As articulated in the Paris Declaration on Aid Effectiveness (2005), country capacity is at the core of sustainable development. The concepts of capacity and capacity development (CD) are so all-encompassing, however, that practitioners have often found it difficult to make operational sense of them. According to the Development Assistance Committee of the Organisation for Economic Development and Cooperation (OECD/DAC), practitioners should begin by asking “capacity for what?” and focus on the specific capacities needed to reach well-defined goals, while keeping in mind several basic principles: (a) capacity development is a long-term process and requires a long-term view, (b) it must be country led, (c) donors should coordinate their CD support activities, (d) good diagnostics should inform the program design, and (e) learning activities must be comprehensive; that is, in addition to enhancing the capacity of individuals and organizations, CD should on the institutional level also help develop the capacity for good governance.

This brief looks at how three ongoing World Bank projects in the transport sector worked to put these ideas into practice. Within very different country contexts, all incorporate three or more of these core principles. All are country led and based on good diagnostics; all are being carried out in a five-year period with ample time and budget for capacity development; all focus on developing capacity simultaneously at the individual, organizational, and institutional levels; and all use local expertise, including private sector expertise, wherever possible. The three initiatives also reflect ongoing learning and the willingness of both donors and government to stay engaged with the process under difficult circumstances.

When it comes to capacity development, the transport sector provides an interesting microcosm in which good practices can be readily tested. There are several reasons for this. First, donors are willing to fund capacity development in the sector, because the quality of transport has been identified as one of the most important factors underpinning economic and social development. Second, capacity development needs in the sector are well understood, and recognized standards of practice can be applied across projects, countries, and regions. Third, capacity development outputs in the transport sector—kilometers of roads improved and maintained—are much easier to measure than in many other sectors, including public, financial, education, and health and in governance reform. For these reasons, the transport sector can be seen as a laboratory for the creation of effective approaches to capacity development that have measurable results.

This brief looks at three good practice initiatives in the sector that are currently being implemented and, therefore, can be studied on the ground. All are being carried out in a five-year period with ample time for capacity development built into the design; all have a comprehensive approach to developing...
The new design reflects the Government’s shift in Project (RT3), to be carried out in the next five years. (Box 1) led to a redesign for the Third Rural Transport the road network. The lessons from these projects did little to develop government’s capacity to manage poor to schools, clinics, and markets; however, they remote rural areas by increasing access of the rural (RT1 and RT2) contributed to poverty alleviation in development.

The capacity development program will also support progress toward full decentralization, includ-
ing (a) mingling of funds from the International Development Association (IDA) and other donors, such as the United Kingdom's Department for International Development (DFID), with the state budget and (b) use of government systems for procurement, social safeguards, and all elements of financial management. The program will do so by developing the capacity of government systems for procurement, financial management, and environmental and social safeguards, as well as provincial reporting requirements and a prioritized medium-term expenditure framework for the sector. As the project progresses, annual assessments will be undertaken to determine whether local circumstances are appropriate for the better-performing provinces to move to the use of government systems. The number of provinces judged capable of using government systems for procurement, financial management, and safeguards will be an indicator of successful capacity building.

**Ghana: Road Sector Development Program (2002–07)**

Following a study that identified the road sector in Ghana as the single most important catalyst for economic growth and social development, the Government formulated a comprehensive set of policies and objectives for the sector through a country-led process (box 2). As the key vehicle for achieving these objectives, the Road Sector Development Programme (RSDP), funded by multiple donors, is taking an integrated approach to road maintenance, construction, and management.

RSDP’s design reflects the lessons of the earlier Highway Investment Project (HIP) (1998–2003), including lack of capacity to link available resources with Government priorities or assess the affordability of certain sectoral objectives. HIP also placed undue emphasis on input control, rather than improving the performance of the sector, even while the investment budget was overloaded with large projects with undefined targets. As a result, HIP failed to improve a large percentage of the road network and left a backlog of unfinished road maintenance.

RSDP is intended to increase the credibility of road sector programs by (a) clearing the backlog on road maintenance, which will halt further deterioration and bring more roads up to usable standard, and (b) improving the capacity of the public and private sectors for effective, efficient, and sustainable management of the network. To this end, the program addresses capacity development needs in virtually all aspects of sector operations.

- **In institutional development**, RSDP includes extensive capacity development for a number of relevant agencies, including the Ministry of Roads and Transport, Department of Feeder Roads, Department of Urban Roads, and Ghana Highway Authority.
- **In organizational development**, the program puts in place structures and systems that will be sustainable, dynamic, and more responsive to the mission and objectives of the sector.
- **In human resource development**, the program is implementing training programs geared toward helping individuals develop needed skills.
- **In private sector contracting**, RSDP addresses the generally low capacity of local contractors by providing continuous training for contractors’ personnel in contract management and professional and technical skills. To date, 413 individuals in 380 firms have benefited from the training.
- **In expenditure control**, cabinet-level government officials received technical assistance in reviewing the performance of contractors and, where necessary, negotiating the termination of contracts.

**Box 2. Ghana’s Policies and Objectives for the Road Sector**

- **Develop in-country capacity** for government institutions and the private sector to coordinate and manage the road network effectively.
- **Ensure that investment decisions** are based on sound socioeconomic and environmental principles.
- **Increase operational efficiency** to create an enabling environment for economic growth and social service provision.
- **Integrate the road network** with other modes of transport to achieve an efficient and pro-poor transport system.
- **Mitigate the negative impacts**, both environmental and social, of road-related activities.

**Future Work under RSDP**

In preparation for a follow-up program, the transport sector agencies with the support of development partners are now carrying out the following studies: preparation of a national transport policy, review of the local construction industry, institutional reform of the transport sector, with a focus on the road subsector, and baseline studies to enable monitoring of the impact of RSDP roads on poverty reduction.

**Lao People’s Democratic Republic: Road Maintenance Program (2004–09)**

The Road Maintenance Program (RMP) is working with the Ministry of Communications, Transport, Post, and Construction (MCTPC) to establish an
integrated road management system that covers all aspects of the road planning process; develops the skills of staff to manage project preparation, execution, and monitoring; and elaborates a strategy to improve the performance of the local contracting and consulting industry. In addition, because the three main donors in the sector—the Swedish International Development Cooperation Agency (SIDA), Asian Development Bank (ADB), and IDA—consider capacity building to be essential for the success of the program, these donors have formed a partnership, the Lao Transport Development Partnership (LTDP) to harmonize their approach through an integrated framework that simultaneously addresses the individual, organizational, and institutional/sectoral issues that affect national transport capacity.

The key elements of the capacity development framework highlight the interlinked nature of the three levels of national transport capacity. The framework provides for the following:

- **Individual skills development.** Skills and competencies of individual sector participants in state and non-state entities are low in terms of both core technical skills and critical corporate skills such as financial management, procurement, and basic functional communication. Donors are in the process of developing a harmonized multiyear integrated human resource training plan for the sector. Substantial work is still needed, however, regarding establishing baseline data on core and support competencies to measure the progress of skills development.

- **Organizational capacity development.** Lao transport entities are not equipped with the modern business processes, applications, hardware, or technical capacity required to enhance productivity and decisionmaking in state and non-state environments. The partnership aims to develop an optimal mix of technology, skills upgrading, and reorganization of the ministry at the central and provincial levels to improve decisionmaking and implementation capacity. SIDA is reviewing the sector’s rural transport policy under its Rural Roads Improvement Project, and ADB is helping to develop capacity pertaining to road safety improvements under its road safety projects.

- **Creation of an enabling environment at the institutional and sectoral levels.** The lack of an integrated transport policy and the inability of agency staff to formulate policy is a key problem. LTDP will address these gaps and seek to reduce dependence on expatriates. To this end, consultancies are being procured in the areas of macro policy, sector policy, and laws and regulations.

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**Box 3. Donor Coordination for Capacity Development**

The Lao Transport Development Partnership is intended to improve overall capacity development outcomes by providing a mechanism for donors to coordinate their capacity development efforts in the sector. When one donor’s intervention targets capacity development exclusively at a particular level (individual, organizational, or sectoral/institutional), that donor confers with the other development partners to find support for related capacity development interventions at the other levels. Donors are coordinating in the areas of supervision, procurement, financial and technical audit, evaluation of state-owned enterprises, development of the environmental and social division of the Department of Roads, and creation of an integrated planning and reporting system.