Welcoming Address by Omar Kabbaj, President of the African Development Bank Group, at the Opening Session of the 2005 ADB Annual Meetings Symposium on “Capacity Development for Achieving the MDGs”
Introduction

Your Excellency Alhaji Atiku Abubakar, Vice President of the Federal Republic of Nigeria, Your Excellency Mrs. Ngozi Okonjo-Iweala, Minister of Finance of the Federal Republic of Nigeria and Chairperson of the Board of Governors
Mr. Rodrigo de Rato, Managing Director of the International Monetary Fund,
Mr. K.Y. Amoako, the Executive Secretary of the United Nations Commission for Africa,
Honorable Governors,
Distinguished Symposium Invitees and Participants,
Ladies and Gentlemen,

On behalf of the African Development Bank Group, and on my own behalf, it is a great pleasure to welcome you all to the 2005 Annual Meetings Symposium. We are privileged to have in our midst today His Excellency Alhaji Atiku Abubakar, Vice President of the Federal Republic of Nigeria. On behalf of all taking part in the Symposium, let me express to Your Excellency our profound appreciation for honoring us with your presence and for hosting this Symposium in the beautiful city of Abuja and for the warm hospitality extended to all participants. We look forward to your intervention and your perspectives on the theme of this year’s Symposium – Capacity Development for Achieving the Millennium Development Goals in Africa.

I would also like to extend a warm welcome to Mr. Rodrigo de Rato, the Managing Director of the IMF, and express to him our deep appreciation for kindly accepting our invitation to address the Symposium. Since assuming his new office, Mr. de Rato has given high priority to African issues and his presence here today is a further affirmation of his great desire to promote the development of African countries.

As in the past, this year’s Symposium is jointly organized with the United Nations Economic Commission for Africa (ECA), and I wish to thank my good friend and colleague, Mr. K.Y. Amoako, the Executive Secretary of the Economic Commission for Africa, for the continued partnership between our two sister institutions in this and other undertakings. I am indeed, heartened by our deepening collaboration at the service of our Continent.
I would also like to express our gratitude to our Honorable Governors and our other guests from the public and private sectors, as well as from academia and civil society, who have accepted our invitation to be speakers at the Symposium and to share with us their views and perspective. We do indeed appreciate your presence and we look forward to your valuable contributions.

The theme of this year’s Symposium focuses on a subject of special interest to African countries and their development partners alike, as capacity development is key to enabling our countries achieve the Millennium Development Goals (MDGs). With your permission, I would first like to review the evolving capacity needs of African countries, which I believe requires that we explore new approaches. I would then like to take this opportunity to highlight the contributions that the African Development Bank is making to promoting capacity development. I will also indicate some of the newer directions it is taking.

**Capacity Constraints for Achieving the MDGs**

Your Excellencies,

There is a general consensus today that our Continent – and in particular Sub-Saharan Africa -- is lagging behind others in its progress towards the MDGs. The available evidence would indicate that the first MDG, that of halving poverty by 2015, is unlikely to be met by most countries, although some progress may be made in achieving the other MDGs. Indeed, although some countries have made progress in reducing poverty and hunger, the overall proportion of people living below the poverty line in Sub-Saharan Africa has not changed much in the last decade – with some 46 percent estimated to fall in this category.

The limited progress that our countries are making towards the MDGs is explained by a number of factors. In some, conflicts and civil wars have not only held back progress but have in fact reversed the gains that had been made earlier. In others, inappropriate economic policies and governance problems have held back growth and hence incomes; it has also made it difficult for governments to provide, let alone expand, the provision of essential social services. The HIV/AIDS pandemic has also had an enormous adverse impact in terms of dampening growth and in robbing societies of some of their most productive members.
And in almost all the low-income countries, the limited resources available to finance the investments required in key sectors such as agriculture, health, education, and infrastructure continues to be a major constraint.

In the last decade, however, an increasing number of our countries have made significant progress in putting in place sound policies to tackle their development challenges. Improved management of the economy has helped create more stable macroeconomic frameworks, as well as a more attractive environment for the private sector. This has helped stimulate economic growth, raising the trend growth rate for the Continent to around 4 percent in the last five years, although, overall, it is still below the levels required to make sufficient progress towards the MDGs. And increasingly, the adoption of poverty reduction strategies and their further refinement are beginning to give greater policy coherence and direction to the effort to achieve the MDGs.

The development efforts of African countries are generating increased support from the donor community. ODA flows to Africa have begun to rise, after nearly a decade of continuous decline in the 1990s. External debt relief, in the context of the HIPC initiative as well as bilateral action, has reduced significantly the debt burden for the 23 countries that have so far qualified, releasing considerable resources to finance poverty reduction programs. And although important barriers still remain, trade liberalization measures, such as the AGOA initiative of the United States and the Everything but Arms program of the European Union, are improving market access for African exports.

As domestic conditions improve and the prospects for the scaling up of international support become brighter, it is becoming increasingly clear that capacity in many of our countries could well be the one critical constraint that may hold back up further progress towards the MDGs. Urgent action by African countries and their development partners is therefore called for, particularly as capacity development -- by its very nature -- is a long-term process.

In such endeavors, we will, of necessity have to learn from the lessons of past efforts, as it is now generally acknowledged that earlier capacity development projects and programs have had, at best, mixed results. This is despite the fact that nearly a quarter of all ODA to
Africa was devoted to technical assistance, training, and other activities related to developing capacity. It is therefore important that we undertake a fresh examination of the factors behind the limited impact so as to incorporate the lessons learnt in the new interventions.

The Changing Capacity Needs of African Countries

Your Excellencies,

The capacity needs of African countries, particularly for the public sector, have evolved much over the last decade, as the functions of government have changed considerably and the goal of development has been re-defined and increasingly focused on poverty reduction and the attainment of the MDGs. The role of government is now viewed as one of creating an enabling environment for private sector led growth, while at the same time correcting for market failures and providing essential public goods. Although the functions of government have changed considerably, the central role that governments must necessarily play in promoting and coordinating development, particularly in the context of a rapidly globalizing world, has not.

Within this shifting development paradigm, governments are expected to undertake a number of essential functions. They are, in the first instance, expected to create a more predictable macroeconomic framework to encourage private investment. They are also expected to put in place clear and transparent legal and regulatory frameworks to guarantee property rights and to promote competition and economic efficiency. Governments should also be in a position to provide essential public goods and services, such as primary education and basic health. And in instances where market failures may prevent the private sector from making the optimal levels of investments in such critical sectors as infrastructural services, governments would be expected to promote public private partnerships to correct for such failures.

Enabling African governments to discharge these functions effectively will require the development, at all levels, of the required human skills, and institutional capacity. Formulating sound economic policies and programs to promote growth and to manage public resources in a transparent manner would require, for example, developing the capacity of central institutions such as Ministries of Finance and Central Banks. Similarly, other
government bodies would need to develop their capacity to design and implement regulatory frameworks for the efficient functioning of markets. And still others, such as those responsible for education and health, would need to develop their technical capacity and know-how to oversee the efficient delivery of social services.

As such government functions in many of our countries are increasingly delivered within democratic systems, it is essential that the capacity of all branches of government, in addition to that of the executive branch, is also developed. The important oversight functions of national assemblies or parliaments, particularly in the allocation and use of public funds, can, for example, only be adequately carried out if their technical abilities are enhanced. Similarly, the capacity of the judicial system would need to be strengthened if regulatory frameworks are to be applied impartially, if secure systems of property rights are to be upheld, and if an efficient system for the enforcement of contractual obligations is to emerge.

And finally as development efforts are also being undertaken within an increasingly decentralized system of governance, efforts must also be made to empower local communities and sub-national governments. Essential interventions in this regard include developing effective public expenditure management systems and efficient judiciary bodies. The need to impart such knowledge and know-how at these levels cannot be overemphasized, as decentralization efforts have failed in a number of countries because of the absence of the requisite managerial and technical capacity.

New Approaches to Capacity Development

Your Excellencies,

In the light of the evolving capacity needs of African countries and the limited developmental impact of past efforts, it is important that African countries and their development partners explore new approaches to capacity development. As national requirements vary, each country will, of necessity, have to design its own program to reflect national conditions and requirements. Nonetheless, I believe there are some basic principles and approaches that are beginning to gain wide acceptance and whose adoption would therefore be beneficial to both African countries and their development partners.
Capacity development in the past has often been approached in a piece-meal manner responding to specific program or project needs. Few countries had approached capacity development in a more strategic manner, failing to give it the high priority that it deserves. In the future, we would encourage our countries to adopt instead a more comprehensive approach and develop their own long-term plans. This would require, in the first instance, that capacity development be an integral part of poverty reduction strategies and national development plans. It would also require mainstreaming it in development programs and projects.

Such an approach has the advantage of helping governments identify key capacity constraints at different levels and in different sectors enabling them to adopt a coherent and consistent approach. In addition, it could lead to a concerted effort to develop existing capacity and institutions rather than creating, for the sake of expediency, separate program or project implementation units. As important, it could also result in the longer-term sustainability of capacity development programs, as they would now be country owned and country led.

In developing such an approach, we believe it is essential that due attention be given to certain critical matters. In the first instance, it is important that a more concerted effort be made to develop a professional, accountable, and capable civil service, particularly in the context of emergent democratic systems. As the experience of Asian countries has amply demonstrated, a professional civil service, shielded from day-to-day political influences, is critical for the efficient discharge of public sector responsibilities and functions. This would, in turn, require a review of the conditions of service for civil servants and adopting a strategy that would, over time, make government service more attractive. This is essential for retaining capable civil servants and for stemming the serious brain drain that many countries are experiencing.

The ability of our countries to sustain their development in the longer term requires that our Universities and technical institutions train and develop future leaders. Unfortunately, over the last two decades, well-known and highly regarded universities throughout our Continent have declined, although there are some indications of positive developments in recent years. As the tertiary education system is critical for capacity
development, we would encourage our countries to draw up programs for its renewal and development. In such efforts and in others, much would be gained by developing programs to engage fully the many highly qualified professionals in the African Diaspora.

The adoption of new approaches to capacity development by African countries would require complementary changes in the practices of the donor community. In this regard, it is important that donors fully support the changing development paradigm that gives primacy to country ownership and leadership. Donor support to capacity development should therefore be channeled increasingly within government-designed programs. And in this respect, it is essential that traditional technical assistance approaches, which have had the effect of holding back capacity development, be avoided.

More broadly, the donor community should redouble its efforts to fully implement the Paris Declaration on Aid Effectiveness, adopted by representatives of donor and developing countries at the recent March High-Level Forum. This calls for donors to harmonize their policies and to align them to country systems. It also calls on developing countries to develop their national systems to make this feasible. As this approach encourages the development of national capacity we would urge the donor community to fully support and implement it.

The African Development Bank and Support to Capacity Development

Your Excellencies,

Before concluding, permit me to highlight the role that the African Development Bank is playing to support the capacity development efforts of its regional member countries. In this regard, the Bank has adopted complementary approaches:

- **First**, it has in recent years given high priority to supporting governance reforms, with considerable assistance provided to capacity development;
- **Second**, the Bank has financed institutional development programs through its regular projects and programs.
- **Third**, it has provided financial assistance to other regional capacity development initiatives such as the African Capacity Building Foundation (ACBF), the African
Management Services Company (AMSCO), the African Project Development Facility (APDF), and, more recently, the African Technical Assistance Centers (AFRITAC) established in cooperation with the IMF and bilateral donors.

- Fourth, the Bank has provided training through its own African Development Institute and the Joint Africa Institute (JAI) that it established with the IMF and the World Bank in 1999.

Following the adoption of its Policy on Good Governance in 2000, the Bank has in recent years intensified its efforts to support governance reforms and to strengthen government capacity. To help it design its assistance, Country Governance Profiles (CGPs) are now prepared in close consultation with all stakeholders in its regional member countries. These aim at arriving at a broad consensus on priority governance issues and capacity development interventions.

To date, within the framework provided by Country Governance Profiles, the Bank has supported a number of initiatives. These have included strengthening the Offices of Auditor Generals, procurement reform, anti-corruption programs, and legal and judicial reform. Other governance-related capacity building activities have covered programs aiming to strengthen public administration systems, including budget reforms and management of public finances. In addition, the Bank has supported greater stakeholder participation in government decision-making processes, as well as the decentralization of public services.

Under its institutional development program, the Bank’s broad objective is to promote sustainable economic development by enhancing institutions, and developing skills, know-how, and capacity to enable governments to organize and manage the development process. Such support is primarily provided in the form of stand-alone projects or components of larger projects. Most have helped strengthen public sector institutions as well as develop human capacity in government institutions, including ministries, parastatal organizations and sub-national government structures.

A recent important program in this regard is the support that the Bank is providing to statistical capacity building, covering nearly all its regional member countries. The initiative is being conducted within the global International Comparison Program of which the Bank is
responsible for the Africa component. Capacity development under this program comprises strengthening the management of national statistical offices, provision of equipment, and training of staff in modern statistical systems. These are expected to substantially enhance national capacity to collect reliable data not only for the International Comparison Program but also for monitoring and evaluating progress towards the attainment of the MDGs.

In addition to the support that the Bank provides directly to institutional development in its regional member countries, the Bank, as I noted earlier, provides financial support to a number of other regional initiatives and gives grants to research institutions. It also provides training on project and development management for government officials and conducts high-level policy seminars through its African Development Institute and the Joint Africa Institute. These aim to improve the management of Bank-financed projects and programs, as well as stimulate dialogue and debate on current policy issues. In 2004, some 2000 officials participated in the programs of these two Institutes.

The Bank is currently involved in international and regional discussions with a view to further improve the effectiveness of its capacity development assistance. It is also undertaking a review of its capacity development activities to draw lessons from its vast experience. We expect capacity development activities to become a more integral part of our Country Strategy Papers, as more and more of our countries give it a higher priority by adopting a more holistic and strategic approach.

Concluding Remarks

Your Excellencies,

Distinguished Participants,

Ladies and Gentlemen,

Permit me to conclude by thanking you once again for having kindly agreed to take part in our Annual Meetings Symposium. We all recognize that capacity development is a key development concern that African countries will need to address to break the vicious
cycle of poverty and make progress towards the attainment of the Millennium Development Goals. This is the major issue before us today and we look forward to your perspectives and insights. We are certain that your discussions and debates will contribute to framing better the direction of future capacity development efforts in African countries, as well as the modalities that donors could consider to enhance the developmental impact of their support.

I wish you fruitful deliberations and I thank you for your kind attention.