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

ACBF
Working Paper No. 18

May 2010

CAPACITY BUILDING AND SKILLS DEVELOPMENT AS PRIME MECHANISMS FOR AFRICA'S SOCIO-ECONOMIC TRANSFORMATION: LESSONS FROM ACBF'S INTERVENTIONS

Frannie Léautier, George Kararach, Gibson Guvheya and Kobena Hanson

THE AFRICAN CAPACITY BUILDING FOUNDATION
20th
ANNIVERSARY 1991 - 2011

CAPACITY BUILDING AND SKILLS DEVELOPMENT AS PRIME MECHANISMS FOR AFRICA'S SOCIO-ECONOMIC TRANSFORMATION: LESSONS FROM ACBF'S INTERVENTIONS[1].

Abstract

This paper[2] draws on the extant literature and experiences of selected ACBF-supported interventions to examine the importance of capacity building and skills development for Africa's socio-economic transformation. There is now ample agreement that individual skills (human), organizational and institutional capital are key variables for economic growth, poverty reduction and long-term socio-economic transformation. With globalisation and the transition to knowledge economies where knowledge is a key driver of international competitiveness, knowledge generation is taking place at a rapid pace as well as becoming obsolete quicker, making capacity development vital — especially to allow for the exploitation and utulisation of experiential knowledge, intellectual capital and indigenous knowledge assets. Investing in human, organizational and institutional capacity is thus critical for attaining economic vitality, technological progress, and political stability. In the face of a global economic downturn, demographic shifts, climate change, growing humanitarian crises and persistently high levels of poverty, capacity development remains a collective challenge and priority for the public, private sector and civil society organizations. Governments, companies, and civic leaders need to work together in new alliances that leverage scarce resources, cutting-edge technologies, and institutional innovations to develop capacity for economic growth and poverty reduction in Africa.

Key words: Africa, capacity building, skills development, and socio-economic transformation.

---

[1] An earlier version of this paper was presented at the International Workshop on "*Accelerating Intra-African Trade and Investment*"- Africa Investment Forum 2010, Accra Conference Centre, Accra, GHANA.; 8-10 February, 2010.

CAPACITY BUILDING AND SKILLS DEVELOPMENT AS PRIME MECHANISMS FOR AFRICA'S SOCIO-ECONOMIC TRANSFORMATION: LESSONS FROM ACBF'S INTERVENTIONS

Frannie Léautier, George Kararach, Gibson Guvheya and Kobena Hanson[1]

Introduction

For a decade since the mid-1990s, sub-Saharan Africa (SSA) bucked the previous 40-year downward spiral of economic stagnation and deepening poverty especially vis-à-vis East Asia that started off on similar initial conditions as the Continent in the 1950s, thus marking a half-century of missed opportunities. For a decade until the onset of the food, fuel and financial crises of 2007-08, SSA posted an average economic growth rate of fully 6 percent, controlled inflation down to double-digit levels, reduced budget deficits and even began building up notable reserves particularly for the commodity exporting countries. As a result, some countries in the sub-region made significant headway toward r achieving some of the millennium development goals (MDGs). Accordingly, the proportion of Africans living on less than $1.25 a day is reckoned to have fallen from 58 percent in 1996 to 50 percent in the first quarter of 2009. The prevalence of HIV/AIDS stabilized, primary school enrolment increased, and progress was being made in other areas of human development (World Bank, 2010).

These positive developments turned on sound macroeconomic and structural reforms; an auspicious external environment as manifest in high international commodity prices, increased private capital and remittance inflows, enhanced aid inflows and debt relief from the international community; and improvements in governance and accountability (IMF, 2009). However, save for a handful success stories, this rate of progress was widely considered inadequate for the Continent to be on course to meeting the MDGs, centered on halving the incidence of extreme poverty and hunger by 2015. SSA has the highest incidence of poverty among all developing regions, playing home to 30 percent of the world's poor despite accounting for a mere 10 percent of the world's population. The region is the only one in the developing world to have regressed in terms of poverty in the 40 years to 2005, leaving the incidence of extreme poverty at twice the global rate (World Bank, 2005a).

The global recession has further worsened SSA's economic outlook, through occasioning steep reductions in commodity prices, tourism earnings, exports, remittances, and private capital flows. For example, remittance inflows which reached about $20 billion a year to the region before the financial crisis have fallen by 4 to 8 percent, hitting hard

[1] Frannie Léautier, George Kararach, Gibson Guvheya and Kobena Hanson are: Executive Secretary, Knowledge Management Expert (Economic and Financial Management), Officer for Special Assignments (Agricultural Productivity) and Head of Knowledge and Learning respectively at the African Capacity Building Foundation. For further comments and insights, kindly contact authors via g.kararach@acbf-pact.org

particularly such countries as Lesotho where remittances normally account for 29 percent of gross domestic product (GDP).

Similarly, private capital flows fell by 40 percent in the second half of fiscal 2009, from an all-time high of $53 billion in 2007, helping to finance much-needed infrastructure and commodity-based investments. As a result, the average economic growth forecast for the region was lowered from a peak 6.1 percent in 2007 to 1.7 percent for 2009 (IMF, 2009). Lower growth and the food crisis are expected to further retard Africa's progress towards the achievement of the MDGs, even for countries like Ghana that were close to halving poverty by 2015 and other leading performers like Uganda, Tanzania, Mali, Burkina Faso, Rwanda and Mozambique (World Bank, 2010; Herfkens, 2009).

Netting out the transitory effects of the ongoing global financial crisis and the recent food and fuel shocks of 2007-08, a trend analysis would underscore the centrality of capacity as a key covariate of Africa's development trajectory over the last six decades, alongside slow and inequitable growth, and poor governance and systemic corruption. The international attention that is being paid to Africa's progress toward meeting the MDGs by 2015, recent international commitments to increase the quantity and quality of aid to developing countries, and improved resource inflows to the Continent in terms of debt relief, aid, remittances and foreign direct investment (FDI) have refocused international attention on Africa's inadequate capacity to absorb increased resource inflows and turn them to positive development outcomes.

Capacity in this case refers to the ability of people, organizations and society as a whole to manage their affairs successfully, in this case to design, implement, and monitor-and-evaluate development policies and programs in order to achieve sustainable economic growth and poverty reduction, and *capacity development* is the process of unleashing, strengthening, creating, adapting and maintaining capacity over time (OECD, 2006). Capacity is also better conceptualized when answering the question for what? Capacity for individuals, organizations and societies to set goals and achieve them; to budget resources and use them for agreed purposes; and to manage the complex processes and interactions that typify a working political and economic system. There is now ample agreement that shared growth and deep poverty reduction requires not only capacity of the core public-sector (state capacity) to deliver and ensure access to basic public services and create a conducive environment, but also the capacity of the private sector and civil society to participate meaningfully in the development process, in turn to provide employment and hold government to account (World Bank, 2005a). Indeed, analytical and empirical work gives importance to access to public services, assets, and employment as key covariates of the incidence and depth of poverty[2]. The importance of capacity building and the public sector for poverty reduction is underscored by the fact that all recent country strategies for the World Bank identify public-sector capacity as a core objective, albeit in need of improvement (World Bank, op cit).

[2] See for example, Deaton (1997 — The Analysis of Household Surveys: a Micro-econometric Approach to Development) for a welfare-theoretic measurement of poverty and living standards.

Far from a new idea, capacity development has seized international planners and practitioners since the 1950s when international development morphed into a distinct enterprise. However, from the late 1980s the failure of four decades of foreign technical assistance in achieving sustainable national capacity as a key driver of the intended socioeconomic transformation of African countries inspired a rethinking of the traditional model of knowledge and skills transfer which stymied the utilization and development of indigenous skills as well as paying scant regard to the development of domestic institutions (UNDP, 2002).

In December 1999 the World Bank and International Monetary Fund (IMF) introduced Poverty Reduction Strategies (PRS) as a new framework governing relations between low-income countries and the two Bretton Woods institutions. Countries were expected to lead the preparation and implementation of PRS as a precondition for access to concessional funding from the two institutions as well as debt relief under the Highly Indebted Poor Countries (HIPC) initiative. PRSs also went on to provide a framework for donor coordination in the particular countries, through empowering governments to lead in-country stakeholders in setting their development priorities, and by encouraging donors to align their support to national priorities rather than their own. The goal of the PRS process is to foster a relentless focus on poverty reduction while securing more firmly political commitment and accountability as well as generalized stakeholder ownership to development programs, in a mutually shared manner between developing countries and donors themselves. By 2005, African countries comprised over half of the 49 countries that had prepared national PRSs, with a similar proportion for the HIPC program (World Bank and IMF, 2005).

Nonetheless, a World Bank and IMF Joint Staff Assessment (JSA) highlighted inadequate capacity as one of the chief constraints on the successful implementation of the PRS approach, in particular generally low technical skills and weak institutions for implementing a complex development agenda, which involves capacity to set clear goals and targets and link them to public actions; to budget for resources and use them for intended purposes; to facilite the participation of non-state actors in the development process; to align national to donor priorities; to design and implement national monitoring systems;. Capacity is also needed to strengthen non-state actors for effective participation in the PRS process the analytic foundations, both within and without government, for achieving a better understanding of the nature of poverty and the growth process, and their links to public actions; and to strengthen parliamentary capacity for effective participation in the PRS process (ibid).

This paper has six sections of which this is the first. Section 2 discusses the importance of migration, urbanisation and population growth and how these have affected capacity building and skills development in Africa; Section 3 highlights the challenges and opportunities associated with capacity building and skills development in the context of globalisation, as well as the need to have leadership skills to develop appropriate response strategies. Section 4 discusses what the paper considers as some key areas for Africa's economic transformation - especially agriculture and the development of small and medium enterprises. Section 5 underscores ACBF's partnership experience with African institutions to build capacity and develop skills for sustainable development on the continent. The paper concludes with section 6 that, despite existing political, resource and other related constraints, Africa can quickly adapt due to uptake of knowledge management, strengthened private-public partnerships and advances in information and communication technology (ICT) to develop the necessary capacity and skills essential for the continent's socio-economic transformation.

Migration, Urbanization and Population Growth trends in Africa

It is relatively well known that Africa is undergoing dramatic demographic changes due to variables such as migration, urbanization and population growth, with significant implications for capacity building and skills development, and for the overall socio-economic transformation of the continent.

Why discuss migration issues?

Discussing migration is important in the context of capacity building and skills development because it can transform individuals who move, the societies that receive them and even the society they leave behind (Sriskandarajah, 2005). Migration may be voluntary or forced as well as depend on push and pull-factors ranging from economic determinants, conflict, trade factors, human trafficking, rural-to-urban interchange, and environmental factors to mention just a few. Different types of migration flows are likely to dominate in different parts of a country, and may require an approach to research that disaggregates at sub-regional level as well as between countries and individual localities (Cross and Omoluabi, 2006).

There have been a number of efforts to develop theories that explain migration dynamics (see also De Haas, 2008). Many of these theories originate from early models of competing/differential economic opportunities and constraints in the rural and urban sectors and in different localities - best example in this genre of models is the Harris-Todaro model of rural-urban migration (Harris and Todaro, 1970[3]). While Todaro's (1976) work stressed job access as driver of migration, Lipton (1995) argued that migration is dominated by differential and competitive labour absorption between different areas, and not just about jobs at the urban end. Arguably, an area that cannot absorb its own labour supply tends to become a sending area and vice versa.

To Bryceson (1998, 2000) migration in Africa is an outcome of an inescapable reality whereby the rural economy is changing rapidly as land comes under pressure yet the terms of trade have moved against African small producers. These households increasingly stop relying on what is now often an inadequate income and members may migrate as a means to diversifying their income base. It has to be noted that socio-economic enhancement may actually increase migration as this may widen people's aspirations for self-advancement. Indeed, migration takes place within socio-economic as well as political context where this is a household survival strategy (Mafudkidze, 2006).

[3] See Lewis (1954) as an earlier variant of this model.

Migration may also arise due to structural inequalities be it at the level of the household, region, country or globally based on dependency pressures (see Wallerstein, 1974. With women's role in economic activity expanding, the need for greater income diversification and increased access to cash incomes is driving female migration. A recent research on the South African experience by Posel (2004) highlights a new trend for women migrants to succeed and secure economic security. However, it might equally be important to know how people in different categories actually move in relation to the resources they can mobilise to remit and support one or more migrants (Kok et al., 2003). International migration often takes place over great distances and is resource/finance intensive, while rural-to-urban and rural-to-rural migrations within the country of origin are not. Information flows and asymmetries, and network connections have great influences on migration. In the sub-Saharan African context, migration research needs to take account not only of socio-economic realities, but also other factors that may determine who can migrate and has the "kind of resources and connections that facilitate migration" (Cross and Omoluabi, 2006).

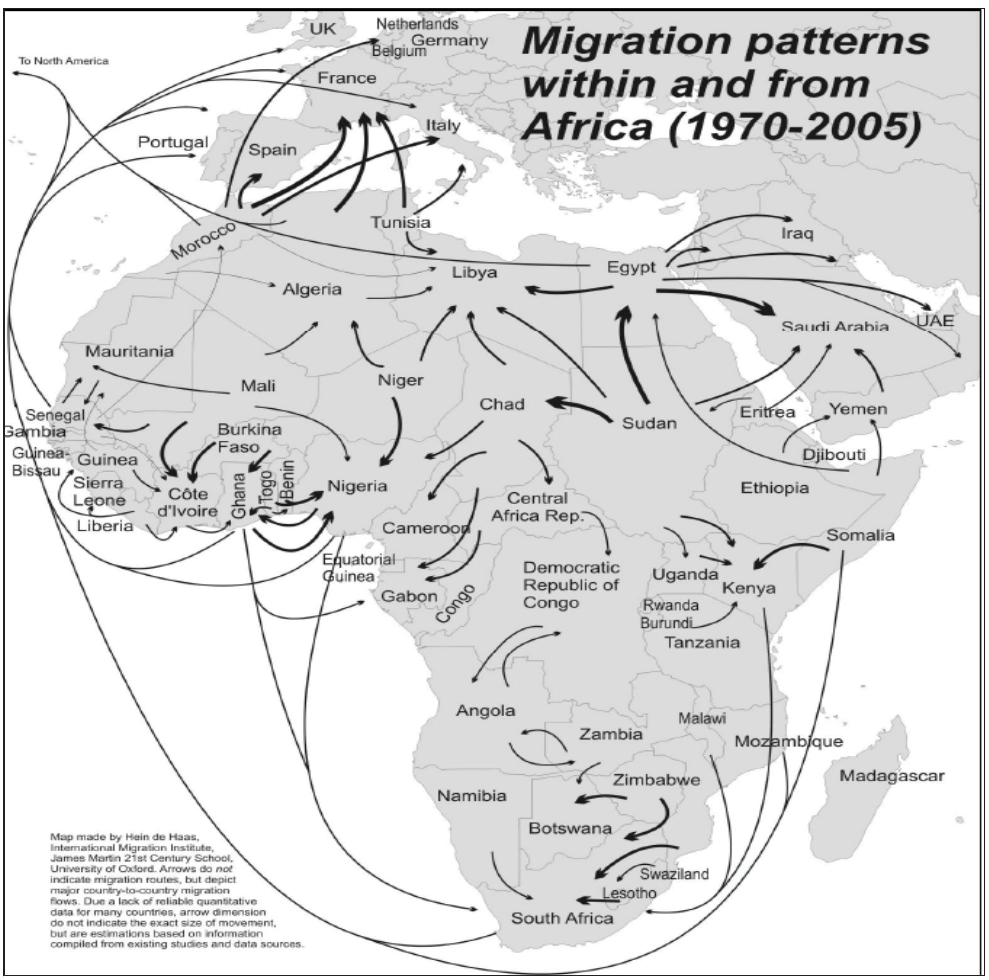
Adams and Page (2003) recently pointed out that over time migration is both poverty-driven and poverty-limited: that is, it starts to happen as incomes begin to rise and people in disadvantaged communities learn of opportunities outside their own localities – in that sense the spread of communication technologies and information flows become reinforcing factors. Without initial resources to support movement, poverty is an obstacle to migration. As incomes increase, migration tails off and stops when local incomes have risen past a point of relative adequacy. This point is reached as the area becomes relatively developed and offers its own competing opportunities. The conceptual model is one of a fairly steep curve that rises sharply and then falls. The income-migration curve is thus bell-shaped.

De Haas argues there is a persistence myth of the nature of migration from Africa – as he put it: "It is a myth that all West African migrants crossing the Sahara to North Africa are 'in transit' to Europe. There are probably still more sub-Saharan Africans living in North Africa than in Europe. Libya in particular is an important destination country in its own right, in particular for Chadians, Nigeriens and Sudanese. Other North African countries house smaller but growing West and Central African communities. An estimated number of between 65,000 and 120,000 sub-Saharan Africans enter the entire Maghreb yearly overland. Between 20 and 38 percent of trans-Saharan migrants are believed to cross eventually to Europe. This clearly counters common views that reduce North Africa to a transit zone or "waiting room"…it is probably safe to say that the total number of successful irregular entries of West Africans into the European Union should be counted in the order of several tens of thousands rather than hundreds of thousands". Figure 1 below shows the nature of migration from and within Africa for the period 1970-2005.

Hatton and Williamson (2003) argued that policies necessary to tackle challenges related to migration and poverty are not necessarily the same – in other words, policies that help migration do not necessarily help the poor, and policies that help the poor may accelerate rather than reduce migration. Indeed the very poor usually do not have the resources, capacity and skills to easily support migration, and international migrants do not largely come from this grouping. "People who migrate are most often those who have begun to raise their expectations, have accumulated some resources and some information, and also have access to trans-local networks – they are the middle poor and upwards, not the destitute" (Adepoju, 2006).

The distinction between internal and international migration in sub-Saharan Africa may be spurious because of close cultural affinities between homogeneous peoples on opposite sides of national borders – this may also enhance population/migrant absorption. As a result, migrants often regard intra-regional migration as an extension of internal movement given the connectedness due to lineage (Adepoju, 1998a). Deepening poverty and socio-economic insecurities have transformed some of the migration that would otherwise take place internally into replacement migration into urban areas and emigration across borders to more prosperous countries (Adepoju, 2000a). With climate change and environmental degradation, SSA's fragile ecosystems are also forcing rural populations to migrate from hinterlands to coastal regions; from the rural areas to migrate to the cities and in some cases to neighbouring countries as survival strategies. Scarcity of local jobs in the face of worsening urban and youth unemployment reinforces the persistence of migration in the region (Léautier, 2009).

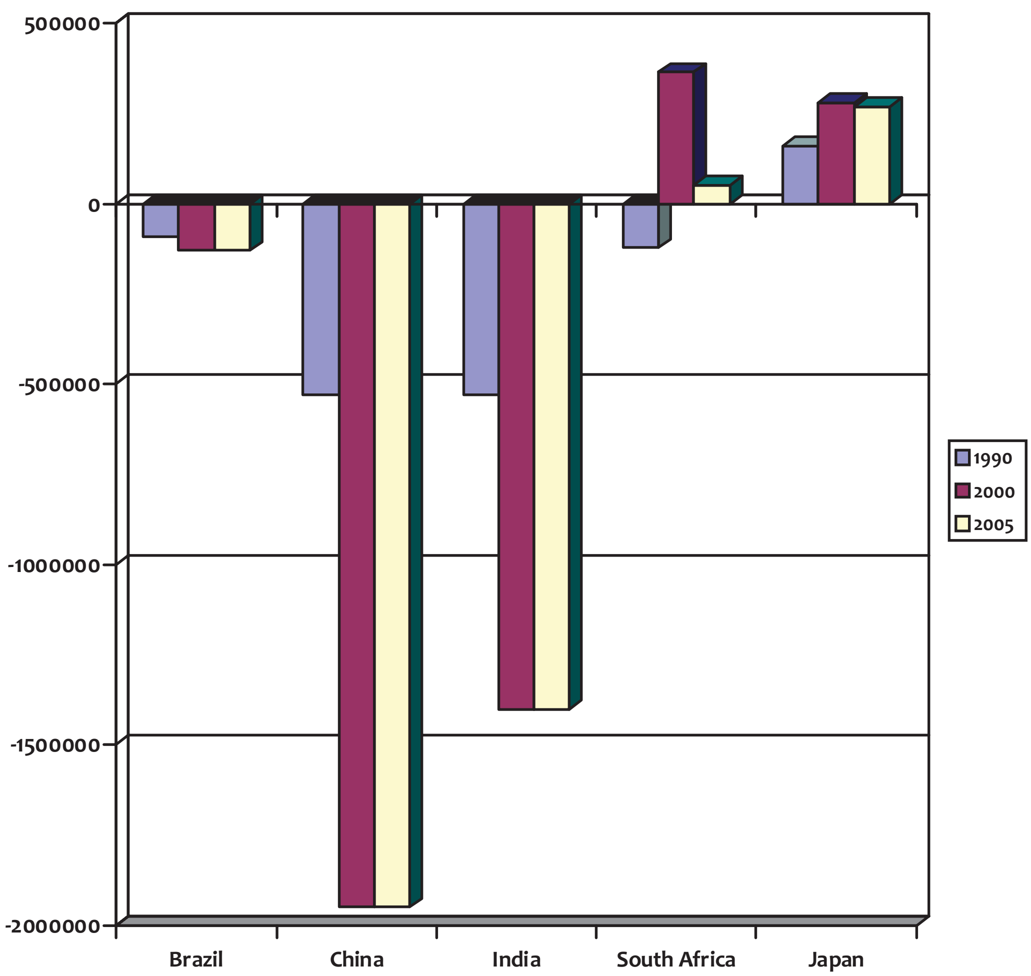
Figure: 1. Migration patterns within and from Africa (1970-2005)



Source: Adopted from De Haas (2007)

With global economic downturn, fewer migrants are able to find stable and remunerative work in traditional regional destinations, circulation and repeat migration have expanded to a wide variety of alternative destinations. With globalisation, migration in SSA has become more varied and spontaneous with migrants exploring a much wider set of destinations, resulting in rising levels of both temporary and long-term circulation (Findley et al., 1995). Figure 2 below gives a picture of migration in select countries.

Figure 2: Net Migration in Selected Countries: 1990, 2000, and 2005



Source: Adopted from Léautier (2009).

Léautier (2009) argued that there are three observable trends in migration over the century:

- Prior to 1930: Regulation of migration, determined by labour market needs; mostly short distance agricultural migration;

- After World War II: Recruitment of guest workers for post war reconstruction in Europe, fewer barriers; and
- After 1973: Poverty driven migration from developing to developed nations, skilled workers welcomed but concerns about unskilled labour increase.

These trends have also influenced other population dynamics such as urbanisation and broader socio-economic policy.

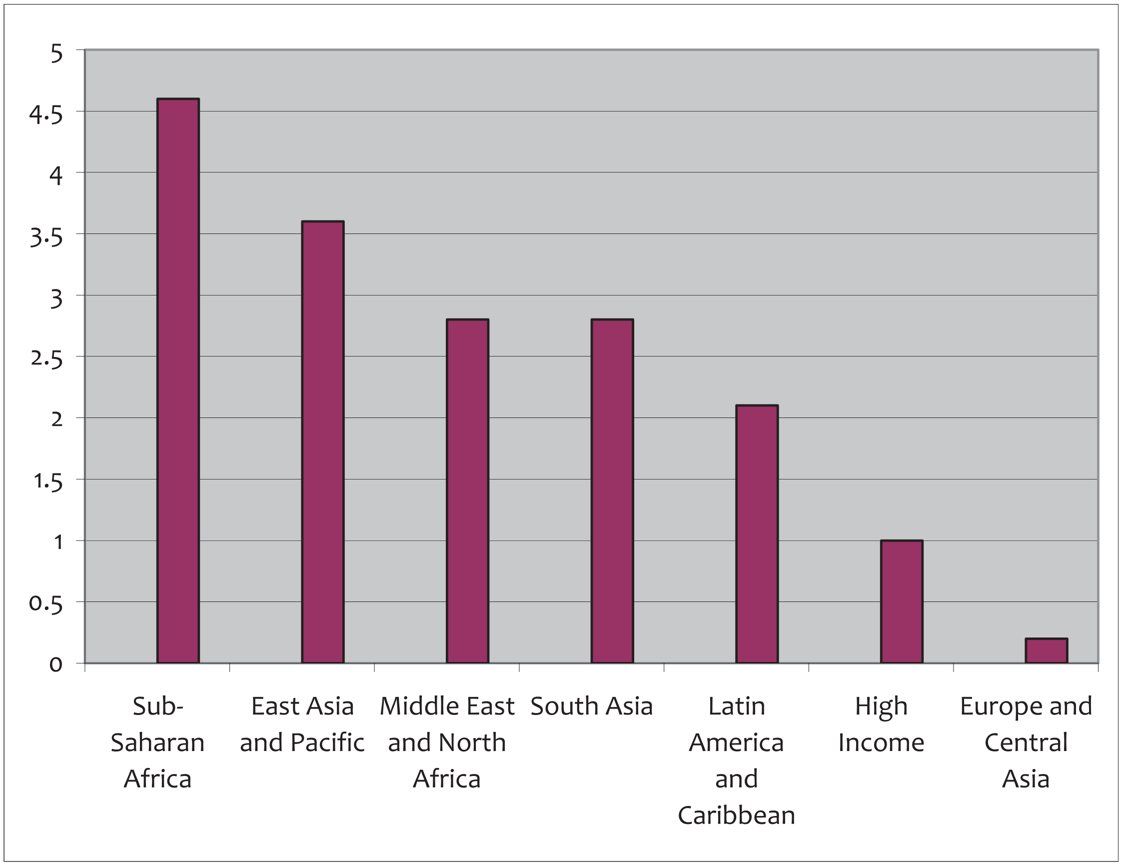
What is the importance of urbanisation and population dynamics in this discussion?

As already noted above, migrants in sub-Saharan Africa have also been moving into urban areas as part of internal migration. Although the forces that drive urbanisation might be slightly different, the growth of the urban population of a country has three components: the natural growth of that population, growth due to rural-urban migrants, and growth due to a reclassification of census areas between two consecutive censuses. These components can however be collapsed into two: the natural growth of that population and growth due to rural-urban migrants as reclassification co-opt rural folks (Bouare, 2006). Investing capacity and skills are essential for the economic vitality, technological progress, and political stability in these urban areas as complex and dynamic systems. The growth of urban areas are known to bring with it global connectivity in terms of networks of businesses and production chains such as accountancy, advertising, banking/finance, insurance, law, and management consultancy firms (Léautier, 2009).

Bouare (2006) conducted a study of the levels of urbanisation of some 32 select African countries in 1985, 1990, 1995, 2000 and 2005. The study showed a steady increase in the urbanisation levels of all the countries from 1985 to 2005[4]. Gabon had the highest urbanisation level in 2005 (85%), while Uganda had the lowest (12%). Half of the 16 Francophone countries (Gabon, Djibouti, Tunisia, Mauritania, Morocco, Congo, Cameroon and Senegal) had an urbanisation level above 50% in 2005. No Lusophone country had such a high level in 2005, while only two Anglophone countries out of 13 (South Africa and Botswana) were more than 50% urbanized in 2005 (58% and 53% respectively). According to UN-Habitat (2009) "Sub-Saharan Africa (SSA) is urbanizing faster than any other continent. Though SSA has only recently started its urban transition, the pace is such that it can expect an urban majority by around 2030. In 2001, only Congo, Djibouti, Gabon, Mauritania and South Africa had urban majorities; but by the end of the current decade, no less than nine SSA nations will pass the 50 per cent urban mark". Figure 3 below shows the rate of urbanization across the selected regions of the world.

[4] Potts, D. (2009) makes a somewhat weak counter-claim that urban growth in SSA is slowing down.

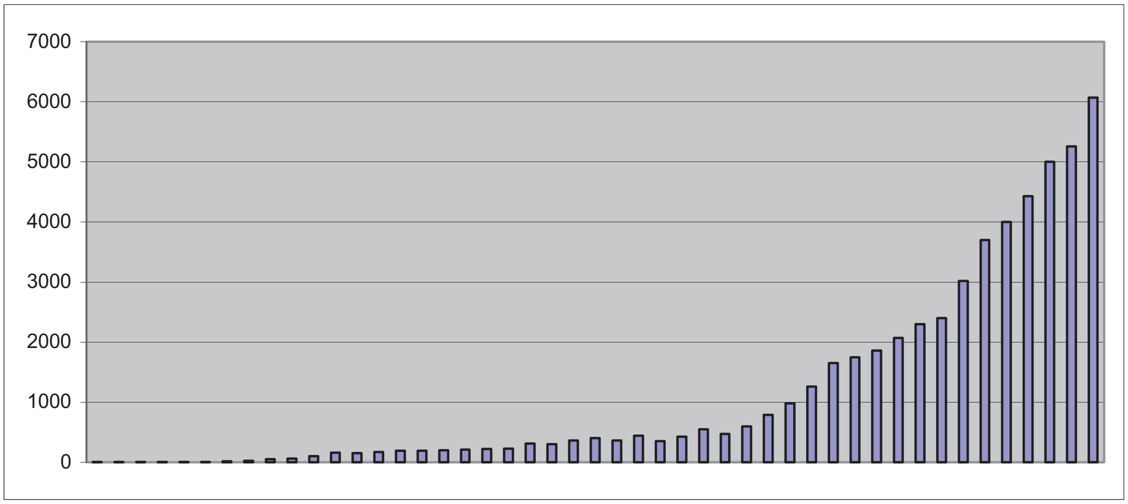
Fig. 3: Urbanisation in selected regions of the world – average annual growth rate 1990-2003 (%)



Source: World Development Indicators, 2005.

Another factor that is important to consider when discussing the importance of capacity and skills development for Africa's socio-economic transformation is that of population growth (see figure 4 below on global trends). The region's population increased from 100 million in 1900 to about 770 million in 2005 (Flechet, 2008). The latest United Nations projections, published in March 2007, envisaged a figure of 1.5 to 2 billion inhabitants being reached between the present and 2050. This demographic transition due to migration, urbanization and rising population should be met by huge investments in construction of new infrastructures, wastewater drainage and treatment and refuse reprocessing in the great agglomerations, whose management threatens to become even more problematic. With a relatively young population, the region will continue experiencing biting poverty given the high dependency ratio and low rate of economic growth essential in raising per capita income.

Figure 4. Global Population: Explosion in the last 200 years.



Source: Adopted from Léautier (2009a)

What are the consequences/implications of migration, urbanization and population growth for capacity building and skills development in SSA?

Population dynamics have affected the development agenda of SSA with implications as to how skilled manpower and capacity get generated and utilised. Remittances from emigrants – until very recently - increased substantially forcing a new debate on the productive use of remittances as a poverty alleviation strategy. There have been a number of attempts to find creative ways to define the diaspora's role in developing the country-of-origin to promote national development. There are also negative factors on capacity and skills development: the scourge of HIV/AIDS and its impact on manpower utilisation and replacement, trafficking in children and women, conflict, etc. Some of these issues are discussed below.

a) Capacity, skills development and brain drain

SSA has suffered significant capacity and skills haemorrhages because of the brain drain. The rapid emigration of SSA's skilled professionals to other parts of the world was spurred by a combination of economic, social, and political factors (Adepoju, 1991). Between 1960 and 1987, Africa lost 30 per cent of its highly skilled nationals, mostly to Europe. Between 1986 and 1990, about 50 000 to 60 000 middle- and high-level African managers emigrated due to weakening domestic socio-economic and political conditions (Adepoju, 2006).

It is estimated that about 23 000 African university graduates and 50 000 executives leave the region annually and about 40 000 PhD holders live outside Africa (Adepoju, 2005a; IOM, 2003a). Yet donor-funded programmes employ about 100 000 expatriates having the same skills possessed by Africans in the diaspora, at a cost to the region of about $4 billion yearly. This unnecessary hiring accounts for 35 per cent of the region's annual official development assistance. Because of the tendency to provide tied aid, donor agencies usually insist that staff originate from their countries and obliging African governments to employ expatriates as part of the overall aid package. This practice denies the region the optimum utilisation of the skills of its diaspora (UN, 2003; Adepoju, 2006). Countries have lost opportunity and the incentive for training replacement cohorts. For example, in Zimbabwe about 60 per cent of doctors emigrated to Botswana and South Africa as the economy became strained (Adepoju, 2005b). The United Nations (UN) has estimated that "over the next decade Africa will need to train an additional 1 million health care professionals. The continent will also have to find ways to retain more of the doctors, nurses, pharmacists and laboratory technicians it currently produces" (UN, 2005:18).

The major challenge facing Africa is how to retain, effectively utilise and attract back the rare skills of its nationals required for national development. Remittances may not compensate for the potential educational contribution of the skilled emigrants through training and transfer of expertise to younger cohorts at home (Adepoju, 2006). However, De Haas (2005, 2007) highlights the need for caution: a) not all migrants are skilled, b) brain drain is massive in a few countries; and c) it is difficult to generalise the various effects (economic, cultural, social, etc.) of out-migration of skilled and educated individuals.

b) Remittances as resources for capacity building and skills development

The scales and impacts of remittances on the economies of sending countries have been rising steeply and now parallel export earnings and official Overseas Development Assistance (ODA) in countries such as Ghana and Nigeria (Cross et al, 2006b; Adepoju, 2006). Remittances provide vital resources for poor family members especially, to pay for basic services, particularly health care, to educate siblings and children, set up small enterprises, or enhance agricultural production through improved irrigation schemes and other agricultural inputs. Remittances may also help ease foreign exchange constraints in many countries, as it was the case in Zimbabwe. From a macroeconomic point of view, remittances are important for their anticyclical nature, rising in times of economic downturns in the receiving countries, thus contributing to the smoothening of business cycles. This property has obviously taken a knock during this global recession.

There has been a growing attempt by SSA governments to have policies that promote migrants' remittances for domestic investment, using their embassies to disseminate information on investment opportunities to their nationals abroad. These programs have tax and other incentives to encourage remittance and investment at home. The debate is now shifting to how best to make remittances work productively for poor recipients by minimising transfer risks and enhancing the domestic environment for investment. Governments should consider including the use of remittances in their planning and policy framework. These resources will remain crucial for capacity building and skills development for the foreseeable future.

c) The diaspora links with home and capacity utilisation

It is relatively well known that migrants tend to keep links with the country of origin forming an emigration-diaspora-return continuum. This intention tends to drive their investment portfolios and behaviours. The migrants in the diaspora also stay engaged in political advocacy and other socio-cultural exchanges. African diasporic associations help new arrivals adapt and integrate into destination labour markets and host communities (Adepoju 2005a). A number of countries in the region such as Kenya, Nigeria, Ghana, and Uganda have been working on strategies to attract back their nationals or tap diaspora capacity and skills to contribute to national development. Migrants can therefore play an important role as innovators and transnational entrepreneurs (De Haas, 2005).

d) Socio-economic dynamics, capacity and the feminisation of migration

Traditionally, migration has tended to be dominated by men as the women stayed 'home' to look after the family. With changing socio-economic dynamics, more and more women are venturing into long-distance and long-term migration – resulting in what others refer to as the feminisation of migration (Cross *et al*, 2006b). Among the sub-regions, western and eastern Africa have higher numbers of international migrants in general and increasingly also of female international migrants, sometimes leaving their spouses at home to care for the children. Female nurses and doctors have been recruited from the region to work abroad.

As the jobs market becomes difficult many families depend on women and their income-generation activities for day-to-day support. The gendered division of labour has also been upset by the loss of male employment forcing women to seek additional income-generating activities to support their family. It's highly possible that unskilled women may be forced in migrant prostitution. Such family survival strategies in the face of harsh domestic economic conditions and changing gender roles create new challenges for research and public policy. For example, this labour market dynamics have created skills and capacity shortages in areas such as nursing.

e) Trafficking in human beings as capacity and skills depletion

Human trafficking is tantamount to forced removal of labour. The majority of victims are usually children, mainly for farm and domestic labour within and across countries, but there is also trafficking in women and young persons for sexual exploitation mainly outside the region. Adepoju (2006) outlines a wide range of factors – including deepening poverty, deteriorating living conditions, persistent unemployment, conflicts, family disintegration, human deprivation and hopelessness – as drivers of human trafficking in the region. Women are vulnerable to traffickers as a result of poverty, broken homes, displacements and peer influence. Sexual exploitation exposes women and children to HIV/AIDS and abuse. In this respect, strategies that target building capacity and enhancing skills of women and protecting the rights of children from trafficking and exploitation become paramount.

f) Capacity issues, skills development and manpower utilization in the context of HIV/AIDS pandemic

It is relatively well known that HIV/AIDS has had dramatic effects on capacity and skills development in sub-Saharan Africa. HIV/AIDS prevalence rates are very high in SSA, especially in the major labour-sending (Lesotho, Mozambique, Zambia, Malawi, Swaziland) and labour-receiving countries (Botswana, South Africa) of Southern Africa, and increasingly elsewhere in the region thus imposing labour/skills constraints on these countries. The most hit key sectors are education and health (AUC, 2004). Unfortunately, the emigration of skilled health professionals – doctors and nurses – from South Africa is occurring at a time when their services are acutely required in the over-stretched health sector. This could also be said of the areas of the economy such as mining, manufacturing and agriculture as well as at the household, community and national levels (Adepoju, 2001). HIV/AIDS and related premature death among youths and skilled individuals has also brought in its wake a reversal of roles and the depletion of the skills pool and over all capacity. Raising the investment climate in Africa will require dealing with diseases such as AIDS and malaria.

g) Region economic integration, migration and capacity utilisation

Given the importance of the AIF, it should be highlighted that the economic unions in SSA are each dominated by the economies of a single country, and free movements of people limited to a few countries within each of these unions – Botswana and South Africa in southern Africa, Gabon in central Africa, Côte d'Ivoire and Nigeria in West Africa. Adepoju (2006) claims that "these countries' prosperity was built by migrant labour – cocoa and coffee plantations in Ghana and Côte d'Ivoire, mines and agriculture in South Africa, and the forestry and oil fields of Gabon. Resource rich but labour-short countries – Botswana, Gabon, Côte d'Ivoire – rely heavily on immigrant labour". In that sense, it would pay SSA countries to have a regional approach to capacity building and skills development.

There has been some progress in that most regional integration agreements in Africa include provisions on the free movement of persons and the right of residence (Léautier, 2009). Whatever the weaknesses of these provisions, they have led to the easing or abolition of visa requirements for travellers within the integration groups concerned, particularly in Western, Eastern and Southern Africa. However, restrictions remain on employment and the right of residence with implications for capacity usage and skills development at a regional level – thus being a major constraint to regional integration.

h) The human rights of immigrants and refugees with rising political tension

In most cases SSA societies have been welcoming immigrants and sharing their limited resources without recourse to xenophobic behaviour. This is no longer the case in many countries. With pressures like the recent economic downturn, immigrants have also become scapegoats in periods of economic recession, and are accused of stealing local jobs from nationals. They are also stigmatised as criminals, and blamed for the spread of diseases, including HIV/AIDS (Adepoju, 2003a; Campbell, 2003). The subsequent political tension not only affects the flow and utilization of capacity and skills across countries in the region but also affect diplomatic relations among countries. For example, South Africa has become increasingly xenophobic: whereby immigrants are being regarded as 'a direct threat to their future economic well-being and as responsible for the troubling rise in violent crime'. Unfortunate incidents include attacks on hawkers, burning of homes of migrants, inhuman treatment by police and so on (Human Rights Watch, 1998).

This tendency undermines the capacity of host communities to utilise the skills of socially excluded immigrants.

Globalization and leadership – implications for capacity and skills development

Globalisation is a catchall phrase or concept used to describe intensifying global forces (Archibugi and Iammarino, 1997). Besides migration as an aspect of globalization; there is economic inter-connectedness. Recent developments have not only seen increased trade and capital flows, but also the shift towards a knowledge-economy. The trends have engendered new challenges, opportunities and possibilities for the leadership of institutions as well as countries (Hanson and Léautier, 2009). Globalisation has brought with it complexity and risks as well as opportunities for institutions and countries to deliver on the mandate and development agenda. Léautier (2009b) argued that in a complex environment, leaders (business or political) should understand that:

- Complexity generally increases with increasing interactions among previously independent systems,
- Higher complexity has the potential to generate a set of new risks and challenges, and has been known to create more frequent risks, added severity of risk, and can even lead to further synchronization of risks,
- When complexity is high it becomes progressively more difficult to predict outcomes of strategy or a course of action; and
- New approaches are therefore needed to guide leaders, decision-makers, and analysts.

As a result of the above, leaders of institutions should be held accountable, amongst others, for their support to growth and long-term success of dynamic learners (institutions and individuals) and their ability to translate leadership competence into strategic assets.

Globalisation has resulted in two important tendencies that require dynamic leadership in Africa: fragmentation and the emergence of global value chains. Fragmentation describes a state of change in the production of goods and services such that various components are produced in different countries (Freenstra, 1998). This process is sometimes referred to as 'vertical specialisation'. Velde (2005) reports that world trade in parts and components in manufacturing sector stands at about 30%. Campa and Goldberg (1997), using an input-output methodology, find that fragmentation as measured by the share of imports in total inputs used in production has risen considerably over the years. Developing countries have to some extent benefited from these dynamics with economic liberalization, technical change, and improved services such as transport, ICT and economies of scale. The off shoring of ICT-based services has emerged in countries such as Mauritius, Ghana and South Africa.

With respect to global value chains, this involves trade based on networks of firms across national borders. A value chain describes the range of activities needed to bring a product or service from conception, through the processes of production, into finalization for consumers and disposal after use (Kaplinsky, 2000). To appreciate the complexity of these processes, one needs to understand the typology of governance in value chains and the effects of such governance forms (Velde, 2000). Of concern here is the way developing countries participate in global value chains – especially the nature of capacity and skills required for them to benefit from such engagements with rich country importers and retailers.

Léautier (2009b) argued that to operate and compete effectively in a globalised economy one requires specific skill sets to allow for:

- Adapting to global constraints,
- Options for functioning in areas of low predictability,
- Awareness of actions of other agents in shaping global properties that affect your decisions; and
- Values and behaviours that serve as a guide in making choices in the face of complexity and risk.

The rapidity with which change is taking place also requires that one has to be "politically astute, economically savvy, business aware and emotionally intelligent" (Hanson and Léautier, 2009). These qualities are essential for an institution or individual to operate effectively in an environment that knowledge is highly valued and there is need for capacity to use technology in a wise, effective and efficient manner. Specific leadership and governance skills are thus to allow for capacity to: a) function in environments with low predictability, b) handle diverse potential futures, c) be quipped with a set of values and behaviours that guide them in making choices in challenging circumstances; and d) identify patterns of change (shifts), extract important relationships (interactions), and select from a variety of approaches for handling challenges (Léautier, 2009).

With globalisation, knowledge generation is taking place at a rapid pace as well as becoming obsolete quicker, making capacity development vital - especially to allow for exploitation and usage of experiential knowledge, intellectual capital and indigenous knowledge assets. The increased focus on learning and knowledge imposes the need to rethink how leaders are perceived whether they are proactive, visionary and current (Hanson and Léautier, 2009). A number of perspectives as to how knowledge will be transmitted have emerged with birth of concepts such as: "learning by doing" (Cope and Watts, 2002; Aldrich, 2005), "X-teams" (Ancona, et al., 2002; Ancona and Bresman, 2007), and "Theory U" (Scharmer, 2007).

Hanson and Léautier (2009) argued that the notion of leadership "is conceptually bound up with new and merging insights relating to effective dealing with the growing complexity of the environment(s) – including policy and institutional environments – in which one's governance systems and developmental efforts exist". Leaders therefore need to be able to detect and cope with change in the external environment while maintaining the primary goal of the given institution (Kivipõld and Vadi, 2008). One has to develop the skills and capacity to understand interconnected systems in order to: a) design appropriate strategy, b) put effective risk management framework in place; and c) select from a series of potential courses of action (Léautier, 2009c). Fostering institutional and individual leadership as well as translating it into a strategic asset is crucial for Africa's development. Such an asset is "key to bolstering intellectual capital and strategic scanning, that is the capacity to recognize the behaviour of interconnected systems to make effective decisions under varying strategic and risk scenarios, and the transformation of knowledge as a leveraging mechanism for the achievement of specified societal objectives and goals" (Hanson and Léautier, 2009).

The mega-question is: what innovative processes and technologies can organizations develop to support their leadership development strategy? How has new technology been influencing Africa's talent-pool? Although new trends are emerging on the uptake of new technology, Africa has not yet invested sufficiently in the utilization of modern technology to promote trade and investment on the continent. Only about 6% of Africans currently have access to telecommunications and most of these people are based in urban areas. The African Development Forum held at UNECA in Addis Ababa as far back as 1999 identified the following barriers to e-commerce in the continent:

- African infrastructure is not sufficiently e-commerce friendly: the physical infrastructure is inadequate; the electronic transaction infrastructure is deficient; and the legal and regulatory framework is undeveloped; and
- The African e-commerce environment is not supportive: the level of awareness of e-commerce is not high enough; African entrepreneurs need training in using the Internet for business; and African Internet-support professionals need training. Indeed, Africa also has the lowest Internet diffusion in the world (see fig. 1 below).

The weak ICT capacity has hindered Africa's chances of exploiting the growth in e-commerce and related activities (Sako and Kararach, 2007). Guvheya and Léautier (2009) argue that there is encouraging progress in the new technology in developing countries; with continual emergence of new, often disruptive ICT technologies yet with expanded possibilities for resolving nagging development problems; and the evolution of business models towards the profitable rollout of ICT to developing countries including SSA. Because of the heavy outlays, sunk costs, and longer gestation periods associated with laying out backbone networks for broadband, the state should play a catalytic role in financing ICT infrastuctural investment.

Priority Areas for Africa's Development

Given the dynamics associated with participation in a globalised world, the capacity and skills challenges facing the continent, there is need for prioritisation of development interventions. Two such areas are considered below: agricultural innovation and the development of small and medium enterprises as they remain key drivers of the SSA economies.

Agricultural Development and Poverty Reduction

Across much of SSA countries, agriculture and its associated industries play a vital role for attaining sustainable economic growth and achieving the MDG of halving extreme poverty and hunger by 2015 and continuing to do so for several decades thereafter. In these countries, over three quarters of the population reside in rural areas — reaching 80 percent for Kenya, for example — with the majority of them depending on agriculture for their livelihoods. Furthermore, most of Africa's poor reside in rural areas. The agricultural development frontier has changed dramatically over the last couple of decades. While many smallholders depend on subsistence farming, others have pursued various pathways out of poverty. Some smallholders join producer organizations and contract with exporters and supermarkets to sell high-value fruits and vegetables that they produce under irrigation in expanding value chain relationships; some join rural labor markets to work for larger farmers who meet the scale economies required to supply modern food markets; while some pursue entrepreneurship and jobs in the emerging rural non-farm economy. As a result, agriculture accounts for over 30 percent of economic growth, with its impact amplified by the many backward and forward linkages with upstream input suppliers and allied services to value-chain development, and forward linkages it has with agro-based and manufacturing sectors (UNCTAD, 2009).

International development experience attests to agriculture's special powers in reducing poverty for the majority of agriculture-based SSA countries. Results of cross-country analyses have shown that economic growth emanating from agriculture is at least twice as effective as non-agricultural growth in reducing poverty. For China that ratio was to the order of 3.5:1, and 2.7:1 for Latin America. The rapid agricultural growth following rural institutional reforms and market liberalization in China in 1978, and technological innovations (e.g. the green revolution) in India in the 1960s presaged major declines in rural poverty. The same pattern was recently attested in Ghana, where rural households accounted for the lion's share of the aggregate reduction in poverty, chiefly as a result of productivity improvements in the cocoa sector (World Bank, 2008).

Furthermore, agriculture has the capacity to serve as the lead sector for overall economic growth in SSA, drawing on two important reasons. First, in many countries food remains imperfectly tradable as a result of high transactions costs and the prevalence of staple foods that are at best thinly traded in international agricultural markets, such as roots and tubers. For such countries, therefore, domestic agricultural productivity determines the price of food, with implications for wage costs and the international competitiveness of the formal manufacturing sectors (Johnson and Mellor, 1961). Second, for many African countries comparative advantage will lie in the tradable sub-sectors of agricultural primary commodities, alongside mining and tourism depending on country circumstances. In those situations, growth in the tradable and non-tradable agricultural sub-sectors would also spur growth in the other sectors of the economy through multiplier effects. Thus, for many years to come pending the dynamic shift in comparative advantages, economic growth in SSA would continue to be anchored in agricultural growth (World Bank, 2008).

Despite the perfect storm of challenges — external shocks, increasing land pressure, climate change, and misguided policies — that confronted agricultural development in the last three decades and the consequent under-exploitation of agriculture for development, a dynamic new agricultural development model is emerging, benefiting from dynamic new markets, far-reaching technological and institutional innovations, and new roles for the state, private sector and civil society. Most importantly, the emerging new agriculture is centered on private-sector participation in dynamic and extensive value chains linking input suppliers, specialist service providers, smallholder farmers supported by their producer organizations, and final consumers. The development of new markets and changing consumer demands would necessitate product differentiation of traditional export commodities, and would benefit from regional market integration. Larger-scale commercial agriculture and fair and efficient labor markets would also provide a veritable pathway out of poverty in the existence of economies of scale. Underlying this new normative model is the importance of capacity building for the public and private sectors and producer organizations to promote smallholder agricultural productivity growth and competitiveness in the agribusiness sectors, thereby providing veritable pathways out of poverty for a wide spectrum of rural poor (UNCTAD, op cit; World Bank, 2008).

Guvheya and Léautier (2009) discuss the vast possibilities offered by recent developments in ICT — especially the ubiquitous mobile phones — for agricultural development in Africa, through the improvement of smallholder farmers' access to market information and improved production techniques, thus mitigating the effects of SSA's woefully inadequate infrastructure linking rural areas to urban markets. The authors discuss a number of cases of institutional and technological innovations to harness the mobile phones and other ICT media for agricultural development, ranging from the *E-soko* project in Rwanda, *TradeNet* in Ghana, the *Songtaaba Association* in Burkina Faso, and the *E-Choupal* in rural India. In addition, the paper gives a broader survey of technological and institutional innovations to harness mobile phones and ICT for broader African development, notably for improving public service delivery (e-government); banking and financial sector inclusion for the poor (mobile banking); and primary healthcare and epidemiology (e-health).

The key to unlocking agriculture's potential for growth and poverty reduction and improving the environment in SSA requires technological and institutional innovations that *increase the asset positions of the rural poor* — notably land, water, education, and health — to enable households to participate effectively in agricultural markets, secure livelihoods in subsistence farming, pursue entrepreneurship in the rural non-farm economy, and find skilled employment in urban labor markets. However, SSA faces obstacles to increasing the assets of the poor, emanating from reduced per capita land holdings and land fragmentation in densely populated areas such as Eastern and South-eastern Uganda; poor health and education which limit labor productivity and participation in rural labor markets, particularly emanating from the exceptionally high incidence of HIV/AIDS and malaria; decreasing access to water and limited investment in irrigation that threaten the stability of crop yields and pastoral farming, especially in light of global climate change; and low levels of basic education in most SSA countries (World Bank, 2008).

To mitigate the foregoing constraints, institutional innovations to improve the operation of rural land markets, particularly rental markets, would facilitate entry and exit into agriculture in accordance with life-cycle changes, and to facilitate entry into the rural non-farm economy or out-migration to urban areas. However, insecure property rights and inadequate contract enforcement would militate against the full development of land markets across much of rural SSA. In areas of high land inequality as in Zimbabwe and Kenya, land reform can enhance smallholder entry into the market, enhance efficiency, if done in a manner that promotes the entitlements of previously underprivileged groups notably women and ethnic minorities. SSA countries sorely need to increase investments in water storage and irrigation to shift away from excessive dependence on rain-fed agriculture especially in light of climate change and diminishing watersheds. Public investment in primary school education should be scaled up and sustained, with attention focused on both the supply and demand sides, and similarly for investments in public health to combat HIV/AIDS and malaria.

The other big pillar of implementing agriculture for development comprises the institutional and technical innovations to *improve smallholder agricultural productivity and sustainability*, through the careful consideration and implementation of a broad array of policy instruments, notably the following: Improving price incentives and increasing the quality and quantity of private investments; Enhancing the functioning of product and inputs markets; Improving access to financial markets and reducing exposure to uninsured (environmental) risks; Creating political space for, and enhancing the performance of producer organizations; Promoting innovation through science and technology; and Improving agricultural sustainability and provision of environmental services. It is paramount that policies target both favored and unfavored areas, and take full cognizance of the rural heterogeneity that characterizes smallholder agriculture in rural areas (Bonnen, 1998; World Bank, 2008).

The foregoing policy prescriptions are not new; rather, they have been difficult to implement due to rent-seeking and political equilibria that are not in favor of agriculture and smallholders in particular. Binswanger (1998) reviews the World Bank's experience in agricultural and rural development, and distills some "painful" lessons therefrom. Many of the forgoing policy prescriptions informed the design of the World Bank's lending and support for integrated rural development from the early 1970s. These programs typically involved simultaneous, synergistic interventions in a number of areas, including agricultural extension, research (where technologies were not available), marketing, input supply, credit supply, rural roads, electricity supply, water supply, small-scale irrigation, and sometimes social infrastructure such as rural schools and health centers. However, many of the World Bank's integrated rural development projects in the 1970s and 1980s did not deliver development results (enhancing smallholder agricultural productivity and attacking rural poverty) due to a plethora of reasons, including an adverse policy environment that taxed agriculture and smallholders in particular, lack of government commitment (failure to meet counterpart funding), neglect of institutional development as manifest in the use of project implementation units which undermined institutional capacity, lack of beneficiary participation, and the enormity of the coordination problem for such extensive programs (ibid). In addition to putting into disarray its work on agricultural and rural development, the World Bank's experience is instructive for the design and scale of any agriculture-for-development agenda.

SMEs as key to Africa's development.

Another key area for Africa's development is small and medium enterprises (SMEs). Beyene (2002) argued that Africa's ability to break loose of the seemingly weak economic performance, to a large extent, depends on its ability to harness the enterprenuerial potential and 'leadership' of SMEs. The enterprenuerial leadership is influenced by factors such as business opportunities, technical and commercial skills, finance, infrastructure and the environment for doing business.

In developing countries, over 90% of all firms outside agriculture are SMEs and microenterprises. SMEs play a crucial role in contributing country and regional economic growth, increased employment levels and locally relevant product and service innovation. Although there is no single definition of what constitutes (SMEs) and that it varies from country-to-country, the benefits of growth in the SME sector are significant (SNV and WBCSD, 2007).

SMEs also do play important roles in enhancing socio-economic transformation when they use their extensive local knowledge of resources, supply patterns and purchasing trends thus occupying specilaised market 'niches'. By seeking to set themselves apart from other companies, SMEs may re-engineer products or services to meet specific market demands, innovate in distribution and sales techniques, and/or develop new and untapped markets. Their small sizes allow them greater flexibility to adopt with market and business fluctutuations and cope with shocks.

However, one question remains paramount: why are only a few SMEs that are active on global markets? Hall (2003) in his discussion of the ASEAN countries highlights at least eight factors:

- Limited global managerial experience – arguably as managerial experience increases, so usually does the probability of success on global markets. The rapidity with which business practices change due to globalisation means many managers do not have as much time to acquire experience and skills crucial for survival on global markets. Business strategies/models that reduce cultural distances tend to remove impediments to international activity by SMEs.

- Limited institutional capacity and skilled staff – these constraints can include such things as language and cultural awareness training as well as specific technical skills.

- Limited finance – lack of access to both general finance, and to specifically trade finance (such as credit guarantee facilities or foreign exchange hedging arrangements) undermine the ability of the SME to venture abroad.

- Inadequate information – information is generally lacking - especially about opportunities, threats, regulations, laws etc. to inform decisions to go onto the global market. Even where information is available, SME managers sometimes are not aware of where to find it.

- Weak rule of law and its enforcement - this can also include enforcement of property rights, such as rights to tangible property (buildings, plant, equipment) and intangible property (patents, knowledge etc) thus weakening the competitive position of the SME.

- Poor infrastructure - such as roads, ports, highways, telecommunications, warehouses etc. undermine logistics and market reach.

- Unfair or predatory competition by other firms - this may include such things as dumping, or of unfounded allegations made by local firms of dumping and anti-trust behaviour by a firm seeking entry from abroad; and

- Red tape and administrative compliance costs - these issues may impede access to global markets because they tend to fall disproportionately heavily on SMEs, as these are fixed costs, and are thus higher on average on a smaller turnover. These may also assist some SMEs that have achieved and invested in obtaining certain knowledge or intangible assets (such as compliance certification) to go global.

Despite the above constraints that affect capacity, a number of SMEs are making headways – this is more so in the ICT sector where the innovations are transforming the way SSA does business. Figures 5 and 6 based on ITU data show mobile subscribers per 100 inhabitants, 2004 in world regions and Sub-Sahara Africa, and percentage of population covered by mobile cellular signal, selected African countries 2003/2004 in A. A major area of development has been how telephone companies have enhanced e-banking and general communication. Guvheya and Léautier (2009) notes that "mobile phones are increasingly facilitating the instantaneous transfer of money as opposed to traditional banking and other financial services in African and other developing countries. The business model for mobile banking critically leverages the network of registered corner shops who sell mobile phone credit across much of Africa". Cash is credited into the phone-account, the information on the credit is sent to intended beneficiary as text, and the credit is later redeemed by a registered operator.

E-banking using telephone technology is important in poverty reduction as it enhances access to financial services beyond urban areas. Safaricom initiated a project to create efficiencies in an attempt to reduce the cost of loan disbursement and recovery but users of the service found it more convenient for person-to-person cash transfers (UNTAD, 2007). Safaricom partnered with the Commercial Bank of Africa, Citibank, DFID-FDCF and the Faulu micro-finance company establish the M-PESA payment platform. This allows customers to use their mobile phones like a bank account and debit card. Customers credit their accounts with their prepaid airtime vendor and can, besides being able to spend their credit on calls and messages, transfer funds to another subscriber, or make small or micro-payments for goods and services without the need for cash. Guvheya and Léautier (2009) report that M-PESA has 7m subscribers in a population of 38m people (about half of which have mobile phones).

Figure 5: Mobile subscribers per 100 inhabitants, 2004 in world regions

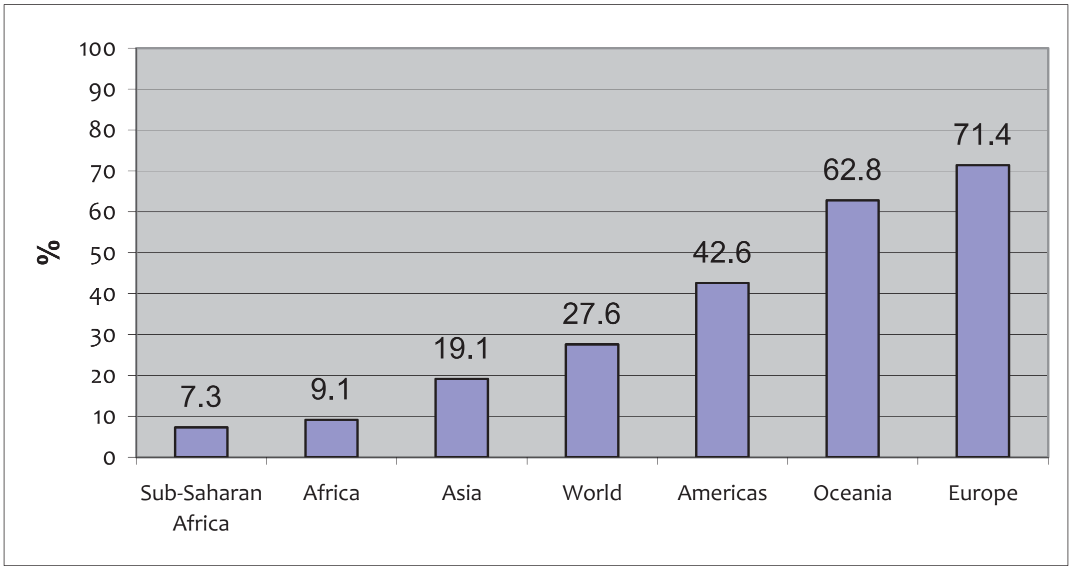
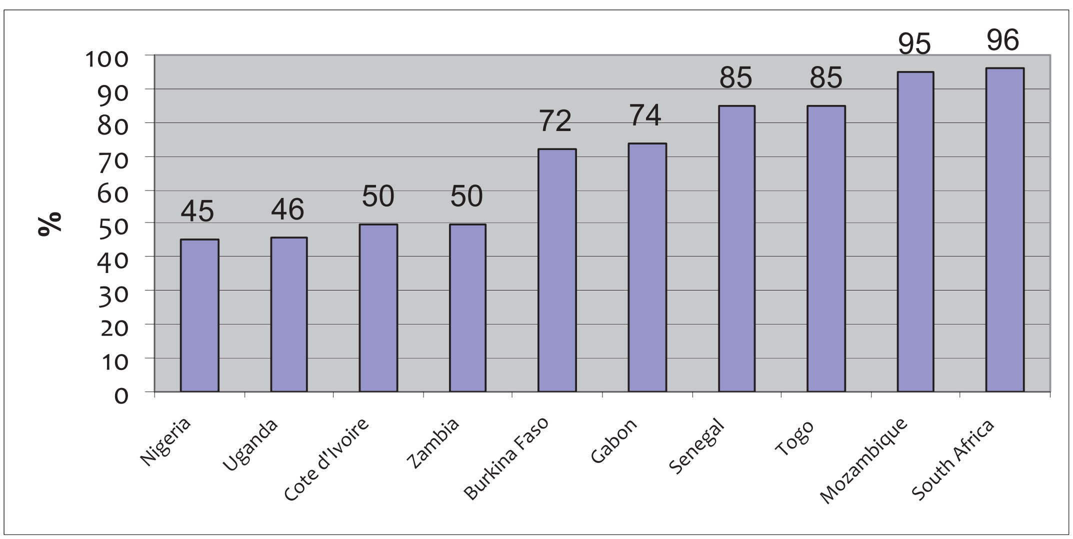


Figure 6: percentage of population covered by mobile cellular signal, selected African countries 2003/2004



Mobile technology has also been used to enhance market information as the cases are in South Africa and Senegal (UNTAD, 2007). In South Africa, farmers from the Makuleke region have been experimenting with mobile technology to access information on market conditions in Johannesburg. This reduces the need for farmers to travel and move stocks with the potential of waste and damage to the products. When sales are transacted, farmers negotiate while being fully aware of market conditions.

In early 2005, Manobi set a commercial trading platform for farmers and fishermen in Senegal. The system allows users to access information on price data and trading using internet-enable phones. Manobi partnered Sonatel, Ministry of Commerce and the National Agricultural Saving Bank to launch the scheme. More than 3,400 participants receive SMS daily price data for selected products in select local markets (UNTAD, 2007).

A Review of ACBF Support to Capacity Building and Skills Development in Africa

A Synopsis of the Portfolio

The African Capacity Building Foundation was established in 1991 with a mandate to build sustainable human and institutional capacity to promote economic growth and poverty reduction in Africa. Earlier ACBF's interventions focused primarily on supporting economic policy analysis, formulation and management primarily within the core public sector to support the then ongoing structural and economic policy reforms. From 1999 the Foundation's mandate was broadened to the current six core competency areas that recognize the need not only to strengthen state effectiveness but also the private sector and civil society in a dynamic partnership model of development. By December 2008, the ACBF Executive Board had cumulatively approved 271 grants for a total outlay of about US$1.136 billion (ACBF, 2008).

These projects and programs included support to core public-sector institutions germane to development policy formulation and management — notably ministries of finance and planning, central banks, internal revenue authorities, prime ministers' offices, auditor generals' offices, courts of accounts, national statistics offices — policy units or think tanks in development policy analysis, management, and advocacy; training institutions and programs to generate a steady supply of qualified economic and development policy managers; interface projects to strengthen the capacity of non-state actors and foster their participation in national development and policy processes; national and regional parliaments to foster citizen representation and improve governance; knowledge networks to facilitate knowledge generation, harvesting, sharing, and policy advocacy; as well as national focal points for coordinating capacity building interventions in the respective countries.

In addition to projects and programs, ACBF has been implementing its knowledge management strategy, with a growing publications list of: books, working papers, occasional papers; and lessons learnt on pertinent topics on capacity building and African development. The Foundation has also set up Communities of Practice - namely the six Technical Advisory Panels and Networks (TAPNETs), each one being a global network of highly experienced professionals on relevant disciplines of capacity building for African development, namely, Economic Policy Analysis and Management (EPANET), Public Administration and Management (PAMNET), Financial Management and Accountability (FIMANET), Strengthening National Statistics (STATNET), Support to Parliament and Parliamentary Institutions (PAMNET), and Strengthening the Voices of Civil Society and the Private Sector (VOICENET).

A Select Review of Development Results and Success Stories

A number of evaluations have noted that the Foundation has had its greatest impact in the area of economic policy analysis and management (EPAM), although emerging results have also been registered in financial management and the professionalization of voices of civil society and the private sector. ACBF's support to strengthening EPAM was mostly directed to economic policy analysis and research institutions (policy units) and regional training programs.

ACBF-supported policy units have gained notable visibility among the key development actors in their respective countries and even attracted the attention of other donors. Examples of these successful policy units are: the Botswana Institute for Development Policy Analysis (BIDPA), the *Centre d'Analyse des Politiques Economiques et Sociales (CAPES)* in Burkina Faso, the *Centre d'Etudes de Politiques pour le Développement (CEPOD)* in Senegal, the Center for Policy Analysis (CEPA) in Ghana, the Kenya Institute for Public Policy Research and Analysis (KIPPRA), and the Economic Policy Research Center (EPRC) in Uganda, among others. As a result, some of these institutes such as CAPES and CEPOD have gone on to mobilize higher levels of co-financing from government and other development partners than earlier planned at project design, thus confirming ACBF's strategic niche in piloting, innovating and then partnering with or brokering other players in the field of capacity development in Africa. These institutions have also helped build pools of national experts in development policy analysis and management as well as strengthen national policy dialogue. A key success factor for the policy units has been their strong leadership and their ability to identify strategic niches within the national development management processes and policy dialogue, such as the formulation and implementation of national development plans, PRS processes, and the EPA negotiations. Successful policy units have also built strong relationships with national and international institutions such as the World Bank, IMF, and the United Nations Economic Commission for Africa (UNECA), thus strengthening socio-economic management on the continent.

Another mechanism through which the Foundation has used to build skills is the Economic Policy Management (EPM) Programs. These are regional training programs that aim at increasing the supply of qualified economic policy managers. Hosted by established universities, thus helping to strengthen the capacity of the latter, seven EPM programs have been operational across the Continent, namely in Ivory Coast, Cameroon, the Democratic Republic of the Congo, Ghana, Mozambique, Uganda, and Zambia. The EPM in Ghana has played an important role in training public-sector personnel from the war-ravaged countries of Sierra Leone and Liberia, hence strengthening public sector capacity in these post-conflict countries. Similarly, regional training programs such as the BCEAO/BEAC macroeconomic training program, the African Economic Research Consortium (AERC) and the Programme de Troisième Cycle Inter-Universitaire (PTCI), the Macroeconomic and Financial Management Institute (MEFMI), and the West African Institute for Financial and Economic Management (WAIFEM) have decisively increased the supply of specialist economic management skills in the region, such as financial sector regulation, debt management, etc. Virtually all of these institutions have attained redoubtable international visibility.

ACBF-supported projects and institutions have also begun to show promising results in the area of financial management and accountability through their work with auditor generals' offices, courts of accounts, state audit institutions and respective committees of parliaments. For example, apart from increasing the supply of competent auditors to improve the management of strategic national development programs, those ACBF-supported programs in Djibouti have decisively contributed to the improvement of the quality and credibility of public financial reporting by institutionalizing the annual budget implementation report. Auditors that were trained through ACBF-supported projects contributed to the unveiling of several cases of fraud in the use of public resources leading to the initiation of administrative and court proceedings of the implicated public officials. Based on the recommendations of the ACBF-supported CCDB project, the Chamber of Accounts of the Supreme Court of Djibouti was upgraded to a Court of Accounts, an institutional reform that gives it more autonomy and leverage for the planned formulation of a State Audit Strategy (ACBF, 2008).

ACBF has also scored important results through its support to strengthen the oversight capacity of national parliaments and civil society for meaningful participation in the national development processes. This support has been channeled through projects such as: CAPAN in Benin, PARP in Nigeria, PCP in South Africa, and the SADC Parliamentary Forum in the Southern Africa Region. These projects and programs have enhanced parliamentarians' effectiveness in discharging their responsibilities as representatives, mostly through targeted training. ACBF support also strengthened the research and analytical capacity of important committees of parliaments. This has resulted in the enhancement of the governance agenda in Africa.

Equally, a number of ACBF-supported projects have made a notable contribution in increasing the effectiveness and participation of civil society organizations in national development processes, particularly in view of the national budget processes (e.g. NGO-Council in Zambia) and other public policy issues. IDEG in Ghana has been widely consulted by different stakeholders on public policy issues, including state-civil society relations. The institution has also been widely cited in the national media on issues of poverty reduction, good governance and other areas of development policy. ACBF support to civil society organizations has been an important main vehicle through which the Foundation has sought to strengthen gender and women's participation in the development. As such, interventions such as the *Projet de Renforcement des Capacités des OGN Femmines au Mali (RECOFEM),* the Non-Governtal Organizations Coordinating Committee (NGOCC) in Zambia, and the *Capacités des réseaux des Femmes pour Lutter Contre la Pauvreté en Republic du Camaroun (CAREF)* have decisively enhanced women participation in national development processes and dialogue. In Mali, RECOFEM contributed to public awareness about the plight of women, leading to the formulation of the national policy on gender equity for the country.

The Knowledge Management program has enhanced not only ACBF's internal operations but also the knowledge need of its stakeholders and partners. A case in point is given by the publication of the Survey of the Capacity Needs of Africa's Regional Economic Communities (RECs). In 2003 the NEPAD Secretariat approached ACBF to undertake a capacity assessment of Africa's RECs as the implanting agencies of NEPAD's core programs. A team drawing on all the TAPNETs undertook the study starting in 2005, culminating in the presentation of the results of the survey at high-level policy forums and the ultimate publication of the book, which has gone onto to serve as one of the key resource materials informing the renewed attention to supporting capacity building for regional integration in Africa.

Conclusion

The socio-economic transformation of Africa will in part depend on the continent's ability to build capacity and skills necessary for delivering the development agenda. It must also leverage knowledge strategically. The last few decades have seen sub-Saharan Africa undergo through processes of reform in an attempt not only to bring socio-economic stability but also build the capacity and skills embedded in public, private and civil institutions and their interface in development processes. The urgency for developing such strategic knowledge and leadership assets is imposed by the uncertainty brought about by globalisation and the rapid 'creation' and 'destruction' of knowledge. If these assets are not developed, poverty will continue to be persistently high.

Globalisation — characterised by greater socio-economic interconnectedness through increased demographic changes (especially due to migration), massive movements of finance; and increasing volume of global trade — has heralded the needs to make strategic adjustments in capacity and leadership skills to remain competitive and viable. Factors such as brain drain, remittances, changing age structure and thus dependency ratio, etc. have had different impacts on the ability of the continent to operationalise programs for capacity building and skills development. In that light, Africa needs to take a fresh look and invest in new priority areas that can maximise results of its interventions – such areas discussed in this paper are: agriculture through enhanced innovation and the SME sector as well as issues relating to ICT.

ACBF recognises the importance of capacity and skills development — thus explaining the investment the Foundation has been making in these areas. Given the enormity of the issue of capacity and the urgency with which Africa must continue to focus on poverty reduction, African governments and their development partners have to put capacity building and skills development as centre stage of the continent's development agenda.

References:

ACBF (2008): *Building Sustainable Capacity for Poverty Reduction in Africa*, ACBF Annual Report, 2008.

ACBF (2009): "2nd ACBF Quarterly Portfolio Review", Paper Submitted to the 42nd Regular Meeting of the ACBF Executive Board (For internal Circulation Only).

Adams, R. & Page, J. (2003): "International migration, remittances and poverty in developing countries", Poverty Reduction Group Working Paper 3179. World Bank Poverty Reduction and Economic Migration Program. The World Bank, Washington DC

Adepoju, A. (1998b): "The role of diverse regional economic communities in the politics of migration in African countries", In *Migration at the threshold of the Third Millennium*. Rome: The Vatican.

Adepoju, A. (2000): "Issues and recent trends in international migration in Sub-Saharan Africa", *International Social Sciences Journal, vol.* 165: 383–394.

Adepoju, A. (2001): "*Population and sustainable development in Africa in the 21st century: Challenges and prospects*", HRDC African Policy Research Series No. 1. Lagos: Concept Publishers.

Adepoju, A. (2003): "Continuity and changing configurations of migration to and from the Republic of South Africa", *International Migration, vol.* 41(1): 3–28.

Adepoju, A. (2005a): "Review of research, data on human trafficking in Sub-Saharan Africa", *International Migration, vol.* 43(1/2): 75–98.

Adepoju, A. (2005b): "International migration within and from Africa". Background paper, Global Coalition for Africa, Policy Forum on Migration and Development in Africa. Addis Ababa, 26–27 January.

Adepoju, A. (2006): "Leading issues in international migration in sub-Saharan Africa" in Cross et al (eds.).

Aldrich, c. (2005): *Learning by Doing, A Comprehensive Guide to Simulations, Computer Games, and Pedagogy in e-Learning and other Educational Experiences.* New Jersey, USA: John Wiley & Sons, Inc.

Ancona, D.G, Bresman, H and Kaeufer, K. (2002): "The Comparative Advantage of X-teams", *Sloan Management Review*, vol. 43: 33-39.

Ancona, D. and Bresman, H. (2007): *X-Teams: How to build teams that lead, innovate and succeed.* Boston, Harvard Business School Press.

Archibugi, D. and Iammarino, S. (1997): "The policy implications of the globalization of innovation", ESRC Centre for Business Research, Cambridge University Working Paper No. 75.

AUC (African Union Commission) (2004): "Draft strategic framework for a policy on migration in Africa". Presented to the Experts Group Meeting on Policy Framework on Migration in Africa, Addis Ababa, 29–30th March. Addis Ababa: Social Affairs Department.

Beyene, *A.* (2002): "Enhancing the Competitiveness and Productivity of Small and Medium Scale Enterprises (*SMEs*) in Africa: An Analysis of Differential Roles of National Governments Through Improved Support Services", *Africa Development, vol. 27.*

Binswanger, H.P. (1998): "Agricultural and Rural Development, Some Painful Lessons", in Eicher, C.K. and Staatz, J.M. (eds.).

Bonnen, J.T. (1998): "Transforming Human Capital, Technology and Institutions", in Eicher, C.K. and Staatz, J.M. (eds.).

Botha J (2005): "Novel solutions for poverty reduction". Helen Suzman Foundation. *FOCUS*, Issue 35

Bouare, O. (2006): "Levels of urbanisation in Anglophone, Lusophone and Francophone African countries", in Cross et al (2006).

Bryceson, D. (Ed.) (1995): *Women wielding the hoe: Lessons from rural Africa for feminist theory and development practice*. Oxford: Oxford and Washington DC: Berg Publishers

Campbell, E.K. (2003): "Attitudes of Botswana citizens towards immigrants: Signs of xenophobia?" *International Migration, vol.* 41(4): 71–111.

Cross, C., Gelderblom, D., Roux, N. and Mafukidze, J. (eds.) (2006): Views on Migration in sub-Saharan Africa - Proceedings of an African Migration Alliance Workshop.

Cope, J. and Watts, G. (2000): "Learning by doing – An explorartion of experience, critical incidents and reflection in entrepreneurial learning", *International Journal of Entrepreneurial Behaviour and Research,* vol. 6(3):104-124

Cross, C., Omoluabi, E., Oucho, J. and Cibangu, F.K (2006b): "Synthesis and conclusions: What are Africa's issues in migration?" in Cross et al (eds.) (2006).

Deaton, A. (1997): *The Analysis of Household Surveys: a Micro-econometric Approach to Development*. Baltimore: Johns Hopkins University Press.

De Haas, H. (2005): “International Migration, Remittances and Development: Myths and Fact”. *Global Migration Perspectives No. 30*. Centre for International Development Issues Radboud University Nijmegen, the Netherlands.

De Haas, H. (2007): “The myth of invasion Irregular migration from West Africa to the Maghreb and the European Union” IMI research report, Oxford University.

De Haas, H. (2008): “Migration and development A theoretical perspective”, IMI Working Paper No. 9, Oxford University.

Eicher, C.K. and Staatz, J.M. (1998): *International Agricultural Development*, 3rd Edition, Johns Kopkins University Press.

Findley, S., Traore, S., Ouedraogo, D. and Diarra, S. (1995): “Emigration from the Sahel”, *International Migration* (Special Issue: Emigration Dynamics in Developing Countries), vol. 33(3&4): 469–520.

Flechet, G. (2008): “Sub-Saharan Africa: the population emergency”, L'Institut de Recherche pour le Développement.

Guvheya, G. and Léautier, F.A. (2009): “*Using Information Communication Technology (ICT) to Enhance Socio-Economic Development: Implications For Capacity Development in Africa”.* Conference Paper, Accra, GHANA. October.

Hall, C. (2003): “Impediments to International SME Activity; Evidence and a Proposed Framework for Monitoring” Discussion Paper - February 2003 APEC SME WG Malaysia

Hanson, K.T. and Léautier, A. (2009): “Enhancing Institutional Leadership in African Universities: Lessons from the African Capacity Building Foundation’s (ACBF) interventions” – *a* paper was presented at the International Workshop on ‘Capacity Building for Global Competitiveness in Developing Countries: The Nexus of Technology Development and Transfer, Education and culture.”La Palm Royal Beach Hotel, Accra, GHANA. October.

Harris, J. and Todaro, M. (1970): “Migration, unemployment and development: A two-sector analysis”, *American Economic Review, vol.* 60.

Hatton, T. and Williamson, J. (2003): “Demographic and economic pressure on emigration out of Africa”, *Scandinavian Journal of Economics, vol. 105: 465–486.*

Herfkens, E. (2009): Africa and Development Cooperation: Successes, Pitfalls and Areas for Further Reforms, ACBF Development Memoirs Series. Harare: The African Capacity Building Foundation.

Human Rights Watch (1998): *‘Prohibited persons’: Abuse of undocumented migrants, asylum seekers, and refugees in South Africa*. New York: Human Rights Watch.

IMF (2009): *Regional Economic Outlook: Sub-Saharan Africa, April 2009*. Washington DC: IMF.

Johnson, B.F. and Mellor, J. (1961): "The Role of Agriculture in Economic Development", *American Economic Review, vol. 51 (4): 566-93.*

Kivipõld and Vadi, (2008): *"A Tool for Measuring Institutional Leadership and its Implementation for the Evaluation of Organizational Leadership Capability", Working Papers in Economics, No. 172:* 55-71. School of Economics and Business Administration, Tallinn University of Technology (TUTWPE), *Tallinn, Estonia*

Kok, P., Gelderblom, D., Oucho, J.O. and Van Zyl, J. (eds.) (2003): *Post-apartheid patterns of internal migration in South Africa*. Cape Town: HSRC Press

Léautier, F. (2009a): "Leadership in a Globalized World: Complexity, Dynamics and Risk" Lecture PPT Notes. The Fezembat Group, February 26, 2009.

Léautier, F. (2009b): "Leadership and Governance" Lecture PPT Notes. The Fezembat Group, March 19, 2009.

Lewis, W. A. (1954): "Economic Development with Unlimited Supplies of Labour", *The Manchester School, vol. 22, no. 2, pp. 139-191.*

Lipton, M. (1995): Rural financial services, demography and migration: International experience. Report to South African Commission of Enquiry into Rural Financial Services

Mafukidze, J. (2006): "A discussion of migration and migration patterns and flows in Africa" in Cross et al (eds.).

OECD (2006): *The Challenge of Capacity Development, Working Towards Good Practice.* Paris: OECD.

Posel, D. (2004): "Have migration patterns in post-apartheid South Africa changed?" Paper presented to Stellenbosch Mini-Conference on Migration and Poverty, Stellenbosch, March.

Potts, D. (2009): "The slowing of sub-Saharan Africa's urbanization: evidence and implications for urban livelihoods", *Environment and Urbanization, vol. 21(1): 253-259.*

Sako, S. and Kararach, G. (2007): "Capacity building for the promotion of trade and investment in Africa –challenges and strategies", ACBF Occasional Paper No. 6.

Scharmer, C.O. (2007): *Theory U: Leading from the Future as it Emerges*. Cambridge, MA: The Society for Organizational Learning, SoL Press.

SNV and WBCSD (2007): "Promoting small and medium enterprises for sustainable development", *Development Focus* Area I Issue Brief.

Sriskankandarajah, D. (2005): "Migration and development", Paper prepared for the Policy Analysis and Research Program of the Global Commission on International Migration.

Todaro, M. (1976): *Internal migration and economic development: A review of theory, evidence, methodology and research priorities*. Geneva: International Labour Organization.

UN (2003): "Reversing Africa's 'brain drain: New initiatives tap skills of African expatriates", *Africa Recovery, vol.* 17(2): 18–20, 22.

UN (2005): "Africa needs 1 million health professionals", *Africa Renewal, vol.* 18(4): 18.

UN-Habitat (2009): *State of the World Cities Report.*

UNCTAD (2007): *Information Economy Report 2007-2008: science and technology for development.*

UNCTAD (2009): *The Least Developed Countries Report.*

UNDP (2002): *Capacity Development: New Solutions to Old Problems. New York: UNDP.*

World Bank (2008): *World Development Report*. Washington DC: World Bank

World Bank and IMF (2005): *Review of the PRS Process: Balancing Accountability and Scaling Up Results.* Washington DC: World Bank

World Bank (2005a): *Building Effective States and Forging Engaged Societies: Report of the Task Force on Capacity Development in Africa.* Washington DC: World Bank

World Bank (2005b): *Capacity Building in Africa: an OED Evaluation of World Bank Support.* Washington DC: World Bank.

World Bank (2010): "Africa Regional Brief", World Bank Online, February 4th 2009.