AUDA-NEPAD
AFRICAN UNION DEVELOPMENT AGENCY

Mobilising $1 for the Realisation of $5 towards the benefit of Member States' Project Implementation

Resource Mobilisation Strategy 2021 - 2024

To Support Africa's Development

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Table Of Content

Acronyms And Abbreviations

AfDB	African Development Bank
AIGM	Africa Infrastructure Guarantee Mechanism
AMRH	African Medicines Regulatory Harmonisation
ASEAN	Association of Southeast Asian Nations
AU	African Union
AUC	African Union Commission
AUDA-NEPAD	African Union Development Agency-New Partnership for Africa's Development
AU DevFund	African Union Development Fund
DP	Development Partners
EU	European Union
F15	Fifteen Ministers of Finance
IEE	Independent External Evaluation
KMPE	Knowledge Management and Programme Evaluation
MS	Member States
NGOs	Non-Governmental Organisations
NPCA	NEPAD Planning and Coordinating Agency
PIDA	Programme for Infrastructure Development in Africa
PPF	Project Preparation Facility
PRC	Permanent Representatives Committee
RAISE	Reforming Africa's Higher Education Institutes in Computer Science and Engineering
RECs	Regional Economic Communities
SDGs	Sustainable Development Goals
SDM	Service Delivery Mechanism
TB	Tuberculosis
TCPF	Technical Cooperation and Programme Funding

CEO's Foreword

The decision, in 2018, to transform the NEPAD Planning and Coordination Agency (NPCA) into the African Union Development Agency (AUDA-NEPAD) required a swift focus on one of the Agency's important mandate which is to "undertake the full range of resource mobilisation" that will culminate into ensuring sustained implementation of African Union (AU) priority regional and continental programmes and projects.

This Resource Mobilisation Strategy is premised on the AUDA-NEPAD Strategic Plan and mandate, specifically its facilitating role, technical capacity and the convening power of the Agency as a planning and co-ordinating body focused on the development agenda of the AU. All these, are elements of our resource mobilisation mantra: "Optimise resources, be action-oriented, efficient, collaborative and firmly centre on client focus."

Resource mobilisation rests firmly on a solid organisation with strong programmes and a strategic vision that provides a panoramic view of "where we are going" as well as a convincing rationale for why the Strategy makes good business sense for the institution and our clients. All AUDA-NEPAD staff have a role in the resource mobilisation cycle, therefore, the success of resource mobilisation is a direct function of institutional effectiveness and agility.

Historical trends show that, resources mobilised at the Agency culminate into every $1 mobilised by the Agency for programme coordination and implementation, at least $5 is leveraged for in-country project implementation. Hence, by mobilising US$ 100 million, the Agency will be able to leverage up to US$ 500 million for project implementation at Member States level. However, with institutional enhancements and an incentive framework under consideration, it is possible that the out-turn would top this level to even reach US$ 1 billion (in technical and financial resources) for in-country project implementation at country and Regional Economic Community (REC) levels.

Concerted efforts will be required to rigorously sustain our traditional partners and also on-board new partners to include the United Nations (UN) system, development finance institutions, multilateral organisations, and the private sector, foundations, and charities, as well as scaling up the Agency's engagement with AU Member States, Regional Economic Communities (RECs), to attain the envisaged US$100 million by 2024.

The Agency aims to grow its partnership base substantially, diversify its resources, generate additional financial and technical resources through this Strategy, and furthermore ensure that viable relations are forged to consolidate Africa's growth and transformation trajectory.

I believe this strategy will be the roadmap that will ensure adequate resources are mobilised towards supporting the execution of the AU's programmes and projects as well as secure a funding pipeline that will attract the required resources to execute the core functions and achieve the planned organisational results at all levels. In essence, the vision is to secure an adequate funding pipeline with a satisfactory funding partnership community, on one hand, and the member states (clients), on the other and set the seal on timely and predictable funding windows, including long-term funding, to be able to plan and execute programmes and projects effectively.

Dr Ibrahim A. Mayaki
Chief Executive Officer

Summary

This Strategy document serves predominantly as a practical basis upon which a comprehensive, coherent, and dynamic Resource Mobilisation Strategy is premised. It primarily aims to give the African Union Development Agency (AUDA-NEPAD) a sound, stable and strengthened funding window: One that will be based on its role and value as the development agency for the African Union (AU) and champion for Agenda 2063 implementation.

Another perspective is to see it as a journey in institutional introspection, appreciating that the success of resource mobilisation is a direct function of institutional effectiveness and agility. It is a process of seeking renewal, cultural transformation – realising an institution that is driven by professionalism as well as individual and collective ownership. It is a body of professionals driven by the right incentives and a quest for an entity driven by a deep desire to serve our clients optimally.

The rest of the paper identifies and hones the various pieces of the puzzle to paint a canvas of institutional excellence. These ideals are clearly not realisable overnight. This is a journey to be taken a step at a time.

The preamble: Making the Business Case gives a historical perspective and transition of NEPAD Planning and Coordinating Agency (NPCA) into AUDA-NEPAD after the AU decision to include as AUDA's mandate, amongst others, the responsibility for full resource mobilisation. More importantly, it makes the case for deeper and longer-lasting partnerships, emphasising the primacy of a private sector partnership. It also touches on the operating model and strategic priorities as articulated in the strategic plan.

The scope and rationale section focuses on the dwindling financial aid across the globe and how Africa needs to shift its focus from aid to investments or as a form of self-generating for self-sustainability. The principle will serve as a solid basis for the development of a comprehensive resource mobilisation strategy. The Strategy will be the roadmap that will ensure adequate fuel towards supporting the execution of the Agency's programmes and projects. The section also highlights AUDA-NEPAD's core comparative advantages and value addition (services and deliverables) in Africa's development equation (as basis for resource mobilisation).

Section 2 expands the plan and AUDA-NEPAD financing requirements and strategy. It illustrates three scenarios that are guided by AUDA-NEPAD's present financial outlook, the extent to which co-financing

and counterpart funding could be secured and the likelihood of launching a vigorous resource mobilisation strategy. It also breaks down the envisaged funds from the traditional AU budget allocations, member states, development partners and internally generated resources.

Section 3 focuses on the seven resource mobilisation expandable plan action areas (7 Action Areas) that will drive and mobilise projections on the financial resources required up to 2024. These are highlighted and each action indicates the way these resources and the targeted funds will be raised and managed.

Section 4 shows the implementation modality. It expands on the modalities for AUDA-NEPAD to effectively mobilise resources for actualising the 7 Action Areas and associated targets and achieve the tripling of the programmatic budget by 2024.

Section 5 lists the risks and assumptions that will probably affect the implementation and roll out of the Resource Mobilisation Strategy by the Technical Cooperation and Programme Fund (TCPF) and the African Union Development Fund (DevFund). These include capacity issues and the need to prioritise resource mobilisation at the highest level by top management within AUDA-NEPAD.

Section 6 and 7 deal with the conditions for success and the guiding principles for AUDA-NEPAD to be able to actively play the role of tripling the budget by 2024. It also includes the action plan targets, indicators, timeline and responsibilities as week as a roadmap with six-monthly reviews for optimal mobilisation of resources.

Preamble – Making the Business Case

At the 31st Ordinary Session of the Assembly of African Union Heads of State and Government in Nouakchott, Mauritania, in July 2018, a decision was adopted to transform the NPCA into the African Union Development Agency (AUDA-NEPAD). The establishment of AUDA-NEPAD (referred to as the Agency) is part of the overall institutional reforms of the African Union (AU). The Report of HE President Paul Kagame on the institutional reforms of the AU presented to the Summit, in January 2017, proposed several recommendations.

The report clearly articulated major strategic issues that the AU needs to address to deliver on the promises of the Founding Fathers. Five mutually inclusive strategies were recommended by President Kagame's report to address the following issues: focus on selected continental priorities; realign AU institutions to implement selected priorities; manage the AU effectively and efficiently at all levels; financing of the AU sustainably by African states; Connect with Africans. The AU Assembly of July 2018 approved the establishment of the Agency as the technical executive arm and development anchor of the continent with its distinct legal identity defined by its own statute, to deliver against the development priorities articulated by the AU. One of the four mandates outlined for the Agency is to "undertake the full range of resource mobilisation".

In simple terms, we should build an institution that optimises resources and is action-oriented, efficient, collaborative and firmly centred on client focus. This should be our mantra that forms the fundamental basis of our operational philosophy!

The operating model for the Agency is framed around a value chain that features six interrelated areas, namely a) strategy, innovation and planning; b) programme development; c) partnerships and resource mobilisation; d) delivery and coordination; e) monitoring and evaluation; and f) knowledge creation and dissemination. The operations of the Agency are delivered through two strategic objectives, programmatic interventions, and organisational excellence, as articulated in the Strategic Plan 2020 – 2023. It is the latter, namely organisational excellence, that needs emphasising for the successful delivery of this vision. In this regard, the Action Implementation Plan (Annexure III) is designed to achieve this excellence, which, in turn, will ease the optimal delivery of programmes.

Whilst this may sound contradictory to a later argument for an outward-focused institution, tactically this is an important input for the delivery of the strategic objectives listed below. So, our emphasis ought to be premised on making this input efficient and effective, for the rest of our mandate to be optimal.

The strategic objectives are pursued through implementing a set of seven strategic priorities: Economic Integration; Human and Institutional Development; Food Systems and Empowerment of Rural Communities; Sustainable Energy; Climate Resilience, Environment and Natural Resources Management; Science, Technology and Innovation; and Institutional Enhancement.

Scope and Rationale

Mobilise resources for investment for the implementation of Africa's priority programmes/projects from domestic and international sources, including the private sector is one of the Agency's 11 core functions as per the AU-approved new mandate. In this regard, the Agency will mobilise development financing for both its own budget requirements (to complement funding by member states) as well as broker investment financing for development initiatives in member states.

In undertaking this function, the Agency is also guided by the AU's resolve and determination to increasingly finance the continent's development from own, public and private sources. The extension in emphasis to the private sector is an instrumental one. It was first acknowledged at the time of the adoption of the Sustainable Development Goals (SDGs). This was an acknowledgement, by Heads of State, that the private sector is critical in bringing to bear the requisite financial, human and systems capital in the delivery of the SDGs, thus the inclusion of SDG 16 and 17. It is upon this acknowledgement that this Strategy is premised.

Development aid over the past four to five decades has continued to dwindle and may possibly never to go back to the levels of the 1980s and 1990s. Even as constructive needs for aid remain, Africa is arguing, and rightly so, for **'more investments' as opposed to more aid.** That means the introduction of private sector partnerships, as development is appropriately linked to sound risk taking. This will ensure that private sector participation is appropriately 'economically' incentivised for sustainability. Economically is the operative term to ensure that not only narrow commercial considerations drive behaviour, but also governance, social and environmental concerns. If done correctly, there will be neither the need for fiscal incentives nor the requirement to police such participation and partnership.

Inherent in the above partnership-orientation is the patent need to design a compelling commercial and economic framework to crowd-in the private sector for the long term. Therein lies the centrality of a **sound value proposition.**

With a focus on the Agency's programme funding basket, the level of funding is directly proportional to the Agency's capability (quality, quantity, and responsiveness) to ultimately provide the level of implementation support required in championing desired delivery levels for Agenda 2063 goals and targets. The Agency's resource mix has evolved over the years – recently, there has been a shift towards increased on-budget member states funding (through the Permanent Representatives

Committee (PRC) of the African Union Commission [AUC]). The Agency has not been spared the contraction in development aid funding, which at some point accounted for nearly 100% of the programme funding basket. It has also had to adapt the spending modalities, in line with more operational and frontline implementation partnerships, compelling an increased need for arrangements such as sub-contracting. In line with the above and as articulated in our mantra, a shift in psyche and modus is needed. Part of this will involve **resource diversification, cost-rationalisation** as well as **income self-generation**. The responses to each of these are dealt with in the Action Implementation Plan.

The Independent External Evaluation (IEE) recommended that a coherent and dynamic Resource Mobilisation Strategy should be put in place around **Impact Focus Areas** (known as Priority Themes in the IEE Report) and national medium-term priority frameworks. This document presents a possible strategy for consideration by Conference Committee-IEE Working Groups I and III.

This paper serves as a critical basis for a comprehensive, coherent, and dynamic Resource Mobilisation Strategy to give the Agency a sound, stable and strengthened funding window. This is based on its role and value as the African Union Development Agency and champion for Agenda 2063 implementation. The Resource Mobilisation Strategy will specifically provide strategic guidance by milestones and timelines on three core interrelated action tracks, namely:

- Strategic packaging and marketing of the Agency services and deliverables – our value proposition. This will need to be aggressively communicated and marketed across the continent as well as globally. It should be the **heart and soul of the organisation.** The Implementation Plan draws its importance from the saleability of this value proposition;
- Identifying and engaging potential financing partners – i.e., those willing to put funds on the defined services and deliverables – including private sector and other **non-traditional investors** in

development related economic-lines; and

- Continued servicing, nurturing, and expanding **investment-funding partnerships.**

The Strategy will enable and facilitate coherent resource mobilisation efforts across the Agency's delivery value chain and at all levels of the organisation. Its goal is to secure a funding pipeline attracting required resources to execute the core functions and achieve the planned organisational results at all levels.

In summary, the Resource Mobilisation Strategy will aim to build and sustain:

- An adequate funding pipeline with a satisfactory funding partnership community, on one hand, and the member states (clients), on the other; and
- Timely and predictable funding windows, including long-term funding, to be able to plan effectively.

The document will serve as a solid basis for the development of a comprehensive Resource Mobilisation Strategy spanning the period 2021 to 2024. The Strategy will be the roadmap that will ensure adequate resources mobilised towards supporting the execution of the Agency's programmes and projects.

AUDA-NEPAD's Value Proposition

The Agency's work will directly impact on government public delivery capability with improvements in relevance and appropriateness of policies to support developmental investments. This situation is important for aspects such as cost-of-doing-business and, therefore, the investment readiness of a country. Ultimately, the Agency's interventions and services contribute to building the policy and investment environment where both viable business (sustainable economic growth) and inclusive development will flourish and mutually benefit.

The Agency's delivery model also elaborates a clear line-of-sight, showing how funding at the continental Agency level (with its regional offices) translates into tangible service of value in catalysing and supporting NATIONAL development and economic growth success – as per the goals and targets of Agenda 2063, as adapted in national development plans.

The Agency's core comparative advantages and value addition lie in its strategic positioning in continental development. They are:

- A technical lead in providing evidence-based analytical/ knowledge input to the increasingly complex and sensitive policy and investment decisions at national, regional and continental level;
- An African champion of interests, perspectives and positions of continental and global relevance;
- A catalyst and facilitator of dialogue and negotiation on transnational development initiatives, including transnational services in pursuit of the AU regional integration goals;
- Recognised for its reconfigured regional presence through the Centres of Excellence, giving the Agency's expanded capability in

offering real-time, responsive support and collaboration with member states in development initiatives along member states' development priorities;

- A custodian of tools and methodologies fostering systems approaches and integrated modalities in development planning and execution;
- An operator at all three levels of the continent's development geo-political dynamics, thereby providing for the unique value of the mutual connections and interdependences across national, regional and continental development efforts; and
- A formal conduit to governments and AU structures.

Two key factors can be derived from the above, namely the ability to bring agglomeration and sustained development to member countries, on the one hand, as well as providing convening power to bring governments and private sector together in a meaningful way, on the other. Put differently:

- The Agency's interventions are characteristically largely transformational and impacting people's livelihoods positively. This is in both the medium and long term. However, this may not exactly align with much of the available private sector project funding models with shorter term expectation functions. However, this can be mitigated accordingly; and
- As the only AU organ with a direct mandate to operate at all three levels of the continent's geo-political space, the Agency can rapidly translate and connect successful development to all levels of the continent.

Therefore, the critical value addition of the Agency is an **output and outcome-based institution**, rather than an input-based one. It can quantify and monitor outcomes central to the enhancement of client benefits, namely, Development Partners (DP) and member states. The term, **'client'**, is introduced deliberately, to start embedding the concept and culture of client-centricity, rather than an inward-looking approach to service delivery. Client focus is an important part of our mandate and refocus to ensure sustained private sector crowding-in. Going forward there will be a deepened focus on client-centricity, ensuring that all delivery revolves around the interest of partners.

Plan Financing Requirements And Strategy

AUDA-NEPAD Financing Requirements

The financing requirements of the Agency according to the Strategic Plan 2020 – 2023 are presented in three scenarios. They are guided by the Agency's present financial outlook, the extent to which co-financing and counterpart funding could be secured and the likelihood of launching a vigorous resource mobilisation strategy.

In the Strategy, it is noted that although it will lay the foundation for the launch of the Agency's enhanced mandate, Scenario 1 is grossly inadequate to meet the development needs of the continent based on the flagship projects and regional development programmes outlined in the Strategic Plan. It will not achieve the objectives of this Plan. Scenario 3, however, it is significantly more robust and would be the ideal financing scenario. Given resource challenges, the projected financing requirement may not materialise. Furthermore, resource constraints at national and regional levels vis-à-vis the continent's enormous development needs, render Scenario 2 the desired entry level of intervention.

Ideally, the Agency will need a financing envelope of US$399.49 million for the four-year period of this Plan, which is 2020 – 2023. This amount is, nevertheless, relatively inadequate for the effective implementation of the functions of a continental development agency.

The Agency will continue to rely heavily on the AU budgetary allocation which is projected to grow by at most 5% annually. This amount, however, only covers one third of the financial resources required. To augment AU funding, AUDA-NEPAD will launch a vigorous resource mobilisation and partnerships development drive that will be led by its TCPF Directorate. Both traditional and non-traditional donors will be approached during the period. These will include the private sector, foundations, high-net-worth individuals and philanthropists. Specialised or targeted trust funds will be created with appropriate recognition of contributors. See Annexure II for expected sources of funding, as per the Resource Mobilisation Strategy.

Based on the Agency budget trends, none of the three scenarios in its strategic plan will be attained by 2024. This is due to the fact that the institutional absorption capacity of new resources has been rather constrained, rendering the numbers in the Resource Mobilisation Strategy too ambitious. Therefore, we need to build confidence and trust both internally and among partners. This we need to do by displaying sound and consistently growing delivery, to match client expectation.

Based on the above, it was concluded that the most credible scenario is to only triple the 2021 programme budget and aim to mobilise about US$ 100 million by 2024. Concerted efforts will be required to rigorously engage development partners and the private sector, foundations and charities, to attain the envisaged US$100 million.

It is important to note that the historical trend of resources mobilised at the Agency will culminate in a ratio of 1:5. Therefore, by mobilising US$ 100 million, the Agency will be able to leverage up to US$ 500 million on a business-as-usual basis. However, with institutional enhancements and an incentive framework under consideration, it is possible that the out-turn would top this level to even reach US$ 1 billion (in technical and financial resources) for in-country project implementation at country and regional economic community-level.

Overall budget trends show that the Agency only receives one-fifth of the true budget reflections and allocations.

Table 1: Examples of AUDA-NEPAD fund leveraging trends

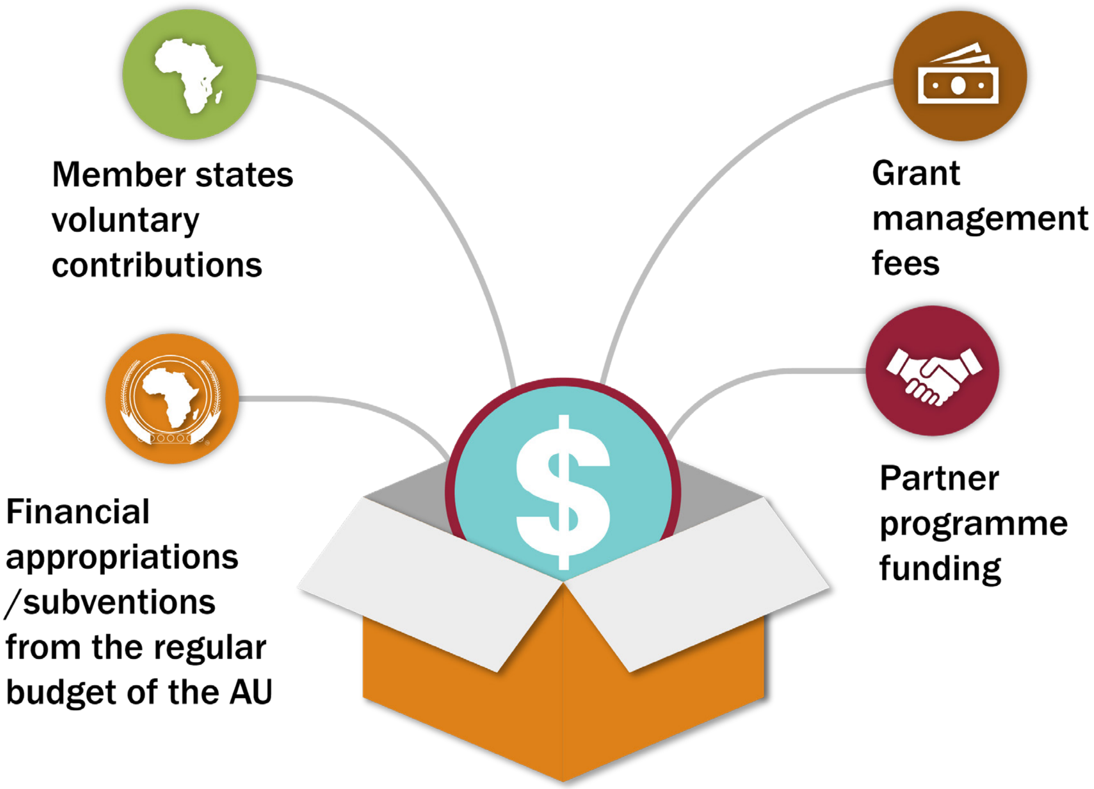
Programme	Overall Funds Mobilised (US$)	Funds disbursed to country programmes. (US$)	Funds disbursed to AUDA-NEPAD (US$)
AMRH	52 M	42,1 M	9,9 M
TB Programme (World Bank)	181,1 M	45 M – Mozambique 45 M – Zambia 36 M – Lesotho 47 M – Malawi	8.1 M
TB Programme (Global Fund)	33 M	29,1 M	3,9 M
Fisheries Governance I Project (EU)	11,5 M	10 M	1,5 M
Fisheries Governance II Project (EU)	12,5 M	9,4 M	3,1 M
PIDA (GIZ Support)	13 M	10 M	3 M
PIDA (AfDB Support)	8 M	6 M	2 M

Resource Mobilisation Plan Action Areas

The Strategy comprises seven expandable planned actions, namely:

This Resource Mobilisation Strategy is premised on the strategic plan and mandate of the Agency, the facilitating role, the technical capacity and the convening power of the Agency as a planning and co-ordinating body focused on the development agenda of the AU. All these are elements of our mantra, mentioned above.

Contributions Towards Annual Budgets



From 2017 to 2020 a compilation of resources received from partners has culminated in significant contributions to the operations of the Agency, facilitating the effective implementation of programmes and projects.

The AU is currently not financed in a predictable, sustainable, equitable or accountable manner. It is heavily dependent on DP funding to run its programmes and operations. This situation is further compounded by the fact that more than 40% of member states do not pay their yearly contributions to the institution.

The AU needs to ensure that it can finance its operations and programmes sustainably and with the full ownership of the member states. Since 2015, successive summits of the AU have taken financing reform decisions to ensure availability of sound and predictable finances to address challenges the AU has always faced.

One of the five mutually inclusive strategies recommended by President Kagame's report is for African states to finance AU sustainably by:

In January 2018, the Assembly also endorsed the Committee of Fifteen Ministers of Finance (F15) budget oversight function 'Golden Rules'. These assist in ensuring that the AU is held to the highest standards of finance and budget management and has a credible budget based on capacity to spend and that proper revenue forecasts are developed. Application of these rules when preparing the 2019 AU-approved Budget helped reduce it by 12%, compared to 2018. Cost containment, reflective of improved efficiency and output, ought to be part of our agenda as well.

The Agency's Resource Mobilisation Strategy will be guided greatly by the F15 Golden Rules, specifically Rule number 1, 2, 5, 6 and 9. (See Annexure II.)

Although contributions from the Agency member states and the AU budget appropriations have been minimal, they have consistently supported the Agency's operational budget. In 2019, the AU scaled up its support to include a programme budget. Due to the Covid-19 pandemic, the Agency experienced a decline in its financial resources.

Overall, there is an urgent need to aggressively put in place a strategic framework that will drive an increase in financial contributions from partners. This will greatly assist in funding for anticipated financial resources to be mobilised in the near future. This will also facilitate the identification of innovative financing mechanisms that can also potentially be leveraged if combined with other sources of financing (i.e., AUDA-NEPAD DevFund).

The steady changes in partner resource contributions over the past three years demonstrates the need for the Agency to better articulate its role and delivery successes. The Agency must expand and improve its current programmes and project delivery while developing new programmes and projects within the next year. This will enable the Agency to meet the target of doubling its annual programmatic delivery and increasing the impacts for the continent over the next three years. Role articulation and delivery success sit at the heart of our value proposition.

Budget Contributions and Trends

Partner contributions to the Agency have come from traditional and non-traditional partners, to foundations, governments, multilateral and bilateral agencies as well as research institutions. Expanding programmes and developing new initiatives will require both maintenance and strengthening of close relations with existing partners through trust, mutual accountability and tangible impacts, and fostering new relations with novel partners to expand the resource base.

Table 2 below provides an outline of the financial contribution by the Agency's partners, which also depicts a steady annual rate of execution over the past four years (2017 – 2020). This trend is clearly visible, despite the decline in resource availability in DP contributions between 2017 and 2018 when these halved; in 2019 and 2020 contributions were steady at US$8 to 9 million. The DP funding decline is a culmination of a focus by the Agency on AU programming funding opportunities in 2018 and a completion of the implementation phase of a significant number of programmes and planning for the next project phase.

Characterisation of the AUDA-NEPAD's Programme Budget

Budget Contributions and Trends – Income and Expenditure

Table 2 Budget trend 2017 – 2021

Description	2017	2018	2019	2020	2021
Operations	9 633 013	10 682 030	10 633 353	10 633 533	10 041 000
Programme MS	-	-	17 590 000	10 000 000	4 900 000
Programme DP	31 995 633	17 000 000	8 410 000	9 000 000	19 100 000
Total	41 628 645	27 682 030	36 633 353	29 633 353	34 100 000
Execution Rate	**80%**	**97%**	**99%**	**89%**	**Est. 92%**

Target 1: Broaden Member State Contributions

Based on the above trends, the Agency will consolidate the four sources of resource streams (member states voluntary contributions; financial appropriations/ subventions from the regular budget of the AU; grant management fees; and partner programme funding) and ensure the broadening of member state contributions to include additional direct contributions from at least two more member states. The current level of AU budget appropriations in support of programmes will have to be maintained for 2022 – 2024.

These actions will supplement the targets for the grant management fees and partner programme support, which are dealt with under Action 4.

Expanding the Resource Base

Following the restructuring of the Agency, the current state of its partnerships is being reviewed and aligned with the new mandate and strategic objective of the AU and AUDA-NEPAD. This is being conducted to ensure that ongoing partnerships add value to the Agency's delivery mechanisms. Currently, the Agency partnership database includes academic institutions, RECs, international and development institutions, online learning platforms, governments, ministries and humanitarian organisations. Collaboration with institutions is currently being harmonised and well defined to cater to the technical needs of the Agency. Work driven by the Partnership Unit will soon be unveiled in this regard. Furthermore, a plan has been put in place to increase the Agency's partnership base. To ensure that collaboration with partners is in line with the Agency's mandate and strategic vision, a mechanism has been institutionalised to facilitate and co-ordinate the development of a framework of agreements with external partners such as Memoranda of Understanding, Letters of Intent, and other formal documents. Partnerships with strategic organisations have been established or renewed with increased areas of co-operation in terms of the new mandate of the Agency.

The initiatives to mobilise resources will include expanding and on-boarding new partners and stakeholders. Ultimately, this process will ensure that a blend of both financial and in-kind contributions which are appropriately 'costed', will form the components of the resources to be mobilised. To have an adequate blend of financial resources and in-kind contributions from partners, new revenue streams will be explored to include non-traditional partners through vigorously tapping into global foundations. Additionally, special initiatives will be launched to partner with private sector entities on key Agency programmes and projects.

As a pending grant to be used by both the AUC and the Agency, a total of nine grant agreements with a resource portfolio of US$33,7 million dollars were concluded with four strategic organisations: the Bill and Melinda Gates Foundation, Good Venture Foundation, the World Bank and the University of Oxford. Similar arrangements will be scale up in the coming years.

Target 2: Expanding Partnerships

i. Increase the proportion of in-kind support, for example, technical, research and human capacity provided by partners. The Agency will actively engage partners and stakeholders including governments, non-governmental organisations (NGOs), academic and technical institutions and the private sector to generate in-kind resources in support of the Agency programmes and projects;

ii. Engage and sign partnership agreements with at least three foundations by identifying programming synergies with causes supported by the entertainment industry. This includes actors, sports stars, and key personalities/celebrities;

iii. On-board new non-traditional partners like the Association of Southeast Asian Nations (ASEAN), Gulf States and other foundations that support developmental programmes and projects; and

iv. Redirect focus on partners involved in 'impact investing' which are investments with the intention to generate positive, measurable social and environmental impact alongside a financial return. Investors who follow impact investing consider an organisation's commitment to corporate social responsibility or the duty to positively serve society. Socially responsible investing and environmental, social & governance investing are two approaches to impact investing. The bulk of impact investing is done by institutional investors, including hedge funds, private foundations, banks, pension funds, and other fund managers. This will be an instrumental partnership, as it will allow for implementation of impact projects to be driven by private sector with no policing required. It will provide the requisite scale of impact to move the developmental needle on the continent. This is an area where domestic (continental) private capital is already playing a lead, and which has acknowledged the vulnerability of future profits/returns if a long-term view is not adopted.

Direct Solicitation of Funding from Member States

There is a growing interest by AU member states to contribute financially to the implementation of the Agency programmes and projects. Although historically some of these contributions are ad hoc, the opportunity to create a new resource stream with more reliable contributions exists. To this effect, the Agency, through its project management tracking systems, will ensure an efficient and accountable reporting mechanism to allow for reporting on the progress of projects and programmes implementation at country level. In doing so, the Agency will be able to demonstrate to member states the benefits of specific projects and programmes and entice financial contributions for expanding or scaling up the implementation of these projects and programmes in-country. Therefore, member states will be requested to contribute to a certain percentage of the total project cost in the implementation of the Agency programmes and projects in their respective countries.

Target 3: Member State Contributions

i. Increase country-specific contribution by 20% and align project reporting mechanism to reflect the specific contributions made by the countries;

ii. Rigorously solicit member state contribution towards thematic/ programmatic areas and towards

complementing the core-budget of the Agency;

iii. Demonstrate the benefits of special financial contributions by member states to in-country Agency programme and project implementation; and

iv. Create a fifth financial resource stream called MS contributions towards in-country project implementation.

Ensuring Funding Predictability

Implementation of the AUDA-NEPAD Strategic Plan and Integrated Work Programmes is fundamental to ensure that current partners and traditional partners continue to support the Agency's work in the next three years and beyond. Improving timeliness of fund transfers and written pledges and increasing the number of multi-year funding agreements that include budget support for staffing for project delivery and moving towards budget pool funding support as the ideal instrument of supporting the Agency, will be fully pursued.

Pooling of resources and their management is critical for improved efficiencies and cost management. This derives from consolidation of processes, and centralisation of planning for better co-ordination and scale impact. These interventions allow for more focused implementation and need to be encouraged.

Target 4: Increased Resource Predictability

i. Ensure the efficient development and effective implementation of the Agency's Memoranda of Understanding with partners, through clearly defined and well-structured three-year work programmes with tangible results to demonstrate impact;

ii. Ensure that the Financial Agreements, Pledge Letters and Memoranda of Agreements reflect realistic timelines for timely funds transferred by partners to guarantee adequate cash flow for the implementation of programmatic activities;

iii. Increase the number of multi-year commitments consistently through long-term joint programming with partners, which includes allocation for supporting / strengthening the Agency staffing capacity;

iv. Introduce an advisory service fee when institutional expertise is required by third parties to assist member states and RECs in programme design resourcing and implementation; and

v. Ensure accurate cost recovery for project operations and other costs.

Management and Reporting of Resources

Management and reporting of the utilisation of financial resources will be further improved through reinforcing the ongoing results-based management practices across the Agency. The results-based management system will ensure that the Agency will enhance the delivery and track work-output. This will allow for the strengthening of partner relations through the integrated partners management portfolio system and the soon-to-be-introduced evaluation and performance monitoring of programme implementation by the Directorate of Knowledge Management and Programme Evaluation.

Target 5: Improved Resource Management and reporting

i. Integrate the partners management portfolio system with the results-based management system;

ii. Significantly improve the reporting of mobilised financial resources, including the disbursement rates and spending gaps; and

iii. Promote a single unified reporting system for all partners and improve the structuring of the information provided through the financial reporting system.

Gradual Increase in Resources

The programme budgeting process of the Agency will be aligned with the current six strategic priorities, plus one cross-cutting priority of the AUDA-NEPAD Strategic Plan 2020 – 2023:

AUDA-NEPAD's Directorate of Programme Innovation and Planning has clustered the programmatic themes and projects into strategic priorities for 2021 as illustrated in Table 3 below:

Table 3: AUDA-NEPAD Strategic Priorities and 2021 Budget Allocation

Thematic Area 2021	Strategic Priorities approved by PRC	2021 Budget	MS	DP	Gap for Resource Mobilisation
Climate Change, Agriculture and Natural Resource Management	Climate Resilience, Environment and Natural Resources Management	2 464 550	1 309 720	400 000	754 830
	Food security and Nutrition	4 780 178	750 000	1 081 178	2 949 000
Infrastructure, Trade and Industry	Economic Integration	6 269 400	360 000		5 909 400
	Science, Technology and Innovation	576 000	576 000		
	Sustainable Energy	1 230 000	250 000		980 000
Building Human Capital and Institutions for Socioeconomic Development	Human Capital and Institutional Development	8 383 700	1 325 000	4 811 500	2 247 200
	Institutional Enhancement	420 000	420 000		
	Total	**24 123 828**	**4 990 720**	**6 292 678**	**12 840 430**

Target 6:

i. Align Programmes and projects according to the approved strategic priorities. Aggregate the operational costs for programmes and projects under a strategic priority into a thematic budget as part of the annual programmatic budget;

ii. Solicit increased partner support for financing aspects of a thematic area under a particular programme or project or a range of programmes and projects;

iii. Triple the programme budget for 2024 into a ring-fenced resource pool with the requisite grant/fund management fees; and

iv. Increase resources raised for the implementation of all programmes and projects to $100 million by 2024.

Private Sector Funding for Development

The private sector is the engine for growth in any country/region. Its impact on development is enhanced through corporate social responsibility.

Target 7:

i. Create initiatives that talk to the private sector and what they are trying to achieve, private sector-led initiatives, brokerage;

ii. Co-operation management fees: Specific products and services that the Agency can sell to the private sector. Be a continental broker that intervenes in selling of and matchmaking between the facilities with excess capital and those that require capital/ investments, and charge a fee to that effect;

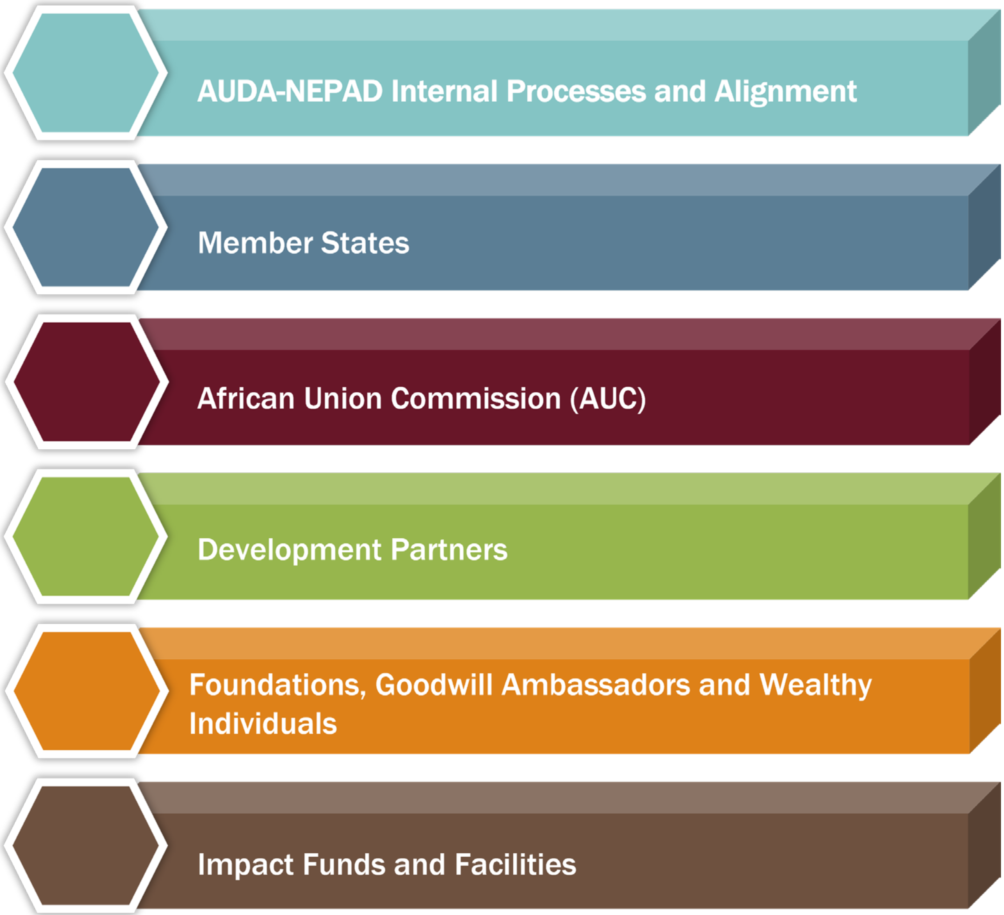
iii. Earmark the Agency's deliveries to benefit both government and private sector so that private sector sees value for itself without support from government;

iv. Entrepreneurial approach: Where are the funds? What are the low hanging fruits?; and

v. The need for an accounting model and reporting for resources, with 10% to 15% fees charged per model.

Implementation Modality

The modality to effectively mobilise resources for actualising the 7 Action Areas and associated targets and achieve the tripling of the programmatic budget by 2024 are as follows:



AUDA-NEPAD Internal Processes and Alignment

- The Agency needs to strengthen its internal operations (procurement, human resources, and finance) to allow internal alignment with external mobilisation of resources. The Agency's legal contracting process and programme support costs as well as the modality of payments and disbursements, need to be significantly improved;
- 'Marketing' for enhanced recognition and appreciation of the AUDA-NEPAD 'brand' among member states and key donors, including the private sector. Thorough conceptual framing, ambition and the right mindset for resource mobilisation. The Resource Mobilisation Strategy should not be seen as begging but rather as a seller of services and products. It should clearly articulate to clients what they are buying and how it can be of benefit to them, with a guide and plan on how it will be used. Stakeholder consultations and

information sessions, including roadshows, on the impact of ongoing Agency programmes and projects and the potential for scaling up, based on the mandate of the Agency, will be undertaken;

- Pooled/unearmarked versus earmarked funding. The Agency needs to earmark existing mandates and deliveries and package them so that they benefit both the government and private sector;
- The Agency needs to build and sustain credibility of its brand through its accounting system internally and externally. Increase transparency and grow confidence in the Agency among members' and donors' confidence through efficiency, effectiveness and predictability of its systems; and
- Ring-fencing staff salaries for respective financing agreements needs to end; salaries of staff should be a percentage of the funding and be moved into the programme technical-input budget allocation. Staff should not be associated with a partner paying their salaries; programme staff ought to focus on just implementing their work plan as agreed with their supervisors/directorates.

Member States

The Agency needs to engage member states in cases where Agency programmes and projects are being implemented in the countries. The strategy will be to demonstrate to these countries the need for special contributions and allocations to be made to the Agency for continued implementation and expansion of such programmes and projects in-country.

African Union Commission (AUC)

- Engagement with the AUC as a modality in the process that would allow for alignment of programming and budgeting with targeted resource allocation;
- The Agency will also reach out to the F15 'Golden Rules' on its mandate to actively participate in the preparation of the AU annual budget and the AU scale of assessment for member states contribution; and
- Special briefings with specific heads of state and government on the need to financially contribute to newly developed programmes and projects for country-specific implementation will be conducted.

Development Partners

- The need for a balance of objectives, a programmatic approach and interests between the Agency and development partners to avoid conflict; and
- Development partners need to go beyond reporting of financial contributions and include technical assistance as part of the desired funding. Instead, focus on implementing volume resource differently. Programme funding (financial) and technical cooperation (technical assistance) must be holistically quantified and reported as part of the development partner support.

Foundations, Goodwill Ambassadors and Wealthy Individuals

- Goodwill ambassadors for the Agency programmes and projects will be introduced and their task will include, amongst others, undertaking resource mobilisation drives for specific programmes and projects;
- Foundations are playing an important role in development work with potentially US$120 trillion in investment funds for investment opportunities. The top 20 wealthiest Africans will be engaged to advocate and support programme and project implementation in their respective countries; and
- The celebrities approach should focus on television platforms and could include subscriptions to television channels.

Impact Funds and Facilities

- The existing impact funds and facilities mentioned below will be strengthened and additional facilities investigated:
  - » Fisheries Investment Impact Fund;
  - » PIDA Africa Infrastructure Guarantee Mechanism (AIGM);
  - » PIDA Service Delivery Mechanism (SDM)/Project Preparation Facility (PPF);
  - » AUDA-NEPAD Climate Change and Innovation Fund; and
  - » The 100,000 SMEs for 1 million Jobs campaign.
- Partnership engagements for joint collaboration to implement AUDA-NEPAD-led programmes, projects and initiatives will be expanded to include non-traditional donors and emerging economies, including institutions of learning and NGOs.

These actions will culminate in the Agency expanding its ongoing programmes and projects, while and at the same time paving the way for the designing of new programmes and projects with a total implementation cost of $100 million by 2024.

Risks and Conditions for Success

Like all good plans, this Resource Mobilisation Strategy is faced with risks of varying magnitudes and forms. It is essential that these are identified, so they can be optimally managed. As we think about these risks, we can be either reactive or proactive. Clearly, a proactive stance is the best position for success. Here we provide a succinct list of both risks and conditions for success. The latter gives a guide to proactiveness for the success of the Strategy.

Risks

Guiding Principles

Good strategy execution requires diligent pursuit of operating excellence. Managing the implementation of a strategy is easily the most demanding and time-consuming part of the strategy management process. Converting strategic plans into actions and results tests an organisation's ability to direct change, motivate employees, build and strengthen competitive capabilities, create and nurture a strategy-supportive work climate, and meet or beat performance targets. Initiatives to put the strategy in place and execute it proficiently must be launched and managed on many organisational fronts:

Guiding Principles

SOUND VALUE PROPOSITION AND ACTING FOR IMPACT

A need for mutual accountability with partners and partners should align with supporting the Agency's established programmes and projects.

COMMITTED LEADERSHIP AT ALL LEVELS TO BUILD AND SUSTAIN ORGANISATIONAL REPUTATION

The notion of "Product packaging" of programmes and projects for marketing to partners and stakeholders should be viewed as the Agency's value proposition in terms of how member states utilise the Agency's technical and service offerings. Exerting the internal leadership is also needed to propel implementation forward.

EXPECTATIONS MANAGEMENT AND CLARIFYING PERCEPTIONS

within the context of sustained institutional culture change. Valiant leadership at all levels will be required to drive change of culture towards a "Commercial mentality" for improved packaging and marketing of programmes and projects.

PROCUREMENT IMPROVEMENT

will contribute towards Professionalism and Efficiency including promoting the creation of a work climate that facilitates comprehensive programme and project execution to reaffirm the high levels of trust with partners.

Action Plan

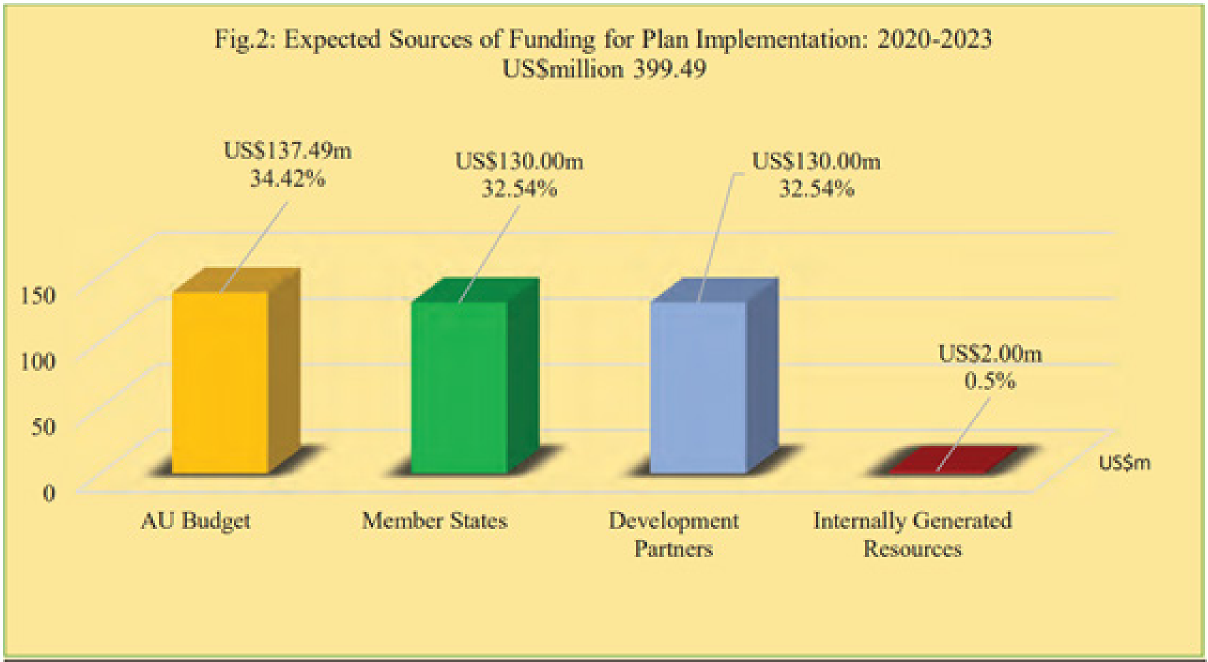
The approach for the implementation plan is premised on the hypothesis that the biggest bottleneck is institutional. If this bottleneck is resolved, many plans will be easily deliverable with a significant likelihood of overshooting the targets set. Therefore, the prioritised actions are designed to deal directly with this hypothesis. To streamline the implementation, this plan is stratified according to critical areas of **capital related targets, institutional reform interventions and private sector crowding-in processes.**

The aim of the implementation plan is to identify a few interventions that will have the biggest impact and those that will have impact in the shortest possible time, whilst considering the medium-term goal of $100 million. Furthermore, the Implementation Plan aims to incentivise out-performance at all levels of delivery: financial, human resources, client relations or broadly institutional. It is essential that the implementation programme is properly narrated so that implementing partners fully understand it in the same manner as we do. In that way, it requires close management and monitoring, but enjoys an inherently **autonomous character.**

Annexure I: Expected Sources of Funding as per Strategy

It is expected that over the course of the four years, AUDA-NEPAD will be able to raise modest revenues from its advisory services. Based on the foregoing, it is expected that beneficiary member states will be able to match the 34.42% budgetary allocation by the AU through counterpart funding of 32.54%; development partners will be expected to bring in an equivalent share of 32.54%; and AUDA-NEPAD advisory services will contribute 0.50%.

The figure below presents the expected sources of financing for the estimated cost of the plan.



Annexure II: Golden Rules of the F15

The table below shows a breakdown of the nine 'Golden Rules' of the F15:

#	GOLDEN RULES	DESCRIPTION
#1	Revenue must be predictable.	1. Assessed contributions should be paid in full by member states. 2. The collection of assessed contributions and partners' contributions should reflect forecasts and commitments. 3. Revenue streams and fundraising should be centrally co-ordinated.
#2	Budgets must be credible.	The budgeting system must be based on a fully integrated and automated financial management system. (a) Reflect priorities; (b) Medium-term plan; (c) budget variance analysis; (d) mid-year review; (e) revenue from members states assessed contribution and international partners.
#3	Expenditure ceiling set	Ceiling determined; staff cost 30% of overall budget;
#4	All expenditure must be authorised.	1. Enterprise resource management policy in place 2. Obtaining approval for income and expenditure
#5	Transactions must be reliable and efficient.	1. Value for money (procurement plan; quality 2. Contracts paid timely
#6	Resource flows and transactions must be reliable and efficient.	1. Timely inflow of revenues to organs 2. Timely payment of salaries, goods, and services 3. Adherence to procurement plan
#7	There must be Institutional accountability.	1. Tracking the flow of funds to service delivery units 2. Harmonisation between systems (SAP and Africa Monitoring and Evaluation Tool) 3. Timely and comprehensive reports for comparison 4. Independence assurance of value for money 5. Director and commissioners responsible and accountable for budgets presentations (PRC)
#8	Reporting should be integral part of financial management process.	1. Quarterly disbursement function of quarterly report submission 2. Transfers to organs triggered by quarterly submission of reports 3. Standard operating procedures must be developed.
#9	There should be a centralised process for engaging partners.	1. External resource, partnerships and planning units should device a strategy for partner engagement. 2. No department or organ may sign contracts or receive partner funds without the permission of the central office.

Annexure III: Action Implementation Plan

Target	Indicator	Interventions	Phase 1 (H2 21 - H2 22)	Phase 2 (H1 23 - H2 23)	Phase 3 (H1 24 -H2 24)
Capital related targets					
Capital raised	$100 million	This is the principal target, to be underpinned by the below sub-indicators, so the key milestones are realised	$40 m	$70 m	$100 m
Increase proportion of in-kind inflows	Value of technical support	Develop a framework to account for in-kind flows in our financials (Quantum and effectiveness) Capacity building needs assessment, in line with improved oversight responsibility[1] Measure and report number / diversity of partners that provide in-kind support, instead of value support itself.	Accounting framework approved Capacity building analysis approved and implemented		

[1] *This should be premised on what the strategy dictates. In particular, with oversight, the strategy suggests AUDA-NEPAD to be closer to the projects it supports. This will require more skills for this to be realised, such as engineers, accountants, environmental experts etc.*

Target	Indicator	Interventions	Phase 1 (H2 21 - H2 22)	Phase 2 (H1 23 - H2 23)	Phase 3 (H1 24 -H2 24)
Increase country specific contributions by 20%	Number of member countries making contributions above their annual statutory contributions Increase share of wallet	Direct solicitation for funding from Member States Identify the more resourced members/partners.[2] Start a focused campaign to canvass countries. Monitor performance of countries identified under direct solicitation, by tracking annual % contribution increases	10%	15%	20%
New income streams	Source other the three existing[3]	Identify unique products and services that can be delivered without competing with private sector partners: • Charge for intermediating public sector projects with private sector capital – facilitation fee • Consulting on project preparation and bringing to market	Improved matching skills and capacity to deliver on service fee related income is in place	One service fee related income stream	

[2] *Consider variables such as income per capita, GDP, GDP growth, sound economic governance and display for economic and social stability.*

[3] *The existing sources are: Regular/core resources of the Member States, Voluntary non-core or extra-budgetary un-earmarked funds from voluntary member states, and bilateral, multilateral, and private, received and pledged.*

Target	Indicator	Interventions	Phase 1 (H2 21 - H2 22)	Phase 2 (H1 23 - H2 23)	Phase 3 (H1 24 -H2 24)
		• Advertising through TV partnerships as well as adopt a WEF/AFC type fee for private sector participation – eg. During PIDA week • Introduce "Closed top CEO sessions on business opportunities provided by AUDA-NEPAD" and charge a fee for this • Global editors Forum on AUDA-NEPAD - the CNN, China network, BBC, Al Jazeera, etc; Print-media Editors Build capacity to generate new streams	$100 m	$100 m	Two service fee related income stream

Target	Indicator	Interventions	Phase 1 (H2 21 - H2 22)	Phase 2 (H1 23 - H2 23)	Phase 3 (H1 24 -H2 24)
Institutional reform interventions					
Define and internalise a sound value proposition[4]	Quantifiable value proposition defined and adopted	Staff be part of crafting value proposition and adopt mantra which are critical to values of AUDA-NEPAD[5] Taylor-make deliverables to individual client expectations, ensuring value for money for all partners/stakeholders Sell value proposition internally, before selling it to partners, ensuring full buy-in	Have value proposition approved		
Build deeper confidence and trust with partners		Build a stronger institution, reliant on the collective rather than individuals - with no silos Strong leadership, buying into RM strategy Establish a sound risk management framework with independent risk committee, to prevent occurrences by strengthening decision and implementation systems			

[4] *Elements of value proposition should include benefits to stakeholders, enhanced relationship between private sector and governments, technical support from AUDA-NEPAD, quantifiable outputs with tangible outcomes, sustainable investment opportunities for private sector, convening power, agglomeration, be forward looking rather than backward looking.*

[5] *This document can be crafted and circulated to staff for inputs and improvement, before it is finalised. This can be done within or without a structured meeting.*

Target	Indicator	Interventions	Phase 1 (H2 21 - H2 22)	Phase 2 (H1 23 - H2 23)	Phase 3 (H1 24 -H2 24)
		Integrate the Partners Management Portfolio system with the Results-Based Management system Increase proximity to programmes, which will involve increasing technical capacity for effective oversight. This is to ensure the impact you have identified	Independent risk committee is in place, populated with independents only	More technical staff employed to improve oversight	
Strengthen internal operations (procurement, HR, Legal and Finance) to allow internal alignment with external mobilisation of resources.	Shorter turnaround times[6] No silos	Ensure the realisation of joint resource mobilisation, through a consolidated common front Harmonise communication with partners Make contracting process more demanding of productivity and accountability on every staff member	Develop joint resource mobilisation agenda to be implemented		

[6] *We will have to specify these turnaround times, against base line (current circumstances)? Identify critical processes that are currently causing the biggest bottlenecks such as HR matters. This is also important for supporting the centralisation of processes.*

Target	Indicator	Interventions	Phase 1 (H2 21 - H2 22)	Phase 2 (H1 23 - H2 23)	Phase 3 (H1 24 -H2 24)
		Oversight mechanism that demands delivery Front-loading of blanket finance approvals and release to once a year or quarterly. Step up accountability systems to guide front loading of funds	Review contracting process and focus	Accounting system is implemented	
Private sector crowding-in processes					
Identify programming synergies with causes supported by the Entertainment industry	Engage and sign partnerships with 3 Foundations Actors sports stars and key personalities/ celebrities contracted	Identify TV platforms to partner Identify key personalities, withing and without the continent Messaging- “$1 mobilised equals $10 project implementation at MS level”	Partnership with one TV platform with continental reach, such as Multichoice, in place $1 m	Partnership with two TV platform with continental reach, such as Multichoice, in place $1 m	Have running personality programmes operating on at least two platforms, with advertising income streams

Target	Indicator	Interventions	Phase 1 (H2 21 - H2 22)	Phase 2 (H1 23 - H2 23)	Phase 3 (H1 24 -H2 24)
Redirect our focus onto partners involved in impact investing [7]	Increased co-funding	Embed impact investing in our business strategy, communication and activation documentation as a key door opener Entrench theme of resilience in midst of Covid response, with a strong link to SDGs Forge relations with institutions such as: • Global Steering Group (GSG) on impact investing • Impact Investing South Africa (IISA) • African venture Capital Association (AVCA) • Top 3 pension funds on the continent • Top 3 SWFs on the continent, including Mubadala in UAE	One project funded by and impact partner	More than two projects funded by and impact partner	

[7] *With the concept of impact, the objective may not necessarily be about raising direct financial donations. But it ought mainly to be about attracting them towards the co-financing of programmes identified. As an additional consideration, provide in-kind support for the programmes. Effectively, these partnerships shall act as our Ambassadors in the implementation programme.*

Target	Indicator	Interventions	Phase 1 (H2 21 - H2 22)	Phase 2 (H1 23 - H2 23)	Phase 3 (H1 24 -H2 24)
		Identify projects and programme (generic and targeted) that appeal to this partner group and align with their strategies Identify Key personalities. Social media and non-traditional broadcasting channels e.g. Spotify; YouTube			

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