and technical support to some 20 teams of four or five researchers. The AERC's current annual budget is about US\$1.35 million. The AERC network of individual researchers—linked with practitioners—has contributed to national economic policies by focusing on selected economic problems: balance of payments and

debt management, for example. To ensure interaction among the teams and to enhance the quality of the research, the Consortium also provides periodic meetings of the networks and seminars on technical issues of common interest.

The Consortium's effectiveness is largely due to the flexible approach that allows programs to be tailored to the needs of individual groups of researchers. By enabling well-trained Africans to remain in contact with colleagues across Africa and overseas, it is helping them to stay at the frontier of their profession and continuously deepen their professional knowledge.

Box 2.5 Botswana: A lesson in prudent public policy management

Botswana's system of public policy management is considered one of the most successful in Africa based on the capacity of the Botswana government to formulate and effectively implement strategies and programs of economic and social development. Throughout the boom and bust years of the 1970s and 1980s, Botswana's leaders managed to sustain a successful and pragmatic approach to macro-economic and financial management, with the result that GNP grew at an impressive rate of 9 percent a year.

Since independence, the political leadership of Botswana has been firmly committed to the notion that competent management of the economy depends on the quality of the technocratic expertise in the public service. In addition, the

following factors have contributed to Botswana's record of solid economic growth and prudent public policy:

- A political culture characterized by openness, pragmatism and a tradition of consensus building
- A gradual program of localization for bringing Botswana nationals into jobs formerly held by expatriates
- The recruitment of a highly competent cadre of economists in government
- Strong commitment at the highest levels of government to planning for short- and medium-term public investment
- The continuous and active involvement of policy analysts and planning staff in budgetary and economic management decisions.

The donor community should continue to use a broad spectrum of instruments and methods to improve and sustain policy analysis and economic management in Africa. Increased focus and coordination are needed, however, in order to ensure that donor activities do not operate at cross purposes. Greater partnership can yield cost savings for donors; it can also mean greater impact and intellectual pluralism for recipients. It makes good sense, therefore, for both Africa and the donor community to take a more coordinated approach to improve policy research and economic management capacity in Africa. Such an approach lies at the heart of the ACBI.

The question of demand

One of the most important determinants of sustainable capacity in policy analysis and economic management is the domestic demand for such services. Despite the need generated by the severe economic shocks of the past 15 years, there is clear evidence that African countries have neglected domestic policy capacity. This has led some to argue that there may be insufficient demand on the part of African governments for sound policy analysis and economic management advice. In assessing this argument, a number of factors should be borne in mind.

First, it is clear that the demand for analytically based policy advice has varied across time and among countries and sectors in Africa. Political attitudes have led some governments to ignore or even suppress objective policy analysis. Other governments have lost faith in policy analysis

because it was of poor quality, ideologically motivated, excessively theoretical, or irrelevant to the African economic and political environment.

However, past experience of periods of low demand for policy analysis does not necessarily mean that demand for such analysis continues to be low, nor does it follow that demand will not grow in the future. Some countries, Botswana for example, have demonstrated a determination to exercise control over their own economic policies, and have maintained a consistently high demand for policy analysis from both local and foreign sources (Box 2.5). Other African countries (Côte d'Ivoire, Tanzania, Ghana and Mauritius are examples) have demonstrated strong, albeit not always consistent, demand for local policy analysis (Box 2.6). One manifestation of this demand is their relatively high average levels of investment in training economists and financial experts. Furthermore, the presence of foreign consultants and technical advisers in economic policymaking institutions and agencies provides a kind of prima facie evidence of local demand. As previously noted, around \$4 billion per year is currently being spent in Africa on foreign technical assistance, a significant proportion of which is for economic policy analysis and advice.

It should be expected that demand for policy analysis will vary depending on circumstances. In some non-English speaking African countries there is no strong tradition of independent policy analysis in either universities or the private sector. Demand for independent research will probably also remain weak in countries where researchers and analysts are seen as anti-government. In

some countries demand is strong in certain core ministries or units of government, but weak among the sector ministries; in other cases the reverse is true. There may be a demand to strengthen technical economic functions within an agency such as the central bank, but resistance toward building this capacity in institutions less under direct government control. Moreover, demand may also stem from the private sector, as demonstrated by the case of Nigeria and to a certain extent by Kenya, Ghana, Zimbabwe, and a few other countries where business or farming groups are well organized. Some private enterprises and associations even have in-house research capacity. The question of demand, therefore, is not so much one of shortage but rather of addressing its varying nature.

With regard to the overall demand for policy analysis, a September 1989 report from the African Economic Research Consortium (AERC) concluded that "the effective demand for professional economists...exceeds the numbers currently supplied from local research and analytical and overseas sources."¹³ This conclusion was reached through an analysis of available data and the demand for technical assistance and consultant services, and through discussions with senior government officials and academics. The AERC report further emphasizes that the required supply will be obtained over the longer term only through the development of local capacity in response to changing needs.

To serve this high latent demand for policy analysis, any new effort must stimulate the effective utilization of the capacity already available even as it works to increase the supply of new capacity. Better use of existing capacity could be accomplished through a variety of methods, for example, the use of local consultants and researchers in aid programs; grants for policy research and analysis within ministries and other key public agencies; seminars and symposia to disseminate findings of research and analysis; and aid projects with built-in policy analysis and evaluation components as "incentives" to help stimulate government agencies to seek research inputs from local scholars and consultants.

While these measures will increase the demand for policy analysis in many countries, there will be circumstances where demand remains low. But even in these cases, the maintenance of existing talent within the country can be a vital investment for the future. For example, foundation fellowships for able Ugandans continued even during the last years of Idi Amin; these Ugandans provided a reservoir of talent for the task of reconstruction when more rational circumstances returned to their country. Donors and African governments seriously committed to capacity building must be willing to accept the complicated nature of demand and the different forms it may take in different national contexts at different periods.

At this juncture, with many African countries engaged in major policy reform programs, the environment for investment in policy analysis and management capacity in Africa may well be more favorable than at any time since independence. As more

Box 2.6 Tanzania and the use of local policy analysts

The University of Dar-es-Salaam (UDSM) is one of the few universities in Africa where faculty and research economists are contributing significantly to national economic policy analysis. Its Economic Research Bureau (ERB), started in 1965 with Rockefeller Foundation support, was staffed initially by expatriates while Tanzanians were sent abroad for postgraduate training.

This effort to create a center of excellence was set back by the phasing out of Foundation support in 1971. Core staff were attached to jobs in the public service and expatriates left. This decline was reversed in 1979 when Sweden agreed to sponsor technical support and training for the ERB and Economics Faculty at the University of Lund.

The current program also provides for short-term study visits, sabbatical leave for senior staff, assignments

by visiting professors, and equipment. As a result, there now exists a strong group of over a dozen Tanzanian professional economists at UDSM capable of carrying out independent research and providing policy analysis.

These UDSM economists have been increasingly drawn into policy work by the government in recent years. Four factors contributed to bring about this level of policy interaction between Dar-es-Salaam economists and government decision-makers. First, the strong support of donors helped to establish UDSM as a small center of excellence. Second, Tanzanian authorities were willing to engage in a fairly open debate on difficult policy issues. Third, the professional analysis done by local economists was of practical relevance to Tanzanian policymakers. Finally, donors became increasingly aware that local experts are a knowledgeable and cost-effective resource for their own work.

African countries begin and intensify these reform programs, the demand for trained policy analysts and managers will grow. Supply must keep pace.

A major objective of the ACBI is to help stimulate demand and make it more consistent. Variations or even weakness in demand must not be used as an excuse for delaying the important task

of building local policy research and management capacity in Africa. There is an urgent need for improved research, analytical and management capacity if the promise of Africa's policy reform process is to be fully realized. The ACBI action program outlined in the following section aims at meeting this need.

3

An action program

Main objectives

The ACBI will increase the provision of high-quality policy advice to African decision-makers through the training of senior managers and policy analysts in the public and private sectors, by helping establish reliable sources of research and information, and by promoting a more open policy dialogue on issues of significant economic importance for individual countries and the region as a whole. Specifically, the Initiative will:

- Create a consultative forum in which Africans can participate as full partners in the setting of priorities and the development of policies to promote capacity-building goals
- Establish processes for coordinating capacity-building efforts that would lead to greater efficiency and effectiveness of ongoing donor efforts
- Increase the level of funding and resources available to enhance ongoing capacity-building interventions as well as to finance promising new actions
- Establish systematic links between research and training institutions and governments to foster greater understanding and communication between these groups.

To accomplish these objectives the Initiative will:

- Selectively rehabilitate and upgrade existing policy analysis and economic management institutions and, where that is not possible, create new institutions

- Insulate these institutions from political interference and help them achieve coherent research and training programs

- Identify, design, and promote the systematic building of national and regional networks of researchers, analysts, managers, and professional associations in Africa

- Coordinate with complementary development initiatives in higher education, public sector reform, and other important sectors.

Program components

No single action or program can address Africa's capacity-building requirements in policy analysis and development management. Rather, a series of mutually reinforcing actions, phased over a long period, is necessary. Effective ongoing programs must be continued and, wherever possible, strengthened. But new actions will also have to be launched. All new actions need not be undertaken at once, all need not be given exactly the same weight, and the emphasis given to certain actions will change over time. The overall aim, however, is to launch a strategic capacity-building effort, undertaken jointly by African governments and donors, which is capable of making a substantial impact.

The diverse nature of the demand for policy analysis in Africa implies that the capacity-building response must be broad and flexible. A balance needs to be struck between national and regional initiatives to ensure that capacity survives the vicissitudes of local politics. A balance must also be achieved between building in-house governmental capacity and

strengthening more independent bodies such as universities, management institutes and local consulting firms.

National institutions

National problems must be tackled first and foremost at the national level. A primary action under the ACBI would be to focus on strengthening and expanding the policy analytic, economic and development management content of programs in existing national institutes of public administration, research and management training centers, and selected college and university departments. In one form or another, all these institutions provide essential inputs into the policy formulation and management process.

At present, few national institutions are providing either the training or working environment conducive to high-quality policy analysis or development management. This is partly because they are not graduating a sufficient number of well-trained economists. However, while the important role that economists can play in development in Africa should not be underestimated, they are not the only actors in the policy process, and training in economics is not the only measure of an institution's capacity-building impact. Interdisciplinary approaches (for example, public administration, international economic relations) are essential to meet the capacity-building challenge.

Furthermore, capacity-building institutions need to be connected to the decision-making process. With few exceptions, this is not happening. National institutions which have the potential to carry out socioeconomic studies that feed into policymaking have generally not been able to do so. The resource base of almost all these institutions, whether in human or financial terms, is inadequate to enable them to fulfill the role of adviser to government on policy and development management. The ACBI will create new and strengthen existing research and training centers within national institutions, upgrade their capabilities, and enhance their credibility with governments by broadening their focus in the field of policy analysis and economic management. Under the ACBI, for example, national centers could run senior policy seminars to be attended by government officials.

The Initiative's emphasis will be on the upgrading and rehabilitation of existing national institutions rather than the building of new "bricks and

mortar" structures. Moreover, the support for national institutions will be carefully phased and build upon the experience of pilot projects in a few countries.

National centers will have to be carefully selected for support under the ACBI. The ACBI Secretariat (described in chapter 5) will develop the criteria for selection. Such criteria will almost certainly include degree of autonomy, sound financial control, and solid track record. It should also be ensured that institutions selected for ACBI support will have incentive structures adequate to attract the highest-quality professionals. Most important, the national government concerned would have to demonstrate clearly its commitment to sound policy analysis and its willingness to involve national institutions in the policy process. These and other considerations will be part of the formal appraisal process undertaken by the ACBI Secretariat prior to any proposal for support under the Initiative. The case of Ghana, where the Ghana Institute of Management and Public Administration is being fully integrated into the reform process, provides a useful example of a national government clearly demonstrating its commitment to a national institution.

In the national centers to be selected, the focus will be on research and analytical studies generated by governments and donors, and on programs for training economists, policy analysts, and managers. It would also be desirable to have some national institutions within the region that could offer a two-year Master of Business Administration degree (MBA), Master of Public Administration degree (MPA), or Master of Public Policy degree (MPP) program for eligible graduate students as well as for mid-career professionals. Both public and private institutions will be beneficiaries of the Initiative.

While initially focused on nationals as participants, the more successful of these national institutions could eventually evolve into subregional and even regional training centers. Leading national institutions or university departments could offer programs to students from neighboring countries, thus helping to lower costs, particularly for postgraduate training. National institutions might be encouraged to develop joint teaching facilities that would provide examples for other national or neighboring institutions to follow. The ACBI could also help national institutions to achieve economies of scale in the production of research and management skills and help stimulate linkages among African higher-level educa-

tional institutions. Linking national centers and other ACBI program components (regional centers, government policy units, consulting groups, and so on) will be extremely important. Formal twinning arrangements with institutions in Africa as well as in the donor countries will also be encouraged under the ACBI.

In some countries, there may be no university program or training center that merits support under the ACBI at this time. However, it will also be important to recognize that some institutions, although they may be run-down or in decline, have the potential to revive relatively quickly with an adequate injection of resources and support. The ACBI can play a crucial role in this effort as well as in helping to ensure that the needs of countries without national centers can be met by institutions in other countries.

Regional training centers

Strengthening and building regional centers that train policy analysts and economic managers, and provide research and analysis on economic issues, will also be an important focus of the ACBI. There are many reasons why such regional centers would be beneficial to Africa. These include overhead and staff savings, cross-fertilization of experience and ideas, and insulation from direct interference by any single national government or from economic difficulties in any one country. Regional or subregional centers would also help Sub-Saharan Africa move further down the road of regional cooperation—long recognized as a major precondition for sustainable development.

Africa's past experience with regional institutions has for the most part not been positive, and the reasons for failure are well known. First, regional institutions in the past have not had sufficient autonomy to pursue independent, professional courses of action and training agendas. Second, they have had no assured long-term funding. Third, their appointment processes have been based more on political than professional considerations. Fourth, they have generally suffered from a lack of quality control and accountability due largely to the failure of the governments involved to respect the mandate and objectives of the institutions. Fifth, they have sometimes been overwhelmed by donor interventions that have attempted to accomplish too much in too short a period.

These problems will be addressed directly under the ACBI. The regional centers selected and supported under the Initiative will be ensured a high degree of independence yet be closely monitored for quality control. They will run autonomous budgets and be insulated from external pressures by the ACBI's administrative umbrella (described in chapter 5). Furthermore, donor support to these institutions will be better planned, coordinated, and tailored to the institutions' absorptive capacity. Given the resource constraints facing both African governments and donors, the cost of physically building new regional centers is probably not feasible. A more likely option would be to select a few existing regional institutions and help them to expand their capacity and add to or upgrade their programs.

Under the ACBI, it is proposed that several regional institutions will be gradually selected for support—for West Africa, Central Africa and the Indian Ocean countries, Eastern Africa, and Southern Africa—building toward the establishment of highly respected centers for policy analysis and development management. These regional centers would primarily conduct training and research programs in various aspects of policy analysis and economic management. The target constituencies would be newly recruited civil servants; mid- and high-level government officials (ministers, permanent secretaries, department heads, and heads of public enterprises); entrepreneurs (established and promising); top officials from non-governmental organizations (for example, trade unions, professional associations, farmers' unions); and first-rate academics. The regional centers would thus provide the top and middle management in government and the private sector the opportunity to undertake short, refresher training courses; conduct research on important policy and management issues; and take time to reflect, write, and publish and to offer recommendations to African governments and donors. Another important feature of regional centers will be the hosting and organization of seminars, thus allowing policy practitioners and thinkers from the region to come together for an exchange of views and experiences.

Networks will be established among the different regional centers to encourage collaboration in the development of programs and materials, and the sharing of research findings aimed at upgrading faculty skills and knowledge. The regional centers will also have strong links and interactions with the national institutions supported under the ACBI—as well as with government policy units, consulting organizations and other ACBI program components. Thus the regional centers would both support and be

supported by the other ACBI program components.

It is envisaged that not more than two regional centers would be selected for support in the initial phase of the ACBI. Support to other institutions would follow in light of the experience of this pilot project and depending on its success.

On the policy analysis and research side, the institutions selected might offer a range of one-month, three-month, six-month, or even one-year training programs which would allow regional participants to catch up on the latest developments in their field through special courses and seminars conducted by teachers and fellows. Regional centers should have a small core of permanent staff and perhaps a larger rotating group of visiting lecturers who would, to the extent possible, be Africans.

On the management side, the regional institutions could offer new or refresher training courses on issues critical to development management—for example, the exchange rate, agricultural pricing, industry tariffs, privatization, social sector financing, and decision-making processes in general. The training programs would be of varied length and intensity, probably within a one-month to six-month range. As well as public servants, participants might include candidates from the private sector, academia, trade unions and professional associations, and community and party leaders. The regional institutions would thus encourage the vital interaction between analyst and practitioner that is so often lacking in the African policymaking process.

It is envisaged that the regional institutions would become both high-level training centers and “think tanks” on policy analysis and development management and would, over time, acquire a high degree of prestige and credibility based on the quality of their output. They would be able to provide research, analysis, and policy options to governments, donors or other groups upon request. They also would offer a forum for an exchange of views among key actors involved in the policy and development process in Africa. They would train people in the latest techniques and provide them with the most recent information and data in their fields, and they would provide an important link between policy analysts and managers in government and those in national institutions such as universities and research and training institutes, as well as in the private sector. In addition, the regional centers would provide a base for talented African think-

ers and practitioners in the field of policy analysis and development management, help stem the brain drain from Africa, and attract back talented Africans currently employed overseas by offering them the prospect of an institutional “home.”

The administrative and financial control arrangements for each regional center will be worked out in detail by the ACBI’s Secretariat (described in chapter 5) on a case-by-case basis. The Initiative will also ensure an effective management and incentives structure for regional centers and adequate resources for training and seminars.

The criteria for selecting regional centers are crucial to the Initiative and will be developed by the ACBI’s Secretariat and approved by the Initiative’s governing structure (described in chapter 5). Some of the following factors will be taken into account: independence and freedom from politicization, strong leadership and faculty morale, openness to different nationalities and explicit willingness to play a regional or sub-regional role, financial soundness, and evidence of a solid track record in research and training.

High profile, high-quality regional training centers should become, over time, authoritative voices in the fields of policy analysis and development management, offering training, research and advice to national governments on a broad range of policy issues. In addition, the regional centers could also help develop a better framework for international negotiations between Africa and the rest of the world.

Government policy units

A corollary to support for selected national and regional centers for policy analysis and development management will be support for policy units within governments—and encouragement for the creation of such units where they do not exist.

Government policy units are a crucial link in the policy development chain. They are essential to the development process as recipients of the research findings and policy recommendations of universities and research institutes. Government policy units may consist of only a few staff in the president’s office, in the ministries of finance and planning, and in the central bank. But they can perform critical roles in the review, filtering, and acceptance of new policies. These units can also give governments the internal capacity to engage in meaningful policy dialogue with donors.

The strengthening of a government’s strategic planning function is also a matter of pressing

urgency for most African countries and therefore a matter of priority for the ACBI. Governments cannot hope to reform their economies without a clear vision of their intermediate and longer term policy objectives. While there is no shortage of planning ministries and commissions in Africa, few of these bodies carry out the policy analysis and planning tasks for which they were established. They seldom have any involvement in the setting of strategic agendas or in the making of strategic choices. Often it is the finance ministry that in effect makes these choices, driven by short-term budgetary or political considerations. African countries need a strategic planning capacity that combines the talents of objective and well-trained analysts with the realism of practitioners who understand Africa's political constraints and severely limited resources.

While a number of donors, including the World Bank, the UNDP, and the Commonwealth Fund for Technical Cooperation, already offer technical assistance support to African governments for policy advice or analysis, these interventions are usually linked to specific operations or programs. When the programs end, the policy advice usually ends too. In only a few cases has a sustainable, internal government capacity to provide policy advice been established. The ACBI will, therefore, serve a vital need by offering to assist national governments in building small policy units, or strategic planning offices or think tanks staffed by first-rate analysts. Small, low-income countries might particularly welcome support to establish a policy unit, as might countries preparing to undertake major economic reforms.

This kind of support will need to be flexible and responsive to a particular government's needs. In some cases, it could mean financial support for an individual to undertake training or research while in government service. In other cases, it might mean financing studies that are commissioned by an existing policy unit. It might mean offering advice on qualified individuals (sometimes non-nationals) who could help set up a government policy unit or strengthen an existing unit.

The strengthening of government policy units will reinforce and complement other aspects of the capacity-building Initiative. Indeed, they will play a key role in linking the ACBI's program components. Even a small core of analysts at the highest levels of government can stimu-

late the demand for independent research, analysis, and training from national and regional centers and lead to more effective use of policy output from other elements of the ACBI. Again, a government's firm commitment to this kind of policy unit would be one of the criteria used to decide whether it ought to be eligible for support under the ACBI.

Fellowships

More opportunities need to be provided for the training of Africans with the ability to develop as outstanding professional analysts and managers. For example, external assistance to provide masters and doctoral degree training should be made more available. In recent years, donors have cut back on the provision of full-scale support for this kind of training for Africans on the grounds of expense. In the process, high-level human resource and institutional development on the continent has been slowed.

To help reverse this trend, fellowship funds might be made available under the ACBI, on a selective basis, to outstanding African civil servants, business leaders, and academics. Such funding could allow them not only to undertake additional training, but also to pursue independent economic research or analytical work. Some of this work would take place either abroad or in the national or regional centers, again serving to link the ACBI program components.

The African Economic Research Consortium (AERC) is one model of research funding in Africa. The AERC provides small grants to African researchers and scholars to undertake research and publication and promotes interaction through seminars and symposia. The ACBI will work closely with the AERC, perhaps augmenting its funding for advanced training in economics.

In-service training

The ACBI can also play a catalytic role in expanding the in-service training of African professionals in both the private and public sectors. Some practical possibilities might include increasing the mid-career opportunities for African professionals to gain relevant training and international work experience. Multilateral organizations, bilateral agencies, the international foundations, academic institutions and private corporations could offer a range of six-month to two-year assignments to mid-level African analysts and managers.

Through this kind of on-the-job experience, African professionals would have the opportunity to learn new skills, gain access to new technologies, and

acquire a fresh perspective on development issues. Valuable in-service opportunities could also be provided under other components of the ACBI—in the regional and national centers or in government policy units.

Local consultancy

Policy research and management capacity clearly must extend beyond the public sector. Thus the ACBI will also work to strengthen local consulting firms, professional associations, and other non-official bodies in Africa which can contribute to the policy debate. Private companies are often well positioned to assess a country's economic situation and to offer objective advice and projections to governments and to international agencies working in Africa. With support under the ACBI, the potential inherent in local consulting firms and professional associations could be expanded and strengthened. The Initiative could offer not only funding and technical advice to these bodies, but could also raise awareness of the potential of these firms and associations and help establish regional consulting networks.

There is a growing recognition of the advantages of promoting the local African consulting industry. The industry can assist in training nationals and provide a pool of professional competence which enriches academic training and public administration. Promoting local consultants could reduce the cost of consulting services, help employment, arrest the exodus of competent nationals to foreign countries, and assist in retaining within Africa the knowledge and experience gained during project implementation. Although the use of African consulting capacity has increased in recent years, progress has been much slower than in other parts of the developing world. Given the special emphasis now attached to the private sector as an engine of growth, it is vital to strengthen the capacity of already functioning and experienced private sector groups and institutions in Africa. The linkages between these private sector groups and the capacity created in government policy units and in national and regional centers would be very important.

The special contribution of the ACBI

The ACBI's contribution to capacity building in Africa will take place through:

- Short- and long-term objectives: The ACBI will operate to meet both the immediate need for policy

analysis and management support and the longer term need to build institutional capacity that can produce skilled African analysts and managers.

- A multi-sectoral focus: Interaction and exchange will be encouraged not only between policy analysts and economic managers but also among various sectors, parastatals, public enterprises, key private sector firms, and NGOs.

- A recognition of political realities: The ACBI will integrate sound analytical techniques with an appreciation of political factors, helping to make policy analysis more acceptable to politicians and their constituencies.

- A strengthening of regional collaboration and networking: The ACBI will build networks of African analysts and managers as a means of moving African policymaking closer to self-reliance.

- African participation and implementation: African leaders and experts will be involved in every phase of design, implementation, and monitoring, ensuring that those who best know conditions and constraints are fully involved in and committed to the program.

More specifically, the ACBI will also:

- Reduce dependency: The ACBI will reduce dependency on foreign experts by encouraging African governments' utilization of their indigenous talent.

- Be sensitive to brain drain problems: A principal objective of the ACBI will be to encourage talented Africans to remain in or return to Africa by creating attractive institutional "homes" for that talent.

- Conduct training in Africa: Wherever possible, the ACBI will bring outside experts to Africa to strengthen African programs and institutions, rather than send Africans overseas for training.

Phasing and evaluation

As previously mentioned, it is not envisaged that all of the actions proposed under the ACBI will be accorded equal weight nor be implemented at the same time. The requirements of countries are different, and the particular actions implemented will have to be selected on a case-by-case basis by governments and donors collaborating through the ACBI's operating structure. The ACBI will carefully phase its programs, monitoring progress and adjusting to changing needs and circumstances as necessary. The risk of attempting too much too quickly is recognized, and the emphasis will be on starting a few, carefully designed projects and

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building upon experience. Indeed, in the initial years, the ACBI should be viewed as a pilot program. This first phase will be subject to rigorous monitoring and evaluation. If results or progress are deemed to be unsatisfactory, its operations can be reduced in scale or discontinued.

It should be recognized, however, that the ACBI is a long-term initiative, the impact of which will go well beyond numbers of institu-

tions and individuals. Improved processes and relationships, better donor coordination, rationalization and prioritization, cost savings and economies of scale, increased information-sharing, a strong African capacity-building network—these will also result from the Initiative. Implementation mechanisms and an administrative structure that would help achieve these objectives are described in the second part of this paper.

Part II
Management and Operational Structure

4

Implementation

Creating a partnership

In order to implement the activities described in part one of this paper, a number of conditions must be satisfied. First, donors must recognize the goals of the ACBI and the value of better coordination in implementing their current activities. Second, resources need to be pooled to meet a variety of country- and region-specific requirements in a long-term, flexible, and cost-effective fashion. Third, a firm commitment by African governments to utilize effectively policy, analytic and management skills will be needed.

The proposed ACBI framework will help satisfy these conditions. The ACBI will work through three channels: (a) the ACB Fund; (b) cofinancing; and (c) associated programs.

The ACB Fund

Given the nature and magnitude of the capacity-building challenge in Sub-Saharan Africa, financial resources will be needed to establish a central coordinating body and to design and implement capacity-building action programs. To accomplish these objectives an ACB Fund will be created, initially of \$100 million. Access to its own source of funds will be essential to the ACBI's leadership and coordination roles. Given that it will be multilateral, the ACB Fund will exemplify an internationalism which will be important both for the effectiveness of its programs and the stability of the African institutions being supported.

Donors will contribute to the ACB Fund. These financial resources will be used to fund new capacity-building programs and to supplement and

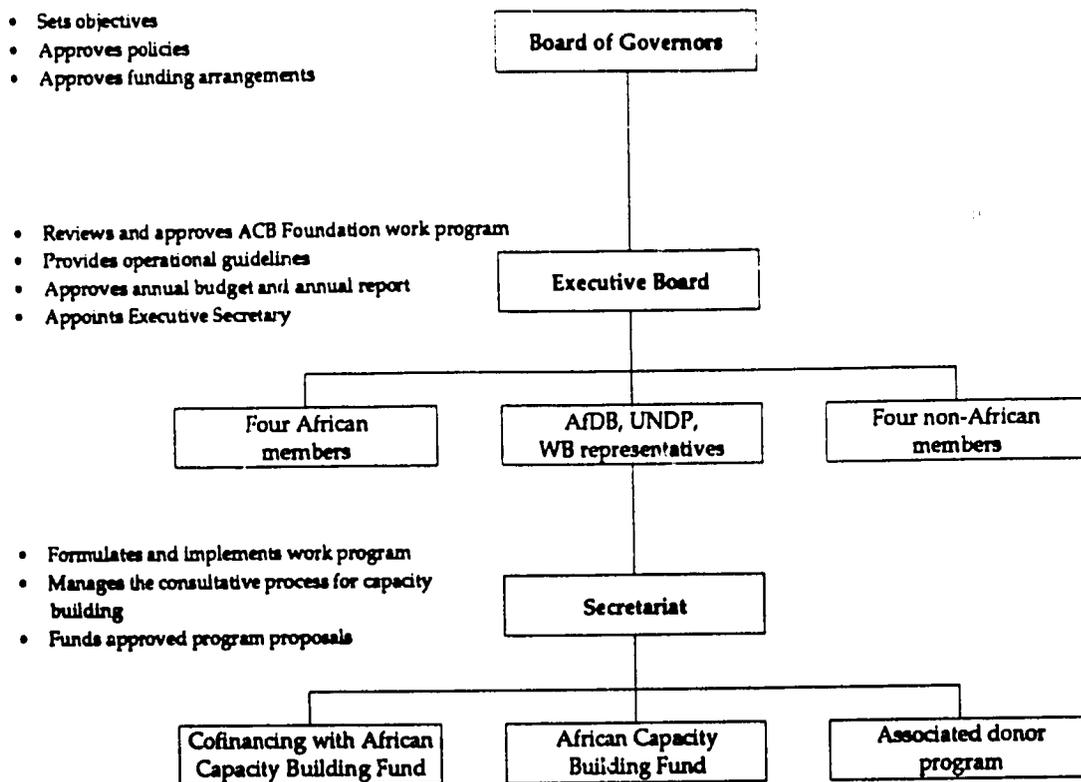
strengthen ongoing programs which have proven effective. It is envisaged that financing will be on a grant basis. The ACB Fund will also finance the establishment of an administrative apparatus for the Initiative, consisting of a Board of Governors, Executive Board, and a Secretariat (described below). African financial contributions to the ACB Fund will also be strongly encouraged.

It should be emphasized that the ACB Fund will not attempt to substitute for all ongoing donor programs in the field of policy analysis and economic management. The Fund's comparative advantage will be in addressing critical gaps or weaknesses in current programs and funding efforts. Thus, the Fund is a central and essential component of the Initiative because it will give the ACBI the means to implement and coordinate new and ongoing programs. Without the Fund, the goal of increased coordination and better policy analysis and economic management in Africa is unlikely to materialize.

Cofinancing

As a second avenue for supporting the Initiative, donors might decide to channel some of their capacity-building resources through cofinancing with the ACB Fund. A donor might find this implementation mechanism useful in helping to strengthen some of its ongoing programs, to coordinate with other donors, or to reach a new target constituency which it did not feel capable of approaching on its own. The ACBI Secretariat will take responsibility for monitoring and evaluating the specific program to be cofinanced.

Figure 4.1 African Capacity Building Foundation (ACB Foundation): Organizational structure



Associated programs

Donors will naturally continue to pursue some of their own individual efforts in the field of capacity building where they feel they have a particular preference or comparative advantage. Under the third implementation mechanism, donors—while continuing with existing programs—would agree to inform the ACBI Secretariat systematically of the details of these bilateral programs and to associate them with the ACBI. This will allow the ACBI Secretariat to follow these programs, inform other donors and African parties about them, and maintain a full inventory of capacity-building initiatives.

By associating their own capacity-building programs with the ACBI, donors will help to create a central networking and information center from which they will greatly benefit. For example, a donor might request the ACBI Sec-

retariat to provide an analysis of donor experience in a certain subject or with a certain institution. The mechanism of associated programs, therefore, is a vital part of the ACBI's overall objective to coordinate and rationalize capacity-building efforts in Africa. However, donors are encouraged to participate in all three implementation mechanisms by contributing directly to the Fund, cofinancing with Fund resources, and associating their bilateral programs with the ACBI.

These three mechanisms for implementation will provide a flexible environment for capacity building in policy analysis and development management in Africa. No programs will be imposed by a centralized structure, and the mechanisms will allow for a broad range of actions. Additional mechanisms for implementation might be proposed as the Initiative evolves.

The range of the ACBI's implementation mechanisms will also allow for various modalities

to be used in capacity-building operations. These would include direct funding for projects, twinning arrangements between and among African institutions and donor institutions, networking among specific groups of institutions, analysts, managers, and donors, and use of existing institutional intermediaries in Africa, for example, the African Monetary Center, and effective subregional institutions such as the Southern African Development Co-ordination Conference (SADCC).

Approach to programming

The objective of the ACBI in its first phase is to build sustainable national capacity for economic policymaking and development management. In later phases, if successful, ACBI activities might be extended to other areas of capacity building to be decided by its management. Experience suggests that there are at least four necessary ingredients for an effective policymaking and development management process: the availability of professional skills, a political commitment to use those skills, conducive conditions for professional work, and institutional arrangements for bringing independent policy analysis to bear on key decisions.

The ACBI seeks to provide the necessary ingredients. External support can readily address the first condition by supporting measures to increase the pool of skilled professionals, but assuring an environment that effectively uses professional skills for policy analysis is not easily achieved. Previous efforts have not been notably successful. Thus a major preoccupation of the ACBI will be to strengthen the demand for policy analysis and to promote an environment conducive to first-class work. Establishing institutional arrangements and management processes to assure that key policy decisions reflect thorough analysis is even less amenable to external influence, but the ACBI will try to encourage and help build such institutional structures.

While the demand for policy analysis depends on domestic political realities, and in some cases the reality may be quite inimical to an improvement in capacity, in many cases policy work can be effective. It is essential, however, that it be sensitive to local conditions, located in the right place, and implemented through the appropriate channels. In fact, building a national capacity for policy work will itself help to promote the dis-

course on national policy. Thus, the ACBI does not take the demand for policy work as a given. A key step initially should be to stimulate a dialogue at the national level on the need for and value of building a capacity to improve policymaking and development management. It is important to ensure that at each stage, the ACBI's interventions and programs are client-centered, and that the approach responds to the needs of key policymakers and economic managers.

The main thrust of the ACBI program must be at the *national* level. Many issues reflect common problems, however, and these problems will respond to regional solutions. A regional approach can help identify models of success, disseminate successful experiments, and stimulate governments and practitioners to take a new look at old habits. Moreover, some institution-building may be required at a very specialized level, and here a regional approach allows for economies of scale and resource pooling. The ACBI program will, therefore, incorporate a regional and subregional dimension, adjusted to the needs of national clients.

It is likely that national and regional programs will emphasize the development of specific institutions. But there is also a need to encourage exceptional talent irrespective of an institutional connection. Avenues should be open for outstanding individuals to develop skills even when the circumstances in their home country are unfavorable to capacity building at the present time. Part of the ACBI program will therefore consist of open funding for training of and research by such talented individuals.

In order to implement the activities of the ACBI and to achieve its goals, a new institution will be established—the **African Capacity Building Foundation (ACB Foundation)**.

Initially, the ACB Foundation will help countries carry out a *capacity assessment*. The Capacity Assessment team would include nationals and non-nationals, government and private sector experts, specialists supplied by interested donors, and consultants recruited by the ACB Foundation. The terms of reference would be to review: (a) existing policymaking and implementation processes; (b) policy analysis capacity; (c) the pool of relevant skills; (d) the environment for policy work; and (e) previous technical assistance, training, institution-building and initiatives. In these areas, points (a) through (d) would make use of analysis which may have already been conducted

by the UNDP's Management Development Program. Point (e) would draw upon work already accomplished under the UNDP's National Technical Cooperation Assessment and Programs (NATCAPS), or any similar study financed by a bilateral or multilateral agency. Such missions would then design a national action program for capacity building in line with the needs of the government and other national institutions. A typical program might include the following elements:

- Support for selected government institutions, and especially government policy units undertaking policy research and analysis

- Training, including in-service training, to help improve key national facilities and provide selective training abroad (where national or subregional capacities and facilities do not exist)

- Support for non-government institutional capacity building

- Support for public seminars and fora, publications and media campaigns to foster an environment for public debate of development policy issues.

The *program* should reflect the availability of resources and the opportunity cost of directing scarce human and financial resources to the program. The time frame should be adequate to allow for the development of capacity-building efforts—10 years or more. The program should be focused enough to make a critical impact. Capacity improvements should be phased to ensure that priorities are met—an important lever in sustaining momentum.

A cost-effective strategy for developing regional capacity could include strengthening national institutions; strengthening regional institutions to supply regional needs; and, where necessary, creating new centers at existing institutions.

- **Strengthening national institutions.** Based on capacity assessment studies, the ACB Foundation will give priority to proposals for programs aimed at strengthening institutions and departments concerned with public policy issues. Complementary to this would be programs to strengthen training in areas relevant to policy analysis and development management, especially national institutions capable of serving subregional or regional needs. The African Economic Research Consortium (AERC), for instance, has explored possible regional collaboration for postgraduate work

in economics. With access to ACB Foundation resources, such an approach can be taken one step further.

- **Strengthening regional institutions.** As a first step the ACB Foundation Secretariat could compile an inventory and make an assessment of the programs of regional training and research institutes (for instance, ESAMI, IDEP, the African Centre for Monetary Studies), and collaborative arrangements (such as the AERC and CODESRIA). The survey could also include regional groups (like ECOWAS, PTA, and SADCC) that might have regional capacity-building programs. And regional institutes could be invited to formulate proposals in response to the ACBI. The quality of the response, especially relative to the client's needs, and its relevance to national conditions would be an initial test of existing capacity. It is likely that none of the existing regional institutes has the capacity to offer the sort of training at the postgraduate level envisaged by the ACBI. But in some cases (for instance, ESAMI), regional institutions may already have good physical facilities and considerable experience in the logistics of organizing regional programs.

- **Creating new centers in existing institutions.** The ACB Foundation is unlikely to establish new institutions. However, the establishment of new regional centers in already existing institutions is a possibility. The case for establishing a regional center would have to be compelling and based on the likely prospect that a fresh, ambitious thrust in response to the ACB Foundation's concerns will be realized. The case against it, of course, is that it entails high start-up costs.

To provide options to promising people outside existing institutional structures, an open competitive fellowship program for postgraduate study and research is important. Many countries face problems that make serious institution-building implausible. But there is a need to develop professional groups to provide the human resource base for capacity building when the national environment is more conducive. Moreover, even in countries with strong institutions, it is desirable to provide young professionals with options. Such fellowship programs could be co-financed by the host country.

Operational requirements

All proposals for ACB Foundation support will be evaluated by the ACB Foundation Secretariat. Those considered to be sound and of high priority would be submitted to the ACB Foundation Executive Board for approval. These proposals must conform to the

technical criteria established by the Secretariat and the policy requirements of the Board. The Board will give priority to addressing the constraints, disincentives, regulations, and other barriers that currently obstruct the effective use of local professionals and institutions. The *key requirements* for ACB Foundation support are:

- A sound assessment of national capacity needs, which may, where appropriate, be undertaken jointly by the ACB Foundation Secretariat and the national governments and with the participation of donors and local beneficiaries. The assessment should result in a prioritized capacity-building action program, including mechanisms at the national level to implement it.

- Prospects that the program will lead to the improvement of analysis, formulation, implementation, and management of policies for economic and social reform. The projected benefits and risks must be clearly articulated.

- The use of *African experts and institutions*.

- A strong commitment by the beneficiaries to sustain the capacities to be developed.

Scope of activities

In the first phase, the ACB Foundation's priorities for funding will include:

- Operations that create or improve the conditions and incentives for indigenous experts and institutions, encourage the retention of skilled Africans, and seek to repatriate African professionals for fixed-term appointments, if not permanently

- Initiatives that use Africans in policymaking and management roles

- Operations that provide governments with directly accessible policy analysis advice from African experts, which operations would focus on key public and private sector policy issues or on strengthening management capabilities

- Operations that deal with key economic and social policy problems, identify dysfunctional practices, open up a wider range of feasible options, or disseminate practices that have been effective elsewhere in Africa

- Operations that improve the skills, experience, and attitudes of African policymakers, managers, and analysts who currently (or potentially) play a vital role in the national development and policy reform process

- Operations that build networks within and outside of Africa and among African experts to improve the quality of policy analysis and

strengthen African self-reliance

- Operations that improve donor coordination and achieve economies of scale.

Submissions for funding

Proposals from countries or institutions that qualify for ACB Foundation assistance should include:

- A description of the national background and strategic context of the operation, drawn either from a country assessment or from the country's existing development plan

- A technical, economic, and financial evaluation of the project, including previous efforts and links to current programs

- An assessment of African and donor support for the operation and an evaluation of its relative priority

- An assessment of the technical, financial, and management capacity of the beneficiary (institution)

- Identification of the key clients and beneficiaries of the proposal, their participation in its preparation, and their commitment to utilizing the output and ensuring a supply-demand link

- A description and quantification of the specific outputs

- The approach, strategy, and specific actions to be taken, incorporating a work program and schedule

- The organizational arrangements, budget, and contributions required

- The contribution that the requesting agency is willing to make toward the cost of the program. A counterpart contribution should normally be a prerequisite for ACB Foundation funding.

Technical review

The Secretariat will decide whether a specific program meets the established criteria and falls within the planning framework of the Country Assessment. The Secretariat will assess its priority and recommend to the ACB Foundation's Executive Board whether an operation should be funded by the ACB Foundation or cofinanced with other donors.

Phasing and transfer

Except in special cases the ACB Foundation will transfer funds only as and when projects are implemented, together with an appropriate level of start-up finance. Normally funds will be trans-

ferred based on the satisfactory completion of intermediate objectives and targets. If the recipient does not meet these goals, or is unable to satisfy the conditions stipulated in the funding agreement, further funding will be delayed. The Board, on the advice of the Secretariat, may cancel a program that is not being implemented satisfactorily.

Eligibility criteria

While the capacity-building Initiative's basic objectives are long term, the chances of success will be improved if the program achieves some early results that represent important milestones. Thus it is important to generate enough momentum to demonstrate effectiveness. To do this, the first countries selected should be those in which the probability of evident impact is high. The pilot program should tackle a limited number of countries (say, eight), and should strike a regional balance (for example, among Francophone, Anglophone, and Lusophone Africa, and among East, West, and Southern Africa).

The beneficiaries should be chosen from among those countries that are committed to building a capacity for economic policymaking, and that have expressed an interest in the program. This group should include countries that do not have well-developed professional cadres, those that have a reasonable human resource stock but difficult economic problems, and those that have relatively strong or improving economies but inadequate national capacity.

Specifically, countries will be evaluated against the following criteria (while recognizing that not all criteria can be fully met):

- A recognition that good governance is a prerequisite to economic development
- A willingness to undertake a credible economic reform program, particularly civil service reform, including adequate incentives for performance improvement
- Demonstrable demand for and a concern for achieving effective utilization of domestic personnel and domestic institutions in the field of policy analysis and development management, together with a commitment to improving the level of self-reliance and a wish to reduce dependence on expatriate technical assistance
- An open and nurturing environment and a

supportive intellectual climate (debate, research, publication, and so on) contributing to policymaking and promoting the critical analysis of options for development

- A commitment to coordinating donor support activities in capacity-building efforts.

Monitoring and evaluation

Given the experimental and pilot nature of the ACBI, it is important to put in place monitoring, evaluation and information systems to control and guide progress toward achieving the ACBI's objectives and to provide feedback for revising the goals themselves. The ACB Foundation-funded programs entail comparatively long gestation periods; the evaluation expected after four years, therefore, will have to focus mainly on the management of the process and on assessing the rate of progress in moving toward longer term objectives, rather than on attainment of specific, tangible results.

The monitoring and evaluation system for the ACBI will be expected to provide early feedback on the progress, potential problems, and coordination of the components, as well as the likely outcome and lessons for the future. This in turn will require the ACB Foundation to adopt two operating principles: first, all ACB Foundation activities will have to be framed as projects so they can use conventional project monitoring techniques; second, the objective(s) of an activity (or project) will have to be specified in operational terms to permit a meaningful evaluation.

Monitoring

Project monitoring techniques are well developed and the Secretariat's program officers would be expected to have had experience in this area. At a minimum, the monitoring system will have to track project or program inputs (money, equipment, and staff) and outputs. Performance monitoring will entail assessing the use of resources against the budget and the timetable to make sure that outputs are being produced in a timely and cost-effective way. Considerable importance will also be attached to monitoring implementation methods for effectiveness and efficiency. As noted below, donors will be particularly interested in the replicability of new and effective methods of delivering enhanced capacity.

The most relevant monitoring models for the ACB Foundation will come from projects and programs in the social sectors. Some key features of such projects or programs are that: (a) there is a comparatively

long time lag between completion and realization of benefits; (b) quantification is more problematic than for productive sector or infrastructure projects (for which monitoring techniques were originally designed); and (c) there is a heightened political sensitivity about external interventions in the social sectors. This last feature is especially relevant for ACB Foundation activities, which are intended to affect the way policies are formulated and their content.

Evaluation

There are two important questions that evaluators will have to address. The first is whether the ACB Foundation in its pilot phase has been effective enough to warrant additional investment. The second is what lessons about effective capacity building in Africa have been learned from the pilot phase.

Participants in the ACB Foundation will look to the evaluation process to assess whether the ACB Foundation has succeeded in strengthening their economic management capacity and self-reliance in policy analysis and decision-making in the beneficiary countries, and whether, as a consequence, their relationship with multilateral and bilateral donors has evolved to reflect their control of policymaking.

Donors can be expected to be keenly interested, first, in the overall impact of the ACB Foundation on capacity enhancement, and hence on whether to provide continued support. Second, they will want to know whether the ACB Foundation has succeeded in developing innovative techniques, processes and mechanisms, with a view to incorporating them in their own capacity-building policies. Third, they will be concerned with the question of opportunity cost; does the ACB Foundation, a collective initiative under a centralized secretariat and fund, offer a more effective mechanism than their own programs?

The institutions and individuals that provide services might expect the evaluation to show whether the ACB Foundation has produced an enabling environment where their influence and their opportunities have grown, and whether their analytical work has been integrated in the public policymaking system. They will also want to know whether it has meant enhanced indigenous capacity, less reliance on outside experts, and gradual independence from donor support.

The ACB Foundation will have to be evaluated on at least three levels:

- The extent to which specific activities have met their objectives of strengthening individual and institutional indigenous capacity in the pilot countries and in the regional centers

- The impact of the ACB Foundation in improving national economic management processes and capacity in the beneficiary countries

- The success of the ACB Foundation as a mechanism for capacity building in Africa, particularly the extent to which the ACB Foundation identifies effective processes and mechanisms for delivering capacity-building assistance and for securing donor collaboration.

Since capacity building is a long-term process, expectations of success in the pilot phase should be realistic. The evaluation results will have to be couched in terms of "how much progress has been made?"

Level I

Each project will have a specific set of implementation mechanisms and objectives or targets. The scope, content, and methods of evaluation will vary with the particular activity—whether it is a training program for enhancing individual skills or a project to strengthen the analytical and training capacity of a national or regional institution. Evaluating any of these activities requires specifying an objective plus the standard documentation recording progress, and a closing report. For in-service or other group training activities, an end-of-course questionnaire would be administered as well as follow-up surveys. For fellowships, a system can be established to track the careers of the beneficiaries. This evaluation procedure should yield a rich store of information. In addition, this procedure will help impose a discipline on the selection and design of projects that focus on tangible, client-centered objectives, and feasible approaches. For research programs, the evaluation will track how the results have influenced policies related to the country's development plans.

Level II

At this level the evaluation attempts to link beneficial changes in national (or sectoral) economic management with specific ACB Foundation interventions. Attributing such changes to the ACB Foundation means cutting through a host of intervening variables and relying on indirect indicators. The evaluation will tend to rely on a struc-

tured interview (possibly preceded by a written questionnaire) with policymakers (senior and mid-level officials) and researchers.

Level III

Evaluating the overall effectiveness of the ACB Foundation as a mechanism for capacity building will mean, first, demonstrating the ways it has built capacities in all the participating countries. The evaluation is also likely to deal with issues such as the relationship between supply and demand, the constraints and disincentives facing the use of local capacity, and the conditions under which capacity building works most effectively.

Evaluation at this level will have to address the extent to which donor collaboration has worked. How much has been pledged? Has there been a reduction of overlap, operational collaboration, and a willingness to fill crucial funding gaps as they arise? Evaluators will also have to assess the extent to which donors have been willing to learn from the ACB Foundation approach and change their own capacity-building strategies.

The methodology at this level would entail a combination of organizational surveys, analysis of management information compiled by the Secretariat, and surveys of key stakeholders and beneficiaries.

Organizing the evaluation

It is essential that the Secretariat be involved in gathering data, case studies, and indicators of project results as the program develops. Since the evaluation will rely heavily on case studies and solicited views, the Secretariat should play a major role in the evaluation. This suggests that one staff member should have the requisite skills and experience for the evaluation work; a strong, broad-based social science research background and training in survey methods would be desirable. It is also imperative to obtain an independent, periodic evaluation audit after three years because the Secretariat will have an understandable interest in its own survival.

Links with other programs

The ACBI complements a number of other multilateral and bilateral programs and initiatives aimed at building capacity and strengthening institutions.¹⁴ The bilateral programs are too numerous

to list here, but the ACB Foundation will be designed so that there will be no overlap with or duplication of the following related activities:

The World Bank's education initiative

Two World Bank documents—*Sub-Saharan Africa: From Crisis to Sustainable Growth* and *Education in Sub-Saharan Africa*—reinforce a central theme: the need to improve the quality of basic education. Both papers emphasize that this focus on primary education is within the context of a broader concern for a balanced system of education. A solid educational base is a prerequisite for a higher education system capable of producing well-trained graduates. The ACBI and the Education Initiative converge on the need for a disciplinary mix that is aligned to priority development needs, particularly those for advanced degree programs. However, the ACBI and the Education Initiative only partially overlap. The ACBI is particularly concerned with stimulating demand for research and policy analysis, with postgraduate in-service training and continuing education, and with strengthening the institutions outside the formal education system that provide essential training, research, and consulting services.

Agricultural management training initiatives

Two current programs focus on African managerial capacity in agriculture—the Agricultural Management Training for Africa (AMTA) and the Agriculture and Rural Development Network (ARDNET).

The AMTA is working on a methodology for training project managers in agriculture, developing curriculum and training materials, and improving regional and national vocational institutions. The program was initiated in 1984 by the International Fund for Agricultural Development (IFAD), the Organization of African Unity's Scientific, Technical and Research Committee, the African Development Bank (AfDB) and the World Bank's Economic Development Institute (EDI). Twenty institutions will have been strengthened under this project when the current phase of the AMTA is completed in 1991.

The ARDNET program was prepared by the EDI in collaboration with the FAO, CIDA, and the government of the Netherlands, to improve the region's capacities for sector planning and management development. It complements the

AMTA's goals by strengthening training institutions' abilities to: (i) assist middle and senior managers in agriculture with strategic planning and policy formulation; (ii) improve agricultural services to meet the needs of small-scale commercial farmers; (iii) assist smallholders and community groups with credit and other financial services; and (iv) develop materials and training for community organizations in managing common property. The anglophone ARDNET component, covering 12 training institutions, was launched in May 1990; the francophone component, for the Sahelian countries of West Africa, is expected to start in late 1990.

UNEDIL

The UNDP/EDI/ILO Program (UNEDIL) shares the ACBI's commitment to African self-reliance and African leadership. While the specific focus of UNEDIL is to strengthen African training institutions, the program emphasizes linking supply to demand and developing the marketing skills of the institutions. UNEDIL is a mechanism for pooling the scarce resources of African management institutions in a network of 16 of the leading institutions on the continent working closely with their regional associations, key client groups, and consortium of donors, which include the United Nations Development Programme (UNDP), the World Bank, International Labour Organisation (ILO), Commonwealth Secretariat, U.S. Agency for International Development (USAID), CIDA, the government of the Netherlands, and SIDA.

UNEDIL works on civil service improvements, state enterprise reform, and private sector development. The activities of UNEDIL-assisted institutions cover issues of sector and project management. In contrast, the ACBI will focus on government policy units, selected faculties or programs of universities, and research as well as training institutions. Thus the UNEDIL program closely complements the ACBI's focus on policy analysis and economic management.

Special Action Program for Administration and Management (SAPAM)

SAPAM provides assistance to improve administration and management capabilities. Under UNDP leadership, SAPAM operates in two areas: the UN Inter-Agency Task Force for SAPAM, and country-specific work, funded by a \$6 million

grant from the Netherlands Trust Fund. The Inter-Agency Task Force serves as a mechanism for the exchange of information and coordination among the membership (the UNDP, ECA, DTCD, ILO and World Bank). SAPAM has worked on management and administrative capacity in seven countries. In addition, the UNDP has a \$1.6 million SAPAM-related project that will be executed by the ECA. The UNDP is conducting an evaluation of SAPAM's achievements, effectiveness and its future role.

UNDP Management Development Program

The UNDP Management Development Program (MDP) established in 1988 aims at assisting developing countries in improving their public sectors by enhancing governments' management capabilities. It focuses on the efficiency and productivity of the public and parastatal sector; the capacity of an administration to formulate and implement long-term reform policies; and the organization of the civil service, including conditions of service. Most of the MDP's resources are provided to poor countries, with priority given to those classified as least developed. Fifty percent of the resources are likely to be spent in Sub-Saharan Africa.

National Technical Cooperation Assessment and Programs (NATCAPS)

National Technical Cooperation Assessment and Programs (NATCAPS) were developed by the UNDP in response to criticisms of technical assistance with the objective of assisting developing countries in managing and programming the technical cooperation they receive more effectively. The main outputs of the NATCAPS include: (a) a reliable data base on existing technical cooperation, (b) a government policy framework for technical cooperation, and (c) technical cooperation programs. NATCAPS are now under way in more than 20 Sub-Saharan African countries.

The consulting capacity-building program

In response to a program to develop consulting capacity,¹⁵ African consultants from seven countries identified a number of problems facing the profession. These can be grouped in three broad areas: a lack of capacity, a negative attitude on the part of African governments (including inappropriate macroeconomic policies), and inappropriate

ate procurement policies of potential clients, particularly international aid agencies.

The approximately 350 consultants concluded that an adequate program for developing and training consultants in Africa would provide: (a) access to marketing information, (b) equal consideration by donor and governmental procurement policies, (c) education and training in the management of consulting firms, and (d) adoption of professional performance standards.

The ACB Foundation could assist African consultants by providing support for expanding capacity, improving their organizational structures, national and regional associations, and procedures to establish national standards; organizing seminars and workshops; supporting training programs by established consultants; helping consultants with marketing; and encouraging government policymakers to use services.

Special Program for African Agricultural Research (SPAAR)

In starting the SPAAR initiative, the World Bank and the international community recognized that the weak stage of institutional maturity and scientific capacity within agricultural establishments was a critical factor in the absorption of external aid resources. SPAAR, as a principal instrument for addressing Africa's institutional capacity needs in the agricultural sciences, was intended to replace the narrow and often short-term resource transfer model of capacity building, with more of a human capability and institution building model that was longer term. At the 10th plenary session of SPAAR in June 1990, it was agreed that to assist African agricultural research institutions and individual scientists in their national and regional policy contributions, a framework for action would be established for presentation at the next SPAAR meeting in February 1991.

This process is very important for the ACBI. For example, in Southern Africa, SPAAR has worked closely with the deans of faculties of agriculture in the SADCC region to agree on precedent-setting regional specializations for five SADCC universities covering masters and PhD programs in agricultural sciences and economics. On the assumption that African capacity in policy analysis and management requires

sound agricultural and technological skills as well, the ACBI Secretariat should coordinate closely with SPAAR, and the ACBI Executive Secretary should attend SPAAR's annual meetings to assure optimum program complementarity and coordination.

African Economic Research Consortium (AERC)

The AERC is an example of a potentially successful capacity-building research network. The exchange about policy options and experiences facilitated by the AERC is open, nonpolitical, constructive, and carried on mostly by Africans. It is fully expected that the ACB Foundation would help support the work of the AERC.

Established in 1988 and based in Nairobi, the Consortium provides funding and technical support to some 20 teams of four or five researchers. The AERC network of individual researchers—linked with practitioners—have contributed to national economic policies by focusing on selected economic problems: balance of payments and debt management, for example. To ensure interaction among the teams and to enhance the quality of research, the Consortium also provides periodic meetings of the networks and seminars on technical issues of common interest.

The Consortium's effectiveness is largely due to the flexible approach that allows programs to be tailored to the needs of individual groups of researchers. By enabling well-trained Africans to remain in contact with colleagues across Africa and overseas, it is helping them to stay at the frontier of their profession and continuously deepen their professional knowledge.

Collaborative arrangements

One potential strategy for capacity building is the funding of long-term collaboration ("twinning") among and between African institutions and with those in the donor countries. Such collaboration has two potential advantages: (a) access to expertise; and (b) continuity of contact and support.

Such collaboration can be a useful ingredient, but will require careful programming. Past experience with twinning arrangements involving support from OECD development research and training institutes in Africa has been less than satisfactory for a number of reasons.

One problem is that only a few of the development studies institutes in the OECD countries have significant practical experience or expertise in economic management, and no proven track record in sup-

porting effective policymaking. Many development institutes were established in response to the conditions of the 1960s and 1970s and have not adapted to the needs of the 1990s.

One particular concern has been raised. Given their financial needs, these institutions tend to be enthusiastic in seeking contracts, and may be committed beyond their capacity. The result is that contractual obligations are met by temporary staff with a marginal relationship to the core staff. As a result, many collaborative projects have not lived up to the expectations generated by the reputation of the collaborating institution. The use of ACB Foundation funds to support collaboration will require more thorough planning than has typically accompanied previous twinning initiatives.

In particular, it is vital to examine the actual expertise that will be provided. It is not unusual to find that the qualifications and experience of so-

called technical assistance experts are less impressive than those of their African counterparts. It is also important to assess the commitment of such staff to the project in question.

A concerted effort must be made to extend the pool of potential partners beyond the usual group of development centers and consulting groups to include institutions such as national statistical offices, economic institutes, and business schools.

Realistically, effective collaboration is expensive. It requires generous funding over a period long enough to enable the partner institution to plan its own work to ensure high quality. As this will involve allocation of considerable resources outside Africa, there is a particular need for rigorous appraisal. The ACB Foundation, with the assistance of donors, should therefore make a careful assessment of the competence of possible partner institutions based on past performance and existing staff.

5

Management structure

The ACB Foundation will have a three-tier management structure: the Board of Governors, Executive Board and Secretariat.

Board of Governors

The ACB Fund will be governed by a Board of Governors. To qualify for Board membership a country in Sub-Saharan Africa is required to make a minimum contribution of US\$250,000, while all other members are required to contribute at least US\$1 million. The Governors will meet annually, preferably at the time of a meeting of the Special Program of Assistance (SPA) for the low-income, debt-distressed countries of Sub-Saharan Africa. The Board will adopt its own rules and procedures and Board members will serve without compensation. The Board will appoint the ACB Foundation's Executive Board, select the Chairman of the Executive Board, and review and approve the ACB Foundation's broad objectives, policies, and annual report. It will have the authority to terminate the ACB Foundation. It will agree on the replenishment of the ACB Fund as may be needed from time to time.

Executive Board

Membership and tenure

The ACB Foundation's Executive Board will oversee the Executive Secretary and the Secretariat. The members will serve in their personal

and professional capacities.

Board members will be selected on the basis of their professional competence, intellectual ability and their knowledge of African development issues. It is important that they have credibility in both donor and African countries, possess good diplomatic and analytical skills, have had in-depth exposure to economic development issues, and have a long-term perspective on the issues involved.

The Executive Board will have 11 voting members plus the Executive Secretary. The three sponsoring agencies will each be represented. Four members will represent the OECD countries and four will represent Africa. These eight members may be reappointed once, and they will be remunerated (fees plus expenses). The Chairman of the Executive Board may hold a full-time senior position elsewhere. The Executive Board will meet at least twice a year.

Responsibilities

The Executive Board will:

- Appoint the Executive Secretary and establish his or her terms and conditions of service
- Approve guidelines for staffing, and administrative procedures for recruiting and training professional personnel, including conditions of service, compensation, and benefits
- Establish criteria to determine which countries, institutions, or persons qualify for assistance
- Set priorities for research, training, and management improvement
- Review and approve the ACB Foundation's programs and activities to assure that they conform to

the changing needs and priorities of Sub-Saharan Africa, review the evaluation of the first phase, and propose any necessary policy changes in the way the ACB Foundation will operate in its next phase

- Promote and ensure the ACB Foundation's operational autonomy, insulating it from the policies and biases of donors, countries, or international agencies
- Ensure the ACB Foundation's financial integrity and accountability, including timely professional auditing of its operations.

Secretariat

Function and staffing

The ACB Foundation will be managed by a Secretariat that will:

- Select countries, institutions and persons who qualify for ACB Foundation funding
- Assist potential beneficiary governments in organizing teams to prepare national capacity assessments to serve as the base for ACB Foundation-funded programs
- Prepare policy papers for the Executive Board
- Assist governments and other beneficiaries to design projects, including studies on national and regional capacity-building issues
- Promote and supervise research on building national capacity for policy analysis and development management, including ways to ensure more effective use of trained nationals
- Monitor project implementation and collect some of the information vital to the evaluation of the ACB Foundation's first phase
- Ensure that projects meet the ACB Foundation's standards and principles, and that these activities are cost-effective.
- Generate improved approaches to capacity building and collect models of success.

A lean Secretariat is suggested with perhaps higher-level staff to be recruited as follows:

- Executive Secretary
- Program Manager
- Program Officers
- Financial and Administrative Manager
- Research and Evaluation Adviser
- Legal Counsel/Administrator.

Staff profiles

ROLE OF THE EXECUTIVE SECRETARY. As the chief executive officer, the Executive Secretary will serve

as an ex-officio (non-voting) member of the Executive Board and will be responsible to the Board. The Executive Secretary will provide the Board with progress reports, including proposals establishing ACB Foundation policies and recommendations on the use of resources. He or she may consult with the chairman on major issues and will keep the chairman informed of progress. The Secretary will have authority for day-to-day management, and will seek authorization of the Board for all significant financial commitments.

The appointee will be responsible for identifying and developing ACB Foundation programs, monitoring and evaluating operations, preparing reports for donors and African governments, managing the Secretariat, and coordinating activities with the Executive Board and the Board of Governors.

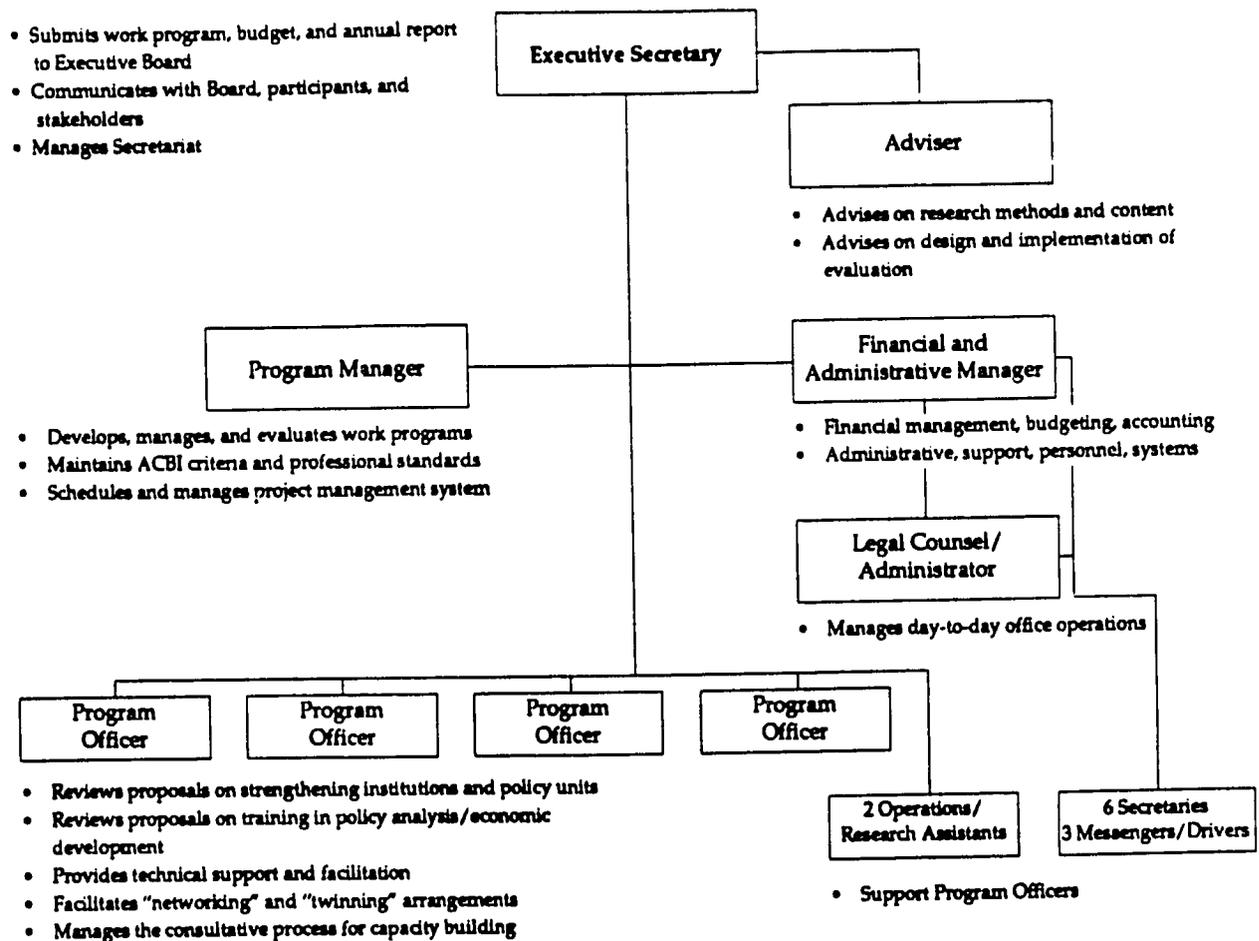
Responsibilities. The Executive Secretary will be responsible for:

- Developing operational plans to implement the Foundation's strategy for assisting capacity building in policy analysis and development management
- Obtaining the cooperation of donors and African governments
- Developing and executing grant programs
- Soliciting funds, managing donor groups, and coordinating assistance
- Managing a small professional staff
- Communicating with the Executive Board and the Board of Governors.

Credentials. The Executive Secretary should be a person of considerable standing within and outside Africa. Tenure will be for a four-year term initially, with the possibility of a one-term extension. The appointee would be expected to have a strong curriculum vitae covering the following qualifications and credentials:

- Advanced degree in the social sciences from a recognized university
- Experience in policy analysis, economic management, diplomacy, negotiation, and a proven track record in Africa. To provide credibility it is recommended that the appointee be an experienced, well-qualified African national.
- Extensive knowledge of and experience with African development issues and especially the region's needs for trained professionals in policy analysis and development management
- A demonstrated commitment to the cause of African development
- A sound knowledge of African institutions,

Figure 5.1 African Capacity Building Foundation (ACB Foundation): Management structure of the Secretariat



Note: As of the end of 1992.

centers of learning and non-governmental organizations

- Excellent communication and political skills
- Related work experience in senior positions of at least 15 years
- Fluency in English and a good working knowledge of French, or vice versa.

PROGRAM MANAGER. Under the day-to-day supervision of the Executive Secretary, the Program Manager will be responsible for the quality of the ACB Foundation's programs and projects, ensuring that they are relevant to the needs of the ACB Foundation's clients, are executed in a timely way, and meet the highest operational standards of effectiveness and efficiency. The Program Manager will form part of the Secretariat management team.

Qualifications. The Program Manager will require a background of training and experience comprising:

- An advanced degree in one of the social sciences from a recognized university, and at least 10 years experience in one or more development disciplines as a researcher, policy analyst, program manager in a development research or training institute or university, government ministry or state enterprise, or as a private consultant
- A thorough knowledge of African development issues and international economic trends
- An ability to conceptualize, plan, prioritize and coordinate innovative approaches to capacity-building programs at the regional, country or institutional level, and to maintain a dialogue with the beneficiaries and cofinancing agencies
- A superior ability to communicate orally and in

writing with senior members of the Executive Board, senior officials, researchers and other professional staff in government, universities, international agencies and other institutions

- Demonstrated ability to present, discuss and negotiate program and project proposals with potential beneficiaries in government and universities and with private individuals or institutions
- Demonstrated ability to manage a working team of professionals
- Fluency in either English or French (the Secretariat's working languages) and preferably both; knowledge of Portuguese would be advantageous.

PROGRAM OFFICERS. Under the day-to-day supervision of the Program Manager, the Program Officers will assist in preparing Country Assessments, and will help design, negotiate, secure Executive Board approval of and, once included in the ACB Foundation's portfolio, manage capacity-building programs or projects. Program Officers will also be responsible for monitoring the progress of programs or projects against their budgets and timetables and, on occasion, will participate in ex-post evaluations of their outcome.

Qualifications. Program Officers will have a background of training and experience comprising:

- An advanced degree in the social sciences, business administration or law from a recognized university and at least five years work experience in program or project management or related work in government, the private sector or an international agency
- Sound knowledge and experience in one or more development disciplines and a thorough knowledge of African development issues
- Facility in either English or French
- Ability to work effectively and harmoniously as part of a small team.

FINANCIAL AND ADMINISTRATIVE MANAGER. Under the day-to-day supervision of the Executive Secretary and within the policy framework enunciated by the Executive Board, the Financial and Administrative Manager will be responsible for establishing and managing a planning, programming and budgeting system and a parallel personnel management system appropriate to the objectives and the staff of the ACB Foundation Secretariat. He or she will form part of the Secretariat management team. The officer will be assisted in carrying out

these responsibilities by an Office Administrator.

Qualifications. The Financial and Administrative Manager will have a background of training and experience comprising:

- At least a master's degree from a recognized university in one or more of the fields of business or public administration, accountancy, or related disciplines and at least five years of relevant experience in managing budgets of about US\$2.5 million, preferably in non-revenue earning institutions in the public or private sector of an African country or in an international institution
- Strong analytical and quantitative skills and a good operating knowledge of modern information systems for managing, monitoring and evaluating work programs and the ability to adapt these to capacity-building operations in Sub-Saharan Africa
- Sufficient familiarity with modern office equipment for communications, word processing and desk-top publishing to judge their suitability for ACB Foundation operational and staff needs
- Experience in personnel management, including the establishment and maintenance of a salary and benefit pay system for internationally recruited staff
- Familiarity with local procurement procedures, government procedures and ordinances affecting international institutions and labor market practices
- Strong ability to communicate orally and in writing
- Ability to solve problems with a high degree of initiative and innovation.

ADVISER. Under the day-to-day supervision of the Executive Secretary, the Adviser will be responsible generally for monitoring and evaluating ACB Foundation operations and particularly for enhancing the quality of policy research supported by the ACB Foundation and of the evaluation work undertaken or commissioned by the Secretariat. The Adviser will form part of the Secretariat management team.

Qualifications. The Adviser will have a background of training and experience comprising:

- An advanced degree in one of the social sciences from a recognized university and at least 10 years' experience in one or more development disciplines as a researcher or policy analyst in a public or private institution engaged in development management training or research
- A thorough knowledge of research methods in the social sciences and awareness of develop-

ment research under way in Sub-Saharan Africa and in leading international centers

- A thorough knowledge of evaluation methods in development management training and related social science fields and some experience in applying them

- A superior ability to communicate orally and in writing with senior researchers and officials—the ACB Foundation Executive Board and those in government, universities, private institutions and international agencies

- Fluency in English or French (and preferably both); some knowledge of Portuguese would be desirable.

LEGAL COUNSEL / ADMINISTRATOR. Under the day-to-day supervision of the Financial and Administrative Manager, the Legal Counsel/Administrator will be responsible for legal matters pertaining to the ACB Foundation; creating a hospitable work environment; and establishing and maintaining an efficiently functioning ACB Foundation Secretariat. In particular, the responsibilities will entail implementing personnel policies, payroll and other accounts, procurement, and recruiting and managing local staff.

Qualifications. The Legal Counsel/Administrator will have a background of training and experience comprising:

- A law degree from a recognized university and substantial experience in international law

- At least five years experience in managing an office in a government department, a private institution or an international agency engaged in activities similar to those of the ACB Foundation

- Knowledge of modern office technology and its procurement

- Experience in personnel management and local labor market conditions and practices

- Experience in office accounting systems, including payroll

- Some knowledge of local customs and traditions and local housing and education.

SENIOR STAFF ASSISTANT. Under the day-to-day supervision of the Executive Secretary, the Senior Staff Assistant will provide the full range of executive and secretarial functions, including dealing with sensitive and confidential information and maintaining an effective network of contacts with ACB Foundation Board

members, beneficiaries, and international agencies.

Qualifications. The Senior Staff Assistant will require a background of training and experience comprising:

- Excellent proven executive secretarial skills and abilities in organizing, prioritizing, planning and coordinating executive and secretarial work of the ACB Foundation

- Ability to communicate orally and in writing with senior officials within the ACB Foundation and outside it

- Highly developed interpersonal skills with a pleasant diplomatic personality and cooperative attitude

- Proven reliability in handling sensitive and confidential information.

Staffing policies and operational procedures

Conditions of service (selection, hiring, compensation and benefits, termination, and so on) for ACB Foundation staff will be subject to the same conditions and terms applicable to other international organizations. All staff except the Executive Secretary will be hired on a fixed-term basis for a period of four years, which term is renewable. The Executive Secretary will submit procedures for the ACB Foundation's internal operations to the Executive Board for approval.

Location

The Secretariat will be located in Africa to reinforce African identification and ownership of the Initiative. It is proposed that the location of the Secretariat be kept distinct from any other regional organization, so as to prevent any likelihood of incorporation or confusion of purpose. The selection of location is based on various criteria applied to a number of candidate cities. The criteria are:

ACCESSIBILITY. Ease of travel both within Africa and between Africa and Europe. Because of the complexity of air transport in Africa, this criterion consists of three sub-criteria: travel within the subregion (Eastern, Southern, and Western Africa); travel from one subregion to another; and travel to and from Europe. Some cities score high on one or two of these, and poorly on a third, so the results must be averaged.

COMMUNICATIONS. Telecommunications (telephone, fax, telex) and mail.

PROXIMITY TO KEY CENTERS. These include international educational and research agencies, and donor regional centers, that will help to ensure that the Secretariat is not isolated, but kept in touch with broader developments.

GOVERNMENT SUPPORT TO INTERNATIONAL AGENCIES LOCATED LOCALLY. The record of support from the host government for similar international agencies located in the country, including contributions, protection and diplomatic status.

LOCAL LIVING COSTS. Cost of housing, office accommodation, utilities, food and supplies.

QUALITY OF LIVING STANDARDS. The attractiveness of the social environment, standard of living, quality of housing and facilities, and other factors which are needed to attract and retain high-caliber staff for the Secretariat.

AVAILABILITY OF LOCAL RESOURCE SKILLS. The Secretariat will be small, and inevitably will be faced with tasks from time to time for which it needs to

contract local analytical and technical skills. This criterion is concerned with the convenient supply of such high-quality skills locally.

POLICY ENVIRONMENT. The political and economic stability in the country, and conduciveness of the climate to open intellectual debate on economic development policy.

Conclusion

These criteria were applied to African cities that are involved in some level of regional or international activity: Abidjan, Addis Ababa, Dakar, Gaborone, Harare, Lomé, Nairobi, and Yaoundé (the latter representing a combination with Douala). The application of these criteria yielded a group of four cities — Dakar, Gabarone, Harare, and Nairobi—most qualified to serve as the location for the ACB Foundation. Of these four, Harare was judged to meet the criteria in the most cost-effective way, and the government of Zimbabwe has agreed to host the headquarters of the ACB Foundation.

6

Building African cadres of excellence

Sub-Saharan Africa and its external partners face difficult challenges in the 1990s and beyond. As indicated in the World Bank's long-term perspective study, Africa's future development will depend upon four major cornerstones: investing in people, sustaining adjustment efforts, improving the quality of governance and government institutions, and maintaining the momentum of donor assistance. The ACBI would be an essential element helping to build these connections.

There is, of course, a risk in undertaking a new international initiative. The risk of doing nothing, however, is even greater. Without adequate capacities in policy analysis and development management, the reform efforts currently being undertaken across Africa are unlikely to succeed. Foreign technical assistance and expatriates will continue to fill policy analysis and management gaps, at high cost to both African governments and donors. Also, as the small existing numbers of qualified African analysts and managers retire, there will be no certainty of their replacement. As in the case of infrastructure, the failure to invest in and to maintain human resource capacity will prove to be extremely costly. Moreover, unless action is taken now, the opportunity may pass to capitalize on the emerging realization that internal capacity must keep pace with policy reform. Without the proposed concerted capacity-building effort, each donor will go its own way,

and there will continue to be duplication, contradiction, and unnecessary waste of resources. The fundamental issues facing African economic management will not be tackled.

As has been emphasized repeatedly in this paper, the time horizon for the development of sustainable human and institutional capacity in Africa is decades, not years. But a start must be made now if tangible results are to be achieved in the future. Again, as this paper has indicated, the ACBI's results will be closely monitored at every phase of implementation and the impact will be measurable.

Only a few decades ago, Latin America and Asia were experiencing many of the same problems in policy analysis and economic management that Africa is facing today.¹⁶ Even in parts of the industrialized world, little more than a century separates the relatively efficient bureaucracies of today from administrations in which inadequacy, misallocation, incompetence, and corruption were the rule rather than the exception. History suggests, therefore, that the deficiencies currently facing Africa need not be viewed as intractable. Indeed, political responsibility and accountability in Africa are likely to be increased by improving policy expertise and predictability. The ACBI can thus help significantly to promote better governance in Sub-Saharan Africa.

Donor agencies that have been supporting human and institutional development in Africa share many of the concerns expressed in this paper and are seeking ways to improve the effectiveness of their support. In 1989, several proposals emerged on the

international scene which emphasized the need for increased and improved capacity-building efforts. Most notably:

- **The Independent Group on Financial Flows to Developing Countries** (chaired by former Chancellor Helmut Schmidt of West Germany) proposed a \$1 billion endowment fund for "policy-making, professional, technological and managerial leadership in Sub-Saharan Africa."

- **The Committee of Ten to the African Development Bank** (which included former World Bank President, Robert S. McNamara) recommended the establishment of a \$500 million endowment fund to create more policy experts and to support management training institutions.

- **The Government of Japan**, in the address of the Honorable Ryutaro Hashimoto, Minister of Finance, to the Boards of Governors of the World Bank and IMF (September 26, 1989), announced a \$300 million Special Fund for Policy and Human Resources Development to be established in the

World Bank—to help make "governments' administrative systems more efficient and improve their capacity in formulation and implementation of policies which are needed in those countries."

The moment seems opportune, therefore, for an international effort to address the need for policy analysis, development planning, and economic management in Sub-Saharan Africa. As far as African governments are concerned, more and more are deepening the process of economic policy reform. They are open to ideas for producing and utilizing the cadres of policy analysts and economic managers that they recognize are needed to sustain the region's development progress over the long term. The donor community, working together and coordinating its efforts, can play an important role in helping African countries to attain that fundamental objective. The ACBI offers a conceptual and operational framework for the effort to begin.

**INITIAL ENVIRONMENTAL EXAMINATION
or
CATEGORICAL EXCLUSION**

PROJECT COUNTRY: Africa Regional

PROJECT TITLE AND NO.: Afr. Capacity Building Initiatives
-(698-0536)

FUNDING: FY(s) 91-94 US\$10.0 mil

IEE PREPARED BY: Abbe Fessenden, AFR/PD/SA

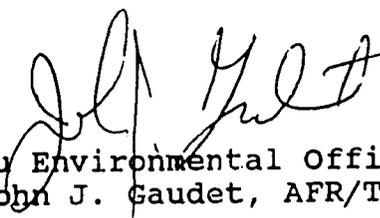
ENVIRONMENTAL ACTION RECOMMENDED:

Positive Determination _____
 Negative Determination _____
 Categorical Exclusion XXXXX _____
 Deferral _____

SUMMARY OF FINDINGS:

This project is part of a larger, multi-donor effort to establish the African Capacity Building Fund, a trust fund which will involve the development of long-term national action plans for capacity building. Since no actual construction of facilities will be involved, this activity would fall within Section 216.2(c)(2)(i) of Reg 16, and would therefore qualify for a Categorical Exclusion.

CONCURRENCE:


 Bureau Environmental Officer:
 John J. Gaudet, AFR/TR/ANR

APPROVED: X
 DISAPPROVED: _____
 DATE: 2/2/91

CLEARANCE:

GC/AFR: 

DATE: 3/1/91

MEMORANDUM OF ECPR CONCLUSIONS

May 6, 1991

AFRICAN CAPACITY BUILDING INITIATIVE

(698-0536)

The ECPR to review the African Capacity Building Grant (ACBI), chaired by AFR/PD Director Tim Bork, was held on May 6, 1991. Representatives of AFR/PD, AFR/DP/PAR, AFR/TR/EHR, AFR/SA, AFR/EA, AFR/SWA, and GC/AFR attended the ECPR. The meeting concluded that once changes were made in accordance with the ECPR recommendations and guidance, the PP and Grant to the IBRD should go forward for authorization by AA/AFR.

A. Issue: Why is the ACBI multilateral approach to capacity building better than a bilateral approach in accordance with CDSS-CPSP strategies? Will this approach to building capacity for policy analysis and development management succeed when previous efforts have not been sustainable?

Discussion: AFR/DP/PAR stated that in the case of ACBI the multilateral approach was preferable because purely bilateral capacity building efforts had resulted in a haphazard process and a lack of coordination (gaps, duplications, emphasis on pet projects of lower priority, etc.). A multilateral approach should get all donors pulling in the same direction. ACBI's multilateral, regional approach should realize important economies of scale, reduce duplication, and facilitate establishment of regional networks involving senior practitioners of policy reform analysis. Our assistance to ACB Foundation will facilitate buying into a process which will concentrate resources to realize increased policy analysis and development management capacity. A bilateral effort to coordinate donors may be viewed as an inadequate response to a multilateral problem, and may ruffle feathers. It should be noted, however, that A.I.D. has and will continue to play the role of a major catalyst in the area of public policy analysis. The multilateral framework of ACBI gives A.I.D. more scope and brings in important new resources to facilitate capacity building.

Concern was expressed regarding the project's sustainability. It is a pilot project of limited duration, covering perhaps eight countries and a few selected institutions. The project's approach is the result of a process of dialogue, building on experience, especially with Guinea's education sector reform program and the approach used in Uganda. The major value of the

pilot may rest in the planning process and coherent identification of the gaps. The pilot is designed to prove sustainability of the approach and has elaborate monitoring and evaluation programs.

Recommendations: (1) That additional material be added to the PP regarding justification and selection of the multilateral approach (see revised background and rationale section of the PP).

(2) Regarding sustainability, see the expanded discussion under VI. A. Supply, Demand and Sustainability (pp.20-22). This is a pilot program, which includes demonstrating sustainability of the ACBI type approach. If the experiment does not demonstrate sustainability, then ACBI is supposed to end and A.I.D.'s assistance will end.

B. Issue: Is the grant budget specific enough to meet the requirements under 611 (a)? Shouldn't the ACB Foundation core budget be more explicit as to what the funds will be used for, as well as increasing the specificity of the A.I.D. contribution?

Discussion: There must be an adequate demonstration of what the funds will be used for and what the grant will accomplish so that we get \$10 million of value for our input. Under ACB Foundation procedures, the individual assistance budgets must be developed from the Action Plans, which are in turn the results of the assessment process. Consequently the projectized assistance activities and of each selected country and regional institution have not yet been developed. Each projectized program will be different, although both the assessments and the implementation actions will involve common activities.

Recommendation: That adequate budget material be incorporated into the PP. Since more specific budgets for Core projects under the ACB Fund are not available, illustrative budgets have been prepared based upon the consultant and participatory workshop process for the assessment/Action Plan process; and for illustrative implementation activities in a country. The budgets use material from similar workshop and consulting efforts. Illustrative budgets were prepared for assessment of a regional institution and its Action Plan. Since donor co-financing will also support the Action Plan activities along with ACB funds, the total cost of a country program will be much higher when all sectors are incorporated.

See Section IV regarding budget and financial plan, and Section III regarding ACB Foundation program and selection criteria.

D. Issue: Does the proposed ACBI management structure give A.I.D. sufficient control over its funding to ensure

coordination with other A.I.D. programs and priorities?

Discussion: ACBI has strong and specific criteria for country selection and project support. Projects are approved by the 11 member Executive Board, on which the United States Government will be represented by a private sector nominee. The Executive Board is responsible to the Board of Governors, where the U.S. government Representative (probably AA/AFR or his nominee) sits. The ECPR felt that as long as incremental advances are made against a specific request for disbursement, accompanied by reports on expenditures to date, sufficient control was built into the process.

Recommendation: That a six month advance disbursement mechanism be used as required by Treasury regulations and that IBRD be required to provide to A.I.D. a list of activities to be financed with those funds in accordance with normal A.I.D. procedures. [In the end, a 60 day advance procedure was agreed upon.] Criteria for ACB Foundation country and institutional selection, capacity assessment and action plan approval, and projectized assistance approval are provided on pp.14-18 of the PP.

E. Issue: The project objectives have no quantified indicators as to the expected results from a pilot program. How do we intend to measure the results?

Discussion: In a standard DFA funded project, one would expect to have at least some quantitative indicators for end of project status at all levels, including definite people level impact at the purpose level. The ACBI has a problem in that precise indicators can only be identified after ACBI project implementation begins and the Action Plans in selected countries and regional institutions have been developed. There will be variation among the countries and selected institutions, according to the existing level of capacity development and the degree to which other donors are providing assistance. According to the IBRD, considerable effort will go into evaluating progress made in implementing these capacity building activities at several levels, so that measurement of the degree to which projectized activities and individual action plans do achieve their objective will occur. This includes meeting specific targets before the next increment of funds are released.

Recommendations: (1) Revise the logframe so that the indicators are limited to what the participating countries/institutions will achieve within the pilot project framework, and that it try to take into account People Level Impact considerations wherever possible. (See revised logframe.)

(2) The U.S. Executive Board Representative insist on quantified indicators in all projects and programs supported by

the ACB Fund.

(3) A.I.D. conduct a separate evaluation of progress in the fourth year of the project, using PD & S funds.

F. Issue: Does the ACBI pay sufficient attention to strengthening the demand for policy analysis and development management in the government of the country concerned?

Discussion: Many early capacity building efforts for policy analysis foundered on the unwillingness of decision-makers to implement the recommended policies to place trained participants in decision making positions. Although the ACBI program, at A.I.D. and other donor insistence is much stronger now on the demand side, some members of the Project Committee feel that more attention should be paid to the problem. Some committee members felt that the project should not be responsible for the creation of demand (especially in such a short time frame). Others felt strongly that the project should undertake activities which would contribute to or facilitate the development of indigenous (not donor-driven) demand for policy analysis, and thus use of results in policy and institutional reforms.

Recommendations: (1) That, as planned, the pilot project should be undertaken only in countries/institutions where a demand exists for policy analysis and improved development management. ACB Foundation programs should also support development of private sector capacity, which should contribute to demand.

(2) While we can't expect this pilot project to create demand from nothing in the short run, ACB Foundation should undertake activities, within the Action Plans, which contribute towards building broader support for policy analysis. This is reflected in the PP and the logframe.

G. Issue: Who will manage implementation of ACBI for A.I.D.? Who will steer the authorization and approval process of this regional activity given the reorganization process?

Discussion: The Issues Paper proposed that AFR/ARTS (under the new organization (or TR under the old), implement the ACBI grant because it focuses on policy reform. ARTS will have continuous discussions with the International Financial Institutions, the donors, the International Foundation for Building African Capacity, etc. on structural adjustment and policy reform. Considering the project's objectives and the light management requirements of assistance to PIO's, it seemed logical to place management responsibility with the unit responsible for policy analysis.

The ECPR discussion focussed on the objectives of the Africa Bureau reorganization, which are to reduce the "clutter" of project management by technical offices. Although it will prove necessary from time to time to involve an officer with substantive knowledge of policy reform from time to time to review progress, one of the principles of the Bureau's reorganization is based on separating analysis functions from those of day to day project implementation.

Recommendation: The ECPR concluded that:

- The management and implementation of ACBI should be in the hands of ONI, but that they should call upon ARTS for substantive knowledge of policy reform when necessary. This should be confirmed with the Office Directors(Done).
- Jerry Wolgin should participate in the negotiations of the Grant Agreement with the IBRD, along with an ONI representative (for continuity) and GC/contracts representatives.
- PD should draft the authorization and the grant documentation.

H. Concerns:

1. HB 13 Ch 5 Criteria for Meeting Grants to Public International Organizations. Although this issue was dealt with at the PID level, the PP should contain reference to it. See Section VII of the PP.

2. Sustainability. The ECPR asked that the final paper discuss the sustainability issue directly. One of the objectives of the long term ACBI program is to make capacity building and policy analysis more sustainable, in that resources are more focussed and used more efficiently than under the present bilateralized haphazard approach to capacity building and policy analysis. The four year pilot program for ACBI is based on the premise that it will develop more sustainable means of capacity building than those in common use. If the pilot is not sustainable, then IFBAC ends and no more assistance is given through this modality. See Section VI of the PP.

3. Women in Development. The ECBR requested, following consultations with WID Committee members, that an insert be put into the PP which addresses the question of women in development. See Section VII of the PP.

4. Gray Amendment. A Grant to a Public International Organization is exempted from the requirements for provision of

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goods and services by disadvantaged and minority entities.

5. IEE. The project has a categorical exclusion and ACB Fund usage does not include physical facilities, although co-financed components may involve construction. We are asking that the Executive Board insist that IBRD rules be followed regarding environmental impact.

I. Authorization. The ECPR recommended that the Grant be authorized, with the changes to the PP as noted above.

drafted by:AFR/PD/SA:AFessenden:x.78878:19Aug91:ACBIECPR.mem

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Memorandum of Understanding

relating to

AFRICAN CAPACITY BUILDING FUND

MEMORANDUM OF UNDERSTANDING

MEMORANDUM OF UNDERSTANDING, dated as of *December 7*, 1990, among the Governments of AUSTRIA, CANADA, the KINGDOM OF NORWAY, the KINGDOM OF SWEDEN, the REPUBLIC OF FINLAND, the REPUBLIC OF FRANCE, the UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND and the UNITED STATES OF AMERICA, the AFRICAN DEVELOPMENT BANK (AFDB), the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the World Bank) and the UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP).

Introduction

1. AFDB, the World Bank and UNDP (sometimes collectively referred to herein as the Sponsoring Agencies) have jointly prepared a program entitled "A Framework for Capacity Building in Policy Analysis and Economic Management in Sub-Saharan Africa" (the ACBI) designed to assist in building and strengthening local capacities in policy analysis and development management in Sub-Saharan Africa.
2. The main objectives of the ACBI are summarized in Annex 1 to this Memorandum of Understanding.
3. Several Governments and other organizations (the Donors) wish to make available resources to assist in financing activities to be undertaken to achieve the objectives of the ACBI pursuant to the provisions of this Memorandum of Understanding.
4. The said activities will be carried out and administered by the African Capacity Building Foundation (ACBF), to be established on behalf of the Donors by the Sponsoring Agencies.
5. The World Bank has agreed, at the request of the other Donors, to administer the African Capacity Building Fund (the ACB Fund) consisting of the contributions of the Donors made for the aforementioned purpose.
6. The Donors, on the basis inter alia of the foregoing, have decided to cooperate in carrying out the objectives of the ACBI in accordance with the provisions of this Memorandum of Understanding.

African Capacity Building Fund

7. There is established the African Capacity Building Fund, constituted by the contributions of the Donors, to be held and administered by the World Bank only for the purposes of, and in accordance with, the provisions of this Memorandum of Understanding.

8. The contributions to the ACB Fund will be deposited in such accounts as will be notified by the World Bank to the respective Donors and the ACB Fund will be kept separate and apart from all other accounts of the World Bank.

9. The World Bank will exercise the same care in the discharge of its functions with respect to the ACB Fund under this Memorandum of Understanding as it exercises with respect to the administration and management of its own affairs and will charge no fee for the discharge of such functions.

10. The World Bank may invest the funds held in the ACB Fund pending their disbursement and will credit to the ACB Fund the income from any such investments.

Contributions to the ACB Fund: Disbursements
from the ACB Fund: Annual Reports

11. The Donors undertake, subject to the conditions set forth in this Memorandum of Understanding and subject to any governmental or legislative action, where applicable, to make contributions to the ACB Fund or to otherwise assist in the financing of activities designed to achieve the objectives of ACBI, as stated in Annex 1 to this Memorandum of Understanding. The following contributions have been announced:

(a) Austria will contribute up to four million two hundred thousand Austrian schillings (S 4,200,000);

(b) Canada will contribute up to four million Canadian dollars (Can\$4,000,000);

(c) the Kingdom of Norway will, subject to annual appropriations of Parliament, contribute up to twenty-five million Norwegian kroner (Nkr 25,000,000);

(d) the Kingdom of Sweden will contribute up to thirty-three million Swedish kroner (SKr 33,000,000);

(e) the Republic of Finland will contribute up to twenty million Finnish markkaa (FIM 20,000,000);

(f) the Republic of France will contribute up to fifty million French francs (F 50,000,000);

(g) the United Kingdom of Great Britain and Northern Ireland, through the Overseas Development Administration, will contribute up to three million pounds sterling (£ 3,000,000);

(h) the United States of America, through the United States Agency for International Development, will contribute ten million United States dollars (US\$10,000,000);

(i) subject to the approval of the Executive Directors of the AFDB, the President of the AFDB has undertaken that AFDB will contribute up to five million Units of Account (UA 5,000,000);

(j) subject to the approval of the Executive Directors of the World Bank, the President of the World Bank has undertaken that the World Bank will make a total contribution of up to fifteen million United States dollars (US\$15,000,000); and

(k) subject to UNDP approval procedures and the endorsement of the Governing Council of UNDP, the Administrator of UNDP has undertaken to contribute up to six million United States dollars (US\$6,000,000) to meet part of the administrative costs of ACBF through a Project Document for the ACBI with the World Bank as Executing Agency.

12. (a) The World Bank and each Donor will enter into an appropriate understanding on the timetable for the payment of its contribution or parts thereof, such understanding to be subject to any governmental or legislative action, where applicable.

(b) In reaching such understandings, the World Bank and the Donors will take into account estimates for expenditures for the ACBI programs prepared (i) by the Steering Committee referred to in paragraph 17 of this Memorandum of Understanding, in the initial phase of the implementation of the ACBI and (ii) thereafter, on the basis of estimates prepared by the Executive Board of ACBF, when operational.

13. The World Bank will send annually to each Donor and ACBF, when operational, a statement of contributions to, payments into, and disbursements from, the ACB Fund certified by the World Bank's external auditors.

14. The World Bank will pay to, or on the order of, ACBF, when operational, amounts of the monies in the ACB Fund to finance

activities under the ACBI consistent with the objectives set forth in Annex 1 to this Memorandum of Understanding.

15. Payments to be made by the World Bank to ACBF from the ACB Fund will be on the basis of written applications by ACBF. Such applications may be submitted on a quarterly basis on account of estimated payments to be made during the following quarterly period.

Purpose of the ACB Fund; Administrative Costs

16. The ACB Fund will consist of two accounts:

(a) Account No. 1 will be used exclusively to finance capacity-building activities in accordance with the objectives specified in Annex 1 to this Memorandum of Understanding; and

(b) Account No. 2 will be used to meet administrative costs of ACBF.

Donors will have the option of contributing to both or either of the said Accounts.

Administrative and Interim Arrangements

17. There is established a Steering Committee consisting of the Sponsoring Agencies and the representatives of the other Donors listed in Annex 2 to this Memorandum of Understanding, which will take all necessary action on behalf of the Donors towards the implementation of the ACBI, including, without limitation, the preparation of proposals for approval by the Board of Governors of ACBF relating to the initial phase of operations of ACBF. It is understood that the Steering Committee will continue in existence until the first meeting of the Board of Governors of ACBF is convened.

18. The Donors (excluding the Sponsoring Agencies) request the Sponsoring Agencies, on behalf of themselves and the other Donors, to take all action necessary for the establishment of ACBF as an autonomous entity possessing full juridical personality with the capacity to carry out the objectives of the ACBI.

Additional Parties and Contributions

19. Any government, institution or other entity not a party to this Memorandum of Understanding may, in accordance with such

arrangements as will be agreed with the World Bank and ACBF, when operational, become a Donor and be bound by this Memorandum of Understanding on the date specified in such arrangements. The World Bank or ACBF, when operational, will promptly after such date notify the other Donors.

20. The World Bank may receive from any government, institution or other entity not wishing to become a party to this Memorandum of Understanding amounts to be held and used for the purpose of the ACBI, subject to the provisions hereof and in accordance with such arrangements, not inconsistent herewith, as the World Bank may approve. The World Bank will promptly notify each other Donor of such contributions.

Consultation and Termination

21. In the event the World Bank, in its capacity as administrator of the ACB Fund, or ACBF, when operational, will have determined that circumstances have arisen which lead it to conclude that it should no longer carry out its respective obligations hereunder:

(a) the World Bank or ACBF, as the case may be, will promptly so notify each other and the Donors, and, in the case of notice by the World Bank, may by notice to said Donors and ACBF suspend disbursements from the ACB Fund, provided that such suspension, if any, will not apply to amounts relating to obligations or commitments theretofore incurred by ACBF for activities under the ACBI; and

(b) thereafter, ACBF and the World Bank will forthwith consult with the Donors to determine the measures to be taken to correct the situation.

If, after such consultations, the World Bank decides to terminate its function as administrator of the ACB Fund, the World Bank will so notify the other Donors and ACBF. Upon such notification, the duties of the World Bank, as administrator of the ACB Fund under this Memorandum of Understanding, will cease, except to the extent that there should remain in the ACB Fund amounts which are needed to make payments on account of obligations and commitments theretofore incurred by ACBF for activities under the ACBI. The World Bank may transfer any such remaining funds to ACBF, as needed. To the extent that such amounts are not needed by ACBF for such purposes, the World Bank will transfer such amounts to the Donors in proportion to their respective paid-in contributions.

22. Without any limitation upon the provisions of paragraph 21 of this Memorandum of Understanding, this Memorandum of Understanding will terminate upon disbursement from the ACB Fund of all amounts required to meet payments in connection with the activities under the ACBI.

Notices and Requests

23. Any notice or request required or permitted to be given or made under this Memorandum of Understanding will be in writing.

24. The following addresses are specified for the purposes of paragraph 23:

For the Governments of:

Austria:

Federal Ministry of Foreign Affairs
Department of Development Cooperation
Ballhausplatz 3
1011 Vienna
Austria

Cable Address: AUSSENAMT

Canada:

Canadian International Development Agency
122 Bank Street
Ottawa, Ontario
Canada K1 A0G4

Cable Address: CIDA

Kingdom of Norway:

Royal Ministry of Foreign Affairs
P.O. Box 8114, Dep
0032 Oslo 1, Norway

Telex: 74256-NORAD-N

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Kingdom of Sweden:

Ministry of Foreign Affairs
Fredsgatan 8
S-103 33, Stockholm
Sweden

Cable Address: MINFOR S

Republic of Finland:

Ministry of Foreign Affairs
Finnish International Development
Agency (FINNIDA)
Mannerheimintie 15 C
00260
Finland

Cable Address: UMIN-SF

Republic of France:

La Direction du Tresor
Ministere de L'Economie, des Finances
et du Budget
139, Rue de Bercy
75572 Paris, France

La Direction du Developpement
Ministere de la Cooperation et
du Developpement
20, Rue Monsieur
75007 Paris, France

Cable Address: 220-962,
202-363

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United Kingdom of Great Britain and
Northern Ireland:

Ministry of Overseas Development
Eland House, Stag Place
London SW1E 5DH
England

Cable Address: MINISTRANT

United States of America:

United States Agency for
International Development
State Department
320 21st Street, N.W.
Washington, D.C. 20523
United States of America

Cable Address: USAID

For ADB:

African Development Bank
01 P.O. Box 1387
Abidjan,
Cote d'Ivoire

Cable Address: AFDEV

For the World Bank:

International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable Address:

INTBAFRAD

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For UNDP:

United Nations Development Programme
One United Nations Plaza
New York, N.Y. 10017
United States of America

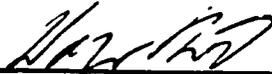
Cable Address: UNDEVPRO
New York

Commencement

25. This Memorandum of Understanding will come into operation when it has been signed by not less than six of the Governments and organizations listed in paragraph 24 of this Memorandum of Understanding. The World Bank will, on such date, notify all such Governments and organizations.

IN WITNESS WHEREOF, the parties hereto, acting through their representative thereunto duly authorized, have caused this Memorandum of Understanding to be signed in their respective names as of the respective dates hereinafter indicated.

AUSTRIA

By: 

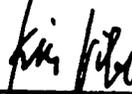
Date: Sept. 4, 91

CANADA

By: Frank Poirer

Date: 13.5.91

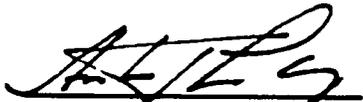
KINGDOM OF NORWAY

By: 

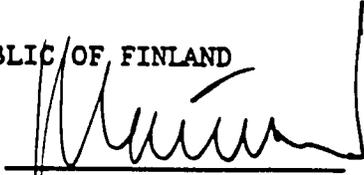
Date: December 7 1990

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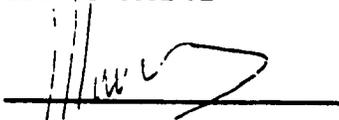
KINGDOM OF SWEDEN

By: 
Date: Dec 20 1990

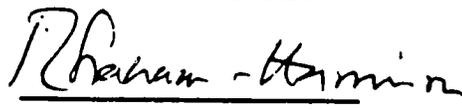
REPUBLIC OF FINLAND

By: 
Date: Feb 21 1991

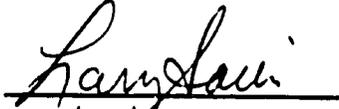
REPUBLIC OF FRANCE

By: 
Date: 2.2

UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND

By: 
Date: 7 Dec 90

UNITED STATES OF AMERICA

By: 
Date: 9/19/91

AFRICAN DEVELOPMENT BANK

By: [Signature]

Date: 9.02.1991

INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT

By: [Signature]

Date: 12/7/90

UNITED NATIONS DEVELOPMENT PROGRAMME

By: [Signature]

Date: 12.11.90.

ANNEX 1

The main objectives of the ACBI are to:

- (a) create a consultative forum in which Africans may participate as full partners in the establishment of priorities and the development of policies and programs to promote capacity building in policy analysis and development management;
- (b) establish processes for coordinating capacity building efforts in policy analysis and development management that would lead to greater efficiency and effectiveness of ongoing donor efforts;
- (c) provide funding and resources to enhance new and ongoing capacity building and capacity utilization activities in policy analysis and development management in Africa;
- (d) provide funding and resources to support institutions carrying out activities designed to reverse the brain drain and to utilize, to the maximum extent, available African talent;
- (e) establish systematic links between economic research and training institutions, and governments, to foster greater understanding and communications between such entities; and
- (f) mobilize financial and technical resources for increased investment in human capital and manpower institutions (research and training) in Africa on a consistent, sustainable and long-term basis.

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ANNEX 2

Donors on Steering Committee

1. The following Donors will each be entitled to one representative on the Steering Committee:

- (a) Canada;
- (b) Kingdom of Norway;
- (c) Kingdom of Sweden;
- (d) Republic of Finland;
- (e) Republic of France;
- (f) United Kingdom of Great Britain and Northern Ireland;
- (g) United States of America;
- (h) African Development Bank;
- (i) International Bank for Reconstruction and Development; and
- (j) United Nations Development Programme.

2. In addition to the above-listed Donors, any government, institution or other entity becoming a Donor pursuant to paragraph 19 of the Memorandum of Understanding will also be entitled to one representative on the Steering Committee if it meets one of the following two criteria:

(a) if, in the case of any African government, it has pledged to the African Capacity Building Fund at least the equivalent of two hundred and fifty thousand United States Dollars (US\$250,000), in freely convertible currencies; or

(b) if, in the case of any other government, institution or other entity, it has pledged to the African Capacity Building Fund at least the equivalent of one million United States Dollars (US\$1,000,000), in freely convertible currencies.

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