Partnership for Capacity Building in Africa (PACT)

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Financial Arrangements for FY07-11 (Amount in US$ Million)

| Total Budget: | 70 annually (ACBF’s financial needs over five years, 2007-2011 is 350 m.) |
| DGF Funding Request: | 26.00 |
| DGF Percentage: | 37% |

Objectives and Expected Outcomes

The Harare-based African Capacity Building Foundation was established in February 1991 as an element of the "African Capacity Building Initiative". It is helping coordinate Africa’s capacity building efforts that have too often been fragmented, donor-driven, and reliant on placement of expatriate advisers. Its current mandate is to build and strengthen sustainable human and institutional capacity in six core competence areas of public sector management, including: (i) economic policy analysis and management; (ii) financial management and accountability; (iii) public administration and management; (iv) strengthening and monitoring of national statistics and statistical systems; (v) strengthening of policy analysis capacity of national parliaments and parliamentary institutions, and (vi) professionalization of the voices of civil society and the private sector. To achieve the above objective, ACBF-PACT was supported by the DGF through a grant of US$150 million, from FY01-05. With a last installment of US$26 million in FY05, this grant has now been fully disbursed.

The Africa Region (AFR) Management received US$150 million from FY07 DGF funding for continued support to the ACBF, through PACT, over the five year period, 2007-2011. ACBF requires this level of financing - which is an equal amount as compared to the first five-year plan but a lower share of overall financing – to continue its role as a grant-giving institution and ensure efficient implementation of its 2007-2011 Strategic Medium Term Plan (SMTP II). Overall funding requirements for SMTP II are estimated at US$350 million over five years as compared to US$340 million over the previous period (however, actual funding as total pledges made came to US$170 million). Of the US$350 million, 40% (US$150 million) will go towards country interventions; 21% (US$75 million) towards regional interventions; 1.5% (US$5 million) towards special interventions and 14% (US$50 million) towards knowledge generation and sharing programs as well as program support activities. AFR Management released the conditionally approved US$22 million from the DGF for FY06.

Main Components

- **Project and Program Operations**: ACBF is providing support for project financing; country interventions; networking and partnership programs; regional interventions; country capacity profiles and needs assessment for regional economic communities; and the Secretariat Authorized Funding Window (SAFEWIND) Grants Program which, through small grants from US$10 – 50,000, provides a head-start for the establishment of capacity building or accountability institutions across Africa, such as the Pan African Parliament, a vital organ of the African Union.

- **Knowledge Management Programs**: ACBF is implementing a knowledge management strategy and system. The increased emphasis on country-level knowledge networks (CLKNETs) and country networks of ACBF-supported institutions, projects and programs (ACNET) across countries has emerged as a comparative advantage and niche for ACBF. ACBF knowledge management products and services have a growing list of user institutions, including African policymaking and development policy management institutions etc.
**Program Support Activities**: They consist of building institutional networks; staff training; outreach to public service training institutions and universities; public and private media relations; learning workshops, policy seminars, conferences, and partnership programs, which have become a significant component of ACBF’s portfolio of projects and programs. Program support activities contribute to enhancing ACBF’s visibility and relevance at international fora where Africa’s development challenges and their capacity building dimensions are discussed.

**Performance Indicators**

The program’s main components aim essentially at consolidating the existing portfolio, expanding operations into core competency areas where limited operational coverage has been achieved, deepening implementation of the knowledge management strategy, and building on the visibility of ACBF within the continent and on partnerships outside Africa. Achievement of these objectives will be measured through:

- Consolidated and strengthened portfolio performance;
- Strengthened partnership and collaborative programs;
- Sufficient resources mobilized for effective implementation of the SMTP II and beyond; and
- Continued institutional enhancement of ACBF as organization.

During the first year of implementation of its SMTP II, ACBF plans to finalize the development of a suitable performance evaluation framework. The framework will provide performance indicators for each of the six core competency areas.

**Progress and Achievements**

With the integration of PACT into ACBF, the Foundation is present in some 40 countries in sub-Saharan Africa and in more than 30 continental and regional institutions, including the NEPAD Secretariat and the Pan African Parliament. Under SMTP I, ACBF re-financed 27 operations, developed 97 new country projects, and launched two country programs. In addition, it has strengthened 30 regional organizations and provided support to 49 institutions through the SAFEWIND Grants Program. These operations disbursed US$79.78 million out of US$98.11 million committed. If the years 2000 and 2001 are added, thus covering the entire period of implementation of PACT, the Foundation committed US$173.92 million and disbursed US$103.41 million (see SMTP II, p. xi, a). Its present active portfolio of projects and programs consists of 67 national institutions, 34 regional and continental organizations, 12 knowledge networks five of which are country level knowledge networks set up in Burkina Faso, Cape Verde, Ghana, Kenya and Senegal) and 50 institutions are being supported through the SAFEWIND Grants Program. ACBF has provided long-standing support for economics education in sub-Saharan Africa and economic research institutions like the African Economic Research Consortium (AERC). This intervention is part of a strong portfolio of training programs towards doctorate, Master’s and diploma degrees in applied economics; economic policy management; applied agricultural economics; banking and finance; and, recently, public sector management. Also in the portfolio is a number of highly specialized non-degree training programs to strengthen core public sector effectiveness and the role of non-state actors in the development process. In the area of economics education, ACBF established: the Collaborative Master’s Degree Program in Economics, implemented by the AERC and the Programme de Troisième Cycle Interuniversitaire (PTCI); a Collaborative Ph.D. Program in Economics, coordinated by the AERC; and a Collaborative Master’s Degree Program in Applied Agricultural Economics for Eastern and Southern African countries (CMAAE), hosted on behalf of 13 participating universities by AERC. Between 1992 and 2005, ACBF invested through the AERC about US$18 million to improve the quality of economics education in sub-Saharan Africa.

In addition, since 1992, ACBF has invested about US$197 million in economic policy analysis and management capacity building, aiming at helping to establish and support government, semi-autonomous and autonomous policy think tanks in sub-Saharan Africa, as well as policy development and implementation programs. It helped set up these policy think tanks in more than twenty countries, with the vast majority governed by independent, politically non-partisan and highly-respected governing boards and professional steering committees. These think tanks include: the Economic Policy Research Centre, Uganda; the Economic and Social Research Foundation (ESRF), Tanzania; Kenya Institute of Public Policy Research and Analysis (KIPPRA); the Ethiopian Economics Association/Ethiopian Economic Policy Research Institute (EEA/EEPRI).
Centre for Policy Analysis, Ghana; Centre d’Analyse des Politiques Economiques et Sociales (CAPES), Burkina Faso; Centre Mauritanien d’Analyse de Politiques (CMAP); Centre Ivoirien de Recherches Economiques et Sociales (CAPEC-CIRES); Botswana Institute of Development Policy Analysis (BIDPA); and the Namibian Economic Policy Research Unit (NEPRU). ACBF complements the Bank’s own work in improving governance, strengthening the public sector and building capacity especially in areas where the Bank or other development partners do not have direct entry points, i.e. working regionally and with non-traditional partners such as national parliaments, civil society organizations and the private sector. The fact that the ACBF Secretariat is located in Africa and especially that it is staffed exclusively by Africans, have provided it with a high credibility vis-à-vis African institutions. Like the Bank, ACBF operates within the development frameworks established by African governments, including through the PRSP processes. Continued financing of PACT will empower ACBF to further consolidate the results achieved thus far within the establishment and strengthening of national and regional training and policy analysis organizations and networks and the exchange of knowledge on economic and social policy and development management. It will also enable ACBF to continue serving as a sound platform from which multilateral, bilateral and regional partners can reinforce and scale up capacity building initiatives.

Partners

Funding partners for ACBF/PACT include four multilateral, 13 non-African bilateral organizations and more than 20 African countries. There are six observers on the ACBF Board of Governors (Belgium, Brazil, China, Italy, Russia, and the European Commission). Twenty seven countries and organizations were founding members: World Bank, AfDB, UNDP, Austria, Canada, Denmark, Finland, France, Japan, The Netherlands, Norway, USA, UK, Sweden, Botswana, Cameroon, Congo (DRC), Cote d’Ivoire, Kenya, Malawi, Mali, Mauritius, Nigeria, Senegal, Tanzania, Uganda and Zimbabwe. To date, ACBF counts about 37 governments and organizations as partners, which have pledged resources; some have also joined the ACBF Board of Governors. The 10 new members are the IMF, Ireland, India, Gabon, Chad, Rwanda, Benin, Botswana, Mauritania and Zambia. In addition, the European Union has indicated its intention to contribute parallel resources to ACBF to implement the relevant capacity-building components of NEPAD.

Governance and Management

Authority for ACBF resides in its Board of Governors. The Board consists of representatives of all donor countries to the ACBF, including 13 African countries, as well as the Bank, UNDP, AfDB, and IMF. The Board is the highest policy-making body and is responsible for the ACBF’s broad policy framework and overall performance. An Executive Board, composed of independent members and representatives of multilateral institutions, approves PACT projects and the budget. A Secretariat based in Zimbabwe, staffed by approximately 35 African professionals, handles day-to-day activities. ACBF and PACT were established separately and are now integrated in their finances and structures. Disbursements are co-mingled in the ACBF-PACT Trust Fund (which is managed by the Bank). Thus, from an operational perspective, it is not possible to differentiate PACT financed activities from other ACBF programs.

Exit Strategy

Africa’s capacity deficit is widely recognized as a severe binding constraint to development. Capacity building in Africa has received renewed attention through the Africa Action Plan (AAP) and the work of the World Bank Taskforce on Capacity Development in Africa. ACBF’s financial sustainability cannot be reasonably expected in the medium-term since it is a grant giving institution. Consistent with the AAP’s objective of “scaling up support for capacity building in Africa over several years,” AFR Management is not currently envisaging an exit strategy. As ACBF-PACT’s performance has been recognized through independent evaluations, has scaled up its activities in recent years and the initial US$150 million DGF grant has been fully disbursed into the trust fund, AFR Management fully endorses the case for continued financial support of ACBF-PACT. This is vital to provide both headroom to fund continued operations as well as bridge financing as ACBF-PACT moves to the next phase of its development.