A substantial and growing share of WBI’s program budget is devoted to developing capacity in 36 focus countries that together are home to 80 percent of the world’s poor. Selected in close cooperation with the Bank’s regional vice-presidencies, the focus countries represent a mix of low-income and middle-income countries. All meet the essential criterion of ownership of the capacity development process, which helps ensure that learning programs are not defeated by binding constraints elsewhere in the institutional or social systems.

**Customized programs in focus countries**

The three levels of capacity development and the capacity–results framework discussed in chapter 2 are working in Chad, the Lao People’s Democratic Republic, and Madagascar.

**In Chad**, WBI is working with local counterparts in the civil service and representatives from public and private local institutes that provide training in the field of public financial management. The objective is to define and prioritize capacity development needs in the civil service while assisting local training institutes to build their capacities to respond to demand.

In a first phase, WBI worked with local training institutes to internalize the capacity–results approach and help them better focus their capacity development program. This work has brought the institutes together in a confederation to improve access to and exchange of information and expertise in public financial management. Representatives from the confederation are consulting with civil service representatives to develop a comprehensive action plan for the improvement of the public financial management system in Chad.

**In the Lao PDR**, WBI undertook an institutional assessment of NOSPA, the national training institute responsible for training civil servants. NOSPA is seen as a key organization to support implementation of the country’s poverty reduction strategy (PRSP) through stronger integration with World Bank assistance programs, including the delivery of WBI programs tailored to country needs and coordinated with the capacity development components of Bank Operations.
capacity in the public sector, both at the central and provincial levels. WBI is working on curriculum development and training trainers, while facilitating twinning arrangements between NOSPA and other international institutions.

The Second Road Maintenance Program (RMP2) in Lao PDR required significant capacity development at the subnational level. WBI worked with the task team and the client to develop a comprehensive human resources strategy for the Ministry of Transport to institutionalize skills and processes required for decentralization in all provinces. This systematic approach to capacity development is embedded in the terms of reference for the RMP2 Project Appraisal Document.

In Madagascar, WBI is providing ongoing support to the management team of the Governance and Institutional Development Project (PGDI) to align capacity investments with the country’s goals and to develop a clear framework for results at the national level.

Lessons from World Bank support for capacity development in Africa

African countries must improve the performance of their public sectors if they are to achieve their goals of growth, poverty reduction, and better services for citizens. Between 1995 and 2004, the World Bank provided some $9 billion in loans and close to $900 million in grants and administrative assistance to support public sector capacity development on the continent. Yet results have fallen short of expectations. Why?

In World Bank Support for Capacity Building in Africa, the Operations Evaluation Department, the Bank’s independent evaluation arm, found that although the Bank had moved to better customize its capacity building approaches to country conditions and sector circumstances, too much support was still being designed and managed in a project-specific (that is, fragmented) manner. Because the challenges of capacity development vary across sectors as well as across countries, with sectoral challenges reflecting variations in factors such as the power of interest groups and the labor-intensity and degree of decentralization of service provision, the Bank should pay greater attention to fostering country-led capacity development within sector programs.

The 2005 report from the Operations Evaluation Department also found that the Bank was not making full use of WBI and other available instruments (notably programmatic support and economic and sector work) to diagnose its clients’ capacity needs, design appropriate interventions, and evaluate results.

At the same time, more and more African countries are shifting to aid models based on sectorwide approaches and budget support, which set broad strategic frameworks for identifying long-term capacity development needs. Some country strategies also include new multisector projects that address capacity development within and across ministries and levels of government. These new efforts should help authorities prioritize capacity development activities and donor support.

The new developments constitute both a mandate and a window of opportunity for WBI’s comprehensive approach to capacity development as a long-term, systemic process involving political leadership, technical skill, an enabling institutional environment, and consumer voice.
WBI also supports the PGDI project team in developing a results-oriented approach to its own work. The capacity—results framework is being applied to the development of annual work programs, curriculum reform, and monitoring frameworks for two civil service training institutes supported by the project.

Other focus country projects this year are WBI’s Project Management Workshop in Iran; our contribution to the Bank’s reengagement in Haiti; the Central America Investment Climate Conference convened jointly by WBI and the Bank’s Latin America and the Caribbean (LAC) region; a course on Education with Quality and Equity for All delivered jointly by WBI and LAC for ministries of education in Central America and the Dominican Republic; and WBI’s contribution to the National Rainforest Protection Program in Brazil, which emphasizes integration with operations and the mainstreaming of capacity development (see box, page 32).

The Project Management Workshop in Iran, delivered in conjunction with the Bank’s Middle East and North Africa (MENA) region and its Operations Policy and Country Services unit, gave participants from project implementation and project management units responsible for execution of Bank-financed projects an opportunity to drill down into the practical problems of the Bank’s project portfolio—among them the conduct of project-related social analysis and observance of the Bank’s safeguard policies. Participants used a rapid-results approach to improve performance of the portfolio. The workshop was immediately followed by a country portfolio performance review conducted by the government of Iran and the Bank. One workshop participant described the workshop in Iran as “partnering for development effectiveness at its very best.”

Assessing needs in Ghana

The goal of the Ghana needs assessment was to identify the best ways to strengthen the Ghanaian government’s capacity to deliver education, health, and water and sanitation services to poor communities. Local consultants in 12 communities in the Volta and Eastern Regions engaged more than 1,000 people involved in service delivery, from policymakers to technicians to beneficiaries, in a process to identify priorities for capacity development.

The needs assessment found that the most serious constraints to effective service delivery were caused not by shortages of technical skills but by weaknesses in the institutional environment stemming from the lack of clarity of government policies in the three sectors, confusion about the roles of key actors, and the careless imposition of modern management structures over traditional ones.

The participants in the assessment proposed possible remedies organized in three broad categories, including (a) strengthening the policy
and regulatory frameworks (for example, by integrating traditional medicine into the official medical system); (b) providing incentives for implementing the policy, respecting the rules, and inducing desired behavioral change; and (c) strengthening organizational arrangements (for example, by improving revenue mobilization at the district level to be able to increase spending on water and sanitation services).

WBI is using the outcome of the assessment to help prepare programs to strengthen Ghana’s capacity to deliver social services. Beginning in FY06, WBI will deliver a program to strengthen the adjudication capacity of traditional authorities in their customary jurisdictions through a series of learning activities in modern judicial service administration and management. The activities are meant to prepare the ground for formal recognition and incorporation of such responsibilities and assignments into the modern judicial system, which has been unable to extend its reach in rural areas.

**Integrating Capacity Development in Country Assistance Strategies**

Two WBI representatives were members of the core team that prepared the Nigeria CPS, approved by the Bank’s board in June 2005. WBI’s presence is particularly important in the CPS Governance Outcome Team, where the Institute will take the lead in two important areas: strengthening parliament and media and information.

WBI is facilitating a series of workshops in which major donors will coordinate their capacity development support to the Nigerian government. The workshop modules are prepared jointly by WBI and country office staff.

WBI’s work on the CAS for Bosnia-Herzegovina is another example of fruitful integration with the rest of the Bank. WBI worked closely with the Bosnia country management unit during the preparation of the current CAS (FY05–07). It was agreed that WBI’s work would be directed to capacity development activities in three areas supporting the themes of the CAS and complementing the overall Bank program in the country. Activities focus on public sector reform, private sector development, and social inclusion through training of municipal staff in participatory budgeting. The agreed program is now set to continue and expand in FY06, with plans to scale up activities with the help of a trust fund mobilized jointly by WBI and the Bank’s Sarajevo office.
Building State Capacity is Key to Good Governance and Reducing Corruption in Africa

In its role as a broker of global and local knowledge, WBI enlisted international researchers and local practitioners from Africa to contribute to this volume on Building State Capacity in Africa: New Approaches, Emerging Lessons. Their assessments showed that if Africa is to have a well-functioning public sector there needs to be a paradigm shift in how to analyze and build state capacity. This means moving away from a narrow focus on organizational, technocratic, and public management approaches to a broader perspective that incorporates both the political dynamics and the institutional rules of the game within which public organizations operate.

Democratization and greater economic stability in Africa laid the foundations for strengthening participation, transparency, and accountability and for improving state policymaking and service delivery. But to be successful in implementing reforms countries and donors must often be ready to live with messiness and imperfect technical designs, to stay the course, and remember that sometimes the best is the enemy of the good.

Africa is the only continent to have grown poorer in the past 25 years. It will require yearly economic growth of 5 percent just to keep the number of poor from rising. Halving absolute poverty by 2015 will require annual growth of more than 7 percent, along with a more equitable distribution of income.

Meanwhile, capacity for public sector management and governance is critical at the executive level, at the parliamentary level, in the civil service, and among leaders in civil society. Capacity is at the heart of good governance: the capacity to formulate policies; to build consensus; to implement reform; and to monitor results, learn lessons, and adapt accordingly.
WBI supports the Bank’s country and sector teams in Brazil through initiatives that improve the capacity of institutions to manage environmental and natural resources across all government levels. In FY05, WBI’s engagement in Brazil focused on four areas:

- **Rain Forest Pilot Program to Conserve the Brazilian Rain Forests.** WBI’s support to the Natural Resources Policy Project is strengthening the capacity of state environmental agencies responsible for environmental management of the Amazon. This multiyear program was conceived and designed in close partnership with the Bank’s rainforest unit, country management unit, and environment sector team, as well as Brazil’s Ministry of the Environment. In FY05, significant progress was made on forest valuation and conflict management. Clinics on conflict resolution encouraged the state government of Acre to establish a subregional hub on conflict resolution for the Brazilian Amazon. At the municipal level, the clinics led to strong participation among key stakeholders coping with conflicts arising from the federal project to pave route BR–163. The lessons learned from the management of the BR–163 conflicts will influence how agencies address future disputes along other Amazonian highways. The interstate dialogue was complemented by the work of target groups on forest valuation tools in southwest Amazonia, which led to significant changes in how state-level public agencies consider markets for environmental goods and services. Work on both themes supported the Bank and the Brazilian government’s efforts to conserve the Amazon forest while encouraging knowledge exchange among the three levels of government to find practical solutions to forest management and conservation issues.

- **Environmental compliance and enforcement indicators.** This program is part of a regional effort to develop indicators to measure and manage environmental compliance and enforcement. As a direct result of the program, key institutions have recognized the importance of practical performance indicators and established working groups to develop indicators for compliance with environmental legislation and regulations in all 26 states of Brazil.

- **Clean Air Initiative.** The Clean Air Initiative for Latin American Cities (CAI-LAC) organized a FY05 workshop in partnership with several international agencies in an effort to disseminate best-practice tools and policies regarding local and global impacts of air pollution. The objective was to give cities the analytical and policy tools to improve air quality, public health, and the local economy. CAI-LAC also supported a meeting of major stakeholders in São Paulo on integrated environmental strategies for urban transport, which resulted in the preparation of the Global Environment Facility Project on Urban Transport and Air Quality in São Paulo Metropolitan Region.

- **Solid waste management.** WBI contributed to the preparation of a capacity development program for the Clean Development Mechanism (CDM) Project in Brazil, focusing on solid waste management. The project will finance feasibility studies, develop project design documents, deliver capacity development programs, and create a federal database on waste management information and case studies. The project was officially launched in FY05 with a nationally broadcast videoconference linking all Brazilian state capitals. Representatives from some 200 major cities participated. To date, 122 municipalities have submitted proposals, of which 30 were selected for support by the program.