



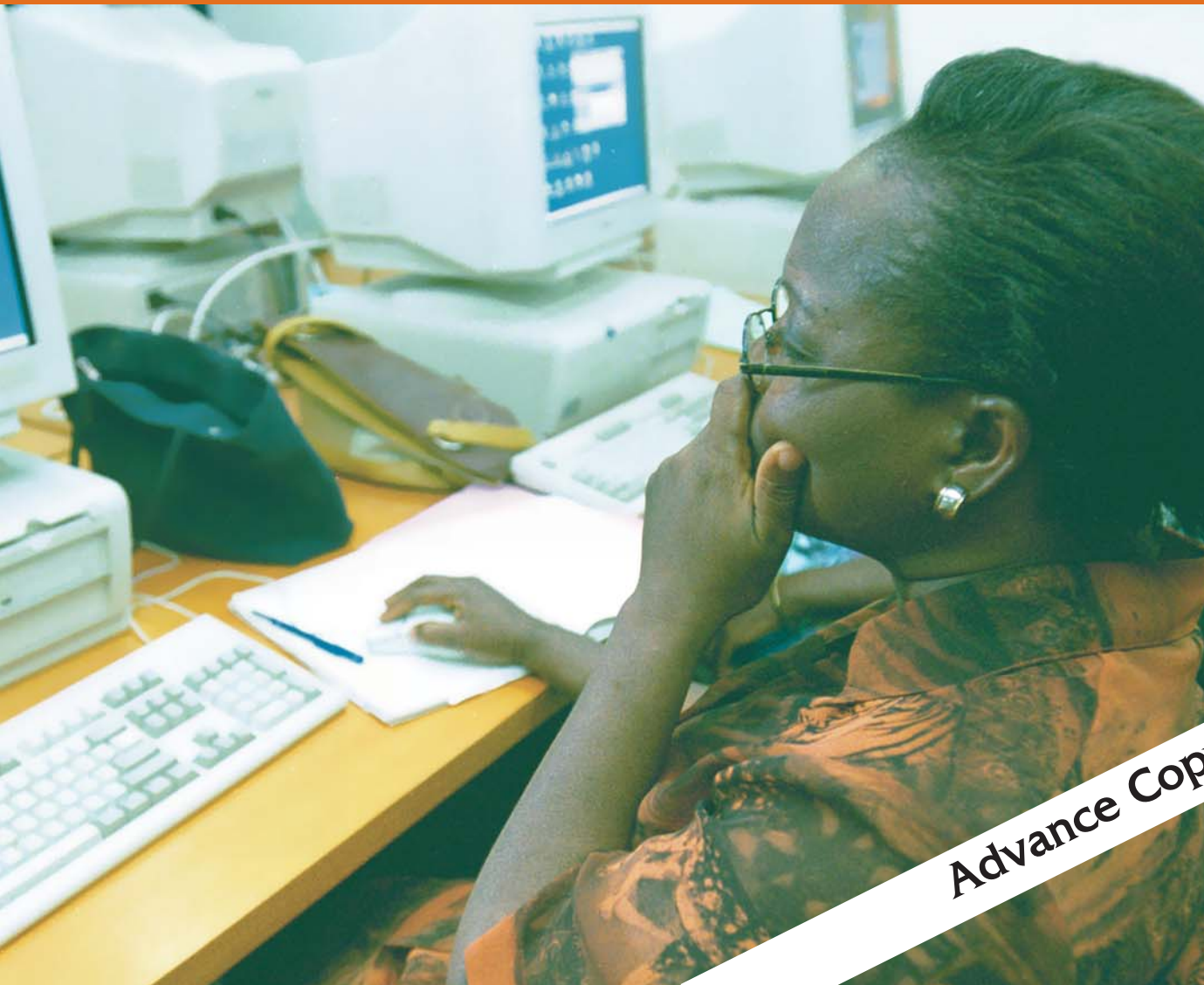
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Capacity Building in Africa

An OED Evaluation of
World Bank Support

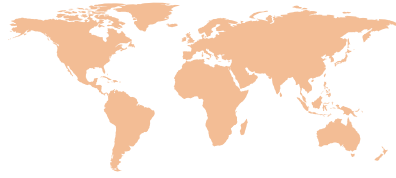


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Capacity Building in Africa

An OED Evaluation of
World Bank Support

2005
The World Bank
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Foreword

African countries must improve the performance of their public sectors if they are to achieve their goals of reducing poverty, accelerating economic growth, and providing better services to their citizens. Achievement of such improved performance will require countries to complement reforms with sustained capacity building.

The World Bank supports a wide range of capacity building interventions through its country lending and nonlending programs and dedicated corporate and Regional entities. Between 1995 and 2004, the Bank provided some \$9 billion in lending and close to \$900 million in grants and administrative budget to support capacity building in Africa. The bulk of this support has been directed toward the public sector.

This evaluation assesses the relevance and effectiveness of Bank support for public sector capacity building in Africa over the past 10 years. It draws on studies of Benin, Ethiopia, Ghana, Malawi, Mali, and Mozambique; aggregate assessments of country strategies and operations across the Bank's Africa Region; and reviews of three corporate and Regional programs dedicated to capacity building—the World Bank Institute, the

Institutional Development Fund, and the Bank-supported African Capacity Building Foundation.

Main findings

Recent changes in approach have made Bank support more relevant

The Bank's traditional efforts in building public sector capacity focused primarily on creating or reorganizing government units and building individual skills. Conscious of the limited impact of its support in the face of countries' still-weak public sector capacity, the Bank has progressively changed its approach over the past 10 years:

- It has broadened its support to include the strengthening of public institutions and the fostering of demand for public service improvements.
- It has added new diagnostic tools to assess countries' capacities to manage their public financial resources and has increased the range of lending instruments for delivering its capacity building support to increase country ownership of these activities.
- It has also expanded corporate and Regional programs directly supportive of capacity building.

These changes are relevant because they recognize that capacity building is a long-term process requiring a systemic approach, demand for improved public sector performance, and supply of well-structured organizations and skilled personnel.

In the Bank's Africa Region, all recent country strategies identify public sector capacity building as a core objective, and they rely increasingly on sectorwide programs and budget support through Poverty Reduction Credits, whose broad strategic frameworks require identification of long-term capacity needs. All the strategies include at least one operation with major capacity building aims, and a few include multisector projects that address capacity building issues within and across ministries and levels of government. These new efforts may help authorities better prioritize capacity building activities and guide support from donors.

But even with these recent improvements, the Bank's support for capacity building in Africa remains less effective than it could be. This evaluation finds four areas that need to be strengthened to obtain better results.

Most capacity support remains fragmented

Because most capacity building support is designed and managed operation by operation, it is difficult to capture cross-sectoral issues and opportunities and to learn lessons across operations. Some of the new multisector projects in countries with strong public sector reform programs address, in an integrated way, the institutional, organizational, and human resource changes needed to improve public sector performance. But most projects embed capacity building activities in other program components and do not specify the capacity building objectives. Many such capacity building activities are not founded on adequate needs assessments and do not include appropriate sequencing of measures aimed at institutional or organizational change and individual skill building.

Sector-specific capacity building approaches need strengthening

The challenges of capacity building vary across sectors as well as across countries. This is because governments generally are inclined to improve services demanded by powerful interests (for example, trunk roads) more readily than those sought by weaker or more diffuse interests (such as primary education). In addition, the tractability of capacity building problems depends on sectoral characteristics like labor intensity and the decentralization of service provision. While the Bank is moving to better customize its capacity building approaches to country conditions, it has devoted inadequate effort to deriving lessons along sectoral dimensions and fostering country-led capacity building planning within sectorwide programs.

Tools and instruments could be more effectively and fully utilized

The Bank's traditional tools—technical assistance and training—have often proved ineffective in helping to build sustained public sector capacity. The Bank is not fully utilizing all its available instruments to improve public sector performance. Economic and sector work does not contribute to public sector capacity building as much as it is expected to, or could. Programmatic lending has so far been used more effectively to enhance strategic planning than to build sustainable capacity to manage sectors and deliver services. The World Bank Institute has not yet completed its transformation from individual training to capacity building.

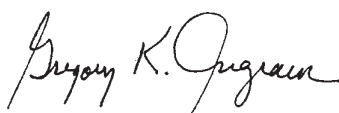
Quality assurance is inadequate

Finally, the Bank does not apply the same rigorous business practices to its capacity work that it applies in other areas. Even though capacity building is a stated corporate and Regional priority, most activities lack standard quality assurance processes at the design stage, and they are not routinely tracked, monitored, and evaluated.

Recommendations

These findings underscore the importance of approaching capacity building in Africa as a core objective and ensuring that Bank capacity building support is country-owned, results-oriented, and evidence-based. The evaluation recommends that:

- The Bank, at the corporate level, should strengthen its knowledge base and amplify its framework for public sector capacity building to better help countries (a) prioritize capacity building activities and guide donor support; (b) link institutional, organizational, and human capacity developments; and (c) transform traditional capacity building tools to improve results. It should also ensure that guidelines and processes are in place for self- and independent evaluation of Bank capacity building interventions.
- Sector and thematic leadership should develop sector-specific guidance on diagnosing public sector capacity needs and ways of monitoring and evaluating interventions.
- Regional senior management should ensure that Country Assistance Strategies are used effectively to help countries identify and strengthen the capacities they need to plan, implement, and measure the results of their poverty reduction strategies. They should also ensure that all operations that aim to build public sector capacity are based on adequate assessments of capacity needs and have ways to monitor and evaluate results.
- The Bank should reassess what role training should play in its capacity building support, how it should be provided, and what should be the respective roles of a central training unit and Regional programs in any future support for this activity.



Gregory K. Ingram
Director-General, Operations Evaluation

Acronyms and Abbreviations

ACBF	African Capacity Building Foundation
AFR	Africa Region (World Bank)
CAS	Country Assistance Strategy
CFAA	Country Financial Accountability Assessment
DFID	Department for International Development (U.K.)
DGF	Development Grant Facility
ESW	Economic and sector work
GDLN	Global Development Learning Network
GDP	Gross domestic product
ICR	Implementation Completion Report
ICRG	International Country Risk Guide
IDA	International Development Association
IDF	Institutional Development Fund
IDI	Institutional development impact
IT	Information technology
OED	Operations Evaluation Department (World Bank)
OPCS	Operations Policy and Country Services (World Bank)
PACT	Partnership for Capacity Building in Africa
PER	Public Expenditure Review
PFM	Public financial management
PIU	Program Implementation Unit
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Process
SWAp	Sectorwide approach
TA	Technical assistance
TAL	Technical Assistance Loan
UNDP	United Nations Development Programme
WBI	World Bank Institute
WDR	World Development Report
WHO	World Health Organization

Summary of Findings and Recommendations

African countries must improve the performance of their public sectors if they are to achieve their stated goals of reducing poverty, accelerating economic growth, and providing better services to their citizens. The continued weakness of the public sector in most countries in the Region reflects deeply rooted conditions that are the legacy of such influences as colonialism, political conflict, and the underdevelopment of the private and nongovernmental sectors. Long-term, systemic approaches are required to build public sector capacity under these conditions.

The Bank supports a wide range of capacity building interventions through both its country lending and nonlending programs and dedicated corporate and Regional entities. Between 1995 and 2004, it provided some \$9 billion in lending and close to \$900 million in grants and administrative budget to support capacity building in Africa. The bulk of this support has been directed toward the public sector.

This independent OED evaluation assesses the relevance and effectiveness of Bank support for building public sector capacity in Sub-Saharan Africa over the past 10 years (1995–2004). It draws on in-depth case studies of Benin, Ethiopia, Ghana, Malawi, Mali, and

Mozambique, which focused particularly on efforts in the roads, health, education, and public financial management sectors. The evaluation also assesses country strategies and individual operations across the Region, as well as the work of the World Bank Institute (WBI), the Bank’s Institutional Development Fund (IDF), and the Bank-supported African Capacity Building Foundation (ACBF).

Overall approach

The international development community, including the World Bank, has traditionally treated public sector capacity building as a collateral objective—that is, as a by-product or instrumental measure to advance near-term project outcomes—rather than as a core goal in its own right, along with intended developments on the ground. As a result, capacity building has not developed as a well-defined area of development practice with an established body of knowledge about what works in meeting different needs under different country and sector conditions.

Conscious of the limited impact of its support in the face of Africa’s still-weak public sector capacity, the Bank has, since the mid-1990s, been modifying the design of its support programs. In line with its 2000 public sector reform strategy, it has broadened the

These changes are relevant because they recognize that capacity building is a long-term process that requires a systemic approach and attention to both demand and supply for improved public services.

scope of its capacity building interventions to include strengthening of public institutions. In the Bank's Africa Region, emphasis has been on public financial management and accountability and the decentralization of services. The Bank has also added new diagnostic tools to assess countries' capacities to manage their public financial resources and increased its range of lending instruments. These changes are relevant because they recognize that capacity building is a long-term process that requires a systemic approach and attention to both demand and supply for improved public services. But the new directions are not yet fully operationalized. The Bank has not yet established a knowledge base and guidance for capacity building work comparable to that in place for its other main work. Its diagnoses of capacity needs and design of capacity building interventions are often partial in their coverage of capacity constraints and obstacles to change. The ability to implement capacity building activities is often overestimated. And, even though capacity building is a stated corporate and Regional priority, most activities lack quality assurance processes at the design stage, and they are not routinely tracked, monitored, and evaluated.

Capacity building in country programs

Recent country strategies for Africa do a better job of addressing capacity needs than did the strategies of the mid-1990s. All recent Bank Country Assistance Strategies (CASs) identify capacity building as a core objective. And they are shifting toward sectorwide programs and budget support through Poverty Reduction Support Credits (PRSCs),

Recent country strategies for Africa do a better job of addressing capacity needs than did the strategies of the mid-1990s.

which set a broad strategy framework for identifying long-term capacity building needs. Some CASs also include multisector projects that address capacity building issues within and across ministries and levels of government. These are promising new directions: they aim to customize Bank support to country commitment to change, and they may help authorities prioritize capacity building activities and the support needed from donors.

The Bank could use these new processes more effectively to help countries plan capacity building efforts linked to their overarching policy frameworks. Most support for capacity building in country programs remains fragmented—it is designed and managed project by project. This approach makes it difficult to capture cross-sectoral issues and opportunities and to have the broad view needed to learn lessons across operations. The Bank is also missing opportunities to fully utilize all of its instruments to support capacity building. The Poverty Reduction Strategy process has the potential to help authorities better prioritize capacity building activities, but appears to have been used in this way in only a few countries. Economic and sector work does not contribute to public sector capacity building as much as it is expected to, or could. Programmatic lending offers the potential to move toward more coherent capacity building, but in most cases it has yet to foster country-led design of capacity building priorities and programs. The work of WBI has only recently begun to be integrated into country programs, and the synergy between Bank and ACBF country capacity building efforts is limited.

Capacity building in individual operations

Many projects have capacity building activities embedded in their major operational components, but the objectives of these activities tend to be ill defined, and their achievements poorly tracked and reported. In projects where capacity building is itself a main

component, objectives are better specified, but shortcomings in the underlying diagnosis of capacity needs and the constraints to change, and in the sequencing of measures aimed at institutional or organizational change and individual skill building, often hamper achievement of those objectives.

In contrast, the relatively small number of operations that address capacity building as the primary project objective, such as the new generation of multisector capacity building projects, entail detailed capacity needs assessments and processes for establishing capacity building outcome indicators for monitoring progress and measuring results.

The sectoral dimension of building capacity

In Africa, the Bank's success in enhancing the performance of the public sector varies across sectors as well as across countries, as evidenced by the four sectors covered in this evaluation. Support for capacity building in the roads sector has been more effective than support to the other three sectors reviewed. This is because the roads sector is characterized by clear goals, stakeholders with a direct interest in change, a known technique transferable across countries, and readily measurable results. These factors have fostered the emergence of a coherent capacity building strategy that has helped generate institutional, organizational, and human resource achievements.

The experience in the roads sector is not easily replicable. The health and education sectors face greater challenges because they are labor intensive and decentralized, relying on thousands of dispersed frontline service providers. Public pressure for change is more diffuse, and it is more difficult to measure and manage for results.

The health sector in Africa is further handicapped by the continuous outflow of trained staff—a problem that the Bank and other donors have addressed primarily by financing training. But training is only part of the solution to building human capacity, because low salaries and poor working

conditions also contribute to high outflow. What is needed is a comprehensive approach to human resource management.

While there have been successes, Bank support for capacity building has encountered considerable difficulty in the area of public financial management. The countries do not fully “own” the change agenda, and understanding of how best to adapt international practices to country contexts is still evolving. The greatest successes involved issues that are technical or reforms that enjoy broad political support, such as tax administration. Less has been achieved in areas—such as performance budgeting—that involve unfamiliar, complex techniques transplanted from outside the country and that depend on consultants for implementation. Despite these important differences among sectors, the Bank has devoted inadequate effort to deriving capacity building lessons along sectoral dimensions and promoting country-led capacity building planning within sector programs.

Tools for supporting capacity building

The Bank has not developed a body of knowledge on what tools should be applied in different country and sector circumstances. Where technical assistance (TA) has been used to fill the gaps in skills needed to manage Bank-funded projects, it has had little impact on strengthening client capacity. TA has been effective when used for a discrete and well-defined technical task and in the context of a clear TA strategy that includes a phase-out plan. A majority of the projects reviewed support training of individual staff, and projects have almost always achieved the target numbers to be trained.

The Bank's success in enhancing the performance of the public sector varies across sectors as well as across countries.

The Bank has devoted inadequate effort to deriving capacity building lessons along sectoral dimensions and promoting country-led capacity building planning within sector programs.

But public agency staff is often trained for specific tasks before they are positioned to use the training or before measures are taken to help retain them. Regional operations and WBI and ACBF programs have focused on the supply of individual skills in the public sector without ensuring that the skill-building is appropriately synchronized with organizational and institutional changes needed to improve public sector performance.

Regional operations and WBI and ACBF programs have focused on the supply of individual skills in the public sector without ensuring that the skill-building is appropriately synchronized with organizational and institutional changes needed to improve public sector performance.

Corporate and Regional mechanisms

The Bank's support of three dedicated capacity building programs in Africa is managed separately from its country assistance programs. Each of the three corporate and Regional programs provides a distinct mode of capacity building support and has the potential to complement, and even stimulate, innovation in the Bank's scaling up of its capacity building interventions, but their activities have been only moderately effective.

The World Bank Institute provides training, knowledge, and advisory services to officials and leaders in the public sector. The Africa Region currently accounts for almost one-third of its some 1,000 program offerings. Recognizing the modest effectiveness of its past individual learning programs, in 2002 WBI announced that it was shifting from training individuals to a new capacity building strategy. To support that shift, it has recently introduced country-level capacity needs assessments and capacity development strategies, but it has not yet made clear how its learning programs will take account of the interrelationships among individual skills and organizational and

institutional development. Nor has it developed a set of pedagogic tools for delivering learning programs fitted to its reformulated capacity building role.¹

The African Capacity Building Foundation is an independent institution in Harare that provides grants to national and regional institutions and programs to help strengthen economic policy analysis and development management. It was established in 1991 by the World Bank, the African Development Bank, and the United Nations Development Programme (UNDP). The World Bank remains its largest source of funds; it has provided \$186 million to programs and projects. The ACBF has two distinctive characteristics that give it the potential to support capacity building: it can provide its funding over a long period and it supports a diverse range of activities, not limited to individual TA and training. But it has yet to find an effective way to link the ad hoc programs it funds to each country's priority needs for enhanced policy and development management. It also lacks the well-defined capacity building outcome measures needed to monitor its accomplishments.

The Institutional Development Fund (IDF) is a World Bank program that provides grants to governments to fund small-scale and pilot capacity building activities for up to three years. The grants average some \$300,000 and the approval processes are streamlined. Recent reforms increase the relevance of the IDF's country-executed and flexible capacity building support, notably by allowing for serial IDF grants for activities that warrant follow-up support but have no other source of funding. It will be important that a planned self-evaluation of the impact of these reforms assess the country ownership of the activities supported and the sustainability of their results.

These three corporate and Regional programs, like Bank country programs, lack

the knowledge base and results framework they need to identify the impact of their activities and allocate their limited resources efficiently.

Recommendations

This evaluation's findings underscore the importance of approaching capacity building in Africa as a core objective and ensuring that capacity building support is country-owned, results-oriented, and evidence-based. The challenges to improving public sector performance in Africa—posed by political and institutional characteristics, weak incentives and working conditions, and emigration of highly skilled professionals—necessitate the priority focus and processes that encourage long-term, systemic efforts. The evaluation recommends that:

Operational framework: The Bank, at the corporate level, should strengthen its knowledge base and amplify its framework for public sector capacity building to better help countries (a) prioritize capacity building activities and guide donor support; (b) link institutional, organizational, and human capacity developments; and (c) transform traditional capacity building tools to improve

results. And it should ensure that guidelines and processes are in place for self- and independent evaluation of Bank interventions.

Sector-specific guidance: Sector and thematic leadership should develop sector-specific guidance on diagnosing public sector capacity needs, enhancing incentives for performance improvements, and monitoring and evaluating interventions.

Country programs: Regional senior management should ensure that CASs are used effectively to help countries identify and strengthen the capacities they need to plan, implement, and measure the results of their poverty reduction strategies, and coordinate donor support. They should also ensure that all operations that aim to build public sector capacity are based on adequate assessments of capacity needs and have ways to monitor and evaluate capacity building progress.

Training: The Bank should reassess what role training should play in its capacity building support, how training should be provided, and what should be the respective roles of a central training unit and Regional programs in any future support in this area.



Introduction

Public sector performance must be strengthened if African countries are to achieve their stated goals of reducing poverty, accelerating economic growth, and providing better services to their citizens. This need for enhanced public sector capacity is widely recognized in Africa, the international development community, and the World Bank.

Three developments have brought public sector capacity building to the forefront of international assistance to Africa in the past decade. Most African countries have established a reasonable degree of macroeconomic stability and moved toward a democratic form of government (World Bank 2000b). These transformations, often referred to as “first-generation reforms,” have intensified internal demand for better governance and improved public service. At the same time, changes in the practice of development assistance aimed at improving aid effectiveness through greater country ownership of development strategies and programs have highlighted capacity building needs.

The World Bank provides substantial support for building and improving public performance in Africa through its lending and nonlending services and such corporate and Regional programs as those of the World Bank Institute (WBI), the Institutional Development Fund (IDF), and the African Capacity Building Foundation (ACBF). The Bank’s Africa Region has proposed to “scale up support for capacity building” as a core element of its assistance strategy for the next several years. But the strategy acknowledges that “more strategic

thinking and innovation” are needed to make expanded support effective (World Bank 2004n, p. 7).

This independent OED evaluation is designed to contribute to the Region’s efforts by assessing the relevance and effectiveness of Bank support for public sector capacity building in Sub-Saharan Africa¹ over the past 10 years (1995–2004) and by drawing lessons for future support within the context of the Africa Region’s (AFR) strategy. The evaluation focuses on support to Africa because of the attention being given to the issue in current Bank and development partnership dialogues on the continent, and on the public sector because that is where the bulk of the Bank’s capacity building support is directed.² The evaluation is not a review of Bank assistance for public sector reform; rather, it is an assessment of how the Bank has helped governments to strengthen their abilities to reform and carry out public sector functions on a sustainable basis.

The Bank’s Africa Region has proposed to “scale up support for capacity building.” But “more strategic thinking and innovation” are needed to make expanded support effective.

Table 1.1

A Weak Socioeconomic Foundation for Building Public Sector Capacity

Socioeconomic indicator	Region					
	Africa	East Asia and the Pacific	Europe and Central Asia	Latin America and the Caribbean	Middle East and North Africa	South Asia
Education (% , 1990-most recent)						
Gross tertiary school enrollment	3	9	38	19	17	7
Adult literacy	57	96	96	84	60	51
Health						
Life expectancy (years)	46	69	69	71	69	63
HIV/AIDS prevalence in adults (%)	8	0.1	0.4	0.7	0.1	0.6
Connectivity (per 1,000 people, 2002)						
Number of personal computers	12	26	73	67	38	7
Number of fixed and mobile telephone lines	52	273	438	359	180	45
Poverty and growth (%)						
Population <\$1/day (2001, PPP)	46	15	4	10	2	31
Growth in GDP per capita (1990–03)	0.2	6.0	0.1	1.1	1.1	3.5

Note: PPP = purchasing power parity.

Source: Data for the above table are from World Development Indicators. Years are based on most recent data.

How well the World Bank matches its capacity building support to these challenges is a key question of this evaluation.

The starting point for this evaluation is the continued weak state of the public sector in most countries in Sub-Saharan Africa, which is largely the product of four deeply rooted and interrelated conditions. First, the basic socioeconomic conditions in Africa, though improving in some ways, constitute a weak foundation for expanded public sector capacities. The overall level of poverty both creates enormous need for effective public sector performance and limits the human and financial resources available to the public sector. Table 1.1 illustrates some of the key socioeconomic constraints that limit Africa's public sector performance and shows that half of the indicators are lower in Africa than in other Regions.

Second, specific political and institutional characteristics in African countries inhibit

effective public sector performance. The state has yet to integrate formal rules with informal norms in ways that ensure good governance. The recent history of conflict and political transition in many states has generated complex configurations of winners and losers that make consensus building in favor of public sector reform and capacity building especially challenging. And the relatively underdeveloped state of the private sector and civil organizations of all kinds limits independent analysis and pressure for change (Herbst 2000; van de Walle and others 2003; World Bank 2004b).

Third, influenced by these underlying characteristics, public sectors in Africa exhibit low bureaucratic quality, large public service wage bills, weak mechanisms of accountability, and high levels of corruption. Three out of these six indicators are lower in Africa than in the other Regions, and the aid dependency indicator is much higher (table 1.2).

Table 1.2 Africa's Public Sector Performance Lags Other Regions

Indicator of public sector performance	Region					
	Africa	East Asia and the Pacific	Europe and Central Asia	Latin America and the Caribbean	Middle East and North Africa	South Asia
Government wages and salaries (% GDP)	29	26	12	22	33	11
Civilian central government employment (% population)	0.3	0.6	0.6	0.7	0.7	0.3
CPIA score on public sector management and governance	2.9	3.2	3.3	3.4	3.2	3.4
Corruption	1.9	1.6	2.2	2.2	2.0	2.1
Bureaucratic quality	1.1	2.0	2.1	2.0	1.7	2.3
Democratic accountability	2.9	2.9	4.2	4.3	2.7	3.9
Aid dependency (% GDP)	5	0.6	1.0	0.3	0.9	1.0

Source and Data Notes: Govt. wages and salaries: Data for Africa are from Africa Regional Database, World Bank. Data for other Regions were retrieved from the World Development Report, World Bank. Civilian central government employment: Average is for 1996–2000, World Bank, World Development Report. CPIA (Country Policy and Institutional Assessment): Scores range from 1 (lowest) to 6 (highest), World Bank. Corruption: Scores range from 1 (most corrupt) to 6 (least corrupt). International Country Risk Guide (ICRG), 2004. Bureaucratic quality: Scores range from 1 (lowest) to 4 (highest). Average calculated for 1999–2004, ICRG. Democratic accountability: Scores range from most corrupt to least corrupt. Average calculated for 1999–2004, ICRG. Aid dependency: Average is for the 1994–2002 period.

Last, globalization is widening gaps within Africa and between Africa and other Regions. While globalization offers opportunities to help African countries enhance their national capacities—through easier access to global knowledge—it also undermines their efforts by contributing to widening domestic income gaps, pulling highly trained talent out of Africa, and accentuating Africa's lack of competitiveness in international research and development and investment. About 70,000 highly qualified professionals and experts leave the continent annually (ACBF 2004). While this migration brings in remittances, which help reduce poverty, it depresses public sector performance in such crucial areas as

health, science and technology, and economic management.

The capacity building challenges posed by these conditions require long-term, systemic approaches. How well the World Bank matches its capacity building support to these challenges is a key question of this evaluation, which is the first independent review of the Bank's capacity building support. Many self- and independent evaluations have previously looked at aspects of the Bank's capacity building support—notably its technical assistance and various approaches to institutional development—but none has examined the Bank's efforts comprehensively.³



Assessing Support for Capacity Building in the Public Sector

This evaluation has identified key features of successful capacity building efforts from evolving thinking and practice to serve as benchmarks for the assessment of the Bank's support. The evaluation has also estimated the amount of Bank support for capacity building in Africa over the period of the review (1995–2004), and carried out aggregate-level reviews of country strategies and operations as well as in-depth country studies, as described below.

Capacity building not a well-defined practice

Although enhanced capacity is central to Africa's development, the international development community, including the World Bank, has traditionally treated public sector capacity building as a collateral objective, rather than as a goal in its own right. The *scope* of capacity building support has moved in tandem with changes in other priority areas of development assistance—first, in infrastructure, and moving over time to agriculture, social services, and governance—rather than being determined by identification of the most pressing capacity shortfalls and their underlying causes. And the *process* of capacity

building has evolved in step with changes in the overall practice of providing development assistance, rather than being based on the accumulated knowledge of what works well in meeting different kinds of capacity needs under diverse conditions. In short, capacity building has not developed as a well-defined area of development practice.

In many areas of development assistance, such as fiscal discipline for macroeconomic stability and banking supervision, a body of accepted ideas directs international efforts.

The international development community has traditionally treated public sector capacity building as a collateral objective, rather than as a goal in its own right.

But capacity building lacks a fully articulated framework for assessing capacity needs, designing and sequencing appropriate interventions, and determining results. The rise to prominence in the 1990s of institutional economics and new perspectives on public management enhanced understanding of the requirements for effective public sector performance. In the World Bank, this new thinking was reflected in the 1997 *World Development Report* [WDR], *The State in a Changing World* (World Bank 1997e), which was an important step in envisioning the role and effectiveness of the state in development. Noting that there can be no single approach to state reform worldwide, it provided a framework for guiding public sector reform efforts. The framework

was based on a two-pronged strategy that involved focusing on core public activities as the way to rationalize the role of the state to match its capacities, and strengthening public institutions in order to increase incentives for improved public performance and bolster restraints against arbitrary and corrupt

behavior. The Bank's subsequent public sector strategy, "Reforming Public Institutions and Strengthening Governance" (World Bank 2000c), and related Regional strategies followed up on the main themes of the WDR by proposing a broadening of Bank support to include strengthening public institutions and stimulating demand for performance improvements through enhanced mechanisms of accountability. But these general directives focused heavily on institutional change; they did not propose how to link that process with related processes of organizational and behavioral change.¹ New ways of building the capacity to realize a more effective state would have to come from experimentation and learning, without the benefit of accumulated knowledge or explicit guidance on how to select and combine approaches and instruments appropriate to country and sector conditions, or how to determine if support was working as intended.²

As noted above, the reasons for weak public sector performance are deeply rooted. Whatever pragmatic steps can be taken under the rubric of capacity building can be only a small part of the solution. Yet there is little empirical evidence to clarify what part of the problem international capacity building support can best help to solve; in what order

Box 2.1

Different Donor Definitions of Capacity Building

CIDA (Canada): "Activities, approaches, strategies, and methodologies which help organizations, groups and individuals to improve their performance, generate development benefits, and achieve their objectives over time."

European Commission: "To develop and strengthen structures, institutions and procedures that help to ensure: transparent and accountable governance in all public institutions; improve capacity to analyze, plan, formulate and implement policies" in economic, social, environmental, research, science and technology fields; and in critical areas such as international negotiation.

GTZ (Germany): Process of strengthening the abilities of "individuals, organizations and societies to make effective use of resources, in order to achieve their own goals on a sustainable basis."

United Nations Development Programme: Capacity is the "process by which individuals, organizations, and societies develop abilities to perform functions, solve problems, and set and achieve goals premised on ownership, choice, and self-esteem." Capacity building is the "sustainable creation, retention, and utilization of capacity in order to reduce poverty, enhance self-reliance, and improve people's lives."

Source: Whyte 2004.

capacity needs should be addressed; what can be expected of different kinds of interventions and why; and how knowledge of such processes as organizational change, learning, and incentives should shape capacity building efforts. There is not even a shared definition of what constitutes capacity building support. Some development agencies use a narrow definition focused on strengthening organizations and skills, while others use a much broader definition that encompasses levels of capacity from the individual to the whole of society (see box 2.1). The World Bank has no corporate-wide definition, and no operational policy to guide its capacity building work.³

Key features of capacity building

In the absence of an established definition, this evaluation bases its assessment of Bank support on the following key features of successful capacity building, suggested by evolving thinking and practice in this area over the past decade.⁴

First, enhanced capacity should be treated as a goal in its own right, not merely as a means for achieving other development objectives. This was the principal insight behind the introduction of the term “capacity building” at the start of the 1990s—it was proposed as an improvement on the prevailing practice of technical assistance, which served more to fill capacity gaps than to build sustained country capacity (see box 2.2). The capacity building approach emphasized that a root cause of poverty, illiteracy, and ill-health was lack of capacity: in government, to design and implement proper development strategies, and, in society, to hold government accountable for its actions. Only if political and economic institutions functioned properly would development achievements be scalable and sustainable. Therefore, development success lay not merely in outcomes on the ground, but in outcomes on the ground that were the result of effective public and private institutions.

Second, support for public sector capacity building needs to address three dimensions of public sector capacity:

Box 2.2

Early Calls for A New Capacity Building Perspective

- In a 1993 speech, former World Bank Vice President for Africa, Edward Jaycox, captured these concerns, stating that “donors and African governments together have in effect undermined capacity in Africa; they are undermining it faster than they are building it” (Jaycox 1993).
- A report issued by the United Nations Development Programme (UNDP) that same year further noted that “almost everybody acknowledges the ineffectiveness of technical cooperation in what is or should be its major objective: achievement of greater self-reliance in recipient countries by building institutions and strengthening local capacities in national economic management” (Berg 1993, p. 244).

- **Human capacity:** individuals with skills to analyze development needs; design and implement strategies, policies, and programs; deliver services; and monitor results.
- **Organizational capacity:** groups of individuals bound by a common purpose, with clear objectives and the internal structures, processes, systems, staffing, and other resources to achieve them.
- **Institutional capacity:** the formal “rules of the game” and informal norms—for example, in collecting taxes, reporting on the use of public resources, or regulating private business—that provide the framework of goals and incentives within which organizations and people operate.

The traditional focus on creating or reorganizing government units and building individual skills cannot—by itself—foster improved public sector performance. The institutional context in which organizations and individuals operate is critical to ensuring the necessary incentives and rewards for improved public sector performance. And because human capacity, organizational processes, and institutional frameworks are closely interrelated and do

Support for public sector capacity building needs to address the human, organizational, and institutional dimensions.

not change quickly, capacity building efforts must necessarily be long-term and systemic.

Third, demand as well as supply factors shape capacity constraints and capacity building opportunities and outcomes. Public sectors are often weak, not just because of their lack of capacity, but also because their weakness benefits powerful interests that seek to avoid taxation, regulation, or other

Capacity building efforts will succeed only where they take adequate account of the prevailing local politics and institutions, and are country owned rather than donor driven.

reforms. External assistance can help on both the supply and demand sides of the process by providing inputs to enhance the functioning of the public sector and by strengthening structures of demand and accountability. But it cannot directly influence the cultural norms and political economy underpinning the demand for public sector performance. Therefore, capacity building efforts will succeed only where they take adequate account of the prevailing local politics and institutions, and are country owned rather than donor driven.⁵

General knowledge of foreign administrative practices needs to be combined with a deep understanding of the local constraints, opportunities, habits, norms, and conditions. This means that administrative and institutional solutions need to be developed not just with input or buy-in from local officials, running local institutions, but by them . . . What this implies in practice is that outsiders wanting to build administrative capacity . . . should not set precise conditions for how resources are to be used but rather enforce strict accountability standards for certain kinds of results . . . Under this concept, the demand must exist already on the part of candidate recipients (Fukuyama 2004, p. 88).

The Bank's capacity building support to Africa

Bank support for the process of capacity building in African countries is substantial. Although the Bank does not have a comprehensive capacity building strategy, it uses the full spectrum of its financial and knowledge services to support capacity building in virtually all countries and development areas in which it is active. The bulk of this support to Africa is provided within the framework of country assistance programs. The main focus of this evaluation is thus on the treatment of capacity building in Country Assistance Strategies (CASs), lending operations, and nonlending activities.

Country programs

It is not possible to identify the total amount of lending directed to capacity building because the Bank does not have a standard way of accounting for capacity building activities in its lending operations. A methodology developed and used in this evaluation estimates that over one-quarter of total investment credits is directed to capacity building activities, ranging from some 10 percent in transport, to 30 percent in health and education, to 80 percent in public sector projects. Also, close to half of the conditions underpinning adjustment loans relate directly to strengthening institutional, organizational, and human resource capacities. (See Annex B for a description of the methodology used in making these estimates.) Policy dialogue and related knowledge sharing activities also play a significant role in the Bank's support for public sector capacity building, although the amount of that support is not quantifiable. The total amount of economic and sector work (ESW), which is often described in CASs as a key part of their capacity building programs, would add an additional \$1.1 billion of capacity building support over the review period.⁶ However, not all ESW is intended to build client capacity, and since there is no established procedure for distinguishing ESW activities that are expressly

directed to capacity building, no credible calculation can be made of the scale of this component of the Bank's capacity building support.

Corporate and Regional mechanisms

This evaluation examines three mechanisms that provide additional support that is directly focused on capacity building in Africa.

- **WBI** provides training and knowledge services on a global, regional, and country level. Its annual budget is around \$75 million, including trust funds. Since 2000, WBI has committed approximately \$92 million to Africa. Nine of WBI's 33 newly identified "priority countries" are in Africa.
- **IDF**, which makes small grants to country-executed capacity building projects, often involving studies, seminars, or training programs, has provided \$60 million to African projects since its start-up in 1992.
- **ACBF**, an independent, regionally based institution, has received some \$158 million from the World Bank since its establishment in 1991—41 percent of its total commitments of \$389 million—for its grant-making and related support to country and regional policy analysis, training, and other programs.

Tools and techniques

The Bank finances technical assistance, training, studies, and equipment as its main tools for supporting capacity building. *Technical assistance* (TA) is provided both within investment loans and in the form of stand-alone Technical Assistance Loans (TALs). In the past, TA often took the form of long-term assignment of international experts within government agencies of client countries. The experts were to perform ongoing roles in the absence of local capacity and, in principle, train local staff to take over the tasks. But evidence of the failure of this approach to build local capacity has led the Bank to support more use of short-term TA and, as emphasized in its TA guidelines, to make use of local expertise where possible.

In addition to the *training* provided directly by WBI, the Bank supports training in most of its operations in Africa. The bulk of this training now takes place in-country in the form of in-service seminars, workshops, and short-term courses for large numbers of middle-level civil servants and degree programs for higher-level personnel. In addition, overseas training in the form of both degree and short-term programs is funded for small numbers of higher-level personnel.⁷ Capacity building support within projects is also given through *studies and equipment* to upgrade the functioning of individual organizations. And since 1999, 14 distance learning centers have been funded by the Bank in Africa as a means of expanding the reach of training and knowledge sharing among both policy-makers and middle-level civil servants.

Evaluation approach

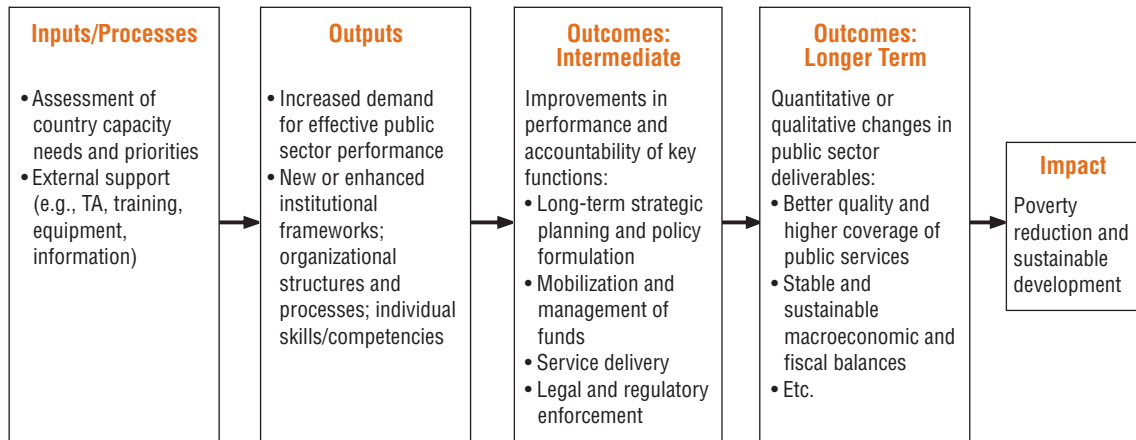
To assess the relevance and effectiveness of such Bank support in Africa, this evaluation examines how well the Bank has aligned its capacity building interventions with the development priorities and related institutional, organizational, and individual capacity constraints in client countries. It also examines the extent to which its capacity building support has helped improve public sector performance. Figure 2.1 depicts a stylized results chain for public sector capacity building and provides the basis for describing the scope of this assessment. The results chain links capacity building inputs (such as studies, TA, training, equipment, and financial resources for the support of change processes) and outputs (such as new or enhanced institutional frameworks, organizational structures and processes, and individual skills and perform-

The Bank finances technical assistance, training, studies, and equipment as its main tools for supporting capacity building.

The results chain links capacity building inputs and outputs to immediate public sector outputs and longer-term outcomes and development results.

Figure 2.1

Capacity Building Results Chain and Evaluation Scope



Evaluation Scope

ance) to immediate public sector outputs and longer-term outcomes and development results.

Since it is not possible to directly attribute development impacts to capacity building efforts, the evaluation looks to intermediate outcomes and improved public sector performance to assess the effect of efforts to enhance capacity. It also seeks to identify the reasons for success and failure in the chain from inputs to intended outcomes, taking account of both demand- and supply-side factors. The absence of baseline data and the extremely limited evidence from monitoring and evaluation limit the inferences that can be drawn from the activities reviewed.

The evaluation combines aggregate-level review of CASs and project data with in-depth review of six country case studies.⁸ The review covers the years 1995 to 2004, with emphasis on the latter half of this period. The main evaluation components are:

(1) *A review of the literature on capacity building and related topics* (such as technical as-

sistance and institutional development), including studies undertaken within and outside the Bank.

(2) *Examination of the treatment of capacity building in Africa Country Assistance Strategies.* This includes review of all Africa CASs approved in FY03 and FY04 to assess the importance assigned to public capacity building and the coherence of the support proposed.

(3) *In-depth review of the Bank's support in six countries, with particular attention to four sectors and themes.* Case studies involving mission visits were done in Benin, Ethiopia, Ghana, Malawi, Mali, and Mozambique.⁹ These countries were selected to provide a cross-Regional perspective and to include evidence from countries with varying underlying conditions and national approaches to public sector reform and capacity building. To allow for depth in the examination of the capacity building experience in these countries, the evaluation concentrates on Bank support in building capacity in the education, health, and roads sectors and in the crosscutting area of public expenditure

management. These are areas of active Bank involvement in all six countries and involve distinct capacity building needs and challenges. These country studies asked how effective Bank support has been and what accounts for variation across countries or across sectors. Included as part of the country studies are:

- *In-depth review of all projects in the four focal sectors of the country case studies.* This case study project set included a total of 69 investment and adjustment operations, most of which were approved during FY95–04, although a few started earlier and continued well into the review period.
 - *In-depth review of the 13 most recent pieces of fiduciary ESW (prepared in 2001–03) and relevant sector-specific analytical work in the four focal sectors of the country case studies.*¹⁰
- (4) *Examination at the aggregate level of investment and adjustment projects.* This entailed in-depth review of 31 TALs approved during FY93–04 and a random sample of 55 Africawide projects (excluding TALs) approved in FY95–04,

to assess whether and how they achieved capacity building objectives. In addition, project outcome and institutional development impact ratings for all 75 TALs and 54 public sector governance projects in Africa were compared with Bankwide ratings over the period FY95–04.

- (5) *Examination of existing evidence from self-assessments and/or external evaluations and interviews in the case study countries of the capacity building support provided by WBI, the IDf, and the ACBF.* These reviews examine how effective the programs have been in helping countries build capacity and how the support provided by these programs relates to and reinforces capacity building aims in Bank country assistance programs.
- (6) *Examination of staff views on the Bank’s capacity building efforts.* Two focus groups and a survey of headquarters and country office staff working on Africa were conducted to learn what staff thought has worked well, and what less well, in their capacity building work with clients.¹¹



Relevance: Making Capacity Building a Goal

Over the past 10 years, public sector reform and capacity building have become a central theme of the Bank's dialogue with African countries. Capacity building support has become increasingly well aligned with country needs and priorities as both the Bank and its clients have built the issue of improved government performance more explicitly into country and sector strategies, and as the Bank has introduced new approaches to providing its support. But even with these improvements, the Bank could do more to make capacity building a core objective of its relations with Africa.

Aligning support with country priorities and needs

Capacity building figures prominently in statements of Bank corporate priorities (World Bank 1997d; 2000d; 2001a; 2001c; 2003f). Virtually all of the Bank's main reports on Africa over the past 10 years have emphasized public sector capacity as a binding constraint to development in the Region. A succession of strategies at the Regional level has highlighted key weaknesses in public sector capacity and the need for wide-ranging capacity developments (see Annex F). Recognizing the limited impact of its support in the face of countries' still-weak public sector capacities, the Bank has progressively broadened the scope of its support for capacity building and placed it in the context of its public sector strategy. In the Africa Region, this evolution has resulted in particu-

lar emphasis on public expenditure management and accountability, decentralization of public services, and governance.¹ The Bank has also added new diagnostic tools for assessing countries' capacities for managing their public financial resources and increased its range of lending instruments for delivering its capacity building support.

These changes in capacity building interventions have taken place in a context of evolving development assistance practices (encompassed, for example, in the Poverty Reduction Strategy Process) that aim to make development support country-led, built on partnerships, and results-based. These practices could facilitate a shift from supply- to demand-driven

The Bank has broadened its support for capacity building and placed it in the context of its public sector strategy.

Box 3.1**New Multisector Projects Integrate Essential Capacity Building Elements into Project Design**

Four new multisector capacity building projects in Africa address both inter- and intra-ministerial capacity building issues in an integrated way. The \$41.2 million Tanzania Public Service Reform credit, the \$100 million Ethiopia Public Sector Capacity Building program, the \$20 million Rwanda Multisector Capacity Building project, and the \$26 million Mozambique Public Sector Reform project have four key elements in common:

- A capacity needs assessment conducted by the ministries/departments with stakeholder participation
- A strategic process that aligns the objectives and improvements being sought in individual ministries/departments to

the government's overall development goals and public expenditure policies

- A human capacity development program (training, equipment, and resources) within the context of a larger institutional civil service reform effort to ensure that the skills acquired will be retained and applied
- Development of monitoring and evaluation systems to provide: (a) inter-program tracking and coordination so that the outcomes of the capacity building program and other complementary reform efforts remain coherent, and (b) ministerial tracking and reporting on capacity development efforts.

Source: World Bank 2003d, 2004m, 2004o.

capacity building support and from narrow technical fixes to broader systemic changes. To realize this shift, countries have to take the lead in developing capacity building efforts and donors have to harmonize their support around the countries' priorities. The change also requires attention to four important implementation issues: how to encourage internal country-led processes that set priorities for capacity building measures and donor support; how to connect measures aimed at needed institutional, organizational, and human resource developments; how to strengthen incentives (including pay, working

Countries have to take the lead in developing capacity building efforts and donors have to harmonize their support around the countries' priorities.

conditions, and professional motivation) for improved performance; and how to transform traditional tools, such as technical assistance and training, to support the broadened capacity building agenda.

In the Africa Region, country assistance strategies are gradually adopting a more integrated approach to addressing capacity building needs. The most recent cohort of 15 Africa CASs² do a better job of addressing

capacity building needs than a comparator group of 10 CASs from the mid-1990s.³ Both groups proposed analytic work to identify capacity constraints in detail and proposed strengthening demand for improved performance (for example, through enhanced accountability mechanisms). But while only 6 of the 10 earlier CASs included operations focused largely on specific capacity constraints, all 15 of the more recent CASs include sector and cross-sector operations with major capacity building aims. And while the earlier cohort contained only a single free-standing capacity operation, eight of the more recent cohort include multisector capacity building projects, ranging in size from \$10 million in Cameroon to \$100 million in Ethiopia, that aim primarily at strengthening financial management and civil service reform across the public sector (see box 3.1). The recent CAS cohort shows a shift away from project support toward sectorwide programs, particularly in health and education, and toward budget support through Poverty Reduction Support Credits (PRSCs), which set a broad strategy framework in which capacity constraints can be addressed. International Development Association (IDA) credits with cross-sectoral capacity building

as a central theme increased from under \$150 million in 1999 to some \$450 million in 2004. These new directions are intended to customize Bank support for country commitment to change, and may enable authorities to prioritize capacity building activities and the support needed from donors.

The Bank could use these new processes more effectively to help countries plan and implement capacity building efforts. In the majority of country programs, support for capacity building remains fragmented—designed and managed operation by operation. Few country programs make a connection between capacity building measures in sector-specific operations and operations supporting crosscutting issues of public expenditure management or civil service reform, or specify how the different sets of measures are to be sequenced. This makes it difficult to capture cross-sectoral issues and opportunities, and to learn lessons across operations. The 2003 CAS for Benin, for example, states that “among the most important contributions the Bank can make to Benin’s capacity enhancement agenda is to help the government reinvigorate the long-stalled civil service management reforms so as to build the enabling environment and demand for results required for sustainable improvements in capacity.” But the program directs most of the Bank’s capacity building support through a PRSC and specific sector interventions, without specifying how the Bank’s support will help Benin to develop needed sector and cross-sector capacity building measures and systems for monitoring progress. Moreover, country programs generally do not address—systematically, and in an integrated way—the issue of countries’ ability to build capacity—for example, by strengthening internal training institutions as a crosscutting issue, rather than by providing support for training on a piecemeal, project-by-project basis.

The Bank is also missing opportunities to fully utilize lending and nonlending instruments to support capacity building. One

important gap concerns the Poverty Reduction Strategy Process (PRSP), which is now central to the management of the Bank’s relations with its African clients. Weak public sector capacity is widely acknowledged to be the key impediment to the attainment of poverty reduction goals. The PRSP thus has the potential to help authorities better prioritize capacity building activities and guide support from donors, but it does not appear to have been used in this way in most countries studied in a recent OED review. Nor has the Bank done much to help countries use their PRSP to inform capacity priorities and foster the harmonization of donor capacity support around countries’ poverty reduction goals (OED 2004c).

ESW is another process with underutilized potential to build capacity. Operational guidelines identify the building of client analytical capacity as one of five goals, and specify that clients should make major analytical contributions and learn to produce outputs independently (World Bank 2004r). Yet the majority of fiduciary and other ESW projects in the six case study countries involved clients mainly in organizational tasks and data collection, and only to a limited extent in the analysis of data, the writing of reports, and the dissemination of findings. The Ethiopian authorities criticized this limited client participation. They noted that 10 years of experience with Bank-supported Public Expenditure Reviews (PERs) had contributed little to capacity in the Ministry of Finance or any other institution to carry out such reviews on their own. Government counterparts saw themselves as data providers, not as analysts. This view of ESW is echoed in the Africa Region staff survey, in which 74 respondents cited the use of formal

In the majority of country programs, support for capacity building remains fragmented.

The PRSP has the potential to help authorities better prioritize capacity building activities and guide support from donors, but it does not appear to have been used in this way.

Only about half of the assessed country study projects adequately addressed the political and institutional environment for capacity building.

ESW as a tool of capacity building, but only half thought it to be effective. A revision of Country Financial Accountability Assessment (CFAA) guidelines in FY03, which explicitly expands the scope of these assessments to include a capacity objective and development action plan, presents an opportunity to overcome these shortcomings.

The actual intensity of government participation and the specificity and prioritization of capacity building measures in the plans are important in realizing this opportunity.

Finally, the Bank's country programs could make more effective use of the capacity building efforts of the distinct corporate and Regional capacity building programs. OED's 2002 evaluation of the Bank's knowledge sharing programs found that knowledge sharing activities were not well integrated into country programs and projects (OED 2003a). Similarly, the linkage between country programs and either WBI learning activities or ACBF-supported policy analysis and economic management training programs is limited. For example, only one of 15 recent CASs describes how WBI activities will be integrated into the

country program, while another 6 CASs make general reference to WBI activities to support individual country operations. WBI is working to strengthen this linkage, as discussed in more detail in Chapter 5.

In sum, recent changes in approach have made country programs more relevant to client capacity needs, but the impact of those changes is attenuated by fragmented interventions and inadequate synergy among instruments. What about the relevance of individual operations? That

depends heavily on the quality of the underlying diagnosis of capacity needs and constraints to change, as well as the design of capacity building measures that take account of those conditions.

Designing interventions to meet needs and demands for change

To be relevant, Bank operations need to address clearly defined problems. This evaluation reviewed three sets of operations to determine how well individual interventions diagnosed capacity constraints and designed measures to overcome them. While the review encountered good practice examples in all sets—the sample included 55 Africawide projects, 31 TALs, and the 69 country case study projects—it also found inadequacies in the underlying diagnoses of the need and demand for capacity building that undermined the operational design. Examples from the in-depth review of the country case study projects illustrate three prevalent shortcomings.

Diagnosis of the political economy context. Only about half of the assessed country study projects⁴ reviewed in the country cases adequately addressed the political and institutional environment for capacity building. For example, a Mozambique health sector project to improve sector management and administrative capacity sufficiently identified and addressed key political and institutional features through a collaborative diagnostic exercise carried out by the Ministry of Health, the Bank, and the World Health Organization (WHO). Conversely, although better management of the budget process was a priority of core officials in the Ministries of Finance in Benin and Ghana, the design of public financial management projects overlooked the resistance of officials in line ministries with responsibility for implementation. As a result, plans were altered and much delayed.

Systemic treatment of capacity constraints. About a third of the projects reviewed for the case studies adequately diagnosed the three

Road sector projects were particularly successful, because they included comprehensive human resource development plans to accompany changes in the sector's institutional framework and organizational structures and processes.

dimensions of institutional, organizational, and human resource constraints and designed interventions that recognized the interrelationships among them. Road sector projects were particularly successful because they included comprehensive human resource development plans to accompany changes in the sector's institutional framework and organizational structures and processes. In contrast, despite the aim of strengthening the delivery of health and education services, projects in these two sectors have done less well in integrating institutional, organizational, and human resource development plans. For example, in Mali's health sector projects, diagnosis and design focused on organizational capacity weaknesses, even though the main capacity constraints were inadequate incentive structures. As a consequence, Mali has seen a steady increase in the number of well-equipped rural health centers, but has failed to attract and retain qualified staff, which has hampered the achievement of improved health care.

This finding is also supported by the in-depth review of 31 TALs (FY95–04). While the project appraisals provided analysis and background of economic, financial, environmental, institutional, sectoral, and political issues, there was no explicit analysis of capacity needs, especially human capacity needs. The review of the 55 Africawide projects also found that about 80 percent of the project appraisal documents do not provide any information on the sequencing of the capacity building components.

Assessment of capacity to build capacity. Only half the projects reviewed in the country cases showed evidence of an assessment of the existing capacity to implement capacity building interventions. In the other half, the absence of such an assessment was the cause of serious delay or failure in implementing the planned capacity building measures. For example, a project focused on capacity building for decentralized service delivery in Ethiopia did not include an upfront, compre-

hensive capacity needs assessment at various levels of government. It also did not incorporate the lessons of two small earlier efforts that encountered difficulties because they overestimated, and therefore did not address, weaknesses in existing implementation capacity. As a result, the capacity building project started much more slowly than anticipated and failed to pilot approaches that were meant to be used in a much larger follow-up operation. Outside the country cases, the review of the 55 Africawide projects found that almost half did not address the capacity constraints that would limit the achievement of overall project objectives. Another third (18 projects) mentioned capacity weakness in broad terms, such as “weak implementation capacity throughout the administration.” Only nine projects (17 percent) identified specific implementation capacity constraints facing the project.⁵

Fiduciary ESW is not effectively used to provide the needed comprehensive diagnoses of and remedies for the capacity gaps. Thirteen recent pieces of fiduciary ESW for the case study countries did not adequately assess or diagnose key capacity constraints and the linkages among them.⁶ Constraints are described in general terms without discussion of the factors leading to them, and thus the work does not provide clear indications of the capacity building measures that are needed. For example, one CFAA found that the capacity of the government to manage public expenditure is constrained by an inability to forecast and project revenues. The proposed capacity building activity is “to improve revenue forecasting,” which is expected to be achieved in a year, although no analysis is made of factors that constrain this capacity and how they should be overcome. Other assessments and their action plans focus on

The review of the 55 Africawide projects found that almost half did not address the capacity constraints that would limit the achievement of overall project objectives.

types of agencies and practices needed, but do not address how to develop the professions of financial managers, procurement specialists, or other experts required to staff those agencies. In addition, diagnoses give inadequate attention to core capacity—the minimum level of capacity that must exist to

Forty-three percent of the Africa staff survey respondents recommended improvements in Bank knowledge on capacity building through peer-to-peer exchanges, best practice notes, and formal and informal training.

implement proposed performance improvements. For example, all action plans propose training, but there is little assessment of existing training institutions and their capacity to deliver that training. Lacking a diagnosis of core capacity, many plans have been unrealistic in both time frame and scope. Newly revised CFAA guidelines that expand the scope of these assessments to include a capacity building objective and development action plan present an opportunity to overcome these weaknesses, particularly if they foster intensified government participation and adequate specificity and prioritization of capacity building activities as part of the action plans.

Monitoring, evaluating, and using the lessons of experience

Finally, the relevance of Bank capacity building efforts is undermined by insufficient monitoring and evaluation of the Bank's interventions and the failure of operations to draw lessons from experience. This is particularly a problem with capacity building activities that are embedded in operations and therefore not tracked, monitored, and

evaluated as core objectives. The review of the 55 Africawide projects conducted for this study indicates that only 23 percent (12 projects) included performance indicators for capacity building components and only 26 percent (14 projects) considered past lessons in the design of the capacity building components. The reporting on achievement of capacity building components is also weak: Implementation Completion Reports (ICRs) for 27 percent of the reviewed projects, largely adjustment loans, had no clear indication of the achievement of the capacity building objective. As noted in the case studies, there is also little tracking and reporting on the achievements of capacity building inputs. This is generally the case for TA, and the information on the reporting of training achievement is based on outputs (for example, number of programs delivered or participants trained), not learning outcomes or performance improvements. The result is lack of adequate knowledge for staff on good practices, as reflected in the staff survey conducted for this evaluation. Forty-three percent of the Africa staff survey respondents recommended improvements in Bank knowledge on capacity building through peer-to-peer exchanges, best practice notes, and formal and informal training.

These shortcomings in the diagnosis, design, and evaluation of capacity building interventions have impeded the effective handling of two key capacity building implementation issues—scope and sequencing of programs. These issues are discussed in Chapter 4 as part of the review of the achievement of capacity building objectives in the four sectors explored in this evaluation's case study countries.



Efficacy: Adapting Interventions to Country and Sector Conditions

The findings of this evaluation show that building durable capacity in Africa is possible. But overall, the record in achieving this is poor, and the effectiveness of Bank capacity building support has not been strong. While country conditions—notably commitment and capacity for change—are important determinants of the pace of change in public sector improvements, Bank effectiveness in supporting public sector capacity building has varied markedly sector by sector in ways that are consistent across countries.

The shift from project to programmatic lending—in support of sectorwide and cross-sector reform programs—has helped to set capacity building efforts within a country-led, long-term strategic vision and policy framework conducive to a long-term approach to specific capacity building measures. But programmatic support has involved only limited, country-driven capacity building planning and implementation. This is evident in both sectorwide programs and in recent programmatic support of country poverty reduction strategies.

The overall record

This evaluation looked at several sets of projects (see Chapter 2, “Evaluation Approach”) to get an overall picture of the

effectiveness of Bank support to capacity building in Africa. Because capacity building activities are embedded in most projects and not separately monitored and reported—except in a very general way in the project rating of institutional development impact—the evaluation used a combination of approaches to derive findings.

Public sector governance projects and TALs are wholly or substantially focused on helping to build capacity. As shown in figure 4.1, both the outcomes and the institutional development impact (IDI) of these

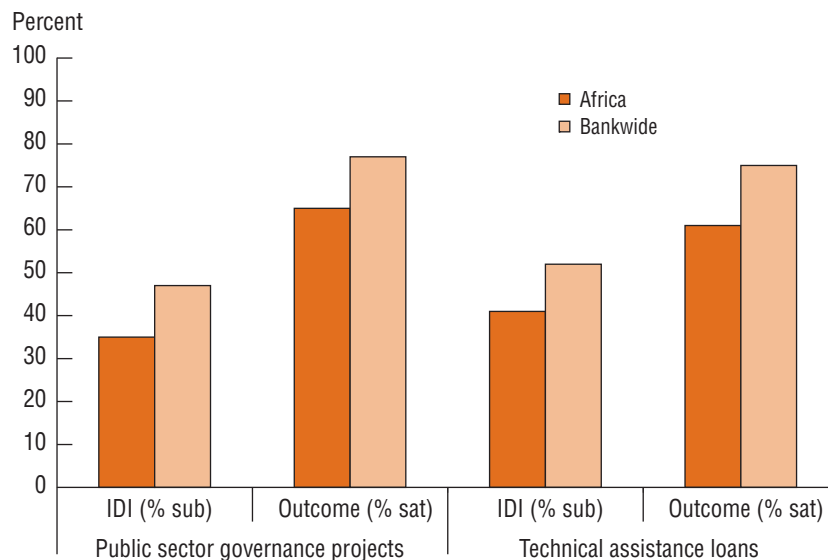
The shift from project to programmatic lending has helped to set capacity building efforts within a country-led, long-term strategic vision and policy framework.

Although the project appraisal documents enumerated many risks to capacity building goals, the project designs either did not address these risks or addressed them inadequately.

projects have been about 10 percentage points lower for projects in Africa than for comparable projects Bankwide. Despite their focus on institutional change, only 35 percent of all 54 Africawide public sector governance projects that closed during FY95–04 had an institutional development impact rating of substantial or above, compared with a Bankwide average of 47 percent.¹ TALs, of which Africa has been the largest recipient since the inception of this instrument in the 1960s, have performed similarly. In the past 10 years, institutional development impact ratings have been low in both Africa and Bankwide; outcome was satisfactory for only 61 percent of all TALs in Africa, compared with 75 percent satisfactory Bankwide² (see figure 4.1).

To assess the effectiveness of capacity building measures in projects where capacity building was not the major project focus, we examined a sample of 55 Africawide adjustment and investment projects (excluding TALs) randomly selected from a total of 280 completed projects in Africa approved in FY95–04. Since overall project outcome ratings do not measure the embedded capacity building dimensions, an in-depth document review was undertaken. Some of the 55 projects had capacity building activities within project components, but the capacity building objectives tended to be ill defined, and their achievements poorly tracked and reported. Only a dozen provided capacity building indicators at appraisal. Furthermore, some 40 percent showed satisfactory or higher achievement of their capacity building objectives, 34 percent were modest or lower, while as many as 26 percent provided no clear indication of the accomplishment level. Although the

Figure 4.1 Public Sector and Technical Assistance Projects in Africa Are Less Successful than Bankwide Average (percent substantial and percent satisfactory, FY95–04)



Source: World Bank data as of December 1, 2004.

project appraisal documents enumerated many risks to capacity building goals—such as weak country commitment and social-political instability—the project designs either did not address these risks or addressed them inadequately. Finally, less than one-quarter of the projects incorporated lessons on capacity building from past projects in their design, and at completion, lessons about capacity building were few or stated in only highly general terms.

These three sets of findings on capacity building are validated by the low institutional development impact rating of all Africa projects, a significantly lower rating than for projects Bankwide. Only 33 percent of Africa projects that exited during FY95–04, compared with 42 percent of Bankwide projects, achieved a rating of substantial or above. While this rating has shown a rising trend since 1996, it remains at only 40 percent for Africa projects exiting in 2004, still significantly below the Bankwide average for that same year.³

The difference between Africa and Bankwide ratings suggests the importance of designing operations to fit underlying country conditions. This requirement for success is illustrated by the findings in this evaluation's six country case studies—although demonstrated in complex ways that reflect the interplay of national and sectoral politics and institutions.

Achieving capacity building objectives in diverse country and sector conditions

The effectiveness of the Bank's capacity building activities has varied both across countries and, within countries, across sectors. The pace of public sector reform in African countries reflects the strength of countries' public sector institutions and the degree of political competition in their political processes—the latter influences how strongly interests within and outside government are able to press for—or obstruct—change. The six countries reviewed in this evaluation fall along a spectrum within a

middle range on these two measures. They also differ in economic and public sector performance (see table 4.1). Each country therefore presents a distinct combination of strengths and weaknesses that have shaped the opportunities and constraints for the capacity building efforts reviewed in this evaluation.

As in other African countries, the Bank's most recent CAS for each of these six case study countries gives increased emphasis to improving public sector performance. Based on the scope and implementation experience of the Bank's capacity building support, the countries can be grouped into three clusters.

In Ethiopia and Mozambique, strong country leadership on public capacity building in recent years has been matched by substantial and innovative Bank support. In these two countries, while internal political competition is more limited than in the other four countries, action on public sector reform and capacity building has been spurred by post-conflict renewal and the political imperatives of decentralization. Bank support over the past several years has become closely aligned with the countries' strategies.

In Ethiopia, the challenge of weak capacity has moved to the forefront of the development agendas of both the government and the Bank.

The government has created a Ministry of Capacity Building and has made capacity building a central focus in its poverty reduction strategy (OED 2004c). Still, problems remain in implementing capacity building efforts in key sectors and in making progress on issues of public financial management. The Bank's 2003 CAS supports the government's programs through six operations directed at capacity building.

The difference between Africa and Bankwide ratings suggests the importance of designing operations to fit underlying country conditions.

To be effective, capacity building efforts will need to be more explicitly managed as a core objective by the government and the Bank.

Table 4.1

Economic and Public Sector Performance:
The Six Case Study Countries

Measure	Benin	Ethiopia	Ghana	Malawi	Mali	Mozambique
Economic performance^a						
GDP per capita growth rate (%)	2.8	0.8	2.8	-0.8	3.8	5.3
Population below national poverty line (%)	33	44	40	65	64	69
Public sector performance^b						
Political stability	63	26	48	56	48	61
Government effectiveness	38	32	50	36	33	42
Control of corruption	38	43	42	32	44	30
CPIA, economic management ^c (quintile)	Medium High	Medium	Medium	Medium	Highest	Medium
CPIA, public sector management (quintile)	Medium High	Medium High	Highest	Highest	Medium	Medium

a. Economic performance data: GDP per capita growth rate is averaged for 2000–03. Population below national poverty line is the most recent estimate available between 1995 and 2003). World Development Indicators. This includes two years of draught in Ethiopia.

b. Public sector performance: Higher scores correspond to better outcomes. Scores were rescaled based on data from World Bank Institute, Worldwide Governance Research Indicators Dataset (1996–2002).

c. CPIA ratings: World Bank Country Policy and Institutional Assessment (2003).

In Mozambique, recent sectorwide strategies in roads, health, and public financial management have paid increasing attention to capacity constraints and coordination of donor support. But Mozambique is only beginning to bring the needed coherence to its public sector capacity building efforts through recent implementation of its public sector reform program that targets both cross-sectoral and sectoral capacity constraints. The Bank's move to multisector capacity building programs (described in box 3.1) is a distinguishing feature of its support to the public sector programs in both countries. Limited core capacity is, however, a cause of slow implementation, and the Bank needs to better help countries appropriately design and pace efforts to cope with this constraint.

In Benin, Ghana, and Mali, country leadership on public sector reform has been weak. In Benin and Ghana, both government actions and Bank support have been intermittent, while in Mali, government and Bank efforts have been consistently modest. All three countries have moved to democratic forms of

government, registered reasonable economic growth, and improved social indicators. But public sector reform and capacity building efforts have stalled or moved only slowly in such key areas as public financial management and civil service reform.

In Ghana, two comprehensive Bank projects (in public financial management and public sector reform) failed, due to a mismatch between country ownership of the programs and their ambitiousness. A sectorwide program in health, by contrast, has been more successful.⁴ The Bank is now working, largely under the rubric of the PRSC, to encourage the government to rejuvenate a public sector reform and capacity building effort.

In Benin, the Bank has provided substantial capacity building support, relying heavily on programmatic lending, but implementation has been poor. Both the government and the Bank acknowledge the limited impact of the Bank's capacity building support. To be effective, capacity building efforts, which are now a focus of the country's PRSC, will need to be more explicitly managed as a core

objective by the government and the Bank, but the supportive enabling environment is not yet apparent.

Similarly, in Mali, the Bank has financed a number of operations, but public sector reform and capacity building have progressed slowly, reflecting the government's unambitious aims. The Bank has linked its 2003 CAS triggers to progress in key areas, but it is unclear how the Bank intends to help the country prioritize and develop its capacity building activities.

In Malawi, shifting political forces in the country have stalled structural adjustment and public sector reform. An ambitious Bank public sector program in the 1990s failed to achieve its objectives because the Bank overestimated the strength of the government's commitment to change. The Bank now focuses its main capacity building effort on strengthening public financial management. While significant progress has been made in strengthening the capacity of auditing and accounting units and local training institutions, the project has stalled and is being restructured. In the health sector, the Bank had more modest objectives with a single project designed to test the feasibility of community-based population and family planning services. During project planning, lack of human resource capacity was recognized as a key constraint. Effective training and an organizational development component designed to cover health service facilities from the community level up to the national level were incorporated. In this case, capacity building was narrow in scope, and it was notably successful.

Bank support for capacity building in these six countries has worked well where it has been designed to fit underlying conditions. The record is not simply one of more success in the countries with the stronger economic and public sector management indicators, however. Rather, Bank programs have been effective under two conditions. The first success factor is to match the scope of individual interventions to countries' capacities and

commitments to change. Two examples noted above of the comprehensive and largely unsuccessful projects in Ghana and the narrow and apparently effective effort in the health sector in Malawi are stark illustrations of this point.

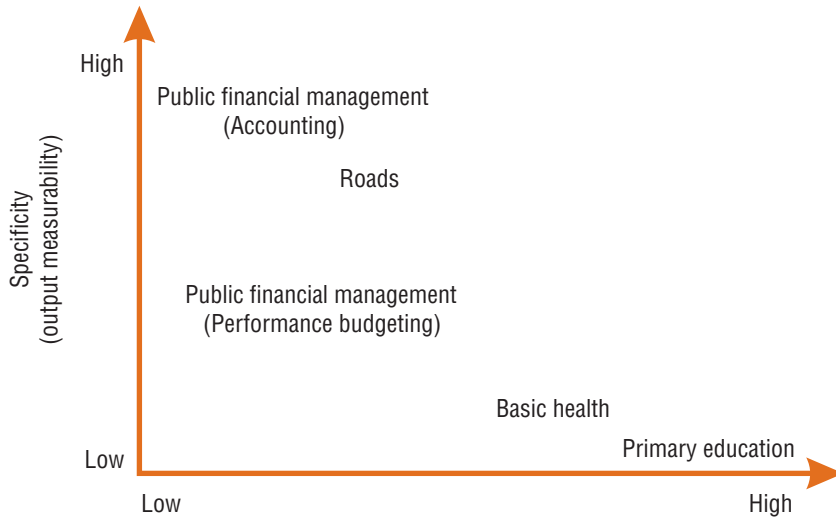
Second, success has been dependent on how well the design of programs has factored in sectoral characteristics and the particular challenges they pose to strengthening government performance. Figure 4.2 differentiates sectoral activities along two dimensions. *Specificity* measures how readily output performance can be monitored and, therefore, improvement measures identified and tracked. *Transaction intensity* describes how complex/conflictual the decision process is to get from inputs to outputs, including the number and strength of relevant interest groups and steps⁵ (identified in the figure are the sectors reviewed as part of this evaluation's country studies, discussed below).

The higher the transaction intensity and the lower the specificity, the more difficult it is to assess and prioritize capacity needs and design and sequence capacity building measures. It is also more difficult to track the effectiveness of those measures, since this will require monitoring and feedback mechanisms that capture the views of large numbers of beneficiaries (or beneficiary groups). In contrast, low transaction/high specificity activities are likely to facilitate not only the design and monitoring of capacity building measures, but also the structuring of incentives in support of change. The effectiveness of Bank efforts to improve public sector performance reflects, in large part, these sectoral differences. Indeed, the record of the Bank's capacity building support in

Bank support for capacity building has worked well where it fit underlying country conditions and factored in specific sectoral challenges to stronger government performance.

Support for capacity building in the roads sector has been more effective than support to the other three sectors reviewed.

Figure 4.2 Challenges to Improving Government Performance Vary across Sectors



all six countries shows similar variation, sector by sector, as described in the following sections.

A proven approach in the roads sector

Support for capacity building in the roads sector has been more effective, in all respects, than support to the other three sectors reviewed. It is the only sector in which the overall effectiveness was found to be satisfactory in all six case study countries. In Malawi, the weakest of the six countries, it was the

only sector with substantial and sustainable capacity improvements. This result is largely attributable to strong stakeholder pressure, the applicability of a proven approach, solid diagnosis of capacity constraints, and effective use of both TA and training.

The Bank has long provided substantial support in the roads sector. In all countries, the main focus was on the trunk road system, a priority agreed to by the government and the donors, including the World Bank. This targeted focus set priorities for resource allocations and enabled important infrastructure to be built and maintained using relatively sophisticated technical solutions, while requiring a limited number of staff. These staff (not just managers and engineers, but also lower-grade staff) received higher pay in some countries and enhanced working environments and professional development opportunities in all countries. The Bank’s support has contributed to strengthened capacity in the roads sector in all countries, as summarized in box 4.1.

These efforts to improve sector performance involved the standard instruments: formal education, on-the-job training, international and local TA, studies, and

Box 4.1 Four Capacity Building Achievements in the Roads Sector

- Development of a private sector construction industry, including support for the training of contractors
- Greater stability and transparency of funding for the sector
- Strengthening of key sector organizations, including the relevant ministry, highway authority, and related departments, to plan, execute, monitor, and account for national roads programs
- Development of technical skills in modern road design, construction, and repair.

equipment. TA and training were successful in this area because they were applied within an approach that integrated institutional, organizational, and human capacity development. For example, TA in Malawi was targeted for two specific purposes: to prepare studies for particular policy decisions and new legislation and to assist in the establishment of two new entities (the National Roads Administration and the National Construction Industry Council). In Ethiopia, staff skills were upgraded through a package of overseas graduate education and on-the-job training that appears to have improved performance in a wide range of units in the Ethiopia Roads Authority. While many trainees left during the early and mid-1990s, the situation changed markedly in the late 1990s because of improved work conditions, pay, and career prospects and increasing opportunities in the country in the private sector as the government moved to privatize construction.

Clear goals, strong interests, a known technique transferable across countries, and readily measurable results have characterized work in the road sector. These factors facilitated the design of a coherent capacity building strategy and made it possible to create “enclaves” of effectiveness, even in environments of inefficiency, although there are risks to sustainability of the enclaved gains. The experience is not easily replicable, as review of the other three sectors shows.

The challenge of human resource management in health and education

Bank support for capacity building in both the health and education sectors has been less successful than in roads. These two sectors face greater challenges in human resource development because they have large bureaucracies, numerous frontline service providers, more diffuse and weaker pressures for change, and greater difficulty in measuring, managing, and monitoring for results.

Health. Countries have made improvements in health outcomes—notably in child and

maternal health and in life expectancy (except as this progress has been reversed by the impact of HIV/AIDS)—since instituting reforms in the 1980s and 1990s. But the gains have been modest and the countries still face challenges of uneven access, low-quality services, and inefficient use of resources. Efforts to improve the performance of health care systems have typically focused on three sets of issues: (1) institutional strengthening to enhance central government policy, planning, and resource management; decentralize service delivery; and increase the voice of intended beneficiaries; (2) organizational strengthening of health ministries and other management structures; and (3) training for sector staff at all levels of the health system.

Overall, Bank support has not done well in providing support for institutional and organizational development in this sector.⁶ The greatest achievement at the institutional level has been the introduction of health sector development programs and the improved policy and planning processes around them in all five of the six case study countries with substantial Bank support in the sector (the one exception is Malawi, where lending has been limited to one small project for the period under review). Some progress has been made in all five countries in decentralizing health service delivery as part of these sector programs, although more has been achieved in Ghana, Benin, and Mali, where this process has been under way for a substantial period of time, than in Ethiopia, where a recent, rapid decentralization push aimed at “learning by doing” has encountered low initial management capacity at all levels. (A promising

In roads, clear goals, strong interests, a known technique transferable across countries, and readily measurable results facilitated the design of a coherent capacity building strategy and made it possible to create “enclaves” of effectiveness.

In both the health and the education sectors, effectiveness is undermined by large, unresolved human resource constraints.

approach to decentralized capacity building in another case, Burkina Faso, is described in box 4.2).

When it comes to organizational strengthening, Bank support has been modest in all the case study countries. In Benin, Ghana, and Mali, the Bank's support has helped restructure the ministries of health. And it has helped Ghana to create the Ghana Health Service as an autonomous agency for managing the sector, although mandates and division of responsibilities between the Ghana Ministry of Health and

A distinguishing feature in Africa's health sector is the continuous outflow of trained public health managers and medical staff.

the service remain unclear after several years because of a lack of leadership and resistance to change within affected parts of the government. In Benin and Mali, the Bank has also financed efforts to build capacity outside central government structures by subcontracting key functions to autonomous agencies.⁷ In addition, in all five countries, support has been provided for strengthening health information systems. But in each country, this organizational strengthening has been piecemeal. Moreover, its effectiveness is undermined by large, unresolved human resource constraints.

A distinguishing feature of human resource development in Africa's health sector is the

continuous outflow of trained public health managers and medical staff (World Bank 2004p). The Bank has addressed this problem, primarily by financing training and strengthening training institutions in the five case study countries. To enhance its effectiveness, training is increasingly being decentralized to reduce costs, increase retention, and make the training more relevant to the work people do. But this evaluation was able to find evidence only on the training outputs (for example, numbers of personnel trained and course curriculum modified), not on impact.

But training can be only part of the human capacity building solution, because low salaries, poor working conditions, and alternative employment options undermine the retention of trained staff. One case study country, Mozambique, has implemented a broad health manpower development program, including a comprehensive approach to training and deliberate steps to retain staff. Still, the scarcity of skilled health workers remains an acute problem in Mozambique, as well as in the other countries. A recent study in Ghana proposes a range of actions to improve human resource management in the sector, as summarized in box 4.3.⁸

In principle, the sectorwide programs in five of the case study countries provide a framework for identifying systemic capacity

Box 4.2

Building Capacity to Facilitate Decentralization: The Case of Burkina Faso's Health and Nutrition Project

The redesigned Burkina Faso Health and Nutrition Project (P000287) illustrates a potentially promising approach toward capacity building at decentralized levels of government. The project financed work programs of provincial health directorates. With some variations among districts, the project succeeded in:

- Developing a participatory planning and budgeting process that involved communities and other stakeholders in setting priorities and providing oversight

- Providing direct central government funding to local districts, along with adequate autonomy and flexibility in the use of resources
- Enhancing accountability at decentralized levels through the use of management agreements, whose terms (on funds allocation, payment modalities, obligations of recipients, financial management and auditing, and termination) were made transparent.

Source: Internal Bank and OED documentation.

Box 4.3**Human Resource Management in Health:
The Need for a Comprehensive Approach
in Ghana**

“More effective human resource management should involve going beyond the narrow issues of salary and training to consider broader incentives and systems for encouraging and managing good performance.” A set of complementary actions that take a broad labor market perspective are recommended, including:

- **Increasing the supply of health professionals, with attention to the interplay of outflow from the country and retention**
- **New measures to attract and retain trained health workers**
- **Managed exchange and return of migrants**
- **Development and integration of new, mid-level cadres into the health workforce (less likely to be hired abroad), by changing educational systems and curricula and developing efficient HR management and administration, among other measures.**

Source: Nyongator, Dovlo, and Sagoe (n.d.).

constraints. In practice, however, the major shortcoming in human resource management and modest institutional and organizational strengthening suggests that sectorwide approaches (SWAPs) have been more useful in enhancing capacities to set policy and strategic direction than in building capacities to manage the sector and achieve improved service delivery results.

Education. Capacity building support in education has been less effective than in health, and more varied among the six case study countries. The differences reflect the larger size of the education sector, greater difficulty in setting clear education goals and monitoring progress, and techniques that are less easily transferable across cultures. While the Bank has funded a few projects in tertiary and vocational educational (for example, in Ghana, Mali, and Mozambique), the bulk of its support in all six countries has been directed to primary education, which is covered in this review.

Countries have improved in the past decade in increasing allocations to the sector and in boosting primary school enrollment rates. Yet they still face major structural issues, notably unequal access to primary education; uneven and inefficient allocation of resources; shortages of qualified teachers in a context of rapidly increasing numbers of students;

management and implementation gaps, especially at district levels; and lack of incentives for improved staff performance.

In all six countries, the need to improve primary education outcomes and strengthen sector management has been a recurring theme in the Bank CASs and projects over the 10-year review period, indicating the difficulty of making progress. The Bank has supported a variety of efforts to build capacity at the institutional level, with varying degrees of success. For example, in Mozambique, where education has been a strong priority of the government, significant progress has been achieved in developing policies and strategies for different parts of the education system and in introducing new funding arrangements at the primary level. But in Ethiopia, despite strong commitment to a sector development program, the government has not yet fully identified the institutional capacity constraints and development needs to underpin its decentralization drive. In Mali, decentralization has not progressed as intended, and the regional development plans envisaged are still in preparation. In

In both education and health, the Bank’s efforts have focused on different structures across the six countries, but the efforts have been piecemeal, and the resulting organizational strengthening has been modest.

Box 4.4**A Well-Sequenced Approach to Capacity Building in the Education Sector in Ghana**

The government of Ghana and its donors have agreed on a new sectorwide program in education. Included in the program is a detailed plan for building institutional, organizational, and human capacity in the sector, which will be addressed in three phases:

- Analysis of organizations' mandates, roles, functions, and divisions of labor
- Assessment of existing capacity and capacity gaps, and development of capacity building action plans for key components of the sector
- The translation of those plans into individual organization's capacity building programs, involving activities such as re-deployment of staff, training, systems development, and the provision of physical resources.

Source: World Bank 2004g.

Ghana, much as in the health sector, clear mandates have not been established as planned between the Education Ministry and Education Service, which has impeded progress toward other capacity building objectives in the sector. The Ghana authorities recently launched an education sector strategy that proposes a sequenced approach to this long-standing problem (OED 2004d) (see box 4.4).

At the organizational level, the Bank's efforts have focused on different structures across the six countries, but in all cases, they have been piecemeal, and the resulting organizational strengthening has been modest. For

There have been successes in public financial management, but difficulties have been created by limited country ownership of the change agenda and the lack of a time-tested approach for adapting international practices to the local context.

example, in Ethiopia, the Bank's attempts to strengthen the Ministry of Education's research and policy development and statistical capacity were not fully achieved. In Benin, the Bank succeeded in enhancing financial management capacity in several departments within the Ministry of Education, but other departments in the ministry, especially human resource management, remain weak.

Further, in Malawi and Mozambique, the organi-

zational development agenda was short-changed because of the Bank's use of Program Implementation Units (PIUs). In both Malawi and Mozambique, while Bank support built PIU capacity, particularly in financial management and procurement, improvements were not built into the permanent government structures. Mozambique's education sector program is now seeking to strengthen organizational capacity in the Ministry of Education in the units for research, financial management, and monitoring and evaluation.

The sector's major challenge in human capacity development has been handled by substantial support for training. But, as in the other sectors, hard evidence is lacking on the utilization of the skills of the large numbers trained. Detailed study suggests serious weaknesses, such as turnover of trained teachers, low teacher morale, and inadequate in-service training (OED 2004b). Also, evidence from interviews suggests that the impact of the training for ministry staff has been low, especially in areas of sector planning and personnel management, because training was out of sync with staff redeployment related to decentralization, and civil service and pay reform have progressed slowly.

Limited country ownership of capacity building approaches in public financial management

While there have been successes, Bank support

for capacity building has encountered considerable difficulty in the area of public financial management (PFM). This is largely because of limited country ownership of the change agenda and the absence of a time-tested approach for adapting international practices to the local context. The Bank emphasized capacity building as the core objective of its public financial management work in FY03, and its agenda is still evolving.

Strengthening public financial management, which is key to improving a country's ability to use its development resources efficiently and effectively, has been a centerpiece of national economic reform agendas throughout Africa. Institutions, systems, and processes that deal with the aspects of public financial management have tended to be weak, nontransparent, and often incapable of developing adequate budgets, monitoring public expenditures, using funds and investment efficiently, and providing reliable data. In all six countries reviewed, the Bank has played a major role in designing and supporting capacity building efforts. It has supported extensive diagnostic work and has played a significant financing role, along with other donors. The scope of the Bank's capacity building support in this area has ranged from comprehensive (in Ghana) to incremental (in Malawi). Efforts have typically addressed reform of tax administration, improved budget processes, introduction of medium-term expenditure frameworks and integrated financial management systems, procurement reform, and strengthening of accounting and auditing systems.

At an institutional level, the greatest success has been in technical areas or areas that receive political support, such as tax administration (which promises increased government revenue, at least in the short term), and in the establishment of new institutions with technical mandates. Improvements in basic budgeting, accounting, and reporting systems have also made steady progress—for example, in Mozambique and Ethiopia. But capacity building efforts have progressed slowly in

other areas of deeply rooted institutional constraints related to governance issues, where governments have not implemented agreed improvements. For example, in Benin new procurement procedures have been approved but not implemented. In Malawi, support has not led to the establishment of an effective internal audit system. And in Mali, progress has been made in improving budget formulation processes, but not in strengthening parliamentary budget controls.

The Bank's capacity building support has also been less successful in areas of institutional strengthening that involve leading-edge approaches brought in from outside and heavily dependent on consultants (referred to by Malawi officials as areas of "donor ideology"). Efforts to help countries strengthen their capacities to design and use medium-term expenditure frameworks and performance budgeting have been stymied by a lack of client awareness of the potential benefits (World Bank 2002a). The introduction of integrated financial information management systems, requiring advanced technology managed by highly skilled and costly staff, has been more cumbersome and time consuming than foreseen (World Bank 2002b). For example, the Ghana public financial management project, which involved eight components designed to be implemented simultaneously, encountered significant difficulties in the introduction of the computerized system for budget and expenditure management, which in turn derailed other components. As one senior manager of the information technology effort reported, "we have spent \$30 million and eight years and still can't produce basic budget reports," and this has considerably slowed other dimensions of the public financial management capacity building agenda. Even in Malawi—where a more staged

Introduction of integrated financial management systems, requiring advanced technology managed by highly skilled and costly staff, had been more cumbersome and time consuming than foreseen.

To improve capacity building in public financial management, five measures are suggested, including deepening the diagnosis of underlying political and institutional solutions and reducing reliance on ambitious technical solutions.

approach was adopted after failure to implement ambitious reforms—committed senior officials have faced difficulty in building the

necessary support for change within and across ministries, and the technologies used have been too complex for the country's capacity and needs.

The effectiveness of organizational and human resource development efforts has also been limited. Bank operations have helped specific parts of ministries of finance and other government structures and oversight mechanisms. But these are usually discrete interventions, and the Bank is often not the major donor at this level.

The Bank and other donors have funded training programs to build skills in economic management and targeted areas of public financial management. Where the training has been demand driven and closely linked to ongoing institutional or organizational changes, it has proved effective. For example, in Malawi a Bank

project provides funding that the government allocates on a competitive basis to autonomous training institutes that respond to government demands for specific training.⁹ The effectiveness of training programs more generally appears to be hampered by lack of well-developed training strategies, poor sequencing of training with organizational and institutional developments that would utilize the skills acquired, and low retention of staff trained in such areas as economics, accounting, auditing, and information technology, who increasingly face attractive opportunities in the private sector and with international development agencies. Moreover, in the view of some government officials, the introduction of complex public financial management programs has created capacity gaps that are being inadequately addressed by poorly designed training and limited transfer of knowledge and skills from consultants.

The experience in the six case study countries suggests the need for five improvements in efforts to build capacity in public financial management, summarized in box 4.5.¹⁰

Recognizing the need for improvements, the Bank has initiated a broadening of the public financial management agenda from a strictly fiduciary perspective to include public sector capacity building. A key feature of that change has been the introduction of public financial management performance indicators that serve to identify country capacity needs and prioritize donor capacity support. Notably, the Highly Indebted Poor Country Initiative expenditure-tracking exercise provides a mechanism to benchmark a country's budget process and reporting system, develop plans to strengthen those systems, and review progress.¹¹ Building on this exercise, a multidonor Public Expenditure and Financial Accountability (PEFA) Initiative is finalizing an expanded performance management framework that aims to expand the monitoring of country public financial management performance and promote donor harmonization of public financial management capacity building support.¹²

Box 4.5

Five Ways to Improve Capacity Building in Public Financial Management

- Deepen the diagnosis of underlying political and institutional solutions
- Reduce reliance on ambitious technical solutions
- Better identify and address core capacity needs upfront, including the change management capacity of units responsible for implementing improvements
- Address financial management capacity constraints in phases, by focusing initially on a few high-priority functions and well-defined objectives
- Establish outcome indicators and process for monitoring and evaluating capacity building activities.

Box 4.6**Project Implementation Units Shortchange Development of Sustainable Capacity**

Stakeholders in all six case study countries heavily criticized the Bank's use of PIUs, typically staffed by technical advisers and established outside the regular government structures. They consider that PIUs have promoted rapid and efficient project implementation at the expense of long-term capacity building. These project management arrangements, which rely on highly paid consultants and top-up salaries, "have undermined mainline public sector capacity development and demoralized low-paid civil servants" (OED 2003b, pp. 32–33).

The Bank, recently acknowledging the deficiencies of PIUs, has drafted a guidance note that indicates that the use of government or other existing structures "should be the default position for project implementation, and only where this is close to impossible would it be desirable to create separate structures." The guideline is a positive step in according greater priority to building sustainable capacity, although it does not address how TA used for long-term capacity building can be more effective (World Bank 2004h).

The quality of the inputs

In all sectors, the quality of capacity building inputs—notably technical assistance and training—has had a significant bearing on the effectiveness of Bank support. While TA and training were both used in the great majority of case study projects, they were found to be of only limited effectiveness—a result consistent with many past assessments.¹³ The limitations stem less from inherent weaknesses in the tools themselves than from their use in the absence of explicit capacity building plans and associated TA or training strategies.

Technical assistance has been used for two distinct purposes: (a) to fill gaps in technical skills needed for managing Bank-funded projects and (b) to transfer knowledge supportive of projects' capacity building objectives. "Substitute" or gap-filling TA has had little impact on strengthening client capacity and was criticized by government authorities for failing to build enduring capacity in the six case study countries. A notable exception was Mozambique, where technical assistance was used well to fill in for university teaching staff while they were sent overseas for training.

The use of TA in support of capacity development objectives has produced mixed results. The country studies show that TA has been effective under two conditions: first, when it has been used for a discrete and well-

defined technical task and the client agency has sufficient core capacity to both oversee and benefit from the contribution and, second, when it has been used in the context of a clear TA strategy with a plan for phasing out the assistance without loss of policy or program momentum. Of the four sectors reviewed, it is in the roads sector that these conditions have generally prevailed and TA has worked best. The record is more mixed in the other three sectors, where the objectives and the exit strategies have often been less than clear from the outset.

Borrowers across the six case study countries criticized the heavy use of PIUs, as explained in box 4.6. The shift from projects to sectorwide approaches can facilitate a move from PIUs to government management of TA, but a smooth transition requires an early focus on capacity building as part of a PIU exit strategy. For example, in Mozambique, the recent transition to government management of a new education sector program has taken off slowly. It has created what one ministry official has described as "islands" inside the regular structures—confined to isolated units rather than being well integrated throughout the ministry. This reflects lack of earlier attention to capacity building as part of the arrangements for project implementation.

The shift to sectorwide approaches can facilitate a move from PIUs to government management of technical assistance.

Box 4.7**A Promising New Approach to Training: Decentralization in Uganda**

Decentralized Service Delivery: A Makerere University Training Pilot Project, approved in 2002, is a Learning and Innovation Credit that aims to help develop an effective, replicable, and sustainable strategy to build capacity of those responsible for service delivery and management at the local government level. Past attempts at such training by the government and donor community, including the Bank, had resulted in a “multiplicity of short-term training programs that were narrow in coverage, supply driven, uncoordinated, ad hoc, and have relied heavily on external technical assistance.”

This project presents a unique approach to training. It represents a first attempt to foster a strategic long-term relationship between an in-country capacity “supplier” and the local “demand” for capacity building. It attempts to utilize Makerere University (and other tertiary institutions) in Uganda to meet the critical re-

Source: World Bank 2002a.

quirements in public capacity to support Uganda’s large-scale decentralization program, which has put considerable pressure on local government capacities and has resulted in a substantive demand for increasing human skills and competencies in diverse fields. In collaboration with the government, the university (which traditionally provided academic training and research) is expected to carry out a detailed training needs assessment at the district and urban levels and develop and deliver appropriate courses to meet the local demand.

By early 2004 indicators of progress for many activities had been met or exceeded ahead of schedule. A detailed project Mid-Term Review in mid-2004 provided the foundation for shifting from monitoring output (activity) indicators to indicators of outcomes, results, and lessons.

Training is funded in most of the case country projects reviewed to upgrade specific skills of personnel in government ministries and other agencies, in project implementation units, and among service providers such as nurses and teachers. In all sectors, there is evidence of success in creating training capacity and delivering training, but less evidence of increased ability to design and manage training programs at a sector level.

Staff is being trained for specific tasks before they are in positions to use the training, or before measures have been taken to help retain them.

Projects have almost always achieved their target numbers of individuals to be trained. But on the critical question of whether new skills were acquired and translated into improved organizational performance, the record seems weak. Since no tracer studies were found for any of the projects, this finding is based on in-country interviews and observations in Bank project completion reports. This evidence indi-

cates that each of the three main training modalities funded—long-term (degree or certificate) training abroad; long-term training in-country; and short-term, in-service training—has worked well only some of the time. Africa Region staff also view Bank support for training as moderately effective overall, with more respondents skeptical about the effectiveness of long-term (two-thirds) than of short-term training (one-half).

Training interventions have generally been funded without an organizational training needs assessment or a comprehensive training plan. Staff is being trained for specific tasks before they are in positions to use the training, or before measures have been taken to help retain them. In addition, donors play a large role in financing training, but have done little to coordinate their support. In the case of Malawi it is estimated that 95 percent of civil servants trained are donor funded. Because much of this funding has been tied to individual projects, the government is impeded from developing and implementing long-term,

sector-based or cross-sector training strategies. Moreover, the focus on training for specific public sector tasks will always face the potential problem of leakage of staff out of the public service unless skill building is approached from a broad human resource development perspective, linked to a country's labor market conditions.

The more successful efforts tend to be those that are well integrated within a coherent capacity building effort (as in the case of roads) and are demand driven. Interesting and positive examples of Bank support for training include partnership programs involving the government, the Bank, and others to build institutionalized training programs on a country, sub-Regional, or Regional basis, focused on specific development aims (see box 4.7).

Toward more coherent capacity building

Better-quality inputs are necessary but not sufficient for effective capacity building support. Experiences in all four of the sectors reviewed point to four key steps to ensure the internal coherence of capacity building interventions. The first step is a capacity needs assessment conducted with stakeholder participation. The second is a management structure that aligns the public sector improvements being sought with country development goals, sets outcome objectives, and coordinates efforts across program components and related public sector reforms. The third step is an implementation process that arranges measures to strengthen relevant institutional, organizational, and human resource capacities in the right sequence. Finally, monitoring and evaluation is needed to monitor progress and suggest necessary course corrections.

The use of sector development programs, combined with donors' willingness to use them as a funding framework, provides more potential than do individual projects to approach public sector capacity building in a coherent way. The health sector programs in the six case study countries and the education programs in five of the six are based on sector

strategies that provide a framework for the identification of systemic capacity constraints, prioritization of capacity building responses, and coordination of government and donor monitoring of program progress. But so far these programs have focused more on achieving immediate sector reforms than on strengthening implementation capacity to produce desired sector outcomes on a sustainable basis.¹⁴ If these programs are going to adequately support improved sector management, they will need to introduce more well-defined capacity building objectives and measures for achieving them.

Beyond the need for internal coherence, the overall scope of capacity building support, like support for other development objectives, needs to match country demand for change in a given sector. This is a clear finding from the experiences with capacity building in the four sectors reviewed. The variation in improving public performance across the sectors shows the importance of building ownership within the broad task environment (which may encompass several departments and ministries, levels of government, and non-governmental actors). And a still broader political coalition is needed to fuel the big issues, such as civil service pay reform, that must underpin sector-specific performance improvements. For the Bank, these case study findings underscore the institution's need to do a better job of helping countries take the lead in diagnosing constraints, designing coherent responses, and applying capacity building tools effectively. They also suggest that the Bank needs to do better in identifying the drivers of change in its areas of support and in matching its interventions to their commitment and capacity for enhancing public sector performance.

The first step is a capacity needs assessment conducted with stakeholder participation.

The overall scope of capacity building needs to match country demand for change in a given sector.



Providing Capacity Building Support through Corporate and Regional Mechanisms

While the Bank addresses capacity building mainly as a collateral objective in country programs, it provides small, additional amounts of support to Africa through corporate and Regional mechanisms—resourced and managed separately, outside country programs—that have capacity building as their core objective. Three main mechanisms are the training programs and knowledge services of WBI; the national and Regional grant financing of the partnership-funded ACBF; and the small-scale, upstream grants to clients provided by the Bank’s IDF.

Their direct capacity building orientation gives each mechanism the potential to reinforce and even stimulate innovation for scaling up interventions in country programs. But evidence shows that their activities have been only moderately effective in achieving their immediate objectives. To date there has been little synergy between these programs and the Africa Region’s country lending and analytical work. Each of the three mechanisms has recently embarked on transforming its program to enhance its effectiveness, but all three face major challenges in moving in new directions.

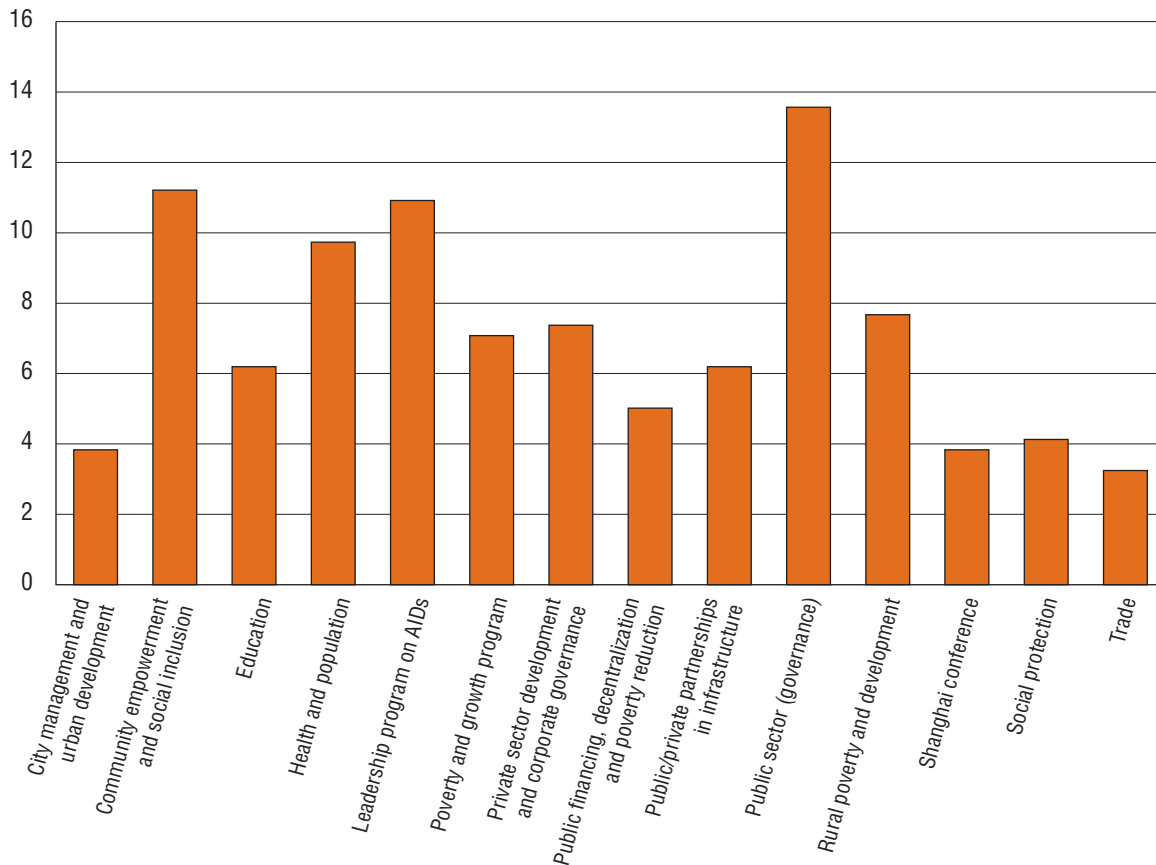
The World Bank Institute

The World Bank Institute provides training and knowledge and advisory services to policymakers, technical experts, business, and civil society leaders.¹ The Africa Region currently accounts for 22 percent of its client participants (see figure 5.1) and almost one-third of its some 1,000 program offerings (World Bank 2004q, Appendix 3, p. 72). WBI’s learning programs use a mix of pedagogical strategies. Lectures and presentations—delivered both through face-to-face and distance learning technologies (for example, online courses and seminars)—

Figure 5.1

Thematic Distribution of FY04
WBI Offerings in Africa

Percent share of all Africa programs



Source: World Bank Institute. Chart excludes programs representing less than 2 percent of total offerings.

dominate the use of course time.² Online training, which has greatly increased the number of participants in WBI's learning programs in the past few years, has been accompanied by IDA credits for the establishment of 14 distance learning centers in African countries (9 of which are currently in full operation).

WBI's internal evaluations show that its training activities produce only modest learning gains.³ An impact evaluation of client programs in FY00–01, based on participant survey responses of a sample of six thematic training activities in that year, found that

“measures of the effectiveness and impact of WBI learning activities are lower than institutional benchmarks.”⁴ The findings of a second report in FY02, based on pre/post testing of participants, leads to a similar conclusion: WBI has had only modest success, and recent year-to-year outcomes are not showing improvement (World Bank 2003a).⁵ The evaluations also show that WBI's pedagogical strategies could make a difference in the effectiveness of the training. Although lectures and presentations take up 42 percent of course time, WBI analysis shows that this emphasis does not correlate with measures of effective-

ness. The strategy found most effective in its recent evaluations—developing action plans—takes up less than 10 percent of course time.⁶ Surveyed participants want more focus on their country-specific problems, courses of longer duration that go the extra step to offering solutions, and more follow-up to enhance the utilization of the knowledge gained. In Africa, where the undersupply of trained professionals remains an issue, such improvements could be of major benefit.

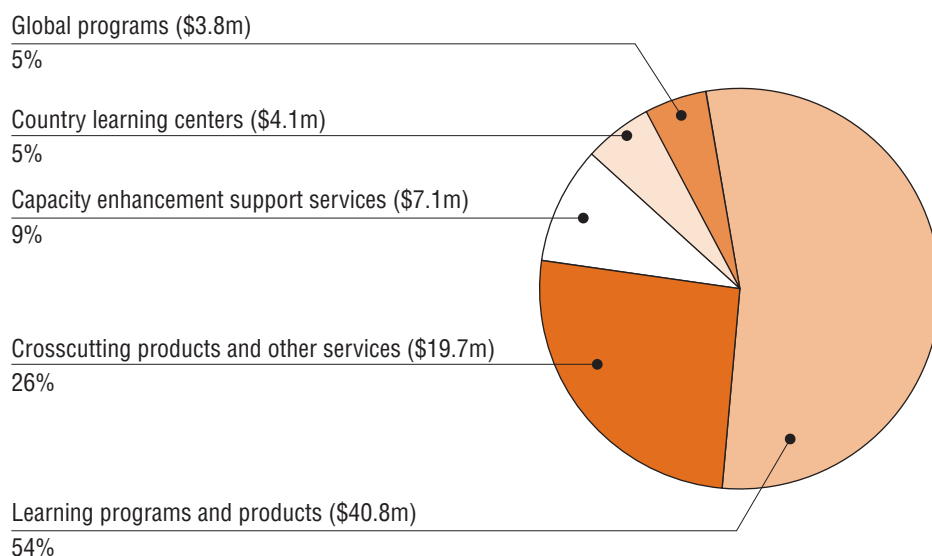
Recognizing the modest effectiveness of its learning programs, WBI announced in 2002 that it was shifting from training individuals to a new capacity building strategy. WBI’s strategy states that it will provide services for long-term institution building through a new country focus, aligning more closely with the Bank’s operational work and with countries’ priorities. It identifies 33 “priority countries”; 9 are in Africa. It also introduces two main country-specific instruments to help carry out its new strategy: capacity development needs assessments and country capacity develop-

ment strategies. These tools, which are being piloted in a number of focus countries, are intended to provide input to World Bank CASs and better match the supply of WBI activities to country demand.⁷ The FY05 budget for implementing this new program includes \$7.1 million, or 10 percent of total budget resources, for capacity enhancement support services such as working with countries to develop country-specific programs, providing technical assistance to Bank and borrower country teams, and developing the knowledge base for Bank support of country capacity building efforts (see figure 5.2).

Although WBI’s FY04 Annual Report (World Bank 2004q) states that the transition from individual training to long-term institutional capacity building is largely completed, four issues remain to be addressed (World

Participants want more focus on their country-specific problems, courses of longer duration that go the extra step to offering solutions, and more follow-up.

Figure 5.2 WBI’s FY05 Budget Expenditures (including trust funds)



Source: Internal Bank document.

Bank 2004q, p. 6). First, WBI has not yet made clear what service improvements it intends to provide the nonpriority African countries.

Second, WBI's learning activities are not fully aligned with the capacity building goal.

The Bank needs to develop greater understanding of effective pedagogic strategies geared toward “adult elites who are WBI’s primary audience.”

Most do not yet connect their skill building aims with organizational and institutional changes needed to foster the effective use of new skills. While WBI has developed learning programs in a wide range of subject areas, it cannot, and probably should not, aim to be expert in all areas where capacity developments are needed. It should be more selective in its subject area focus. Moreover, WBI has not developed a set of proven pedagogic approaches matched to its reformulated capacity building role—even though the need for this change is documented in its own assessments of the modest success of its current, main learning modalities (as discussed above).⁸ WBI staff consider the use of distance learning a key change that complements and facilitates a number of emerging learning approaches—such as multisite training, reduced lecturing and increased country-to-country knowledge sharing, and team-based learning.⁹ But a recent evaluation commissioned by WBI found no “instances

where programs delivered via the Global Development Learning Network (GDLN) resulted in capacity enhancement at the national level” (World Bank 2004f, p. xvi). The report notes that the nature of knowledge transfer and sharing through distance learning has strong potential to strengthen institutions. But outcomes related to capacity can only be achieved if current learning program approaches are changed to provide a continuous process of capacity enhancement focused on targeted country capacity constraints. To the extent that the Bank chooses to continue to provide training services, it needs to develop greater understanding than WBI's experience has yet provided of effective pedagogic strategies that, as one staffer put it, are geared toward “adult elites who are WBI's primary audience.”¹⁰ For example, WBI's country focus cannot exploit approaches based on multicountry networking (see box 5.1).

Third, capacity building support in Africa needs to match effective country demand. WBI recognizes this need and the necessity of integrating capacity building services of a central unit into Bank country programs. Yet while operational staff in the Africa Region welcome WBI's intention to work more closely with them because WBI offers particular skills and a network of international contacts, they express skepticism about WBI's capacity, as a central unit, to play a major role in developing Bank capacity building efforts at the country

Box 5.1

Building Professional Networks to Meet Knowledge Needs in Africa

An examination of African-based networks to strengthen research capacity offers a generalization that holds for capacity building more generally. The networks were brought into being because of the failures or limitations of other research settings. This point is important. In many other parts of the world, professional networks draw from a strong research and training core located in functioning institutions, primarily

universities. But in Africa, it is the weakness of the core that motivates the establishment of networks. These compensatory networks, of which the Bank-supported African Economic Research Consortium is a successful example, have characteristics of particular importance, including processes of mutual adjustment between the networks and the professional sectors in which they operate.

Source: Prewitt 1998.

level. The implication is that WBI has yet to define clearly the added value it proposes to bring to the Bank's capacity building efforts at this level.

Finally, WBI has launched its new strategy without having put in place a system to measure progress and results. Its current methodology for evaluating its learning programs based on individual knowledge gains¹¹ does not capture the kind of transformation implied in capacity building. WBI is now piloting its work with country programs with a view to learning and distilling lessons, and it is developing ways to track its new nontraining outputs (such as support to country teams in devising needs assessments and support to capacity development institutions at the country level). These efforts still leave a need for benchmarks and progress indicators by which to assess the capacity building effectiveness of WBI's work. WBI needs to know if its new strategy is working to change staff incentives and rewards to advance its capacity building work.¹²

These indications suggest the need for a candid assessment of what a central capacity building unit in the Bank can and cannot do. Such an assessment would depend on an understanding with Regional staff on the role of the unit in strengthening Bank support for capacity building in client countries and the tools and techniques to use to achieve intended capacity building outcomes.

The African Capacity Building Foundation

The ACBF is an independent institution based in Harare, Zimbabwe, that provides grants to national and regional institutions and programs to help strengthen economic policy analysis and development management within African countries. In a period of just over 10 years, it has become a key provider of long-term support to programs involved in developing human and organizational capacity in areas of development policy analysis and management—"a remarkable achievement for a young, small organization."¹³

The foundation was established in 1991 through the collaborative efforts of the World Bank, the African Development Bank, and the United Nations Development Programme (UNDP). Funding for the foundation's activities is currently provided on a multiyear basis by these three institutions, the International Monetary Fund (IMF), 10 developed-country donor agencies, and 22 African governments.¹⁴ Since its inception, the ACBF has approved 113 operations in 37 African countries for a total commitment of US\$197 million (through December 2003), of which some two-thirds has supported national projects and one-third, regional projects.

Initially, the ACBF provided grants to economic policy units and training programs to improve the work of central ministries, agencies, and their core economic management and planning functions. In 2000, a new initiative, the Partnership for Capacity Building in Africa (PACT), was launched by the Bank in cooperation with African governments. The aim was to support a wider range of activities, including interactions of policymakers with civil society and private sector organizations. PACT was incorporated into the ACBF. And, within 18 months of taking on board the new PACT agenda, ACBF doubled its active project portfolio (see Annex G for a description of its activities).

The World Bank has played a major role in the ACBF and PACT. Its senior management was centrally involved in the design and launch of both initiatives and continues to take the lead in mobilizing donor contributions. Bank resources provide the largest share of the foundation's funding, amounting to a total of some \$158 million over 1991–2004, or some 40 percent of \$389 million in commitments. The Bank's Regional Vice President for Africa serves on the foundation's Board of Governors, which has policymaking and oversight responsibility; Regional staff sit on the Executive Board, which approves the foundation's budget, annual business plans, and all ACBF/PACT-funded projects. Moreover, the Bank administers the ACB

Fund and ACBF-PACT Trust Funds through which contributors pool their support.¹⁵

The ACBF has two distinct characteristics that give it the potential to support capacity building: it can provide funding over a long period, and it supports a diverse range of activities not limited to individual training and TA interventions. Grantees welcome the critical funding role that the ACBF plays in contributing to their recurrent and overhead

The ACBF has two distinct characteristics that give it the potential to support capacity building.

costs, unlike many other funders who provide only project financing. They also welcome the networking and visibility around the issue of capacity building that the foundation, as an African-staffed and African-based organization, has helped to foster across the continent.¹⁶ But the ACBF faces four challenges in fully realizing its potential.

First, the impact of ACBF-funded programs and institutions is uneven, suggesting the need for the foundation to be more selective in the use of its scarce funds. The impact of recipient programs and institutions on capacity building—as assessed by two independent reviews—has been stronger with semi-autonomous policy units and national and regional graduate-level training than with governmental policy units and in-service training programs.¹⁷

- *Policy analysis units.* Through its core institutional support, the ACBF has played a catalytic role in creating a network of some 40 new or strengthened national and regional policy analysis units. The units, which have been mandated and contracted to provide research, advisory services, and training to government ministries and other public agencies have demonstrated considerable impact on policy. Independent units, in contrast, have produced high-quality policy research, but have had less direct policy impact because of difficulties in obtaining data from government agencies, weak dissemination practices, or lack of government receptivity to

independent research. Because both the semi-autonomous and independent units have focused on producing quality research, they have relied heavily on established (sometimes international) expertise instead of emphasizing the development of domestic human resource capacity.

- *National and Regional graduate-level training.* Two Regional graduate-level training programs supported by the ACBF (along with other funders) are performing well according to an independent in-depth review. Their main objective has been to improve the teaching and research capacities of the departments of economics in universities throughout francophone and anglophone Africa, and thereby build capacity for policy analysis and macroeconomic management. Although neither project has developed a database to demonstrate the extent of improvements in university staff, interviews indicate that the African Economic Research Consortium has strengthened departments of economics and built individual competencies that participants have been able to put to use. Programme de Troisième Cycle Inter-Universitaire started later, so it is too early to tell its effects, although progress is said to be satisfactory. The ACBF has also provided support to strengthen local university training in economic policy management.
- *National and Regional in-service (short-term) training courses.* Unlike the graduate-level programs, the four national and Regional in-service training programs reviewed had only limited impact on their beneficiaries—a finding similar to the evidence on WBI training—and because of heavy reliance on external resource persons to deliver the bulk of their courses, they have not contributed significantly to the human resource capacity of the recipient institution.

Second, the ACBF has yet to find an effective way to ensure a strong link between a country's need for enhanced policy and development management and the ad hoc capacity building programs it funds. It has

recently decided to shift its grant-making from a project to a country program approach to meet that challenge, but how to make that transformation remains an unresolved issue (World Bank 2003f). Third, like WBI, the ACBF lacks well-defined capacity building outcome measures against which to monitor the progress of individual grantees and the overall performance of its capacity building efforts. Finally, the resources committed by its funding partners are too small in relation to the ACBF's expanded mandate and program ambitions. The Bank assumed at the start of the ACBF that in 10 years, the foundation would be able to raise an endowment and become self-sufficient within a decade (Jaycox 1993). But donors have never expressed a willingness to commit funds to an endowment, and there is no evidence that even the most successful of ACBF grantees are on their way to becoming self-sufficient. Indeed, it would be unrealistic to expect self-sufficiency in light of the experience of public policy research and training programs elsewhere.¹⁸ Indeed, since the incorporation of PACT, the ACBF has become more dependent on the World Bank than at the outset.¹⁹

The Institutional Development Fund

The IDF is a World Bank grant-making mechanism established in 1992 to provide quick, action-oriented funding to governments for small-scale capacity building activities, closely related to the Bank's country assistance strategy, policy dialogue, and diagnostic work. IDF grants are to be used to strengthen institutions when specific Bank-financed projects and other donor resources are not available. They are not meant to substitute for lending or to finance routine activities such as budget preparation. They can be used to build capacity to perform routine activities or to enable clients to develop a new idea sufficiently to seek grants from other sources. Grants, which can cover activities for up to three years, can range in size from \$50,000 to \$500,000 (and have averaged around \$300,000), and their

preparation and approval procedures are relatively streamlined.

The IDF granted \$25 million annually during the 1990s, with a decline to some \$20 million yearly from 1999 to the present.²⁰ From the outset, Africa has been the largest beneficiary, receiving some 30 percent of total allocations since FY93, and as much as 35 percent over the past four years. The largest percentage of grants to Africa in FY04 supported activities in financial management (39 percent), monitoring and evaluation (27 percent), and legal and judicial reform (19 percent).

A strategic review of the IDF carried out in 2001 found weaknesses in its grant approval and oversight processes. The review recommended sharpening the focus of IDF grants and strengthening its governance and management arrangements.

In FY02–03, the IDF evaluated 110 projects in five areas (or just over a third of all projects). This review found that of the 89 that were rated, only half of the projects had satisfactory or higher outcome ratings.²¹ Several crosscutting issues emerged:

- Projects tended to be supply driven and to lack a clear capacity building strategy. They needed to be based on more adequate assessments, involving country participants.
- A large majority of projects included training programs, but training was consistently the weakest component in most projects. On-the-job training was less effective than formal training components.
- Projects tended to be overly ambitious and involve too many objectives. A step-by-step approach would have been more effective.
- In most cases, follow-up operations would be needed to sustain the initial IDF-funded capacity building effort, but these were not provided.

In accordance with the findings of the two reviews, the IDF has introduced three main

Like WBI, the ACBF lacks well-defined capacity building outcome measures.

sets of reforms. It has focused the bulk of its grant making on issues of public financial management and accountability, monitoring and evaluation, legal and judicial reform, HIV/AIDS, and low-income countries under stress.

All three mechanisms lack the knowledge base and results framework they need to identify the impact of their activities and allocate their limited resources efficiently.

It has revised its governance structure, devolving grant-making decisions to the Regions and strengthening Regional monitoring of the IDF portfolio; and it has introduced the possibility of serial IDF grants for activities that warrant follow-up support but have no other source of funding. While these changes have the potential to increase IDF's

relevance as a distinct mode of country-executed and flexible capacity building support, it will be important that a planned self-evaluation of the impact of these reforms assess the country ownership of the activities supported and the sustainability of their results.

The overall value added

Each of these three mechanisms was designed to provide a distinct means of capacity building support not readily available in a cost-effective way through Bank country programs—WBI as a provider of global knowledge to enhance individual skills; ACBF as a mobilizer and source of long-term, core funding for country and Regional policy analysis and management training institutions; and IDF as a flexible source of catalytic funding to help jump start country-based capacity building initiatives. These are all relevant ways to help build country capacity. But like Bank country programs, all three mechanisms lack the knowledge base and results framework they need to identify the impact of their activities and allocate their limited resources efficiently. Moreover, although WBI and ACBF devote considerable amounts of their resources to training, neither has demonstrated fully effective approaches to the use of training activities as part of efforts to improve public sector performance. Nor is there a perspective in the Africa Region on how to get the most use out of the Bank's investment in these distinct modes of capacity building support.



Findings and Recommendations

Main findings

The Bank, between 1995 and 2004, provided some \$9 billion in lending and close to \$900 million in grants and administrative budget to support capacity building in Africa. Conscious of the limited impact of this support in the face of Africa's still-weak public sector capacity, it has made changes in the design of its support programs.

- The Bank has broadened the scope of its support to deal with demand as well as supply constraints to improved public sector performance, and cross-sectoral issues such as public financial management and decentralization of public services.
- It has added new diagnostic tools for assessing countries' capacities for managing their public financial resources and increased its range of lending instruments for delivering its capacity building support with the aim of strengthening country ownership of capacity building activities.
- It has also expanded its complementary corporate and Regional mechanisms directly supportive of capacity building: WBI, ACBF, and the IDF.

These changes are relevant because they recognize that capacity building is a long-term process that requires a systemic approach and

attention to demand for improved public services as well as the supply of well-structured organizations and skilled personnel.

But even with these improvements, the Bank's support for capacity building remains less effective than it could be. This evaluation finds six areas in need of further strengthening to obtain better results.

1. Operational framework. The Bank has not established a body of knowledge to guide its capacity building work the way it has for other important issues. As a result, its diagnoses of capacity needs and obstacles to change tend to be partial in their coverage of capacity constraints and key interrelationships among them. Both Regional operations and WBI programs have focused on supply of individual skills for the public sector without ensuring that the design and sequencing of skill building is meshed with needed organiza-

tional and institutional developments. The capacity to implement capacity building activities is often overestimated, and proven approaches to building human resource capacity on a sustainable basis are underdeveloped. The Bank also has not developed indicators to define capacity building outcomes and measure progress in public sector performance.

2. Core objective. All recent country strategies identify public sector capacity building as a core objective. They are also shifting to sector and multisector programs and budget support, which set broad frameworks for identifying long-term capacity needs. These are promising approaches that may help authorities prioritize capacity building activities and the support needed from donors. The Bank could use these new processes more effectively for helping countries plan and implement capacity building efforts. Most support for capacity building remains fragmented—designed and managed operation by operation. This makes it difficult to capture cross-sectoral issues and opportunities and to learn lessons across operations. Moreover, many projects that address capacity building as a collateral rather than core objective have ill-defined capacity building objectives that are poorly tracked; and shortcomings in the underlying diagnosis of capacity needs and constraints to change often undermine the design of interventions and the achievement of objectives.

3. Sectoral characteristics. In Africa, the Bank's record of success in enhancing the performance of the public sector varies across sectors as well as across countries. This is because governments, generally, are inclined to improve services demanded by powerful interests (e.g., trunk roads) more readily than those sought by weaker or more diffuse interests (e.g., primary education). In addition, the tractability of capacity building problems depends on sectoral characteristics, such as labor intensity and decentralization. The Bank has devoted inadequate effort to deriving lessons along sectoral dimensions.

4. Tools and techniques. The traditional capacity building tools of TA and training have often proved ineffective in helping to improve sustained public sector performance, in large part because they are not applied within a broad human resource management framework linked to necessary organizational and institutional developments. Moreover, the Bank has not developed a body of knowledge on what tools should be applied and how in different country and sector circumstances. Even though WBI has conducted a great deal of training, its experience has not provided the Bank with an understanding of how to effectively support training as a part of building professional competencies in the public sector.

5. Use of Bank instruments. The Bank is not fully utilizing all its instruments to improve public sector performance. The poverty reduction strategy process has the potential to help authorities better prioritize capacity building activities and guide support from donors, but it does not appear to have been used in this way in most countries. Economic and sector work does not contribute to public sector capacity building as much as it is expected to, or could. The use of programmatic lending—sectorwide or budgetary—offers the potential to move toward less fragmented and more coherent capacity building support by the Bank and other donors. But programmatic approaches have so far contributed more to strengthening capacities for policy and strategic planning than for sector management and program implementation. Also, synergy between country programs and the activities of WBI and the ACBF is limited.

6. Quality assurance. Finally, the Bank does not apply the same rigorous business practices to its capacity work that it applies in other areas. Even though capacity building is a stated corporate and Regional priority, there are no standard quality assurance processes for the underlying diagnosis and design of measures, and capacity building interventions are not routinely tracked, monitored, and evaluated.

Recommendations

This evaluation's findings underscore the importance of approaching capacity building in Africa as a core objective and ensuring that capacity building support is country-owned, results-oriented, and evidence-based. The evaluation recommends that:

- **Operational framework:** The Bank, at the corporate level, should strengthen its knowledge base and amplify its framework for public sector capacity building to better help countries (a) prioritize capacity building activities and guide donor support, (b) link institutional, organizational, and human capacity development, and (c) transform traditional capacity building tools to improve results. And it should ensure that guidelines and processes are in place for self- and independent evaluation of Bank capacity building interventions.
- **Sector-specific guidance:** Sector and thematic leadership should develop sector-specific guidance on diagnosing public sector capacity needs, enhancing incentives for performance improvements, and monitoring and evaluating interventions.
- **Country programs:** Regional senior management should ensure that CASs are used effectively to help countries identify and strengthen the capacities they need to plan, implement, and measure the results of their poverty reduction strategies. They should also ensure that all operations that aim to build public sector capacity are based on adequate assessments of capacity needs and have ways to monitor and evaluate capacity building results.
- **Training:** The Bank should reassess what role training should play in its capacity building support, how training support should be provided, and what should be the respective roles of a central training unit and Regional programs in any future support for this activity.

ANNEX A: A SELECTION OF PRIOR BANK ASSESSMENTS OF ITS CAPACITY BUILDING SUPPORT

Report	Year	Key findings
<i>Free-Standing Technical Assistance for Institutional Development in Sub-Saharan Africa.</i> OED.	1990	<ul style="list-style-type: none"> • The main goal of freestanding TA is to enhance the capacities of borrower institutions and government agencies to perform their work on a sustainable basis. The record of the Bank is poor: only 3 out of the 19 Bank projects reviewed were rated as having satisfactory outcomes. • Reasons for poor performance include: inadequate attention to country context, inconsistent performance of expatriate consultants, and weaknesses in project design and supervision (especially training projects) that include failure to account for limited borrower capacity, unclear objectives, lack of performance indicators, and poor choice of instruments. • TA for institutional development should be de-linked from fast-disbursing adjustment lending and considered as a freestanding project. • There is a need for candid assessment and consideration of the level of borrower commitment in TA design.
“Managing Technical Assistance in the 1990s”	1991	<ul style="list-style-type: none"> • The Bank should strengthen the conceptualization and preparation of TA projects and programs by, among other things, providing clients with grant funding. • TA needs to be subject to the same rigor—high quality technical inputs and professional management—that is accorded to investment lending and ESW. • The Bank should partner with other development agencies (UNDP) to systematically coordinate TA activities.
“The Bank’s Use of Technical Assistance for Institutional Development”	1991	<ul style="list-style-type: none"> • The Bank labors under several handicaps when considered as a “supplier of TA,” including absence of explicit and systematic attention to borrower commitment in Bank work, inadequate knowledge of country context, poor institutional memory because of high staff rotation, cost ineffectiveness of Bank TA vis-à-vis grants from bilateral donors, and overcentralization of policies and procedures in the Bank. • Use of TA should be limited to cases where government commitment is demonstrable. • Alternative instruments are needed for institutional development, not an excessive reliance on TA.

Report	Year	Key findings
"Technical Assistance in Africa: How It Works and Doesn't Work"	1994	<ul style="list-style-type: none"> • The use of TA as a means to develop institutional capacity has had very limited success in Africa. Instead of transferring expertise, this approach has created dependency on foreign experts that has not diminished over the years. • TA does not substitute for institutional reform. • The Bank should reduce the reliance on TA by linking projects to absorptive capacity and having an exit strategy to phase out TA.
"Partnership for Capacity Building in Africa: Strategy and Program of Action"	1996	<ul style="list-style-type: none"> • Bank limitations in capacity building are structural and fundamental—the Bank has to recognize and emphasize the centrality of capacity building in its work and not treat it as a by-product of its activities. • Capacity issues are not well integrated into the Bank's policies, lending, or analytical work: <ul style="list-style-type: none"> ◦ The project cycle does not support capacity building: it emphasizes project appraisal rather than implementation, and thus the borrower's implementation capacities are taken for granted. ◦ The Bank has missed opportunities to use policy-based adjustment lending and ESW to build client capacity.
<i>Capacity Building in the Agricultural Sector in Africa.</i> OED.	1999	<ul style="list-style-type: none"> • The difficulty in defining capacity building goals in monitorable terms (absence of explicit performance criteria) has led to capacity building components receiving little attention in Bank projects. • Sustainable capacity building may not be possible without reform in civil service incentive structures. • The Bank should de-link short-term policy reform and related conditionality in SALs from long-term institution building interventions. • Long-term overseas training, generally for advanced degrees, did not have the intended impact, because the trainees frequently left their intended employers, either by seeking more lucrative opportunities outside government, moving into more attractive opportunities in government, or being reassigned to other posts. Such training should be coordinated with personnel and incentive policies. • Large numbers of TA personnel in projects reflect initiatives from the Bank during project design, against the stated reluctance of recipients. The hosts were willing to receive TA as a means to gain access to other project components such as equipment and training.
<i>Civil Service Reform: A Review of World Bank Assistance.</i> OED	1999	<ul style="list-style-type: none"> • Bank-supported civil service reforms were largely ineffective in achieving sustainable results in capacity building or institutional reform. • Capacity building interventions failed, as they were based on a narrow understanding of civil service incentives—that is, equating it to wage incentives alone. Some Bank practices, such as the use of PIUs and expatriate consultants, had a detrimental impact on the morale and incentives for civil service performance and local capacity building efforts. • Capacity building interventions should be better linked to job descriptions and performance indicators.
"Reforming Public Institutions and Strengthening Governance"	2000	<ul style="list-style-type: none"> • Capacity building should be at center stage of Bank operations. • There is a mixed but improving record of project performance in several types of public sector management interventions (such as expenditure management, tax reform, civil service reform, legal reforms, and the like. Less effective efforts can be attributed to four factors:

Report	Year	Key findings
		<ul style="list-style-type: none"> o Lack of adequate consideration of “demand” for capacity building, such as the drivers that create pressure to change, incentive structures in government, and level of borrower commitment. o Inadequate attention to customization to the local context—the tendency to generate and apply a single “best practice,” irrespective of country context. o Shortage of staff skills in specialized areas, including capacity building, given the limited emphasis on institution-building goals. o Inadequate instruments for long-term capacity building efforts.
“Technical Assistance in the PREM Portfolio: Stocktaking and Lessons Learned”	2002	<ul style="list-style-type: none"> • Capacity building does not play a universally central role in the CAS, and staff do not have incentives to devote adequate time and effort to TA operations. • While quality at entry and overall performance of TA has improved steadily over the 1990s, the Bank should better consider factors of demand—incentives of clients—in TA design. • TA continues to be the Banks’ “stepchild.” Business processes for TA need improvement—public sector reforms need to be better applied to TA operations, ICR guidelines for TA need to be improved, and more reliable indicators are needed for monitoring and evaluation of TA operations.
<i>Economic Reforms and Growth Experiences: Lessons from the 1990s</i> (Chapter 10).	2004	<ul style="list-style-type: none"> • Capacity constraints are binding: they dictate the speed and the direction of public sector reforms. • “Big bang” approaches have failed because they overstrained limited implementation capacity. What is needed is “strategic incrementalism”—highly focused and pragmatic interventions that are better grounded in the political realities and consistent with the capacity constraints of the country concerned.
<i>Building State Capacity in Africa</i>	2004	<ul style="list-style-type: none"> • The record of experience supports a paradigm shift in the approach toward state capacity building: from narrow, organizational, and public management approaches to a broader perspective that includes not just institutional rules of the game, but also political dynamics that drive institutional change. Three features of the new approach are: <ul style="list-style-type: none"> o <i>Analytical orientation</i>: Shift from specialized knowledge of public administration functions and supply of human resources to analyzing the country-specific institutions and political dynamics and identifying potential entry points for enhancing demand for capacity and public performance. o <i>Areas of focus</i>: Broaden focus from capacity building in bureaucracies to include building capacities of accountability mechanisms that generate the demand for public sector capacity. o <i>Design of interventions</i>: Shift from comprehensive, politically challenging capacity building interventions to modest, pragmatic initiatives with demonstrable results. • Change processes are cumulative; even a modest initiative can provide a foundation and/or increase demand for improvements in other areas. The process—the orchestration of the capacity building strategy—is important to the development of sustained capacity.

ANNEX B: METHODOLOGY NOTE

This note describes the methodology followed for the major evaluation components (excluding the staff survey instrument presented in Annex E).

Literature review. An external consultant was commissioned to review studies from inside and outside the Bank. The review, which covered assessments of capacity building, institutional development, and the instruments of technical assistance, training, and other modes of support, explored findings on what has worked and what has not worked, the reasons for success or failure, and the criteria used in making the assessments.

Country Assistance Strategies. All 15 Africa CASs approved in FY03 (Ethiopia, Gambia, Guinea, Malawi, Niger, Rwanda, and Senegal) and FY04 (Benin, Cameroon, Chad, Ghana, Madagascar, Mali, Mozambique, and Zambia) were reviewed to determine the importance assigned to public sector capacity building, the coherence of the approach to capacity building within and across CAS priority sectors, and the specificity of performance indicators. These findings were compared with a 1997 review of nine CASs (Côte d’Ivoire, Ethiopia, Ghana, Guinea-Bissau, Madagascar, Mauritania, Mauritius, Tanzania, Uganda, and Zimbabwe) prepared by the Africa Region.

Country case studies. To enable assessment of the relevance and effectiveness of the Bank’s capacity building support at a country level

and obtain client views of the effectiveness of the support they received, six case studies—of Benin, Ethiopia, Ghana, Malawi, Mali, and Mozambique—were carried out. They involved mission visits and focused particularly on capacity building efforts in the sectors of education, health, and roads, and the cross-cutting area of public financial management. Annex C provides details on the dates of the country missions and individuals interviewed in government, the private sector, civil society, and donor agencies; Annex D lists the country CASs, projects, and ESW reviewed. A team of independent consultants, one from inside and one from outside the country, conducted each case study.

The teams addressed a common set of evaluative questions in reviewing country assistance strategies and lending operations:

- **Relevance:** How well have the country’s capacity needs/constraints been identified and assessed, and capacity building priorities set? How clearly do Bank country assistance strategies specify capacity building objectives? Has the Bank had coherent and realistic strategies for achieving its country capacity building objectives, and have its strategies been technically and politically sound? To what extent have the capacity building operations funded by the Bank been well designed—individually and in the aggregate?
- **Efficacy:** To what extent have the capacity building objectives of the CASs and the Bank-supported operations been achieved, or are they likely to be achieved? To what extent are

the capacity gains likely to be sustained? How effective have TA activities been in helping countries build capacity? How effective have training activities been in helping countries build capacity? What factors have influenced the extent of achievement of the capacity building output and outcome objectives of Bank-supported lending and nonlending operations? Are there examples of significant or outstanding capacity gains, and if yes, what elements of good practice do they reflect?

- *Bank and borrower performance:* How have Bank operational policies, procedures, and practices reinforced or undermined capacity building efforts? How has country commitment to and leadership of capacity building operations influenced the achievement of capacity building aims?

A consultant undertook a separate in-depth review of 13 recent pieces of fiduciary ESW for the six countries to assess the quality of the analysis and diagnosis of capacity constraints. The main evaluative questions were: the extent to which the assessments were based on a clear conceptual framework for capacity, the extent to which they addressed key linkages among capacity constraints, and the relevance and level of specificity of capacity building measures identified in their action plans. This review covered four Country Financial Accountability Assessments (Benin 2001, Ghana 2004, Malawi 2003, and Mozambique 2001), four Country Procurement Assessment Reports (Ghana 2003, Malawi 2004, Mali 1998, and Mozambique 2002), and five Public Expenditure Reviews (Ethiopia 2001, Malawi 2001, Mali 1995, and Mozambique 2001 and 2003).

Technical assistance loans. Thirty-one Africa-wide technical assistance loans (listed in table D.3) were reviewed to determine the quality of their assessment of capacity needs, relevance of capacity building objectives against assessed needs, and extent to which those objectives were achieved or are likely to

be achieved. An initial pilot assessment was made of all nine Africa TALs that were approved and exited in the period FY96–03. Based on the findings of this pilot review, 22 additional TALs approved over the longer period of FY93–04 (13 closed and 10 active) in economic management and public sector reform were reviewed to compare their relevance and effectiveness with the broader range of TALs and to determine what, if any, change in the design of these instruments had occurred since the mid-1990s. In addition, the project outcome and institutional development impact ratings for all TALs and public sector governance projects in Africa were compared with Bankwide ratings over the period FY95–04.

Random sample of Africawide projects. Fifty-five Africawide adjustment and investment projects, excluding TALs (listed in table D.4) were reviewed to determine the quality of assessment of capacity needs, relevance of objectives, and efficacy. The sample of projects was drawn from the total of 280 Africa projects approved and exited in 1995–2004. Standard sampling tools were used to (a) generate a sample size with a margin of error of 0.1 and a 90 percent confidence interval, and (b) draw a random sample. Project appraisal, supervision, and implementation completion reports were reviewed and Bank staff interviewed as needed to clarify information available in the documentation.

Estimated amounts of project funds allocated to capacity building activities. Project documents do not provide a routine breakdown of the costs of capacity building activities supported as part of project components; therefore, two methods were developed and used to make a trial estimate of aggregate costs for investment and adjustment loans. For investment loans, capacity building support was estimated by summing the costs of activities—such as TA, training, consultancies, studies, and equipment and materials—

designed to strengthen government functions (not including costs for direct frontline service delivery, such as the construction of schools and clinics). For adjustment operations, the estimate was based on calculating the number of conditions or actions directed to achieving specified capacity building objectives (such as strengthening policy or budget formulation, administrative systems, or legislation, as distinct from quantitative targets for revenue generation and expenditure) as a percentage of the total number of actions.

Corporate and regional mechanisms

World Bank Institute. An external consultant reviewed WBI strategic documents, annual reports, learning program descriptions, and descriptions and evaluations for 20 courses. The courses were selected from FY02 and FY03 offerings in five program areas (education, health, governance, public finance, and decentralization) that corresponded to the sectoral focus of the OED evaluation and that took place either in one of the evaluation's six case study countries or at another location in which nationals from the six countries participated. The consultant also interviewed 25 WBI staff, including all relevant top management, and a smaller number of Africa Region staff with sector responsibilities in the areas of health, education, and public sector management and governance. The review focused on two main questions: What has the World Bank Institute (and its predecessor, the Economic Development Institute) contributed to capacity building over the period of the OED evaluation? Is the WBI positioned to make a contribution in the scale-up proposed by the Bank?

Africa Capacity Building Foundation. An external consultant reviewed ACBF/PACT strategic documents, annual reports, program descriptions, and existing ACBF evaluations. The assessment of effectiveness was based largely on a 2002 independent evaluation commissioned by the Bank and presented to the Bank's Board of Executive Directors and a 2001 independent evaluation commissioned by the United Kingdom's Department for International Development. The consultant interviewed the ACBF's senior management in Harare in July 2005 and conducted telephone interviews with three members of the ACBF Executive Board. In addition, the case study mission teams interviewed the management of selected ACBF-funded programs in four of OED's case study countries (Benin, Ethiopia, Ghana, and Malawi). These in-country interviews were based on a common interview guideline that sought ACBF recipient views on the relevance of the foundation's support for their programs and the efficiency with which the support was provided. The OED evaluation task manager also conducted interviews in Washington with staff responsible for Bank support of the ACBF.

Institutional Development Fund. A desk review was made of IDF documents and six performance reviews prepared by the IDF over the period FY94–03. The review's assessment of the relevance and effectiveness of the IDF was mainly based on A 2002 *Strategic Review* by OPCS and supplemental review of 89 IDF-financed projects (or just over one-third of all projects financed over the 10-year period FY93–02).

ANNEX C: COUNTRY CASE STUDY MISSIONS

Country missions were carried out in Benin, Ethiopia, Ghana, Malawi, Mali, and Mozambique between March and July 2004. In each country, a team of one to three consultants conducted interviews with key informants (government officials, donor agencies, civil society representatives, and Bank staff) using a common case study guideline (described in Annex B). In all, the missions conducted interviews with 150 government officials, 71 donor agency representatives, 27 Bank field staff, and 46 other stakeholders.

Benin

Daniel Ritchie (international consultant), Wakili Tairou (national consultant), and Mai Le (OED) interviewed 18 government officials, 9 donor representatives, 3 country Bank staff, and 8 other stakeholders (May 1–13, 2004).

Ethiopia

Frans Ronsholt (international consultant) and Addis Anteneh (national consultant) interviewed 23 government officials, 8 donor representatives, 7 country Bank staff, and 6 other stakeholders (May 10–20, 2004).

Ghana

Daniel Ritchie, Abena Oduro (national consultant), and Catherine Gwin (OED) interviewed 27 government officials, 11 donor representatives, 7 country Bank staff, and 3 other stakeholders (March 22–April 2, 2004).

Malawi

Arne Disch (international consultant) and Khwima Nthara (national consultant) interviewed 43 government officials, 13 donor representatives, 3 country Bank staff, and 10 other stakeholders during two field visits (April 18–May 4, 2004).

Mali

Floribert Ngaruko (international consultant) interviewed 11 government officials, 10 donor representatives, 3 country Bank staff, and 12 other stakeholders (June 26–July 10, 2004).

Mozambique

Arne Disch and Jovito Nunes (national consultant) interviewed 38 government officials, 20 donor representatives, 4 country Bank staff, and 8 other stakeholders during two field visits (April 18–May 4, 2004).

ANNEX D: LISTS OF PROJECTS, CASs, AND ESW REVIEWED

Table D.1: Country Case Studies–Projects				
Country	Sector			
	Roads	Education	Health	PFM/PSM
Benin	Transport Sector Investment Project (1997)	Education Development Project (1994)	Population and Health (1995)	Economic Management Project (1994) SAC III (1995) PERAC (2001) PRSC (2004)
Ethiopia	Roads Rehabilitation Project (1992) Emergency Recovery Reconstruction Program (1992) Road Sector Development Project (1998) Economic Recovery Program (2001) Road Sector Development Phase (2003)	Seventh Education Project (1988) Education Sector Development Program (1998)	Family Health Project (1988) Health Sector Development Program (1998)	Structural Adjustment Credit I (1993) Economic Rehabilitation Adjustment Credit (2001) Economic Structural Adjustment Credit (2002) Capacity Building for Decentralized Service Delivery (2003) PRSC 1 (2004) Public Sector Capacity Building Program (2004)
Ghana	Urban Transport (1993) Highway Sector Investment Program (1996) Road Sector Development Program (2002)	Tertiary Education (1993) Primary School Development (1993) Vocational Skills & Informational Sector Program (1995) Basic Education Sector Improvement (1996) National Functional Literacy Program (1999) Education Sector Project (2004)	Health Sector Support (1998) Health Sector Program Support Project II (2003)	Public Financial Management TA Project (1997) Public Sector Management Program (1999) Economic Recovery Support Operation II (1999) Economic Recovery Support Operation III (2002) PRSC I (2003)
Malawi	Roads Maintenance and Rehabilitation (1999)	Primary Education Project (1996) Secondary Education Project (1998)	Population & Family Planning Project (1999)	Fiscal Restructuring and Deregulation (1996) Fiscal Restructuring and Deregulation II (1999) Fiscal Restructuring and Deregulation II TA (1998) Fiscal Restructuring and Deregulation III (2001) Fiscal Restructuring and Deregulation III TA (2001) Institutional Development II (1994) Financial Management, Transparency, and Acct (2003)
Mali	Mali Transport Sector (1994)	Education SECAL (1995) Vocational Education and Training (1996) Improving Learning in Primary Schools (2000) Education Sector Expenditure Program (2001)	Health Sector Development Program (1999)	Economic Management (1996) SAC III (2002)
Mozambique	Second Roads and Coastal Shipping Project (1994) Roads/Bridges Management and Maintenance (2002)	Human Development Project (1993) Education Sector Strategy Program (1999) Higher Education Project (2002)	Health Sector Recovery Program (1996)	Financial Sector Capacity Building (1994) Second Economic Recovery Credit (1994) Third Economic Recovery Credit (1997) Economic Management Reform Operation (1999) Public Sector Reform (2003) Economic Management and Private Sector Operation (2003)

Note: SAC = Structural Adjustment Credit; PERAC = Public Expenditure Reform Adjustment Credit; SECAL = Sector Adjustment Loan.

Table D.2: Country Case Studies—CASs, Poverty Reduction Strategy Papers, and Analytical Reports

Country	Country Assistance Strategy (CAS)	Poverty Reduction Strategy Papers (PRSP)	Analytical and other reports
Benin	Rural Water Supply and Sanitation Project (1994) Interim CAS (2001) 2004 CAS	Interim PRSP and Assessment (2000) PRSP Preparation Status Report and Joint Assessment Vol. 1 (2002) PRSP and Joint Staff Assessment Vol. 1 (2003)	Assessment of Selected Road Funds in Africa (2001) Le Systeme Educatif Beninois (2002) Le Secteur Medical Privé a Cotonou, Benin, en 1999 (2000) Towards a Public Sector Management Strategy for West/Central Africa (1997) Republique du Benin—Rapport Analytic sur la Passation des Marches (Country Assessment Procurement Report), (2000) Country Financial Accountability Assessment (2001) Civil Service Reform: Strengthening World Bank and IMF Collaboration, vol. 1 (2002) Toward a Poverty Alleviation Strategy for Benin, vol. 1 (1995) Sustainable Banking with the Poor (1997) Contribution pour une Strategie de Protection Sociale du Benin (2000) Agricultural Markets in Benin and Malawi (2002)
Ethiopia	1995 CAS 1998 CAS CAS: Interim Support Strategy (2001) 2003 CAS 1995 CAS	Interim PRSP (01/2000–03/2002) and Joint Assessment Vol. 1 (2001) PRSP and Joint Assessment Vol. 1 (2003) First Annual PRSP Progress Report and Joint Assessment (2004)	Transport Sector Memorandum (1997) Improving Transport to Reduce Poverty (2004) Higher Education Sector Work (2004) Paramedical Manpower Study (2003) Public Expenditure Policy for Transition (1994) Public Expenditure Review (1997) Country Procurement Assessment Report (1998) Review of Public Finances (1998) Country Economic Memorandum (2000) Public Expenditure Review (2000) Woreda Study (2002) Municipal Decentralization in Ethiopia: A Rapid Assessment (2002) Issues in State Transformation: Decentralization, Delivery, and Democracy (Concept Note), (2003) Country Procurement Assessment Report (2002) Ethiopia Public Expenditure Review (2002) Ethiopia Country Financial Accountability Assessment (2003) Ethiopia Public Expenditure Review: Emerging Challenge (2004) Toward Poverty Alleviation and a Social Action Program (1993) Regionalization (2000)
Ghana	1998 CAS 2000 CAS 2004 CAS	Development Strategy for Poverty Reduction Vol. 1 (2000) Interim PRSP and Assessment Vol. 1 (2001) PRSP Preparation Status Report and Joint Assessment (2002) PRSP and Joint Assessment Vol. 1 (2003)	The Problems Facing Labor-Based Road Programs (1996) Review of Transport Projects in Ghana (OED), (1999) Assessments of Road Funds (2000) Staff Loss and Retention at Selected African Universities (1994) Participation in Education (1995) Tertiary Education Policy (1999) Adult Literacy and Earnings in Ghana (2000) Public Health and Education Spending in Ghana (2001) Children's Health and Achievements in School (1994) Reproductive Health and Health Sector Reform (2000) HIV/AIDS and African Universities (2001) Financial Sector Review (1994) Country Economic Memorandum (1995) Budgetary Institutions and Expenditure Outcome (1996) Country Financial Accountability Assessment (2001) Draft Country Portfolio Performance Report (2002) Public Expenditure Tracking (2002) Salary Review of Public and Private Sectors in Ghana (2003) Country Procurement Assessment Report (2003) Country Financial Accountability Assessment (2004) Country Economic Memorandum (2004) Country Policies for Poverty Reduction (1993) Ghana 2000 and Beyond: Setting the Stage for Growth (1993) Poverty Past, Present, and Future (1995)

Table D.2: Country Case Studies—CASs, Poverty Reduction Strategy Papers, and Analytical Reports

Country	Country Assistance Strategy (CAS)	Poverty Reduction Strategy Papers (PRSP)	Analytical and other reports
Malawi	1996 CAS 1999 CAS 2003 CAS	Interim PRSP and Joint Assessment Vol. 1 (2001) Joint IDA-IMF PRSP (2003) PRSP and Joint Staff Assessment Vol. 1 (2003)	Cost, Financing, and School Effectiveness of Education in Malawi (2004) The Changing Distribution of Public Education Expenditure in Malawi (2002) Malawi Health Expenditure Review (1999) Public Sector Management Review Vol. 1 & 2 (1993) Civil Service Pay and Employment Study (1994) Public Expenditures (2001) Country Financial Accountability Assessment (2003) Country Economic Memorandum (2003) Country Procurement Assessment Report (Draft) (2004) Human Resources and Poverty (1996) Accelerating Malawi's Growth (1997) Malawi: Preliminary Document on the Initiative for Heavily Indebted Poor Countries (HIPC) (Draft 2001) Strategic Country Gender Assessment (UNDP and World Bank, 2003) Malawi: Country Assessment and Action Plan for HIPCs, (Draft 2004)
Mali	1995 CAS 1998 CAS 2004 CAS	PRSP and Assessment Vol. 1 Joint Assessment of the Progress of the PRSP Vol. 1 (2002) PRSP and Joint IDA-IMF Assessment Vol. 1 (2003)	Water Management in Roadwork Design in the Sahel (1997) Water Management in Roadwork Design in the Sahel, vol. 2 (2003) Transport Sector to Sustainable Economic Growth (2004) Case Studies in Financing Quality Basic Education (1993) Participation in Education (1995) Regional AIDS Strategy for the Sahel (1995) Socioeconomic Differences in Health, Nutrition, and Population in Mali (2000) School Health Situation Analyses (2002) Increasing Clients' Power to Scale Up Health Services to the Poor (2003) Health, Nutrition, and Population Country Status Report (2004) Mali Health Sector Work (2004) Public Expenditure Review (1995) Country Procurement Assessment Report (1998) Country Financial Accountability Assessment (2003) Mali CPAR Update (2004) Country Policies for Poverty Reduction (1993) Review of Policies, Strategies, & Programs in Traditional Energy Sector(1993) Country Environmental Strategy Paper (1994) The Use of Spatial Analysis at the World Bank (1998) Local Solutions to Regional Problems (1998) Mali Sources of Growth with Equity (2004) Mali-Private Sector Strategy Note (2004)
Mozambique	1996 CAS 1998 CAS 2000 CAS 2004 CAS	Interim PRSP and Assessment Vol. 1 (2000) PRSP Vol. 1 (2002) PRSP Annual Progress Report and Joint Staff Assessment (2003)	Cost and Financing of Education (2003) Improving Health for the Poor in Mozambique, The Fight Continues (2002) HIV/AIDS, Human Capital, & Economic Growth Prospect for Mozambique (2003) Financial Sector Study (1993) Capacity Building Study (1993) Partnership for Capacity Building in Africa: Mozambique (Draft 1996) Public Expenditure Management Review (2001) Country Economic Memorandum (2001) Country Financial Accountability Assessment (2001) Country Procurement Assessment Report (2002) Public Expenditure Review (2003) Impediments to Industrial Sector Recovery (1995) Country Assistance Review (1997) Rebuilding the Mozambican Economy: Assessment of a Development Partnership (OED, 1998)
Others	2003 Gambia CAS 2003 Guinea CAS 2003 Niger CAS 2003 Rwanda CAS 2003 Senegal CAS 2003 Cameroon CAS 2004 Chad CAS 2004 Madagascar, CAS 2004 Zambia CAS		

Table D.3: Project Review—31 Technical Assistance Loans			
FY	Project ID	Country	Description
Public Sector TALs (FY93–04)			
1993	P001187	Côte d'Ivoire	Economic Management
1993	P001209	Côte d'Ivoire	Human Resources Management
1993	P001810	Mozambique	Public Sector and Legal ID
1993	P002167	Nigeria	Economic Management
1993	P002427	Sierra Leone	Public Sector Management
1993	P002788	Tanzania	Parastatal and Private Sector Reform
1993	P002975	Uganda	Economic and Financial Management
1994	P000116	Benin	Economic Management
1994	P000437	Cape Verde	Public Sector Reform and Capacity Building
1994	P001657	Malawi	Institutional Development II
1995	P001367	Kenya	ID and Civil Service Reform
1995	P002976	Uganda	Institutional Capacity Building
1997	P045588	Ghana	Public Financial Management
2000	P044679	Uganda	Second Economic and Financial Management
2000	P065301	Nigeria	Economic Management Capacity Building
2001	P073832	Malawi	Third Fiscal Restructuring and Deregulation
2001	P073904	São Tome	Public Resource Management
2002	P066490	Kenya	Public Sector Management
2003	P050938	Ethiopia	Capacity Building and Decentralization Service Delivery
2003	P072205	Angola	Economic Management
2003	P076901	South Africa	Municipal Financial Management
2004	P074448	Madagascar	Economic and Financial Management
2004	P078613	Sierra Leone	Institutional Reform and Capacity Building
Other Closed TALs (FY96–03)			
1996	P041553	Cameroon	Privatization and Private Sector
1996	P000568	Congo	Privatization and Capacity Building Project
1996	P000943	Ghana	Non-Bank Financial Institution
1996	P001077	Guinea	Mining Sector
1996	P001090	Guinea	Higher Education
1997	P045588	Ghana	Public Financial Management
1997	P001555	Madagascar	Private Sector Development
1997	P044383	Senegal	Urban Transport Reform and Capacity Building
1999	P063791	Mauritania	Telecommunications and Postal

Note: ID = Institutional development.

Table D.4: Project Review—Random Sample of Africawide Projects

FY	Project ID	Country	Description
1995	P000112	Benin	Environmental Management Program
1996	P001334	Kenya	SAC I
1996	P003240	Zambia	Economic Recovery and Investment
1996	P039856	Cameroon	SAC II
1996	P001967	Niger	Natural Resource Management
1996	P040115	Côte d'Ivoire	Railways Rehabilitation
1996	P001746	Mali	Vocation Education and Training Consolidation
1996	P000061	Angola	Social Action
1996	P035669	Madagascar	Social Fund 2
1996	P042305	Malawi	Primary Education Project
1996	P000957	Ghana	Highway Sector Investment Program
1996	P001331	Kenya	Arid Lands
1996	P001081	Guinea	Agricultural Services
1996	P001792	Mozambique	Health Sector Recovery
1996	P034106	Mauritania	Urban Infrastructure and Pilot Decentralization
1996	P035620	Tanzania	Financial Institutional Development
1996	P035623	Chad	Capacity Building
1997	P035922	Mozambique	ERC III
1997	P001974	Niger	Public Sector Adjustment
1997	P044975	Chad	SAC II
1997	P046650	Mauritania	Regional Power
1997	P048389	Rwanda	Emergency Reintegration and Recovery Credit
1997	P003253	Zambia	Environmental Support Program
1997	P001738	Mali	Irrigation Promotion
1997	P001537	Madagascar	Environment II
1997	P044324	Zambia	Enterprise Development
1997	P044651	Eritrea	Road Sector Engineering Project
1997	P040019	Madagascar	Capacity Building
1998	P051357	Senegal	Energy Sector Adjustment
1998	P002972	Uganda	Education Sector Adjustment Credit
1998	P045644	Angola	Post Conflict Social Reconstruction Project
1998	P002891	Togo	Natural Agricultural Service
1998	P041280	Togo	Public Enterprise Restructuring and Privatization
1998	P044912	Côte d'Ivoire	Urban Land Management
1998	P056487	Madagascar	Mining Project
1999	P055186	Niger	Public Financial Reform
1999	P001767	Mozambique	Economic Management Recovery Operation
1999	P044974	Chad	SAC III
1999	P064305	Madagascar	Social Fund III
1999	P050615	Ghana	Public Sector Management Program
1999	P002941	Uganda	Institutional Capacity Building for Protected Areas
1999	P037588	Côte d'Ivoire	Agricultural Services II
2000	P069820	Mauritania	Fiscal Reform Support Operation Project
2000	P035637	Sierra Leone	Economic Rehabilitation and Recovery Credit
2000	P060092	Central African Republic	Central African Republic—Fiscal Consolidation Credit
2000	P066198	Mauritius	Financial Sector Infrastructure Credit
2001	P073329	Niger	Oil Shock Supply—PFRAC
2001	P069568	Niger	Public Finance Recovery Credit
2001	P055471	Senegal	Trade Reform and Competitiveness
2002	P052202	Chad	SAC IV
2002	P069569	Niger	Public Expenditure ADJ Credit
2002	P050619	Ghana	ERSO III
2002	P075070	Mauritius	Public Expenditure Reform Loan Project
2002	P074642	Sierra Leone	Economic and Rehabilitation Recovery Credit II

Note: SAC = Structural Adjustment Credit; ERC = Expenditure Review Committee; PFRAC = Public Finance Recovery Credit; ADJ = adjustment; ERSO = Economic Recovery Support Operation.

ANNEX E: AFRICA STAFF SURVEY

OED conducted a survey of Africa Region staff to gain their views on the scope and effectiveness of capacity building efforts on which they had worked. The survey was sent electronically to 680 operational, non-managerial Africa staff based in the headquarters and in country offices. All network staff affiliated with the Africa Region and WBI (except those in the financial complex and internal support areas, such as human resources and information technology) were included.

Response rate

Of the 680 staff surveyed, OED received 131 responses, a 19 percent response rate. Of these, 46 respondents noted that they had not participated in any capacity building operations in the Region and were therefore excluded from the rest of the survey. Eighty-five respondents who had worked on at least one capacity building operation responded to

questions on the nature and effectiveness of Bank support for capacity building.

The survey instrument and responses

What is capacity building?

In an open-ended question, staff members were asked to relate how they would describe capacity building to someone who was new to the Bank and to their sector. The wide range in responses reveals that there is no common definition among Bank staff on what constitutes or should constitute capacity building.

Frequency and use of various kinds of capacity building activities

Using a four-point scale, staff were asked to rank various capacity building activities on: (a) the frequency with which they have used the listed activity in their operations, and (b) the effectiveness of the activity.

Description of capacity building	Responses (%)	Number of responses
Three-level: organizational, institutional, human capacity	19	13
Human capacity and institutional incentives/enabling environment	19	13
Human capacity, technical assistance, and equipment	19	13
Vague or general terms (such as strengthening client capacity to meet development goals)	25	18
Equate capacity building with issues such as harmonization, knowledge sharing, and the like	8	6
Other (too varied to classify)	8	7
Total		70

Capacity building activities	Responses (number)	Frequency (often/sometimes, %)	Effective and very effective (%)	Somewhat effective (%)	Not effective (%)	Did not rate effectiveness (%)
Formal analytical work	74	77	49	32	5	14
Informal AAA	69	77	62	23	6	9
Short-term training	79	52	52	38	5	5
Long-term training	69	48	29	38	7	26
Study tours	74	70	58	23	5	14
Expert advice	79	92	59	27	5	9
IT equipment and support	74	76	54	32	3	11
Dialogue on project preparation/supervision	79	95	73	15	3	9
Other	8		63	13	13	13
Total	85					

Note: AAA = analytical and advisory activities; IT = information technology.

Bank effectiveness in various features of capacity building

Staff were asked to rate the Bank's effectiveness on a number of features that are commonly considered important for successful capacity building efforts. Only a little more than a third of the respondents thought the Bank was effective in identifying country leaders and champions for capacity building.

Ratings on Bank support to staff on capacity building

Staff were asked to rate their level of satisfaction with support provided to them by the Bank to undertake capacity building efforts in client countries. In an open-ended follow-up question, staff were also asked to indicate improvements they would like to see in Bank support to staff.

Bank effectiveness on features	Effective and very effective
Analyzing political and institutional context (%)	68
Developing an agreed sector strategy (%)	49
Assessing client capacity at project entry (%)	57
Identifying short-term or long-term capacity building outcome objectives (%)	49
Identifying country leaders and champions (%)	36
Cooperation w/other development partners (%)	51
Total responses (number)	81

Instruments of Bank support to staff	Responses (number)	Did not receive (%)	Very satisfied/satisfied (%)
Policies and guidelines	80	16	33
Management support	84	7	50
Peer review	82	10	45
Knowledge	82	7	51
Formal training	81	25	33
Other	10	20	30

Forty-three percent (of 55 respondents to the question) recommended improvements to Bank knowledge on capacity building (through brown-bag lunches, seminars, workshops, peer-to-peer exchanges, best practice notes, and formal and informal training). Thirty-one percent also suggested improvements to the Bank's organizational structure—emphasis on long-term results (such as capacity building) as well as short term goals; revamping sector structures to deal with crosscutting issues; and greater clarity in corporate policies and guidelines on capacity building. Twenty-five percent called for greater managerial support—in terms of time, resources, and encouragement to staff.

ANNEX F: CAPACITY BUILDING IN THE BANK'S AFRICA REGIONAL STRATEGIES

Virtually all of the Bank's Regional reports on Africa over the past 10 years have emphasized public sector capacity as a binding constraint to development in the Region. A succession of strategies at the Regional level has highlighted key weaknesses in public sector capacity and the need for institutional and human resource capacity development. The following is a summary of the approaches to capacity building in the Regional documents.

Sub-Saharan Africa: From Crises to Sustainable Development (1989)

- Identified capacity building as a development priority and defined as human development, restructuring public and private enterprises, and strengthening political leadership
- Called special attention to strengthening the policy analysis and economic management capabilities of governments
- Encouraged capacity building at all levels of government (central and local) and in public enterprises, with emphasis at the local level (especially rural areas) to support effective decentralization and enhanced service delivery.

A Continent in Transition: Sub-Saharan Africa in the Mid-1990s (1995), and Toward a Public Sector Management Strategy for West Central Africa (1996)

- Proposed a "strategic approach to capacity building," built on country ownership and commitment, customized solutions to fit local conditions, enhanced selectivity, appropriate sequencing, and attention to enhancing skill mix

- Emphasized the need for improved stakeholder participation and donor coordination.

Partnership for Capacity Building in Africa: Strategy and Program of Action (1996)

- Encouraged creation of national capacity building secretariats in client countries to mobilize local efforts and interact with donors, and a corresponding Regional focal point or secretariat in the Bank to implement and monitor the Bank's capacity building activities
- Sought changes to Bank policies and procedures in order to mainstream capacity building into Bank operations
- Created a trust fund (PACT) for capacity building in Africa to support and catalyze broad international financing and an international Consultative Group for Capacity Building in Africa to coordinate donor efforts.

Public Sector Management: Africa Region Sector Strategy Paper—2000 and Africa Region PSM Strategy Update—2002

- Emphasized not only the supply of capacity building services, but also measures to increase demand for improved public sector performance
- Called for strategic selectivity, based on country conditions, within four broad areas of emphasis: (a) reform of state structures (decentralization, role of the state, privatization, regulatory environment); (b) strengthening of public sector management (budget discipline, expenditure management, performance monitoring); (c) building demand and ac-

countability; and (d) empowering communities for service delivery.

Strategic Framework for IDA's Assistance to Africa—2003

- Elaborated on three demand aspects: (a) distinguishing between capacity of individuals, organizations, and systems; (b) using monetary and nonmonetary incentives to shape capacity utilization and retention at all three levels; and (c) building ownership and commitment
- Advocated a differentiated strategy based on country conditions: a strong programmatic approach in countries with supportive conditions; a narrow set of interventions in countries with commitment but low bureaucratic capacity; and an opportunistic approach with a focus on service delivery in low-income countries under stress and those on the borderline
- Encouraged focus on improving country context by building consensus and/or coalitions for change
- Advocated use of diagnostic governance indicators and diagnosis of political economy in Bank analytical and advisory activities.

ANNEX G: ACTIVITIES OF THE AFRICAN CAPACITY BUILDING FOUNDATION

Established in 1991, the ACBF is an independent institution based in Harare, Zimbabwe, that provides grants to national and regional institutions and programs for improving public sector capacity and effectiveness in six focus areas, shown in figure G.1. The activities of the ACBF can largely be grouped into three areas: projects and programs, knowledge management and outreach, and other program support activities.¹

1. Projects and Programs

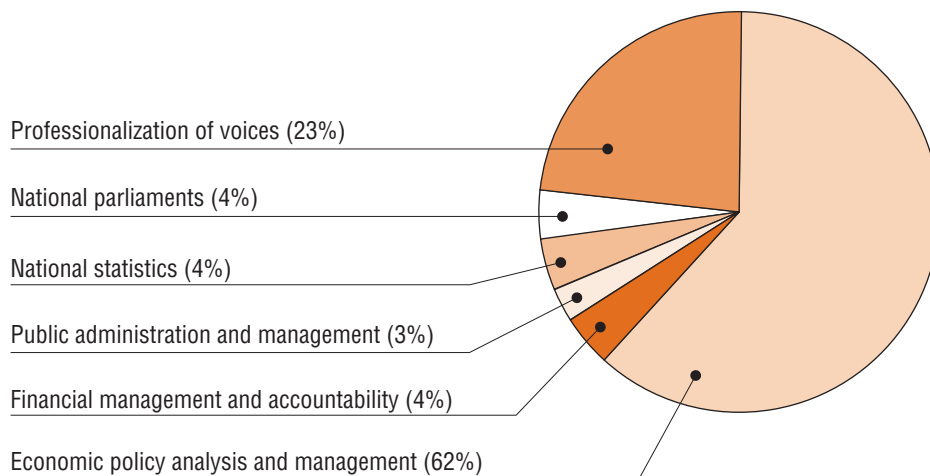
Direct operations: The ACBF provides grant funding to regional and national programs and projects in Africa. Since its inception, the

ACBF has approved 113 operations in 37 African countries for a total commitment of US\$197 million (as of year end 2003).² The active portfolio consists of 80 projects (figure G.1) and the main area of emphasis is economic policy analysis and management.

National focal points: The ACBF also supports institutional frameworks in client countries, commonly referred to as National Focal Points (NFPs), to determine core capacity needs of stakeholders and to enhance ownership of and commitment to capacity building. These institutional frameworks, serve as small high-level bodies that facilitate

Figure G.1

Distribution of ACBF Active Portfolio by Core Competency



government, private sector, and civil society participation, and are mandated to plan, coordinate, and monitor implementation of capacity-building activities. The ACBF has to date established 26 NFPs.

2. Knowledge Management, Outreach, and Partnership Activities

Since 2002, the ACBF has had an active knowledge management, outreach, and partnership program that includes the following activities:

1. Creation of Knowledge Networks and Knowledge Sharing Platforms: The ACBF has launched two types of networks—Technical Advisory Panels and Networks (TAP-NETs), six of which have been launched,³ and the Country-Level Knowledge Networks (CLK-NETs), the first of which is being set up in Ghana. Both types of networks aim to encourage *communities of practice* among development stakeholders in ACBF core competence areas to facilitate knowledge generation, sharing and dissemination for good governance, sustainable growth, and poverty reduction.
2. Generation of best practice studies and lessons notes.
3. Creation of the Senior Policymakers and Development Managers Knowledge Sharing Program that documents senior policymakers' views on topics related to the foundation's mission.
4. Publications and occasional papers.
5. Dissemination events such as brown bag lunches, conferences, seminars, and workshops.

3. Program Support Activities

As part of its program support activities, the ACBF also plays a visible role in a number of regional and international workshops, seminars, and conferences.⁴ These events provide an opportunity for government authorities and staff to exchange information on issues relating to performance enhancement in African public services and the opportunity for ACBF to promote capacity building in public administration and management in Africa.

ANNEX H: MANAGEMENT ACTION RECORD

OED Recommendation	Management Response
<p>The Bank, at the corporate level, should strengthen its knowledge base and amplify its framework for public sector capacity building to better help countries (a) prioritize capacity building activities and guide donor support; (b) link institutional, organizational, and human capacity developments; and (c) transform traditional capacity building tools to improve results. And it should ensure that guidelines and processes are in place for self- and independent evaluation of Bank capacity building interventions.</p>	
<p>Sector and thematic leadership should develop sector-specific guidance on diagnosing public sector capacity needs, enhancing incentives for performance improvements, and monitoring and evaluating interventions.</p>	
<p>Regional senior management should ensure that CASs are used effectively to help countries identify and strengthen the capacities they need to plan, implement, and measure the results of their poverty reduction strategies. They should also ensure that all operations that aim to build public sector capacity are based on adequate assessments of capacity needs and have ways to monitor and evaluate capacity building results.</p>	
<p>The Bank should reassess what role training should play in its capacity building support, how training support should be provided, and what should be the respective roles of a central training unit and Regional programs in any future support for this activity.</p>	

ENDNOTES

Summary

1. Management notes that WBI has developed a number of new pedagogical approaches focused on developing capacity, leadership, and consensus at the organizational and institutional levels. These approaches constitute a majority of the work done by several major learning programs at WBI and are being progressively adopted by others.

Chapter 1

1. Although the focus of the evaluation is on support to countries in Sub-Saharan Africa, the term Africa will be used throughout this review.

2. The evaluation focuses mainly on Bank support for public sector capacity building at the national level. It does not cover support at the community level or the Bank's work in low-income countries under stress—both subjects of forthcoming OED reviews. Nor does it cover capacity building support for non-state actors; Bank support for higher education; or support provided at the corporate level by such units as Development Economics (DEC) and the Legal Department. The capacity building dimensions of global programs were previously covered in OED 2002 and OED 2004a.

3. Brief summaries of a selection of prior assessments are presented in Annex A.

Chapter 2

1. Management notes that the Bank's framework and strategy for public sector governance operations, which were developed

and applied during the period under review, also address processes of organizational and behavioral change; therefore, management believes that the OED review should have recognized and applied this framework in its subsequent assessment of relevance and efficacy of capacity building activities.

2. A recent Bank study draws together lessons of experience in several key areas, but focuses mainly on institutional reforms and little on how to advance and sequence other dimensions of human resource and organizational capacity development and the instruments and activities to use for helping countries achieve coherent capacity building efforts (World Bank 2004b).

3. The closest the Bank comes to giving guidance is its OP/BP/GP 8.40 (World Bank 2004r).

4. For a review of the literature, see Boesen (2004), prepared as a background paper for this evaluation.

5. See, for example, Boesen and Therkildsen 2004.

6. Bank budget and trust fund support make up \$79 million and \$30 million, respectively, of total economic and sector work cost.

7. This evaluation is not able to provide a precise indication of the amount of Bank funding for these different types of training, because these costs are not routinely separated out in project documents. In the evaluation's case study countries, in-country training was funded as part of almost all projects reviewed in depth, and overseas training was funded in some one-third of the projects.

8. See Annex B for a description of the evaluation methodology.

9. See Annex C for information on the six country missions.

10. See Annex D for lists of all CASs, projects, and economic and sector work reviewed.

11. See Annex E for information on the staff survey instrument.

Chapter 3

1. A recent OED evaluation reviewed the Bank's anticorruption work, which has been one major aspect of its governance agenda: its support for anticorruption (World Bank 2004c).

2. Fifteen CASs approved in FY03 (Ethiopia, Gambia, Guinea, Malawi, Niger, Rwanda, and Senegal) and FY04 (Benin, Cameroon, Chad, Ghana, Madagascar, Mali, Mozambique, and Zambia).

3. World Bank 1997a. This paper reviews CASs for: Côte d'Ivoire, Ethiopia, Ghana, Guinea-Bissau, Madagascar, Mauritania, Mauritius, Tanzania, Uganda, and Zimbabwe.

4. While 69 projects in the 6 country case studies have been reviewed, the assessment of diagnosis and design excluded 2 projects not advanced enough to assess along these dimensions, and 4 that lacked sufficient information.

5. On the adequacy of the assessment of the project's capacity needs, over 70 percent of reviewed projects did not provide any information. Seven percent indicated that the assessment was not adequate, 15 percent of the projects mentioned some adequacy, and only 5 percent of the reviewed projects had adequate assessment.

6. These assessments included four Country Financial Accountability Assessments, four Country Procurement Assessment Reports, and five Public Expenditure Reviews prepared in the period 2001–03 for the six case study countries.

Chapter 4

1. On a Regional basis, Africa compares favorably to South Asia and the Middle East

and North Africa; none of the 5 South Asia projects or the 10 Middle East and North Africa public sector governance projects that exited during 1993–2003 was rated by OED to have substantial ID impact.

2. Of particular significance for capacity building, the subset of economic policy and public sector governance TALs in Africa perform significantly worse in terms of both institutional development impact (23 percent substantial) and outcome (39 percent satisfactory) than the Africa aggregate, although this subset does not perform significantly worse on a Bankwide basis. See World Bank 1998; OED 1990.

3. OED ratings retrieved as of November 2004.

4. This is the conclusion of the Government of Ghana's review of the two projects and of two Bank Implementation Completion Reports—"Public Financial Management Technical Assistance Project" (World Bank 2004k) and "Public Sector Management Reform Project" (World Bank 2004l).

5. This explanation is drawn from Israel (1987) and recent work by Fukuyama (2004) and Woolcock and Pritchett (2002).

6. This was the conclusion of OED's report, *Investing in Health: Development Effectiveness in the Health, Nutrition, and Population Sector* (OED 1999c). The report called for improved institutional analysis and greater realism in setting institutional objectives. While the institutional development impact of all health projects in Africa has risen from a low rating of 1.4 percent satisfactory in 1995–99, it remains at only 41.4 percent for the period 2000–04.

7. For example, in Benin the Bank has supported the creation of an autonomous Drug Procurement Agency, which recruits staff on a competitive basis and involves community participation as a way to enhance transparency. This has led to a reduction in staff, less corruption, and greater availability of drugs throughout the country at a lower cost than under the previous government arrangement.

8. The same conclusion emerges from the Bank study on the state of the health

workforce in Africa (World Bank 2004p), which describes “a health workforce crisis” in Africa and calls for internally competitive wages, nonfinancial incentives, improved investments in training, as well as alternative service delivery mechanisms.

9. The Malawi Financial Management, Transparency and Accountability Project (FIMTAP) aimed to fund local training institutions to provide specific training needs identified by the Ministry of Finance. Although the project stalled and is now being restructured, the training component had been progressing satisfactorily.

10. These lessons are also reflected in the “good practices in budget support, sector approaches and capacity development in public financial management” (OECD 2005).

11. Of the four African countries reviewed in 2001 and 2004, Ghana showed marked improvements from a low base, and Burkina Faso, Rwanda, and Zambia showed little change in the number of benchmarks met (World Bank 2003i).

12. The Bank is a founding member of the Public Expenditure and Financial Accountability (PEFA) Initiative and houses its secretariat. PEFA’s performance measurement framework comprises 6 objectives that PFM should address, and a set of 30 indicators that assess performance against these objectives, along with criteria for ranking performance.

13. See Annex A and the literature review prepared for this evaluation.

14. This issue is highlighted in OED’s project performance assessment of two Uganda education sector projects, one an investment project and one an adjustment credit, which concluded that “it has not yet been demonstrated in Uganda that capacity- and institution-building needs in the sector can be sufficiently addressed through budget support.” Rather, the assessment pointed to an essential interrelationship between the policy development and sector planning capacity efforts of the adjustment credit and the systems and implementation capacity developed through the investment loan (OED 2004e).

Chapter 5

1. This support includes a variety of learning programs and training materials, online dialogues, diagnostic tools, and policy advisory services on specific issues such as governance and corruption.

2. The World Bank Institute’s *Impact Evaluation of WBI Client Programs, FY00–01* (World Bank 2002c) shows the following breakdown of average proportion of time allocated to different pedagogical strategies based on a sample of FY00–01 WBI offerings: 42 percent for lectures and presentations, 27 percent for hands-on activities, 20 percent for exchanging knowledge, 9 percent for developing action plans, and 2 percent for site visits and study tours.

3. While there are serious limitations to the quality of the data on core WBI assessments (including low response rates and selection biases), the consistency of findings is convincingly clear. This review of WBI draws on Prewitt 2004.

4. The average success of the courses in raising awareness of critical issues and how to deal with them is a modest 3.19 (on a 1–5 scale, with 1 being low and 5 being high), and the rating is an even lower 3.12 on whether participants believed that they could use the learning to advance policy reforms. (World Bank 2002c, p. xi).

5. Management disagrees with this assessment and notes that the learning gains measured by WBI are robust by educational standards, not modest, and learning gains at this level could not be expected to grow over time.

6. Management notes that this data comes from one study in FY01. More recent data show improvements since that time.

7. World Bank Institute: *Annual Report 2004* (World Bank 2004q) cites major contributions to CASs for 7 of the 33 focus countries: Bangladesh, Brazil, India, Kenya, Lao PRD, Mexico, and Nigeria (p. 7).

8. Management notes that WBI has developed a number of new pedagogical approaches focused on developing capacity,

leadership, and consensus at the organizational and institutional levels. These approaches constitute a majority of the work done by several major learning programs at WBI and are being progressively adopted by others.

9. WBI has not provided OED with aggregate data on how these new approaches have been used and their accomplishments.

10. Prewitt 2004. While WBI estimates that distance learning will be used in 70 percent of its activities in the future, it has yet to assess which modalities fit best with that delivery mechanism. Other aid agencies use a wider range of learning programs that are not part of WBI's current repertoire, such as development of in-country training institutes, regional or subregional summer institutes, and professional research and training networks.

11. Level I measures participants' satisfaction with and feedback about learning activities. Level 2 focuses on measuring participants' knowledge/skills at the start and the end of the courses (World Bank Institute).

12. Evidence for this comes from a paper prepared by the WBI evaluation that reviews the literature on capacity building indicators. See World Bank 2004c.

13. See World Bank 2003f and the ACBF background paper for this evaluation (Kimuyu and Gwin 2004).

14. All of whom are members of the Foundation's Governing Board.

15. Since the second request for funding under the Bank's Development Grant Facility (DGF), ACBF/PACT has operated under the same internal rules as other DGF-supported programs. This means that its proposal for grant funds has to be sponsored by a unit of the Bank and reviewed for technical quality and alignment with Bank objectives. In keeping with these procedures, two internal reviews of the ACBF/PACT were conducted in 2002 and 2004 by a DGF-PACT review team drawn from central, Africa Region, and DGF staff.

16. This view was clearly expressed by a large majority of respondents in a survey of grantee organizations, as well as by the

members of the ACBF Board of Governors, who agreed or strongly agreed that ACBF has enhanced the priority for capacity building in Africa, particularly with respect to enhancing the ability of public and private sectors to interact effectively in the design of public policies and has played a catalytic role in creating a network of new policy analysis units (World Bank 2003f, p. 50).

17. This is the finding of an external evaluation of the capacity building effectiveness of the ACBF, commissioned by the U.K. Department for International Development (DFID) at the request of the foundation's Board of Governors and based on in-depth review of eight projects supporting policy analysis units and eight projects supporting training programs during 1999–2001 (Goldsworthy and Bennel 2001, p. 16).

18. For example, the Brookings Institution, an independent, nonpartisan research organization that seeks to improve the performance and quality of U.S. public policies, is financed largely by an endowment and through the support of philanthropic foundations, corporations, and individuals. Other sources of revenue are executive education and publications. Similarly, the Overseas Development Institute, the leading British independent think-tank on international development and humanitarian issues, is registered as a charity and is supported by grants and donations from research foundations, international organizations, nongovernmental organizations, and businesses.

19. The Bank's share of total commitments has increased from 22 percent in 1991–99 to 54 percent in 2000–04, the period since PACT's merger.

20. While at the corporate level IDF is funded through the Bank's Development Grant Facility, additional funds for specific activities have also been provided from other donors. Proposals are vetted and approved at the Regional level, based on Regional budget allocations approved by an Operations Policy and Country Service–managed IDF Steering Committee.

21. This percentage of satisfactory projects is slightly lower than that reported in the review of focus area projects because the IDF categorized projects according to ratings of “moderately satisfactory and above” and “unsatisfactory and below,” whereas OED recategorized the projects into groups of “satisfactory and above” and “moderately satisfactory and below”

Annex G

1. From <http://www.acbf-pact.org> (ACBF Web site) and the *ACBF's Annual Report for 2003*.

2. \$107 million was disbursed by 31 December 2003.

3. The TAP-NETs are in the foundation's six core competence areas. These are: Economic Policy Analysis and Management (EPANET), Public Administration and Management (PAMNET), Financial Management and

Accountability (FIMANET), Professionalization of the Voices of the Private Sector and Civil Society (VOICENET), Strengthening of Policy Analysis Capacity of National Parliaments and Parliamentary Institutions (PARLIANET), and Strengthening and Monitoring of National Statistics (STATNET). Two other Knowledge Networks, the African Policy Institutes Forum (APIF) and Economic and Financial Policymakers' Network (EFNET), are to be launched by the end of 2004.

4. In 2003, for instance, the ACBF organized (a) a four-day Pan-African Consultative Workshop on Public Service and Administration Capacity Building and (b) a regional workshop on Public Service Performance Measurement and Enhancement, in collaboration with the African Regional Center for Research and Training (CAFRAD) and Government of the Gambia.

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