

PART I

CONTEXT AND BACKGROUND

Pan African Capacity Building Programme

Between

THE DEVELOPMENT BANK OF SOUTHERN AFRICA
(Hereinafter referred to as the DBSA)

And

AGENCE FRANÇAISE DE DEVELOPPEMENT
(Hereinafter referred to as AFD)



SUBMITTED ON OCTOBER 11th 2009

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The first part of the document summarizes the contextual background, objectives, the terms of reference designed for the composition of the second part (feasibility study) and third part (operational outline) of the framework for the DBSA / AfD Pan African Capacity Building Programme Advisory Board.

The Development Bank of Southern Africa
The Vulindlela Academy
1258 Lever Road, Headway Hill
P O Box 1234, Midrand 1685
South Africa

For the attention of Mr. Thami Dlalisa

11th October 2009

Dear Sir,

**RE: PAN AFRICAN CAPACITY BUILDING PROGRAMME - MASTERS IN
INFRASTRUCTURE MANAGEMENT AND ITS RELATED SHORT-COURSES**

It is with pleasure that Ndivho Audit and Business Advisory (“Ndivho”) submit the final report for the feasibility study and the institutional arrangements of the Pan African Capacity Building Program (PACBP). The PACBP is anchored on the Pan African Masters in Infrastructure Management and supported by related short-courses and other initiatives, such as the professional exchange program.

We appreciate your support and wish to thank the officers and stakeholders interviewed during the field visits who generously shared their knowledge and experience with the team.

Yours faithfully,

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1. PURPOSE OF THE DOCUMENT

The first part of the document summarizes the context and background for the establishment of the initiative. This document outlines the aim and objectives of the DBSA/AFD Pan African Capacity Building Program. This document forms PART I of the strategic framework. The second part comprises the feasibility study that supports the establishment of the program and the last pillar outlines the institutional arrangements to execute the program.

2. BACKGROUND

In an attempt to address the identified skill gaps in the current African capacity building and professional training landscape, the Development Bank of Southern Africa (DBSA) and Agence Francaise De Developpement (AFD) signed a memorandum of understanding for the creation of a Pan African Capacity Building Program. The objective of the program is to support the continent in the attainment of its infrastructural development objectives and hence the MDGs. The identified skills gap - detailed in the MOU - are viewed as the main obstacle to an efficient and timely delivery of adequate basic infrastructure throughout the African continent.

The Pan African capacity building programme has evolved into a joint initiative of local and international development finance institutions with shareholding from the DBSA, AFD, IDC, KFW, ADB and the WB. In addition to the collaborative financing model, the PACBP is designed in such a way that all its layers are co-created and implemented jointly with all partners involved; including the program content design, marketing, and delivery. The institutional arrangements presented in Part III of the strategic framework indicate this partnership model across the value chain of the programme.

3. RATIONALE FOR THE PACBP

In response to the development challenges facing the region policy makers have courageously taken on interventions targeted at key developmental areas such as infrastructure in the quest for sustainable development and growth. It has

been widely accepted that institutional weaknesses and the lack of capacity in general, and skilled professionals in particular, are the key barriers to successful infrastructure project implementation and completion for Development Finance Institutions, different Spheres of Government, Public Enterprises, Utilities and other Development Institutions.

The paradox is that there are supply-side limitations as well; Professional Training and other Academic Institutions have their own capacity constraints. These Institutions place more emphasis on short-term programs and seminars, perhaps due to the immediate need to get the project pipeline wheel moving whilst other Institutions come on board with alternative funding and delivery models. One of the results of the selected approach is a successful short-term “subject-matter oriented” impact with less impact on successful project completion. Basically, by default, it puts more emphasis on a particular stage of the project at the expense of the other equally important, interrelated and dependent stages.

It is within this context that the Development Bank of Southern Africa (DBSA) and Agence Francaise de Development (AFD) including PROPARCO, its private sector subsidiary, has created a Pan African Capacity Building Platform. The objective of this platform is to support the process of unlocking Africa’s economic competitiveness by effectively fast-tracking its infrastructure development pipeline. The institutional arrangement for the implementation of this initiative was guided by a feasibility study that scanned the demand and supply for a program whose focus was mainly on development finance for Africa’s infrastructure.

In order to attain its objectives, the PACBP would design, at least for its initial phase, a training program pitched at a postgraduate level accredited by both local and international universities. The program attempts to close the organizational capacity challenges highlighted in the terms of reference of the program’s founding MOU. To adhere to the founding principles of the MOU the program has been designed in a manner that addresses the lack of project

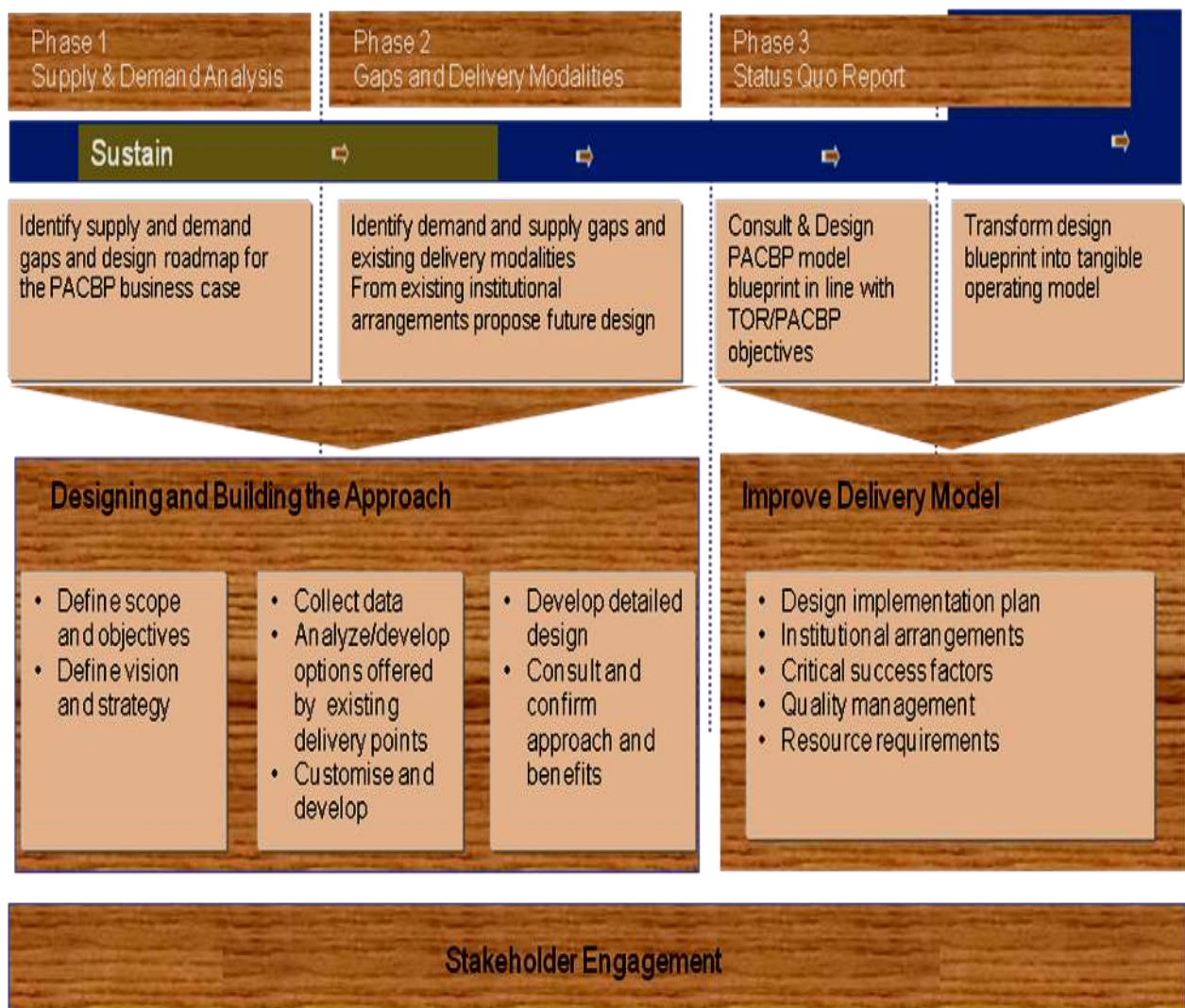
finance (including investment appraisals) and implementation skills for Public, Private Partnerships (PPPs); including sector skills such as energy, water & sanitation and transport; infrastructure project management, and monitoring and evaluation.

The key project sponsors recognized, through the signed Memorandum of Understanding (MOU) that the program would focus on:

- Building skills for implementing key infrastructure projects that would address development challenges related to sustainable development, regional integration, competitive advantage, equitable growth, poverty and unemployment;
- Countries in south-, central-, west- and east Africa and exclude North Africa;
- A post graduate level intake accredited by both Local and International Universities.
- Covering topics such as: infrastructure project management, PPPs, project finance, investment appraisal processes and monitoring and evaluation;
- Focusing in the water and sanitation, energy and transport sectors in the initial phases; noting that of the three, water will take precedence in the beginning.

4. PROCESS AND METHODOLOGY

The joint capacity building program was founded on the backdrop of an MOU between DBSA and AFD, signed in April 2008 which was preceded by a charter that set out the provisions relating to the establishment of an advisory board. In adherence to its function of providing strategic guidance and direction, the board commissioned a feasibility study whose outputs would shape the development and approval of the strategic plan for the PACBP. The diagram below summarizes the process followed:



The process followed for the viability of the PACBP was a combination of a desktop review and a literature review which was conducted using various reports and presentations on aspects of the current state of infrastructure development, the skills requirements in the market and the supply of capacity building interventions to support African regional bodies that implement infrastructure projects.

The process was guided by the MOU and terms of reference for the establishment of the PACBP and was structured in such a way that it would validate or refute the following:

- a) The need for a Pan African Capacity Building Program anchored by a Masters in Infrastructure Management;
 - i. The nature and extent of the skills gap for implementing key infrastructure projects;
 - ii. The challenges faced by Institutions that are mandated to deliver infrastructure projects.
- b) The status of the existing training programs in this field;
 - i. The relevance, within the context of the infrastructure crisis, of existing programs in the market;
 - ii. The relevant service providers and other role players such as universities, professional bodies and networks that offer this product, their target markets and delivery models;
- c) The main gaps and delivery modalities;
- d) The result of the above analysis would then inform the nature of the strategic framework that provides direction for the implementation of the training program; including the program rationale, approach, key success factors, target market, product offering, institutional arrangements, delivery model, quality management, and resource requirements.

From this analysis it was possible to draw out the status quo of capacity building requirements from different perspectives; from the view of the implementers of infrastructure projects – utilities, government bodies, Regional Economic Communities, and others – from the sectoral view - water and sanitation, energy, and transport, from the perspective of the future requirements for infrastructure investment and development in the Continent. Notes were also taken from similar and/or related studies, which included stakeholder visits to a number of countries in the region, consultations with Governments, utilities, regulators, and regional bodies focusing on infrastructure development. In so doing, it became possible to formulate an understanding of the “as-is” the status quo which confirms and/or

emphasizes some of the issues that the Continent is grappling with in implementing infrastructure projects. The results of this exercise validate the rationale behind the creation of a PACBP which is in line with the MOU and its tenets.

Part II and III of the report lays down the results of the feasibility study and the institutional framework for the PACBP.