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<input type="checkbox"/>	Social Events
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B. SUBJECT: African Capacity Building foundation, ACBF, note to JDW from E. Jaycox on latest.

DATE: 10/30/95

C. VPU

Corporate

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E. COMMENTS:

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EDWARD V. K. JAYCOX
Vice President,
Africa Region

October 30, 1995

Mr. James D. Wolfensohn

Jim,

The African Capacity Building Foundation

During your meeting with the African Development Bank, the subject of the African Capacity Building Foundation came up, and you requested a note about it. The following gives an overview of the Foundation's origins and what it has done up to the present. I will emphasize that, while the Foundation is an important initiative that merits continued support, it constitutes only a portion of the effort that will be needed to make substantial progress on the capacity building front in Sub-Saharan Africa.

Background: Since the late 1980s, we have been increasingly concerned about Africa's lack of human and institutional capacity. We noted that a continuing over-dependence on expatriate technical assistance and on World Bank staff to carry out basic analytical and managerial tasks was preventing the emergence of real African ownership, and hence the sustainability of development efforts. We also became aware that even in countries that possessed adequate capacity, it was commonly not utilized.

In order to understand this problem better, the Africa Region of the Bank carried out research and extensive consultations within Africa. The Bank's long-term perspective study, *Sub-Saharan Africa: From Crisis to Sustainable Growth* (1989) subsequently underscored Africa's crisis of capacity, noting 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: The African Capacity Building Initiative (ACBI), launched in 1989, resulted from two years of the Bank's discussions with Africans and donors about the thrust of a new capacity building effort; and it presented the Bank with its most significant opportunity to make a direct response to this challenge. The donor community was already working on capacity building in different ways through their projects in human development, agriculture, education, health, the environment, and so on. This initiative targeted a particular and important gap in Africa's capacity needs

that was not being filled: capacity in policy analysis and development management. Despite the achievements in education and training in Africa during the past 30 years, most countries still lacked a critical mass of top-flight policy analysts and economic managers who could help pilot their governments through the economic storms and turbulence they had to face on a daily basis.

The ACBI therefore sought to develop 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. The ACBI was based on several premises:

- First, it was a *framework* within which a flexible, evolutionary approach could be adopted. It did not seek to remake the world; instead, it intended to build upon current best practices, and supplement them as needed. Within the ACBI framework, donors would have the flexibility to continue with their own programs, but would have them strengthened by incremental ACBI operations. Donors and Africans would be full partners in that decision making process
- A second major principle guiding the ACBI was the clear need for improved *coordination* among donors. As things stood, donor programs were often uncoordinated, sometimes duplicative, and occasionally contradictory. The result was the tendency by individual donors to reinvent the wheel. The ACBI would address this by serving as a central coordinating mechanisms for the international community, which would offer information, advice, and operational experience.
- A third and very fundamental aspect of the ACBI was strong *African participation* and, indeed, leadership of the process. In the past, programs had too often been donor-driven and not grounded in African realities. Under the ACBI framework, Africans would have a strong voice in program development
- A fourth feature was its *comprehensive* approach. It offered a menu of program actions that would benefit national institutions and regional centers, government units as well as private-sector bodies, and individuals as well as institutions. These program components were mutually reinforcing, and particular emphases would be added according to individual country needs.
- A fifth premise was that the initiative would take a long-term perspective and emphasize *sustainability*. Africa had already suffered too much from donors succumbing to the latest fad and dropping their interest in a program long before any results had had a chance to emerge. Capacities cannot be created overnight, and the timeframe envisaged was decades, not years.

- A final principle was that the initiative should start out small -- with a pilot program based on limited objectives that would last four years. Its continuation would be contingent on its track record. The administrative structure would be lean, thus avoiding a capacity building bureaucracy while keeping the undertaking to manageable dimensions.

The African Capacity Building Foundation: Having thus created -- through the ACBI -- a framework of goals and means for an assault on the capacity problem in Africa, the Bank was able to mobilize considerable donor support for more concrete measures. The result was the creation (in 1991) of the *African Capacity Building Foundation* (ACBF), in Harare, Zimbabwe. The ACBF was designed to provide direct funding for capacity building projects within Africa. The Foundation's creation generated enormous interest and support among both potential beneficiaries and donors. Financial mechanisms for supporting the Foundation were designed to be flexible. They included co-financing, associated programs, or direct contributions to the African Capacity Building Fund (ACBF), which was to be used strictly for project financing; separate funds were established for administration of the Foundation). A group of 26 donors agreed to a four-year pilot phase (1991-1995), and committed \$100 million to the ACB Fund for its capacity building activities (a list of donors, commitments and contributions is attached). The Executive Directors of the World Bank approved a \$15 million contribution to the ACB Fund, making it the largest single donor and catalyzing commitments from other sources.

Strategic Goals. The ACBF's overriding objective is to ensure that, within the next generation, every country of Sub-Saharan Africa will have its own core group of first-rate economic policy analysts and development managers, and sustainable institutions necessary to support them. In order to achieve the greatest impact, the ACBF is guided by a strategy which focuses on a relatively small nucleus of operations and activities intended to (a) act as catalysts for broader capacity building efforts, (b) have a high impact in terms of setting standards and best practices, and (c) demonstrate the Foundation's effectiveness. The ACBF's strategic priorities are therefore: Supporting programs in economic policy analysis and development management; making direct funding available to finance new and existing capacity-building programs and to leverage funding from other sources; providing institutional bases for African policy analysts and managers and thus help to reverse the drain of these valuable resources from Africa; and helping improve donor coordination and developing greater focus, prioritization, and rationalization in the development of economic policy research and management capacity.

The Foundation's agenda is achieved through six main program activities:

1. The strengthening or creation of government *economic policy units*.
2. The rehabilitation and improvement of selected *national training institutions*.

3. The building or strengthening of a small number of *regional training institutions* for economic policy analysis and development management.
4. The provision of *fellowships* to support selected African individuals in their research and training needs.
5. The expansion of *in-service training* and work experiences for African professionals.
6. The strengthening of *non-governmental organizations*, private consulting firms and professional associations.

Organization and governance: The Foundation has a three-tier management structure. A Board of Governors composed of donor representatives; an Executive Board made up of distinguished experts in the field of capacity building, who serve three-year terms (a list of Board members is attached); and the ACBF Secretariat itself, under the direct management of an Executive Secretary. The World Bank is a sponsoring agency, along with the UNDP and the African Development Bank; and it is represented on both the Executive Board and the Board of Governors. The World Bank was also the Executing Agency for UNDP resources (which covered the costs of managing and administering the ACBF Secretariat) during the pilot phase, a role it relinquished at the end of September 1995.

Management: The ACBF got off to a slow start, experiencing severe managerial problems in its early stages which reflected some of the more central problems with capacity building in Africa generally -- and particularly the difficulty in locating experienced professional managers capable of high levels of personal responsibility and performance. Neither the first nor the second Executive Secretaries' contracts were renewed at the end of their one-year terms. Although the reasons differed, in both cases, the ACBF Executive Board was concerned with the slow pace of project development, as well as the overall quality of the Foundation's management. In February 1992 and March 1994, the ACBF Executive Board decided not to renew the contracts of the first and second Executive Secretaries, respectively, and on both occasions it asked the World Bank, in its role as Executing Agency, to assume interim management of the Foundation pending appointment of a new one.

Under the Bank's interim management from March 1994 to May 1995 the Foundation underwent several major changes. Our consultations with ACBF staff, project beneficiaries and donors revealed several core problems with the way the Foundation had conducted business. A particular problem was lack of follow-through on the part of staff as a result of their poor supervision and management, and the loss of key ACBF personnel; another major issue was lack of co-financing for projects, reflecting poor communication and coordination with potential donors. In its temporary management

role, therefore, the Bank made changes in and restructured the Foundation's management; brought staff up to full authorized levels with highly qualified individuals; inaugurated new procedural guidelines, aimed at speeding up implementation; established mechanisms to procure co-financing at earlier stages of project development; and -- most importantly -- created a new *esprit de corps*, sense of personal responsibility for project success, and sense of teamwork within a staff that had been demoralized by its previous management. In addition, the Foundation has formulated means of ensuring the sustainability of projects as an integral part of the process of project identification and design. A particularly important action was the identification of a new Executive Secretary. Following an extended international search, the ACBF Executive Board decided upon Mr. Abel Thoahlane, previously Minister of Finance for Lesotho. Mr. Thoahlane assumed his duties as Executive Secretary in June 1995.

Project Portfolio: With these improvements in management and operational procedures at the ACBF, the pace of project implementation has picked up. Currently 20 projects in 15 countries are underway (brief descriptions are attached), with 7 more projects recently approved by the Executive Board. . Of these projects, 12 are national policy units. These are either think-tanks or policy analysis units, staffed by highly qualified economists and policy analysts whose mission is to provide the economic analysis and/or planning that government's need in order to achieve long-term economic reforms. Although most of them are designed to serve the needs of government, most are either autonomous or have been situated at "arms-length" from central governmental bureaucracies, so as to ensure them the independence they need to function.

Providing for the training of economic managers and development specialists is another of the Foundation's priorities. To this end, five of its projects are regional-level training institutions. These accept students from a number of countries within an African sub-region, typically professionals already possessing training in the fundamentals of economic and policy analysis, for advanced training courses. The regional scope of these projects allows for a wide impact and considerable efficiencies in use of training resources. In addition, the ACBF supports two training institutions at the national level. In-service training is a key component of all policy-unit projects and both the national training projects. Finally, 120 African students are receiving fellowships in the context of the various ACBF projects.

The ACBF and Africa's capacity building requirements. The ACBF has weathered its pilot phase, with its two false starts. It is entering its next stage a much strengthened institution, albeit one that nonetheless will have to prove itself. The ACBF is an important institution, one which merits continued support from the World Bank.

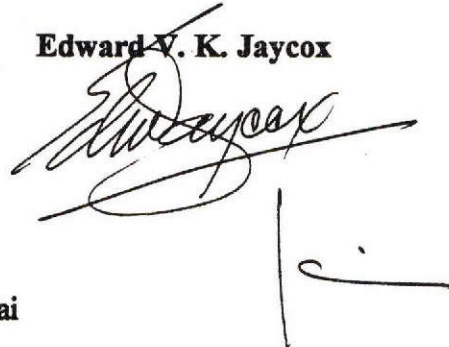
The Foundation represents a point of departure for other initiatives. In light of the enormity of Africa's capacity building needs, however, its contribution can only be limited. This is for several reasons. First, the ACBF has a relatively narrow mandate, focusing as it does on economic analysis and development management; thus, it does not deal with the wide range of sectors -- public and private alike -- in which capacity building is urgently

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required. Second, the ACBF involves a large number of donors, and its governance structure leaves little scope for the Bank to meet its capacity building objectives in all the various areas it covers. Third, it is not equipped to respond to the extent of capacity building needs that have become apparent in Africa since the Foundation's inception, and which were therefore not anticipated. Finally, there are other constraints to the ACBF's effectiveness, such as the limited availability of co-financing resources and bringing other donors on board to collaborate in its projects.

For this reason, your assurance to the African governors that you would explore new ways to intervene in response to Africa's capacity needs is both welcome and timely. I have already taken steps to set the process in motion, and will provide you with updates as it progresses.

Edward V. K. Jaycox

A handwritten signature in dark ink, appearing to read 'Edward V. K. Jaycox', is written over a horizontal line. Below the signature, there is a vertical line and a small horizontal tick mark.

CC: Messrs./Mmes. Lomax, Kaji, Denning, Wai

COUNTRY	INSTITUTION	PRINCIPAL OBJECTIVES AND COMPONENTS	PROJECT BUDGET/ ACBF GRANT/PROJECT DURATION
Botswana	Institute for Development Policy Analysis (IDPA)	To provide independent economic research and policy analysis and related professional training and public education. Functions mainly for government, but also for the private sector and international agencies.	\$10,000,000 ACBF Grant: \$3,000,000 5 years
Burundi	Institut du Développement Economique (IDEC)	To enhance indigenous capacity for the formulation and implementation of economic policies and ensure that this increased capacity can be sustained. Will increase the number of top-level staff trained in economics and will enhance the skills of personnel in existing economic policymaking institutions.	\$2,861,280 ACBF Grant: \$2,000,000 4 years
Côte d'Ivoire	Centre Ivoirien de Recherches Economiques et Sociales (CIRES-CAPEC)	To foster cooperation between the research community and the government. Will conduct an exchange program, short term training and policy seminars for personnel from relevant technical departments.	\$1,750,000 ACBF Grant: \$1,750,000 4 years
Ghana	Center for Economic Policy Analysis (CEPA)	To enable the Center, already established as a private limited liability company, to begin operations and grow. Will research key economic issues (macroeconomic and sectoral) and disseminate results of studies through public debate involving decision makers and public at large.	\$6,068,000 ACBF Grant: \$3,500,000 5 years
Guinea	Centre National de Perfectionnement de Gestion (CNP-G-CEPEC)	To help policymakers through informed and relevant economic research. Will provide research to the public and private sectors, and practical training in management, economics and public finance.	\$2,196,594 ACBF Grant: \$1,600,000 4 years
Kenya	Institute for Policy Analysis and Research (IPAR)	To establish an autonomous private sector public policy think tank. Will undertake research program on public policy issues; training in research and policy analysis methodology; and disseminate research findings and develop network of institutions engaged in economic analysis in Kenya.	\$6,013,000 ACBF Grant: \$2,525,000 4 years
Namibia	Namibian Economic Policy Research Unit (NEPRU)	To develop a highly professional and independent research institute. Will strengthen NEPRU's capacity to provide independent analysis of economic policies.	\$7,560,800 ACBF Grant: \$2,400,000 5 years

COUNTRY	INSTITUTION	PRINCIPAL OBJECTIVES AND COMPONENTS	PROJECT BUDGET/ ACBF GRANT/ PROJECT DURATION
Nigeria	Development Policy Center (DPC)	To spearhead long-range thinking on development policy issues and generate viable policy options. Will develop skills for objective policy research and analysis, carry out detailed studies of the impact of economic policies, publish results, and distribute publications to broaden public dialogue on economic policy issues.	\$4,300,000 ACBF Grant: \$2,800,000 4 years
Nigeria	National Centre for Economic Management and Administration (NCEMA)	To train public servants in economic management. The NCEMA will expand operations to include specialized training programs in economic policy analysis and project management.	\$989,879 ACBF Grant: \$989,879 4 years
Senegal	Unité de Politique Economique (UPE)	To strengthen policy analysis capacity of the Government. Will organize training programs for policy analysts working in core ministries, and will promote activities that foster collaboration among officials from public and private sectors.	\$2,961,000 ACBF Grant: \$1,912,200 4 years
South Africa	Africa Institute for Policy Analysis and Economic Integration (AIPA)	To provide independent research of economic policy in post-apartheid South Africa. Will develop strategies for the promotion of workable economic cooperation and integration in Africa, especially southern Africa.	\$7,573,000 ACBF Grant: \$3,300,000 5 Years
Tanzania	Economic and Social Research Foundation (ESRF)	To coordinate and improve level of economic policy analysis in Tanzania. Will enhance the quality of locally generated policy analysis and development management and raise the level of debate on strategic issues.	\$4,208,000 ACBF Grant: \$1,700,000 4 years
Uganda	Economic Policy Research Centre (EPRC)	To enhance national policymaking capacity and develop a critical mass of expertise for serious work on long-term economic policy. Will maintain a research program which strikes a balance between academic autonomy and pertinent studies on immediate policy needs.	\$2,051,000 ACBF Grant: \$1,500,000 4 years
Zimbabwe	Professional Development and Training Program in Economics (PDTPE)	To improve skills in policy formulation, analysis and implementation, with particular reference to structural adjustment and the changing international economic environment. Will improve the skills of civil servants within the Ministry of Finance, the National Economic Planning Commission and the Reserve Bank of Zimbabwe and will also bring together mid- and upper-level senior civil servants from these bodies in an effort to improve their collaborative efforts.	\$2,000,000 ACBF Grant: \$2,000,000 4 years

REGION	INSTITUTION	PRINCIPAL OBJECTIVES AND COMPONENTS	PROJECT BUDGET/ ACBF GRANT/PROJECT DURATION
Anglophone Africa	AERC Collaborative Masters Program for Anglophone Africa	To fund a Collaborative Masters program aimed at strengthening masters-level economics training in anglophone Africa. Will strengthen the capacity of participating universities to offer high-caliber graduate programs tailored to the needs of the region.	\$ 15,583,700 ACBF Grant: \$5,000,000 5 years
Francophone Africa	Programme de Troisième cycle interuniversitaire (PTCI)	To implement the francophone equivalent of the Collaborative MA Program in Economics implemented through the African Economics Research Consortium. Will assemble 17 universities in francophone Africa to pool resources and improve the capacity of the institutions to train economists at the Masters degree level.	\$12,400,000 ACBF Grant: \$5,000,000 5 years
Francophone Africa	ACBF/EDI/CERDI Masters Training Program	To strengthen African graduate training programs in economics. The francophone component of the program is being executed by the Centre d'Etudes et de Recherches sur le Développement International (CERDI) at the University of Clermont-Ferrand in France in collaboration with the ACBF and the Economic Development Institute of the World Bank (EDI). Will not only strengthen the individual capacities of the students involved in the project, but also the institutional capacity of African universities which are involved.	\$ 6,867,000 ACBF Grant: \$2,364,000 5 years
Anglophone Africa	ACBF/EDI/McGill Masters Training Program	To implement the same objectives as the ACBF/EDI/CERDI program for anglophone Africa. McGill University is the host institution. Will provide high-level training in policy analysis and management to senior and mid-level civil servants.	\$7,462,000 ACBF Grant: \$2,136,000 5 years
Eastern and Southern Africa	Eastern and Southern African Initiative in Debt and Reserve Management (ESAIDARM)	To enhance the capacity of the SADC member states to manage their debt and reserves. Will assist in developing and implementing debt and reserve management and capacity building plans for the Central Banks of Eastern and Southern Africa.	\$10,225,565 ACBF Grant: \$2,000,000 3 years
Africa	Organization of African Unity Policy Analysis Support Unit (OAU-EDECO)	To assist the OAU in implementing the Treaty to establish the African Economic Community. Will administer a Policy Analysis Support Unit to strengthen the analytic, institutional and technical capacity of the OAU Secretariat.	\$4,700,000 ACBF Grant: \$3,000,000 5 years

AFRICAN CAPACITY BUILDING FOUNDATION
Status of Pledges and Contributions by Donor

Organisation/Country	Amount Pledged (US\$ Million)	Amount Contributed (US\$ Million)
AfDB	6,000	6,054
Austria	0,400	0,377
Belgium	0,246	0,246
Botswana	0,250	
Cameroon	0,250	
Canada	3,000	1,763
Cote D'Ivoire	0,250	0,250
Denmark	4,000	2,000
Finland	5,000	4,698
France	10,000	1,842
Ghana	0,250	
Japan	10,000	
Kenya	0,250	0,250
Mali	0,250	
Mauritius	0,250	
Netherlands	5,200	2,500
Nigeria	0,250	0,250
Norway	4,300	2,203
Senegal	0,250	
Sweden	6,000	1,342
Tanzania	0,250	
United Kingdom	5,000	
UNDP	7,200	5,249
United States of America	10,000	5,000
The World Bank	15,000	14,000
Zaire	0,250	
Zimbabwe	0,250	0,250
Total	94,346	48,274

AFRICAN CAPACITY BUILDING FOUNDATION

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