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Report No: 81618-AFR

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED REGIONAL IDA GRANT

IN THE AMOUNT OF SDR16.15 MILLION

(US\$25 MILLION EQUIVALENT)

TO THE

AFRICAN UNION COMMISSION

FOR THE

SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION COMMISSION  
AND OTHER AFRICAN UNION ORGANS PROJECT

April 2, 2014

Poverty Reduction and Economic Management 2 (AFTP2)  
Country Department AFCRI  
Africa Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective: February 28, 2014)

US\$1 = SDR 0.646

## FISCAL YEAR

(July 1 – June 30)

## ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AFR	Africa Region
APEI	Accelerated Program for Economic Integration
APSA	African Peace and Security Architecture
AU	Africa Union
AUC	African Union Commission
AusAID	Australian Agency for International Development
AWP	Annual Work Plans
BD	Bidding Document
BEA	Board of External Auditors
CA	Constitutive Act
CAADP	Comprehensive Africa Agricultural Development Program
CEMAC	The Central African Economic and Monetary Community
CEN-SAD	The Community of Sahel-Saharan States
CFTA	Continental Free Trade Agreement
CIDO	Citizens and Diaspora Directorate
CILSS	The Permanent Interstate Committee for Drought Control in the Sahel
COMESA	Common Market for Eastern and Southern Africa
CPIA	Country Policy and Institutional Assessment
CSO	Civil Society Organizations
CSSDCA	Conference on Security, Stability, Development and Co-operation in Africa
DFID	Department for International Development
EAC	East African Community
ECCAS	The Economic Community of Central African States
ECGLC	The Economic Community of the Great Lakes Countries
ECOSOCC	Economic, Social and Cultural Council of the African Union

ECOWAS	Economic Community of West African States
EU	European Union
FM	Financial Management
FRR	Financial Rules and Regulations
GDP	Gross Domestic Product
GIZ	<i>Deutsche Gesellschaft fuer Internationale Zusammenarbeit</i>
HQ	Head Quarter
HRD	Human Resource Development
IBRD	International Bank of Reconstruction and Development
ICT	Information and Communications Technologies
IDA	International Development Association
IFC	International Finance Corporation
IFR	Interim Financial Report
IGAD	Intergovernmental Authority on Development
IOC	The Indian Ocean Commission
IPSAS	International Public Sector Accounting Standards
M & E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MoU	Memorandum of Understanding
NCB	National Competitive Bidding
OAS	Organization of American States
OAU	Organisation of African Unity
ORAF	Operational Risk Assessment Framework
PDO	Project Development Objective
PIDA	Program for Infrastructure Development in Africa
PPPs	Public Private Partnerships
PRC	Permanent Representative Committee
PTU	Procurement and Travel Unit
QCBS	Quality and Cost Based Selection
REC	Regional Economic Community
RFQ	Request for Quote
SADC	South African Development Community
SBCQ	Selection Based on Consultant Qualification
SBD	Standard Bidding Document
SC	Steering Committee
SIDA	Swedish International Development Cooperation Agency
SOE	Statement of Expenditure
SRFP	Standard Request for Proposal
SSA	Sub-Saharan Africa
STC	Specialized Technical Committees
UK	United Kingdom
UN	United Nations

UNECA	United Nations Economic Commission for Africa
US	United States
USAID	U.S. Agency for International Development
USD	United States Dollar
WBG	World Bank Group

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Co-Task Team Leader:	Kofi Anani

**SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION  
COMMISSION AND OTHER AFRICAN UNION ORGANS**

**Table of Contents**

<b>I.</b>	<b>STRATEGIC CONTEXT .....</b>	<b>1</b>
A.	Regional Context .....	1
B.	AUC’s Profile, Strategic Plan 2014-2017 and Institutional Challenges.....	6
C.	Rationale for Bank Involvement.....	10
D.	Higher Level Objectives to Which the Project Contributes.....	12
<b>II.</b>	<b>PROJECT DEVELOPMENT OBJECTIVES .....</b>	<b>12</b>
A.	Project Development Objective (PDO) .....	12
B.	Project Beneficiaries .....	13
C.	PDO Level Results Indicators.....	13
D.	Project Components .....	13
E.	Project Financing .....	17
F.	Lessons Learned and Reflected in the Project Design.....	18
G.	Alternatives Considered and Reasons for Rejection.....	19
<b>III.</b>	<b>IMPLEMENTATION .....</b>	<b>19</b>
A.	Institutional and Implementation Arrangements .....	19
B.	Results Monitoring and Evaluation .....	20
C.	Sustainability.....	20
<b>IV.</b>	<b>KEY RISKS AND MITIGATION MEASURES .....</b>	<b>21</b>
<b>V.</b>	<b>APPRAISAL SUMMARY.....</b>	<b>22</b>
A.	Economic and Financial Analyses .....	22
B.	Technical.....	23
C.	Financial management .....	23
D.	Procurement .....	24
E.	Social.....	24
F.	Environment (including safeguards).....	25
Annex	1: Results Framework and Monitoring.....	26
Annex	2: Project Description .....	30
Annex	3: Implementation, Financial Management, and Procurement Arrangements .....	36
Annex	4: Operational Risk Assessment Framework (ORAF) .....	52
Annex	5: Implementation Support Plan .....	55
Annex	6: Team Composition .....	56
Annex	7: Institutional Profile, Challenges and Capacity Needs of AUC and other AU Organs .	60
Annex	8: Economic and Regional Integration Challenges in Africa .....	103
Annex	9: Map of Africa .....	107

## List of Figures

Figure 1: Real GDP Growth in Sub-Saharan Africa and Developing Countries.....	1
Figure 2: Governance and Public Sector Management in Africa .....	2
Figure 3: AUC’s Approach to Facilitate Sustained Collective Action in Pursuit of Africa’s Economic Transformation .....	4
Figure 4: Organs of the African Union .....	6
Figure 5: Project Components and AUC’s Approach for Facilitating (coordinating, catalyzing) Results .....	16
Figure 6: Hierarchy of Thoughts on Support for Capacity .....	30
Figure 7: Learning by Doing Approach.....	35
Figure 8: Structure of the AUC.....	62
Figure 9: Organizational Challenge .....	64
Figure 10: Map of AU Institutional Architecture .....	65
Figure 11: Comparison of Median Basic Salary per Grade (AU, ECOWAS, and UN) .....	73
Figure 12: Comparison of AU and 75th percentiles of African Labour Markets .....	74
Figure 13: Current ICT Infrastructure at AUC .....	82
Figure 14: Assessment of the Current State of AUC’s ICT Infrastructure .....	83
Figure 15: ECOSSOC’s Organizational Setting for Civil Society Engagement .....	87
Figure 16: Diaspora Remittance Growth .....	97
Figure 17: Real GDP Growth in Sub-Saharan Africa, by country groups.....	103

## List of Tables

Table 1: Development Partner Assistance to AUC for Peace and Security and Other Programs ..	7
Table 2: Summary Project Costs.....	17
Table 3: AUC Budget .....	68
Table 4: AUC’s Budget Allocation for Transformational Projects .....	69
Table 5: AUC Human Resource Profile .....	71
Table 6: Needs of AUC Financial Systems Upgrade.....	78
Table 7: Rights and Economic Development in Africa Some Key Instruments and Institutions.	92
Table 8: Continental Targets Discussed in the Development of AU Agenda 2063 .....	100
Table 9: Organs of the Africa Union .....	100

## PAD DATA SHEET

Africa

Support for Capacity Development of the African Union Commission and other African Union  
Organs (P126848)

### PROJECT APPRAISAL DOCUMENT

AFTP2

Basic Information			
Project ID P126848	EA Category C - Not Required	Team Leader Waleed Haider Malik	
Lending Instrument Investment Project Finance (IPF)	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date 01-Jul-2014	Project Implementation End Date 31-Dec-2018		
Expected Effectiveness Date 30-Jun-2014	Expected Closing Date 31-Dec-2018		
Joint IFC No			
Sector Manager Pablo Fajnzylber	Sector Director Marcelo Giugale	Country Director Colin Bruce	Regional Vice President Makhtar Diop
Borrower: African Union Commission			
Project Financing Data(in USD Million)			
[ ] Loan	[ ] Grant	[ ] Guarantee	
[ ] Credit	[ X ] IDA Grant	[ ] Other	
Total Project Cost:	25.00	Total Bank Financing:	25.00
Financing Gap:	0.00		
Financing Source	Amount		
BORROWER/RECIPIENT	0.00		
IDA Grant	25.00		
Total	25.00		

<b>Expected Disbursements (in USD Million)</b>									
Fiscal Year	2014	2015	2016	2017	2018	2019			
Annual	1.00	2.00	6.00	8.00	5.00	3.00			
Cumulative	1.00	3.00	9.00	17.00	22.00	25.00			
<b>Proposed Development Objective(s)</b>									
Strengthen African Union Commission's capacity to facilitate economic development results and transformation through enhanced institutional efficiency. This will be achieved by enhancing the AUC's internal human resources and management systems, and supporting result-oriented external partnerships and collective actions designed to enhance the implementation of regional economic development initiatives in priority areas (e.g. regional trade, energy, infrastructure, governance, natural resource management) for the benefit of African Union member states, the Regional Economic Communities and African citizens.									
<b>Components</b>									
<b>Component Name</b>							<b>Cost (USD Millions)</b>		
i. Strengthening Institutional Capacity							15.00		
ii. Facilitating Economic Development Results with Stakeholders							10.00		
<b>Institutional Data</b>									
<b>Sector Board</b>									
Public Sector Governance									
<b>Sectors / Climate Change</b>									
Sector (Maximum 5 and total % must equal 100)									
Major Sector			Sector		%	Adaptation Co-benefits %		Mitigation Co-benefits %	
Public Administration, Law, and Justice			Central government administration		50				
Public Administration, Law, and Justice			General public administration sector		50				
Total					100				
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.									
<b>Themes</b>									
Theme (Maximum 5 and total % must equal 100)									
Major theme			Theme				%		
Public sector governance			Managing for development results				50		



Public sector governance	Other public sector governance	30
Trade and integration	Regional integration	20
Total		100
<b>Compliance</b>		
<b>Policy</b>		
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [ X ]
Does the project require any waivers of Bank policies?	Yes [ ]	No [ X ]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [ X ]
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ]	No [ ]
<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01		X
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X
<b>Legal Covenants</b>		
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>
Operations Manual		01-July-2014
<b>Description of Covenant</b>		
The AUC shall adopt (and thereafter implement the Project in accordance with) an operations manual, acceptable to the Association, which shall include fiduciary policies and procedures to be followed by the AUC in conducting its operations, including the Project, such manual to cover, inter alia, financial management, procurement, disbursement and monitoring and evaluation arrangements for the Project.		
<b>Legal Covenants</b>		
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>
Annual Work Plan		31-March-2015

**Description of Covenant**

The AUC shall prepare under terms of reference acceptable to the Association, and furnish to the Association, for the Association's review and agreement, an annual work plan of activities (including training and workshops) proposed for inclusion in the Project during the following calendar year, together with a budget and financing plan for such activities and a timetable for their implementation.

**Legal Covenants**

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Training		01-July-2014	

**Description of Covenant**

The AUC shall ensure that in preparing any training or workshops proposed for inclusion in the Project under an Agreed Annual Work Plan, it shall identify in the work plan: (a) the objective and content of, and justification for, the training or workshop envisaged; (b) the selection method of institutions or individuals conducting such training or workshop, and said institutions if already known; (c) the expected duration and an estimate of the cost of said training or workshops; and (d) the personnel selected to attend the training or the workshop.

**Legal Covenants**

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Audit		01-Oct-2014	

**Description of Covenant**

In order to ensure the timely carrying out of the audits, the AUC shall engage auditors for the purpose not later than 3 months after the Effective Date, with terms of reference and qualifications and experience acceptable to the Association.

**Legal Covenants**

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Project Accountant		01-Oct-2014	

**Description of Covenant**

The African Union Commission shall, not later than three months after the Effective Date, recruit a Project accountant with qualifications, experience and terms of reference satisfactory to the Association.

<b>Team Composition</b>
-------------------------

**Bank Staff**

<b>Name</b>	<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
Boutheina Guerhazi	Lead Operations Officer	Lead Operations Officer	AFCRI
Zoe Kolovou	Lead Counsel	Lead Counsel	LEGAM
Sahr John Kpundeh	Advisor	Advisor	AFTOS
Kofi Anani	Sr. Operations Officer	Co-Team Lead	AFCRI
Aileen Marshall	Sr. Partnership Specialist	Sr. Partnership Specialist	AFCRI
Christiaan Nieuwoudt	Finance Officer	Finance Officer	CTRLN

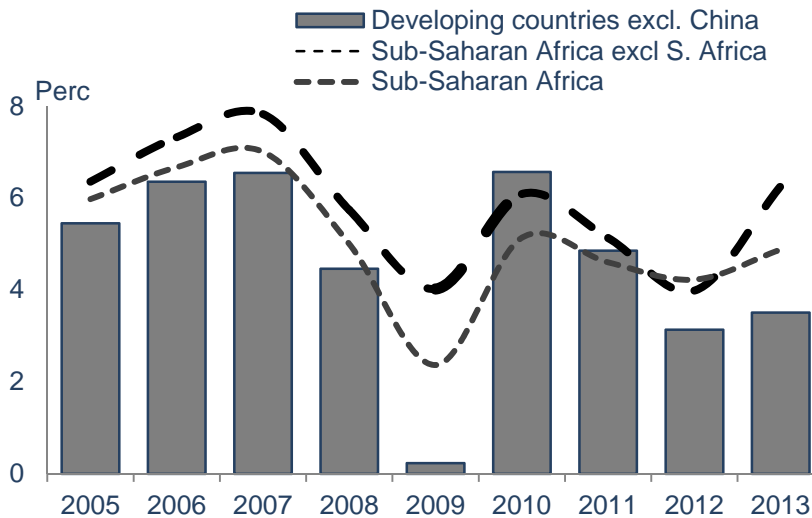
Patricia De la Fuente	Senior Finance Officer	Senior Finance Officer	CTRLN
Phillip Jeremy Hay	Manager	Manager	AFRSC
Yohannes Kebede	Information Officer	Information Officer	AFRIT
Elsa Araya	Sr Public Sector Mgmt. Spec.	Public Sector	AFTP2
Amir Munir	Senior Team Leader	Information Technology	ECAIT
Georgia A. Wallen	Senior Operations Officer	Senior Operations Officer	CFPIR
Xiaoping Li	Senior Procurement Specialist	Senior Proc. Specialist	AFTPW
Paul Brenton	Lead Economist	Lead Economist	AFTPM
John Newman	Lead Statistician	Lead Statistician	AFTPM
Siobhan McInerney-Lankford	Senior Counsel	Senior Counsel	LEGAM
Patrick Piker Umah Tete	Senior FM Specialist	Senior FM Specialist	AFTMW
Senait Kassa Yifru	Program Assistant	Program Assistant	AFTP2
Andrew Osei Asibey	Sr. M&E Specialist	Sr. M&E Specialist	AFTDE
Daniela Anna Junqueira	Senior Counsel	Senior Counsel	LEGAM
Martin Pedro Buchara	Team Assistant	Team Assistant	AFTP2
Abiy Demissie Belay	Senior FM Specialist	Senior FM Specialist	AFTME
Tesfaye Ayele	Sr. Procurement Specialist	Procurement	AFTPE
Aly Sanoh	Economist/Statistician	E T Consultant	AFTPM
Liliane Awo Yomekpe	Information Assistant	Information Assistant	AFCRI
Waleed Haider Malik	Sr. Public Sector Mgmt. Spec.	Task Team Leader	AFTP2

# I. STRATEGIC CONTEXT

## A. Regional Context

1. **Africa has experienced robust economic growth.** Economic activity remains strong in much of Sub-Saharan Africa (SSA), with the pace of GDP growth in the region projected to strengthen to 4.9 percent in 2013 (Figure 1). While growth has been driven in part by high prices and strong demand for commodities, it is also a result of sound macroeconomic policies and improved governance. The CPIA indicates that the policy framework for non-fragile states in Africa is as good as in developing countries elsewhere (Figure 2). The continent is also more business-friendly—since 2005, 17 of the 50 countries that have made the most progress in improving the business climate are in Africa.

**Figure 1: Real GDP Growth in Sub-Saharan Africa and Developing Countries**



2. **Growth has unleashed opportunities.** African countries are increasingly seen as investment destinations rather than as recipients of assistance—private flows to SSA now stand at \$50 billion, more than foreign aid<sup>1</sup>. Much of this is channeled into extractive industries, given that the continent is exceptionally well endowed with natural resources. It boasts over 15 percent of the world’s oil reserves, 40 percent of its gold, and about 80 percent of the platinum group of metals.<sup>2</sup> Much of Africa’s natural resource wealth remains unexplored, and substantial new findings occur on a regular basis.

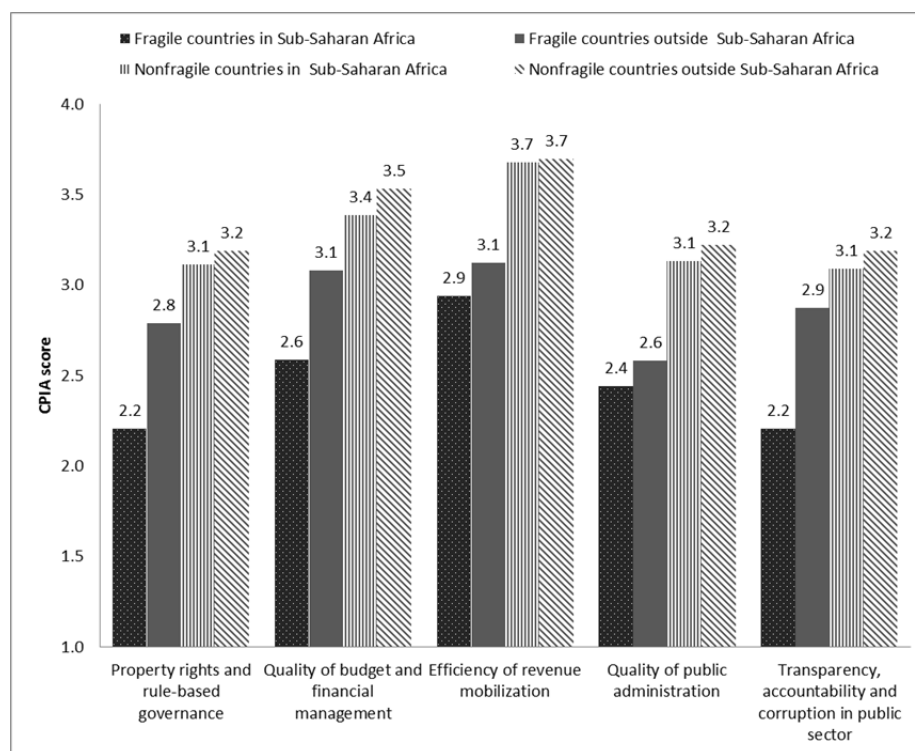
3. **There are also other opportunities for investment,** particularly in infrastructure and agriculture. In energy, there is \$25-30 billion investment gap and African governments are

<sup>1</sup> Foreignaffairs.com. "Africa's Economic Boom | Foreign Affairs." 2013. <http://www.foreignaffairs.com/articles/139109/shantayanan-devarajan-and-wolfgang-fengler/africas-economic-boom> (accessed March 9 2014).

<sup>2</sup> World Bank. "World Bank Launches New Fund to Help African Countries Negotiate Best-Possible Deals for their Oil, Gas, and Minerals." October 5, 2012.

increasingly turning to public-private partnerships (PPPs). Agriculture and agribusiness together are expected to be a US\$ 1 trillion industry in SSA by 2030.<sup>3</sup> The continent also represents a potentially huge market. It currently has 1 billion people, with a middle class of 300 million<sup>4</sup> that is growing as incomes increase.

**Figure 2: Governance and Public Sector Management in Africa**



4. **Growth and opportunity have resulted in a new level of optimism and confidence on the part of African leaders and the civil society as a whole.** African countries see themselves as contributors to global progress and prosperity, and are pursuing mutually beneficial relationships with a variety of partners. There is increased demand from within the continent for greater accountability, better governance, and improved provision of services from governments that they have elected<sup>5</sup>.

5. **African institutions have also become more forward-looking and assertive.** In 2002, the African Union (AU) replaced the Organization of African Unity<sup>6</sup>. The AU's overall objective

<sup>3</sup> Worldbank.org. "Africa's Agriculture and Agribusiness Markets Set to Top US\$ One Trillion in 2030." 2013.

<sup>4</sup> Ncube, Mthuli, Charles Leyeka Lufumpa and Steve Kayizzi-Mugerwa. *The Middle of the Pyramid: Dynamics of the Middle Class in Africa*. AFDB, 2011.  
[http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/The%20Middle%20of%20the%20Pyramid\\_The%20Middle%20of%20the%20Pyramid.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/The%20Middle%20of%20the%20Pyramid_The%20Middle%20of%20the%20Pyramid.pdf). (Accessed March 8, 2014).

<sup>5</sup> African Development Bank Group. In *Governance Dialogue: Putting Accountability Back into Service Delivery*, Annual Meetings, 2013

<sup>6</sup> **AU Vision:** "An integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena", and **AU Mission:** "An efficient, and value-adding institution driving the African integration and development process in close collaboration with African Union member states, the Regional economic communities and African citizens". (Source AUC)

is the accelerated political and economic integration of the continent, and its mandate reflects the broad range of development challenges confronted by Africa at the beginning of the 21<sup>st</sup> century. Its Constitutive Act embraces democracy, good governance, sustainable economic growth and integration into the global economy, and provides a specific mandate to promote peace and security. The African Union Commission (AUC) has assumed an increasingly proactive role as the operational administrative arm of the AU, and has built synergies with the African Development Bank and the UN Economic Commission for Africa. As a result, the continent's institutional architecture has been revitalized.

6. **But despite progress, several challenges remain.** According to Afrobarometer's 2013 survey of over 50,000 people across 34 countries, "Africa's breakneck growth is not improving the lives of ordinary citizens across the continent." Poverty remains unacceptably high, with nearly one out of every two people living in extreme poverty.<sup>7</sup> While some countries have made significant strides in recent years, the continent as a whole lags behind in achieving the MDGs. Growth has not led to significant job creation, and inequality is growing in many countries. SSA's infrastructure is by far the most deficient and costly in the developing world: its overall electrification rate is 30.5%, and 600 million people do not have access to modern energy sources. Although there have been significant improvements, women remain legally, socially and economically disadvantaged throughout much of the continent, and continued high population growth rates prevent a number of countries from reaping the demographic dividend that helped spur Asian prosperity.

7. **African member states are seeking to transform the continent and have articulated a vision for transformation, with a call to action to accelerate development and improve peoples' lives.** Reflecting a new assurance and determination to chart the continent's future, member states requested the AUC, together with the AfDB and UNECA, to develop a 50 year continental development plan at the 21<sup>st</sup> Ordinary Session of the Assembly of Heads of State and Government of the African Union in May 2013. Agenda 2063, which was adopted by member states in January 2014, calls on all segments of African society and institutions to work together to build a common future and builds on existing strategic frameworks. It places particular emphasis on partnership, knowledge and achieving results, and on African ownership and leadership. (See Annex 7 for details).

8. **To fully realize its potential, the continent must move from a narrow base of economic growth towards inclusive transformation, and regional integration will play a critical part.** To do this, African countries need to individually and collectively take steps to diversify their economies, increase productivity and competitiveness, continue to improve governance, expand their human resource base, and significantly reduce poverty and inequality. Greater regional integration is an essential element of this inclusive transformation. In addition to bolstering national efforts, regional integration enlarges markets and improves competitiveness, promotes collaborative management of cross-border natural resources and cooperative approaches to shared problems, and achieves economies of scale and scope in provision of

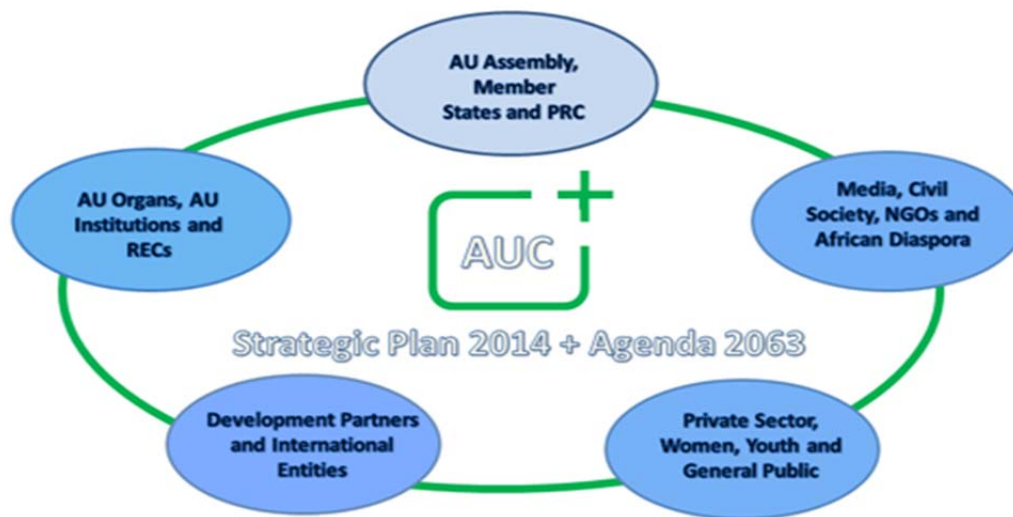
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<sup>7</sup> World Bank. "Africa Continues to Grow Strongly but Poverty and Inequality Remain Persistently High." October 7, 2013.

regional public goods<sup>8</sup>. The continent’s infrastructure agenda is inherently regional, and intra-regional trade would foster greater economic opportunity. Despite its obvious benefits, progress toward real integration has been relatively slow, in part because it requires action on the part of both groups of diverse countries and the continent as a whole. (See Annex 8 for details)

9. **As the continent’s preeminent regional institution, the African Union Commission has an important role in stimulating this collective action through an increased focus on economic development and its regional integration aspects<sup>9</sup>** (See Figure 3 ahead). It has already begun the process with the adoption of continental programs such as PIDA (the Programme for Infrastructure Development in Africa), CAADP (the Comprehensive African Agriculture Development Programme), and CFTA (the Continental Free Trade Agreement), which are themselves transformational in nature and which can only be implemented through collective action. Given Agenda 2063’s scale of ambition, the AUC now needs to achieve the same success in promoting and supporting economic development as it has done in fostering peace and security. This will place additional demands on the AUC, requiring substantial improvements in capacity and operational efficiency. The AUC is aware of both the need for increased attention to economic development, including implementation of agreed programs, and for strengthened institutional capacity, as reflected in its strategic plan for 2014-2017.

**Figure 3: AUC’s Approach to Facilitate Sustained Collective Action in Pursuit of Africa’s Economic Transformation**



Source: AUC and World Bank Team

<sup>8</sup> See, for example, Growing Rapidly-Transforming Slowly Overview for African Policy Makers, African Transformation Report 2014. It shows how individual countries are transforming and where they stand in relation to their neighbors against five attributes of transformation: diversification, export competitiveness, productivity, technology and human well-being.

<sup>9</sup> Although the bulk of economic transformation efforts rest with member states, regional bodies such as the AUC [in partnership with RECs] have “an important facilitating role, especially with respect to policy and strategy setting, coordination and catalyzing socio-economic and integration agenda, consensus building and advocacy, experience and information sharing, and generally setting the framework and putting in place the enabling conditions necessary for peace, security, political stability and [economic] growth—that is, the creation of continental and regional public goods”.

10. **Since its inception, the African Union has achieved important milestones.** It has helped to raise normative standards on issues of democracy, governance, accountability and transparency, and extra-constitutional transfers of power are sanctioned. Its convention on preventing and combating corruption and its non-aggression and common defense pact have made substantive contributions to international law. It has been particularly successful in the area of peace and security, specifically by setting up the African Peace and Security Architecture (APSA), which often involves both Regional Economic Communities and the UN. APSA is based on the premise of collective responsibility and proactive engagement, and covers conflict management and mediation efforts as well as peacekeeping operations. For example, in recent years, African-led peace support operations have taken place in Sudan, Somalia, the Central African Republic and Mali<sup>10</sup>. And although conduct of elections varies among countries, the principle of democratic participation is widely upheld, and the AU has successfully used the good offices of some former, as well as current, leaders to promote good governance and sustainable development.

11. **More ambitious collective action requires strengthening African institutions.** The AUC has been setting norms and standards; coordinating actions by member states, RECs and other stakeholders; advocating Africa's position in the global arena, and performing other institutional functions by generally adopting a top down, consultative and subsidiarity approach. Its move towards a more facilitating and catalyzing role—from peace building and security, to increased (or equal) emphasis on economic development—requires appropriate adjustments to incentives for stakeholders, as well as to institutional arrangements within the AUC and other AU organs, based on pragmatic assessments of stakeholders' strengths and weaknesses. It would also require an emphasis on harnessing the political will, trust, reputation and legitimacy of African leaders, all through the process of strengthening the AUC's economic development footprint. Efforts that strengthen collective action also need to employ multiple approaches customized to suit situations that allow for continuous learning and adaptation.

12. **The AUC is a new frontier for Bank support, and reflects the role that member states have assigned to it in the process of economic transformation, based on its peace and security track record.** The World Bank Group has supported the following collective action programs for sub-regional integration, and gained useful lessons for continent-wide support: (i) The Accelerated Program of Economic Integration (APEI), which is based on variable geometry principles involving Seychelles, Mauritius, Malawi, Mozambique and Zambia; (ii) The Trilateral Agreement between Kenya, Uganda and Rwanda, which aims to boost intra-EAC trade and integration in the region, as well as the broader and more ambitious EAC Common Market Agenda; (iii) the Sahel and Great Lakes Initiatives in collaboration with the UN, AfDB and the AUC; and (iv) an IFC led program to develop an EAC Scorecard that benchmarks progress in Trade Integration; among other initiatives.

13. **A strengthened AUC and AU Organs will add stimulus and direction to the transformational agenda. The AUC faces capacity challenges which can be addressed by establishing accountability mechanisms for reporting on commitments; counterbalancing the**

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<sup>10</sup> African-eu-partnership.org “Towards an Improved Architecture for Peace & Security / Africa-EU Partnership. “ 2013 <http://www.africa-eu-partnership.org/newsroom/events/towards-improvedarchitecture-peace-security> (accessed March 8, 2014).

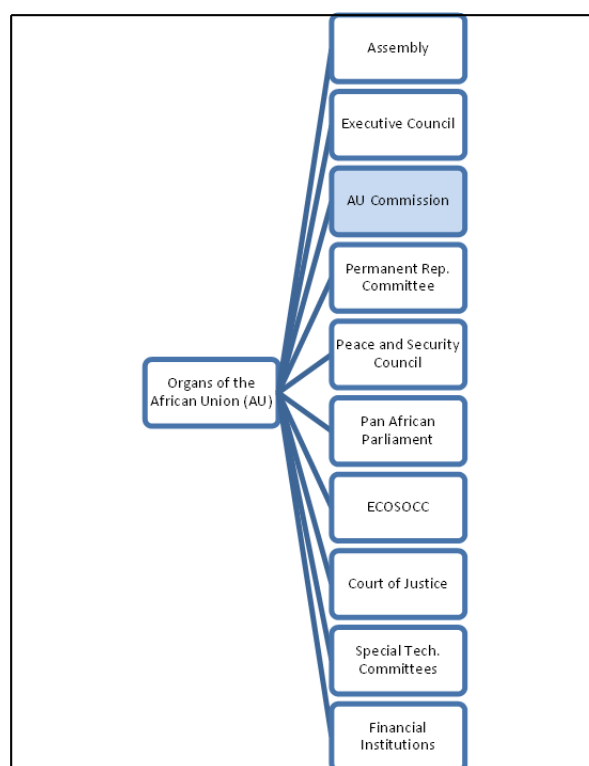


potential for powerful member states and stakeholders to grab the lion’s share of benefits from collective action; taking proactive initiatives so that disadvantaged groups such as women and youth can organize themselves to protect their interests; strengthening legal capacity for regional integration and harmonization of laws; expanding knowledge for stakeholder awareness and buy-in; and learning from past reforms promoted by AUC and development partners and offering support to pilot projects that pioneer innovative ideas that could stimulate sustainable collective action for people-centered results (see Section B ahead and Annex 7 for details).

## B. AUC’s Profile, Strategic Plan 2014-2017 and Institutional Challenges

14. According to Article 24 of the Constitutive Act (CA) of the African Union (AU), the AUC is the *de jure* secretariat of the AU, based in Addis Ababa, Ethiopia, and responsible for planning, budgeting, coordinating, communicating, overseeing, operating and facilitating the affairs of the AU. AUC is comprised of the Chairperson, Deputy Chairperson and eight commissioners, which implement AU policies, coordinate the body’s activities and meetings, and administer the AUC staff and other resources. In 2013 AUC’s budget was US\$217 million<sup>11</sup>. It has about 1500 professional, administrative and support employees who are assigned to 28 organizational departments and units performing corporate, administration, and program functions (see Annex 7 for details). In performing its functions, the AUC is supported by the other AU organs as well as by the building blocks of the AU, namely the Regional Economic Communities (RECs)<sup>12</sup> (see Figure 4 alongside and Table 9 of Annex 7 on AU organs, and bodies). However, the AU’s complex institutional architecture and overlapping membership and

Figure 4: Organs of the African Union



<sup>11</sup> See Table in Annex 7 for details. In the proposed budget for 2015 the distribution is approximately as follows: programs 69 percent; staff costs 21 percent; other operating cost like utilities, meetings, communication etc. 8 percent and capital costs 1 percent. The distribution of budget in 2013 was as follows: programs 58 percent; staff costs about 30 percent, operating expenses about 6 percent and the rest capital investments and peace funds. Source AUC.

<sup>12</sup> RECs that are currently recognized by AUC include: the Community of Sahel – Saharan States (CEN-SAD), the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS), the Inter-Governmental Authority on Development (IGAD), and the Southern African Development Community (SADC), with memberships of 5, 18, 20, 10, 15, 7 and 14 states, respectively. The sub-sets of some of these RECs in sub-regional groupings include: the Central African Economic and Monetary Community (CEMAC), the Economic Community of the Great Lake Countries (CEPGL), the East African Community (EAC), the Indian Ocean Commission (IOC), the Mano River Union (MRU) and the West African Economic and Monetary Union (UEMOA).

mandates of the RECs also present management and coordination challenge. (See Figures 9 and 10 in Annex 7).

15. **In performing its administrative and facilitation functions in member states the AUC engages with multiple development partners and actors**—including media, general public, private sector, civil society, African Diaspora, religious bodies and academia. It works closely with the United Nations System such as the Economic Commission for Africa (based in Addis Ababa), and bilateral and multilateral development institutions to collaborate and fund development, peace building and other sector programs. For example, the AUC received about US\$84 million per year from development partners (e.g. EU, US, Germany, Denmark, UK, Italy, Sweden, Japan and Canada) for the implementation of its strategic priorities during 2010-2012<sup>13</sup> (see Table 1 below for details).

**Table 1: Development Partner Assistance to AUC for Peace and Security and Other Programs**

Table: Donor Assistance to AUC for Peace and Security and Other Programs (Average for 2010-2012 in US\$ Million)														
Programs	UK <sup>1</sup>	Sweden <sup>1</sup>	Germany	Denmark	Netherlands <sup>1</sup>	Spain <sup>1</sup>	EU <sup>1</sup>	US	Italy	Norway	Canada	Finland	Japan <sup>1</sup>	TOTALS
P1 (Peace and Security) and P2-P5 <sup>2</sup>	2.8	4.4	9.6	3.5	1.6	0.0	16.1	3.1	8.5	2.0	0.0	1.5	0.1	53.1
P6: Institution and Capacity Building	0.8	2.5	1.3	0.6	0.6	0.0	16.2	0.0	0.0	2.0	0.2	0.0	0.0	24.3
<b>TOTAL</b>	<b>3.6</b>	<b>7.0</b>	<b>10.9</b>	<b>4.1</b>	<b>2.2</b>	<b>6.4</b>	<b>32.3</b>	<b>3.1</b>	<b>8.5</b>	<b>4.0</b>	<b>0.2</b>	<b>1.5</b>	<b>0.1</b>	<b>83.7</b>
<b>Note 1. Confirmed amounts and other amounts estimated - Does Not include all donors - Also does not include US\$0.8 of ACBF support for Planning</b>														
<b>Note 2. P2-P5 correspond to: P2 (Development); P3 (Integration); P4 (Co-operation); and P5 (Shared Values)</b>														
Source: Spreadsheet Report Prepared by Donor Group Working with AUC														

16. **Economic development and enhanced institutional efficiency are at the heart of the AUC’s Third Strategic Plan (2014-2017)**, adopted by the AU in May 2013. The Strategic Plan focuses on efforts to close the continent’s infrastructure gap, improve agricultural productivity and food security, enhance intra-African trade, exploit natural resource endowments, accelerate the pace of regional integration, enhance service delivery, and strengthen governance and economic management. It also calls for “a decisive shift in the way [AUC] works; a shift from being satisfied with implementing normative functions to proactively supporting accelerated implementation of the continental integration and socio-economic agenda of the continent”. This follows numerous diagnostics that indicate organizational performance and program outcomes need improvement,<sup>14</sup> and reflects an increasing emphasis on institutional and

<sup>13</sup> Many new donors are planning to support AUC programs under the Strategic Plan 2014-18 and are developing their projects. Current donors such as EU and GIZ are renewing their programs and are expected to approve their projects in 2014.

<sup>14</sup> Multiple reviews have been carried out between 2007 and 2014 to assess the capacity gaps and challenges facing AUC to make it more efficient and effective. These include: the Situational analyses in AUC Strategic Plans: First, Second and Third; Institutional Diagnostic Reports by EU (2007 and 2011), ACBF Assessment (2010); and AfDB Report (2010); Organizational Analysis WB (2012); AUC ICT Assessment done by CISCO (2011); GIZ AUC institutional assessment 2013; EU AUC governance review 2013; USAID AUC organizational structure review (draft 2014) and other Bilateral Donor reports.

managerial focus on efficiency, effectiveness and achieving people-centered results (see Annex 7, Part III for details).

17. **The AUC's capacity to facilitate sustained collective actions in pursuit of Africa's economic development needs to be improved.** Although “laudable progress” has been made in recent years under the implementation of the First and Second AUC Strategic Plans, *the following institutional gaps in policies, internal human resources, infrastructure and management systems, and support arrangements for external partnerships to implement regional initiatives still remain and need urgent attention* (see Annex 7 for details).

- **Policy overlaps and political economy dynamics among the various RECs and other entities exist**, due to their somewhat similar mandate and functions as well as other political economy factors and institutional planning deficiencies (see Figure 9 and 10 in Annex 7). So far, inter-RECs cooperation has rarely been undertaken at the continental level under the auspices of the AU, and on the occasions it has happened, it occurred on an ad-hoc basis at the initiative of the RECs themselves. The AUC held its first formal coordination meeting with RECs on the sidelines of the AU Summit in 2014, and based on its track record on peace and security work with the RECs and other stakeholders,<sup>15</sup> it currently plans to build a results oriented collaboration framework that leads towards joint planning and priority setting in economic development areas. The AUC has also initiated more opportunities for close collaboration with other AU organs and the AU Permanent Representative Committee (PRC) in order to facilitate strategic planning and offer support for the development of strategic plans which will align the work of the various entities to the AU vision and mission, the Agenda 2063 and the AUC strategic priorities.
- **Operational efficiency and effectiveness of all corporate and administrative functional areas including human resources, planning, finance, procurement, information technology, conference management, and protocol service are a key concern.** The AUC’s budget execution rate of only 55 percent is symptomatic of efficiency problems such as procurement delays, a cumbersome budget approval process, and the absence of modern conference management, protocol, and service delivery tools that affect stakeholder perceptions. The new AUC HQ office facility needs a modern ICT data center for which physical space is allocated so that functional areas can be appropriately supported and user interface modernized<sup>16</sup>. Additionally staff who mostly provide core administrative services (i.e., ICT, human resources, financial management, printing, security, logistics etc.) remain in the old, suboptimal AUC offices which lack ICT infrastructure, technological tools and databases. There is also a need for a comprehensive review for skills mix, training, compensation, and staff levels

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<sup>15</sup> The Bank through African Union Commission: Building Capacity for a Results-Oriented Engagement between African Union Commission and Regional Economic Communities - World Bank Supported Economic Development Areas Project (P143863 - IDF Grant No. TF014039) is partially supporting the planning and consultation process led by the AUC with RECs. The AUC and RECs already have a Memorandum of Understanding (MOU) on peace and security and a robust track record of joint planning and collaboration through the Peace and Security Council of the AU.

<sup>16</sup> Approximately 12,000 to 15,000 officials and representatives from various entities visit AUC for summits, meetings and other events every year, and improvements in the AUC’s technological interface with these stakeholders could go a long way in improving service provision, enhancing staff productivity, and generating a positive image for the institution.

for AUC's human resources. A lack of joint learning initiatives across AUC departments results in a "silo" mentality that pervades the institution. Salaries, although competitive at the top management level, are low for professional levels as compared to UN, RECs and some better performing member states, making recruitment and retention of talent difficult. Moreover although the budget process of AU institutions is coordinated and supported by the AUC, there is a need to do the following: (i) harmonize procedures and upgrade to international standards such as IPSAS for finance and auditing; (ii) upgrade procurement arrangements; (iii) improve space use and standards; (iv) modernize inter-institutional coordination mechanisms; and (v) enhance the ability of AUC to offer capacity support to other AU Organs for better service delivery.

- **Need to promote budget resources for operations and programs.** As noted, the bulk of the budget comes from donors. There is a need to revisit the AU's funding sources and expand dialogue and consultation with member states and other stakeholders—especially the private sector and philanthropic entities—in order to generate new sources of funding and revenues for better program activities and a move toward sustainable results. However, the AUC's capacity to absorb additional funding will depend on addressing the operational deficiencies that have been reflected in the relatively low levels of budget execution noted above. Also, there is a need to benchmark with sister institutions such as OAS, ASEAN and EU to harness best practices and lessons for promoting transformational programs and improving operations.
- **Communication and outreach to stakeholders including media, private sector, African Diaspora, youth, women for partnership and information sharing needs modernization.** According to Afrobarometer, only a very small proportion of Africa's population knows about the AUC and its role in peace building and economic development management efforts in the continent. Expanded collective action to be facilitated by AUC would warrant better information flows and management to ensure the ownership of both public and private stakeholders, including African Diaspora, women and youth groups.
- **Regional development and transformation requires a boost of program resources, attention and innovative practices that promote collaborative efforts, share knowledge and explore new avenues with stakeholders both public and private, traditional and new, to achieve results on the ground.** The AUC has 8 portfolio or technical program departments, which are host to continental AU programs such as PIDA, CFTA, CAADP, but has extremely limited human and program investment resources to facilitate, coordinate or co-fund these projects as compared to initiatives in the peace and security area<sup>17</sup>. For example, the 2013 budget allocation for promoting

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<sup>17</sup> According to situational analysis most of financial and other resources have been dedicated to peace and security related matters as compared to economic areas in the last ten years. For example, 60 percent of the budget was allocated to peace and security efforts, and staff assigned to peace and security commission are 6-10 times more for example to what is allocated to trade departments in the AUC. Although there is shortage of investment resources needed for transformational programs at the aggregate level, low budget execution rate of about 55% further complicates this resource challenge.

CFTA was only US\$1.2 million whereas several billions are needed to actually advance the region's trade agenda, which aims to remove trade barriers (e.g. for intra-African trade in agriculture products). Also, the AUC has set up a statistics unit to promote evidence based decision making in the region. However, resources for the development of tools and metrics have yet to be provided. While the AUC's support to parliaments has begun, its collaboration with the private sector and judiciaries has yet to fully evolve to meet the transformation challenges. The AUC Strategic Plan calls for engaging the African Diaspora, civil society, media, women and youth into its programs and operations. However, resource gaps are affecting the speedy implementation of these policies. While the AUC's technical departments are privy to a tremendous amount of technical knowledge generated through dozens of publications, meetings, exchanges and events, the AUC's data warehousing and dissemination potential has also not yet been developed for the benefit of the continent, despite recent improvements to its website. Modern social media and conferencing tools have not been deployed to help manage staff travel and enhance stakeholder collaboration and engagement. The AUC secretariat's Peace and Security work is generally reactive, and responds to conflicts only as they happen or matters escalate, putting regular economic development related work on hold. A move towards evidence based planning would improve outcomes and enhance institutional leadership among regional entities.

- **The AUC recognizes the need to strengthen its results monitoring and evaluation system, whereby AU agreements, and program implementation is systematically and effectively carried out.** The AU and the AUC are collegial entities. The AU provides its members with a forum, through which they collectively adopt policies and positions on a variety of issues. These policy goals and positions are couched in the resolutions, declarations and decisions adopted at various levels of the AU. The more important of these are then enshrined as treaties (i.e., instruments, charters, protocols adopted under the auspices of OAU/EU, to which the great majority of AU members are signatory). As the AUC is the secretariat of the AU and of many of its organs (e.g. ECOSSOC through its CIDO directorate) as well as its continental programs (e.g. CFTA through its Directorate of Trade and Industry), it facilitates such convening efforts and helps coordinate implementation of these policies and related projects for the benefit of the African people<sup>18</sup>.

### C. Rationale for Bank Involvement

18. **Effective AUC leadership and strengthened collaboration between the AUC and its stakeholders would facilitate dialogue and implementation of the World Bank's twin goals of eradicating extreme poverty by 2030 and promoting shared prosperity in the region.** The AUC supports the WBG's overarching goals, which are fundamental to its own vision of a peaceful and prosperous continent. The World Bank's Africa Strategy rests on two pillars: a) competitiveness and employment, and b) vulnerability and resilience. These pillars stand on the foundation of governance and public sector capacity. The AUC shares these strategic objectives. One major instrument for implementing the World Bank's strategy is partnerships, and

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<sup>18</sup> As of 2012 there were 42 treaties for details see "Ratification of African Union Treaties by Member States: Law, Policy and Practice" by Tiyanjana Maluwa in *Melbourne Journal of International Law* (2012)

leveraging partnerships with the AUC is the first step to implementing these objectives. In this regard, the strategy is geared to “scale up partner collaboration and harmonization to mobilize increased resources and reduce transaction costs for regional investments, building on the Program for Infrastructure Development in Africa being developed under the leadership of the African Union Commission.” The second most important instrument for implementing the new Africa Strategy is the generation and dissemination of knowledge. The Bank’s knowledge of competitiveness, policy reforms, governance and regional integration strategies is essential to bolster the AUC programs. In addition to partnerships and knowledge, capacity development and governance are key ingredients to the achievement of the Bank’s strategic pillars. The Bank’s Regional Integration Assistance Strategy, a key element of the new Africa Strategy, prioritizes support for capacity development of the AUC and the expansion of “support for capacity building of regional institutions.”

**19. Deepening partnership with the AUC is also strategic for the advancement of transformational engagements that the Bank President is promoting along with the UN Secretary General,** the AUC and member states to advance the Great Lakes, Sahel and the Horn of Africa Initiatives. These transformational regional integration efforts which provide a regional collective approach to development challenges in the respective regions would benefit from the leadership and convening power of the AUC in terms of promoting consensus and guiding the development process to achieve policy coherence, while building consensus among a diverse set of stakeholders<sup>19</sup>. The proposed project will support the capacity development of the Bank’s key regional partner’s Strategic Plan 2014-17 areas: institutional capacity building and strategic communication with the aim of contributing to the improved delivery of the AUC’s programs and services. This project is necessary to support the AUC in facilitating investments, which IDA will support under the auspices of ongoing Program for Infrastructure Development in Africa (PIDA), the Comprehensive Africa Agricultural Development Program (CAADP), and intra-African trade efforts under separate development policy operations.

**20. Achieving these World Bank goals will be particularly challenging in Africa,** especially in fragile states, and the leadership and convening power of the AUC could be enormously helpful in building consensus around approaches and actions. The WBG, like the AUC, recognizes that in an increasingly interconnected world, working in partnership and exploiting comparative advantages is essential. As already indicated, the WBG and the AUC bring different strengths to their partnership, and closer collaboration could be advantageous to both institutions. However, the AUC needs to strengthen its capacity to deliver results. The proposed project is intended to assist in this regard, and builds on current WBG involvement with the AUC, as well as support for several of its continental initiatives, such as assistance to the RECs and other efforts that promote greater integration, and lending for transformational regional projects.

**21. The project complements, but does not duplicate, assistance provided by other development partners<sup>20</sup>.** It is focused specifically on institutional strengthening, to facilitate the

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<sup>19</sup> AUC recently joined the UN, AfDB, and the World Bank in launching the Great Lakes and the Sahel Initiatives by participating in regional visits and hosting coordination meetings

<sup>20</sup> Details of donor funding to AUC for peace building and security, regional initiatives and related capacity building and other support are provided in Table on page 9.

more effective and efficient functioning of the AUC and allow it to better utilize the resources it receives from member states and other partners in achieving results. In discussions with other partners, the project has been welcomed because it provides assistance that is currently lacking and that will contribute to the improved delivery of the AUC's programs and services. A strengthened AUC, more able to move its continental programs forward and improve development outcomes, would be in the interests of all.

22. **The peace and security agenda in the region would benefit from the project**, in that it is increasing support to regional initiatives that help promote peace, encourage stability and address fragile situations. Several major transformative infrastructure programs supported by the WBG are included in PIDA. The AUC has a key role in supporting regional initiatives in the Great Lakes, Sahel and the Horn of Africa, both in terms of promoting political consensus around objectives and bolstering security. Its explicit emphasis on the security-development nexus and the fundamental role of development in promoting long term stability has already proven influential.

#### **D. Higher Level Objectives to Which the Project Contributes**

23. **The AUC is the only pan-African body with the mandate from member states to develop continental policy space and to speak for Africa.** As such, it is instrumental in realizing the vision of the AU, and in articulating that vision to the rest of the world in international fora. By requesting the AUC to develop Agenda 2063 in collaboration with other African institutions and through a broad process of consultation, member states clearly assigned it a strategic leadership role in African affairs. This is particularly important given that Agenda 2063 provides a road map for development on Africa over the next 50 years.

24. **Support for capacity development of the AUC that boosts its performance and enhances its ability to engage with stakeholders**, including civil society, as well as the international community, would directly contribute towards these higher-level objectives. A more effective AUC, better able to partner with global actors and regional bodies to support security and stability, accelerate poverty eradication, and boost prosperity would be of benefit to the continent as a whole. The project seeks to assist the AUC to achieve this greater effectiveness.

## **II. PROJECT DEVELOPMENT OBJECTIVES**

### **A. Project Development Objective (PDO)**

25. **Project Development Objective:** Strengthen African Union Commission's capacity to facilitate economic development results and transformation through enhanced institutional efficiency. This will be achieved by enhancing the AUC's internal human resources and management systems, and supporting result-oriented external partnerships and collective actions designed to enhance the implementation of regional economic development initiatives in priority areas (e.g. regional trade, energy, infrastructure, governance, natural resource management) for the benefit of African Union member states, the Regional Economic Communities and African citizens.

## **B. Project Beneficiaries**

26. **Project beneficiaries include the AUC and its stakeholders.** Support for capacity development is expected to improve the AUC organizational performance and its ability to facilitate collective action in priority economic development areas (e.g. regional trade, agriculture, energy, infrastructure, governance, natural resource management) for the direct benefit of AU member states and RECs. The proposed project is also expected to indirectly benefit public and private entities and citizens, civil society and Diaspora groups in general in Africa. An improved and effective AUC would also benefit the development partners and other entities engaged in peace building and economic development programs in the region and beyond. Attention to strategic priorities would also benefit women, youth and vulnerable groups in society through better information on policies and programs.

## **C. PDO Level Results Indicators**

27. The PDO would be measured by these four indicators: (i) Number of AU institutions that have strategic plans as per the AU vision and mission; (ii) An improved AUC budget execution rate that demonstrates better organizational efficiency (an increase from 55 to 80 percent); (iii) Number of innovative external partnerships with RECs and civil society for promoting and sustaining intra-African trade and good governance, in collaboration with development partners, relevant stakeholders and beneficiary groups; and (iv) Enhanced capacity for monitoring the implementation of AU agreements and programs that capture improvements in the dissemination of results through the AUC Scorecard and other means, both at the AUC and member state levels.

## **PROJECT DESCRIPTION**

### **D. Project Components**

28. Support under the project will assist the AUC to operationalize its Strategic Plan 2014-17 and the Agenda 2063 regional transformation priorities by encouraging the participation of all stakeholders including-member states, AU Organs, Permanent Representative Committee (PRC), RECs, private sector, civil society, media, development partners, African Diaspora and citizens. Effort will also be made to draw on the AUC's vast peacekeeping experiences. It plans to adopt a learning process of institutional development to facilitate collective actions<sup>21</sup>. The proposed support will tie in with the ongoing institution building effort of AUC and build on, collaborate with and complement other development partner efforts (e.g. EU, GIZ, DFID, SIDA, USAID, AusAID).

29. **The World Bank's support will focus on enhancing AUC's institutional capacity to facilitate collective actions through *two* interrelated components** (See Figures 6 and 7 in Annex 2 respectively):

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<sup>21</sup> As institutional development is a long term process, a step-by step participatory approach of capacity development is required for moving towards a strong AUC that is efficient, effective, and capable of responding to people's needs through collective actions.



**Component I. Strengthening Institutional Capacity (US\$ 15 million).** The aim of this component is to improve strategic planning and management systems, budget execution, staff capacity, and ICT to provide efficient functional, knowledge and corporate services in the AUC and other AU organs and generate awareness of AUC and other AU organs activities among stakeholders to promote collaboration and enhance financial viability.

30. This will be achieved through:

**(a) Enhancing Corporate Governance and Management Systems:** (i) This will involve provision of support for the improvement of *organization, systems and procedures* in strategic planning, financial management, budgeting, procurement, recruitment, administration and all other corporate services for quality service provision in the AUC and select AU organs as per world standards (e.g. adoption of International Public Sector Accounting Standards (IPSAS) in financial reporting; ISO 20121: Events Sustainability Management System in conference, translation and protocol services; and ISO/IEC 27031:2011 Information and Communication Technology readiness principles in business continuity of data services).

**(b) Driving Operational Efficiency.** (i) **ICT Infrastructure.** The design and set up of a state-of-the-art AUC ICT center on the ground floor of the new AUC building with modern ICT infrastructure, applications, and mobile devices for use by AUC staff and visiting delegations, featuring data warehousing, distance learning, video conferencing capabilities. This will also support office refurbishing to accommodate modern technology; (ii) **Human Resources.** The development of a *culture of continuous improvement* among the professional, technical and general services staff by organizing executive-development programs, skills training and offering specialized courses; and (iii) **limited Peer-to-Peer Learning.** This will involve promotion of peer-to-peer learning for decision makers in the AUC, AU organs, RECs and Permanent Representative Committee (PRC) with strategic partners (e.g. OAS, ASEAN, EU) to benchmark institutional performance by using technologies, retreats and exchange visits<sup>22</sup> based on an annual work plan.

**(c) Enhancing Stakeholder Communication, Feedback and Participation.** This would involve support for Integrated Development Oriented results based communication, information, branding and linking stakeholders via TV, radio, social media, mobile technology, and other means. Outreach activities that enhance greater ownership and support for AUC led development initiatives amongst different levels of stakeholders both public and private would also be supported.

31. This Component 1 will fund technical assistance, consultant services, training, communication, outreach and dissemination materials, support for office refurbishing, ICT equipment and software applications design and implementation. This Component will also fund awareness raising activities with stakeholders that will help identify and prioritize partnerships for results oriented engagements for collective action for regional transformation programs which will be promoted under Component 2.

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<sup>22</sup> Very limited and approved by the Bank.

32. **Component II. Facilitating Economic Development Results with Stakeholders (US\$ 10 million).** Based on positive momentum gathered through the AUC's awareness raising and operational improvements in Component 1, this Component aims to commence supporting the difficult and long term challenges of implementing regional transformational efforts.

33. This component endeavors to leverage AUC's unique convening role and support results-oriented external partnerships and collective actions designed to enhance the implementation of regional economic development initiatives through AUC's policy harmonization, knowledge and standard setting programs. It also aims to monitor the ratification and implementation status of AU agreements in line with the AUC's Strategic Plan 2014-18 and Agenda 2063, in priority economic development areas (e.g. regional trade, agriculture, energy, infrastructure, governance, natural resource management). This component is designed to promote the AUC's collaboration with its development partners (e.g. EU, USAID, GIZ, DFID, and others) who have expressed interest in helping develop and partner in activities to be supported under this project, and to permit the scale-up of innovative and promising initiatives that collectively help to advance regional integration, transformation and African economic development.

34. This will be achieved through:

(a) **Supporting Effective External Partnerships for Regional Transformation and Inclusive Growth.** Support would encourage innovations by RECs and civil society in **promoting and sustaining intra-African trade and good governance**, in collaboration with development partners, relevant stakeholders and beneficiary groups. These innovative pilots would include: (i) efforts led by ECOSSOC's CSO sectoral cluster committees to channel civil society views into the implementation and monitoring of CFTA and other integration agreements; (ii) 'smart' methods for strengthening government statistical capacity to measure progress in regional integration and its development results; and (iii) developing and implementing good practice governance standards for investment contract negotiation and enforcement (e.g. in extractives, energy) in member states. During implementation, a consistent and sustained effort will be made to document the outcomes and lessons of these pilots so that their relevance and effectiveness can be assessed and appropriate steps can be taken to disseminate and scale up those efforts that have been successful.

(b) **Monitoring of AU Agreements and Program Implementation.** This will involve development of an AUC results monitoring and evaluation system, whereby AU agreement and program monitoring would be improved through: (i) AUC Corporate Scorecard (See Box 1 in Annex 2 for details); (ii) AU Treaties Ratification and Implementation Update; and (iii) Client Surveys through AU Organs and AU Regional Offices.

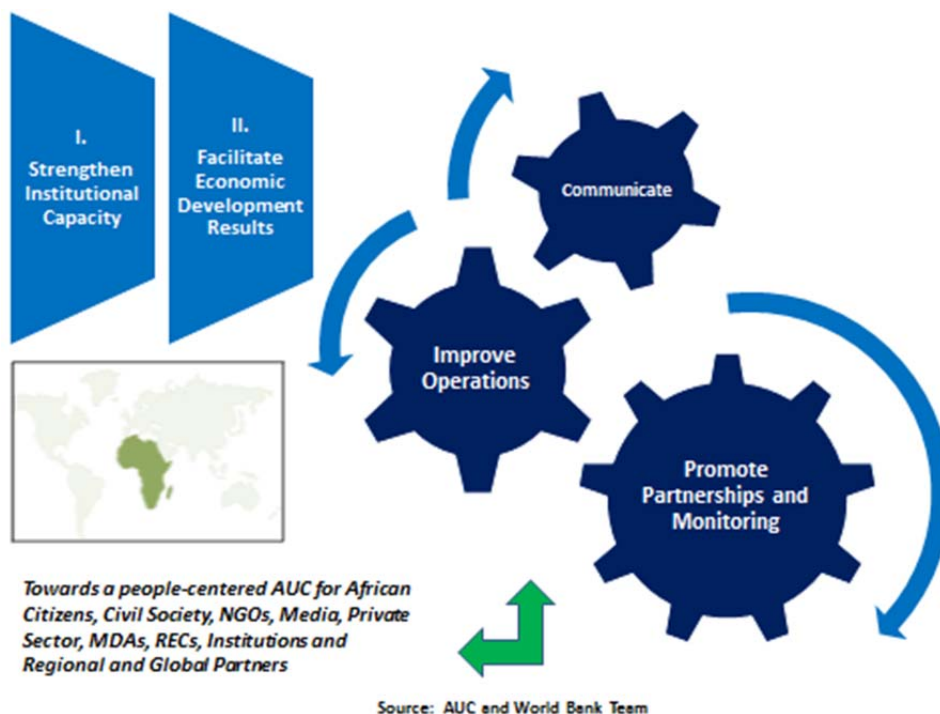
(c) **Project Annual Work Plan, M&E, Learning and Coordination.** This would involve provision of implementation and coordination support, audit assistance and project dissemination. Annual work plans (AWP) will be prepared and will be the basis of ongoing project M&E, lessons learning and adjustments. In view of the challenges associated with collective action initiatives, a learning-by-doing approach is proposed for project implementation which seeks to capture the art and science of service delivery for institutional outcomes and results where possible. (See Figure in Annex 2 for details on the systematic cyclical knowledge

sharing and participatory learning process for promoting collective actions and addressing its numerous challenges some of which are noted in paragraph 17 above).

35. The funding support under Component 2 would involve technical assistance to the AUC and participating AU Organs and entities for the organization of dialogues for consensus building and partnership development, and piloting of initiatives and dissemination of their results. These partnership initiatives would be encouraged, catalyzed and facilitated with development partners and other stakeholders to promote synergies, enhance coordination and build joint actions for sustainable change and monitoring of results.

36. Parallel financing commitments by development partners for the project has been confirmed and estimated at a total of US\$5 million<sup>23</sup> from USAID; GIZ; and EU.

**Figure 5: Project Components and AUC's Approach for Facilitating (coordinating, catalyzing) Results**



<sup>23</sup> In addition to Bank support, and as a catalytic role of this AUC led initiative, development partners are expected to provide resources from their existing and/or upcoming programs with the AUC (e.g. USAID's recently approved program of assistance; Canada's establishment of a Pan-African Office in Addis Ababa; and the current expansion and renewal of the EU-AU partnership) to assist in the implementation of the AUC's Strategic Plan 2014-17 initiatives that are related to knowledge development, capacity building, training, thematic programs and other partnership efforts. It is important to note that AUC development partner assistance programs are in various stages of development or renewal, especially in recently completed programs. Therefore a **parallel financing mechanism** is suggested for the project so that Bank assistance is able to facilitate results without being directly tied to other assistance. This mechanism will also permit flexibility and encourage donors to join efforts at their own pace and priorities and as project implementation progresses.

## E. Project Financing

### Investment Project Finance (IPF)

37. Regional IDA grant in the amount of US\$25 million will be provided to AUC for project implementation. The project meets the eligibility criteria for a regional IDA grant: (a) the grant recipient will be the AUC which has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the activities financed; (b) the AUC does not meet eligibility requirements to take on an IDA credit because it is not generating revenue and would not be in a position to repay the credit; (c) the costs and benefits of the activity to be financed with an IDA grant are not easily allocated to national programs because the regional nature of the activities; (d) the activities to be financed under the IDA grant are related to coordinated interventions to provide regional public goods because they are designed to contribute to regional integration knowledge and results generating programs; (e) the AUC supports the strategic objectives of IDA in regional integration (e.g. Sahel and Great Lakes) and (f) grant co-financing for the activity is not readily available or sufficient from other development partners. Furthermore, the project conforms to the Africa Region's selection criteria for Regional Operations in Africa, including strategic relevance, regional solution, quality, and partnership.

### Project Cost and Financing

38. The total project costs have been estimated at **US\$ 25.0 million equivalent**. The project costs are summarized in Table 1.

**Table 2: Summary Project Costs**

Project Cost By Component and/or Activity	Total US \$million	IDA Financing	% of Baseline Cost
<b>1: Strengthening Institutional Capacity</b>	15.0	15.0	60
1.1: Enhancing Corporate Governance and Management Systems and Procedures in Strategic Planning, Financial Management, Budgeting, Procurement, Recruitment, Conference Management and other Services as per International Standards.	4.0	4.0	
1.2: Driving Operational Efficiency Through Modernization of ICT Infrastructure Development of Human Resources and limited Peer-To-Peer Learning.	7.0	7.0	
1.3: Enhancing Stakeholder Communication, Feedback and Participation Through Branding, Media and Outreach	4.0	4.0	
<b>2: Facilitating Economic Development Results With Stakeholders</b>	10.0	10.0	40
2.1: Supporting Effective External Partnerships for Regional Transformation and Inclusive Growth	7.0	7.0	
2.2: Monitoring of AU Agreements and Program Implementation	2.0	2.0	
2.3 Project Management and Learning	1.0	1.0	
Total Baseline Cost		25.0	100
<b>Total Project Costs</b>	25.0	25.0	100
<b>Total Financing Required</b>		25.0	100

39. **Retroactive Financing.** All eligible expenditures that would be incurred on or after March 17, 2014 up to the date of the signing of the financing agreement, up to an aggregate amount not to exceed US\$500,000 equivalent, would be eligible for retroactive financing.

## **F. Lessons Learned and Reflected in the Project Design**

### **40. Political economy of collective action in sub-regional and continental level matters.**

The AUC is an atypical organization: it has a unique convening role but has policy overlaps with other entities (e.g. RECs); a track record of resistance to change; and inter-institutional coordination gaps. In view of these complexities, this project aims to promote extensive outreach, communication and win-win solutions so that civil society, African Diaspora, private sector, RECs, AU Organs, development partners and other entities can join forces and speed up economic development and transformation in the region.

**41. People-centered results measurement matters.** As there is no shortage of policy declarations, communiques, and reports generated by the AUC and AU institutions, adequate follow up of their implementation is needed according to the AU Audit and lessons learned under the AUC's Second Strategic Plan 2009-12. This project will help "establish better monitoring, accountability, and coordination processes, standards, and mechanisms for member state practices vis-a-vis the AU vision"<sup>24</sup> through the implementation of the AUC Balanced Scorecard so that AU agreements can be tracked and disseminated widely. More attention will be placed on outcomes and less on outputs (workshops, seminars, etc.) and assistance will be provided to stakeholders so they can translate outputs into outcomes through knowledge development and evidence based decision making.

### **42. International benchmarking in service delivery and results based planning matters.**

The AUC's institutional upgrade requires actions across multiple dimensions of the organization (e.g. structure, systems, procedures, etc.) that should be measured against clear yardsticks. The project recognizes this need and aims to develop AUC's organizational systems and procedures by deploying world class integrated solutions such as the International Public Sector Accounting Standards (IPSAS) to achieve better budget outcomes. State-of-the-art ICT tools will be promoted to enhance conference planning and citizen outreach. Support for peer learning and skills upgrading will help staff feel part of the improvement process and enhance their ownership and commitment to change. Results oriented planning methods would be promoted with AUC and AU organs which can improve the strategic orientation of their programs and projects.

### **43. Learning and knowledge sharing and coordination among AU staff, development partners and other stakeholders matters.**

Institutional reform comprises of, among other elements, a long term process of stakeholder engagement; the deployment of new work methods and tools; the improvement of skills and expertise; and the management of impacts and change. In view of this, a learning-by-doing approach will be adopted so that the project can gradually build up capacity and develop knowledge for results through consultations, research, technical dialogues and ICT platforms to help AUC move towards becoming a more efficient, effective, and capable body that responds to people's needs. AUC has a development partner group which meets regularly, and has expressed interest and contributed to the development of this project. This group would be leveraged to exchange views, share lessons and promote innovation pilots (see the learning framework for the project in Annex 2).

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<sup>24</sup> See AUC Third Strategic Plan 2014-17 and Annex 7 Part III for details.

44. **Financial private sector and donor resources for regional transformational impacts matter.** Many of the continental programs, such as the Program for Infrastructure Development (PIDA), require huge capital investments (e.g. billion over years) that cannot come from member states or other public entities alone and where donors can play a key role. This project plans to encourage development partners, private sector and other entities to increasingly fund regional programs and assist AUC develop alternative sources of funding to enhance sustainability for these programs and the AUC.

#### **G. Alternatives Considered and Reasons for Rejection**

45. **Support for Capacity Development of AUC/AU Organs versus Direct Investment in AU Continental Regional Integration Programs.** The AUC is the AU's administrative office and provides coordination and facilitation support to different AU organs and institutions for all AU member states. As noted in section II, the AUC's current capacity is too weak to undertake an enhanced engagement with stakeholders on speeding up the implementation of the regional integration projects coordinated and facilitated by the AUC's eight portfolio departments. Among other factors, this is due to internal capacity challenges, policy overlap issues and resource gaps that hinder attempts to co-fund or facilitate region wide fundraising efforts for these programs. Also, the resources needed to scale-up investments in transformation projects are huge and cannot be accommodated through technical assistance activities under this project. As development partners are already supporting regional investment projects at the AUC in collaboration with AfDB and others, there is a need for complementarity. Focusing on building the AUC's internal capacity and fostering innovative partnerships with other AU organs, RECs and civil society would add-value to the regional integration process, as it would complement other donor efforts that aim to improve service delivery while facilitating partnerships among various stakeholders for results. This collaborative approach would enhance collective action to improve development outcomes. Fund raising activities would also strengthen the AUC's role in facilitating accelerated and scaled-up attention to regional integration projects.

### **III. IMPLEMENTATION**

#### **A. Institutional and Implementation Arrangements**

46. **As per the AUC Chairperson's letter of May 3, 2013, AUC has requested Bank capacity building support and has assigned a team to prepare the project through a participatory process.** This project preparation team comprised of AUC experts in procurement, financial management, communication, IT, conference services, protocol, facilities, planning and M&E, among others. For project implementation, a technical Project Coordinator with qualifications and terms of reference acceptable to the Bank will be appointed, who will coordinate the technical work of different AUC experts and that of additional consultants (e.g. specialists in procurement, accounting, information technology, IPSAS, institutional development and HRD) that will be needed for project implementation (that is the overall project management team). Project implementation will take into account existing AUC structures and avoid duplication. It will also conform to the AUC financial rules and regulations as per the statutes of the AU 2014, whereby the Chairperson is the accounting officer of the AU, and the Deputy Chairperson is the controlling officer of the AUC. The participatory process of

consultation with various AUC department staff and development partners will continue during project implementation to promote ownership of institutional improvements and will be a key responsibility of the project coordinator and the rest of the implementation team (See Annex 6 for a partial list of persons who have worked on the project).

47. **The Project is results-based by design and requires learning reviews at high management levels.** The results are a subset of the AUC Third Strategic Plan 2014-17. The AUC seeks to deploy a learning-by-doing results approach in which coherent results packages are defined, budgeted, implemented and assessed in order to create focused commitment, generate results, and develop the motivation and momentum for taking on subsequent tasks. As needed, support will be provided to the Office of the Chairperson and Deputy Chairperson to lead project learning and implementation reviews. The Project Coordinator will coordinate with different AUC departments and will have the responsibility to take day to day decisions for project implementation.

48. **Annual Work Plan.** Project implementation and learning would be guided through the annual work plan process. The AUC will prepare under terms of reference acceptable to the Bank, an annual work plan of activities (including training and workshops) proposed for inclusion in the Project during the following calendar year, together with a budget and financing plan for such activities and a timetable for their implementation. Based on an annual progress evaluation and lessons learned exercise the subsequent Annual Work Plan will be developed (see Annex 2 for details).

49. **Training/Workshops.** The AUC shall ensure that in preparing any training or workshops proposed for inclusion in the Project under an Agreed Annual Work Plan, it shall identify in the work plan: (a) the objective and content of, and justification for, the training or workshop envisaged; (b) the selection method of institutions or individuals conducting such training or workshop, and said institutions if already known; (c) the expected duration and an estimate of the cost of said training or workshops; and (d) the personnel selected to attend the training or the workshop.

## **B. Results Monitoring and Evaluation**

50. **The project's key monitoring indicators are generally consistent with AUC's Third Strategic Plan 2014-17 (See Annex 1).** The AUC will regularly monitor the PDO level and intermediate results level indicators in accordance with the results framework specified in Annex 1. Project management team will be responsible for M&E on an on-going basis. Project progress will be disseminated internally and externally to promote change and seek feedback. Design of AUC Balanced Scorecard, an important evaluation and monitoring indicator, will be carried out in the second year of project implementation.

## **C. Sustainability**

51. **Sustainability depends critically on the AUC's sustained commitment to its mandate.** This mandate stipulates that the AUC to work towards Africa's regional integration and development by strengthening its organization and facilitating and collaborating with other AU Organs and institutions.

52. **The PRC has given the AUC pre-budgetary authorization to receive the regional IDA grant from the World Bank.** As per AUC norms, external assistance for capacity development requires the authorization of the AU's Permanent Representatives' Committee (PRC), which comprises of member states' ambassadors located in Ethiopia. The annual budget preparation process for the 2014 fiscal year included proposed support from the World Bank to help assist the AUC improve its operational performance and enhance its outreach to stakeholders through the provision of specific capacity development tasks. This pre-authorization will allow for the start of project implementation as scheduled in mid-2014, after the necessary Bank and AUC approvals have been accorded.

53. **The AUC leadership's commitment towards improving the efficiency and effectiveness of the institution is very high.** The leadership has prepared a comprehensive strategic plan for 2014-17 after a consultative and participatory process. AUC staff, REC members, RECs, and many other stakeholders participated in the process and the plan was then formally presented to member states and was adopted and approved. Necessary policy and organizational improvements have been initiated by AUC management to underpin the plan's implementation. Since the proposed Bank support ties in with the AUC's Strategic Plan, there is sufficient political backing, management commitment and staff ownership to make the capacity improvement process a sustainable reality.

54. **The AU Agenda 2063 underlines the political commitment to improve and demonstrate results.** The exercise was initiated by senior AUC management to consult stakeholders on the need to speed up the continent's development and make AUC a more people-centered institution that is able to meet its mandate and fulfill its obligations to member states. Public support for change, staff commitment, pledges of financial support from development partners and the call of member states' to improve AUC performance is expected to make the capacity development effort visible and sustainable.

#### **IV. KEY RISKS AND MITIGATION MEASURES**

55. **The Operational Risk Assessment Framework sheet with appropriate mitigation measures (Annex 4) describes the potential risks for this operation. Overall the risk is rated as substantial (see Risk Rating Summary Table ahead).** While the risk at preparation was high and will be substantial during implementation, the AUC is taking several measures under its ongoing institutional capacity building program such as IPSAS, and new Financial Rules and Regulations to help mitigate the risks. Adopting a participatory approach, project preparation involved close collaboration between the Bank and AUC Teams to define project activities, expected results, implementation arrangements, M&E arrangements and budget. For project implementation AUC has drafted the project operations manual and will hire support consultants for coordination (e.g. accountant, procurement specialist) with terms of reference and qualifications acceptable to the Bank. In order to manage partnership risks, the project team will continue its outreach to development partners (e.g. with USAID, EU, GIZ, DFID, SIDA and others) and keep them informed.



### Risk Rating Summary Table

Risk Category	Rating
<b>Project Stakeholder Risks</b>	
- Stakeholder Risk	Substantial
<b>Implementing Agency (IA) Risks (including Fiduciary Risks)</b>	
- Capacity	Substantial
- Governance	Substantial
<b>Project Risks</b>	
- Design	Substantial
- Social and Environmental	Low
- Program and Donor	Substantial
- Delivery Monitoring and Sustainability	Substantial
<b>Overall Risk</b>	
- Implementation Risk	Substantial

## V. APPRAISAL SUMMARY

### A. Economic and Financial Analyses

56. In compliance with OP 10.0 paragraph 5, this project has undergone an economic analysis using the least cost approach. This method matches the project’s regional integration approach, institutional development and capacity building focus, the need for public sector financing and the value-added of Bank support. The key question is whether the combination of activities selected to achieve the PDO is likely to represent the least cost solution. At the same time, as AUC is the pre-eminent regional institution covering economic development, citizen participation and peacekeeping and security, there was only one institutional choice. The least cost approach has been considered in terms of (i) alternative solutions, (ii) efficiency gains, (iii) programmatic gains, (iv) leveraging and (v) proof of absorptive capacity.

57. **Alternatives.** In terms of programmatic approach, the most likely alternative considered was individual grants to leading RECs or a subset of AUC organs. The administrative complications and the layers of approval and multiple stakeholders would have introduced delays, unconstructive competition, duplication, and higher operating costs. This would have represented at least several hundred thousand dollars of additional administrative costs. In some cases, a specific activity would not have been undertaken due to economies of scale, such as the IT investments for the AUC. Such investments only make sense at the overall AUC level.

58. **Efficiency gains.** With Bank support, the AUC will be able to expand its professional services to RECs, governments, and citizens. The first example of improved efficiency involves a specific capacity building plan for different levels of the institution related to planning, management, and information technology (IT). In addition, investments in IT systems will improve administrative and managerial efficiency. A related indicator covers budget execution. In 2013, the budget execution rate was a disappointing 55 percent, but the projection based on project assessments and systems improvements is a rate of 80 percent by 2018. This is an efficiency gain of 45 percent in terms of budget use.

59. **Programmatic Gains.** Investing in the AUC can leverage information that would benefit the three important regional initiatives in Africa (that the Bank and other partners are also supporting) – the Horn of Africa, the Great Lakes Region, and the Sahel. The Great Lakes initiative alone could represent an additional US\$1 billion in investment, support for social and economic programs and projects. If the AUC helps participating regional entities to improve their performance by even a small percentage, this could generate several million dollars of savings by improving the efficiency of these large poverty oriented initiatives.

60. **Leveraging.** A fundamental advantage of the AUC is the huge network of existing partnerships with national, regional and global institutions. This has been built over recent years thanks to its visible and credible presence in peacekeeping missions, but also increasing through other programs. Concentrating the investment in the AUC will enable the institution to use these relationships to leverage its programs.

61. **Proof of Absorptive Capacity.** Recent expanded activities under the peacekeeping and security programs demonstrate that investments in AUC capacity can have concrete, short term results on the ground. Reviews of capacity during appraisal confirmed that the AUC is ready for this investment.

62. In conclusion, in terms of economic analysis, the five considerations (i) alternative solutions, (ii) efficiency gains, (iii) programmatic gains, (iv) leveraging and (v) proof of absorptive capacity support this approach to strengthening the AUC and, through it, the continent's efforts in regional integration.

## **B. Technical**

63. **The project's technical design is based on an institutional analysis of the AUC and its organizational setting within the AU institutional architecture (see Annex 7 for details).** The proposed improvements in institutional outreach; organizational and human resource development; ICT and communications infrastructure; and knowledge sharing approaches and tools comply with the Third AUC Strategic Plan 2014-17 and are appropriate to the Recipient's needs and capabilities, as well as international best practices and standards. Experts have reviewed the technical specifications of equipment, including computing and communications equipment, as well as the administrative, financial management and procurement systems and human resource training needs. Knowledge exchange needs for priority economic development topics have been analyzed as well. During implementation technical specialists will continue to support the project to ensure timely completion of knowledge sharing, IT, training and other capacity development tasks and dissemination of progress and results.

## **C. Financial management**

64. **An institutional financial management (FM) assessment has been conducted.** This assessment is in accordance with the Financial Management Manual issued by the Bank's Financial Management Sector Board in March 2010. The assessment aimed to determine whether the participating institution has adequate financial management systems and related capacity in place which satisfies the Bank's Operation Policy/ Bank Procedure (OP/BP) 10.00. It also identified key perceived financial management risks that may affect program

implementation and developed mitigation measures against such risks. The assessment was initially conducted in 2012 and has now been updated with the latest status and situation.

65. **During project implementation, the AUC's Directorate of Programming, Budgeting, Finance and Accounting will coordinate financial management arrangements.** The FM arrangements related to budgeting, accounting, financial reporting, internal controls, funds flow and auditing are adequate for the project except that there will be a need to recruit an additional project accountant within three months after effectiveness to complement existing staff given their current workload. Disbursements to the project will be done using Report based disbursement method but other disbursement methods such as reimbursements, special commitments such as letters of credit and direct payments can also be used.

66. **Based on the assessment conducted, the proposed FM arrangements meet the IDA's requirements as per OP/BP 10.** These systems should be able to provide timely and accurate information on the status of the project required by IDA. However, risk mitigation action plans were agreed to address some of the challenges and risk observed. The residual FM risk, after implementation of mitigation measures, is rated as **Moderate**. Detailed FM arrangements are documented in the FM assessment report (see Annex 3).

#### **D. Procurement**

67. **The overall procurement risk rating for the project is Moderate.** Procurement under the project would be carried out in accordance with: (i) "Guidelines: Procurement of Goods, Works, and non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011; (ii) "Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011; (iii) "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" dated October 15, 2006; and (iv) the provisions stipulated in the Legal Agreements. Initial Procurement Plan for the project is provided in Annex 3.

68. **The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.** As part of the project preparation, the World Bank has undertaken a procurement risk assessment of the AUC. The AUC has prior experience with Bank procurement procedures and has the requisite staff on board to handle procurement. However, additional procurement staff will be hired by the project to handle increased work and to strengthen the capacity of its contract management functions so that compliance rate could be improved and efficiency enhanced. Skills training for procurement staff will also be arranged on a regular basis to improve quality of service provision and help implement new initiatives (e.g. e-procurement).

#### **E. Social**

69. **AUC's Strategic Plan 2014-17 was a result of an elaborate consultative process.** The proposed project was also designed with the participation and feedback from AUC staff, PRC members, development partners, regional economic communities, Diaspora representatives, civil society groups, think tanks, and media experts, among others.

70. **The project will continue to adopt the participatory and consultative approach used from project design to implementation and encourage learning.** It will also a) strengthen the capacity development process by disseminating progress and results to stakeholders; b) allow stakeholders, both within AUC and in the region to receive information on the project via electronic and print media presentations and focus group discussions; c) support knowledge sharing of international best practices on priority topics; d) enhance the AUC's economic leadership role in the region; and e) support peer to peer exchanges with sister institutions such OAS and ASEAN to promote learning and foster a culture of change within the institution.

71. **An improved access to information is central to building a people-centered brand of the AUC and facilitate sustainable collective actions.** Through the modernization of communication and stakeholder outreach mechanisms, AUC plans to proactively engage citizens, RECs, members states, African Diaspora and other public and private sectors actors into its consultation process. Organizational and IT upgrades, combined with skills training of staff and planning assistance, would permit organizational changes that expand the role of representational offices in the outreach towards member states and other stakeholders.

72. **Demonstration of results and monitoring of performance helps build trust and credibility of the change process.** AUC plans to put out an AUC Balanced Scorecard, AU Agreement Ratification Updates, and Client Surveys to monitor progress and share accomplishments with respect to the completion of commitments made at high level forums and those outlined in the AUC Strategic Plan 2014-17, with special attention to economic development priorities identified by the AUC and the recommendations of the Agenda 2063 process which would outline long term improvement plans.

#### **F. Environment (including safeguards)**

73. **Environmental Category Rating: The proposed project is rated Category C for environmental purposes.** The project does not trigger any environmental or social safeguard policies of the World Bank.

#### Safeguard policies

<b>Safeguard Policies Triggered by the Project</b>	Yes	No
Environmental Assessment (OP/BP 4.01)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OP/BP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources (OP/BP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>

\* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

## ANNEX 1: RESULTS FRAMEWORK AND MONITORING

### AFRICA – SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION COMMISSION AND OTHER AFRICAN UNION ORGANS PROJECT (P126848)

<b>PROJECT DEVELOPMENT OBJECTIVE (PDO):</b> Strengthen AUC's capacity to facilitate economic development results and transformation through enhanced institutional efficiency.												
PDO Level Results Indicators*	Core	Unit of Measure	Baseline 2012/13	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018				
1. Number of AU institutions that have strategic plans as per the AU vision and mission		Number	2 (Currently AUC and NEPAD have strategic plans as per AU vision and mission)		3	3	4	5	Annual	AU and AUC reports	AUC	Determine the extent to which AU institutions have strategic plans as per the AU mission and vision (alignment verified based on results indicators)
2. An improved AUC budget execution rate that demonstrates better organizational efficiency		%	55		60	65	70	80	Annual	AUC reports	AUC	Measure improvements in efficiency gains
3. Number of innovative external partnerships with RECs and civil society for promoting and sustaining intra-African trade and good governance, in collaboration with development partners, relevant stakeholders and beneficiary groups.		Number	0	1	2	3	3	3	Annual	AUC and stakeholder reports	AUC	Document the outcomes and lessons of these new and ground breaking pilots so that their relevance and effectiveness can be assessed, and appropriate steps can be taken to disseminate and scale up those efforts that have been successful (e.g. measure no and types of beneficiaries in the public and private sectors, no of standards set, policy improvements, costs and resources

													mobilized, number of women, and youth participants, etc.)
4. Enhanced capacity for monitoring the implementation of AU agreements and programs		Number	0	0	1 (e.g. AUC Scorecard)	2	2	2	Annual	AUC and stakeholder reports	AUC		Capture improvements in the dissemination of results through the AUC Scorecard and other means, both at the AUC and member state levels.
<b>Intermediate Level Results Indicators</b>													
	Core	Unit of Measure	Baseline 2012/13	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)	
				Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018					
<b>Component 1: Building Strong Institution</b>													
1. Institutional structure of AUC reviewed and strengthened			Institutional assessment of AUC completed, Implementation yet to be done	Institutional assessment of AUC completed, Implementation yet to be done	Organizational staff training commenced in new work methods	Staff training continued	Staff training continued	Completed institutional restructuring for AUC	Annual	AUC reports	AUC		Determine adherence to administrative and corporate protocol of service delivery
2. International Public Sector Accounting Standards (IPSAS) adopted in AUC and select AU organs			(The policy for introduction of IPSAS was approved in 2013 and not yet implemented)		Staff training and manuals and systems development	Staff training and manuals and systems development	Staff training and manuals and systems development	Yes	Annual	AUC reports	AUC		Determine successful adoption of IPSAS in AUC and select AU organs
3. Service delivery of key services enhanced,		Months	8 (e.g. It takes about 8 months to procure goods and services	-	4	3	3	3	Annual	AUC reports, Stakeholder surveys			Determine effectiveness of service provision

	(time, quantity and quality) leading to improved satisfaction of stakeholders		valued at US\$ 100,000 or less; baseline on other services (e.g. conference, staff training provision) to be developed in year 1)									
4.	Improve compliance rate for procurement	%	50	-	55	60	70	80	Annual	AU and AUC reports	AUC	Determine adherence to procurement and financial management protocols
5.	State-of-the-art AUC ICT Center established	None				yes			Annual	AU and AUC reports	AUC	Determine successful establishment of the AUC ICT center
6.	Branding events aimed at promoting AUC programs	Number			2	4	6	6	Annual	AUC reports	AUC	Assess effectiveness of branding events to promote AUC priority programs for other partners

Intermediate Level Results Indicators												
	Core	Unit of Measure	Baseline 2012/13	Cumulative Target Values**					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018				
<b>Component 2: Facilitate Economic Development Results</b>												
7.	Number of innovative pilots with RECs and civil society, in collaboration with development partners, relevant stakeholders and beneficiary groups for supporting effective external partnerships for regional transformation and inclusive growth.	Number	0	1	2	3	3	3	Annual	AU Organs, AU Institutions and AUC reports	AUC	Determine successful establishment of new and groundbreaking innovative pilots on priority topics (e.g. intra-African trade, good governance)
8.	Number of reports issued based on the monitoring of AU agreements	Number	0	0	1 (e.g. AUC Scorecard)	2 (e.g. AU Treaty ratification update)	2 (e.g. Client Survey)	2	Ongoing	AUC reports	AUC	Determine the extent to which AUC has become a results driven organization by disseminating reports such as the AUC corporate scorecard, client surveys, and AU treaty ratification updates
9.	Dissemination of project implementation and sharing of lessons learned among stakeholders measured as number of dissemination events conducted	Number	0	1	3	2	2	2	Ongoing	AUC reports and Learning Events	AUC	Monitor Annual Work Plan and make adjustments based on lessons learned



## ANNEX 2: PROJECT DESCRIPTION

### AFRICA – SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION COMMISSION AND OTHER AFRICAN UNION ORGANS PROJECT (P126848)

1. Support under the project will assist AUC operationalize its Strategic Plan 2014-17 and the Agenda 2063 regional transformation priorities by encouraging the participation of all stakeholders including-member states, AU Organs, PRC, RECs, private sector, civil society, media, development partners, African Diaspora and citizens. Effort will also be made to draw on the AUC’s vast peacekeeping experiences. It adopts a clear hierarchy of thought for capacity support and plans to adopt a learning process of institutional development to facilitate results (See Figures ahead).
2. The proposed support will tie in with the ongoing institution building effort of AUC and build on, collaborate with and complement other development partner efforts (e.g. EU, GIZ, DFID, SIDA, USAID, AusAID).
3. The World Bank’s support will focus on enhancing AUC’s institutional capacity through two interrelated components:

**Figure 6: Hierarchy of Thoughts on Support for Capacity**



4. **Component I. Strengthening Institutional Capacity (US\$ 15 million).** The aim of this component is to improve strategic planning and management systems, budget execution, staff

capacity, and ICT to provide efficient functional, knowledge and corporate services in the AUC and other AU organs and generate awareness of AUC and other AU organs activities among stakeholders.

5. This will be achieved through:

a. **Enhancing Corporate Governance and Management Systems:** (i) This will involve provision of support for the improvement of organization, systems and procedures in strategic planning, financial management, budgeting, procurement, recruitment, administration and all other corporate services for quality service provision in the AUC and select AU organs as per world standards (e.g. adoption of International Public Sector Accounting Standards (IPSAS) in financial reporting; ISO 20121: Events Sustainability Management System in conference, translation and protocol services; and ISO/IEC 27031:2011 Information and Communication Technology readiness principles in business continuity of data services).

b. **Driving Operational Efficiency.** (i) **ICT Infrastructure.** The design and set up of a state-of-the-art AUC ICT center on the ground floor of the new AUC building with modern ICT infrastructure, applications, and mobile devices for use by AUC staff and visiting delegations, featuring data warehousing, distance learning, video conferencing capabilities. This will also support office refurbishing to accommodate modern technology; (ii) **Human Resources.** The development of a *culture of continuous improvement* among the professional, technical and general services staff by organizing executive-development programs, skills training and offering specialized courses; (iii) **limited Peer-to-Peer Learning.** This will involve promotion of peer-to-peer learning for decision makers in the AUC, AU organs, RECs and Permanent Representative Committee (PRC) with strategic partners (e.g. OAS, ASEAN, EU) to benchmark institutional performance by using technologies, retreats and exchange visits<sup>25</sup> based on annual work plan;

c. **Enhancing Stakeholder Communication, Feedback and Participation.** This would involve support for Integrated Development Oriented results based communication, information, branding and linking stakeholders via TV, radio, social media, mobile technology, and other means. Outreach activities that enhance greater ownership and support for AUC led development initiatives amongst different levels of stakeholders both public and private would also be supported.

6. This component will fund technical assistance, consultant services, training, communication, outreach and dissemination materials, support for office refurbishing, ICT equipment and software applications design and implementation. This Component will also fund awareness raising activities that will help identify and prioritize partnerships for results oriented engagements with stakeholders for collective action for regional transformation programs which will be promoted under Component 2.

7. **Component II: Facilitating Economic Development Results with Stakeholders (US\$10 Million)** Based on positive momentum gathered through the AUC's awareness raising

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<sup>25</sup> Very limited and approved by the Bank.

and operational improvements in Component 1, this Component aims to commence supporting the difficult and long term challenges of implementing regional transformational efforts. This component endeavors to leverage AUC's unique convening role and support results-oriented external partnerships and collective actions designed to enhance the implementation of regional economic development initiatives through AUC's policy harmonization, knowledge and standard setting programs. It also aims to monitor the ratification and implementation status of AU agreements in line with the AUC's Strategic Plan 2014-18 and Agenda 2063, in priority economic development areas (e.g. regional trade, agriculture, energy, infrastructure, governance, natural resource management). This component is designed to promote the AUC's collaboration with its development partners (e.g. EU, USAID, GIZ, and others) who have expressed interest in helping develop and partner in activities to be supported under this project, and to permit the scale-up of innovative and promising initiatives that collectively help to advance regional integration, transformation and African economic development.

8. This will be achieved through:

a. **Supporting Effective External Partnerships for Regional Transformation and Inclusive Growth.** Support would encourage innovations by RECs and civil society in **promoting and sustaining intra-African trade and good governance**, in collaboration with development partners, relevant stakeholders and beneficiary groups. These innovative pilots would include: (i) efforts led by ECOSSOC's CSO sectoral cluster committees to channel civil society views into the implementation and monitoring of CFTA and other integration agreement; (ii) 'smart' methods for strengthening government statistical capacity to measure progress in regional integration and its development results; and (iii) developing and implementing good practice governance standards for investment contract negotiation and enforcement (e.g. in extractives, energy) in member states. During implementation, a consistent and sustained effort will be made to document the outcomes and lessons of these pilots so that their relevance and effectiveness can be assessed and appropriate steps can be taken to disseminate and scale up those efforts that have been successful.

b. **Monitoring of AU Agreements and Program Implementation.** This will involve development of an AUC results monitoring and evaluation system, whereby AU agreement and program monitoring would be improved through: (i) AUC Corporate Scorecard (See Box 1 below for details); (ii) AU Treaties Ratification and Implementation Update; and (iii) Client Surveys through AU Organs and AU Regional Offices.

c. **Project Annual Work Plan, M&E, Learning and Coordination.** This would involve provision of implementation and coordination support, audit assistance and project dissemination. Annual Work Plans (AWP) will be prepared and will be the basis of ongoing project M&E, lessons learning and adjustments. In view of the challenges associated with collective action initiatives, a learning-by-doing approach is proposed for project implementation which seeks to capture the art and science of service delivery for institutional outcomes and results where possible. See details ahead in this Annex.

9. The funding support under Component 2 would involve technical assistance to the AUC and participating AU Organs and entities for the organization of dialogues for consensus building and partnership development, These partnership initiatives would be encouraged, catalyzed and facilitated with development partners and other stakeholders to promote synergies, enhance coordination and build joint actions for sustainable change and monitoring of results. Parallel financing commitments by development partners for the project have been estimated at a total of US\$5 million from USAID, EU and GIZ.

### **Box 1: What is the African Union Commission Corporate Scorecard?**

An ambitious goal guides AU actions: “build an integrated, prosperous and peaceful Africa, an Africa driven and managed by its own citizens and representing a dynamic force in the international arena”.

The AUC Strategic Plan 2014-17 seeks seven objectives:

- Build Africa’s human capacity through the prioritization of Primary Health Care and Prevention; Education, Higher education, skills development and investment in Science, Research and Innovation.
- Expand Agricultural production, developing the Agro-processing and businesses sectors, increase market access and attain Africa’s collective food security and nutrition.
- Promote inclusive economic development and industrialization through the acceleration of infrastructure development projects that will aid economic integration, expand intra-Africa trade and global market access, value addition, enhanced private sector engagement, effective and sustainable utilization of the continent’s mineral and other natural resources.
- Promote peace and stability, good governance, democracy and human right as a foundation for inclusion, security and the development of the continent and its people.
- Implement strategies of resource mobilization, including alternative source of funding, to enable Africa to finance its programs and development.
- Build a people centered Union through active communication of the programs of the African Union, the branding of the Union and participation of all stakeholders in defining and implementing the African agenda.
- Strengthen the institutional capacity of the AUC, the RECs and other organs, and its relations with strategic and other partners.

The pursuit of these goals needs to be done in a sustainable manner that secures the long-term future of the African continent and its resources and culture. The AUC is committed to supporting member states in the achievement of these goals with a combination of convening, policy making, and knowledge services. The African Union Corporate Scorecard would provide information on the overall performance of the African Union, as well as the results achieved by member states, in particular on key regional development objectives. The Corporate Scorecard would facilitate strategic dialogue between AUC Senior Management, the Permanent Representative Committee members, and the Heads of State on progress that has been made and on areas that need attention.

The African Union Commission Corporate Scorecard will be developed as part of a broader effort to develop an African Union-wide results framework, with an African Union Commission Corporate Scorecard as its apex. The African Union-Wide Scorecard will be a strategic document with a relatively small number of selective indicators aligned with the AU’s goals and Strategy and the Agenda 2063 vision. It will be complemented by the African Union Commission Corporate Scorecard, and the AU Organs Corporate Scorecards. Its key indicators are expected to be reflected in the memoranda of understanding with heads of AU Organs, taking into account the particularities of each AU Organ.

The proposed African Union Corporate Scorecard would follow an integrated results and performance framework, which is organized in a *three-tier structure* that groups indicators along the results chain. It would present a high-level view and program-level information of AUC activities. **Tier I** indicators would show the long-term peace, security and development outcomes that member states are achieving and provide the context and direction for the AUC’s work. These high-level outcomes cannot be attributed to the AUC because member states and their development partners

including RECs all contribute to these achievements over the long term through a combination of multi-sector interventions, actions, and policy decisions. These indicators are also affected by external factors such as regional conflicts and crises. **Tier II** indicators would provide information on the effectiveness of the AUC's operations and services. **Tier III** would focus on organizational effectiveness and explore how well the AUC is functioning and adapting to better facilitate member states in achieving results. The African Union Commission is modernizing its systems and operations for measuring and monitoring both peace building and economic development results and its own performance. These systems when implemented would generate timely information for the preparation of Corporate Scorecard. These systems would be complemented by independent evaluations of transformational regional integration programs (e.g. CFTA, CAADP, PIDA) to meet information needs.

### **A Learning-By-Doing Approach for Implementation (2014-2018)**

10. The AUC operates within a complex political economy, institutional setting and cultural context. In the past, resistance to change and other barriers have affected organizational reforms and yielded mixed results. The AUC's present management desires to make a difference and break the status quo by fostering staff engagement as well as partnerships and collaboration with other stakeholders, namely AU organs and RECs, civil society, development partners, and others. The AUC aspires to provide its clients (member states, NGOs, African Diaspora, citizens and others) a higher level of satisfaction for the services it provides and facilitate collective action for fostering economic development in Africa. To do so, the AUC's management recognizes its need to develop its organizational systems and procedures by deploying world class integrated solutions to achieve better collective results. It also believes that: a) the AUC's institutional modernization should be felt by staff and external stakeholders alike; b) staff should understand the AUC's desired shift in work culture (i.e. from transactions—e.g. number of workshops and meetings held—to results and outcomes); c) staff should recognize themselves as playing a role in the AUC's success; and d) staff and beneficiaries (stakeholders) should have the tools to work together along the change process and enhance their knowledge base to meet the needs of modernization.

11. In view of the above to manage the risk of collective action challenges, a learning-by-doing approach is proposed for the AUC's capacity development as it strives to meet its goal of becoming facilitating peace and economic development in Africa. This approach would essentially entail the art and science of service delivery for institutional collective outcomes. "The art is in the innovation and adaptability of the actors and different delivery models, while the science lies in replicating and scaling those models for bringing services to the people." Meanwhile, the overall strategy is deployed with multiple elements, knowledge tasks and planning iterations that sometimes occur concurrently (see Figure below).

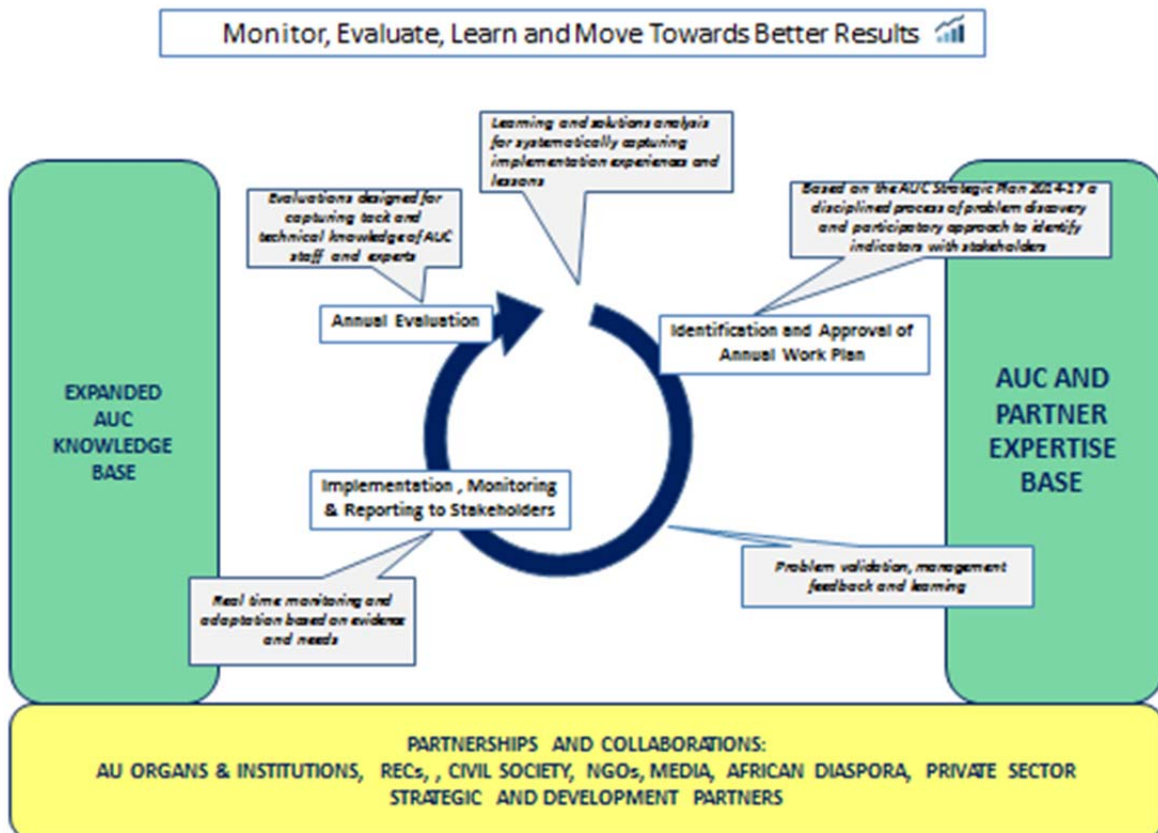
12. Based on project components that cater to the priorities of the AUC's Strategic Plan, an Annual Work Plan (AWP) will first be developed by identifying problems and exploring solutions through a participatory process that allows staff from different departments (and backgrounds), stakeholders from partner institutions and collaborating AU organs, and experts hired for the project to meet, discuss and agree on concrete actions and indicators for monitoring intermediate progress results. Then, after problem validation and real time M&E, feedback to concerned decision makers will be provided and the Annual Work Plan may be adapted to reflect implementation lessons. Based on an annual progress evaluation that captures technical and tacit

knowledge from the AUC staff leading the project implementation, a subsequent Annual Work Plan will be developed.

13. Project leaders and stakeholders will be sensitized and exposed to international best practices by providing peer-to-peer learning (e.g. with EU, OAS, ASEAN) through multiple means (video conferencing, retreats and limited exchange trips approved by the Bank as part of the annual work plan. To facilitate change, other metrics will be developed, such as the launch of a dedicated section on the AUC’s website that provides guidelines and targets for institutional modernization and team leader profiles, as well as the preparation of videos for disseminating lessons learnt and project accomplishments.

14. Eventually, during the course of the project, the learning-by-doing (systematic cyclical knowledge sharing and participatory process) is expected to build project ownership and permit the scale up of models for efficient service delivery and collective action development by the AUC. It would strengthen the AUC’s leadership and credibility among partners and stakeholders as an institution which delivers policy results for Africa.

**Figure 7: Learning by Doing Approach**



## **ANNEX 3: IMPLEMENTATION, FINANCIAL MANAGEMENT, AND PROCUREMENT ARRANGEMENTS**

### **AFRICA – SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION COMMISSION AND OTHER AFRICAN UNION ORGANS PROJECT (P126848)**

#### **Implementation Approach and Arrangements**

1. The project seeks to adopt a participatory and learning process for institutional upgrade. As per the AUC Chairperson's letter of May 3, 2013, AUC has requested Bank capacity building support and has assigned a team to prepare the project through a participatory process. This project preparation team comprises of AUC experts in procurement, financial management, communication, IT, conference services, protocol, facilities, planning and M&E, among others. For project implementation, a technical Project Coordinator will be appointed acceptable to the Bank, which will coordinate the technical work of different AUC experts and that of additional consultants (e.g. specialists in procurement, accounting, information technology, IPSAS, institutional development and HRD) that will be needed for project implementation (that is the overall project management team). Project implementation will take into account existing AUC structures and avoid duplication.

2. As needed, support will be provided to the Office of the Chairperson and Deputy Chairperson to lead project learning and implementation reviews. The Project Coordinator will coordinate with different AUC departments and have the responsibility to take day to day decisions for project implementation. The implementation work plan format is detailed in the project operation manual. The project operation manual has been drafted by AUC and includes the annual procurement plan for the project.

#### **Financial Management Arrangements:**

##### **Executive Summary**

3. A financial management (FM) assessment was conducted in accordance with the Financial Management Manual issued by the Financial Management Sector Board on March 2010. The objective of the assessment was to determine whether the participating institutions have adequate financial management systems and related capacity in place which satisfies the Bank's Operation Policy/ Bank Procedure (OP/BP) 10.00. The policies and procedures require the borrower to maintain, or cause to maintain, for Project implementation, financial management arrangements that are acceptable to the Bank and that, as part of the overall arrangements in place for implementing the Project, provide reasonable assurance that the proceeds of the Investment Project Financing are used for the purposes for which they are granted. Financial management arrangements are the planning, budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements of the borrower and entity or entities responsible for Project implementation. The financial management assessment considers the degree to which (a) the budgeted expenditures are realistic, prepared with due regard to relevant policies, and executed in an orderly and predictable manner, (b) reasonable records are

maintained and financial reports produced and disseminated for decision-making, management, and reporting, (c) adequate funds are available to finance the Project, (d) there are reasonable controls over Project funds, and independent and competent audit arrangements are in place. The assessment also included the identification of key perceived financial management risks that may affect program implementation and proceeded to develop mitigation measures against such risks.

4. The assessment was conducted at the African Union Commission (AUC) back in 2012 but updated for current status and prevailing situations. The Bank also factored in lessons learnt on current Bank financed projects that are being implemented at the AUC. These are Comprehensive Africa Agriculture Development Program (CAADP) and IDF Grant for Strengthening AU's Citizen and Diaspora Directorate Project.

5. The residual FM risk, after implementation of mitigation measures, is rated as Moderate. The main strength of the Project is that the AUC has knowledge of the Bank operations including FM requirements. There are strong systems in place in regard to budgeting, accounting, internal control and reporting. The main weaknesses relate to limitations of the internal audit unit/department to audit Bank financed projects. Staffing was noted as a challenge not on capacity but on numbers given the workload of the current existing staff. In addition challenges were noted in the coordination between departments of the AUC in project implementation and particularly on financial reporting. Weak disbursement rate was also another lesson learnt. Action plans that encompass the mitigation measures for the risks and weaknesses are prepared and agreed.

6. The project financial management arrangements, largely following the existing arrangement of current active projects, will be coordinated and managed by the AUC Headquarters, more specifically the Directorate of Planning, Budgeting, Finance and Accounting. The computerized accounting system (SAP) works satisfactorily in recording, processing and reporting on the AUC financial transactions. The AUC regular budget execution reports and the interim financial reports as well as progress reports would be used for project budget monitoring. An accountant dedicated for this project will be recruited within 3 months of effectiveness. Sound internal control procedures are in place, including internal audit function. However, there is limited internal audit oversight on Bank financed projects. AUC has established an Audit Committee to oversee how management effectively addresses the audit issues flagged in the internal audit report. Moreover, the internal audit charter has been approved.

7. Disbursements-The AUC will have all the disbursement methods available. These are Advances, Reimbursement, Direct Payment and Special Commitment. Advances from the World Bank would be made on the basis of Report based disbursements using quarterly Interim Financial Reports (IFRs). For this purpose, the AUC will open Designated Account for the project.

8. Financial Reporting and Audit-The AUC will prepare and submit quarterly unaudited Interim Financial report (IFR) for the Project. The contents and formats of the IFR has been agreed during appraisal. The AUC is required to have the project auditor selected within 3 months of effectiveness and will have annual audits conducted. The AUC will then submit



project audited financial statements to IDA in a form and content satisfactory to the Bank. The audit TORs will be agreed during appraisal.

9. FM-related covenants include (i) maintenance of a satisfactory financial management system for the project; (ii) submission of interim financial reports for each quarter within 45 days of the end of the quarter; (iii) submission of annual audited financial statements and audit report within 6 months of the end of each fiscal year and (iv) the Project will be subject to an internal audit review once per year. The report will be shared with the Bank.

10. Effectiveness conditions are not envisaged but action plans are agreed and shown in below sections to address FM issues, weaknesses and challenges noted. Currently, in respect of the current Bank financed projects, no outstanding audit and interim financial reports are due from the AUC.

11. Based on the assessment conducted, it is the conclusion of the Bank's FM assessment that the FM arrangements meet the IDA's requirements as noted under OP/BP 10. It is adequate to provide, with reasonable assurance, accurate and timely information on the status of the project as required by IDA.

### **Summary Risk Assessment and Mitigation**

12. The residual FM risk, after implementation of mitigation measures, is rated as Moderate. The main strength of the Project is that the AUC has knowledge of the Bank operations including FM requirements. There are strong systems in place in regards to budgeting, accounting, and internal control. The main weaknesses relate to limitations of the internal audit unit/department to audit Bank financed projects. Staffing was noted as a challenge not on capacity but on numbers due to workload of current staff. Lessons learnt from existing projects is that there are apparent challenge in the coordination and collaboration between departments/Directorates of the AUC in implementing a project. Weak disbursement rate was also another lesson learnt. Action plans that encompass the mitigation measures for the risks and weaknesses are prepared and agreed.

### **Implementation Arrangements**

13. Project financial arrangements will be coordinated and managed by the AUC Headquarters, more specifically the Directorate of Planning, Budgeting, Finance and Accounting. The Directorate, apart from assuming overall financial management responsibility for project funds, will ensure that: (i) the project financial management activities are carried out efficiently and in accordance with acceptable international accounting standards; (ii) the project financial affairs and administration are carried out as per the Financing Agreement; (iii) qualified accountant is recruited and assigned to handle the project funds; (iv) regular financial reports are produced and submitted to stake holders including the Bank, (v) adequate internal controls are in place and AUC internal audit unit provide regular support to the project; and (vi) the project financial transactions are audited by independent accountant in accordance with international standards on auditing.

## **Budgeting**

14. The budgeting guideline embedded in the ‘Financial Rules and Regulations’ spells out important budgeting procedures, including budgeting cycle, budget calendar, responsibility, etc. SAP and the African Monitoring Evaluation and Reporting Tool (AMERT) software is used for budget preparation and monitoring. The budgeting guidelines, capacities and systems are adequate to be used for Bank-funded projects. The most important issue here is that programs or projects including Bank financed ones should take note of budget calendar to ensure the project’s budget is included in annual budget by following the budget calendar as failure to do so will have significant issues in using the funds for the budget year and hence will lead to delays in project implementation and budget utilization. The Project work plan and associated costs will be worked out. The annual detail work plan and annual budget disaggregated in quarterly basis will be approved by the Bank.

15. Budget monitoring starts at transaction level in ensuring that transactions have budgets but includes analysis and reporting where the AUC regular budget execution reports and the interim financial reports as well as progress reports would be used for budget monitoring. All this will be supplemented by the SAP system.

16. Lessons learnt from existing projects notes low budget utilization due to procedural and project implementation issues. It also indicates the need for much more realism in budget preparation where it is recommended that budgets have to be pragmatic and grounded on practical realities. Furthermore there are limitations in providing adequate explanation for budget variances which should be improved.

## **Accounting**

17. *Basis of Accounting and Financial Management Manual:* AUC maintains its accounts on a double entry, modified accrual-basis of accounting. The organization’s ‘Financial Rules and Regulations (FRR)’, approved by the Head of States, codifies key procedures and regulations in budgeting, payment, accounting, reporting, auditing, etc. African Union has adopted IPSAS as per decision of January 2013 summit. This entails the implementation of recently adopted FRR and IPSAS. For accounting purposes, the AUC’s fiscal year is from January to December, however, the annual budget is approved in June.

18. *Information system:* AUC has a computerized accounting system called ‘SAP’ accounting software. This system will be used to record and report on the project financial transactions. The project accounts will be integrated with the SAP system with general and subsidiary ledgers. The system is user friendly and incorporates a variety of modules, including general ledger, disbursement, budget, asset register, reporting, etc. Training was provided to staff on the operation of the system. There is adequate backup on-site system and arrangement is underway to establish an off-site back system where a Business Continuity Centre is to be established in Geneva or Brussels in 2014. There is adequate internal IT support within AUC provided by the Management Information System (MIS) Division. Additional support is provided by the SAP office in South Africa on need basis for upgrade of the system and training of the users. The system rollout is progressing well. It is rolled out to some regional offices that meet defined

criteria and the rest have been provided with QuickBooks Enterprise which will interface with SAP. The existing chart of accounts is adequate to account for and report on the project activities. The Chart allows reporting of expenditures by financiers, activities, programs, and AUC's strategic pillars.

19. *Staffing:* AUC's accounting division is staffed with experienced and qualified accountants (most of them are members of the Association of Chartered Certified Accountants – ACCA, London). There were some gaps in the External Resource Management Division and to address this, a Head ERM has been appointed in July 2013. Shortlisting for two finance officers completed. Interviews were conducted in October 2013. AUC has assigned accountants to look after the financial transactions of the Bank financed project that also handle other non-Bank financed projects. However, in view of the size of the project it has been agreed to recruit one accountant fully dedicated to this project within 3 months of effectiveness. In the meantime, the existing accountant(s) handling the other Bank financed projects will be responsible until the recruitment is finalized. Training on the Bank's financial management arrangement will be provided as needed.

### **Internal Control and Internal Auditing**

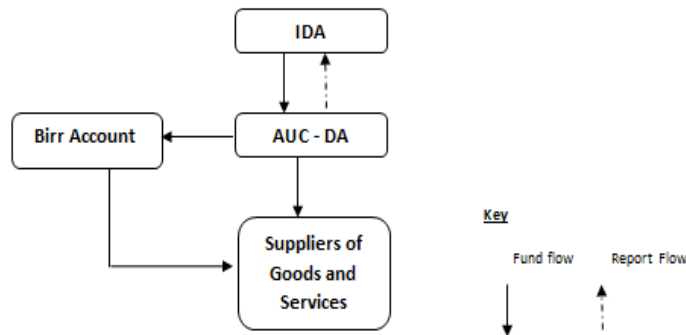
20. *Internal Control:* The FRR sets out important internal control procedures. SAP is used for processing payments and it provides adequate security to various users in terms of data entry, verification and approvals. Functional duties are adequately segregated; monthly bank reconciliations are prepared and fixed assets register is maintained on the computerized SAP system. Nonetheless, except for motor vehicles, insurance policy was not acquired for property of the organization. There are some internal control weaknesses noted in audit reports of AU. In this regard action plan has been prepared by PBFA to address internal control weaknesses.

21. *Internal Audit:* AUC has an internal audit Directorate reporting directly to the commission's Chairperson. Despite its constraint in staffing, the Directorate is performing internal audit on the AUC and program funds in the commission on a risk-based approach. Internal Audit manuals exist. Computerized auditing tools (such as MK Insight and SAP-AIS) are being used for data extraction and management. The internal audit plans exist as approved by the Chairperson and audits are under way. However, there are limitations in that the Bank financed Projects have not been subject to an internal audit review. This has to be improved and that the internal audit Directorate will include the project in its work program and perform internal audit on the project financial transactions.

22. AUC's Internal Audit Charter was approved/adopted in January 2013 as "Africa Union Internal Audit Regulations". The charter calls for the formation of two committees, i.e. the PRC Sub-Committee on Audit Matters (which follows up on all internal and external audit matters including investigations) and the Internal Audit Progress Committee (a management committee or an internal committee set up by the Chairperson of the commission, i.e. management, to follow up on implementation of audit recommendations). It was noted that this Internal Audit Progress Committee as well as the PRC Sub-Committee on Audit Matters are now operational.

## Fund Flow and Disbursement

23. *Disbursement Arrangement:* All disbursement methods would be available to the AUC. These are Advances to Designated Account, Reimbursements, Direct payment and Special Commitments. Advances from the World Bank would be made on the basis of Report based disbursements using quarterly Interim Financial Reports (IFRs). Fund flow arrangement for the project is summarized in the following chart:



24. For the advances to the designated account, the AUC will open bank accounts as follows  
 (a) *Designated Account:* AUC will open a US Dollar “Designated Account” into which the World Bank may, at the AUC’s request, deposit amounts withdrawn from the Grant Account as advance for purposes of paying for eligible expenditures as they are incurred. This account shall be opened by grant effectiveness date. (b) *Project Account:* AUC may also open “Birr” bank account for making payments in local currency to suppliers of goods and services. AUC will manage both the US\$ and local currency bank accounts. The Bank is willing to use a single designated account for the entire Bank financed projects. However, this entails amending disbursement letters of the existing projects. This also requires systems to control funds of each project.

25. In order to reduce the number of project bank accounts, the Bank will work with AUC to strengthen their capacity to have one consolidated bank account designated for projects. Each of the projects that deposit funds into the consolidated bank account will be identified in the books of accounts using funding source and project codes. However, this exercise has proved difficult as all partners want separate dedicated accounts for their projects.

26. The project will start with the disbursement methods based on Designated Account Advance. Upon grant effectiveness, AUC will be required to submit a withdrawal application for an initial deposit to the Designated Account, drawn from the Grant Account and the Bank would make advance disbursement from the proceeds of the Grant by depositing into AUC’s Designated Account based on a 6 month forecast. The advance to a Designated Account would be used by the AUC to finance eligible expenditures under the proposed Grant. Further replenishments to the designated account will be based on IFR which documents past advances and seeks for more funds through a 6 month cash forecast. Disbursement instructions are stated

in the 'Disbursement Letter' and the Disbursement Handbook and World Bank Disbursement Guidelines for Projects, dated May 2006.

27. Training will be provided to AUC staff on the Bank's financial management and disbursement arrangement as needed.

### **Financial Reporting**

28. AUC will produce and submit to the World Bank unaudited Interim Financial Report (IFR) within 45 days after the end of each calendar quarter. IFR formats are agreed. These formats will be designed to provide quality and timely information to the World Bank and various stakeholders on the project's performance. The IFR include as a minimum the following: statement of source and use of funds; statement of use of funds by activities/components (for the quarter and cumulatively for the year-to-date and the Project) with comparison against budgets; statement of movement of designated account; Statement of Cash forecast; Notes or explanation on financial performances including budget variances and finally supporting schedules, reconciliations and documents as appropriate. The 'SAP' accounting system will be used for the production of regular IFRs and annual financial statements for the project.

29. Apart from the periodic financial reports stated above, AUC will prepare Annual Project Financial Statements in accordance with acceptable international accounting standards. AUC is moving towards the adoption of International Public Sector Accounting Standards and will need technical support to achieve this requirement. In addition, the FRR will have to be revised to comply with IPSAS.

30. IFRs of the current projects are submitted sometimes on time and sometimes with a delay. The quality of the IFRs is reasonable but there is a room for improvement on the narrations or explanations on financial performances including budget variances.

### **Auditing**

31. The AUC consolidated accounts are annually audited by the Board of External Auditors (BEA). It was recommended to strengthen the capacity of BEA to issue audit qualifications in line with International Standards on Auditing or INTOSAI standards. Audit manuals for BEA should be developed and staff should be trained to achieve this requirement. Guidelines should also be developed and provided to member states with regard to the quality of auditors sent to audit the AUC. Project level auditor recruitment management and endorsement by BEA was also recommended to stream line the audit process and reduce transaction costs to the AUC. This has been acknowledged and that the BEA's mode of operation and appointment is to be considered as part of the FRR review and approval process in January 2014. In regards to the project auditor recruitment through BEA, it is subject to Development Partners acceptance of BEA's role in the appointment of external auditors for project audits.

32. The Project Financial Statements will annually be audited by an external auditor to be appointed by the AUC. The audit will be conducted in accordance with International Standards on Auditing as issued by IFAC. The auditor must be acceptable to the Bank. The audited Project Financial Statements shall be furnished to the World Bank not later than six months after the end

of each fiscal year and so audits will be due by June 30 of each year. Apart from expressing an opinion on the project financial statements, the auditor will also issue a detailed management letter containing the auditor's assessment of the internal controls, accounting system and compliance with financial covenants in the Financing Agreement. Audit Terms of reference for the project audit has been agreed during appraisal. AUC will recruit external auditor to the project within 3 months after effectiveness.

33. Lessons on existing projects notes that the audit reports were submitted to the Bank with delay due to a lag in auditor recruitment. This is a non-compliance with the financing agreement and we hope that this will be improved in future audits. Review of audit reports notes that the auditors expressed a clean (un-qualified) opinion on the financial statements of the project. Some internal control and compliance issues are noted in the Management Letters though circulating the issue of intra fund transactions including payment from other funds' bank account to finance this project activities and payments made to other projects. Other issues reported basically highlighted weakness in project implementation resulting in under-utilization of budget and Non execution of planned activities.

### **Supervision Plan**

34. Considering the assessed risk level of "Moderate" for the project, the Bank will conduct FM supervision once a year. The supervision will undertake an on-site review of the project's financial management systems and capacity, budgeting and budget controls, financial reports, statement of expenditures, internal controls, reporting and follow-up of audit and mission findings. The Bank will also carry out regular reviews of quarterly IFRs and follow-up on any issues and recommendations. Transactions and control reviews will be carried out by AUC's internal audit Directorate and its report will be shared with the Bank if the review identifies major accountability issues and deficiencies in internal control system as well as ineligible expenditures in utilizing Bank funds.

### **Governance and Anti-Corruption**

35. AUC has a policy on risk management and fraud that is documented under Section 12 of the FPPM. The policy statement of the AUC is to identify, and reduce or eliminate risks to its property, interests and employees, to minimize and contain the costs and consequences in the event of harmful or damaging incidents arising from those risks, and to provide for adequate and timely compensation, restoration and recovery. The fraud policy to all employees according to Section 12.7 is zero tolerance for the commission or concealment of fraudulent or illegal acts. However, the fraud policy advocates for fraud to be reported to the Director of Administration which provides a conflict of interest in case the Director is implicated in the fraud. This has been recommended to be revised to ensure fraud cases are reported to an antifraud and anticorruption committee made up of non-executive members of AUC. In addition it was advised that the AUC should also develop a confidential reporting (whistle blowing) policy. In this regard, a Draft AU Anti-fraud and Anti-corruption Policy is prepared to be considered by policy organs in June 2014.

## Effectiveness Conditions

36. None.

## Financial Covenants

37. Standard financial covenants include submission of the following to the Bank:

- (i) Maintenance of a satisfactory FM system for the project
- (ii) Interim unaudited financial reports (IFRs) for the Project – not later than 45 days after the end of each quarter, covering the quarter, in form and substance satisfactory to the Bank.
- (iii) The audited Financial Statements for the Project – not later than 6 months after the end of each year.

### Financial Management Action Plan

Action	Date due by	Responsible
<b>Budget preparation</b> <ol style="list-style-type: none"> <li>1. Report to Management on budget utilization</li> <li>2. Project to follow Budget calendar</li> <li>3. Submit realistic annual budget and work plan to the WB and secure NoB</li> </ol> <b>Budget Monitoring</b> <ol style="list-style-type: none"> <li>4. Ensure IFRs include explanations for budget variances. Generally, improve IFRs narrations so that IFRs should provide adequate explanation on financial performances</li> </ol>	<ol style="list-style-type: none"> <li>1. Every two months</li> <li>2. On going</li> <li>3. Annually</li> <li>4. Quarterly</li> </ol>	AUC
Recruit a Project accountant with qualifications, experience and terms of reference satisfactory to the Bank	Within 3 months of effectiveness (dated FA covenant)	AUC
Appoint external auditor for this project	3 months after effectiveness	AUC
Training to AUC staff on Bank's FM and disbursement arrangement	As needed	World Bank
Finalize revision of accounting policies such as the FRR and have them endorsed by policy organs	January 2016	AUC
<b>Roll out IPSAS implementation</b> <ol style="list-style-type: none"> <li>1. Provide capacity building to AUC staff to implement the adoption of IPSAS.</li> <li>2. Prepare accounts compliant with IPSAS</li> </ol>	<ol style="list-style-type: none"> <li>1. As per IPSAS roll out schedules.</li> <li>2. Year ended Dec 31, 2018 statement</li> </ol>	AUC
Audit committees should continue following up on internal and external audit issues and findings	On going	AUC
AU Anti-fraud and Anti-corruption Policy to be endorsed by policy organs	January 2016	AUC
Revamp BEA operations aligned with the FRR revisions	January 2016	AUC

## **Procurement Arrangements**

38. Procurement under the project would be carried out in accordance with: (“) "Guidelines: Procurement of Goods, Works, and non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011; (i“) "Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011; (iii) “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants” dated October 15, 2006; (iv) AUC’s Open Tendering Method in accordance with procedures which have been found acceptable to the Association; and (v) the provisions stipulated in the Legal Agreements. An initial Procurement Plan that is acceptable to the Bank was prepared and is included in the table at the end of this annex. For each contract to be financed by the Grant the AUC and IDA/WB task team has agreed on the different procurement or consultant selection methods; and the estimated costs, prior review requirements, and time frame.

39. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. As part of the project preparation, the World Bank has undertaken a procurement risk assessment of the project-implementing agency, the AUC. The AUC has prior experience with Bank procurement procedures and have the requisite staff on board to handle procurement, but the staff number is less as compared to the workload. It is planned additional procurement staffs will be hired by the project to handle increased work.

### **Procurement Capacity assessment:**

40. The Procurement Team of the Ethiopia Country Office and the Regional Integration Department conducted a procurement capacity assessment of African Union Commission (AUC). The findings and recommendations of the assessment are enumerated in the following paragraphs.

41. AU’s Environment System: African Union is a regional member states’ organization and has fairly acceptable procurement system in terms of organizational procurement unit arrangement and staff availability. With regards to the AUC procurement legal framework, it is regulated under the AUC Procurement Manual prepared in 2009 and approved by the AU Chair which centralizes procurement at the Procurement and Travel Unit (PTU) in Addis Ababa with options for having Delegated Procurement Units (DPUs). The Procurement Manual covers and lays down procedures for procurement of goods, works and consultancy services. The Manual replaced the Guideline on Tendering procedure (2001) and supersedes the Provisions of Section 1 Procurement of the O.A.U. /A.U. Material Management Manual (2001). Among others, the manual covers important aspects of procurement management activities and responsibilities like: Procurement decision matrix, Procurement methods, Procurement Planning and Budgeting, Advertisement and bidding procedures, bid evaluations and contract award procedures, Code of ethics for procurement personnel and procurement records management. Accountability for procurement decision and procurement process are well clarified in the Manual. The AUC Procurement Manual currently allows only limited procurement delegation to AUC offices at the member country level.



42. Procurement Cycle management of AU: The AUC's procurement management capacity in terms of Organization and Functions, Procurement Cycle Management, Record-keeping, procurement decision matrix and staffing (procurement staff number and skills) is acceptable. With regards to the SBD and SRFP in use by AUC, there are some capacity limitations as compared to other international good practices or as compared to that of the World Bank SBD & SRFP. The AUC's Procurement and Travel Unit has few staffs who manage the day to day procurement activities of the AUC. The number of procurement staffs is not commensurate with work load the unit is managing. There are three formally established procurement committees. The first committee serves as bids/proposal opening panel and the second committee is for bid/proposal evaluation while the third is a tender board that endorses award recommendations by the evaluation panel. There is internal and external procurement audit practice and the procurement oversight arrangement seems adequate. The AUC's senior procurement staffs have adequate understanding of the Union's procurement Manual, and have experience on other donors funded projects procurement but limited experience in World Bank financed projects. There is no sufficient training arrangement for staff for continuous skills development and there is also less internal capacity development program for staff to update their knowledge from time to time. Staffs are selected on competitive basis and offered a competitive compensation that allows the Union attracting high caliber staff. All members of the Procurement Unit are computer literate, and equipped with computer workstations, printers, a photocopier, and fax, which is an arrangement that guarantees sufficiency of the its operations and documentation system. But due to the size and number of the procurement records (files), the current manual record keeping system looks inefficient.

43. **AU's Procurement Standard Documents:** The AUC has standard RFPs, RFQs and SBD which seem much simplified forms and are adequate only for small contracts (adequate for shopping and Individual consultants' selection methods). The conditions of contracts are also very much simplified and only adequate for smaller goods and services contracts (for shopping method). These simplified standard documents are not sufficient for procuring and managing bigger contracts and major international contracts. The AUC has also a separate and comprehensive SBD and RFP for bigger contracts, but the said standards documents were also reviewed for their adequacy and are found to have some limitations and are not consistent with either that of the Bank or other major multilateral organizations SBD and SRFPs.

44. The procurement method of Open Tendering is provided in the AUC Procurement Manual (first edition revised in 2010). It may be used for procurement of contracts for goods and works of relatively smaller size under the project. However, to be consistent with the Bank's Procurement Guidelines, certain additional provisions will be applied to this method. Bank will review the Manual and agree with AUC on such additional provisions to be adopted. Said provisions will be set forth in the Operations Manual and the Procurement Plan for the Project. During this procurement capacity assessment, a preliminary list of such provisions had been prepared and shared with AUC, which includes: (i) the Recipient's standard bid documents for procurement of goods and works which will have been reviewed and found acceptable to the Association shall be used; (ii) if pre-qualification bidders and short listing of consultants is to be used, the Bank's standard prequalification document and consultants short listing procedure respectively shall be used; (iii) margin of preference shall not be applicable; (iv) bidders shall

be given a minimum of thirty (35) days to submit bids from the date of availability of the bidding documents; (v) use of merit points for evaluation of bids shall not be allowed; (vi) bidders/consultants eligibility shall follow WB's procedure and any non-African member state bidders shall not be excluded from participation; (vii) procurement opportunity, results of evaluation and award of contract shall be made public internationally; (viii) Rejection of all bids and retendering shall follow the Bank's Guideline procedure; (ix) Bidders complaint handling mechanism shall follow WB's procedure; (x) Extension of bid validity shall follow the Bank's procurement guideline; (xi) Currency of bid and currency of payment shall follow the Bank's guideline; (xii) in accordance with para.1.14(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (1) the bidders, suppliers, contractors and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the association; and (2) the deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.14 (a)(v) of the Procurement Guidelines.

45. Rating of the procurement risk: Except the limitations in the SBD & SRFP to meet international standards, the risk due to procurement arrangement and experience of AUC staff in managing procurement seems acceptable. It is anticipated that AU procurement staff will require little guidance in the use of the Bank's SBD and SRFP and therefore the risk of implementation of procurement activities under the project is rated Moderate.

46. Procurement Risk mitigation Recommendations: (i) Prior to commencement of project procurement implementation, organizing an induction procurement training for the staff of AU Procurement Unit together with key members of the implementing Directorate on World Bank procurement procedures and standard BDs and SRFP is recommended. The date for the training is to be agreed upon between the recipient and the Procurement Team of the World Bank Ethiopia Country Office. The induction program has to focus on preparation of procurement plans, procurement processing, use of Bank's SBDs, SRFP and contract administration. (ii) It is also proposed that the Project will support revision and modernization of the AUC's Procurement manual, SBD and SRFP so that the procurement capacity is enhanced. (iii) The project will also support the modernization of the AU institutional procurement and Ware House management system to enhance efficiency and accountability in AU's people centered corporate activities. (iv) The project will also consider supporting harmonization of regional procurement systems in order to facilitate regional integration from trade and industry perspectives.

47. Procurement Procedures-Goods: (i) All major contracts that will involve international participation will be procured using WB's ICB and appropriate consultants selection procedures of the Bank (QCBS or QBS) (ii) Procurement of Goods will be procured through ICB, NCB, shopping and direct contracting methods in accordance with relevant paragraphs of the Procurement Guidelines. Shopping will be used for contracts estimated to cost less than USD 50, 000.00. Upon prior agreement with the Bank, goods may be procured through Direct Contracting in accordance with paragraphs 3.6 and 3.7 of the Procurement Guidelines

48. Selection of Consultants: Selection of consultants shall be carried out using Bank's standard Request for Proposals (RFP). Consulting firms for services estimated to cost more than US\$200,000 equivalent would be selected through Quality and Cost Based Selection (QCBS) method. Consulting firms services estimated to cost less than US\$100,000 equivalent may be selected using the Consultants' Qualification (CQS) method. Individual consultants will be selected on the basis of their qualifications in accordance with Section V of the Bank's Consultants Guidelines. Consulting services for audits and other services of a standard nature or routine nature may be procured using the Least Cost Selection method. Single source selection may be used where it can be justified. Venues for workshops and training and purchase of materials will be done on the basis of at least three quotations (following AUC's practices), but annual training plans and budget shall be prepared and approved by the Bank in advance of the training. Other detail methods of selection will be agreed in the project PP.

49. Operating Costs: Operating costs for the project shall consist of operation and maintenance costs of equipment, communication charges, transportation costs and travel allowances for the Project, office supplies, fuel and other consumables among others. These will be procured using the AUC's procedures and practices.

50. Procurement Review: (i) Prior Review: - Award of contracts for procurement of goods estimated to cost USD 5000,000.00 or above and all Direct Contracting and selection of consultants for contracts of value above US\$ 200,000 on competitive basis, and any single-source basis contract will be subject to Bank's prior review;

51. Post review: for each contract not submitted to the prior review, the procurement documents will be submitted to IDA post review in accordance with the provisions of paragraph 4 of Annex 1 of the Bank's procurement Guidelines. The post review will be based on a ratio of at least 1 to 5 contracts

52. Frequency of Procurement Supervision: In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended semiannual supervision missions to visit the AUC to carry out post review of procurement actions.

53. **Prior Review Threshold:** Procurement Decisions subject to Prior Review by the Bank as stated in Appendix 1 to the Guidelines for Procurement: Thresholds for applicable procurement methods (not limited to the list below) will be determined by the Procurement Specialist /Procurement Accredited Staff based on the assessment of the implementing agency's capacity.

**GOODS AND WORKS AND NON-CONSULTING SERVICES:**

	<b>Procurement Method</b>	<b>applicable Threshold</b>	<b>Prior Review</b>
1.	ICB and LIB (Goods & Non-Consultant Services)	All values	All contracts
2.	AUC Open Tendering Method (Goods & Non-Consultant Services), as modified to be acceptable to the Bank	<US\$1.0 million	>=US\$0.5 million
3.	ICB (Works)	All values	All values
4.	AUC Open Tendering Method (Works), as modified to be acceptable to the Bank.	<US\$10.0 million	> =US\$5.0 million
5.	Shopping	< USD 50, 000.00	N/A
6	Direct Contracting	Any value	All contracts

**Selection of Consultants**

Selection decisions subject to Prior Review by Bank as stated in Appendix 1 to the Guidelines Selection and Employment of Consultants:

	<b>Selection Method</b>	<b>Prior Review Threshold</b>	<b>Comments</b>
1.	Competitive Methods (Firms)	>=US\$0.2 million	Short listing procedure
2.	Single Source (Firms & IC)	All values	Requires Justifications
3	Individual Consultant Selection on competitive basis	>=US\$0.1 million	Based on comparisons of CVs

**Short list comprising entirely of Local consultants:** Short list of consultants for services, estimated to cost less than \$200,000.00 equivalent per contract, may comprise entirely of local consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

INITIAL PROCUREMENT PLAN:

A. GOODS CATEGORY										
Ref No	Contract (Description)	Estimated cost (in USD)	Procurement Method	Prequalification (Yes/No)	Review by Bank (Prior/Post)	Expected bid floating date	Expected Bid Opening Date	Expected contract award date	Expected contract commencement date	Expected contract completion date
1	Purchase of hardware and software for AUC data center and MIS help desk and relevant technical departments and IPSAS introduction and office equipment for conference services, protocol, interpretation and other corporate, program and administrative departments	1,200,000	ICB	No	Prior	Jul-14	Aug-14	Oct-14	Nov-14	Mar-15
2	Supply and setting up of equipments for AUC training center, conference center and media center linked to data center	250,000	AUC Open Tendering Method	No	Post	Jan-15	Feb-15	Mar-15	Apr-15	Jun-15

<b>B. CONSULTANCY SERVICE</b>										
<b>R.N o</b>	<b>Description of Assignment</b>	<b>Estimated Cost in USD (including the cost of travel (economy</b>	<b>Selection Method</b>	<b>Prior short listing (yes/no)</b>	<b>Review by Financing Agency (Prior /</b>	<b>Expected Proposals invitation date</b>	<b>Expected Technical Proposals Opening Date</b>	<b>Expected Assignment award date</b>	<b>Expected Assignment commence ment date</b>	<b>Expected contract completion date</b>
1	Technical assistance for IPSAS implementation	500,000	QCBS	Yes	Prior	Jul-14	Aug-14	Sep-14	Oct-14	Dec-15
2	ICT Strategy Plan development and implementation of datawarehouse system at new HQ, webportal and media link system, upgrade of AUC intranet system and ICT staff	300,000	QCBS	Yes	Prior	Jul-14	Aug-14	Sep-14	Oct-14	Mar-15
3	Communication plan development and implementation of AUC branding and outreach	300,000	QCBS	Yes	Prior	Jul-14	Aug-14	Sep-14	Oct-14	Mar-15
4	Technical assistance for planning, monitoring and evaluation including AUC scorecard	80,000	IC	No	Post	Jul-14	Aug-14	Sep-14	Sep-14	Dec-15
5	Technical assistance for IT	60,000	IC	No	Post	Jul-14	Aug-14	Sep-14	Sep-14	Dec-15
6	Technical assistance for Procurement	60,000	IC	No	prior	Jul-14	Aug-14	Sep-14	Sep-14	Dec-15
7	Technical assistance for Conference management	60,000	IC	No	Post	Aug-14	Aug-14	Sep-14	Sep-14	Dec-15
8	Technical assistance for social media	60,000	IC	No	Post	Aug-14	Aug-14	Sep-14	Sep-14	Dec-15
9	Technical assistance for institutional development and capacity building	60,000	IC	No	Post	Aug-14	Aug-14	Sep-14	Sep-14	Dec-15
10	Study and develop staff tracking and security protocol system including visitor registration	150,000	QCBS	Yes	Prior	Aug-14	Sep-14	Nov-15	Dec-15	Dec-15
11	Hire Senior Procurement	48,000	IC	No	Post	Jul-14	Aug-14	Sep-14	Oct-14	Mar-15
12	Hire Junior Procurement expert	36,000	IC	No	Post	Jul-14	Aug-14	Sep-14	Oct-14	Mar-15
13	Support for the revision and modernization of AUC procurement manual, SBD and SRFP to enhance quality and standard of AUC procurement	120,000	QCBS	No	Prior	Aug-14	Sep-15	Nov-15	Dec-15	Jun-16
14	Study and conduct Training needs analysis (TNA) and compensation update And provide training	250,000	QCBS	Yes	Prior	Aug-15	Sep-15	Nov-15	Dec-15	Jun-16
<b>Grand Total</b>		<b>2,084,000</b>								

## ANNEX 4: OPERATIONAL RISK ASSESSMENT FRAMEWORK (ORAF)

### AFRICA: SUPPORT FOR CAPACITY DEVELOPMENT OF THE AUC AND OTHER AFRICAN UNION ORGANS (P126848)

Risks						
<b>Project Stakeholder Risks</b>						
<b>Stakeholder Risk</b>		<b>Rating</b>	<b>Substantial</b>			
<p>Risk Description:</p> <p>While some of the key stakeholders such DPs have been supportive to past, current and future capacity development initiatives and those envisioned under the project, there could be resistance to the change management effort. Senior Management and main staff may resist the cultural and systems changes.</p>		<p>Risk Management:</p> <p>The approved AUC Strategic Plan 2014-2017 has been used as the framework for justifying the Institutional Development effort. Project preparation has been done jointly with AUC team. The AUC has consulted other AU organs and development partners on Bank support and will continue to reach out to DPs, AU Organs, RECs and explain the project and get their feedback and collaboration to advance project objectives. The DPs are currently committed to supporting a results based CD program. The AU institutions including the RECs would welcome greater AUC capacity.</p>				
		Resp: Client	Status: Complete	Stage: Both	Recurrent ✓	Due Date: Frequency Yearly
<b>Implementing Agency (IA) Risks (including Fiduciary Risks)</b>						
<b>Capacity</b>		<b>Rating</b>	<b>Substantial</b>			
<p>Risk Description:</p> <p>The AUC does not have all the staffing to manage the complex elements of the design: e.g. the results to be delivered, the multiple contracts, etc. The capacity to design and implement this kind of CD Change management project is weak</p>		<p>Risk Management:</p> <p>Project consultants that have experience in change management programs, and work experience with donor assisted projects and Bank procedures will be hired. The Bank task team will work with the AUC to improve their knowledge of the Bank procedures and regulations. The project will fund hiring of consultants for support to areas such as procurement, financial management, accounting, communication and ICT.</p>				
		Resp: Client	Status: In Progress	Stage: Implementation	Recurrent ✓	Due Date: Frequency Yearly
<b>Governance</b>		<b>Rating</b>	<b>Substantial</b>			
<p>Risk Description:</p> <p>Weak coordination and communications between project specialists, the Departments and other key stakeholders may affect the project preparation and implementation. Policy overlaps and political economy dynamics among the various RECs and other entities that AUC will engage could slow down implementation.</p>		<p>Risk Management:</p> <p>Project preparation jointly involved the Bank and AUC Team to define project activities, expected results, implementation arrangements, M&amp;E arrangements and budget. By the start of the project the AUC will have a full project implementation manual and support consultants for coordination and management in place. Outreach to stakeholders will be made a permanent feature of project implementation.</p>				
		Resp: Client	Status: Complete	Stage: Both	Recurrent ✓	Due Date: Frequency Yearly

	<p>Risk Management:</p> <p>Detailed financial management and fiduciary review has been carried out by the Bank and based on the review and risk mitigation measures the residual FM risk is currently rated as moderate. The AUC is strengthening its internal audit function and planning to implement IPSAS - both efforts to be supported under the proposed project - should further help mitigate risks. Training of AUC staff in FM, procurement, and fiduciary matters will continue with support from Bank fiduciary experts. Project launch workshop will also include a module on best practices in financial management, fraud prevention and anti-corruption oversight mechanisms.</p>
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	Resp: Both	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly
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**Project Risks**

<b>Design</b>	<b>Rating</b>	<b>Substantial</b>
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<p>Risk Description:</p> <p>The project is ambitious: introducing new systems, and encouraging new service delivery behaviors. Because it is a change management project, there is the risk of resistance among stakeholders; the risk that new systems may not work well with one another, that their installation may not be timed or sequenced effectively.</p>	<p>Risk Management:</p> <p>To encourage change and staff commitment a learning-by-doing results approach is being adopted for project implementation. The AUC will prepare annual work-plans and assess progress, extract lessons and make adjustments to project activities. Preparation and dissemination of AUC Balanced Scorecard and other reports will help raise awareness and encourage stakeholders to collaborate and improve operations. Peer to peer learning and knowledge sharing for decision makers in AUC, PRC and other stakeholders will help coordination and encourage inclusive decision making. Skills building of staff and introduction of modern ICT will facilitate change and capacity development.</p>
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	Resp: Client	Status: Complete	Stage: Preparation	Recurrent	Due Date: 24-Mar-	Frequency
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<b>Social and Environmental</b>	<b>Rating</b>	<b>Low</b>
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<p>Risk Description:</p> <p>The project is category C. No social and environmental issue has been identified.</p>	<p>Risk Management:</p> <p>The task team will continue to monitor any risk related to social and environmental issues during implementation.</p>
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	Resp: Client	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly
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<b>Program and Donor</b>	<b>Rating</b>	<b>Substantial</b>
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<p>Risk Description:</p> <p>Failure to secure adequate pledges from traditional funding sources could slow down implementation.</p>	<p>Risk Management:</p> <p>Currently many development partners and AU member states support AUC in its regional efforts. The task team will continue its outreach to development partners and will keep them informed and engaged in the project through partnerships and knowledge sharing. Collaborative efforts with USAID, EU, GIZ, DFID, SIDA and others would be encouraged. The project progress will also be disseminated to member states and other stakeholders.</p>
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	Resp: Both	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly
<b>Delivery Monitoring and Sustainability</b>	<b>Rating</b>	<b>Substantial</b>				
Risk Description: Non-achievement of results	Risk Management: Regular monitoring and evaluation of project progress. The project will also provide TA and training in contract management, accounting and procurement procedures.					
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent ✓	Due Date:	Frequency Yearly
<b>Overall Risk</b>						
<b>Implementation Risk Rating: Substantial</b>						
Risk Description: Overall, the major risk is lack of achievement of results (capacity improvements in FM, service delivery etc.) and their timely monitoring by the AUC. This will affect not only overall delivery of institutional improvements within the AUC but also affect AUC's capacity to facilitate external partnerships for regional integration and transformation programs (e.g. innovative pilots to promote intra-African trade in collaboration with RECs, development partners and civil society). Project team will continue its outreach to development partners (e.g. with USAID, EU, GIZ, DFID, SIDA, AusAID and others), and participating AU organs and keep them informed.						

## ANNEX 5: IMPLEMENTATION SUPPORT PLAN

### AFRICA – SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION COMMISSION AND OTHER AFRICAN UNION ORGANS PROJECT (P126848)

1. A Learning-by-Doing Approach is proposed for the project as described in main body of the PAD and Annex 2. The strategy for implementation support (IS) has been developed based on this approach and project risk profile. It will aim to ensure that implementation support is provided to the client in a way that meets the client’s needs, and will focus on implementation of the risk mitigation measures defined in the ORAF.

2. **Procurement.** Implementation support will include: a) providing training; b) reviewing procurement documents and providing timely feedback to the AUC; c) providing detailed guidance on the Bank’s Procurement Guidelines to the AUC; d) advising and supporting procurement activities, including development of detailed procurement plan; and e) monitoring procurement process against the detailed Procurement Plan. There will be two supervision missions each year to visit AUC to carry out post-review of procurement actions and technical review. Short-term assistance in matters related to procurement procedures and guidelines will be provided by the project

3. **Financial Management.** Implementation support will include: (i) ongoing training on specific elements of the financial management process, e.g. completing withdrawal applications, format of financial reports; (ii) the regular review of quarterly IFRs, audit Reports and Management Letters from the external auditors, and follow-up on any issues with the auditors if the need arises. There will be two implementation support missions carried out each year to ascertain the adequacy of systems, which will be supplemented by desk reviews of IFR and audit reports. The FM supervision mission’s objectives will include ensuring that strong financial management systems are maintained for the project throughout its implementation period.

4. **Institutional Support.** The Bank team will closely support the implementation of the planned core institutional improvement areas (organizational, HR, ICT, FM, Procurement, communication etc.) and provide support to the client on any relevant issue as follows:

Time	Focus	Resource Estimate		Comments
First eighteen months	Project management	TTL and co-TTL	50 SWs	Mobilization outreach, discussions of project performance, lessons and dissemination of results
	Procurement	Procurement specialist	6 SWs	
	Financial Mgmt	FM Specialist	6 SWs	
	IT	IT specialist	6 SWs	
	Communication	Communication specialist	6 SWs	

## ANNEX 6: TEAM COMPOSITION

### AFRICA– SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION COMMISSION AND OTHER AFRICAN UNION ORGANS PROJECT (P126848)

#### World Bank staff:

Name	Title	Unit
Boutheina Guermazi	Lead Operations Officer	AFCRI
Phillip Jeremy Hay	Manager	AFRSC
Paul Brenton	Practice Leader -Trade	AFTPM
John Newman	Practice Leader - Statistics	AFTPM
Zoe Kolovou	Lead Counsel	LEGAM
Punam Chuhan-Cole	Lead Economist	AFRCE
Kofi Anani	Senior Operations Officer - co-TTL	AFCRI
Aileen Marshal	Senior Partnership Specialist	AFRVP
Daniela Daniela Anna B. D. Junqueira	Senior Counsel	LEGAM
Nicolette DeWitt	Lead Counsel	LEGOP
Andrew Osei Asibey	Senior Monitoring and Evaluation Specialist	AFTDE
Patrick Umah Tete	Senior Financial Management Specialist	AFTMW
Xiaoping Li	Senior Procurement Specialist	AFTPW
Siobhan McLinerny-Lankford	Senior Counsel	LEGAM
Abiy Demisse Belay	Senior Financial Management Specialist	AFTMW
Hilda Emeruwa	Operations Analyst	AFTPM
Tesfeye Ayele	Senior Procurement Specialist	AFTPW
Elsa Araya	Senior Public Sector Management Specialist	AFTP2
Amir Munir	Senior ICT Specialist	ECAIT
Patricia De la Fuente Hoyes	Senior Finance Officer	CTRLN
Georgia Wallen	Senior Operations Officer	CFPIR
Frode Davanger	Senior Operations Officer	CFPIR
Hikaru Kitai	Senior Infrastructure Consultant	AFTP2
Aly Sanoh	Economist	AFRCE
Yahaya Arde Mahaman Achirou	Research Analyst Consultant	AFTP2
Sonni Oberu Aribiah	Project Manager Facilities	GSDCR
Amelody Lee	Communications Associate	AFRSC
Casey Torgusson	Operations Officer	AFCRI
Yohannes Kebede	Information Officer	AFRIT
Alicia Marie-Kraatz	Research Consultant	AFTP2
Fatimata Sy	Senior Program Assistant	AFCRI
Martin Buchara	Team Assistant	AFTP2
Senait Yifru	Program Assistant	AFTP2
Abiy Tessema	Information Technology Consultant	AFTP2
Melat Assefa	Planning and Organization Consultant	AFTP2
Candace Gebre	Communication and HRM Consultant	AFTP2
Mekonnen Fireu	Regional Consultant	AFTP2
Vijdan Korman	Economist	AFRCE
Toru Nishiuchi	Economist	AFTP2
Waleed Haider Malik	Senior Public Sector Management Specialist and TTL	AFTP2
Sahr John Kpundeh	Peer Reviewer	Advisor, AFTOS
Katarina Mathernova TBC	Peer Reviewer	Manager, Brussels, ECCBK
Dominique Bichara	Peer Reviewer	WB Sp. Rep.to the UN
Adyline Waafas Ofosu-Amaah	Peer Reviewer	Reg. Coord. WBIRP
K Y Amoako/Ed Brown	Peer Reviewer – External	Ghana ACET
Jorge Sanin	Peer Reviewer – External	Director, OAS
Rakesh Nangia	Peer Reviewer – External	Director G. AFDB

## AUC Officials (Partial List):

	H.E. Nkosazana C. Dlamini-Zuma	Chairperson
	H. E. Erastus J. O. Mwencha	Deputy Chairperson
	H.E. Jean-Baptiste Natama	Chief of Staff, Bureau of the Chairperson
	Anthony I. Okara	Deputy Chief of Staff Bureau of the Deputy Chairperson
	Jean Mfasoni	Secretary General to the Commission
<b>Commissioners</b>		
	H.E. Aicha Abdullahi	Political Affairs
	Dr. Anthony Mothae Maruping	Economic Affairs
	H. E. Dr. Elham Mahmoud Ahmed Ibrahim	Infrastructure & Energy
	H. E. Mrs. Fatima Haram Acyl	Trade and Industry
	H.E. Kaloko M.S.	Social Affairs Department
	H.E. Martial de Paul Ikounga	Human Resources, Science and Technology Department
	H.E. Amb. Smail Chergui	Peace & Security
	H. E. Mrs. Tumusiime Rhoda Peace	Rural Economy and Agriculture Department
<b>Directors</b>		
	Dr. Abdul-Hakim Rajab Elwaer	Director Human Resources, Science and Technology
	Dr. Abebe Haile Gabriel	Director Rural Economy and Agriculture Department
	Aboubakari Baba Moussa	Director Infrastructure and Energy Department
	Dr Khabele Matlosa	Director Political Affairs Department
	Dr. Kouassi N'guetta	Director Economic Affairs, Economic Affairs Department
	Olawale I. Maiyegun	Director Social Affairs Department
	Wane Ghassim	Director Peace and Security Department
	Treasure Thembisile Maphanga	Director Trade and Industry Department
	Prof. Vincent O. Nmehielle	Legal Counsel, Office of the Legal Counsel
	Dr. Jinmi Adisa	Director Civil Society and Diaspora - CIDO
	Litha Musyimi-Ogana	Director Women, Gender and Development
	Nedjat Khellaf Lamouchi	Director Conference Management and Publications
	Habiba Merji-cheikh	Director Information and Communication
	Mandla M. Madonsela	Director Strategic Planning, Monitoring and Resource Mob.
	Thomas Asare	Director Programming, Budgeting, Finance and Accounting
	Simone Abala	Chief of Protocol
	Rekia Mahamoudou	Acting Director Administration & Human Resource Management
	Regina Muzamai Maambo	Director Office of Internal Audit
	Kassama Yankuba	Director Medical Services
	Amb. Amina Salum Ali	AU Representative in Washington DC USA
<b>Senior Advisors</b>		
	Amb. Baso Sangqu	Chief Advisor Office of the Chairperson
	Amb. Febe Potgieter-Gqubule	Advisor Bureau of Chairperson
	Amb. Lazarous Kapambwe	Economic Advisor Office of the Chairperson
	Samba Jack	Special Advisor Office of the Deputy Chairperson
	Patrick Kankya	Senior Advisor Office of the Deputy Chairperson
	Dr. Fareed Arthur	Advisor Office of the Deputy Chairperson
<b>Heads of Divisions</b>		
	Jacques Mukwende	Head, International Cooperation & Resource Mobilization
	Wynne Musabayana	Information and Communication
	Fatoumata Oumou Keita	Acting Head Interpretation
	Usman Hussain	Acting Head Procurement, Travel and Stores
	Beatrice Njenga	Education Division HRST
	Ahmed El-Basheer A. El-Madani	CIDO
	Mohamed Naimi	Head of Division
	Ngomo Leopold Auguste	Head of Division Administration and Facilities Management
<b>Other Officials</b>		
	Jean Denis Gabikini	Manager, EU Program Implementation
	Nadine Elhakim	AUC-USAID Coordinator, Office of the Deputy Chairperson
	Emmanuel Akeh	Principal Policy Officer, Office of the Chairperson
	Celestin Gouem	Finance Officer

Theresa Negokhe	Procurement Expert
Dr. Cosby Ungwelu Nkwazi	Strategic Planner
Melekzedek Magoke	Deputy Director, Office of Internal Audit
Mourad Ben Dhiab	Secretary to AUC on International Law
Wuyi Woomitugen	Diaspora Specialist, Diaspora Relations, CIDO
Moctar Yedaley	Senior Policy Specialist Science and Technology
Tarek Ben Youssef	Senior Policy Officer, AU Rep. Office Washington DC
Eglal Mohammed Abdelhalim	Officer, AU Permanent Delegation To The League of Arab States
Linus S.Chata	Resource Officer Training and Performance Management
Tatek Shewandagne	VSAT/Earth Station Administrator ICT
Fasil Terefe Alemu	Applications/Systems Developer ICT
Shehzaad Carrim	Policy Officer Software Developer
Yemisrach Hailu	Chief of Estates Development
Tigist Kebede Mengesha	Human Resources Officer
Merga Deressa	Documentation Officer Conference Management & Publications
Tadele Demeke	Publishing Officer Conference Management & Publications
Traore Aboubacar	Acting Head Knowledge Management
Ben Achour Mohamed Nejjib	Finance Officer and Assistant Kaizen Coordinator
Garoma Daba Jaleta	Librarian
Maraki Tamiru	Office of the Chairperson
Abiy Kalab	Office of the Deputy Chairperson
Giovanni Barbera	Office of the Deputy Chairperson
<b>AFRICAN COURT Officials (partial list)</b>	
Justice Sophia A. B. Akuffo	President
Judge Bernard Makgabo Ngoepe	Vice President
Justice Gérard Niyungeko	Justice
Justice Fatsah Ouguergouz	Justice
Justice Augustino S.L. Ramadhani	Justice
Justice Duncan Tambala	Justice
Justice Elsie Nwanwuri Thompson	Justice
Justice Sylvain Ore	Justice
Justice El Hadji Guissé	Justice
Justice Ben Kioko	Justice
Justice Kimelabalou Aba	Justice
Dr. Robert Eno	Registrar
<b>OTHER STAKEHOLDERS Consulted: Conference of Constitutional Jurisdictions of Africa</b>	
H. E.Prof. Theodore Holo (Benin)	President, Conference of Constitutional Jurisdictions of Africa
H.E. Chief Justice Mogoeng Wa Mogoeng (South Africa)	Vice President Conference of Constitutional Jurisdictions of Africa
<b>AU ADVISORY BOARD ON CORRUPTION</b>	
Jean Baptiste Elias	Chairperson of Board
Prof. Adolphe Lawson	Executive Secretary
<b>PAN AFRICAN PARLIAMENT</b>	
Hon. Bethel Nnaemeka Amadi, MP, President Hon. Roger Nkodo Dang, MP, First VP Hon. Moustafa El Gendy, MP, Second VP Hon. Loide L. Kasingo, MP, Third VP Hon. Juliana Kantengwa, MP, Fourth VP The Head of the Secretariat, the Clerk: Adv. Zwelethu Lukhanyiso Mighty Madasa Deputy Clerk: Ms. Helen Bawange Dingani Deputy Clerk: Mr. Morad Boularaf	Bureau and Secretariat

### Development Partners (Partial List):

Camilla Bengtsson	Sweden: Counsellor, Head of Section, Embassy of Sweden, Addis Ababa, Ethiopia
Anna Burylo	EU: Program Manager, European Union Delegation to the African Union, Addis Ababa Ethiopia
Paul Cristina Fernandes	EU: Senior Specialist Operations, European Union Delegation to the African Union
Glenn Rogers	USAID: Representative, U.S. Mission to the African Union, Addis Ababa, Ethiopia
Tamar Bello	DFID: Representative to the AU and UNECA, Addis Ababa, Ethiopia
Dr. Iris Breutz	GIZ: Head of Program, Support to the African Governance Architecture at the African Union
Thomas Keck	GIZ: Lead Specialist organizational structure review at the AUC, Germany
Amy Baker	Canada: Director, Pan-African Program, Embassy of Canada, Addis Ababa, Ethiopia
Andrew Hurst	Embassy of Canada, Addis Ababa, Ethiopia
Caroline Albert	Embassy of Canada, Addis Ababa, Ethiopia
Peter Newton	Embassy of Canada, Addis Ababa, Ethiopia
Danny Pelletier	CusoInternational Ottawa, Canada
Robyn Stewart	CusoInternational Ottawa, Canada
Aska Tekawa	Embassy of Japan, Addis Ababa, Ethiopia
Valerie Heyman	Embassy of the Grand-Duchy of Luxembourg, Addis Ababa, Ethiopia
Elise Nalbandian	AusAID, Addis Ababa, Ethiopia

## **ANNEX 7: INSTITUTIONAL PROFILE, CHALLENGES AND CAPACITY NEEDS OF AUC AND OTHER AU ORGANS**

### **AFRICA – SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION COMMISSION AND OTHER AFRICAN UNION ORGANS PROJECT (P126848)**

1. **This Annex is organized as follows:** Part I describes AUC’s legal and organizational structure and inter and intra-institutional challenges and gaps. It also describes deficiencies related to program results, administration, human resources, staff salaries, financial management, procurement, information technology, and facilities and logistics; Part II presents a profile of other AU Organs and their capacity needs, namely: ECOSSOC, Pan-African Parliament, African Court, Advisory Board on Corruption, and AUCIL; and Part III describes AUC’s Third Strategic Plan 2014-17 to improve performance and build partnerships with AU Organs, civil society, African Diaspora, and others for the achievement of results. It also outlines the salient features of the AU Agenda 2063, a 50 year road map to prosperity, peace and development in Africa that AUC has developed with UNECA and AfDB and was approved recently in January 2014.

#### **PART I: AUC’s ORGANIZATION, CHALLENGES AND CAPACITY NEEDS**

##### AUC’s Legal and Organizational Setting within AU Institutions and Stakeholders

2. **According to Article 24 of the Constitutive Act (CA) of the African Union (AU), the AUC is the *de jure* secretariat of the AU.** It is based in Addis Ababa, Ethiopia, and is responsible for planning, budgeting, coordinating, communicating, overseeing, operating and facilitating the affairs of the AU. The AUC is comprised of the Chairperson, Deputy Chairperson and eight commissioners, all of whom implement AU policies, coordinate the body’s activities and meetings, and administer the AUC staff and other resources. The AUC is one of the key organs of the AU institutional architecture and performs its functions by working closely with these institutions, including the Assembly (see Table 9 at the end of the Annex for a description of AU Organs and Figure 10 ahead for a simplified relationship map of AU organs and stakeholders). In performing its administrative and facilitation functions in member states, the AUC also engages with the media, general public, private sector, civil society, African Diaspora and academia to encourage them to offer feedback on development policies and peace making matters as well as contribute towards information flows to and from the AUC during summit meetings, conferences and policy announcements.

3. **The AUC also works closely with a variety of entities both within and outside the United Nations System.** These include the Economic Commission for Africa (UNECA, which is based in Addis Ababa), UN peace-keeping bodies and other agencies such as UNEP, UNDP, UNIDO and UNICEF, as well as international, regional and bilateral organizations such as the EU, USAID (USA), DFID (UK), SIDA (Sweden), GIZ (Germany), China, Turkey and other countries and institutions for sharing and exchanging perspectives on regional integration, trade, security and business matters and raise funds for development efforts in Africa. The AUC also partners with development institutions to collaborate and fund development and peace building and other sector programs.

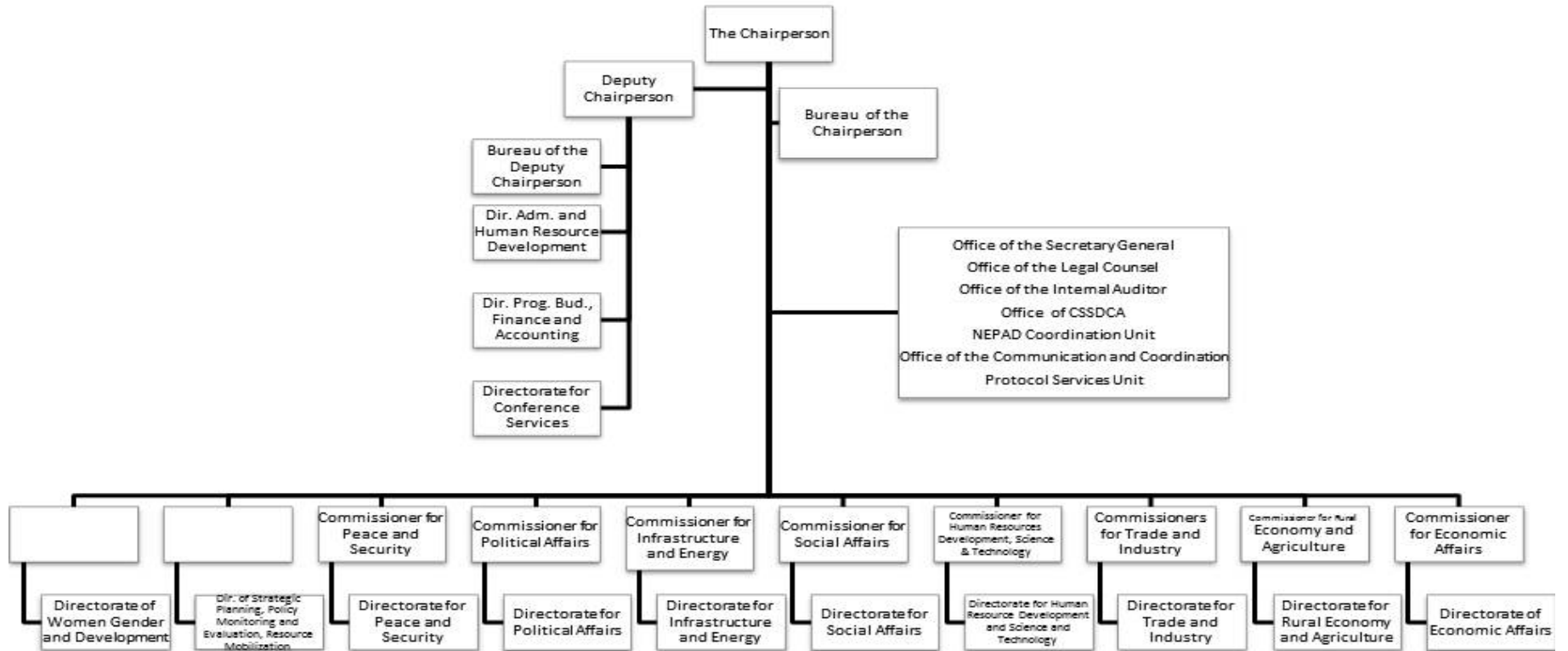
## AUC's Organizational Structure, Functional Protocol and Inter and Intra-Institutional Coordination

4. **The Maputo Structure of 2003 as revised in 2006, 2008 and 2012 governs the administrative structure and staffing of the AU**, while the AU/Ethiopia Host Agreement of 2008 covers how immunities and privileges of staff should be exercised. Currently, 28 organizational departments, divisions and units employ about 1,500 staff across AUC's headquarters and its four representational and 10 regional/liaison offices. The AUC units, divisions and departments can be broadly grouped into three functional sets: (i) corporate units (which includes legal, secretary general, communication, planning, protocol, and partnership units); (ii) administration and service delivery units (which includes conference, human resources, budgeting, procurement, and information technology units); and (iii) thematic, specialized or portfolio units, such as Trade and Industry; Women and Gender; Civil Society and Diaspora. A director or a division head leads each department or unit, which typically employs about 10-20 professional and support staff, except for the Administration and Conference Management Departments, which employ about 100-150 staff each (e.g. there are 100 professional interpreters and translators working in Conference Services), while the Peace and Security Directorate employs about 200 staff (see Figure ahead).

5. **The Chairperson's Office is responsible for the AUC's external communications and policy coordination.** Meanwhile the Deputy Chairperson's Office is responsible for its administrative operations and support services. Eight commissioners are responsible for the following portfolio or sector programs at the continental and sub-regional levels (about 280 projects overall): (a) Peace and security (conflict prevention and management); (b) Political affairs (human rights, democracy, good governance); (c) Infrastructure and energy (roads, electrical power and communication); (d) Social affairs (health, nutrition, labor migration); (e) Human resources, science and technology (education, youth and bio safety); (f) Trade and industry (competitiveness, management of natural resources, customs, and small and medium enterprises); (g) Rural economy and agriculture (food security, environment); and (h) Economic affairs (economic integration, statistics, private sector development, resource mobilization).



Figure 8: Structure of the AUC

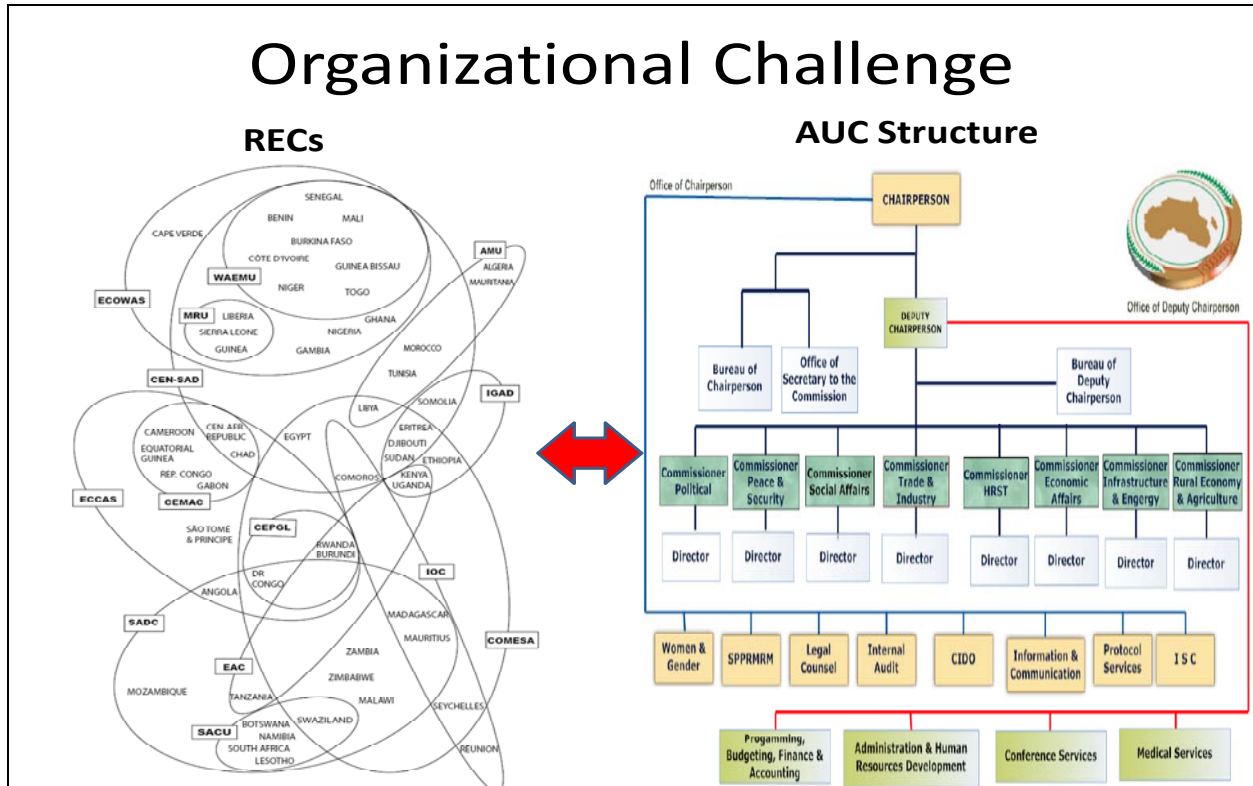


Source: AUC; Does not include 4 Representation and about 10 Regional/Liaison Offices

6. **The AUC is an atypical organization operating in a multifaceted and complex political and social environment.** Its leadership is constantly challenged to balance political economy considerations with operational efficiency requirements, as it fulfills its institutional facilitation and coordination role in the continent. While addressing the concerns of member states, regional economic commissions (RECs) and nongovernmental actors alike, the AUC is required to seamlessly handle inter and intra institutional coordination matters for the promotion of substantive developmental policies and programs. In a continent where fragility and conflict are still disturbing the day to day operations in many sub-regions, the AUC's management has to constantly juggle between emergent situations and strategic planning needs—both to develop a systematic approach to regional integration, which is important to the cessation of conflict, as well as to foster economic development that can build sustainable peace.

7. **The AUC interacts with regional economic communities (RECs) in the advancement of its regional integration agenda.** Presently, there are 15 RECs in Africa, which include: the Intergovernmental Authority on Development (IGAD), the East African Community (EAC), the South African Development Community (SADC), the Economic Community of West African States (ECOWAS), the Economic Community of Central African States (ECCAS), the Central African Economic And Monetary Community (CEMAC), the Community of Sahel-Saharan States (CEN-SAD), the Economic Community of the Great Lakes Countries (ECGLC), the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), the Indian Ocean Commission (IOC), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Customs Union (SACU), the West African Economic and Monetary Union (WAEMU), the Mano River Union (MRU), and the Arab Maghreb Union (AMU). As evidenced by the organizational chart, the overlapping membership of many countries in several RECs causes difficulties for RECs and AUC to accomplish their efforts toward the harmonization of the regulations and policies in their member states. (See Figure 9 below that highlights the organizational challenge and Figure 10 that attempts to maps out the various AU organs and institutions in a simplified manner).

Figure 9: Organizational Challenge

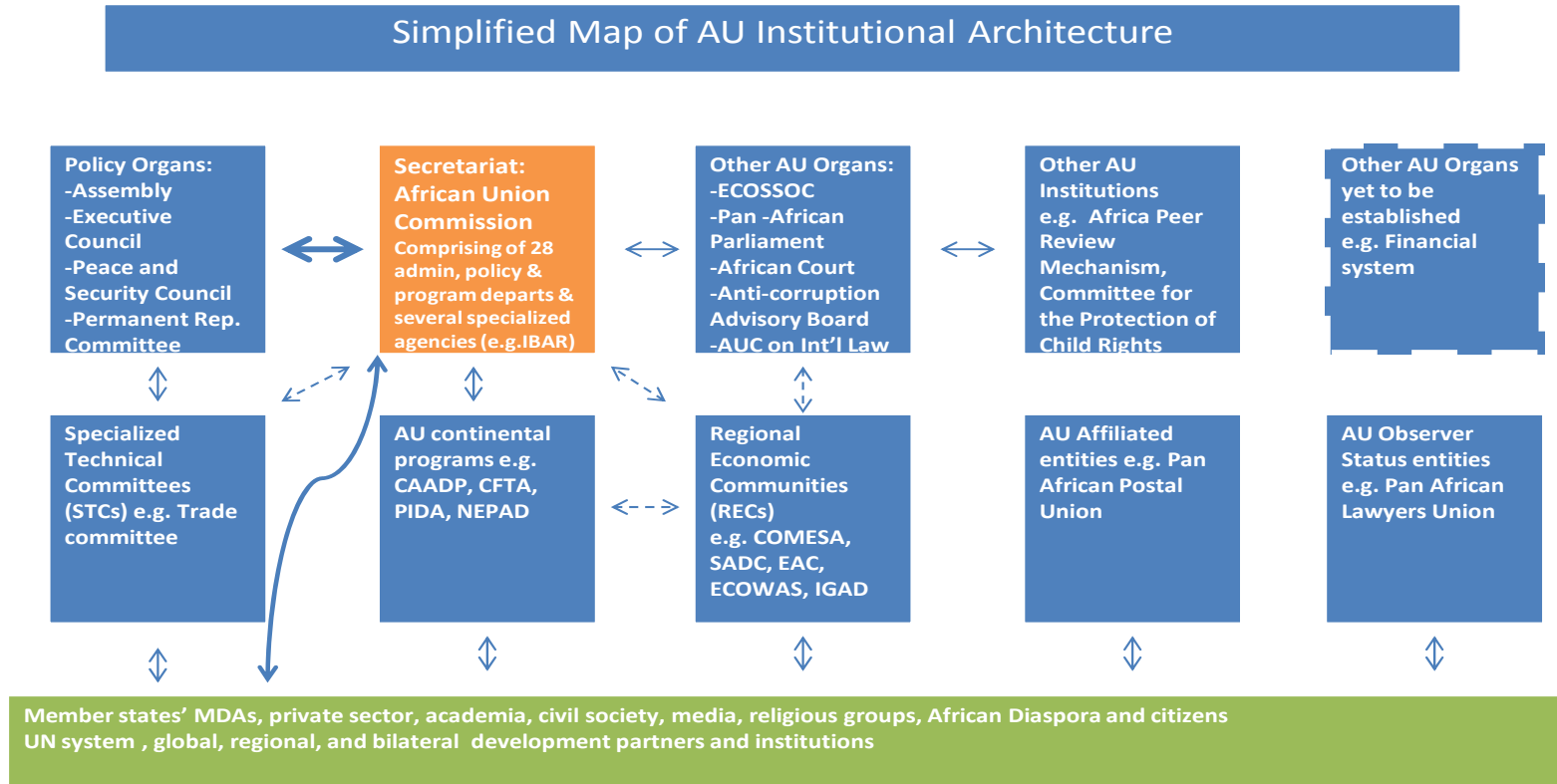


8. “The relationships between the AU and the RECs, within the RECs and among the RECs and with AU and [other AU organs] are, on the whole, well-covered by treaties and protocols of both the AU and the RECs. The problem is, therefore, not the lack of procedures, rules and regulations, but the non-implementation of what has already been agreed<sup>26</sup>.” Inter-RECs cooperation has rarely been undertaken at the continental level under the auspices of the AUC. On the occasions it has happened, it has occurred on an ad-hoc basis at the initiative of RECs themselves<sup>27</sup>. Additionally, policy overlaps and political economy dynamics among the various RECs and other AU entities is an issue, due to their somewhat similar mandate and functions as well as other political economy factors (See Figure 9 and 10). For example, members of the AU are also members of the RECs and at times, have to balance their continental interests with their sub-regional priorities, resulting in mixed messages and outcomes. For this purpose there is a need to develop and implement an action plan for regular strategic exchanges with AU organs, as well as a protocol to facilitate policy coherence and joint program planning exercises with the RECs, key related Pan-African institutions and the administrative reform authorizing body—the Permanent Representative Committee (PRC)—of the AU.

<sup>26</sup> AU Audit Report 2007.

<sup>27</sup> Memorandum of Understanding on relationships between AUC and the RECs on peace and security matters was signed in 2012. However, there are no coordination agreements on social and economic development areas.

**Figure 10: Map of AU Institutional Architecture**



AU provides its members with a forum, through which they collectively adopt policies and positions on a variety of issues such as regional and economic integration, management of natural resources, peace and security, corruption, justice, energy and food security. These policy goals and positions are generally couched in the resolutions, declarations and decisions which are adopted at various levels by the AU, the more important of these are enshrined in the 42 treaties (i.e., instruments, charters, protocols adopted under the auspices of OAU (23)/EU (19) to which the great majority of AU members are signatory. AUC being the secretariat of the AU and of many of its organs and continental programs, it facilitates such efforts and helps coordinate implementation of these policies and related projects for the benefit of the African people.

9. **It is important to note that African society is diverse and made up of different groups, cultures and layers.** This diversity and richness has to be harnessed as a whole towards the common good in conformity with the principle of subsidiarity. Unless and until ethical and moral values constitute the foundation of political, economic, social and cultural activities at the national, regional and continental levels, the common good of Africa may remain compromised and jeopardized<sup>28</sup>. The Agenda 2063 (see Part III of this Annex for details) would help AUC and other AU organ's move towards a more collaborative union and this exercise should be leveraged to build appropriate communication challenges with the different stakeholders.

#### AUC's Portfolio Programs and Projects in Priority Economic Development Areas and Their Funding

10. **The AUC's Third Strategic Plan 2014-17 underscores the importance of results-on-the-ground for the AUC's Portfolio Programs and Projects.** The Plan seeks to achieve accelerated development through improvements in internal operations, facilitation of regional transformation projects, and provision of knowledge for developing people-centered policies. As already noted in section 5, there are eight commissioners responsible for leading continent-wide efforts in peace building and economic development. At this time, the bulk of the AUC's subject matter experts are allocated to peace and security work (i.e., about 60 percent of the professional staff in the eight directorates who serve the commissioners). However, over the next few years, the Assembly has made a strategic decision to shift gears and bring the AUC's economic development program at-par with its peace and security efforts. The AUC will make adjustments to its staff skills mix, and increase the number of its staff allocated to economic development areas (e.g. currently there are only 10-15 professional staff handling a portfolio of about \_US\$ million in the Trade and Industry Directorate, which includes continental wide programs like the CFTA, ASIA, as compared to about 100 policy experts in Peace and Security related departments and units.). It will also modernize its operations to improve service delivery and knowledge sharing capabilities. In the same vein, policy and investment programs and projects will be consolidated and prioritized.

11. **The AUC is currently responsible for 280 projects and tasks.** To reduce fragmentation and overlaps, these projects are being consolidated under the AUC's five strategic pillars, namely: (i) Peace and Security; (ii) Social, Economic and Human Development, (iii) Integration, Cooperation and Partnerships, (iv) Shared Values; and (v) Institutions, Capacity Building and Communication. In addition, twelve projects in economic development areas have been declared flagships and promote inter-departmental synergies. These projects fall in the following categories: sustainable environment and natural resource management in Africa (e.g. geothermal projects); renewable and alternative energy resources (e.g. setting up a power fund to conduct studies); education and capacity building in Africa, including the Pan African University (PAU) (e.g. setting up the PAU directorate as an independent institution); the Comprehensive African Agricultural Development Program (CAADP) (e.g. evidence-based investment planning); the social protection program (e.g. promoting drug control and crime prevention); promoting intra-African trade (e.g. increase trade from 10 to 17 percent by 2017); the Program for Infrastructure Development (PIDA) (e.g. implementation of integration corridors via bridges and roads); promotion of the African integration agenda (e.g. establishing an African stock exchange and

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<sup>28</sup> AU Audit Report 2007

launching the AU business directory); enhancing African governance architecture and strengthening shared values, standards, processes and institutions (e.g. ratifying the public service charter, enhancing rule of law); civil society and Diaspora engagement (e.g. strengthening Diaspora organizations and CSOs); gender equity and women's empowerment (e.g. mobilizing for the African women's decade activities); and an institution and capacity building program (e.g. finalizing the strategic plan). See Part III of this Annex for more details about the AUC strategic plan 2014-17.

**12. The new AUC Strategic Plan is expected to give added stimulus and direction to AUC actions<sup>29</sup>.** The Executive Council first mandated results orientation in Banjul in 2006 (Decision no. EX.CL. Dec 278. (IX)), and the overarching political culture and legacy of the OAU has since slowly but gradually changed towards a vision of proactive AUC leadership that aims to work towards African integration; facilitate knowledge; and get closer to the African people. However, there is still a need to further implement measures that inculcate results-based planning and monitoring of the agreements reached and policies set during summits and other high level forums. For example, an improved mechanism for the monitoring of resolutions, declarations and decisions adopted at various levels by the AU and signed by member states (e.g. through a balanced scorecard) would ensure timeliness in policy oversight and results management. It would also enhance stakeholder accountability and promote a virtuous circle of transformation when this information is made available to civil society and other stakeholders in an easily understandable manner via social media, mobile phones and other technological means.

**13. The AUC must build trust among public and private sector economic development stakeholders.** It must also support (and coordinate) other AU organs, RECs, and AU technical committees and formal and traditional groups via capacity, knowledge and networking assistance so that strong institutional performance can be achieved. It is also important for the AUC to provide a forum for decision makers to learn from international best practices and to access evidence and data on which decisions can be made and implemented. This can be achieved through the expansion of research and dialogue in order to move towards evidenced-based decision making in economic development related work, and provide better information to authorizing institutions (e.g. the PRC) and support to others. For example, while the AUC secretariat's Peace and Security work is generally reactive, and responds to conflicts only as they happen or matters escalate (putting regular economic related work on hold), a move towards evidence based planning would improve outcomes and enhance institutional leadership among regional entities. Likewise a study on the alternative sources of funding for the AUC and its development programs could help the PRC make informed decisions on AUC's structure and staffing so that the institution can cater to its expanded economic development role. Similarly a study on women's rights and anti-corruption bodies will help operationalize the AUC's Strategic Plan, as well as help to fulfill its institutional mandate of providing technical assistance to other AU organs.

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<sup>29</sup> The AUC is required to integrate the operational budget and program budget into one single budget for the AU. This requires that all the activities and programs are based on five priority pillars: (i) strengthening the AU's role in promoting peace and security continent-wide; (ii) social, economic and human development, (iii) implementing integration, cooperation, development partnerships ; (iv) implementing Africa shared values and building consensus and accountability around good governance and democracy; and (v) improving institutions, capacity building and communication systems structures and processes. Source: AUC

AUC's budget funding for peace and security and economic development efforts

14. **The AUC's lack of budgeted funds to finance its transformational programs is seriously affecting results.** The AUC's budget comes from two main sources: 1) funds received from member states based on their individual contributions to meet the operational expenses of the AUC (staff salaries, utilities, capital outlays, etc); and 2) funds received from development partners (both bilateral and multilateral) to advance peace building and economic development programs and projects. For 2013, the budget allocation for AUC is about US\$217 million. The AUC budget compares unfavorably with ECOWAS (US\$244) million but favorably with SADC (US\$78) million. See Table below.

**Table 3: AUC Budget<sup>30</sup> (Source: AUC)**

Organ	Member States			Partners	Budget 2013		
	Operational	Program	Total	Programs	Operational	Programs	Total
AUC	90,594,106	4,782,764	95,376,870	121,178,534	90,594,106	125,961,298	216,555,404
PAP	10,372,998		10,372,998	120,000	10,372,998	120,000	10,492,998
AfCHR (The Court)	6,607,632		6,607,632	2,362,315	6,607,632	2,362,315	8,969,947
ACHPR (The Commission)	3,881,947		3,881,947	4,606,770	3,881,947	4,606,770	8,488,716
ECOSSOC	1,015,372		1,015,372		1,015,372	-	1,015,372
NEPAD	4,200,000		4,200,000	25,853,921	4,200,000	25,853,921	30,053,921
AUCIL	353,357		353,357	233,918	353,357	233,918	587,275
Advisory Board on Corruption	470,486		470,486	501,850	470,486	501,850	972,336
Peace & Security Council		587,975	587,975	112,962	-	700,937	700,937
ACERWC				389,716	-	389,716	389,716
<b>Total</b>	<b>117,495,898</b>	<b>5,370,739</b>	<b>122,866,637</b>	<b>155,359,986</b>	<b>117,495,898</b>	<b>160,730,725</b>	<b>278,226,622</b>

<sup>30</sup> Programs pertain to thematic projects and continental programs such as on infrastructure, agriculture, health, energy, gender etc. while Operational pertains to staff costs, capital investments, and cost of operations such as peace and humanitarian funds, utilities, meetings, supplies, audits, communications and others expenses. Source AUC.

15. **About 65 percent of the AUC’s operational budget comes from five main contributors: South Africa, Nigeria, Libya, Egypt, and Algeria.** Each country contributes about 13 percent each towards the budget, while the remaining 49 member states contribute between 0.1 to 0.5 percent each for a total of about 35 percent.

16. **Development partners (EU, Canada, Sweden, Germany, Netherland, US, UK, China, Turkey and many others) fund programs as per signed agreements.** These funds appear large overall. However, when they are distributed to the various programs they do not have the critical mass to make a significant impact. The bulk of the assistance is used for Peace and Security programs, thus there is an urgent need for resource mobilization and exploration of innovative measures to fund programs in priority economic development areas, in partnership with RECs and other stakeholders. For example, the current AUC budget increased from US\$1.3 to US\$2.4 million for PIDA, a transformational program, between 2012 and 2013, but it is still inadequate to promote accelerated results. In some cases, funding allocation has reduced (e.g. for CFTA), showing an inconsistency between policy rhetoric and actual action on the ground. Since many regional integration programs are led by RECs who receive parallel funding for similar or identical tasks from donors and pushed forward by the AUC, there is a need for joint programming and exploration of joint priorities so that resources and synergies can be promoted. For example, in priority economic development areas in “high priority sub-regions”, such as the Sahel or Great Lakes, priorities of many institutions and agencies coincide. Bench-marking with OAS, ASEAN, and partnerships with philanthropic, private sector and other actors would be useful in developing innovative approaches to bridge the financing gap, thereby building self-reliance and achieving tangible results.

**Table 4: AUC’s Budget Allocation for Transformational Projects**

Development Program	Budget Figures (in US\$ million)	
	2012	2013
PIDA	1.29	2.41
CAADP	11.26	5.17
CFTA	0.62	1.2
Energy	1.53	13.62
IAIDA	0.45	0.22
ICT	9.38	4.14
Women Empowerment	2.69	7.77
Youth Engagement	3.59	5.09

*Source: AUC*

17. **Even when budgets are allocated by the AUC to transformational projects, delays in procurement and sluggish financial management practices affect outcomes.** For example, the program budget execution rate was only 50 percent in 2012 (although this was an improvement from 40 percent a few years ago), which is symptomatic of efficiency problems such as a cumbersome budget approval process and procurement delays, and the absence of modern conference management, protocol, and service delivery tools. The low budget execution rate makes it difficult to defend budget increases in the budget committee of the PRC, which is responsible for overseeing the AUC budget process. In order to improve budget execution and operations, capital investments need to be made in technology, system modernization, training, and the introduction of international service delivery standards in all functional areas (e.g. use of IPSAS in finance and audit systems) as well as the provision of technological tools (e.g. SAP) that enhance transparency and oversight. The procurement system and procedures also needs to be upgraded and strengthened to speed up budget implementation.



## **AUC's staffing structure and profile**

18. **As noted earlier, the Maputo Structure of 2003 as revised in 2006, 2008 and 2012 governs staffing in AUC.** The AUC has a diverse, geographically represented staff of 1,438 (October 2013)<sup>31</sup>, of which approximately 80 percent work in the Addis Ababa headquarters while the rest are spread across the various representational and technical offices. Of the total personnel, about 33 percent are women (only 10 percent at the managerial level) while 40 percent of the staff is of age 40 or less. About 50 African countries are represented among staff members (Ethiopia has the biggest contingent, with 644 employees or a 45 percent share) (see Table 3 on human resource profile).

19. **A significant skills gap exists among AUC staff.** For example, the proportion of Policy Officers (e.g. technical specialists such as Trade and Industry policy experts, or financial officers in P grades, etc) is low: only 40 percent compared to 56 percent General Service employees in grades GSA and GSB. General Service employees provide clerical support, act as messengers and conduct other office tasks. Given that the bulk of the AUC's work is policy oriented as per its mandate, there is an urgent need to fix this skills gap. A comprehensive review of the HR regime and subsequent approvals by the Assembly and other tactical measures that increase the number of professional slots and hire technical economic development subject matter experts and professionals can address this problem. Many General Service staff members also perform professional tasks and should be given opportunities for professional training, as their assignments should either be regularized or rationalized in the light of an overall HR reform. The shortage of professional staff is even more severe upon examining the actual number of P level subject matter experts assigned to work with the seven commissioners in charge of economic development portfolio areas —Trade and Industry; Science and Technology; Social Affairs; Economic Policy; Governance, Education, Health; etc—and deducting the 150-200 staff that occupy P level grades but work in specialized support categories, such as translators and interpreters (approximately 100 staff members), peace and security officials(also 100 staff), and other finance and general planning officers. Thus the ratio of professional staff with subject matter policy expertise to support staff drops to a meager 25 percent as compared to 40 percent overall. The AUC's professional to support staff ratio of 40 percent also compares unfavorably to other institutions such as OAS (60 percent).

20. **About half of the AUC's staff members have regular appointments, while the rest are on short term contracts.** The contracts for short term employees are periodically renewed, and most contract staff members have been in the AUC for about 4 years. Since there are rigidities in the HR and budget regime, AUC's management tends to offer short term appointments, as these are not covered under the Maputo Protocol of 2003, according to which only 700 staff can be permanent employees (generally equal to the current permanent staff in the AUC). This practice is counterproductive and affects performance. There is a need to revisit the Maputo Protocol and Host Country Agreements to better align staffing requirements with the challenges and requirements of the Third Strategic Plan 2014-17, which calls for a strategic shift towards economic development and facilitated regional integration in Africa. This shift requires a skilled and motivated staff to carry forward the AUC's vision and mission of an integrated and developed Africa for its citizens.

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<sup>31</sup> This does not include peace keeping military staff those are not part of the AUC.

21. **Retaining professionals (especially those that are under the age of 40) is a challenge for the AUC, where staff turnover is about 20 percent.** Most former AU staff members are picked up by UN agencies and development entities in the region and beyond, due to the unique skills and policy insights they've attained while working at the AUC. Discussion with potential candidates and new entrants indicate that the AUC's recruitment process is generally long and drawn out. Managers indicate that these delays affect work plans, and the tendency is to seek for temporary consultants rather than permanent employees. Permanent jobs also have to take into account nationality quotas and regional presentation requirements. The process is therefore viewed by many as a non-starter, due to these perceived delays. Efforts are at hand to promote e-recruitment and use of web-applications and job announcements so that some of the selection and hiring processes can be streamlined and expedited.

22. **The proportion of young professionals and youth in the AUC's human resources needs adjustment** (e.g. via new hires, deployment of African Diaspora volunteers, or staff exchange from partners) so as to better cater to skills shortages in information technology and to upgrade policy research functions within the AUC, especially in departments that provide support to member states on priority economic development areas (e.g. intra-African Trade), and other functions. African Diaspora youth volunteers can also help spread the Pan-African message and promote Agenda 2063, which could generate a movement of young leaders who may be alive to see the outcomes of this 50 year vision of prosperity and development in Africa.

**Table 5: AUC Human Resource Profile**

<i>Classification</i>	<i>Headquarter Based</i>	<i>Regional Office Based</i>	<i>Overall (%of total)</i>
<b>Elected Official</b>	10		10
<b>Professional:</b>			
Category D1 (Director)	28	2	30 (2%)
Category P1-P6 (Policy)	454	125	579 (40%)
<b>General Service:</b>			
Category GSA2-GSA6	366	76	442 (31%)
Category GSB5-GSB10	277	77	354 (25%)
Category Youth Volunteer	33		33 (2%)
<b>Total Staff =</b>	<b>1158</b>	<b>280</b>	<b>1438</b>
<b>Gender distribution:</b>			
Female	382	86	468 (33%)
Male	776	994	
<b>Age in years:</b>			
Less than or equal to 40	481	93	574 (40%)
Between 41 and 50	379	109	488 (34%)
51 and above	298	78	376 (26%)
<b>Type of employment:</b>			
Regular staff	510	192	702 (49%)
Short term	648	88	736 (51%)
<i>Source: AUC October 2013</i>			

## AUC's Staff training

23. **Staff training and skills development is also an issue.** Although there is a budget allocated for training, most employees are unable to attend courses due to work overload, schedule conflicts and travel disruptions. For example, in 2012 the AUC utilized only half of the budget allocated for staff training. Lack of online courses and the absence of video link capabilities affect staff training as they cannot train at their own pace. The current suite of courses also needs to be upgraded to better align with staff needs. While the AUC conducted a training needs assessment a long time ago, the assessment should be updated with special attention paid to the various AUC employee age groups among regular staff and consultants. Courses are generally prepared for P level officials, and the needs of GSA and GSB staff (i.e., half of the AUC) are not adequately addressed. Mandatory courses on information policy, ethics, institutional mission and responsibilities should be introduced for all existing staff and for new entrants. This would promote staff awareness and enhance management oversight and control of employees. Courses on the use of desktop design and document management, ICT applications, database management, customer relations, team-work, cross-cultural communication, video conferencing, internet research and office safety could also go a long way in enhancing the AUC's operational efficiency, organizational standards and effectiveness.

24. **The team responsible for planning and delivering training at AUC also needs strengthening and support<sup>32</sup>.** Although AUC management has provided space in the new HQ building for a training center, there is a need to upgrade its ICT capabilities to allow for its provision of video links and tools, the modernization of its library and document services, and its organizational consolidation so that it can truly be converted into an AUC Institute or *iAUC* capable of partnering with the best education and learning institutions within Africa and globally. The AUC Institute should be able to prepare and outsource online courses, and offer institutional programs for staff and member states officials and other stakeholders. Consideration should be given towards the certification and branding of these offerings (e.g. a course for government officials on Diaspora Engagement 101) as it will raise the AUC's profile and allow it to generate revenue by charging select participants, making its objective of securing alternative sources of funding a reality. A systematic upgrade of training capabilities offered to staff and external stakeholders would not only enhance AUC's image as a knowledge institution but also build *esprit de corps* within AUC, especially when its training and professional development function is formalized.

25. **Executive education and professional learning opportunities do not exist for line managers at the AUC.** This should be addressed on a priority basis in partnership with top business schools (e.g. LSE, Harvard). Considering that the AUC's institutional transformation under the Third Strategic plan calls for an ICT upgrade, organization modernization and an emphasis on results management, specialized courses in change management and team building are essential—along with training in the use of state-of-the-art ICT tools and equipment—to

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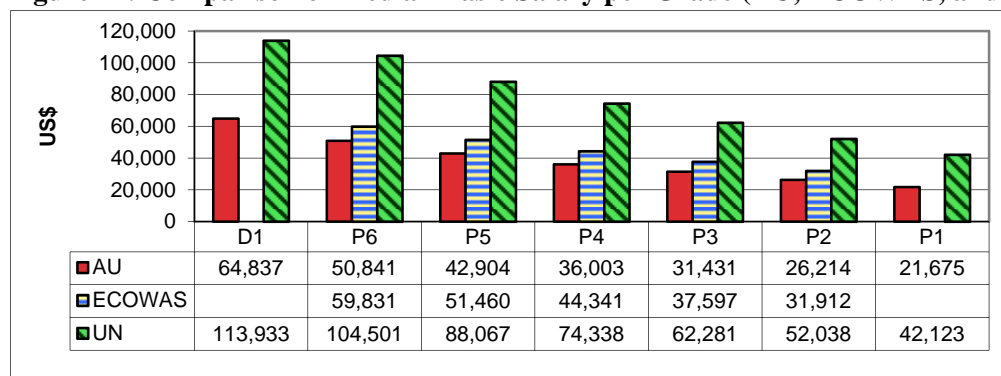
<sup>32</sup> The Administration and Human Resource Management (AHRM) in partnership with Training Advisory Committee (TAC) provided project management and organizational training to AUC 241 staff in 2012 (at a cost of about US\$800,000). It has also prepared a comprehensive forward looking plan to upgrade human resources to meet AUC needs. The budget for this human resource development effort is estimated at US\$3 million. In order to be staff driven they plan to conduct a needs assessment and initiate a program of training of trainers among the AUC staff to build carder of skilled staff trainers and to rationalize costs and build ownership within the institution especially for on-job management programs.

foster greater intra and inter-departmental collaboration (especially in technical departments) and reduce or eventually eliminate the “silo” mentality that pervades the institution. For this purpose, joint peer learning by staff from different departments is needed (e.g. with sister institutions like OAS and ASEAN) to enhance *esprit de corps* and encourage teamwork. The lack of internal synergies also affects technical relationships with outside agencies and specialized institutes of the AU (e.g. IBAR). The development of joint-knowledge sharing; joint-statistical, archival and library patrimony; and video conferencing and data warehousing systems would help change the organizational culture. Thus, involving decision makers in cross-fertilization trainings, language courses and knowledge sharing could help bridge this cultural divide. Expanded language training for staff (especially in French and Portuguese) is critical for enhancing operational and policy effectiveness at the AUC, as 70-80 percent of staff come from English language backgrounds, many with limited language skills in other AU languages. There is also a need to encourage staff exchanges with OAS and ASEAN regions so that benchmarking could be done and south-south knowledge sharing is promoted on regional good practices.

#### AUC’s Staff salaries and remuneration

26. **Although staff salaries have improved in recent years, more needs to done to attract and retain top talent in economic development areas, and to promote the culture of service envisaged by the AUC Third Strategic Plan 2014-17.** Annual average professional staff costs (salaries and benefits) per employee are about US\$35,000 (2012). Management salaries are now generally at par with regional economic communities (RECs), while professional staff salaries are still lower by about 10-15 percent on average, as compared to UN, RECs and some better performing member states, making recruitment and retention of talent difficult. The typical salary for P2 level staff who perform junior policy officer functions is about US\$26,000 in the AUC, as compared with US\$32,000 in ECOWAS, and US\$52,000 in the UN. The salary and benefits situation at the GSA level are also similar. GSB salaries (e.g. GSB10 grade receives US\$10,000) are better as compared to local Ethiopian labor market standards.

**Figure 11: Comparison of Median Basic Salary per Grade (AU, ECOWAS, and UN)**



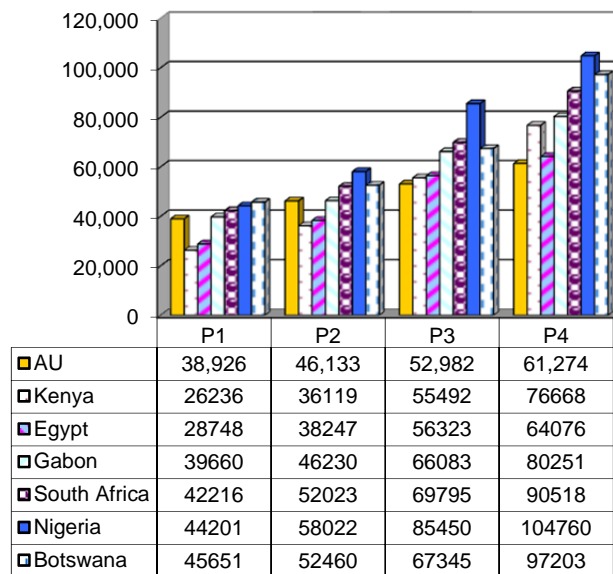
27. **The AUC often competes for talent with countries that are able to offer their citizens better salaries.** According to market surveys conducted by the Birches Group (2006), where the median point comparison of AU salaries to the 75<sup>th</sup> percentiles<sup>1</sup> of the African labour market (private and public sectors combined), several countries pay much more attractive salaries than

<sup>1</sup> Salary superior to 75% of salaries within the category and inferior to 25% of the category.

the AU (see figure below). This situation serves as a barrier to recruitment of staff from these countries and may constitute a political barrier to the ambition of African integration (for example, the staff quotas from some of these countries in the interest of representation may be difficult to fill).

**Figure 12: Comparison of AU and 75th percentiles of African Labour Markets**

**(Private and Public sectors combined)**



Source: AUC Salary Review 2008

28. **Staff retention and the deployment of other measures to meet urgent staffing needs are affected by cumbersome review processes.** For example, changes in the staffing levels and remuneration system can take place only after the submission of proposals to the AU Assembly and approval by two-thirds of the member states. This adds to instances of top down management practices, as the AU engages in practices such as hiring temporary staff, classifying staff as administrators, and engaging consultants that do not require stringent and long recruitment processes.

29. **In view of the low professional staff salaries and other factors, turnover occurs most frequently among junior professionals.** Many leave the AUC only after one or two years of service, resulting in a turnover rate of about 10-20 percent. Most leave for jobs at the RECs and other regional entities. This causes disruptions, loss of institutional memory and budget problems due to high replacement costs<sup>33</sup>. At the General Service staff level (especially among Ethiopian nationals, who constitute about half of AUC employment) turnover and career improvement opportunities are minimal. However, in the absence of robust electronic document management systems and adequate incentives, deployment of GSA (administrative staff), who handle the bulk

<sup>33</sup> Data at the AUC shows that the replacement cost amounts to US\$ 106,387 per employee, which is nearly five times the annual salary of a P1 staff member and almost twice that of a D1. See REVISION OF SALARIES OF THE AU COMMISSION IN ACCORDANCE WITH THE MAPUTO DECISION - *Decision EX.CL/Dec.34 (III)B of July 2003-Brief Examination of the Situation and Proposals September 2008*

of paper flow within the institutions, causes difficulties and bottlenecks in the delivery of international-level services.

30. **The AUC needs an updated compensation and competencies review.** This review will help develop policies that allow for a culture change in the AUC's service delivery and staff retention<sup>34</sup>, particularly at the professional level. It will also be necessary to re-tool the GSA and GSB categories (which constitute about 60 percent of the institution), and to enhance the ranks of professional staff from existing employees through training and development. The AU should also proactively recruit additional policy and subject matter experts in the priority economic development areas outlined in the AUC's Third Strategic Plan 2014-17. Reviews indicate that prospects for career development are low at the AUC, partly due to the organization's limited and rather inflexible structure, as permanent staff members typically retire at the very same professional grade in which they joined the institution. This and other structural disincentives should be made part of the compensation review so that the quality and effectiveness of human resources can be improved.

AUC services for conference, protocol, secretary general and administration management

31. **The AUC is a collegial organization when it comes to the preparation and implementation of plans.** Meetings, workshops and consultations are the principle vehicles of engagement within the institution and with its stakeholders, member states, RECs, civil society organizations, African Diaspora and other entities.

32. **The portfolio departments organize about 738 meetings per year in collaboration with the Conference, Protocol, and Administration departments.** Based on 2012 data, these included two Heads of State summits; about 16 ministerial meetings (e.g. with Ministers of Trade); 360 technical expert meetings (e.g. on climate change, African Diaspora); 330 recurrent meetings (e.g. PRC meetings, youth summit, AU organ's budget planning); and additional celebrations, events and training sessions. The PRC generally approves the Calendar of Meetings in advance, along with its agenda and other features in coordination with the Secretary General's office of the AUC. However, except for the Heads of State meeting, in actual practice there is a large deviation between the schedule and number of meetings and its agenda. For example, in 2012, 389 meetings (about 53 percent) were not in the approved calendar as only 60 events of about 180 meetings had been approved in the calendar. Most of the planning and follow up is done without the use of modern conference management systems, resulting in loss of time and resources and sending a negative signal to the participants.

33. **Approximately 10 to 15 thousand people participate in AUC meetings every year (3,000 in each summit, and about 40-100 in other types of meetings).** Participants represent member states, civil society, private sector and other entities, and generally come in contact with AUC security, protocols, conference facilities and logistic system for the first time. Improving the entire conference experience by upgrading the AUC's technological interface is therefore critical for enhancing the image of the AUC, improving service provision, and enhancing staff productivity.

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<sup>34</sup> The 2003 Maputo Decision EX/CL/Dec.34 (III) B calls for a five-yearly review of salaries of AUC. The last such review was conducted in 2008.

34. **The efficiency and quality of the AUC’s conference and protocol services needs to be improved.** Although the AUC has moved to a state-of-the-art building with a new conference center, the absence of modern meeting and work management tools as well as the lack of specialized training for personnel are affecting its performance. The following modern tools could all enhance the efficiency and quality of conference and protocol services: recording equipment, electronic banners, document management and publication software, applications for banner, agenda and certificate printing, “Craystron” conference hall booking systems, document transfer carts, participant registration and ID photo security booths. Also, the provision of scanning, photocopying and multi-media equipment at the conference center (even on a charge back basis) could significantly improve the image of AUC services. Once participant satisfaction improves, results of policy deliberations are also expected to improve. There is also a need to fill vacancies and train staff and expose them to best practice conference locations to better serve the clients. The AUC should also reduce the number of meetings by encouraging the use of video conferences for technical workshops and consultations in order to economize resources and reduce pressure on logistical units. Web tools (live stream, twitter, dial-in etc.) should be used to encourage more people to participate virtually and thereby expand the impacts of AUC decisions.

35. **There is a further need to modernize translation and interpretation services.** As the AUC is multi-cultural and multi-lingual, with official languages (English, Arabic, French, Portuguese, Spanish, and Swahili), the translation of documents has a special place in the workflow and power play of the institution. An in-house group of about 100 interpreters and translators currently handle this function and report to higher management. However, under this system, it is very difficult for sector policy officers to access services due to staff shortages and other coordination problems. These services come under severe stress during the peak AU summits and main conference periods. Technological options and mobile phone interpretation services could be explored to address peak demands and handle less-sensitive engagements and events to enhance productivity.

#### AUC Financial management, accounting, budget and audit services

36. **The following guidelines govern the financial management of the AUC and other AU organs:** (a) AU Financial Rules and Regulations (FRR), which covers the AU’s budget structure (Articles 17-34), preparation and adoption of the budget (Articles 35-44) and administration of the budget (Articles 45-61); (b) Finance Policies and Procedures Manual (FPPM) defines key budget controls, procedures and preparation processes<sup>35</sup>; and (c) Directorate of Programming, Budgeting, Finance and Accounts (DPBFA) guidelines that assist and outline the budget process’ categorization of expenditure, budgeting forms, and the procedures for presenting the draft budget to the PRC.

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<sup>35</sup> This pertains to: *General Financial Transactions* that include the basis of accounting; book keeping; monies received; petty cash funds; banking; bank and investment accounts; invoices and debtors; conferences, missions and out of pocket expenses; accounts payable; and accounts receivable; *Salaries and wages* that includes personnel standing data; payroll payment; handling payroll deductions; and payroll records.; *Asset management* that includes fixed assets, stores, and property insurance; Special funds; *Budgeting arrangements*; Year-end closing procedures and guidelines in relation to payroll, inventories, fixed assets and the general ledger; *Internal Audit*; *Financial Records and Reports* that include record keeping; books of accounts; accounting forms and reports; and financial reports; *ICT and security*; *Risk management* and fraud; and *Value for money* audits. Source AUC.

37. **The AUC's financial management is handled by the Directorate of Programming, Budgeting, Finance and Accounts (DPBFA).** As per the AU charter, the PRC on behalf of the Executive Council supervises and considers the budget of the AUC and other AU organs, and performs other administrative and financial functions (e.g. staffing decisions). The PRC has an Advisory sub-committee on Administrative, Budgetary and Financial Matters that advises on supplemental budgets and audit reports received from both internal and external auditors.

38. **The Director of PBFA is responsible for keeping the books of accounts, safeguarding AUC assets and enhancing financial accountability and reporting according to Article 71 of the FRR.** The PBFA has four divisions, which include the Accounting Division that prepares the AUC consolidated accounts; the Financial Management Division which mainly processes receipts and payments and handles the treasury management functions of the AUC; the Programming and Budgeting Division which handles AUC's budgeting; and the External Resource Management Division, which is responsible for managing all partner/donor funds including preparation of project accounts except Peace and Security funds.

39. **The External Resource Management Division prepares accounts for over 40 projects.** The division relies on the accounts staff of AUC's 15 regional and 10 liaison offices for processing payments and preparing accountability reports. The Board of External Auditors (BEA) audits all AU projects. The internal audit department coordinates this function and applies a risk based approach for the internal audits.

40. **Budget preparation follows a 21 step, seven month long "Budget Calendar" process outlined by the PRC.** This process applies to both operational and program budgets, which start in December and end in June the following year. The preparation effort is aided by the African Monitoring, Evaluation and Reporting Tool (AMERT) while implementation is tracked by SAP Finance and Controlling (FI-CO) software. SAP is used to prepare accounts as per "the chart of accounts" and reports expenditures financiers, activities, programs and AUC's strategic pillars. The SAP FI-CO software modules under use are as follows: Accounts Receivables, Accounts Payable, General Ledger, Fixed Asset Management, Controlling, Cash and Bank Management and Travel Management. In addition, SAP has human resources management, materials management and fund management modules which work parallel to the FM modules. SAP also helps monitor cash advances to staff. Some features like reconciliation of bank statements are however manually entered into SAP from data prepared in Excel Spreadsheets by accounts officers.

41. **World Bank AUC Financial Assessment (2012) and AUC EU Audit Report (2013) indicate that FM and audit systems and procedures have made laudable process in the last few years.** However, additional upgrades are needed to achieve a better budget execution rate, enhance controls and bring the systems in line with international standards. Efforts are needed to provide capacity building to AUC staff to implement the adoption of International Public Sector



Accounting Standards (IPSAS)<sup>36</sup>. The FRR will also need to be revised to comply with IPSAS. (See Table below).

**Table 6: Needs of AUC Financial Systems Upgrade**

<b>IPSAS Implementation</b>	<b>US\$</b>
IPSAS Training:	
Centralized Facilitator-led Training	1,038,507.80
Specialized Workshop/Seminar	262,867.50
IPSAS Certification – Online	146,700.00
	<b>1,448,075.30</b>
Post Implementation reviews and enhancements	50,000.00
<b>Total IPSAS Budget</b>	<b>1,498,075.30</b>
<b>Enterprise Risk Management &amp; Anti- Corruption Policies Development and Implementation</b>	<b>544,098.00</b>
<b>ERP System Improvement &amp; Enhancements</b>	
SAP Business Objects Planning and Consolidation	558,000.00
SAP Grant Management including Fund Accounting	722,000.00
	<b>1,280,000.00</b>
<b>TOTAL</b>	<b>3,322,173.30</b>

42. **Additionally the AUC’s budget classification needs to be modernized to comply with international best practices** (e.g. IMF Government Financial Statistics 2001). The SAP system needs to be fully implemented in AUC HQ by fully integrating the interface among various modules, and by extending SAP to all regional offices, specialized agencies and organs. This will help cut delays in the preparation of accounting reports by regional offices and others thereby promoting the efficiency and effectiveness of the AUC.

43. **The AUC faces a challenge in dealing with about 60 different bank accounts related to its various programs and projects.** Although it has only six official bank accounts, the AUC’s fund management and reconciliation process is cumbersome. To address this challenge, there is a need to explore a single consolidated bank account designated to the AUC by a financial partner (e.g. the World Bank).

44. **The PRC’s capacity to review budget proposals and audits needs to be strengthened.** Article 108 (i) of the FRR requires the PRC to make recommendations to the Executive Council on audits of AUC departments, regional offices and specialized units. An internal audit charter has been developed by the AUC to assist in this process, which is in the process of approval by the Assembly. Financial record keeping also needs to be modernized by digitizing records and

<sup>36</sup> IPSAS is a catalyst for providing high-quality transparent financial statements and, more importantly, enabling sound public-finance management and improving operational performance. IPSAS are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements. These standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). See [http://en.wikipedia.org/wiki/International\\_Public\\_Sector\\_Accounting\\_Standards](http://en.wikipedia.org/wiki/International_Public_Sector_Accounting_Standards)

introducing scanning technology for the dispatch of reports to the PRC and management uses. Since FPPM is based on the accrual basis of accounting, many books have to be maintained, including: cash book/records, journal voucher, special journals (general receipt, payment voucher and petty cash voucher), general ledger, subsidiary ledgers, advance and imprest records, bank account records, personnel records and registers (inventory and fixed asset register). Specifically, AUC's and AU Organs Public Finance Systems need these modernization efforts: (i) *Implementation of IPSAS in AUC and its organs.* (ii) *Rolling out SAP<sup>37</sup>, AU's enterprise resource management system, to its organs through technological upgrade and training of staff to effectively use the system.* (iii) *Establishment of a Business Continuity Center. Under AUC's disaster management plans, funding will be required to establish a Business Continuity Center.* (iv) *Develop a Risk Management Policy and provide related training in order to have a system of identifying, assessing and managing risks in AUC and its organs;* (v) *Develop a fraud and anti-corruption policy and provide related training in order to improve AU's governance systems.*

45. **Although the budget process of AU institutions is coordinated and supported by the AUC, there is a need to harmonize procedures and upgrade audit arrangements.** A Performance Audit Manual needs to be developed in order to improve internal audit and oversight committee operations that enhance Value for Money Auditing in the AUC and AU organs. There is also a need to modernize inter-institutional coordination mechanisms and enhance the ability of the AUC to offer capacity support to other AU Organs for better service delivery and collective actions.. Staff members in the Office of Internal Audit have been trained by INTOSAI<sup>38</sup> in performance auditing but need a manual to have a systemic process of conducting the audit. Training of staff in audit oversight, risk based forensic and environment auditing is also needed. Moreover, the capacity of Board of External Auditors (BEA) to issue audit qualifications in line with International Standards on Auditing and/or INTOSAI standards needs strengthening. BEA can work closely with INTOSAI and/or AFROSAI<sup>39</sup> to achieve this objective. Audit manuals for BEA should be developed and auditors trained to achieve this requirement. Guidelines should also be developed and provided to member states with regard to the quality of auditors sent to audit the AUC.

#### AUC Procurement and oversight services

46. **The Procurement Unit operating under the Administration Directorate is understaffed and weighed down by burdensome procurement procedures and practices.** Only about five procurement staff handle about US\$100 million in the AUC's program budget. An assessment indicated that most of the procurement is related to consultants, goods and purchasing for conferences, meetings and the publication of reports and documents. The assessment also indicated that the quality and performance of AUC's procurement staff is high. However, staff shortage and cumbersome procurement procedures and practices affect service provision and procurement processes even for small matters could take several months from start to finish. There is a need to streamline work methods and bring them in line with international standards, and to increase the number of experts to meet the increased demand. The scale up of

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<sup>37</sup> SAP stands for Systems Application and Products

<sup>38</sup> INTOSAI stands for International Organization of Supreme Audit Institutions

<sup>39</sup> AFROSAI stands for African Organization of Supreme Audit Institutions

program results as per the Strategic Plan 2014-17 will require an increase in the number of procurement packages which will need processing. E-procurement, P-cards, batch outsourcing, framework agreements for routine items and transport, and other fast track measures should be introduced to cut delays while maintaining transparency and quality of service provision.

47. **The AUC also needs to develop appropriate and standardized guidelines for the use of its applications outside of Addis Ababa, since it operates in many countries.** As the procurement requirements for its operational needs and program needs are different, the AUC may like to set up dedicated teams with specialized staff and standardized workflows (e.g. separate teams for corporate and program procurement service). For example, procurement experts dedicated to Peace and Security matters are required to have higher productivity and shorter lead times for processing. Skills building of staff in international practices via specialized training at the UN Turin institute and other locations should also be encouraged.

48. **The following areas of capacity building are needed to strengthen the AUC's procurement function:** (a) Staff training in areas of Contract Management, Suppliers Solicitation, Procurement Roles as well refresher training program for all staff of the Unit and others experts that interact with the AUC procurement Unit; (b) Enhancement of Procurement and Travel Unit staffing to fast track service delivery; (c) Publication and Popularization of the new Procurement Manual to all the AUC departments and AU organs and Regional Offices; and (d) provision of e-procurement and other technical systems to streamline procurement and cut delays and enhance value for money. In addition, AUC needs to pursue the 2012 Mombasa African Regional Procurement System harmonization initiative by conducting Feasibility and Needs Assessment, including baseline studies to facilitate Regional Integration. After necessary upgrading to procurement services, the contract posting procurement information rate is expected to increase from the current incomplete status to a complete information posting rate of 80 percent on the AUC procurement portal. Also, the procurement audit compliance with the legal requirements is expected to improve from the current rate of 60 to 80 percent.

#### AUC Office Buildings and Facilities

49. **Working conditions at the AUC headquarters in Addis Ababa are mixed.** The AUC has recently moved into a state of the art conference and head office building (gifted by the Chinese Government). About 70 percent of the staff works in this office space, while rest of the staff—who mostly provide core administrative services (i.e., ICT, human resources, financial management, audit, printing, security, logistics etc.)—is working out of the 11 old AUC buildings in the AU complex. The condition of some of these old buildings (e.g. C building) is suboptimal for efficient deployment of ICT infrastructure and suffers from other deficiencies. There is a need to set space use standards and refurbish target areas so that they can be used for ICT deployment and also enable efficient service provision. With support of the German Government a new building is being constructed for the Peace and Security Commission and staff of about 200 is expected to move into this facility by end of 2014, easing some of the space needs pressures.

## AUC's Information technology services and its modernization needs

50. **Much needs to be done to bring the AUC's ICT services for office use to international standards.** According to the AUC's ICT review conducted by Cisco Systems in May 2011<sup>40</sup> and the Bank's recent field visits to the AUC's new office complex, Conference Center and old buildings, the AUC's existing ICT infrastructure does not provide an enabling environment for an efficient process flow or information sharing across the organization, which not only creates inefficiencies across the organization but also affects the overall efficacy of the AUC. To achieve international standards, key investments must be made to upgrade the AUC's current ICT infrastructure, including the provision of basic connectivity, standard desktop suites, business applications to automate existing manual processes, databases and applications to support knowledge across the organization, regular staff training, and last but not least a trained Information Technology workforce to run the AUC's day-to-day IT operations.

### *Condition of AUC's Existing ICT Systems in Headquarters and Regional Offices*

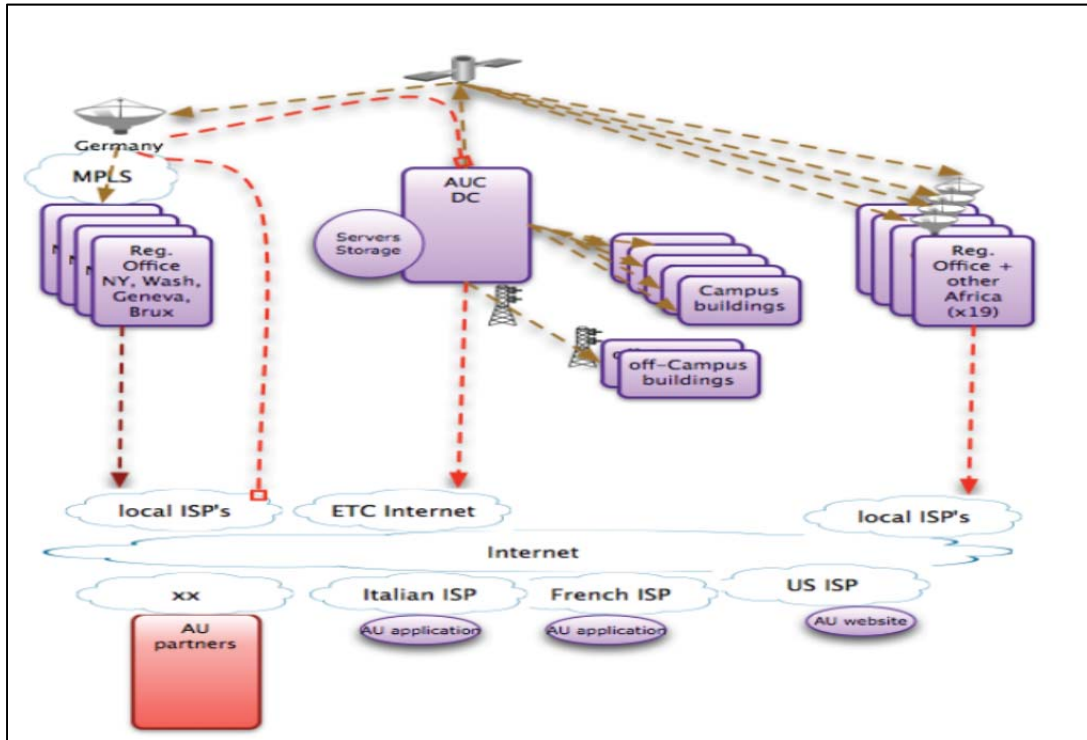
51. **The AUC HQ in Addis Ababa lacks a unified ICT System.** It has twelve campus buildings, out of which only 8 are connected to a centralized data center through fiber while the remaining 4 are linked through P2P Wi-Fi setup. There are 25 regional and technical offices, 21 of which are connected to the HQ through VSAT technology and remaining four offices in United States and Europe are connected using MPLS and VSAT. Currently approximately 1,500 staff uses some aspect of the Information System across the organization. Most of the staff have access to a desktop computer and a desk phone, however, an enterprise wide desktop suite with standard applications and a fully integrated telephony system is missing. AUC staff mainly use email and voice for communications with a very limited videoconferencing service. Due to lack of integrated voice services and inadequate number of phones, staff members use mobile phones to communicate with each other. Staff access the internet in the following three ways: 1) Ethio-Telecom (ET) provides a relatively new 10 Mb/s Internet connection, although it is unreliable and generally considered to be under capacity; 2) A satellite connection (6 Mb/s, VSAT) is available but due to its high expense is only used as backup; and 3) a wireless network that is only partially available on the AUC campus, and currently has no standard requirements for smart phone access. The system also lacks the capacity to converge fixed and mobile connections.

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<sup>40</sup> Cisco Advisory Services. AUC ICT Discovery Report. May 25, 2011. PDF file.

Cisco Advisory Services. African Union AUC 2.0 ICT Strategy. May 25, 2011. PDF file.

**Figure 13: Current ICT Infrastructure at AUC**



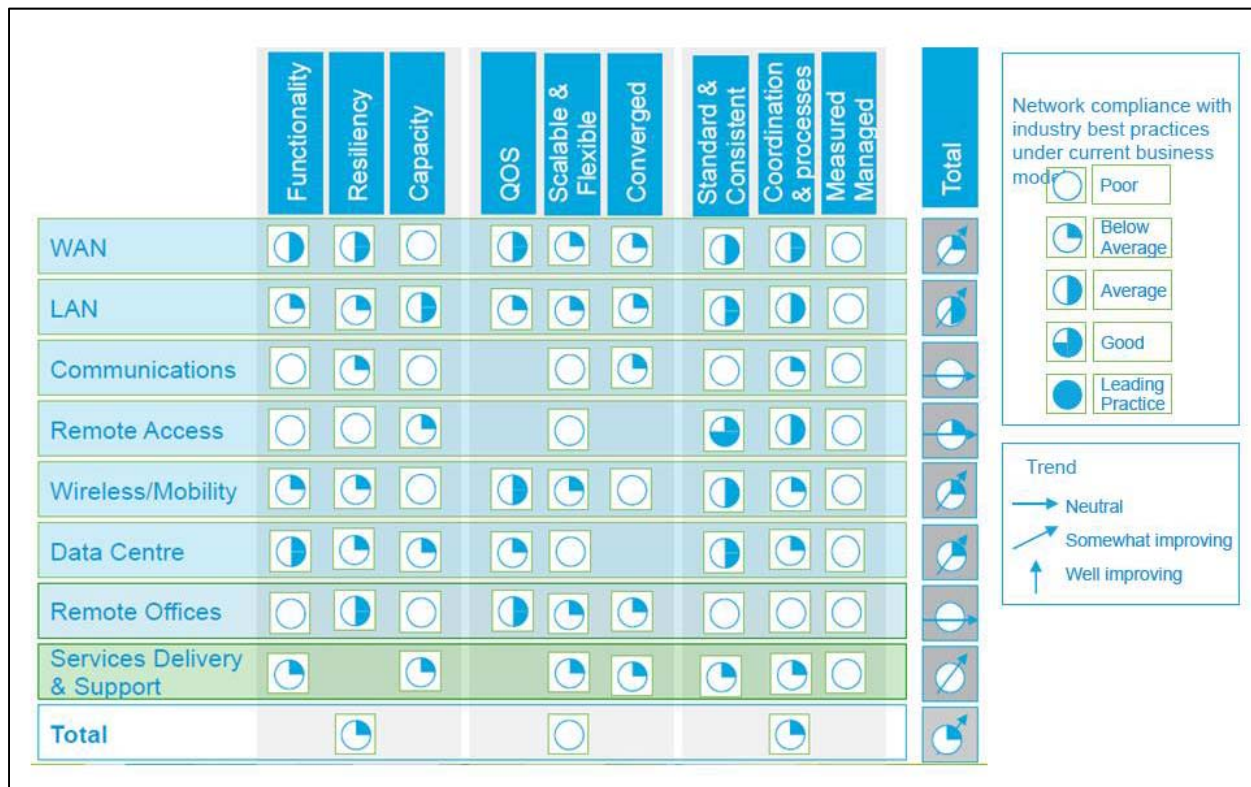
52. **Remote access to applications like email is patchy with limited functionality.** For example, staff can only use webmail to access a version of their email account which doesn't provide full functionality of an email system. The data center located in the main HQ campus (in old Building C) is also not fully equipped and doesn't meet the tiering standards especially in terms of supporting power and cooling infrastructure. In addition there is no cold or hot backup site to provide disaster recovery and business continuity capability, which is essential to run any large organization.

53. **Although the AUC's website has improved over past years, AUC's data warehousing and dissemination potential has not yet been developed for the benefit of the continent.** AUC's technical departments are privy to a tremendous amount of technical and tacit knowledge generated through hundreds of publications, meetings, exchanges and events that they sponsor, contribute towards, oversee or generate every year. The complex interplay of actors and stakeholders which is in itself a challenge for the AUC to manage could be streamlined with the use of technology and converted into an opportunity that utilizes the diverse set of contacts and data available to set up networks for professionals, policy makers, providers and receivers of services, potential funders, and overseers of investments in collaboration with RECs and other entities.

54. **No clear strategy exists for establishing an IT department management structure that meets AUC's business requirements and provides basic infrastructure services.** These services include an enterprise desktop suite; a corporate email system; a fully functional help desk; hardware refresh policies; collaboration tools; ERP systems; connectivity that can meet the

growing demand; fool proof information security framework; reliable remote access systems; integrated telephony systems; tiered data center with optimal virtualization and high availability etc. In addition there is a lack of a skilled IT workforce in the AUC that can embark on this ambitious plan of revamping ICT infrastructure across the organization, building applications which meet business requirements and enhancing organizational efficiencies. The Figure 14 below shows a high level assessment of the current state of AUC’s IT systems.

**Figure 14: Assessment of the Current State of AUC’s ICT Infrastructure**



55. **Some initiatives to improve AUC’s and other Organ ICT infrastructure have already been taken or are in progress.** These mainly include: replacement of old analogue PBX with an IP based telephony system and deployment of some IP phones; renovation of the existing MIS datacenter focusing on power, structured cabling and cooling; connecting some campus buildings with fiber channels; deployment of locally developed mail registration system and a decentralized Exchange deployment.

56. **The move towards a state of the art ICT system in the AUC and other AU Organs that provides reliable and value added services would require the following phased approach:** (a) *Developing an ICT Leveraging Strategy for AUC and select AU Organs (US\$0.5 million).* To design AUC’s ICT deployment plan in line with AUC’s Third Strategic Plan 2014-17, it is important to identify the strategic priorities, industry standards for basic LAN/ WAN infrastructure, best fit in terms of business and knowledge applications as per business requirements, and an IT organization with the required skill set and delivery capacity. A comprehensive three years IT strategy and an implementation plan considering the existing constraints of the organization should form the basis of the proposed ICT reform program. The

IT operational strategy should be based on the following key priorities: (i) Formation of a solid IT organization with adequate resources headed by an experienced CIO/ CTO/ Head of IT.; (ii) Overhaul of the basic ICT infrastructure including connectivity and computing environment. This entails LAN/ WAN infrastructure, adequate Wi-Fi capabilities, standard enterprise desktop with necessary tools like email and word processing, printing services, authentication mechanism, remote access services, tiered data center to provide reliable compute power with built in redundancy, integrated telephony services, videoconferencing services and a fully functional help desk to provide adequate IT support and services; (iii) Establishing an Information Security practice with clear policies and guidelines.; (iv) Establishing a Project Management Office (PMO) within the IT coordination group of the AUC to oversee the transformational ICT projects; (v) Detailed needs analysis to identify, develop and deploy business applications across the organization; (vi) Deployment/development of applications and tools according to the business requirements such as document management system; project planning and tracking tool; collaboration platform; mapping and geo-referencing tools; structured databases and knowledge management systems; transactional and work flow based systems, ERP application etc.; and ( vii) Development of a disaster recovery and a business continuity plan for the organization.

(b) *Overhauling ICT Infrastructure of AUC and Select AU Organs (US\$3.5).* Existing ICT infrastructure and applications like video, integrated voice, business applications, collaboration platform need a total revamp:

<b>Modernization Areas</b>	<b>Proposed Solution</b>
Industry standard LAN design and implementation	Fiber connectivity between campus buildings with built in redundancy; structured cabling within campus buildings and well-structured VLAN setup.
Enhanced WAN	Use of MPLS wherever available to reduce latency and recurrent costs; increase in bandwidth to support video, voice and other centrally hosted business applications; deploy local Internet breakouts using ISPs to provide better and cheaper Internet access. Increased network security with authentication, intrusion detection and prevention, deployment of firewalls, encryption and security policies across the WAN.
Wi-Fi access across the campus buildings	Deploy secure Wi-Fi connectivity across campus buildings to support mobile devices.
Enterprise desktop computing	Provide latest hardware equipped with latest basic software packages, like MS office suite, email client, anti-virus software. Deploy a well-designed AD infrastructure across the organization. Stabilize the email platform across the organization.
Data Center refurbishment	Build out at least a tier 3 data center which can service centralized application hosting with high availability and redundancies in terms of power infrastructure, cooling systems, structured cabling, fire suppression system, security and monitoring setup and compute capabilities including virtualization and SAN implementation.
DR Site	Build out/ hosting of a DR site to ensure un-interrupted IT services in case of a disaster.
Value add services like Video and Voice	Establish a robust Videoconferencing capability in the organization for internal as well as external

	communications. Migrate to a fully integrated IP based telephony system to connect all AUC campus buildings and regional and international offices. This will not only provide an efficient way of communicating internally but will also help in cost efficiencies.
Fully functional IT Help Desk	Establish a fully functional and automated IT help desk in-line with ITIL framework with the ability to log complaints, track resolutions and reporting capabilities. Appropriately source the help desk with skilled IT support staff.

(c) *Business Requirements & Application Deployment for AUC and select AU organs (US\$3.0 Million)* Although some cross cutting applications and platforms have been identified by the Cisco assessments noted above, there is a need to determine specific business process requirements of individual departments and units. This needs analysis could be guided along the following line:

<b>Modernization Areas</b>	<b>Proposed Solution</b>
Needs analysis across all AUC functional lines of business (corporate, administration, program and general services etc.)	The first step in any application development/ deployment project is to gather complete business requirements. A deep dive to firm up end-user requirements for all lines of business across the AUC would be essential.
Collaboration Platform	Any modern organization cannot properly function without a document management and a collaboration platform. AUC is in dire need to implement a robust and user friendly collaboration platform like an Intranet.
Hosting Services	Enterprise wide hosting strategy for websites/ multi-media content across the organization – in-house vs. the Cloud.
Geo-referencing and Mapping tools	Deploy an off-the shelf package like Google Maps etc. and incorporate AUC’s specific requirements.
Transaction Processing & work flow systems	ERP or other work flow applications like room/ conference bookings, interpreter scheduling, document publication etc.
External facing websites	Develop an extranet strategy for AUC including platform for publishing and content management in coordination with the program and service delivery groups.
Databases and knowledge management systems	Articulate a knowledge management strategy for AUC keeping in view the program and service delivery requirements.
Current SAP design & deployment	Conduct a thorough analysis of existing SAP architecture and usage before expanded roll-out.
Contact management database	Deploy an off-the-shelf contact management system.



## **PART II: OTHER AU ORGANS: ORGANIZATION, CHALLENGES AND CAPACITY NEEDS**

### **ECOSOCC'S ORGANIZATION, CHALLENGES AND CAPACITY NEEDS TO PROMOTE CIVIL SOCIETY PARTICIPATION AND ACCOUNTABILITY OF AU ORGANS**

57. **ECOSSOC is an advisory organ of the AU.** It was established in 2005 under the AU's Constitutive Act with a mandate to promote dialogue and consultation between civil society and AU organs, and offer opinions and feedback on the technical policies and projects of the AUC, AU organs and institutions (see Figure 8 ahead). The preparation of opinions and reports could be initiated upon request from the AUC, the Pan-African Parliament, the Specialized Technical Committees (STCs) or any other authorized organ of the AU. ECOSOCC could also initiate on its own advisory opinions and reports without any referrals. This function however, as yet, has not been fully operational. Specifically, according to the statute, ECOSSOC's main objectives are: (a) promoting dialogues and partnership between African governments and their peoples and among the African people themselves; (b) participating in program activities of the AU, including promoting the overall principles and objectives of the AU; and (c) developing the capacity of African CSOs<sup>41</sup>.

58. **AUC's Citizens and Diaspora Directorate (CIDO) serves as the secretariat of ECOSOCC and is mandated to facilitate ECOSSOC's functions.** On behalf of the AUC, CIDO is also responsible for African Diaspora engagement and other civil society related outreach measures (e.g., set up of an AU Diaspora Volunteer Corps details of which are provided ahead in Part III of this Annex). CIDO budget and staffing has improved in recent years, it still remains weak to perform ECOSSOC facilitation functions as well as handle other portfolio of work.

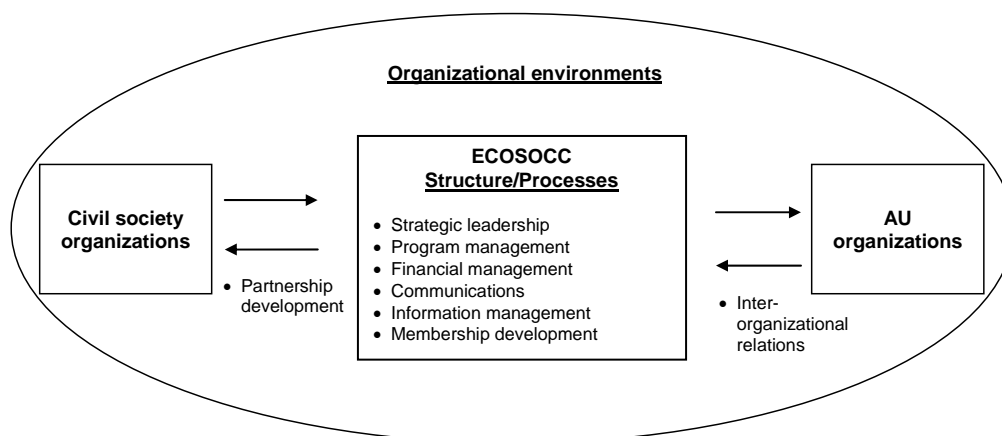
59. **ECOSSOC has four organizational elements.** These include the following: (a) the General Assembly, which is its highest decision and policy-making body and is comprised of CSO members; (b) the Standing Committee, which is an elected body from among its members and is responsible for the coordination of the work of the advisory organ, and has 18 members; (c) Ten Sectoral Cluster Committees, which are the main institutional mechanisms to formulate opinions and provide inputs into the AU policies and programs<sup>42</sup>; and (d) the Credentials Committee, which determines and verifies the credentials of members of the organ. In addition, there is a Bureau of the General Assembly, which is composed of a Presiding Officer and four Deputy Presiding Officers and is responsible for managing meetings of the Standing Committee and the General Assembly

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<sup>41</sup> CSOs include: (1) Social groups such as those representing women, children, the youth, the elderly and people with disability and special needs; (2) Professional groups such as associations of artists, engineers, health practitioners, social workers, media, teachers, sport associations, legal professionals, social scientists, academia, business organizations, national chambers of commerce, workers, employers, industry and agriculture as well as other private sector interest groups; (3) Non-governmental organizations (NGOs), community-based organizations (CBOs) and voluntary organizations; and (4) Cultural organizations.

<sup>42</sup> As per the statute ECOSOCC's Sectoral Cluster Committees include: Peace and Security; Political Affairs; Infrastructure and Energy; Social Affairs and Health; Human Resources, Science and Technology; Trade and Industry; Rural Economy and Agriculture; Economic Affairs; Women and Gender; and Cross Cutting Programmes. Each Sectoral Cluster Committee has three categories of membership, including core members derived from the ECOSOCC General Assembly, associate members that draws on the full range of expertise available in each sectoral cluster area, and invited members with special expertise required on ad-hoc basis.

**Figure 15: ECOSSOC’s Organizational Setting for Civil Society Engagement**



60. **A total of 150 CSOs are selected by the AUC to serve as ECOSOCC members through elections at member state, regional, continental and Diaspora levels.** The members are limited to being elected to two 4-year terms. CSOs must meet a number of eligibility requirements (e.g. consistency with the principles and objectives of the AU, national registration, majority ownership and management by African nationals, etc) to seek membership. To ensure coverage and diversity CSOs are selected based on this criteria: (i) two CSOs from each Member State of the AU; (ii) ten CSOs operating at the regional and eight at the continental level; (iii) twenty CSOs from the African Diaspora; and (iv) six CSOs in ex-officio capacity nominated by the AUC based on special considerations in consultation with Member States of the AU.

61. **As noted above, ECOSSOC is a new organ of the AU and between 2005 and 2007, only operated with an Interim General Assembly.** Its Permanent General Assembly only became operational in 2008 and the lack of budget and shortage of staff in CIDO affected the set up and operation of the ten Sectoral Cluster Committees. ECOSSOC’s General Assembly recently completed its term and CIDO is presently holding elections to select new members. This process is expected to be completed by early 2014.

62. **Since its establishment ECOSSOC has raised awareness among member states about its role and functions, and has also received praise from some stakeholders.**<sup>43</sup> However, much more outreach and capacity development of its sectoral clusters is needed for it to serve as a solid social accountability mechanism for the AU organs and institutions. There is also a need to build CIDO’s capacity to effectively perform secretariat functions and to contribute towards the smooth operation of ECOSSOC and CSOs in the region and beyond.

63. **A need to prioritize and target strategic social accountability improvements exists, given ECOSSOC’s broad agenda and evolving organizational structures as well as CIDO’s**

<sup>43</sup> In 2008, for example, the Chairperson of the AU at the time, President Kikwete of Tanzania commended the unique process of ECOSOCC continental elections preceding the Assembly to Member States as providing object lessons in terms of procedure and outcomes.

**capacity gaps.** ECOSOCC's capacity to formulate and submit quality advisory opinions and reports on key economic and social development matters should be a priority. Also, wide discussion with AU organs and dissemination of advisory opinions, studies and recommendations, and facilitation needs of CIDO should be assigned high priority in formulating capacity development activities.

#### THE PAN-AFRICAN PARLIAMENT (PAP) ORGANIZATION, AND CAPACITY NEEDS TO PROMOTE MODEL LEGISLATION FOR DEVELOPMENT

64. **The Pan-African Parliament was established in March 2004, by Article 17 of The Constitutive Act of the African Union.** It is one of the nine Organs provided for in the Treaty Establishing the African Economic Community signed in Abuja, Nigeria, in 1991. PAP is headquartered in Midrand, South Africa. Its purpose is to provide a common platform for African peoples and African grass-roots organizations to engage in discussions and decision-making processes in order to address challenges faced by Africa, and participate in the development and economic integration of Africa. Quite recently, the PAP has been urged by the Chairperson of the AUC (Dr Zuma) to enact relevant policies and laws necessary for growth and development at both the national and continental levels (*"Pan-African Parliament to Play a greater Legislative function"*, AU, May 07, 2013). In this regard, the PAP is expected to enact laws that allow people, goods and services to move freely across borders in order to facilitate intra-African trade, investment and partnerships.

65. **PAP is on a growth trajectory.** It is posited that although PAP has been in operation for some years, to execute its mandate effectively, it needs to transition from its current position as a consultative and advisory body to a full legislative institution with corresponding critical leadership role and exercise of greater legislative and oversight functions. This mandate presents a window of opportunity to provide clarity on the exact position, role and mandate of the PAP in the economic integration and transformative development (based on trade, investment and partnerships) architecture of the African Union. Given the present day growth and transformation agenda of the AU and AUC, the mandate clearly define the primary responsibilities and carve an institutional jurisdiction for PAP in relation to other AU organs, structures and processes.

66. **At present the PAP has 230 members and exercises advisory and consultative powers as per the AUC's Constitutive Act (Article 17).** It has a staff of about 20 that supports the advisory work which is carried on a part-time basis by the members. PAP's capacity needs to be strengthened in several areas, such as its promulgation of model laws to facilitate intra-African trade in the region and fulfill the important role assigned to it within the AU architecture.

#### THE AFRICAN COURT ON HUMAN AND PEOPLE RIGHTS (THE AFRICAN COURT): ORGANIZATION, CHALLENGES AND CAPACITY NEEDS TO PROMOTE WOMEN RIGHTS AND SUPPORT COLLABORATION BETWEEN AUC AND NATIONAL JUDICIARIES

[NOTE: of the AU's African Court of Justice and Human Rights only the Human Rights Court is in place]

67. **The African Court is a relatively new AU judicial body and institutionally a natural interface between AUC and the judicial branches of government in member states.**

Functionally, it is responsible for issuing advisory opinions and adjudicates matters related to women's and child rights, among other matters. Enhancing the African Courts profile as the AU's judicial organ through the creation of a continental African judiciary network with the AUC and the provision of partnership assistance that supports the Court's growing scope of jurisdiction would strengthen AU's role in economic development.

68. *Organization and Institutional Setting.* **The African Court was established by Article 1 of the Protocol to the African Charter on Human and Peoples' Rights on the Establishment of an African Court on Human and Peoples' Rights (the Protocol) in 1998.** The Protocol came into force in 2004 after receiving the necessary number of ratifications. The African Court officially began its operations in Addis Ababa, Ethiopia in November 2006, but relocated its seat to Arusha, Tanzania in August 2007<sup>44</sup>.

69. **The African Court is one of the AU Organs which aim to ensure the protection of human and peoples' rights in Africa.** It complements the functions of the African Commission on Human and Peoples' Rights (ACHPR) based in Banjul, The Gambia and that of the African Committee of Experts on the Rights and Welfare of the Child (ACERWC) based in Addis Ababa, Ethiopia (see Table ahead which lists the main instruments and institutions that constitute the human rights architecture of Africa).

70. **The African Court's jurisdiction will expand in the coming years.** Currently, the Court has jurisdiction over all cases and disputes submitted to it concerning the interpretation and application of the African Human Rights Charter, the Protocol and any other relevant human rights instrument ratified by the member states concerned. While the Court's current jurisdiction is limited to Human Rights, there are plans to expand it to Criminal and General issues (the latter of which relates to the interpretation and application of treaties by AU member states). However, this expansion is not yet operational. The African Court's mandate is to "complement and reinforce the functions of the Commission in promoting and protecting human and peoples' rights, freedoms and duties in African Union Member States." As the Commission is a quasi-judicial body, it can only make recommendations while the Court makes binding decisions. The ACHPR aims to a) promote and protect human and peoples' rights; b) interpret the African Charter on Human and Peoples' Rights (the Charter); and c) monitor the Charter's implementation.

71. **The African Court is comprised of eleven judges.** The judges are nationals of AU member states and are elected after being nominated by State Parties to the Charter but serve in their personal capacity. Terms for judges have a six year limit, and can be renewed only once. The judges of the African Court also elect a President and Vice-President every two years, both of whom can be reelected once again. The President of the Court resides and works in Arusha, Tanzania in between sessions, while the other ten judges return to their respective countries. A

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<sup>44</sup> Member states of the Organization of African Unity (OAU) (AU's predecessor institution) adopted the Protocol in Ouagadougou, Burkina Faso, in June 1998. After its ratification by more than 15 countries, the Protocol came into force on 25 January 2004. So far only about half of the AU's 54 member states have ratified the Protocol. These countries include: Algeria, Burkina Faso, Burundi, Cote d'Ivoire, Comoros, Congo, Gabon, Gambia, Ghana, Kenya, Libya, Lesotho, Mali, Malawi, Mozambique, Mauritania, Mauritius, Nigeria, Niger, Rwanda, South Africa, Senegal, Tanzania, Togo, Tunisia and Uganda.

Registrar who performs registry, managerial and administrative functions of the Court serves to assist the President throughout the year.

72. **The African Court holds four Ordinary Sessions each year.** Each session can last up to three weeks, and the Court may, at its discretion, hold an Extra-Ordinary Session. During its sessions, the Court deliberates on administrative and judicial matters in closed hearings. All hearings are held in public but deliberations after the hearings are held in closed hearings. However, since 2012, the Court has been screening public deliberations on its website through live streaming.

73. **Aside from the judges, the African Court is comprised of five departmental units.** These include: the Office of the Registrar, Finance Department, Library Unit, Communications Unit, and Legal Unit. As of November 2013, about 40 staff members work in the registry and other departments, of which 19 are in professional grades while the rest are in support/administrative grades. Over the last few years, the Court has received 49 applications, of which 29 have been decided. In addition, it has received five requests for advisory opinions, of which three have been disposed of.

74. **Although the African Court has been operational since 2006, it faces the following challenges:** (a) Lack of public awareness about its activities and existence on the continent, and its relationship with other human rights entities in Africa and beyond. There is a need to enhance stakeholder outreach and dissemination among the general public, civil society and other stakeholders. (b) Lack of resources for judges to interact and share knowledge with other institutions of the African human rights system (e.g. national and regional courts). While the EU and GIZ support some staff exchange programs, additional expanded peer learning (e.g. with OAS) could improve outcomes<sup>45</sup>. (c) Weak dialogue and networking capabilities with other human rights institutions on socio-economic rights, whether at the continental level (e.g. African Commission on Human and People Rights); regional level (e.g. within Africa with ECOWAS Court or the East African Court of Justice), or internationally (e.g. the UN system, Inter-American system). There is also a need to strengthen networks among NGOs, media and other social accountability institutions to promote the Court's role and human rights principles in socio-economic and peace building in Africa. This could include through the Economic, Social and Cultural Council of the African Union. (d) Lack of modern ICT infrastructure. Although the Court's website has improved in the last few years and provides copies of court decisions, additional capabilities such as online databases; judicial observatories with "radio" and social media tools; and legal information networks could be developed for improved services. (e) Staff skills and size gaps. There is need to build capacity and skill of staff to implement human resource, ICT and financial management upgrades that are being planned by the AUC for AU Organs. These efforts include the introduction of video-conference systems, knowledge databases, IPSAS financial upgrades, and procurement improvements, among other initiatives. The African Court's professional cadre also has several vacancies due to its inadequacy of

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<sup>45</sup> Since primary responsibility for ensuring the protection of human rights lies with national states the African Court seeks to work closely with national states. As the African human rights architecture is linked to the UN's international human rights system, the African Court engages with and supports the international human rights institutions. Also, the African Court interacts with two other regional human rights systems—namely, the European system (e.g. the Human Rights Court in Strasburg, and the Court in Luxemburg), and the Inter-American system (e.g. the Court based in Costa Rica, and the Inter-American Human Rights Commission based on Washington, D.C.) in fulfilling its mandate and promoting knowledge.

budget. Efforts are needed to obtain appropriate budget approvals that cater to staff additions in order to meet the uptick in demand for the Court in the medium term, especially in economic development related matters.

**Box 2: Good Practice Examples of Judicial Networks for the Promotion of Good Governance, Social and Economic Development**

**Latin America and the Caribbean Judicial Summit** (Launched in 1998 – Caracas Venezuela with World Bank support): Brings together Presidents of the Supreme Court, judges and court administrators to share experiences in diverse topics such as judicial independence, case management, e-justice, judicial ethics codes, relationship with the media, publication of decisions, enforcement systems, among others. It is now supported by a research center (e.g. CEJA in Chile) and regional judicial training institutes virtual education network and the quality of justice indicators group. <http://www.cumbrejudicial.org/web/guest/inicio>

**Asia-Pacific – JRN21 Network** (Launched in 2005 – Manila Philippines with World Bank support): The main objective of the JRN21 Network is to share knowledge, including lessons learned, problems faced, best practices and potential model reform experiences from the region as well as globally. Periodic roundtables help identify areas of high priority collaboration among Asia-Pacific Chief Justices, judges and judicial academies, with a view to examining country experiences that have potential for replication or adaptation in other countries within the region. This network was launched by the Supreme Court of Philippines. Asia-Pacific member countries take turn in hosting this knowledge exchange [http://jrn21.judiciary.gov.ph/forum\\_icsjr.html](http://jrn21.judiciary.gov.ph/forum_icsjr.html)

**EUROPE (2004)- CEPEJ-Commission for the Efficiency of Justice** The aim of the CEPEJ is the improvement of the efficiency and functioning of justice in the member States, and the development of the implementation of the instruments adopted by the Council of Europe to this end. Its work is to analyze the results of the judicial systems; identify the difficulties they are facing; define concrete ways to help improve their systems; and provide assistance to member States, at their request, among other tasks. Annually, judicial representatives from the 54 Council of Europe (COE) member countries meet to discuss and prepare the status of the performance of the judiciary report. <http://www.coe.int/t/dghl/cooperation/cepej/evaluation/>

**International Framework for Judicial Excellence.** The Framework represents a resource for assessing a court's performance against seven detailed areas of court excellence and provides clear guidance for courts intending to improve their performance.

<http://www.courtexcellence.com/resources/~media/microsites/files/icce/the%20international%20framework%20e%202013.ashx>

75. **Collaboration between AUC and the African Court for policy improvements could be enhanced through outreach and partnership support.** This includes: (a) *Continental Judiciary Networks for the Promotion of Good Governance and Economic Development in Africa*; Support the development and coordination of annual summits to allow Court officials and chief justices from across AU member states to engage in strategic planning, visioning, and knowledge sharing exercises in order to enhance the judiciary's profile at the AU while enabling discussion and work towards the creation of judicial norms across the continent (e.g. development of good governance judicial standards for the resolution of investment disputes and enforcement of contracts) (See Box 2 above with examples of international good practices in judicial networks for good governance standards development and knowledge interchange<sup>46</sup>). And (b) *Provision of Partnership Support*; Provide technical support to improve the Court's communication and ICT infrastructure so as to bolster its outreach activities in line with the AUC Strategic Plan 2014-17 and the Agenda 2063 exercise (e.g. 2016 Human Rights Day, AU

<sup>46</sup> The AU through the African Court organized the first judicial dialogue with national judiciaries in Arusha, Tanzania in November 2013 to begin this process of consultation and identification of priorities. This was followed by a technical meeting of CCJA (a court association of constitutional jurisdictions in Africa) hosted by South Africa (the vice chair) to discuss plans with respect to the development of regional standards for good governance and role of judiciary in trade, investment and economic prosperity by exploring ways for engaging the AU institutions and RECs in the promotion of economic development on the continent. Request for collaboration and support by the CCJA to the AUC also been submitted.

Goodwill Ambassador Program, Media Networking, and social media/video conference systems) and strengthen its day to day business processes by developing its legal knowledge and jurisprudence systems; providing hardware IT solutions; organizing peer to peer learning for judges (e.g. with OAS), providing training to court officials and making available short term experts for specific projects such as offering advisory opinion on the problems of access to justice by women or other vulnerable groups.

**Table 7: Rights and Economic Development in Africa Some Key Instruments and Institutions**

<i>Instruments/Institutions*</i>	<i>No of AU member states</i>	<i>No of Member states that have Ratified</i>	<i>No of state parties that have made declaration</i>	<i>Comments</i>
OAU Refugee Convention	54			
African Charter on Human and Peoples' Rights	54	53	NA (no need for declaration)	Right to receive information (Article 9); right to property (Article 14); protection of the rights of women (Article 18); independence of the courts (Article 26).
Protocol to the African Charter on Human and Peoples' Rights on the Establishment of an African Court on Human and Peoples' Rights	54	26	7	
*African Commission on Human and Peoples Rights	54	53	NA	
African Charter on the Rights and Welfare of the Child	54			
*African Committee of Experts on the Rights and Welfare of the Child (ACERWC)	54	47	NA	
Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (Maputo Protocol)	54	36	NA	
*African Court on Human and Peoples' Rights	54	26	7	
African Union Convention on Internally Displaced Persons	54	19	N/A	

**AFRICAN COMMITTEE OF EXPERTS ON THE RIGHTS AND WELFARE OF THE CHILD (ACERWC): ORGANIZATION AND CAPACITY NEEDS FOR RAISING AWARENESS**

76. **The ACERWC was established by the African Charter on the Rights and Welfare of the Child.** It is a quasi-judicial institution responsible for, inter alia, reviewing state party implementation of the African Charter on the Rights Welfare of the Child by considering state reports and individual complaints regarding violations of this Charter and through which it provides interpretation for the Charter. It is a key institution of the African human rights architecture and works closely with African Court and the African Commission for Human and Peoples Rights. It is housed in the AUC's Political Affairs Department in Addis Ababa. While resources for the Committee have increased over the past years, stable funding is still needed for the ACERWC to undertake awareness raising activities in member states and promote collaboration with civil society organizations and encourage their participation in AUC programs.

AFRICAN COMMISSION FOR HUMAN AND PEOPLES RIGHTS (ACHPR)  
ORGANIZATION AND CAPACITY NEEDS

77. **The ACHPR was established by the African Charter on Human and Peoples' Rights.** It is responsible for, inter alia, reviewing citizen and other complaints, promoting human rights principles, and providing interpretation for the African Charter on Human and Peoples' Rights. It complements the work of the African Court and works closely with member states in promoting human rights protection in the region. It is based on Banjul, The Gambia, and has a staff of about 40. It is currently receiving capacity support from development partners to hold its sessions and carryout outreach activities.

AU COMISSION ON INTERNATIONAL LAW (AUCIL) ORGANIZATION AND  
CAPACITY NEEDS FOR REFORM PROMOTION

78. **AUCIL undertakes activities relating to the codification and progressive development of international law.** It pays particular attention to the laws of the AU as embodied in its treaties, decisions of its policy organs, and in the African Customary International Law arising from the practice of its member states. It was established a few years ago and is now operating in Arusha, Tanzania. In addition to budget resources for its timely operations, AUCIL needs to develop a robust agenda for research and law reform on matters that could have transformational impacts such as development of harmonized laws for promotion of regional integration projects like PIDA, norms and standards for public-private partnerships in extractive sectors, laws that regulate the provision of professional services across borders, among others.

ADVISORY BOARD ON CORRUPTION (AUABC) ORGANIZATION AND CAPACITY  
NEEDS FOR EVIDENCE BASED RESEARCH AND SERVICES

79. **Established by Article 22 (5) of the African Union Convention on Preventing and Combating Corruption (The Convention), the Advisory Board is based in Arusha, Tanzania.** It has a staff of about ten professionals to support the work of its eleven members. The Convention was adopted by the Second Ordinary Session of the Assembly of the Union in Maputo, Mozambique in July 2003 and entered into force on 5 August 2006, thirty days after the deposit of the fifteenth instrument of ratification. To date 33 member states have ratified and are States Parties to the Convention.

80. **The Board promotes the adoption of measures and actions by States parties to prevent, detect, punish and eradicate corruption and related offences in Africa.** It also aims to follow-up on the application of those measures. In terms of Article 22 (2) of the Convention, in the election of the Members of the Board, the Executive Council shall ensure adequate gender representation and equitable geographical representation. In conformity with Article 22 (4) of the Convention, the Members of the Board are elected for a term of two (2) years and may be re-elected only once. The requirements for appointment as a Member of the Board are set up in Article 22 (2) of the Convention.



81. **One of the Board’s main tasks is to “develop methodologies for analyzing the nature and the extent of corruption in Africa” [Article 22 (5c)]<sup>47</sup>**, while also disseminating information and sensitizing the public on the negative effects of corruption and related offences. Up to now, the main part of these studies carried out on corruption in Africa, have been done by external actors and often times bases on perceptions of corruption and not self-experienced corruption (Transparency International, the Corruption Perceptions Index, Global Corruption Barometer, Bribe Payers Index, etc.) There is a need to strengthen the methodologies for analyzing corruption, as AU has not until to date commissioned any continent wide research paper or study to assess the nature or scope of corruption in Africa.

82. **In order for the AUABC to efficiently deliver on its mandate and make evidence-based decisions, it is important to carry out its studies and develop methodologies and a database on corruption and related offences<sup>48</sup>**. A systematic review of governance and anti-corruption challenges which are a major drag on economic development and shared prosperity and a key cause of poverty in the region, and the dissemination of its findings would attract the attention of policy makers and enhance the stature of the Board. The study when conducted in partnership with the AUC, the African Court and other actors would raise Board’s operational viability and profile among national and international anti-corruption bodies. AUC’s partnership capability to offer support to other AU organs would also be strengthened through this collaborative approach (a key mandate of the AUC).

### **PART III: DESCRIPTION OF THE AUC STRATEGIC PLAN 2014-17 TO IMPROVE PERFORMANCE AND ENGAGE AFRICAN DIASPORA AND THE STATUS OF AGENDA 2063 EXERCISE**

83. As noted, AUC’s strategic focus is on building its own capacity to fulfill its evolving economic development role and supporting other AU organs as per its mandate to make the development process participatory, results oriented and sustainable. It is also engaged in a continent wide visioning exercise (Agenda 2063) to develop a 50 year perspective for the development of Africa in partnership with a diverse set of stakeholders.

84. ***To fulfill its first aim, the AUC has prepared the Third Strategic Plan 2014-17 which aims to:*** a) improve the continent’s interconnectedness and infrastructure development to ensure

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<sup>47</sup> Overall mission is: a) To promote and encourage adoption and application of anti-corruption measures on the continent; b) To collect and document information on the nature and scope of corruption and related offences in Africa; c) To develop methodologies for analyzing the nature and extent of corruption in Africa, and disseminate information and sensitize the public on the negative effects of corruption and related offences; d) To advise governments on how to deal with the scourge of corruption and related offences in their domestic jurisdictions; e) To collect information and analyze the conduct and behavior of multi-national corporations operating in Africa and disseminate such information to national authorities designated under Article 18 (1) hereof; f) To develop and promote the adoption of harmonized codes of conduct of public officials; g) To build partnerships with the African Commission on Human and Peoples’ Rights, African Civil Society, governmental, Intergovernmental and non-governmental organizations to facilitate dialogue in the fight against corruption and related offences; h) To submit a report to Executive Council on a regular basis on the progress made by each State Party in complying with the provisions of this Convention; i) To perform any other task relating to corruption and related offences that may be assigned to it by the policy organs of the AU.

<sup>48</sup> Study of corruption challenges could attempt to: identify significant acts of corruption and related offences in the AU member states; analyze the existing legal and normative frameworks; identify specified areas of corruption in these countries; identify main actors of corruption (offer-demand sides); analyze the impact of corruption on the economy (socio-economic costs etc.) and identify principal, actors, beneficiaries and losers; and make recommendations on how to come to grip with corruption on the African continent.

connectivity of markets and boost power generation in support of manufacturing and other sectors; b) deploy strategic measures to facilitate and improve intra-African trade that so far is too low and thus constitutes as a serious bottleneck and missed opportunity for the continent's development, growth and employment; c) strengthen its capacity to fulfill its evolving economic development mandate, and d) support the work of other AU organs and stakeholders to help AUC become more people-centered and efficient and effective institution. (See Box 3 ahead for details).

85. **In order to build momentum, fund and operationalize the strategic plan, the AUC is seeking to strengthen its partnerships and collaboration.** The AUC's partners include other AU Organs, development entities like the United Nations Commission for Africa (UNECA), the African Development Bank, the World Bank (essentially for internal capacity support and promotion of knowledge exchange and partnerships in select IDA-related economic development areas), and bilateral agencies and others for scaling up regional integration.

**Box 3: AUC Third Strategic Plan (2014-2017): Seven Main Priorities**

Priorities address a number of critical challenges spanning various spheres including political, economic, social and technological that are acting as break on the continent's transformation. The Plan's foundation is the **AU Constitutive Act's vision**, mandate and mission to *"build an integrated, prosperous and peaceful Africa, an Africa driven and managed by its own citizen and representing a dynamic force in the international arena"*. Based on a comprehensive situational analysis of the challenges the plan outlines the overall priorities, outcomes and related outputs as follows:

**Priority One:** Build Africa's human capacity through the prioritization of Primary Health Care and Prevention; Education, Higher education, skills development and investment in Science, Research and innovation. The envisaged **Outcome** is policies and programs are in place to enhance access to basic health, education and employable skills underpinned by investment in science, research and innovation. The **Outputs** include:

- Key Policies and Programs on Primary Health Care and Prevention promoted/implemented.
- Innovative Policies / programs in education and skills development in particular for women and the youth designed and promoted.
- Strategic investments in science, research and innovation to improve Africa's Global Competitiveness promoted.
- Social security and protection of vulnerable groups such as children and persons living with disabilities enhanced.

**Priority Two:** Expand **Agricultural production**, developing the Agro-processing and businesses sectors, increase market access and attain Africa's collective food security and nutrition. The envisaged **Outcome** is policies and institutions are in place for increased agricultural production, expanded value addition and market access, for increased incomes and improved food and nutrition security, and sound environmental management. The **Outputs** include:

- Priority programs of CAADP (as an instrument for eliminating hunger and reducing poverty) to boost agricultural production and productivity improved food and nutrition security implemented.
- Priority programs on Environment & Natural Resources are implemented
- Enhanced access of Women and Youth to Productive resources accelerated.
- Infrastructure for market access, value addition and trade in agricultural products is enhanced.

• **Priority Three:** Promote inclusive **economic development** and industrialization through the acceleration of **infrastructure** development projects that will aid economic integration, expand **intra-Africa trade** and global market access, value addition, enhanced private sector engagement, effective and sustainable utilization of the continent's Inclusive growth and poverty reduction and progress towards MDGs accelerated.

- **Continental/regional Infrastructure development** accelerated.
- Policies and Standards to promote Continental integration promoted.
- Intra-African Trade and global market access expanded.
- Private sector engagement and Business Climate in Africa improved.

- Women and Youth entrepreneurship promoted.

The mineral and other natural resources. The envisaged **Outcome** is that inclusive economic development and industrialization driven by economic integration, continental infrastructural projects, and private sector - led intra African Trade and Global access and sustainable utilization of the continents natural resources are promoted. The **Outputs** include:

- Continent's mineral and other resources sustainably used and managed.

**Priority Four:** Promote peace and stability, **good governance**, democracy and human right as a foundation for inclusion, security and the development of the continent and its people. The **Outcome** is that peace and stability, good governance, democracy and human rights as foundations for development and stable societies are promoted. The **Outputs** include:

- Capacities for Peace Building, Conflict Prevention and Response enhanced
- Participation of women, youth and civil society in peace building, conflict prevention and post-conflict recovery and development enhanced
- Enhanced conflict management, resolution, post conflict reconstruction and peace building mechanism
- Good governance and democracy promoted
- Legal and Shared Values instruments, including those focusing on the **rights of women** and youth promoted
- Human Rights based on African and universal instruments promoted and protected
- The capacity of the AU to coordinate and respond to humanitarian situations and protect civilians in conflict and disaster zones enhanced

**Priority Five:** Implement strategies of **resource mobilization, including alternative source of funding**, to enable Africa to finance its programs and development. The **Outcome** is that strategies for resource mobilization, including alternative sources of funding are in place to enable Africa to finance its programs and development. The **Outputs** include:

- The goal of a financially sustainable and viable AUC attained.
- Alternative sources of funding mechanisms finalized and operationalized.

**Priority Six:** Build a people centered Union through **active communication of the programs of the African Union**, the branding of the Union and participation of all stakeholders in defining and implementing the African agenda. The **Outcome** is that a People-centred Union with the participation of all stakeholders in defining and implementing the African Agenda is attained. The **Outputs** include:

- Active Communication and **Branding** and improved visibility of the African Union achieved.
- Stakeholder participation in the African Agenda enhanced
- Corporate identity well-known and owned
- **Pan-African media developed and freedom of expression strengthened**
- Dissemination, Accessibility and Transparency of Information and Partnership and Alliance Built
- Elevating, Streamlining, Mainstreaming and liberalizing Communication attained
- Communications infrastructure enhanced and management of communications improved

**Priority Seven:** Strengthen the **institutional capacity of the AUC**, the RECs and other organs, and its relations with strategic and other partners. The **Outcome** is that institutional capacities of the AUC strengthened, and relations with RECs and AU Organs and with strategic and other partners are enhanced. The **Outputs** include:

- Institutional capacities of the AUC strengthened
- Relationships with RECs and AU Organs strengthened as well as Strategic and other partners enhanced

*Source: The African Union Commission*

86. **Also, engaging African Diaspora is a priority.** The AU's Constitutive Act declares that it shall "invite and encourage the full participation of the African Diaspora as an important part of our continent, in the building of the African Union."<sup>49</sup> AUC-CIDO Diaspora-for-Development (D4D) program would harness the skills and knowledge of women, youth and professionals through a launch of an African Union Diaspora Volunteer Corps (AUDVC) and other initiatives. (see Box 4 ahead for details).

<sup>49</sup> Protocol on Amendments on the Constitutive Act of the African Union, Article 3q, [http://au.int/en/sites/default/files/PROTOCOL\\_AMENDMENTS\\_CONSTITUTIVE\\_ACT\\_OF\\_THE\\_AFRICAN\\_UNION.pdf](http://au.int/en/sites/default/files/PROTOCOL_AMENDMENTS_CONSTITUTIVE_ACT_OF_THE_AFRICAN_UNION.pdf)

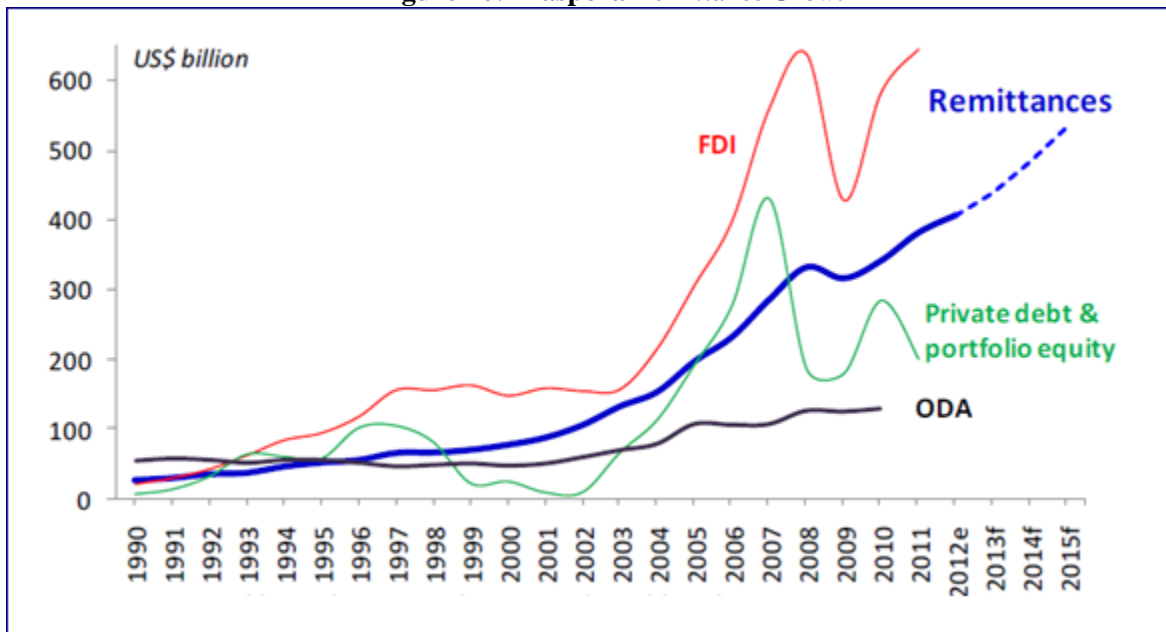
#### Box 4: AUC-CIDO: Harnessing African Diaspora-for-Development (D4D)

AU defines African Diaspora ... “[consists] of people of African origin living outside the continent, irrespective of their citizenship and nationality and who are willing to contribute to the development of the continent and the building of the African Union.”

#### Benefits and Risks

When discussing Diaspora contributions, most experts tend to refer to the growing number of remittances sent by Diaspora representatives to their relatives back home. Net remittances for all developing countries have totaled \$316 billion in 2009, compared to \$113 in 2002.<sup>50</sup> In 2012, an estimated 30 million migrants sent cross-border remittances worth \$60 billion to recipients in Africa, benefitting an estimated 120 million residents.<sup>51</sup> According to Dilip Ratha and Sonia Plaza of the World Bank, African remittance could be leveraged to develop Diaspora bonds that can help generate much needed resources for funding infrastructure investments and thereby improve people lives<sup>52</sup>.

Figure 16: Diaspora Remittance Growth<sup>53</sup>



These contribution are significant, however, experts indicate other benefits and opportunities. Dr. Jennifer Brinkerhoff, notes that there are three types of Diasporas – labor, entrepreneurial, and skilled, whose contributions to their homeland may consist of, but are not limited to the dimensions of a) policy knowledge and voice (includes governance, voting etc.); b) professional skills and academic expertise; and c) financial resources and investments.<sup>54</sup> Prof. Kathleen Newland stresses that Diaspora groups are “resource multipliers” for their home countries. These groups contribute to capacity development by providing financial resources, knowledge, skills, and novel ideas. They are also a source of positive pressure on governments and societies to reform<sup>55</sup>. Prof. Liesl Riddle points that Diaspora communities contribute towards foreign direct investment (FDI), business and market development, and technology transfer.

Attaining the benefits of Diaspora engagement is not easy or risk-free. Lack of trust between diaspora groups and home country governments is a key challenge and should be at the forefront of any demand and supply analysis and the design of programs, among other factors.

<sup>50</sup> Realizing the Development Potential of Diasporas, edited by Krishnan Sharm et. al, United Nations University Press, 2011, p.8

<sup>51</sup> Send Money Africa: Making Remittance Markets More Transparent, Dr. Lois Quinn, SMA Database launch presentation, March 2013

<sup>52</sup> African Diaspora and Development, The World Bank 2012.

<sup>53</sup> Ibid

<sup>54</sup> Jennifer M. Brinkerhoff, George Washington University, Capacity Building for Diaspora Development Contributions, AUC-CIDO African Diaspora Consultation Seminar, March 26, 2013 hosted by the World Bank in Washington DC, USA

<sup>55</sup> Diasporas: New Partners in Global Development Policy, Kathleen Newland, USAID and MPI, 2010

The largest African Diaspora is understood to be in Brazil (about 187 million) and more recent international destinations for African emigrants are the United States, France, and the Netherlands. [Note: It is important to indicate that definition of Diaspora and who is a migrant or immigrant varies across institutions and agencies which make analysis difficult.]

#### **Devising Strategies and AUC-CIDO D4D Program**

Policy makers (in individual countries, regional and continental entities, and international organizations) are in the process of devising strategies to harness the enormous potential of D4D. For example, Governments in Kenya, Ethiopia, Nigeria, and Senegal have created separate ministries and departments or government units for targeted attention to diaspora. Regional body such as the AUC has set up a full directorate (CIDO) to engage and set up networks. It has also set up partnerships to develop activities such as with CUSO International, African Diaspora Policy Centre (ADPC), International Organization for Migration (IOM), SIDA-WB KNOMAD initiative, Migration Policy Institute (MPI) and other Diaspora organizations.

AU-CIDO has planned D4D capacity development through two sets of tasks: the first aims to build the capacity of government departments responsible for Diaspora engagement, and the second aims to build partnerships with Diaspora organizations and networks that help identify, train and deploy Diaspora professionals, skilled women and youth to offer their services as volunteers under priority economic development.

For this purpose it is considering to launch an African Union Diaspora Volunteer Corps (AUDVC) to harness the skills and knowledge of women, youth and professionals through a phased approach (mobilization and piloting and then scale-up based on evaluation). It will be branded under the AU and implemented through key partnerships with donors and civil society partners, and knowledge exchange with United Nations Volunteers (UNV), German Development Volunteers and US Peace Corps, who have already supported the AUC by sharing of their own experiences and lessons. In view of the existing collaboration arrangements, CUSO International will serve as a twinning partner for the design and launch of the volunteer corps related tasks. Partners for other tasks are being identified.

Main tasks of this initiative would be to: (a) Develop a certificate program in ‘*Diaspora Engagement Policy and Planning 201*’ for public servants and policy makers; (b) Develop networks and engage highly skilled Diaspora to provide technical assistance to Member States in order to strengthen Ministries and Departments’ Diaspora engagement frameworks and mechanisms; (c) Deploy professionals with skills that are not readily available in the region or country (e.g. expertise to negotiate extractives contracts through short-term assignments; and (d) Connect youth, particularly in vulnerable communities in Africa, with young professionals (Future Leaders) in the African Diaspora through online platforms and field events.

It has outlined these indicators of measuring success of this program: (i) whether the pilot program provides adequate lessons for the development of a strategy to scale-up the AUDVC on sustainable grounds with contributions from both governmental and nongovernmental entities including philanthropic bodies and development partners; (ii) number of volunteers that are deployed and complete their assignments successfully; and (c) improvements in the perception of volunteers’ contribution by recipient institutions. Estimated costs for this initiative over three year are US\$7-10 million.

87. ***And finally, AUC has developed an ambitious 50 year continental development plan in close collaboration with the African Development Bank (AfDB) and the United Nations Economic Commission for Africa (UNECA).*** This was requested by the 21<sup>st</sup> Ordinary session of the Assembly of Heads of State and Government of the African Union on May 26, 2013, in Addis Ababa, Ethiopia.

88. **Agenda 2063 derives its significance within the context of the AU’s 50<sup>th</sup> Anniversary celebrations.** It reflects on the lessons learned over the last 50 years and aims to strengthen Africa’s growth trajectory for the next 50 years. The AUC’s vision to build “an integrated, prosperous and peaceful Africa, an Africa driven and managed by its own citizens and representing a dynamic force in the international arena” is integral to Agenda 2063, which calls on all segments of African society to work together to build a common future.

89. **Agenda 2063 translates this vision of “an integrated Africa” into concrete milestones.** The Agenda aims to clearly delineate the roles of the various stakeholders such as RECs, Member States, civil society and the private sector in achieving these targets. As sustaining political commitment to such a long-term strategic framework is particularly challenging, in operational terms the AUC plans to explore optional rolling plans with short (10 years), medium (10-25 years) and long-term (25-50 years) timeframes.

90. **It is important to note that the Agenda 2063 aims to build on previously existing strategic frameworks.** These frameworks include the Abuja Treaty (e.g. strengthening of regional economic communities); the New Partnership for Africa’s Development (NEPAD) (e.g. coordinating implementation of projects); the Comprehensive Africa Agriculture Program (CAADP); the Plan of Action for Accelerated Industrial Development in Africa (AIDA); the Minimum Integration Programme; the Programme for Infrastructure Development in Africa (PIDA); and Africa’s Agro-industry and Agri-business Development Initiative (3ADI). (See Table ahead).

91. **The development of Agenda 2063 seeks to take a consultative, people-centred approach that is rooted in the transmission of Pan-African ideals.** This approach would help foster ownership of the Agenda and its outcomes by the African people. The AUC is making certain agenda development is a “participatory process centred around a series of ‘conversations’ with a broad strata of African society, including the Diaspora, in order to solicit and analyze their views on their aspirations for Africa and defining the Africa they want to see in 50 years.” The process is placing “particular emphasis on youth (who will be the implementers of the vision) and women whose untapped potential represents an enormous reservoir of energy to propel Africa’s development.”

92. **Key preparatory activities for the development of Agenda 2063 included:** (a)the development of a Strategic Framework that ensures prioritization, coherence and focus on achieving the Vision of the AU;(b)the facilitation of review exercises in order to establish baseline information and develop targets and milestones to be achieved over a medium to long term period with a clear implementation plan that facilitates the roll out of the strategy; (c) the development of an implementation mechanism that is underpinned by a strong knowledge management system that enhances the quality of delivery through cutting edge research, innovation and codification of ground breaking experiences, promote sharing of experiences and learning from each other and communities of practices; and (d)the development of a monitoring and evaluation system that ensures the achievement of the results on the basis of clear targets, benchmarks, milestones and or indicators through regular performance assessments and evaluation reports.

93. **Consultation Process. The consultations generally revolved around current continental targets and plans.** The consultations were in the form of meetings, workshops, and panel discussions. Stakeholders who have been asked to participate include: RECs (e.g. COMESA, ECOWAS) and AU Organs (e.g. African court); technical experts from member states’ Ministries of Planning and Economic Development; technical experts from the academia and think tanks; civil society; women and youth; private Sector; faith-based and cultural

organizations; Africans in the Diaspora; Africa’s eminent persons; former Heads of State and Government; and others, through web-based consultations.

94. **Upon completion of the consultations, the Agenda 2063 Framework** was presented to the AU Executive Council and the Assembly in January 2014 and approved.

**Table 8: Continental Targets Discussed in the Development of AU Agenda 2063**

<b>Milestones to integration</b>		
<ol style="list-style-type: none"> <li>1. Complete removal of barriers to the movement of Africans within the continent by 2015 and possible introduction of an African Union passport by 2018</li> <li>2. Establishment of a Continental Free Trade Area (CFTA) by 2017, as per January 2012 AU Summit Agreement</li> <li>3. Establishment of the Continental Customs Union by 2019, as per Abuja Treaty</li> <li>4. Establishment of the Continental Common Market by 2023, as per Abuja Treaty</li> <li>5. Establishment of the Pan African Economic and Monetary Trade Union by 2028, as per Abuja Treaty</li> <li>6. Attainment of an African share of world trade of 10-15% and an intra African trade of all African of 60-70% (from current baselines of respectively 2% and 11-12%) by 2040.</li> </ol>		
<b>Milestones related to prosperity</b>		
<ol style="list-style-type: none"> <li>1. Agricultural sector in African LDC’s to be constituted by highly productive and profitable agricultural value chains by 2020, as per 3ADI</li> <li>2. Half of Africa’s 34 LDCs to meet the graduation criteria by 2020, as per the Istanbul Programme of Action</li> <li>3. African agriculture modernized and transformed into a highly diversified and productive sector by 2023</li> <li>4. Modernization of Africa’s infrastructure to attain world class standards by 2028, using revenue from extractive industries and funds raised through innovative financing mechanisms</li> <li>5. Achievement by each African country of an income status at least one step higher than its level in 2013 by 2033</li> <li>6. Achievement of an economic growth rate of at least 6% a year for African countries from 2010 to 2040, resulting in a GDP per capita of at least 10,000 US\$ for all African countries by 2040, as per PIDA</li> <li>7. Achievement of electricity access of 70% by 2040, providing power access to an additional 800 million people, as per PIDA</li> </ol>		
<b>Milestone related to African ownership of its development program</b>		
<ol style="list-style-type: none"> <li>1. Ending Africa’s dependence on foreign aid by 2028</li> </ol>		
<b>Milestones related to structural transformation</b>		
<ol style="list-style-type: none"> <li>1. The following imperatives of Africa’s structural transformation realized by 2033 <ol style="list-style-type: none"> <li>a. The share of manufacturing reaching 28% of GDP in high and upper middle income countries and 24% in lower middle income and low income countries</li> <li>b. The industry share of GDP reaching 10% and 14%, respectively in the two categories of countries, and the service sector share reaching 59% and 47%, respectively</li> <li>c. The share of agriculture of GDP falling to 3.3% in high income and upper middle income African countries and 15.5% in lower middle income and low income countries</li> <li>d. Achievement of a per capita energy use of 4,365 kilowatt hours</li> </ol> </li> <li>2. Africa’s contribution to world GDP reaching 5.1 percent by 2034</li> </ol>		
<b>Milestones on Human development</b>		
<ol style="list-style-type: none"> <li>1. Tertiary rates increased from 6% presently to 20-30% by 2040</li> <li>2. Adults and youth literacy increased to 100% by 2063</li> <li>3. Life expectancy improved from 49 presently to 75 in 2063</li> <li>4. Infant mortality rate reduced from 100 per 100,000 births presently to less than 10 by 2063</li> </ol>		
<b>Milestones on good governance</b>		
<ol style="list-style-type: none"> <li>1. Illicit financial outflows from Africa reduced by half by 2023</li> <li>2. Achievement of the status of “the least corrupt continent” by 2063</li> </ol>		
<b>Milestones on innovation and technology transfer</b>		
<ol style="list-style-type: none"> <li>1. Building a better infrastructure, engineering and manufacturing base: Increased capacity for infrastructure design and development (% of local content in infrastructure projects; growth rate in the construction industry)</li> <li>2. Enhancing technical competences: (increased science, technology and innovation (STI) output at national and regional levels (e.g. number of patents emerging from research activities in Africa); (ii) increased human capacity STI (e.g. proportion of science and engineering students in total enrollment)</li> <li>3. Stimulating entrepreneurship: Increased number of added value products and services.</li> </ol>		

**Table 9: Organs of the Africa Union**

Organ	Location	Functions
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1	Assembly of the Union		The highest decision-making organ comprised of all the heads of state or governments of AU member states. The Assembly is currently chaired by Hailemariam Desalegn, Prime Minister of Ethiopia. The Assembly is responsible for setting the policies of the AU, adopting the AU's budget, reviewing the applications for membership, establishing any institutions of the AU, and many other functions. The Assembly meets at least once annually in ordinary session. It may also meet in an extra ordinary session at the request of a member state, subject to approval by two thirds of member states. The Office of the Chair of the Assembly is held by a Head of State for one year. The assembly takes decisions, by consensus, by a two-thirds majority, and by simple majority (on procedural matters). (See Articles 6-9 of the CA).
2	Executive Council		Comprised of ministers designated by the governments of member states. The ministers coordinate and take decisions on policies in areas of common interest such as foreign trade, science and technology, agriculture, environment, nationality and immigration issues and many other matters. It meets twice a year for ordinary sessions. The Executive Council is responsible to the Assembly. (See Article 13 of the CA).
3	African Union Commission	Addis Ababa, Ethiopia	According to Article 24 of the Constitutive Act (CA) of the African Union (AU), the AUC is the <i>de jure</i> secretariat of the AU, responsible for planning, budgeting, coordinating, communicating, overseeing, operating and facilitating the affairs of the AU.
4	Permanent Representatives' Committee (PRC)	Addis Ababa, Ethiopia	Composed of the Permanent Representatives (ambassadors) of AU member states to Addis Ababa, the PRC is charged with the responsibility of preparing the work of the Executive Council, and for acting on Executive Council instructions. It can set up working groups and sub-committees as necessary to respond to the Executive Council's instructions. (See Article 21 of CA).
5	Pan-African Parliament (PAP)	Midrand, Johannesburg, South Africa	Provides a platform for Africans and African grass-roots organizations to engage in discussions and decision-making processes in order to address challenges faced by Africa, and participate in the development and economic integration of Africa. Aims to evolve into an institution with full legislative powers. At present it has 230 members and exercises advisory and consultative powers. (See Article 17 of the CA)
6	African Court of Justice and Human Rights	Arusha, Tanzania	At the moment only the Human Rights court is in place. Protocol adopted in 1998 and entered into force in 2005? And first judges elected in 2006. Was created by the 2008 draft Protocol on the Statute of the African Court of Justice and Human Rights, which stipulated for the already established African Court for Human and Peoples' Rights to be merged with the African Court of Justice. It is responsible for inter alia, interpreting the provisions of the Constitutive Act of the African Union and ruling on disputes over interpretation of AU treaties. (See Article 18 of CA). It is also responsible for, inter alia, adjudicating disputes related to human and peoples right violations, and with reference to the African Charter on Human and Peoples' Rights.
7	Specialized Technical Committees (STCs)		Composed of ministers or senior officials responsible for sectors within their respective areas of competence. There are seven STCs in total, in areas such as: (a) rural economy and agriculture; (b) monetary and financial affairs; (c) trade, customs and immigration; (d) industry, science, and technology; (e ) transport, communication and tourism, (f) health, labor, and social affairs; (g) education, culture and human resources. Ministers prepare projects and programs to submit to the Executive Council; ensure the supervision, follow-up and evaluation of the implementation of decisions taken by AU organs; and coordinate and harmonize AU projects and programs. (See Article 14 of the CA)
8	Peace and Security Council (PSC)		Established by the Protocol Relating to the Establishment of the Peace and Security Council of the AU, which came into force on 26 December 2003, the PSC is responsible for the deployment and promotion of peace and security architecture and providing quick intervention missions to assist in cases of genocide, war crimes and crimes against humanity. It is made up of 15 member states representatives, five of whom are elected for three-year terms, while the ten others are elected for two-year terms. PSC chairmanship rotates on a monthly basis, in alphabetical order of the English-language names of member states..
9	Financial Institutions		Set up by the Constitutive Act of the AU (see Article 19), the African Central Bank, the African Monetary Fund, and the African Investment Bank are the financial institutions of the AU. The AUC also currently interacts with the AfDB, based in Tunis, for coordination and dialogue on African matters.
	i. <b>African Investment</b>	Tripoli, Libya	Fosters economic growth and accelerates economic integration by a) promoting the investment activities of Africa's public and private sectors; b) utilizing available resources for the implementation of investment projects; c) mobilizing resources from



		<b>Bank (AI B)</b>		capital markets inside and outside Africa; and d) providing technical assistance as needed for the study, preparation, financing and execution of investment projects.
	ii.	<b>African Monetary Fund (AMF)</b>	Yaounde, Cameroon	Facilitates the integration of African economies through the elimination of trade restrictions and the enhancement of greater monetary integration. Provides financial assistance to AU Member States by: a) acting as a clearing house and undertaking macro-economic purveyance within the continent; b) coordinating monetary policies of AU Member States and promoting cooperation between their monetary authorities; c) encouraging capital movements between member states.
	iii.	<b>African Central Bank (ACB)</b>	Abuja, Republic of Nigeria	Aims to build a common monetary policy and currency for Africa in order to accelerate economic integration by a) promoting international monetary cooperation through a permanent institution; b) promoting exchange stability and avoiding competitive exchange rates depreciation; c) assisting in the establishment of a multilateral system of payments in respect of current transactions between members; d) and eliminating foreign exchange restrictions that hamper the growth of world trade.
10	Economic, Social and Cultural Council (ECOSOCC)		Addis Ababa, Ethiopia	Advisory body designed to give civil society organizations (CSOs) a voice within the AU institutions and decision-making processes. CSOs include: a) social groups such as those representing women, children, the youth, the elderly and people with disability and special needs; b) professional groups; c) non-governmental organizations (NGOs), community-based organizations (CBOs) and voluntary organizations; d) cultural organizations and e) social and professional groups in the African Diaspora. ECOSOCC's powers, functions, and ancillary matters are determined by the Assembly. (See Article 22 of CA).
11	<b>AU Commission on International Law (AUCIL)</b>			Undertakes activities relating to the codification and progressive development of international law, with particular attention to the laws of the Union as embodied in its treaties, decisions of its policy organs, and in the African Customary International Law arising from the practice of its member states.
12	<b>Advisory Board on Corruption</b>			Established by Article 22 (5) of the African Union Convention on Preventing and Combating Corruption, the Advisory Board aims to: a) promote and encourage the adoption of measures and actions by State Parties to prevent, detect, punish and eradicate corruption and related offences in Africa; b) follow up the application of those measures. The Board is composed of eleven members.
13	African Commission for Human and Peoples Rights (ACHPR)		Banjul, The Gambia	Established by the African Charter on Human and Peoples' Rights, the ACHPR is responsible for, inter alia, reviewing citizen and other complaints, promoting human rights principles, and providing interpretation for the African Charter on Human and Peoples' Rights.
14	African Committee of Experts on the Rights and Welfare of the Child (ACERWC)		Addis Ababa, Ethiopia	Established by the African Charter on the Rights and Welfare of the Child the ACERWC is a quasi-judicial institution responsible for, inter alia, reviewing state party implementation of the African Charter on the Rights Welfare of the Child by considering state reports and individual complaints regarding violations of this Charter and through which it provides interpretation for the Charter.
<i>Sources:</i> African Union Commission reports; African Court on Human and People Rights, Olufemi Babarinde, School of Global Management (Arizona); Evarist Baimu World Bank, AU Audit Report, AUC Strategic Plan 2014-17.				

**ANNEX 8: ECONOMIC AND REGIONAL INTEGRATION CHALLENGES IN AFRICA**

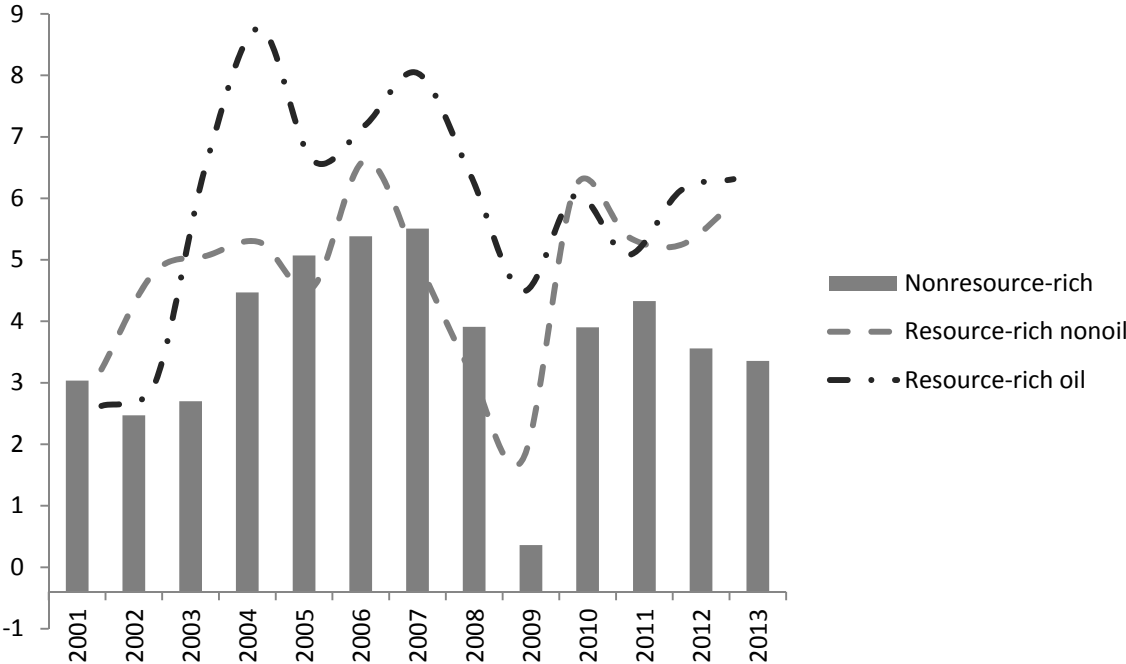
**AFRICA – SUPPORT FOR CAPACITY DEVELOPMENT OF THE AFRICAN UNION COMMISSION AND OTHER AFRICAN UNION ORGANS PROJECT (P126848)**

1. This Annex provides (a) a brief description of the economic performance in different country groups, (b) outlines the regional integration challenges by sub-regional areas (e.g. Southern and Eastern) and their particularities, and (c) shares the World Bank’s regional integration strategy including the Sahel and Great Lakes Initiatives that the Bank is advancing in close collaboration with the UN, AUC and other entities.

**Economic Growth Variations and Trends**

2. As noted in Section I of the PAD, economic activity remains strong in much of Sub-Saharan Africa. However, there is some variation in output performance across country groups (Figure 2). Resource-rich countries have higher average growth rates than nonresource-rich countries, similar to the pattern observed in the pre-crisis period (2003-08). Growth for both groups remains below pre-crisis levels. Within the resource-rich country group, the gap in growth between oil and nonoil countries has narrowed. Indeed, the nonoil resource-rich countries are averaging growth rates slightly above pre-crisis levels. Within the nonresource-rich country group, there are several countries that have achieved sustained high growth rates for over a decade, such as Ethiopia, Mozambique and Rwanda. Among countries where growth is lagging pre-crisis levels is South Africa. Weak growth in major trading partners (especially Europe), labor unrest and mining strikes, burdensome regulations, and infrastructure gaps have held back the country’s growth, which averaged 3 percent in 2010-12 compared to 4.6 percent in 2003-08.

**Figure 17: Real GDP Growth in Sub-Saharan Africa, by country groups**



## **Regional integration's Complex and Diverse Institutional Landscape**

3. Regional integration is essential to accelerate growth and transformation in Sub-Saharan Africa. Africa's landscape with regard to regional integration is characterized by significant diversity in the challenges faced by each sub-region and the substantial variations between countries within the various sub-regions.<sup>56</sup> All of the eleven landlocked countries in **Eastern and Southern Africa** (ESA), like others elsewhere, grapple with the challenge of moving goods and the provision of services long distance across land borders to regional and global markets, as economic fortunes are largely determined by the capacity and willingness of their coastal neighbors to provide facilitative transit policies, regulations and infrastructure. Urbanization is sprawling rapidly in many parts of the region, thereby pushing some of the countries in recent years to be among the fastest growing in the developing world. Poverty levels remain high, particularly in the rural areas where almost 70 percent of the population resides, and high youth unemployment and dependency militate against effective job creation and poverty reduction measures.

4. Varied levels of per capita income and relatively modest growth rates are characteristic of **Central African** countries compared to other regions of the continent. Over the past years, regional GDP growth has hovered at around 4.5 percent while GDP per capita ranged from US\$11,000 and US\$8,800 in Equatorial Guinea and Gabon respectively, to US\$430 in Central African Republic and US\$185 in Democratic Republic of Congo in [2012]. Human development indicators of the sub-region are basically poor, with poverty levels at 53 percent and life expectancy at around 50 years in several countries.

5. Due to geographic, demographic, and historical reasons, **West Africa** is highly fragmented. The sub-region is characterized by an uneven population distribution across neighboring countries; low population density except in urbanized areas; enormous internal distances and deficient transport infrastructure; small national markets and underdeveloped regional markets. The landlocked countries are dependent on their neighbors to access global markets, leading to the high cost of infrastructure and doing business in the sub-region. It is considered among the poorest in the world, with almost 60 percent of the population living on less than US\$1.5 per day. It is also rife with internal conflicts that have spill-over effects in neighboring countries. However, the sub-region is bountifully endowed with natural resources that include livestock and fisheries, minerals, oil and diversified ecosystems suitable for different kinds of animal and plant production.

### **Persistence of challenges in economic growth, regional integration and governance**

6. Despite progress many African economies still face serious challenges, especially with regard to high rates of poverty, illiteracy, disease, child and infant mortality and maternal mortality. According to the Mo Ibrahim Index, governance remains a challenge despite the positive trends of the last decade. The infrastructure gap continues to grow, with reliable and affordable power being by far the largest challenge. Poor infrastructure services, particularly transport, have kept markets fragmented as the high costs of transport and other infrastructure have elevated the costs of production and diminished the competitiveness of local firms.

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56. Sub-Regional Implementation Action Plans for West Africa, Central Africa, and the Tripartite of East and Southern Africa, FY2012-2016, World Bank, April 2012.

7. Geographic distances in the region are magnified by a range of technical, political and policy-related factors which create obstacles and increase costs for the movement of goods, people and services. Current fragmentation associated with the impermeability of borders; differences and inefficiencies in institutions of all branches of government; regulations; and transit policies exact a major cost on intra-African trade. This incidence of barriers fall most heavily, and disproportionately, on the poor and on women, preventing them from earning a living by engaging in activities where they have a comparative advantage—catering to smaller, local markets across the border<sup>57</sup>.

8. Progress on regional integration has been hampered across the sub-regions and the continent as a whole by a combination of factors<sup>58</sup>. However, there is renewed political momentum in all the sub-regions and the continent and much has been accomplished. Countries are increasingly recognizing that collaborative actions and regional approaches are critical to the prospect of larger scale and lower unit costs of key infrastructure, more efficient risk sharing mechanisms, and bigger and more connected competitive markets to spur faster economic growth. Recent exemplary efforts from the continent include the Accelerated Program for Economic Integration (APEI) initiative by Mauritius, Seychelles, Malawi, Mozambique and Zambia as well as a landmark deal between Kenya, Uganda and Rwanda in 2013 that aims to boost intra-EAC trade and integration in the region.

9. The APEI is an ongoing initiative geared to promote greater trade and investment, improve competitiveness, enhance growth and create jobs within the participating countries (but also possibly with other African countries), while measures in the EAC initiative include infrastructure development; improved port management; expeditious clearance at border points; removal of non-tariff barriers; and facilitation of the movement of labor across the borders. Among other things, the AUC is poised to implement the Tripartite Free Trade Area agreement reached between 26 Heads of States and Government in Africa in October 2008. The agreement is intended to be effective in 2014.

### **World Bank support to regional integration and institutional development**

10. The World Bank support for regional integration has been scaled up dramatically in recent years.<sup>59</sup> The fundamental rationale is to improve integration and trade vital to competitiveness and poverty reduction. Recent program strategic shifts include: greater

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<sup>57</sup> Non-tariff and regulatory barriers raise transaction costs and limit the movement of goods, services, people and capital across borders. Enormous opportunities for cross-border trade within Africa in food products, basic manufactures and services remain unexploited. The cross-border production networks that have been a salient feature of development in other regions, especially East Asia, have yet to materialize in Africa. This is a self-inflicted wound, for integration could provide a much needed source of export diversification away from minerals and hydrocarbons—not to mention of job creation. For details see “De-fragmenting Africa: Supporting Deeper Regional Integration” World Bank 2012.

<sup>58</sup> These include political economy constraints, such as specific interest groups influences on blocking reforms led by government or regional entities, change in conditions of winners and losers in the transformation process, and factors that impede or catalyze stakeholders (e.g. private sector and NGOs) among others.

<sup>59</sup> The World Bank “Regional Integration Assistance Strategy- RIAS” was launched in March 2008 with a focus on the following strategic priorities (a) Regional Infrastructure, (b) Institutional Cooperation for Economic Cooperation, (c) Coordinated Intervention to Provide Regional Public Goods, and (d) Strengthening Regional Strategic Planning and Connections with National Development Plans.

selectivity regarding the prioritization of policy reform, growth poles, value chains and skills for decelerated poverty reduction; innovative deployment of Bank-wide group knowledge and financing instruments; selectivity of partnerships in priorities, programming and implementation; speeding up project delivery and results with greater focus on poverty and gender linkages; and the internal reorganization and deployment of resources.

11. The regional integration lending portfolio currently stands at over US\$4.5 billion in commitments, over 70 percent of which is dedicated to developing regional infrastructure platforms with concentration and emphasis on Energy (hydro and geothermal generation); Water management and irrigation; Multi—modal transportation; Trade and Integration; Skills development and higher education (science and technology); and neglected tropical diseases. All these are geared to address the "missing links" in Africa's power, transport and ICT networks and the debilitating factors behind why 48 % of Africa's continental population of about 875m (of which 350m are middle class and growing) remain poor.

12. The program strategies are also geared to address the costly nature of crossing the African borders and encourage the replacement of import bans with tariffs to allow millions of people to exit poverty, while reducing trade costs for goods like fertilizers so as to allow for lower prices that will increase its usage, raise crop yields, and more than double incomes for poor farmers. In addition, the World Bank is assisting AU member states to improve their governance architecture, transparency and institutional capacity to develop and implement policies for eradicating poverty and promoting shared prosperity through improved service delivery and organizational systems; increased knowledge on innovative practices and global public goods; social accountability and citizen and Diaspora engagement mechanisms; investment planning; statistical system development; property rights development; judicial enforcement and contract negotiations among others means.

13. Further, the World Bank Group is involved recently in two comprehensive targeted regional initiatives: (i) Great Lakes initiative developed in support of the February 24, 2013 "Peace, Security and Cooperation Framework for the DRC and the Region"; and (ii) the Sahel initiative aimed at deploying a regional approach to stability and development in the Sahel countries and region.



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