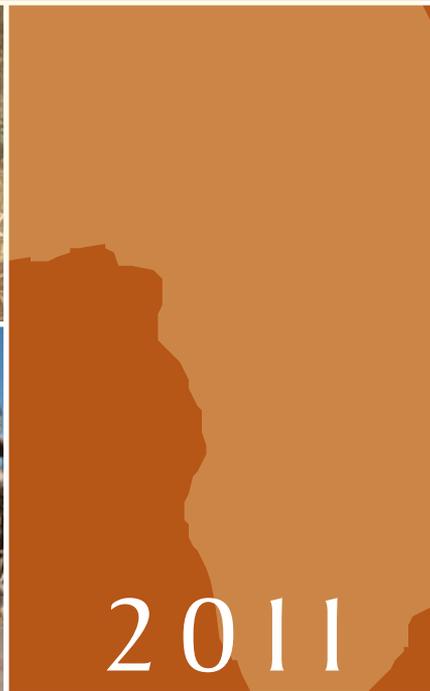




THE AFRICAN CAPACITY  
BUILDING FOUNDATION

FONDATION POUR LE RENFORCEMENT  
DES CAPACITES EN AFRIQUE

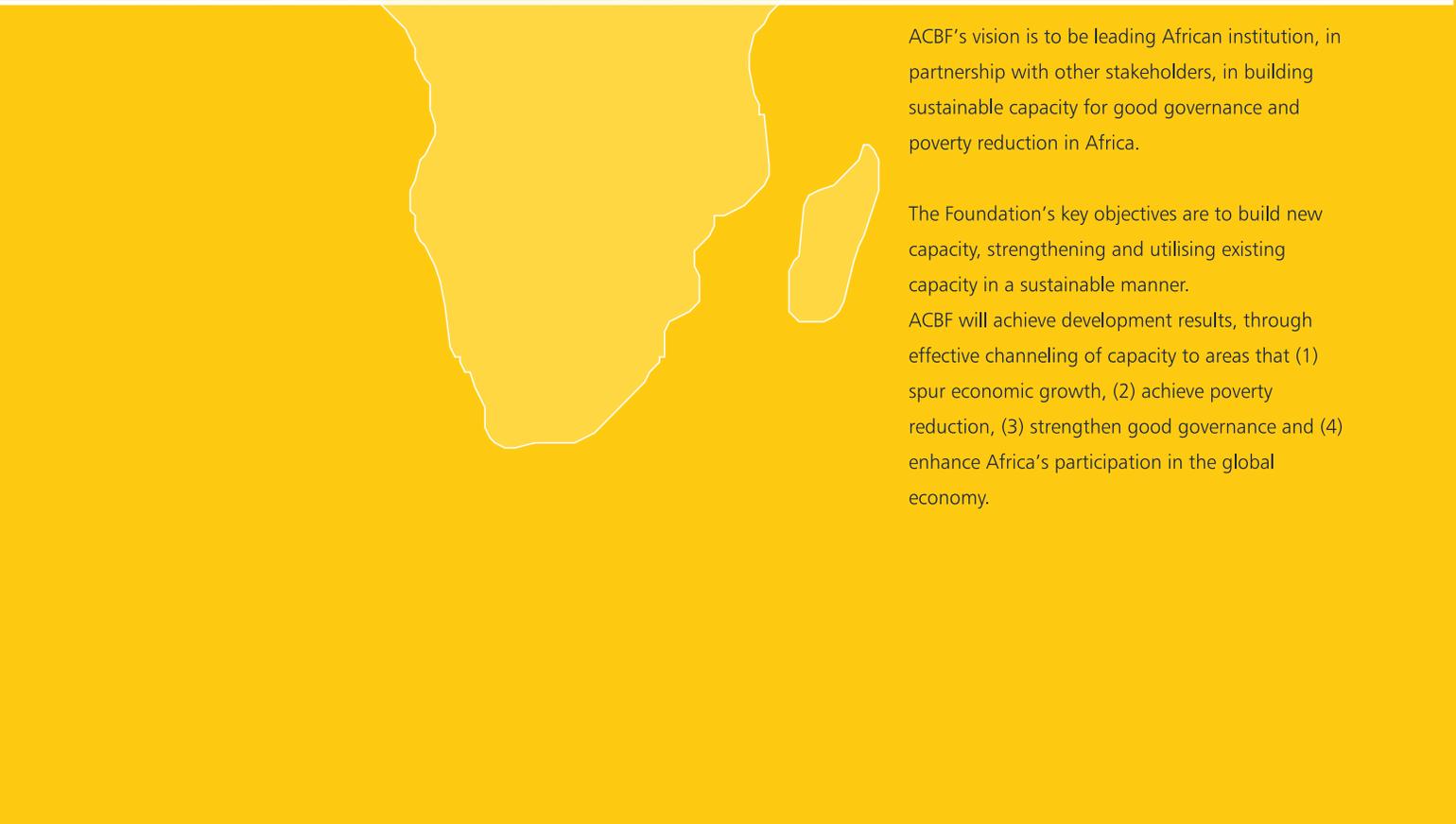
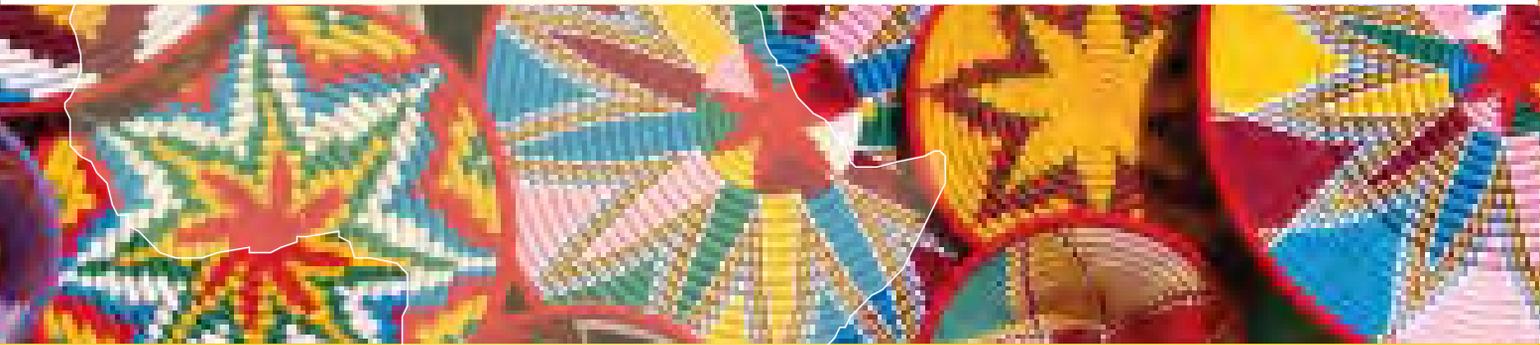


2011

ANNUAL REPORT



## The African Capacity Building Foundation



ACBF's vision is to be leading African institution, in partnership with other stakeholders, in building sustainable capacity for good governance and poverty reduction in Africa.

The Foundation's key objectives are to build new capacity, strengthening and utilising existing capacity in a sustainable manner.

ACBF will achieve development results, through effective channeling of capacity to areas that (1) spur economic growth, (2) achieve poverty reduction, (3) strengthen good governance and (4) enhance Africa's participation in the global economy.



ACBF at 20: Gala Dinner, Kigali, Rwanda. From Left to right: HE Ambassador Sten Rylander, former Chair, ACBF Board of Governors; Mr Donald Kaberuka, President, African Development Bank, Ms Ngozi Okonjo-Iweala, former Managing Director, World Bank and Mr M'baye Babacar Cissé, Deputy Assistant Administrator and Deputy Regional Director, UNDP Bureau for Africa

# Building Sustainable Capacity For Poverty Reduction in Africa



## ACBF AT A GLANCE

### DATE OF ESTABLISHMENT

9 February 1991

### VISION

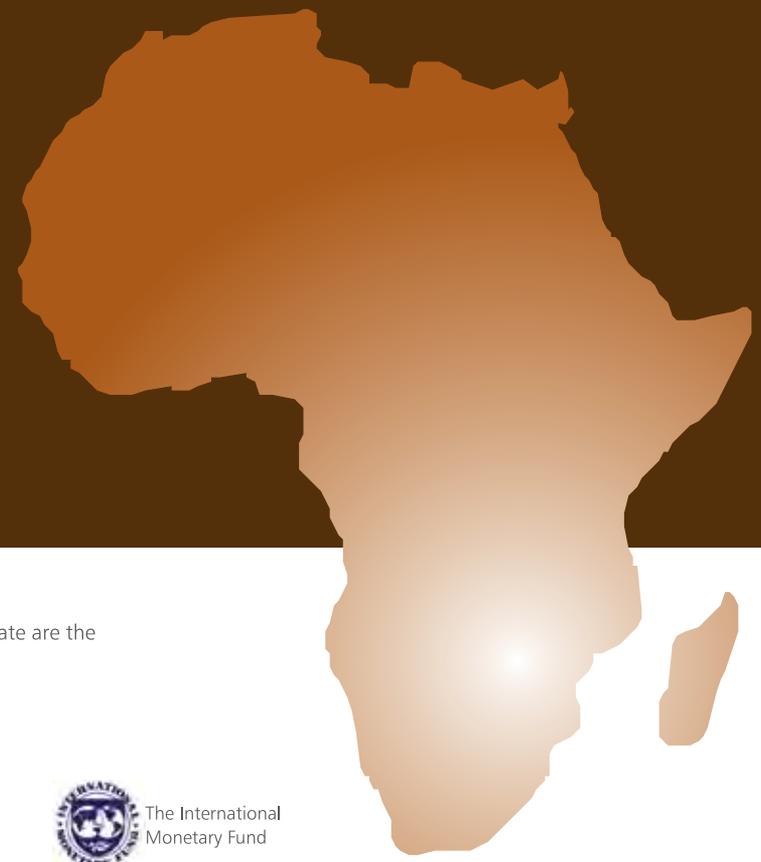
To be the leading African institution, in partnership with other stakeholders, in building sustainable capacity for good governance and poverty reduction in Africa.

### MISSION

To build human and institutional capacity for sustainable growth and poverty reduction in Africa



THE AFRICAN CAPACITY BUILDING FOUNDATION | FONDATION POUR LE RENFORCEMENT DES CAPACITES EN AFRIQUE



Established on February 9th 1991, ACBF is the outcome of a partnership between African governments and the international donor community. The major sponsors of the Foundation are African and non- African governments, the African Development Bank (AfDB), the United Nations Development Programme (UNDP) and the World Bank. The three institutions constitute the Foundation's sponsoring agencies: The International Monetary Fund (IMF) joined the Foundation in September 2002.

## MEMBERSHIP

Countries and International Organisations which have honoured ACBF with their support to date are the following:

### Multilateral Partners



The World Bank



The African Development Bank



The United Nations Development Programme



The International Monetary Fund

### Bilateral Partners

1. Austria
2. Canada
3. Denmark
4. Finland
5. France
6. Greece
7. India
8. Ireland
9. The Netherlands
10. Norway
11. Sweden
12. United Kingdom
13. United States of America

### African Partners (as at December 2011)

- |  |   |  |
|--|---|--|
| <ol style="list-style-type: none"> <li>1. Benin</li> <li>2. Botswana</li> <li>3. Burkina Faso</li> <li>4. Burundi</li> <li>5. Cameroon</li> <li>6. Central African Republic</li> <li>7. Chad</li> <li>8. Côte d'Ivoire</li> <li>9. Democratic Republic of Congo</li> <li>10. Republic of Congo</li> <li>11. Djibouti</li> <li>12. Gabon</li> <li>13. The Gambia</li> </ol> | <ol style="list-style-type: none"> <li>14. Ghana</li> <li>15. Guinea Bissau</li> <li>16. Kenya</li> <li>17. Liberia</li> <li>18. Madagascar</li> <li>19. Malawi</li> <li>20. Mali</li> <li>21. Mauritania</li> <li>22. Mauritius</li> <li>23. Niger</li> <li>24. Nigeria</li> <li>25. Rwanda</li> <li>26. Sao Tome and Principe</li> <li>27. Senegal</li> </ol> | <ol style="list-style-type: none"> <li>28. Sierra Leone</li> <li>29. Sudan</li> <li>30. Swaziland</li> <li>31. Tanzania</li> <li>32. Togo</li> <li>33. Uganda</li> <li>34. Zambia</li> <li>35. Zimbabwe</li> </ol> |
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## LETTER OF TRANSMITTAL TO THE BOARD OF GOVERNORS

1 July, 2012

Dear Madam Chair:

In accordance with Article VII, Section 8 (e) of the Constitution of the African Capacity Building Foundation (ACBF), I have the honour of presenting to the ACBF Board of Governors the Annual Report of the ACBF Executive Board for the period 1 January 2011 – 31 December 2011. The audited financial statements for the period 1 January 2011 – 31 December 2011, together with the report of the external audit firm thereon, are presented separately.

Please accept, Madam Chair, the assurances of my highest consideration.

**Paul Baloyi**

Chairman, ACBF Executive Board

## ACBF BOARD OF GOVERNORS

(AS AT 31 DECEMBER 2011)

Governor	Member	Alternate(s)
Ngozi Okonjo Iweala (Chair)	Nigeria	
Jorma Suvanto (1st Vice Chair)	Finland	Petri Wanner
Abdoulaye Diop (2nd Vice Chair)	Senegal	Oumar Sylla
Obiageli K. Ezekwesili,	The World Bank	Marcelo Guigale
Mthuli Ncube	AfDB	Victor Murinde
Marcel A. de Souza	Benin	
Kelapile Ndobano	Botswana	Boniface G.
Mphethe		
Lucien Marie Noël Bembamba	Burkina Faso	
Clotilde Nizigama	Burundi	Abdallah Tabu Manirakiza
Nganou D. Emmanuel	Cameroon	Yaouba Abdoulaye
Sylvain Maliko	Central African Republic	
Bedoumra Kordje	Chad	
Pierre Moussa	Congo (Brazzaville)	Gilbert Ondongo
Olivier Kamitsti Etsu	Congo (DRC)	Athanase Matenda Kyelu
Charles Diby Koffi	Côte d'Ivoire	Marius Bessy
Mette Knudsen	Denmark	Jytte Blatt Laursen
Dileita Mohamed Dileita	Djibouti	
George Serre	France	Aline Fortin
Christiane Rose Ossoucah	Gabon	Anaclet Bissielou
Mamburay Njie	Gambia	
Kwabena Duffour	Ghana	
Christos Salamanis	Greece	Ioannis Ferentinos

Governor	Member	Alternate(s)
José Mario Vaz	Guinea Bissau	
Antoinette Sayeh	IMF	J. Roberto Rosales
Jeitendra Kumar Tripathi	India	
Uhuru Kenyatta	Kenya	Wycliffe Ambetsa Oparanya
Amarah M. Konneh	Liberia	
Pierrot Jocelyn Rajaonarivelo	Madagascar	
Lassine Bouaré	Mali	
Ken Lipenga	Malawi	
Sidi Ould Tah	Mauritania	El'Hassen Ould Zein
Pravind Kumar Jugnauth	Mauritius	
Ouhoumoudou Mahamadou	Niger	Yacoubou Mamane Sani
John Rwangombwa	Rwanda	
Angela Viegas Santiago	Sao Tomé & Príncipe	
Samura Kamara	Sierra Leone	
Al Mr Mahmoud Abdul-Rasoul	Sudan	Lual Deng
Majozi Vincent Sithole	Swaziland	Prince Hlangusemphi
Anton Johnston	Sweden	
Mustafa Haidi Mkulo	Tanzania	
Dédé Ahoéfa Ekoué	Togo	
Maria Kiwanuk	Uganda	Fred Omach
Tegegnetwork Gettu	UNDP	Moustapha Soumare
Becky Erkul	USAID	
Alexander B. Chikwanda	Zambia	Alfreda Kansembe
Tendai Biti	Zimbabwe	Willard L. Manungo





# THE ACBF EXECUTIVE BOARD

(AS AT 31 DECEMBER 2011)

<b>CURRENT EXECUTIVE BOARD MEMBERS</b>									
	Mr Paul Baloyi Chair	Mr Paulo F. Gomes	Mr Kithinji Kiragu Vice-Chair	Ms Huguette Labelle	Mr Shehu Misau	Mr Roger Mbassa Ndine	Mr Jean Michel Severino		
	<b>CURRENT EXECUTIVE BOARD MEMBERS</b>								
		Mr Nils Gustafsson	Ms Frannie Léautier	Mr Victor Murinde	Mr Alain Noudehou	Mr Zeine Ould Zeidane			
		<b>INDEPENDENT MEMBERS OF THE AUDIT AND RISK COMMITTEE</b>							
			Mr Kabir Ahmed	Mr Eddie R. Ouko	Mr Elias Pungong				
			<b>OUTGOING EXECUTIVE BOARD MEMBERS</b>						
Mr Paul Bermingham	Mr Yusupha Crookes	Mr Tchabouré Aimé Gogué		Mr Anand Rajaram	Mr Sibry Tapsoba	Mr Frans Johan Werter	Ms Ginette Ursule Yoman		

Photograph By Tsvangirayi Mukwazhi



**Hon. Dr Ngozi Okonjo Iweala**  
Chair, ACBF Board of Governors

...ACBF is embarking on an exciting strategy that addresses challenges that are at the top of the continent's agenda, including youth unemployment, food insecurity and climate change.



## MESSAGE FROM THE CHAIR OF THE BOARD OF GOVERNORS

I wish to take this opportunity of addressing all stakeholders of the Foundation since my selection as Chair of the Board of Governors of the African Capacity Building Foundation (ACBF) in September 2011, to express my most sincere appreciation to the governors for having confidence in me. I would also like to congratulate my predecessor, Ambassador Sten Rylander for his exemplary leadership during the most difficult period of the Foundation's history. He has left huge shoes to fill after not only steering the Foundation to a trajectory of success, but also playing an important role in assuring our donors of the commitment of the Foundation to achieve its mandate.

Africa's lack of capacity to tackle emerging challenges is a serious threat to its development. I am pleased to lead the Board of Governors of the Foundation at a time when ACBF is embarking on an exciting strategy that addresses challenges that are at the top of the continent's agenda, including youth unemployment, transforming agriculture and guarantee food security. The ownership by the African governors into this strategy has been remarkable as they have shown in pledging of financial resources for its implementation. I congratulate governors for their effort and continue to urge their collective involvement to ensure Africa's future. Africa's empowerment can only be achieved through collective effort.

There are still a number of challenges ahead for the Foundation; that affect resource mobilisation. The ACBF Board of Governors is committed to creating an enabling environment both at Board level and at country level to ensure delivering results as this will strategically position the Foundation for the available resources. At this point, let me thank our bilateral and multilateral donors for believing in and supporting ACBF in the past and also committing to support the current strategy.

Africa has made huge strides in its development over the past decade and has experienced a steady growth in its GDP. This growth has, however, not translated into jobs or meaningful economic transformation that could alleviate poverty. This could be partly attributed to the lack of capacity at different levels in Africa to effectively pursue the inclusive development agenda which is broad

based and requires all necessary stakeholder participation. The Foundation has an increasing and critical role to play in this regard.

ACBF has been in existence for 20 years. It is an organisation that is flexible with a track record of results on the ground. At a time when African countries are transforming their economies, it is essential that our founding multilateral partners, the World Bank, the African Development Bank and the United Nations Development Programme, as well as our strategic parties, such as the International Monetary Fund (IMF), take advantage of this trusted institution in the delivery of their capacity development agenda. This can be achieved through an expanded partnership with ACBF. The Foundation will also continue to rely on all its stakeholders for a significant core of support, which is critical for innovation in capacity development.

The future of Africa depends on capacity and the ACBF, under the leadership of the Executive Secretary and her team, continues to show how relevant the strategy for capacity development is at this juncture in Africa's history. I encourage the staff of the Foundation to forge ahead in striving for higher achievements, knowing that they have the continued support of the Board of Governors for them to take measured risks that could lead to innovation and learning.





**Paul Baloyi**  
Chair, ACBF Executive Board

The leadership at the Foundation is poised to deliver on all these challenges and we look forward to sharing with you the results in the months ahead.



## MESSAGE FROM THE CHAIR OF THE EXECUTIVE BOARD

2011 was a celebratory year for the African Capacity Building Foundation (ACBF) as it was the Foundations' 20th anniversary. This important milestone provided a useful occasion to rally further active support from both new and existing stakeholders of the Foundation. Prominent events were held in Kigali and Arusha during which the African leadership firmly demonstrated their support of the Foundation both financially, and in terms of acknowledging its history of service, thus affirming further the continued existence of the ACBF. Of significance were the numerous attestations to, and acknowledgement that the ACBF has contributed hugely in the evident improved state of performance amongst many of the Foundation beneficiaries.

Given the nature of the Foundation's business, many initiatives can only be fully assessed post-ante. By extension its impact can only be realised over time. It was therefore gratifying to the staff of ACBF, both present and past, to receive visible acknowledgement, directly from benefited members.

The Foundation's mandate can be considered highly aspirational given its size relative to the continent's seemingly unabating, and often debilitating challenges. Institutional capacity building in Africa continues to receive significant attention from both Institutional and country members. Whilst resources continue to be committed, skills leakages from the continent erode much of the value created annually by a variety of institutions. Part of what has been acknowledged as a key focus area is how we stem the loss of skills that the continent continues to suffer from. This has become more prominent in the aftermath of the global financial crisis and its consequential negative impact on available financial resources. The lack of skills exacerbates financial losses through poor institutional management of resources. It is in this area that the ACBF holds some distinction. To date all funds received from donors have been applied in line with the Foundation's strategic objectives, as approved by both the Executive Board and the Board of Governors.

Management has spent much of the past year ensuring closure of most of the initiatives from the Strategic Medium Term Plan II

(SMPTII). The new SMPTIII reflects a significant and deliberate shift arising from a variety of observable factors within the continent, namely:

### **The Role of Private Sector**

The absence of growth and indeed the stagnant growth of private sector led investments, and the fact that Africa continues to lag behind most continents in attracting FDI, and by extension continues to be reliant on donor funding, remains one of Africa's key economic challenges. This is in spite of Africa's abundant natural resources, and at a time when global demand remains high. The Executive Secretary has included the need for the Foundation to increase its interaction with the private sector as a means to infuse and leverage private capital in key initiatives that ACBF adopts. This will bring the Foundation's strategic initiatives in line with most of its major funders, as well as aligning them to the intentions of all its constituent countries.

### **Sustainability of the Foundation**

The past two years were perhaps the most testing for the Executive Secretary, given that whereas the sponsors of the Foundation and the Board maintained their high expectations, there were two critical precedent conditions, whose resolution would determine ACBF's existence. Bilateral donor financial support was at its lowest historically, whilst institutional donor support was threatened by what had initially seemed to be insurmountable institutional challenges within the Foundation. As reported during the past year, the Foundation successfully transitioned through this difficult period, thanks to the drive of the Executive Secretary, staff and the Executive Board. This served as a basis for a crucial lesson for the Foundation, on financial sustainability. Following intense deliberations and a review of the finances and the structural relationship with donors, the Foundation has adopted a proactive strategy on funding and, as a result, this important component is now central to the SMPTIII. The intent embedded within the Foundation's financial strategy is the creation of an endowment whose sole objective will be to ensure that the Foundation is anchored and has depth in terms of financial sustainability.

To this purpose, as at year end, initiatives towards this objective resulted in the Foundation initiating a process towards the acquisition of an income generating property, which will also serve as the Foundation's home. The cooperation received from the Zimbabwe Government through the Ministry of Finance has been admirable. It is intended that over the ensuing financial year greater emphasis will be given to this matter with a view to increasing the size of

contribution towards endowment by the other donors. The Executive Secretary will be setting specific annual targets to ensure proper monitoring.

Alongside the creation of an endowment we have identified the need to professionalise the Foundation's fund raising. The Executive Secretary is working on formal implementation plans for discussion at the forthcoming Executive Board meeting and for onward transmission to the Board of Governors for their endorsement and active support. This will ensure that the Foundation has sufficient financial resources to carry out its mandate at all times.

### **Proactive engagement of stakeholders**

As part of the lessons learned by ACBF during these past two critical years, is the need to stay close to its partners, in particular member countries. Whereas the Foundation's mandate can be deemed to be common cause for all member countries, ACBF has to compete for resources alongside many other institutions serving a variety of causes within the continent. Thus far, it has been the credibility of the Foundation and the quality of outputs that has engendered partnership and support from sponsors. Given the intent behind SMPTIII and the consequential increase in requisite financial resources, continued engagement of stakeholders to ensure greater appreciation and support of ACBF strategic objectives will be fundamental to its success. In this regard the Executive Secretary has committed significant time to engaging key stakeholders and member countries over the past year. Results thereof are evident in the improved financial position of the Foundation.

Of equal significance, the Foundation has to remain focused on its members' strategic objectives and will be required to demonstrate greater value proposition into the future. This on the back of the manifestation of new challenges facing the continent. Communication of the Foundation's work will be improved, given the value observed during the Foundation's celebration of its 20th anniversary.

### **Building a sustainable human capital base within the Foundation**

A key success factor towards greater value creation will be the quality of the Foundation's personnel, both executive and staff. Retention of key personnel has been a challenge for the Foundation, primarily arising from its host country economic dynamics. Equally, recruiting at the senior management and executive levels continues to be a challenge. Notably the Foundation competes alongside many organisations requiring similar staff to ACBF. By extension, whilst thus far

we have prevailed, there is need for increasing our effort in building a superb team of professionals within the Foundation. This will remain on the radar of the Executive Secretary.

This review would not be complete without acknowledging the significant support we have received from our Institutional Members namely; The African Development Bank, the World Bank, and the UNDP.

### **New Members at the Executive Board**

The year under review has seen significant movement in the Executive Board membership. We have also had the occasion to bid farewell to some of our illustrious members who have served the Foundation well during their tenure. This notwithstanding, the Foundation remains able to attract well qualified and experienced members onto its Board and, by extension, has ended the year with a strong Board.

It therefore gives me great pleasure to formally welcome the following new members to the Board.

**Mr Lennart Gustafsson** is an independent consultant in the field of public administration and policy and public service reform. He is currently providing analysis in the field of gaming policy to one of the major parliamentary political parties and he is also participating in the SIDA - organised international training programme on public service management.

**Mr Shehu Abubakar Misau** currently heads the Public Service Institute of Nigeria which is responsible for training directorate cadre officers and political appointees in Nigeria.

**Mr Victor Murinde** is the Director of the African Development Institute at the African Development Bank.

**Mr Mbassa Ndine** is a consultant working on development issues with an emphasis on Monitoring and Evaluation.

**Mr Alain Noudehou** is the UNDP Resident/Humanitarian Coordinator for Zimbabwe.

**Mr Jean Michel Severino** is currently a director at the Foundation for International Economics (FERDI), which is the largest French Foundation and

Think - Tank on development.

**Mr Zeine Ould Zeidane** is a professor at the University of Nouakchott, with interests in Management for Results of Public Policies, Development Strategies and related Long and Medium Term Expenditure Programmes, Macroeconomic Policies (Fiscal, Monetary, Exchange rate), Financial Sector, Trade and Investment Policies, Governance (Public Financial Management, Public Sector Reform, Political and Institutional Reforms), Knowledge Economy (Education, Innovation and ICT Policies), Natural Resources Management, Gender, and Statistics.

Similarly let me formally thank the contribution of the following retiring members of the Executive Board.

**Mr Paul Bermingham** of the World Bank

**Mr Tchabouré Aimé Gogué** of Togo

**Mr Anand Rajaram** of the World Bank

**Mr Sibry Tapsoba** of the African Development Bank

**Mr Frans Johan Werter** of the Netherlands

**Ms Ginette Ursule Yoman** of Cote d'Ivoire

I will conclude by thanking my fellow Board members for their contribution during the year under review. Special words of appreciation to the Executive Secretary. Her dedication to the Foundation is unequalled. We remain cognisant of the fortunate position that the Foundation will continue to have, given the Executive Secretary's high standard of delivery.

The continued support from the Board of Governors is highly appreciated. I take this opportunity to welcome our new Chairman of the Board of Governors, **Hon. Dr Ngozi Okonjo Iweala**, whose illustrious career and experience will be a welcome infusion, highly needed by the ACBF.

Photograph By Tsvangirayi Mukwazhi



Frannie A Léautier  
ACBF Executive Secretary

...the Foundation has been dubbed by some of its partners as "the safest place to put your money on the continent."



## MESSAGE FROM THE EXECUTIVE SECRETARY

### A FOUNDATION TRANSFORMED

2011 can be described as the year of tremendous change. The youth, a fundamental economic unit in society, spearheaded revolutions in North Africa and the Middle East that culminated in the fall of decades-long political dispensations. The revolutions were against a backdrop of non-inclusive economic growth that did not translate into effective development and above all unemployment.

While political change may have been the outcome of the revolutions in Northern Africa, the main driving force was economic disempowerment manifested in unemployment and stubborn poverty levels. Global economic challenges also saw demonstrations affecting democracies in the West like the U.S.A – "Occupy Wall Street" movement that even impacted countries in Europe. Economic disenfranchisement remains the critical reason for the political disharmony that continues to rage on globally.

Other countries in Africa have not been spared. The challenges facing the continent have not relented but rather been exacerbated by the impact of reduced donor support, commodity price crisis and high global oil prices resulting in high inflation rates. The financial crisis that has affected Western countries has also had an indirect impact on Africa in the form of reduced earnings for exports. The larger portion of external trade for Africa is with developed countries through the supply of raw materials. Economic challenges faced by developed countries have impacted negatively on their imports from Africa.

For many African countries, even those that have pursued progressive macroeconomic management and enjoyed reasonably stable macroeconomic environments with single digit inflation rates have seen inflation jump to double digits impacting negatively on the expected growth rates. However, Africa still remains one of the regions that will register positive growth rates albeit reduced, and indeed Africa at the end of 2011 is the home to six of the fastest growing global economies.

For ACBF, 2011, marks the year of completion of the management action plan (MAP) and for the consolidation of the positive reforms that have been implemented. With reforms fully implemented in the internal control environment, with a solid leadership team and effective management structures fully in place, and the major wave of internal restructuring exercises nearing completion, the Foundation has been dubbed by some of its partners as “the safest place to put your money on the continent”. ACBF has turned the corner from a focus on risk identification and management to one of innovation and creativity, while always being mindful of the need to get higher impact and a bigger footprint in the critical area of capacity development in Africa.

The strategic medium-term plan for 2012 – 2016 (SMTP III) has been completed and approved by the governance structures of the Foundation. SMTP III focuses on consolidation in the areas that the Foundation has comparative advantage for example development and support of policy units and think tanks, support to fragile states and support to the Higher Education sector. At the same time, the strategy allows the Foundation the flexibility to explore new and emerging issues, for example building transformative and productive capacity. Transformative capacity is necessary to equip countries, institutions and individuals with the necessary skills and knowledge for adaptation and innovation, especially in the face of increased uncertainty and risks. Productive capacity will foster sustainable economic growth and development, particularly in the structural areas of the economy that support new sources of economic growth and more inclusive and sustainable growth that delivers jobs and increases incomes. The two are mutually supportive.

Over the years, many countries in Africa have registered positive and growing economic growth rates. However, the reasonably high growth rates have not translated into development results. While some positive dents have been made to the level and amounts of poverty in Africa, the impact falls short of the targeted poverty eradication envisaged. The level of poverty on the continent remains a major challenge. Agricultural transformation offers a good opportunity for addressing the poverty challenge. The majority of Africa’s population is engaged in the Agriculture sector. Agriculture remains the single biggest employer and therefore the best avenue for addressing poverty eradication. Agricultural transformation is necessary to address the issue of food security through increased productivity while development of the agricultural value chain will support creation of jobs to address the burgeoning unemployed youth population.

Beyond agriculture, Africa needs to also diversify its economies and evolve a structure that moves the continent towards the path of industrialization.

The Foundation’s unwavering support for policy analysis and implementation will see development of more policy think tanks and broadening of the focus of existing think tanks thematically and geographically. The broadened thematic focus under the new strategy will address interdependence amongst sectors while fostering and reinforcing inter-sectoral linkages, while the geographical broadening will enhance regional integration.

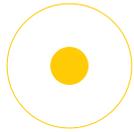
Twenty years ago when ACBF was created, its main focus was on grant making and overseeing the implementation of capacity building programs and projects on the continent. With the advent of the knowledge era, the Foundation’s focus on knowledge products has been steadily growing. Knowledge and learning products now account for about 30% of the Foundation’s operational focus, with efforts made to leverage knowledge and ideas for operational efficiency and effectiveness.

2011 also saw the Foundation’s visibility grow in multitudes on the continent and internationally. The Foundation has been inundated with requests for partnerships and support.

The success and progress of ACBF has been possible because of the unwavering support of its key stakeholders especially the member countries, multi-lateral institutions and bilateral partners. The success is also attributable to the commitment and hard work of the Foundation’s staff.

Therefore, 2011 to ACBF not only marks a year of turning the corner but a year of transformation. In terms of mobilising resources for SMTP III, the commitment of African members has been exemplary. The ability of African members to raise their commitment to the Foundation, many pledging several times the minimum contribution set a good stage for engagement with the multi-lateral and bilateral partners for renewed financing. This is a signal of a Foundation transformed with a robust internal control environment, broad mandate and outreach and ready to support the continent’s bid to develop and deliver its peoples from poverty.

ACBF remains committed to maintaining its position as the premier capacity development institution and a reliable and a trustworthy partner in the development world.



## OVERVIEW OF ACBF'S 20TH ANNIVERSARY

SECTION

1



20TH ANNIVERSARY HIGH LEVEL FORUM, KIGALI, RWANDA, FEBRUARY 2011: MR DONALD KABERUKA, AFDB PRESIDENT; HON RAILA ODINGA, PRIME MINISTER OF KENYA; HE PAUL KAGAME, PRESIDENT OF THE REPUBLIC OF RWANDA AND HOST OF THE 20TH ANNIVERSARY EVENT; HON GILBERT HOUNGBO, PRIME MINISTER OF TOGO; MS NGOZI OKONJO-IWEALA, FORMER MANAGING DIRECTOR OF THE WORLD BANK AND CURRENT CHAIR OF THE ACBF BOARD OF GOVERNORS AND MS FRANNIE LEAUTIER, EXECUTIVE SECRETARY, ACBF.

Photograph By Tsvangirayi Mukwazhi

## A MEMORABLE YEAR OF LEARNING EVENTS

2011 was a significant year for the Foundation, as it marked the 20th Anniversary of the African Capacity Building Foundation (ACBF). To commemorate this milestone event, a High Level Summit was held in the picturesque city of Kigali, Rwanda - under the theme 'The Future of Africa is Now! The Critical Role of Capacity Development'. This event followed a series of similar events across the continent and beyond, aimed at renewing stakeholders' individual and collective commitment to capacity development in Africa.

The Kigali Summit, held on ACBF's 20th birthday (9 February), would not have been possible without the generous support of H.E. Paul Kagame, President of the Republic of Rwanda, who without hesitation, agreed to host this anniversary event. The Summit represented a landmark in the Foundation's strategic vision, as it sought to further enhance and entrench ACBF's position as the premier capacity development institution in Africa. The Summit served to rejuvenate and reinvigorate commitment to capacity building on the continent at the highest levels of policy making, sharing lessons and best practices in capacity building and raising further awareness about the ACBF. The discussions shed light on the implications of the emerging world order for capacity development in the region, with special emphasis on new finance regulation issues, new international competition, crisis exit strategies and future technologies. In so doing, the forum identified and interrogated the influential roles that can be played by continental capacity development institutions, such as the African Capacity Building Foundation (ACBF).

From the discussions, it was clear that now, more so than ever before, Africa is confronted with many challenges on its path to sustained growth and development. There is no denying the fact that the continent needs to substantially improve its growth performance, if it is to achieve the Millennium Development Goals. The development challenges confronting Africa in the 21st century are substantial. Central to the myriad of challenges facing our continent are the inadequacy of human and institutional capacity and the absence of systematic and institutionalised mechanisms for peer learning and experience-sharing amongst countries. As a result, there is an urgent need for a public sector that is knowledgeable, efficient, empowered and committed; a private sector that is not only innovative and growth oriented, but also driven and competitive; a civil society that is constructively responsive and capable of collaborating with both the public and private sectors with a view to

achieving development goals; a political system that is responsive to its citizens and premised on good governance; and a socio-economic and geo-political environment that is enabling and inclusive of all.

The Kigali Summit brought together a wide range of the Foundation's stakeholders, country teams led by Heads of State, senior cabinet ministers, senior representatives of multilateral, bi-lateral, continental and regional organisations, members of the diplomatic corps, ACBF Executive Board members, ACBF Board of Governors and many others, all representing the ACBF family.

The structure of the knowledge and learning event in Kigali was designed to foster maximum peer-learning and experience sharing, with the format allowing panellists to present their views on specific topical issues, followed by a question and answer session. This format provided opportunities for delegates to effectively engage in dialogue and share their individual experiences and perspectives on the given topic and sub-themes. The learning events were specifically designed for development practitioners, policy makers, academics and decision makers, enabling them to participate in various sessions where they shared experiences, developed innovative approaches, and created partnerships to enhance capacity development in Africa.

In her address, ACBF Executive Secretary, Ms Frannie Léautier shared insights from various Africanists and African scholars on the state of Africa's economy, looking first at the continent's historical legacy, its geography, politics, economic policies, and infrastructural challenges, including public service delivery and institutions.

Ms Léautier's overview assessed Africa's macroeconomic challenges, from the period of severe macroeconomic problems in the 1980s which spawned talk of the "lost decade" for Africa, to the dramatic improvements in the millennium, which have marked the longest growth episode in Africa since the 1960s. This strong performance, she expounded, comes down to sound macroeconomic management which is a dynamic outcome of previous structural economic reforms. This has enabled many central banks and treasuries to strengthen their fiscal positions and build reserves, thereby conferring a greater ability to manage external shocks than previously.

The Executive Secretary concluded her presentation with a look at the

various sources of economic growth in Africa, pro-poor innovation, culture and development, regional integration, capital markets and the continent's investment potential. Much progress has been made, but challenges remain. Ms Léautier concluded that capacity needs to be enhanced, knowledge assets harnessed and shared/disseminated more strategically, and more creative solutions encouraged in order for Africa to realise its full potential.

A major outcome of the Kigali Summit was a general consensus on the guiding principles to inform future capacity building programmes across Africa. These principles, which were adopted at the closing ceremony aimed to:

1. Focus on delivering tangible results for economic prosperity, social inclusiveness and political stability for the benefit of all Africans;
2. Build long term economic, social and governmental institutions that transcend individual leaders, and operate independently and accountably for generations;
3. Align with and promote government's own development priorities – with capacity building an integral part of all implementation plans;
4. Drive change at all levels of society and embed the values of integrity, ambition and focusing on results – involving citizens in decision making and empowering local communities to forge their own future with dignity;
5. Innovate and share lessons of what works across the continent to support regional cooperation, especially through trade, job creation and investment.

To ensure that these principles become a reality there was a commitment for:

- African governments to set out their development priorities and identify the capacity gaps they have in achieving these – and clearly set out the type of support they require.
- Development partners and capacity building institutions to align all their financial and technical support towards the priorities of African countries;

- Both African governments and development partners to harmonise capacity building initiatives under Government-owned coordination mechanisms by the end of 2012;
- ACBF to coordinate and integrate capacity building institutions across African countries – beginning with the implementation of the Africa Capacity Indicators by June 2011.

**SPEECH BY HIS EXCELLENCY PAUL KAGAME,  
PRESIDENT OF THE REPUBLIC OF RWANDA, AT THE  
GALA DINNER TO CELEBRATE THE LAUNCH OF THE  
20TH ANNIVERSARY OF ACBF, ON 8TH FEBRUARY  
2011 – KIGALI, RWANDA.**

Thank you all for joining us here in Kigali to deliberate on the important subject of capacity building and development. I am sure that your time here will be productive and enable us to chart the way forward with regards to empowering our institutions and citizens.

Tonight, we are here to celebrate the African Capacity Building Foundation's 20th anniversary – a key institution on our continent. From humble beginnings, the ACBF has now come of age. Twenty years ago the ACBF was established to respond to Africa's acute capacity needs and development ambitions by developing indigenous human capital and institutions.

Arguably, two decades after its birth, the mandate of the ACBF: to help African nations develop their capacities, is more important than ever, and the expectation of our citizens to build institutions that are effective and efficient in delivering public services are now higher than back then. But at this stage, perhaps we should pause and ask: "what type of capacity and for what end?" At its simplest, I believe capacity is the ability to get things done and build institutions and processes that deliver results.

And here I am talking about more than just acquiring formal qualifications or technical skills, but the capacity to drive change on the ground in a way that transforms how we do things for the advancement of our development goals and the needs of our people.



This requires an attitude shift – because even if we had all the skills and organisations required – without a results-driven mindset, we will achieve little for ourselves or our continent. Building institutions and capacities is not an end in itself but the means to political stability, economic growth and social inclusiveness and progress.

Indeed, the experience of the past twenty years has shown that when leaders and citizens act on this mindset, we can achieve change, even against seemingly insurmountable odds.

That has been the experience of a number of African countries, including Rwanda. But now is the time to build on these efforts and take it to the next level because, as I think you will all agree, Africa still has a long way to go for it to harness the full potential of our people.

We have spent far too much time, energy and resources on building the capacity, but we continue to lack the commensurate results we ought to expect from this investment.

Since 1994 there have been a number of capacity building projects which have contributed significantly to Rwanda's progress.

And I would like to acknowledge the support we have received over the years –directly from country partners as well as multilateral organisations like the ACBF, Economic Commission for Africa, UNDP, the World Bank, the EU, and the African Development Bank, among others. It is with this support that a lot has been achieved although we still have some work to do.

Since capacity is so critical to our development, we have tried to address these past weaknesses, namely: lack of ownership, broad and unclear objectives, and not focusing on delivery of results.

Given this, to address our present needs and meet our future potential, we have recently launched the Strategic Capacity Building Initiative (SCBI).

First, it is focused on Rwanda's delivery priorities, namely specific outcomes such as increasing agricultural productivity, access to electricity, investment in technology and private sector growth, rather than broad sector reform. It is demand driven, as we hope to secure targeted support to meet our needs,

rather than merely accepting whatever is offered.

Second, it combines both capacity building and delivery. The intention is to embed external support to drive results while working side by side with local Rwandans to maximise skill transfer and ensure results continue to be delivered on an ongoing basis, even when the support subsides.

We plan to begin implementing the SCBI by the middle of this year, and I am pleased that the African Capacity Building Foundation, the World Bank, the Africa Development Bank and the United Nations have joined us to kick-start this work immediately.

In four years' time, when the first phase is complete, I not only expect these priorities to be delivered, but for them to have had a multiplier effect on Rwanda – achieving the MDGs and our broader development vision.

Let me conclude by once again saying to the ACBF: happy twentieth anniversary and congratulations on a job well done.

And as we celebrate this milestone, I urge you all to continue driving an attitude and culture change, deep within our continent that delivers transformation and the development results we all aspire for ourselves and future generations.

Thank you once again for coming to celebrate this milestone in Rwanda - I hope you all have an enjoyable evening and a pleasant stay in our capital, Kigali.

The ongoing theme of the 20th Anniversary aimed, throughout the year to: (i) mobilise the attention of the African leadership and development partners on the importance of adopting innovative solutions to the challenges of capacity facing the continent; (ii) foster peer learning and experience sharing on capacity development on the continent; (iii) interrogate the short, medium and long-term capacity development strategies and supporting processes; and (iv) examine how capacity development efforts and interventions can be better devised to meet unique needs.

It is clear that the general environment for capacity development has shifted a great deal since the creation of ACBF twenty years ago. Africa's economic prospects and the challenges facing the continent in light of the global financial crisis have made transparent the key gaps in capacity to handle these challenges.



Success factors and key risks facing the continent have also rendered the role of capacity development, and, by definition, the contribution of the Foundation more visible. Africa's journey, since independence, highlights the pivotal role of capacity in development and motivates the need to look back and learn from the past and from each other.



Photograph By Tsvangirayi Mukwazhi

## ASSESSMENT OF ACHIEVEMENT AND PERFORMANCE

The year 2011 was a special one for the Foundation, as it marked the end of Strategic Medium Term Plan (SMTP II), which began in 2007. In addition to a number of commemorative events during this year, the Foundation also sought to conclude SMTP II programming and phase in programmes for the next Strategic Medium Term Plan (SMTP III). 2011 was, therefore, a year for consolidation of the work of the Foundation and for bringing in strategic partnerships for the next strategic phase. Further, the Foundation took stock of what has been done since the Management Action Plan (MAP) which began in 2009, moving to fully consolidate and stabilise the Foundation in readiness for the inaugural year of SMTP III.

During 2011 the Foundation strived to develop a Results Measurement Framework that underpins the new strategy with an appropriate set of core and thematic indicators to help measure progress towards the strategic objectives. Work was also done to collect success stories and lessons learned from evaluations of past activities. These case studies will be published in 2012.

Furthermore, effort went into consolidating the process of reforming and upgrading ACBF's internal systems and processes, rationalising the existing portfolio of programmes and projects and revisiting the operational strategy in order to restore efficiency and effectiveness in operations, gearing up the Foundation for the new programming cycle.

During the reporting year, the Foundation continued to embed controls, consolidating and building on the control environment and culture that had been developed and institutionalised through the MAP.

The Foundation also used lessons learnt in 2010 to create stability and improve the overall quality of operations.

The year also entailed disseminating the newly approved strategy to key stakeholders, in a bid to secure resources for its implementation. The Foundation invested in improved knowledge generation and management, as well as activities to enhance knowledge communication channels, vehicles and instruments, which led to embedding accountability for results in ACBF-supported operations and promoted organisational learning within the secretariat. The focus on accountability and learning has provided support to the use of a results-based framework in the design of new operations, as well as contributing to the retrofitting of ongoing projects and improving project quality.

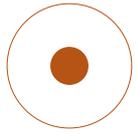
By December 2011, a total of 28 ACBF-supported projects had gone through the retrofitting exercise aimed at refining the results framework that is critical for a robust M&E system in performance assessment.

The grantees were also taken through the process of completing and using the ACBF quarterly reporting tool to guide internal implementation reviews, in

addition to providing the Foundation with timely and relevant project progress information.

Efforts were also made to ensure that all the approved operations had a comprehensive project results framework and related Monitoring and Evaluation (M&E) Plan embedded.

The mandate of the M&E Unit has been revised to include the upstream review of all project proposals to ensure clarity in project objectives and adequacy of results monitoring arrangements. Going forward, the M&E Unit will support project supervision and performance monitoring, thereby assuring the quality of ACBF portfolio. The M&E Unit now plays a significant role in quality assurance in project appraisal processes, by providing technical guidance and coaching for the design of results measurement framework of projects submitted to the Executive Board. Five projects which came to an end in 2011 were systematically taken through the end-of-project evaluation process, in order to assess their performance and identify their strengths and weaknesses. These included the COMESA Trade Project, the Zimbabwe Women Resource Centre and Network (ZWRCN), the Centre for Corporate Governance (CCG), the SADC Parliament Forum and Projet de Renforcement des Capacites de Responsabilite Financiere (PRECAREF).



## OUR OPERATIONS

SECTION

2



MEMBERS OF THE ACBF-SUPPORTED AFRICAN WOMEN'S DEVELOPMENT FUND, WITH ACBF OFFICIALS



## REVIEW OF 2011 OPERATIONAL PERFORMANCE

The 2011 work programme in Operations was prepared against the backdrop of a renewed commitment to programming effectiveness and compliance with approved systems, policies and procedures. As a transition year into the implementation of SMPT III, 2011 operations also provided a test for adherence to new methodologies for programme and project development, using the revised Operations Manual. Buoyed by strengthened financial management and monitoring and evaluation support services, portfolio quality and project development processes witnessed improved outcomes in 2011.

Significant achievements were recorded in 2011. Against a target of 10, Operations submitted 15 projects and programmes, representing an increase of 50%. There was a slow start in disbursements due to delays in the disbursements of withheld funds, which was resolved before the end of the year, while the situation impacted the level of anticipated disbursements to programmes and projects. Nevertheless ACBF was able to match the 2010 performance in the level of disbursements.

Going forward, the Foundation aims to improve its planning approaches in order to better manage between projected and actual disbursements. Operations staff, as well as grantees, have gone through a period of adjustment to new methodologies, processes and procedures in 2011, with consequent delays in the overall development of the pipeline for the outer years. Other constraints faced by Operations included recruitment delays and changes in country risks, causing a reprogramming of the timing and planned activities.

As part of its knowledge management activities, Operations departments have over the years supported and participated in various thematic workshops, both at the national and regional levels. These initiatives, which are often organised in partnership with ACBF-supported institutions or other Development Partners, have proven to be useful tools for providing visibility to ACBF, while affording opportunity for knowledge dissemination.

## PORTFOLIO QUALITY

The overall performance of the portfolio in 2011 remained stable, with around 48.9% of the projects and programmes ranked as satisfactory during the last portfolio review of 2011. This signalled an improvement in the number of satisfactory projects. This upward trend notwithstanding, there is room for improvement in the quality of the portfolio. The Foundation notes that 21.3% of the portfolio is rated unsatisfactory. While this figure has reduced by one percentage point since the 2010 review, it remains an area of attention. The risks and challenges accounting for unsatisfactory performance are receiving consideration to ensure they are addressed. Improving the quality of the portfolio remains one of the Foundation's pre-occupations over the next year.

The quality of the portfolio is mainly affected by three risks. The first risk is one that ACBF has direct control over - quality at entry. Two other risks fall within the control of the grantees, but can be influenced by the Foundation at project design and supervision stages and relate to implementation modalities and monitoring and evaluation. Follow up actions have been put in place to manage these portfolio level risks, through a process of prioritisation and necessary actions to mitigate the identified risks and enhance the result and impact profile of the portfolio.

The management actions are further bolstered by ongoing retrofitting of the portfolio to embed a Results Measurement Framework and systematic follow up and reporting on management actions that will enhance the capacity and thrust of the Foundation to track not only the quality but also the effectiveness of its interventions. Following through on risk mitigation and management actions will remain a major part of the Foundation's work in the coming year.

## GRANT APPROVALS IN 2011

S.NO	PROJECT	GRANT AMOUNT \$000
1	PROJET DE RENFORCEMENT DES CAPACITÉS DE L'UNION DES JOURNALISTES DE L'AFRIQUE DE L'OUEST (PRC-UJAO), PHASE II	2,105,000
2	PROJET DE RENFORCEMENT DES CAPACITES EN STATISTIQUES DE LA RCA (PRCS), PHASE II	1,263,000
3	CAPACITY BUILDING PROJECT FOR AFRICAN WOMEN'S DEVELOPMENT AND COMMUNICATION NETWORK (FEMNET)	2,300,000
4	FINANCIAL GOVERNANCE AND TRANSPARENCY STRENGTHENING PROJECT IN THE REPUBLIC OF DJIBOUTI (GFID)	2,700,000
5	CENTRE OF ECONOMICS AND MANAGEMENT STUDIES (CEEG)	2,200,000
6	EAST AFRICAN JOURNALISTS ASSOCIATION PROJECT (EAJA)	2,000,000
7	EMPOWERING A NEW GENERATION OF LEADERS PROJECT (CAPLEAD)	2,200,000
8	SOUTH SUDAN CAPACITY BUILDING PROJECT (SSCAP)	2,250,000
	ZIMBABWE CAPACITY DEVELOPMENT PROGRAMME (ZCDP)	5,000,000
	STRENGTHENING INSTITUTIONAL CAPACITY OF THE AFRICAN WOMEN'S DEVELOPMENT FUND - PHASE II	2,730,000
	CESAG PHASE III	1,575,000
	EPM ABIDJAN- Phase IV	3,045,000
	EPM YAOUNDE IV	2,940,000
<b>TOTAL</b>		<b>34,308,000</b>

## GRANT SIGNINGS IN 2011

Name of Project / Programme	Grant Amount (USD)	Date of Grant Signing
CREAM II	2, 000, 000	20 January 2011
LA DEUXIEME PHASE DU PROJET CENTRE DE RECHERCHE, D'ETUDES ET D'APPUI A L'ANALYSE ECONOMIQUE DE MADAGASCAR		
ISSER	500, 000	10 October 2011
THE INSTITUTE OF STATISTICAL, SOCIAL AND ECONOMIC RESEARCH UNIVERSITY OF GHANA (LEGON)		
HESPI	3, 000, 000	8 December 2011
THE HORN ECONOMIC AND SOCIAL POLICY INSTITUTE		
WAIFEM	3, 000, 000	9 December 2011
THE WEST AFRICAN INSTITUTE FOR FINANCIAL AND ECONOMIC MANAGEMENT		
<b>TOTAL</b>	<b>8, 500, 000</b>	<b>Jan 2011– Dec 2011</b>



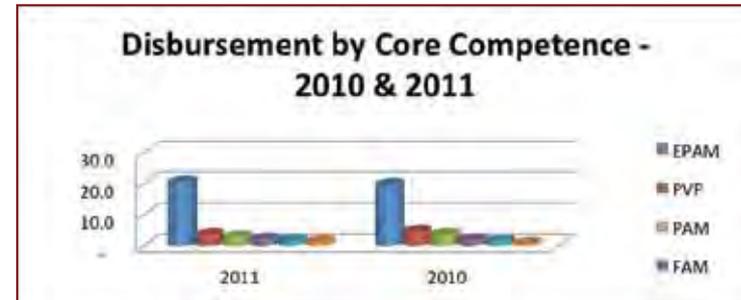
## DISBURSEMENTS TO PROJECTS

During 2011, ACBF maintained disbursements to projects and programmes at the same level as in the previous year. This level of disbursements was achieved despite a shrinking portfolio, as the Foundation geared up to rebuilding its portfolio under SMTP III in January 2012. The average size of disbursement per project improved from US\$0.271m per project in 2010 to US\$0.313m per project in 2011. (In 2010 ACBF disbursed to 119 full-fledged projects whilst in 2011, disbursements were made to 104 full-fledged projects)

The target disbursement to projects in 2011 was USD33.0m, whilst the actual disbursement was USD32.5m, representing 98.6% of the total planned disbursement for the year.



The chart below indicates the disbursement distribution on the basis of core competence areas. Economic Policy Analysis and Management (EPAM) continues to be the largest competency against which ACBF disburses and is underpinned by excellence in this area, as attested to by the results of ranking of Think Tanks and Policy Units supported by ACBF.



INDICATIVE PIPELINE FOR OPERATIONS 2012						
				SMTP III STRATEGIC CD OBJECTIVES		
S.NO	COUNTRY	COUNTRY TYPE	PLANNED PROJECT/ PROGRAMME FOCUS	Capacity to Promote Social and Political Stability	Capacity to Engage and Regulate the Productive Sector	Capacity to Track Policy Impact
<b>1. Country Interventions 2012</b>						
<b>1.1 New Interventions</b>						
1	Malawi	Fragile State	ECAMA (EPAM)			✓
2	Lesotho	Fragile State	Lesotho Intervention TBA			✓
3	South Africa	MIC	MISTRA, South Africa	✓		
4	Rwanda	Reformer	IPAR Rwanda, (EPAM)			✓
5	Mauritania	Fragile	Policy, Youth	✓		
6	Nigeria	MIC	Tracking Policy			✓
7	Sao Tome	Reformer	Policy Tracking			✓
8	Benin	Reformer		✓		✓
<b>1.2 Country Programmes</b>						
<b>1.3 Refinancing</b>						
1	Swaziland	Fragile	CISPI (CANGO II)			✓
2	Namibia	Reformer	SADC-PF II	✓		
3	Ethiopia	Reformer	AU-CAP II	✓		
4	Tanzania	Reformer	ESRF IV		✓	
5	Burundi	Fragile	IDEC-BURUNDI IV		✓	
6	Zambia	Reformer	EPM-Zambia II	✓		
7	Kenya	Reformer	COG III		✓	✓
8	Ghana	Reformer	CEPA IV			
9	Senegal	Reformer	PRC-AFAO II		✓	✓
10	Nigeria	MIC	PARP III	✓		✓



2. Regional Interventions 2012						
				SMTP III STRATEGIC CD OBJECTIVES		
S.NO	PROGRAMME	INSTITUTION	PLANNED PROGRAMME FOCUS	Capacity to Promote Social and Political Stability	Capacity to Engage and Regulate the Productive Sector	Capacity to Track Policy Impact
1	South Africa	SAICA			✓	
2	South Africa	FANRPAN	Agricultural Policy		✓	
3	South Africa	ESAAG	Fin. Ability	✓	✓	
4	Ghana	EPM GHANA III	Training		✓	
5	Nigeria	AIST/NMI	Training	✓	✓	
6	Ghana	AAUII	Training			
9	Mali	LMIS	Policy	✓		

## MEASURING IMPACT : ACBF-SUPPORTED TRAINING PROGRAMMES EVALUATION

Performance measurement is central in ACBF's approach to Managing for Development Results as the Foundation supports African countries in addressing their capacity development challenges. ACBF has developed many processes to help generate performance information in order to meet external accountability requirements, in addition to internal management learning. Thematic Evaluations are among the key processes used in measuring the performance of ACBF interventions. A major evaluation was carried out by the Foundation in 2011 to assess the impact of ACBF-supported Training Programmes since their inception in 1992 through to 2010.

### CASE STUDY

Two decades ago, Africa's public sector lacked professionals with advanced skills in various aspects of economic policy management. This gap affected the ability of countries to respond to emerging development challenges and thus weakened the pace of poverty reduction in Africa. In order to redress this constraint, between 1992 and 2010, ACBF committed a total of \$US 91.3million to 73 higher education institutions across the continent. This was targeted at enhancing skills and improving knowledge in economic policy management and related areas. In order to assess the impact of these training programmes on Africa's public sector over the last eighteen years, in 2011 ACBF commissioned an independent evaluation of its interventions since the programme's inception.

According to the findings of the evaluation undertaken by Universalis, ACBF-supported training programmes have helped to increase the mass of professional economists within public and private sector organisations, and also, to some extent they have contributed to institutional strengthening within both sectors and in tertiary-level educational institutions. Graduates of the programmes have intimated that the training enabled them to bring new learnings to their

workplaces. The evaluation also noted that a select number of staff members demonstrated an improved quality in institutional governance with regards to the knowledge acquired during training, even though these results cannot only be attributed to ACBF's support. While the training programmes may have imparted key learnings that can contribute to stronger institutional governance systems, external factors to the training could have also contributed to this process.

The evaluation concluded that: "ACBF is a vibrant organisation that has survived for two decades in an ever-changing context. Given the complexity of modern African governments, the ACBF's rationale is increasingly important; its relevance is clearly demonstrated by the demand for ACBF-supported training programmes which have strong reputations and produce graduates who are highly respected. ACBF support for short-term training courses and collaborative and professional degree-granting programmes has contributed to building individual capacities of thousands of African professionals, many of whom are now employed by agencies involved in economic adjustments, and are in key decision-making positions. The ACBF has contributed to the retention of African graduates and has limited the occurrence of the "brain drain" that often occurs with other training models, such as scholarships in developed countries."

Key recommendations of the evaluation include that: (1) ACBF should develop a resource mobilisation strategy to support its activities, tapping into a wider range of financial partners; (2) In a context of competing demands and potential funding issues, ACBF must review the portfolio of training programmes it supports; (3) ACBF should be a greater advocate for the importance of tertiary education as a means for developing the leadership of Africa; (4) ACBF may wish to either encourage or participate in efforts to promote donor harmonisation, to reduce transaction costs and reporting burdens on implementing agencies; (5) ACBF, depending on the eventual mix of training programmes that it supports in the future, needs to better promote networking among both participating institutions and individuals.





## GENERATING INNOVATIVE CAPACITY DEVELOPMENT IDEAS

In 2011, ACBF introduced a new financing instrument, the Facility for Financing Innovative Capacity Development Interventions (**FICAD**), designed to finance innovative ideas.

The “Capacity Development Marketplace” (CDM) commonly referred to in the foundation as FICAD, was launched in Kigali in February 2011, as a facility that provides the Secretariat with authorised funding for innovative ideas within a quick turnaround period. CDM seeks to support those innovative capacity building interventions or processes that require small levels of funding that enable the Foundation to try out new areas of work and different models of capacity development. It takes into consideration the work that the Foundation needs to undertake in the near future, in order to transition from the current Strategic Medium Term Plan (SMTP II) to the next Strategic Medium Term Plan (SMTP III).

The year 2011 marked the end of ACBF’s SMTPII. Programming during the transition period is geared towards those areas that interface between SMTP II and SMTP III, such as capacity to track policy impact and foster governance, and scaling up areas of proven success through refinancing programmes with policy institutes and think tanks that come to an end during this period. New areas will be phased in gradually, with an emphasis on maximising the capacity of successful interventions. The CDM facility is therefore indispensable as we explore and test new ideas during the transition period. It also serves as a tool for uncovering new approaches for capacity development.

The average cycle for ACBF project approvals ranges from one year to two years, as projects need to pass through various stages of development before they are approved by the Executive Board. ACBF has introduced the CDM instrument in order to respond in a timely manner to requests for financing of small, innovative projects and/or those that leverage ACBF’s ongoing activities, and also to bridge a felt gap by creating a transparent and accountable process that allows management to approve funding within prescribed parameters as approved by the Executive Board.

The purpose of grants funded through this financing window is consistent with ACBF’s overall goal of building sustainable human and institutional capacity for poverty reduction in Africa. Beneficiaries are those that would ordinarily be funded from ACBF interventions - mainly institutional or legal entities, or established networks seeking to advance innovative approaches to capacity development in a country or regional setting.

FICAD has been designed to fund the following initiatives:

- *Catalytic processes:* Supporting activities that are intended to reform critical practices and processes in the public sector and other relevant sectors that are amenable to a process-reform approach. Such activities would be expected to lead to transformative change and, with support from a small grant, these activities could kick-start the process that leads to the development of full-blown programmes or projects.

- *Innovation:* Supporting activities that are aimed at trying out new ideas or experimenting to see what results will come out. This might involve funding a research initiative on policy alternatives at a university or other comparable institutions, or financing a new way of implementing or monitoring a policy regime within a ministry, whose results might present ground-breaking information for programming and provide the Foundation with useful information for its own areas of intervention.
- *Piloting:* This is where the Foundation might want to try out a new model of capacity development, through funding a small model project, before committing bigger resources.
- *Idea Sourcing Dialogues:* This is where the Foundation might use its clout as a trusted African partner in capacity development to convene a meeting of stakeholders, where innovative ideas are discussed in order to gain consensus and move forward with a capacity building initiative.
- *Collaborative Partnerships:* This is where the Foundation might want to work with partners in joint innovative activities that require co-funding.

Through this financing window, ACBF can now award grants to organisations or groups that address issues that are consistent with its mission. Grants can be awarded through a number of ways:

- i. Competition – where the Foundation pre-determines the areas in which it wants to undertake programming of new ideas and will issue specific guidelines for applicants to compete for grants. This is particularly useful for initiatives that are aimed at encouraging innovation and piloting new ideas.

- ii. Request for Proposals – the aim of this model is similar to the one above. The only difference is that applicants will not be subjected to competition. As long as their ideas fall within the issued guidelines and the project design is sound, the Foundation will be in a position to consider awarding grants.
- iii. Unsolicited proposals that introduce an innovative idea and fall within the funding ceiling and ones that have a sound project design, and meet a specific set of requirements can also be considered.

Grants from the FICAD facility can not only be used to finance innovative ideas that fall within ACBF’s mandate, but also those ideas with potential links to the Foundation’s regular programming work. Funds cannot be used to finance endowment, recurring costs such as rent, utilities, salaries, vehicles and other capital equipment, nor can they be used to fill financing gaps in any existing projects. Limited types of equipment related to the furthering of innovative ideas, such as computers, may be eligible. These will be determined on a case by case basis, depending on the nature of the project.

The maximum funds available through this facility will be one hundred thousand US dollars (\$100,000) per project, with a structured delegation of five hundred thousand US dollars (\$500 000) for the Executive Secretary. The total amount of annual grants availed through this facility will have a ceiling of two million US dollars (\$2,000,000). Consideration will be given to geographical balance, so that there is an equitable allocation within the programming zones of the Foundation. No applicant will receive more than one grant a year, per country, and there will be no repeat financing for the same organisation.



# BUILDING CAPACITY, TRANSFORMING AFRICA



SECTION

3



## ROAD TO BUSAN – KEY MILESTONES

The year 2011 saw several build-up events regionally and globally, leading to the seminal Fourth High Level Forum on Aid Effectiveness that was held in Busan, South Korea. Capacity development emerged as a major development driver both in Africa and the developing world as a whole.

Early in May 2011 delegates, including ACBF representatives, met in Cairo, Egypt and committed to a series of priority actions for implementation prior to Busan. Named 'The Cairo Consensus', this statement marked a strategic shift to a development approach that is demand driven and results focused, owned by the country and which builds on existing capacity. The consensus states that capacity development is not an afterthought, but rather a strategic intervention for the achievement of development results and accountable institutions. Domestic leadership of capacity development is therefore essential. Delegates undertook to align capacity development efforts behind country visions for effective development and delivery within national strategies.

“Without effective control of the process”, delegates argued, “countries would be unable to align resources for capacity to key priorities, and sustainable improvements in capacity would be almost impossible to achieve”. The Cairo Consensus posits that existing capacities should be the backbone of any capacity development initiative and must not be undermined. Systematic learning on what works and what does not work is essential to improving capacity, as supply-driven technical co-operation, it says, rarely builds sustainable capacity. Participants pledged to make capacity development a top priority for all partner countries, especially countries affected by fragility and they promised to work with the G7+ and the International Dialogue Group to develop a protocol for adoption in Busan. Guiding the effective use of limited development resources, they agreed, assists in delivering critical results in the short and longer term.

Development practitioners, including ACBF, also met in Manila in May, as part of another event hosted by the Asian Development Bank in collaboration with the OECD, where they shared their experiences in building effective state institutions, strengthening country systems, as well as experiences on the support received from development partners.

The main objective of this meeting in the Philippines was to arrive at a consensus on how to strengthen existing partnerships for increased accountability, transparency and effectiveness in addressing the issue of inadequate Public Financial Management (PFM) systems, as well as agreeing a set of agreed messages to carry to Busan. In general, participants pointed out that the concept of 'effective states' goes beyond country systems, as it includes the broader policy elements of public sector reforms, such as civil service reforms. Furthermore non-state actors, such as civil society organisations (CSOs) have an important role to play.

It was noted that the ultimate goal of promoting more effective states should be to effectively respond to citizen needs and to achieving key development targets, such as the MDGs. Emphasis was placed on the fact that countries need a sustainable approach to capacity development and that this should facilitate the interface between civil society, the private sector and government. While reform is required in many countries to improve their systems, it remains a challenge and therefore country systems needed to go beyond PFM and procurement, and include other dimensions such as oversight and accounting.

Participants at this seminar argued that development partners should provide aid information in an accessible format, since aid transparency is linked to budget transparency at the country level. They added that transparency and accountability are “two-way streets”, with shared responsibility for both development partners and recipient countries.

They discussed how the focus on results – a key issue for Busan - should be country-sensitive and thus take into account the country context. Delegates added that in order for effective partnerships to be realised, development partners needed to be more transparent and predictable in their support for capacity development.

Recognising the centrality of capacity development to national development and the role of firm leadership in the development process, ACBF also participated in an international workshop which was co-organised by the Ministry of Commerce of the People's Republic of China and the World Bank Group in August 2011.





This workshop - also part of the build-up to Busan - was designed for high level officials involved directly in international development and international experts from China, the World Bank and participating countries to bring hands-on world class insights to the challenges of capacity development.

Discussions covered the diversified approaches to capacity development and knowledge sharing for international development cooperation; dialogue on the opportunities and challenges faced by developing countries in their capacity development efforts and a thematic discussion aimed at establishing a forward-looking agenda for capacity development and knowledge sharing for international development cooperation, based on opportunities for global collaboration to achieve greater scale, improved quality and stronger results. The workshop recognised that the current global context offers great opportunities for new and innovative approaches.

The Accra Regional Consultative Workshop, financed by ACBF and led by the Accra-based Institute for Democratic Governance (IDEG), hosted a regional Civil Society Organisation (CSO) consultative workshop, aimed at providing a forum for African CSO leaders, officials and activists to meet, consult and build consensus on collective proposals and strategies for influencing the formulation

of the African position paper on Busan and development effectiveness in general.

The objectives of this meeting, convened in partnership with the West Africa Civil Society Institute (WACSI), Femnet, the BACG-Africa Group, the Africa CSO Platform for Principled Partnership, the Ghana Aid Effectiveness Forum, together with a host of other African civil society networks were to discuss and bridge gaps in the co-ordination, linkage and consolidation of African CSO perspectives on the strategic issues of aid and development effectiveness. Delegates also reviewed the status of development effectiveness in general, together with the validation and finalisation of the draft African Position Paper on Busan and the post-Busan international development cooperation architecture/framework.

Ideas from all of these conferences combined to provide a common position on capacity development issues in Busan in November 2011, many of which were adopted in the Busan Outcome Document (BOD). ACBF also provided an opinion editorial that was published in the Financial Times **"This is Africa"** and moderated and participated as panellists in three sessions in Busan, South Korea.



## THE 2011 AFRICA CAPACITY INDICATORS REPORT

The inaugural ACBF's flagship publication, the Africa Capacity Indicators Report (ACIR) with the theme: 'Capacity Development in Fragile States' was launched in Kigali, Rwanda in February 2011.

Broadly, the objectives of the ACIR are to:

- Examine issues and challenges facing countries in cross-border capacity development and cooperation;
- Develop better theoretical underpinnings to the various capacity interventions undertaken within the continent;
- Serve as a definitive knowledge product for policy makers, public sector officials, private sector, civil society, and other experts in capacity development.

The ACIR highlights the state of capacity development in Africa and seeks to support the entrenchment of capacity development in countries' development agendas. The ACIR and its composite index, Africa Capacity Index (ACI), are meant to offer the needed inputs into decisions on what to do in order to advance capacity at the country and continental level. To this end, the ACIR profiles countries' capacity development, using indicators to support the continent's development agendas and complement, rather than duplicate ongoing efforts in assessment tools and information regarding the status of capacity in Africa.

ACBF publishes the ACIR annually, based on a theme identified in consultation with the Foundation's stakeholders.

The inaugural edition of ACIR was described by former South Africa President Thabo Mbeki as a timely source knowledge product, and a testimony of ACBF in capacity development. He noted that the ACIR provides an authoritative characterisation of the state and evolution of African capacity across space and time, also providing an invaluable tool for country benchmarking and monitoring-and-evaluation of capacity development interventions.

The flagship publication provided an important baseline and insight into the capacity development landscape in Africa with respect to the specific capacity clusters which guided the underlying inquiry. The 2011 report highlighted the state of capacity development in Africa and sharpened the focus on capacity deficits as a major development policy issue.

The guest of honour at the 2011 launch was Ms Namhla Mniki-Mangaliso, Head of the Secretariat at the Mandela Institute for Development Studies. The launch was moderated by Mr Kobena Hanson, ACBF's Head of Knowledge and Learning, with remarks by Mr Abbi Kedir, Department of Economics, Leicester University, and H.E. Sten Rylander, outgoing Chair, ACBF Board of Governors.

ACBF Executive Secretary, Ms Frannie Léautier noted that the ACIR is an important guideline and milestone for all government officials, policy makers, development practitioners, researchers, scholars and all who have a keen interest in Africa's development agenda.

The Africa Capacity Index (ACI), now offers the much needed inputs into decisions on what to finance in order to develop capacity; whether it is regulatory and institutional reforms that is needed to better support public-private partnership in 'capacity investment' or whether it is investment in further strengthening of public administration.

In 2012, the chosen theme, selected in consultation with the Foundation's stakeholders and clients, is 'Capacity Development for Agricultural Transformation and Food Security'.

Leading up to the 2012 ACIR, ACBF held two workshops (Anglophone and Francophone) in Harare, Zimbabwe for the data collectors of the African Capacity

Indicators 2012 (ACIR 2012). Forty-two African countries were represented in the two workshops. The main objective of the workshops was to share the data collector systems and processes for the next issue of the publication,

At this workshop, each of the geographical regions had an ACBF policy unit focal point for reference: West Anglophone – Centre for Policy Analysis (CEPA), Ghana; West Francophone - Le Centre d'Analyse des Politiques Economiques et Sociales (CAPES), Burkina Faso; Central Africa - Project de Renforcement des Capacities en Gestion Economique de la Republique de Cameroun (CAMERCAP), Cameroon; Eastern Africa - Kenya Institute for Public Policy Research and Analysis (KIPPRA), Kenya; and Southern Africa - The Zimbabwe Economic Policy Analysis and Research Unit (ZEPARU), Zimbabwe.

Officially opening the data collectors' workshops, Ms. Grace Kaimila-Kanjo, ACBF Chief Operating Officer stated that, "The ACIR 2011 has been instructive on the state of capacity in Africa. It shows that Africa has made laudable efforts to create an enabling environment. Nearly 88% of the countries covered are classified in the highest rank with regards to the institutional environment. African countries have made significant policy choices for capacity building (Strategy for Poverty Reduction, Medium-Term Strategic Vision, National Strategy for the Development of Statistics)." However, progress needs to be made in the process of implementation, and substantive effort is still required with respect to individual capacities. Basically, Africa has created an enabling environment for capacity building, but the results at the individual level are not yet noticeable".



## YOUTH ENTREPRENEURSHIP – AFRICA'S HIDDEN WEALTH

One of the major challenges facing the African continent is the youth bulge and related unemployment. Unemployment has been a problem on the continent for some time. Youth unemployment is a global challenge, but even more acute on the African continent, worsening an already bad situation. The Arab spring, whose roots are strongly embedded in the challenge of youth unemployment, brought to the fore this critical problem facing the continent.

Leading up to the African Union Assembly in June 2011, ACBF, in conjunction with the Government of Mauritania, held a workshop on "Entrepreneurship and Youth Employment in North Africa" in Nouakchott, Mauritania. The workshop created a platform for dialogue and experience-sharing between stakeholders from 12 countries, 6 institutions: notably national youth associations, representatives of public services and employment agencies, young entrepreneurs and private sector and women's organisations. Several international organisations, including the NEPAD Agency, ILO, World Bank and UNDP, also participated. Underpinning the recommendations from the workshop was the need to explicitly integrate job creation, and specifically youth employment, into country development policies, articulated in the Nouakchott Declaration. In this statement African youth representatives urged leaders to:



- Address the skills and competency gaps to create individuals ready for the labour market through partnerships with universities and training institutions, and ensuring that training matches the needs of the labour market. *This includes looking at curriculum review to introduce technical skills in high demand by the labour market, access to education for disadvantaged youth and science and technology;*
- Work with the RECs to create an enabling policy environment, support decision makers to develop appropriate legal frameworks, and generate the critical mass of practitioners who can shape the job creating potential of economies. *Policies impacting labour markets, trade, trans-border migration and multi-country infrastructure investments are particularly relevant in creating opportunities for the young;*
- Create platforms for dialogue between government, civil society and the private sector to generate a positive environment for economic growth and job creation with particular focus on public-private partnerships for supporting entrepreneurship and creating jobs for young people. *Regional solutions to conflict are extremely critical for providing alternatives to young people caught up in difficult choices between famine and active soldiering;*
- Support learning and knowledge sharing to speed up change and uncover ideas that unlock the potential of young people at the national and regional level *particularly ideas for encouraging entrepreneurship among the young in the areas of agriculture and the green economy;*

- Examine alternative *investment* and financing instruments for their adequacy to micro, small and medium enterprises for young people and to investigate the possibility of creating an Africa-wide fund for youth employment;
- Uncover and share successful practices in supporting young entrepreneurs at the pre and post enterprise-creation stage; and
- Strengthen labour market data systems including development of sector, age and gender disaggregated data and utilise them for decision-making. *Labour market information on job search techniques and career guidance play an equally important role.*

As part of the Foundation's collaboration with the African Union Commission (AUC), ACBF addressed the AU assembly in Malabo, Equatorial Guinea, outlining the recommendations contained in the Nouakchott Declaration, and concluding that developing human and institutional capacity is one of the best investments Africa can make in its search for sustainable economic growth, good governance and job creation that will eradicate poverty.

Following the presentation made at the AU summit in Malabo, Equatorial Guinea, ACBF was invited to Accra by the President of Ghana, H.E. Prof. Atta Mills to discuss ways in which ACBF can support the Government of Ghana to address the youth unemployment challenge.

ACBF is in the process of developing a comprehensive capacity building programme for the continent focusing on youth employment.



The programme will involve innovative methods of engaging the youth in productive activities.

Although the continent generally registered significant growth levels and has demonstrated remarkable resilience in the face of the global financial crisis, the economic growth did not translate into corresponding levels of job creation. This is mainly attributed to the sources of economic growth, which have been mostly linked to the extractive industries, the telecommunications and other capital intensive sectors. The challenge for the continent is to identify drivers of economic growth that are also labour intensive.

The agriculture sector, which remains the largest employer on the continent but remains plagued with low productivity and thus a marginal contributor to economic growth, is a potential source of employment opportunities for the continent's unemployed. Capacity development initiatives for the transformation of the agricultural sector, covering the entire agricultural value chain, are some of the innovations being explored to unleash the employment opportunities needed to address the youth unemployment challenge.

ACBF's efforts to address the youth unemployment challenge on the continent will thus target innovations to the agricultural value chain, among other innovations to drive more inclusive economic growth.

### **HIGHLIGHTS FROM THE ACBF EXECUTIVE SECRETARY'S ADDRESS AT THE ASSEMBLY OF THE AFRICAN UNION HEADS OF STATE : SEVENTEENTH ORDINARY SESSION; 30 JUNE – 1 JULY 2011 IN MALABO, EQUATORIAL GUINEA**

"The African Union meets at a critical juncture of Africa's search for sustainable development, in greater peace and security. I have no doubt that you share with me the conviction that long-term stability is a key factor for development, and that lack of access to employment is a threat to stability.

With over 40% of its population below 15 years, Africa is by far the continent with the largest global youthful population. Managed well, youth represent Africa's best development asset over the coming decades. It is important to better understand Africa's youth in order to design and implement the best policies aimed at unlocking their creativity and innovativeness. Youth unemployment is a global challenge, but it is more acute in Africa due to the pervasive poverty that many of our countries are still facing, making it more difficult to allocate any social benefits to the unemployed youth. Youth unemployment in Africa has been worsening over the recent years, mainly because: (1) countries have had difficulty achieving above 7% growth rate per year over a sufficiently long period and in a consecutive manner to allow economic transformation; (2) every year we are adding 10 million young people to the job market, and the growth of young entrants in the job market is increasing; (3) higher education institutions, release graduates who are neither equipped with the skills expected by the productive sector nor mentally prepared for the labour market and; (4) there are inadequate policies and space for youth to unlock their resourcefulness, inventiveness and ingenuity.

The problem is fresh in mind since youth unemployment is largely at the heart of the social instability in a growing number of African countries.

Underpinning the recommendations of the recent Nouakchott workshop is the need to explicitly integrate job creation, and specifically youth employment, into country development policies [incidentally out of 45 countries surveyed as part of the follow-up to the Kigali Resolution adopted at ACBF's 20th Anniversary, less than 30% had identified job creation as a priority].

Nine years ago you, as the AU Heads of State and Government, adopted a Declaration on the Proclamation of a Capacity Building Decade in Africa. Many lessons can be drawn with direct implication on the issue of job creation. In the interest of time, I will list only two:

1. The macroeconomic environment has significantly improved in many African countries rendering the continent more resilient to crisis. Think tanks and policy units supported by ACBF played a decisive role in achieving this result;
2. The supply of qualified economists, policy and development managers has increased in many countries, enabling Africa to create high end analysis and policy jobs, translating into a drastic reduction on reliance on foreign technical assistance.

Despite these results, efforts should be kept up as many challenges remain. Effort should especially go to prioritising capacity in the development process and when budgets are allocated. Developing human and institutional capacity is one of the best investments Africa can make in its search for sustainable

economic growth, good governance and job creation that will eradicate poverty. I hope that you will renew your commitment to capacity development, and give your explicit support, leadership and commitment to implementing the recommendations reflected in this address.

In conclusion, kindly allow me to express my most sincere appreciation to the Heads of State and Government of African countries who honour the ACBF through their moral and political support, the African Member States for their ownership and membership contributions, our sponsoring institutions – the World Bank, AfDB, UNDP and all the bilateral donors for their belief and support of ACBF.

I would like to thank H.E. President Mohammed Ould Abdel Aziz and the Government of Mauritania for hosting the Nouakchott workshop which resulted in the recommendations presented here today.

I would also like to thank H.E. President Paul Kagame, the Government and people of Rwanda for hosting the celebrations of the 20th Anniversary of the Foundation on 08 and 09 February 2011 in Kigali, which provided the platform for assessing the capacity priorities of 45 countries which will be used in the upcoming summit on aid effectiveness in Busan, South Korea at the end of this year. Finally, I would like to thank the African Union, the Chairperson of the African Union Commission – H.E. Jean Ping and his team for the fruitful partnership."

**Ms Frannie A. Léautier**  
ACBF Executive Secretary

## BUILDING CAPACITY FOR HIGHER EDUCATION

ACBF's support for the higher education sector has been growing steadily over the years.

By 2008, the total commitment to degree and non-degree programmes by ACBF stood at close to US\$136 million, representing 34.9% of the Foundation's total commitment to capacity building initiatives. Universities are at the top of the transformation chain, generating the skills and competencies needed in development.

As part of ACBF's commitment to the education sector, the Foundation actively participated in two high level education events in 2011 – the Conference for Rectors, Vice Chancellors and Presidents (COREVIP 2011), organised by the Association of African Universities (AAU) and the African-Norwegian Conference on academic capacity building.

At both events, ACBF reiterated the critical role that education plays in fostering effective and sustainable development and reaffirmed its continued commitment to supporting the education sector. The ACBF message also reiterated the need for transformative leadership in institutions of higher education and better alignment of the education curriculum to national development strategies, in particular addressing the challenge of the educated unemployed youth.

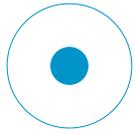
Science, technology and innovation have also been identified as key drivers for development. In order for Africa to leapfrog the development trajectory

and achieve results in a period shorter than that for developed countries, a fundamentally different approach to development will be required. Innovations in policies, implementation arrangements and institutional structures and in the fields of science and technology hold the key. These sentiments were echoed by ACBF at a graduation ceremony of AUST-Abuja (one of the campuses under the Nelson Mandela Institute (NMI) of Science and Technology).

The three NMI campuses on the continent are two, i.e. in Ouagadougou, Burkina Faso, Africa University of Science and Technology (AUST) in Abuja, Nigeria and Nelson Mandela African Institute of Science and Technology (NM-AIST) in Arusha, Tanzania.

In 2011, ACBF also participated in major global education events, including the World Innovation Summit for Education (WISE), an initiative of the Qatar Foundation. The WISE events included support for Haiti, where ACBF shared its model of capacity development through the education sector, following an education conference held in Port au Prince as part of rehabilitation initiatives for Haiti, following the devastating earthquake that hit the country in January 2010. At the 2011 WISE conference in Doha, Qatar, ACBF coordinated a meeting of African participants, culminating in the formation of a loose network called "My WISE Africa". The network aims to provide a platform for experience sharing and interface with WISE, aimed at fostering Africa's active participation in the annual WISE conference.





# AN INTEGRAL PART OF THE CONTINENT'S CAPACITY DEVELOPMENT ARCHITECTURE

SECTION

4



ACBF EXECUTIVE SECRETARY, MS FRANNIE LEAUTIER, ADDRESSING AFRICAN UNION HEADS OF STATE AND GOVERNMENT, MALABO, EQUATORIAL GUINEA, JULY 2011





## ACBF: A TRUE CONTINENTAL PLAYER

Africa's development needs and challenges are enormous and yet the resources available to tackle these needs are relatively insufficient. Collaboration amongst the development players is essential to leverage collective efforts, scale up initiatives that are otherwise too large for one single player and avoid unnecessary duplication of efforts and re-invention.

In the field of capacity development, the African Capacity Building Foundation (ACBF) has taken deliberate steps to engage different development players whose activities have direct and indirect implications for capacity development. This engagement is an effort to develop a coordinated approach to capacity development on the continent. While the number of institutions and initiatives addressing the capacity development component of the development process are few, there is merit in a coordinated approach to maximise effectiveness. To this effect, ACBF continued its collaboration with African regional and sub-regional institutions in 2011. Partnerships have been formalised through MOUs and through the implementation of joint activities aimed at further boosting regional integration, as articulated in its five-year strategic plan.

The economic and political case for regional integration remains strong, despite the tide of globalisation currently buffeting international relations. Regional integration is key for the resolution of coordination failures and attainment of economies of scale in the management of regional public goods and the spillover effects for growth and development on the continent. To acknowledge the importance to African development of cross-border conflicts, investment contagion and environmental and epidemiological issues, is to reckon with the acute under-provision of regional public goods on the continent. Additionally, continental institutions are important in fostering common political and economic institutions that are critical to attracting foreign direct investment, fostering good governance, and preventing conflict. Continental institutions can also play a catalytic role in coordinating resource mobilisation for development.

Regional and continental institutions are the vehicles to realising these benefits and to meeting the challenges of regional integration. For the Foundation, target regional African institutions include, but are not limited to the Economic Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA), the Communauté Economique et Monétaire

de l'Afrique Centrale (CEMAC), the East African Community (EAC) and the Economic Community of Central African States (ECCAS). The ACBF's continental partner is the Africa Union Commission and its NEPAD Programme. In terms of strategy, the Foundation has sought over the years to build the human and institutional capacity of its continental and sub-regional partners, in line with its mandate, as well as collaborating in the field on specific concerns.

With the publication in 2008 of the capacity needs assessment of Regional Economic Communities (RECs) survey that the Foundation undertook at the request of the NEPAD Heads of State Implementation Committee, the ACBF signaled its readiness to respond to the knowledge needs of its regional partners. This was further demonstrated in 2011 at the 17th Ordinary Session of the AU Heads of States Summit held in Malabo in July 2011, where, for the first time, the Foundation was given the opportunity through its Executive Secretary, to address the Assembly on the theme of "Accelerating Youth Empowerment for Sustainable Development".

As part of its strategic partnership with continental and sub-regional institutions, the Foundation provides support to the AUC, its Pan-African Parliament (PAP) organ and NEPAD Programme, as well as five of its eight recognised Regional Economic Communities, notably ECOWAS, ECCAS, COMESA, the East African Community and SADC. The collaboration with NEPAD has grown over the years and in 2011, the Foundation collaborated with NEPAD to develop an African position for the 4th HLF held in Busan in November 2012. This position underscored the role of capacity development for Africa's renewal and the need for mutual accountability and shared responsibility between development partners and recipient countries for development effectiveness. With the Foundation's support, PAP has built its institutional capacity by facilitating its organisational development, strengthening its research and information resources, improving its human resources skills capacities, as well as improving its visibility and stature.

Over the years, the Foundation has provided institutional support through its grant making facility to support parliamentary process and policy-making at the regional level, notably on issues related to integration, sub-regional and global trade, and statistics. With the support of the Foundation, the East African Legislative Assembly, the legislative arm of the EAC has launched preparations for the establishment of the East African Parliamentary Institute (EAPI), which

will be the parliamentary training institute for both EALA and the East African Community national parliaments.

Through the *Projet de Renforcement des Capacités du Réseau des Parlementaires de l'Afrique Centrale (REPAC)*, based in ECCAS, the Foundation has been able to support regional integration efforts in the Central Africa region, as well as the establishment of the REPAC Secretariat to enable it to provide parliamentarians with the required supporting means and mechanisms to effectively discharge their constitutional functions.

With regards to policy making, notably on issues related to integration and trade, the Foundation has collaborated with ECOWAS through its support to Economic Policy Analysis Unit (EPAU), its policy unit. The Foundation's support has focused on strengthening the ECOWAS commission with the capacity to achieve economic and monetary integration, poverty reduction and sustainable growth. Similarly, the Foundation has supported COMESA and its member countries in their mastery of the World Trade Organisation (WTO) processes, as well as negotiation skills. In the area of trade, ACBF is collaborating with UNECA through the African Trade Policy Centre (APTC) and the African Export Import Bank (AfrExim Bank) to promote trade as a key element for sustainable development.

A significant proportion of Africa's population, especially the rural population, is involved in some form of trade including cross-border trade as a means to improve their standard of living. Development of trade and inter-African trade thus presents an opportunity for enhancing the standard of living of a significant proportion of the continent's population. ACBF considers support to the development of policies and a policy environment that promotes trade as a key capacity development factor for sustainable development.

The Foundation supports ECOWAS in its efforts to establish an enabling environment and conditions for ECOWAS member countries to produce the

minimum statistical information needed for decision making, with a view to responding adequately to the needs of macroeconomic and commercial surveillance systems, and to the monitoring of the Millennium Development Goals and the various Poverty Reduction Strategy programmes in the region.

The Foundation encourages the emergence of a vibrant private sector as a key player in the continent's development. With its collaboration with East African Business Community (EABC), which has an Observer status with EAC, the Foundation seeks to promote a competitive business environment in East Africa, where the protocol establishing the East African Community Common Market entered into force on 1 July 2010. Through this intervention, the Foundation seeks to assist East Africa in its efforts to stimulate private sector growth in the region, expanding the private sector's participation and opportunities in regional integration processes in East Africa.

As part of its collaboration with the AU, ACBF further committed to support the continental institution in the implementation of its Ten-Year Capacity Building Programme at the 12th Session of Regional Coordination Mechanism of UN Agencies and Organisations working in Africa in Support of the AU and its NEPAD Program (RCM- Africa). In 2011, the Foundation also attended the 7th Conference of African Ministers of Public Service (CAMPS) and has since been collaborating with the AU for the institutionalisation of the Conference within AUC structures.

The Foundation supports other regional institutions with a mandate to foster regional integration. With the West African Economic and Monetary Union (UEMOA), the Foundation supports the harmonisation of procurement procedures in West Africa. Furthermore the Foundation supports West African Monetary Institute (WAMI), whose mission is to undertake preparatory activities towards the establishment of the West African Central Bank (WACB), and the launching of a common monetary union for the West African Monetary Zone (WAMZ).



## ACBF DELIVERS A GOODWILL MESSAGE AT THE AFRExIM BANK SEMINAR ON STRUCTURED TRADE FINANCE IN ACCRA, GHANA

In November 2011, Mr Roger Atindehou, OIC, ACBF Operations East and Southern Africa, on behalf of Ms Frannie Léautier, delivered a goodwill message at the AfrExim Bank Seminar on Structured Trade Finance in Accra Ghana. The seminar, organised for senior executives of banks and financial institutions and trading companies, focused on improving skills and developing the capacity of the participants to better structure bankable trade finance deals. The seminar was the 11th in the series of AfrExim Bank's annual seminars entitled *Advanced Structured Trade Finance*.

The general objective of the seminar was to acquaint African bankers with advanced structured finance tools and techniques to deal with the challenges confronting lenders in Africa as a result of the rapidly changing business environment. Specific objectives, among others, included creating an opportunity for a proper evaluation and understanding of the new financing challenges that the changes in the global and African environments deal with in the short to medium term; and to equip participants with the knowledge of the financing tools and instruments that are currently being used or being proposed for use in financing African trade, under the changing environment.

The two-day seminar focused on sessions such as Structuring Deals, Risk Identification, Risk Mitigation, Security Pricing and Pitfalls; Mitigating Market Risks under Structured Trade Finance – Techniques and Opportunities; and Integrating Structured Trade Finance into International Debt Capital Market – The Example of a Diaspora Bond Deal in South Africa.

## AU/UN REGIONAL COORDINATION MECHANISM HIGH LEVEL PANEL ON CAPACITY BUILDING, ADDIS ABABA, ETHIOPIA

ACBF Chief of Staff, Ms Dieynaba Tandian, was part of the High Level Panel on Capacity Building in Addis Ababa, held on the first day of the Regional Coordination Mechanism of United Nations (UN) Agencies and Organisations working in Africa in support of the African Union (AU) and its NEPAD Programme (RCM-Africa). Held in Addis Ababa, Ethiopia, from 21-22 November, 2011, under the theme "Capacity Building," the RCM-Africa annual meetings have become an important event attracting participation at the highest level and bringing together other high-level officials and representatives of UN system organisations and agencies. Among these are the African Union Commission (AUC), the NEPAD Planning and Coordinating Agency (NPCA), Regional Economic Communities (RECs), the African Development Bank (AfDB), the World Bank and other regional and sub-regional organisations working in Africa. Her Excellency, Ms Asha-Rose Migiro, UN Deputy-Secretary General, opened the meeting, while Mr Abdoulie Janneh, UN Under-Secretary General and Executive Secretary of the Economic Commission for Africa (ECA) and Mr Erastus Mwencha, AUC Deputy Chairperson, made opening remarks. The meeting deliberated on the following agenda items:

- a. High-Level Panel on Capacity Building;
- b. Draft Work Programme for the Implementation of the Ten-Year Capacity Building Programme for the AU (TYCBP-AU);
- c. Update on the MDG Africa Working Group; and
- d. Presentations on Progress Reports:
  - (i) Annual Reports to RCM-Africa;
  - (ii) Sub-Regional Coordination Mechanisms (SRCMs);
  - (iii) Africa Regional Preparation for "Rio + 20"

Ms Dieynaba Tandian, ACBF Chief Of Staff presented on the HLF panel, chaired by His Excellency Cheick Sidi Diarra, UN Under-Secretary-General and Special Advisor on Africa.

The Chief of Staff presented ACBF's areas of intervention in capacity building, as defined by the institution's strategic plan and expressed the desire to explore possibilities for more synergy with the RCM platform and also with specific UN agencies. She spoke on ACBF's vision, highlighting that the creation, sharing and application of knowledge in an increasingly complex world are imperative to Africa's current development efforts, further reminding participants of ACBF's function as a framework for collaboration between African countries and the international development financing community, as well as an institution for the implementation of capacity building programmes in the area of economic policy analysis and development management.

During the discussion, participants acknowledged that inadequate implementation capacity was a serious constraint to the effective functioning of African institutions. In that regard, several UN agencies expressed their willingness to strengthen their collaboration with ACBF and NPCA.

The session identified key elements of effective capacity building initiatives, including: relevance of "capacity building" to the functions of the beneficiaries, coherence among capacity building initiatives, the quality of interventions, sustainability - notably in terms of resource mobilisation, as well as an enabling environment for capacity building.

The session commended the shift in the development paradigm from aid effectiveness to development effectiveness; pointed out the need to balance the capacity building focus between productive sectors and social sectors. In particular, the need to increase labour productivity in order to attract investors and foster economic growth on the continent was underscored. The session agreed that capacity building initiatives should be aligned with the priorities of AUC and its NEPAD Programme, as well as the RECs. It also agreed on the need to emphasise gender in capacity building initiatives. Similarly, they stated

that capacity building initiatives should place adequate attention on the private sector, as well as cross-cutting issues.

The HLF session recognised the African Platform for Development Effectiveness (APDeV) as an important capacity building tool, especially in monitoring development outcomes in Africa. It stressed the importance of developing a critical mass of competence to unleash Africa's potential and achieve the transformation sought to improve partnership and realise economies of scale. In that regard, the panel recommended that each actor should work according to its comparative advantage in the area of capacity building. The session identified the retention and utilisation of existing capacities as major challenges of Africa's capacity building objectives. The tendency for trained staff to move from member states to RECs, from RECs to AU, and from AU to the UN system and other development partners was highlighted. There was therefore a need for effective strategies to retain the capacity of African institutions. The session also highlighted the need for African countries to develop their capacity in internal resource mobilisation with the view to reducing dependency on external support for economic and social development. Furthermore, the necessity to develop private sector capacity in African countries, including engaging in financing development was underscored.

### **Recommendations**

The following recommendations were made:

- RCM clusters should identify effective ways to strengthen collaboration with ACBF, especially in the implementation of the work programme of TYCBP as well as in their capacity building initiatives for African Universities;
- The development and implementation of the UN capacity building work programme for RECs within the framework of TYCBP should involve ACBF;
- Resource mobilisation should be embedded in capacity building programmes to ensure their sustainability in the long term.

## SMART PARTNERSHIPS AND INVESTOR CONFIDENCE: TRANSITIONING FROM SMTP II TO SMTP III

Partnerships and Resource Mobilisation efforts in 2011 were geared towards recovering the commitments made under SMTP II and launching the resource mobilisation process for the financing of SMTP III, approved by the Board of Governors in February 2011. On the SMTP II front, collaborative efforts by all departments in the Foundation, under the leadership of the Executive Secretary, led to the signing of a USD 25 million Grant Agreement with the World Bank on 5 May 2011 and the signing of a USD 12 million Grant Agreement with the African Development Bank (AfDB) on 12 January 2011 in Tunis, representing the AfDB's contribution to SMTP II. The contribution signed in May 2011 took the World Bank's support to SMTP II to the level of USD 108 million. The AfDB Grant was disbursed entirely in 2011. The disbursement of the World Bank Grant is ongoing.

ACBF welcomed two new African members in 2011, namely Togo and The Gambia, who contributed USD 0.5 million each to the African Capacity Building Fund.

Payments of African pledges to SMTP II and previous financing phases continued at a high rate in the reporting year. As at December 2011, 16 countries had disbursed their entire contributions for a total of USD 6.6 million, while five countries had made partial payments totalling USD 2.4 million. With an aggregate of USD 9 million, this equates to a disbursement rate of 79% of African pledges to SMTP II. It should be noted that ten countries have still not made any payments and this will be taken into account in line with the Foundation's selectivity criteria, going forward.

In launching the resource mobilisation process for SMTP III, the Foundation completed a European Tour, aimed at garnering support from traditional donors in Denmark, Finland, Sweden and the United Kingdom, and also attracting new donors in Belgium, Luxembourg and Switzerland, as well as in the European

Union Institutions. This effort also targetted the BRICS and negotiations are ongoing with Brazil, China, India and South Africa.

New partnerships were also concluded during 2011, including an alliance with the Rapid Results Institute, demonstrating that the Foundation's product offering remains in high demand. ACBF also revived its partnership with the NEPAD Agency in 2011 and is further consolidating its cooperation with the African Union Commission. Making the best use of strategic alliances will be a key focus area in 2012 and 2013, as partnerships present a high potential for co-financing, thus allowing ACBF to scale up its interventions.

Nevertheless financing remains a major risk impacting the Foundation's activities. Mitigating this risk requires: (i) more effective operations in order to continue justifying a 'broker' role for development partners; (ii) making better use of partnership opportunities to complement financial resources through co-financing; and (iii) consolidating ACBF's regional organisation status, by acquiring an official status in the African Union architecture.

Over the next few years, External Affairs and Partnership efforts will be geared toward increasing the visibility of ACBF and its operations, and building partnerships for resource mobilisation in the European Union Institutions, Japan and the emerging economies. In parallel, the EU Institutions and Japan remain major players in the global aid panorama, while emerging countries aspire to play a more active role.

New target groups will be identified and solicited for support, as will the development of customised proposals for partnerships and resource mobilisation effort in 2012 and 2013.

A more proactive approach to managing existing partnerships, particularly with UNECA, RRI, IMF, UNITAR, WBI and the AU Commission and the NEPAD Agency will be implemented, in a further attempt to unlock potential for ACBF. In parallel, ACBF will continue to be receptive to the large number of partnership requests that are generated by the Foundation's increasing visibility.





The pipeline for future partnerships includes IDRC as it relates to Think Tanks; the Chinese Academy for Agricultural Sciences (CAAS) and the Alliance for a Green Revolution in Africa (AGRA) in relation to agriculture; the Asia and Pacific Finance and Development Centre (AFDC) in financial management and accountability; and CEDDET, a Spanish-led distance learning entity in skills building.

In 2011, ACBF also explored new partnership modalities. In a significant outcome, the Foundation successfully tendered for a partnership with the Australian Agency for International Development (AusAID). The contract, commencing in early 2012, is for the management of a resource facility for the Australia-Africa Community Engagement Scheme (AACES) by ACBF.

Building on the success of the Pledging Session held at the 20th Board of Governors meeting in Arusha in September 2011, resource mobilisation efforts in the coming year will entail two additional pledging conferences. One session targets the African countries which were not represented in Arusha and will be chaired by the Chairperson of the African Union Commission. The second one, chaired by the Vice-President, Africa Region of the World Bank, will target non-African countries. The success of these conferences will require intensive background work by the Secretariat as a whole.

Other areas of focus in the Foundation's partnerships and resource mobilisation drive in the next two years will include negotiations towards membership of Ethiopia, Namibia, South Africa, Angola, Guinea and Mozambique. Reviving membership of Mauritius, and exploring membership of Algeria, Morocco, South Sudan and Tunisia are other major targets for 2012-2013.

## MEMBERSHIP MILESTONES

### TOGO: ACBF'S 34TH AFRICAN MEMBER

The African Capacity Building Foundation (ACBF) and the Republic of Togo signed a membership agreement in Kigali during the celebrations of ACBF's 20th Anniversary celebrations hosted by the Government of Rwanda in February 2011.

"This is proof those African countries own the continental capacity development agenda and that the leadership in these countries recognise the need to address not only national capacity development challenges, but also regional and continental ones. ACBF as a pan-African institution, takes pride in its ability to deliver results that convince African countries to contribute to the Foundation. Increased membership also facilitates ACBF's reach throughout the continent, and provides us with the platform to work not only with governments, but also with civil society and the private sector." - Ms Frannie Léautier, ACBF Executive Secretary.

Mrs Dédé Ahoéfa Ekoué, Minister in the Office of the President of the Republic of Togo in charge of Planning and Development signed on behalf of the Government of Togo. The Republic of Togo joined ACBF at a pivotal time, as the Foundation celebrated its 20th anniversary.

At the national level, Togo and ACBF signed a USD 2 million Grant for four years for the establishment of the Centre Autonome d'Etudes et de Renforcement

des Capacités pour le Développement au Togo (CADERDT). CADERDT thereby became the 28th policy institute created by ACBF in partnership with national stakeholders in Africa.

At the regional level Togo benefits from three of ACBF regional interventions in Abidjan, Dakar and Ouagadougou, namely: Programme de Formation en Gestion de la Politique Economique à l'Université de Cocody in Abidjan, Cote d'Ivoire; Programme de Formation en Management du Secteur Public at the Ecole Nationale d'Administration de Dakar, Senegal; and the Nouveau Programme de Troisième Cycle Inter-universitaire (NPTCI) located in Ouagadougou, Burkina Faso.

## ACBF'S AFRICAN MEMBERSHIP INCREASES AS THE GAMBIA BECOMES THE 35TH AFRICAN MEMBER

In March 2011, the Republic of The Gambia signed a membership agreement with ACBF in Banjul, making it the 35th African country to join ACBF. The signing of the agreement reiterated the commitment of African nations to ACBF, and signifies the political commitment of African governments to capacity development in Africa.

ACBF's presence in The Gambia began in 2002 with the approval of a USD850 000 Grant for the implementation of the Gambia Public-Private Sector-Civil Society Interface Capacity Building Project (GICAP). In 2008 ACBF approved a four-year USD 1 million grant to TANGO for the Non-State Actors Support Project with the objective of strengthening the capacity of non-governmental organisations and non-state actors to engage and dialogue in public policy processes.

As The Gambia continues to forge ahead in its drive to meet the Millennium Development Goals (MDGs), capacity development has been highlighted as one of the major constraints in attaining the goals. According to the UNDP, - "The challenges faced by The Gambia in meeting a number of the MDGs reflect the absence of an integrated planning framework that can effectively monitor national and local progress. The lack of such a framework is compounded by inadequate institutional capacity and resource constraints." Similarly,

The Gambia's Second Poverty Reduction and Strategy Paper (2007 -2011) states that a major constraint in the implementation of the country's PRSP I was a human resource scarcity. "The high attrition rate and turnover of staff in the civil service led to major capacity constraints and declining absorptive capacities. Scarce technical and financial resources needed to address the critical implementation bottlenecks faced in implementation aggravated the situation."

ACBF's support to TANGO, The Gambia's NGO umbrella organisation was a continuation, in collaboration with other donors in the country, of further integration and networking within and between sectors and institutions. The collaboration was also designed to create a strong partnership between non-state actors to build capacity for better input into public policies. ACBF's justification for the support to the project is sustainable poverty reduction, which requires the participation of sectors that have the requisite skills to partake in the design and formulation of public policy programmes, procedures, and regulations.

The TANGO project identified five key capacity constraints of non-state actors in The Gambia, namely, the limitation of democratic space for participation in policy dialogue; weak capacity for policy analysis; poor access to adequate and timely information; fragmentation and lack of coordination of social forums; and the lack of ownership of policies by the non-state actors. A major outcome for the project after a four-year implementation period is the interface between civil society and government in the implementation of policies and development of frameworks.

"ACBF will work in partnership with the Government of The Gambia to further build the human and institutional capacities of the country. As ACBF celebrates its 20th anniversary in 2011 and takes forward the recently adopted Kigali Resolution on capacity development in Africa, we remained guided by the needs and demands of our member countries. As the premier capacity building arm in Africa, ACBF will continue to work with member states to promote innovation and learning and to focus squarely on tangible results for the economic and social prosperity of the African people" ACBF Executive Secretary of ACBF, Ms Frannie Léautier.





Honourable Minister Mamburay Njie, Minister of the Department of State for Finance and Economic Affairs, signed the membership agreement on behalf of The Gambia.



## AFRICAN GOVERNANCE OUTLOOK

In November, 2011, the African Capacity Building Foundation and the African Development Bank signed an amendment to the Memorandum of Understanding on the African Governance Outlook. The AGO project is an initiative of the AfDB, aimed at assessing issues pertaining to financial governance in Africa through

the lens of the political economy as an analytical tool. Under the terms of a Memorandum of Understanding between the two institutions, ACBF is tasked to lead in the implementation of a pilot phase of the project.

This agreement is an improvement to the original MoU dated 8 December 2010 that established a collaboration between both parties on the implementation of the African Governance Outlook (AGO) in ten pilot countries. The AGO is a flagship report on financial governance that focuses on core areas of AfDB's mandate on governance. This is being coordinated by the bank's Governance, Economic and Financial Management Department (OSGE). The AGO's strategic objective is to provide an effective African-based diagnostic tool that involves local organisations in assessing the quality of financial governance in Africa.

The AGO will help to:

- (i) monitor progress and trends over time;
- (ii) support evidence-based policy dialogue with RMCs; and
- (iii) inform the Bank's country strategies, operational programming and results monitoring.

It will also serve as a principal instrument to articulate Africa's voice on financial governance. Through the MoU, both partners agreed to implement the pilot project in two phases: phase one covering five countries and phase two covering five additional countries. Some amendments were also made in the financing arrangements and disbursement of the initial MoU, with Ms Frannie Léautier stating that the African Governance Outlook will play a key role in the strategic approach to improving financial governance on the continent.



Mr Kamal El Kheshen, Vice-President of the AfDB said that the MoU contributed to strengthening the strategic relationship between ACBF and the AfDB.

An inception workshop on the African Governance Outlook (AGO) project was held in Accra, Ghana, aimed at introducing selected Country Field Partners for the AGO concept, the rationale for the project and the key research instruments to be used to undertake country research. Participants from ten countries, namely: Algeria, Burkina Faso, Ethiopia, Ghana, Kenya, Mali, Mozambique, Nigeria, Rwanda and Sierra Leone attended the workshop.

Each of the Field Partners made presentations on Country Highlights on Financial Governance. Opening the workshop the Chief Operating Officer of ACBF, Mrs Grace Kaimila-Kanjo, restated the necessity of the initiative and recommitted ACBF to the partnership, under which the project is being implemented. A representative of the AfDB, Mr Gebre-Selassie Kalayu emphasised the relevance of the AGO project and indicated that to the bank, the AGO flagship project is of immense importance. He pledged the bank's commitment to the success of the project.

## SUPPORTING AGRICULTURAL TRANSFORMATION IN AFRICA

After three decades of neglect, the food price crisis and the underlying international commodity boom brought to the fore the critical importance of agriculture in Africa's quest for rapid and sustainable economic growth, poverty reduction, and structural transformation for low-income countries. The food price crisis was a further setback in Africa's progress towards meeting the Millennium Development Goals, as it pushed more people into extreme poverty,

exposing a large part of the population to chronic hunger and malnutrition. This is in spite of the fact that most African countries are agriculture based, with the sector accounting for about 30 percent of economic growth.

Agriculture provides employment and livelihood for over 70 percent of the population. However this sector still performs poorly in terms of the use of productivity-enhancing technologies, when compared to Asia and Latin America at comparable periods in their economic transformation. This underdevelopment leads to low yields, chronic hunger and malnutrition, the highest incidence of absolute poverty, and environmental degradation through nutrient mining. The underperformance of African agriculture has resulted in a high food import bills, compounded by the international food price crisis.

The other challenges facing African agriculture relate to the marginalisation of women, despite women comprising the bulk of agricultural workers; the lack of strategies to engage and tap into the energy and innovation of the youth in the agricultural transformation process, and the increasing frequency of extreme weather events, which are largely manifestations of global climate change.

The key capacity challenges for Africa remains that of getting agriculture moving through productivity growth, especially for the region's eight major food crops, the traditional bulk export commodities and high-value fresh produce.

Recognising this challenge, in 2003 African governments adopted the Common African Agricultural Development Programme (CAADP), under the auspices of the New Partnership for African Development (NEPAD), committing them to improving the investment climate, public infrastructure and budget allocation to agricultural development, targeting a budget rule of at least 10% allocation to agriculture, and 6% agricultural growth rates.

As part of its new strategic framework, ACBF has developed a framework for strengthening the capacity of key actors and their interactions in the agricultural transformation process, with a key focus on supporting the development of key domestic, regional and international value chains and the participation of smallholder farmers therein. The Foundation recognises that weak institutions, limited human capacity, and poor agricultural policies have resulted in poor agricultural performance in Africa, and that supporting agricultural transformation, in collaboration with others, is compatible with ACBF's broader strategic pillar of building capacity to support the productive sector in Africa.

The year 2011 marks the transition from the agricultural strategy formulation to its implementation, which is hinged on developing partnerships for strengthening capacity for agricultural transformation in Africa. As at December 2011, several partnership negotiations are advanced.

For example, discussions have been held with the Alliance for a Green Revolution in Africa (AGRA), aimed at leveraging ACBF's competencies in order to help build the capacity of AGRA's grantees in its priority countries. Dialogue with the Gates Foundation has been aimed at raising wholesale resources for building

the capacity of specialised institutions in the agricultural transformation process.

The potential partnership with USAID aims to mobilise resources to strengthen capacity for more rigorous agricultural policy analysis, research and advocacy in a select set of African countries. The goal of the partnership with the NEPAD Agency is to strengthen capacity for CAADP's implementation. ACBF is also in partnership talks with SNV Netherlands, a Dutch NGO, to pilot a capacity building project to strengthen smallholder participation in high-value agricultural supply chains, learn lessons and scale up elsewhere in the countries of mutual operational presence in Africa.

In addition to partnerships and resource mobilisation opportunities, ACBF has also been redoubling its efforts in operations regarding pipeline development for supporting agricultural transformation on the continent. Work is at an advanced stage in the project preparation and appraisal of the funding request to strengthen the institutional capacity of the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN).



## EXCERPTS FROM THE SPEECH BY THE EXECUTIVE SECRETARY AT THE ICCO COUNCIL MEETING

ACBF welcomes the opportunity you have afforded us to participate in this august 83rd Regular Session of the International Cocoa Council (ICCO). This meeting provides ACBF with an excellent opportunity to build partnerships around our new strategy, aimed at building capacity for agricultural transformation in Africa.

Agriculture is vital for engendering rapid economic growth, poverty reduction and structural transformation in much of Africa. This sector accounts for over 30 percent of gross domestic product (GDP) in Africa and employs over 70% of the population. Agriculture is also the major source of livelihood for the poor. It has major linkages with the non-farm sector, through supply and demand effects. It is a major supplier of food, which, as a wage good, is a key determinant of Africa's international competitiveness. As we are discussing today, commodities, such as cocoa, are major foreign currency earners. Empirical studies confirm that agricultural GDP growth is twice as effective as that of other sectors in fighting poverty, particularly in countries that are on the lower rungs of the development ladder.

It is no small wonder that the economic historical experience of developed countries and emerging markets suggests that with the obvious exception of city states, no country has attained sustained economic growth without antecedent or concurrent growth of their agricultural sectors. Agriculture, therefore, will serve as a major driver of economic growth and development in Africa for many

years to come, particularly with respect to meeting the poverty, hunger and environment-related Millennium Development Goals (MDGs).

Cocoa, as we all know, is one of the most important agricultural export commodities in coastal West Africa and we note, with great interest, the ICCO's excellent overview of the state of the World Cocoa Economy.

From a global value-chain perspective, observers remain somewhat disconcerted that despite this being a global multi-billion dollar industry, primary cocoa production captures only a minuscule portion of the total value, thereby harbouring persistent poverty. The money, it would seem, is in chocolate, not cocoa beans, yet the opportunities for value addition here are limited by the specialised infrastructure, skills and high R&D expenditures for value addition in the chocolate industry.

It is heartening to note that global industry players have not been lost to the need to intervene in the West Africa cocoa production sectors in order to secure global supply chains. It is noteworthy that companies such as Cadbury, Nestlé and Mars are moving to create special funds for improving cocoa farming systems as an alternative to the fair-trade movement. We also note the institutional innovations of the downstream part ownership of recently formed Western chocolate companies, such as the UK's Divine Chocolate by Ghanaian cocoa farmers.

Through their farmers' association, Kuapa Kokoo - the largest cocoa farmer cooperative boasting 45,000 members, which owns 45% of Divine - they have positioned African farmers to lay claim to the huge terminal market value chain in chocolate production. Indeed, the very deliberations of this council dwell considerably on the issues of the sustainability of the global cocoa economy, as well as on farm-level cocoa production in the key producing countries.

ACBF's value proposition is aimed at engendering productive and sustainable cocoa production in West Africa, through building the capacity of respective key actors and their interactions in the cocoa value chain.

In this regard, ACBF is seeking to build partnerships for the implementation of our new capacity building strategy, which is designed to engender agricultural transformation in Africa. Ultimately, our goal is to enhance agriculture's contribution to rapid economic growth, food security, poverty reduction and structural transformation on the continent.



One of the missing links in Africa's quest to grow its agricultural productivity is the weak capacity of key actors to participate and interact in agricultural transformation processes. Enhancing agricultural system change is anchored on agriculture's ability to contribute to rapid economic growth, food security and poverty reduction in the respective countries.

For the cocoa sector in West Africa, and indeed for broader agricultural sectors, these actors could be identified as: farmers and farmer organisations; the core public sector involved in agricultural administration and public service delivery; agricultural research and training institutions; private agribusinesses and their business member associations; development policy analysis and research outfits that are responsible for providing evidence – based data for agricultural transformation and more general strategic partnerships or alliances for agricultural transformation. There is a growing role for non-traditional donors from emerging markets and private-sector foundations, particularly within the matrix of major national, regional and international agricultural value chains.

ACBF's new strategy calls for investment into capacity development in agricultural food production and food security. While some of these areas could very well be addressed within the existent framework of our six core competency areas, which also include gender as a cross-cutting theme, this form of capacity building for agricultural transformation warrants a different set of tools, products and partnerships.

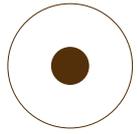
Our Foundation also has vast experience in building capacity in post-conflict and fragile states, given the patient - and risk-taking-nature of our capital.

This is a vital attribute, since Côte d'Ivoire, the world's largest cocoa producer, is currently in conflict, while the neighbouring Liberia and Sierra Leone, where cocoa could be grown as peace takes a deeper hold, are both post-conflict.

ACBF has established operations in 44 out of 53 countries in Africa, including those I have just mentioned, both at national and sub-regional levels. This gives the Foundation unparalleled spatial coverage.

To date, ACBF-funded policy analysis and research institutions have addressed some very important policy dimensions concerning agricultural transformation in sub-Saharan Africa, both at the national and sub-regional levels. For example, the Centre for Economic Policy Analysis (CEPA) in Ghana has done some important work, which later helped to design a more efficient cocoa-pricing policy for the country. In Ethiopia, work by the Economic Development Research Institute, (EDRI), contributed significantly to the design and ultimate establishment of the country's Agricultural Commodity Exchange. Similar success stories exist for CEPOD in Senegal, and CAPES in Burkina Faso.

We all know that cocoa production is very important to West African economies, including those less developed markets, where the crop can be successfully grown if the right incentives and public policies are in place. We hope to catalyse initial discussions here and follow these up with bankable partnerships, aimed at improving cocoa production in West Africa.



ARUSHA HIGH LEVEL FORUM, SEPTEMBER 2011



## ACBF'S STRATEGIC VISIBILITY

In 2011, ACBF dedicated itself to further enhancing external communication, cementing relations with influential local, regional and international media and fostering improved outreach.

In the reporting year, 20 years of Capacity Building was captured in an extensive pull-out supplement in the New African magazine (English and French), which also saw the ACBF Executive Secretary appearing in the list of top 100 influential Africans.

ACBF's Info Centre on allAfrica.com continues to provide ACBF with a large distributive platform, including a global audience of policy makers, leaders of business and industry, international investors, analysts, diplomats, scholars and activists.

Africa's national media remains a key partner, providing broad coverage of ACBF interventions, with more in depth analysis linking ACBF's work on the ground (projects and programmes) as it relates to broader capacity development.

In 2011, Africa's regional media houses provided extensive coverage of ACBF at key events and the outcomes of those meetings, for example the 20th Anniversary activities. The international media also provided good analysis of the pertinent issues, profiling ACBF in depth and placing capacity development strategically within the international development agencies arena.

Emerging trends in the tone of ACBF coverage by national, regional and international media continues to shift.

National headlines link ACBF to issues of capacity on the ground. These include:

- Rôle de la Capec dans la reconstruction post-crise: «La Capec est prête à soutenir le gouvernement Ivoirien »-
- La Fondation pour le Renforcement des Capacités en Afrique veut accompagner la Mauritanie dans ses efforts au développement
- Renforcement de capacités des organisations féminines : Un lot important de matériels informatiques offert par le Recofem
- Africa foundation helps EABC to boost economic integration

Regional headlines provide good coverage for ACBF strategic events with focused messages:

- ACBF marks 20 years of capacity development in Africa
- International conference reckons Africa's ownership of human resources development
- African leaders discuss continent's capacity for economic transformation
- Africa: Conflicts still pose major development crisis in Africa

International headlines remain analytical, with a focus on specific perspectives of ACBF's work:

- La banque africaine de développement et la Fondation pour le renforcement des capacités en Afrique : 20 années au service du renforcement des capacités
- African leaders suggest ways to boost economic growth – Need to create capacity in the continent to help in the negotiation of complex contracts
- African Agency Helps Provide Support Necessary for Economic Growth
- ACBF: The Quiet helper
- From Kigali to Busan

The various 20th Anniversary events in Kigali, Addis Ababa, Nouakchott, Malabo and Arusha, provided opportunities for increased visibility in the reporting year, with the highlight being a three-part documentary film series, broadcast on satellite television, covering ACBF projects, high level events and various stakeholder voices on capacity development. Communication capacity building for the management team was provided through Executive Media Training, to enable the Foundation's leaders to tell the ACBF story and emerging strategy through print, electronic and online media.

Intensified interactions with specific groups of stakeholders continues to be prioritised in order to ensure that the Foundation's audiences remain attentive to and knowledgeable about ACBF. Reputational risk scanning and analysis also continued in 2011, providing early alert for risks appearing in the media. As part of the ongoing internal communication developments, the Foundation's eNewsletter became available online, accessible via the internet, and featured staff profiles and other staff-related news. In 2011, a host country CSR initiative was developed in collaboration with HR and staff association, enabling ACBF colleagues to give back to the community in which it operates.

## **DISTINGUISHED LECTURE SERIES AT THE UNIVERSITY OF THE GAMBIA**

In March 2011, Ms Frannie Léautier delivered the first Distinguished Lecture Series at the University of The Gambia's Brikama Campus, entitled, *"What role for capacity development in Africa after 50 years of independence? Capacity for extracting natural resources, or capacity for innovation in approaches to economic development?"*

Introducing the lecture series, Mr Muhammadou Kah, Vice Chancellor of the University of The Gambia (UTG) highlighted that the primary goal of the Distinguished Lecture Series is to bring transformative change to the people in The Gambia and Africa as a whole. The Lecture Series, he said, presents an opportunity to present the good work being done for the continent, or for the good of the continent to the world at large.

Mr Kah added that the UTG looks forward to forging a deeper relationship with ACBF, as it strives to increase access to tertiary education for the Gambian youth, as well as in the West Africa region. He commended Ms Léautier's interaction with the University of The Gambia, saying that this would augur well for the UTG, when collaborating on events involving intellectuals who are involved in bringing about the much-needed competence for development. "One should definitely be associated with such events", he said, "in order to hoist up capacity building and economic growth of the African continent in particular."

Delivering her lecture, Ms Léautier focused on the key historical elements that have, over the last 50 years, impacted on Africa's socio-economic development. She emphasised the positive developments that Africa has achieved with pro-poor innovations through the use of technology and natural resources. The Executive Secretary gave pointed examples, such as the use of the text-based money transfer system using mobile phones, M-PESA, provided by Kenya's SAFARICOM. The lecture also outlined some of the remaining development

challenges for the continent, in light of the Millennium Development Goals. "Africa may not be able to reach certain targets with the MDGs." said Ms Léautier. "Nevertheless, we have gained considerable insights into our own resilience as a continent in the face of the global crisis. A number of factors have enabled Africa to recover quickly – in particular the continent's lack of deep integration with the global financial system and the substitution of western FDI flows with South-South flows from the emerging markets, among other factors."

The lecture highlighted regional integration as one of Africa's strengths and an integral part of the continent's growth. Such integration provides Africa with a comfortable platform from which to innovate and learn trading patterns. Capital markets and the investment potential for Africa has grown over the last 50 years, with the role of the private sector playing a pivotal role, particularly with respect to innovative regional integration patterns in Africa. With regards to the continent's stability, Ms Léautier's lecture pointed out that on the whole democracy has been increasing, with 19 elections being held in Africa since Ghana's independence.

The lecture went on to state that encompassing all the elements mentioned above is the need for national capacity - a key requirement for successful development management. Through the Africa Capacity Indicators Report (ACIR), ACBF, in its position as Africa's capacity development arm, concludes that although African countries have made strategic capacity development choices, much remains to be done. Strengthening capacity to meet the MDGs is a priority. Skills remain short in areas such as managing complex economies in Africa and managing and developing policies, while remaining innovative in approach. This calls for assertive leadership that can tackle both remaining and emerging development challenges. In its conclusion, the paper states that Africa needs to harness the last 50 years in order to propel herself forward. However, the capacity development must remain innovative, experimental and work through partnerships.

## ANNUAL CONFERENCE ON REGIONAL INTEGRATION FOR JOB CREATION IN WEST AFRICA

On 7 June, in Abuja, Nigeria, ACBF presented a paper on 'Regional Integration Policies to Support Job Creation for Africa's Burgeoning Youth Population' at the Annual Conference on Regional Integration in West Africa.

The presentation focused on Five key points:

### 1. Demographic trends and implications for Africa:

The overall global trends provide opportunity for reflection:

- Five babies born every second coupled with improvement in health, early warning and rescue systems the world population grew from 1 billion in 1800 to 7 billion in 2011; there is a shift from high mortality and fertility to low mortality and fertility; and population growth drivers have a direct impact on employment and poverty reduction, with 96% of working age population in developing countries.

Trends in Africa are more challenging.

- Demographic trends have been distinct from other parts of the world with a high number of births per woman further reinforced with low life expectancy and consequent implications on age dependency.
- Population quadrupled from 1955-2009 to reach 1 billion in 2009 and now is the fastest growing and most youthful population in the world with implications for job creation and stability.

### 2. Youth employment challenges and opportunities:

The size of the challenge is daunting. There are 200 million Africans aged 15-24 years. With a 2.2% population growth per year and 5.2 children per woman, Africa has the highest ratios in the world, and over 40% of the population is under 15. Nearly 71% of young people live on under \$2 per day.

The main characteristics of these trends are that many youth fend for themselves in the informal economy and are not captured by statistics; women face different unemployment patterns than men; unemployment of the educated is a particular challenge; and youth unemployment and underemployment is a major threat to stability.

### 3. Role of regional integration:

There is an important role for trade, as getting a billion people to trade with each other in a regional market will transform Africa. Social/political/cultural issues are also important, as integration depends on how people associate with each other, their expectations for the future, and the role afforded to women and excluded groups.

Infrastructure to connect people, spaces, and economies across cities, countries, sub-regions is also critical, as are policies and processes to allow free movement of ideas, goods, and people.

### 4. Policies and programmes to tackle youth unemployment are also important.

These include attracting youth to agriculture and modernising the sector;

- Investing in infrastructure for connectivity across countries and job creation in the short and long run;
- Tapping into opportunities in the green economy;
- Getting the rural-urban nexus right;
- Improving the investment and macroeconomic environments;
- Encouraging and supporting entrepreneurship among young people;
- Improving access to education and skills at a regional level;
- Addressing demographic issues and possibilities of trans-border migration;
- Addressing youth in violent and post-conflict settings; and
- Improving labour market conditions to enhance employability of young people.



## 5. Targeted actions for African countries will help address challenges and opportunities facing Africa and the consequent policy implications.

The youth job creation problem can be tackled in the short, medium and long term:

- In the short term data is needed on the unemployment patterns to better target job creation in the variety of sectors. Building capacity to transform production is critical for the medium term. In the long term countries need to secure high and sustainable economic growth levels, attract private investment, ensure a well-functioning education system, and invest in ICT. Policies for regional integration are very relevant in supporting faster creation of jobs, providing better access to opportunities, and more stability to the labour market—harmonised border crossings, better specialisation across universities, cross-country movement of goods and people. Investments in infrastructure, energy and transport, universities, and data collection at a regional level are also very important. A holistic approach is needed to address the unemployment challenge both on the demand side (quality of the labour market) and supply side (conditions for private sector and entrepreneurial development)
- There is a role for regional capacity building organisations like NEPAD and ACBF. Capacity development organisations, like ACBF, have a role to play in supporting countries to make the needed changes and enhance the speed of learning and change.

## MEDIA CAPACITY BUILDING

The African Media Leaders Forum (AMLF) is the continent's only gathering of private and independent media owners and operators. It is the flagship programme of Africa Media Initiative, providing media owners and operators with an exciting opportunity to interact with peers, investors, policy makers, development partners and technology leaders.

Since 2008, AMLF has grown from 55 participants at its inaugural Forum held in Dakar, Senegal, to 185 participants in 2009 at the Lagos Forum in Nigeria. In November 2010, close to 300 delegates attended the Forum in Yaoundé, Cameroon. More than 350 media leaders attended the annual event in Tunis, where delegates examined the critical issues facing the media and set the agenda for the future.

Speaking at the forum, Ms Frannie Léautier, who delivered the keynote address, congratulated Mr Sigué, the winner of the inaugural ACBF/AMLF prize, saying that ACBF believes that it is critical to invest in the interface of civil society, government and the private sector, for the sustainable development of Africa. By investing in media capacity building, Ms Léautier said that the Foundation recognised the integral role played by media leaders, individual journalists, and media associations, in unpacking Africa's development challenges and enabling Africans to become not only the recipients of news but key actors in the transformational development process.

"The media plays an important role in informing, entertaining and educating citizens and serves as a vital advocacy and social mobilisation platform. We have witnessed, first hand, how partnering with the media can result in better dialogue, mutual exchange and robust debate on a national, regional and international level, which in turn leads to better informed citizens and effective decision-making on a political and individual level. Going forward, ACBF will continue to invest in building the capacity of the media, by supporting the development of regional media associations and exposing journalists to the myriad of challenges - and opportunities - in developing capacity across the continent". - Ms Audrey Mpunzwana, Head of External Affairs and Communication, ACBF.

The 2012 prize coincides with the launch of ACBF's third Strategic Medium Term Plan, and is awarded to a practicing African journalist, who will accompany ACBF as it does its capacity building work in Africa, over the next 12 months. The next AMLF is due to take place in Abidjan, Cote d'Ivoire.

## FOURTH AFRICAN MEDIA LEADERS FORUM TUNIS DECLARATION 2011

**We**, the owners of African media organisations met at the Fourth African Media Leaders Forum (AMLF) in Tunis, Tunisia, during November 10-11, 2011, to discuss the state of Africa's media sector, and work collaboratively to strengthen and develop Africa's media industries for economic, political, social, and cultural change.

With nearly 350 participants from 48 African countries, the Tunis meeting was a landmark and the largest and only gathering of media owners and operators representing the African continent. Since launching the AMLF in Dakar, Senegal, in 2008, both the AMLF – and its parent body, the African Media Initiative (AMI) – have grown in scope, stature, and expanse of operations, united by the common purpose of creating ethical, sustainable, diverse and pluralistic African media.

**Aware** that the African continent is at the cusp of a promising economic transformation, and as demonstrated by the Arab Spring that was born in Tunis, media have a profound role to play in social transformation, giving voice to people, and promoting freedom. Taken together, these developments hold out the promise of greater participation by citizens and increased pluralism.

**Cognisant** of the need for us to work together to strengthen the media sector as a partner in development and viable platform for investment, we therefore commit ourselves to becoming a more integral part of Africa's development success story by expanding coverage of development topics, placing people at the centre of our reporting, and focusing our effort toward changing Africa's stereotypical narrative of death, disease, disaster and despair into one of hope, innovation, insights and interests, as well as opportunity. As media leaders, our commitment is to the overarching goal of improving access to good information and positive development of the continent.

**Responded** to these challenges by focusing our discussions in Tunis on key issues impacting Africa's media sector, namely:

- **Role and Relevance of Traditional Media.** African media leaders see the rise of social media as an opportunity for traditional media to enable citizens to bring about social change. The media sector in

Africa needs to continue its focus on improving the quality of content and timeliness of reporting by harnessing the strengths of new media technologies.

**Challenge of Building a Coalition for Media Development in Africa.** We recognise our role as purveyors of news, ideas, and innovation, and believe that the cause of the public good is better served by telling the untold success stories of development in Africa. The role of media in nurturing debate is central to the process of sustainable development itself and for improving the lives of ordinary Africans.

- **Strengthening Role of Media in Consolidating Democracy and Good Governance in Africa.** We believe the media sector can play a hugely supportive role in the expansion of democracy through an informed citizenry, and support processes of good governance through exercising the traditional watchdog function. Deficits in democracy and governance are inimical to the growth of Africa's media sector.
- **Expanding Financing Sources for Africa's Media Sector.** Africa's media sector has been hampered by lack of capital, and adequate financing is critical for advancement. We need to deepen discussions with a broad range of stakeholders – development partners who want to see development returns, financial institutions such as banks and venture capitalists, and mobile operators who want to see financial returns – so that the media sector can begin to attract newer sources and develop innovative models of financing that are critical for its success.

Our meeting in Tunis was successful on several fronts. Following on earlier workshops held in Cameroon, we looked at revenue and business models for media, discussed digital transitions including advertising and strategies for the near to mid-term future, debated improvements in newsroom management, convergence, streamlining, and other issues relating to media development.

These discussions helped us to define the next steps for strengthening Africa's media sector, improving the professional skills of journalists through enhanced training opportunities, and the need for AMI and AMLF to work collaboratively with governments and civil society for expanding access to information. We therefore:



**Commend** the progress that AMI and AMLF have made in the past four years, and thank the AMI Board for the leadership and guidance it has provided for strengthening Africa's media sector;

**Appreciate** the AMI's pioneering effort to develop the "Leadership and Guiding Principles for African Media Owners and Managers," and see this as a central pillar of the overall push toward improving the viability and sustainability of Africa's media industries;

**Endorse** the creation of national associations of media owners and operators in all African countries so that there is greater engagement and interaction at the national, regional and continental levels. The establishment of AMI's Office in Kenya is a welcome development, and we look forward to finalisation of the AMI's host country agreement with the Government of Kenya;

**Welcome** the support received from the African Development Bank and look forward to greater engagement with other multilateral institutions such as the World Bank, International Finance Corporation, the African Capacity Building Foundation, international donors and civil society. We acknowledge and thank the Konrad Adenauer Foundation for its support to AMI, and thank all our donors and partners for their continuing collaboration and assistance. We urge that a technical meeting to discuss innovative financing be held before the 2012 Forum.

**Entrust** the AMI Secretariat to review the various offers received for hosting AMLF 2012 and inform the membership accordingly.

**Issued on November 11, 2011, after the Tunis Forum.**

## UPPSALA CONFERENCE: AFRICAN ENGAGEMENTS: ON WHOSE TERMS?

Under the auspices of the European Conference on African Studies (ECAS-IV) with the conference theme of 'African Engagements: On whose terms?', hosted by the Nordic Africa Institute, ACBF and the Council for the Development of Social Science Research in Africa (CODESRIA) presented two roundtables: Africa's Growth Prospects and the Control of its Natural Resources and Values and the challenges facing Africa.

### Roundtable 1: Africa's Growth Prospects and the Control of its Natural Resources

There is a general acknowledgment that the African continent has high growth prospects in the coming years. Some commentators have even gone as far as calling the 21st century the African century. The debate is no longer about whether there will be significant growth from the continent or not, but rather about the scale of the growth. There is need for Africa to manage its natural resources better.

So what are some of the big issues for the next few years for African governments to consider in negotiating good terms and managing revenues alongside other economic activities?

The panic over the shortage of natural resources and the need to secure supply that drive up demand and prices may ease if appropriate governance structures are put in place. The likely activity in the resources industry will be the key driver of significant new oil discoveries in countries such as Ghana, Uganda and Sierra Leone. Therefore, these are likely to be more country specific.

There is also the link between natural resource management and food scarcity/ security. Africa with the relatively vast arable land has to be in a great position to respond to this to transformative approaches, so the prospects for agri-business should be good.

Financial services' penetration is still quite low in natural resource extraction and processing, so that still has some prospects. There is need to consider various financing models including private-public partnerships.

As the middle class continues to grow in these countries as a result of natural resource wealth, there will also be greater demand for private education. But this might mean a rise in youth unemployment and associated social exclusion.

## Roundtable 2: Values and the challenges facing Africa

Values give orientation to the actions of individuals in a society. By fixing targets and ideals, "they contain a morality that provides individuals with the means to judge their actions and build a personal ethics". To this body of values is generally associated the task of maintaining social cohesion and, through an appropriate management of conflicts, enabling social progress.

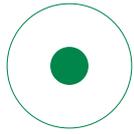
Some of the elements posed include:

African societies are often cited as places where values that contribute to social cohesion have been or are better preserved, where the centrality of the family or of the community, the respect due to elders and the solidarity between the

members of a community are central; in contrast to the West which is frequently identified with a moral crisis coupled with, among others, a mercantile obsession and cult of individualism. Does this mean that African societies have remained unchanged as time went by or that they are not subject to the influence of mutations in the world?

In a situation where globalisation means, among other things, a great interdependence of contemporary societies, it is certainly one of the factors that contribute, negatively or positively, to changes in values. In other words, Africa is part of a global world and a changing modernity.

What lessons can we draw from our history to face these changes? How can Africa negotiate its participation in the global village and modernity while being faithful to itself? The challenge is both theoretical and practical: it is not about exhuming, but rather drawing from tradition what is worthy of being handed down, and this can help us identify ways that will enable us, as Africans, to make our presence known to the world. The youth, who form the part of the population most exposed to modernity, are frequently at crossroads between traditions dictated by their original societies and the effects of globalisation that carry the brand of the West in the form of ICTs. To what extent are those 'globalised' youth co-producers of modernity through their art and participation in social networks (Facebook, Twitter, etc.) that use these same ICT produced by the West? What role can the 'traditional' institutions play against this new hegemony of ICT that seems to be having absolute control on the fate of humanity?



## LOOKING AHEAD

## SECTION

# 6



HIGH LEVEL DELEGATES AT THE ACBF 20TH ANNIVERSARY IN KIGALI, RWANDA, IN FEBRUARY 2011. BACK ROW: MR PAUL BALOYI, DBSA CEO AND CHAIR ACBF EXECUTIVE BOARD; MR BABACAR CISSE, DEPUTY REGIONAL DIRECTOR FOR AFRICA, UNDP; HE THABO MBEKI, FORMER SA PRESIDENT AND AU REPRESENTATIVE FOR SUDAN; MR DONALD KABERUKA, AFDB PRESIDENT; MS NGOZI OKONJO-IWEALA, CHAIR OF THE ACBF BOARD OF GOVERNORS ; HE AMBASSADOR STEN RYLANDER, FORMER CHAIR ACBF BOARD OF GOVERNORS; MS FRANNIE LEAUTIER, EXECUTIVE SECRETARY, ACBF

FRONT ROW: HON PAUL BIYOGHE MBA, PRIME MINISTER OF GABON; HE GERVAIS RUFYIRI, VICE PRESIDENT OF BURUNDI; HE PAUL KAGAME, PRESIDENT OF THE REPUBLIC OF RWANDA AND HOST OF THE 20TH ANNIVERSARY EVENT; HON RAILA ODINGA, PRIME MINISTER OF KENYA; HON GILBERT HOUNGBO, PRIME MINISTER OF TOGO.

*Photograph By Tsvangirayi Mukwazhi*



ACBFs Third Strategic Medium Term Plan, which runs from 2012-2013, builds on the gains and lessons of 2011, emerging challenges on the horizon, consolidation of key activities, and introduction of new approaches to seamlessly move into the strategic directions of SMTP III. Choices have been made within the constraints of available commitment authority to meet the highly increasing demand from country and regional stakeholders.

The Foundation has reviewed the underlying determinant factors that should influence operational priorities in the next two years. These have focused on the following key considerations: how to choose the countries in which to work; how to prioritise the different themes in SMTP III; how to prioritise in the next two years; and what structure is needed to deliver on the new strategy.

Based on these considerations, the Foundation determined to increase its footprint on the continent by not only scaling up success stories, but also piloting catalytic projects on new thematic areas, based on a clearly defined prioritisation process.

Choices have been made by ACBF to remain and further enhance targeted interventions in specific thematic areas at the national level. However, regional projects have been considered premium because of their potential

for continental impact. Interventions in fragile states will be based on strong national ownership of development processes, and an environment conducive for effective delivery of the project and strategic importance of the intervention.

There are 11 themes in SMTP III, and all the six traditional core competencies are subsumed within those themes. The challenges associated with intervening in new areas where ACBF may not have established competency yet or developed appropriate instruments to respond effectively were also noted. Some illustrative examples of new areas requiring attention are the skills gap in Public Private Partnerships, Climate Change, and Science and Technology. Furthermore, because of staff movements, there is a need to replenish the staff complement in university partnerships and skills building capacity through training. Operational priorities are being made on the basis of appropriate entry points, form and manner of interventions, based on lessons learned, success stories, and evaluations.

Focus during the next two years will be in areas where ACBF can deliver and show results, resulting in a narrower scope than the entirety of the new strategy, with concentration in areas where quick wins are feasible.

Since there were deliberate efforts in 2011 to develop a pipeline that straddles between SMTP II and SMTP III, at least 25 projects in the current portfolio could



be migrated to SMTP III as they are in need of re-financing. This list could be revised down depending on the outcome of application of the selection criteria adopted by management. Furthermore most projects in the current portfolio can be retrofitted into the new selection criteria.

For categories of projects from SMTP II extending into SMTP III and going beyond 2012, the Foundation will assign supervision and monitoring according to proposed schedules and evaluate impact/specific contribution to SMTP III and if necessary restructure and retrofit as needed.

The period 2012-2013 will further focus attention to development outcomes through promoting a sound portfolio and responding to the new strategy. This will entail aligning the current portfolio to the new strategy and putting in place operational and financing modalities that enable the Foundation to deliver on the new strategy.

To this end, the strategic plan is to:

1. Align the current portfolio to SMTP III and develop and refine a pipeline of projects and programmes that are aligned to the new strategy;
2. Raise programme effectiveness and ensure continuing soundness of the portfolio of projects and programmes through a system of regular review, integrated framework for assessing the level of compliance with grant conditions and adherence to standards stipulated in the Operations Manual;
3. Improve fiduciary compliance by adherence to good financial management practices, implementing cost-control measures and operational efficiency, as well as continuous assessment and mitigation of portfolio risk;
4. Maintain ongoing vigorous resource mobilisation to generate financial resources for implementation of the new strategy;
5. Scale up the embedding of a results culture within the Foundation to enhance capacity development results, through the use of an effective Results Measurement Framework and a set of core indicators across thematic areas of intervention;

6. Embed knowledge in all ACBF operations, including in project design and appraisal initiatives; and
7. Enhance the institutional profile of ACBF as a leading capacity building institution in Africa.

Given the foregoing objectives, the implementation strategy is drawn from the lessons learnt in 2011; strong visibility of ACBF on the continent, promotion of partnerships for development effectiveness, and an entrenched results culture to strengthen the link between resources and development outcomes. The strategies also call for continued engagement with existing and new donors; exploration of other funding mechanisms, implementation of organisational reforms, continued streamlining and computerisation of Foundation-wide work processes and key project management activities.

The critical issues for ACBF operations in the next two years will be:

- Strategic selectivity in ACBF interventions such that the limited commitment authority is applied to areas with potential for a bigger footprint in results;
- Achieving flexibility in project design and implementation to respond to shifting priorities and evolving context on the African continent and the global environment;
- Enhancing effectiveness of interventions through better structured designs that make the change model evident;
- Improving efficiency and quality of services and products through cost control, effective supervision, learning from evaluations; and
- Achieving transformative change and continental impact as a result of a bigger footprint and more visible profile of approaches based on strategic communication.

Lessons from successes in past interventions suggest that ACBF, through its activities, has potential to transform Africa. To this end, the Foundation will focus on the following choice points:

- Defining strategic options for the first two years, bearing in mind sources, levels and timing of financial resources;
- Developing and refining a pipeline and the attendant Results Measurement Framework;
- Designing the requisite structure to deliver on the strategy, while weighing options and implications of each choice;
- Addressing context specific challenges, in particular, balancing complementarity with differentiation; and
- Linking demand to overlapping goals.

While ACBF is demand driven, the challenges to be addressed and the scenarios are always changing. It is therefore important that the choices made are anchored on the reality of the context in which ACBF interventions are implemented.

The Foundation will therefore focus on:

- Targeted and flexible support to countries emerging from conflict
- Scaling up transformative change in reformer states
- Capacity to promote stability and good governance
- Capacity to engage and regulate the productive sector

In doing this, ACBF will continue to work with the public sector, policy units, Think Tanks, universities and training centres, private sector, civil society and women's organisations, dynamic individuals and regional institutions.

The soundness of the existing portfolio will be maintained through regular but results-oriented desk monitoring of performance, fielding multi-disciplinary supervision missions, and selective evaluation of specific projects and programmes to further inform ACBF interventions. The role of Quarterly Reports and the Annual Portfolio Review will be tools of particular importance in ensuring lessons are speedily shared across portfolios and programme officers. The Foundation will review and revise the knowledge management strategy to provide the basis for informing the Foundation's core business. The Africa Capacity Indicators Report will continue to provide benchmarks and trends on how Africa is doing in capacity overall and inform the work of the Foundation.







THE AFRICAN CAPACITY BUILDING FOUNDATION | FONDATION POUR LE RENFORCEMENT DES CAPACITES EN AFRIQUE

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