



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

Annual Report 2014

Securing Africa's future through capacity development



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

The 2014 annual report captures ACBF's role in Africa's capacity building and shares lessons and best practices. The ACBF embarked on the path to reforms and realigned to respond to Africa's emerging capacity-building needs.

ACBF AT A GLANCE

Established 9 February 1991, ACBF builds human and institutional capacity for good governance and economic development in Africa. The Foundation has empowered governments, parliaments, civil society, private sectors, and higher education institutions in more than 45 countries and six regional economic communities. It supports capacity development by way of grants, technical assistance, and knowledge generation across Africa.

Vision

Africa capable of achieving its own development.

Mission

To build strategic partnerships, offer technical support, and provide access to relevant knowledge related to capacity building in Africa.

Membership

The following international organizations and countries have honored ACBF with their support:

Multilateral Partners



The World Bank



The African
Development Bank



The United Nations
Development Programme

Bilateral Partners

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

African Partners (as at December 2014)

- | | | |
|----------------------------------|-------------------|---------------------------|
| 1. Benin | 14. Gabon | 27. Niger |
| 2. Botswana | 15. Ghana | 28. Nigeria |
| 3. Burkina Faso | 16. The Gambia | 29. Rwanda |
| 4. Burundi | 17. Guinea Bissau | 30. Sao Tomé and Principe |
| 5. Cameroon | 18. Guinea | 31. Senegal |
| 6. Cabo Verde | 19. Kenya | 32. Sierra Leone |
| 7. Central African Republic | 20. Liberia | 33. Sudan |
| 8. Chad | 21. Madagascar | 34. Swaziland |
| 9. Côte d'Ivoire | 22. Malawi | 35. Tanzania |
| 10. Republic of Congo | 23. Mali | 36. Togo |
| 11. Democratic Republic of Congo | 24. Mauritania | 37. Uganda |
| 12. Djibouti | 25. Mauritius | 38. Zambia |
| 13. Ethiopia | 26. Namibia | 39. Zimbabwe. |

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Letter of Transmittal to The Board of Governors

15 August 2015

Dear Chair:

I have the honour of presenting to the ACBF Board of Governors the Annual Report of the ACBF Executive Board for the period 1 January 2014–31 December 2014. The audited financial statements and the report of the external audit firm are in the annexes.

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

Callisto Enias Madavo

Prof. Callisto Enias Madavo
Chair, ACBF Executive Board



Abbreviations and acronyms

AACES	Australia Africa Community Engagement Scheme
ACBF	African Capacity Building Foundation
ACI	Africa Capacity Index
ACR	Africa Capacity Report
AfCOP	African Community of Practice
AfDB	African Development Bank
Afrik4r	Africa for Results Forum
AGO	African Governance Outlook
ARC	Africa Risk Capacity
ASEAN	Association of Southeast Asian Nations
AU	African Union
AU-CAP	African Union Capacity Building Project
AUC	African Union Commission
AUD	Australian Dollar
AWDF	African Women's Development Fund
CAMERCAP-PARC	Cameroon Policy Analysis and Research Centre
CAR	Central African Republic
CMT	Core Management Team
CODESRIA	CBP Council for the Development of Social Science Research in Africa Capacity Building Project
COMESA	Common Market for Eastern and Southern Africa
CSO	Civil Society Organisation
CTCA	Centre for Tobacco Control in Africa
DFAT	Department of Foreign Affairs and Trade
DRC	Democratic Republic of Congo
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EPM	Economic Policy Management
EU	European Union
EVD	Ebola Virus Disease
EWA	Empowering Women in Agriculture
FARDC	Forces Armées de la République Démocratique du Congo
FCTC	Framework Convention on Tobacco Control

GDP	Gross Domestic Product
GIMPA	Ghana Institute of Management and Public Administration
HESPI	Horn Economic and Social Policy Institute
HCA	Host Country Agreement
IASB	International Accounting Standards Board
ICT	Information and Communication Technology
IFRIC	International Financial Reporting Interpretations Committee
IGAD	Intergovernmental Authority on Development
IMS	Information Management System
KM	Knowledge Management
LensCD	Learning Network on Capacity Development
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MEFMI	Macroeconomic and Financial Management Institute
MfDR	Managing for Development Results
MINDS	Mandela Institute for Development Studies
MPRAP	Malawi Policy Research Analysis Project
MOU	Memorandum of Understanding
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organization
NILS-CBP	National Institute of Legislative Studies Capacity Building Project
OPD	Operations Department
PFM	Public Financial Management
PIC	Policy Institute Committee
PRLRP	Project Rehabilitation and Loan Recovery Process
PSL-CBP	Parliament of Sierra Leone Capacity Building Project
PSMTP-ENA	Public Sector Management Training Program, École Nationale d'Administration
PSMTP-GIMPA	Public Sector Management Training Program, Ghana Institute of Management and Public Administration
REC	Regional Economic Community
SIDA	Swedish International Development Agency
SMTF	Strategic Medium Term Plan
SPLA	Sudan Peoples' Liberation Army
SPLM	Sudan Peoples' Liberation Movement
SSC	South-South Cooperation
SSCAP	South Sudan Capacity Building Project
SSG	Strategic Studies Group
TPSF	Tanzania Private Sector Foundation

UCT	University of Cape Town
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
WAEMU	West African Economic and Monetary Union
WAIFEM CBP	West African Institute for Financial and Economic Management Capacity Building Program
WAMI-CAP	West African Monetary Institute Capacity Building Project
WCA	West and Central Africa
WHO	World Health Organization
ZEPARU	Zimbabwe Policy and Analysis Research Unit

ACBF BOARD OF GOVERNORS

Country / Institution	Governor	Country / Institution	Governor
Gabon	Hon. Christian Magnagna (Chair)	Kenya	Hon. Henry Rotich
AfDB	Prof. Mthuli Ncube and later Dr. Steve Kayizzi Mugerwa	Liberia	Hon. Amara M. Konneh
Benin	Hon. Marcel A. de Souza	Madagascar	Hon. Raveloharison Herilanto
Botswana	Mr. Kelapile Ndobano	Mauritius	Hon. Charles Gaetan Xavier Luc Duval
Burkina Faso	Hon. Lucien Marie Noël Bembamba	Malawi	Hon. Goodall Gondwe
Burundi	Hon. Abdallah Tabu Manirakiza	Mali	Hon. Cheickna Seydi Ahmadi Diawara
Cameroon	Hon. Nganou Djoumessi Emmanuel	Mauritania	Hon. Sidi Ould Tah
Canada	Mr. Michael Brownell	Namibia	Mr. Tom Alweendo
Central Africa Republic	Hon. Florence Limbio	Niger	Hon. Dr. Amadou Boubacar Cisse
Chad	Hon. Mariam Mahamat Nour	Nigeria	Hon. Dr. Ngozi Okonjo-Iweala
Congo (Brazzavile)	Hon. Gilbert Ondongo	Norway	Ms. Ragnhild Dybdahl
Congo (DRC)	Hon. Célestin Vunabandi Kanyamihigo	Rwanda	H.E. Ambassador Claver Gatete
Cote D'ivoire	Hon. Madame Niale Kaba	Sao Tome & Principe	Hon. Agostinho Quaresma dos Santos Afonso Fernandes
Denmark	Mr. Thomas Juel. Thomsen	Senegal	Hon. Amadou Ba
Djibouti	Hon. Ilyas Dawaleh	Sudan	Mr. Badredeen Mahmoud
Ethiopia	Hon. Sufian Ahmed	Swaziland	Hon. Martin G. Dlamini
France	Ms. Aline Fortin (Alternate)	Sweden	H.E. Ambassador Lars Ronnäs
Finland	Mr. Jorma Suvanto	Sierra Leone	Hon. Foday B.L. Mansaray
Gambia	Hon. Dr. Momodou Tangara	Tanzania	H. E. Saada Salum
Ghana	Hon. Seth Terkper	Togo	Hon. Prof. Kako Nubukpo
Greece	H.E. Ambassador Christos Salamanis	Uganda	Hon. Maria Kiwanuka
Guinea-Bissau	Hon. Dr. Abubacar Demba Dahaba	UNDP	Mr. Abdoulaye Mar Dieye
Guinea (Conakry)	Hon. Mohamed Diaré	USA	Ms. Becky Erkul
India	H.E. Ambassador Jeitendra Kumar Tripathi	World Bank	Mr. Makhtar Diop
IMF	Ms. Antoinette Sayeh	Zambia	Hon. Alexander B. Chikwanda
		Zimbabwe	Hon. Patrick Anthony Chinamasa

THE ACBF
EXECUTIVE
BOARD
MEMBERS



Callisto Enias Madavo
Chair



Charlotte Osei
Vice Chair



Mrs. Gun-Britt
Andersson



Bernadette Dia Kamgnia



Fatima Kassam



Huguette Labelle



Shehu Abubakar Misau



Lebogang Motlana



Mor Seck



Soumare Aminata
Sidibe



Godfrey Simbeye



Emmanuel Nnadozie



Kabir Ahmed



Eddie Ouko



Elias Pungong

Independent Members of the Audit and Risk Committee

Message from The Chair of The Board of Governors



Hon. Minister Christian Magnagna,
Chair, ACBF Board of Governors

I wish to thank the stakeholders and governors of the African Capacity Building Foundation (ACBF) for the confidence they have placed in me as Chair of the Board of Governors. I wish also to pay tribute to my predecessor, Hon. Dr. Ngozi Okonjo-Iweala, for the excellent leadership displayed during her tenure and for overseeing an exciting period. The Foundation has embarked on the path to reforms, which, once they are fully implemented, will go a long way to ensure our sustainability. Her shoes are big ones to fill.

I wish also to express my gratitude to Prof. Emmanuel Nnadozie, the Executive Secretary of ACBF, and to the Foundation's management for welcoming me to Harare during my visit in August following my selection as chair in June.

The year 2014 witnessed the realignment of ACBF to continental priorities, with a view to making capacity building the backbone of Africa's development. Aligning the Foundation's work to Africa's emerging needs will go a long way toward allowing ACBF's work to continue gaining relevance through the Foundation's contribution to the African Union's development roadmap, Agenda 2063. The Foundation will continue to support the African Union Commission and African countries in their efforts to address their capacity challenges, particularly articulating the capacity dimensions of Agenda 2063 and integrating them into national development plans. By strategically positioning itself as the capacity-building pillar in Agenda 2063, the Foundation has a pivotal role in enhancing the successful implementation of Africa's development blueprint.

The need for greater capacity was highlighted by the Ebola crisis in some countries in West Africa. The crisis raised alarms about the state of Africa's preparedness to address emergency challenges and highlighted crises that hinder the continent's development.



It is crucial for Africa to take decisive steps to lead in financing capacity-building efforts across the continent. The permanent committee of the Board of Governors of the ACBF on Resource Mobilization agreed on this point at its inaugural meeting in Lomé, Togo, 4–5 November 2014.

ACBF's efforts to mobilize resources should attract political support from African countries. The Foundation should work towards the continuation and consolidation of cooperation with multilateral and non-African partners.



Hon. Minister Christian Magnagna,
Chair, ACBF Board of Governors





Callisto Madavo,
Chair, ACBF Executive Board

Message from The Chair of The Executive Board

I want to thank the Board of Governors of the Foundation for showing confidence and appointing me as the Chair of the ACBF Executive Board. I also want to pay tribute to my predecessor, Mr. Paul Baloyi, for the excellent leadership he contributed and the job he performed at the helm.

I have assumed my duties at a key moment in the Foundation's history. The Foundation is close to the end of its third Strategic Medium Term Plan (SMTP III) 2012–2016. This moment affords ACBF the opportunity to reflect on its progress to stay in line with SMTP III's objectives regardless of the continent's financial challenges and changing priorities. Work on the fourth Strategic Medium Term Plan is already underway.

In 2014, the Foundation embarked on the road to self-transformation to become an efficient and results-oriented organization.

The Foundation has implemented a series of internal reforms such as resizing and restructuring its management team, increasing board meetings for better oversight of ACBF, and improving governance. It has also taken measures to improve project design and enhance grantees' capacity for effective implementation and monitoring of projects. Systematic actions have been taken to continually improve the quality of evaluation.

The Foundation is also prioritizing and scaling up its operations for external success. It has "decentralized" by opening an office in Accra, Ghana, to get closer to its Central and West African operations, stakeholders, and grantees. A project office was established in Nairobi, Kenya, and plans are underway to maintain a presence in Addis Ababa,

Ethiopia, where ACBF believes it is important and strategic to do so. During the year under review, our attention turned towards reviving our partnership with traditional partners. The partnership between ACBF and the Bill and Melinda Gates Foundation shows that diversifying our sources of funding is an excellent option to consider in making the Foundation sustainable in the long term.

It is important that member countries continue to meet their financial commitments, because our future depends on their contributions. Africa needs to commit to its own development efforts, and development starts with building capacity. We appreciate efforts by member countries to support the work of the Foundation and urge countries still lagging behind in meeting their commitments to do so, because they are also the main beneficiaries of ACBF's work. Currently we are working with the international partners who made pledges to the third SMTP to see how we can facilitate release of tranches that are remaining.

The composition of the Foundation's Board has changed, and it gives me great pleasure to formally welcome new members Mrs. Fatima Kassam and Mr. Godfrey Simbeye. Mrs. Fatima Kassam, an economist, is passionate about turning Africa's endless possibilities into scaled practical realities through the right combinations of good ideas, people, and capital. She has been the Chief of Staff at the African Risk Capacity Specialized Agency in South Africa since January 2014. Mr. Godfrey Simbeye is the Executive Director of Tanzania Private Sector

Foundation (TPSF), an effective apex private-sector member organization, with the capability to mobilize more than 4 million entrepreneurs throughout the country.

I conclude by thanking my fellow Board members for their contributions during the year under review. Special words of appreciation go to ACBF's Executive Secretary, and his staff whose dedication to the Foundation in these times of transformation knows no boundaries.

The continued support from the Foundation's Board of Governors is highly appreciated.

Callisto Madavo

Prof. Callisto Enias Madavo
Chair, ACBF Executive Board





Prof. Emmanuel Nnadozie
Executive Secretary, ACBF

Message from the Executive Secretary

2014 was significant for the African Capacity Building Foundation in its drive towards sustained capacity development in Africa. The Foundation continued to support the continent's efforts to build capacity for the formulation and management of economic policies and to achieve better public administration and transparent and accountable financial management. It has supported statistical development, effective oversight of governments by parliaments, and improved participation of civil society and the private sector in policy making. It made such effective contributions thanks to the tremendous support of its African and non-African member countries and its multilateral partners—the African Development Bank, the United Nations Development Programme (UNDP), and the World Bank.

ACBF has responded to continental priorities by undertaking major reforms and adopting a new business model, which have resulted in a focused, efficient, and better-governed organisation that is results-oriented and more sustainable. This restructuring will enable the Foundation to increase its effectiveness and to maximize its impact in Africa.

Major highlights were the openings of the West and Central Africa's office in Accra, Ghana, and the office in Nairobi, Kenya. The Accra office, now fully operational, brings the Foundation closer to our partners to ensure greater effectiveness.

The office in Nairobi serves the strategic partnership between ACBF and the Australian Department of Foreign Affairs and Trade (DFAT). Its aim is to strengthen knowledge sharing and learning in the Australia Africa Community Engagement Scheme (AACES). AACES is a partnership between DFAT, 10 Australian non-governmental organisations (NGOs), and their Africa-based partners, including NGOs, governmental counterparts, and local communities.

The Foundation also organized a workshop in Addis Ababa, Ethiopia, and coordinated the drafting of papers towards a common position paper for the first U.S.-Africa summit in Washington, DC, between a sitting U.S. president and African leaders. Its aim was to strengthen ties between the U.S. and Africa. The papers provided a unified, consolidated African position on issues relating to U.S.-Africa relations.

A new strategic partnership with the Bill and Melinda Gates Foundation supports civil society organisations on the continent in advancing tobacco-control policies through tobacco taxes, advertising bans, graphic warning labels, and smoke-free environments.

Another notable milestone is that the Resource Mobilisation Committee of the Board of Governors held its first meeting in Lomé, Togo, 4–5 November 2014, to develop an annual work plan for its activities.

The ACBF website was also revamped in September 2014 to make it more user friendly for our diverse audiences. Traffic to the website, which has English and French pages, has increased, and more people are learning about our activities. Our knowledge products are also more accessible through an improved virtual library. It is indeed encouraging to know that visits to the website have more than doubled, with a wider reach to African, especially Francophone, countries.

The dissemination of the Foundation's knowledge products on capacity building has also improved and most of the Foundation's learning products are now accessible in English and French.

ACBF boosted research capacities in the Common Market for Eastern and Southern Africa by extending a \$3 million grant to its secretariat. We also continued our support to ZEPARU's study on mining policy in

Zimbabwe. And we saw 23 of the think tanks we support ranked among the best 65 in Sub-Saharan Africa by the 2014 Global Go To Think Tank Index Report.

ACBF continued to uphold its traditional partnerships through the renewals of memorandums of understandings to foster continuing partnerships for the second half of the SMTP III implementation.

Challenged by changes in the resource-mobilisation landscape, we are paying more attention to domestic resource mobilisation. And African member countries have responded by committing to continue financing the SMTP III.

The outbreak of Ebola virus disease (EVD) in 2014 demonstrated that despite significant progress in capacity over the last two decades, Africa still faces serious human, institutional, and societal constraints and is not prepared to respond adequately to emergencies. The continent should invest continually in capacity development so that it can anticipate, prevent, and manage similar crises.

The Foundation will continue to increase its relevance to the continent through its involvement in the multi-agency platform comprising the African Union, the African Development Bank, and the United Nations as a pillar for capacity development in implementing Agenda 2063 and will continue its efforts to address the continent's capacity gaps and needs in relation to the agenda.



Prof. Emmanuel Nnadozie
Executive Secretary, ACBF

02

ACBF'S OPERATIONS

**2014 regional context for ACBF: New areas of work and the strategic focus**

Since 1991, ACBF has supported capacity development on the continent by empowering governments, civil society organisations, and the private sector to develop, advocate, and implement effective policies for poverty reduction and economic growth. In 2014, growth rates in African economies were forecast to reach 5.2%, up from 4.7% in 2013. The continent continues, however, to face challenges that threaten its growth and sustainable development. Capacity development in Africa cannot be discussed without examining the political and economic context.

Elections have become a regular feature in the region, with presidential elections in Algeria, Botswana, Egypt, Guinea Bissau, Malawi, Mozambique, Namibia, South Africa, and Tunisia in 2014, but challenges to free, fair, and credible elections remain. Compounding these challenges are weak electoral commissions and the absence of proper dispute-resolution mechanisms. Also democracy is deteriorating in over a dozen countries.

Though large-scale violent conflicts and civil strife are declining, pockets of simmering tensions and insurgency and the re-emergence of coups d'état have troubled the region. For instance, despite peace talks and a cease-fire in the Central African Republic (CAR), violent clashes between the Anti-balaka and Seleka failed to abate. In the Democratic Republic of Congo (DRC), the Forces Armées de la République Démocratique du Congo (FARDC) continued their clashes with rebel troops. And in Nigeria, the activity of the militant Islamist group Boko Haram, continued to ravage the northeast, with attacks against civilians and kidnapping of schoolgirls. Civil war between the Sudan

Peoples' Liberation Army (SPLA) and the Sudan Peoples' Liberation Movement (SPLM) and the Government of the Republic of South Sudan intensified in 2014, resulting in massive losses of civilian life and displacements of people. The challenges to preventing and putting an end to the conflicts include weak institutional structures, limited expertise in conflict mediation and dialogue, inadequate resources, a lack of political will, and poor coordination between regional and international agencies.

Despite these conflicts, the continent continued to register solid economic growth, thanks to increased investment in infrastructure, higher productivity in agriculture, a rise in the services sector, and greater trade ties with partners outside the region. Manufacturing output on the continent is expanding as quickly as the rest of the economy. Growth is even faster in services, which expanded at an average rate of 2.6% per person across Africa between 1996 and 2011. Many countries, including Ethiopia, Ghana, Kenya, Mozambique, and Nigeria, have revised their estimates of GDP to account





for their growing non-resource sectors. There is, however, anxiety over the dangers of increasing reliance on external markets and the susceptibility of African economies to shocks to these markets. Foreign direct investment in Africa rose 5% in 2012 and 10% in 2013, despite global stagnation. Foreign investors have diversified their investments in emerging non-commodity sectors in resource-poor nations. Nearly a third of foreign investments are in financial services. Resource-rich countries like Angola, Botswana, and Nigeria continue to diversify investments to encompass the agricultural, technological, and financial services sectors.

Converting economic growth to job creation is an emerging challenge. According to the African Economic Outlook 2013, youth unemployment in Sub-Saharan Africa is estimated to be more than

20%. Young people between the ages of 15 and 25 make up more than 60% of the continent's population and 45% of its labour force. With high fertility rates underlying demographic momentum, Africa's population is becoming more youthful, with youth's proportion to the total population projected to exceed 75% for 2015. An employment-friendly economic-growth strategy will not only create jobs for young people but will also create a consumer market for locally produced goods and services. African governments will need to consider policies to improve labour standards and social protection for young people.

The Ebola virus disease (EVD) or Ebola outbreak in 2014 that hit Sierra Leone, Liberia, Guinea and, to an extent, Nigeria and Senegal has become the worst occurrence of the disease since its discovery in 1976. According to the World Health Organization (WHO), it has affected an

estimated 20,000 people. Weak health systems, poor disease-control and prevention procedures, and a lack of trained and equipped health personnel have been cited as the main factors in the rapid spread of the disease. This brought to light the dire need for capacity building in the health sector to control and mitigate the recurrence of a similar crisis. The focus will be on building national research capacity to develop and implement effective policies to strengthen health systems to combat future outbreaks.

Africa is on track to achieve three out of the eight millennium development goals (MDGs): achieving universal primary education; promoting gender equality and empowering women; and combating HIV/AIDS, tuberculosis, and other diseases. The continent will not, however, meet the remaining five goals by the end of 2015, the deadline for achieving the MDGs. As the 2015 deadline fast approaches and attention turns beyond 2015, the Common Africa Position (CAP) on the post-2015 agenda, adopted by African governments in January 2014, cites structural economic transformation and inclusive growth as priority areas.

Achieving any form of economic transformation will require huge investments and financing, which have declined due to the recent economic downturn. The continent has been heavily dependent on external financial support for its development agenda and will

need to build capacity to participate actively in negotiations and decisions on financing for the post-2015 agenda. The continent might also look at alternative avenues to raise the financial resources to finance its growth and development. For instance, engagements between African governments and firms with emerging market financial institutions might prove essential in unlocking non-traditional portals of finance for economic growth and development. Domestic resources must also be mobilised.





The economic recession and subsequent reduction in bilateral aid to Africa have intensified the proliferation of South-South Cooperation (SSC) to provide financial aid, trade opportunities, and investment to the continent. Africa's trade with non-African developing countries increased from USD 34 billion in 1995 to USD 97 billion in 2004 and then jumped to USD 283 billion in 2008 and USD 595 billion in 2012. The absence of onerous policy conditions and the respect for sovereignty have made this type of partnership more attractive than traditional aid. The need to harness it may intensify as the financial requirement for delivering on the post-2015 agenda becomes clearer. While SSC provides the opportunity to access more resources for development needs, most African countries do not have national strategies to engage in the process. So, support for the development of policies and frameworks for engaging in SSC is another area that will become more relevant in the future.

In 2014, ACBF endeavoured to consolidate existing operations in policy think tanks, regional training programmes, and regional integration. It would prioritize its operations in building capacity in conflict-affected countries.

ACBF also contributed to some strategic operational-knowledge activities. The African Union Commission (AUC) designated 2014 as the Year of Agriculture and Food Security, and its Secretariat contributed by financing and conducting an ACBF study on Empowering Women in Agriculture (EWA). ACBF drafted a position paper to strengthen the AUC's position at the US-Africa summit. And it is supporting the AUC as it reflects on the capacity imperatives of Agenda 2063, the regional development framework to guide Africa's development for the next 50 years.



03

2014 IMPACT AND RESULTS

**Strengthening
Public-Sector
Capacity in South
Sudan**

The South Sudan Capacity Building Project (SSCAP) aimed to strengthen capacity for economic policy formulation and public financial management (PFM). In 2014, it implemented a leadership-training programme to enhance the skills and competencies of senior public officials in effectively managing government policies, programs, and projects and improving their delivery and impact. It was part of government efforts to bridge leadership and skills gaps in the public sector, compounded by the devastating conflict in 2013, which led to the deaths of many civil servants and public-sector officials. The training targeted senior officials, including directors general, deputy directors and directors from 19 public ministries and institutions.

The project improved the leadership and management capabilities of 157 male and female officials. It focused on developing financial and human-resources management, including human-resource planning, developing and implementing strategic plans, leadership and management of personnel, and so on. Feedback from participants showed that the training had been relevant and that it had empowered them to do their work more effectively.

Two testimonials summed up the impact. “This was a very educative and empowering seminar and training, and is very relevant. It is a demonstration that training and capacity building should be done at home to minimize financial expenditure,” wrote William Obwony Yor, Director, Pension and Social Insurance, Ministry of Labour, Public Service and Human Resource Management. “The training has added more knowledge and new ways of how to implement some tasks. For industrial relations, this training acts as a link between public and private sector in terms of human resources and strategic thinking. This type of training should continue and cover at least 60% of employees from different government institutions,” wrote Manoah Bataly Scopas, Director, Civil Service Commission Career Service Executive.

Enhanced effectiveness of financial-sector institutions in the intergovernmental authority on development regions

The Horn Economic and Social Policy Institute (HESPI)—an Addis Ababa research institute and think tank established to promote high-quality policy analysis and advisory services to African governments, the private sector, and other regional development stakeholders—implemented a twinning relationship with the Reconstruction and Development Bank of Somalia.

The relationship enabled the bank's project analysts and loan officers to work at the Development Bank of Ethiopia to gain on-the-job experience to better manage public resources and conduct professional-project analysis in the process of post-conflict reconstruction. The relationship also allowed the beneficiaries to work with the selected bank for six weeks (1 December 2014 to 17 January 2015).

An evaluation of the initiative showed that the officers gained practical knowledge and skills in objective loan-provision processes and procedures and loan-cycle monitoring practices, on feasible loan-appraisal procedures, and on loan-approval processes with development banks, especially in post-conflict situations. The officers also learned how to conduct applied research processes and research capacity building methods within the development banks and Project Rehabilitation and Loan Recovery Process (PRLRP) in a way that could be adopted in Somalia's context.

Ebola crises in West Africa: Lessons for capacity development

The 2014 Ebola outbreak in some countries West Africa, the first in the sub-region, is the largest outbreak so far in the history of the disease. First recorded in Guinea in March 2014, the outbreak then spread to other West African countries, mainly Liberia and Sierra Leone. By 25 February 2015, WHO had reported 23,694 cases and 9,589 deaths.

Many international conferences and regional gatherings were banned or suspended to curb Ebola's spread, and major international airlines suspended flights to the countries most affected. The outbreak also compromised some ACBF project activities in the sub-region. Among

them were Strengthening Institutional Capacity of African Women's Development Fund (AWDF)—PHASE II Project, the West African Monetary Institute Capacity Building Project (WAMI-CAP), the Economic Policy Management (EPM) Training Programme of the University of Ghana—Phase IV, the Public Sector Management Training Program, the Ghana Institute of Management and Public Administration, PHASE II (PSMTP-GIMPA II), the National Institute for Legislative Studies Capacity Building Project (NILS-CBP), the Parliament of Sierra Leone Capacity Building Project (PSL-CBP), the Council for the Development of Social Science Research in Africa Capacity Building Project (CODESRIA) II, and the West African Institute for Financial and Economic Management Capacity Building Program (WAIFEM CBP) III. Lessons from the Ebola outbreak include the need for preventive capacity building. More must be done for policy formulation and implementation in social health. African countries' capacity must be strengthened for epidemic preparedness and for crisis management and resilience. Preventive capacity building will include fortifying capacity for diagnostic laboratories, and training health workers in case management and in preventing and controlling infections. National research and innovation systems for health must be created along with advocacy and awareness campaigns. Leadership development is key at all levels, but leadership at the regional level must be developed to effectively respond to health crises.

INVESTMENTS IN CAPACITY BUILDING

To respond to the growing demand for capacity development from various stakeholders and in light of shrinking portfolio, new projects must be developed and new grants awarded. And to continue to be relevant, the Foundation must enhance its effectiveness at country and regional levels by developing and implementing new projects and programmes. Therefore, during 2014, the Secretariat signed (5) grant agreements amounting USD 8,196,684 for the implementation of the following projects:

Name of projects	Project Country	Grant amount (USD)
Economic Policy Management Training Program (EPM-Zambia II)	Regional, Zambia	1,229,000
Cameroon Policy Analysis and Research Centre, (CAMERCAP-PARC)	Cameroon	1,174,000
Macroeconomic and Financial Management Institute (MEFMI)	Regional, Zimbabwe	1,200,000
National Institute for Legislative Studies Capacity Building Project (NILS CAP)	Nigeria	900,000
Mandela Institute for Development Studies (MINDS)	Continental, South Africa	300,000
Centre for Tobacco Control in Africa	Uganda	3,393,684
		8,196,684



Furthermore, in December 2014, the Executive Board awarded new grants amounting to USD 6,092,776 through the approval of the following projects to be signed in 2015:

Name of projects	Project Country	Grant amount (USD)
Malawi Policy Research Analysis Project (MPPRAP)	Malawi	1,000,000
East Africa Community Capacity Building Project (EAC)	Regional, Tanzania	1,000,000
African Union Capacity Building Project (AU-CAP) Phase II	Regional, Ethiopia	3,000,000
University of Cape Town (UCT)	South Africa	1,092,776
		6,092,776

04

KNOWLEDGE GENERATION AND SHARING



Africa Capacity Report 2014: Capacity imperatives for regional integration

The theme of Africa Capacity Report (ACR) 2014 is the capacity for regional integration in Africa. This report, the fourth in the series, focuses mainly on the capacity imperatives for regional integration—a core mandate of ACBF—including the capacities of the regional economic communities (RECs). The report outlines what is needed to strengthen the RECs and integrates capacity building into wider efforts to achieve sustainable development.

The capacity dimensions of regional integration are crucial, because countries, RECs, specialized regional institutions, and regional development organisations are developing strategic regional frameworks and building capacity to pursue regional integration across the continent.

Highlights of the Africa Capacity Report 2014

According to the report, capacity indicators (on a scale of 0–100) are generally satisfactory, with the Africa Capacity Index (ACI) ranging from a low of 22.4 for the Central African Republic (CAR) to a high of 73.1 for Morocco. It is encouraging that eight countries—Cape Verde, The Gambia, Malawi, Mali, Mauritius, Morocco, Rwanda, and Tanzania—are in the high bracket, while no country ranks in the very low bracket. But African countries still have much to do to break into the very high bracket. Of the 44 countries surveyed, 30 have medium capacity.

A closer look at the Index shows that all 44 countries ranked high or very high (91% = very high) on policy environment. Implementation processes are also impressive, with 81% of countries in the high or very

high brackets. So the environment in these countries is conducive to capacity development. But they do not seem close to good capacity development—20% ranked low or very low on development results and only 7% ranked very high. The real challenge is capacity-development outcomes: 84% are in the low and very low brackets.

Challenges of regional integration

The 2014 ACR also identifies the many challenges of regional integration. Most pressing are overlapping memberships, limited financing, uneven commitments, and slow implementation.

Experience from the European Union (EU) shows that although African RECs have treaties that permit countries to dominate the relationships with RECs, member states lack the minimum enforcement capacity of the EU. Furthermore, RECs surveyed expressed their capacity needs for staffing, mobilising resources, coordinating activities, conducting research, sharing knowledge, and monitoring and evaluating plans, programmes, and projects.

Major areas of capacity and other needs of RECs

Many needs of the RECs are similar:

- *Staff complement.* Most RECs express concerns about the lack of funds to recruit staff and to develop their skills.
- *Funding sources.* Most member and partner states fall short of funding REC operations, compelling development partners to consistently contribute 40–60% of the communities' budgets.

- *Activities.* The REC's secretariats or commissions develop activities and the member/partner states implement them. Links between the secretariats and member/partner states must be strengthened to boost their skills.
- *Conflict management.* Most RECs have been immersed in conflict resolution, which hinders integration.
- *Knowledge sharing.* RECs are trying to share knowledge and experience, but their capacities to do so remain weak.
- *Research.* RECs need to establish or strengthen research on the integration process. The Economic Community of West African States has set up the Economic Policy Research Unit with ACBF support. The Arab Maghreb and the East African Community (EAC) do not have research units.
- *Monitoring and evaluation (M&E).* All RECs recognise that M&E is important for consolidating gains and guiding future plans and programmes. Their M&E departments have elaborate but user-friendly web-based monitoring systems, especially for secretariat activities, but evaluation remains weak.
- *Innovative ideas.* Efforts are under way to set up a well-trained team of peer experts to review data and information provided by member states/partner states.

Of the RECs surveyed, 88% expressed fiscal policy and capacity building as top priorities for institutional capacity, fiscal policy and financial market development as top organisational capacity priorities, and trade as the top priority for individual capacity building.

Lessons for the RECs

On the differences in REC capacities, the following capacity-building imperatives stand out.

- Take a long-term perspective.
- Adopt an integrated and holistic approach to capacity building.
- Integrate capacity building in wider efforts to achieve sustainable development.
- Make capacity building demand-driven.
- Ensure adequate resources (both administrative and financial).
- Emphasize skill retention and use, and not simply skill acquisition.
- Accommodate the dynamic nature of capacity development.
- Monitor and evaluate capacity-development efforts.
- Adopt a learning-by-doing approach.
- Focus on institution building.

Recommendations

RECs should be restructured to allow for maximum local-to-national political participation in activities of RECs. Adoption of a funding mechanism should combine national contributions with independent revenues such as import levies, as adopted by the Common Market for Eastern and Southern Africa (COMESA) and the Economic Community of West African States (ECOWAS). Greater funding can address the chronic staff shortages, and provide staff support to upgrade skills as well as adequate Information and Communication Technology (ICT) infrastructure and equipment. Capacity-building initiatives should be



aligned with member-state priorities, needs, and conditions. This alignment will require internal country-led processes, connected capacity-building measures, and strengthened staff incentives. Staff exchanges among African RECs should be encouraged to facilitate experience sharing and eventual standardisation of processes and procedures. The secretariats or commissions of African RECs should be restructured and empowered to make binding decisions on behalf of member states to speed up the implementation of regional integration policies, programmes, and projects. The authorities of heads of state and the governments of African RECs, like their Association of Southeast Asian Nations (ASEAN) counterparts, should commit to implementing regional integration treaties and initiatives. African countries should invest heavily in institutional capacity to better manage their relationship with the rest of the world and negotiate economic partnerships and fully benefit from free-trade opportunities.

KNOWLEDGE NETWORKS

Policy Institutes Committee

ACBF organised two Policy Institutes Committee (PIC) Consultative Forums in 2014. The forum on 25–26 April was organised with the Government of Mauritania in Nouakchott, Mauritania, on the theme Rethinking Capacity Development Solutions in Africa. The forum on 24–25 October 2014 in Mbabane, Swaziland, was jointly organised with the Kingdom of Swaziland on the theme Toward Africa's Sustainable Development: Role of ACBF's Policy Institutes Committee.

The PIC is meant to be a dynamic and functional community of practitioners close to African policy and decision makers. Networks such as the PIC constitute an efficient, pertinent, and cost-effective way to achieve development goals and reach target groups. They organise civil society to advocate for and implement change and to provide spaces for creating, sharing, and disseminating knowledge. Networks are useful bridges between research, practice, and policy.

Change generated from the networks and importance for ACBF

Raise awareness and document the role and importance of think tanks. Think tanks shared their experiences of raising awareness and documenting their role and importance in regional integration; raising awareness and documenting their role and importance in resources mobilisation; and discussing the constraints, opportunities, and possibilities of Africa rising. A key message was that grants remain a critical source of funding for think tanks, because they prevent them from losing focus on what is good for the public and from being transformed into private consultancy firms. After the workshop, 93% of participants mentioned that they had a good or excellent understanding of the role and importance of think tanks in regional integration, up from 78% before the workshop.

Think tanks and policy institutes see ACBF as a partner. The forums also served as a platform to discuss opportunities for collaboration with all think tanks and policy institutes and to reaffirm the commitment of ACBF to support capacity-development initiatives in Africa. Participants acknowledged that ACBF has an important role in developing think

tanks as partners across Africa. Although think tanks can mobilise some resources, they still need grants from institutions such as ACBF to survive. The involvement of think tanks in studies by ACBF in the framework of US-Africa relations and the case studies for the ACR were welcomed and recognised as an efficient way of partnering.

Strategic Studies Group

The Strategic Studies Group (SSG) is a global network of development experts and practitioners comprising the ACBF PIC, select-development partners, and the ACBF-supported training programmes and university partners. It advises on issues relevant to Africa's development that require the attention of the Foundation and its stakeholders. It works with ACBF to identify research themes but also serves as a review panel that shapes, examines, and evaluates high-level studies from competitive calls for research proposals that ACBF commissions.

The studies will provide detailed empirical insights and help ACBF and its stakeholders to grasp capacity issues pertaining to Africa's transformation agenda. At an inaugural meeting to launch the SSG network, in Lusaka, Zambia, 7–8 March 2014, members advised and agreed on the strategic issues requiring the attention of ACBF and its stakeholders. Five themes were proposed for the studies:

- Political Economy Approaches: What Lessons for Determining Country Policies?
- Youth Unemployment in Africa: Capacity Building and Innovative Strategies.
- Capacity Imperatives for Infrastructure Development and Financing in Africa.
- Alternative Models for Economic Growth in Africa: State, Causes, and Way Forward.

- Policy Choices after a Decade of the BRICS: from Dependency to Agency?

Following the 2014 SSG Research Competition call for proposals, nine were chosen. Drafting of manuscripts is ongoing, and it is expected that the studies will be completed by the end of August 2015.

African Community of Practice on the Managing for Development Results Project

The knowledge-sharing component of the African Community of Practice (AfCOP) on the Managing for Development Results (MfDR) project promotes exchanging experiences and sharing good practices through the online French and English platforms. It also facilitates the development of case studies, guidelines, analytical work, and tools on emerging good practices and on policy convergence, including gender- and youth-related issues. And it facilitates dissemination of good practices and knowledge products and supports the AfCOP annual Africa forum on MfDR. That forum instils a results-oriented culture among AfCOP members and in the two AfCOP-targeted regional institutions—the West African Economic and Monetary Union (WAEMU) and COMESA.

AfCOP 2014 achievements

In 2014, 31 online discussions were completed. Among the themes discussed were entrepreneurship among women; youth and managing for development results for Africa's transformation; public–private partnerships in the post-2015 agenda; gender issues in regional

integration; management of development results in Africa since the Paris Declaration; effective monitoring and evaluation of development interventions; city greening and food security; gender and youth priorities for the post-2015 agenda; youth entrepreneurship; capacity development for data management and knowledge sharing; improving livelihoods of rural women through managing for development results; and financing development through private equity and other innovative strategies.

These discussions, as well as blogging activities and the weekly news blast, increase members' knowledge and understanding through sharing experiences and identifying potential areas for further engagements and for knowledge products and case studies. To achieve targets before the end of projects, a revised implementation strategy and a list of suggested themes were compiled and submitted to the Core Management Team for validation in February 2015.

The secretariat continued to increase AfCOP membership and to stimulate member interest and participation in online discussions. As part of the effort, ACBF networks and communities of practice—notably the SSG, the PIC, Learning Network on Capacity Development (LensCD),

and members of various forums—were invited to join AfCOP. AfCOP Core Management Team (CMT) members were also actively engaged to solicit ideas for knowledge sharing on the AfCOP platform and through national communities of practice.

Two REC online platforms will be launched in the first quarter of 2015.

The AfCOP Knowledge Management (KM) team developed 33 knowledge products, including briefs, case studies, guidelines, and tools during the review period. AfCOP members were also encouraged to post insightful reference materials. Country case studies and stories on managing for development results that were submitted as part of the build-up toward the annual meeting were disseminated during the forum for mutual learning and experience sharing. From a database of 50 potential consultants, many have been facilitating online discussions on the AfCOP platform.

The Second AfRIK4R Forum (Africa for Results Forum) and seventh AfCOP Annual Meeting, scheduled for 11–13 November 2014 in Kigali, Rwanda, were postponed due to logistical concerns beyond the control of the African Development Bank (AfDB) and ACBF.

05
IN FOCUS



2014 Highlights

M&E Information Management System

ACBF strengthened its M&E system by automating the existing M&E tools, processes, and arrangements into an integrated and user-friendly web-based application called the M&E Information Management System (IMS). The system will enhance the Foundation's M&E functions by improving the completeness, integrity, quality, and timeliness of project performance and results data for reliable decision-making and stakeholder engagement.

Until recently, ACBF and its grantees had been unable to optimally use performance data generated from their capacity-building interventions, partly because of the inadequate mechanisms for data collection, processing, analysis, and reporting. So, the processes of tracking project progress and reporting and documenting results were mostly manual, with performance data scattered across the Foundation and its grantees and with a huge amount of effort required to collate and aggregate reports. Nor were projects and corporate data properly managed to provide the accurate and complete information essential to guiding management decisions in ACBF.

The system development process began March 2013 and included three main phases:

- Phase 1: Develop business requirements and software identification.
- Phase 2: Customise system validation and user training.
- Phase 3: Deploy system and post-implementation services.

ACBF management and technical staff training was conducted in December 2014, and a special training workshop was scheduled for ACBF-supported projects for March 2015. Both training sessions introduced the new M&E IMS to ACBF and its grantees to help the system's development team identify any missing or additional business requirements noted by users and to test the overall readiness of the system for rollout. The system was expected to be piloted during the first quarter of 2015, with full deployment planned for June 2015.

The expected changes that ACBF will see after the system goes live at project and corporate levels include a harmonised platform for projects and corporate operational-data gathering; integrated project and corporate cycle processes; use of correct forms in project data entry; automatic report compilation and aggregation; and data analysis and

creation of different types of reports. The key users of the system are ACBF staff and implementation teams for ACBF projects. In addition, the system will be accessible to all relevant stakeholders, including the Board of Governors and the Executive Board, as well as ACBF key funding partners such as the World Bank and the AfDB.

Decentralisation: Regional office for West and Central Africa in Accra, Ghana

At its forty-sixth regular meeting, the Executive Board considered a pilot of decentralised offices for the Foundation on a budget-neutral basis. The cities identified for the pilot phase were Accra, Ghana (regional office); Addis-Ababa, Ethiopia (field presence); and Nairobi, Kenya (field presence).

The Ghanaian Minister of Finance and the Executive Secretary of ACBF signed the host-country agreement between ACBF and the Government of Ghana on 23 May 2013. The agreement was ratified by the Parliament of Ghana on 18 July 2013. The signing of the agreement and the commitment of the Government of Ghana to provide suitable office space for the operation of the regional office constitute evidence of Ghana's continued support for ACBF's work in Ghana and in the West and Central Africa (WCA) region.

Following the signing of a memorandum of understanding (MOU) between AfDB and ACBF, the WCA regional office was temporarily located in the AfDB Accra office. The Government of Ghana agreed to cover the cost of the temporary office until a permanent location is secured. The ACBF–WCA regional office team moved to the AfDB office on 5 February 2015.

The office will serve as a regional hub, providing products and services to stakeholders in the ECOWAS and Economic Community of Central African States (ECCAS). ACBF operates 35 projects in the WCA region. The new regional office will foster stronger relationships between ACBF and its partners and act as a primary source of information to headquarters for developments in the region. The office is administered by a regional director, supported by the other staff.

All the government's commitments to grant ACBF and its professional staff diplomatic benefits and immunities have been fulfilled, and the regional office is fully operational.

Revamped ACBF website

The ACBF website was also revamped in September, making it a more user-friendly platform for our diverse audiences. This revamping was needed to communicate more clearly with partners and to highlight ACBF's continuous, critical work leading Africa's capacity-development efforts.



The results are more than encouraging. There are more visitors than ever to the website—which has English and French versions—who are getting to know more about our activities with relative ease. Visits have more than doubled, with a wider reach to more African—especially Francophone—countries.

Even more people on the go are accessing our website than before, because it adapts seamlessly to the screen sizes of mobile devices.

Our knowledge products are also more accessible through an improved virtual library.

Our web presence has not only become an open window to our stakeholders—it has also brought us closer to ACBF friends and partners through a timely online newsletter with a growing subscriber base.

We have received positive feedback on these online initiatives. “I saw the new ACBF website: bravo! I have to say that I like it: more information is available, in a much more accessible way. It is easier to know what ACBF does and how and where (with maps and success stories!),” wrote Cristina D’Alessandro-Scarpari, Senior Fellow, Centre on Governance, University of Ottawa, Canada.

Reforms for enhanced efficiency and effectiveness

At the twentieth meeting of the Board of Governors—in Arusha, Tanzania, on 7–9 September 2011—ACBF organised an initial pledging session for financing its third Strategic Medium Term Plan (SMTP III). Among the countries and institutions that decided to support SMTP III was the World Bank, which pledged USD 100 million to be disbursed in tranches of USD 65 million and USD 35 million. Subsequently, the disbursement of this support was conditioned on ACBF measures to become more efficient and effective.

The ACBF Executive Board sent a Letter of Commitment to the Executive Directors of the World Bank on 8 November 2013. It represented an undertaking by the Executive Board to ensure that the Foundation would implement an action plan to sustain the Foundation, enhance its operational efficiency, restructure its activities for more effective programme delivery, and achieve better results. ACBF began implementing these commitments in December 2013 with the further reduction of Foundation staff—following an initial reduction in October 2012—and continued with the remaining measures in 2014.

To ensure that all commitments would be fully addressed, ACBF management structured and implemented the action plan into 24 reform actions in the five key areas detailed below.

Prioritising and scaling up operations for success

ACBF streamlined its operations, paying particular attention to training, regional integration, and support for policy formulation and implementation. It also reduced the number of African countries where it can use the World Bank's support to SMTP III to 15. And it began implementing a new business model on the basis of a strategic partnership with its mature think tanks.

Increasing efficiency

The ACBF management team was resized to a flatter and leaner structure around three directorates supported by the Office of the Executive Secretary, the Internal Audit, and the Legal Counsel. They are operations, finance and administration, and knowledge monitoring and evaluation. The wage bill was significantly reduced. A new business model also reduced programme-delivery costs. Moving the Foundation's office from the city centre to Mount Pleasant, Harare, saved on rental costs. The Operations Department for WCA relocated to Accra in October 2014—a move that will produce significant savings on travel costs in the long run. And all overhead costs and staff benefits were reduced.

Strengthening governance

The frequency of the Executive Board meetings was doubled from two to four meetings a year, and minutes of these meetings are now shared with the World Bank, which left the Board in 2011. Project- approval processes have been revised to ensure that new commitments are based exclusively on confirmed pledges (with a signed grant agreement). And the Executive Secretary, appointed in December 2013, is residing in Harare.

Increasing the focus on results and impact

Measures have been taken to improve project design and to enhance grantees' capacity for effective implementation and monitoring of their projects. Core indicators have been developed for measuring capacity-building outcomes for both the Foundation and its grantees, and systematic actions have been taken to continually improve the quality of evaluation. Knowledge products are aligned with the three priority areas of ACBF's operations, and the programmatic areas of ACBF's capacity-building support are selected on the basis of lessons learned and results demonstrated. Continuation of ACBF support to any grantee is contingent on demonstrated results.

Working towards sustainability

ACBF's support to grantees will be discontinued after three phases to encourage them to work at ensuring the sustainability of projects. In addition, funding provided by ACBF will progressively evolve from institutional costs to programme expenditures.

For resource mobilisation, ACBF has re-engaged all its historical bilateral partners and is making a concerted effort to diversify its funding sources for resource mobilisation. It has set an objective for its African member countries to progressively cover its operating costs and to increase its endowment fund with the help of the Committee on Resource Mobilization of the Board of Governors. And it has become more results-oriented, with the hope that demonstrated results in its operations will lead to continuing donor support.

PARTNERSHIPS

Bill and Melinda Gates Foundation

On 11 August 2014, the Bill and Melinda Gates Foundation and ACBF signed a partnership agreement. ACBF's support will take the form of strategic grants to, and capacity building in, civil society organisations (CSOs) involved in tobacco control in Africa. Since the adoption of the Framework Convention on Tobacco Control at the 56th World Health Assembly on 21 May 2003 and its implementation on 27 February 2005, most industrialised countries have developed effective strategies to counter the spread of tobacco consumption. As a result, the tobacco industry has been looking at Africa as the next major destination for their products, so vigorous and effective tobacco control policies are needed on the continent.

Despite the adoption of the Framework Convention by most African countries, tobacco control is not high enough on the agenda of African governments. So, African CSOs must be supported to push for better anti-tobacco control policies. But they also need to address capacity



challenges to scale up their contributions to implementing effective tobacco-control policies. They lack the research capacity to support evidence-based information. Further, they lack the capacity to build strong coalitions to support tobacco-control activities. And they have weak financial management and accountability systems. ACBF will use the Gates Foundation investment to help address these capacity gaps and strategically support the formulation and implementation of effective tobacco-control policies, such as tobacco taxes, advertising bans, graphic warning labels, and smoke-free environments.

ACBF sees this partnership as an opportunity to contribute to capacity building for public health and human development. The savings for the continent in public health costs will, in the long run, surpass the tax gains from the tobacco industry.

ACBF's tobacco-control work is structured along the lines of its implementation partnership with the Centre for Tobacco Control in Africa (CTCA), based at Makerere University in Kampala, Uganda; the Economics of Tobacco Control Project of the University of Cape Town, South Africa; and selected CSOs in target countries. The Centre focuses on building minimal tobacco-control capacity in governments in training personnel, funds, and institutional mechanisms to reverse the growing epidemic of tobacco use in Africa and especially to address the lack of appropriate implementation policies and inadequate attention paid to some key provisions of the Framework Convention. These provisions include Article 15 on Illicit Trade and Article 17 on Alternative Livelihood. The Centre operates mainly in five countries: Ethiopia, Niger, Gabon, The Gambia, and Botswana. The University of Cape Town is increasing the capacity of its researchers to provide high-quality

technical assistance on tobacco taxation to governments and civil-society partners in Sub-Saharan Africa. The CSOs are primarily in the six priority countries identified by the Tobacco Control partners: Botswana, Ethiopia, Kenya, Nigeria, Senegal, and Uganda. They advocate for implementing the Framework Convention, depending on where their focus countries are in implementing it.

The partnership spans the period 2014–17, the duration of the second phase of the Tobacco Control Initiative in Africa.

Australia Africa Community Engagement Scheme

The Australian Department of Foreign Affairs and Trade (DFAT) contracted with the ACBF in January 2012 as the resource facility for the Australia Africa Community Engagement Scheme (AACES) and extended this contract in July 2014 to September 2016. ACBF is to provide timely, efficient and effective logistical, administrative, and technical support to AACES. In this respect, it supports the communication, coordination, and management of the programme. In the past year, ACBF strengthened its collaboration with DFAT to leverage ACBF networks and experience to add value to the AACES programme, particularly in KM.

AACES is a partnership of the Australian Government, 10 Australian NGOs, and their Africa-based partners. The AUD 90 million programme is funded by the Australian government through DFAT. AACES focuses on improving the lives of poor and marginalised people, particularly their access to services. Gender equality and women's empowerment are key priorities of the programme.

The programme is being implemented during 2011–16 in 11 African countries: Ethiopia, Ghana, Kenya, Malawi, Mozambique, Rwanda, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe. By its third year, 730,000 people had benefited from the programme, 450,000 of them women and girls.

ACBF-UNECA: Staff learning and development

As part of its partnership with ACBF, the United Nations Economic Commission for Africa (UNECA) facilitated two workshops for ACBF staff members in Harare. The first, for all staff including the management team, was on performance management and development. The UNECA human resource team facilitated the training during the week of 18–22 August 2014 as part of the Foundation's plan to revise, strengthen, and later automate the performance system. The second workshop was on effective writing skills on 31 October 2014 to enable all staff to better document and communicate results and achievements. UNECA delivered the training at no cost to ACBF.



OUTLOOK FOR 2015 PRIORITIES

2014 has been a pivotal year in many respects. The Foundation had to deal with the impact of political and economic risks in its countries of operation, which have had implications for the Foundation's activities in said countries. It was also the year when the Foundation had to undertake the reforms laid out in the Letter of Commitment to the Executive Directors of the World Bank. And it was the mid-point of the Foundation's third SMTP III, which required determining how the Foundation had fared in handling emerging challenges, re-prioritising activities, and remaining on course to meet set objectives. Given the experiences of the last three years, including a reduced footprint on the project side as well as a much leaner workforce, the Foundation plans to introduce innovative approaches that will enable it to remain efficient while demonstrating results.

The Foundation's work programme for 2015 will focus on its new business model, which incorporates three strategic goals:

- Improve performance to deliver results by establishing strategic partnerships with traditional partners.
- Ensure effective and efficient delivery of results by improving business processes, procedures, and the use of information and communication technology to adjust to the funding environment.
- Use knowledge products and services to assist member countries where ACBF does not have projects.

The Foundation has set seven key objectives for 2015:

1. *Improve portfolio quality for high impact and results.* The Foundation will fully institutionalise its new business model, which depends on a strategic partnership with its mature think tanks and other partners. It will enhance monitoring of the portfolio and supporting projects to ensure high disbursements and improved results. It will also improve project design, implementation, and results reporting through on-the-job training for staff and technical assistance on projects.
2. *Improve efficiency through effective corporate risk-management processes, good financial management, and stringent cost controls.* The Foundation will continue to apply the efficiency measures started in 2014, which include stringent risk monitoring and awareness and enforcement of compliance with all financial management policies, procedures, rules, and regulations for both the secretariat and the grantees. It will improve disbursements and meet financial ratios.
3. *Enhance operational efficiency and effectiveness through improved work processes and overall optimisation of information and communication technology.* The Foundation will implement key initiatives to streamline work processes and enhance performance. These include a web-based management information system and an online performance-management and development system. The Foundation will finalise revisions of manuals to conform to the new organisational structure and streamlined business model.

4. *Enhance knowledge and learning services to improve delivery and achieve results.* The Foundation will focus on producing knowledge products, particularly country-capacity profiles and research on emerging capacity-building issues on the continent. The purpose is not only to cover countries that lack regular programming but also to continue to remain relevant and visible. Strategic studies will be commissioned in line with Africa's development priorities and emerging capacity-development issues.
5. *Enhance the effectiveness and performance of the Boards and staff through stronger engagement and support.* The Foundation will stabilise processes to ensure that staff and organisational structures can achieve the required results for SMTP III and the new working modalities. Key development and implementation activities will include a human resource strategy encompassing strategic talent management, staff learning and development, innovative and flexible staffing models, and improved staff engagement and welfare. Through enhanced communication and engagement, the Foundation will continue to strongly support the Executive Board and Board of Governors to be fully involved in all its activities.

Beyond oversight, the Executive Board will remain fully engaged, along with the Board of Governors, with the Foundation's agenda for financial sustainability.

6. *Improve ACBF's image and visibility through rigorous documentation and effective communication of results.* The Foundation will prepare and implement an effective communications strategy to improve its visibility and image. It will develop success stories and embark on rebranding by expanding its online visibility. It will also strengthen strategic partnerships with key actors on the continent such as the African Union Commission (AUC), the UN, the New Partnership for Africa's Development (NEPAD) and various RECs.
7. *Enhance the financial sustainability of ACBF through systematic and innovative resource mobilisation.* The Foundation will improve its resource-mobilisation effort to meet the resource requirements for SMTP III and beyond. It will support the Board of Governors Committee on Resource Mobilisation and the Executive Board. It will engage with multilateral partners to secure the remainder of their pledges. It will ensure payment of African member countries' pledges to achieve a 65% payment of the total amount pledged and explore new financing sources from non-traditional donors.

ACBF IN NUMBERS

Grant Commitments

In 2014, ACBF committed a total of USD 10.9 million in grants to 7 capacity building institutions. These grants supported initiatives aiming at:

- Implementing Growth and Employment Strategy for the improvement of one country's economic performance, improving evidence-based policy making and management in the public sector and enhancing youth employment and entrepreneurship support mechanism.
- Improving the performance of the public sector through the provision of balanced academic and professional training in public sector management in Africa.
- Improving efficiency in Economic Policy Management in the public sector in Southern Africa.
- Enhancing the capacity of ECOWAS Parliament and National Assemblies to effectively carry out their mandate and responsibilities, foster learning and sharing best practices among legislators
- Improving sustainable human and institutional capacity in the critical areas of macroeconomic and financial management as well as foster best practices in related institutions.
- Enhancing human and institutional capacity for a better understanding of Africa's heritage and its relevance to Africa's Governance and economic development.

- Building capacity of Africa's civil society organizations for enhanced tobacco control

Financial Support Received from Member Countries and Partners

In 2014, the World Bank and the United Nations Development Programme (UNDP) continued the disbursement of their pledges to ACBF's third Strategic Medium Term Plan (SMTP III). It is to be recalled in this regard that the World Bank pledged USD 100 million to SMTP III, of which USD 65 million approved in December 2013 was disbursed at the level of USD 35 million as of 31 December 2014. As for UNDP, the pledge of USD 1 million made in January 2014 has already been disbursed at the level of 0.76 million, as of 31 December 2014.

African member countries disbursed a total of USD 2.2 million taking their cumulative contributions to SMTP III to USD 12.2 million as of 31 December 2014. The total pledge of African member countries to SMTP III is USD 28.15 million.

The Foundation is working with the Swedish International Development Agency (SIDA) for the disbursement of Sweden's pledge of USD 10 million to SMTP III.

Similarly, the Foundation is working with the African Development Bank for the disbursement of its revised support of USD 30 million to the Foundation over the 2015-2018 period.

ACBF Grant Commitments for 2014

No	GRANT NUMBER	NAME	DESCRIPTION	AMOUNT IN US\$
1	298	Cameroon Analysis and Research Centre (CAMERCAP-PARC)	The aim is to contribute to the successful implementation of Cameroon's Growth and Employment Strategy for the improvement of the country's economic performance. It is to improve evidence-based policy making and management in the public sector. It is also to enhance youth employment and entrepreneurship support mechanism.	800,000.00
2	300	Public Sector Management Training Program École Nationale d'Administration (PSMPT-ENA), Libreville	The project aims to improve the performance of the public sector through the provision of balanced academic and professional training in public sector management in Africa.	3,115,000.00
3	301	Economic Policy Management (EPM-Zambia II)	The project's goal is to improve efficiency in Economic Policy Management in Public Sector of Southern Africa.	1,229,000.00
4	302	National Institute of legislative Studies Capacity Building Project (NILS CAP)	The project aims to enhance the capacity of ECOWAS Parliament and NASS to effectively carry out their mandate and responsibilities, foster learning and sharing best practices among legislators and enhance the institutional capacity of NILS to deliver the legislative capacity building and research services.	900,000.00
5	303	Macro-Economic and Financial Management Institute (MEFMI)	MEFMI focuses on building capacity in ministries of finance, planning commissions and central banks, or equivalent institutions with the goal to improve sustainable human and institutional capacity in the critical areas of macroeconomic and financial management as well as foster best practices in related institutions.	1,200,000.00
6	304	Mandela Institute for Development Studies (MINDS)	It aims to enhance policy formulation and implementation in Africa. Specifically, to enhance human and institutional capacity of MINDS to achieve its mandate and enhance a better understanding of Africa's heritage and its relevance to Africa's Governance and economic development.	300,000.00
7	305	Centre for Tobacco Control in Africa (CTCA II)	Aims at building capacity of Africa's CSOs for tobacco control. The project will strengthen CSOs capacity as effective agents of change to lift tobacco control barriers in targeted African countries; strengthen human and institutional capacity CTCA.	3,393,684.00

Annex

The African Capacity Building Foundation
Financial Statements For the year ended 31 December 2014



**THE AFRICAN CAPACITY BUILDING FOUNDATION
FINANCIAL STATEMENTS
For the year ended 31 December 2014**

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Management of The African Capacity Building Foundation "the Foundation" is responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements and related information. The Foundation's independent auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 3.

The financial statements have been prepared in accordance with the accounting policies of the Foundation. The financial statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

Management is also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect material misstatement and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the management to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

These financial statements are prepared on the going concern basis. Nothing has come to the attention of the management to indicate that the Foundation will not be a going concern for the foreseeable future.

The financial statements set out on pages 4 – 22 were approved by the Executive Board on the 9th April 2015 and are signed on its behalf by :-


EXECUTIVE SECRETARY


DIRECTOR FINANCE AND ADMINISTRATION

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Deloitte

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Zimbabwe

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**REPORT OF THE INDEPENDENT AUDITORS
TO THE EXECUTIVE BOARD OF
THE AFRICAN CAPACITY BUILDING FOUNDATION**

Report on the Financial Statements

We have audited the accompanying financial statements of The African Capacity Building Foundation, which comprise the Statement of Financial Position as at 31 December 2014, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Accumulated Funds for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 22.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

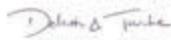
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Financial Statements

In our opinion, the financial statements present fairly, in all material respects, the financial position of The African Capacity Building Foundation as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.


DELOITTE & TOUCHE
Harare, Zimbabwe
20 April 2015

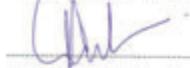
A full list of partners and directors is available on request.
Member of Deloitte Touche Tohmatsu

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THE AFRICAN CAPACITY BUILDING FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	2014 US\$	2013 US\$
ASSETS			
Non Current Assets			
Property and equipment	5	2 742 357	2 464 284
Current Assets			
Inventories	6	91 361	75 845
Accounts receivable	7	51 139	96 531
Amounts due from staff	8	234 801	289 503
Advances to projects	9	5 908 704	7 955 974
Other assets	10	294 949	386 016
Bank balances and cash	11	26 615 063	6 560 763
Total Current Assets		33 196 017	15 364 632
TOTAL ASSETS		35 938 374	17 828 916
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated Funds			
Accumulated Funds		34 138 251	14 585 811
Current Liabilities			
Accrued expenses	12	13 517	164 296
Provisions	13	1 512 095	1 136 068
Other liabilities	14	274 511	1 642 739
Total Current Liabilities		1 800 123	2 943 105
TOTAL ACCUMULATED FUNDS AND LIABILITIES		35 938 374	17 828 916

 EXECUTIVE SECRETARY

 DIRECTOR FINANCE AND ADMINISTRATION

9 April 2015

THE AFRICAN CAPACITY BUILDING FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	2014 US\$	2013 US\$
INCOME			
Grant Financing		56 339 429	1 923 545
Direct Contributions		3 004 056	9 292 218
Restricted Income		1 387 500	5 606 705
Other Income Received		450 964	165 745
Total Income		61 181 949	16 988 213
EXPENDITURE			
Project Expenses:			
Enhance Critical Capacities to:			
Promote Political & Social Stability for Transformational Changes	11	547 527	11 311 333
Engage and Regulate the Productive Sectors		4 820 753	3 398 330
Track Policy Impact		7 371 713	10 215 978
Movement in Accrued Project Expenditure		2 137 679	(2 023 037)
Special Projects and Partnerships	15	4 892 791	1 814 015
Bank Charges on Disbursements		3 491	4 026
Project/Program Development Expenses	16	3 903 011	5 768 902
Knowledge and Learning Expenses		1 942 784	933 454
Total Expenditure on Projects and Programs		36 619 749	31 421 001
Administration and Board Expenses	17	5 309 760	7 740 868
Total Expenditure		41 929 509	39 161 869
Excess / (Deficit) of Income Over Expenditure		19 252 440	(22 173 656)

THE AFRICAN CAPACITY BUILDING FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	2014 US\$	2013 US\$
Cash flows from operating activities		
Excess/(Deficit) of income over expenditure	19 252 440	(22 173 656)
Adjustment for:		
Loss/(profit) on disposal of property and equipment	238 514	(5 000)
Depreciation of property and equipment	261 309	352 992
Interest earned	(34 103)	(8 982)
Operating cash inflows/(outflows) before working capital changes	19 718 160	(21 834 651)
Decrease in advances to projects	2 047 270	5 167 958
Decrease in accounts receivable	45 392	55 057
Decrease/(increase) in amounts due from staff	54 702	(90 529)
Decrease in other assets	91 067	231 775
(Increase)/decrease in inventories	(15 516)	22 535
(Decrease) in current liabilities	(1 142 982)	(1 200 490)
Cash generated/(used in) from operating activities	20 798 093	(17 648 344)
Cash flows from investing activities		
Proceeds on disposal of property and equipment	9 943	6 117
Purchase of property and equipment	(787 838)	(122 405)
Interest received	34 103	8 982
Cash used in investing activities	(743 793)	(107 306)
Net increase/(decrease) in bank balances and cash	20 054 300	(17 755 652)
Bank balances and cash at beginning of year	6 560 763	24 316 415
Bank balances and cash at end of year	26 615 063	6 560 763

THE AFRICAN CAPACITY BUILDING FOUNDATION
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
For the year ended 31 December 2014

	Accumulated Funds US\$
Balance at 1 January 2013	37 659 467
Decrease in funds for the year	(22 173 656)
Balance at 31 December 2013	14 885 811
Increase in funds for the year	19 252 440
Balance at 31 December 2014	34 138 251

