



PART TWO

Regional, DRG, and WBI Strategies

SECTION ONE

Africa Region (AFR)

Chastened by the mixed results of an ambitious program initiated in the 1980s to strengthen public sector management, staff within the Africa Region (not just those whose explicit mandate is public sector reform) recognize that the primary obstacle to progress is not simply a shortfall in financial resources and the production of technically sound advice, but more deep-seated failures in governance. Participatory processes and capacity building comprise part—but only part—of the requisite response by the Africa Region (AFR) to the challenge of improving governance. In some countries such initiatives need to be consolidated through painstaking work to rebuild the formal state institutional infrastructure. In other countries, the grip of dysfunction may be so strong that there is little immediate scope either for building sustainable capacity or for achieving genuine ownership on the part of government of a program of reform. A key immediate challenge for AFR work to reform public institutions is

to define an agenda that is more selective and more strategic than it has been in the past.

Salient characteristics of the Africa Region

Africa's institutional development problems are deep-rooted, and understanding their causes is key for the elaboration of a viable strategy. The first part of the story is familiar to many. At the end of colonial rule, the euphoria of independence disguised the reality that (beyond a consensus in favor of independence) support for many African regimes was drawn from a narrow base, often with quite weak roots in the society at large. At the same time, the starting point for many African governments was a precarious combination of overextended mandates, weak revenue bases, and low capacity. Mandates were increased further in response to ideological and social pressures. During the crisis of

the 1970s and 1980s, restoring macroeconomic balance became an imperative enforced through a myriad of adjustment operations and IMF programs.

Perhaps less familiar are the ways in which the adjustment process, while resolving some emerging imbalances, compounded some pre-existing weaknesses of fragile government institutions:

- Many countries responded to the need for budget stringency, not by reducing their scope of activities and number of employees, but by reducing public service pay—especially at the higher levels of the public sector—leading to an exodus of many of the most skilled people from the public sector, and a consequent crisis of capacity within the civil service.
- The high levels of aid dependence that accompanied reform, with aid often earmarked for preferred initiatives of donors and with project employees earning above their counterparts in the core public sector have helped entrench a perverse system of incentives, undermining the ability of governments to effect rational and strategic choices in public spending.
- This institutional weakening compounded what was for many governments an already fragile basis of legitimacy and accountability. In some countries it has led to a patrimonial system in which rent-seeking absorbs much of the energy of African elites at the expense of development efforts. This contributed to further alienating the citizenry, to the related inability to raise taxes and to the absence of a culture of accountability and service delivery in the public sector.

These weaknesses have proven difficult to reverse. In many cases there was little drive for reform of the public sector from the top of governments: the danger of a low-level equilibrium exists, in which the incentives to remove poor service are nowhere to be found for any of the actors involved.

Experience to date in the Africa Region

As the above brief diagnosis of the root causes of the institutional crisis of the public sector suggests, in settings where institutional dysfunction has taken root, technocratic, supply-driven approaches to public sector management will not yield sustainable results. Today this lesson is broadly accepted within the Bank's Africa Region. But the learning process has been a long and continuing one.

The 1980s: from investment to policy and management. As in the rest of the World Bank, in the late 1970s and early 1980s, AFR moved from an exclusive preoccupation with investment-oriented development projects to an agenda that incorporated a growing emphasis on policy reform and adjustment lending. Already by the mid-1980s it had become apparent in the Region that more was needed to achieve sustainable development than simply grafting policy reforms on top of a menu of investment projects. Consequently, beginning in the mid-1980s, AFR invested heavily in initiatives to reform public sector management, perhaps more heavily than any other regional grouping within the Bank. Between 1987 and 1997, 70 of 102 civil service reform projects (and included in a recent OED review)¹ were in sub-Saharan Africa.

The Region's experience with public sector management (PSM) has been uneven: just 29 percent of the completed interventions, and 45 percent of those still ongoing, were rated "satisfactory" in the OED review (the corresponding Bank-wide figures are 33 percent and 38 percent). In retrospect, the reasons why so many technically based reform projects were doomed to fail are clear. Launching computerization programs, functional audits, or other technical inputs within a context where they enjoy little support from political leadership, and where they are radically at variance with informal "rules of the game" do not yield sustainable results. Even in those cases where leaders wanted

reform, they and the donors consistently underestimated the magnitude of the challenges involved at the political, managerial and technical levels.

This very mixed track record created a certain wariness among AFR staff as to the potential impact on the ground of opportunistic public sector management reforms, initiated without careful attention as to whether institutional and political realities provided a favorable starting point. Increasingly, attention turned toward approaches that focused more on deep-rooted sources of institutional failure, as exemplified in the 1989 study *From Crisis to Sustainable Growth—Sub-Saharan Africa: A Long-term Perspective (LTPS)*.

The 1990s: Participation and capacity building.

Over the course of the 1990s, the public sector management agenda was complemented by initiatives that focused less on the details of management systems and more on the challenges of fostering local ownership and participation and building local capacity. Indeed, as the results of the first round of public management projects began to become apparent, resources shifted increasingly to the latter areas—to the point that by 1998 public sector management had become something of an “orphan,” with just a handful of staff, located precariously at the edges of the Region’s Social Development and Capacity Building Units.

The LTPS gave a major impetus to work on capacity building within AFR, leading to the establishment (at the initiative of the World Bank) of the autonomous Africa Capacity Building Foundation in Harare in 1991. This new emphasis was given added momentum during the Bank’s 1995 Annual Meetings, when the African Governors and the Bank President agreed to work together on a new program of action to support capacity building. In the three subsequent years African stakeholders, with the support of the Bank, have invested heavily to realize this vision of a new Partnership for Capacity Building (PACT). The African Governors sponsored the establishment of National Focal Points, and a series of National Capacity Assessments—with

the latter (supported by IDF grants) completed in at least twelve countries. Within AFR, determined efforts were made to “mainstream” capacity building across the spectrum of Bank work.

In May 1999, the Board of the Bank discussed a Memorandum of the President that outlines specific ways in which the Bank can support the forward momentum of this African initiative. This Memorandum recommended that the PACT be implemented by the Africa Capacity Building Foundation (ACBF), an organization based in Africa. Twelve of the twenty-two country-level members of the ACBF’s Board of Governors are African (others include bilateral donors, the African Development Bank, the UNDP, and the World Bank)—underlining the principle that PACT should be an African-owned initiative. The ACBF’s Board of Governors completed its preparatory arrangements to take on the PACT in January, 2000. Implementation of PACT is proceeding rapidly.

The way in which PACT has developed is just one example of a new emphasis on fostering participation across the range of AFR work. This new emphasis has come as a breath of fresh air to governments and citizens in the region, who increasingly had voiced their frustrations with the perceived arrogance, ignorance and failure to listen of ‘old-style’ approaches to development work. Increasingly, the full range of Bank work—from CASs to investment projects to initiatives to foster institutional reform—was evaluated on the basis of the quality of local ownership and participation.

At the operational level, Zambia’s Public Service Capacity Building Project illustrates how this participatory process has worked. The Zambian government set up a technical committee, with representation from a wide range of public and private stakeholders, to take responsibility for project preparation. This committee, with only modest specialist support, identified the critical issues, prepared an objective tree for the project, converted it into a logical framework, and drafted the project concept and appraisal documents. At the strategic level, the process of preparing the Bank’s CAS for

Guinea began with a commitment by the Head of State and the Prime Minister, and consisted of country-wide grassroots consultations conducted by cross-sectoral teams of trained local facilitators. A national forum helped validate the results, build a consensus on the development priorities identified by the communities, and articulate a country-owned and community-driven development strategy.

The challenges ahead

The increasing emphasis on both participatory processes and capacity building exemplifies the striking openness across all sectoral staff within AFR to new approaches to development work centered on improving governance. Yet, as noted above, while participatory processes and capacity building are a good start, they fall short of a sufficient recipe for successful institutional reforms in two distinct ways. In some countries, initial successes in partnering and building capacity will need to be consolidated through painstaking work to rebuild the formal state institutional infrastructure. In other countries the grip of dysfunction may be so strong that there is little immediate scope either for building sustainable capacity or for achieving genuine ownership on the part of government of a program of reform. Either way, the immediate challenge for AFR work to reform public institutions is to define an agenda that is more selective and strategic.

The approach: fostering selectivity and strategic prioritization. The priorities for institutional reform vary across countries depending upon the strength of a country's administrative apparatus, the political goals of the government in power, and more broadly, the character of state-society relations. In some countries, reform-oriented governments enjoy the support of broad segments of society to effect far-reaching reforms of a functioning, if cumbersome, administrative apparatus. In others, the major political players

who dominate the state apparatus are fundamentally unwilling to change their behavior and to move toward more accountable governance. Sometimes, (as in Mozambique at the end of civil war, or Ethiopia after the collapse of the Derg regime) reform-oriented leaders may confront situations where the state apparatus has decayed, been destroyed, or remained underdeveloped to such a degree that the immediate agenda is to address some of the most basic elements of state structure.

Many of the earlier failures of PSM initiatives were the result of a failure to recognize this diversity in political and institutional starting points, and to tailor the reform program accordingly. Yet donors, including the Bank, persisted in providing technical assistance for improved management in contexts where the preconditions were not present. Our immediate challenge is thus to move away from a "one-size-fits-all" approach, and to broaden the menu to incorporate other options in addition to classic PSM (or for that matter, undifferentiated approaches to participation or capacity building). Four distinct, but potentially complementary, sets of approaches to institutional reform can be identified:

- Reforming the structure of the state,
- Strengthening public sector management,
- Working from the demand-side, and
- Empowering communities for service delivery.

The first two approaches focus on the "supply-side" in that they focus directly on the organizational and institutional arrangements of states, on the presumption that there indeed exists a strong constituency for reform. By contrast, the second two "demand-side" approaches aim at engaging civil society more broadly in the quest for public sector reform.

As is highlighted in the main strategy, what the relative emphasis should be among these approaches will

depend on country-specific institutional and political realities on the ground. A focus on listening and participation should characterize our work in all settings. In countries where the first two approaches dominate, the immediate challenge of participatory work will be to build sustained and close working relationships with our counterparts within government, as well as to strengthen mechanisms which encourage further transparency and accountability. In countries where the latter two approaches are given more emphasis, we will need to work with counterparts in government in ways that reach out broadly to diverse segments of civil society.

The first two sets of approaches are relevant in countries where there is a favorable political environment for reform. Even within this group of countries, situations on the ground will vary widely. In some settings the focus of reform will need to be on fundamental questions concerning the role and structure of the state. In others, the challenge will be more one of consolidating and strengthening what already exists. In all cases, our aim should be to act as facilitators who help the reform's political and bureaucratic champions articulate their vision and get through the difficult early stages to the point where there is no turning back. In practical terms, this means that we should help ensure that the strategy, leadership, resources, and skills devoted to the effort are sufficient for the task at hand. Even more importantly, it means that from the beginning, national teams must take the initiative in consulting their own constituencies, planning the reforms, and selling their ideas to their own constituencies and to the Bank. If policies and programs emerge from a national debate, the leaders are likely to be held accountable for them by their own internal constituencies.

Reforming state structure. The evolving reforms in Uganda and Ethiopia have highlighted the importance, in some contexts, of getting the role, size and profile of the state well adapted to local circumstances before

embarking on more focused PSM reforms. At this level, reforms include such fundamentals as:

- Amending the constitution to redefine the role of the state, introduce new governance arrangements, change the machinery of government or alter the balance of power among the executive and the parliament,
- Introducing devolution or decentralization of services to lower levels of government and related fiscal reforms, and
- Privatizing or reforming public enterprises and public corporations; changing the regulatory environment for the para-public and private sectors.

In the case of societies struggling to manage civil conflict (for example, Republic of Congo, Democratic Republic of Congo, Liberia, and Sierra Leone) these reforms will obviously constitute a high priority, yet may only materialize over the medium-term. In instances of national reconstruction, it may prove necessary to provide interim technical support to key government functions in the form of external expertise during the transition to a more stable context. Only when the latter has been achieved will it be possible to rebuild viable organizations and develop national technical skills on a sustainable basis.

Strengthening public sector management. Some of the more successful African adjusters have already gone a long way toward completing a restructuring of the state's role, including increased scope for participation and competition. In these countries, of which Ghana is a leading example, the predominant supply-side issue will be management reforms aimed at improving the performance of the public sector.

Difficult experience has taught us that in the absence of an overarching strategy for sequencing changes, piecemeal public management reforms—the so-called stovepipe approach of vertical compartment-

talization among sectors and agencies—are unlikely to be more than, at best, a short-term palliative. The seemingly disparate elements of a well-functioning public sector are in fact interdependent: the impact of contracts and other mechanisms to foster performance-based management depends in significant part on the policies these agencies are mandated to pursue, the mechanisms for monitoring agency performance, and the systems that impose budget discipline. These in turn rest on the foundation of systems that perform due diligence and hold public agencies accountable for their use of resources. And performance systems yield sustainable results to the extent that pay is adequate to attract the requisite staff and induce them to perform, records are maintained, and the political will exists to impose financial discipline, confront tradeoffs, and set and adhere to a hard budget constraint.

There is thus a difficult tension between on the one hand, the gains from integration and on the other, the benefits of an incremental, sequenced approach that does not attempt to take on more than can realistically be achieved. Many reform efforts have become hopelessly confused and blurred in attempting to manage this large agenda simultaneously. Once a realistic vision is agreed on, implementation needs to emphasize phasing and sequencing—an area where we still have much to learn—as one successfully completed block builds on the last one and presages the next.

Working from the demand-side. In cases where political and bureaucratic obstacles inhibit committed African reformers from moving forward with their agenda, a realistic assessment of past failures points to the need to take a longer-term perspective. This entails working on the demand-side by undertaking activities that may, over the medium-term, strengthen the domestic impetus for public sector reforms. The latter include:

- initiating anticorruption activities within civil society and government to raise awareness and mobilize support for reform;

- collaborating with influential groups, such as parliamentarians and the business community, to bring pressure to bear for enhanced accountability and transparency within the operations of government and at the interface between government on the one hand and civil society and the private sector on the other;
- working with foreign investors and others to strengthen the regulatory and dispute-resolution mechanisms for private investors, notably including the enabling environment for private participation in the provision of infrastructure; and
- encouraging changes in political attitudes and behavior through the provision of seminars, study tours and other catalytic activities designed to make governments aware of the positive outcomes of reform in terms of service provision, growth, equity and political stability.

Empowering communities for service delivery.

The fourth approach to institutional reform—empowering communities for service delivery—is actually a hybrid that incorporates elements of the first three: in aiming to close the (geographic and accountability) distance between citizens and government, it works on the demand-side; in redefining the relationships between central and local government, it reforms the structure of the state; and in realigning fiscal and administrative processes to support devolved authority it involves major public sector management reforms.

There is growing momentum across the African continents for reform initiatives that shift resources, responsibility for service delivery, and accountability for results from central government to more decentralized levels. Ethiopia and South Africa have recently promulgated new federal-style constitutions. Uganda and Tanzania have explicitly shifted authority for service delivery to local governments, with (most clearly in the former country) accompanying budget reforms to transfer resources—and allocation decisions—to local

levels. Guinea is currently in the midst of a complex process aimed at strengthening democratically accountable local governments, increasing their direct access to financial resources, and strengthening the local administrative apparatus.

Because it implies profound change at so many levels, the challenge of implementing initiatives that aim to empower communities for service delivery is unusually formidable. Yet, if it can be made to work, it has the potential to provide a new foundation of legitimacy for the relationship between citizens and states. Many staff within AFR are thus enthusiastically embracing this new agenda of community empowerment.

If AFR is to contribute constructively to ensuring that this new agenda does not end in yet another round of disappointment, two tasks must be addressed urgently. First, the agenda is fundamentally a cross-cutting one: staff with expertise in public institutions have a key role to play to help reform administrative and accountability relations; public finance staff need to help realign intergovernmental fiscal relations; and staff in the infrastructure and social sectors need to identify new ways of supporting new approaches to service delivery. All of this will require AFR staff to set aside the boundaries of functional specialties and units, and renew our commitment to work together (in-country teams) in a genuinely cross-cutting way.

The second task is to identify a menu of workable sequencing options. Rarely, if ever, will countries be in a position to address simultaneously in an integrated way all the elements needed for successful community empowerment for service delivery. Sometimes the impetus for community empowerment will come from the grassroots. In such settings, civic pressures are likely to outrun the ability of fiscal and administrative systems to respond efficiently. At other times the reform impetus may come from the center of government. Here the challenge will be to ensure that redirection of fiscal and administrative responsibility does not simply result in a transfer of patronage and corruption from

one (centralized) locus of control to another (local) one. Everywhere, the process is certain to be uneven, marked by a seemingly endless sequence of new problems. Our challenge is to work with our counterparts in-country to negotiate ways through the maze that help ensure that the process does not become trapped in dead-ends, but makes step-by-step progress along a critical path toward sustainable long-run solutions. The “Sourcebook on Community Driven Development in the Africa Region,” produced by a multi-sectoral team of AFR staff, comprises an important step in bringing both coherence and cross-sectoral collaboration to this important agenda.

Activities and instruments

In coming years, staff within AFR working on the development of public institutions will experiment with a variety of new approaches to both our knowledge-related and lending activities.

Knowledge generation, facilitation, and dissemination. As described above, AFR’s staff who work on institutional reform have been active in fostering approaches to our work that put our government counterparts in the driver’s seat and that engage stakeholders in civil society as full partners in the design of development options. While we will continue to approach our work in this way, we also need to do more intensive analytic work “upstream” in a way that enables both our clients and us to come to grips more realistically with what the institutional and political realities on the ground imply for a workable agenda of reform—not just for public sector management, but more broadly. The pivotal role now assigned to the CAS as the basic strategic planning statement for the Bank’s activities, and the experiment in Ghana with the CDF, also reflect this more holistic and integrated approach to the generic and cross-cutting problems that are central to the agenda of public sector reform. Our

knowledge-related work will thus incorporate the following:

- Pilot Institutional and Governance Reviews, facilitated by staff who specialize in institutional reform, and undertaken by country teams as multi-sectoral initiatives that aim to highlight the connections between service delivery results on the ground, and underlying public sector management and related institutional and political obstacles—and that lay out operationally feasible, sequenced steps in a complex multi-faceted agenda. (These pilots will be cofinanced through country budgets and the Bank-wide Public Sector Group’s knowledge management resources).
- Analytic support for the institutional, public sector management and political dimensions of Public Expenditure Reviews or, for that matter, of institutionally oriented sector work in other sectors where we can offer complementary expertise;
- Surveys to benchmark service quality (the Core Welfare Indicators Questionnaire, or CWIQ) and to analyze the nature and extent of corruption, and of other dysfunctional aspects of governance, and dissemination of the results to public officials and civil society (together with WBI); and
- Participatory CASs and other mechanisms to engage civil society in an open discourse on countries’ development priorities and choices and, more broadly, to help disseminate “process principles” for fostering ownership and sustainability for all the Bank’s work (together with WBI)—for example, as is now being developed for Guinea, Senegal, and Sierra Leone, the implementation of a results-based model of political accountability relying on a foundation of monitorable benchmarks and indicators.

Public sector reform operations. Three principles will guide our operational work in public sector management. First, we intend to be highly selective as to

where we would be supportive of such operations. Second, where we do move forward, we will do so in a way that is strategically coherent and avoids “stovepiping” into multiple, separate projects. Third, we will work to ensure that all donors participate on the basis of a shared vision and of an agreed strategy to achieve it. Without a renewed emphasis on partnerships at the country level, an integrated strategy cannot succeed. In terms of developing interventions, we are experimenting with a variety of new instruments and more are being developed:

- Adaptable Program Loans (APLs) have been developed for Ghana, Guinea, Tanzania, and Zambia. A loan such as the APL is conducive to the long-term, sequential operations that are often required for public sector reform. It permits a phased, step-by-step approach and incorporates carefully defined benchmarks for assessing progress and defining triggers for phases two and three. The minimum package for upgrading performance and the key prerequisites for sustained reform will be included in the first phase.
- Programmatic SALs (PSALs) in Benin and Uganda reflect an attempt to help countries get the fundamentals of budgeting and expenditures right before launching into downstream reforms. The implementation through such lending operations (or other approaches to lending) of a Medium-Term Expenditure Framework may be used to help governments distinguish the desirable from the possible and to bring a realistic focus to bear on the implementation of the reform agenda, its timing and its sequencing.
- Multi-sectoral “Capacity Building for Service Delivery” loans, such as the one in Guinea, (see description below) which aim to build from the “bottom-up” through a decentralized approach to development, ensuring that our efforts to promote better service delivery at the community level are

buttressed by requisite reforms not just of budget systems but also of administrative arrangements at subnational levels, and of mechanisms that give citizens “voice” and enable their representatives to hold administrators accountable for performance.

Organization, staffing and partnerships. The multi-faceted approach to reform outlined in this regional strategy points to the need for AFR to have two core competencies adequately available in-house. Some staff should have broad experience in the area of reforming public institutions, including generic strategic skills (for example, in institutional economics,

analysis and political economy) that may be applied to specific country situations. Some should also be specialists in a functional area of financial, economic or personnel management.

Note that the approach recognizes that public sector management is not a discrete sector but a series of core functions that cut across all sectors. Consequently, a sustained effort will be required to mainstream reforms across sectors and among country economists and other macroeconomic specialists. Public sector specialists will be expected to lead and participate in multi-unit teams in order to help bring about the required integration.

Guinea: Capacity Building for Service Delivery

Type of Activity: Loan (Adaptable Program Loan)

Timing: Board Approval: December 1999

Loan Amount Phase 1 (2000-2003): IDA \$19 million; Phases 2&3: (2004-2012): IDA \$90 million

Summary of Contents

Together with the complementary Village Community Support Program APL, this Bank program will help foster the following political, fiscal and administrative reforms:

- *Politically*, the representativeness of elected local councils will be enhanced; regional development councils, accountable to local councils are being established; increasingly, regional administrations will become accountable to these local governance structures, not just to the hierarchies of central government.
- *Fiscally*, a Local Investment Fund will support with matching grants basic social and infrastructure projects identified by communities; there will be an increase in the share of taxes raised locally which are kept within the locality; a new framework is being established for direct transfers to local authorities of budget resources from the center.

- *Administratively*, subnational administrations are being realigned to shift accountability toward rural communities.

The aim is that at the end of a 10-15 year process of reform there will be an overall increase of 80 percent in access to and in the quality of all services to the rural population.

Innovative / Risky Elements

By shifting control from the bureaucratic center to localities, the program risks a backlash from center bureaucrats and politicians seeking to maintain discretionary control over the use of resources.

The program increasingly will harness donor resources to priorities set by empowered local communities; donors may resist this more fungible framework, leaving capacity stretched local authorities saddled with a multiplicity of complex, earmarked procedures.

Partnerships

An early challenge of the operation will be to bring donors on board with an integrated approach to community-driven development.

Tanzania: Public Sector Reform Project (PSRP)

Type of Activity: Loan (Adaptable Program Loan)

Timing: Board Approval: October 1999

Loan Amount: Phase 1 (2000-2004): IDA \$41 million; Phases 2&3: (2005-2011): IDA \$53 million

Summary of Contents

The PSRP builds on efforts by the Tanzanians since 1993 to transform a bloated, centralized, and dysfunctional public bureaucracy into a decentralized, accountable, transparent, and efficient public service. The first phase focused on reducing public employment and decompressing the civil service salary structure. The new phase of the program focuses on role restructuring and performance improvement. Direct responsibility for service delivery will increasingly shift to local authorities and the private sector, with central ministries and agencies playing a steering role. For this phase, the Tanzanians have developed a process-oriented change management model. An important feature of the approach is a Performance Improvement Fund (PIF), supported by IDA via this PSRP. Access by each Ministry/Agency (M/A) to the PIF would be in two phases:

- M/As would be supported to develop a strategic, operational, and performance improvement plan for restructuring. Each M/A will prepare and publish a social pact: setting out standards of service that the public can expect in the

short- to medium-term; clarifying the resource and service requirements to meet these service standards; and committing to review progress at least twice a year.

- Once a strategic plan has been adopted, support would be made available for the capacity building activities needed for effective implementation, including training, salary supplements within the medium-term pay framework, and contract recruitment of specialized professionals.

Innovative / Risky Elements

Instead of a top-down effort to reform systems, roles and procedures, this program provides incentives and technical resources to encourage individual M/As to “buy-into” the reform process. The risk is that too few genuinely buy-in, and the reform process remains stymied by the dead weight of pre-existing practices.

Partnerships

In the area of public service reform, the Tanzanian government has a proven track record of effective donor coordination; 10 donors (including UNDP) have supported the integrated program; apart from the Bank, other donors will contribute \$37 million to phase 1 of the APL.

Regionwide: Partnerships for Capacity Building (PACT)

Type of Activity: Grant/Trust Fund Activity

Timing: Approved: July 1999; Ongoing

Grant Amount \$30 million/\$150 million (seed money from Bank), subject to approval by the Board

Summary of Contents

PACT recognizes the centrality of capacity in the development process in Africa. Building capacity calls for leadership by African countries themselves in creating a conducive policy and operational environment for capacity building; in laying out practical and realistic phasing of capacity building actions; and in building partnerships within countries themselves (among government, civil society, and the private sector), and with national, multinational and bilateral donors, international business and trade interests, foundations, and nongovernmental organizations. Implementation of PACT will be led by the already existing Harare-based African Capacity Building Foundation (ACBF), established in 1991 as a collaborative effort between the World Bank, the African Development Bank, and the United Nations Development Programme (UNDP). Working through the ACBF, PACT will make available:

- country program support, provided annually and accessible by countries that meet eligibility thresholds as to the quality of institutional environments;
- project support for country-based initiatives to

build key public sector capacity, and to strengthen the interface between government, civil society and the private sector; and

- project support for regional and subregional initiatives, as well as other proposals, initiated independently by individual agencies of civil society and training institutions.

Innovative / Risky Elements

PACT governance is built upon the principles of partnership and devolution. A first risk is that the devolution of implementing authority to the ACBF will dilute the influence of individual donors, and hence reduce the attractiveness of PACT to them. A second risk is that participatory National Focal Points, to which responsibility for developing coherent country programs is being devolved, will prove ineffective, and that PACT could find itself supporting a multiplicity of disconnected initiatives.

Partnerships

The Board of Governors for the ACBF (and hence PACT) comprise three multilaterals (the World Bank, the UNDP, and the African Development Bank); 10 donor countries; and 12 African countries.