2014 - 2017
Strategic Plan

NEPAD PLANNING AND COORDINATING AGENCY

NEPAD
TRANSFORMING AFRICA

List of Acronyms and Abbreviations

ADB	- African Development Bank
AMRH	- African Medicines Regulatory Harmonization
AU	- African Union
AUC	- African Union Commission
CAADP	- Comprehensive Africa Agriculture Development Programme
CPA	- Consolidated Plan of Action on Science and Technology
CSO	- Civil society organisation
EAP	- Environmental Action Plan
ECA	- Economic Commission for Africa, UN
NEPAD	- New Partnerships for Africa's Development
NPCA or NEPAD Agency	- NEPAD Planning and Coordinating Agency
PAF	- Partnership for African Fisheries
PICI	- Presidential Infrastructure Champion Initiative
PIDA	- Programme for Infrastructure Development in Africa
RECs	- Regional Economic Commission
STAP	- Africa Infrastructure Short Term Action Plan
TAP	- Tourism Action Plan

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I. Introduction

The post-independent state in Africa was marked by a heavy reliance on foreign aid and the adoption of the structural adjustment programmes (SAPs), leading to "the evaporation of the little capacity of the African state" and leaving in its wake "choiceless democracies". Therefore, despite a few exceptions, Africa at the turn of the Millennium was lacking the long-term planning capacities and effective institutions required for the sustainable and inclusive transformation of the continent. There was little incentive for transparency, let alone accountability to citizens, as governments barely had the policy space to design and execute their own development plans.

Since the early 2000s, Africa has been steadily moving towards a commonly defined future, resting on a more integrated continent, where countries and regions have the means and tools to mobilise their own resources to implement and manage their development programmes.

Building on the policy process initiated with the Lagos Plan of Action (1980), the adoption of the NEPAD programme in 2001 and the establishment of the African Union in 2002 accelerated and more strongly embedded regional integration as the transformation strategy for the continent.

The formulation of the NEPAD programme as Africa's blueprint for socioeconomic transformation was Africa's own resolve to put an end to the era of structural adjustment.

Since then, African countries have increased their planning capacities and their performance in achieving jointly defined benchmarks and policies. Strategic regional frameworks have been developed and are being implemented in areas spanning from agriculture and food security, to infrastructure and health. Mutually reinforcing linkages and coordination mechanisms between the national and regional levels are also beingstrengthened. Thus, the notions of planning, ownership and leadership have been reinstated through a gradual turnaround that occurred over the last decade.

This radical shift is equally expressed by the reinstatement of the state's functions in managing and allocating public spending to support the socioeconomic development process. Sharp increases in national budget commitments to the development process were agreed at the continental level [1]. Africa therefore marked its determination to boost investments in development on the basis of rationalized public finances. It is this shift in vision that is usually referred to as "Africa's leadership revival" and that forms the spirit of the "New Partnership for Africa's Development".

As the need grows to show results in the delivery of national and regional public goods, African states have collectively strengthened their commitment to effective institutions, operating in a transparent and accountable manner. In 2010, the NEPAD Secretariat was strengthened through the institutional transition to a more focused implementation agency, the NEPAD Planning and Coordinating Agency (NPCA). In view of the integration into the AU structures, a NPCA strategic direction 2010-2013 was carried out, marked by the 14th African Union Assembly decision of February 2010 establishing the NPCA and the Memorandum of July 2012 at the 19th AU Assembly approving a new organizational structure for the Agency.

During that last strategic period, the environment in which the NEPAD programme has been implemented has changed: African growth is on track, economic and political governance has improved. African people are increasingly making clear their developmental and democratic expectations to decision-makers.

Conditions are gathered to draw a new strategic plan for the NEPAD Agency for the period 2014-2017 on the basis of fundamentals: facilitate and coordinate the implementation of Africa's priority programmes and projects; mobilize resources and partners in support of their implementation; monitor and evaluate the progress made; conduct and coordinate research and knowledge; advocate on AU and NEPAD vision, mission and core principles/values. The NEPAD programme is widely accepted as the continent's framework for sustainable development and the achievement of the Millennium Development Goals (MDGs) but a new ambition has emerged to go beyond mitigating poverty and its effects towards building a prosperous future with a common rallying call: **transforming Africa**.

The present document aims at detailing the rationale and content of the 2014-2017 strategy. It consists of four parts. The first addresses the challenges for the transformation of Africa that will guide the activities of NEPAD for the years 2014-2017. The second part is a review of the strategy that has just ended and the lessons that can be drawn from it. The third section describes the logic and content of the strategy. Some priority actions for the practical implementation are set out in part four.

1 15% of public spending on health (AU Summit 2001); 10 % on agriculture (AU Summit 2003); 20% of budget on education (AU Summit 2005); 1% of GDP on Research and Development (AU Summit 2006); 0.5% of GDP on Public Sanitation.

II. Current challenges to Africa's transformation

The NEPAD Agency's activities are part of a rapidly changing environment. The section below highlights some of the major trends that will need to be taken into account as they are already affecting the context in which the Agency operates and will likely remain throughout the period until 2017.

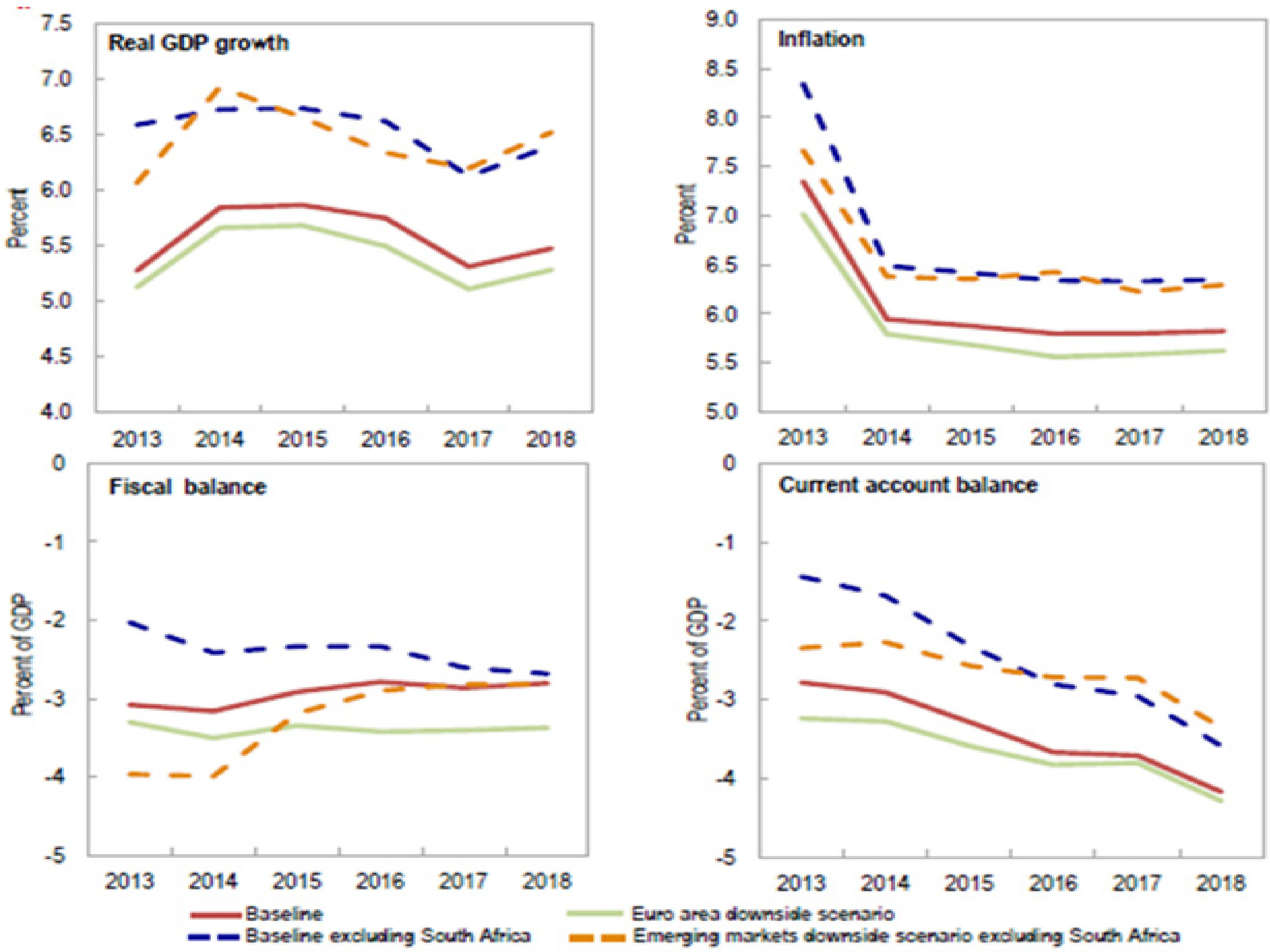
1. Global economic forecasts: a reasonable level of confidence for the future

Prospects of growth for Africa in the short run are good compared to the rest of the world. Between 2004 and 2008, the IMF had estimated growth at 6.5% yearly. This rate hardly dropped despite the global meltdown and stood at 5.1% in 2012. Africa's resilience to the financial crisis can be ascribed to its marginal integration into global financial markets and the rise of China and India as drivers of the continent's growth following the contraction of demand from its traditional Western partners. The collapse of Western capitalism has accelerated the expansion of South-South trade and triggered massive redistributions of market shares. This growth has been driven by the rise in commodity prices, which were in turn boosted by the actual global demand and the growth projections generated by both confirmed and promised (especially foreign) investments.

Sub-saharan Africa has performed strongly in terms of GDP and is expected to accelerate to 5.4 percent and 5.7% respectively in 2013 and 2014 (IMF). These figures are respectively of 4.8% and 5.3% for the whole continent.[2] Economic prospects under two adverse scenarios of continued stagnation in the euro-zone area for several years or sharp drop in investment levels in major emergingeconomies (including South Africa) in 2013 with a possible full recovery by 2016, point to a slowdown of regional growth but not by a large magnitude.

Figure 1: Macroeconomic forecasts for Sub-Saharan Africa over the period 2013-2018

Source: IMF; World economic outlook



2 African Economic Outlook, 2013.

Forecasts for the period 2014-2017 covered by the present strategy show that compared to a baseline scenario with a 5.3% GDP growth rate at the end of the period, the GDP growth rate in the region would be lower by about 0.25 point each year. This attests of a relatively weak exposure to risk. Fiscal balances would decline by about 0.5 percent of GDP to -3.5%. Impact on individual countries is expected to be bearable compared to the deficit of 9% of GDP which developed countries faced at the height of the crisis (2009). From 2014 onward, inflation should remain in the range of 5.5-6.5% annually, which represents an improvement compared to the previous period.

Nevertheless, given sluggish growth and high deficit levels, the level of government debt has been increasing steadily in many middle-income countries since the onset of the global recession, including the strongest economies of the continent. Grant aid, though holding up in nominal terms, has been declining gradually as a share of GDP since the crisis year 2009. Therefore, FDI remains a key source of external financing for the region and is of particular importance in low-income and fragile economies, where current account deficits have widened over the past years (IMF).

In a nutshell, unless major domestic turbulences occur during the period, and even with pessimistic scenarios for the global economy's performance, Africa should maintain positive growth trends during the 2014-2017 period. Adverse domestic risks include possible intensification of conflicts around a few fragile spots on the continent and spillover effects on neighbouring countries and their economy. With low levels of infrastructures and increasing adverse weather events reinforced by the specific effects of climate change on Africa, rural areas are typically more at risk. Financing for development will also remain a challenge to be addressed. In spite of their dynamism, the finances of emerging African economies are unstable and decreasing official aid could put pressure on the most fragile economies. FDI can take over but increases the risk of a form of loss of control over the assets, including natural resources.

2. Is growth synonym of development?

The key challenge is the type of growth realised, bearing in mind that Africa's determinants foundations are fundamentally different from those of developed or emerged countries. In particular, the continent's demographic and environmental challenges are unprecedented in the history of economic take-offs.

The current growth is especially marked by persistent and increasing mass poverty. The absolute poverty rate is next to 50% in Sub-Saharan Africa, which is the highest worldwide, notwithstanding a 17% drop over the last decade. Sub-Saharan Africa is the only region where the absolute number of poor has grown steadily between 1981 and 2010. Actually, in 2010, Sub-Saharan Africa was home to twice more extremely poor people (414 million) than three decades ago (205 million). It presently accounts for more than a third of the global total, whereas in 1981, it stood at a mere 11%.

3. The transformation momentum

Nevertheless, specific conditions are now gathered for a real transformation process to occur, which would bring prosperity and more stability to the African people if cumulative challenges can be adequately addressed.

a) The demographic transition

Sub-Saharan Africa is the last region worldwide to embark on a demographic transition. In some countries, this transition has already taken place but is limited to North Africa and Southern Africa. However, 90% of the population of Sub-Saharan Africa holds the world fertility record with 5.5 children per woman. The education factor for women is crucial since "the correlation coefficient combining the fertility index with the female literacy rate is considered as very high, higher than with the GDP per capita".

In fact, more than two-thirds of Africa's illiterate population are women, even though the gap with men has somewhat narrowed since the end of the 1980s (Unesco). Despite these bleak figures, the future seems promising, as school enrolment rates are rising and it is reckoned that most African countries would have achieved gender equality in primary education by 2015. Therefore, it can be optimistically expected that fertility rates will drastically decline in the coming decades, as female illiteracy also fall. This should constitute an encouragement for the commitment to allocate to 20% of public expenditures which was taken by the African Ministers of Education Conference in April 2005.

b) The demographic dividend

The continent's young population (0-24 years) is expected to grow until 2100. Between 2010 and 2050, the population will grow by 230 million and will only slow down as from 2025.

With almost 200 million people aged between 15 and 24, Africa has the youngest population in the world. And it keeps growing rapidly. At the projected growth rate, Africa's youth population will double by 2045. Between 2000 and 2008, Africa's working age population (15-64 years) grew from 443 million to 550 million. If this trend continues, the continent's labour force will be 1 billion strong by 2040, making it the largest in the world, surpassing both China and India (AfDB). For Sub-Saharan Africa, the yearly arrivals onto the job market is expected to reach 32 million in 2050, namely almost twice the estimates for 2010.

The steep decline in Africa's fertility rate is expected to lead to a drop in the dependency ratio, thereby giving rise to a "demographic dividend" that allows for resources to be allocated for more productive purposes and provision of jobs and public facilities needed for the well-being of the ever-growing population. By 2025, Africa is expected to achieve a dependency ratio level equivalent to that of Asia when it took off. Youth "employability" is expected to improve henceforth if the current trend of a threefold increase in the number of graduates between 1999 and 2009 is sustained. Nonetheless, with young Africans accounting for 60% of the continent's unemployed, addressing youth employment will be essential to achieve a balanced and sustainable transformation.

c) *An aspiration for more equity*

The vision of an Africa whose growth relies on natural resources needs to be put into perspective. A study on consumption shows to what extent globalization has penetrated into Africa's consumption patterns. Final consumption accounts for 45% of GDP growth against merely a third for extractive resources over the last decade.[3] Henceforth, the middle classes ($4-20/day) make up 34% of the population and will grow to more than one billion in 2060. The African middle class is roughly the same size as its Indian and Chinese counterparts.[4]

Between 2000 and 2010, Africa hosted six of the ten fastest growing economies, but six of the most unequal countries are also to be found on the continent.[5] In the strongest economies in the north and the south of the continent, while consumption gaps were kept under control through proactive social welfare policies, they have also proven to be insufficient and shown their limitations. The Arab springs, which have mostly taken place in Africa, express the desire for change by a generation born out of the demographic transition, with high levels of education and faced with plutocracies that had seized the country's wealth. It is the expression of a youth expecting better access to opportunities. As for women who need better access to education and assets – especially in rural areas with collateral effects on a faster demographic transition, there is clearly a growing aspiration for opportunities to harness capabilities.

Demographics equally challenge our vision of development by urbanization, characterized by more mouths to feed and the need to ensure that the rather under-industrialized cities do not become an escape drain for the rural poor. Africa imports roughly 30 billion dollars' worth of food products yearly and it is the only continent where the per capita food production has contracted over the last thirty years. Additionally, of the 30 fastest growing cities across the world, 20 are African, and in 2035, half of the continent's population will live in the cities. However, this does not rule out the fact that, in absolute value, the rural population will continue to grow substantially. Considering the significant number of young people that will enter the job market (300 000 yearly in an average African country), rural areas will need to continue providing jobs to absorb this manpower, as not all can migrate to the cities. There is need to make the rural areas attractive and promising for the younger generations, and curb the current marginalization of Africa's rural areas. According to the Rural Access Index (World Bank), only 34% of Sub-Saharan Africa's rural population lives less than two kilometers away from a road passable at all times, against 59% in North Africa and the Middle East, and up to 90% in East Asia and the Pacific. Change will require a more balanced development in terms of territorial occupation, intergenerational and gender distribution of opportunities, wealth sharing and redistribution.

More equality in the access to opportunities and distribution of the benefits of growth is a second challenge for a developmental transformation.

d) *Harnessing rationally our natural capital*

Africa is endowed with enormous natural resources. Eleven African countries are actually among the top ten global resource countries in at least one major mineral. Sectors such as mining, oil and gas extraction are steadily increasing due to the increase in global consumption. At the same time, land is coveted to meet an agricultural demand that is growing faster than the world's population. Africa is the first target for the "land rush". The International Land Coalition has found that around 130 million ha are subject to dealings in Africa. This is more than the arable land of the EU. It is assumed that this growth might provide natural resource-rich countries a path to prosperity; nevertheless, the rents generated have largely been wasted and led to dysfunctional economies and political tensions.

Indeed, rent mismanagement has brought about i) economic damage with a huge loss of wealth: whereas Africa's natural resources were valued at $333 billion in exports in 2010, an estimated $22 billion is lost every year in illicit financial outflows from Africa[6]; ii) social damage, with the perpetuation of unequal development[7]; iii) moral damage, by harming the interest of future generations.

The case of fisheries illustrates the shortfall of an inappropriate management of African resources. The resource is underpaid: financial payments (compensation) for Fisheries Access Agreements to developing countries range between 2 and 17% of the catch value, even less than other natural resources such as minerals, forestry and crude oil (usually 30%). Going down the value-chain is deterred by the fact that adding value to fish exports attracts counter-measures (custom tariffs) whereas raw fish is duty-free, quota-free. While some processing does occur in Africa, it represents only a minor share of the final price. Quality and safety standards, such as sanitary and phyto-sanitary standards, often limit the capacity of African countries to trade. Illegal, unreported and unregulated fishing amounts to approximately US $1 billion a year (around 17% of total catch) in Africa and for some countries represents a substantial share (Guinea 50%, Liberia 59%, Somalia 75%, Nigeria 40%, Cote d'Ivoire 45%). Finally, only a small part of added value is kept in Africa.

The land question raises local and global political issues. Best land is often being targeted for acquisition. It is often irrigable, with proximity to infrastructure, making conflict with existing land users more likely. In Africa, biofuels represent 66 percent of land purchases purposes. The area dedicated to biofuel by the land acquisition is greater than the area of

3 Lions on the move: the progress and potential of African economies; McKinsey Global Institute, June 2010.
4 Deloitte on Africa: the rise and rise of the African Middle class.
5 South Africa, the continent's strongest economy scored an average annual growth of 3.3% between 1993 and 2011, but witnessed a widening of the divide between rich and poor. Its Gini coefficient of income distributions rose from 0.66 in 1993 to 0.70 in 2008
6 Mobilizing Domestic resources for implementing NEPAD national and regional programmes; 2013
7 Despite a 27000$ GDP per capita in oil-rich Equatorial Guinea, though 75% of the population still lives on less than $2 a day
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arable land in the whole southern African region. Such data raise the issue of the risk of these acquisitions for food provision, local ownership on land and therefore social unrests in the region. However, the question as to the rationale for these large-scale investments remains. Some experts consider that productivity potential in smallholder farming is as high as in large-scale farming and that the cost of investments dedicated to large-scale farming would be not less than required funds to increase productivity on small farms. The increasing allocation of assets to small farmers would thus be a more efficient option to improve agriculture productivity in Africa and in a more inclusive way. It is therefore a question of public choice.

Experience suggests that some key measures could improve the overall profit from the exploitation of resources in African countries: sustainable management, good valuation of tapped wealth and proper allocation and efficient use of revenues generated. Improving the governance of natural resources is at the heart of issues of efficiency and sustainability in the use of African natural capital. But it has implications in four areas: i) politically, it implies that the management of the rent is geared towards development and that interventions seek to set up mechanisms of capitalization rather than vote-catching approaches; ii) institutionally, it requires for Africa to increase its policy space, and build pro-active developmental states to achieve fair and equitable fiscal and investment regimes to maximize the benefits derivable from natural resources since Africa had entered globalization with "incapable states"; iii) in terms of management, Africa's states must avoid the "Dutch Disease" and ensure that resources become a blessing and not a curse for a balanced growth; iv) ideologically, the approach should shift from considering natural resources as a stock inherited from ancestors to a loan from future generations.

A third development challenge therefore stems from the need to radically improve Africa's natural resources governance and ensure that benefits are created and distributed to all of its citizens.

The resolution of these underlying challenges will pave the way to achieving a qualitative transformation of the continent, in that it tackles the key developmental expectations of poverty reduction, wealth creation, speeding up of the demographic transition and sustainable use of natural resources.

4. Africa's transformation objectives in the global context

To achieve its transformation objective, Africa has long made regional integration its development strategy. As they emerged from the struggle for liberation and independence from foreign domination, African countries soon established frameworks promoting deeper and wider cooperation to collectively achieve the social and economic development of the continent. Starting with the foundation of the Organisation of African Unity (OAU) in 1963, several measures were adopted, gradually embedding regional integration as a key driver for Africa's transformation. Major milestones include the 1980 Lagos Plan of Action for the economic development of Africa and the 1991 Abuja Treaty establishing the African Economic Community and Regional Economic Communities (RECs) as the building blocks for continental integration.

However, it was not until the turn of the Millennium that accelerated progress was made in further developing and implementing Africa's transformation strategy. Since then, African countries have increased their planning capacities, strategic regional frameworks have been developed and adapted reforms are being implemented. Mutually reinforcing linkages and coordination mechanisms between the national and regional levels are also being strengthened. More recently, the commitment to an integrated continent gained a new momentum with the January 2012 AU decision to establish a Continental Free Trade Area by 2017.

Despite these commitments and a strong potential, intra-African trade has remained critically low. Compared to other regions of the developing world, intra-African trade has stood at a disappointingly low level of 10-13 percent of total trade since 2000[8]. Over the same period, Africa's share in world trade has stagnated between 2-3 percent. Yet, its dependence on external markets remains high and concentrated on very few export products, essentially primary commodities. Over 80 percent of the continent's exports are destined to outside markets. For some regional groupings, this share is even higher. Similarly, more than 90 percent of Africa's imports originate from external markets.

Notwithstanding the slow progress in transforming Africa at the internal level, new opportunities are availing themselves at the external level that can boost Africa's efforts towards a more integrated continent. In fact, the recent acceleration in the consolidation of Africa's integration strategy has been largely facilitated by dramatic shifts at the global level.

a) Increased policy space for Africa's development plans

First, the international context in which Africa operates is now more conducive to the formulation and implementation of its own development policies and strategies. The recent global and financial crisis shook the very foundations of the neoliberal ideology that has dominated the international development discourse over the last decades and that proved to be particularly detrimental to Africa's capacity to plan, formulate and implement its own policies.

Structural adjustments programmes (SAPs), as well as the multilateral trading system defined under the Uruguay Round and enforced through the World Trade Organisation (WTO), put the emphasis on making African economies more open

8 ECA/AUC, 2012, Boosting intra-African Trade. Issues affecting intra-African trade, proposed Action Plan for boosting intra-African Trade and Framework for the fast tracking of a Continental Free Trade Area.
UNCTAD, 2013. Economic Development In Africa Report. Intra-African Trade: Unlocking private sector dynamism.

and competitive internationally – and not just regionally – through greater deregulation, liberalisation and privatisation of markets. SAPs were certainly instrumental in building the capacity of African administrations for economic and fiscal policy management in the post-independent African states. But rather than transforming the latter into an effective provider and manager of public goods, the SAPs went too far in dismantling fundamental economic functions carried out by the state. Thus, and despite a few exceptions, most African nations entered the new Millennium with weak public policy management systems and institutions, collapsed internal production systems and a vulnerable social fabric.

The outcry against the damaging effects of neoliberal globalisation on developing nations led to a series of attempts to reform the international system and redress the imbalance. The Millennium Development Goals (MDGs) focussing on poverty reduction and the launch of the Doha Round aiming to improve the trading prospects of developing countries were born in the wake of this movement in 2000 and 2001 respectively. Starting in 2005, greater emphasis was also put on the need to ensure ownership of the development process by developing countries and alignment of partner policies through the adoption of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action adopted by OECD countries.

While Africa has certainly indicated its ability to claim back ownership of its development process, the current global economic and financial crisis creates a new window of opportunity to achieve greater results in integrating the continent. In other words, African countries and regions have more space to craft, resource and implement their own development policies.

b) A more diversified partnership base

A second opportunity stemming from the international context can be found in the global power shift that has taken place with accelerated speed in the last years. This shift has been characterised by a move away from the post-Cold War bipolar configuration dominated by the European Union and the United States, to a multipolar configuration in which countries from the South are emerging in increasing numbers as major global players.

Spearheaded by Brazil, China and India, the rise of the South has broadened its scope and importance over the last decade to encompass countries in Latin America, Asia and Africa. For instance, the combined gross domestic product (GDP) of the BRICS grouping (encompassing Brazil, Russia, India, China and South Africa) accounted for more than one fifth of global trade and attracted nearly 20 percent of global Foreign direct Investment (FDI) flows in 2011[9].

The rise of the South has also impacted on Africa's development dynamics. In terms of trade, emerging economies account for an increasing share of Africa's trade and are gradually eroding Europe and the United States' foothold as the continent's main trading partners. While Africa's exports almost quadruple in value from 2000 to 2011, the European Union and the United States saw their share of Africa's export fall from respectively 47 to 33 percent and from 17 to 10 percent over the same period. In contrast, emerging economies' share of Africa's exports mushroomed from 8 percent in 2000 to a staggering 22 percent in 2011[10]. China's trade with Africa rose from USD 1 billion to almost than USD 200 billion between 1992 and 2012. In the same period, Indian companies increased and diversified their investments on the continent, ranging from infrastructure to hospitality and telecommunications.

In addition, the increasing importance and prospects offered by South-South Cooperation come as a welcome alternative to the decreasing levels of official development assistance (ODA) to Africa. In the aftermath of the financial and economic crisis, the economies of Africa's traditional partners have recorded poor growth performance in recent years, with low prospects of a swift and sustained recovery after 2013. This has already impacted on the levels of ODA to Africa and is likely to further hinder the ability of the G8 countries to meet their respective pledge to increase levels of ODA to developing countries.

According to the OECD/DAC, development aid fell by 4% in real terms in 2012, following a 2% fall in 2011. Excluding 2007, which saw the end of exceptional debt relief operations, the fall in 2012 is the largest since the end of the 1990s aid fatigue. Aid to the African continent fell by 9.9% to USD 28.9 billion, following exceptional support to some countries in North Africa after the "Arab Spring" in 2011. Another noticeable shift is the allocation of aid away from the poorest countries and towards middle-income countries.

In contrast, over the last two decades, Africa has become one of the main actors of South-South cooperation. In recent years, Brazil has transferred its school grants programme and its programme for fighting illiteracy to some African countries. In 2011, the country was engaged with Africa through 53 bilateral health agreements with 22 African countries. China has complemented its investment flows and trade arrangements with finance and technical assistance for building hard infrastructure. In May 2011, the Government of India pledged to provide a USD 5 billion credit over the next three years in addition to the USD 2.9 billion extended by the Export-Import Bank of India through lines of credit. In July 2012, China pledged to double concessional loans to USD 20 billion over the next three years.

9 UNECA, 2013. Africa-BRICS cooperation: Implications for growth, employment and structural transformation in Africa.
It is furthermore estimated that the combined economic output of Brazil, China and India alone will surpass the aggregate production of Canada, France, Germany, Italy, the United Kingdom and the United States by 2020. UNDP 2013, Human Development Report 2013. The rise of the South: Human progress in a diverse world.

10 African Economic Outlook, 2013.

In terms of FDI, investments from the BRICS now account for 25% of total FDIs to Africa, with the bulk of it going to the manufacturing and services sectors. On the other hand, the primary sector, particularly the extractive sector, makes up a mere 26% of their investments in Africa. These countries allocated 4% of their FDIs in 2009-2011 to Africa, making the continent a relatively far more important destination than for the European Union or the United States. In 2011, Malaysia was the third leading foreign investor in Africa after France and the United States.

After years of neglect by governments and traditional donors, infrastructure has again become a priority, drawing on the experiences and support of the region's new development partners. Over the past decade, countries and institutions from the South contributed almost half of the official infrastructure financing for Africa. Some of the largest financiers of infrastructure in Africa over the last decade were regional banks and funds based in the Gulf States.

These new trends certainly point to the opportunities for Africa to diversify its sources for development financing and reduce its dependency on traditional development assistance. But they are also an indication that the continent will have to up its game to face and manage an increasing number of partners, whose main interests after all are essentially in Africa's natural and mineral riches.

Indeed, to make the most of this more diversified partnership base, Africa will have to ensure that these partnerships serve its own development interests and regional transformation strategy. Although conditionalities imposed by the Bretton Woods institutions and traditional partners are being lifted, African countries face the risk that they are replaced with a new form of dependency, cloaked in the non-interference discourse of the new partners which gives room for malpractices in private businesses.

Greater efforts are therefore required to ensure that Africa's partnerships are truly supportive of Africa's transformation agenda and of the pivotal role of the RECs in realising continental integration.

c) Untapped opportunities

Against this background, it will be essential for Africa to capitalise on this favourable global environment to not only advance its integration agenda but also take full advantage of the opportunities that are created as greater progress is made in realising this agenda.

Most notably, Africa is yet to exploit the potential of establishing regional value-chains as a key driver for its exports in manufactured goods, agriculture and food products or services, better access for its rising consumer market, but also for a more efficient management of shared natural resources. A significant amount of cross-border trade is already taking place between African countries but has been limited to informal channels and is not reflected in the official data available on intra-African trade[11]. Overall, the informal sector contributes about 55% of Africa's GDP and 80% of the labour force[12]– most of Africa's farmers constitute the bulk of the informal sector.

Boosting intra-African trade will therefore require that African governments provide more space for an active participation of the private sector in the regional integration processes, starting from the negotiating stage. Targeted policies aimed at empowering the private sector – formal and informal – should be designed to accompany the integration process. Key areas in this respect include the promotion of social protection to workers in the informal sector as well as the provision of education and training, support to small and medium-sized companies, better access to financing and improved business regulatory environment to make it conducive for entrepreneurs to start businesses and enter the formal sector[13]. To be effective, such strategy should envisage an integration into global competition that is progressive and gives priority to satisfy domestic demand and using "natural" proximities of countries within RECs and have shared concerns particularly in the field of managing common goods, establishing corridors of development and are at similar levels of development which limit unfair competition.

Last but not least, there are untapped sources of development financing. The business climate has become attractive with foreign direct investments to the tune of 50 billion dollars yearly, almost as much as what the BRICS receive individually and more than Official Development Assistance (ODA)[14]. At the same time, capital flights were estimated at 700 billion dollars between 2000 and 2008, namely over 80 billion yearly, almost as much as the estimated 93 billion dollars yearly needed to close the infrastructure gap. It is noteworthy that this is far more than the 49 billion in ODA received in 2012. While African governments are already raising more than 520 billion dollars from taxes, tax evasion, most of which derives from tampering with prices of transfer, has reportedly been accounted for a shortfall of 854 billion dollars between 1970 and 2008[15]. Nonetheless, recent studies have shown that financial resource mobilisation may improve at all levels.

The avenues for action are huge considering that private household savings accounted for merely 22% of GDP over

11 For instance, it has been estimated that informal trade in the SADC region could amount to over USD 17 billion per year, representing 30 to 40 percent of the region's total trade. Estimates also indicate that a single country's informal exports could account for as high as 80 percent of the total recorded exports or between 20 and 75 percent of GDP (UNCTAD, 2013).

12 Ncube, M., Recognising Africa's informal sector, 27 March 2013, www.afdb.org, accessed September 2013.

13 Ncube, 2013; AEO, 2013. Hartzenberg, T., 2011. Regional Integration in Africa, WTO Staff Working Paper ERSD-2011-14

14 Quoted by the AfDB "at the center of Africa's transformation, strategy 2013-2022 »; December 2012

15 The African Union is conducting a study on the feasibility of innovative taxes (on insurance, air tickets, bed-nights, etc…) to raise 1.5 billion dollars to fund development programs: deliberations of the high-level taskforce working on alternative sources of financing of the African Union chaired by former president Obasanjo, 2013

the period 2005-2010 compared with 46% in South-East Asia, and 30% in middle-income countries. Remittances from the African Diaspora amounted to 40 billion (in 2012), the securitization of which may fetch between 5 and 10 billion on financial markets. 39 African countries were already issuing treasury bonds worth more than 200 billion by 2011 ending. Finally, private capital ought to be a key driver in any investment policy. Africa has been the best performing region over the last ten years in terms of equity investments, with returns of 31% compared with 25% globally, according to the International Finance Corporation.

In conclusion, the strengthening of REC's and the mobilizing of African resources are two pivotal elements for supporting political processes aiming at economic transformation.

5. Recent evolution in Africa's political landscape

Africa has made significant strides during the last years in addressing political and economic development challenges on the continent, with major achievements in the areas of peace and security, governance, institutional and policy coordination as well as through a stronger African voice at the international level.

a) Peace, security and stability

With the establishment of the African Union, Heads of States endowed the continental body with a stronger mandate than its predecessor in the areas of peace and security, promoting the right of intervention rather than non-interference and human security rather than the collective security of states. The institutional set-up was also designed to create a supportive environment for fulfilling this new mandate. The African Peace and Security Architecture (APSA) was established, comprising the Peace and Security Council, the Panel of the Wise, the Continental Early Warning System and the African Standby Force as key mechanisms for conflict prevention, management and resolution.

Under the impetus of Nigeria, South Africa, Senegal and Algeria, crucial peacekeeping missions were deployed in Burundi, Sudan and Somalia and crises responded to in over 20 countries. The RECs have played a pivotal role in supporting conflict prevention efforts, with notable interventions coordinated with and deployed through IGAD, ECOWAS and SADC.

Tackling peace and security on the continent is no easy feat. The recent setbacks in Libya and Mali point to the need for the AU to ensure that the international community respects its role and responsibility in addressing conflict situations on the continent, as well as a stronger commitment by member states to AU decisions. Nonetheless, in its first decade, ***the AU has made remarkable progress in fulfilling a new mandate by capitalising on its institutional set-up and specifically on the anchor role of the RECs on which NEPAD can capitalize.***

b) Democratisation and governance

Since 2002, Africa's democratic profile has been on the rise. This is visible through progress achieved at both the continental and country level in addressing Africa's governance challenges.

At country level, recent development efforts have succeeded in promoting effectiveness and efficiency in public sector management, accountability and responsiveness of public officials to the citizenry, existence of the rule of law, public access to information and transparency, equity and inclusiveness, all of which represent key elements of good governance.

Political stability has also increased across the Continent despite some pitfalls in Mali and the Central African Republic. A majority of African countries have recorded significant progress in political governance through reforms in decision-making and implementation processes.

Between 1998 and December 2008, 76 presidential and 59 parliamentary elections were held in Africa while between 2009 and December 2012, 35 presidential and 22 parliamentary elections were held, with Sierra Leone, Senegal and Ghana being the most recent (December 2012). Recent political uprisings in North Africa for democratic reforms point to a continent that is reassessing its path to democratic governance, growth and poverty eradication. Developments on the continent also show a decline in the incidence of military coup d'états, violence and manipulations associated with elections, as witnessed in Guinea Bissau and Mali in 2012. Although this remains a continuing challenge, there is a rising trend towards political settlement after electoral conflicts, through the formation of coalition governments or governments of national unity.

Collectively, African leaders have also committed to promote democratic governance, respect for human and people's rights and to ensure the rule of law, gradually building the continent's capacity to address these issues. Thus, the AU has consistently been monitoring elections over the last years. This commitment was reinforced by the adoption and entry into force of the African Charter for Democracy, Elections and Governance with the ratification of a 15th member state in 2012.

To further strengthen Africa's democracy and accountability mechanisms, African Heads of adopted the African Peer Review Mechanism (APRM) in 2003. As a mutually agreed instrument, voluntarily adopted by the member states of the African Union, the APRM assesses the four areas of democracy and political governance, economic governance, corporate governance and socio-economic development of participating countries and proposes a National Programme of Action (NPoA) to highlight best practices and address democratic deficiencies. By 2013, 33 countries had acceded to the APRM, with 17 having undergone the review process.

Other notable initiatives include the launch of the Pan-African Parliament in 2004 and the Economic, Social and Cultural Council (ECOSOCC) a year later. With regard to human and people's rights, the African Commission on Human and Peoples' Rights (ACHPR) has been active on issues such as the violation of the rights of women, refugees, internally displaced persons and prisoners and has significantly contribute to the interpretation of human rights in several countries.

Other notable coordination mechanisms have also been set up in key policy areas, such the African Governance Architecture (AGA) and its Platform launched in 2012. The AGA provides the overall political and institutional framework for the promotion of democracy, governance and human rights and comprises all Africa's institutions with a mandate on governance. The role of the Platform is to facilitate information flow, exchanges, dialogue, synergies and joint action between the various African governance actors, including the NEPAD Agency and the RECs.

c) Institutional and policy coordination

As Africa has increased its policy formulation capacity, it has also endeavoured to strengthen its multi-level implementation capacity by putting in place institutional and policy coordination platforms, with a pivotal role for the RECs as interface between the national and continental levels.

The RECs continue to make progress in accelerating the regional integration agenda. Most RECs have already set up a free trade area and three (ECOWAS, COMESA and EAC) have initiated a customs union. Inter-regional coordination is also growing among the RECs. In West Africa, ECOWAS and UEMOA have increased their coordination efforts through the adoption of a common programme of action for greater policy convergence, while in Central Africa, ECCAS and CEMAC are working towards greater harmonisation of their programmes. In Eastern and Southern Africa, the COMESA-EAC-SADC Tripartite initiative is gaining speed and the FTA negotiations expected to be concluded in 2014[16].

However, the greatest challenge will be to harmonise policies at the Africa-wide level. Since 2002, several efforts have been carried out to foster greater coordination between Africa's continental and regional bodies and in view of the continental integration agenda. As such, the adoption by the AU of the NEPAD programme sought to respond to this challenge, as it advocates for an implementation strategy based on partnerships particularly represented in and through the RECs. In 2008, a Protocol of relations between the AU and the RECs provided the framework for such cooperation, including on critical issues such as peace and security. A Minimum Integration Programme (MIP) was further agreed to, which operates as a mechanism for convergence and focuses on a few priority areas of regional and continental concern. Similarly, with the integration of NEPAD into AU structures in 2010, the AUC and NEPAD Agency have worked towards clarifying roles and responsibilities and harmonising programmes and projects to ensure coherence, synergies and complementarity in the delivery process. As a dynamic and on-going exercise three harmonization sessions (October 2009, July 2011 and March 2012) have taken place to date. These sessions have contributed to clearly identifying roles and responsibilities in programmes policy, design and execution between the two institutions driving Africa's transformation agenda.

In addition to these coordination frameworks, greater policy coherence has also been induced through a more concerted action of Africa's integration bodies, not least in the flagship areas of infrastructure and agriculture development spearheaded by the NEPAD Agency. The launch of the Programme for Infrastructure Development for Africa in 2012 was a critical milestone in this respect as it brought much needed coherence and focus to infrastructure-related programmes and projects on the continent and a common framework around which all actors could mobilise. A key outcome of the 2013 Retreat that took place between the AUC, the RECs and the NEPAD Agency to identify strategic priorities for coordination notably led to the setting up of an Infrastructure task team led by the NEPAD Agency. Again, the RECs have a crucial role to play in coordinating and back-stopping implementation at the country level of the NEPAD-driven Comprehensive African Agriculture Development Programme (CAADP). Regional CAADP compacts and investment plans are under development in COMESA, EAC, ECCAS, IGAD and SADC whereas ECOWAS is at the stage of implementing its regional compact and investment plan.

NEPAD also builds on policy frameworks initiated by AU instances, based on international consultation processes and trends. For example, in the field of natural resource exploitation, the benefits that countries can derive from their natural resources. The NPCA is engaged in translating the charter into action through a programme implemented in accordance with a decision taken by the NEPAD Steering Committee and endorsed by the Heads of State. In the field of mining, NEPAD will participate in the implementation of the action plan (2011) of the Africa Mining Vision (AMV) that the NRC is expected to complete. With regard to land, NEPAD refers to the new Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, which were adopted in May 2012 by the Committee on World Food security (CFS). In this line, the Agency will closely contribute to the implementation of the Land policy initiative strategy 2012-2016 launched by AUC, AfDB and UNECA. Bringing a developmental vision of land issue could contribute to arguing for a sound implementation of the AU Declaration on Land (2009).

d) African voice and common positions in international development debates

After decades of marginalisation from the international

16 AU/AfDB/UNECA, 2012. Assessing Regional Integration in Africa V. Towards an African Continental Free Trade Area.

development discourse, Africa has gradually gained greater voice and strengthened its ability to shape global discussions following the establishment of the AU and its NEPAD programme.

Building on earlier successes, Africa has presented a common African position to recent development debates taking place at the international level such as the 2011 High-Level Forum on Aid Effectiveness, the 2012 climate change negotiations (COP 17 and Rio+20), and the current discussions on the Post-2015 development agenda. In combination with a better defined African development and transformation strategy, this has notably facilitated a better understanding among Africa's partners of the continent's development vision and also fostered greater alignment with its own policies.

As Africa's voice and profile on the world stage has risen, so has the AU's legitimacy as the principle interlocutor on African affairs. With an increasing number of partners seeking to strengthen their ties and activities on the continent, the AU has been successfully working towards ensuring a stronger regional dimension in its partnership frameworks. Recent milestones in this respect include the admission of the AUC as a full member of the Forum for Africa-China Cooperation (FOCAC) and as a co-organiser of the Tokyo International Conference for Africa's Development (TICAD) process. The NEPAD Agency played a critical role in the last TICAD Summit of June 2013 and will also be part of the joint mechanism set up to monitor the implementation of the Japanese assistance package. As the technical body of the AU, the NEPAD Agency has also been pivotal in ensuring that the African perspective and voice was heard in global forums such as the G8 and its Africa Partnership Forum, as well as the G20's Development Working Group.

However, these advances are yet to be translated into concrete shifts in partner policies and approaches. In the current context of the weakening of multilateralism, bilateral relations are becoming increasingly important. While Africa's institutions have been nominally invited to take part in global forums influencing policy, NEPAD has also learned from its experience that it cannot only serve as alibi and can better assert its position and make propositions on behalf of Africa if it is not circumvented by partners' strategies to directly deal with individual African countries.

6. Recent evolution in Africa's institutional landscape

Some recent institutional changes at the level of AU are relevant for NPCA action in the coming years.

a) *Election of AUC Chairperson*

On the 15th July 2012, Dr. Dlamini-Zuma was elected Chairperson of the African Union Commission. The election of the first female chairperson of the AUC is a clear demonstration of Africa's commitment to the promotion of gender equality within the AU system. The chairperson's background as a former leader of the ANC women league can also be of inspiration for a gender equality agenda across the continent.

The election of Dr. Dlamini-Zuma constitutes an opportunity to promote cooperation between African states, move towards the greater relevance of the AU globally, and improve stability and economic development in Africa through an invigorated top management at the helm of the AU Commission.

During her campaign, Dr. Dlamini-Zuma has committed among others, to: (i) ensure that NEPAD programmes are given the necessary impetus as drivers of Africa's development goals; (ii) ensure full implementation and consolidation of programmes aimed at ensuring the emancipation of women; and (iii) promote issues relating to integration.

b) *Election at AUC Commission and NEPAD*

In 2012 and 2013, 5 new commissioners were elected (Political Affairs; Social Affairs; Human Resources, Science and Technology; Trade and Industry; Economic Affairs) while 3 commissioners were retained in their post (Peace and Security; Infrastructure and Energy; Rural Economy and Agriculture), which they first assumed in 2008. The CEO of NPCA has been confirmed for a new mandate for the period covered by the present strategy. This is a sign of confidence and a good factor of ownership of the strategy to be implemented.

c) *Renewing NEPAD HSGOC*

The HSGOC provides leadership to the NEPAD process and sets policies, priorities and the programmes of action. African Heads of state are elected on the basis of the AU five regions.
During the 28th Session of the NEPAD Heads of State and Government held in Addis Ababa (Ethiopia) in January 2013, 6 countries were elected as new members, namely: (i) Chad, (ii) Mauritania, (iii) Tanzania, (iv) Uganda, (v) Zambia, (vi) Zimbabwe.

d) *UNECA new orientation*

After taking office, the new Executive Secretary of the United Nations Economic Commission for Africa, Dr. Carlos Lopes, stated that UNECA's objective would be to work closely with member States to achieve Africa's transformation agenda. The UN Commission aims at being more committed in supporting AU Member States in their efforts to implement growth oriented macroeconomic policies, and to restore development planning.

In this connection, the UNECA recalibrated its strategic focus to put more emphasis on knowledge generation and knowledge delivery. The UN Commission will allocate one-third of its size to fulfill its future role of Africa's prime think tank. A new Capacity Development Division was established to support the work of the African Union and its various programmes (including NEPAD and APRM) and providing specialized advisory services to AU Member States. The sub-regional offices are meant to be realigned to provide up-to-date country profiles and risk assessments on their respective member States. This orientation provides basis for collaboration for NPCA in the field of knowledge production by focusing on implementation aspects, as well as design of policy complementary to the UNECA's intellectual output.

e) Sustaining AU Budget

One of the challenges the AU faces is the reliance on external funding. Dependence on external donors has often constrained the effective implementation of AU programmes. The budget proposed for 2013 for the AU was USD 278 million, out which USD 123 million (44% of the total) are to be derived from AU Member States contribution, while the remaining amount (56% of the total) are expected from international funding.

This dependence affects the sustainability of projects implementation. This issue was raised by the newly elected AUC Chairperson in 2012. In this context, the AU Assembly established a High Level Panel on Alternative Sources of Financing for the AU, led by former President Obasanjo to propose recommendations for sourcing sustainable funding for the AU. NPCA resource mobilization strategy and AUC's are convergent through the HSGOC.

f) Implication of the evolving African institutional landscape for NPCA

The Agency has the full support of the AU Commission, at both Chairperson and commissioners' level. The Chairperson expressed strong commitment in NEPAD implementation and the two most critical commissioners for NEPAD Agency (Infrastructure and Energy; Rural Economy and Agriculture) are retained in their post, which is a positive signal for the implementation of CAADP and PIDA.

The new orientation of UNECA toward a think-tank for African institutions and countries can at certain stage challenge NEPAD Agency in its mandate to conduct and coordinate research and knowledge management. Synergies will have to be found to ensure that the Agency is able to fulfil this mandate.

7. Conclusion on challenges and opportunities for the coming period

Africa's overall context is conducive to the implementation of developmental and transformative policies and interventions, especially as institutions have consolidated and are better articulated. The challenges of employment, inequality, preservation of natural capital and a fair insertion in the concert of nations are not new but African countries now have opportunities to address them, through the growing availability of untapped financial resources and enhanced capacities. The general challenge for NEPAD will be to strike a careful balance in managing the risks, constraints and opportunities in implementing its programmes and for the Agency to strengthen its ability to function and deliver effectively.

III. Achievements and failures of the 2010-2013 strategy

The previous strategy 2010-2013 focused on the establishment of the NEPAD planning and coordinating Agency (NPCA) as a technical body of the African Union (AU) to replace the NEPAD secretariat. The strategy was marked by s shift in focus from activities to outcomes in the management of the NEPAD programme.

Its review can be made according to 4 major points of view: outcomes, internal organization, partnerships and financing issues.

1. Outcomes of the 2010-2013 strategic programming

The NPCA Strategic Direction 2010-2013 document outlined NPCA's expected accomplishments in the period 2010-2013, which were grouped into six broad areas. Using the performance measures[17] that were formulated for each expected accomplishment, the section below provides a basic assessment of programme implementation under the previous strategy. The assessment is structured around the six broad categories of expected results.

Result Area 1: **Increased availability of regional programmes/projects and policy frameworks for implementation by member States and RECs;**

One of the key obligations of the NEPAD Agency is the translation of AU policies into technical guidelines, frameworks and programmes for implementation at continental, regional and national levels. Accordingly, various continental frameworks and attendant programmes have been developed, and the Agency has provided technical support to countries and RECs in implementing the programmes. Some examples of frameworks and programmes that have been developed are listed below:

- The Comprehensive Africa Agriculture Development Programme (CAADP) is the AU- Continental framework for advancing African Agriculture on the Continent. A number of related programmes were developed in the course of 2010-2013 for implementation at regional and country-level, for instance:
    - A first draft of Pan-African Fisheries Policy Framework and Reform Strategy was developed through a consultative process over the last two years, to serve as the guiding framework for reforms in the fisheries sub-sector at national and regional levels. Upon validation of the final version, the Strategy will be presented to the second Conference of African Ministers of Fisheries and Aquaculture (CAMFA) for adoption in 2014;
    - A strategy is being formulated linking bioenergy to food security geared at promoting sustainable bioenergy that is supportive of, and consistent with, food security development;
- The Programme for Infrastructure Development in Africa 2012-2040 (PIDA) - the continental framework for infrastructure development in Africa, is being implemented in several trans-boundary corridors and countries through programmes / initiatives such as:
    - The Presidential Infrastructure Champion Initiative (PICI);
    - The Africa Strategy for Decentralized Energy Systems, and the establishment of Africa's Sustainable Energy for All (SE4ALL) Coordination Hub provide guidance in energy-related developments;
- The Capacity Development Strategic Framework (CDSF) provides an Africa-wide common approach to guide the integration of capacity development as a requisite input into national and regional transformation efforts. To-date, more than 10 countries are using the CDSF in implementing their capacity development initiatives. A CDSF-based programme is also being developed to help address the capacity needs of the RECs;
- Africa's Science and Technology Consolidated Plan of Action (CPA) articulates the continent's science and technology agenda. CPA-Programmes have been developed, and support has been provided for their implementation, including:
    - The Research for Health – Africa (R4HA) Initiative was launched in 2010 with the aim to support African countries build their policy frameworks and management bases for effective governance of research for health. The Initiative is currently being run in three countries namely: Mozambique, Tanzania and Senegal.
    - The African Medicines Regulatory Harmonization initiative launched in 2008 aims to improve public health by increasing access to safe, efficacious and good quality essential medicines for the treatment of priority diseases

[17] NPCA strategic direction 2010-2013, p.11

affecting the African population. Furthermore, a Model Law on Medicines Regulation & Harmonization is being developed through a process initiated in 2011. A regional programme for the harmonization of medicines registration was launched in 2012 in the EAC, with a similar exercise currently in the pipeline for West Africa;

- The Environment Action Plan (EAP) - adopted by the AU as the continental framework on environmental matters to promote, inter-alia, sustainable use of Africa's natural resources and strengthen public and political support to sub-regional and regional environmental initiatives - has been used to guide the design of specific initiatives. Examples of such initiatives include:

    - The formulation of a Gender and Climate Change Agriculture Support programme in 2012 – purposed to promote more equitable participation of African women smallholder farmers, youth and other vulnerable groups in climate-smart agricultural practices as the pathway to ensuring sustained food security on the Continent.

The design and implementation of the frameworks and attendant programmes has generated a number of important lessons, and these include the following:

- The paradigm-shift to transformation is yet to be realised. Fundamental policy shifts and actions will be required for instance to promote agriculture as a business and thus address market failure issues, but also to seize opportunities arising from new developments such as establishment or reinforcement of customs unions within the regional integration agenda. Beyond investments, value-chain approaches should furthermore be considered for addressing relations of power between economic agents;

- • Inter-sectoral linkages and synergies will be required for promoting sustained rural development and job creation. In addition, an inclusive planning, design, implementation and review process (with a wide range of stakeholders) is vital;

- A conspicuous need to target the critical mass (e.g. in agriculture - the smallholder farmers and women) if equitable and sustained growth is to be realised;

- Championship of continental initiatives is very important for securing buy-in at the highest political level, encouraging peers to achieve commitments such as public expenditures and ensuring that the requisite technical support is made available and the implementation momentum sustained;

- Strong collaboration with RECs is a prerequisite for successful delivery of regional initiatives especially the provision of public goods;

From the information above on result area (i) and the lessons gleaned, it is evident that:

- There is quite strong capacity of NPCA to translate AU policies into guidelines, frameworks and attendant programmes;

- Notwithstanding the relevance and value-addition of individual frameworks and programmes to the development efforts of RECs and countries, the conspicuous absence of systemic horizontal programmatic linkages may have constrained the realisation of desired transformation. In this vein, the silo - modus operandi will need to be substituted with multi-sectoral approaches that are guided by broader targets pertaining to the quality of the development results achieved – such as youth employment, wealth creation and equitable development.

Result Area 2: **enhanced mechanisms for mobilising internal and external resources for member States and RECs** to implement national and regional programmes and projects. A specific analysis of the achievements in terms of the financing of NEPAD programmes and activities is provided below and makes clear the need for more ownership through increased domestic resource mobilization.

Result Area 3: **enhanced capacity of member States and RECs to implement NEPAD programmes and projects.** This result area places thrust on the value-addition and capacity-support of NPCA-supported interventions. The assessment below seeks address the "value-addition" (levels and quality) of the NEPAD Agency's implementation support to countries and RECs – within the frame of enhancing the efficiency and effectiveness of delivery on development agendas. The support, provided through the main continental frameworks and attendant programmes (PIDA, EAP, CAADP, CSDF and CPA) is assessed at country-level, as well as at regional and continental levels.

- Guided by the principles of NEPAD, the policy design, planning, implementation, review processes and practices have substantially improved as multi-stakeholder and inclusive approaches are increasingly been adopted in the different sectors. For example, in the agriculture sector, the national agriculture sector Working Groups and CAADP National Teams – which play a critical coordination (and sometimes oversight) function of agricultural development – include farmer organizations, civil society, development partners and other relevant government ministries than the ministry of agriculture, such as ministries of planning.

- Subsequently, and in addition to improved partnerships, there is an emerging pattern of stronger and more efficient structures and institutions. The functioning of these structures, including active participation (beyond representation) of individual constituent members is gradually improving, thereby contributing to enhanced governance of human, natural and financial resources.

- The value-addition of NPCA's support to RECs and AU member states was also exhibited in the analytical work and the efforts made in profiling the evidence-based agenda. Initiatives such as PAF and CAADP are good examples as these programmes provide regular analytical reports on programme implementation.

- In the same vein and on the basis of research and analytical evidence provided, multi-stakeholder platforms have been established / strengthened to review, debate and dialogue around agreed common targets. The Africa Food and Nutrition Security Day and the CAADP Partnership Platform are examples where NPCA has contributed to strengthening the learning and mutual accountability agenda.

- NPCA has also significantly contributed to the strengthening of collective action, especially of marginalised groups, and subsequently influenced policy decision-making processes. For instance, the NEPAD Agency and civil society based InterAfrica Group co-facilitated support to the gender caucus of Ethiopia and fostered gender-awareness among parliamentarians. In Namibia, women's participation and representation in decision-making processes at the local government level is gradually increasing through support provided to mainstream gender in local councils.

- NPCA has also made available and more accessible relevant data and information to RECs and AU member states for programme design and planning. For example, two ICT-broadband studies were conducted in 14 countries in West Africa and 11 countries in Central Africa, which helped increase their access to quality-data and information for developing bankable projects for regional cross-border networks.

The following lessons can be drawn on the value-addition of NPCA's support:

- There are high dividends to be derived from engaging non-state actors in the development agenda; in this regard, these benefits should provide the impetus for more concerted and harmonized efforts towards enhancing the participation of non-state actors (especially marginalised groups);

- The value-addition of the NEPAD Agency will be enhanced as the Agency re-positions itself to serve as a continental strategic think-tank – providing medium and long-term strategic planning and implementation guidance to countries and RECs – based on analytical evidence;

- The deployment of multi-sectoral pools of experts may be worth exploring to support countries and RECs around coherent development-threads in pursuit of the broader transformational outcomes, transcending sectoral-level results such as wealth or job creation;

- In addition to capacity strengthening at the technical level, dedicated efforts will need to be made towards enhancing leadership and overall governance and management capacities; evidently, the extent to which resources (natural, human, financial, knowledge etc) are harnessed, deployed and managed is to a large extent contingent upon the leadership capacities and competencies.

From the information above, some issues emerge for consideration in the new strategy:

- More systemic and "protracted" efforts will be required to optimally harness the participation of non-state actors;

- Capacity strengthening – in technical and leadership domains will remain a key focus of intervention for the Agency. However, the mode of delivery will have to be reviewed: a) in light of the new thrust of the Agency as a strategic think-tank; and b) if the support is to be more timely, satisfactory and responsive to the needs. The possible deployment and coordination of multi-sectoral pools of experts will be explored for up-scaling.

<u>Result Area 4:</u> **Enhanced capacity of NPCA, member States and RECs to monitor and evaluate implementation of NEPAD programmes and projects;**

Programme-level M&E systems have been developed for internal (NPCA) tracking; a significant proportion of NPCA programmes have M&E systems in place (PIDA, PAF, AMRH, TerrAfrica / SLM, Food and Nutrition Security, and CAADP..)., albeit at different levels of functionality, different configurations and with no link to one another. A blend of quantitative and qualitative approaches has been employed – including the use of score-cards. In most of the M&E systems, however, emphasis is placed on tracking inputs, processes and outputs, with only limited attention paid to assessing outcomes and impacts.

Some of the programme-level M&E systems have been developed to include aspects of mutual accountability and policy-monitoring instruments. Furthermore, a few continental-level M&E frameworks have been developed and support is being provided to strengthen REC and country-level M&E systems and capacities in programmes such as TerrAfrica (harmonized regional Monitoring and Evaluation system focusing on key SLWM indicators) and CAADP.

An internal policy document on Planning, Monitoring and Evaluation has been formulated and introduces the approach of planning for outcomes. The implementation of this policy approach within the NPCA paves the way for deliberations at a continental level on the establishment of similar frameworks for the AU and its organs.

Some of the lessons to be drawn are outlined below, as well as recommendations for the new strategy:

- An institution-wide M&E and learning system should be developed building on the NPCA Planning and M&E Policy and drawing from programme-level M&E systems;

- The institutional M&E system should outline principles common to the M & E projects and programmes to foster harmonization and give emphasis to results-based implementation for the desired impact, including tracking result areas such as job creation, equitable growth and wealth creation;

- Furthermore, the institutional M&E system should seek to track overall financial commitments made on the African development agenda at global, continental and regional level.

<u>Result Area 5:</u> **enhanced private sector involvement in regional programmes and projects.**

Experience has shown that private sector cannot be considered as a "sponsor" to public sector-led projects and programmes but can however be associated to the planning process and actively participate in the implementation. The strategy should therefore aim to establish dialogue spaces for increased participation of the private sector in NEPAD programmes and projects. At the same time, issues of political economy and conflicts of interests e.g. in the areas of land, extractive industries, natural resources or public infrastructures, should be taken into consideration. Tensions are often translated into a dilemma between privatizing benefits and socializing losses. Broad participation of stakeholders and public-private partnerships (PPPs) under the auspices of the NEPAD Agency and AUC will help ensure that entities are geared towards general wellbeing.

<u>Result Area 6:</u> **improved quality/standards of NEPAD programmes and projects.** The 2010-2013 strategy proposed several indicators. However, the main challenge for the institution was to successfully operate the integration of NEPAD into the AU system and adopt a new organizational structure and internal procedures.

Three major processes stemmed from the decision to integrate NEPAD into the structures of the AU:

1. The transformation of the NEPAD Secretariat into the NEPAD Planning and Coordinating Agency;
2. The harmonisation of programmes and projects, as well as a clarification of roles between the AUC and NEPAD Agency;
3. The operationalization of AU governance structures and accountability mechanisms in support of the NEPAD Programme.

In this regard, progress is on tracks (internal structuring of NPCA, renewed governance at the highest-level, etc.) and deeper efforts will be provided during the strategic period 2014-2017 as detailed below.

2. Partnerships: moving beyond MoU signing

From 2010 to mid-2013, the NPCA has signed 48 Memorandum of understanding (with no financial obligation).

Table 1: Type of partners signing an MoU with NPCA during the period 2010-mid 2013

	Number	%
Associations	14	29%
Institutions/governments	14	29%
International initiatives	10	21%
Academics	7	15%
Private	3	6%
Grand Total	48	100%

As illustrated in Table 1, agreements were signed with official institutions and MoUs were concluded with 14 governments and UN agencies (UNDP, FAO, WHO, WFP, UNESCO, UNICEF, UNECA, DFID, Gabon, Congo), as well as 10 international initiatives (UNCCD, Great Green Wall, OIF, UNAIDS, IFPRI, Natural resources charter, etc.). Development-oriented associations form the bulk of partners seeking to establish partnerships with NPCA. Academics institutions also represent a large group, and are predominantly based in the northern hemisphere, with some South African partners. Conversely, the private sector is noticeably underrepresented. This, however, reflects the fact that the benefits of collaboration with NPCA must be spelled out more clearly to attract the private sector in establishing Public-Private Partnerships (PPPs) in support of NEPAD implementation.

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the fact that the benefits of collaboration with NPCA must be spelled out more clearly to attract the private sector in establishing Public-Private Partnerships (PPPs) in support of NEPAD implementation.

Table 2: Type of themes targeted in the MoUs signed by NPCA during the period 2010-mid 2013

	Number	%
General	13	28%
Agriculture, food security, nutrition	10	21%
Fisheries	7	15%
Science and technology	7	15%
Capacity development/education	5	11%
Health	3	6%
Environment	2	4%
Grand total	47	100%

Table 2 shows that some MoUs address general support to NEPAD's activities but the majority focus on priority issues, with particular emphasis on agriculture, fisheries and science and technology. The choice for these themes is certainly consistent with the development priorities of the international community, hence partner institutions' interest in entering into collaboration with NPCA. This also reflects the visibility of NPCA as a relevant development agency.

The relative weakness of agreements on health likely reflects the institutional landscape in this field, divided between major international institutions and large private companies. The reduced number of MoUs in the environmental area should be an incentive to develop activities in this sector within NPCA. The lack of infrastructure partnerships is explained both by the fact that activities related to this area mainly involve private interests that are difficult to concretize in the form of an MoU and that most institutional arrangements have already been made in the prior period.

The following conclusions can be drawn from this brief review of NPCA's partnerships for the 2014-2017 strategy:

- Some themes such as environment and issues related to human development should be emphasized for expanding partnerships;
- Dialogue with the private sector should be concretized by concluding agreements that are adapted to the nature and specific financial capacities of such partners;
- Experience has also shown that MoUs are only a gateway to a meaningful partnership and mutual learning. The opportunities they create must be followed through with commitment, binding instruments and actionable measures. With this in mind, attention during the coming period will focus on contracts and the implementation of MoUs already signed.

3. An evolving internal organization

The 2010-2013 strategy formulated proposals on the internal organization of the newly established agency, which were used as basis for discussion with the governing bodies of NEPAD before formal adoption. The proposed structure marked a departure from the previous organisation built around a division by themes. The objective thereby was to address the "sector based structure". Instead, the focus was put on streamlining the Agency's activities using a Results Based Management (RBM) approach. The focus was therefore on achieving impact on the ground by providing assistance to the REC's and Member states' in implementing NEPAD priority programmes and by fostering a culture of transparency and accountability at NEPAD Agency, making sure that the Agency is better prepared to demonstrate its achievements.

Under the Secretariat, the organisation was structured following the NEPAD thematic areas of agriculture and food security, climate change and natural resources management, regional integration and infrastructure, human development and finally economic and corporate governance. Cross-cutting issues such as capacity development and gender and private sector involvement formed an additional focus. With the transformation into an Agency, five directorates were initially established as a temporary measure paving the way to a formal adoption by the NEPAD governing structures. The initiative stemmed from the recognition that an internal change process had to be initiated as early possible for the institution to speak to its new mandate. The proposed structure attempted to respond to this need by redistributing technical competencies according to the new mandate, while preserving visibility on the five priority areas of the NEPAD programme.

As shown in the matrix below, the five directorates were established according to the function to be achieved to fulfill the NEPAD Agency's mandate. A mixed approach was adopted in doing so, that combined an analysis by objective (logical framework type) and function (decision process type).

Admittedly, some inconsistencies became evident as the institution gradually adjusted to this transitional structure. Most notably, according to the 2010-2013 strategy document, the "policy and programme development" directorate was to "focus on the analysis and development of policies and preparation of programmes". As such, this requires the gathering of evidence and the production of analysis through a knowledge and information system, tasks which are also fell under the purview of SKM. Therefore, there seemed to be duplication in the scope of work attributed to the SKM and policy development directorates. However, this discrepancy and other dimensions were addressed with the decision of the 19th AU Assembly of July 2012 on a new structure for the Agency, thus paving the way to a sustainable reform of the organization.

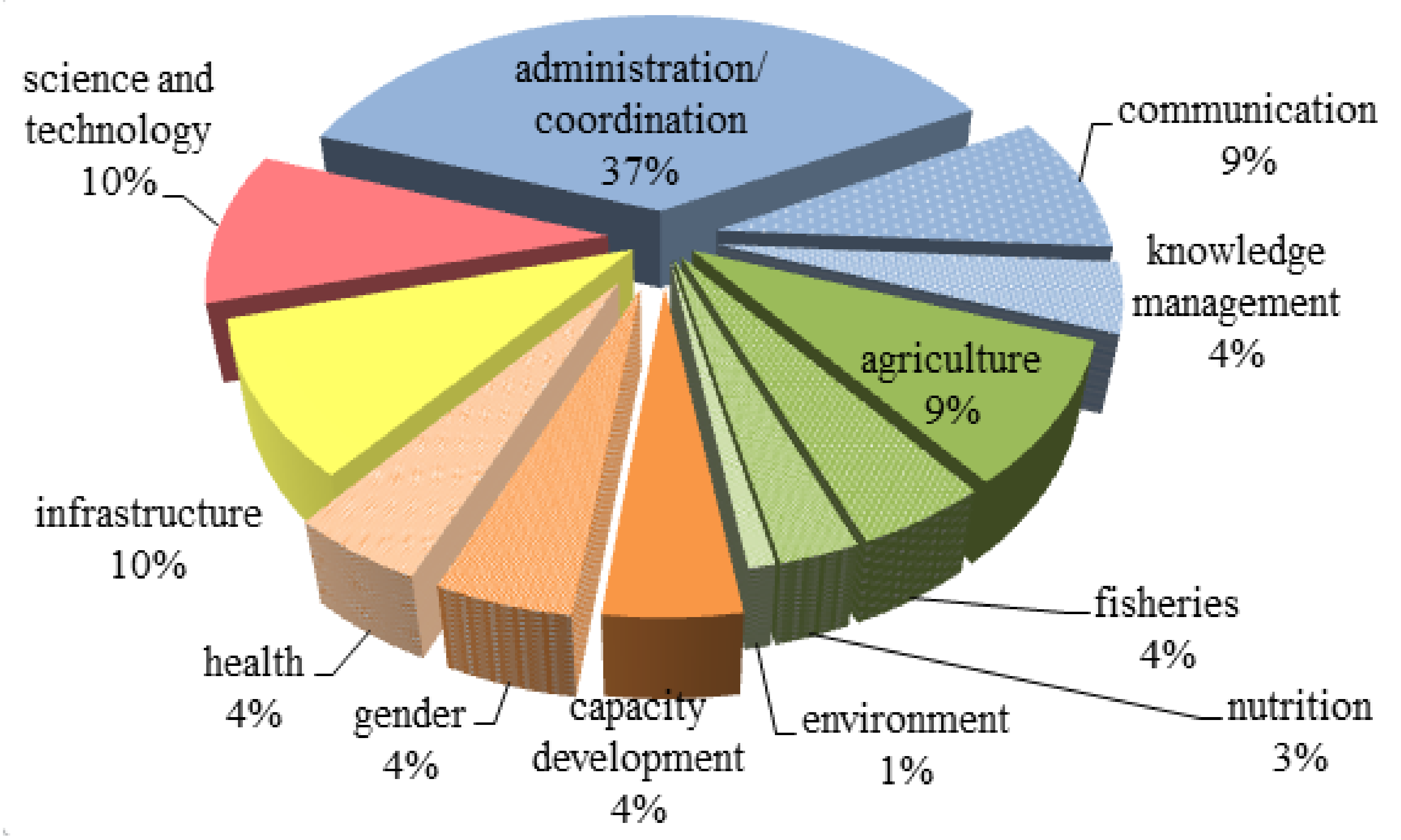
NEPAD Agency's mandate		Directorates	
1.	mobilize resources and partners in support of the implementation of programmes	partnership resource mobilisation and communication	
2.	strengthening partnerships and international cooperation		
3.	facilitate and coordinate implementation of continental and regional programmes	programme implementation and coordination	
4.	monitor and evaluate implementation		
5.	conduct and coordinate research and knowledge management	strategy and knowledge management	policy and programme development
6.	advocating on AU and NEPAD vision, mission, core principles and values	office of the CEO and all others directorates	
		corporate services	

Lastly, it should be noted that besides its structure, the NEPAD Agency has also undergone a fundamental reform of its operating modalities. With the integration into AU structures and processes, the NEPAD Agency has started implementing AU human resources, financial and administrative systems rules and regulations. This followed from the de-linking from the Development Bank of Southern Africa (DBSA) and the operationalization of the Host Agreement signed between the Government of South Africa and AUC on behalf of NEPAD in 2008. Staff employment contracts were migrated from DBSA to AU contracts, effective 1 January 2011 and staff Members of the NEPAD Regional Networks were also re-integrated into the Agency. The NEPAD payroll system has been configured, established and operational with effect from 1 January 2011, making the NEPAD Agency fully responsible for the management of its payroll function, formerly managed by DBSA.

4. Staff requirements: a need to reinforce the team

By mid-2013, staff distribution within the NEPAD Agency showed that half of the manpower was in support functions and that agriculture, food security and fisheries are the most staffed sectors. Infrastructure and science and technology have similar numbers of staff, whereas human development is equally divided into gender, health and capacity development (including education).

Figure 2 : NPCA Staff Distribution



This distribution is a fair reflection of the relative financing importance of each programme. Nevertheless, the focus put on infrastructure for the coming years should lead to the reinforcement of the NEPAD Agency's capacity. Equally, the environment sector is likely to draw more attention, which in turn will call for more staff. Lastly, a stronger focus will be put on knowledge management so as to ensure that a cross-cutting approach in tackling challenges is correctly addressed by the particular thematic or sectorial programmes.

5. Financing: the challenges of domestic resource mobilization

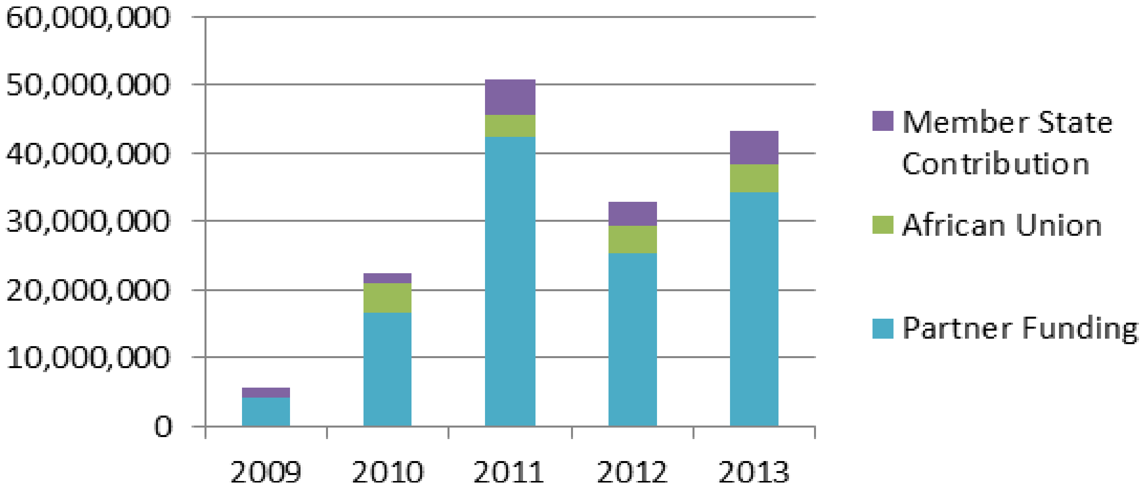
As NEPAD embarks into its second decade of implementation, a major challenge for the NEPAD Agency will be to solve the discrepancy between its increasing responsibilities and uncertain future resources.

The Agency receives funding from various sources, such as the annual budget from the African Union, voluntary contributions from Member State Countries, Partner Funding for specific NEPAD Projects and a management fee on Partner Funding received to sustain the core support function provided to the projects.

a) Budget

As illustrated in the figure below, NPCA's budget originates mainly from donor funding (just under 80%). This situation impedes on full ownership of our development agenda.

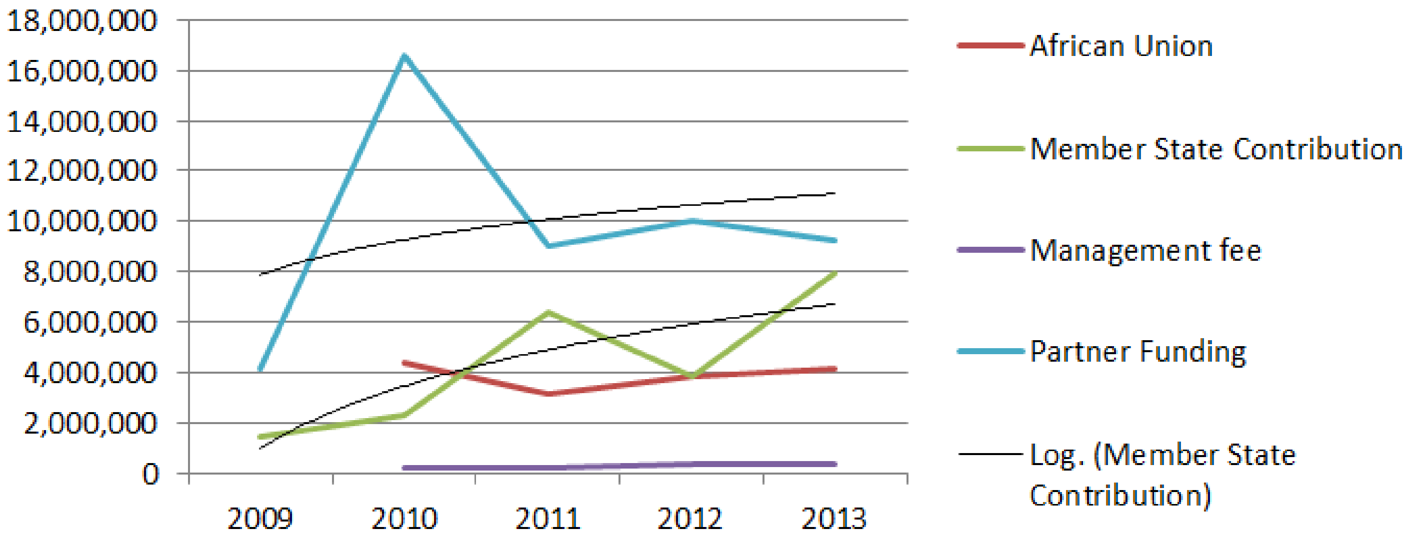
Figure 3: Trend on NPCA budget 2009 -2013*



b) Income received 2009 - 2013

The NEPAD Agency received a total amount of $84,668,035 over the period 2009 to 2013 financial years. 54,3% originates from partners and is exclusively focused on programmes financing; 18,4% of the budget comes from the AU, while 26,0% come from member states contributions and 1.3% through the management fees. The three latter cover the operating costs.

Figure 4: Trend on Income received 2009 -2013*



** for management fees and partner funding, extrapolation for the whole year based on data until August 2013 and for AU, budget data*

Partner Funding

Partner funding increased significantly from 2009 to 2010 mainly due to the income received from the government of Spain for the Gender Programme, which accounted for 72% of programme funding over those years (the total grant value of the project was Euro20 million for three years until 2014 with a first instalment of 50% of the contract value). An increasing trend in the flow of income has been reported in 2011 and 2012, which shows that NEPAD was able to maintain stability in the partners that are financing CAADP, the Partnership for African Fisheries (PAF), science and technology programmes and ICT programmes (partners such as DFID, Spanish Fund, GIZ, SIDA, World Bank managed funds and BMGF contribute to the largest portion of partner funding).

The funding nevertheless shows some constraints: the amounts are poorly predictable from one year to the other and are uneven. The trend is uncertain: 2013 could show a decrease of funding from partners. And finally, there is a clear trend of splitting up of contracts (from 9 in 2009 to 41 in 2013) hence a progressively decrease of their individual amount and therefore relatively increasing management costs. This dependency on external partners for funding programmes is a matter of concern that is seriously taken up in the present strategy.

African Union Funding

In 2009, no funding was received from the African Union. However, in 2010 the income received from the African Union amounted to $4,4 million which was mainly for the transition period, i.e. delinking from DBSA and integrating into the AU Structures and Processes. Thereafter the income decreased in 2011 and then increased steadily over the period 2011 to 2013. The decision made for the restructuring of the Agency means more funds from the AUC, and thus increased ownership. This decision is discussed in greater detail hereunder.

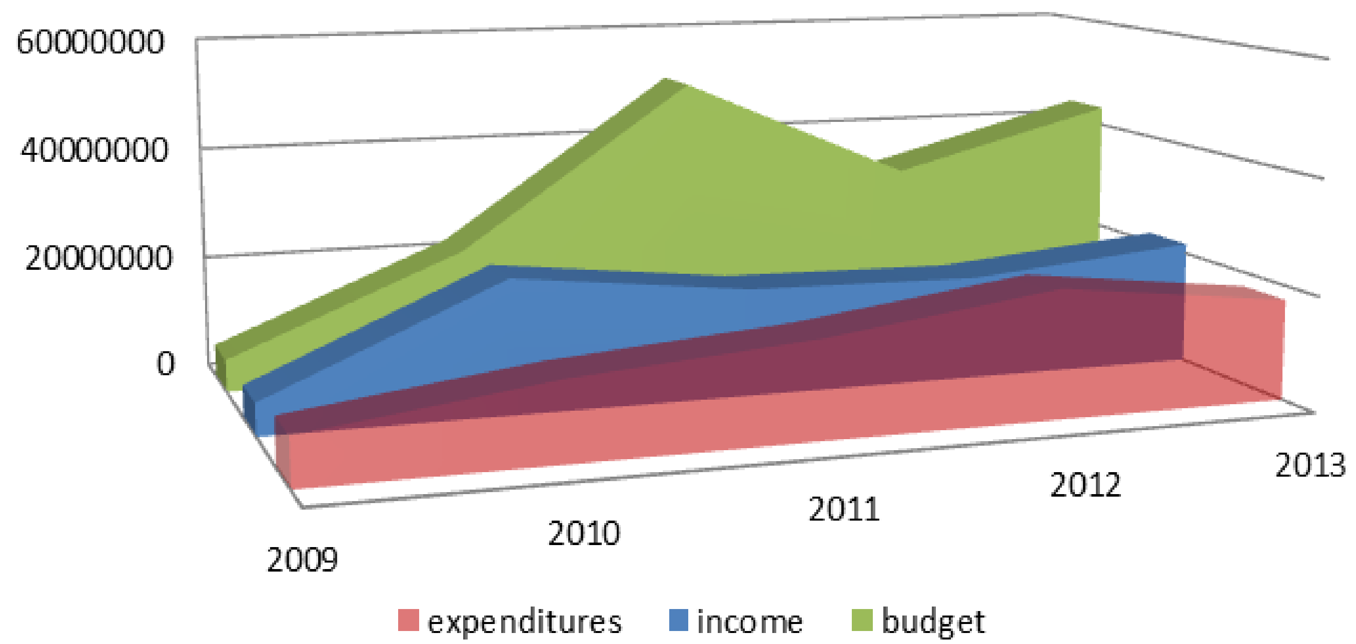
Member State Contributions

Member state funding increased significantly from 2009 to 2013, mainly due to the additional contributions made by Nigeria and South Africa. In 2012, contributions had decreased but recovered significantly in 2013 as a result of the additional contributions received from South Africa for the Strategic Planning and Knowledge Management directorate, as well as for the process of NPCA moving to the new premises. Senegal's contribution also increased in 2013 and contributed to the member states' contributions weighing more than AUC funding. Even though this increase can be attributed to only a handful of countries, it denotes the increasing interest and confidence of member states in the NEPAD Agency. This should be built on as part of an outreach to mobilise a greater number of countries in support of the Agency's work.

c) *Expenditure 2009 -2013*

The overall expenditure has increased significantly over the period from 2009 to 2012, attesting to a better execution capacity of the Agency. However, the 2013 figure shows that this trend is fragile and will depend on whether human resources and implementation capacities are preserved in the long run. The discrepancy between expenditure and income or budget is indicative of the inability of the structure to adjust to possible rapid changes in funding sources. In turn, this might also affect the readiness of funding partners to sustain disbursements should the gap between expenditure and budget persist. The 2014-2017 strategy will thus focus on improving the responsiveness to opportunities offered by new sources of financing. Human resource management will be a key element as well as the tracking of results.

Figure 5: Trend on Expenditure compared to income and budget2009 -2013

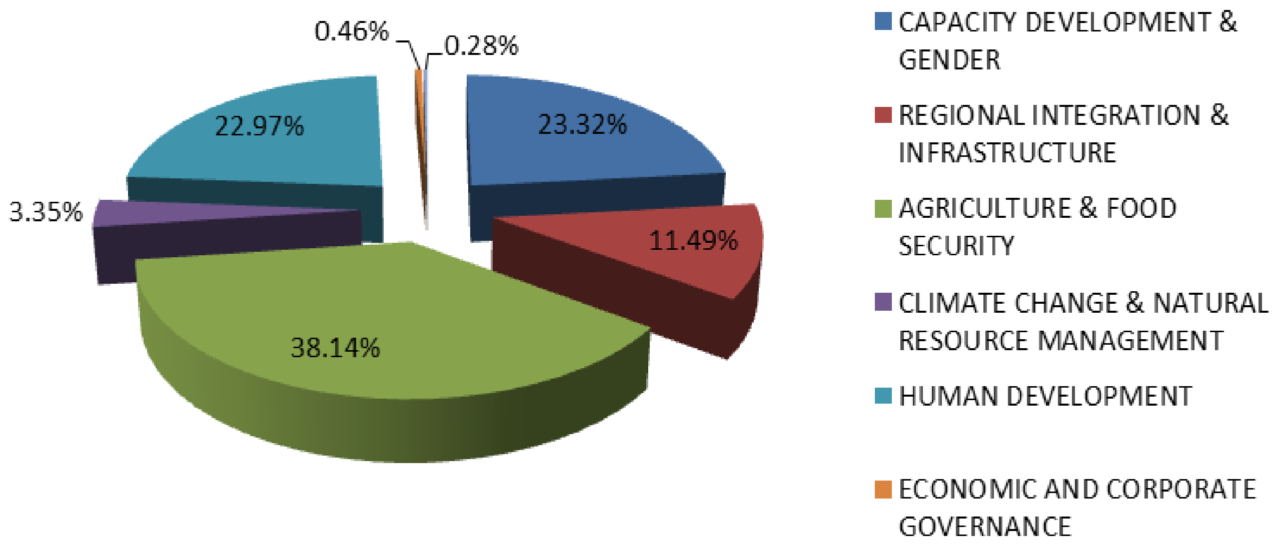


Note: 2013 is provisional based on extrapolation from 8 to 12 month

d) *Income and expenditure per thematic area*

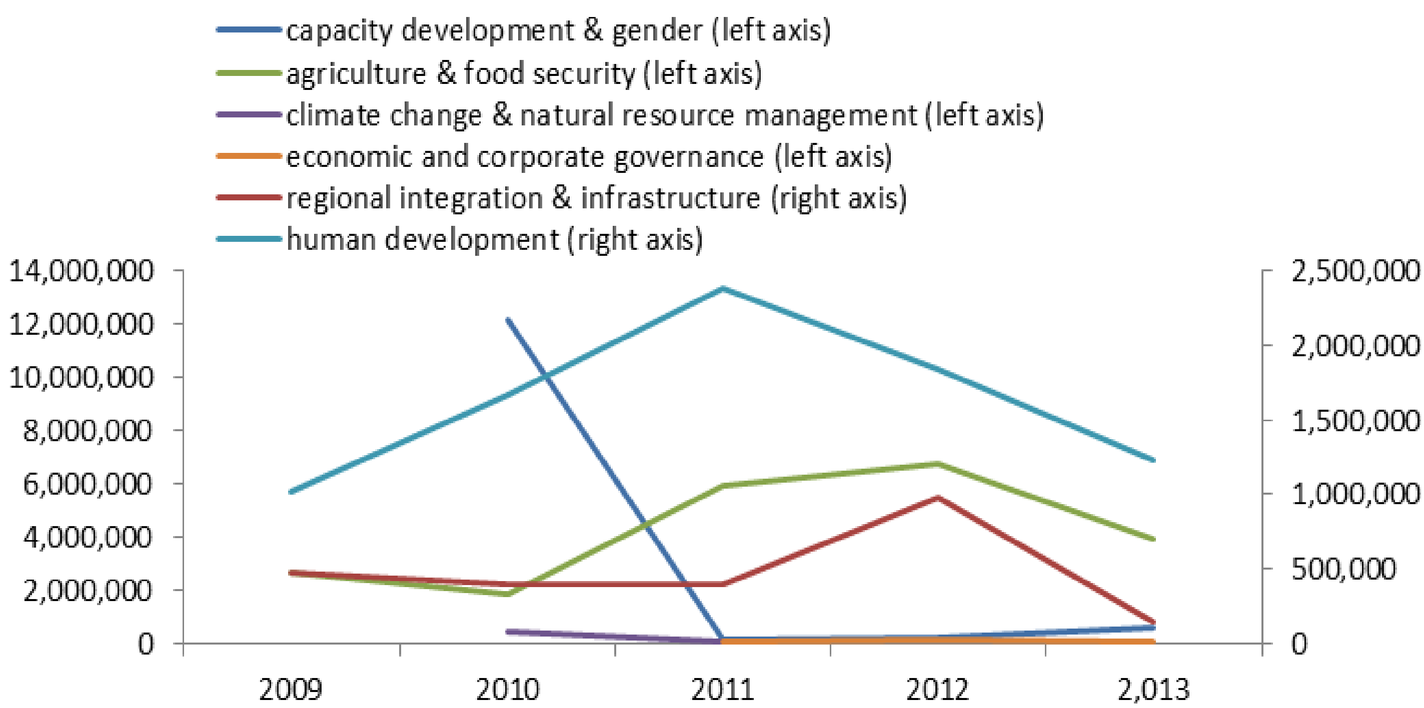
Expenditure incurred over the period 2009 to 2013 is mainly on the thematic area of Agriculture, food security and nutrition, Capacity development and gender and Human development. This reflects the importance of some major funding agencies in specific areas such as Spain for gender, the Bill and Melinda Gates Foundation and China for capacity development/education and a pool of donors through the World Bank for agriculture. The relatively low funding channelled to regional integration and infrastructure should be corrected for the next period but can be explained by the fact that responsibilities in brokering resources for infrastructure were spread among different institutions in Africa and that NEPAD has recently been given the lead role on the theme. The same should happen in the future with a rise in importance of environmental issues linked with governance and financial aspects.

Figure 6: expenditure per thematic area 2009 -2013



The evolution of financing per thematic areas shows that besides agriculture, funding of programmes is quite volatile across years. This calls for a careful planning process upon the securing of specific financing and the development of strategies to anticipate possible redeployment and reinvestment in project development. Internal monitoring capacity will be critical in this respect.

Figure 7: Income trend per thematic area 2009 -2013 (2013 till end of August)



In a nutshell, the issue of financing should be addressed at three level, namely i) at the level of source of funding, with a need to target domestic resources, ii) at the level of implementation capacity, as this also affects funding partners' confidence in the NEPAD Agency, iii) at the level of responsiveness to changes in the volume of funding and anticipation vis-a-vis new opportunities related to emerging themes. Most of the solutions rest upon the ability to mobilize staff on these vital issues for the Agency's effectiveness.

6. Conclusion on lessons from the 2010-2013 strategy

The brief review of the 2010-2013 strategy provides the following lessons for this strategy:

1. Seeking financing from domestic resources would ensure more independence and predictability and help develop an internal capacity development strategy in this respect. Focus should also be given to the concretization of existing partnerships;
2. The Agency has margins of maneuver to be more efficient in the implementation of programmes, especially by investing in human resources management, better internal coordination towards collective efforts and stressing the promotion of budget execution;
3. The stabilization of the structure will provide an opportunity to strengthen cross-cutting functions relating to the management of knowledge and foresight and promote a team spirit to break silos between programmes;
4. Monitoring results must focus not only on the specific objectives of the programmes but also on their contribution to solving major challenges facing the continent.

IV. The Strategic orientation

1. Principles for action

The NEPAD Framework is based on the core principles of leadership, ownership and participation. The novelty of the current period is that Africa has now the means of its ambitions with increasing financial resources which could relegate ODA to a secondary role and increase ownership: FDI is reaching 50bn$ per year, tax income amounts 520bn$ whereas capital flight is around 80bn$ a year and tax evasion about 25bn$ yearly. Leadership has improved, with more coherent institutions in place and a new generation of leaders open to accountability: 25 out of 54 countries have regular elections whereas they were only 3 in 1989. The environment is investor-friendly and now offers higher returns on investment than other regions. Good governance is a driver for a renewed leadership with bold, unique and innovative approaches designed and implemented by Africans for Africa such as the APRM. The Arab Spring expresses the desire for participation of youth and middle classes in public affairs and should be translated into action. Thus, inclusion, broad participation of different stakeholders, especially women and socially marginalized groups, as well as outreach actions should inform the NEPAD Agency's strategy.

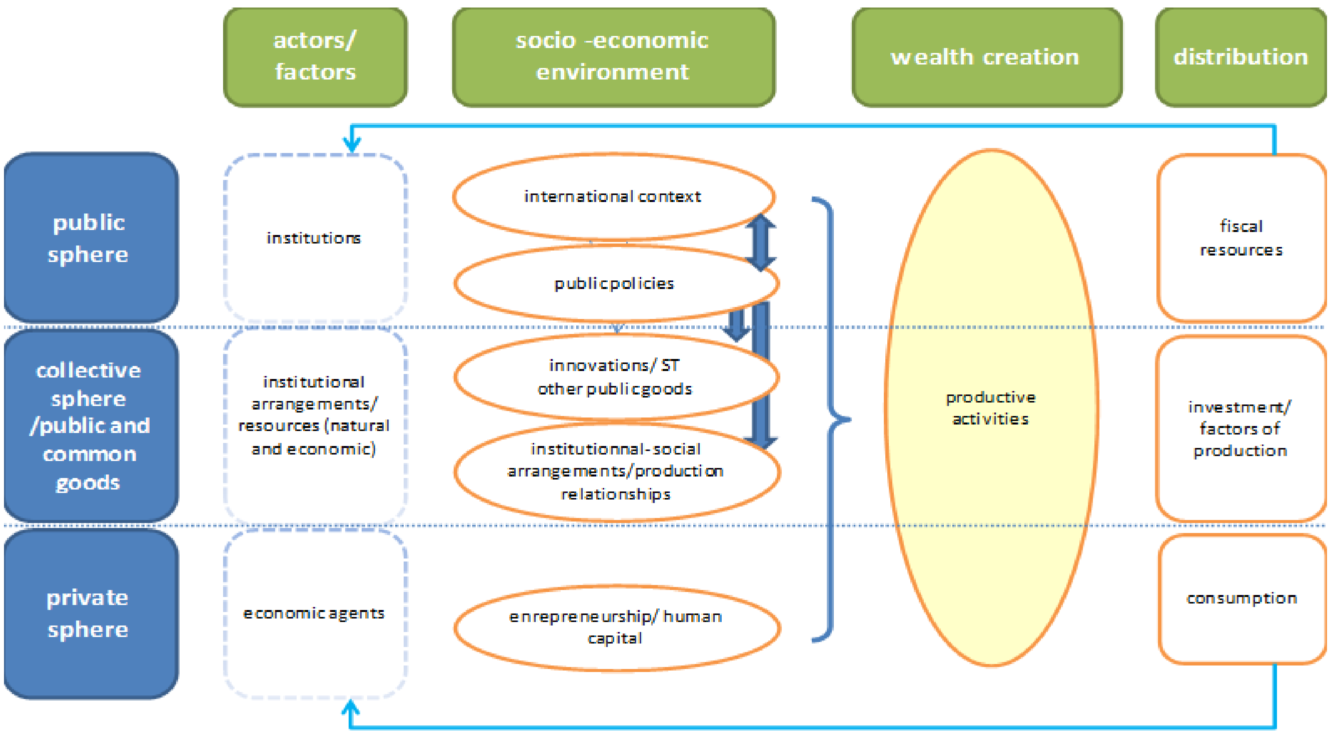
The ideological context has also changed and offers an opportunity to concretize a new mindset. A gradual turnaround occurred over the last decade that led to a reinstatement of the notion of "planning". NEPAD is a glaring example and restores a concept that had been relegated to the backwaters for at least two decades.

2. The theory of change

The 2014-2017 strategy stems from the application of the fundamental principles of NEPAD, the priority objectives or challenges the Agency aspires to address and a theory of change based on a thorough grasp of transformation drivers. The theory of change thus describes preconditions or drivers that are connected into building blocks and considered as required to bring about a given long-term goal (transformation) through a pathway of change.

A simplified representation of our vision of economic operation should consider four main domains: i) the action of economic agents, ii) the structures inherited from the history, the culture and the natural environment, iii) the production of wealth and iv) the distribution of wealth. These domains interact on different actors who are schematically the private sphere, the public sphere and the collective sphere which consists of shared goods and rules. The economic process occurs through the interaction of human capital (private agents) and the knowledge, skills and resources available in ways that may differ across countries and over time (according to common rules, dictated by law or custom) and may evolve (current institutional arrangements), and public intervention (public institutions) that may influence or enact norms and influence the global context. Institutional arrangements are here understood as the formal and informal rules of conduct that govern and facilitate relationships between individuals or groups, in economic, social and political spheres. A change in institutional arrangements relates to political economy (in Figure 8 below, the "socio-economic" block).

Figure 8: a simplified theory of change for transforming Africa's economy



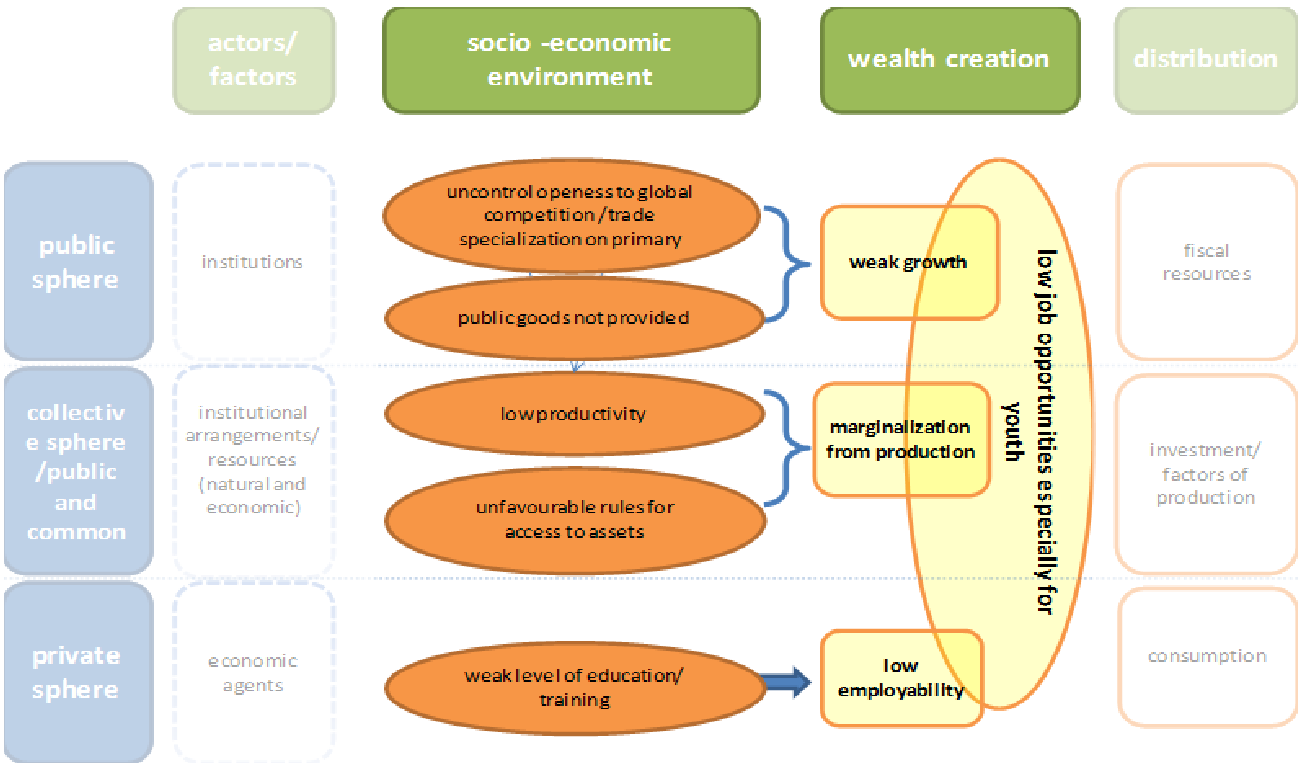
At the end of the productive process, the wealth created will stimulate consumption by economic agents. Part of the wealth will also be devoted to investment and levied for general and collective use according to rules fixed by the government or specific arrangements, for example, set by communities or other groups for themselves.

In order to answer the question as to how to address the priority challenges identified in the previous sections (namely, job creation - especially for young people, inequality, sustainable management of natural capital and a fair place in the concert of nations), the causal links between these challenges and the drivers of the production process must be defined in order to identify the levers for transformation. For clarity, each challenge is considered separately below.

Employment, particularly of the youth, requires that focus be put on training but also on facilitating access to assets such as land, since agriculture will remain a major job provider. Due attention should also be given to ensuring growth, in particular in labour-intensive industries. This will require addressing the competition from other developing countries already producing for the international market and providing for African demand, even though potential exists to produce locally. Hence, measures must be found to give preference to domestic resources in responding to the African demand.

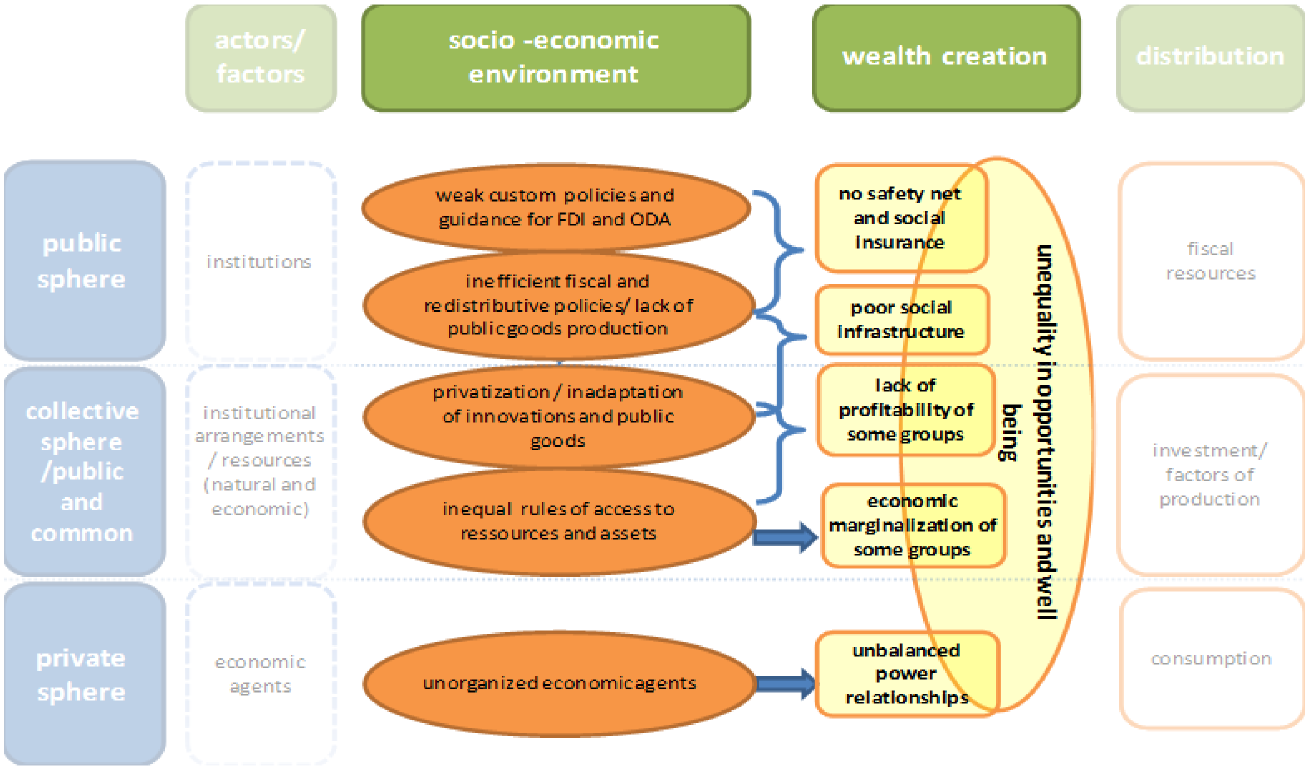
Unfair competition within the context of globalization is of particular concern if liberalisation is not accompanied by safeguard measures that will help support increased productivity and competitiveness of regional economic agents. Thus, while strengthening regional preference and managing natural resources in a more equitable manner constitute challenges in their own right, they are also factors for inclusion and job creation. Therefore the main driver of change will be the action to modify the conditions of access to resources and conditions of insertion into markets. This also directly relates to **political economy** issues and interventions.

Figure 9: addressing the employment challenge



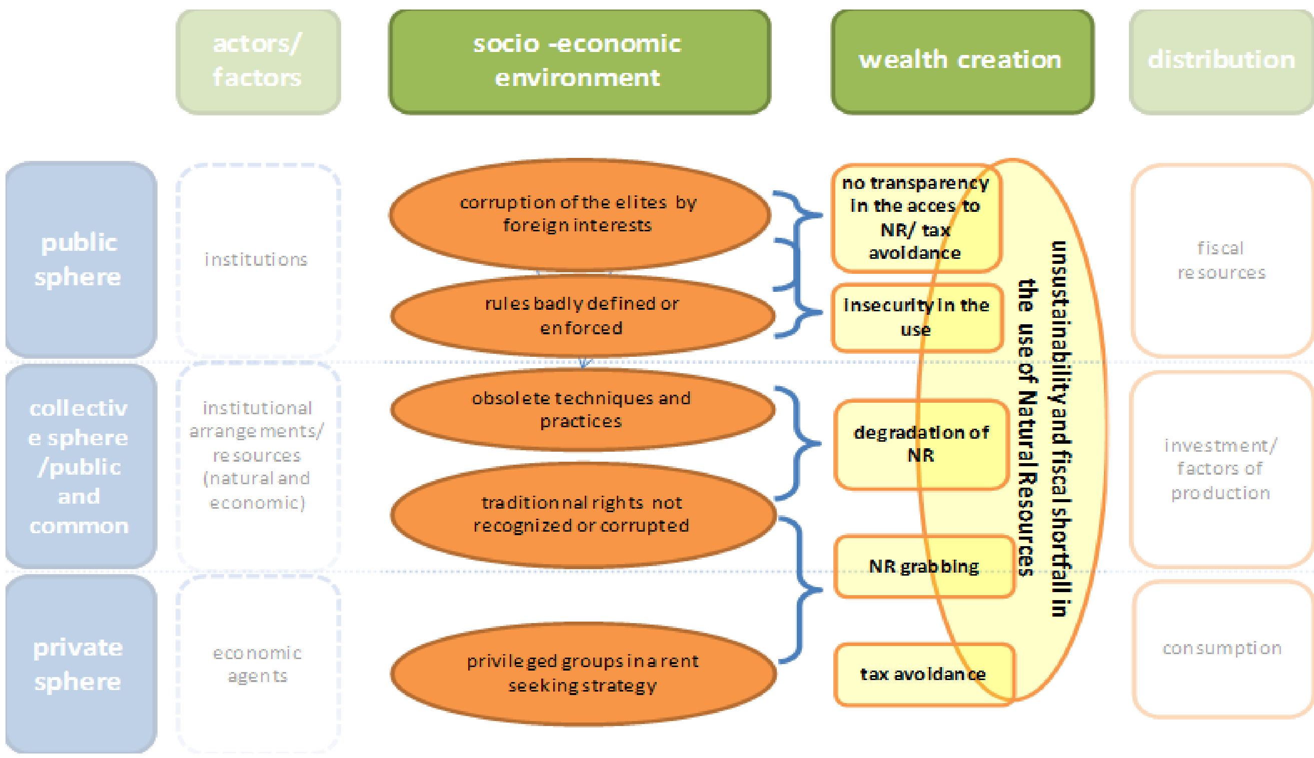
The **fight against inequality** also calls for changes in terms of access to resources, especially for the most vulnerable, women, young people, but also in the conditions of distribution of added value and profits. It is still a matter of political economy but it also involves a change in power relations and balance (especially within sectors) as a result of the actors' own influence and capacity. Public institutions are also catalysts for change in the relationship between stakeholders through the establishment of systems and processes guaranteeing a more equitable access to resources or redistribution rules and the provision of public goods. The construction of efficient public institutions and "capable" states are thus strategic elements to address the challenge of inequality. This is why **capacity building** and **empowerment** are critical.

Figure 10: addressing the inequality challenge



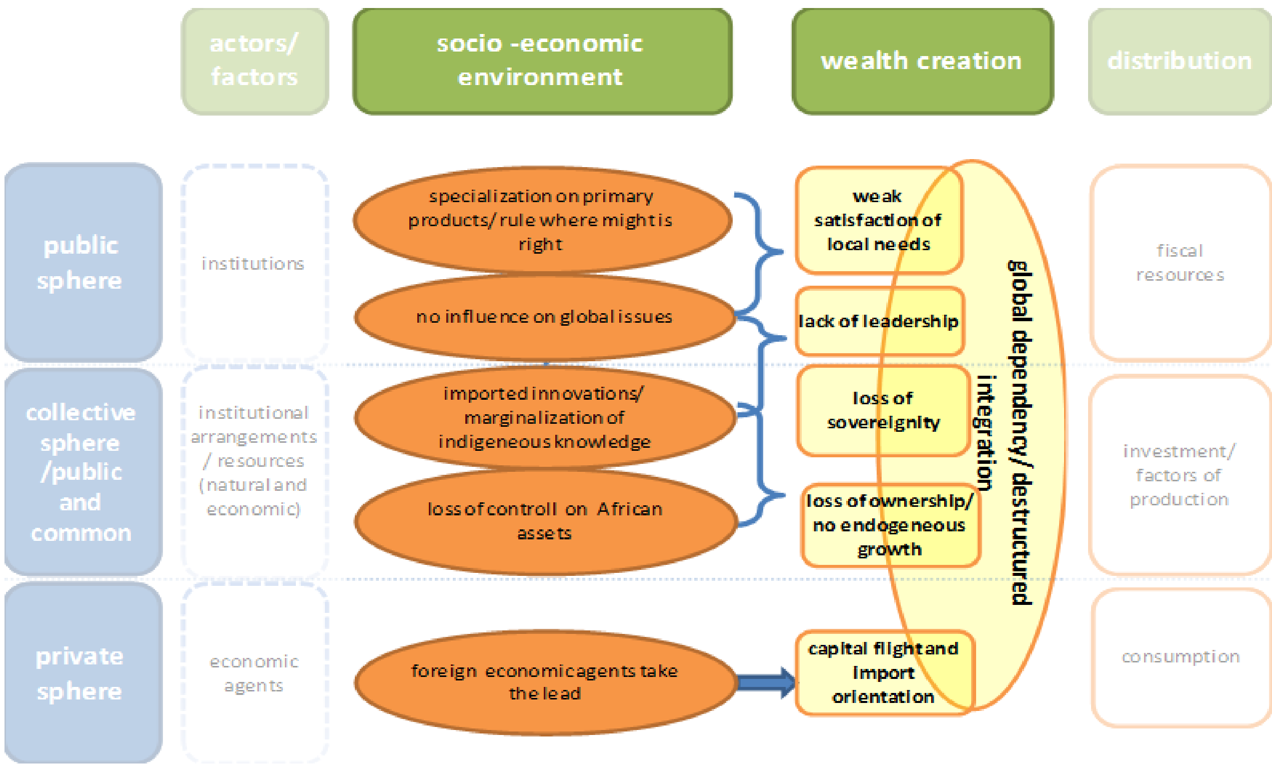
Good governance of natural resources leads to greater equity and employment creation (e.g. by making land available). But it also has its requirements such as institutional capacity to impose and enforce rules, or to promote change in how communities relate to these resources, support a change in practice from operators and, downstream, to change the way rents are captured. The challenge is to deter pillaging and plundering and to promote sustainable exploitation. It is indeed a matter of political economy, which can be carried out only by **involving stakeholders** (private sector, professional groups, employees, local authorities) in the definition of new arrangements.

Figure 11: addressing the NR governance challenge



Achieving a **fair integration into the community of nations** will strengthen Africa's ownership and leadership and manage the drivers of structural transformation in achieving the continent's own objectives. Capable institutions thus need to have the means of their ambition and develop a vision accordingly. Thus the NEPAD Agency has a specific responsibility in steering this policy and advocating for African interests in international forums.

Figure 12: addressing the global community insertion challenge



The 2014-2017 strategy is thus divided into four main elements that derive from the above identification of the main entry points for change. The strategy focuses mainly on answers given to four questions namely i) what is it for? What is the scope of the NEPAD Agency's interventions; ii) with whom should actions and results be achieved? Which alliances to develop? (iii) Where to insist on? What are the institutional/political implications of these interventions; and iv) How? How to proceed?

The four main orientations are therefore:

1. Defining and promoting new collective rules, new institutional arrangements (political economy) aiming at addressing the following priorities: job creation, more equity, the preservation of Africa's natural capital and a fair integration into the global community;
2. Supporting actors in the promotion of new institutional arrangements and the effective implementation of the production process and the distribution of wealth;
3. Building capable institutions, firstly that of the NEPAD Agency, in order to monitor changes in the institutional arrangements resulting from interventions by public entities. Capacity must therefore be built to monitor results and draw lessons from practice in implementing Africa's priority programmes and projects. The Agency will therefore aim to produce ideas, with a capacity to forecast possible scenarios and advocate for a vision especially towards economic actors, RECs and partners.
4. Finally, capacity is that of resources. To be effective and ensure full ownership over its policy, the NEPAD Agency will secure the means to achieve its ambitions, and therefore minimise the influence of external challenges or interests in carrying out its development agenda. This involves increasing domestic resources, improving the internal organization of the Agency and developing African innovations and knowledge.

3. The strategic orientations

a) *The priority for intervention: considering the political economy of development*

To address issues of youth employment, inequality, governance or fair market integration, approaches by sector are not sufficient. It is necessary to ensure cross-sectoral interventions to better take into account the interactions between them as well as the interests and possible conflicts between social actors as these are often the main blocking factors for change and transformation.

In the design of interventions, new approaches for public intervention will be promoted that go beyond programme approaches to a political economy one (based on the need to create an enabling environment for effective results-based programmes). The rationale of different stakeholders, the identification of their interests and constraints as key factors for success will be made clear. While local, national, regional, continental and global answers may be complementary, they can also contradict each other. Only an in-depth understanding of the dynamics and interests at play at each level (continent, region, country, local) will allow for a strengthening of the vertical coherence between them on themes such as: wealth management (capturing and redistribution of rents and benefits and management of trade relationships), unequal access to assets and public goods production, governance of natural resources, among others. The analysis of subsidiarity and its practical application in the framework of programme implementation will be a particularly important dimension to bear in mind. Specific attention will be given to conditions required for realizing a progressive integration into global markets by fostering and giving preference to regional (RECs) dynamics.

This approach will be concretized by strengthening the role of political economy analysis as a tool to inform the design of programmes and projects. Such analysis looks into balances of power and specific interests of stakeholders, among others. This will allow for the definition of expected results in terms of cost/benefits, the formulation of actionable policy recommendations, including relating to the governance of projects and partnerships, as well as to a better articulation with upstream or downstream drivers (i.e. from policy frameworks to cultural context through social and economic constraints and relations).

Crosscutting approaches/initiatives such as Rural Futures, corridor development for regional integration, capacity development, as well as gender and governance, will be strengthened with a view to mainstream responses to the identified challenges in sectorial programmes (cf. below).

b) Increasing participation for broad-based support

Taking into account the interests of stakeholders is fundamental for the effective implementation of the NEPAD Agency programmes and interventions. Ensuring participation is thus a key component of the strategy.

Inclusion covers participation in public choice and should lead to involvement and accountability from e the definition of interventions to the implementation of specific actions, . More than a measure of civic justice, it is a guarantee of effectiveness in achievement: the choices made correspond to the existing needs and stakeholder groups are more engaged in the concretization of their choices. Given the emphasis on the private sector in economic dynamics and the marginalization of a large part of African economic actors (informal employment, agriculture and crafts in particular), the empowering role of non-state actors (private sector, professional organizations) will be promoted.

At the same time, building capable and developmental institutions/states will be equally important, given the need for genuine inclusiveness and ownership of public policies by normative constituencies for their effectiveness. This also applies to the NEPAD Agency who will continue to advocate for NEPAD's vision by engaging in dialogue and discussion at the international and continental level and muster the support required to address transformation challenges. Participation to policy design will primarily address the issues of social inequality and governance whereas political dialogue will contribute to a more balanced integration into the concert of nations.

This empowerment of stakeholders will seek to better articulate interests and competencies and therefore strengthen the horizontal coherence of NEPAD interventions at each level.

c) Focusing on impact and fostering innovative thinking

At the level of implementation, emphasis will be given narrow the focus from translating NEPAD vision to programmes definitions and actions, down to the achievement of results and impact. This will help provide a more adequate response to AU policy, and thus increase the Agency's responsiveness and accountability towards Member states, RECs and AUC, while also contributing to the improvement of Agency's organizational efficiency and effectiveness. By setting up the NEPAD Agency as its technical development arm, the AU was looking to achieve results beyond the formulation of policies. After a decade of setting-up programmes, the opportunity should be seized to capitalise on the achievements so far: perform beyond establishing plans and processes.

This has direct implications in terms of activities, since it requires improved coordination and synergy with the AUC for alignment and complementarity to AU decisions. Capitalization of experiences, knowledge generation and sharing, forecasting will constitute key activities to stimulate thinking, understanding and action geared towards relevance and impact. This would allow current divisions and units to go beyond sectorial approaches to better take into account the contributions of all programmes in meeting the challenges of change.

Mainstreaming issues of employment, inequality, governance and fair integration must inform a new approach and culture in evaluating NEPAD programmes and interventions. The focus on results and impact will highlight the capacity of Africans to lead their destiny. The Agency should also develop a vision, based on lessons learned and experience drawn from the developmental practice of the Agency and advocate for it within the framework of global forums aiming at defending African interests. Overall, NEPAD should champion a new way of thinking and operating prioritizing impact over processes only.

d) Improving execution and innovation capacities for increased ownership

Africa must demonstrate its willingness to increase its ownership on development issues by showing that its institutions, including the NEPAD Agency, have the capacity to become agents of change. Taking ownership of its development requires building on existing strengths. Overall, the NEPAD Agency must make more predictable its financial, technical and human resources and strengthen its internal organization accordingly.

Like other African institutions, the Agency depends heavily on its external partners for funding. This puts the implementation of its programmes and projects at risk.

To tackle this situation, the Agency, in collaboration with UNECA and AfDB presented a report on ways and means to mobilize domestic resources to finance NEPAD programmes and projects.

During the course of 2014-2017, a specific focus will be put on implementing the recommendations of the report to reduce the dependency from international donors and increase African ownership through more domestic funding. At the external level, the production and uptake of innovations, knowledge generation and sharing processes should be made relevant and adapted to the specific African context, the implementation of its transformation agenda, following a political economy analysis discussed as the first strategic orientation. The Science and Technology hub will play a key role in reaching out and creating a space for dialogue with the human and environmental sciences community.
The following strategic priorities will thus inform the Agency's work and include the mobilization of domestic resources, capacity development – in particular within the NEPAD Agency and including human resources, but also at the level of the RECs –, improved internal organization, the maintenance of quality in the governance of the institution.
Institutionalising the sharing of experiences and lessons learned in coordinating NEPAD, and supporting the implementation capacity of NEPAD structures and Focal Points will ensure the effective coordination and accelerated implementation of priority regional programmes and projects in line with the outcomes of the Regional dialogue on enhanced coordination towards NEPAD implementation (Durban, June 2012). Specialized AUC agencies will be incorporated in the consultative bodies of the programme according to their field of competency.

4. A functional approach to structure programmes and interventions

The theory of change developed above leads to propose a functional organization of the NEPAD Agency activities that better corresponds to the entry points for the strategy (which appear under the "socio-economic" environment block in Figure 8). This is bearing in mind that these points influence production patterns, as well as the nature of wealth created, and thus the potential for distribution. Therefore the three spheres (public, common goods and technology, private agents) and the domain of productive activity are considered to structure the functional presentation of programmes:

- Public policies management: African medicines regulations; Development effectiveness; Resource mobilization; Climate change/environment; APRM etc.
- Innovations, public goods: Science hub; Biosciences; ICT; ASTII; IKS and traditional remedies etc.
- Empowerment: Gender; Nurse education; other training/capacity building projects; Capacity development etc.
- Productive sectors/ economic transformation: Agriculture and fisheries; Nutrition; Rural development; Infrastructure; PIDA/ PICI.

This functional organisation of the NEPAD Agency's programmes and activities allows for a better positioning of each programme within the context of the theory of change discussed above, as well as the streamlining of their contribution to Africa's transformation. It also emphasizes the importance of areas such as governance and empowerment as key success factors, thus providing the grounds for sectors or public goods related themes to address such areas.

V. Organisational structure

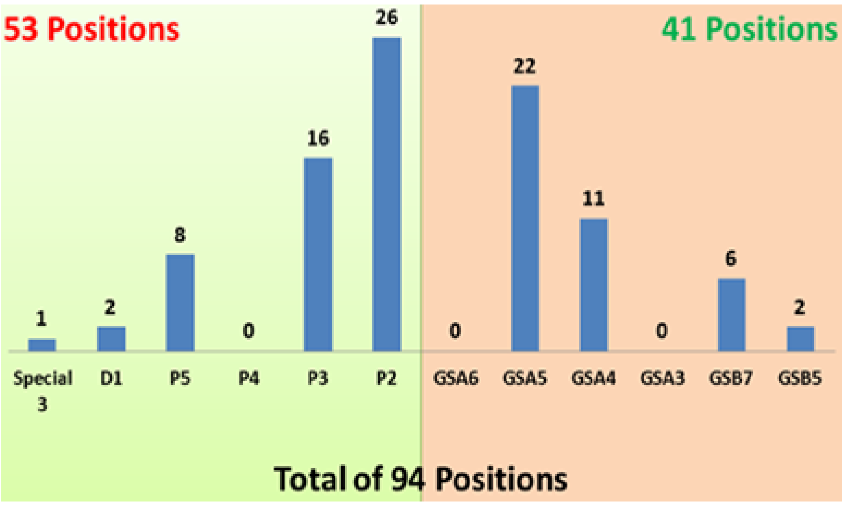
1. Organisation of NPCA

An efficient implementation of the new strategy will depend on the capacity to operate in a more structured and stable manner.

a) Decision on a new organogram

In July 2012, the AU Executive Council (EC), by Decision (EX.CL/Dec.721 (XX1)), approved a new structure for the NEPAD Agency. The EC approved 94 positions to be filled over a period of 5 years (2012-2016): 53 Professional positions, and 41 Support Staff Positions (further details are provided in Figure 13 below).

Figure 13: Decision for the new positions



The new structure is composed of the Bureau of the CEO and two Departments, namely: the Programme Implementation and Coordination Directorate (PICD); and the Administration, Finance and Human Resources Directorate (see Figure 14 on the next page).

The Bureau of the CEO brings together the cross-cutting programmes in four Divisions (Strategic Planning/Monitoring and Evaluation, Partnerships & Resource Mobilisation, Capacity Development and Coordinating Divisions) and four Units (Knowledge Management, Communication, Internal Audit and Legal Services).

The PICD will be made up of two Divisions: Programme Development, and Programme Implementation and Coordination.

The Administration, Finance & Human Resources Directorate will equally be made up of two Divisions: Human Resources Management; and Finance, Budgeting and Administration.

The estimated budget for the implementation of the new structure amounts USD 8.96 million, of which 40% was committed for positions to be filled in 2012 and, thereafter, 15% annually for four years over the period 2013-2016, as per the breakdown shown in Figure 15 below).

Figure 15: Budget forecast

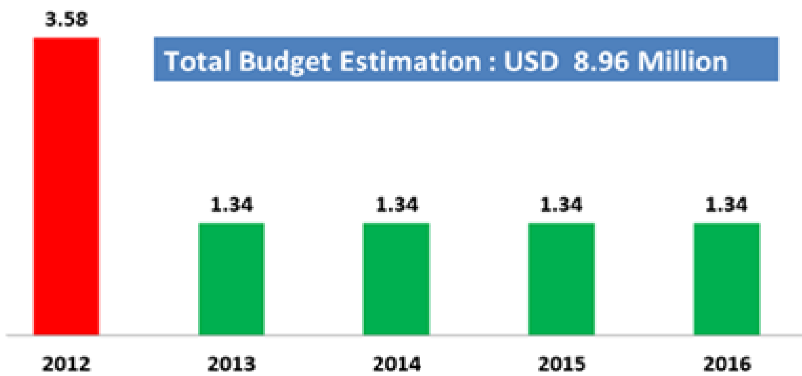
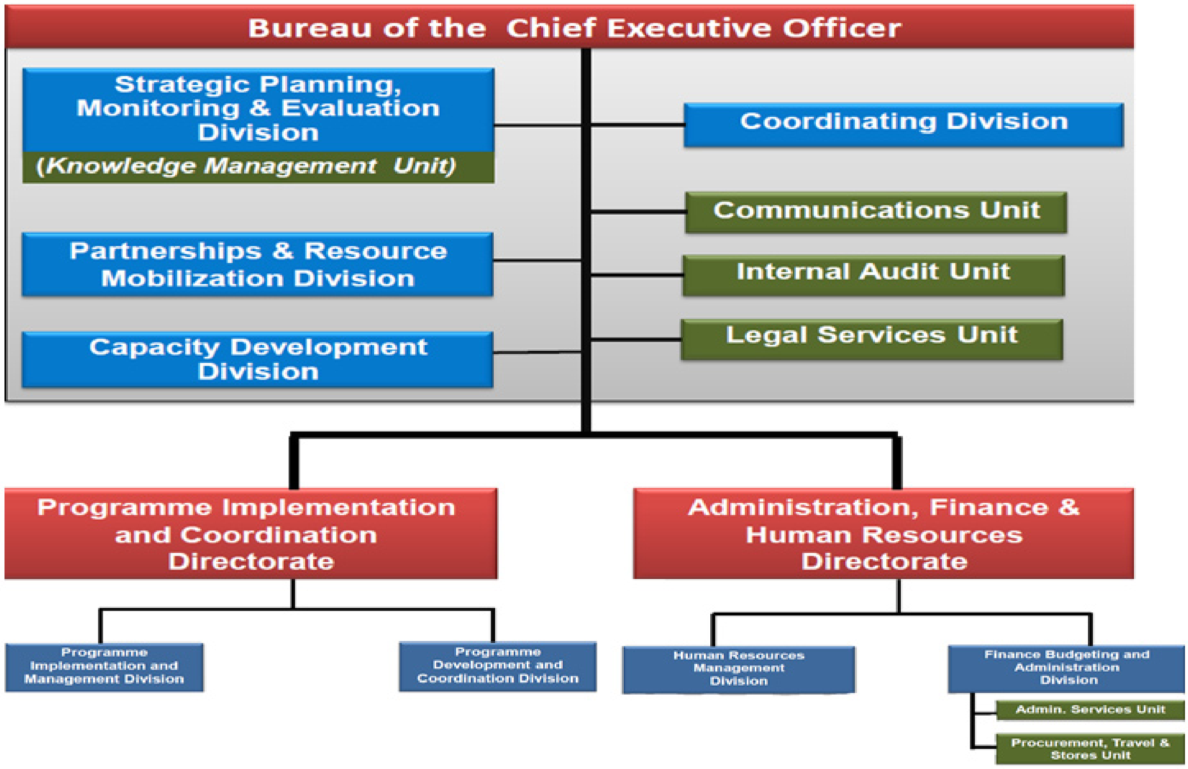


Figure 14: The new organogram



The process for the implementation of the new structure was initiated in August 2012. A committee was set-up to provide the CEO with proposals on the most cost-effective way to implement the new structure with a view to strengthening the effectiveness, efficiency and results-oriented delivery capacity of the Agency. The implementation plan (filling positions, budget increase) is in fact to be completed during the period of the present 2014-2017 strategic plan.

b) The answer to organizational challenges

The new structure formally adopted aims at addressing some challenges of the old "Sector Based Structure" which was considered as too weak to tackle multi-sectorial problems and limited horizontal interactions between programmes. This had resulted in reinforcing a silo mentality and a disproportionate distribution of the reporting and monitoring burden. The new structure also helps to address problems raised by the transitional structure by simplifying the strategic and policy approaches for programme development. It brings together Strategic Planning and Evaluation with Knowledge Management in order to reinforce the assessment and advisory component at the level of the CEO. In the same vein, "Partnership and Resource Mobilization" has been integrated within the CEO's office thus denoting its strategic importance for carrying out the Agency's mandate. "Programme Implementation and Coordination" has duly been given centre stage in the organogram.

2. Immediate implications for Directorates, divisions and units

a) Administration, Finance and Human Resources Directorate

Under the NEPAD Agency's Strategic Direction 2010-2013, the Directorate focused on developing the appropriate frameworks for Human Resources, Finance, Budgetary and Administration policies, procedures, and plans to advance human capital and organisational development. To this effect, the NEPAD Agency adopted the African Union rules, regulations and practices for Human Resources, Finance, Budget and Administration processes in 2010/2011.

Based on the assessment of the main undertakings of the three business streams of the previous Strategic Direction, the Directorate initiated measures to promote organisational efficiency, performance and development. Building on these successes, the Directorate will further strengthen the systems and procedures in place, while adopting new ones that respond specifically to the new strategy.

b) Role and functional responsibility for Strategy and Knowledge Management (SKM)

Three key factors of success in achieving this function under the 2014-2017 Strategy can be mentioned: i) since internal resources and manpower availability are constrained, NPCA will have to develop synergies through collaborations with institutions that are well positioned for their expertise in the field of forecast and situational analysis. UNECA that is explicitly developing such slot for expertise and think tanks like ISS, or the African futures institute account among targeted partners; ii)internally, the direct positioning of the

KM unit under the supervision of the CEO will give more authority to improve adherence and cooperation from programmes to providing primary information on implementation and data on results and impact; iii) a specific channel of information and building of tracking system for financial and administrative data in the perspective of implementation assessment should be established. It requires to build up specific templates and measurements that reflect in the financial system some objectives that are set at the overall functional level (for example by tracking DRM, type of partnerships, share of budget allocated to main themes etc.).

c) Strengthening monitoring, evaluation and project management functions at NPCA

The Agency will rigorously monitor and evaluate the effectiveness with which this strategy is implemented. Monitoring and evaluation (M&E) form an integral part of results-based management (RBM) at NPCA. The M&E function will be strengthened through the development of an M&E System which will provide evidence-based feedback to enable programme and project managers to base their decisions on performance and results. The new NPCA Monitoring and Evaluation System was developed in the course of 2013 and will be applied on a pilot basis during the year 2014.

The M&E System will provide the overall framework for monitoring and evaluation within NPCA, setting organizational policy and procedures for monitoring and evaluation of programmes, projects and activities. The specific evaluation framework which will be contained in the M&E System will be based on the largely adopted world-wide norms and standards developed by the UN Evaluation Group (UNEG).

d) Other directorates, divisions and units

A similar exercise as developed above will have to be carried out with all units and divisions involved in the implementation of programmes, in order to establish a clear link between the strategic plan and orientations for 2014-2017 and the specific objectives of each programme.

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TRANSFORMING AFRICA

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