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THE AFRICAN CAPACITY BUILDING FOUNDATION | FONDATION POUR LE RENFORCEMENT DES CAPACITES EN AFRIQUE

Discussion Note

Prepared by the African Capacity Building Foundation (ACBF)

This Discussion Note was prepared by the African Capacity Building Foundation to form the basis for discussion during the Panel Session. Ideas presented here are intended to stimulate further conversations and research, and do not represent firm conclusions or positions endorsed by ACBF.

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1. Introduction

A number of international conferences, declarations and recommendations including research papers have highlighted the importance of capacity building for sustainable development, as well as the need for integrated policy design and implementation.¹ For successful productive transformation in Africa, it is important for state, regional and continental bodies to have strong capacities to formulate, implement, and monitor policies at national, regional and continental levels. High levels of capacity are linked to superior policy outputs and outcomes, while capacity deficits are viewed as a major cause of policy failure and sub-optimal outcomes.² The increasing complexity of many contemporary policy problems coupled with rising expectations of the public, present unprecedented challenges to the capacity of governance structures to make and implement effective policies.

Despite notable progress on some capacity dimensions and the invaluable role of capacity development institutions such as the African Capacity Building Foundation (ACBF) in the past 28 years in building policy formulation capacities across Africa, (for example, by setting up think tanks and training institutions across Africa; and funding and conducting studies), capacity deficits are quite significant and continue to hobble Africa's development. ACBF's work around the '*Capacity requirements for implementing Agenda 2063's First Ten Years Implementation Plan*' is a good reference on the critical institutions and capacities required for Africa's structural transformation.³ Done through extensive consultations with key stakeholders on the continent, the study shows, among other important issues, that emphasis must be placed on the critical institutions required to successfully implement the development agendas. In the interest of economy, efficiency and effectiveness, existing institutions and systems at the national, regional and continental levels should be strengthened.

Africa still needs institutional, organizational, and human capacity building to implement its development programs. The continent has a lot to learn from the unsuccessful implementation of past plans such as the Lagos Plan of Action and the Millennium Development Goals (MDGs). Important agreements such as the recently-signed Africa Continental Free Trade Area (AfCFTA) - which is expected to boost intra-African trade and enhance competitiveness at the industry and enterprise level - will not take off if the implementation capacity challenges being faced at national, regional and continental levels are not addressed.

¹ Sustainable Development Goal Target 17.9 of the 2030 Agenda for Sustainable Development is the dedicated target to capacity- building and aims to "Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals; In the outcome document of the Rio +20 Conference, the Future We Want, capacity-building is the subject of paragraphs 277 -280. Member States commit to emphasize the need for enhanced capacity-building for sustainable-development.

² Howlett. M. 2015. Policy analytical capacity: The supply and demand for policy analysis in government. *Policy and Society*. 1449-4035.

³ ACBF (African Capacity Building Foundation) and AUC (African Union Commission). 2016. *African Union Agenda 2063: Capacity Requirements for the New African Vision Agenda 2063— "The Africa We Want"*. Harare: The African Capacity Building Foundation.

Research by ACBF shows that capacity, more than financial resources, is the missing link and the critical impediment to effective implementation of policies, projects and programs spelled out in continental, regional, and national development strategies. More specifically, the continent has failed to attain peace, justice and strong institutions⁴, achieve agricultural transformation and food security⁵, effectively manage its natural resources⁶, successfully integrate⁷, mobilize domestic resources⁸ and fully harness science, technology and innovation for socioeconomic transformation⁹ because of capacity deficits.

In the same vein, research has shown that capacity is one of the most critical enablers for Africa to achieve its productive transformation. Productive transformation is defined as the diversification into new products and higher value-added activities as well as in technological upgrading, the creation of more productive and better jobs and employment patterns that result in rising wages and poverty reduction.¹⁰ It is imperative as it translates into economic diversification and sophistication by creating new products and higher value-added activities, improving productivity and creating decent jobs. Adequate capacity at the human, institutional and organizational levels is therefore a prerequisite for successful structural transformation. More important, is strong capacity at policy-making levels to enable public policy formulation that accelerates productive transformation on the African continent.

This Discussion Note presents an outline of some of the key issues, challenges and possible solutions to addressing the capacity challenges facing the continent especially with regard to developing and implementing public policies that can accelerate productive transformation. This builds on ACBF's 28 years of supporting capacity development efforts on the continent. The Note also poses questions that will act as food for thought for African leaders, policy makers, researchers and stakeholders so as to share country, regional and continental experiences and provoke further research.

2. Key issues and challenges

Good policy frameworks are critical in determining the performance of firms, public sector bodies and other economic units. By extension therefore, productive transformation and the economic development of a country depends on the quality of this policy framework, the decisions taken, and the processes involved in formulating each decision. Public policies are vital for achieving the transformation agenda in Africa. Effective public policies that promote quality of exports and

⁴ ACBF. 2011. *Africa Capacity Indicators: Capacity Development in Fragile States*. ACBF: Harare.

⁵ ACBF. 2012. *Africa Capacity Indicators: Capacity Development for Agricultural Transformation and Food Security*. ACBF: Harare.

⁶ ACBF. 2013. *Africa Capacity Indicators: Capacity Development for Natural Resource Management*. ACBF: Harare.

⁷ ACBF. 2014. *Africa Capacity Report: Capacity Imperatives for Regional Integration in Africa*. ACBF: Harare.

⁸ ACBF. 2015. *Africa Capacity Report: Capacity Imperatives for Domestic Resource Mobilization in Africa*. ACBF: Harare.

⁹ ACBF. 2017. *Africa Capacity Report: Building Capacity in Science, Technology and Innovation for Africa's Transformation*. ACBF: Harare.

¹⁰ Nübler, I. (2014). *A theory of capabilities for productive transformation: Learning to catch up. Transforming Economies: Making industrial policy work for growth, jobs and development*. United Nations (UNCTAD and ILO).

investments in physical and technological infrastructure development should be at the core of the transformation process for the African continent. In addition, skills development through capacity building in Science, Technology and Innovation, improvements in the enforcement of property rights and reinforcement of the regulatory framework, strong institutions, assistance to local firms and private sector development should be at the core of the transformation process for the African continent.

Public officials face various challenges in policy formulation. It is clear also that countries throughout the world -developed and developing - vary considerably in their ability, and perhaps their willingness, to formulate and implement policies that will generate improved development performance. While commendable progress has been made by most African countries with efforts of such institutions as the African Capacity Building Foundation (ACBF) over the years, a number African countries still face serious capacity shortages in the area of policy formulation and implementation.

Role of, and capacity challenges faced by public institutions

The broader institutional environment influences policy formulation and can hence either facilitate or constraining it. Public institutions are key and central to the development of any economy because they are the conduits through which the state provides the necessary legal and regulatory framework for economies to function. It is also through these institutions that the state can provide an enabling environment for private sector and non-state actor participation and the necessary social and physical infrastructure for sustainable development.¹¹

Weak public institutions have hampered development in Africa. The public sector in African countries is largely weak, and its performance is unsatisfactory largely because of conditions that are rooted in colonialism, political conflict, and the underdevelopment of the private sector and non-state sector. Public institutions have often been unable to fully provide the legitimate rules and organizational capacity that are required to promote structural transformation.¹²

Public institutions in Africa have serious capacity deficiencies across the board — human, institutional and “soft” capacities. The continent’s transformation strategy, Agenda 2063, singles out “capable institutions and good governance” as important elements for its implementation success and a priority for its First Ten Year Implementation Plan. Moreover, the global 2030 Agenda for Sustainable Development also recognizes the importance of strong institutions for effective public service delivery.

Many public institutions in Africa continue to grapple with challenges relating to shortages of personnel with the requisite skills, weak capacity to formulate and implement policies, unmotivated staff due to uncompetitive conditions of service, and slow diffusion of technology for improving productivity and competitiveness¹³. These challenges result in inefficient procedures

¹¹ Nnadozie. 2018. Why should we worry about the capacity of public institutions in Africa and what can we do about it? *Africa Policy Review 2017/18*.

¹² ACBF. 2019. Africa Capacity Report: Fostering Transformative Leadership for Africa’s Development. ACBF: Harare.

¹³ *Ibid*

and weak intergovernmental relations, leading to policy inconsistencies and weak interactions between public institutions and the private sector.

Corruption in Africa has become so rampant that if no radical measures are taken to immediately curb this ill, societies can be destroyed, and the continent may never reach its full development potential. The rot found in most public offices has undermined the extent of development that could be derived from public resources and effective delivery of public services leading to sustained impoverishment of African societies. While the situation will vary from one country to another, there is general consensus that this has become a common challenge in most if not all African countries¹⁴.

For productive transformation to be achieved in Africa, long-term, systemic approaches are needed to build the capacity of the public sector to effectively formulate and implement policy.

Developing implementation capacity

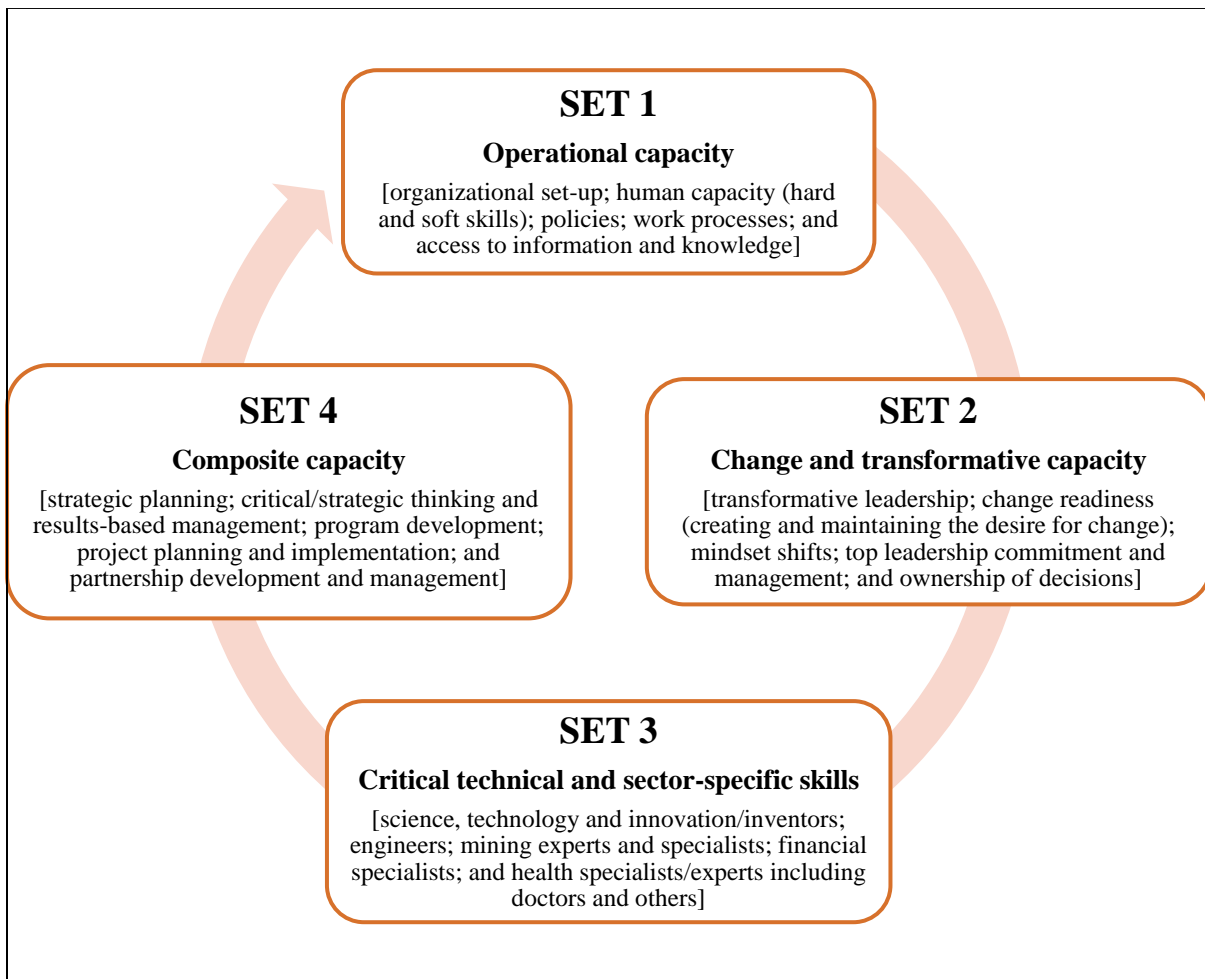
The Framework presented in Figure 1 submits that the capacity required for successful implementation of public policies geared towards Africa's productive transformation is clustered into four main categories (ACBF & AUC, 2016). They are (1) operational capacity for holistic and effective results including institutional and human capacity as well as policies, systems and work processes to ensure that public policies are successfully implemented at the country, regional and continental levels; (2) change and transformative capacity which pays attention to transformative leadership, change readiness, ability for mind-set shifts, and ability to innovate for successful transformation; (3) composite capacity including strategic planning, results-based management as well as organizational and coordination capability to ensure that the targets and objectives set out in public policies are achieved in a quality and timely manner, with accountability exercised at all levels and for all stakeholders; and (4) critical, technical and sector-specific skills for implementing the public policies – which means having the required number of quality technical expertise in the public and private sectors as well as for non-state actors in areas such as trade, investment, technology, and migration.

-----AfDB (African Development Bank). 2005. *African Development Report 2005: Public Sector Management in Africa*. Oxford, UK: Oxford University Press.

-----UNECA (United Nations Economic Commission for Africa). 2005. *Public Sector Management Reforms in Africa*. Addis Ababa.

¹⁴ ACBF. 2018. Fighting Corruption, is a matter of capacity. ACBF blog article. Accessed from: <https://www.acbf-pact.org/media/news/fighting-corruption-matter-capacity>, on 6 February 2019.

Figure 1. Capacity framework for effective implementation of public policies



Source: ACBF and AUC (2016)

Within this set of strategic capacity elements, the private remains one of the critical game-changing actors which is key for achieving the continent-wide productive transformation.

3. Some Proposed Recommendations

The importance of capacity building is widely acknowledged but much greater effort must be made to link capacity building efforts to socio-economic transformation and the goals identified in Agenda 2063 and the Sustainable Development Goals.

The following capacities for public policy formulation may need to be addressed, for successful and sustainable structural transformation¹⁵:

- Improving horizontal and vertical coordination and cooperation between policy sectors and the respective ministries through creating appropriate national level mechanisms to enhance communication between national entities.
- Continuous capacity building and development of retention and utilization policies by institutions responsible for economic policy formulation, implementation and management.
- Ministries' or entities tasked with the planning function should encourage evidence-based policy formulation and implementation at all levels drawing on diagnostic and evaluative studies on the impacts of policies and programs.
- Ensuring that Ministries of Finance and Planning are fully engaged in any policies being developed at the country level as these will be key in allocating resources to the countries' development programs.
- Transformative leadership and good governance is critical for formulation of public policies that are inclusive and sustainable
- Enhancing participation of civil society, including NGOs and the business sector is crucial for effective public policies.
- Creating an inventory of capacity building providers and ongoing capacity building activities is a good practice so as to draw on such expertise as need arises.
- Promoting coordinated capacity development initiatives across countries is important for sharing lessons of what works or not.

4. Selected questions for discussion/reflection

- What should be the priority areas if African countries are to build the capacities required for the formulation of public policies for productive transformation?
- What are some examples of existing and successful interventions in building capacity for public policy formulation? What are the lessons learnt?
- What other specific human, organizational and institutional capacities need building for effective formulation of public policies for productive transformation?
- What kind of partnerships can be formed for effective capacity building for policy formulation? What will be the role of each stakeholder?
- What is the way forward in creating a capacity building program for productive transformation? What should be the immediate actions to be taken?

¹⁵ UNEP. 2005. Enhancing Capacity Building for Integrated Policy Design and Implementation for Sustainable Development. UNEP: Geneva.

About the African Capacity Building Foundation

Established in 1991, ACBF builds human and institutional capacity for good governance and economic development in Africa. It is the African Union's designated Specialized Agency for Capacity Development in Africa since January 2017. To date, the Foundation has empowered people in governments, parliaments, civil society, private sector and higher education institutions in more than 45 countries and 6 regional economic communities. ACBF supports capacity development across Africa through mobilization and leveraging of resources for capacity development; grants, investments and fund management; knowledge services; promoting innovation in capacity development and capacity development advisory services. The establishment of ACBF was in response to the severity of Africa's capacity needs, and the challenges of investing in indigenous human capital and institutions in Africa. ACBF interventions are premised on four principles: the centrality of capacity to the development process in Africa; the critical role of a partnership and demand-driven approach in tackling capacity challenges; African ownership and leadership in the capacity development process; and a systematic, sequenced and coordinated approach to the capacity development process that pays attention to capacity retention and utilization. For further information go to: www.acbf-pact.org