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Capacity development for the transformation of Africa

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Abstract: Countries need capacity for a variety of reasons, including sustaining economic growth, generating jobs, reducing poverty, effectively managing development programmes, and transforming societies and economies. A lot of effort has been expended to develop capacity in Africa with mixed results. This paper provides a working definition of capacity that is relevant for a variety of African contexts, including stages of development achieved, the unique characteristics and challenges facing the continent, and the starting levels of endowment. The paper includes concepts of capability, staying power, human capital, and organizational performance, as well as introduces interpretations from co-evolutionary dynamics and the role of 'animal spirits' in capacity development policies. The special case of capacity development in crisis is included. Practical examples from practice are introduced and original empirical analysis provided to illustrate key concepts.

Keywords: Africa, animal spirits, capacity economic transformation, human capital, institutions, performance, policy

JEL classification: A1, F00, O1, Q00

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1 Introduction

African economies require transformation in order to deliver sustainable development results to its growing population. Effective transformation relies on specific capabilities ranging from skills and policies to effectively deploy domestic and external resources, policies, and programmes to transform natural resources, as well as strategies to harness the opportunitities in a globalized knowledge economy.

A lot of effort has been expended to develop capacity in Africa with mixed results. This paper considers a working definition of capacity development, and uncovers the characteristics of capacity that are linked to stages of development and to Africa's unique characteristics. The opportunity to use these unique characteristics and transform them into human and institutional capacity is tremendous. Thus, developing a successful approach to capacity development in Africa is highly strategic.

The paper covers accumulation of knowledge and capabilities at both individual and organizational level, building on concepts of investment in human capital. There is a brief exposition on the role of education in human-capital development, formal skills acquisition, as well as research and innovation. The paper covers problem-solving knowledge embedded in organizations and brings in ideas from 'Animal Spirits' as applied to capacity development.

The paper concludes with a discussion on 'capabilities' in the sense of 'feasibility to achieve' and ends with brief exposure to ideas from co-evolutionary dynamics and appropriate matching of capabilities of the state to challenges facing it.

2 Why does Africa need capacity?

To sustain high economic growth, and to ensure that growth generates jobs and poverty reduction, Africa needs to develop capabilities to transform its economies. For effective investing, using domestic resources or external aid, Africa requires capacity to develop successful strategies, implement development plans, negotiate aid, and manage taxes and other domestic revenues. For sustainable development results, poverty reduction, and to guarantee food security, Africa is compelled to continue to transform agriculture, develop human capital, build institutions that can ensure the continent's benefits from its vast natural resources, secure fair-trade deals, and manage under uncertainty.

There are many existing definitions of capacity development. A working definition is needed to uncover the characteristics of capacity that are linked to stages of development and to Africa's unique combination of a vast geographical territory with high potential for regional integration; a rich endowment of natural resources; a youthful and growing population; and a wide variety of states of achieved stabilities and economic growth over the years. The opportunity to use these unique characteristics and transform them into human and institutional capacity is tremendous. Thus developing a successful approach to capacity development in Africa is highly strategic.

Capacity development is both a science and an art. Donors' perspectives have usually driven the political economy of discussion on capacity. As a result, the concept of capacity has various definitions in practice and not all evaluated approaches have succeeded at the same level. Furthermore, extraction of lessons has been problematic. This paper uses a variety of sources of economic theory and Africa's own achievement to extract lessons learned, and builds a definition

from an analytical and theoretical perspective, with practical applications for policy makers. Capacity is treated as a system with different levels (individual, organizational, societal, and sectoral). Context is captured through distinction of geographical and spatial perspectives, stages of development, and natural endowments. The paper also tackles capacity in crisis and the utilization of existing capacity. The definition used is broad, yet specific enough to encompass the variety of contexts in Africa.

As Africa faces tremendous challenges in implementation, attention is given to capability. Capability-based theories, using concepts from the theory of the firm (Spulber 2009) and organizational performance, can be a good starting point to assess the kind of capacity Africa could develop. More specifically, the useful concepts from the theory of the firm include the ability to seize opportunities and create economic value; static and dynamic capabilities, and the concept of search and learning (from previous patterns, existing organizations, and practices); and capability to build organizations from personal experience. The potential for Africa to transform its unique combination of endowments, by focusing on the best approach to implementation of its policies and programmes, is the key highlight in this paper.

The paper covers accumulation of knowledge and capabilities at both individual and organizational level, building on concepts of investment in human capital. Such an approach can help to explain controversies; such as the educated unemployed, performing economies at low human-capital levels, human-capital flight (brain drain), productivity loss from communicable diseases (tuberculosis, malaria, HIV/AIDS), technical assistance and tied-aid, as well as natural-resources wealth co-existing with weak human capital. There is a brief exposition on the role of education in human-capital development, formal skills acquisition, as well as research and innovation. The paper covers problem-solving knowledge embedded in organizations and brings in ideas from 'Animal Spirits' as applied to capacity development. Africa's rich cultural assets and historical tradition of learning and sharing, positions it well to tap into knowledge and ideas as a source of growth and development.

The paper concludes with a discussion on 'capabilities' in the sense of 'feasibility to achieve' and ends with brief exposure to ideas from co-evolutionary dynamics and appropriate matching of capabilities of the state to challenges facing it.

3 Definitions of capacity

The concept of capacity has various definitions depending on practice and there is no broadly accepted definition (Morgan 2006). A definition from Honadle (1981) is a starting point for the chapter but it is buttressed by performance-based and holistic definitions of capacity from other sources. Honadle (1981) refutes early definitions of capacity as 'staying power' of organizations, which involves tracking the ability of organizations to survive; arguing that capacity is beyond just survival, and includes the ability of organizations to perform their functions effectively. This paper differs from Honadle, because of Africa's challenges of stability—where organizations responsible for delivery of development services have been constituted and reconstituted, and government departments in place for a long time have fallen in short order—re-establishing the concept of survival of organizations (Lenz 1980) as a performance criterion, but keeping the other elements developed by Honadle (1981).

3.1 A search for concept and purpose of 'capacity'

Honadle (1981) defines 'capacity' at the level of organizations and institutions, and proposes a framework encompassing ability to anticipate and influence change; make informed, intelligent decisions about policy; develop programmes to implement policy; attract, absorb, and manage resources; evaluate current activities to guide the future; accumulate experience, learn from it, and apply lessons learned to future activities. This framework is useful for assessing the achievements and challenges of capacity in Africa, and also for selecting amongst a suite of policies and actions needed in the future for Africa to successfully achieve development results. However, it suffers from a number of limitations, such as the lack of attention to the role of individuals, which happens to be the critical link in contexts with weak developmental outcomes. Where countries are poor or do not have supporting enabling environments for development, as is the case in fragile and post-conflict countries, the role of the individual is paramount in setting up the enabling environment for other activities to take place, or even in leading change such that results can be achieved.

3.2 Performance-based definitions of capacity

Building on Honadle (1981), one can introduce the premise that capacity comprises the ability of people, organizations, and society as whole to manage their affairs successfully and that it is the process by which people, organizations, and society as a whole unleash, strengthen, create, adapt, and maintain capacity over time (ACBF 2011). Such a definition embeds the concept of a capacity system with different levels.[1]

The African Capacity Building Foundation (ACBF) uses a definition of capacity conceptualized at levels of individuals, organizations, and societies as a whole. Their definition focuses on ability to set goals for development and achieve them; to budget resources and use them for agreed purposes; and to manage the complex purposes and interactions that typify a working political and economic system (ACBF 2011: 30-31). The definition is broad, yet specific enough, to encompass the variety of contexts in Africa. A composite index derived from four dimensions is calculated to assess capacity improvements in Africa. The dimensions include a cluster of indicators around development 'policy'; a second cluster around 'processes' for implementation; a third cluster on achieving development 'results'; and a final cluster on building 'dynamic capabilities'.

Such a definition of capacity recognizes that many countries in Africa are starting from a low base of individual competences and have had to develop a critical mass of people who can undertake the types of activities that lead to development results. Challenges such as brain drain also mean that the few competent people, who are there, are not available for the critical policy and programme activities needed for development. Poor incentive structures in the public sector means at times that competent people may not be contributing effectively or not be committed to achieving results. Policy capacity can be measured by the critical mass of skilled people, who can formulate and design effective policies to secure stable good sectoral outcomes in service delivery or a stable macroeconomic environment.

The main challenge is to have skilled people who are competent in a particular sector (education, health, energy, transport and so on), as well as those who are capable of managing the processes for implementing policies and programmes in the different sectors. High-performing individuals

[1] This definition incorporates societal and sectoral levels (McKinsey & Company 2001), as well as geographical and spatial.

need to be functioning in a system that can diagnose problems (Spillane and Coldren 2011), put in place the right strategies and implement them (Fullan 2010). The kind of skills needed go beyond academic qualification and relate to the need to be able to manage complex implementation arrangements (de Grauwe 2009). The ability to formulate and design policy, needs to be complemented by management skills that cannot only identify the supporters that could enable the policy to be effectively adopted, but those advocates who could help it to be recognized, and those analysts who could support the design by doing the needed analytical work to secure the quality needed for policies to be endorsed broadly. Credibility of the policymaking process and the dynamism of building coalitions for change are equally critical, as policymaking is rarely stable, and there is a very important role for entrepreneurial individuals to be effective (Mintrom and Vergari 1996). Concepts of entrepreneurship are well placed in the African context, as positioning adequate policies for implementation require critical knowledge of the local environment, to be combined with a smart strategy for change. Ministerial personnel, who are successful at getting policies implemented, spend enormous amounts of time trying to get policies adopted once they have been designed, and also consult with select groups to embed their ideas in the policy design (de Grauwe 2009). Pooling resources to alleviate capacity problems can also become encapsulated in the de Grauwe (2009) conceptualization.

Characteristics like the geographic size of a country do also matter for ability to achieve capacity for development, in addition to the structure of economies, in terms of dependency on hydrocarbons or minerals for export. Big countries need capacity to deliver services beyond the capital city, and to reach rural and distant areas. Low capacity to manage the spatial dimension of development affairs can hamper the achievement of development results, and limit the ability to reduce income and service inequalities. However, countries rich in natural resources can afford to invest in building capacity for the future, particularly in terms of investing in improving infrastructure connections and human capabilities. Geography also matters in challenges of harmonizing regionalization policies and for regional integration to succeed. A lot of effort can be expended to develop capacity with limited or mixed results, if factors of size, economic structure, and political environment are not considered. Because Africa has vast territories and countries are geographically spread out, with limited access to infrastructure, implementation can be a challenge. Indeed the size of a country affects the achievable level of capacity. Large countries have spatial challenges in developing the needed capacity to effectively deliver development results.

Trade-offs are needed to transform physical into human capital. Countries that are geographically small also need capacity to manage their development affairs; being not as well endowed in natural resources, makes it harder to attain the needed resources to deliver development results. This is where questions of aid dependency and ability to effectively manage external aid for development results become relevant.

But it is not necessary to have natural resources to succeed. Countries that depend on agriculture could also use the knowledge gained in transforming the sector, to modernize it, and use that capacity as the basis for achieving development results in other areas over time. Mid-sized countries that are not dependent on natural resources can also make progress in capacity achievements, by innovating and extracting value from a diversified economy. Africa's unique combination of a vast geographical territory, with high potential for regional integration, would thus also require effective institutions for regional integration, for it to achieve the results. The issue of sequencing capacity development is also important. Good performance in one sector can co-exist with poor performance across other sectors. Countries need relevant capacity for their specific context.

3.3 Building capacity in crisis

Because of the variety of countries in Africa that are fragile, post-conflict, or in conflict, it is important to also bring in the question of building capacity in crisis (Eade 1997). There are three areas that have proven essential to address simultaneously for post-conflict stabilization, recovery, and development, according to Mlambo et al. (2009): (1) rebuilding the state and its key functions; (2) reviving war-ravaged economies; and (3) rehabilitating, reconstructing, and reintegrating communities, and addressing their urgent needs.

To rebuild the state and its key functions requires capacity to utilize resources effectively, managing skills and knowledge, have effective organizations in place, restructure politics and power arrangements, and put in place the right incentives for development (UNDP 2002: 4, 6). Resources to be managed during periods of post-conflict include food aid; finances from trust funds and social funds; material, equipment, and budget support. There is also a need for capacity to re-skill the population, and manage training activities, knowledge, and learning, including best use of study tours, technical assistance, and technology transfer. Organizational capacity includes management-systems development, effective organizational twinning to learn from peers, restructuring of previous organizations before conflict, and undertaking civil service reform and decentralization. Under politics and power, critical capacities relate to empowering communities, legislative strengthening, and development of alternate politics that can handle ethnic conflicts and the causes of previous conflict. Designing appropriate incentives to undertake sectoral reforms, encourage dialogue and consensus building, strengthen accountability, and ensure rule of law are important.

Analysis done by ACBF (2011) shows an important difference in capacities of fragile and non-fragile states. The most critical difference is in organizational capacity to manage the myriad of activities needed after conflict. Another important difference is effective use of resources and speeding up of skills building and knowledge transfer. There isn't much difference between fragile and non-fragile states in the sphere of capacity to wage politics and power, and to define incentives. What seems to matter is the purpose of the use of politics, power, and incentives, rather than the capacity to do so.

3.4 Main considerations for capacity

Building capacity in Africa depends on the strategic use of the unique characteristics and endowments of the continent. Capacity building in Africa has to be people-centred, given its youthful and growing population, and success depends on how well 'capabilities' have been developed. The continent is rich in natural resources and can transform them into human and institutional capacity, but to do so it has to combine individual capabilities with effective organizational performance. Africa has a vast and diverse geographical territory that is in various stages of connectedness, making it imperative to rely on an effective balance of decentralized approaches and those that rely on collating and co-ordinating large sources of data from disperse regions. Africa is also at a stage of development, where it is competing with other continents in a more globally connected space, and can use this level of connectivity to learn from a wide range of geographies and economies, and leap-frog into higher performance. Given that capacity development is both a science and an art, and not all approaches succeed at the same level, lessons need to be extracted from within a variety of sources of economic theory and Africa's own achievement.

Holistic definitions of capacity are the most useful; as they allow countries to define the best capacity system that would deliver development results at the overall societal levels, but also at

sectoral levels (McKinsey & Company 2001). Explicitly recognizing starting points and endowments at a given position in time is important for building capacity post crisis (Eade 1997).

4 Capability-based theories

Because of the tremendous importance of implementation, we shed light on the issue of capability in this section.

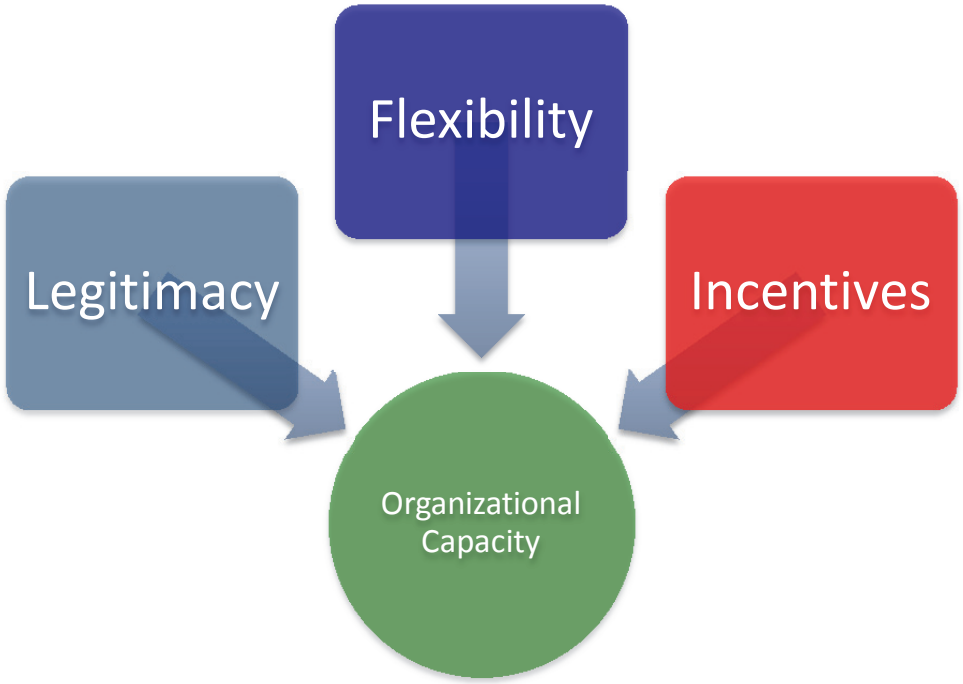
Penrose (1959: 85) advanced the idea of a close relationship between various kinds of resources with which a firm works, and the development of ideas, experience, and knowledge of its managers and entrepreneurs. Applied to countries, one could see each country as a unique bundle of resources, requiring country-specific managerial experience to get the type of ideas, experience, and knowledge to achieve results. Put it otherway, the country context and historical trajectory, traversed by the country, will make its policy makers and development actors a unique experience that cannot be replicated elsewhere. Such experience would be found in the intimate and tacit knowledge of the communities in those countries, in the specificity of the human-capital assets at a given point in time, and in day-to-day operating procedures in the work place. Compared to people coming from the outside (as in the returning diasporas or external experts), personnel who have been a long time in a ministry or department, would have knowledge of the department's capabilities and organizational routines that allows them to envision a 'subjective and productive opportunity' set (Penrose 1959: 42) for the country.

Capacity building, within a rapidly changing context, is a 'learning-by-doing' field, and according to Penrose (1959: 53) in such situations it is experiential knowledge that is being used and such knowledge cannot be transferred as easily, as it can rarely be separated from the individuals concerned. As such, it is important to design capacity-building programmes that take people from their work environment, and subject them to learning and exchange with others, exposing them to new material, but with the purpose of having them to make micro-improvements in their practices and procedures, if changes or reforms are to be sustainable.

Another key concept from Penrose (1959) is the availability of capable human assets that can be deployed for learning, expanding, and diversifying. A bottleneck to development and sustainable economic growth is the availability of highly skilled and experienced permanent secretaries (partners in the equivalent of the professional-services firms studied by Penrose), who can co-ordinate complex functions, provide oversight over multiple activities and priorities, and leverage the resources of the ministries, to deliver on important results. It takes time and effort to accumulate such sector-specific and country-specific knowledge, and hence building an effective civil service is critical for success in transforming societies. There are few shortcuts in learning, growing, and diversifying economies sustainably.

As important as individuals and their tacit knowledge are, so is the importance of how power is exercised in organizations and its impact on organizational performance. Those at the top of public-sector organizations, responsible for development, would not necessarily be aligned to deliver development results. They would be, according to Pfeffer and Salancik (1978), many times engaged in ensuring their own survival and the survival of their department or ministry, seeking to enhance their own autonomy. Thus power would trump development results, and stability of the decision-making system would trump introduction of flexibility, adaptation in strategy, and plans for development. Such a tendency is important to understand when developing capacity-building strategies, so as to better align capacity-building resources towards supporting accountability mechanisms outside of the public sector, and to embed incentives for performance within the public sector.

Table 1: Key elements of organizational capacity



Source: Author's construction based on Pfeffer and Salancik (1978).

Studies show that it is easier to achieve legitimacy of a strategy for development and programme for achieving results, then it is to get high levels of flexibility and a good set of incentives that drive high-performance behaviour in the public sector (ACBF 2011). Effective organizational capacity would include the ability to create value over time (Möller and Törrönen 2003), which in the context of Africa would be to achieve sustainable development results. Effective organizations could seize opportunities and learn from them (Smith et al. 1996). More importantly, organizations responsible for development would have people who are skilled at understanding learning patterns, and learning from existing organizations and practices (Senge 1997). For development organizations in Africa to do so, in an effective manner, would require not only static capabilities (as in the stock of knowledge that a critical mass of trained professionals in a ministry have), but dynamic capabilities as well, so they can embed concepts of search and learning, as they work to get results in a complex development arena (Bar Yam 1997). As such, successful capacity building would be an outcome of an evolution, where countries advance a capability to build organizations from the collective and shared personal experiences of its people.

5 Accumulation of knowledge and capabilities

Six distinct capacities are needed for Africa's development (Léautier and Mutahakana 2012): (1) the ability to manage and negotiate conflicts, and ensure stability that can attract economic activity and investment; (2) the policies and programmes needed to transform agriculture, and guarantee food security within and across country borders; (3) the skills, competences, and decision-making systems, as well as processes to decide on investment priorities; (4) the skills, competences, as well as systems for data collection and analysis, including those that secure the demand for good data, and support the desire for evidence-based policy-making; (5) skills, competences, systems, and processes to manage across sectors, geographies, and generations; and (6) the mechanisms and practices to engage civil society, the private sector, and the international community on development issues.

The education sector plays a paramount role in building the human capital needed to meet these capacity needs. Universities are at the top of the transformation chain that contributes to generating graduates with skills of defining alternatives, making choices, and implementing programmes for development. Success in generating such skilled people relies heavily on how education is viewed, developed, and used, and more importantly on the conception of the capacities needed to move forward (Léautier and Mutahakana 2012).

People, Schultz (1961) famously said, are an important part of the wealth of nations. A strategic capacity-building programme for Africa would support individuals to acquire knowledge and skills, by investing in effective systems of learning and knowledge acquisition. Such systems would develop individuals that can transfer their skills from agriculture into industry and manufacturing. Furthermore, investment in raising the work-place knowledge and functions, so as to raise the productive capacity of the workforce, is an important role for education. Such investments would be expected to yield results in large populous countries, as the labour contribution to output is vastly larger than all other forms of wealth taken together (Schultz 1961).

The education sector impacts capacity development through channels of 'capabilities' and individual 'feasibility-to-achieve' as developed by Sen (1999). The role of universities in innovation and learning systems at individual, societal, and economy levels is important for producing skilled people, who can create and use knowledge effectively, thereby raising the quality of administrative decisions at a country level. Universities have a role to play in generating a culture of social equality, tolerance, and environmental sustainability. Such a culture, coupled with organizations that can source ideas locally, tap into the stock of global knowledge and ideas, and adapt or assimilate practices to local contexts, would allow countries to leapfrog into higher levels of performance.

The education sector also plays an important role in research and innovation that could be of significance in a strategy for capacity building in Africa. An effective strategy would rely on leadership of universities to go beyond being good scholars and stewards of accumulation of knowledge, to become executives who are politically astute, economical savvy, business aware, and emotionally intelligent (Higgs 2002; Goleman and Boyatzis 2008).

Universities in Africa need to be flexible and responsive to emerging socio-economic and knowledge needs, which involves focus on inter-generational learning to carter for life-long learning needs of individuals in economies that are transforming and restructuring (Hanna 2003: 25). Cross-disciplinary research and instruction takes on added importance, with attention to uncovering the type of discoveries that lead to solving intractable problems in the area of diseases unique to Africa, and where countries on the continent face a higher burden to resolve. Education needs to be valuable to society in the short and medium term, while generating value and preparing the next generation.

Unique solutions for access to rural information are also important through development of appropriate knowledge-sharing systems (Brown and Molla 2005; Boateng 2006; Karamagi-Akiiki 2006). Such innovations have made it possible for scaled-up access to services in rural areas (Boateng 2006; Brown and Molla 2005), all riding on innovations and research into the unique use of information technologies. Scholars have documented similar dynamics in the area of rural-information systems, where penetration of information systems, from the growth in Internet communication and widespread accessibility to mobile-phone technology, has been combined to alter how knowledge is communicated and disseminated (Karamagi-Akiiki 2006). All these efforts highlight the role of education to ensure shared growth and policies of inclusion, by

providing individuals with skills that enhance the sense of 'control over ones environment' (Nussbaum 2001).

5.1 'Animal spirits'

Capacity development is also related to problem-solving knowledge embedded in organizations. The concept of 'animal spirits', which is often used to explain the non-rational aspects of economics, can be useful for explaining capacity concepts. Keynes (1936) argued that government should place limits to allow independence to learn and be creative, thereby encouraging innovation and risk-taking. As such, the concept of learning and adapting within government structures was very much part of Keynesian thinking.

The meaning of 'animal spirits' according to Akerlof and Shiller (2009) is used to introduce the role of behaviour on the performance of public-sector agencies and leaders, and to explain the differences across agencies and countries over time. Five key aspects of animal spirits that have implications for the concept of capacity can be distinguished according to Akerlof and Shiller (2009): (1) confidence and its multipliers; (2) fairness; (3) corruption and bad faith; (4) money illusion; and (5) stories.

5.1.1 Confidence

Confidence has to do with individual expectations of the future, whether rosy future or bleak, and therefore it has an impact in the level of trust or belief in a system or an outcome. Confidence would thus drive perception and motivation, as well as memory, particularly if relying on gut reactions to make choices or depending on lessons from the past to set priorities. Confidence, when used in the context of capacity development, would relate to the adoption of a scenario for the future for strategic choices at the country level for instance (Hanson et al. 2011). If civil servants in a country believe the future of their economies to be rosy, they may make policy decisions that are binding; otherwise they might not. Confidence in the context of capacity to analyze and track trends could also be used to interpret the approach to decision-making in the absence of data or facts, where data paucity makes it challenging to make evidence-based decisions.

Using the definition of confidence can help to explain a number of conundrums in capacity development, such as the varied performance in the level of effort of civil servants in countries with roughly the same level of skills. Such diversity could result from the differential level of self-sacrifices people are willing to make, or the varying structures of the organizations involved in public-service delivery. Confidence could help to explain why some public-sector personnel are able to make decisions, innovate through risk-taking, and act to implement policies and programmes within the same bureaucratic setting, while others don't. Understanding how confidence operates in a variety of settings could help to explain the differential performance across countries with similar organizational processes. It could also help to understand the dissimilar capacity of organizations with similar functions and processes, and why they realize new ways of doing things, while others don't.

5.1.2 Fairness

Fairness relates to social expectations, and has its origins in sociology, being associated in economics to equity and exchange theory (Akerlof and Shiller 2009). When expectations clash in the work place, or across different groups in society, they can lead to lack of coherence. The challenge of building a meritocratic civil service is a case in point. In most African societies,

generosity is valued, and hence individuals who follow social norms, could practice patronage. Societal pressure for patronage could override organizational pressure of meritocracy in such instances (Akerlof and Kranton 2005). Fairness can also be used to explain why peer-to-peer learning works; individuals learn better from peers as it is easier to admit not knowing to peers than doing so to others, such as superiors who could judge them on not knowing (Blau 1963).

5.1.3 Corruption and bad faith

Corruption and bad faith are more directly linked to issues of capacity as when there is corruption, any achieved level of skills loses effect in a corrupt environment. Well-designed administrative steps are undermined when there is corruption. No amount of effort would achieve results when there is bad faith.

5.1.4 Money illusion

Money illusion relates to lack of awareness on the risk of delaying decisions. A delay in finalizing policy choices, service-delivery arrangements, or implementation of projects has a cost rarely acknowledged in discussions on capacity development. Policy makers functioning in an expeditious manner would have better efficiencies, as they can spend less to get similar results than policy makers, who incur significant delays in decision-making, because of the time value of money. Long-term consequences of borrowing, inflation, and debt, all have serious consequences on the efficacy of public spending. The capacity to factor speed-up decisions is a critical gap that needs to be considered as well.

5.1.5 Stories

Stories have relevance in the capacity to generate a shared vision and underpin learning from success stories and failures. Akerlof and Shiller (2009) depict how human motivation comes from living through a sequence of events, unified by a set of narratives, creating a structure for inspiration and action. Stories are important to develop and share a common vision about the future, or build confidence about societal expectations and leadership visions. A cohesive story that unites people can allow countries to make great leaps, even when coming out of conflict. Stories can speed up learning and innovation, when the recounted experiences include facts encouraging application in other situations. The concept of field trips to develop capacity can be explained in the context of stories. Storytelling is useful to motivate higher levels of effort in organizations, or build confidence to transform entire societies (see Schank and Abelson 1977 for a detailed exposition on the role of stories). At organizational level, one can use storytelling to motivate staff to work harder and achieve greater results. At societal level, storytelling can be used to achieve a flood of change through the contagion rates of good stories (this effect can go in reverse in terms of negative stories, as well including on risk perceptions). The role of the media is particularly relevant in this regard (Hanson and Léautier 2011).

6 Co-evolutionary dynamics

Because of Africa's rich natural endowments and its need for capacities to transform them into development results, and other forms of capacity, we end this paper with a brief discussion on the concept of dynamic capabilities. The term refers to 'the capacity of an organization to purposefully create, extend, or modify its resource base' according to Helfat et al. (2007). It relates to the competence to co-evolve the capacity to learn, develop, or discover new assets, and transform existing assets (Teece 2009). It requires ideas from co-evolutionary dynamics, to determine how to appropriately match capabilities of the state to the challenges facing it. Co-

evolutionary dynamics can also explain the need to co-evolve the capacity to manage natural endowments, while developing capabilities critical for the future.

This theory would be most useful for countries rich in natural resources, but with weak capacity to manage their overall development process; exhibiting a sort of 'capacity imbalance'. Countries have experienced diverse development trajectories and scholars have observed the long-term impact of initial institutional set-ups, but also of the learning dynamics in a society (Abramovitz 1986). To explain such divergence, and investigate the continued capacity to develop policies, make informed decisions, and achieve sustainable development results, we need a concept of 'dynamic policy capacity'. Having 'dynamic policy capacity' means being able to analyze, design, implement, evaluate, learn, and adapt policies and programmes that transform economies.

For anticipating and influencing change, one can assess effectiveness of strategies for development and their implementation over time; how experience is accumulated; how learning and adaptation takes place; and how lessons are applied to future activities. Such capacities rely on a dynamic concept of ability to transform agriculture, develop human capital, build institutions to convert natural resources into development results, those that can secure fair-trade deals, and manage under uncertainty.

These concepts are well needed, as Africa is heavily dependent on natural-resource exports. For mining, needs relate to capacity to develop a strategy for exploiting the mining sector today, ensuring that mining is considered part of a country's National Development Strategy, and managing externalities from mining activities (ACBF 2013). This is even more important for hydrocarbon-producing countries to manage commodity price and other shocks from the external environment. As more countries compete in the market for commodities, it becomes important to have the capacity to restructure economies and diversify them, while adding value through processing and industrial transformation of primary commodities. All these capacities are critical for effective development.

Co-evolutionary dynamics allow for inclusion of scientific attitudes and mindsets to device appropriate learning technologies to use for development, improvement, and adoption of ideas and techniques. It could also explain why countries exhibit different trajectories and speeds of catching up, under different conditions. Such analysis would enable investigation of the stage Africa has achieved in its path to development, and how to evolve alternative scenarios on the basis of dynamics that can ensue from better matching capabilities of the state to challenges and previous trajectories. The differentiated role of international versus local NGOs could also feature, when looking at how best way to combine capacities of international versus local NGOs for effective results. Co-evolutionary dynamics could be useful for managing tensions during delivery, and choosing between technical assistance versus developing in-country capacity.

7 Conclusion

Africa needs capacity to sustain high economic growth, and to ensure that growth generates jobs and poverty reduction. Capacity is also needed for economic transformation, effective investing in the future, and implementing policies and progammes successfully. Capacity development is both a science and an art, and there are many existing definitions. A working definition was developed in this paper to uncover elements linked to Africa's unique characteristics. Used effectively, these elements can be used to develop a highly strategic and successful approach to capacity development in Africa.

Analysis done in the paper allows us to conclude that successful capacity building is an outcome of an evolution. Countries advance a capability to build organizations from the collective and shared personal experiences of its people.

Africa's rich cultural asset, and historical tradition of learning and sharing, positions it well to tap into knowledge and ideas, as a source of growth and development. The role of universities and places of learning, as well as the concepts of 'animal spirits' applied to capacity building could be valuable.

Co-evolutionary dynamics could be useful for managing tensions during delivery, and choosing between technical assistance versus developing in-country capacity.

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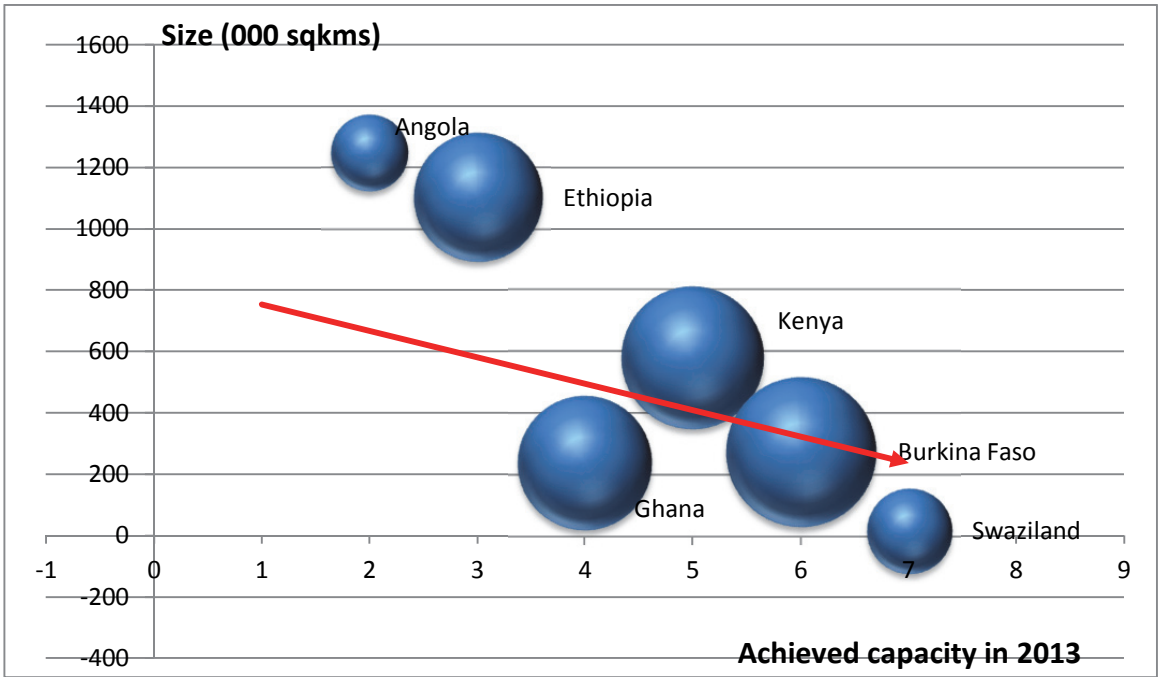
Annex: Supporting empirical analysis

Table A1: Capacity to develop strategy for using Africa's vast natural resources

Indicator	Countries have important natural resources (%)	Have developed strategies for the mining sector (%)
Mineral producers only	43%	21%
Hydrocarbon producers only	5%	50%
Hydrocarbon and mineral producers	36%	19%
Prospecting countries	9%	25%
No mineral or hydrocarbon resources	7%	0%
Total	100%	20%

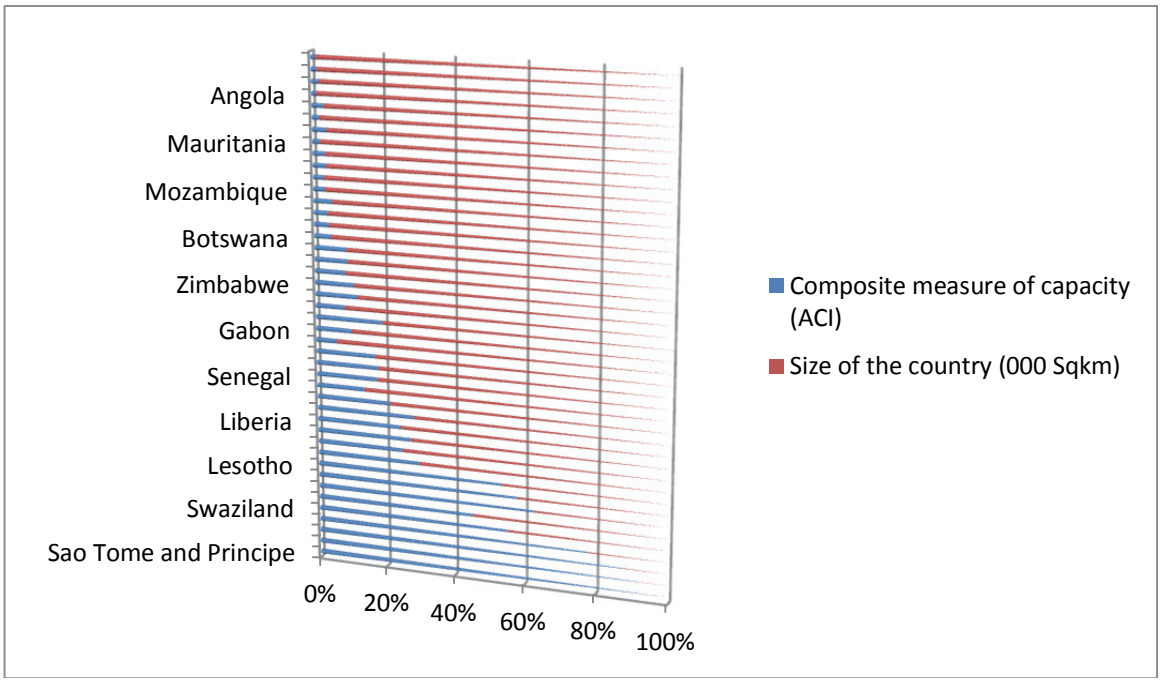
Source: ACIR (2013).

Figure A1: Country size and capacity



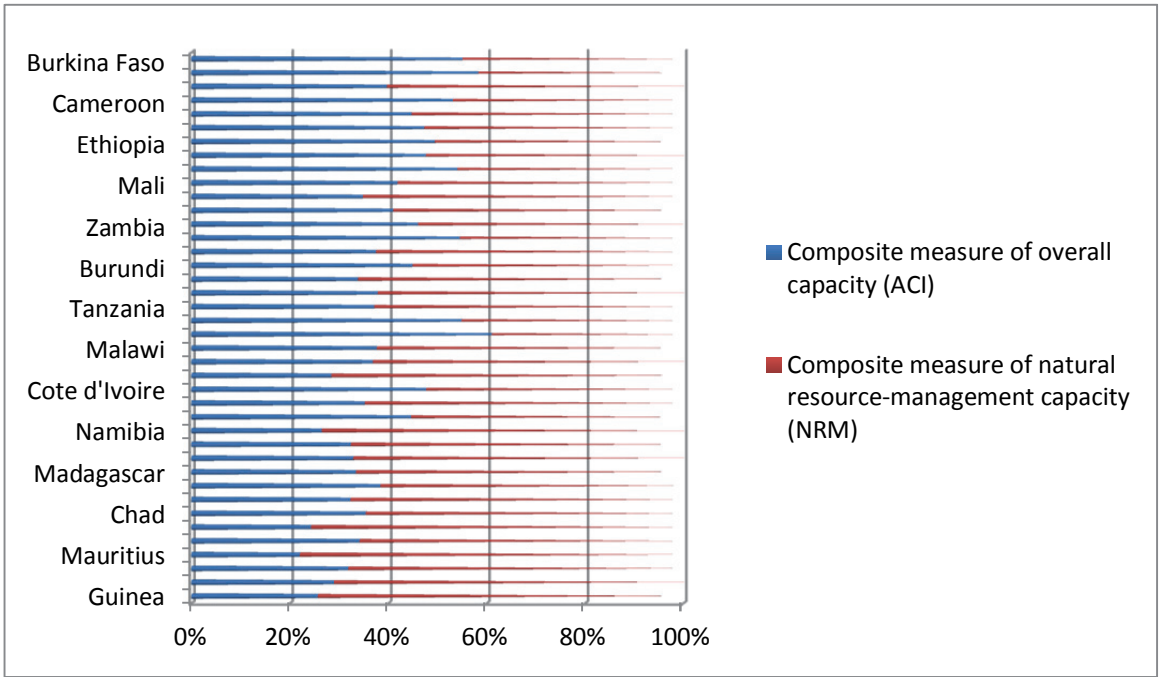
Source: Author's construction using data from ACBF (2013).

Figure A2: Geography and capacity



Source: Developed by author using data from ACBF (2013).

Figure A3: Sectoral and general capacity



Source: Author's construction using data from ACBF (2013).