

ACBF

Annual Report 2020



THE AFRICAN CAPACITY
BUILDING FOUNDATION

FONDATION POUR LE RENFORCEMENT
DES CAPACITES EN AFRIQUE

Securing Africa's future through capacity development



Letter of transmittal to the Board of Governors

RE: Annual Report 2020

25 June 2021

Dear Chair,

I have the honor of presenting to the Board of Governors of the African Capacity Building Foundation (ACBF), the Annual Report of the Foundation for the period 1 January 2020 to 31 December 2020.

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



**Erastus J. O. Mwencha
Chair, Executive Board
African Capacity Building Foundation**



Message from the Chair of the Board of Governors

Covid-19's devastating impact on our economies has created new capacity challenges that will take considerable time and effort to address effectively. In some countries, the pandemic has even reversed past gains in building strong economies and providing jobs to our youth. These emerging challenges lay bare our continuing relevance. And I am pleased that in 2020 the Foundation has been timely and innovative in its approaches to implement planned programs despite the constrained operating environment. It has also been smart in collaborating strategically to build on existing synergies with multilateral partners investing in capacity development.

The Foundation's support from key institutions on the continent demonstrates that we have matured into an institution that is now an integral part of the Pan-African development architecture. The Foundation's resilience and ability to achieve some impactful results in a very stringent financial situation should encourage all stakeholders to continue supporting capacity development on the continent. In this regard, I urge member countries, to take advantage of the wealth of our experience and expertise acquired over the last three decades. Indeed, we are not just a provider of funding for capacity development but also a source of knowledge and expertise for coordinating and managing capacity development. To be able to

deliver such services, ACBF is continuing to transform itself from a grants-based organization that funds and implements projects on behalf of partners to a knowledge-based organization providing valuable services to African public and private stakeholders. It aspires to be a catalyst for change in Africa.

To fulfil its new function, ACBF is making concerted effort to forge long-term partnerships with the African Union, international financial institutions, governments, civil society and private sector active in Africa. This is a long process of engagement that we anticipate will result in increased financial inflows to the Foundation as stakeholders fully appreciate the value add ACBF provides to their own programs.

During the period under review, the Executive Board reported on its oversight function to improve the control environment at both corporate and project levels. On behalf of the Board of Governors, I extend my gratitude to the Executive Board and the Executive Secretary for their stewardship in ensuring that program implementation is efficient and effective and that resources are properly accounted for.

To our development partners, I would like to thank you for your continued support to capacity development in Africa and reiterate that the ACBF, the Specialized Agency of the African Union for capacity development, remains Africa's leading and most effective institution in this field. As member countries, we value the intervention by ACBF in playing a critical role in preparing for an effective and sustainable post-Covid-19 recovery capacity development plan.

To my Colleagues, fellow Governors of ACBF from Member States, I urge all of you to up in the ante in providing the necessary financial and political support to ACBF, as the medium for coordinating capacity development initiatives on the continent.

It would be remiss of me if I do not highlight that the year 2021 marks another milestone for the Foundation—30 years of not just existence but effective capacity development on our continent. I therefore take

this opportunity to acknowledge the sterling work by the Secretariat and the entire ACBF Family for the significant contribution in building 'the Africa we want.' ACBF stands ready to scale up its activities and provide more support and capacity development to African member countries in the next 30 years.



Hon. Ken Ofori-Atta
Chair, Board of Governors
African Capacity Building Foundation
Minister for Finance, Republic of Ghana



Foreword from the Chair of the Executive Board

Effective capacity building is sorely needed for all African countries to meet not only traditional development challenges but also unprecedented global crises such as COVID-19, climate change, financial crises, and pandemics. In 2020, tremendous progress was made in continuing to strategically position the Foundation as the premier institution and go to place for capacity development on the continent. However, while the continuing impact of the pandemic reinforces the role and value of ACBF, the Foundation has been unable to do as much as it could, due to resource constraints which limited its ability to implement planned programs.

Capacity development is an important underlying determinant for effective implementation of policies to prevent crises, mitigate their effects and redress negative outcomes. In this regard, ACBF's expertise is needed more, now than ever before. Regrettably, due to the adverse impact of the COVID-19 pandemic, we have encountered challenges in mobilising resources from member countries and partners at the anticipated levels. This has inevitably disrupted our projections of scope of intervention and footprint on the continent as program implementation has slowed down.

Notwithstanding the challenges, we have forged stronger partnership with the African Union Commission which has culminated in the AU taking a decision to provide budgetary support to ACBF for the

implementation of strategic programs in a well-coordinated manner that ensures accountability and results. We have also played an instrumental role in the development of a framework for the monitoring and evaluation of the First Ten-year Implementation Plan of Agenda 2063 as a member of the continental Technical Working Group (TWG). We are now coordinating the rollout of the plan to track implementation progress. We also engaged the African Development Bank, African Export Import Bank, Arab Bank for Economic Development in Africa, Bill and Melinda Gates Foundation, Islamic Development Bank, World Bank and United Nations Development Programme, to explore ways to scale up our historical partnership. These and other initiatives implemented in the year under review are anticipated to increase our footprint in the coming year.

I am pleased to report that the Executive Board remains at full complement. Mr. Mamour Malick Jagne joined the Board in September 2020. He has a strong background in economic and financial management and has held high level senior positions in The Gambia including being Permanent Secretary of Ministry of Finance and Governor of the Central Bank. We also welcomed the African Union as Institutional Member on the Board. The addition of the new members enhances the skill set on the Executive Board.

The internal control environment at the Foundation has remained strong. The Executive Board has taken several measures to ensure that the Foundation remains a high performing and efficient organisation that can deliver impactful results. The following measures have been put in place and have proved effective in strategically positioning the Foundation as a reliable partner. The Terms of Reference for Committees of the Executive Board have been revised to enhance the Board's oversight function and focus on results. The efficiency ratios are being revised to reflect the efficiencies more accurately in our operations. Strict cost containment measures have been put in place to reduce the cost structure of the Foundation in line with the available resource envelope.

I am confident that the Foundation is well-positioned to scale up its programs and activities once additional resources are mobilised. It is my duty to call on the Governors (as shareholders of the Foundation) to honour their pledges to secure sustainability of the Foundation as the slowdown in disbursement by member countries and institutional partners creates risk on the effectiveness of our intervention and reduces our footprint.

I express my gratitude to all the Executive Board members for their stewardship and oversight of the Foundation as we continue to tackle the challenges of the COVID-19 pandemic in 2021 and hope for even bigger accomplishments for the Foundation. The Executive Secretary has done a sterling job in leading the Secretariat and the results we report are evidence of the commitment of staff and Management to produce excellent results.



Erastus J. O. Mwencha
Chair, Executive Board
African Capacity Building Foundation



Introduction by the Executive Secretary

The year 2020 was unique, as it came with the unprecedented challenges of the global Covid–19 outbreak. The pandemic went beyond being just a health issue to posing serious socio-economic challenges, putting considerable strain on governments, healthcare providers, businesses, and international organizations such as ACBF. The year also marked the Foundation’s fourth year of implementing the ACBF Strategy 2017–2022. In line with its goal of remaining a catalyst for change in Africa, ACBF continued to transform itself from a grants-based organization, to a knowledge-based and service-oriented organization providing valuable investments and support to key African stakeholders. Accordingly, the Foundation strived to deliver on its key strategic goals but also adapted to the new challenges emanating from the pandemic, while supporting countries in responding to their capacity challenges.

In addition to the pandemic-driven constraining environment, like many other organizations, ACBF faced difficulties in mobilizing anticipated resources. This notwithstanding, we were able to continue delivering value to African countries, as Covid–19 further exposed and amplified Africa’s capacity development gaps, demonstrating the critical role of ACBF in providing real-time solutions to Africa’s development challenges. However, 2020 was a clear testimony of how ACBF’s capacity development investments in countries and governments—particularly in supporting macroeconomic policy analysis, debt and financial management, and

regional integration—have been instrumental in setting the stage for countries to better respond to natural disasters and global pandemics. Though more capacity enhancement is needed in some countries, we take pride that most if not all African countries demonstrated some capability to respond to the pandemic and contain its spread.

From a programming perspective, our work, though limited due to lockdowns, centered on promoting public health through our tobacco control projects; institutional strengthening of various organizations in support of efficient and effective implementation of programs and projects, and empowering women in agriculture—all in support of Agenda 2063. In terms of our strategic planning, ACBF developed a Strategy for Covid–19 response and post-Covid–19 recovery to support countries in dealing with the effects of the Covid–19 pandemic, while building the requisite capacities for more enhanced responses to pandemics. This Strategy was operationalized in implementable programs and projects, from which countries could indicate their areas of need and priorities for joint program implementation with ACBF and other partners. The Foundation also produced and disseminated strategic knowledge products aimed at supporting evidence-based policy formulation and implementation.

I would like to express my profound gratitude to ACBF shareholders—our African member countries in particular—who despite facing the pandemic and the fiscal pressure it brought to their economies, still managed to mobilize resources to finance ACBF operations in 2020, albeit at lower levels than anticipated. Of course, the impact of the pandemic affected the extent of contributions to the Foundation by some countries, but I remain grateful to the unwavering support of our Member States who stood with us in the most difficult times.

Thanks to a collective effort in 2020, we mobilized resources in support of capacity development, and we could not have achieved much without the support of our partners, the African Union Commission, African Export-Import Bank, African Development Bank, Arab Bank for Economic Development in Africa, the Bill and Melinda Gates Foundation, United Nations Development Programme and the World Bank. I remain grateful for their steadfast support and continue to forge long-term partnerships that can yield sustainable development outcomes and impact.

I would also like to acknowledge the exceptional effort of my team at the Secretariat, who despite the operational limitations imposed by the pandemic, made so many sacrifices working from home, demonstrating

the agility of the Foundation’s business model in adapting to the “new norm” and delivering “much with less.” These sacrifices do not only underline the continuity of business through the pandemic but demonstrates the fundamental resilience of the Foundation as a well-grounded and innovation-driven organization.

In closing, I want to thank the Board of Governors and the Executive Board for their exceptional commitment to supporting the Foundation. With their continuing support and trust, I am confident that we will overcome the lingering challenges of the Covid–19 pandemic and advance Africa’s development agenda going forward.



Professor Emmanuel Nnadozie

Executive Secretary

African Capacity Building Foundation



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Abbreviations and Acronyms

ACBF	African Capacity Building Foundation
AfCFTA	African Continental Free Trade Area
AfCoP-MfDR	African Community of Practice on Managing for Development Results
AfDB	African Development Bank
Afreximbank	African Export-Import Bank
ATTN	African Think Tank Network
AUC	African Union Commission
AWEP	African Women Entrepreneurship Program
BADEA	Arab Bank for Economic Development in Africa
BRI	Belt and Road Initiative
BPR	Business Process Re-engineering
CAADP	Comprehensive Africa Agriculture Development Programme
COMESA	Common Market for Eastern and Southern Africa
ECOWAS	Economic Community of West African States
EWA	Empowering Women in Agriculture
GPE	Global Partnership for Education
IDRC	International Development Research Centre
IICBA	Institute for Capacity Building in Africa
IFFs	Illicit Financial Flows
IPSAS	International Public Sector Accounting Standards
IsDB	Islamic Development Bank
ISERDP	Institutional Strengthening for State Enterprise Reform Project
KWA	Kukatornor Women Association
PIC	Policy Institute Committee
SDGs	Sustainable Development Goals
SMU	Sefako Makgatho Health Sciences University
SSG	Strategic Studies Group
TABS	The African Business School
TAEP	Tax and Accountability Enhancement Project
TSF	Transition Support Facility
VWELSP	Vakala Women Empowerment and Livelihoods Support Project
WE4SELF	Women Empowerment for Self-Employment
YALDA	Youth Alliance for Leadership and Development in Africa
YWEP	Youth and Women Enhancement Project

Executive Board

BOARD MEMBERS



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(Chair)



Louka T. Katseli
(Vice Chair)



Roselyn
Akombe



Jonas Aklesso
Daou



Mamour Malick
Jagne



Jessie Rose D.
Mabutas



Pauline
Paledi-Mokou



Constant Koko
Mudekereza



Emmanuel
Nnadozie



Graham
Stegmann



Mesfin
Tessema



Kevin
Urama

INDEPENDENT MEMBERS OF THE AUDIT AND RISK COMMITTEE



J Graham
Joscelyne



Verasak
Liengsrirawat

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AFRICAN UNION COMMISSION	ALBERT M. MUCHANGA
BENIN	ABDOULAYE BIO TCHANÉ
BOTSWANA	KELAPILE NDOBANO
BURKINA FASO	LASSANÉ KABORÉ
BURUNDI	DOMITIEN NDIHOKUBWAYO
CABO VERDE	OLAVO AVELINO CORREIA
CAMEROON	ALAMINE OUSMANE MEY
CENTRAL AFRICAN REPUBLIC	FÉLIX MOLOUA
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CONGO (Democratic Republic)	CHRISTIAN MWANDO NSIMBA
COTE D'IVOIRE	ADAMA COULIBALY
DJIBOUTI	ILYAS MOUSSA DAWALEH
ESWATINI	NEIL RIJKENBURG
ETHIOPIA	AHMED SHIDE
GABON	SOSTHÈNE OSSOUNGOU NDIBANGOYE
THE GAMBIA	MAMBURY NJIE
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MAURITIUS	RENGANADEN PADAYACHY
MALAWI	FELIX MLUSU
MALI	ALOUSSÉNI SANOU
MAURITANIA	OUSMANE MAMOUDOU KANE
NAMIBIA	OBETH M. KANDJOZE
NIGER	AICHATOU KANE BOULAMA
NIGERIA	ZAINAB SHAMSUNA AHMED
RWANDA	UZZIEL NDAGIJIMANA
SAO TOME & PRINCIPE	TAVARES DOS SANTOS VAZ
SENEGAL	AMADOU HOTT
SIERRA LEONE	FRANCIS M. KAIKAI
SUDAN	GIBRIL IBRAHIM
TANZANIA	PHILIP MPANGO
TOGO	AYAWOVI DEMBA TIGNOKPA
UGANDA	MATIA KASAIJA
UNDP	AHUNNA EZIAKONWA
THE WORLD BANK	HAFEZ GHANEM
ZAMBIA	BWALYA NG'ANDU
ZIMBABWE	MTHULI NCUBE

PART I

HIGHLIGHTS OF THE YEAR



The year 2020 was undoubtedly challenging, with the limitations imposed by the Covid-19 pandemic. The pandemic threatened many health systems globally, precipitated serious socio-economic challenges, slowed down trade, imposed lockdowns, halted economic activities, and reversed the gains made in global economic growth. ACBF, like many other institutions, scaled down operations, reduced country programs, and adapted to doing business in an unusual way, working remotely.

Despite these challenges, ACBF succeeded in advancing initiatives that enhanced the implementation of Agenda 2063 and the Sustainable Development Goals (SDGs). It continued to move against the tide and support the continent to keep it on the path for achieving the goal of the “Africa We Want.” The Foundation implemented several critical interventions and recorded significant achievements.

At the national level, ACBF developed a Strategy for Covid-19 response and post-Covid-19 recovery to support countries in dealing with the effects of Covid-19, while building the requisite capacities for more enhanced responses to pandemics. This strategy was operationalized into implementable programs and projects, from which countries could indicate their areas of need and priorities for joint implementation with ACBF and other partners.

The Foundation supported skill development for 16 women cooperatives in Liberia, Malawi, and Rwanda with a view to improving their livelihoods, recognizing the developmental yields that come with empowering women in agriculture. These women have benefited from the transfer of skills and knowledge in setting up and managing cooperatives, in managing finances, and in their various agricultural activities.

Regionally, the Foundation effected a Business Process Re-engineering for the Secretariat of the Common Market for Eastern and Southern Africa (COMESA), whose outcome will result in efficiency by eliminating repetitive, paper-intensive and bureaucratic tasks, improving of product and service quality, and significantly reducing costs.

At the continental level, ACBF developed a Capacity Building Plan for the monitoring and evaluation of Agenda 2063, to be used for building the capacity of regional economic communities (RECs) and Member States in the rollout plan for the integrated Monitoring and Evaluation Framework for Agenda 2063. Further, the AUC mandated ACBF to coordinate the rollout process of the M&E Framework of Agenda 2063 in Member States and RECs with the support of relevant AU departments, organs, and other continental institutions.

The Foundation also provided a platform for policy makers in the development arena, including governments, private sector, the academia, development partners, and civil society, to assess the impact of Covid-19 on the Africa Continental Free Trade Area (AfCFTA) during its 2020 Africa Think Tank Summit. The Summit

gauged country readiness and addressed key capacity challenges facing countries as well as key institutions in advancing AfCFTA implementation.

As a thought leader on capacity development, ACBF continued to produce and disseminate key strategic studies in 2020, with a focus on enhancing the capacity required for Africa's socio-economic transformation. Some of the Foundation's knowledge products in 2020 include:

The 2020 African Integration Report: An African Union Commission (AUC) publication, to which ACBF contributed. The Report, adopted by the African Union Mid-Year Coordination Summit in October 2020, details progress in various areas of Africa's regional integration.

Evolution of Factoring in Africa: Opportunities for Growth through Capacity Development: a technical paper supporting trade financing and SMEs, developed with the support of Afreximbank.

Trade Facilitation in Africa: Impacts and Capacity Imperatives: identifies key capacity gaps to inform policies for speeding up AfCFTA implementation.

Capacity Imperatives of Pandemic Responses: Building Resilient Health Systems and Ensuring Socio-Economic Transformation in Africa: recommends policies for building capacity to effectively respond to Covid-19 and cope with post-Covid-19 challenges.

Africa's Development Dynamics 2020: Digital Transformation for Africa's Job Agenda: a joint OECD/AUC publication, to which the Foundation also contributed.

This work will enable African countries to explore policies to leverage digital transformation for quality jobs. It will also inform ACBF's ongoing capacity development programs in digital transformation to support Africa's post-Covid-19 recovery and reconstruction, as well as implementation of the AfCFTA.

PART II

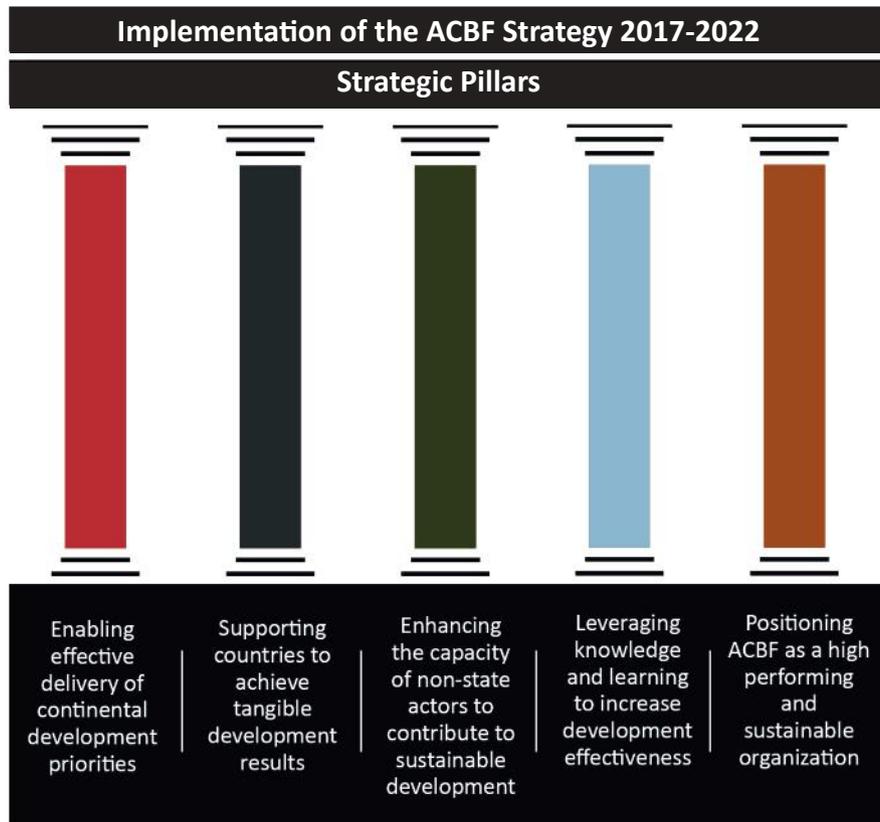
IMPLEMENTATION OF THE ACBF STRATEGY 2017-2022

During 2020, ACBF was challenged to innovate in optimizing its human and financial resource management, identifying and managing strategic, operational, and sustainability risks, and providing strong procurement and logistical support to the Foundation's activities. In early March 2020, the Foundation developed a Pandemic Response Policy and a Covid-19 Response Plan, which guided the Foundation's operations throughout the year.

Stringent measures to monitor the operational environment were put in place at the Headquarters and decentralized offices to ensure the safety and security of staff in the face of the Covid-19 pandemic.

Despite the circumstances, ACBF adapted and moved swiftly to deliver on the five pillars of the Strategy 2017–2021. Due to the prevailing Covid-19 circumstances, the Board of Governors, at its 29th Meeting on 11 November 2020, extended the Strategic Plan 2017–2021 by one year to allow the Foundation to make up for the lost time.

The following summary of the Foundation's performance in implementing the ACBF Strategy 2017–2022, is organized around the strategic pillars:



Enabling effective delivery of continental development priorities

Monitoring implementation of the Agenda 2063

ACBF contributed significantly to the consultation on Integrated Monitoring and Evaluation Framework, and Core Indicator Handbook for the First-Ten-Year Implementation Plan of Agenda 2063 in February 2020. The Foundation developed and presented a Capacity Building Plan for the monitoring and evaluation of Agenda 2063. The plan was well received and will be used to build the capacity of regional economic communities (RECs) and Member States in rolling out the plan for the integrated M&E Framework for Agenda 2063.

Employing the same Capacity Building Plan, ACBF supported the African Union Commission (AUC) in delivering a pilot workshop organized for COMESA in March 2020. The workshop was a successful pretesting of how the capacity building plan would be implemented for RECs and AU Member States. ACBF was also entrusted by the AUC to coordinate the rollout of the Monitoring and Evaluation Framework of Agenda 2063 in Member States and RECs, with the support of relevant AU departments, organs, and other continental institutions.

Supporting capacity development in trade finance

The Foundation, Afreximbank and Eastern and Southern Africa Management Institute are working on the last stages of the business plan for a master's program in trade finance, and activities such as staff training and publications have been completed. Periodic review meetings were held to assess progress under the ACBF–Afreximbank partnership governed by a Memorandum of Understanding and the three-year activity plan spanning 2019–2021.

Improving performance and service quality to strengthen COMESA's institutional capacity

ACBF engaged in a Business Process Re-engineering (BPR) exercise for the Secretariat of the Common Market for Eastern and Southern Africa (COMESA), increasing efficiency by eliminating repetitive, bureaucratic, and paper-intensive tasks while improving product and service quality and significantly reducing costs. The exercise was carried out in five stages: mobilization, analysis, envisioning, delivery, and deployment. A final report on the exercise was submitted to COMESA in January 2021.

ACBF also conducted a job evaluation exercise and a COMESA-wide training plan to address the competency gaps identified for current and future needs.

Supporting implementation of the AfCFTA through the African Think Tank Networks

ACBF continued its support to the implementation of the African Continental Free Trade Area Agreement through its African Think Tank Networks and the seventh African Think Tank Summit. The Foundation provided an important platform for addressing such key subjects as the impact of Covid-19 on the AfCFTA and country readiness for implementing the Agreement. The Forum also identified and made concrete recommendations on the key capacity challenges facing countries, key institutions, and state and non-state actors (private sector, SMEs, CSOs) as well as the role of think tanks and partnerships to advance implementation of the AfCFTA. The seventh Africa Think Tank Summit was held virtually on 18–19 November 2020 under the theme, "Implementing the African Continental Free Trade Area (AfCFTA) Agreement: Assessing country readiness and the implications for capacity building." The Summit attracted about 150 think tanks, representatives from private and public sector, CSOs and academia. ACBF presented the Summit Report to the African Union Ministerial Specialized Technical Committee in December 2020.

Supporting countries to achieve tangible development results

The Foundation supported member states to achieve development results by enhancing their implementation capacity and supporting their responses to Covid–19.



Enhancing implementation capacity in member states

ACBF continued to support implementation capacity in Member States. For instance, in Zimbabwe, it provided capacity support to the Institutional Strengthening for State Enterprise Reform Project, the Youth and Women Enhancement Project, the Tax and Accountability Enhancement Project, and the Transition Support Facility—as well as grant support to the Beef and Leather Value Chain Project. It supported these AfDB-funded projects through mechanisms that facilitated implementation and ensured conformity to agreed compliance procedures through the sanctioned business processes.

Supporting implementation of National Tobacco Control Programs

The Foundation supported the development of National Tobacco Control Programs (NTCPs) in Niger and The Gambia. These programs

present a framework for coordinating, programming, and financing tobacco control activities. They entail national tobacco control policy dissemination and implementation strategies, as well as monitoring and evaluation mechanisms to ensure efficiency and sustainable progress. They ensure that governments have planned and budgeted for tobacco control and that the strategies in each country are appropriate for managing tobacco use. They also have interventions in line with the World Health Organization (WHO) Framework Convention on Tobacco Control and plans on how to enhance institutional and governance procedures related to tobacco control. The program documents were handed over to the respective governments to support the policy-making processes. ACBF also finalized the tobacco control baseline study launched in 2019 across 14 countries. The results will serve as benchmarks for tracking progress toward achieving the Tobacco Control Program's goals by 2022.

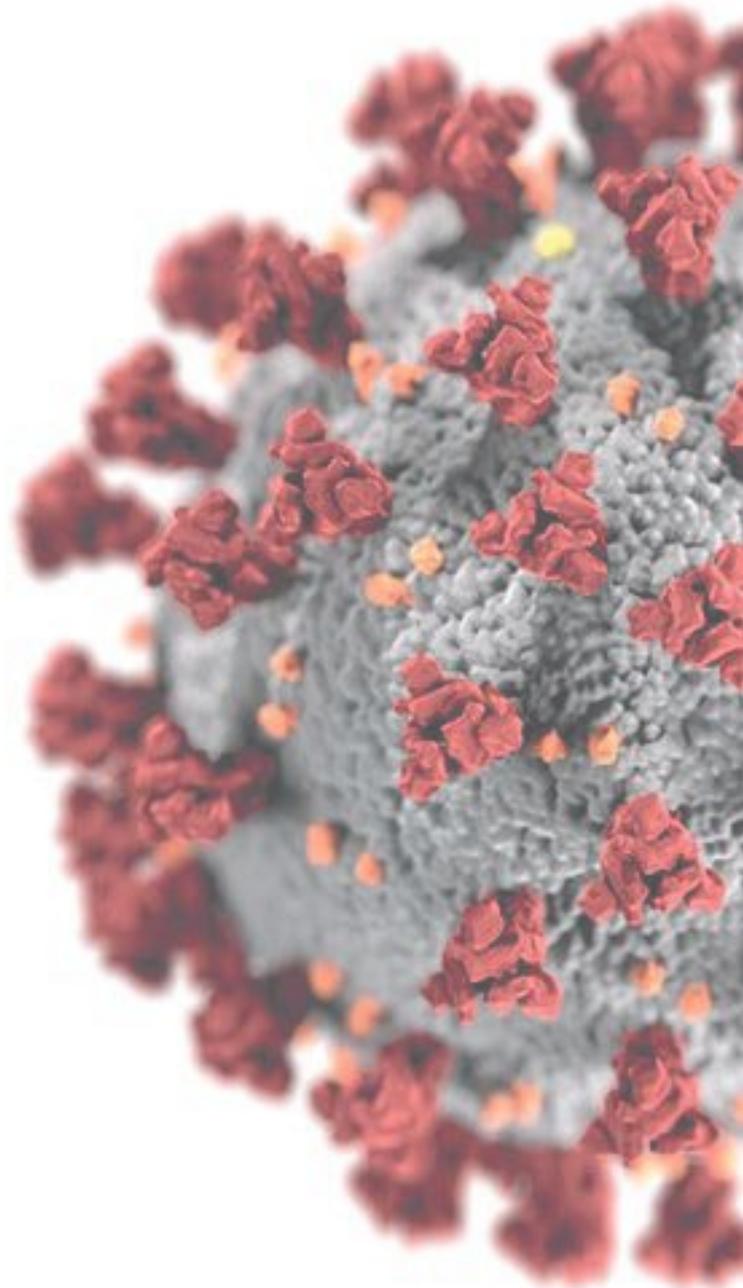
Enhancing tobacco control policy formulation and implementation in African countries

ACBF launched a think tank initiative in tobacco control economics with a series of webinars facilitated by the Research Unit of the Economics of Excisable Products (based at the University of Cape Town, South Africa) and the Consortium pour la recherche économique et sociale (CRES) in Senegal. The capacity of selected think tanks from 11 countries was strengthened on the economics of tobacco control. The think tanks were equipped with tools and methods enabling them to conduct evidence-based research that would contribute to formulating and implementing tobacco control policy in their respective countries. The initiative is meant to share knowledge and research methods on the economics of tobacco control in Africa and to promote evidence-based tobacco control policy making.

Strengthening health systems and contributing to the fight against the Covid-19 pandemic

By May 2020, at least 15 percent of Africa's GDP had been wiped out by the pandemic. The African Development Bank estimated a gross domestic product loss of between US\$22 billion and US\$88 billion for the continent. More than ever, the ACBF became more critical. As Covid-19 started threatening Africa's economic growth, ACBF assembled some of the continent's most influential strategists to plot Africa's path from crisis to recovery. The ACBF-led brainstorming session identified priority areas in capacity development, partnerships and institutional arrangements to respond to Covid-19 and post-Covid-19 challenges. The session also emphasized the need for a coordinated approach to both the pandemic and the debt question—and to procuring and deploying medicines and other materials.

ACBF was encouraged to establish structures for planning and coordination, strengthen community leaders, train health workers to understand and deal with the disease, and pool the means to acquire medication and vaccines to ensure that no country is left behind due to fiscal limits. The Foundation therefore produced a Covid-19 response strategy based on recommendations from the brainstorming session. It entails developing 5 programs with 17 projects, which are being presented to Member States and partners for consideration and implementation.



Enhancing the capacity of non-state actors to contribute to sustainable development

Empowering Women in Agriculture

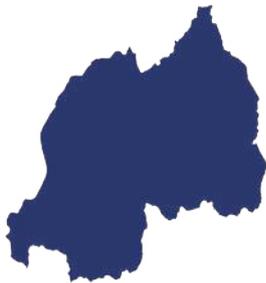
ACBF's Empowering of Women in Agriculture Project, financed by the Arab Bank for Economic Development in Africa, seeks to support women farmers to participate in viable agriculture projects to reduce poverty and promote sustainable agriculture in Africa, with women at the forefront. The program aims to enhance women farmers' capacity to become active partners in the continent's agricultural transformation through the engendered principles and programs of Comprehensive Africa Agriculture Development Programme.

In 2020, the Foundation provided start-up grants to women's agricultural cooperatives in Liberia, Malawi, and Rwanda. In each of the countries, women groups were awarded a start-up grant of up to \$5,000 to increase access to much needed capital that would boost their businesses and expand their collective agriculture venture.



In Liberia, ACBF awarded seed grants to five women's cooperatives: the African Women Entrepreneurship Program, the Kukatornor Women Association, the Vakala Women Empowerment and Livelihoods Support Program, the Women Empowerment for Self-Employment, and the Yapugeanma Women Inc. Each group was awarded US\$5,000 to expand agricultural activities designed to improve their earnings while encouraging cooperation.

In Malawi, five women's cooperatives benefited from the grant during the year, with activities including rice milling, livestock farming, peanut butter production and crop farming. Apart from access to inputs, one of the key challenges for the cooperatives in Malawi remains human and institutional capacity building in meeting registration requirements and production standards. The cost and process of registration as a cooperative is high and cumbersome, thus preventing cooperatives from operating effectively. Support for this project included registering two cooperatives, providing training in financial management and dairy farming, and arranging exchange visits. The project also allowed the Kasekese Cooperative, involved in peanut butter production, to prepare for a food safety inspection that would allow them to supply their products to major retail establishments.

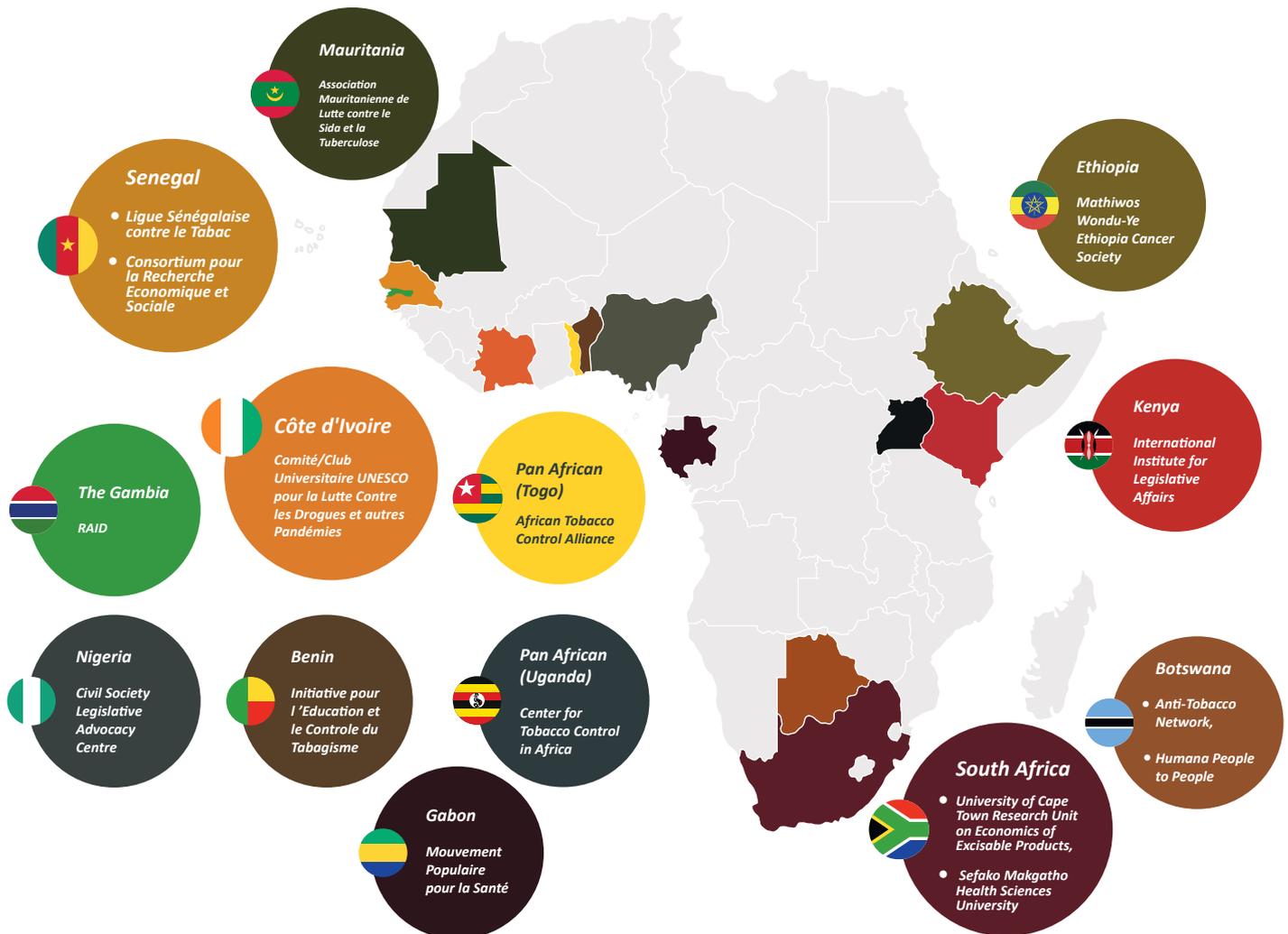


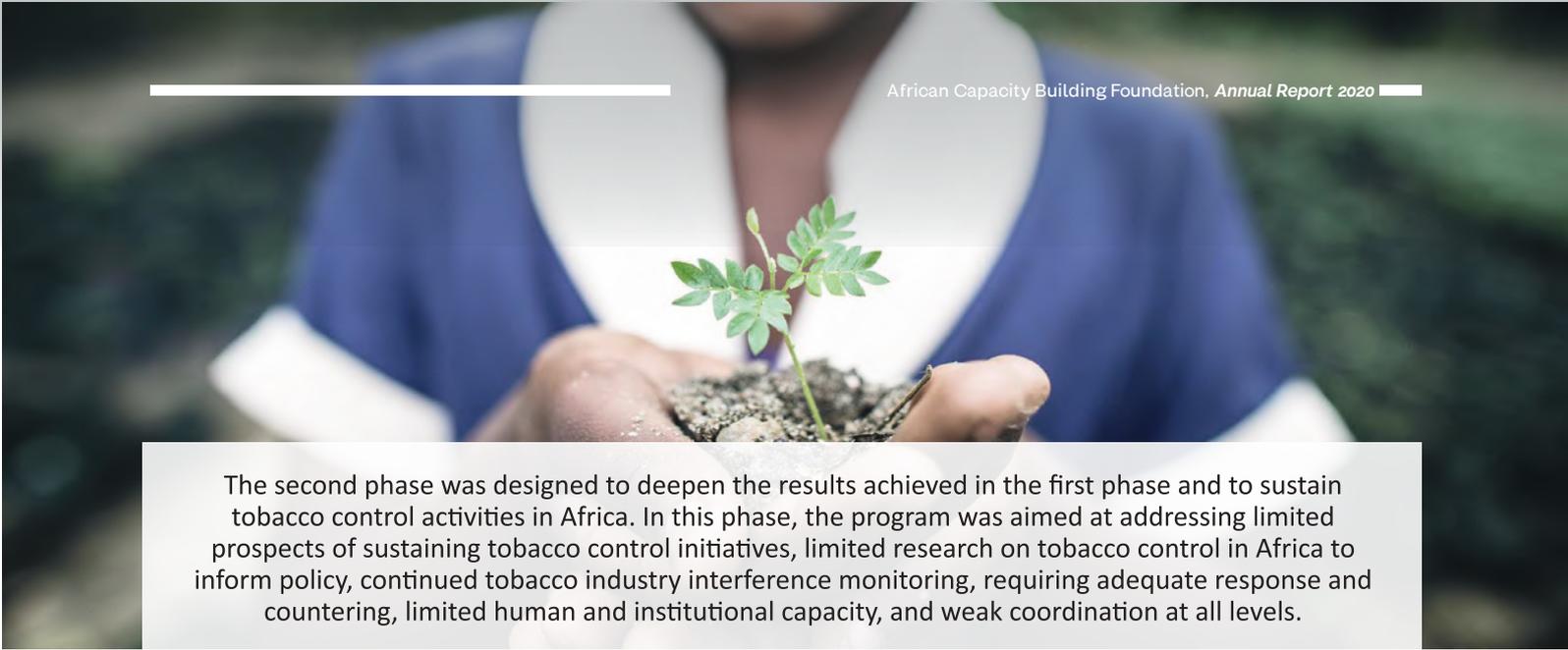
In Rwanda, six women's cooperatives based in Nyanza, Musazane, and Gisagara benefited from the grant. These cooperatives are involved in mushroom, garlic, and red onion farming and maize production. Key challenges included access to agricultural inputs and markets. The start-up grant allowed the cooperatives to purchase farm inputs such as seeds, pesticides and fertilizers. They were also able to fund the repair of a flour production machine, identify new markets, transport produce to markets, and acquire drying, packaging, and storage equipment and materials. As a result of the support, the cooperatives expected to boost incomes by 50–100 percent.

Enhancing the effectiveness of key tobacco control organizations in Africa

The Foundation has been implementing a tobacco control initiative in Africa since 2014 with support from the Bill and Melinda Gates Foundation. Following successful completion of a first phase in 2017, the second phase started in November 2018

Sixteen active projects in phase 2 of the Tobacco Control Program





The second phase was designed to deepen the results achieved in the first phase and to sustain tobacco control activities in Africa. In this phase, the program was aimed at addressing limited prospects of sustaining tobacco control initiatives, limited research on tobacco control in Africa to inform policy, continued tobacco industry interference monitoring, requiring adequate response and countering, limited human and institutional capacity, and weak coordination at all levels.

The Covid-19 pandemic affected implementation of some activities. So, most projects focused on institutional strengthening. Activities ranged from developing organizational manuals to strengthening governing bodies of some organizations as well as human capacity building. ACBF strengthened the capacity of subgrantees through tailored trainings in project management, monitoring and evaluation, and proposal writing for resource mobilization.

The Foundation continued to engage with partners such as the African Tobacco Control Alliance to embark on tobacco industry monitoring and response activities. It assisted in setting up functional tobacco industry monitoring teams in eight countries (Benin, Ethiopia, Gabon, Kenya, Mauritania, Nigeria, Senegal and The Gambia). The Africa Centre for Tobacco Industry Monitoring and Policy Research, based at Sefako Makgatho Health Sciences University, co-launched the South Africa Tobacco Interference Index report. An application (app) system was also developed and deployed to country teams for monitoring the tobacco industry and recording incidents of interference.

On tax policies, the Foundation supported the Consortium pour la Recherche Économique et Sociale (CRES) to revamp its engagement with the Economic Community of West African States (ECOWAS) to establish the regional committee for implementing the ECOWAS directive on taxation of tobacco products. CRES conducted a study to assess the implementation of the ECOWAS directive since its adoption in 2017 and found that most member states are yet to apply this recommendation. An optimal taxation simulation tool was developed for ECOWAS countries, which will help in achieving public health objectives and generating income to fund tobacco control interventions. The model will enable each country to calculate its optimal tax on tobacco products, based on the ECOWAS directive.

Leveraging knowledge and learning to increase development effectiveness



Producing and sharing critical knowledge products for Africa's development

Knowledge and learning activities in 2020 focused on knowledge production, knowledge dissemination, coordination of the knowledge network, and knowledge sharing events. The Foundation enhanced its delivery in the production of fit-for-purpose and quality knowledge products to support African countries. As the African Union's Specialized Agency for Capacity Development, it contributed to the following AUC publications:



The 2020 African Integration Report, adopted by the African Union Mid-Year Coordination Meeting (Summit) on 22 October 2020, shows progress in various thematic areas such as customs unions, transport corridors, regional infrastructure, removing tariff and nontariff barriers, and facilitating the free movement of persons.



Africa's Development Dynamics 2020, focusing on digital transformation for Africa's jobs agenda, will enable African countries to explore policies to leverage digital transformation for quality jobs. The report explores bridging the digital divide, supporting local innovation, empowering own-account workers, and harmonizing, implementing, and monitoring digital strategies.

Working with the African Export–Import Bank (Afreximbank), ACBF produced the following publications:



Factoring in Africa to support trade development: Challenges and opportunities for growth through capacity development. This occasional paper is about factoring, which is selling or transferring accounts receivable to immediately secure funds. The process provides a solution to address the financing gap for small and medium enterprises to support trade development as part of the African Continental Free Trade Agreement (AfCFTA) and Africa’s structural transformation agenda.



Capacity for the development of factoring in Africa to accelerate trade development and to support the AfCFTA. This policy brief explores the opportunities offered by factoring to address the financing gap for small and medium enterprises and to support Africa’s structural transformation particularly in trade development. The brief examines the capacity imperatives for the development and the use of factoring as an innovative trade financing tool.

Working with the Islamic Development Bank, ACBF produced:

Capacity Imperatives of Pandemic Responses: Building Resilient Health Systems and Ensuring Socio-Economic Transformation in Africa. This research study examines the capacity challenges experienced by African countries in their response to the Covid–19 pandemic and proposes priority capacity development actions aimed at building resilient health systems and supporting socioeconomic transformation to deal with future outbreaks. It conducted microeconomic analysis of the impacts of the Covid–19 pandemic on the study countries, and an overall analysis of the socio-economic impacts of the disease on human development, economic and social vulnerabilities in 10 study countries. ACBF also produced a policy brief to disseminate the study’s insights.





Expanding access to and use of knowledge on capacity development

The ACBF Virtual Library continued to offer more than a million relevant and quality products, including e-books, e-journals, databases, portals, and gateways to support the foundation and its development partners. About 68,000 people from 132 countries accessed ACBF knowledge products via the virtual library in 2020 with more than 160,000 downloads. Of those accessing ACBF knowledge products, 68 percent were from Africa, 13 percent Europe, 10 percent Americas, and 9 percent Asia. The significant demand and increased visibility are attributable to the value of ACBF knowledge products.

Improving coordination of knowledge networks and communities of practice

ACBF supported the African Community of Practice on Managing for Development Results (AfCoP/MfDR) in organizing online discussions on “Reforming the health systems to be results-oriented in Africa: experience and lessons from Covid–19.” The webinar forum generated significant discussions and debates, which will inform the development of policy briefs to build resilient health systems in African countries. ACBF also worked with the AfCoP Bureau to organize the AfCoP Executive Council statutory meeting reviewing the status of implementation of the 2020 AfCoP Action Plan, discuss the process of the UNECA–OECD–AfCoP Partnership, and review and approve the 2021 work plan.

The Foundation coordinated the work of the African Think Tank Network, the Strategic Studies Group (SSG), and the Policy Institute Committee in contributing to the Brainstorming Session on ACBF’s Covid–19 response strategy. That session informed the reprioritization of ACBF programs and developing the five core programs to support African countries. The ACBF knowledge networks also contributed to the successful organization and delivery of the 2020 Africa Think Tank Summit held virtually on 18–19 November 2020.

The Foundation worked with various stakeholders and strategic partners to sustain knowledge-sharing efforts for capacity building in Africa. It employed evidence-based capacity development interventions through knowledge sharing. Key achievements in supporting strategic knowledge-sharing partnerships include the following:

Policy issues in agricultural value chains: The Foundation contributed to a ‘think piece’ on key policy issues in building capacity for resilience in food systems and agricultural value chains to respond to Covid–19 in Africa. This contribution was made during African Development Bank’s African Development Institute Global Communities of Practice Seminar on financing natural capital policies for value chain development in natural resources in post Covid–19 Africa.

Infrastructure development: ACBF’s expertise was acknowledged in a Senior Technical Experts Meeting contributing to the Report by OECD/AU-DA- NEPAD/ACET titled “Quality Infrastructure for 21st Century Africa launched by His Excellency Nana Akufo-Addo, President of the Republic of Ghana in July 2020. ACBF is a key partner in supporting creation of a multidisciplinary community of African infrastructure professionals.

Domestic resource mobilization: ACBF contributed to a panel on African Continental Free Trade Area: Opportunities and capacity challenges as part of the fourth High-level Tax Policy Dialogue on “Taxing rights for Africa in the new world & effects of Covid–19: the role of tax policymakers and tax administrators.” ACBF highlighted the importance of investing in public services to enhance tax efforts and performance, in accountability and compliance entities for enhancing transparency, and in innovation and improving the use of digital means to support domestic resource mobilization. This high-level dialogue was co-organized by African Tax Administration Forum and the African Union Commission.

Belt and Road Initiative: ACBF was invited to join the Steering Committee of the Silk Road Think Tank Network, an international network of think tanks and international organizations and institutions. The initiative will support interventions implementing Agenda 2063 and has enhanced the visibility of ACBF as a specialized agency of AU to identify priority capacity development needs to support African countries in engaging in the Belt and Road Initiative.

Evidence-based education policy formulation: This project sought to collect, generate, exchange, and facilitate effective use of evidence-based data, knowledge, and innovation for education policy formulation and implementation in African countries. ACBF is a technical partner in the Knowledge and Innovation Exchange (KIX) Project led by UNESCO through its International Institute for Capacity Building in Africa, UNICEF, and the African Union Commission—as part of the Global Partnership for Education initiative and International Development Research Centre.

Innovation in trade finance: ACBF presented a research paper on the “Evolution of Factoring in Africa”: The findings stimulated discussions on key priorities in capacity development to increase the uptake of factoring as an alternative trade finance tool to support the implementation of the Africa Continental Free Trade Agreement (AfCFTA). The Foundation made the presentation at 2020 Factors Chain International (FCI) Africa Chapter Factoring Workshop and Annual General Meeting organized by ACBF’s strategic partners, Afreximbank and FCI.

Positioning ACBF as a high performing and sustainable organization

Robust efforts continued throughout the year to position ACBF as a high performing and sustainable organization by building strategic partnerships, enhancing communication and visibility and fostering a culture of monitoring, evaluation, quality, and results.





Building strategic partnerships to enhance resource mobilization

Despite Covid–19-induced travel restrictions in various countries, ACBF continued to strengthen its partnerships and resource mobilization efforts and continued to position itself as Africa’s leading capacity development institution. It focused its resource mobilization efforts on five categories of partners: African Member States, the African Union, selected non-African countries, multilateral partners, and foundations.

African Member States: Member States continued to provide both political and financial support to the Foundation, despite their own challenges. But because of the Covid–19-related challenges, contributions from member states slowed in 2020. ACBF engaged several of them during the year and provided targeted support in critical areas of capacity development, including advisory services and technical assistance in dealing with the consequences of the Covid–19 pandemic.

African Union: The AU had approved a new project for ACBF for 2020, but it could not be implemented because the resources initially allocated had to be redirected to the Covid–19 response. This notwithstanding, beyond building a financing relationship, ACBF further consolidated its strategic partnership with the African Union by supporting the AU Commission and AU organs in key activities and associating itself with all strategic activities as the AU’s Specialized Agency for Capacity Building.

Non-African countries: In 2020, ACBF continued to engage the non-African countries to enhance partnership and mobilize resources, including China and Japan. During the year, it intensified its interactions with the two countries, while exploring new opportunities. The Foundation is encouraged by the opportunities presented by the project proposals developed in consultation with officials of the two countries through their permanent representatives to the African Union.

Multilateral partners: The preparation of the project to partially unlock the African Development Bank’s commitment to ACBF resumed after it was halted due to the outbreak of Covid–19. The Foundation also intensified its engagement with the World Bank and continued to maintain a strong working relationship with the Afreximbank, the Arab Bank for Economic Development in Africa, and UNDP. Programs were developed for partnership with BADEA and UNDP, and consultations progressed throughout the year between the World Bank and ACBF on a digital capacity development project for Africa.

Foundations: In 2020, ACBF continued to enjoy an excellent partnership with the Bill and Melinda Gates Foundation. However, the implementation of the second phase of the tobacco control initiative ran into challenges due to Covid–19 and the mitigation measures. In response, the Foundation resorted to intensive online monitoring of projects including video conferencing and use of social media tools such as WhatsApp and Facebook to sustain partner engagement. This close remote monitoring enabled the Foundation to maintain an appreciable level of project supervision and monitoring. The Foundation continues to closely monitor the evolving Covid–19 situation across the continent and to devise appropriate mechanisms that will enable ACBF to meet its operational targets.

At the request of President Thabo Mbeki, Chair of the High-Level Panel on Illicit Financial Flows from Africa, ACBF established the IFF Trust Fund, which will receive and manage financial resources for the implementation of IFF activities across Africa. The Foundation is also developing partnerships with the African Electronic Trade Group Initiative (AeTrade Group Initiative), an Africa diaspora organization operating in digital technology and with the Youth Alliance for Leadership and Development in Africa, which provides a forum for youth in Africa and abroad.



Enhancing communication and visibility

The Foundation continued to enhance its visibility by producing and disseminating knowledge products and engagements with social media. These were in the form of a Special Bulletin focusing on ACBF's response to the pandemic, press releases on various works of the Foundation, and press engagements with the biggest mainstream media in Southern and West African regions.

The Foundation was featured in the African Business Magazine January issue, distributed at the World Economic Forum in Davos and the UK–Africa Summit in January 2020. The Foundation continued to pitch and take on media interviews, on request, with CNBC Africa, SABC TV, SABC Channel Africa, BBC Africa, and Al Jazeera.

The Foundation continued to enhance its online presence through creating engaging content, resulting in increased followership of ACBF on the website, which registered more than 4 million visits, as well as on social media with more than 45,000 views. It also established a working relationship with the Directorate of Information and Communication of the African Union Commission. This partnership ensures that the work of the Foundation is more efficiently relayed to the rest of the AUC's departments and AU organs.



Fostering a culture of monitoring, evaluation, quality, and results

The mid-term review of the ACBF Strategy 2017–2022 was completed in 2020, with the results expected to inform the remaining activities of the Strategic Plan, as well as the planning and design of the new strategy. As recommended, the current Strategic Plan was extended by one year, to 2022 by the Governors of the Foundation at their 29th Annual Meeting.

The use of the ACBF Information Management System (IMS) by partner institutions improved significantly in 2020. As a result, the Foundation completely moved away from manual tasks in Monitoring and Evaluation (M&E) to full digitalization of planning and reporting at the project level.



Enhancing organizational efficiency and effectiveness

The Foundation enhanced its ICT platform and cloud computing infrastructure to support remote working by ensuring that the infrastructure was not only robust and stable, but also secure, given the heightened reliance on the IT platform for communication, collaboration, and operations.

As remote working became a reality, the Foundation adapted by strengthening its financial management systems, internal controls and monitoring of financial risks. The production of financial reports was enhanced, including quarterly analysis of the Risk Appetite Statement. Regular risk reports were prepared and shared with Senior Management and the Executive Board for decision making. The annual external audit for 2020 was successfully completed and received an unqualified opinion.



Promoting good governance and enhancing assurance

The Foundation continued to undertake assurance activities to improve the control environment at both corporate and project levels. Risk management measures were put in place to address the risks facing the Foundation and support the work of the Management and Audit and Risk Committees of the Executive Board. Legal support was also extended to corporate activities by identifying key legal risks facing the Foundation and recommending appropriate remedial actions.

The Foundation facilitated regular meetings of the Executive Board and the 29th Annual Meeting of the Board of Governors, all held virtually. It also provided support to the Search Committee and the Resource Mobilization Committee of the Board of Governors, including sharing monthly updates with the Executive Board on Foundation activities.

PART III

LOOKING AHEAD

In line with the Foundation’s vision of an Africa capable of achieving its own development, the goal of the 2021 Business Plan is to contribute to and facilitate the successful implementation of the ACBF Strategy 2017–2022.

Delivering its mandate in 2021, the Foundation will align and anchor its work on the Covid–19 response strategy, supporting the First-Ten-Year Implementation Plan of Agenda 2063 and 2030 for Africa’s sustainable development. It will provide advisory and technical assistance to African countries in support of policy formulation and implementation, including the development of recovery plans.

The Foundation will support the negotiation and implementation of the AfCFTA and the digitalization agenda to accelerate Africa’s socio-economic transformation and increase access to knowledge. It will also facilitate the use and sharing of knowledge to inform capacity development priorities and enhance development outcomes. And it will strengthen its systems, processes and partnerships and consolidate its visibility as the go-to place for capacity development in Africa.

PART IV

ACBF IN BRIEF

Propelled by its vision and mission to accelerate the development of Africa, the African Capacity Building Foundation (ACBF), was established in 1991 as an independent, non-profit pan-African organization with a mandate to build human and institutional capacity for Africa's sustainable development.

Designated as the African Union's Specialized Agency for Capacity Development in 2017, the Foundation serves as a coordinating mechanism for donor support to capacity building in Africa, through its resource pooling, common governance, and reporting system. In the past 29 years of service, ACBF has spearheaded

and robustly coordinated capacity development programs worth more than US\$700 million across 48 countries and eight regional economic communities in Africa.

Over the years, ACBF has gathered the requisite experience and skills that set it apart for provision of expert knowledge and human resources to facilitate timely implementation of continental and national development agendas. It advises and supports African countries, regional economic communities, and institutions on decisive steps to develop the practical skills urgently required for the continent's economic transformation.





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.



Governance

ACBF operates under a three-tier governance structure comprising a Board of Governors, an Executive Board, and a Secretariat.

Board of Governors

The Board of Governors, the highest policy-making organ of the Foundation, sets the broad policy and strategic direction of the Foundation. The Governors meet annually to consider the report on the activities of the Foundation and review the financial sustainability of the entity. The Board comprises representatives of African member countries (Ministers of Finance, Planning, or Economic Development) and partner institutions. A bureau of three members, (Chairperson and two vice-Chairpersons) spearheads and leads the discussion by the Governors.

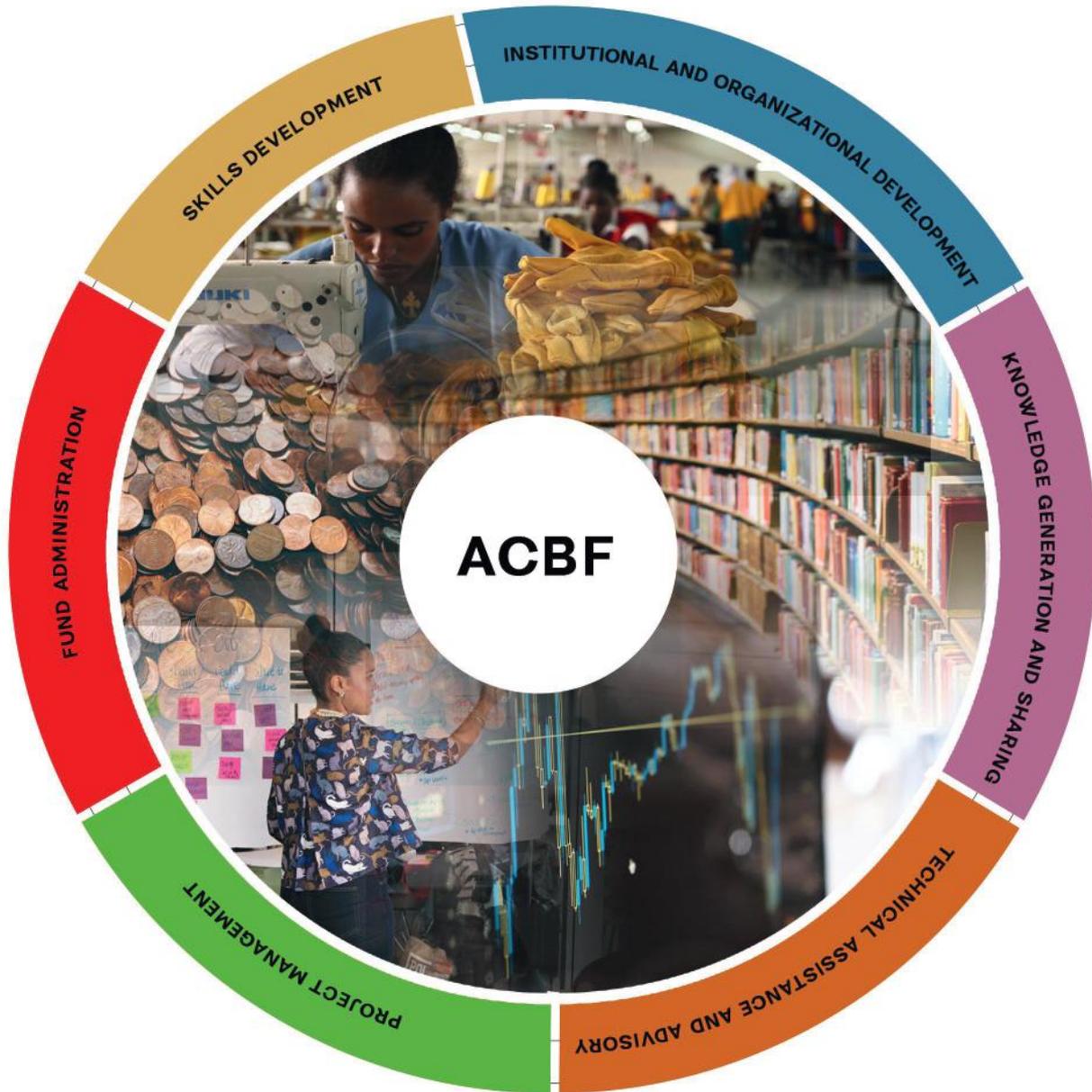
Executive Board

Appointed by the Board of Governors, the Executive Board oversees the activities of the Foundation. It sets the guidelines and rules and procedures for the Foundation to operate and approve projects and budgets for all programming interventions. Made up of experts in the field of capacity building and economic development, the Executive Board has 11 members (three representatives of the founding sponsoring agencies and eight independent members). Executive Board members are appointed on individual merit and primarily because of their experience and knowledge of development issues in Africa. Decisions of the Executive Board are premised on the best interest of the Foundation. The Executive Secretary is an ex-officio member of the Executive Board.

Secretariat

Led by an Executive Secretary, the Secretariat conducts the business of ACBF in accordance with the policies and guidelines set out by the Boards. It directs the development, execution, and monitoring of the Foundation's programs, plans, and budgets, and develops and manages the portfolio of projects, knowledge, and programs, and enhances its visibility. The Secretariat also establishes and maintains strong links and working relationships with African stakeholders (Governments, regional organizations, civil society, the private sector, universities, and policy research institutes) and the international community.

ACBF builds capacity and responds to Africa's capacity needs through:



African member states

Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Eswatini, Ethiopia, Gabon, The Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Namibia, Niger, Nigeria, Republic of Congo, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Sudan, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

Bilateral partners

Australia, Austria, Canada, China, Denmark, Finland, France, Greece, India, Ireland, the Netherlands, Norway, South Africa, Sweden, the United Kingdom, and the United States of America.

Multilateral partners



BILL & MELINDA
GATES foundation



PART V

FINANCIAL STATEMENTS



THE AFRICAN CAPACITY BUILDING FOUNDATION FINANCIAL STATEMENTS For the year ended 31 December 2020



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 pages 4 to 6.

The Financial Statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRSIC).

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 management to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the reporting period under review.

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

The Financial Statements and related annexure set out on pages 7 to 52 were approved by the Executive Board on the 24th of June 2021 and are signed on its behalf by:

PROF. EMMANUEL NNADOZIE
EXECUTIVE SECRETARY

MS. GRACE KAIMILA-KANJO
DIRECTOR FINANCE AND ADMINISTRATION



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INDEPENDENT AUDITOR'S REPORT TO THE EXECUTIVE BOARD OF THE AFRICAN CAPACITY BUILDING FOUNDATION



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of African Capacity Building Foundation (“the Foundation”) set out on pages 7 to 28, which comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA) Code together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter related to going concern

We draw attention to Note 21 to the financial statements which indicates that a material uncertainty exists that may cast significant doubt on the Foundation's ability to continue as a going concern. The impact of COVID on the Foundation is also further explained in this note. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the statement of management's responsibility and the Report of Project Advances which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



A full list of partners and directors is available on request
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF THE AFRICAN CAPACITY BUILDING FOUNDATION (ACBF)



Responsibilities of the management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Charity Mtwazi.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per Charity Mtwazi
PAAB Practice Certificate No 0585
Harare, Zimbabwe

Date: 22 June 2021

THE AFRICAN CAPACITY BUILDING FOUNDATION
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 US\$	2019 Restated US\$	2018 Restated US\$
ASSETS				
Non-current assets				
Property and equipment	5.1	2 428 660	2 548 687	2 630 131
Right of use asset	5.2	913 326	1 070 278	-
Total Non-Current Assets		3 341 986	3 618 965	2 630 131
Current Assets				
Inventories	6	38 349	53 580	67 214
Accounts receivable	7	1 366	2 470	15 992
Amounts due from staff	8	110 568	196 023	246 286
Advances to projects	9	1 441 897	1 758 268	469 261
Other assets	10	336 643	408 713	375 252
Bank balances and cash	11	8 831 352	9 301 953	14 776 741
Total current assets		10 760 175	11 721 007	15 950 747
TOTAL ASSETS		14 102 161	15 339 972	18 580 878
ACCUMULATED FUNDS AND LIABILITIES				
Accumulated funds		10 880 392	12 338 643	16 002 793
Current liabilities				
Provisions	12	296 253	244 661	447 503
Other liabilities	13	1 646 850	1 403 341	1 711 207
Financial lease liability	13.1	219 351	192 866	-
Retirement Benefits	13.2	549 063	501 875	419 375
Total current liabilities		2 711 517	2 342 742	2 578 085
Long term liabilities				
Financial lease liability	13.1	510 252	658 587	-
Total long-term liabilities		510 252	658 587	-
TOTAL ACCUMULATED FUNDS AND LIABILITIES		14 102 161	15 339 972	18 580 878



PROF. EMMANUEL NNADOZIE
EXECUTIVE SECRETARY



MS. GRACE KAIMILA-KANJO
DIRECTOR FINANCE AND ADMINISTRATION

THE AFRICAN CAPACITY BUILDING FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	2020 US\$	2019 Restated US\$
REVENUE			
Direct contributions	14	3 484 324	3 355 666
Special contributions	14.1	3 551 348	3 034 037
Other income	14.2	448 755	505 435
Total revenue		7 484 427	6 895 138
EXPENDITURE			
Project expenses			
Project expenses Strategic Pillars 1-4	15	3 211 041	4 200 325
Project/Program Development Expenses	15.1 & 18	2 853 345	3 413 035
Total Expenditure on Projects and Programs		6 064 386	7 613 360
Administration and Board expenses	16 & 18	2 878 292	3 209 328
Total expenditure		8 942 678	10 822 687
Excess of expenditure over income	20	(1 458 251)	(3 927 550)

THE AFRICAN CAPACITY BUILDING FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	<u>2020</u> US\$	<u>2019</u> Restated US\$
Cash flows from operating activities		
Excess of expenditure over revenue	(1 458 251)	(3 927 550)
Adjustment for:		
Write off of property and equipment	26 061	-
Depreciation of property and equipment	371 596	333 162
Interest	88 602	98 412
Interest earned	(24 253)	(23 689)
	<u>(996 245)</u>	<u>(3 519 664)</u>
Operating cash outflows before working capital changes		
Decrease/(Increase) in advances to projects	316 371	(1 289 007)
Decrease in accounts receivable	1 104	13 522
Decrease in amounts due from staff	85 455	50 263
Decrease/(Increase) in other assets	72 070	(33 462)
Decrease in inventories	15 231	13 634
Decrease/(Increase) in current liabilities	342 290	(428 210)
	<u>(163 724)</u>	<u>(5 192 923)</u>
Cash used in operations		
Financial interest paid	(88 602)	(98 413)
	<u>(252 326)</u>	<u>(5 291 336)</u>
Cash (used in)/ generated from operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(43 921)	(28 354)
Interest received from investing activities	24 253	23 689
	<u>(19 668)</u>	<u>(4 665)</u>
Cash used in investing activities		
Cashflows from financing activities		
Lease principal payment	(198 607)	(178 787)
	<u>(470 600)</u>	<u>(5 474 788)</u>
Net decrease in bank balances and cash	(470 600)	(5 474 788)
Bank balances and cash at beginning of year	9 301 953	14 776 741
	<u>8 831 352</u>	<u>9 301 953</u>
Bank balances and cash at end of year		

THE AFRICAN CAPACITY BUILDING FOUNDATION
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
For the year ended 31 December 2020

	Accumulated Funds US\$
Balance at 1 January 2019 (as previously stated)	16 857 722
Impact of prior period error:	
IFRS 15 technical assessment impact on AFDB Special account management (refer note 2.2)	(854 929)
Balance at 1 January 2019 (Restated)	16 002 793
Excess of expenditure over revenue	(3 927 550)
Impact of IFRS 16 adoption	263 400
Balance at 31 December 2019	12 338 643
Excess of expenditure over revenue	(1 458 251)
Balance at 31 December 2020	10 880 392

THE AFRICAN CAPACITY BUILDING FOUNDATION NOTE TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020



2.2 Impact of the new application of IFRS 15 on AfDB programs grants.

An IFRS15 technical re-assessment on the AfDB programs resulted in a review of the revenue and expense recognition related to the grants.

The AfDB grant agreements for the special account management designates the Foundation as a disbursement facilitator, an arrangement which results in the Foundation earning some administrative income. The cash received from the AfDB was recognised as revenue in its entirety in the previous years and this has necessitated a restatement of the AfDB special account management revenue and expenditure to comply with the requirements of IFRS15. The earliest prior period presented is 2018. The restatement has been accounted for in accordance with IAS 8.

The impact of the restatement is as follows:

	US\$
2018	
Decrease in accumulated fund	854 929
Decrease in other accruals	21 608
Recognition of liability for AFDB funds held in trust	876 537
2019	
Decrease in revenue	630 350
Decrease in expenses	(969 438)
Decrease in other accruals	53 880
Recognition of liability for AFDB funds held in trust	591 329

20. Excess Of Expenditure Over Revenue

The Foundation incurred an excess of expenditure over revenue of US\$1 458 251 during the year under review (2019: US\$3 927 550).

The reported excess of expenditure over revenue does not mean an over expenditure nor financial loss. Rather, it is because of the nature and timing of receipt of income by the Foundation towards its numerous projects and institutional expenses. Some income, received in the previous years, is utilised in the subsequent years depending on the specific recognition criteria of the income. Such income is kept in the respective bank accounts till utilisation resulting in an overall excess of assets over liabilities position.

THE AFRICAN CAPACITY BUILDING FOUNDATION NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020



21. Going Concern

Significant uncertainties that may cast doubt on the Foundation's ability to continue as a going concern may arise from the persistence of the COVID-19 pandemic. Whilst the Foundation has an excess of assets over liabilities, some of these assets are restricted and therefore are not utilised to fund the institutional expenses of the Foundation. During the financial year ended 2020, the Foundation had to borrow from the endowment fund to fund institutional expenses. The disruptions resulting from the pandemic might affect the Foundation's ability to mobilize resources as partner and country priorities shift focus towards fighting the pandemic. The restrictions imposed by countries as part of infection control might also affect the Foundation's ability to implement certain activities on the ground. The Foundation has put in place robust plans to deal with these risks and will adjust its programming and cost structure accordingly. As part of the cost saving measures and in consultation with the Executive Board, the Foundation undertook a salary reduction as well as a reduction of board fees. Further, in early 2021, the Foundation undertook a partial restructuring exercise which included the separation of some staff members from the Foundation on 28 February 2021, a freeze on some vacant positions, as well as cross departmental redeployment of staff. Other cost cutting measures implemented include renegotiation of contracts with some service providers and downscaling services; putting on hold some planned institutional expenditure, restricting travel and physical meetings even after official restrictions have been relaxed and continuing to work remotely.

On the revenue side, the year 2021 has started on a good note. Contributions have been received from member states amounting to US\$3,281,532 and further disbursements are expected from other countries. New partnerships on the horizon with the AfDB, UNDP and BADEA, which were delayed in 2020 due to the disruptions caused by the COVID-19 pandemic, are expected to be completed in the course of the year which will signal the start of new programs. Re-engagement with the World Bank is also expected to be finalised in 2021. As a Specialized Agency of the African Union on Capacity Development, the Foundation will receive annual budget contributions from the African Union Commission to implement capacity building activities in AU member countries as part of its mandate. Financing for FY2021 has already been approved by the African Union. There are ongoing partnerships with the Bill and Melinda Gates Foundation and the African Development Bank.

With the availability of vaccines from early 2021, the lessons most countries have acquired in dealing with the epidemic without the extreme lockdown measures that prevailed in the early days of the pandemic, and the cost cutting measures implemented, the Foundation does not anticipate major disruptions on the planned activities for the next 12 months. The Foundation will continue to monitor inflows and the operational environment and other cost cutting measures such as reducing staff salaries and/or further restructuring may be implemented if necessary.



THE AFRICAN CAPACITY
BUILDING FOUNDATION

FONDATION POUR LE RENFORCEMENT
DES CAPACITES EN AFRIQUE

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