

ECONOMIC AND SOCIAL RESEARCH FOUNDATION (ESRF)

**HUMAN RESOURCE AND INSTITUTIONAL DEVELOPMENT IN
AFRICA: AN OVERVIEW**

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CONTENTS

1.0	INTRODUCTION	2
2.0	ASPECTS OF CAPACITY BUILDING.....	3
2.1	<i>Creating Capacity</i>	3
2.2	<i>Using Capacity</i>	3
2.3	<i>Sustaining Capacity</i>	4
3.0	CAPACITY BUILDING IN AFRICA : HISTORICAL PERSPECTIVE	5
4.0	AFRICA’S CAPACITY NEEDS.....	7
5.0	LESSONS LEARNT IN CAPACITY BUILDING EFFORTS.....	9
6.0	DONOR SUPPORT FOR CAPACITY BUILDING IN AFRICA.....	10
6.1	<i>Sources of Donor Assistance Failures</i>	10
7.0	RECOGNIZING ACHIEVEMENTS	11
8.0	AFRICA’S DEVELOPMENT CHALLENGES	12
9.0	STRATEGIES AND OPTIONS FOR ACTION	14
9.1	<i>Capacity Building in the Public Sector, Private Sector and Civil Society</i>	14
9.2	<i>Improving Delivery of Technical Co operation</i>	16
9.3	<i>Investing in People</i>	17
9.4	<i>Building Capacity to Enhance Poverty Reduction Initiatives</i>	18
9.5	<i>Capacity in Negotiating Africa’s Development Issues</i>	19
9.6	<i>Addressing Brain Drain</i>	19
10.0	CONCLUSION.....	20
	BIBLIOGRAPHY	21

1.0 Introduction

In recent years, the world economy has accelerated its globalisation and all countries now face the challenge of adjusting to the new environment in order to benefit from the opportunities created. Africa is among the least prepared continents to face those new developments. Numerous causes underlie Africa's profound economic malaise, including low levels of development at the time of independence, poorly conceived policies, and a hostile international economic environment. However, the most fundamental of causes is Africa's severe lack of capacity. Despite some improvements in growth performance in some African countries, the majority of the states are still characterized by weak human and institutional capacity in formulating development projects and implementing strategic priorities and development programmes. In the light of development challenges facing African countries, appropriate and adequate human and institutional capabilities to cope with rapid changes in private sector led development, market economy, globalisation and democratisation is necessary. Indeed, the importance of capacity building for sustained economic development and transformation in Africa is now almost universally recognized as the "missing link" in Africa's development.

The challenges and opportunities now facing African countries require that, developing capacities becomes one of their highest priorities. This involves not only creating the right human capacity for development management in the 21st century, but also putting in place a proper institutional framework for effective utilization of the created capacities. The ultimate objective should be building and utilizing capacity. That is to say, African countries should strengthen their own ways and means for generating capacity when and where it is needed to meet the goals they formulate and implement themselves. To achieve this, a commitment by the national leadership is fundamental. The success of future capacity building endeavours in Africa will depend mainly on the commitment and initiatives of African countries themselves.

Capacity building is a comprehensive process, which includes the ability to identify constraints and to plan and manage development. It involves both the development of human resources and institutions and a supportive policy environment. UNDP defines capacity building as the process by which individuals, groups, organizations, institutions, and societies develop their abilities individually and collectively, to perform functions, solve problems, set and achieve objectives (UNDP, 1994). This definition has three key implications. First, it implies that capacity is not a passive state but is part of a continuing process; secondly, it emphasizes improved utilization and empowerment of individuals and organizations; and, thirdly, it requires that the overall social context be considered in devising capacity development strategies.

The term "Institution" is used to mean organization-based networks of rules, laws, norms, and administrative systems and social functions. Institution thus means something more than

just “organization” or even “public organization”. Relevant institutions within an economy can exert a decisive influence on economic growth and on the attainment of sustainable economic and social development. From a macro-economic standpoint, institutional development is required for better management of the economy including the ability to mobilise, allocate and utilise human and material resources in a productive manner. At a micro-level, human and institutional capacity is critical to sound project management and public administration.

2.0 Aspects of Capacity Building

Capacity development involves the issues of creating the capacity, effectively mobilizing and using existing and newly created capacities, establishing ways to bridge the gap between existing and required capacity, and sustaining the capacity over time.

2.1 Creating Capacity

The creation of effective institutional capacity rests on a strong foundation that facilitates a rapid learning process and enhances the adaptability required for dealing with the dynamic environment. Such a foundation is needed both formally in training institutions and informally in on-the-job training, and can be complemented by establishing various forums and other opportunities for dialogue. For example, professional networks and associations may provide opportunities for professionals to interact and so facilitate debates and a peer review process at national, regional and international levels. In the long run, this enhances the quality of the work undertaken by these professionals, broadens the range and increases the depth of skills. It also increases the capacity and confidence of the professionals.

Another component of capacity building is autonomy at various institutional levels such as central economic management institutions (e.g Planning Units, Treasury and the Central Banks), line ministries, local governments, and other institutions in the government and non-government sectors. This type of autonomy does not mean that these units operate in isolation, rather it means they have the freedom to carry out objective analysis and incorporate effective consultations, interaction within and between these units and cross fertilization of ideas with other organizations.

2.2 Using Capacity

Efficient and effective use of existing capacities is an important aspect of capacity building. Efficiency involves taking stock of existing capacities, identifying gaps in the capacities and reducing chances of duplication. Effective use of capacities requires a conducive environment politically, economically and socially.

A Conducive Political Environment

Good governance and good leadership are essential to proper utilization of capacity. Good governance requires accountable state officials, who selflessly pursue the economic well being of the society by striking a strategic balance between institutional/national and personal interests. Good governance entails transparency in government procedures, transactions, investment decisions, contracts and appointments. This not only keeps the system honest but also creates an informed public, hence increasing the people's broad participation. The Government and its citizens must adhere to the rule of law. This implies that individuals, government and institutions alike should be subject to rules and regulations that are understood by all in the society. Good leadership prevails in a situation where managers set standards for their staff, which means that both managers and staff must have clear expectations of work to be done. Staff must be encouraged to perform well and be held responsible and accountable for results. In such an environment, merit is rewarded and bad performance sanctioned.

A Conducive Economic Environment

Favourable working conditions and appropriate incentive structures together will first, encourage people to be more productive and second prevent all forms of brain drain. Inadequate salaries encourage public and private officials to practice un-professional behaviour as demanding/collecting bribes and misappropriating public funds. An unfavourable environment creates incentives to do jobs in ways that are inconsistent with the national and/or institutional interests. Further more, it contributes to brain drain of massive proportions as frustrated professionals in search of suitable remuneration packages opt to work either in foreign countries or in fields where their expertise may not be efficiently employed. Recruitment and promotion should be based on merit and competitiveness to encourage professionals to remain in the country and in their professions. In so doing, the nations will retain their local capacities and use them effectively.

A Conducive Social Environment

The support and acceptance of the civil society forms the backdrop for capacity building. Important social actors e.g. political leaders, bureaucrats, legislators, business people, religious leaders, labour leaders and others, must be convinced of the value of the capacity being put into place. Their support or pressure for capacity utilization can have a positive effect on capacity building.

2.3 Sustaining Capacity

For capacity building projects to survive and prosper beyond the initial funding stages, there must be a modicum of political and economic stability, low risk of violent social conflict, an atmosphere of support for the capacity building effort from political and economic elites as well as interest groups. The following elements of an enabling environment for capacity building should be viewed as interacting and mutually reinforcing.

- Political stability, which implies that power and governing authority in a given national setting, is neither exercised nor challenged through resort to violence or other means that provoke social upheavals. Economic stability meaning that production and consumption are not subject to large fluctuations from year to year.
- Local ownership entails first the commitment of national authorities. There must be a demonstration of willingness to utilize the capacities. The second critical aspect of ownership involves the support of civil society in recipient countries. It is critical that politically influential elites are in favor of capacity building ideas, and it is not unpopular with the population at large.
- Good governance entails the presence of five critical qualities. These are accountability of government officials, transparency in procedures and decision-making, predictability of government actions and behavior, openness in the provision of reliable flows of information, and the rule of law permitting economic agents to operate without risking arbitrary action of the state.
- Supportive local condition whereby the civil service environment must not provide rewards to employees on the basis of patronage and personal connections or be an environment in which compensation is inadequate or in which there are no institutional protections from political interference.
- Source of funding is also an important element. In the long run, the key to sustaining capacity building projects will be the availability of local sources of funding.

3.0 Capacity Building in Africa: Historical Perspective

Post Independence – Mid 1970s

One historical source of weak institutional and general capacity for management in Africa today can be traced to the colonial legacy. This left many countries in the region at the time of independence with insufficient institutional and human capacity to cope with the transition from colony to independent sovereign state, particularly with respect to the responsibility for economic management. More specifically, this related to the unequal and disadvantageous manner of Africa's incorporation into the international economic system in the late 1950s and early 1960s. Lack of technological know-how, inadequate infrastructure, and limited investment resources compounded the immediate post-independence problems of weak institutional capacity and left many African countries highly vulnerable to shock. After independence, it was expected that the newly established African bureaucracies would deliver services to the people, of the same or even better quality than that which was provided in the pre-independence period. It was also expected that these bureaucracies would improve the quality of the services provided to their people and keep abreast with development elsewhere in the world. However, most African countries had limited indigenous capacity for

development. Few countries had at the time, the cadre of trained and educated personnel required for efficient management of the government or the economy. In the initial decades following independence, most African countries began to invest heavily in their social sectors, and in particular in education and health and there was considerable progress as measured for example by the spread of literacy. However, institutional and human capacity did not grow fast enough to keep up with the requirements of changing socio-economic circumstances at the national level.

Mid 1970s – Mid 1980s

The economic crises that a large number of African countries began to face in the mid-1970s following the onset of the first oil crises and the global economic crises that followed the second oil crises of 1979/80 not only undermined the progress made but also served to reveal the limited gains that had been attained. The problem was further exacerbated by the political instability experienced by a large number of countries. The adverse effects on national capacity for development that prolonged economic and political difficulties most African countries faced could be summarized as follows: a weakening of public administration systems in general and civil service systems in particular; a decline in the quality of systems of education at all levels and in particular at the tertiary levels; declining investments in the social sector, particularly in health and education sectors, the out migration of significant segments of the educated elite resulting in a considerable “brain drain” for many countries; and a weakening of the institutions of civil society as a result of prolonged economic and political crises.

The Reform Era (from the mid – 1980s)

From the mid 1980s, many African countries embarked on a process of fundamental economic and political reforms. Countries sought to liberalize their economies and create a more conducive environment for private sector led growth. On the political plane, the reforms have resulted in the establishment of democratic systems in some countries, and in the liberalization of political systems in many countries. While the economic and political reforms undertaken by the countries of the region begun to have a positive impact in terms of creating greater economic growth rates, the capacity of governments and nations to push through sustained economic changes were weak. The need for targeted interventions in this area became evident. It was essential that capacity building interventions take into account the fundamental re-alignments that have taken place and continue to take place in the relations between governments, civil society and the private sector.

The emphasis on “capacity building” in Africa intensified following the publication of the World Bank’s 1989 study on Sub-Saharan Africa, *From Crisis to Sustainable Growth*. This was a welcome contribution, as it required development specialists to begin focusing more systematically on the host of activities, some dating from the 1950s, related to “capacity creation” or “capacity enhancement”. This formal re-examination of the topic, has led to a more structured approach to capacity building, its main elements, and the processes by which

it is achieved. The 1989 study referred to, was the fourth produced by the World Bank on Sub-Saharan Africa in less than a decade. Earlier analysis had highlighted many difficulties and weaknesses in Africa. This was the first time the Bank had singled out weak capacity as one of the most pressing problems. The report raised specific questions about the ability of African officials to handle their jobs, and the capacity of key organizations to fulfil their assigned tasks. To help formalize its efforts in this area, the Bank promoted the “African Capacity Building Initiative” (ACBI) designed to create an institutional structure for improving capacity throughout Africa. A fund of \$100 million was assembled and, in 1991, the African Capacity Building Foundation (ACBF) was created. Alongside the World Bank, the bilateral agencies (USAID, ODA, SIDA, NORAD, GTZ and others) had been funding related efforts throughout Africa for many years.

The general situation in Africa today suggests that capacity building is required in many areas. The degree and emphasis given would vary according to the level and complexity of existing human and institutional capabilities, the economic and financial means to support capacity, the relative roles of the public and private sectors and the degree of civil society in the decision making process of the country. There is a need to ensure that interventions to build capacity are directed to current and future needs, and not those of the past.

4.0 Africa’s Capacity Needs

African countries differ considerably in their level of human and institutional capacities and in the nature of the economic, political and social environment surrounding them. However, generally, the record of development in the continent and in particular, the record of the last two decades points to rather limited achievements in creating the essential capacity for development. There are severe capacity constraints in literally all sectors in most of the countries, characterized by shortages of skilled staff, weak institutional environments which undermine the proper utilization of existing capacity, inadequate training facilities and therefore limited capacity to satisfy the need for skilled people.

Africa needs capacity for national and regional development as well as for effective participation in the global economy. Capacity is required in virtually every sector in every country in Africa. The need to strengthen the public and private sectors, give voice to civil society and rehabilitate education institutions remains acute. This equally goes with reform of institutions, systems, processes, procedures and practices, which support development efforts by the public and private sectors as well as the civil society. Thus capacity is needed to entrench and sustain good governance, design and manage effective policies and programs, manage the environment, address poverty, fight HIV/AIDS and apply science and technology to development problems. Capacity is also needed to accelerate regional development and for Africa to participate with other regions in global economy as an effective partner.

Capacity Needs in the Public Sector

Human and institutional capacity will need to be strengthened in the public sector for it to undertake the following among others:

- Manage the changing role of the public sector in the context of globalisation and multiparty democracy, which have significant implications on openness, effectiveness, innovation and the dissemination of best practices in development policy management.
- Successfully design, implement and monitor economic and institutional reforms and guide development programs.
- Provide efficient and competitive services.
- Promote a conducive environment that will facilitate the emergence of a strong and vibrant private sector and civil society.
- Establish and manage an effective regulatory framework to guide the growth and development of the private sector.
- Put in place a better framework for managing public resources and issues such as decentralization, debt and poverty reduction, environmental sustainability, and equity.
- Promote timely availability of reliable socio-economic and financial information.

Capacity Needs in the Private Sector

Capacity is needed in private sector so that it can carry out the following, among others.

- Provide efficient and competitive services, including those areas hitherto in the public monopoly.
- Compete effectively in the global economy.
- Dialogue effectively with other stakeholders in the development process, especially the public sector and civil society.
- Enhance good corporate governance and social responsibility, and establish codes of best practices.
- Improve productivity and output.
- Promote adaptation, application of science and technology and innovativeness.
- Undertake research and development.

Capacity Needs in the Civil Society

The civil society in Africa has to emerge as a strong voice in development. It has to play a vital role in mobilizing and articulating social demands and providing countervailing influences to elicit accountable performance in the public and private sectors. It therefore requires capacity to contribute effectively to the planning, monitoring and evaluation of development policies and programs. To this end, it will require capacity for:

- Independent policy research and analysis.
- Strengthening of non-governmental organizations and their networks.

Other Strategic Areas

Other areas in which capacity is required include

- Conflict resolution and management.
- Improvement of national statistics.
- Strengthening of consultation among stakeholders in the development process.
- Rehabilitation of educational institutions and systems.
- Fostering of regional co-operation and integration.
- Developing, implementing and monitoring poverty reduction initiatives.
- Speeding up recovery of post conflict countries.
- Strengthening capacity for international negotiations.

5.0 Lessons Learnt in Capacity Building Efforts

African governments and donors have responded to Africa's capacity problems through a variety of programs and projects. Yet these have had little impact on Africa's persisting crises of capacity. Some lessons learnt over the years in the design and implementation of capacity building projects include the following:

- The weak capacity prevalent in most African countries requires that due consideration be given to the time-frame required to build the internal capacity of the project implementing agency or institution prior to commencement of implementation activities. Hence start up activities even if adequately sequenced requires a reasonable time to engender an operational environment conducive to capacity building.
- Over ambitious designs can hamper the timely production of project outputs. This lesson was drawn from the reassessment of the early policy-unit projects, which were apparently over designed. They sought inter-alia to undertake direct research, train their own staff, oversee training for skills development in other core ministries and agencies, and organize research seminars. This concentration of activities, which should have contributed to effective co-ordination of the various components of the projects, turned out to be and added obstacle to timely generation of project outputs.
- The development of core skills that produce quality performance requires a process of strategically designed regular training programs undertaken over a long period of time. Initially, many projects tended to place premium on one-off training courses for public sector officials or on short in-service training modules.
- Semi-autonomous policy units, unlike government policy units and specialized training institutions, demonstrate a higher sense of institutional ownership, better governance, professionalism, performance and output utility, higher levels of

patronage by government and other management, and better prospects of sustainability (ACBF, 2001).

6.0 Donor Support for Capacity Building in Africa

Building human and institutional capacity has been the goal of the international donor community since the 1960s. Renewed interest grew out of experiences with structural adjustment programmes in the 1980s when it became clear that many developing countries particularly in Africa did not have the management skills and organizational resources required to implement complex adjustment programmes. Worse still, the performance of their central bureaucracies was also declining. All this led donor agencies to embrace capacity development as a pre-requisite to achieving sustainable development. While the many positive contributions by 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. Thus, although donors have tried to promote capacity building in Africa, the results have been uneven and generally disappointing.

6.1 Sources of Donor Assistance Failures

The problem with donor assistance can be summed up as being rooted in supply-driven approaches to capacity building. Much donor-financed capacity building has been based on donor analysis rather than country demand as their starting point and has consisted of transfer models and approaches developed by outsiders. An attempt is made to summarize in a broad, generalized manner, factors hampering effective utilization of donor assistance.

- ***Initiative and Ownership***

Most African governments do not play a meaningful role in the analysis of capacity problems and in the design of solutions to address them. The "African Voice" in designing capacity building projects and programs is often muted or unheard and as a result, there is a tendency to reproduce donor notions and preferences for capacity, and subvert local ownership. Most efforts therefore end up as supply driven exercises, which are unsuccessful.

- ***Short-Term Goals***

In most cases donors typically do not operate with long-term objectives in mind. They have budgets based on a particular period of time and consequently are judged by their constituencies on the basis of short-term results. The modality of donor support therefore is through projects, which they believe will achieve results in the short term. The problem is compounded by the fact that recipient countries or their institutions often do not have a long-term framework for capacity building.

- ***Piecemeal Approach***

It makes little sense to intervene at the micro level in the absence of an enabling macro-environment for capacity utilization. Similarly, the choice is not between capacity support for

the public sector, the private sector or civil society, but all of them. Many African governments and donors have set up separate capacity building units, which generate “capacity building projects”. Capacity is not built through projects. It is a critical aspect of virtually everything related to development.

- ***Policy Agenda Overload***

Donors often follow the practice of linking policy issues to program or project support. They require recipient governments and institutions to change their policies in various areas as a condition for granting of such support. Thus, they overload the policy agenda, expecting weak governments to address an ever-increasing set of issues of concern to them. Too many items on their agenda overwhelm key government officials, leaving them no time to attend to other duties. Since most African countries do not have adequate capacity to undertake policy analysis and formulation, many of these policies do not receive adequate hearing which in turn leads to low level of commitment and limited ownership.

- ***Technical Assistance***

This is the principle donor approach to capacity building whereby expatriates are deployed. The use of expatriates is based on the premise that during their stay in the recipient country, they will carry out certain tasks for which there is no current local capacity and in the process they will train local counterparts. Experience has shown that technical capacity has failed to ensure effective transfer of knowledge from expatriates to local counterparts. However, this does not mean that this type of assistance is worthless. Both donors and receiving countries have failed to structure the relationship between expatriates and local counterparts sufficiently well.

7.0 Recognizing Achievements

Many African countries having embarked on economic, political and social reforms, have experienced resurgence of growth in the second half of the 1990s and consequently created a conducive environment for human and institutional capacity building. Reforms in Africa have been substantially effective both from the economic and political point of view.

On the economic front, there has been first, a transition towards a more market-oriented economy. Reforms have opened up market forces. Most prices have been decontrolled and marketing boards eliminated (except in a few countries for certain key exports). The opening of market forces continues in West Africa through the movement to a common external tariff with a maximum rate of 20 percent, and in East and Southern Africa through country-by-country reforms supported by several regional associations. Trade policies are still more restrictive than in the world’s more open developed countries and many countries still confer substantial protection on domestic industry. However, much of the gap in the early 1990s has been closed

Secondly, there has been a shift from public sector to private sector led economy. Thriving business networks have arisen in West, East and Southern Africa, and in politically and economically stable countries, private investment has increased by almost 3 percent of GDP in recent years. In a 1997 survey of 22 African countries, fewer businessmen saw the state as an opponent than had in 1987 (Weder, Brunett, and Kisunko, 1998). Foreign direct investment also rose in the second half of the 1990s to about one sixth the average level per capita for all developing countries, but it was still concentrated in a few countries, especially those with minerals. The number of funds seeking investments has grown, so Africa is becoming a viable business address.

Lastly, many countries have made major gains in macro-economic stabilization, particularly since 1994. The 31 poor, aid dependent countries covered by the Special Program of Assistance (SAP), had their fiscal deficits dropped to 5.3 percent of GDP in 1997 – 98 and averaged only 2.5 percent of GDP net of grant financing. Many countries have taken steps to broaden their tax bases, creating autonomous revenue authorities, curbing arbitrary exemptions, and implementing value added taxes.

On the political and social front, there has been democratization and political liberalization. Various groups in the society have greater freedom to articulate their positions on various issues and hence make an impact on policymaking process. Under the new multiparty politics, various political parties are free to articulate a variety of positions and policies. In addition, various social groups such as the civil society, youth and women are better posed to articulate their interests. This has been accentuated by the significant increase in freedom of the press which facilitated an increase in the media involvement in the process of bringing policy issues to the public domain thus enhancing public awareness and facilitating greater public scrutiny of policy performance. Given the circumstances, capacity building has to address further challenges of enhancing the ability of the government to manage the interest of these various groups and at the same time, enhance capacities of these groups.

8.0 Africa's Development Challenges

Despite considerable promising signs of economic recovery and sustained growth as result of economic and institutional reform programs that were put in place in the 1980s, Africa is still faced with formidable challenges, which necessitate human and institutional capacity. These include:

- African people are still among the poorest in the world. More than 40 percent of its 600 million people live below the internationally recognized poverty line of \$1 a day, with incomes averaging just \$0.65 a day in purchasing power parity terms (World Bank, 2000). The number of poor people has grown relentlessly, causing Africa's share of the world's absolute poor to increase from 25 to 30 percent in the 1990s. Effective poverty reduction needs sustained and higher per-capita income

growth, with strong commitment from both the public and private sectors to expand opportunities and services for the poor. This is still lacking in many African countries.

- HIV/AIDS is seriously threatening gains from growth, reversing life expectancy trends in some countries and undermining future prospects. Two thirds of the world's HIV/AIDS cases are in Africa. AIDS alone has orphaned more than 8 million children. Since HIV hits people in their prime productive years, it disrupts the economic and social bases of families and dramatically reduces national incomes.
- Institutional and governance reform are still far from being sufficiently effective to attract private investment, which is fundamental to growth, and to unleash the creative indigenous capacities of the local entrepreneurial class and grass roots population.
- The crisis in the education system is unabated. 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. Declining budgets and rapidly expanding student enrolment have hard hit higher education. The growth in number of university graduates since independence has been extraordinary. 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 labour market each year, many of them in already oversupplied sectors, while chronic shortages continue in key economic disciplines.
- Brain drain remains a continuing threat to human capacity building and retention. The exodus of professionals represents a dire loss of much-needed skills in Africa. About 100,000 highly qualified Africans are estimated to be working abroad, mainly in Western Europe and North America (Gray, 1997). Unless measures are taken to address the problem, the shortage of highly qualified Africans will continue unabated. Many African professionals have left their home countries due to political, economic and social conditions, low salaries and bleak prospects.
- Political stability and peace are direly needed in the region. War and civil conflict became very common in the 1990s. As the new century unfolds, there is hope that the main recent conflicts are being resolved. However peace is fragile, and the consequence for Africa's families are profound. Furthermore, many conflicts remain and the challenge is therefore to build the capacity to resolve conflicts.

- Globalisation remains a challenge. It will continue to reinforce the interdependencies between different countries and regions. It can also deepen the partnership between the advanced countries and the rest of the world including Africa. And to support this partnership in a mutually beneficial way, the advanced countries could help to further open their markets to the products and services in which Africa has a comparative advantage. The challenge facing African countries is to design public policies so as to maximize the potential benefits from globalisation, and to minimize the downside risks of destabilization and/or marginalization.

9.0 Strategies and Options for Action

It is evident that Africa (especially Sub-Saharan Africa) suffers from serious and in some cases worsening capacity shortages in almost all economic sectors and segments of society. At the same time, Africa is faced with increasing changing demands for capacity. The question is what could actually be done to address Africa's capacity problems? The diagnosis presented earlier pointed out key areas of concern. There exists a disabling environment for capacity building in many parts of the continent. Under such environment, neither the public sector nor the private sector nor the civil society can play the roles they might otherwise be able to play as engines for national capacity building. The diagnosis also highlighted shortcomings in the approach taken by donors. Thus essentially any strategy for capacity building should reflect on dealing with the overwhelming impact of those key issues

9.1 Capacity Building in the Public Sector, Private Sector and Civil Society

Capacity Building for Public Administration

To be successful, capacity-building efforts in Africa must be accompanied by a transformation within the public sector. Countries will need to consider the following.

- ***Building a Professional Civil Service***

What is the role of the civil service? Objectives should be clearly defined including what staff, skills and experiences are necessary to fulfil different roles. Rewards and incentives shaped so as to evoke the performance, which the society increasingly demands and deserves.

- ***Enhance Policy Analysis***

Africans must own policy analysis and monitoring. The current global economy particularly in terms of interdependency and competition, the advances in technology and the huge gap separating Africa from the rest of the world requires bold initiatives, conceived and implemented by local experts. It is imperative to acquire a deep understanding of the causal links between policies and their consequences on the global economy. It is important to entrust critical analysis with appropriate local experts in the areas of macroeconomics, investments, industrial development, agriculture, infrastructure and social services.

- ***Strengthening Financial Management***

A sound accounting infrastructure is a critical pre-requisite for sustained economic growth. Progress towards the development of an ethical culture that emphasizes financial discipline will continue to be retarded as long as capacity remains as weak as it is at present. Governments can give greater support to the training of quality personnel in this profession and/or establish legal frameworks, which include requirements for annual reporting as well as accounting standards to guide the practice of the profession.

- ***Enhancing Legal and Regulatory Framework***

The strengthening and improvement of the legal and regulatory framework is a key element in dealing with some of the persistent problems associated with capacity deficiencies that were identified in the diagnosis. Priority should be given to reforming the legal systems including enhancing the local capacity to draft laws, re-drafting legal codes, improving the judiciary, capacity of state attorneys and private lawyers. The experience of several countries that embarked on comprehensive legal reform exercises, offer useful lessons for others to follow.

- ***Enhance Leadership and Management***

Leadership and management in African institutions are inadequate and this results into poor institutional performance. Weak leadership and weak management at the top usually translate into an inability to build up capacity. Thus the development of leadership and management is a pre-condition for development of all other capacities. Since leadership and management are inadequately developed, capacity is inadequate. There is therefore a compelling rationale to focus on both.

Capacity Building for the Private Sector

It is important to understand what it takes to grow effective modern businesses out of the informal and small businesses that characterize the typical African economy. The talents of entrepreneurs and the productivity of small businesses can be enhanced through the addition of learned and teachable skills covering techniques of good management, organization and the establishment of effective routines. The ability of the private sector to take over the activities, which over the years were under public ownership and management and convert them to more profitable and productive entities, will require strengthening sector capacity. Key areas in enhancing entrepreneurial capacity include:

- Provision of training to nascent small and medium-scale entrepreneurs.
- Putting in place adequate venture capital financing institutions.
- Development of broad ownership of privatised state owned enterprises and of the large family owned business through an operational stock market.

- Re-orientation of the education system to make it more responsive to private sector needs.
- Increasing access to relevant technologies and export market information.

Developing national confidence in the private sector, which in the past in many Sub-Saharan African countries has been viewed as an instrument of exploitation and enrichment by a racial minority, is a critical element in building capacity of the sector. Improving policy dialogue between the government and the business sector would also enhance private sector capacity. A legal and regulatory regime, which is responsive to and supportive of the new market-oriented environment, is necessary. It is also important to have allocation of public resources to areas promoting private sector growth and viability.

Capacity Building for the Civil Society

Social development in Africa needs to be supported by serious efforts to strengthen the capacity of the civil society to manage affairs. This requires enhancing the organizational, managerial and technical capacity of community groups, non-governmental organizations and other segments of the civil society in policy advocacy and delivery of services to their members and/or clientele. This includes increasing the capacity of civil organizations for partnership with government and donors. Non-Governmental Organizations and other civic groups in Africa have not performed satisfactorily because of such factors as shortage of funds and technical know how and inadequate public outreach.

9.2 Improving Delivery of Technical Co operation

A report from the World Bank's Operational Evaluation Department¹ noted, *“Although TC cannot be expected to improve weak public administrations greatly in the short run, it remains a key instrument for making institutional development happen. Hence there is a need for re-shaping instruments, methods, processes, incentives and skills to achieve this end.”* The shortcomings of Technical Co-operation in relation to capacity building have been identified. There is also an increasing knowledge of determinants of successful Technical Co-operation interventions in the specific context of Sub-Saharan Africa. The following are prerequisites for successful Technical Co-operation in terms of contributing to effective human and institutional development in Africa.

- ***Clarity of Objectives***

To be truly developmental, TC efforts should give priority to building capacity and not to achieve highly visible short-term results. Thus the long-term goal of building national capacity should always be there. Institutional building should be an integral element of all aid activities. An aid activity cannot be regarded as successful unless it has contributed to strengthening the local institutions through which and for which it works.

¹ *Technical Assistance, Lessons and Practices*; 1996. OED, The World Bank, Washington D.C

- ***Involvement and Commitment of the Recipient Country/Institution***

The recipient (or client) should be convinced of the need for external assistance to deal with the perceived high priority problem. The existence of a genuine demand is therefore a precondition for TC effectiveness. Participatory approaches in designing and executing TC programmes are necessary. Thus the recipient countries should first appraise their specific capacities and identify genuine TC needs, linked to macro-level, sectoral and sub-sectoral strategies.

- ***Adaptation to the Surrounding Institutional Environment***

Political, economic and institutional constraints are likely to differ from one country to another. The existing environment should therefore be fully taken into account prior to providing TC and deciding on the required inputs and roles. In crisis-ridden countries like Angola, Burundi and the Democratic Republic of Congo, gap-filling TC may prove to be an absolute necessity. In other countries such as Botswana and Cote d'Ivoire, substitution TC is no longer acceptable. Corresponding TC resources could be better used for other purposes (e.g. for the financing of incentive schemes and delivery of equipment). In countries with endemic levels of corruption, much more time should be devoted to institutional diagnosis of the political and administrative environment.

- ***Regarding Institutional Capacity Building as a Process***

Experience shows that tackling pervasive countrywide institutional weaknesses cannot be achieved with an agency-by-agency approach or creating some enclaves of good management in an ocean of waste. Comprehensive approaches are needed, based on detailed knowledge of local conditions, the operational constraints of a given institutional context and indigenous management practices. This in turn requires a long-term commitment of all parties involved.

9.3 Investing in People

Africa's future lies in its people. Indeed Africa must solve its current human capacity crisis if it is to claim the 21st Century. One of the basic areas that countries must focus is providing the necessary education to the people. Investing in people is becoming more important for two reasons. First, Africa's future economic growth will depend less on its natural resources, which are being depleted and are subject to long-run price declines, and more on its labour skills to accelerate growth. Growth in today's information based world economy depends on a flexible, educated workforce to take advantage of economic openness. Second, investing in people promotes their individual development and gives them the ability to escape poverty.

The growth of the school-age population in Africa has been so high such that many countries are having trouble keeping enrolment rates constant. Africa is the only region where primary

enrolment rates were lower in 1995 than in 1980². Though there were improvements in the late 1990s, primary enrolment rates of the 1980s have not been retained. Enrolment rates at all levels are far behind those in other regions. Tertiary education levels are also so low that they limit the development of society's leaders. Low enrolments seriously undermine economic growth and poverty reduction. Worldwide, no country has enjoyed sustained economic progress without literacy rates well over 50 percent. Moreover, universities have a potentially greater role to play in Africa than in the other regions since they are often the only national institutions with the skill, equipment and mandate to generate new knowledge through research or to adopt global knowledge to help solve local problems.

The content and quality of African education are also in crisis. Poor quality not only produces poorly educated students, it also results into excessive repetition and low completion rates at enormous costs. In 14 of 32 African countries for which data is available, more than one third of school entrants do not complete the primary cycle. In 11 of 33 countries, the input-output ratio is more than 1.5 implying that these countries use 50 percent or more resources than is necessary in an ideal system. At the university level, religious studies and civil service needs have resulted in the development of humanities and social sciences and the neglect of natural sciences, applied technology, business related skills and research capabilities. Rapid enrolment growth in higher education coupled with declining resources has significantly lowered quality (World Bank, 1999).

9.4 Building Capacity to Enhance Poverty Reduction Initiatives

Poverty reduction is now the main focus of African countries' sustainable development efforts. It is also on the top of the agenda of major bilateral and multilateral donors. More specifically, African governments are expected to produce their own homegrown Poverty Reduction Strategy Papers (PRSPs). The latter will serve as the basis for the Poverty Reduction and Growth Facility of the IMF as well as provide the context for IDA country Assistance Strategies and for access to debt relief under the Enhanced HIPC Initiative. A few African countries have already developed their PRSPs, others are at various stages along the way. But it is fair to state that most African countries will need interventions to strengthen, build up or improve their national human and institutional capacities to develop and implement a truly homegrown PRSP.

Closely related to PRSP is the challenge of building capacity in HIPC countries. This challenge lies at two levels. First, is putting in place mechanisms for effective management of the debt portfolio, while the second is in addressing the requirements for effective utilization of the savings from debt relief under the HIPC Initiative. Since the HIPC Initiative requires that savings from debt relief be channelled into the social sectors and for poverty reduction programs, the capacity building needs of the Initiative take on a much broader dimension

² UNESCO. World Education Report, 1998.

than effective management of the debt portfolio and should ensure consistency with macro-economic fundamentals.

9.5 Capacity to Participate Effectively Under Globalization

Capacity to Understand the Emerging Trends

The world is changing and becoming ever more interconnected. A key challenge is for Africa to adapt to this new global environment, and work creatively in global networks. Africa should build the capacity to understand how to maximize the potential benefits from globalization and minimize the risks/threats of destabilization and/or marginalization.

Capacity in Negotiating Development Issues

Strengthening the effectiveness in the negotiation process is an issue of importance in Africa's development concerns, especially in the wake of increasing marginalization resulting from globalisation of the world economy. Of particular significance are the negotiation strategies, skills and tactics of Africa's decision makers that need to be strengthened in order to improve bargaining position in the world economy. Increasingly, it has become apparent that Africa's bargaining position needs to be reinforced so as to enhance its stance in matters relating to bilateral and multilateral agreements, sourcing of external finance, re-scheduling of external debt, consultancy and procurement contracts, the disposal of sensitive state assets, negotiations with foreign investors, and external financing conditionality. All forms of negotiations require knowledge, skills, appropriate institutional support and mechanisms as well as effective preparation that will allow the team to negotiate within the framework of a strategy that will lead to a sustainable outcome.

9.6 Addressing Brain Drain

Brain drain or human capital flight, though not a new phenomenon in Africa, has assumed a critical dimension. Current statistics estimate that Africa is losing an average of 20,000 African professionals annually through out migration and exodus. So long as Africans live in a global economy, they are subject to the forces of demand and supply. Africans with extra skills today will clearly be looking at the global market and there is no way to stop that. The best way to arrest the situation is creating an environment that will provide incentives for them to stay. Incentives are not only material, but also proper working conditions together with peace and stability of the countries. We must therefore improve the necessary motivations and incentives in Africa so that professionals will be willing to stay. However, African countries could also design programs for the re-integration of qualified nationals around the world. This could be achieved in two ways. First, African professionals working elsewhere can be deployed as technical experts on different assignments for which there is lack of capacity. Secondly, through the use of information technology, professionals working abroad can still be consulted and they can transfer knowledge to their counterparts in Africa.

10.0 Conclusion

It has been argued in this paper that although the importance of human and institutional capacity building for sustained development is now almost universally recognized, the record of achievement of African countries in this regard remains far from satisfactory. While the limited gains are historically accounted for by the limited legacy of colonial rule, the political and economic difficulties that have beset a large number of countries after independence also account for the current state of affairs. Much of the African environment does not provide an easy context for capacity building.

Often, leaders find it easier to rely upon donor assistance. However, donor activities have often exacerbated capacity problems in Sub-Saharan Africa through approaches that have been supply driven and geared to satisfying internal institutional demands rather than attacking the more difficult task of helping African countries build capacity to do things for themselves and take full responsibility for their own economic and social development. The national pools of educated and skilled staff is spread exceedingly thin and depressing professional conditions make it difficult to motivate employees to exert their most productive efforts. The framework for effective utilization of the existing capacity is lacking. Thus given the low levels of capacity development and utilization in the region, the need for a targeted strategic approach in this area remains a high priority.

Capacity building is a means and not an end in itself. A capacity building strategy must therefore be based on a larger vision of economic and social development, and on the capacity needs implied by such a vision. Instead of capacity building in Africa being one among other components in a project or program, it must become an integral part of the development agenda. What is called for here is a change in the development paradigm. Countries must be owners of their capacity building strategies and processes. They must assume the responsibility for donor co-ordination and take the lead in ensuring that donor supported actions are in line with nationally defined capacity building strategies. Africa should realize that if its destiny is stability, prosperity and adequate welfare for entire societies, it must develop the capacity to make and implement its own development choices.

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