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Capacity Focus is the bi-annual magazine of the African Development Institute. Founded in 1995, the Institute is focal department of the African Development Bank (AfDB) for building human, organizational and institutional capacity in the Bank’s 54 regional member states. The Institute works in close collaboration with all AfDB units as well as with African and global institutions including universities, training centers, research organizations to help member states bridge capacity and skills gaps.
I would like to extend a very warm welcome to the readership of the first issue of the 2015 Capacity Focus, EADI’s in-house magazine in its new look.

This edition comes very timely with the just concluded 2015 Annual Meetings and the successful election of the 8th President of the African Development Bank. It is noteworthy that the 2015 Annual Meetings provided a platform for marking the 50th Anniversary of the Bank, from a fledgling institution with limited means, to Africa’s premier development finance institution. The year 2015 also marks the completion of the Bank’s return from Tunis, where it spent 11 years, to its Headquarter in Abidjan, Cote d’Ivoire.

In the last few years, the Bank has focused on Africa’s economic transformation, and positioned itself as a knowledge institution. The Bank sees itself as being at the center of the transformation of a continent whose time has come. It is fully conscious of the need to become a nimble and responsive institution in order to help unleash Africa’s potential. Much of that work implies mobilising others; increasing our role as a knowledge generator and a knowledge broker, and above all enhancing our capacity to leverage resources to the content.

The needs for capacity development in the Bank and on the continent have been growing, requiring a strategic intervention to efficiently project Africa on the transformational frontier. Transformation is actioned in production, distribution/commercialisation, and consumption. Capacity must be created for an efficient articulation of the nodes of this transformation chain. Indeed, capacity is needed to lift some countries out of the dark. RMCs need to be capacitated on the use of Bank financial toolkits, including procurement and disbursement rules, as well as on risk analysis and mitigation instruments. Capacity needs in contract drafting remain acute in a context of commodities boom and bust in Africa. Debt management and analysis capacity on the continent is becoming urgent as more countries are looming to the HIPC Completion Point. We will not omit the needs for capacity to mainstream indigenous knowledge in development. Financial governance, infrastructure financing for trade and regional integration, gender empowerment, all are mapped on capacity. And, beyond human capacity, African countries quest for technical assistant at sustaining their transformation path. Hence a good deal of coordination is required for the Bank to successfully meet this huge demand for capacity development.

The central focus of this magazine is a roundup of Capacity Development initiatives within and without the Bank and all the other stakeholders in the Regional Member Countries, including partner organisations.

On behalf of the editorial team, we wish to encourage your contributions, comments and insights to ensure a continued success of this edition of the Capacity Focus magazine.

Finally, I wish to take this opportunity to thank our contributors, authors, editors and anonymous reviewers, all of whom have volunteered to contribute to the success of the publication.

I hope you will find this journal illuminating!

Thank you.

Professor Bernadette Dia Kamgnia
Ag. Director, EADI
Abidjan: The Bank Has Come Back Home

Home where she belongs

The headquarters of the African Development Bank (AfDB) are, by statute, located in the Ivorian capital, Abidjan, and that is where the Bank started its operations soon after its inception in 1964. However, at the end of the 1990s, political developments in the Cote d’Ivoire led to acts of violence and generalised instability and insecurity. In 2003 it was decided that the seat of the Bank be temporarily relocated to a safer place, and Tunis, capital of Tunisia, was chosen.

For slightly over a decade, the Bank’s 1000-plus staff operated from Tunis, with only about 100 skeleton employees staying on in Abidjan. All the same, the determination to return the Bank to its birthplace never waned and, at the rate that the situation in Cote d’Ivoire was moving steadily towards stability, preparations to “go back home” intensified.

On a couple of occasions, the outgoing president of the Bank, Dr Donald Kaberuka, expressed the desire to move back to Abidjan before the end of his second and final term in 2015. This was largely completed in 2014, although a few staffers remain in Tunis for the completion of the processes involved in re-relocation.

During the Annual Meetings of the AfDB, which took place in Abidjan from 25-29 May, and coincided with the celebration of the 50th Anniversary of the Bank, several speakers emphasised the importance of this milestone in the history of the Bank as well as the Cote d’Ivoire itself.

For the Bank, it has been a matter of coming back to where it statutorily belongs, rediscovering its true moorings. For the host country, it is another practical vote of thanks for a country that is working hard -- and smart -- to put the political crisis behind it, and move on to claim its rightful place in the comity of African nations as the financial and commercial hub for West Africa, and as a safe home for the African Development Bank.
Second Miracle Possible

In January of this year, Kaberuka, speaking at a diplomatic luncheon in Abidjan, lauded the people and government of Cote d’Ivoire for making “impressive socio-economic progress in (recovering) from a decade of strife,” and noted that the Ivorian people “have in their potential the ability to perform a second miracle, and get back to being one of Africa’s economic power houses, and an emerging economy.” The return of the Bank to its statutory base, he added, was a “signal of the confidence we have in this country, and I hope that is a signal which investors will not have missed.”

At the same time, the President paid tribute to the people and government of Tunisia, where the Bank was domiciled for 11 years and wished them well in their handling of the political transition and the “enormous socio-economic challenges of jobs and youth unemployment.” These tributes to the two countries, governments and peoples were reiterated during the Annual Meetings both by Kaberuka and several other speakers.

Rebuilt, Repaired, Refurbished

On the ground, Abidjan displays all the signs of a fast recovering country after a decade or so of disruptions. Businesses which were once closed are reopening and storefronts renovated. Commercial operators in the bustling district of Treichville are once again doing a booming business.

A third bridge over the lagoon has opened and helps ease traffic. Roads are being repaired and resurfaced. Once smart residential neighborhoods are reacquiring their old sheen and the property markets are bullish. Cute fashion boutiques are displaying the latest modes of haute couture.

This is the face of Abidjan that greeted the delegates to the Annual Meetings, and the overall impression was one of growing tranquility after a period of tension and destruction.

The Annual Meetings were also the occasion for the election of the eighth president of the Bank at the end of Kaberuka’s tenure as president. He served two five-year terms from 2005.

During the elections, in which eight candidates competed for the high-profile and powerful job, Dr. Akinwumi Adesina (55) of Nigeria was elected, beating competitors from Mali, Chad, Zimbabwe, Cape Verde, Tunisia, Ethiopia and Sierra Leone.

Knowledge Generation in Support of Bank Interventions in Africa

Insights from Vice-President Steve Kayizzi-Mugerwa
Knowledge and the Bank

The African Development Bank has been described as a ‘Knowledge Bank’ for the way its operations across Africa have prioritized the generation, management and sharing of knowledge. The Chief Economist Complex (ECON) has handled these aspects of the Bank’s programmes since its creation in the 1990s.

ECON ultimately rose out of the merger of a relatively small department dealing with statistics and economic research and the African Development Institute (EADI). The latter is charged with building sustainable human and institutional capacity for economic development. On average, EADI runs 20 training sessions in Africa. The institute also organises training seminars in conjunction with the IMF and the World Bank in the Joint Partnership for Africa program. Participants are trained in a range of areas, all bearing on what the Bank is doing in the field; from macroeconomic policy management to regional integration and trade, through the toolkits for projects financing and management.

Initially the Bank was content to piggyback on economic analyses from the World Bank and IMF, but in past decades there has been an overwhelming need to develop in-house capacity. The Bank has responded by strengthening its Statistics Department (ESTA), which now generates crucial data drawing from many areas of economic and social interest, be it data on growth, education, youth employment, or civil registries.

The Research Department (EDRE) undertakes empirical research on issues linked to the Bank’s operations and policy dialogue. One of its divisions undertakes Additionality and Development Outcomes Assessment (ADDA) which acts as a sieve for the Bank’s private sector pipeline. It helps bring out development aspects of the private sector project while ensuring that Bank activities are not competing unnecessarily with the private sector. ECON jointly publishes the African Economic Outlook, the African Development Report, and again jointly the African Competitiveness Report. It also publishes books with well-regarded publishing houses, which helps boost knowledge dissemination, notably to higher institutions of learning in Africa and elsewhere.

Over time, ECON has grown to over 130 staff engaged in a variety of knowledge related activities, including research, knowledge generation and analysis. It is now the veritable think-tank of the Bank as the latter places itself at the centre of the continent’s structural transformation.

As part of the Bank’s knowledge dissemination and policy dialogue, ECON organises seminars and policy dialogue missions to member countries drawing on its research agenda. This has included youth employment and spatial inequality in recent years. In recent years, policy dialogue activities were organised in Lusaka, Lagos and Cairo and were attended by government officials from the regions concerned. The annual African Economic Conference draws over 1500 participants to its activities. It has been held in many capitals on the continent: Addis Ababa, Tunis, Kigali, Johannesburg, and Ouagadougou.
**Vision for Capacity Building**

Steve Kayizzi-Mugerwa is the Bank’s Ag. Chief Economist and Vice President. He studied at and worked as Associate Professor in Gothenburg University in Sweden, but also worked with the UN University and the IMF. He has been an external examiner for universities in Sweden, Uganda (where he was born and raised), Tanzania, and South Africa. He has published widely on economic development.

When we met him in his office in Abidjan, he expressed the view that there was “still great need to develop capacity in Africa.” He noted that resources were scarce and frequent changes in staff configuration have made it difficult to design a “winning strategy” on capacity building, but that the future was promising.

This was because a serious look is being taken at the whole idea of knowledge management in the Bank, with the development of a fully-fledged Knowledge Management Strategy. He indicated that the Strategy called for a wholesome approach to capacity building which will make EADI a true training hub for the Bank. This will pre-empt the need for the various units within the institution that are anxious to develop capacity quickly, to do their own training.

He continued, “We must have a good picture of all the Bank’s training needs in order to devise a viable role of coordinator for the EADI.”

He noted that the Bank is now discouraging training abroad of individual staff members. The logic is that rather than spend one person abroad and train her at a cost of say $15,000, it is better to hire a trainer at similar cost to come at Headquarters and train many more staff members. “In addition, when the training is done in-house you develop communities of practice, which you wouldn’t have otherwise.”

Moreover, he added, the ECON complex has been looking at other forms of knowledge generation as well, apart from strict analytical research. This is often called “tacit knowledge.” It derives from being in the field looking at processes, learning by doing, including how you supervise projects, how you respond to problems, etc. This knowledge, which remains largely untapped, should be part and parcel of the Bank’s tools for future learning.

**The Private Sector**

In the past decade, the Bank’s lending to the private sector has seen a sharp increase. This has necessitated new thinking on modes of delivery in an institution that had previously focused on sovereign operations. Private sector operations have required robust capacity building efforts and the development of new tools.

One such instrument, introduced above, ADOA. It acts as a “filter” that helps the Bank to determine if the proposed project or programme of the private sector meets certain development criteria. According to ECON, the ADOA mechanism looks at issues such as gender impact, social inclusion, increased government revenues and level of financial addi- tionality i.e. whether the project cannot be financed by other lenders.

A Bank operation has financial addi- tionality when, for example, “a private sector project requires 15 years to mature, but all the other lenders can only provide five-year financing”. When the Bank steps in, it thus provides financing that makes a real difference.

**Looking Ahead**

Finally, Kayizzi-Mugerwa noted that capacity building is a dynamic process, and needs to evolve as capacity requirements within the Bank change, along with those of the Bank’s clients in the field. Also important, the Bank will never have the means to cover all its clients’ needs at once, but can remain an important facilitator and advocate. There is thus need for prioritization as much as for collaboration across a range of practitioners.

In the future, the main areas of demand for capacity building will lie in how best to make Africa competitive and efficient in its use of its vast natural resource endowment. This will require in turn the development of technical and related capacities in the areas of financial management and governance in general, and planning and monitoring and evaluation in particular. A value for money approach will be an important proposition. It is also important to focus more broadly on how and where knowledge is generated in Africa, especially with respect to institutions of higher learning. Experience shows that technical capacities can only be built with lasting impact from within countries. Therefore the Bank’s rules should be, above all, those of enabler, adviser and catalyst.

**African Blueprints**

In terms of development, Kayizzi-Mugerwa argues that it is often argued that there are no development blueprints. However, Asian examples are particularly attractive. Fifty years ago, countries like India, Korea, Taiwan and Singapore, were at the “same level of development as many African countries, but they leapfrogged into the first world” through conscientious building of social and technical capacities and striving after excellence in governance. There is reason for hope, however. “Who knew that Kenya would today be leading in mobile Banking in the world? And who would have guessed that top executives of multinational companies would trek there to learn lessons?”
Let There Be Light! Efforts Underway to Lift Comoros out of the Dark

A talk with Executive Director Msa Abdallah

Troubled Past, Dark Present
Capacity Focus Magazine 2015

Bank Decides to Act

“When President Kaberuka came to our country and assessed the energy sector and its needs, he realised that the major problem was that of capacity. He reasoned that you may want to repair the broken generators, but they will work for a time, maybe a month or two, and then they will need fixing again,” Abdallah recalls.

The tasks are immense, according to him. “You have to create capacity along the whole line of generation, production, transmission, distribution commercialisation, and the utilisation of that power for the economic development of the country.”

All these areas need to be addressed and their capacity gaps closed for energy sector initiatives to be sustainable, Abdallah says. “It cannot work like this; and for all and the country left to be self-reliant,” he adds. “It cannot work like this; and for all and the country left to be self-reliant,” he adds.

Abdallah states that the Bank’s policy on economic transformation repposes on the imperative of helping countries to develop skilled personnel in all the economic sectors, “because you cannot achieve transformation without qualified personnel to deliver it.”

The main challenge, therefore, is to ensure that all projects take into account capacity building. Abdallah recalls how Kaberuka was so touched by the situation in the Comoros that he immediately decided something had to be done. He engaged the Bank to lead a meeting with the nation’s partners and private enterprises so that they could support the Comoros as advisers who would bring in technical assistance and practical advice.

African Development Bank (AfDB) financed the technical assistance of a private Ivorian electricity production company, which was chosen to advise the Comorian government on the matter. All that became possible as a result of the Bank’s commitment.

The Bank had the will to help the country, and the country was willing to be helped. The Comoros was calling for help and was open to expertise from all African countries in terms of advice. Abdallah says, adding: “It is important for a country to accept that there is a problem; to understand what the problem is and also to improve the relationship with other African countries.”

“We have to recognise that before the Bank intervened in the situation of the Comoros, there were a lot of people who came to us saying they wanted to help, but in reality they were cheats who only wanted to take advantage of our weakened position.”

Previously, the Comoros was approached by an Arab company, which was proposing some solutions, but Abdallah, as the advisor of the government, advised that they wait for a meeting with the AfDB to take place, from which a solution would be found.

We have to recognise that before the Bank intervened in the situation of the Comoros, there were a lot of people who came to us saying they wanted to help, but in reality they were cheats who only wanted to take advantage of our weakened position.

“During the meeting with the AfDB in March this year, to which the Arab company was also invited, there was brainstorming, and we identified what the problem was. The solution was consensual; everybody agreed on the action to take,” Abdallah says.

The Comorian population has been happy since. They believe that this time round, the solution suggested would be a lasting one. Abdallah says the Arab company honoured its promise and also provided the contract, which was examined by the Ivorian experts advising the Comoros. Based on the advice, proposals agreed to by the Bank were supported by technical assistance from the African Legal Support Facility (ALSF). According to Abdallah, the Comorian population is impressed so far, and is currently waiting for the implementation of the project.

Africans Helping Africans

“This example has just shown us how cooperation can be great between Africans, and how Africans can help other Africans get out of crises. It is a true illustration of South-South cooperation,” he adds.

The people of Comoros, he explains, are contented because they have a real strategy, something that was missing in the past. “It was not really concrete for them, but now the Bank has put before them a strategy; and this strategy has become their own and they are going to work with it,” says Abdallah.

He goes on to indicate that for starters, it was about owning the vision, owning the process. Next will be implementation, which needs resources. On that, the AfDB is leading the process. The Bank is also committed to helping the country to build capacity in all the important areas.

So, Abdallah affirms, the Comorian population has seen this as a positive development, which is different from what has been taking place over the past 30 years. What is needed now, he adds, is a business plan based on the type of energy that will be decided on: whether hydroelectric or thermo-electric or solar.

For the time being, they are still using diesel generators; this has two major problems that must be immediately tackled: first, to rehabilitate the existing generators, and second, to rent new generators so as to end the crisis now, because the need is real. This phase will be financed through Public Private Partnership (PPP).

The Comorian government, private enterprises from outside Comoros and the Bank are coming in at the same time. The first part of the programme, Abdallah explains, will help the country to get out of darkness and generate some revenue from the electricity company. Once this has been achieved, the country will implement the project as per the strategy jointly drawn with the Bank and private partners. The current efforts are just part of an emergency plan to begin with.

To ensure sustainability after its implementation, the project has a Learning and training aspect for the people who will be involved in it, especially the locals.

Abdallah points out that as a follow-up of the meeting held in March with the Comorian government officials, Dr Kaberuka requested to have at least two hours of discussion with the Comorian delegation during the Annual Meeting in Abidjan in May 2015, to assess how much progress had been made.
The Non Regionals Have Firm Belief in Africa’s Future

Over the past 50 years, the African Development Bank (AfDB) has grown by leaps and bounds. During that time it has gathered and developed strengths in various fields of intervention in Africa at the same time that it has sharpened its international profile as the premium development partner in Africa and in the whole world.

We talk to Executive Director Dominic O’neill
Strategic Decision

In 1982, AfDB made the strategic decision to allow non-African countries amongst its members, a far-sighted decision that has, over time, given the Bank greater scope and enhanced its capacity to carry out its mandate on the continent as a lender of choice and a dependable partner in delivering economic development on the African continent. The non-African members of the Bank are usually referred to as the Non-Regionals, distinguishing them from the African member countries, which are referred as Regional Member Countries (RMCs). Both the RMCs and the NRMCs share a number of responsibilities in supervising and directing the affairs of the Bank, contributing to the African Development Fund (ADF) and choosing the leadership of Bank in elections that take place during Annual Meetings every five years.

The countries are represented by Executive Directors at the headquarters of the Bank, where they represent and watch over the interests of the countries that send them. We got to meet with Mr. Dominic O’Neill, Executive Director at the Bank, representing the United Kingdom, the Netherlands and Italy. He offered us some insights into how the countries he represents view the work of the Bank, shared with us some practical insights and discussed some aspects of his vision of the future.

O’Neill looks back with satisfaction at the relationship between the three countries and the Bank, in which their portfolio stands at 26 per cent of the ADF. “So that’s a fundamental part of our interest, although, of course, we have interests in the other activities of the Bank, broadly,” O’Neill states.

Wrong Emphasis, Perhaps?

On the type of assistance that Africa has been receiving from the Bank and elsewhere, O’Neill feels too much emphasis has been placed on the provision of humanitarian aid instead of emphasizing trade. “The past 10 to 20 years have primarily focussed on humanitarian aid, providing basic services on HIV/AIDS in particular, and also on health education”, he says.

“However, going forward, the UK, Italy and the Netherlands want to see Africa as a business partner.” He envisages a situation where increasingly trade with Africa grows bigger and aid smaller.

“You know, the money we are now putting in is for infrastructural development; it is not for core, basic life support that it has been in the past,” O’Neill explains.

He believes there has been too much concentration on the “very important human development aspect, possible overlooking the importance of economic development,” he says, adding, “So, there will be a rebalance across all the traditional donors, and I represent three traditional donors.”

That rebalancing of donor portfolios will be to reflect the significance of economic development. “We are responding to these emerging economies, which are going to develop rapidly over the coming 10 to 15 years, and will soon become donors themselves, either to their neighbours or on the international scene,” he says. “So the role of the donor as it stands today will change.”

Fragility, Conflict, Exclusion

The three countries have an interest in seeing lower income countries grow to reach middle income. The trio also is interested in dealing with fragile states and states in conflict. The nefarious effects of conflict cannot be seen as affecting one country alone, because “the borders are fluid, and conflict cannot be limited to one country alone,” he elaborates.

And yet, for all the fragilities and conflict situations on the continent, O’Neill remains optimistic regarding the continent’s economic future. He points to the troubles that countries like Nigeria and Kenya have been going through with the Boko Haram and Shabaab attacks, saying all these have not been able to put investors off, because he says, these latter “have taken a long term view of the situations. Look, these countries have resources, they are going to turn around. Yes, there will be ups and downs, but essentially they are going to flourish,” he predicts.

He sees greater danger in inequality and exclusion, and lauds the Bank’s agenda dealing with inequality and promoting equal growth: “It is a principled approach that you should have development for everybody, it should be right for everybody,” he advises.

Citing the example of the “Arab Spring”, O’Neill is of the view that “if inequality is not dealt with, it is likely to pull everyone down. Governments can only ignore it at their own peril, as it will come back at them at some stage.” He says this is something that has received wide recognition whose latest speeches, which name inequality as one of the biggest risks for global stability, alongside climate change.

He warns against situations where countries grow their economies to the point where they attain middle-income status but allow inequalities to persist, saying that inequality and exclusion might nullify the gains made in growth.
The Bank would like to help all its constituents to prosper, according to O’Neill, but the actions taken must aim at sustainability, and that means necessarily taking into account the view of the people intended for whatever project.

He identifies three ways of looking at the Bank’s interventions and determining if they are sustainable: “Knowledge Transfer, Advocacy and Political Dialogue. For starters, there is a long way to travel for every development agency to ensure that every intervention they make and invest in is pro-equality: “When building a road from A to B, one sees a big highway driving through villages, and people say, ‘this is development’. Well, it’s not, because nobody thought about the lives of the people living around that area.”

He reminisces about his experience in Nepal, where he worked for DFDI, and where they built more modest roads than the Bank is building. “From the outset, the objective was not just the road; it was how we could improve the people’s livelihoods on every kilometre of the road”, says O’Neill.

“So we would analyse not only the physical geography, but also the social geography of what was happening along the road. This is what the Bank has started to do now.”

Borrowing from the experience in Nepal, Bank projects try to integrate road construction with training programmes and small grants for business development along the roads. “This way, says O’Neill, “the development agency doesn’t just lay down the infrastructure, but brings that infrastructure to life for the local people. In the end, they will know that they have been trained because of the road, and maybe even given a small start-up grant for, say, a shop.”

To ensure that a project is owned by the people at the local level there is need for a different mindset to take hold, he says. The Bank involves people at grass-root level, although that doesn’t come naturally, O’Neill admits. “Engineers, for instance, now have to learn to go beyond being just engineers; one has to become a social engineer from just being a mechanical or civil engineer”, he advises.

The Bank’s Interventions and Sustainability
Towards Inclusive Growth in Africa – Is there room for Distance and eLearning?

by Foster N. Ofosu, Knowledge and Capacity Development Specialist

The landscape for skills development in Africa has changed drastically over the last 50 years. Africa has made meaningful headway in expanding access to education and training although opinion is still divided over whether quality and relevance have kept pace with access. Despite the successes achieved, the development challenges facing Africa are still substantial. The continent still grapples with capacity deficits in many countries and sectors.

The African Development Bank Group’s Ten-Year Strategy (2013-2022) for sustainable development in Africa makes inclusive growth a key component for Africa’s transformation. The insufficiency of growth lowering poverty and inequality underscores the need to intensify the process towards inclusive growth by overcoming the barriers that constrain large segments of the population from accessing basic social services and economic opportunities.

To attain the objective of both social and economic inclusiveness one requires to recognize the role of knowledge in the achievement of the ultimate objective of poverty reduction and sustainable development. The integration of appropriate and relevant technologies in capacity building should have a far-reaching impact on African societies.
Open Source

Developments in Information and Communication Technologies (ICT) in Africa over the last decade, especially, provide opportunities for Capacity Development. Today Africa is provided with tools in ICTs to leapfrog the traditional development trajectory by adopting appropriate technologies, and relevant methodologies to develop and deliver content that meets the needs of the continent. The ICT revolution in Africa is rapidly increasing connectivity across the continent, which also benefits capacity development activities. To meet our operational objectives and to help create a knowledge-based environment in Africa, the African Development Institute (EADI) has established a distance and eLearning Programme to expand the width, breadth and relevance of its capacity development activities. With the implementation of the Knowledge and Capacity Development Platform, the Institute is in a position to better manage the Bank’s outreach through distance and eLearning, and to build a culture of continuous learning through a community of practice and regular knowledge exchange.

The Online Portal of the EADI (http://einstitute.afdb.org) was internally developed at the Institute with the support of the Corporate Communications Department (CIMM). The portal allows for the use of free and open-source technologies to harvest the Bank’s internal knowledge for delivery in Distance and eLearning modes, develop the capacity of Bank staff and Regional Member Countries (RMCs) stake-holders to use ICT in training, create an outreach programme with development partners and RMC institutions and create knowledge exchange networks for capacity development. It is based on the integration of free and open source software that helps overcome the connectivity challenges across Africa.

With about 1500 active users on the portal since its launch in February 2014, EADI is able to deliver training completely online or blended with face-to-face workshops. The eInstitute portal is available to all departments in the Bank as well as external development partners. The services EADI provides to other departments include eLearning Platform and Hosting, Instructional Design, Content Development, Recording and Development of Multimedia.

Seven-Course Modular Programme

In light of technological opportunities, the need for cost efficiency in capacity development and the vast requirement for training on Bank-financed projects, EADI is putting together a seven-course programme to be delivered through distance and eLearning for Bank staff and RMCs. It is designed to provide skills and competences at each stage of the project cycle and additionally provide non-technical skills relevant to manage project teams and partners.

The Distance and eLearning Programme for Capacity Building in Development Project Management is to empower one with the knowledge and skills necessary to plan, implement and evaluate Bank-financed projects. It is designed based on the specialist capacity needs at each stage of the Bank’s project cycle. It comprises country/regional programming, project identification, preparation appraisal, negotiation and Board approval, implementation, and completion and post project evaluation. It is a seven-course modular programme with built-in flexibility to suit the specific needs of participants.

The objectives of the Programme are to:

1. **Enhance knowledge and skills acquisition of Bank Staff and PMUs to propose, plan, implement, manage and evaluate Bank projects.**

2. **Provide management skills such as communication and presentation, negotiation and cultural skills that could indirectly affect project outcomes.**

3. **Create a community of practice for sharing knowledge and experiences on development project management.**

The above Programme is only one way through which the Bank provides the needed capacity for development effectiveness to support the inclusive growth agenda. Beyond supporting Bank-financed projects, the distance and eLearning tools also provide immense opportunities for building capacity on policy and other cross-cutting developmental issues, such as Green Growth and Climate Change, Gender and Fragility.
The African Development Bank (AfDB) has been progressively and deliberately turning to the private sector with a view to tapping its huge potential in the acceleration of Africa’s economic development. In its Private Sector Development Strategy (2013-2017), the Bank recognises that it is this sector that generates two-thirds of Africa’s investments; three quarters of its economic output and nine tenths of its formal and informal employment.

Bank literature shows that for every one dollar the Bank has invested, there has been six dollars in return. Although the bulk of the Bank’s lending still goes to the public sector, it is clear that the Bank is increasingly moving toward private actors: From the US $250 million invested in the private sector in 2005, the figure rose to US $2 billion by 2012, which is almost a tenfold rise. Nevertheless challenges remain and they need to be addressed. One of these has been the risk perceptions many would-be investors have of Africa, and which have made them reluctant to invest in the continent.

Mr. Martin Keith is a consultant with the Initiative for Risk Mitigation in Africa (IRMA), housed at the Private Sector Department of the AfDB. He says that an OECD (Organisation for Economic Cooperation and Development) study established that risk, perception of risk and mitigation of risk were major barriers to investments in Africa.

Keith says this has particularly been related to the financing of projects. “In particular, as it relates to the financing of projects, this problem has made it harder to finance projects in Africa than it would be elsewhere.”
Three Pillars
He singles out three pillars which are of major focus when it comes to risk mitigation in the continent. "One which was talked about was capacity building, another one is operational support for the private sector department of the Bank and the last pillar is strategy and policy advisory in the area of risk mitigation."

The consultant says they support individual projects the Bank has, particularly in its private sector operations, and also on a portfolio basis.

Highlighting what IRMA has done so far, Keith says they have engaged in a series of capacity building workshops which have been done in nine different countries in Africa, benefiting a total of 18 countries. "Those have been conducted in English, French and Portuguese. Essentially, we do capacity building workshops for the governments and more recently for the local private sector for banks and local entrepreneurs on the use of risk mitigation instruments," he says.

In September last year, they carried out a three-day capacity building workshop with the government of Mozambique, which was spearheaded by the Ministry of Treasury’s department for Public Private Partnerships and Mega-Projects. There were over 60 representatives from the government, including from the ministries of finance, energy, transportation and the Central Bank.

"We do this capacity building for the governments using case studies. For each of the seminars, we ask the governments if there are any specific examples of projects they want us to highlight. We have done this for Mozambique, Benin, Senegal, Côte d’Ivoire, Lesotho and Kenya, among others”, says Keith. He says that though there has been more demand than people (experts) and financial resources to enable them to do more workshops, they have scheduled more this year.

This capacity building for governments is not directly connected to any lending projects of the Bank. "Even though we are housed at the Bank, IRMA was set up with a very broad mandate. So we talk about all kinds of mitigation instruments, not just those of the ADB but also of other institutions as well as the private sector. We talk about the whole spectrum of risk mitigation instruments,” Keith states.

Like Going to the Doctor
He lays emphasis on the need to properly analyse risk. "We take a step back and ask the question, ‘what is risk, and how do you analyse risk?’ Because if that’s not done properly, you cannot do proper risk mitigation. It’s like going to the doctor: he first has to do the diagnosis before prescribing the medicine. And if he does not get the diagnosis right, then chances are the prescription will not be right either,” the consultant argues.

These, he says, are some of the things they have done on capacity building for the governments. They also have in place a model linked to the private sector in regional member countries.

"In the case of Mozambique for example, we mostly had representatives from the Banks, but in other places there are also local entrepreneurs with whom we discuss how they can improve access to lending,” he explains.

He points out that there are a lot of instruments available for Africa, such as political risk insurance, which, he says, many people do not know about. So, part of their effort is put into raising awareness, and, in a practical way, showing how these instruments can be utilized by being integrated into one’s business plan or investment plan.

So far, they have trained more than 300 people from a number of countries. Additionally, they have also done similar capacity building within the Bank "to showcase the options that are available out there. This, Keith explains, is because even within the Bank many people do not know about all the available instruments and how to use them.

He also explains that the trainings they carry out on risk analysis are not detailed as it is a complex subject. "What we do is to give a general overview of the subject and we narrow down to the parts specifically related to projects and finance.”

In risk analysis, there are operational, financial, market and other risks and others offer several month professional courses on the subject – so it is not possible to do anything exhaustive in the three days that these trainings take.

In the feedback they get every time they share out questionnaires, 86 percent of the participants usually have a favorable view of the workshops, Keith says. “The most frequent criticism is that the course is too short. So when we do three days, we are really scratching the surface.”

Another criticism they usually receive is the lack of follow-up on the workshops: “Participants say ‘we would like to do this some more, and could you help us with specific projects,’ but we do not have the human and financial resources to do it,” he adds.

Asked about the results they have been able to achieve in Mozambique, Senegal and Benin among others, Keith says that while the questionnaires at the end of the workshops reflect greater understanding of risk and risk mitigation among participants, no study has been done to see if and how this impacts the participants afterwards, in their jobs.
Perceptions Change with Investment

“...is a very complex subject. But at least they now know the right questions to ask, which is an important step. One of the things that we focus on is getting across to governments, what the perception of risk is from the outside, particularly from lenders, which touches directly on financing. That’s to say to the governments, you may not agree with a perception, but you need to be aware of the impact it has on financing,” he further says.

Probed on whether the workshops correct perceptions that Africa is a risk area he responds by saying: “Well, I think it will be too ambitious to say that we can change perceptions with these workshops, particularly since the participants are from Africa. In fact, in my personal view, there is a great need for a longer-term strategy to directly address issues of risk perception of Africa, focusing on actors such as the rating agencies and others who rate countries around the world.”

However, he believes that if an investor can come into Africa and make initial investment that investor’s perception is likely to change. As evidence, Keith points to the 2013 Africa Attractiveness Survey by Ernst & Young. Over 500 senior managers of multinational companies were asked to compare regions around the world in terms of attractiveness for investment.

“The companies that had never invested in Africa considered Africa to be the worst region in which to invest. However, those that had already invested in Africa considered it to be the second best region globally for investment. So it tells me that if you can get somebody to make that first investment in Africa, they change their perception,” Keith says.

Changing perception, he notes, is a long process, but in the workshops they discuss transparency and the imperative of improving the business climate, among other issues.

“The main thing is to say there are many things in the interim that governments can do, be it by credit guarantees, risk management and other instruments to give comfort to the investors. So the idea is to bring the first investor in, give them the comfort that they need, then chances are they would not have as great a need for those instruments in the future because they will now feel comfortable.

While stressing the need to understand perception, he observes that there are certain things that are beyond the control of the Bank. For example, the OECD ratings place most African countries in the two highest risk categories (6 and 7 out of 7). These kinds of ratings have a direct impact, under the Basel II and III rules, on what Banks must charge.”

“There could be a discussion somewhere, for example with the OECD, on how to improve the African countries’ ratings.” He however responds by terming that as a discussion for politicians and the leaders of the multilateral institutions.

Use Existing Instruments

As a result of such ratings, Banks have to reserve more capital and charge more interest if lending to a project in most African countries compared to lending for projects in Germany, US or Canada.

Given that changing perception and the ratings is a long term project, Keith states that the focus now is on leveraging existing instruments – such as political risk insurance – that can help Banks reduce cross-border risk exposure.

“Essentially, when Banks buy political risk insurance for their loans, then they no longer have the risk of Malawi or Uganda or Rwanda, for example, but only the underlying commercial risk of the loan. And there are several leading public, multilateral providers of political risk insurance – such as the Africa Trade Insurance Agency, ICIEC of the Islamic Development and the World Bank Group’s MIGA – which are highly rated and can provide relief to the Banks.

Currency Issues, Violence, Expropriation

According to the consultant, there are four risks which are usually covered by the market in terms of political risk insurance: currency inconvertibility and transfer restrictions; political violence; expropriation; and breach of contract.

The currency inconvertibility and transfer insurance cover comes in handy when, for instance, a country imposes restrictions on a company’s ability to exchange local currency or transfer hard currency out – which has happened frequently over the past decades.

When it comes to political violence (which includes war, civil disturbance, terrorism and sabotage), it is important to note that the insurance can cover two different types of losses: those occurring to physical assets, and those due to business interruption caused by political violence.

Expropriation involves nationalization, which may be the direct seizing of assets by the government, as used to happen frequently in the 1970s and 1980s. Keith, however, explains that, nowadays, a more common risk is “creeping expropriation”, where little by little, the rights of an investor are taken away due to a series of extra restrictions.

Also covered by insurance is breach of contract, which is specifically a breach of a contract by the government. “This can be the federal government, but increasingly it also can be the state or local governments that work with enterprises. In Africa, many federal governments have been devolving responsibilities to states or provinces and municipalities to do projects.”

“On a global scale, the problem is that central governments have not been equally devolving the power to tax, so often times the states or provinces have responsibilities to do projects, and sign contracts, but they actually do not have control over the money to pay for what they signed up to do,” he laments.

Whenever an investor signs a contract with a government, essentially they can cover that risk if the government does not honor its obligations or to try to re-negotiate the contract.

Keith clarifies that this cover is not between private investment parties, so if an investor has a contract with an individual or a private local company, that is not what the breach of contract will cover. It only applies where the breach is by a government.
Regulatory, Legal Risks

He says beyond political risks which cover government contracts, there are two “very important risks that are not directly coverable by insurance.” The two are regulatory and legal risks. When it comes to regulatory risks, this means there can be changes in the regulatory environment that are perfectly legal, are within the scope of the government to do them but scare off investors. The government could, for instance, decide that royalties for mining, which are at one percent now will be increased to three percent. The most important part, he emphasized, is that investors seek predictability: since they are planning to come for 10 or even 50 years, frequent regulatory changes in a country make it hard to plan and finance projects.

Additionally, in an environment that increasingly includes complex structures, like public-private partnerships (PPPs), countries require regulatory and other agencies involved in supervision to have the technical ability to understand and analyse these complicated matters. He is of the opinion that there are still not enough qualified individuals who can conduct these analyses within many African regulatory agencies – though the AfDB and other institutions are trying to provide support to them.

“For investors, there may be major road blocks: you may wait for years for your environmental license, or the license may not be analyzed and approved in the way that it should be because there is lack of technical capacity in the country. This is one area of regulatory risk,” he explains.

The legal risk touches on the independence and efficiency of the local judiciary such that if an investor goes to court against the government, what are the chances of winning the case?

“In some states around the world, there is virtually a zero percent chance of winning against the government in local courts because the judiciary is not independent – and investors know it. In other countries in Africa and around the world, it’s the slowness of the process to get to a final decision; it can often take a decade or more to get to a final legal decision and even then it may be very hard to enforce.”

Therefore, if one is an investor and has a conflict requiring him to go to the local courts that’s a lengthy and uncertain process. International investors will therefore usually look to have international arbitration clauses included in their contracts – an option not generally available to local investors.

Keith explains that, additionally, it should be seen through its impact on other risks. “For example, I remember a case where a company had political risk insurance for a given country. A government official responsible for approving access to foreign exchange tried to force them pay a bribe and they refused. So, the official basically said: ‘You can’t take your money out unless you pay me a bribe.’”

The company then went to the political risk insurer and informed them that they might have to file a claim because they are not going to pay that bribe and were also unable to get their money out.

“So according to the story, this political risk insurer got in touch with the government. Almost immediately, the money was released and the official was relieved of his duties. But you know corruption is a risk that is crosscutting and imposes a burden on everyone – not least the citizens of the host country,” he observes.

IRMA Revisited

Keith concludes his knowledge sharing with further reflection on IRMA. He points out that the African governments do not pay for the capacity building workshops. IRMA, and hence the workshops, are funded by a trust fund with money from the Government of Italy. While the current funding for IRMA is likely to be exhausted by mid-2016, Keith thinks that the importance of improving risk analysis and mitigation for projects in Africa will remain an important topic. “With the huge needs for private sector financing in Africa – particularly in infrastructure it is absolutely essential that we use all the risk mitigation tools available, and develop new ones. This has a direct impact on the availability of financing, particularly in fragile and conflict-affected states, and on the conditions of financing [pricing, tenures, etc.] for nearly all the countries in Africa. As the continent’s premier lender to the public and private sectors, the AfDB will continue to be called on to play a key role in ensuring and improving access to finance for all its regional member states, including through risk analysis and mitigation interventions,” he concludes.
Come, We’ll Help You Negotiate

Interview with Stephen Karangizi, Director, Alsf
Little Investment
He explains that there is a number of contributing factors. To begin with, many governments have not invested enough in building legal capacity for negotiation at national level. Governments, he further says, are not able to retain lawyers or experts with experience and that as soon as they gain experience, they move to the private sector. He goes on to explain that the skills gap in countries such as Mozambique, Tanzania, Kenya and Uganda, where natural resource discoveries have been made in the last ten years is not surprising because these countries had no reason to build the required capacity to manage these resources.

In-Country Capacity
African states build in-country expertise through training so that lawyers and experts can negotiate better contracts and represent their countries in the long term. Eventually, the institution was set up and we started operating. By the time we started operating most of the vulture funds had gone into hibernation. Vulture funds can take 10-20 years before they enforce their claims, but they eventually come back because they hold the debt,' Karangizi said. When the ALSF started operating, there was still a commodity boom, and many African States required support in undertaking negotiations of major concessions in the natural resource sector as well as infrastructure projects (Energy, Ports and roads). Supporting African countries in negotiating those contracts has become the dominant intervention of the ALSF.

Multi-Disciplinary Approach
"We ask the governments to identify experts that the international lawyers will work with. They could be either public-sector lawyers or from the private sector. Then we require the governments, the service provider and the international law firm to give us a schedule of how they are going to provide that capacity because the best skills transfer takes place on the job", he states. Every contracted firm has to include a skills transfer component in all their interventions, he emphasises. The ALSF encourages the governments to establish multi-disciplinary teams of experts who work with the international legal experts in developing model agreements (such as Mining Development Agreements or Production Sharing Agreements) that are best suited to the conditions and laws of the respective country. In that way the countries experts are then able to undertake negotiations on their own for subsequent concessions issued in the same sector. The ALSF also provides capacity by organizing dedicated seminars which are more useful for upcoming experts. For the seasoned experts the on-the-job model is more useful. To equip them further, Karangizi says the ALSF develops models which they can use for negotiation.

Public Private Partnerships (PPPs)
One of the major areas of support extended to the countries by the ALSF has been in the development and negotiation of Public Private Partnership (PPP) deals. Although some of the African countries have established PPP units, these units did not have previous experience in structuring and undertaking negotiations for issuing concessions. To address the requests for support, the ALSF designed a special capacity building program targeting experts working on PPPs at national level and provided them with training for a minimum of ten days provided with actual practical examples benefiting from international experts specialized in different PPP concession areas such as road, ports or energy projects. For instance, the PPP experts from the Eastern and Southern Africa region benefitted from a workshop that took place in Johannesburg and enabled them to visit the Gautrain project." he says. Another innovative support provided to PPP units is a hotline advisory service. Under this arrangement, the PPP unit is provided with an international PPP expert whom they can call on to assist remotely with any complicated issues arising in structuring or negotiating a PPP project. The expert is also expected to visit the country on a regular basis to provide direct skills transfer sessions. Other support of PPP transactions has included the development of a tool kit for negotiations for PPPs. The tool kit is useful to the actual PPP practitioners for monitoring key issues in the PPP negotiations."

Best Legal Expertise
He says the ALSF has been trying to partner with institutions which are already working on capacity building in Africa. Among the institutions they are working with is the Arusha-based Africa Institute of International Law (AIIL). The ALSF has supported the AIIL to develop capacity in negotiating Bilateral Investment Agreements (BIA). Karangizi observes that BIAS can be complex because a lot of negotiations with investors take place when the country has already...
signed the agreement with the originating States. One of the major impacts in this work has been to raise the importance of obtaining the best international legal advisory services so as to address the problem of asymmetry in negotiations which was initially recognized by African Ministers of Finance when establishing the ALSF. The experience of the ALSF is that relying on the best international legal advisors also enables the countries to enhance transparency. "In most cases the countries are represented by national experts who are overstretched and are not able to respond in a timely manner to their counterparts’ demands. External support enables them to table negotiating options addressing their long term interests."

**Cases of Niger, RDC**

One of the ALSF’s major success stories, Karangizi discloses, is managing to provide Niger with support to negotiate a new mining concession with two subsidiaries of AREVA following the end of the existing concession at the end of 2013. The parties reached an agreement on increased royalties for Niger, thus raising revenue for the country. In addition, they were able to avoid potential dispute that could have been damaging.

Another major success was in 2014 when the government of the Democratic Republic of Congo secured victory against a vulture fund (FG Hemisphere) in a US court with the support of the ALSF. This meant saving over US$100 million, which the vulture fund was claiming.

FG Hemisphere sued the DRC, in an attempt to enforce two ICC arbitration awards relating to a debt for the construction of a power generation and transmission project in the 1980s.

Although the ALSF has already supported more than 33 countries on 70 projects with a project value of over US$ 2.6 billion, Karangizi notes, a lot remains to be done by the ALSF in supporting all the African states, particularly those in fragile situations for which the African Development Fund has provided dedicated resources to support.
Definitions
Since the 1980s, there has been an on-going debate on the role of indigenous knowledge in development. In this article, we attempt to contribute to the discussion. The central questions in this debate relate to the definition of indigenous peoples, characteristics of indigenous knowledge, opportunities to be leveraged and challenges to be addressed in order to harvest indigenous knowledge for development.

Indigenous Peoples are the inhabitants of a geographical area within a country who lived there prior to the formation of a nation-state, and have maintained distinct linguistic, cultural, social and organisational characteristics. Within this definition, all Africans are indigenous people who lived in the continent for thousands of years.

Indigenous Knowledge (IK) refers to what indigenous people know and do, and what they have known and done for generations. More precisely, IK is deeply rooted wisdom gained from everyday experiences and evolved through practice. IK systems were tested, adopted and preserved by social institutions and cultural heritage. They have been passed on verbally from one generation to another, and enabled people to live, manage their natural resources and the ecosystems surrounding their environment. It is through this form of tacit knowledge that people established their economic, cultural, political and social institutions.

The need to harvest IK for development.
It is now universally accepted that the speed and extent of development depends on the availability of, and access to financial resources, technology, infrastructure and human skills. There is massive literature on the role of knowledge as an agent of change development, and this article does not attempt to delve into a detailed discussion of the subject. However, in essence, development is a human process that is determined by people’s response to their external environment. As such, in assessing development potential, knowledge has recently emerged as one of the most important development resources, and that full utilisation of knowledge can accelerate development.

Another key aspect that influences development is participation in decision-making. The African Development Bank (AfDB) acknowledges the right to participation in decision making as essential for the development of a truly inclusive and just society. Engendering respect for Human Rights and good governance in its member countries is equally important to the Bank, while accountability for the application of international legislation and standards rests with its shareholders.

The Bank also has social and environmental policies that apply to all its operations, including public and private sector projects and policy-based lending. The Bank is also finalising its ten-year strategy (2013 to 2022) that hinges on two objectives – Inclusive Growth and Green Growth. The strategy emphasises inclusive economic growth that produces wider access to economic opportunities for Africans across age, gender, ethnic and geographic divides, including indigenous peoples. While AfDB does not have a stand-alone policy on indigenous people, it recognises the importance of integrating their concerns in its operations.

Furthermore, the Bank encourages open discussion on ways to enhance the participation of indigenous people in development decision-making in Africa. This is a critical step in securing the flow of development benefits into indigenous communities on the continent in an inclusive and sustainable manner.

In February 2013, in Tunis, Tunisia, the AfDB organised a Forum on Indigenous Peoples’ Development Issues in Africa. The objective of the forum was to bring together indigenous peoples’ groups, regional member country representatives, AfDB’s management, experts, and other relevant stakeholders to share knowledge and
experiences on the issues of indigenous people and development in Africa. However, indigenous knowledge, as an important segment of the human knowledge resource, has until recently been overlooked, underestimated or underutilised. Every African community has a history behind its indigenous knowledge assets that guide its social system and livelihood. These communities have traditional norms and systems for social equity, relationships with non-human beings, ecological responsibility and respect for their environments. Additionally, over the years, strong inter-community bonds existed through trade, social relations, conflicts and migration. These helped not only the development of IK systems, but also the diffusion and preservation of IK systems across the continent.

**IK in Practice**

Since time immemorial, ethnic groups and tribes have exchanged goods through barter trade and shared skills of making tools and instruments. Therefore, African IK systems are holistic in nature. Centuries of tight bonds with the environment deepened peoples’ understanding of the relationships between their livelihoods and the different elements of their natural habitats. For instance, through deeply rooted legacy of IK, African people learned how to avoid natural and human-made risks and manage their ecosystems and health. Several national, regional and international projects have been developed during the past two decades to document IK practices. In 1999, the Indigenous Knowledge Unit of the Netherlands Organization for International Cooperation, jointly with UNESCO, established an online database on IK best practices. It contains examples of successful projects illustrating the use of IK in development. In 2004 to 2006 the United Nations Environment Programme (UNEP) sponsored a study of indigenous knowledge assets. The study documented ways in which communities relied on indigenous knowledge to sustainably utilise their natural resources. The indigenous knowledge systems provided a variety of options and innovations to deal with the challenges of nature conservation and disaster management in the course of making a living. Indigenous knowledge systems were applied in agricultural production, food preservation and storage, health care and in dealing with natural disasters.

**Flora and Fauna**

Indigenous Africans have extensive knowledge of plants and animals that have multi-purpose use at the local, national and international levels. The economic value of these plants and animals is very high on the world market. It is an important source of income for regions, including rural communities. Indigenous knowledge systems provide a range of benefits for sustainable development, including the use of IK in development planning, national policies, conservation and disaster management. The communities had powerful structures to ensure compliance with rules of indigenous knowledge. The study documented ways in which communities relied on indigenous knowledge to sustainably utilise their natural resources. The indigenous knowledge systems provided a variety of options and innovations to deal with the challenges of nature conservation and disaster management in the course of making a living. Indigenous knowledge systems were applied in agricultural production, food preservation and storage, health care and in dealing with natural disasters.

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**Mainstreaming IK in Development Planning**

There is need to foster IK into development planning at local, national and regional levels. Sudan, for instance, since 1980s, integrated indigenous healers in the national health system. Likewise, herbal pharmacies were licensed to dispense medicinal plants under strict monitoring and supervision of the Ministry of Health. Several other countries on the continent have developed national guidelines, procedures and legislations to regulate the development and application of indigenous medical practices. Furthermore, community-based educational institutions such as Islamic schools have gained national and regional recognition as well as financial support. These are important in augmenting formal education systems in many African countries where only a small proportion of children have the opportunity to enroll in government schools. These schools play a major role in reducing illiteracy on the continent. They also have their own century-old educational philosophy and pedagogical methods that need to be studied, developed and shared as IK systems. National governments and development partners need to collaborate to develop a coherent strategy aimed at integrating indigenous institutions in development planning.

**IK Providing Alternative Solutions**

IK systems have an immense potential as development agents in Africa’s endeavor to achieve higher rates of sustainable and inclusive growth. More specifically, IK should be viewed as a tool to complement rather than replace forms of modern knowledge assets. Documenting IK provides alternative solutions that can improve the life of local communities and development practitioners with deeper insight into the different aspects of sustainable development and the role of local communities.

**Challenges facing Africa’s IK systems**

IK is predominantly tacit knowledge. Although there are many best practices, these are unrecorded, causing IK to be undervalued and unrecognised as a development agent. Important among these are social challenges, which include negative effects of globalisation and modernisation, and an African society weakened by human displacements. Others are social and political exclusion of indigenous communities by national governments. Furthermore, rural-urban migration and displacement due to natural and human-made disasters have also had tremendous impacts on IK. Traditional flow of knowledge among generations has been broken.

**Way Forward with IK**

Capacity Focus Magazine 2015
Highways to Africa’s Prosperity: Building the Capacity Gap
Talk with Aymen A. Ali, a Bank Engineer

Since its inception in 1964, the African Development Bank (AfDB) has recognised the critical importance of infrastructural development on the continent as a way of opening up countries for economic development and linking up the continent to unlock its huge potential for economic cooperation, trade and integration. That led to the conceptualisation of the Trans-Africa Highways system, which identifies nine corridors of highways across the continent that needed to be commenced, completed, improved upon or upgraded. From North to South, East to West, the programme underlines Africa’s desire to move closer together in order to hasten growth and development by creating a dependable cobweb of roads. Some of the corridors bear ambitious sounding labels, such as the Lagos-Mombasa Corridor; the Tripoli-Windhoek Corridor or the Ndjamena-Djibouti Corridor. But they are based on perfectly workable plans, according to Bank information.

However, the success of the programme has not been even or constant, given the perennial lack of resources and disruptive civil upheavals that have plagued large parts of the continent.

At the headquarters of the AfDB in Abidjan, this paper talked to Eng. Aymen A. Ali (pictured), the Bank’s Chief Transport Engineer, who reveals that there have been numerous encouraging achievements in road construction with the AfDB financing projects in Central, West, East and Southern Africa.
“We contributed to some projects in Tunisia, which is part of the corridor that will ultimately link [the north of the continent] all the way from Egypt to Mauritania,” he explains.

However, he was quick to point out that although the Bank has financed a good number of regional projects in southern Africa, they were not as many as the Bank would have liked.

“The Bank has financed key projects in Central Africa, West Africa, and East Africa and a good number in the South, not as many projects as we would like in Southern Africa but very big investments nonetheless,” Ali notes.

Asked about the (comparatively) fewer projects in the south, he responds by saying that many of the countries in that region are economically strong and have high capabilities and are also able to obtain funding from their governments as the projects are factored in their budgets. “A road program in South Africa is fully funded by the government and fully constructed by the local industry,” he states.

The AfDB had also supported the PIDA study on the trans-African road network which connects the main capital cities. It looks at railways, Information Communication Technology (ICT), ports and roads, among others. Since this road network was identified or established, a big portion of it has been developed by the Bank together with many other financiers.

“The Bank has also played a key role of attracting other financiers to co-finance with us. The missing links or established, a big portion of it has been developed as a whole by the Bank,” he states.

He gives the example of contractors who work better in private projects than the executing agencies, which are not capable of monitoring, detecting and controlling drains on the resources in the public sector. Although not quantified, he says, one can find millions of dollars wasted owing to inadequate capacity to monitor these works.

Ali sees the Bank’s role as to ensure that these government entities are well equipped to be able to monitor these projects. An example of issues faced would be, for instance: Which road do you construct first? Do you invest in five or six road projects in one go, or do you invest in one and then move on to the next one? Do you invest in a railway first? And so on. All these issues are related to governments’ capacities to plan and prioritize their investments.

Assessing Capacities of Agencies
A study done by the Infrastructure Consortium for Africa addresses issues of losses that are occasioned by inadequate prioritization. This means you can prioritize a revenue generating project, generate funds for subsequent infrastructure, and thus it enables you to rely less on loans. However, one cannot do this unless one has that strategic level of planning. Ali says: “We assess the whole sector, the governance of the whole sector. There is a section on this in the appraisal report, which examines how decisions are made as well as systems and the institutional setup.”

Explaining further, he says that upon examining a country’s capacity the Bank moves on to the executing agency, which is the entity entrusted with the implementation of the specific project.

“So if you have a road, that agency could be a road authority of one country, or a road department in the ministry of transport in another country; it could be a national aviation authority; it all depends on the setup in the concerned country,” he says.

The Bank further assesses the level of various capacities, starting with overall capacity before moving to technical, financial management and procurement, among others.

The Bank usually gets involved in institutional assessment during the whole project cycle, says Ali. “There is no specific time, but of course, the earlier you start the better the picture you have,” Ali explains. After assessing capacity to make sure the projects financed by the Bank will be delivered in a satisfactory manner, the need to build capacity at national or institutional level arises.

“This means you look beyond the road project, and you can see this reflected in the technical assistance given while before it was technical assistance on procurement, disbursement and issues that made your project take off.”

Thereafter, the Bank “goes beyond the project” which means there is a project in place which needs good capacity in disbursement, procurement, monitoring and contractual agreement. By going beyond the project, the Bank ensures the institution as a whole is effective. It does this by looking at issues such as planning, how they identified the project, etc. Thereafter, it builds the capacity in this area, which means that not just this project will benefit them but any future projects that they may do too.

Ali observes that transferring knowledge and retaining expertise gained from this technical assistance is a big challenge, especially when quality training is given in some of the countries, such as fragile states and low income nations. “The problem is with staff retention: the fact is that trained staff become marketable in the private sector and they are often taken away.”

In order to put an end to the local brain drain, he stresses the need for establishing an autonomous road authority, which can offer better salaries and remain an employer of choice.

“If the road authority in a country becomes financially healthy and generates more money, it means it can offer better salaries. But before that, it needs to be financially independent and that means you need an autonomous road authority, which is a good practice that a lot of countries are adopting nowadays,” he offers.

This differs from one sub sector to another. In the airports and aviation, it’s easier to do so and there are some countries which have done it. “You see traffic controllers getting paid high salaries, and once you do that you can retain them. He points out that there is not one fixed formula for it, but it’s always about working together with the government.

“The technical assistance itself should be designed in a way that it’s spreading the knowledge at the institutional level instead of training two or three people abroad and bringing them back. Try as much as possible to do it within the institution,” Ali advises.

Asked how the Bank would respond if a government said it adopted the Bank’s advice which failed, he responds by saying the Bank is able to sense a government’s commitment from the beginning. “So it’s very rare where the government will say we have taken your advice and it has failed us.”

However, in the conceptualization stage, the AfDB plays an advisory role but gives governments options and it’s up to the government to either follow or reject the advice. “Basically, the choice is yours; we don’t impose the technical assistance. We however advise on the shape of it and offer guidance,” he says of the Bank’s mandate.

The Bank however monitors how the grants they give are spent. “For some governments, by their law or practice, don’t take loans for capacity development. It’s the planning processes and procedures of countries. Some countries don’t borrow for projects that are not revenue generating, and a good number don’t borrow for capacity development. It’s the decision of the policy makers,” he notes.
Times keep changing in Africa. At a time when there are many competing interests in the region, the role of the African Development Bank (AfDB) to create an enabling environment for development cannot be overemphasized. The Nordic Countries Executive Director at AfDB, Tuunanen Heikki, is categorical that the Bank’s major task is to create an enabling environment, and the markets and the private sector will do the rest. One of the major shortcomings in Africa in capacity is inadequate infrastructure. The Bank considers it an integral and important part of capacity building in Africa.

“Capacity is such a word that it can include anything”, he says, and gives a poignant example. “One of the key areas where Africa has been actually doing well in the last 10 years has been the tax collection capacity. It’s amazing: the African continent 50 or 10 years ago collected approximately US $ 60 billion; now it’s US $ 400 billion, which is 10 times higher. That is capacity building”, he notes.

Integration is Good for You
He touches on the importance of regional integration and what the Bank is doing about it. The Bank is very active in East Africa, for instance, trying to help in efforts toward closer regional integration within the East African Community (EAC).

If the East African Community is able to really create and enhance regional capacity, whether it’s infrastructure, railways, roads, electricity, trading systems, and education, that may be one of the most important things in East Africa today, he says.

Tuunanen believes that generally in Africa regional integration is one of the key factors, which in itself is another form of capacity building. Capacity building, he says, is almost about everything. “I mentioned to the President (Kaberuka) that if the East African Community had not collapsed in 1977, then the European Union (EU) and all the other integration lobbies would have come to East Africa for a study tour on what regional integration is all about. And that was a product of another era. I think, even today, there is no regional integration in Europe that has gone so far as the East Africa Community”.

He is critical of some of the Bank’s interventions. He thinks it is old fashioned that the Bank is financing rural roads from one city to another, because instead of building these roads the Bank should be helping these countries to create a political, economic, social and legal environment for economic development.

“This is very much against the philosophy of Julius Nyerere, but we are living in a different world today,” he says.

Laying the Foundations for Good Governance and Accountability

The Reflections of the Nordic Executive Director, Tuunanen Heikki
African Legal Support Facility

The Bank, he adds, should be a strong financial institution, which is able to give African countries attractive loans with low interest rates, and also a trusted partner and policy dialogue partner. He lauds the Africa Legal Support Facility (ALSF) as “a fantastic idea.” It was set up to help African countries in creating better legal expertise to negotiate agreements. The Facility, he offers, is a wonderful example of trying to enhance the legal capacity in many African countries, which is crucial in the sustainable management of the extractive industry.

“A year ago, we established the African Natural Resource Centre headed in the same direction. The centre is supposed to be a kind of service department to serve African countries, to help them do natural resources management properly for the benefit of the country, and that is going directly to capacity building,” adding, “If done right, most of the things which the Bank is doing is capacity building, which is either policy-based, technical know-how or even physical capacity. We have to increase our knowledge services, and that is all going in the direction of capacity building.”

If all these things are done well, and if any African country is able to create this kind of environment, he says, “the markets, the private sector and domestic investors will directly invest, and foreign direct investors will do the rest.” This, Tuunanen says, sounds a little bit like “ultra-market economy” talk but it’s the way the world is functioning today.

He stresses the importance of seeing capacity building in a broader sense, so whenever there is any infrastructure project, the board has a long description of how the local community will be involved in construction, as well as in the utilization of the infrastructure. “These things are all inter-related, inter-dependent.”

Being an all-encompassing theory, one can build people’s attitudes, understanding and willingness to participate in certain projects, but they don’t have the money to build these projects. If they lack the financial capacity, all their knowledge will not be useful to them.

Policy, Resources, Delivery

He says that President Kaberuka has indicated the need to combine the three: resources, the right policies and the ability to deliver. “Combining all these can be tricky sometimes, because we have seen areas where the resources are available – sometimes maybe too many resources -- but there is little capacity in terms of management of those resources. Also, getting an inclusive kind of approach to people’s development in those countries can be a challenge,” says Tuunanen.

He proposes a walk on all fronts, given that there is not one front that is more important than the other. “For instance, is it policy, financial resources or the capacity to deliver? This is an interesting one, because no country has risen to economic welfare and well-being only by education, or only by infrastructure, or only by healthcare. And what is even more important is that you cannot have proper education and healthcare if you do not have proper infrastructure, which is a pre-condition for industrial activities.”

Tuunanen also cautions against judging a country or era only from only one sector, saying every situation has to be looked at holistically. Picking out Nairobi, he asks: “When did we see improvements in the roads, in collecting waste, water and electricity?” Tuunanen says when the Nairobi city authorities started remitting the tax on the middle class, that’s when the middle class started broadcasting on the radio. If the Bank is to deliver, that kind of demand has to be created, and this is why capacity building today is not what it was in the past. He quickly adds that the world has changed and we are developing, and that is why the idea of creating a common society will still have to inject resources from outside.

The problem again falls to capacity because the capacity to bring three, four or five people like the heads of state, and to make them understand each other even if they don’t like each other is what was lacking in the EAC in 1977; otherwise the EAC was okay. “But in 1977,” he says “there was no capacity to tolerate each other.” According to him, this is exactly the case as there was no capacity to understand and explain to the countries, the politicians and the presidents that this [the Community] should not be destroyed. Reflecting on the Bank’s work, he says the Bank has the right attitude in the sense that this it is a Bank, and not an aid agency. Tuunanen states that the Bank’s challenges are not that it lacks good policies whether it comes to investing in development, investing in capacity and so forth, “It is to make these policies and strategies work well in our regional member countries. Here we come to the major challenge, reality. This Bank can have a good collection of policies and strategies that are absolutely right, but if in the countries concerned they are not willing to do the right thing, then our possibility to do anything is very minimal.”

Sovereign Nations

Discussions, he says, can be held, such as policy dialogues, but at the end of the day what they can do is only to support. “African countries are sovereign countries which do what they want. If a country is doing the wrong things, actually I would almost say that as the Bank, we should stay away. We are wasting our money. If a country is not investing itself, what is our role?” he wonders.

Concerning sustainable results and giving value for money, there is not much one can do unless it comes from the concerned countries themselves, he states emphatically. Talking about the subject of accountability, he says that by definition it brings about capacity. Tuunanen says: “If truly there is accountability you have to bring capacity, you have to create all these possibilities for development.” And here he tackles the “difference between a politician and a statesman, between leaders and rulers,” he says the problem is that at the end of the day, all over the world, there are no statesmen; we only have politicians,” the executive director observes. It is his view that there are increasingly more and more politicians who are only interested in electoral process every four or five years.

“Now we are almost supporting the idea that the African leader should not step down. That does have a capacity question: where did African leaders, in their own tradition, get anything that they can relate to, from which they can learn about alternation in government?” he wonders.

Currently, he says, there is a different concept from what individuals are used to as a culture of “ruler ship, not leadership.” He attributes this to a superimposed foreign model of governance that doesn’t come from anything Africa had in the past.”

Tuunanen finds issues regarding capacity, such as building democratic capacity, democratic rule and inclusion, which he finds very complex. “We, as a constituency of the Bank are the strongest vocal support in demanding for governance, accountability and democracy. But if you look at the Asians, they created a conducive environment for economic growth that actually had nothing to do with democracy. It was just that smart leaders realized that if they had to build good infrastructure, they needed stability, not democracy,” he offers.

Superimposed models

The ED suggests that people become educated on political and economic stability as at the moment Africa is in the process of rising with a different model, based on a kind of democratic system, accountability and free and fair elections. The Bank, he notes, strongly believes in democracy, and insists on democratic rule and democratic reforms. “What am saying is that, if you look at the history of the world, the situation is quite complex and quite diverse.”

Tuunanen adds that some of the Bank board members raised the issue about Africa which was expected to come up with sound environmental policies. Going back in history, he recalls that the history of Europe shows that countries such as the UK and Germany had protectionism and laws to enforce it. During that period, there were no labour laws, and no environmental standards.

“Afterwards, when we look at these processes in Europe, we realise it was against all the principles, and now we are insisting it should apply to Africa”. In a nutshell, he says, the future is not what it used to be; it’s different. “We are just convinced that democratic rule is the best guarantee of accountability and development. But if it’s a demanding one, it means a lot of turbulence here and there.”

He advises the Bank to be more active, more competent, more trusted, more desired as a policy partner, especially in enhancing the management of capacity, governance capacity and anything else every country needs to be able to flourish and create an environment for development. “This goes all the way, and every time I mention this in the board I am reminded that I am already waiting for the Bank’s constitution that says they should only look at the economic development and forget about everything else.”

All is Political

He is of the opinion that the Bank’s constitution, which was written in 1965, is a bit old-fashioned and must be updated. “If somebody says the Bank is not supposed to take positions in political affairs, we may as well close the Bank, because what is more political than poverty? What is more political than population growth? Name it. Everything that the Bank does is political. So it does not make sense to say that we are not supposed to talk about governance, democratic rule, etc.”

Tuunanen adds that if the Bank is not out to take political positions, then it should forget about land, or agriculture and forget about doing anything in Kenya for instance, and in the rural areas of the continent.

“What I am saying is, I think the Bank should strengthen its position as a desired and wanted policy partner for willing African countries which want to develop their own countries and governance and the management of public affairs. And governance is in Kenya’s strategy, one of the five pillars. What I’m saying is, that is the kind of capacity I would like to see growing in Africa, with support from the Bank.”
One of the main achievements of African Development Bank (AfDB) under President Donald Kaberuka was the setting up of the Office of the Special Envoy on Gender (SEOG). A first at the Bank, its mission is to mainstream gender issues within the Bank’s work, both at headquarters and in the field on the African continent.

Archaic Social Constructions

The discourse surrounding gender mainstreaming is taking place at a time when most countries of the continent have demonstrated a keen understanding of, and a firm commitment to gender issues which have been a hallmark of Africa’s numerous conversations over the past four decades or so. Still, though progress has certainly been recorded in many areas, serious challenges remain. The progress is not uniform and the speed at which it is being achieved remains sluggish.

Thus the Bank sees the mainstreaming of gender issues as a means of fostering gender equality, achieving poverty reduction and promoting economic development for all. It speaks to the imperatives of women empowerment, equitable gender relations and the eradication of social constructions that have helped anchor in our various societies the inequitable assignment of roles and rights and the marginalization of women from participation in their societies’ political and economic processes.

During the celebrations to mark International Women’s Day in Tunis in 2014, AfDB President Donald Kaberuka reiterated his position that gender matters are a core business of the Bank when he reminded Bank Senior Management “to make the Bank’s Gender Strategy its business”, adding, “Gender is not an annex of our work.”

On the same occasion, the Special Envoy on Gender (SEOG), Geraldine Frazer-Moleketi noted the many achievements registered by the gender equality campaign over the years, but warned that “there is need to further improve the [women’s] access to education and finance with a view to closing the gender gap cost.”

The SEOG, Geraldine Frazer-Moleketi, is a woman who has been in the thick of things since she served in her native South Africa’s government, including as Public Service minister, immediately after democratic rule was installed there in the 1990s, after having contributed to the liberation effort in her youth. She combines...
natural charm and combative assertiveness quite easily.

In her office at the Bank headquarters, Moleketi talks the gender strategy recently adopted, as a key component of the Bank’s ten year Strategy 2013-2022. The strategy, Moleketi says, is big on women’s economic empowerment, which is one of its major pillars. “If you don’t deal with this issue then you will not take [the strategy] forward,” she notes.

At the Level of the Woman

According to Moleketi, for women’s economic empowerment to be achieved on the continent, women need to be able to access capital, but then women are expected to provide collateral in order to access capital. “If you don’t have fixed assets, the financial services sector is not going to be creative about collateral, and therefore you will not achieve women’s access to finances,” she states.

She adds: “We actually need to have the impact of women’s economic empowerment felt on the ground at the Regional Member Country (RMC) level but more so at the level of a woman, whether she’s on the Banks of Lake Tanganyika, whether she’s in Kibera, or she’s in Cape Town, Cairo or wherever. We must feel that.”

This issue, she says, has been captured in a strategy for RMCs, as well as the internal aspect that focuses on the Bank. “If we want to talk about gender equality in Africa’s transformation, we as an African institution need to be the first to change the way we view gender equality internally, within the Bank.”

Under the leadership of the office of the SEOG, a Plan of Action for Operationalising Gender Mainstreaming at the African Development Bank Group has been developed. It lays a foundation of how to entrench gender within the Bank’s systems and processes. Moleketi emphasises the need to fund gender mainstreaming even within RMCs. For this, her office is working closely with finance and gender ministries of these countries to enhance financing for women and gender. “Unless we [fund these] we can stand on our heads, we can sing, we can make circles, we can be heard but we will just be making noise. We’ve got to hit the money. As a development finance institution, we hopefully have that convening power because of the resources that are made available, and as stipulated in the country strategy paper, we can ensure that it includes the whole issue of taking into account gender equality,” she stresses.

Gender your Projects

She points to the discussions she has had with African women ministers, broadly focusing on how they can become catalytic in big projects that can benefit women on the continent. “In essence, you should be a catalyst because as the gender minister you get into the centre of the government. Like in many instances, when there are negotiations around projects, big projects of the Bank including regional road projects, there is not a single gender minister. As a matter of fact, they don’t even know there is a negotiation around that, so the issue is to get them working with the finance ministers,” says Moleketi.

Of importance is the creation of a virtual market place for women that can be accessed through various platforms, including mobile phones, internet and others. These channels can provide development information to women. But for this to happen, Moleketi says, “we need to do different things, involving mentorship and coaching. They must ensure financial inclusion as well as financial literacy. It’s a tool that we are going to use but that tool is going to be effective depending on our mobilization.”

This, she underscores, will happen when there is collaboration with key ministries that have big budgets including the ministries of water, health, education, public works, and agriculture. That, she emphasises, calls for signing of MoUs to ensure a gender financing component targeting women, within the existing budget.

Ngozi Knows It

The other issue is incentivizing gender, as piloted by Nigeria’s finance minister, Ngozi Okonjo-Iweala, and is reportedly recording successful results. “For instance she says to the minister of agriculture, you show me how you have targeted women in agriculture and for every success you bring I will incentivize your budget. She has done that across five ministries with lots of success,” Moleketi says.

A great aspect of achieving gender equality and women empowerment that should not be overlooked is capacity building and development, according to Moleketi. She talks about how critical it is to identify specific capacity needs on the continent with regard to gender in order to chart out ways of addressing them.

To her, focusing on long term plans as well as working together with other players will go a long way in addressing the problem. She cites the example of South Africa, which she says brought together academia, private sector, trade unions, and government, to identify the country’s capacity development needs. “This team said ‘these are the skills South Africa requires, this is what we are going to do to get to that, this is whom we should bring on board’. Now the country has a national plan on the table to help develop internal skills.”

Moleketi says in the same way her office is working with EADI to build capacity within the Bank and within the regional member countries so that “we can not only to stay within the gender machineries but also help gender ministers to effectively negotiate issues with key government departments.”

In a separate forum, Simon Marahi, the Director of Quality Assurance and Results, cited the notable increase in the number of Bank projects that have integrated gender – from 31 percent in 2009 to 77 percent currently- stating that much more needed to be done:

“We cannot be effective if we neglect one gender, which forms half of Africa’s population. We have to refer to the plan of action which details measures of increasing gender information especially within Bank projects.”

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