

1. THE AFRICAN CAPACITY BUILDING FOUNDATION

The African Capacity Building Foundation (ACBF), which is based in Harare, Zimbabwe, is an independent development funding institution established in November 1991 through the collaborative efforts of three multilateral institutions (the World Bank, the African Development Bank and the United Nations Development Programme), African Governments and bilateral donors. Its current membership comprises these three principal multilateral donors, 14 African countries (Botswana, Cameroon, Democratic Republic of Congo, Côte d'Ivoire, Ghana, Kenya, Malawi, Mali, Mauritius, Nigeria, Senegal, Tanzania, Uganda and Zimbabwe) and 9 non-African bilateral donors (namely, Canada, Denmark, Finland, France, the Netherlands, Norway, Sweden, the United Kingdom and the United States). In addition, Japan has contributed resources to the Foundation through the Policy and Human Resources Development (PHRD) Fund at the World Bank. The establishment of ACBF was a response to the severity of Africa's capacity problem and the challenge to invest in indigenous human capital and institutions in sub-Saharan Africa. The Foundation commenced operations in 1992.

ACBF focused initially on addressing capacity needs in the areas of macroeconomic policy analysis and development management. It has developed a niche in addressing the paucity of expertise in these areas by providing direct support for capacity-building actions through the African Capacity Building (ACB) Fund. The Foundation's current portfolio includes policy units, national and regional projects with a significant emphasis on training to build capacity for policy analysis, and several projects to rehabilitate national institutions. Indeed, most of the national projects have training components and a number provide for fellowships, in-service training, attachment programs study visits, networking, information exchange and outreach.

In 1996, the Foundation successfully underwent an external evaluation of its performance during its initial phase. This led to a renewed commitment by donors (including Japan) to the Foundation, which resulted in pledges of over US\$65 million. The second five-year phase commenced in 1998 and will run up to the year 2002.

In 1999, the Boards of the Foundation approved the expansion of its role in capacity building to include PACT. The integration of PACT into ACBF constituted the subject of a feasibility study whose main thrust was endorsed by both the Executive Board and the Board of Governors. Efforts will be made to encourage countries to set up national focal points for country-level coordination of capacity-building activities, while technical review committees will be used by the Foundation in the project development process.

As a result of the decision to integrate the Partnership for Capacity Building in Africa (PACT) into ACBF, the Foundation will initially target three key categories: (i) enhancement of public sector performance and effectiveness; (ii) strengthening of public sector-private sector-civil society interface; and (iii) strengthening of regional initiatives. Following the integration, the Foundation's principal objectives are therefore to: (i) build and strengthen sustainable indigenous capacity for macroeconomic policy analysis and development throughout sub-Saharan Africa; (ii) improve, through co-financing and other networking arrangements, the channeling and coordination of donor support for capacity building in the area of the Foundation's mandate; (iii) contribute to

programs for the reversal of brain drain from the continent and encourage retention as well as intensive utilization of existing capacity; (iv) build capacity in key areas of the public sector with emphasis on the interface among the public sector, the private sector and civil society; and (v) provide support for regional initiatives.

The Foundation also extends support to project-support activities such as institutional networking, forums and dialogue among development partners, databases, and research on capacity-building issues.

The Foundation's approach to capacity building is largely demand-oriented with emphasis on needs assessments, project ownership and sustainability, and complementarity of intervention across projects and programs. More emphasis is currently being placed on the promotion of equity in the gender profile of beneficiaries of the Foundation's funding support. Operations at the Foundation are planned by means of medium-term work programs, which are implemented through annual business plans. Performance is rigorously monitored and evaluated based on quantitative and qualitative indicators, which are themselves undergoing refinement on a continuous basis.

The Foundation has a three-tier management structure consisting of a Board of Governors, an Executive Board and a Secretariat. The Board of Governors, the highest policy-making body, consists of one governor for each member country and multilateral donor. Its main responsibility is to set the broad policies for the operation of the Foundation as well as the appointment of the members of the Executive Board. The Executive Board is made up of eleven voting executive directors. Eight of the executive directors (at least four of whom are Africans from four different countries) are appointed in their personal professional capacities for a maximum of two three-year terms. The other three are designated by the Foundation's three sponsoring agencies (AfDB, IBRD and UNDP). The Executive Secretary is a non-voting member. The Executive Board is charged with responsibility for operational policies, guidelines and strategies and appointment of the Executive Secretary. The Secretariat carries out the activities of the Foundation in accordance with the policies and guidelines set out by the Boards. Currently, the Secretariat is comprised of a staff of 22 from 11 African countries.

2. INTRODUCTION

This *Annual Report* covers the period 1 January to 31 December 1999. It chronicles at once the continuation of the Foundation's operations as well as the beginning of a new era in its evolution: first, the Foundation recorded the second year of the second phase of its traditional line of business; second, the Boards of the Foundation decided to integrate the Partnership for Capacity Building in Africa (PACT) into ACBF; third, the Executive Board appointed Mr. Soumana Sako as the new Executive Secretary of the Foundation. Together, these three highlights hold out the promise of transforming ACBF into a central and visible player on the African development scene in the coming years.

The Foundation's portfolio grew modestly in 1999 with the approval of grants to two national projects (CREAM in Madagascar and CEPEC II in Guinea) and to one regional project (BEAC/BCEAO [debt management]). In addition, by the end of the year, the Foundation was supervising 34 active projects in its portfolio covering at least 23 countries. It had also undertaken 3 mid-term reviews, 27 supervision missions, 4 appraisal missions, 3 capacity needs assessment missions and 3 project identification missions.

The scope and scale of outputs of the 34 active projects continued to increase. Policy units generated policy-informing studies and other highly relevant works. They also delivered targeted training courses for officials serving in key economic management institutions such as Central Banks, Ministries of Finance and Planning as well as Offices of the President or Prime Minister and related bodies. The training projects organized conferences, post-graduate programs, seminars, short courses and workshops. These outputs influenced public policies and public policy-making processes in many countries and regions. In short, the impact of the Foundation's support is becoming increasingly visible and long lasting.

After gestating for close to four years, PACT finally took shape in 1999. The decision of the Executive Board and the Board of Governors to endorse its integration into ACBF marked another watershed. Besides the prospect of attracting additional resources, the integration of PACT implies a broadening and deepening of the role and relevance of the Foundation in capacity building in Africa – and, thus, in the Continent's development. To enable such broadening and deepening to be effective, the Foundation intensified its efforts in 1999 to upgrade its information technology systems, innovate its internal management processes, and improve its outreach and networking activities in a rapidly evolving global context. Much remains to be accomplished in each of these areas, as well as in others - such as clarification of the scope and scale of activities, delineation of eligibility criteria, mobilization of additional resources and strengthening of the skills mix within the Secretariat. It is therefore expected that more work will be carried out in 2000 and beyond to enhance the Foundation's institutional structure.

The third milestone of 1999 was the appointment of Mr. Soumana Sako, a former Minister of Finance and Prime Minister of Mali, as the new Executive Secretary of ACBF, in replacement of Mr. Abel L. Thoahlane, who completed his term of office at the end of the year. Mr. Sako, who will take office in January 2000, assumes leadership of the Secretariat at a critical juncture in the

evolution of the Foundation, given the integration of PACT into ACBF and its implementation over the coming years.

In short, the task ahead is enormous. There are however a number of reasons why it is necessary to be optimistic. First, one of the most striking themes on the Continent over the past decade has been the elevation of capacity building to the level of a continent-wide priority. This has been seen not just in the establishment of ACBF; it has been more visible still in the replenishment of the Foundation's resources and in the advent of PACT. Second, many lessons have been learned, and the Foundation is poised to draw on, and apply, them in playing its future role. Third, the Foundation has begun to build a solid track record, and many other achievements are in sight. They will help to confirm the need to maintain capacity building at the front rank of Africa's priorities.

This *Annual Report* consists of ten sections. Section One presents the Foundation – highlighting its evolution, membership, funding sources, mandate, operational modalities, governance arrangements and staffing structure. Section Two is the Introduction. Section Three captures the year in brief – focusing on the key events and developments that marked its operations. Section Four describes the activities and achievements of both the Board of Governors and the Executive Board. Section Five analyzes factors relating to the Foundation's own performance – including management information systems, staffing, financial management as well as policy and institutional development issues. Section Six presents a synopsis of the Partnership for Capacity Building in Africa (PACT), and discusses the dynamics of its relation to ACBF in the wake of the decision by the Executive Board and Board of Governors to integrate PACT into the Foundation. Section Seven examines the Foundation's project portfolio – delineating issues such as portfolio size and distribution, project development and start-up activities, output performance, implementation constraints and lessons learned. Section Eight discusses the Foundation's efforts to improve and consolidate its relations and synergies with its stakeholders and other central actors in the area of capacity building in Africa. Section Nine looks at the Foundation's financial position, and underscores the need for a more vigorous effort to mobilize additional resources both to fill the financing gap in respect of the traditional line of business and to meet the financial requirements for the PACT line of business. Lastly, Section Ten concludes the *Report* by identifying some of the challenges and opportunities facing the Foundation as it prepares to take on a broader role on the cusp of a new century and a new millennium. In order to support the discussions, the *Report* contains boxes, tables and annexes – including the Audited Financial Statements for 1999.

Box 1.**Summary of Policy Direction, Operational Guidelines
and Framework, 1998 – 2002 (Traditional Line of Business)****A. POLICY DIRECTION**

- (i) Continuation of current mandate: deepening and broadening of intervention in current area of focus
- (ii) Strengthening of current project portfolio
- (iii) Development of new projects and extension of country coverage
- (iv) Operational training policy to guide intervention in basic and applied economics education; specialized skills development for policy analysis and development management; regenerative capacity; and institution building program
- (v) Limited involvement in non-project activities
- (vi) Continuation of co-financing arrangements; systematic tranching of draw-down of pledges
- (vii) Project re-assistance based on:
 - Continued relevance of capacity needs
 - Project performance rating in terms of output production, efficiency of operation, utility of outputs, co-financing and counterpart funding support, transparency and account ability in the management of project resources
 - Sense of ownership
 - Level of sustainability of project activities
- (viii) Retention of governance structure under pilot phase, but with increased flow of information among governing bodies
- (ix) Continued active role of Sponsoring Agencies

B. OPERATIONAL GUIDELINES

- (i) Neutrality with respect to policy orientation in countries of intervention
- (ii) Demand-driven approach to intervention, capacity needs assessment, project ownership, project sustainability, and synergy across projects or complementarity of intervention
- (iii) Intervention based on comparative advantage and the creation of positive value-added
- (iv) Emphasis on impact and utility of outputs of supported projects
- (v) Promotion of equity in the gender profile of beneficiaries of supported projects and enhancement of women's participation in policy-making process
- (vi) Channeling of donor support for capacity building in the area of policy analysis and development management through co-financing arrangements

C. OPERATIONAL FRAMEWORK

- (i) Long-term Strategic Framework for operation over a 15-20 year horizon
- (ii) Strategy and Indicative Work Program [medium-term operational framework] for the period 1998-2002
- (iii) Annual Business Plans

D. PROGRAMS AND PROJECT-LEVEL INSTRUMENTS**(i) Programs**

- Policy Units
- Training and Research Institutions
- Institution Building and Strengthening Projects
- Non-Project Activities
- Networking Activities

(ii) Instruments

- Fellowships
- In-service training
- Work attachment programs, study visits
- Operational facilities
- Exchange, Research and Outreach

Box 2.

STRATEGY AND INDICATIVE WORK PROGRAM, 1998 - 2002 (Traditional Line of Business)

- Mission :**
- To strengthen capacity for macroeconomic policy analysis and development management
- Vision :**
- The Foundation seeks to become the leading African institution in the building and strengthening of policy analysis and development management capacity
- Strategy :**
- Selectivity to ensure maximum impact of ACBF intervention

Country Focus

- The Foundation will maintain a country focus in its program with limited support to regional projects

Country Selection Criteria

- Expansion in country coverage for better geographical balance
- Deepening of country programs through establishment of a cluster of capacity-building projects

Demand - Driven Approach

- Responsive intervention in capacity building
- Clients' participation to ensure ownership of capacity-building programs

Operational Priorities and Indicative Work Program

Core Programs

- Policy Units
- Policy Implementation Programs
- Training Programs
- Institutional Assessments

Program Support Activities

- Biennial Meeting on Capacity Building
- Biennial Meeting for Policymakers
- ACBF Information Centre
- Evaluation Studies

Indicative Targets

Program Components	No. of Projects /Activities
• Policy Units	16
• Policy Implementation Programs	10
• Training Programs	6
• Institutional Assessments	32
• Program Support Activities	11

3. HIGHLIGHTS OF 1999

In 1999, the Foundation continued to broaden and deepen its role by consolidating its achievements and enhancing the scope and quality of its portfolio. Through more rigorous monitoring of the projects it finances and more intensive investment of resources in project-support activities, it positioned itself more firmly as a leading capacity-building institution on the Continent. Therefore, although 1999 marked only the second year of the Foundation's second phase, it was a transitional one in that it paved the way for the transformation of ACBF into a more central player on the African development scene. The highlights of 1999 can be delineated as follows: (a) decision to integrate the Partnership for Capacity Building in Africa (PACT) into ACBF; (b) appointment of a new Executive Secretary; (c) project development and implementation activities; (d) upgrading of the management information systems; (e) expansion of outreach and networking activities; and (f) mobilization of resources to finance ACBF-PACT activities. Table 1 below sets out some of the key highlights of the year.

Item	1999	1998
Cumulative number of grants approved	42	39
Cumulative number of active projects	34	32
Number of re-assisted projects	1	3
New grants to projects	3	5
Countries covered	23	22
Active policy unit projects	20	20
Active training projects	14	12
Mid-term reviews	3	6
Supervision missions	27	30
Appraisal missions	4	5
PACT missions	7	0
Capacity needs assessment missions	3	*
Project identification missions	1	*
	US\$ millions	US\$ millions
Cumulative total cost of projects	213.08	202.76
Cumulative commitments	86.52	81.65
New commitments	4.87	8.80
Cumulative disbursements	48.16	40.51
Cumulative co-financing commitments	109.15	103.89
Paid-in contributions for projects (Phase I)	50.43	47.14
Paid-in contributions for administration (Phase I)	15.83	15.83
Paid-in contributions (Phase II)	9.82	0.300
Cumulative investment income (Phase I)	8.09	7.65
Cumulative investment income (Phase II)	0.21	-

* The Foundation fielded 4 combined rapid capacity needs assessment/project identification missions.

A. Decision to Integrate PACT into ACBF

After almost four years of consultations among stakeholders, the Executive Board of the World Bank approved an allocation of US\$ 30 million in May 1999 to help finance PACT – an initiative by the African Governors of the World Bank. The World Bank indicated its readiness to consider additional such allocations in subsequent years, with the amounts dependent on: (i) assessments of PACT's performance and impact; (ii) the amount of matching funding from other donors; and (iii) the availability of World Bank resources. PACT activities will cover the public sector, interface among the public and private sectors and civil society, and regional initiatives. The World Bank proposed that the initiative should be housed in ACBF and integrated into its structures. This proposal was endorsed by the Foundation's governing bodies, which thereafter commissioned a study on the implementation of such integration. The report of the study, which was undertaken by external consultants, made a number of recommendations that were endorsed by both the Executive Board and the Board of Governors. The integration of PACT into ACBF and the implementation of PACT-related activities will signal not just the maturation of the Foundation, but especially its transformation into potentially the leading capacity-building institution in Africa.

B. Appointment of a New Executive Secretary

Following the conclusion of the term of office of Mr. Abel L. Thoahlane, the incumbent Executive Secretary, the Executive Board embarked on an elaborate process during the last quarter of the year to select his successor. Following an open and competitive selection process, the Executive Board appointed Mr. Soumana Sako in December as the new Executive Secretary of the Foundation. He will take office in January 2000.

C. Project Development and Implementation Activities

- In late 1999, the Foundation conducted capacity needs assessments in three countries — Cameroon, Gabon and Rwanda. These exercises, which were wide-ranging in scope, had been formally endorsed by the Executive Board in March when it approved an allocation of US\$ 300,000 specifically for that purpose. The Foundation worked in each country with other partners involved in capacity needs assessments in order to foster and sustain synergies with them. It also involved local consultants in all phases, including report writing, in the capacity needs assessment process. It is expected that the needs assessment reports will be examined by stakeholders in workshops in each of the three countries with a view to building a consensus on capacity-building priorities. The Foundation also hopes to identify possible new areas of intervention in the mentioned countries, based on the conclusions of the needs assessment reports.
- The Foundation maintained a modest effort in its project-development and project-supervision activities. With respect to project development, the Foundation undertook a project-identification mission to Madagascar and 4 appraisal missions [BEAC/BCEAO; CEPEC (Phase 2) in Guinea; CREAM in Madagascar; and CEEA in Mozambique]. As regards project supervision, the Foundation fielded 27 missions to 23 projects and conducted 3 mid-term reviews. In addition, a total of 7 missions were dispatched by the

Foundation as part of the process of fleshing out details regarding the integration of PACT into ACBF and identifying projects for the PACT pipeline.

- The Executive Board awarded capacity-building grants to the following projects: CEPEC II in Guinea (US\$1,500,000); BEAC-BCEAO regional project on debt management (US\$1,650,000); and CREAM in Madagascar (US\$1,721,270).
- Cumulative disbursements to projects rose from US\$ 40.51 million to US\$ 48.16 million, representing an increase of 19 percent over the previous year. Actual disbursements to projects in 1999 amounted to US\$ 7.64 million compared to US\$ 8.83 million in 1998. This decline of 13.5 percent over the previous year was mostly attributable to transitional problems faced by ongoing projects moving into their second phases and delays in the start-up of new projects.
- The cumulative level of co-financing (including self-generated financing as well as donor and counterpart funding) of ACBF-supported projects rose by about 5 percent, bringing the total from US\$ 103.89 million to US\$ 109.15 million.
- The Foundation pursued its quest to enhance the policy analysis and development management capacities of beneficiaries through the 34 active projects in its portfolio. For example, a cumulative total of 8556 persons participated in conferences, seminars and workshops organized by the Foundation and its projects. In addition, the number of policy studies commissioned by governments, the private sector and the donor community rose from 268 in 1998 to 458 in 1999.

D. Upgrading of the Foundation's Management Information Systems

In preparation for the new millennium and the sharp increase anticipated in transactions following the integration of PACT into ACBF, the Foundation continued to upgrade its information technology platform as well as enhance its financial processing and controls mechanisms. These measures will not only improve its internal communication and outreach efforts vastly, but also render more efficient the tracking and management of the Foundation's resources.

E. Expansion of Outreach and Networking Activities

In 1999, the Foundation made significant strides in its effort to enhance its stature, visibility and credibility as a capacity-building institution. It played a critical role in co-hosting and coordinating two major international workshops ("Think Tanks as Policy Catalysts in Africa" and "Operational Approaches to Institutional and Capacity Development") and two regional workshops ("Capacity Building and Promotion of an Enabling Environment within the Context of the Regional Action Program to Combat Desertification in Africa" and "Communication Strategies for Development Networks: Lessons and Potentials"). In addition, members of the Foundation participated in various regional and international forums, which afforded them an opportunity to share the Foundation's experiences with other stakeholders and to hone innovative approaches to capacity-development challenges.

F. Mobilization of Resources to Finance ACBF-PACT Activities

- The approval of PACT by the World Bank Executive Board in May 1999 resulted in the potential infusion of significant additional funds into the Foundation's resource pool.
- Donors continued to sign the MOU relating to the ACB Fund (Phase II), which had become effective in September 1998 following the signing of the instrument by the requisite number of countries and organizations. The MOU and the schedule of draw downs annexed to it constituted the basis on which call letters were sent to donors that had formalized their respective pledges and countersigned confirmation letters issued by the World Bank.
- The government of Uganda signed an Agreement with the Foundation adhering the former to the provisions of the MOU (Phase II). According to the Agreement, the Government of Uganda, through the Ministry of Finance, pledged up to two hundred and fifty million Uganda shillings (Shs. 250,000,000) [approximately US\$ 250,000] to the ACB Fund, thus entitling Uganda to a seat on the Board of Governors.
- The Foundation mobilized a total of US\$ 56.61 million for Phase II as at end 1999. However, the Executive Board and the Board of Governors noted that the Foundation's financial position continues to be delicate in light of the considerable gap between the total funds pledged and the resources required to implement PACT and the holding scenario of the Strategy and Indicative Work Program (SIWP) of the traditional ACBF focus on economic policy management. As a result, the Foundation faced both human and financial resource constraints, which affected its operations. For example, the available commitment authority of about US\$ 20 million was considered sufficient for only one year within the framework of the Foundation's traditional line of business. Still, as in 1998, the Foundation decided not to revise the SIWP in order to retain its operational flexibility and in anticipation of prospects for the mobilization of additional resources.
- In light of the resource constraints facing the Foundation, the Executive Board maintained the administrative budget for 2000 at basically the same level as in the previous year, adjusting the figure for inflation (US\$ 2.743 million). This was in accordance with its decision in 1998 to fix the Foundation's administrative budget for the period 1999-2002 at an average level of US\$ 2.4 million per annum. The Executive Board and the Board of Governors agreed that the Foundation needed to undertake additional efforts to mobilize the resources required to fully finance its activities and that the Foundation could access PACT resources to fund projects falling within its traditional framework provided that they meet PACT eligibility criteria.

4. ACTIVITIES OF THE BOARDS

ACBF is governed by two Boards — the Board of Governors, consisting of 26 members representing 23 countries and three sponsoring agencies (AfDB, UNDP and the World Bank); and the Executive Board, consisting of eleven voting members (of whom 8 are independent members and 3 are designated by the three sponsoring agencies) and one non-voting member (the Executive Secretary). The Board of Governors is the principal policy-making body of the Foundation. It held its 8th Annual Meeting in June. The Executive Board is responsible for the conduct of the general operations of the Foundation. It met three times in 1999 — in regular sessions in March and November, and in special session in June.

The Board of Governors

The Board of Governors held its 8th Annual Meeting on 10 – 11 June 1999 in Paris, France. During the meeting, the Board of Governors considered, *inter alia*, issues relating to the effectiveness of the MOU relating to the ACB Fund (Phase II); the utilization by ACBF of resources pledged by Japan; mobilization of additional contributions to the ACB Fund; the Annual Report and Accounts for 1998; and the integration of PACT into ACBF.

As concerns the effectiveness of the MOU (Phase II), the Board of Governors noted that the following countries and organizations had signed the instrument: the African Development Bank, Botswana, Cameroon, Denmark, Finland, the Netherlands, Norway, Senegal, Sweden, the United Kingdom, the United Nations Development Programme and Zimbabwe. As a result, the World Bank, which manages the ACB Fund, had already begun implementing the draw-down schedule agreed upon by the Board of Governors in November 1997 by issuing call letters to those donors that had signed the MOU and counter signed confirmation letters. The Board of Governors thus noted that the MOU was effective, and urged all the other countries and organizations that were yet to announce pledges or were lagging in fulfillment of their pledges to clarify their intent regarding signing of the MOU as this had implications for assessing the Foundation's financial position.

On the issue of the utilization of resources pledged by Japan, the Board of Governors noted that the Government of Japan had approved requests for funding, through the Policy and Human Resources Development (PHRD) Trust Fund at the World Bank, of the Economic Policy Management (EPM) projects in Côte d'Ivoire and Uganda. The total amount approved was US\$ 4 million, out of the US\$ 10 million pledged by Japan to the Foundation. The Board of Governors encouraged both the Government of Japan and ACBF to develop further their relationship by clarifying bilaterally the basis for further support to the Foundation.

Regarding the mobilization of additional contributions to the ACB Fund, the Board of Governors noted that the Foundation's present level of commitment authority was just adequate to carry it through the year 2000 if no new pledges were made to cover the shortfall of US\$ 47.6 million required for implementation of the holding scenario of the SIWP for the period 1998 – 2002, which is estimated at US\$ 104 million.

The Board of Governors noted the delicate financial position of the Foundation, and acknowledged the need for urgent action to be taken to address the situation. It urged all donors still lagging in fulfillment of their pledges to meet their commitments to the Foundation, and agreed that the Foundation's financial position should be monitored closely in light of the implications this has for implementation of its SIWP.

The Board of Governors recommended that the Foundation should assess the role it might play in the future in post-conflict situations in Africa, position itself as a centre of excellence in shaping the direction of capacity development on the Continent, pursue its efforts to develop performance indicators to track its effectiveness and impact, and construct an appropriate matrix setting out more clearly the classification and funding status of projects.

The Board of Governors played a critical role in the process of integration of PACT into ACBF: first by endorsing in principle the recommendation that PACT should be placed within ACBF; next by agreeing that a detailed study should be commissioned by the Foundation to assess ways of implementing the integration process; and finally by delineating the elements of PACT (e.g. objectives, underlying principles, protection of the Foundation's core business as well as retention of national focal points and technical review committees etc.) that would remain at the core of the initiative regardless of what form the integration process took. The Board of Governors met in special session in January 2000 to examine the report of the study on the integration process and endorsed the recommendations made by the consultants who carried out the exercise.

The Executive Board

The Executive Board met three times in 1999 — twice in regular session (March and November) and once in special session (June). The Executive Board formally approved the Foundation's revised administrative budget for 1999 fixed at US\$ 2.57 million, inclusive of the cost of the planned upgrade of its information technology systems to cater for additional and improved computer hardware and software as well as for Y2K preparations.

With respect to the status of utilization of the Japanese contribution, the Executive Board monitored the process of approval by Japan of two of the projects submitted via the PHRD Trust Fund at the World Bank. The Foundation expects to draw on the lessons learned from the process in order to expedite future requests made to the Government of Japan through the PHRD Trust Fund.

Besides being instrumental in shaping the structure and content of the Annual Report for 1998, the Executive Board also approved activities central to the Foundation's mission. In this connection, it awarded an allocation of US\$ 300,000 to finance capacity needs assessments in four countries. However, it directed the Secretariat to collaborate with other partners involved in capacity needs assessments in order to foster synergies with them, and to ensure that local consultants are involved in all relevant phases of the capacity needs assessment process, including preparation of reports. In addition, the Executive Board approved an allocation of US\$ 145,000 to co-finance the workshop organized in October by the Foundation in conjunction with the DAC Informal Capacity Development Network, the ECDPM and DFID.

The Executive Board played an active role in the process of integration of PACT into ACBF. Following the endorsement by the Board of Governors of the integration, the Executive Board worked to minimize the risk of a disruption of the Foundation's current business by ensuring that the constitutional, organizational, financial and operational implications of the integration were addressed. To accomplish this objective, the Executive Board hired external consultants to conduct a study on the integration process. It managed the process, which resulted in the production of a report for presentation to the Board of Governors.

The Executive Board reviewed closely the performance of the Foundation's project portfolio. To this end, and in order to provide appropriate guidance regarding project implementation issues, it requested the Secretariat to prepare policy papers on salaries in ACBF-supported projects, the role of co-financing of ACBF operations, and the status of governance in ACBF-funded projects.

The Executive Board continued to monitor the Foundation's financial position in light of the limited commitment authority available. It decided not to revise the holding scenario of the SIWP, and approved the following three projects: (a) the BEAC/BCEAO Debt-Management Training Program (US\$ 1,650,000); (b) the CEPEC Project (Phase II) in Guinea [US\$ 1,500,000]; and (c) the CREAM Project in Madagascar (US\$ 1,721,270). However, in light of the financial and human resource constraints facing the Foundation, the Executive Board maintained the cap it had set the previous year for the administrative budget; it approved a budget for the year 2000 in the amount of US\$ 2.743 million in respect of the Foundation's current business. It deferred adoption of the business plan and budget for 2000 concerning PACT, pending subsequent review and endorsement of implementation arrangements by the Foundation's governing bodies.

The Executive Board capped the year by searching for a new Executive Secretary. Following the expiry of the term of office of Mr. Abel L. Thoahlane, the incumbent Executive Secretary, the Executive Board invested much time in the process of selecting his successor. It appointed a four-person Search Committee that managed the entire selection process, with the assistance of the Secretariat staff. The wide publicity given to the vacancy generated 189 applications, many of which came from distinguished individuals with commendable track records in capacity-building as well as human-resource, financial and project-cycle management. Following an open, competitive and rigorous process, the Executive Board appointed Mr. Soumana Sako of Mali in December to a four-year term as the new Executive Secretary of ACBF. A former Minister of Finance and Prime Minister of Mali, Mr. Sako has also been a Senior Economist at UNDP, a distinguished international consultant and professor of public finance.

5. ACBF OPERATIONS

A. Management Information Systems

Following a review of its information technology environment, the Foundation proceeded to upgrade its systems. With the assistance of external consultants, it procured new hardware and software, and made a special effort to ensure that all its systems were Y2K-compliant.

The new information technology systems, which include access to the Internet, will not only improve the Foundation's communication systems, but will also enhance its capacity to efficiently track financial transactions and provide much better internal control mechanisms. This is a welcome development considering the anticipated increase in the volume of transactions in the wake of the integration of PACT into ACBF.

Overall, therefore, the upgrade improved the quality and efficiency of the hardware, software and the e-mail/Internet link. The next task is to develop an appropriate website for the Foundation.

B. Staffing

ACBF remains committed to delivering work of the highest quality not only in order to ensure that its portfolio of projects continues to perform well, but also because the Foundation needs to position itself at the front rank of thinking and practice in the area of capacity building in Africa. This means that it must be adequately staffed with highly competent personnel.

To this end, at the beginning of the year, two program officers joined the Foundation - thus bringing the staff complement as at 31 December 1999 to 22. The position of Executive Secretary, which became vacant at the end of the year, was timeously filled to avoid creating a leadership gap. Mr. Soumana Sako was appointed the new Executive Secretary in December, and will take office in January 2000.

C. Commitments

During the year, the Executive Board approved one regional project and two national projects — that is, the BEAC/BCEAO training project on debt management, the second phase of the CEPEC project in Guinea, and the CREAM project in Madagascar.

The grants awarded to these three projects amounted to US\$4.87 million, which increased the Foundation's total commitment from US\$81.65 million as at the end of 1998 to US\$86.52 million. This represents nearly a 6 percent increase in commitments over the previous year. The portfolio of commitments under Phase II was US\$19.80 million by the end of 1998. The approval of the three projects thus increases commitments under Phase II to US\$24.67 million against donor pledges of US\$66.61 million, including the contribution of US\$ 10 million made to the Foundation by the Government of Japan through the PHRD Trust Fund.

D. Disbursements

During the year, disbursements to projects amounted to US\$7.64 million, compared to US\$8.83 million for 1998. This represents a decline in disbursements of about 13.5 percent over the previous year. The decline was due to a combination of factors. For example, projects faced transitional problems when moving from the first to the second phase. They experienced a slow down in their activities due to delays in negotiation and signing of grant agreements. The Foundation therefore needs to identify mechanisms to ensure the smooth transition of existing projects approved for a second phase. Secondly, new projects approved in the last two years were slow to start up mainly because of delays in meeting conditions prior to negotiation of the relevant Grant Agreements. Thirdly, some policy-unit projects experienced significant governance and management problems, which in turn adversely affected the implementation of their activities. The Secretariat is monitoring the implementation of remedial measures taken within each of the projects to ensure improvement in their performance.

E. Policy and Institutional Development Issues

Sustainability of ACBF-funded projects

One of the main concerns of ACBF is the long-term sustainability of the projects that it supports. Given the declining trend in official development assistance and the reluctance of most donors to support administrative costs, it is becoming urgent and imperative that capacity-building institutions secure long-standing and, preferably, indigenous sources of funding. At every stage in the project cycle, the Foundation encourages project promoters to address the issue. The chances of projects to achieve sustainability vary depending on their orientation - that is, whether they are training institutions, autonomous policy units, policy units in government or semi-autonomous policy units. Some of the factors that affect the sustainability of projects in the Foundation's portfolio include the nature of the broader institutional context, co-financing, establishment of endowment funds, the stock of indigenous human capacity, financial incentives, relevance and utility of outputs, and project governance arrangements. In assessing these factors, it is desirable to note that, given the length of time it ordinarily takes for capacity-building processes to mature, it would be unrealistic to expect most projects in the Foundation's portfolio to have come to grips with them adequately.

Enabling Environment. The nature of the broader institutional context constitutes a critical factor in the sustainability of ACBF-funded projects because if the political, economic, intellectual and social conditions affecting the operation of such projects are not propitious, it is not likely that the projects would be able to start up or function optimally. For capacity-building projects to survive and succeed beyond the initial funding stages, there must exist a vital minimum of political and economic stability, a low risk of social conflict, and a framework of support for capacity building as evidenced by the establishment of focused institutions and the adoption of appropriate and predictable rules governing capacity-building efforts. Most critically, local political authorities, civil society organizations and the private sector must, wherever applicable, demonstrate a sense of ownership of, and commitment to, capacity-building projects.

Co-financing. The ability to secure co-financing and to mobilize resources from local sources raises

the prospects of a project's long-term sustainability. ACBF does not have a definite policy on the proportion of funding that it provides to a project. However, for many projects, the Foundation supports about 30-40% of the total cost. In practice, the proportion depends on the country, the prevailing economic environment and the orientation of the project. In the current environment of competing needs in most African countries, economic policy institutions are not perceived as a priority. As a result, securing co-financing is often not easy or possible. The ensuing financial problems can affect a project's effectiveness, as was the case with CEPEC and KIPPRA.

The chances that projects can become sustainable after donor funding lapses are partly dependent on their ability to raise funds locally. ACBF encourages policy institutes to carry out some contract work to enhance their visibility and credibility and contribute towards their own sustainability. Autonomous and semi-autonomous policy units are in a better position to carry out such work as they are paid for it, whereas governments are usually unable or unwilling to pay for work carried out for them by government-based policy units. Still, despite the need to encourage projects to generate alternative sources of funding, the Foundation tends to also encourage policy units that can generate their own resources through contract research to manage their work programs such that they do not become quasi-consulting firms.

EPRC, ESRF and NEPRU generate funds from the sale of publications, organization of seminars and delivery of short-term training courses. ACBF encourages its projects to reach out and identify the research and policy needs of different stakeholders, including civil society and the private sector, as a way of broadening their local financing base. To this end, CEPA, ESRF, IPAR and NEPRU strive to meet the needs of both civil society institutions and the private sector. Unfortunately, the private sector in most African countries remains fragile and deficient of resources. Also, most civil society organizations in these countries still depend largely on donor funding to carry out their own research. Still, the services of ESRF and NEPRU staff are in such high demand by many stakeholders that they are unable to meet the demand. NEPRU has raised US\$1.6 million and ESRF has mobilized well over \$1 million. NEPRU has been able to fund the salaries of its 18 staff members from project-generated resources, while ESRF has utilized such resources to put up its block of offices.

Endowment Fund. Establishment of an endowment fund is another way of ensuring long-term sustainability. Projects such as AERC, CEPA and ESRF are exploring this option but have had problems raising the requisite seed money. Overall, prospects for establishing endowment funds to fully finance projects are remote as donors do not generally support them and the tradition of philanthropy is still weak on the Continent.

The Stock of Indigenous Human Capacity. One of the most important factors affecting of long-term sustainability is the presence of appropriately qualified local human capacity. Most sub-Saharan countries are experiencing problems of weak human capacity. There are three essential aspects to attracting and retaining the requisite caliber of personnel that can deliver the quality and quantity of outputs that will raise the credibility of an institution: adequacy of infrastructure, remuneration, and a conducive working environment. Suitable infrastructure comprises well-stocked resource centers/libraries, good telecommunication systems and up-to-date computer technology that is linked to relevant networks to facilitate contact with colleagues and international databases. ACBF has made a significant contribution towards infrastructure development in most projects -

including DMPA, ESRF, IPAR and NEPRU and the economics departments of 20 universities under the AERC-CMAP.

Financial Incentives. Given the economic crises affected most African countries, the issue of compensation is critical to human resource sustainability. Attractive but sustainable remuneration can reverse the brain drain by attracting African researchers based in developed countries, as has happened in the case of the AERC, CEPA, EPRC and ESRF. However, there is a tension between two factors. On the one hand, projects need to ensure that such remuneration is not overly high as it might not be sustainable. On the other hand, salaries that are overly low may fail to attract the desirable caliber of staff or may cause project staff to take on additional work in their private capacity to the detriment of the projects that have engaged their services on a full-time basis. In the latter case, weak financial incentives would jeopardize the sustainability of the project.

Relevance and Utility of Outputs. The experience shows that projects whose outputs are of high quality, and are relevant, timely and responsive to identified needs, enhance their credibility and visibility and contribute to long-term sustainability. The Foundation encourages the projects in its portfolio – especially government policy units – to generate work that is demand-driven rather than supply-driven. This enhances the relevance and utility of such work to stakeholders. The outputs of CEPA, EPRC, ESRF, NEPRU and UPE are in high demand by different stakeholders in their respective countries.

Project Governance Arrangements. All ACBF-supported projects have a governance structure either in the form of a Board of Directors or a Project Steering Committee to ensure substantial local ownership and adequate oversight of the project as well as provide intellectual leadership and support. The experience to date is that semi-autonomous policy units and training projects generally have strong and effective governance structures. Government-based and autonomous units, on the other hand, tend to have weak and relatively ineffective governance structures. The governance structures of policy units are usually made up of civil servants while those of autonomous units are sometimes built around the personality of a single dominant promoter. In the latter case, the governance structure tends to be more symbolic than effective.

The issue of the sustainability of capacity-building projects continues to be a complex one that requires further reflection by both the Foundation and its stakeholders. Over the coming years, the Foundation expects to invest significant time in analyzing the issue through workshops, forums and empirical research.

Co-financing

The Foundation's policy on co-financing is intended to create a network of partnership between donors and beneficiaries of assistance so as to supplement its support to capacity-building efforts in Africa. While the objective of co-financing is to generate supplementary resources from other sources, the policy has had its practical problems. In some of the projects where the Foundation had made co-financing a condition prior to negotiation on effectiveness of the Grant Agreement, slow take-off was experienced as some projects either could not raise the necessary co-financing or could not do so in a timely way. The Foundation however believes that the policy is crucial in securing both project commitment and ownership, especially where governments or local institutions provide the co-financing.

As at 31 December 1999, the total cost of Foundation-supported projects was US\$ 213.08 million. In 1998, the cost was US\$ 202.76 million. This reflects an increase of US\$ 10.32 million in 1999 or a 5 percent growth over the previous year. The Foundation's cumulative share in the financing of these projects was US\$ 86.52 million, and co-financing from other sources amounted to US\$ 109.15 million. The largest source of co-financing continues to be from both bilateral and multilateral donors who provided more than 80 percent of the co-funding.

The Foundation manages its co-financing policy by encouraging recipients to seek the requisite co-financing. Experience has however shown that projects continue to have difficulty in raising additional funding. In 1999, the co-financing gap was US\$ 11.78 million compared to US\$ 11.60 million in 1998. This represents a growth in the co-financing gap of about 1.5 percent. A number of factors are at the root of this problem. They include: (a) delay in mobilizing donor support during the project development process; (b) difficulty in meeting conditionalities imposed by potential co-financing donors; and (c) changes in the priorities and financing policies of potential donors.

The Foundation will continue to monitor trends in the co-financing of its projects in order to identify and address the factors that make the mobilization of co-financing by beneficiaries so difficult.

ACBF and Capacity Building in Post-Conflict Environments

The experience the Foundation has gained since 1998 from intervening in countries recently convulsed by conflict - such as Congo, Liberia, Mozambique and Rwanda - has enabled it to learn many lessons in building capacity in such environments. The four countries in which the Foundation has intervened in some form shared a number of characteristics. For example: (i) each of them experienced internal conflict which adversely affected their institutions as well as governance and security arrangements; (ii) severe domestic disturbances resulted in considerable disruption of productive economic and commercial activities, which worsened already deteriorating economic situations; (iii) health and education services were wrecked not only because of conflicts but also as a result of mismanagement; (iv) the physical infrastructure was destroyed or had collapsed; (v) the weakened institutional and human capacity and the precarious financial situation compelled each of the countries to depend on external funding for the implementation of post-conflict reconstruction; and (vi) the absence of security absorbed a sizeable amount of scarce domestic resources.

While the above features are common to the four countries, there are also features unique to each country. In Liberia, the 1989-1997 civil war was preceded by a military regime during which there was a flight of qualified human resources, and a total destruction of institutions such that during a good part of the post-conflict period, the country was virtually being managed by humanitarian organizations. In the Democratic Republic of Congo, the chaotic situation in 1996-1997 was preceded by a corrupt and repressive regime. The institutions established by the regime survived but were extremely fragile. The post-conflict environment in Mozambique was characterized by an extreme paucity of local human capacity. In Rwanda, a new leadership attempted to establish new institutions following the 1994 genocide that virtually decimated the country's core human resources. In short, the lessons learned by the Foundation from its intervention in post-conflict environments span much of the project cycle.

Capacity Needs Assessments. With regard to capacity needs assessments conducted in post-conflict environments by the Foundation, the absence of data on the stock of current capacity made it difficult to assess the required institutional and human capacity in economic policy analysis and management. This led to flawed estimations, which in turn made it difficult to identify specific capacity- building activities and to quantify and qualify indicators for outputs and impact. In addition, the absence of donor coordination resulted in the generation of unsatisfactory proposals for project assistance in these countries. Also, capacity needs assessments in economic policy analysis and management undertaken in post-conflict environments by some of the Foundation's sponsoring agencies/partners have either a narrow focus or are too general to be used to identify and develop projects in the areas in which the Foundation intervenes.

Project Development. As regards program and project development, the process in post-conflict environments was adversely affected by the lack of data on current capacity needs and problems. The process was also affected by the lack of domestic ownership and the insufficient local human capacity. Such lack of local ownership caused the Secretariat and the consultants to play an active role than was initially planned in the program and project development process. The risk was that project documents would reflect more the view of the Secretariat on what these countries needed rather than that of the countries themselves. Lastly, the project development process in post-conflict contexts suffered from the lack of an integrated approach to capacity building.

Project Appraisal Process. The project appraisal process launched by the Foundation in two post-conflict environments (Liberia and Mozambique) was hampered by the paucity of data to assess the main components of the projects. In addition, given the unstable nature of post-conflict environments, assumptions on project costs and especially on project impact were difficult to evaluate. Finally, in one of these environments (DRC), the project appraisal process could not be undertaken because the country was once again mired in a war. This will require that the Secretariat review the project in order to take the new context into account prior to appraising it. The consequence is that this would increase the time and the amount of resources needed to support the project. Also, one of the activities undertaken during project appraisal is to identify or confirm co-financing of the project. Given that in post-conflict environments several donors consider that addressing fundamental human needs (health, education, resettlement, water, sanitation, etc.) is a priority, the Foundation often found it difficult to identify co-financing for projects aimed at building capacity in economic policy analysis and management. Finally, given the dire state of government finances in post-conflict countries, the Foundation had to relax its stringent co-financing requirements.

Planning of Project Implementation. Planning of implementation in post-conflict environments takes longer because of the instability of the institutions in the country responsible for providing the legal framework for such implementation. For example, the formal establishment of projects and the process of recruitment of project managers are seriously hampered by the absence of a stable overarching government structure. Given that these are often conditions to be met by project beneficiaries prior to the negotiation and effectiveness of project grant agreements, projects in these environments can take very long to take off.

Box 3.**CAPACITY BUILDING IN POST-CONFLICT ENVIRONMENTS:
FIRST LESSONS**

- Use an incremental approach in addressing the lack of adequate information on existing human and institutional capacity, and assess needs on the basis of available data, incorporating adjustments as additional data becomes available.
- Through a program approach, encourage the Government and donors to conduct capacity needs assessments jointly or to otherwise coordinate their efforts.
- Explain and raise Government consciousness about the importance, role and need for capacity needs assessments in program and project identification and development.
- Through the establishment of focal points and upgrading of their capacity, foster local ownership and coordination of program and project development processes.
- Forge an integrated approach to program/project development for capacity building.
- Utilize an incremental approach in resolving the issue of lack/insufficient data for project appraisal, and assess projects not only on the basis of available data, but also on the basis of similar ones and past experience.
- Given the difficulty in attracting co-financing from donors and the Government for capacity-building projects, absorb a higher percentage (or even the totality) of the project budget during the initial phase of the project as a way of assisting countries in building their capacity.
- Given that the institutions empowered to institute the legal framework are unstable, streamline the conditions precedent to negotiation and effectiveness of Grant Agreements and maintain close contact with project promoters and beneficiaries.

The Foundation will continue to build up its knowledge of post-conflict environments and extract lessons gained from its interventions in such environments. It recognizes the need to pitch its ambitions and expectations appropriately, and will work with other partners to distill the more critical dimensions of its intervention strategies for application in other contexts.

6. ACBF AND THE ADVENT OF PACT: NEW HORIZONS

A. Decision to Integrate PACT into ACBF

Dimensions of the Process

The integration of the Partnership for Capacity Building in Africa (PACT) into ACBF was formally approved by the Board of Governors during its meeting in June 1999. Prior to the meeting, the Board of Governors had earlier indicated that the Executive Board should be prepared to take forward the key elements of the PACT initiative. The integration will lead to the expansion of the Foundation's role, a modification of its operational strategy, modest improvement in the staff strength and skills mix in the Secretariat, and the creation of a single trust fund for capacity building.

Thus, ACBF will expand its role from strengthening capacity for macroeconomic policy analysis and management to building capacity for the enhancement of effectiveness of the public sector, its interface with the private sector and civil society, and the strengthening of regional institutions to promote good governance and sustainable development in sub-Saharan Africa. It will also lead to adjustment's in the Foundation's operational strategy and in countries' responsibility in the capacity-building process. Without impairing the effectiveness of the project development process, the Foundation will devolve over time some responsibility for capacity needs assessments as well as project identification, development and monitoring to national institutions that may have emerged at the country level in the form of national focal points. In addition to the potential devolution of responsibilities, other modifications are envisaged. These will include intervention geared towards a program rather than a project approach to capacity building and occasional use of external resource persons to supplement available skills in the Foundation during the development and review of project/program proposals.

Although the integration will entail some devolution of responsibilities to countries that have the capacity and are willing to undertake upstream activities associated with the capacity-building process, this will take a period of time to materialize. Not many countries have been able to set up effective institutional structures in the form of national focal points to take on this task. Consequently, the integration will lead to a modest improvement in the staff strength of the ACBF Secretariat. It may also require a modification of the institutional structure for the implementation of PACT-related projects and programs by allowing the Foundation to draw on the human resource support of its cooperating multilateral partner institutions such as the World Bank, UNDP and the African Development Bank. With access to consultants and professional staff support from the multilateral partner institutions, and taking into consideration the long-term prospect of devolving responsibility for upstream activities to national institutions, it is envisaged that the ACBF Secretariat will expand only on a modest scale.

It is expected that integration will also involve the merger of the African Capacity Building (ACB) Fund and the proposed Capacity Building Trust Fund (CBTF) into a common trust fund for capacity building.

Strategy for the Integration

For the determination of an effective integration strategy, the Foundation commissioned a study to examine design and implementation issues in the integration process. The study was guided by two major objectives. The first was to determine a suitable strategy for the integration in terms of level, phases, and timing, and in the process provide a guide to the final institutional form as well as legal, operational, administrative and financial structures that would ensure effective operation. The second objective was for the study to: (i) examine the scope and scale of PACT, as well as design and implementation issues that would facilitate a smooth start-up of activities; and (ii) offer constructive suggestions for enhancing effectiveness of key elements of the initiative.

The report strongly recommended a team approach to the implementation of PACT as opposed to the creation of a PACT directorate within ACBF. Thus, it favored integration from the onset of the implementation process. It also recommended a streamlining of the project cycle and the merger of the trust funds following an evaluation of the progress of the integration process.

The study was completed in November 1999 and finalized in December. The Executive Board met on 24-27 November and considered the draft report of the study. Comments by the Executive Board together with the final report were examined by the Board of Governors during its meeting in early January 2000. The recommendations of the consultants were broadly endorsed by both the Executive Board and the Board of Governors.

Timing, Phasing and Expected Duration of the Process

The Board of Governors considered favorably the team approach as opposed to the creation of a PACT Directorate as a strategy for the integration. It also agreed that the ACB Fund (which finances the traditional line of business) and the CBTF (which funds the PACT line of business) should be merged in 2000. It however decided that issues such as the scope of PACT, country eligibility criteria, and the streamlining of the project cycle might need to be reconsidered in greater depth, especially by the Executive Board, before a decision is made regarding their implementation. Given the momentum set by the Executive Board, and the broad endorsement by the Board of Governors of the main recommendations of the GRM Report, it is expected that the integration and implementation processes will proceed simultaneously in all keys areas. Consequently, the process might therefore be fully implemented within one year.

Outcome of the Integration Process and its Implications

The result of the integration will be an expanded ACBF with a broadened role. It will involve a modest expansion in staff strength to cater especially for the new areas of intervention due to PACT, and slightly modified operational guidelines. The adjusted guidelines will reflect the new scope of its intervention, modalities for accessing its resources and country eligibility criteria. The modified guidelines will also provide indications as to the extent to which the Foundation will be involved in project development activities, the role of national focal points and relationship with the ACBF Secretariat as well as strategies for operationalizing technical review committees as recommended by the study.

The expanded ACBF will provide a greater boost to capacity building in Africa. Capacity building will be focused, systematic and effectively coordinated. All key stakeholders will have an opportunity to participate in the capacity-building process, including resource mobilization.

B. Operational Strategies

The operational strategies of the Partnership for Capacity Building in Africa (PACT) place emphasis on the need to: (i) build partnership among stakeholders at the international and national levels; (ii) strengthen existing initiatives and success cases while exploring new areas, approaches and instruments in the capacity building process; and (iii) provide a sustainable institutional framework for systematic interventions (built on carefully assessed and prioritized needs) and coordinated approaches in order to maximize the use of resources and synergize projects and programs that are implemented in various sectors by various donors and stakeholders in a country or region.

As regards partnership among stakeholders, this will be built at both international and national levels, and will be a major driving force behind the PACT initiative. There will be a partnership between African governments and their development partners, which comprise multilateral institutions (the World Bank, UNDP and the AfDB), bilateral donors and private foundations, among others. To sustain such partnership internationally, the Foundation will occasionally organize a capacity-building forum to share ideas, experiences and best practices in capacity building. The forum will also serve as a vehicle for reviewing progress in the implementation of PACT within an integrated ACBF, and very importantly serve as a framework for mobilizing additional funding support for the activities of the Foundation.

At the national level, PACT looks forward to a partnership that will be spearheaded by the government – bringing together the private sector, civil society and development agencies that support capacity-building activities. To provide an institutional mechanism for building partnership at this level, and an instrument for systematic and effective coordination of capacity-building activities, PACT will encourage countries to set up or designate appropriate institutions to serve as national focal points for capacity building. To ensure effectiveness, the national focal points will be expected to be reasonably inclusive in terms of participation of stakeholders. Thus, a focal point will allow for participation by the public sector, the private sector and civil society in processes and activities by which capacity needs are identified, prioritized, developed, funded, implemented and reviewed. While national focal points will be instruments in PACT operational strategy, their establishment will not necessarily constitute a prerequisite for intervention in countries. The Foundation will however encourage countries in the longer term to put in place a mechanism for coordinating capacity-building activities.

As part of its operational strategies, PACT will build on existing success cases in capacity building. Starting from the Foundation, PACT operational modalities will derive largely from ACBF operational guidelines. These guidelines will be modified slightly to accommodate the role of the national focal points and an operationally feasible form of the technical review committees, which will assist in project review. On the field, PACT will explore new ideas, new institutions and strengthen existing success cases. It will place emphasis on synergies across capacity-building projects and programs.

Intervention in countries will be through capacity-building programs, projects or seed support. Countries qualifying for country programs or projects will need to meet specific eligibility criteria. Seed support will be provided largely for very specific capacity-building activities or for preparatory activities designed to launch a major intervention.

These criteria are still under review. They will be modified continually to ensure adequate balance between the need for access to capacity-building resources and the need to ensure effective commitment by countries to the capacity-building process.

Box 4.

START-UP PILLARS OF PACT

The start-up scope of PACT, and thus of the expanded role of the Foundation, will encompass activities designed to build capacity in key areas of the public sector in order to enhance their contributions to good governance and sustainable development. It will also place emphasis on strengthening the interface between the public sector, on the one hand, and the private sector and civil society on the other. Lastly, it will support regional initiatives in the areas of research, training, policy advocacy and negotiation.

Thus, the expanded role of the Foundation will cover the following areas:

1. Enhancement of Public Sector Performance and Effectiveness *through support for:*

- Public sector reform
- Professionalization of the civil service
- Public enterprise reform and regulatory commissions
- Financial management and accountability
- Performance auditing and evaluation
- Improvement in the quality of national statistics
- Management of decentralization and local governments
- Legal and judicial reforms
- Strengthening capacity of Parliamentarians

2. Strengthening of Public-Private Sector / Civil Society Interface *through support for:*

- National consultative councils/fora
- Special commissions/bureaus for cooperation
- National and regional economic summits
- National chambers of commerce, industries and agriculture
- Strengthening of national and regional business communities
- Research, policy analysis and policy advocacy
- Support for national and regional networks of civil society organizations
- Enhancement of capacity of trade unions for tripartite negotiations
- Strengthening consumers associations
- Support for corporate governance for enhancement of the overall macroeconomic environment

3. Strengthening of Regional Institutions *to support:*

- Training – to strengthen financial management and accountability, leadership, management of local governments and decentralization, and skills for trade and other forms of international negotiations
- Policy research focused on economic, social and political issues
- Adaptation and application of technology
- Promotion of good governance
- Institutional networking

7. PROJECT PORTFOLIO PERFORMANCE

A. Portfolio Size and Distribution

ACBF has awarded a total of 42 grants to build capacity in policy analysis and development management. In 1999, the Foundation's active portfolio consisted of 34 projects in 23 countries in sub-Saharan Africa. These projects comprised 26 national and 8 regional projects. Of the 26 national projects, 7 were training projects, while the remaining 19 were policy-unit projects. The 8 regional projects comprised 7 training projects and a policy-unit project.

B. Project Development and Start-up Activities

In 1999, the Foundation pursued its efforts to develop the WAIFEM project. The aim of the project is to replicate in West Africa the example of the MEFMI project in Eastern and Southern Africa. In addition, PTCI began discussions with its stakeholders (including donors) on a plan of action for preparation of its second phase. The Foundation expects to provide technical and strategic support to PTCI to enable it expedite the launching of the process.

In November, the Executive Board approved BEAC/BCEAO training program in debt management, the CREAM project in Madagascar, and the second phase of the CEPEC project in Guinea. The goal of the BEAC/BCEAO project is to improve macroeconomic and financial management in BEAC and BCEAO member states through the strengthening of their capacity for debt management. The objective of the CREAM project is to build the capacity of the government of Madagascar in economic policy research, policy analysis, formulation and management. The grant to support the second phase of the CEPEC project is aimed at stepping up activities in research and training in order to address continued weaknesses identified in policy analysis in Guinea.

The CAPES project, which was approved in March 1997, as well as the LIMPAC and NIEP projects approved by the Board in November 1998, have yet to meet conditions prior to negotiation. CAFPD, CAPE and KIPPRA finally commenced operation after a long period between approval and launching. As regards the CAPES project, frequent changes of officials in the Office of the President of Burkina and lack of consensus among the Office of the President, the Prime Minister's Office and the Ministry of Finance, prevented the project from meeting conditions prior to negotiation of the Grant Agreement. The promoters of the LIMPAC project are currently in the process of steering through Parliament legislation establishing the unit. In January 1999, the Foundation and the promoters of LIMPAC agreed to revise the project budget and requested the UNDP Resident Mission in Liberia to confirm co-financing of the project. Progress to start up the project was hindered by a cabinet reshuffle which involved the departure of the Minister who was following up the project and the departure of the UNDP Resident Representative. An agreement was eventually signed between UNDP and the Government of Liberia providing financing for an economic policy program. The Government has yet to inform the Foundation how much UNDP financing will be utilized to support some of LIMPAC's activities. As concerns NIEP, internal management problems slackened the process of mobilizing co-financing, which is a major condition for grant negotiations.

C. Project Implementation and Monitoring

During the year, the Secretariat undertook 27 missions to supervise the implementation of projects in the Foundation's portfolio. These missions sought to: (i) assist new projects approved by the Board to meet conditions prior to negotiation of grant agreements and prior to their effectiveness; (ii) review administrative, financial and accounting systems to ensure that they conform to ACBF standards for successful project implementation; (iii) assist managers of active projects in preparing work programs and budgets; (iv) discuss with project managers, government officials and stakeholders issues affecting the successful implementation of projects; (v) assess progress in the implementation of work programs and budgets; (vi) undertake mid-term reviews of projects; and (vii) participate in the launching of the EPM programs, in-country training programs (EMPAC), and workshops to brief project managers on ACBF disbursement, auditing and reporting requirements.

The Foundation undertook the mid-term review of three projects: BIDPA, CEPA and MEFMI. These reviews enabled the Foundation to reassess key elements of the projects such as outputs, skills mix and staff development, organizational design, impact as well as sustainability. The Foundation expects to draw some lessons from implementing the projects in order to re-shape them so that they can be more effective or to design subsequent projects more effectively.

Policy Units

Two policy-unit projects approved in May 1998 (ESRF and EPRC) entered their second phases. Their activities were focused on raising the required co-financing in order to meet conditions for grant negotiations. Given that both institutions have exhausted the grants approved for their initial phases, and are yet to generate the necessary co-financing, they experienced a slow down of activity in areas such as research, publication and dissemination of research outputs. The Grant Agreement for ESRF was negotiated and signed, and subsequently declared effective. The Grant Agreement for EPRC, on the other hand, is yet to meet several conditions prior to effectiveness. It is thus desirable for the Foundation to identify mechanisms to ensure a smooth transition of existing projects approved for a new phase.

There are four policy unit projects (DPC, OAU-EDECO/PASU, DMPA and IPAR) with significant governance and management problems, which adversely affected the implementation of their activities. DPC management has however undertaken an organizational and management restructuring, and the Foundation is closely monitoring the implementation of these reforms to ensure that the project's performance improves. The Foundation will also closely monitor the implementation of recommendations and measures taken to enable projects such as DMPA, IPAR, and OAU-EDECO/PASU to regain their strides.

Training Projects

There are six active national training projects (the four EPM projects, EMPAC and NCEMA II) in the Foundation's portfolio. NCEMA successfully entered its second phase and continued to deliver courses and organize workshops for government officials in response to increasing demand. EMPAC launched its in-country training program with the organization of courses in the area of macroeconomic policy analysis and management. The Foundation is working to help EMPAC

bolster the twinning arrangement reached with SOAS, which is responsible for organizing in-country training programs through action-oriented workshops and seminars compatible with the training and learning objectives of groups targeted by the project. The other national training project (PDTPE) closed in July 1999 and an end-of-project evaluation will soon be undertaken.

The four economic policy management (EPM) programs transferred to African Partner Universities (APUs) [Cameroun, Côte d'Ivoire, Ghana and Uganda] from Auvergne (CERDI) and McGill universities completed preparatory activities for the launching of the programs. They admitted their first cohorts of scholars and were launched as planned, though they experienced the teething problems normally associated with such programs in their initial phases. There were delays in the negotiation and signing of Grant Agreements. However, these delays did not affect the launching of the programs. Selection of the second cohort of scholars is under way. The EPM programs at Auvergne (CERDI) and McGill universities concluded project activities and their last cohorts have just completed internships. Both projects will undergo an end-of-project evaluation and submit final reports to the Foundation.

Existing regional training programs (PTCI, AERC, MEFMI, BCEAO/BEAC [macroeconomic policy analysis component]) are performing well through courses, seminars and workshops for targeted groups. They have established a reputation of excellence in their respective areas. AERC's CMAP II pursued its activities as in the past, even though the program experienced financial constraints caused by delays in concluding grant agreements with some of its co-financiers. The Foundation will pursue its dialogue with AERC management to enhance the role of the participating universities in the management of CMAP II. The PTCI mid-term review commended the project for its performance and recommended adjustments in the governance arrangements, academic programs and internal procedures.

D. Output Performance

Overall, the performance of projects in the Foundation's portfolio has been satisfactory. Policy studies commissioned through the policy units by government, the private sector, the donor community and civil society rose from 268 in 1998 to 458 in 1999. Conferences, courses, seminars and workshops organized by the projects benefited 342 additional participants in 1999. A total of 487 students completed their master's degree programs in 1999. Nine (9) doctoral candidates enrolled in programs supported by ACBF-funded projects defended their thesis.

Policy units continued to pursue research, publication and dissemination activities as well as in-service training of targeted groups. Research covered both macroeconomic topics and sectoral themes such as agricultural production, health financing, education policy and private sector development. Governments, their agencies and donors commissioned most of the research work conducted by these units. There were however some cases of studies undertaken for the private sector and civil society.

The number of beneficiaries of courses, seminars and workshops organized by existing policy units as part of activities in their work programs was satisfactory. Policy units recorded a slight increase in the number of beneficiaries of training activities. Such increase was attributable to the maturity

reached by several of these policy units, and could have been higher if policy-unit projects which had a high content of in-service training activities such as CNPG-CEPEC, CIRES-CAPEC, OAU-EDECO/PASU and DMPA were either not closing or not experiencing serious management and leadership problems. Others, such as CAPE and CAFPD, are at an early stage of implementation and have only just identified areas of in-service training. NEPRU, on the other hand, focused on the design of a training course on public management, in cooperation with the University of Namibia rather than organizing its own training activities even though most of the researchers have been assigned to the training unit.

The number of participants who benefited from courses, workshops and seminars organized by national and regional training projects increased from 8214 to 9026. This was attributable to the maturation of projects such as MEFMI and BCEAO/BEAC and the launching of in-country training activities at EMPAC.

In 1999, a total of 86 students graduated from the PTCI program, and 113 students enrolled in the Africa-based EPM programs, for the 1998/1999 academic year. Using the pass rate within similar projects (97 percent for CMAP II and 85 percent for PTCI) as comparators, it is expected that, on average 90 percent of participants enrolled in the EPM programs at APUs will graduate at the end of their program. In the area of Ph.D. training, 5 fellows sponsored by the AERC completed their studies at the end of June 1999. In addition, workshops, seminars and courses organized by national training projects benefited 812 participants.

E. Achievements of ACBF-supported Projects

Policy Units

There is ample evidence that policy units supported by the Foundation have played a catalytic role in the process of policy analysis, policy and program formulation and management as well as policy review and evaluation in countries where they are established. Several policy units in government, semi-autonomous policy units and autonomous policy units supported by ACBF were consulted by stakeholders for their professional opinions, and provided inputs on development policy and programs. They were also directly or indirectly involved in the design of macroeconomic and sectoral policies as well as in the development of country visions and plans. Their publications were in demand and were frequently quoted. The workshops and seminars they organized were highly attended. They have made a difference in areas such as policy development, policy dialogue, budget preparation, improvement in the capacity of government institutions and career development.

Research papers produced by policy units have provided empirical evidence which helped to guide policy formulation in agriculture and tax reform processes, as illustrated by the value added tax (VAT) in Ghana. Indeed, the policy paper on VAT produced by CEPA facilitated a better grasp of the tax in Ghana. Papers produced by CEPA staff were also used as teaching materials on policy design.

In the area of rural development, food security, rural income and productivity, policy recommendations made by DPC in Nigeria contributed to the resolution of rural development

policy issues. Also, the Energy, Environment and Technology Unit of DPC sensitised policymakers to the role of science and technology in the industrialisation process, fuel efficiency and energy conservation, poverty alleviation programs, waste management, education, and health hazards caused by pollution.

Furthermore, most of the 21 policy papers produced by IDEC researchers and consultants focused on topics ranging from fiscal and monetary policy to foreign trade financing. They informed Burundi government positions on policy issues relating to the formulation of national economic reform strategies.

Policy units supported by the Foundation have been at the forefront of recent debates on macroeconomic issues and indicators, as illustrated by CEPA, ESRF, NEPRU and UPE. These policy units are known nationally and internationally, and are frequently quoted and consulted by the government as well as bilateral and multilateral donors. The findings of studies conducted by EPRC on agriculture have contributed towards government policy dialogue with the World Bank and other donors. EPRC has also influenced policy through its role in designing Denmark's aid policy to Uganda. NEPRU has helped to shape the opinions of the public sector, the private sector, international donors and Government policy-makers because of the wide dissemination of its outputs. CIRES-CAPEC produced a model for the education sector, which was used in the formulation of the World Bank-funded Education Sector Adjustment Program. UPE has undertaken studies on the financing of small - and medium-size undertakings in Senegal, and contributed to reflections on private sector development in the country.

The work produced by EPRC has contributed significantly to influencing policy, as illustrated by the effect its analyses had on the budget preparation process for fiscal year 1999/2000. ESRF's involvement in the budget process and review of the education sector program influenced directly the policy formulation mechanisms in these sectors. In addition, ESRF organized a workshop on employment and sensitized policy-makers to pertinent issues affecting Tanzania.

In the area of vision and strategic planning, ESRF was commissioned by the Government of Tanzania to organize and manage the development of the country's development vision. The "Vision 2025" document produced by ESRF is expected to be launched soon. It is already being cited to extensively and used by government departments to review various sectoral policies. EPRC was instrumental in preparing policy papers such as the "Plan for Modernization of Agriculture", the "Impact of Liberalization on Agriculture" focusing on the fishing sector, and the "Impact of Investment Policy in Uganda." NEPRU participated in the formulation of a poverty alleviation action program for the Government of Namibia on the basis of a Cabinet decision taken at the end of 1998. NEPRU staff members were also involved in a review of the Government's industrial policy for the Ministry of Trade and Industry and in the drafting of a Green Paper, and subsequently a White Paper on labor-based works for the Ministry of Works, Transport and Communication.

Box 5.**UPE: SOWING THE SEEDS OF SUCCESS**

The "Unité de Politique Economique", which is located within the Ministry of Economic Affairs, Finance and Planning of Senegal, conducts policy analyses for the Ministry, carries out policy studies with macroeconomic implications for sectoral ministries, and participates in the design and follow-up of development strategies. As a result of its proximity to the Minister, whose trust and confidence it enjoys, UPE is positioned at the core of the economic formulation process. It has thus emerged as a significant player on the economic decision-making scene in Senegal.

Over the last five years, UPE has worked closely with bilateral and multilateral partners, who have recognized its role and potential. Organizations such as USAID and the French Co-operation Department have indicated a willingness to work with the unit. To date, UPE has produced more than 50 studies that span issues such as export and investment incentives, impact of the devaluation of the CFA franc, the efficiency of public-sector investment, development planning, energy policy, public expenditure review, productivity and competitiveness. It has worked with other ministries, UNDP, USAID, the IMF, the World Bank, the European Union, the IDB and a number of bilateral donors. Its output very often results from requests by Government agencies or in response to broad economic trends in the country. In 1999 alone, the unit produced 12 studies and played a leading role in formulating private-sector development strategies. The private-sector development workshop, which launched the process, was chaired by the President of Senegal. The workshop helped to galvanize private-sector actors and bolstered UPE's stature as a government policy unit that can make a difference. Indeed, UPE is also playing a leading role in following up implementation of the government's new private sector policy initiatives.

UPE has also conducted influential reviews of public expenditure trends in various sectors, formulating policies to foster growth in key sectors, and designing macroeconomic stabilization programs. UPE has reviewed the status of the AfDB's assistance strategy in Senegal. Given the advent of globalization, UPE has prepared reports on the establishment of a mechanism to monitor the impact of international competitiveness on Senegal and the setting-up of a one-stop export promotion unit. The result is that there is a correlation between the outputs generated by UPE and the policy actions or decisions taken by Government. Lastly, UPE has organized a number of targeted training activities for officials of the Ministry of Economic Affairs, Finance and Planning.

In short, UPE has helped to: (i) develop local expertise of a high caliber in economic policy analysis and management; (ii) create conditions that foster the development and implementation of desirable economic policies in the short- and medium-term; and (iii) improve the mechanism for consultation between the government and other partners, including multilateral agencies. These achievements have helped to build UPE's emerging reputation as probably the most promising government policy unit in the Foundation's portfolio.

Box 6.**ESRF: AT THE CUTTING EDGE
OF POLICY ANALYSIS IN TANZANIA**

ESRF carries out significant work for government and multilateral agencies. Civil society and the private sector in Tanzania have not utilized ESRF to the same extent as government because they are still relatively weak. Besides carrying out research, ESRF runs workshops for training of trainers, and produces tailor-made training modules for government ministries and civil society institutions in policy analysis, formulation and management. ESRF's 3-month social policy analysis fellowships for government officials is strengthening the government's capacity in policy analysis. ESRF staff has been providing technical support to different government departments. It contributed to charting of the Long-Term Development Vision 2025 for Tanzania. It's involvement in the budget process and its review of the education and health sectors greatly sensitized policy-makers and made direct contributions to the policy making process. By 1999, ESRF had provided technical assistance to government on 102 occasions. The value of ESRF's contribution to government is evident not only from the frequent inclusion of its government meetings with important donor countries or institutions, but also from the incorporation of its recommendations in government policy papers.

In total, ESRF has carried out 83 research studies for government and other stakeholders covering areas such as health, education, agriculture, the environment, the private sector and the informal sector. ESRF has conducted over 50 seminars, research workshops and public lectures attended by over 600 people. Research and policy analyses have been carried out in many areas, including the following: the domestic debt retirement scheme; policies relating to food agriculture and the environment; the development of capital markets; industrial policy and industrialization; and the debt crisis in Less Developed Countries. Over the years, many outstanding visiting scholars have given public lectures at the invitation of ESRF, and these are widely attended by audiences of up to 50 people. ESRF staff members have produced 9 books and 50 papers, 44 dialogue reports, 7 monographs, a bi-annual newsletter, a Quarterly Economic Review, and a Foundation brochure outlining the institution's objectives and main activities.

Policy units supported by the Foundation helped to improve the capacity of government institutions to carry out their economic management functions. UPE experts spent much of their time responding to requests from the Government in general, and the Cabinet of the Minister of Economic Affairs, Finance and Planning in particular. In April 1999, UPE was highly instrumental in the launching of a symposium chaired by the President of Senegal on the country's private sector development strategy. UPE staff prepared the concept paper.

Policy units have also been a breeding ground for professionals, which has contributed to their promotion or mobility. NEPRU's junior researchers have joined key sectors in the economy following completion of their internships. For example, the special assistant to the Governor of the Bank of Namibia is a former Junior Researcher at NEPRU.

Economists, policy analysts and managers trained by national training programs supported by ACBF increased the pool of human resources with higher academic and professional qualifications in

government, its agencies and in civil society. Through the outputs of regional training programs (AERC, PTCI and EPMS), there is significant improvement in the working environment and teaching capacity of universities participating in these programs. This in turn has facilitated more effective participation in policy research and analysis, policy formulation and management.

Box 7.

NEPRU: MAKING A DIFFERENCE IN NAMIBIA

NEPRU has carried out commissioned research for the public and private sectors and for civil society organizations. About 80% of work carried out by NEPRU staff is commissioned by Government. Besides providing a service, NEPRU's objective was to raise funds and contribute towards its own sustainability. Some of the projects undertaken include policy papers on small- and medium-size enterprises and on poverty alleviation, as well as a long-term study on cattle marketing in northern Namibia. In the past five years, NEPRU has raised over US\$1,600,000 dollars towards its own co-financing. The salaries of NEPRU's 18 staff members are paid from project-generated resources.

NEPRU has produced six books, 15 published papers, 68 working papers, 13 occasional papers, 10 briefing papers and 18 opinion pieces. It established its own publication, *NEPRU Viewpoint*, on topical issues. This publication is disseminated by ordinary or electronic mail. NEPRU also publishes a *Quarterly Economic Review*, which is accessible on the Unit's own website. NEPRU has secured a place and strong representation in the local press, as well as on radio and national television. The unit uses the popular media to inform the public about its activities and results. Its work directly benefits policymakers by casting light on problems and providing alternative solutions. Equally important is its role in a democratic society of informing and educating the citizenry, initiating public debate and boosting their voice on policies that affect their lives. NEPRU co-organizes regular public panel discussions of the Namibian Economic Working Group and the Development Forum on a variety of topical issues. These panel discussions attract audiences of between 30 to 150 people at a time.

NEPRU enjoys patronage and immense support from the highest levels of government. Its internship program contributes significantly to capacity building by producing highly skilled policy analysts who are joining key economic sectors such as the Bank of Namibia, the National Planning Commission, the Ministry of Finance and the University of Namibia. Through participation in various working groups, NEPRU has been able to contribute to policy design and formulation in Namibia. Its training courses have strengthened government officials' capacity in policy analysis and research. Through contract research, the Unit is contributing towards its own long-term sustainability. By paying the salaries of its 18-member staff from self-generated resources, it has demonstrated its potential to achieve financial and operational viability. Its dissemination of research and policy analyses in popular media has contributed to increased public awareness and helped shape public opinion regarding many sectors of the economy. Clearly, NEPRU's impact on policymaking and research in Namibia is significant and indelible.

Training Projects

There are indications that graduates from regional training programs (PTCI and AERC) are in high demand upon return to their respective countries. For example, senior officials at the Central Bank of Namibia, the Central Bank of Mozambique and the Central Bank of Zambia are all Ph.D. graduates who were supported by the CMAP. A number of CMAP graduates are also employed in central banks in Kenya, Tanzania and Malawi. Eighty-five percent of the PTCI graduates are gainfully employed. Of these, 62 percent were employed by universities, 16 percent by the private sector, and 6 percent by international organizations. In addition, a number of graduates of the economic policy management programs in Canada and France have received promotion upon return to their home countries. Research institutes, privatization outfits, structural adjustment units and government economic management agencies have also sought to recruit graduates from programs supported by the Foundation.

The recent recognition of MEFMI by the World Bank as a center of excellence in debt management is an acknowledgment of its leadership role in capacity building in this area. Outputs produced under the debt program component of MEFMI have improved institutional structures and analytical frameworks for the recording, validation and management of debt in member states. They have also contributed to an emerging capacity for debt portfolio review, sustainability analysis and negotiation. Moreover, all member states have computerized debt operations with 6 countries using the latest versions of either CS-DRMS or DMFAS.

Member countries now have a greater appreciation of the reserves investment process. There has been an improvement in the delegation of authority in reserves management and the unbundling of duties especially between front office and back office. Work is currently under way in many banks to draft detailed and separate front and back office guidelines and reserves manuals. Terms of reference for key decision-making bodies have been refined, and in some cases new committees have been established. As a result of training in debt management, efforts are being made to improve the flow of information among authorities, departments and units charged with responsibility for debt and reserves management.

Finally, in most member states, market reporting and management reporting practices are improving in reserves management. This equally applies to capacity to allocate reserves as well as to set suitable and realistic benchmarks.

The BCEAO/BEAC training program has enabled COFEB and CFPP to improve their training capacity through the procurement of new computers, overhead projectors and other visual equipment that are supporting the delivery of courses using advanced training methodologies. The training capacity of the two training centers (COFEB and CFPP) has also been upgraded through pooling of their human resources and expansion of the roster of external resource persons available for the delivery of courses. Courses offered by the program have reduced the dependency of the region covered by both central banks on the IMF and World Bank Institutes.

While it is clear that ACBF-supported policy units and training projects are useful and that they have generated outputs that are having an impact on the countries' capacity in policy analysis, formulation and management, it is necessary to state that most of these units and training programs still need to develop and utilize a specific methodology for assessing or tracking costs, outputs, effects and impact.

Box 8.**BCEAO/BEAC TRAINING PROGRAM:
THE FRUIT OF STRONG PARTNERSHIP BETWEEN
STATES AND CENTRAL BANKS**

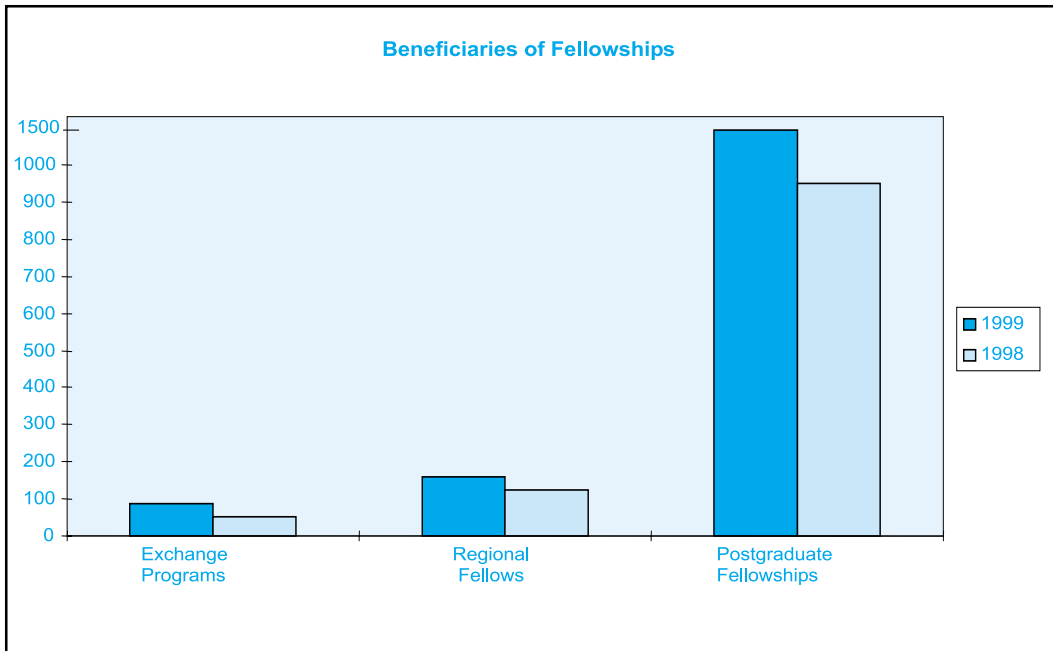
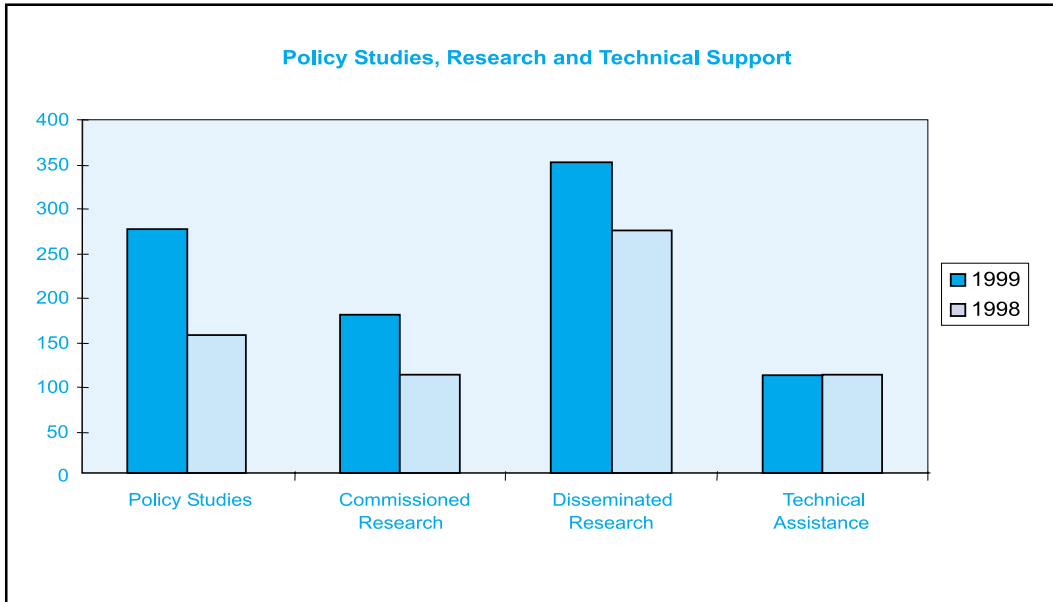
The BCEAO/BEAC training program in macroeconomic management kicked off in July 1996 and wound up its activities in December 1999. Over the three-year period, 507 officials received training in the form of short courses and seminars. Participants from public agencies accounted for 70% of officials trained by the program, and the remaining 30% were officials from central banks. The training program was successful in addressing practical policy issues as well as providing exposure to analytic tools needed by the staff to carry out their daily tasks in the ministries or central banks. Topics covered six main themes: financial policy and programming; public finance policy and statistics; exchange rate policies and structural adjustment; world commodity markets; growth strategies in Africa; and initiation to econometrics. Overall, 18 courses were offered, including 10 financial and macroeconomic management courses which attracted 285 participants.

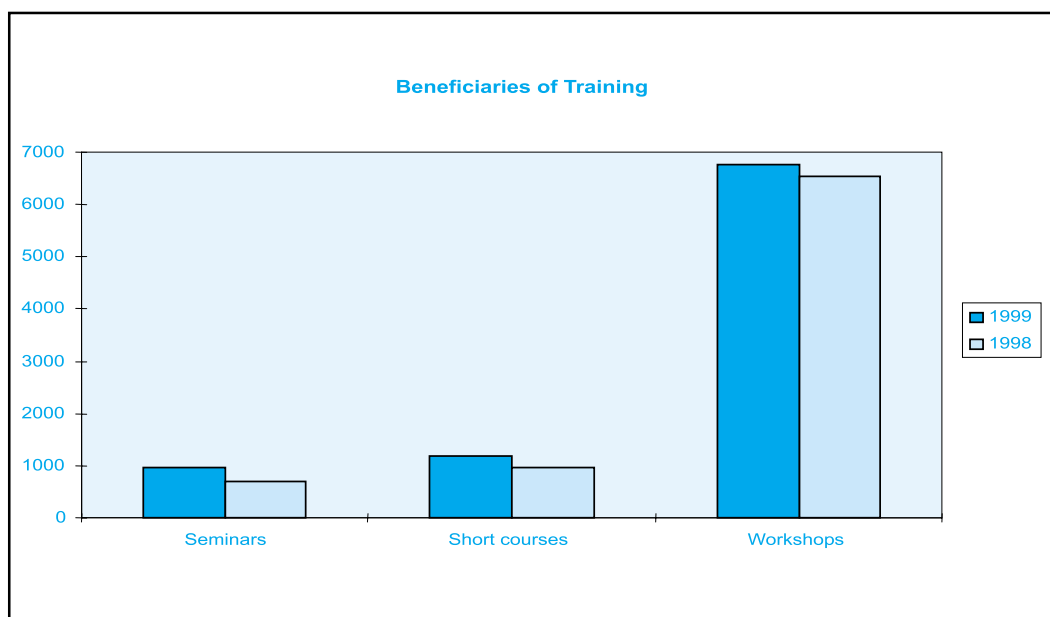
The project has made a valuable contribution to the strengthening of the institutional capacity of the training centers of both central banks - COFEB (BCEAO) and CFPP (BEAC). Indeed, the project enabled both centers to acquire additional equipment and pool their resources. COFEB and CFPP jointly organized most courses, and trainers from both institutions participated in the delivery of courses and seminars as trainers or facilitators. The two training centers have now acquired sufficient experience to offer a number of courses that were originally organized by the World Bank and International Monetary Fund Institutes. After the completion of the training-of-trainers component, the program would have contributed to the upgrading of skills of 14 trainers from the two central banks.

Based on the successful experience of the training program in macroeconomic management, BCEAO and BEAC have developed a new program aimed at improving the institutional and operational efficiency of debt management agencies in the UEMOA and CEMAC countries. In November 1999, the Executive Board approved a grant of US\$ 1.65 million in support of the debt management project. The project will enable a harmonization of debt and macroeconomic policies in participating countries because debt policies are not always in line with macroeconomic management objectives in most participating countries.

The successful launching and implementation of the BCEAO/BEAC training program is a very good illustration of the critical importance of ownership and partnership in capacity building. Indeed, the two central banks played a leadership role in project design and further demonstrated their commitment to the project by providing 71 percent of project costs. Indeed, their share in the project funding would be much higher if the contributions in-kind were accounted for in the total cost of the project.

Figure 1. Project Output Performance, 1998 – 1999





Policy Studies: *studies commissioned by governments*

Commissioned Research: *research commissioned by the private sector, the donor community and NGOs*

Disseminated Research: *research completed and disseminated through publications, memoranda etc.*

Technical Assistance: *technical support provided to government by the projects*

Exchange Programs: *these include study visits*

Regional Fellows: *fellows trained in specific skills and capable of offering support to project activities and governments*

Postgraduate Fellowships: *these comprise fellowships for master's and doctoral programs*

F. Implementation Constraints in ACBF-supported Projects

Political uncertainty, the status of co-financing arrangements as well as governance and management issues constitute some of the major factors affecting the operation of ACBF-supported institutions.

Political Factors. In some countries, such as Burundi, and to a lesser extent Liberia, political uncertainties are affecting the project environment. Start-up activities are slow to take off, and in the case of ongoing projects, demand for policy analysis research as well as the impact of such research are limited by these uncertainties. The Foundation was however able to maintain regular contact with the projects. For example, it fielded a supervision mission to Burundi to assess the situation prevailing in the country and gave the required technical support to facilitate the implementation of its activities.

Co-financing. Despite a concerted effort by project promoters and ACBF, securing co-financing or releasing funds from co-financiers on time constituted a major constraint for many projects. For about 10 projects, lack of co-financing or delays in disbursement affected the implementation of some of their components. Fortunately, as in the case of the EPM projects, the Foundation was able to front-load disbursements in order to facilitate the commencement of project activities. Funding gaps between the lapsing of Grant Agreements and renewal of financing also constituted a major constraint for projects in a transitional phase. The Foundation has been monitoring closely

disbursements from all partners and, in one case, was able to convince all partners to revise their disbursement streams in order to synchronize funding cycles.

Involvement of Supervisory Bodies. Governance structures in ACBF-funded projects are expected to provide leadership, ensure that the research and training activities of policy units respond to the needs of the government or the private sector, and facilitate the dissemination of outputs. However, many of the governance structures are yet to provide adequate guidance to the respective projects. First, in some cases, governing boards and steering committees are composed of civil servants, and their effectiveness is affected because these officials are over-stretched. Second, they may often not be able to influence or assess the demand for research and training. Third, cabinet reshuffling and bureaucratic instability have very often led to high turnover of supervisory bodies within government or semi-autonomous projects. The consequence is that these projects are constantly repeating the process of educating new members, which limits the long-term effectiveness of supervisory bodies.

Project Management Capacity. Inefficient planning and management constitute two problems affecting the performance of some projects. The inability to achieve project objectives in a way that gives meaningful translation to the prevailing vision manifests itself in the lack of clear work programs and performance indicators. This in turn is affecting the quality of outputs, and the capacity of the units to track results and to anticipate problems. The Foundation is actively involved in assisting projects in the development of their capacity for strategic and operational planning as well as in performance measurement.

G. Lessons Learned in Project Implementation

The Foundation learned a number of lessons during the year. While most of them were known to the Foundation, they revealed themselves in new and more complex ways.

Salaries. The issue of salaries continues to be at the core of many problems facing ACBF-funded projects. The issue is a tricky one because, on the one hand, it is commonly agreed that incentive structures must be good enough to attract high-caliber policy analysts. On the other, the levels of compensation must be sustainable following the withdrawal of donor support. Furthermore, though the compensation levels of ACBF-funded projects are generally aligned with those of other donor-funded projects, they have unsettling effects within the public sector in host institutions where compensation is generally low.

The Foundation recognizes that the only way to revitalize policy analysis work within government may be to improve incentive structures within specific entities established to undertake particularized tasks with expected outcomes. If such an institutional arrangement is unavoidable, pending the advent of civil service reform, then new mechanisms to ensure sustainability and minimize tensions arising from the existence of misaligned salary regimes must be devised.

A related issue is the tendency of some ACBF-funded national projects to quote professional staff salaries in hard (convertible) currency. While this practice reduces accounting difficulties for the Foundation, it has significant implications for retaining the comparability of project salaries to local

compensation levels. In addition, the projects are often unable to generate any savings arising from exchange-rate adjustments. Indeed, a few projects are currently able to operate only because shortfalls in co-financing have been covered by savings from exchange-rate adjustments. To be sure, exchange-rate adjustments do not always imply a depreciation of local currencies, as the case of the Uganda shilling illustrates. However, the trend is far more towards the depreciation of such currencies. Consequently, the Foundation will be compelled to reflect more deeply on the desirability of allowing national projects to quote staff salaries in hard currency.

Co-financing. Co-financing is one of the instruments used by the Foundation to leverage additional support for the projects in its portfolio. ACBF has been successful in attracting other potential donors to good projects, especially regional ones. However, identifying and confirming co-financing has proven to be the single most significant constraint affecting normal implementation of national projects. The Foundation's policy over the last three years has been to invite donors to participate in all phases of the project cycle, including project identification. However, very few joint appraisals were undertaken reflecting perhaps a low level of commitment of some donors to strengthen capacity in policy analysis and economic management.

One simple way of tackling the issue and reducing delays in project start-ups associated with co-financing problems could be to impose tougher conditions for submission of projects to the Executive Board. The Secretariat would then require that project sponsors provide written evidence of pledges by potential donors before the project is submitted to the Board. However, despite its advantages, this approach may undermine the Foundation's catalytic role in supporting capacity-building interventions and would result in longer gestation periods for projects. It is however possible for the Foundation to maintain some degree of flexibility on the issue. For example, in the case of projects that have met effectiveness conditions, the Foundation might allow beneficiaries to complete their activities despite co-financing shortfalls.

Transition from Phase I to Phase II. The transition from Phase I to Phase II has not been smooth for some projects. There have been delays in the negotiation and signing of Grant Agreements, and some good projects were unable to continue their activities at the same rate between phases. This implies that projects will require a relatively long period of maturation before they become sustainable. The true test for sustainability will however not be felt before the end of the second phase for most of the projects.

Consequently two possible approaches deserve attention: First, in order to avoid interruptions in activities and funding, projects could be encouraged to begin the process of formulating their second phases once the mid-term review of their activities is completed. The timing of the review could be such that recommendations would be aimed not only at improving project implementation but also at fostering a better design of the next phase. Second, there might well be a need to pay more attention to building the capacity of projects in the design of work programs and in international bidding contracts. ACBF and ACBF-funded projects could include in their work programs staff development activities that reflect the new emphasis on building the capacity of projects to mobilize resources from contract research and similar activities.

ACBF-funded projects are very much an ongoing experiment. They are intended to carve out

new niches for policy making or training. Because many projects of the first generation were evaluated over the last two years, the Foundation now knows more about the outcome of these experiments, and has been able to assess their achievements and identify their shortcomings. These lessons underscore the need for the Foundation to increase the time effectively spent on project supervision. It is desirable that mechanisms and strategies be developed that would enable the Foundation to use its supervision or similar missions to build project promoters' capacity to enhance their own performance. The lessons will therefore be used to improve the design or performance of projects.

8. OUTREACH, NETWORKING AND OTHER ACTIVITIES

In 1999, the Foundation played a significant role in coordinating and facilitating information sharing and networking among organizations involved in capacity building in Africa. In particular, the Foundation hosted two major international workshops and two regional workshops that brought together leading organizations and development experts at the forefront of building capacity on the Continent. These encounters provided a platform for the exchange of experiences and best practices as well as facilitated the development of a range of new collaborative and networking efforts. Also, these forums enabled the Foundation to brief various media outlets on its mandate and activities - thus contributing to the enhancement of its stature, visibility and credibility. Lastly, the Foundation participated in several regional and international meetings where it articulated and disseminated the experiences and lessons garnered in the course of its capacity-building endeavors.

Conferences, Seminars and Workshops

In March, the Foundation collaborated with the Center for International Private Enterprise (CIPE), the Secretariat for Institutional Support for Economic Research in Africa (SISERA), and the World Bank Institute (WBI), and with financial support from the National Endowment for Democracy (NED), in hosting the workshop on "Think Tanks as Policy Catalysts in Africa". The principal purpose of the workshop was three-fold: to foster information sharing among sub-Saharan Africa's think tanks; to increase the institutional capacity of think tanks in key areas such as management and staffing, advancement of public policy dialogue, design of media strategies, influencing legislative and executive decisions makers, and exploration of strategic options for financial sustainability; and to increase understanding of the role of policy institutes in civil society as well as to help think tanks contribute to the policy-making process. The workshop attracted 60 participants, representing 41 institutions drawn from 23 countries. Many of the participants were leading African thinkers whose organizations are at the forefront of economic policy research, policy advocacy and reform, and civil society initiatives. There were also guest speakers from institutions in France, Germany, Lebanon, Poland and the United States.

In July, the Foundation was requested by the United Nations Secretariat of the Convention to Combat Desertification (UNCCD) to co-host, in collaboration with the government of Zimbabwe, a four-day regional workshop on "Capacity Building and Promotion of an Enabling Environment within the Context of the Regional Action Programme (RAP) to Combat Desertification in Africa". The workshop, which took place in Harare, was a testimony to the increasing recognition of the Foundation as a key player in the capacity building network in Africa. More than 40 participants representing specialized institutions, international agencies and organizations and bilateral partners from Africa and Western Europe attended the workshop. A major recommendation of the workshop was the development of a framework for co-operation among partners in order to build and enhance capacity as well as promote an environment conducive to implementation of the RAP.

In October, the Foundation, as a member of the Development Assistance Committee Informal Network on Institutional and Capacity Development (DAC I/CD), co-hosted a three-day workshop

in Harare on "Operational Approaches to Institutional and Capacity Development" in conjunction with the DAC of the Organization for Economic Co-operation and Development (OECD), the European Centre for Development Policy Management (ECDPM) and the Department for International Development (DFID) of the United Kingdom. In doing so, the Foundation combined the workshop with that of the planned bi-annual capacity-building forum for the managers of ACBF-supported institutions. This proved to be a unique opportunity for more than 70 senior African development experts and their counterparts from Europe, North America and Asia to exchange experiences on practical approaches to planning, design, and implementation of institutional and capacity development interventions.

The objectives and expected outcomes were three fold, namely to: (i) share and draw lessons of experience from among practitioners of donor agencies and developing country organizations on approaches to the design and implementation of institutional and capacity development programs; take stock of, and distinguish, the different dimensions of institutional capacity development, the associated range of approaches and instruments, and the different factors that are likely to influence the effectiveness of capacity-building interventions; and (ii) use the output of the workshop to prepare practical guidance for the design of capacity-development interventions as well as offer practical policy guidance to both countries and donor organizations.

It is expected that the Foundation will facilitate the establishment of a network of institutions involved in capacity building in Africa at national and regional levels. This would be critically important as the Foundation views partnership with other institutions as an indispensable avenue for accessing and sharing global knowledge as well as for providing support toward institutional and capacity development in Africa. One of the recommendations that emerged from the workshop was that developing countries should define clear requirements and strategies for capacity building as well as forge new partnerships based on a shared understanding of development needs and associated capacity requirements and strategies. On the other hand, ACBF partner institutions recognized the need to continue to share experiences through support for networking with like-minded institutions, and to deepen and broaden commitment to capacity building in order to effectively support the development process in Africa.

Lastly, in December, the Foundation held a three-day workshop on "Communication Strategies for Development Networks: Lessons and Potentials", in collaboration with the European Centre for Development Policy Management (ECDPM). The workshop enabled participants, drawn from specialized entities in the public and private sectors, civil society organizations, international institutions and bilateral partners from Africa and Western Europe, to share experiences in the area of knowledge management, examine the potential of new information technologies in enhancing and promoting partnerships and information exchange, and agree on appropriate communication strategies for capacity building. An important outcome of the workshop was the recommendation that ACBF should facilitate a capacity-sharing project that would develop into a one-stop gateway to accessing information on capacity-building initiatives in Africa.

Networking and Constituency Building

ACBF participated actively in several regional and international conferences, seminars and workshops,

and utilized these for a to share and disseminate the Foundation's vision, experiences and approaches to capacity building. A member of the Foundation attended the International Conference on "Good Governance and Sustainable Development in Africa" held in Abidjan, Côte d'Ivoire, and presented a paper entitled "Economic Policies and Governance in Africa". The conference, which is part of an ongoing African initiative, was organized by the West African Economic Association (WAEA) and the Eastern and Southern African Economic Association (ESAEA), in conjunction with multilateral and bilateral donors, specialized African regional organizations and regional research institutes. The conferences had three overarching objectives, namely: to demonstrate the significance of governance as an issue of concern among decision-makers and business leaders in Africa; to contribute towards the promotion of good governance among governments and other development partners (for example, private sector, civil society international donors); and to establish a mechanism of monitoring good governance in Africa.

The Executive Secretary took part in activities marking the Fifth Anniversary of the establishment of the Development Policy Centre (DPC) in Ibadan, Nigeria, which is an institution supported by the Foundation. An independent development policy think-tank, DPC has emerged as an institution committed to ensuring that national development is guided by effective policy choices made by various actors in the policy arena such as the public and private sectors and civil society.

A member of the Foundation participated in the workshop on "Capacity Building for Francophone Africa", organized jointly by the Institut International d'Administration Publique (IIAP), the World Bank and ACBF. At the workshop, participants were briefed on ACBF's activities as well as on the evolution of the integration of PACT into ACBF. One of the main outputs of the workshop was the establishment of a network of national capacity-building secretariats to work closely with ACBF. To this end, a mission comprising three members of the Network and a representative of IIAP will visit the Foundation to explore areas of collaboration. The workshop also recommended that a follow-up workshop be organized for Lusophone countries by the Instituto Nacional de Administração (INA) in Oeiras, Portugal, in March 2000. In this connection, INA would seek formal co-operation with ACBF aimed at building capacity in Lusophone countries in Africa.

In late 1999, the Foundation was invited to attend the International Forum on Capacity Building held in Harare, Zimbabwe. The initiative sought to build a multi-stakeholder framework in which Southern non-governmental organizations (NGOs) engage Northern counterparts and donors in debates and innovations that shape conceptual approaches, policies and practices for future capacity-building interventions. The value added provided by the Forum is the promotion of initiatives that respond to the capacity-building priorities of Southern NGOs. Participants were briefed on the scope of PACT, in particular as regards support for the expected interface with the public sector and assistance to civil society organizations.

Lastly, the Foundation was invited to contribute technical expertise during the annual seminar organized by the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI). The theme this year was "Capacity Building and its Challenges for the MEFMI Sub-region". A member of the Foundation presented and facilitated discussions on a paper entitled "Assessing Impact of Training/Capacity Building Inputs, Stakeholders' Roles and Approaches: A Donor's Perspectives".

9. FINANCE

The Foundation's financial position remained delicate throughout 1999. It recorded only little success in obtaining additional pledges from donors during the year. Indeed, only one African country made a pledge of US\$ 0.25 million. This increased the confirmed pledges for Phase II from US\$ 56.36 million to US\$ 56.61 million. This level of pledges represents about 54 percent of the resources required for implementing the holding scenario of the current SIWP. Confirmed pledges in respect of Phase I, which amounted to US\$ 65.209 million, were characterized by many defaults. Now at its closure, Phase I paid-in contributions stand at US\$ 50.427 million, and the investment income earned on the funds, amounting to US\$ 6.539 million, increased the resources available under Phase I to US\$ 56.966 million. All pledges should have been honored during the year, but by the end of the year the default level stood at US\$ 11.75 million. Out of this amount, US\$ 10.00 million was pledged by two major donors who have indicated that they will be unable to honor their obligations. The balance of US\$ 1.75 million represented the level of default by African countries. The relatively high default level was worsened by exchange losses of US\$ 3.03 million resulting from conversion of donor payments into United States dollars. Therefore, the Foundation's total resource loss was US\$ 14.78 million. In 2000, the Foundation will make a final effort to remind defaulting countries to fulfill their pledges.

In Phase I, the Foundation's commitments exceeded the resources available by US\$ 4.884 million. While paid-in contributions amounted to US\$ 50.427 million, and the related investment income was US\$ 6.539 million, giving total resources of US\$ 56.966 million, the total level of commitments during the mentioned phase amounted to US\$ 61.850 million. Such over-commitment will have to be transferred to Phase II for funding.

Confirmed pledges in respect of Phase II amount to US\$ 56.613 million. Adding the contribution of US\$ 10 million by Japan and investment income of US\$ 0.206 million, the resources available amount to US\$ 66.819 million. Taking into account the administrative and capital budget of US\$13 million allocated for the phase, the total resources available for projects stand at US\$ 53.819 million. The commitments to projects in Phase II amount to US\$ 24.669 million, while the excess commitments from the initial phase of US\$ 4.884 million should be transferred to Phase II for financing. If we match these commitments against the available resources, the balance of available commitment authority is US\$ 24.266 million. This is the commitment authority of the Foundation for the remaining three-year period (2000-2002). This level of resources falls far short of the resource requirement for activities planned for the period. Indeed, the Foundation's planned activities require more than US\$ 18 million for the seven projects that are expected to seek financing in 2000, and an estimated amount of US\$ 33 million for the 18 projects likely to request assistance during the balance of the phase – that is, 2001 and 2002. This implies that the financing gap of the Foundation is about US\$ 27 million. In short, while the Foundation will be in a position to finance its pipeline of projects in 2000, its resources will practically be exhausted during the same year. Unless the financing gap is closed as soon as possible, the Foundation will, for the period beyond 2000, be unable to carry out its mandate of addressing challenging demands for capacity building in Africa. This situation is aggravated by the fact that the resources will be exhausted well before the end of the Foundation's second phase – indeed before it will even be able to implement the holding scenario under its current SIWP.

Box 9.**FINANCIAL STATUS OF ACBF****Resources for Projects**

Phase I has virtually come to a closure. Out of the confirmed pledges of US\$ 65.209 million, the total paid-in contributions amounted to US\$ 50.427 million, while the default level was US\$ 11.750 million. Exchange losses amounted to US\$ 3.032 million. Investment income generated by the ACB Fund was US\$ 6.539 million. The total resources under Phase I thus amounted to US\$ 56.966 million. The Foundation made a total commitment to projects of US\$ 61.850 million. There was therefore an excess commitment of US\$ 4.884 million in Phase I. The excess commitment is being carried over to Phase II for financing.

Confirmed pledges for Phase II amount to US\$ 56.613 million. Taking into account the contribution of US\$ 10 million by Japan through the Policy and Human Resources Development (PHRD) Fund and investment income of US\$ 0.206 million on the paid-in contributions, the total resources available for Phase II amount to US\$ 66.819 million. Allowing for the administrative and capital budget allocation of US\$ 13.00 million, the resources available for projects stand at US\$ 53.819 million. Against this level of resources, the Foundation has made commitments amounting to US\$ 24.669 million, and the excess commitment from Phase I amounting to US\$ 4.884 million has been charged to the Phase II account. The residual level of commitment authority is therefore US\$ 24.266 million as at 31 December 1999.

Resources to Cover Administrative and Capital Costs

In Phase I, donors made separate pledges to finance administration and capital costs, while in Phase II, the Executive Board is empowered to allocate resources to projects and to administration based on broad policy guidance from the Board of Governors.

For Phase I, total paid-in contributions for administration and capital costs amounted to US\$ 15.829. These resources earned an investment income of US\$ 1.553 million. For Phase II, the administrative and capital budget allocation is US\$ 13 million. Therefore, the cumulative resources available to cover administration and capital costs amount to US\$ 30.382 million. Taking into account the cumulative expenditure to date of US\$ 18.052 million, the actual available resources as at 31 December 1999 amount to US\$ 12.330 million.

Available Cash Resources

The cash resources in respect of Phase I comprise paid-in contributions for projects amounting to US\$ 50.427 million, paid-in contributions for the capital and administrative budget of US\$ 15.829 million and related total investment income of US\$ 8.092 million. Total cash resources for Phase I therefore stood at US\$ 74.348 million. With respect to Phase II, paid-in contributions amount to US\$ 9.822 million. The related investment income is US\$ 0.206 million. Therefore, total cash resources in respect of Phase II amount to US\$ 10.028 million. Combining the cash resources from Phases I and II yields cumulative cash resources of US\$ 84.376 million, while the cumulative expenditure to date is US\$ 66.207 million- made up of cumulative disbursements to projects of US\$ 48.155 million and cumulative administrative and capital expenditure of US\$ 18.052 million. This implies that, as at 31 December 1999, the cash resources available amount to US\$ 18.169 million.

A. Available Resources (in US\$ million)**1. Pledges for Projects (Phase I) (US\$65.209m)**

Paid-in Contributions	50.427
Resources (Phase I)	50.427
Add: Investment Income	6.539
Actual Resources Available for Phase I	56.966
Less: Phase I Commitments	61.850
Over-commitment in Phase I c/fwd	<u>(4.884)</u>

2. Pledges for Projects (Phase II)

Confirmed Pledges	56.613
Contribution by Japan	<u>10.000</u>

Resources (Phase II) 66.613

Add: Investment Income	0.206
Actual Resources Available for Phase II	66.819
Less: Phase II Administrative Budget	13.000
Total Resources Available for Projects	53.819
Less: Phase II Commitments	24.669
Less: Phase I Over-Commitments b/fwd	4.884
Uncommitted Resources Available for Projects	24.266

3. Resources for Administrative and Capital Costs

Paid-in Contributions (Phase I)	15.829
Investment Income (Phase I)	1.553
Administrative/Capital Budget (Phase II)	13.000
Resources Available for Administration	30.382
Less: Total Expenditure	18.052
Resources Available for Administration	12.330

B. Cash Available (in US\$ million)**1. Phase I**

Paid-in Contributions for Projects	50.427
Paid-in Contributions for Administration	15.829
Investment Income Received	8.092
Cash Resources (Phase I)	74.348

2. Phase II

Paid-in Contributions	9.822
Investment Income Received	<u>0.206</u>
Cash Resources (Phase II)	<u>10.028</u>
Total Cash Resources Available	84.376

3. Less: Expenditure to Date

Disbursements to Projects	48.155
Administrative and Capital Costs	<u>18.052</u>
	66.207

Cash Available as at 31 December 1999	<u>18.169</u>
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Therefore, the need for the Foundation to mobilize additional resources has now become critical to enable it to secure its role and credibility as the leading capacity-building institution in Africa. To address this issue, the Executive Board has directed the Secretariat to play a larger role in resource mobilization. More specifically, the Secretariat will harness commitment and a sense of ownership among African countries that have defaulted on the pledges they made under Phase I. It will also encourage other African countries and donors who have not yet contributed to the Foundation's trust funds to do so. On the same note, the Board of Governors has approved, in principle, that as a result of PACT, the Foundation's current trust fund (ACB Fund) and that of PACT (CBTF) should be integrated. Such merger will not only improve significantly the financial position of the Foundation's traditional line of business but also make available additional resources to address a broader scope of capacity-building challenges on the Continent.

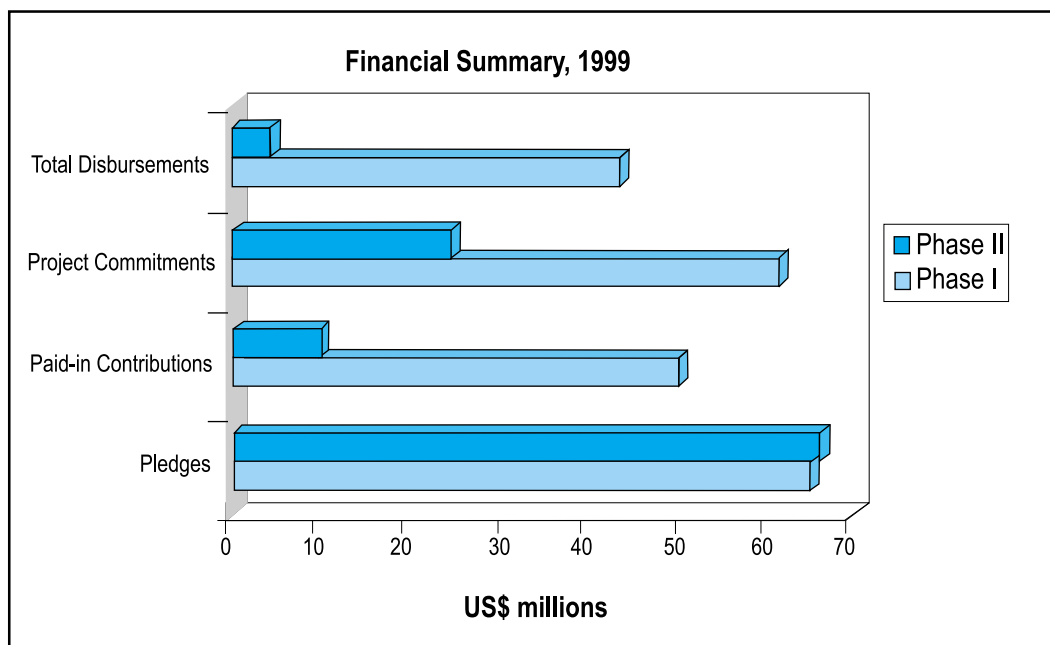
The total resources available for the recurrent administrative and capital budget amount to US\$ 30.38 million. Taking into account the total administrative and capital expenditure incurred to date of US\$ 18.05 million, the resources available for the capital and recurrent budget is US\$ 12.33 million. These resources will cover the administration and capital costs for the period 2000 to 2002.

Based on the Foundation's liquidity benchmark, the cash position is by no means healthy. The cash available as at the end of the year amounts to US\$ 18.169 million. This level falls short of the Foundation's approved liquidity ratio of one and half times the level of expected expenditure. The expected expenditure level for the following year is about US\$ 15.50 million. According to the liquidity benchmark, the minimum balance of cash resources should have been US\$ 23.25 million. In light of this situation, it is critical that donors who generously committed resources to the Foundation should honour their obligations in a timely manner so that the Foundation can maintain its authorized liquidity position at all times. This in turn will enable it to support its projects even in situations where project activities accelerate unexpectedly.

Table 2.: Trust Fund No. 1, Phases I and II: Financial Status

Year	Total Pledges	Expected Draw down	Amount Paid-in	Amount Committed	Amount Disbursed	Investment Income
1991	65.209	0.00	0.00	0.00	0.00	0.00
1992	0.00	-	0.00	17.20	0.00	-
1993	0.00	-	24.41	25.24	2.39	-
1994	0.00	-	2.91	8.20	6.66	-
1995	0.00	-	6.72	9.00	5.53	-
1996	0.00	-	3.29	0.61	10.19	4.48
1997	0.00	11.86	7.45	1.60	6.91	1.05
1998	0.00	12.26	2.36	-	7.26	2.12
1999	0.00	17.75	3.29	-	4.88	0.44
Sub-total						
Phase I ^a	65.209	41.87	50.43	61.85	43.82	8.09
Phase II						
1998	56.36	5.89	0.30	15.80	1.58	-
1999	0.25	11.73	9.52	4.87	2.76	0.21
Sub-total	56.61	17.62	9.82	20.67	4.34	0.21
Japan	10.00	-	-	4.00	-	-
Total Phase II	66.61	17.62	9.82	24.67	4.34	0.21
Total	131.819	59.49	60.25	86.52	48.16	8.30

^a Amount initially pledged (US\$77.400 million) adjusted to reflect the revised amount of the contribution by the Netherlands (US\$5.211 million revised down to US\$3.009 million) and exclusive of Japan's contribution of US\$10.00mn.



10. ACBF AND THE NEW MILLENNIUM

The establishment of ACBF in 1991 marked a paradigm shift in the development assistance strategies of donor countries and institutions. Instead of placing premium on the provision of foreign technical assistance, which very often resulted in little or no transfer of skills to beneficiaries, this new approach focused on the building or enhancement of indigenous capacity through projects and programs owned and implemented by the beneficiaries themselves. ACBF represented a truly pan-African effort dedicated to reversing the pernicious effects of poor policy formulation and implementation through the enhancement of vital indigenous capacities in these areas. Over the past eight years, ACBF has derived many useful lessons from its experiment with this new approach to sustainable development. The robustness of its portfolio in 1999 illustrated the Foundation's achievements, and paved the way for PACT, which offers rich new possibilities for addressing many capacity-building challenges on the Continent.

However, this outcome was neither predictable nor inevitable. Since 1991, difficult challenges and missed opportunities have characterized ACBF's evolution. The Foundation has now emerged as a mature player on the African economic policy scene. It endeavoured to address some of the challenges identified last year. For example, the decision to integrate PACT into ACBF promised a potential infusion of fresh resources. While this improved the Foundation's financial prospects and altered positively its capacity to generate additional funding, it did not address its financial requirements adequately. As a result, the Foundation will need to undertake more fundraising efforts over the coming year.

Many other challenges persist - for example, the development of performance indicators, the determination of criteria for deciding on the suitability of given projects for a second round of funding, and the generation of strategies to foster the sustainability of the Foundation and that of the projects it supports. The Foundation will pursue its work in these areas not just during the coming year, but in the years ahead. It will also reflect more deeply on core elements affecting the soundness of its project portfolio such as co-financing, compensation and governance arrangements in ACBF-financed institutions.

The most immediate challenge, however, is the fact that the Foundation must adjust to the expected changes in the scope and scale of its activities in the wake of the decision to incorporate PACT into its fold. This has implications for the re-definition of its role as a capacity-building institution. In this regard, it will need to reshape the frontiers of its intervention; clarify the criteria for eligibility for its support; review its operational modalities; and strike strategic partnerships with other actors - including donors, multilateral agencies and national focal points or their proxies. Meanwhile, the Foundation will continue to: (a) broaden and deepen the technical and financial support it provides to potential beneficiaries in the project development and implementation processes; (b) utilize the rich experience it has garnered in the supervision of project implementation to transfer project-management skills, including the design and delivery of work programs; (c) hone an effective outreach and knowledge-management strategy that enables the Foundation not only to distill the essence of its achievements and contributions to capacity building in Africa, but also to draw on the performance of its maturing portfolio to disseminate best and innovative

practices in project or program formulation, appraisal, implementation and evaluation; and (d) revitalize its resource mobilization strategies in order to meet its financing requirements.

As ACBF enters the new millennium, it is poised to make a fresh start as well as play a central and catalytic role in capacity building in Africa. It will thus have to take more into account its broader environment characterized by cross-cutting issues such as technical co-operation, governance, globalization, poverty reduction, brain drain, human capital development, ownership, post-conflict contexts and the role of information technology. Such realignment with the broader environment presents both daunting challenges and exciting opportunities.

ANNEXES

- A. 1 Profiles of New Projects
- A. 2 Summary of Project Outputs
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Annex A.1: Profiles of New Projects

In 1999, the Executive Board approved grants to one regional and two national projects, amounting to US\$ 4.87 million. This brings the number of active ACBF projects to 34. Two of the new projects are in their second phase of operation. With the three new projects, ACBF has now made cumulative grant commitments of US\$ 86.52 million.

National Projects

1. *Cellule d'Etudes de Politique Economique (CEPEC) Project [Phase II] - Guinea*

In November 1999, the Executive Board approved a four-year grant of US\$ 1.5 million to support the second phase of the Cellule d'Etudes de Politique Economique (CEPEC) - an economic policy unit in Guinea. The goal of CEPEC II is to consolidate the achievements of the project in providing economic policy analyses and in building national capacities in policy analysis. During the first phase of the project, CEPEC collaborated with ministries and government agencies in Guinea. It produced 27 research papers covering areas such as the informal sector, banking and public finance, gender/development issues as well as policies in the agricultural and mining sectors. In addition, 270 participants, of whom 44 were women, benefited from its short-term training programs.

The components of CEPEC II include the following: (i) institutional support; (ii) consultants fund to support the research program; (iii) training; and (iv) publication and research dissemination.

Location	:	Conakry, Guinea
Coverage	:	National
Project Type	:	Policy Unit
Category of Project	:	Policy Unit in Government
Date of Approval	:	24 November 1999
Date of Effectiveness	:	Awaiting negotiation of the Grant Agreement
Duration	:	4 years
Total Budget	:	US\$ 2,440,658
ACBF Funding	:	US\$ 1,500,000
Co-financing	:	US\$ 260,000 (Guinea) US\$ 200,000 (Canada) US\$ 200,000 (France) US\$ 100,000 (USAID)
Implementing Agency	:	CEPEC
Main Beneficiaries	:	Government Agencies

2. *Centre de Recherches, Etudes et d'Appui à l'Analyse Economique à Madagascar (CREAM) - Madagascar*

In November 1999, the Executive Board awarded the Government of Madagascar a grant in the amount of US\$ 1,721,270 to support the establishment of the "Centre de Recherches, Etudes et

d'Appui à l'Analyse Economique à Madagascar (CREAM)" project. CREAM is a semi-autonomous policy research and analysis centre under the supervisory authority of the Ministry of Finance and Economy.

The CREAM project is expected to strengthen the capacity of the Government of Madagascar in economic policy research, policy analysis, formulation and management. The project is intended in the short-term to pursue the economic reform program launched by the Government in 1995. CREAM comprises four main components: (i) institutional development; (ii) training; (iii) faculty development; and (iv) dissemination of research studies.

Location	:	Antananarivo, Madagascar
Coverage	:	National
Project Type	:	Policy Unit
Category of Project	:	Semi-Autonomous Policy Unit
Date of Approval	:	24 November 1999
Date of Effectiveness	:	Awaiting negotiation of the Grant Agreement
Duration	:	4 years
Total Budget	:	US\$ 2,371,270
ACBF Funding	:	US\$ 1,721,270
Co-financing	:	US\$ 450,000 (UNDP) US\$ 200,000 (Madagascar)
Implementing Agency	:	Ministry of Finance and Economy
Main Beneficiaries	:	Ministry of Finance and Economy, Civil Society, Private Sector & Academia

Regional Project

3. *Banque des Etats de l'Afrique Centrale/Banque Centrale des Etats de l'Afrique de l'Ouest (BEAC/BCEAO) Debt-Management Training Program (Based in Cameroon and Senegal)*

The Executive Board approved a grant of US\$ 1.65 million to the two Central Banks in the CFA Franc Zone - the "Banque des Etats de l'Afrique Centrale (BEAC)" and the "Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO)" - to help implement the debt-management component of the BCEAO/BEAC training project. The first component of the project (macroeconomic policy analysis) commenced operation in July 1996.

The debt-management component aims at providing, within three years in each member state of the "Communauté Economique des Etats de l'Afrique Centrale (CEMAC)" and the "Union Economique et Monétaire de l'Afrique de l'Ouest (UEMOA)", a critical mass of skilled officials in all key areas of debt management as well as indigenous specialists capable of addressing the debt-management needs of the countries concerned and of training and guiding debt managers. To accomplish this objective, a regional center for training in debt management (RCTDM) will be established. Its primary function will be to identify, in conjunction with the relevant institutions of

each member-state (Ministry of Finance, debt-management agencies and the Central Bank), ways of managing debt on a sustainable basis.

Location	:	Cameroon and Senegal
Coverage	:	Regional
Project Type	:	Training
Date of Approval	:	24 November 1999
Date of Effectiveness	:	Awaiting negotiation of Grant Agreement
Duration	:	4 years
Total Budget	:	US\$ 5,500,000
ACBF Funding	:	US\$ 1,650,000
Co-financing	:	US\$550,000 (BCEAO/BEAC Member States) US\$ 550,000(BCEAO/BEAC) US\$ 1 million (European Union) US\$ 1.5 million (HIPC Capacity Building Program) US\$ 250,000 (Switzerland)
Implementing Agency	:	BEAC
Main Beneficiaries	:	BEAC, BCEAO and debt-management agencies in the CFA Zone

Annex A.2: Summary of Project Outputs

Project Title	Effective Date of Commencement	Number of Institutions Strengthened	Beneficiaries of Training				Number of Training Programs and Beneficiaries				Policy Studies, Research and Consultancies				Technical Assistance to Gov't. Agencies	Exchange Programs/ Study Visits
			Ph.D.	M.A.	P.G.D.	Fellows/Inst. Cap. Build	Courses	Work-shops	Seminars	Comm. by Gov't.	Comm. by other sectors	Research Completed	Publica Dissem.			
1. AERC (CMAP) I & II	Mar-93	20 Depts. of Econ	23	700												
2. AIPA	Nov-94	1		16												
3. BCEAO/BEAC	Feb-96	2		129												
4. BEAC/BCEAO	-															
5. BIDPA	Jul-95	4	1	2	36			1800	100	62	36	68	68	7		
6. CAFPD	Nov-97	1		20							2	6				
7. CAPE	Feb-98	1						58		5	2	5				3
8. CAPES	-															
9. CEPA	Jan-94	1						43			8	61	41			
10. CERDI	Nov-94			16	10											
11. CIRES-CAPEC	Nov-93	1						96		5		21				28
12. CNPG-CEPEC I & II	Nov-93	1						273	26	23	3		20			
13. CREAM	-															
14. DMPA	Feb-96	2		20	4			120	40			5	3			
15. DPC	Feb-94	1						53	41	4	4		12			
16. EDECO/PASU	Jul-93	1						3	150	100	14	7		1		
17. EMPAC	May-97	1			17											
18. EPRC I & II	Jul-93	1		5	26			667	29	7		53	36			
19. EPM/Cameroon	-			57												
20. EPM/Côte d'Ivoire	-			28												
21. EPM/Ghana	-			50												
22. EPM/Uganda	-			44												
23. ESAIDARM/MEFMI	Jul-94	1			42			1986				4				
24. ESRF I & II	Mar-94	1						610		35	91	20	50	102		
25. IDEC	Jun-95	4						30		7	18	25	16	2		
26. IPAR	Jun-95	1			10			75	85		14	14	18			
27. KIPRA	May-98	-														
28. LIMPAC	-															
29. McGill	Nov-94			14	5											19
30. NCEMA I & II	May-93	1			14			767	102				18			
31. NEPRU	Mar-95	1	2	10	13			72	113	145	75		75	2		
32. NIEP	-															
33. PDTPE	May-93	4	7	24	15			507				13	4			6
34. PTCl	Sep-94	13 Depts. of Econ		480				30	30							10
35. UPE	Jul-94	1						91	152	39	4	62				

Annex A.3: Basic Data on Active Projects

Classification of Projects	Approval Date	Effectiveness Date	Closing Date	Amount of Grant \$'000
(A) Training Projects				
(i) National Projects				
EMPAC	04/95	05/97	04/2001	1,410
EPM (Cameroon)	11/97	Awaiting Effectiveness	06/2003	2,000
EPM (Côte d'Ivoire)	11/97	06/99	06/2003	2,000
EPM (Ghana)	11/97	Awaiting	Negotiation	2,000
EPM (Uganda)	11/97	Awaiting	Negotiation	2,000
NCEMA	10/92	02/94	05/98	990
NCEMA II	11/98	07/99	12/2003	997
PDTPE	10/92	05/93	06/99	2,000
(ii) Regional Projects				
AERC-CMAP II	11/97	Awaiting Effectiveness	06/2001	3,000
BCEAO/BEAC (macro policy analysis)	05/95	02/96	09/2000	1,050
BEAC/BCEAO (debt management)	11/99	Awaiting	Negotiation	1,650
CERDI	01/93	11/94	03/99	2,364
McGill	01/93	11/94	12/99	2,136
MEFMI	11/96	02/98	01/2003	2,900
PTCI	10/93	09/94	06/2001	5,000
(B) Policy-unit Projects				
(i) Policy Units in Government				
CAFPD	04/95	11/97	4/2002	1,600
CAPE	03/95	01/98	3/2002	1,500
CAPEX	03/97	Awaiting	Negotiation	1,600
CNPG-CEPEC	10/92	11/93	12/99	1,600
CNPG-CEPEC II	11/99	Awaiting	Negotiation	1,500
CREAM	11/99	Awaiting	Negotiation	1,721
DMPA	05/95	02/96	06/2000	1,700
EDECO/PASU (regional)	10/92	01/94	02/2000	3,000
KIPPRA	04/95	05/98	08/2002	1,630
UPE	04/93	07/94	06/2000	1,912
(ii) Semi-autonomous Units				
BIDPA	01/93	05/95	03/2000	3,000
CIRES-CAPEC	01/93	11/93	06/2000	1,750
EPRC I	10/92	07/93	04/98	1,500
EPRC II	05/98	Awaiting Effectiveness	05/2003	2,000
ESRF I	10/92	03/94	10/98	1,700
ESRF II	05/98	06/99	06/2003	2,000
LIMPAC	11/98	Awaiting	Negotiation	1,800
NEPRU	03/94	03/95	06/2000	2,400
NIEP	11/98	Awaiting	Negotiation	2,000
(iii) Autonomous Units				
CEPA	01/93	01/94	12/99	3,500
DPC	04/93	02/94	03/2000	2,846
IDEC	10/92	06/95	04/2001	2,000
IPAR	03/94	06/95	12/2000	2,525

Annex A.4: Project Disbursement Profile as at December 31, 1999

(US \$)

Name of Project	Approved Grant	Cumulative Disbursements as at 31/12/99	Cumulative Disbursements as at 31/12/98	Actual Disbursements Jan - Dec. 1999	Actual Disbursements Jan - Dec. 1998
National Projects					
Phase I					
1. AIPA I	150,000	150,000	150,000	-	-
2. AIPA II	1,001,730	1,001,730	1,001,730	-	-
3. BIDPA	3,000,000	1,615,884	1,139,364	476,520	457,880
4. CAFPD	1,600,000	406,828	268,978	137,850	268,978
5. CAPE	1,500,000	405,732	245,685	160,047	245,685
6. CAPES	1,600,000	-	-	-	-
7. CEPA	3,500,000	2,227,989	1,733,430	494,559	597,539
8. CIRES-CAPEC	1,750,000	1,520,756	1,426,558	94,198	217,818
9. CNPG-CEPEC	1,600,000	1,509,184	1,432,022	77,162	198,807
10. DMPA	1,785,000	592,727	425,361	167,366	160,661
11. DPC	2,845,965	2,373,732	2,104,665	269,067	247,794
12. EMPAC	1,410,000	236,624	236,624	-	124,935
13. EPRC I	1,500,000	1,412,911	1,412,911	-	49,710
14. ESRF I	1,700,000	1,577,113	1,577,113	-	140,654
15. IDEC	2,000,000	833,425	701,379	132,046	205,573
16. IPAR	2,525,000	1,609,798	1,178,778	431,020	426,321
17. KIPRA	1,630,000	131,134	-	131,134	-
18. NCEMA I	990,000	990,000	990,000	-	59,320
19. NEPRU	2,400,000	1,697,874	1,415,685	282,189	393,359
20. PDTPE	2,000,000	1,874,846	1,769,051	105,795	380,002
21. UPE	1,912,200	1,051,241	899,054	152,187	228,464
Sub-total	38,399,895	23,219,528	20,108,388	3,111,140	4,403,500
Phase II					
1. EPM(Cameroon)	2,000,000	286,872	-	286,872	-
2. EPM (Cote d'Ivoire)	2,000,000	362,122	112,301	249,821	112,301
3. EPM (Ghana)	2,000,000	318,925	200,000	118,925	200,000
4. EPM (Uganda)	2,000,000	345,887	193,710	152,177	193,710
5. EPRC II	2,000,000	663,927	200,000	463,927	200,000
6. ESRF II	2,000,000	357,942	100,000	257,942	100,000
7. LIMPAC	1,800,000	-	-	-	-
8. NCEMA II	997,940	100,000	-	100,000	-
9. NIEP	2,000,000	100,000	-	100,000	-
10. CNPG-CEPEC II	1,500,000	-	-	-	-
-11. CREAM	1,721,270	-	-	-	-
Sub-total	20,019,210	2,535,675	806,011	1,729,664	806,011
Regional Projects					
Phase I					
1. AERC (CMA)	5,000,000	5,000,000	5,000,000	-	-
2. BCEAO/BEAC	1,050,000	879,173	657,060	222,113	235,621
3. CERDI	2,364,000	2,270,456	2,270,456	-	343,282
4. ESAIDARM	2,000,000	2,000,000	2,000,000	-	-
5. MEFMI	2,900,000	1,860,440	1,300,473	559,967	511,473
6. McGill	2,136,000	1,788,135	1,788,135	-	377,366
7. OAU/EDECO/PASU	3,000,000	2,850,517	2,337,013	513,504	656,801
8. PTCI	5,000,000	3,948,987	3,478,247	470,740	731,715
Sub-total	23,450,000	20,597,708	18,831,384	1,766,324	2,856,258
Phase II					
1. AERC (CMA) II	3,000,000	1,802,023	769,074	1,032,949	769,074
2. BEAC/BCEAO	1,650,000	-	-	-	-
Sub-total	4,650,000	1,802,023	769,074	1,032,949	769,074
Total	86,519,105	48,154,934	40,514,857	7,640,077	8,834,843

Annex A.5: Financing Status of ACBF Projects as at 31 December 1999

Project	Total Cost	ACBF's Share US\$	Govt/Own Finance	Pledged Co-fin. From Donors	Financing Deficit 1998	Financing Deficit 1999
	1	2	3	4	5	6
National Projects						
Phase I						
1. CAPE (Benin)	2,619,760	1,500,000	924,160	195,000	(600)	(600)
2. BIDPA (Botswana)	10,000,000	3,000,000	3,000,000	4,000,000	-	-
3. IDEC (Burundi)	2,861,280	2,000,000	-	-	(861,280)	(861,280)
4. CIRES (Côte d'Ivoire)	1,750,000	1,750,000	-	-	-	-
5. EMPAC (Ethiopia)	2,350,000	1,410,000	258,500	681,500	-	-
6. CAPES (Burkina Faso)	3,215,256	1,600,000	321,526	1,293,730	-	-
7. CEPA (Ghana)	6,068,000	3,500,000	-	2,568,000	-	-
8. CNPG-CEPEC (Guinea)	2,196,594	1,600,000	596,594	-	-	-
9. IPAR (Kenya)	5,033,000	2,525,000	-	1,711,500	(796,500)	(796,500)
10. KIPPRA (Kenya)	5,312,000	1,630,000	1,182,000	2,500,000	-	-
11. CAFPD (Mali)	2,880,000	1,600,000	230,000	1,050,000	-	-
12. NEPRU (Namibia)	3,665,000	2,400,000	1,265,000	-	-	-
13. DPC (Nigeria)	4,335,000	2,845,965	1,000,000	-	(489,035)	(489,035)
14. NCEMA (Nigeria)	989,879	990,000	-	-	121	121
15. UPE (Senegal)	2,961,000	1,912,200	194,400	50,000	(804,400)	(804,400)
16. AIPA I (South Africa)	150,000	150,000	-	-	-	-
17. AIPA II (South Africa)*	7,573,000	1,001,730	-	950,000	-	-
18. ESRF I (Tanzania)	4,208,000	1,700,000	695,401	-	(1,812,599)	(1,812,599)
19. EPRC I (Uganda)	1,821,537	1,500,000	321,537	-	-	-
20. DMPA (Zambia)	3,951,000	1,785,000	1,176,000	990,000	-	-
21. PDTPE (Zimbabwe)	2,000,000	2,000,000	-	-	-	-
Sub-total	75,940,306	38,399,895	11,165,118	15,989,730	(4,764,293)	(4,764,293)
Phase II						
1. EPM (Cameroon)	2,806,620	2,000,000	-	806,620	-	-
2. EPM (Côte d'Ivoire)	2,990,836	2,000,000	-	990,836	-	-
3. EPM (Ghana)	3,308,520	2,000,000	-	1,308,520	-	-
4. LIMPAC (Liberia)	2,174,293	1,800,000	37,000	337,293	-	-
5. NCEMA II (Nigeria)	2,102,070	997,940	817,002	287,128	-	-
6. NIEP (South Africa)	5,565,044	2,000,000	-	3,565,044	-	-
7. ESRF II (Tanzania)	5,400,000	2,000,000	2,920,000	480,000	-	-
8. EPM (Uganda)	3,161,640	2,000,000	-	1,161,640	-	-
9. EPRC II (Uganda)	4,690,798	2,000,000	800,000	521,856	(1,368,942)	(1,368,942)
10. CNPG-CEPEC II (Guinea)	2,440,658	1,500,000	260,000	500,000	-	(180,658)
11. CREAM (Madagascar)	2,371,270	1,721,270	200,000	450,000	-	-
Sub-total	37,011,749	20,019,210	5,034,002	10,408,937	(1,368,942)	(1,549,600)
Regional Projects						
Phase I						
1. AERC-CMAP	15,583,700	5,000,000	-	10,583,700	-	-
2. BCEAO/BEAC	3,570,000	1,050,000	1,612,000	908,000	-	-
3. CERDI	6,867,000	2,364,000	-	1,539,000	(2,964,000)	(2,964,000)
4. ESAIRDAM	8,000,000	2,000,000	2,074,435	3,925,565	-	-
5. MEFMI	25,000,000	2,900,000	-	22,100,000	-	-
6. McGILL	7,936,000	2,136,000	886,000	4,914,000	-	-
7. OAU-EDECO/PASU	3,000,000	3,000,000	-	-	-	-
8. PTCI	12,400,000	5,000,000	-	4,894,000	(2,506,000)	(2,506,000)
Sub-total	82,356,700	23,450,000	4,572,435	48,864,26	(5,470,000)	(5,470,000)
Phase II						
1. AERC CMAP II	12,267,124	3,000,000	-	9,267,124	-	-
2. BEAC/BCEAO (debt)	5,500,000	1,650,000	-	3,850,000	-	-
Sub-total	17,767,124	4,650,000	-	13,117,124	-	-
TOTAL	213,075,879	86,519,105	20,771,555	88,380,056	(11,603,235)	(11,783,893)

* Cancelled in July 1996.

**Annex A.6: Status of Pledges and Contributions by Donors
as at 31 December 1999 – Phase I**

Country/ Organization	Amount Pledged (US\$ Millions)		Amount Contributed (US\$ Millions)		Exchange Losses (Gains)	Outstanding Amount	Status
	Trust. Fund 1	Trust Fund 2	Trust Fund 1	Trust Fund 2			
AfDB	6.000	-	6.054		(0.054)		Fully Paid
Austria	0.400		0.377		0.023		Fully Paid
Botswana	0.250		0.250				Fully Paid
Cameroon	0.250		-			0.250	
Canada	1.500	1.500	1.498	1.111	0.002	0.389	
Congo (DRC)	0.250		-			0.250	
Côte d'Ivoire	0.250		0.250				Fully Paid
Denmark	4.000		3.951		0.049		Fully Paid
Finland	5.000		4.698		0.302		Fully Paid
France	10.000		4.477		0.523	5.000	
Ghana	0.250		-			0.250	
Kenya	0.250		0.250				Fully Paid
Mali	0.250		-			0.250	
Mauritius	0.250		-			0.250	
Netherlands	3.009		3.009				Fully Paid
Nigeria	0.250		0.250				Fully Paid
Norway	4.300		3.505		0.795		Fully Paid
Senegal	0.250		-			0.250	
Sweden	6.000		4.616		1.384		Fully Paid
Tanzania	0.250		-			0.250	
United Kingdom	5.000		4.992		0.008		Fully Paid
UNDP		6.855		6.718		0.137	
USA	10.000		5.000			5.000	
World Bank	7.000	8.000	7.000	8.000			Fully Paid
Zimbabwe	0.250		0.250		-		Fully Paid
GRAND TOTAL	65.209	16.355	50.427	15.829	3.032	12.276	

Annex A.7: Status of Pledges and Contributions by Donors as at 31 December 1999 – Phase II

Country / Organization	Amount Pledged US\$ (000)	Amount Paid-in US\$(000)	Remarks
AfDB	6.000	-	Fully Paid
Botswana	0.300	0.300	
Cameroon	0.300	-	
Canada	3.000	-	
Côte d'Ivoire	0.300	-	
Denmark	5.000	1.870	
Finland	3.000	0.722	
Netherlands	2.500	0.795	
Nigeria	0.400	-	
Norway	4.121	0.784	
Senegal	0.250	-	
Sweden	6.000	2.940	
Uganda	0.250	-	
United Kingdom	4.942	2.338	
UNDP	5.000	-	
World Bank	15.000	-	
Zimbabwe	0.250	0.073	
TOTAL	56.613	9.822	

* Not reflected above is Japan's contribution of US\$10 million, which is to be accessed through the PHRD Trust Fund at the World Bank.

Annex A.8: Schedule of Draw-Downs into Trust Fund 1 - Phase I

(US\$ Millions)

Country/ Organization	Pledges	Cum. Draw- Downs 1998	Actual Draw- Downs 1999	Cum. Draw- Downs 1999	Expected Cum. Draw- Downs 1999 100%	Exch. loss adjust- ment	* Out- Standing Balances 1999
AfDB	6.000	6.054	-	6.054	6.000	0.054	0.000
AUSTRIA	0.400	0.377	-	0.377	0.400	(0.023)	0.000
CANADA	1.500	1.347	0.151	1.498	1.500	(0.002)	0.000
DENMARK	4.000	3.951	-	3.951	4.000	(0.049)	0.000
FINLAND	5.000	4.698	-	4.698	5.000	(0.302)	0.000
FRANCE	10.000	4.477	-	4.477	10.000	(0.523)	5.000
NETHERLANDS	3.009	3.009	-	3.009	3.009	-	0.000
NORWAY	4.300	2.685	0.820	3.505	4.300	(0.795)	0.000
SWEDEN	6.000	3.584	1.032	4.616	6.000	(1.384)	0.000
U.K.	5.000	3.711	1.281	4.992	5.000	(0.008)	0.000
U.S.A.	10.000	5.000	-	5.000	10.000	-	5.000
WORLD BANK	7.000	7.000	-	7.000	7.000	-	0.000
AFRICA	3.000	1.250	-	1.250	3.000	-	1.750
TOTAL	65.209	47.143	3.284	50.427	65.209	(3.032)	11.750

* Outstanding balances in Trust Fund 2 are US\$389,000 and US\$137,000 from Canada and UNDP (through UNOPS) respectively. These are not reflected in the above table because they are classified under Trust Fund 2. If they are taken into account, the total outstanding balance under Phase I would amount to US\$12.276 million.

Annex A.9: Schedule of Draw-Downs into the ACB Fund, Phase II

(US\$ millions)

Country/ Organization	PLEDGES	Cumulative Draw- Downs 1998	Planned Draw- Downs 1999	Actual Draw- Downs 1999	Cumulative Draw- Downs 1999	Balance Due 1999
AfDB	6.00	-	1.255	-	-	1.255
BOTSWANA	0.30	0.300	-	-	0.30	-
CANADA	3.00	-	0.628	-	-	0.628
CAMEROON	0.30	-	0.063	-	-	0.063
COTE d'IVOIRE	0.30	-	0.063	-	-	0.063
DENMARK	5.00	-	1.046	1.870	1.870	-
FINLAND	3.00	-	0.628	0.722	0.722	-
NETHERLANDS	2.50	-	0.523	0.795	0.795	-
NIGERIA	0.40	-	0.084	-	-	0.084
NORWAY	4.12	-	0.862	0.784	0.784	0.078
SENEGAL	0.25	-	0.052	-	-	0.052
SWEDEN	6.00	-	1.255	2.940	2.940	-
UGANDA	0.25	-	-	-	-	-
U.K.	4.94	-	1.034	2.338	2.338	-
UNDP	5.00	-	1.046	-	-	1.046
WORLD BANK	15.00	-	3.138	-	-	3.138
ZIMBABWE	0.25	-	0.052	0.073	0.073	-
TOTAL	56.61	0.300	11.729	9.522	9.822	6.407



**REPORT OF THE INDEPENDENT AUDITORS
TO THE EXECUTIVE BOARD OF THE AFRICAN CAPACITY BUILDING FOUNDATION ON
TRUST FUND NO.1, TRUST FUND NO.2 AND
UNDP PROJECT RAF 91/015**

We have audited the financial statements of the Funds and the project set out on pages 62 to 74. The financial statements are the responsibility of the Foundation's Board. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing, which require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, the assessment of the accounting principles used and significant estimates made by management, and the evaluation of the overall financial statement presentation.

In our opinion the financial statements are properly drawn up in accordance with the provisions of the financial regulations of the African Capacity Building Foundation and in conformity with International Accounting Standards, so as to give, in all material respects, a true and fair view of the financial position of Trust Fund No.1, Trust Fund No.2 and UNDP Project RAF 91/015 as at 31 December 1999 and of the results of the operations and cash flows for the financial year ended on that date.

DELOITTE & TOUCHE

7 March 2000

Annex B.2

**THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT
RAF 91/015 RECEIPTS AND EXPENDITURE STATEMENT OF TRUST FUND NO.1
for the year ended 31 December 1999**

	<u>1999</u> US\$	<u>1998</u> US\$
RECEIPTS ex World Bank	12 825 988	7 169 598
Interest receivable	42 703	43 404
	12 868 691	7 213 002
NATIONAL PROJECTS EXPENDITURE		
AUTONOMOUS POLICY UNITS		
Capital costs	16 498	43 409
Personnel costs	388 813	477 428
Research and publication costs	539 153	470 849
Operation and maintenance costs	221 682	351 909
Training	9 992	2 416
Unallocated	-	18 045
	1 176 138	1 364 056
SEMI-AUTONOMOUS POLICY UNITS		
Capital costs	71 799	215 748
Personnel costs	990 145	459 731
Research and publication costs	336 514	560 883
Operation and maintenance costs	98 388	279 199
Training costs	242 738	322 743
Unallocated	241	518
	1 739 825	1 838 822
GOVERNMENT POLICY UNITS		
Capital costs	116 715	241 530
Personnel costs	496 947	293 337
Research and publication costs	51 797	192 832
Operation and maintenance cost	90 211	56 552
Training costs	41 873	69 702
Unallocated	24 210	18 669
	821 753	872 622
TOTAL NATIONAL POLICY UNITS	3 737 716	4 075 500
TRAINING INSTITUTIONS		
Research and publication costs	20 546	67 475
Operation and maintenance costs	132 560	102 587
Training costs	158 100	351 489
Unallocated	3 578	8 782
TOTAL NATIONAL TRAINING UNITS	314 784	530 333
TOTAL NATIONAL PROJECTS EXPENDITURE	4 052 500	4 605 833

Annex B.3

**THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
RECEIPTS AND EXPENDITURE STATEMENT OF TRUST FUND NO.1 (Continued)
for the year ended 31 December 1999**

	Note	1999 US\$	1998 US\$
REGIONAL PROJECTS EXPENDITURE			
POLICY UNITS			
Capital costs		-	18 573
Personnel costs		204 045	337 119
Research and publication costs		78 781	51 722
Operation and maintenance costs		299 573	184 387
		<hr/>	<hr/>
TOTAL POLICY UNITS		582 399	591 801
		<hr/> <hr/>	<hr/> <hr/>
TRAINING UNITS			
Capital costs		667	95 963
Personnel costs		130 469	220 787
Research and publication costs		-	-
Operation and maintenance costs		277 093	429 643
Training costs		2 325 469	3 195 695
Unallocated		1 258	6 034
		<hr/>	<hr/>
TOTAL TRAINING UNITS		2 734 956	3 948 122
		<hr/>	<hr/>
TOTAL REGIONAL PROJECTS EXPENDITURE		3 317 355	4 539 923
		<hr/>	<hr/>
TOTAL PROJECTS EXPENDITURE		7 369 855	9 145 756
		<hr/>	<hr/>
Workshops		215 630	-
Bank charges		9 824	7 227
		<hr/>	<hr/>
TOTAL EXPENDITURE		7 595 309	9 152 983
		<hr/>	<hr/>
Excess of receipts over expenditure/ (Expenditure over receipts)	4	5 273 382	(1 939 981)
		<hr/> <hr/>	<hr/> <hr/>

Annex B. 4

THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
RECEIPTS AND EXPENDITURE STATEMENT OF TRUST FUND NO.2 AND UNDP PROJECT
for the year ended 31 December 1999

	<u>Notes</u>	<u>1999</u> <u>US\$</u>	<u>1998</u> <u>US\$</u>
RECEIPTS ex World Bank		3 220 862	1 083 564
IDF Grant		141 275	-
RECEIPTS ex UNDP		-	368 032
Interest receivable		5 830	23 516
Miscellaneous		77 090	-
		3 445 057	1 475 112
EXPENDITURE			
Direct project-related expenditure:-			
Country assessment and project identification	11.1	24 141	86 859
Project supervision and monitoring	11.2	178 040	184 526
		202 181	271 385
Administration expenditure:			
Professional staff expenses	11.3	1 535 452	1 108 579
Support staff expenses	11.4	173 168	141 640
Consultants fees and travel costs		38 243	13 352
General and administration expenses	11.5	823 850	503 265
Other	11.6	76 682	59 479
		2 647 395	1 826 315
Total expenditure		2 849 576	2 097 700
Excess of receipts over expenditure/ (expenditure over receipts)	5	595 481	(622 588)

Annex B.5

**THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT
RAF 91/015BALANCE SHEET
31 December 1999**

	Notes	1999 US\$	1998 US\$
ACCUMULATED FUNDS			
Trust Fund No.1	4	11 227 916	5 954 534
Trust Fund No.2 and UNDP Project	5	1 280 370	684 889
Total accumulated funds		12 508 286	6 639 423
EMPLOYMENT OF FUNDS			
Fixed assets	6	273 891	119 660
CURRENT ASSETS			
Stock	7	11 971	12 006
Unretired advances (Trust Fund No.1)	10	5 960 667	5 690 444
Debtors	8	470 452	284 929
Bank balances and cash	9	6 039 956	634 556
Total current assets		12 483 046	6 621 935
CURRENT LIABILITIES			
Creditors		248 651	102 172
NET CURRENT ASSETS		12 234 395	6 519 763
TOTAL EMPLOYMENT OF FUNDS		12 508 286	6 639 423

..... EXECUTIVE SECRETARY

..... FINANCE AND ADMINISTRATION MANAGER

Annex B.6

**THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT
RAF 91/015 CASH FLOW STATEMENT
for the year ended 31 December 1999**

	<u>1999</u> US\$	<u>1998</u> US\$
CASH FLOW FROM OPERATING ACTIVITIES		
Excess of receipts over expenditure - Trust Fund No.1	5 273 382	(1 939 981)
Excess of receipts over expenditure - Trust Fund No.2 & UNDP Project	595 481	(622 588)
Adjustments for:		
Depreciation	47 034	44 533
Interest receivable	(48 533)	(66 920)
Operating cash flows before working capital changes	5 867 364	(2 584 956)
(Increase)/decrease in unretired advances	(270 223)	310 913
Increase in debtors	(185 523)	(109 111)
Increase(decrease) in creditors	146 479	(23 112)
Decrease in stock	35	6 763
Cash generated from/(used in) operations	5 558 132	(2 399 503)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(201 265)	(12 846)
Interest received	48 533	66 920
Net cash (used in)/generated from investing activities	(152 732)	54 074
Net increase/(decrease) in cash and cash equivalents	5 405 400	(2 345 429)
Cash and cash equivalents at 31 December 1998	634 556	2 979 985
Cash and cash equivalents at 31 December 1999	6 039 956	634 556

Annex B.7

**THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
NOTES TO THE FINANCIAL STATEMENTS
31 December 1999**

1. NATURE OF ACTIVITY

The main activities of the Foundation are aimed at building and strengthening human and institutional capacities in macro-economic policy analysis and development management in Sub-Saharan Africa.

Contributions by donors are administered by the World Bank and payments are made to the Foundation, for administration and project expenditure, on request.

2. CURRENCY

These financial statements are expressed in U.S. dollars, this being the currency of the original funding by the World Bank.

Transfers of funds to Zimbabwe are converted to Zimbabwe dollars at the exchange rate ruling at the time of transfer. Expenditure in Zimbabwe dollars is reconverted to U.S. dollars at the exchange rate ruling at the time of settlement of the expense.

Current assets and current liabilities in Zimbabwe dollars at the year end are converted at the year end exchange rate.

Differences arising from the reversion of expenditure and restatement of year end monetary amounts are included in the receipts and expenditure statement.

3. ACCOUNTING POLICIES

The principal accounting policies of the foundation, which are set out below, have been consistently applied in all material respects.

3.1 Accounting convention

The financial statements are prepared in terms of the historical cost convention. Procedures are not adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

Annex B.7 (continued)

3.2 Depreciation of fixed assets

Fixed assets are depreciated on a straight line basis over their anticipated useful lives as follows:

Library books	-	5 years (20%)
Motor vehicles	-	5 years (20%)
Computers	-	5 years (20%)
Furniture and equipment	-	10 years (10%)

3.3 Receipts

Advances from the World Bank are brought to account on a receipts basis while interest and other sundry income are recognized on an accruals basis.

3.4 Grants

Payments made in accordance with grant agreements are initially recorded as unretired advances. When supporting documentation for expenditure is received, the appropriate amount is transferred to the receipts and expenditure statement. This could result in expenditure being incurred but not reflected in the receipts and expenditure of Trust No.1, until the project is finalized.

3.5 Stock

Stock is valued at the lower of cost and net realizable value. Cost is determined using suppliers' invoice price on a first-in-first-out basis.

3.6 Employee benefits

Both employer and employees contribute to a savings scheme administered by UBS (AG) Switzerland. The objectives of the scheme are to provide terminal benefits for employees hired on the normal 3-year renewable contracts.

In terms of the rules of the scheme, the employer is obligated to contribute an amount equivalent to 7% of the employee's salary into the fund and to contribute further amounts up to 7% of the employee's salary to match any voluntary contributions to the fund by the employee on a dollar-for-dollar basis.

On termination of employment, the employee will be entitled to receive 100% of the employee and employer contributions plus a share of net income received by the fund during his or her period of service. The employer contributions are charged to the Trust Fund No. 2 income and expenditure statement.

Annex B.8

**THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
NOTES TO THE FINANCIAL STATEMENTS
31 December 1999**

		1999 US\$	1998 US\$
4. TRUST FUND NO.1			
Balance - 31 December 1998		5 954 534	7 894 515
Transferred from receipts and expenditure statement		5 273 382	(1 939 981)
Balance - 31 December 1999		11 227 916	5 954 534
5. TRUST FUND NO.2 AND UNDP PROJECT			
Balance - 31 December 1998		684 889	1 307 477
Transferred from receipts and expenditure statement		595 481	(622 588)
Balance - 31 December 1999		1 280 370	684 889
6. FIXED ASSETS			
<u>Cost</u>	<u>Balance 31 Dec 98 US\$</u>	<u>Additions US\$</u>	<u>Balance 31 Dec 99 US\$</u>
Library books	-	3 343	3 343
Motor vehicles	30 420	-	30 420
Computers	203 001	193 354	396 355
Furniture and equipment	138 593	4 568	143 161
	372 014	201 265	573 279
		<u>Charge for the year</u>	
Motor vehicles	30 420	-	30 420
Computers	151 651	33 004	184 655
Furniture and equipment	70 283	14 030	84 313
	252 354	47 034	299 388
Net book amount	119 660		273 891
Comprising:-			
Library books	-		3 343
Motor vehicles	-		-
Computers	51 350		211 700
Furniture and equipment	68 310		58 848
	119 660		273 891

Annex B.8 (continued)

THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
NOTES TO THE FINANCIAL STATEMENTS
31 December 1999

	<u>1999</u> US\$	<u>1998</u> US\$
7. STOCK		
Consumables	11 971	12 006
8. DEBTORS		
Amount due from staff gratuity/savings scheme fund	88 351	-
Staff loans	140 066	233 102
Staff advances	-	750
Travel advances	24 790	1 647
Prepayments	9 009	6 388
Other	208 236	43 042
	<u>470 452</u>	<u>284 929</u>
9. BANK BALANCES AND CASH		
United States dollars - Trust Fund No.1	4 651 239	244 229
United States dollars - Trust Fund No.2 and UNDP Project	1 509 238	390 178
Foreign currencies - Trust Fund No.2	(120 521)	149
	<u>6 039 956</u>	<u>634 556</u>

Foreign currencies include Zimbabwe dollars expressed inequivalent United States dollars at rates of exchange ruling at the balance sheet date.

Annex B.8 (continued)

THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
NOTES TO THE FINANCIAL STATEMENTS
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10. GRANT DETAILS

Project	Coverage	Cumulative disbursements US\$	Cumulative grant expenditure US\$	Unretired advances US\$
AERC - CMAP I	Regional	5 000 000	5 000 000	-
AERC-CMAP II	Regional	1 802 023	1 302 023	500 000
AIPA I	South Africa	150 000	150 000	-
AIPA	South Africa	1 001 730	1 001 730	-
BCEAO/BEAC (macro)	Regional	879 173	796 890	82 283
BEAC/BCEAO (debt)	Regional	-	-	-
BIDPA	Botswana	1 615 884	1 515 884	100 000
CAFPD	Mali	406 828	256 828	150 000
CAPE	Benin	405 732	265 732	140 000
CAPES	Burkina Faso	-	-	-
CEPA	Ghana	2 227 989	1 830 958	397 031
CERDI-AUREDI	Regional	2 270 456	1 997 678	272 778
CIRES - CAPEC	Cote d'Ivoire	1 520 756	1 436 787	83 969
CNPG - CEPEC	Guinea	1 509 184	1 483 441	25 743
CNPG - CEPEC II	Guinea	-	-	-
CREAM	Madagascar	-	-	-
DMPA	Zambia	592 727	449 569	143 158
DPC	Nigeria	2 373 732	1 801 472	572 260
EMPAC	Ethiopia	236 624	124 935	111 689
EPM	Cameroon	286 871	160 522	126 349
EPM	Cote d'Ivoire	362 122	162 122	200 000
EPM	Ghana	318 925	-	318 925
EPM	Uganda	345 887	-	345 887
EPRC I	Uganda	1 412 911	1 412 911	-
EPRC II	Uganda	663 927	463 927	200 000
ESAIDARM	Regional	2 000 000	2 000 000	-
ESRF I	Tanzania	1 577 113	1 577 113	-
ESRF II	Tanzania	357 942	257 942	100 000
IDEC	Burundi	854 925	754 924	100 001
IPAR	Kenya	1 609 798	1 509 798	100 000
KIPPRA	Kenya	131 134	31 134	100 000
LIMPAC	Liberia	-	-	-
McGILL	Regional	1 788 135	1 459 290	328 845
MEFMI	Regional	1 860 440	1 722 297	138 143
NCEMA I	Nigeria	990 000	990 000	-
NCEMA II	Nigeria	100 000	-	100 000
NEPRU	Namibia	1 697 874	1 630 294	67 580
NIEP	South Africa	100 000	-	100 000
OAU/EDECO/PASU	Regional	2 850 517	2 401 111	449 406
PDTPE	Zimbabwe	1 853 331	1 853 331	-
PTCI	Regional	3 948 987	3 442 367	506 620
UPE	Senegal	1 051 241	951 241	100 000
Total		48 154 918	42 194 251	5 960 667

Annex B.8 (continued)

**THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
NOTES TO THE FINANCIAL STATEMENTS
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	Trust Fund No.2 US\$	UNDP Project US\$	1999 T F No. 2 & UNDP Project US\$	1998 T F No.2 & UNDP Project US\$
11. EXPENDITURE				
11.1 <u>Country assessment and project identification</u>				
Consultants fees	454	-	454	29 720
Consultants travel costs	2 525	-	2 525	14 829
Staff travel costs	21 162	-	21 162	42 310
	<u>24 141</u>	<u>-</u>	<u>24 141</u>	<u>86 859</u>
11.2 <u>Project supervision and monitoring</u>				
Consultants fees	65 778	-	65 778	31 210
Staff travel costs	97 023	-	97 023	111 058
Consultants travel costs	15 239	-	15 239	42 258
	<u>178 040</u>	<u>-</u>	<u>178 040</u>	<u>184 526</u>
11.3 Professional staff expenses	<u>1 535 452</u>	<u>-</u>	<u>1 535 452</u>	<u>1 108 579</u>
11.4 Support staff expenses	<u>173 168</u>	<u>-</u>	<u>173 168</u>	<u>141 640</u>
11.5 <u>General and administration expenses</u>		<u>IDF Grant</u>		
Administrative travel costs	142 738	-	142 738	69 576
Communication expenses	64 418	-	64 418	56 669
Recruitment expenses	48 928	-	48 928	67 256
Conferences and meetings travel costs	160 618	-	160 618	138 823
Publications	8 404	-	8 404	3 087
Board fees	35 100	-	35 100	16 500
Stationery/office supplies	15 867	-	15 867	14 518
Office rent	54 040	-	54 040	52 700
Other operating expenses	77 862	-	77 862	84 136
Staff travel costs (PACT Study)	-	15 507	15 507	-
Consultants fees (PACT Study)	-	242 679	242 679	-
Consultants travel costs (PACT Study)	-	56 947	56 947	-
Advertising & translation fees (PACT Study)	-	6 463	6 463	-
	<u>607 975</u>	<u>321 596</u>	<u>929 571</u>	<u>503 265</u>
Less: amount due to Trust Fund No. 2	<u>-</u>	<u>105 721</u>	<u>105 721</u>	<u>-</u>
	<u>607 975</u>	<u>215 875</u>	<u>823 850</u>	<u>503 265</u>
11.6 <u>Other</u>				
Depreciation costs	47 034	-	47 034	44 533
Financial expenses	29 648	-	29 648	14 946
	<u>76 682</u>	<u>-</u>	<u>76 682</u>	<u>59 479</u>

Annex B.8 (continued)

THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
NOTES TO THE FINANCIAL STATEMENTS
31 December 1999

12. GRANT COMMITMENTS

The Foundation has entered into Grant Agreements with a number of institutions to make available funds for projects. The funds will be made available from the Trust Fund of the Foundation. The undisbursed balances are as follows:

Grant Commitments - Phase I

Project	Coverage	Grant approved US\$	Cumulative disbursements US\$	Total undisbursed balance US\$
AERC - CMAP I	Regional	5 000 000	5 000 000	-
AIPA I	South Africa	150 000	150 000	-
AIPA	South Africa	1 001 730	1 001 730	-
BCEAO/BEAC	Regional	1 050 000	879 173	170 827
BIDPA	Botswana	3 000 000	1 615 884	1 384 116
CAFPD	Mali	1 600 000	406 828	1 193 172
CAPE	Benin	1 500 000	405 732	1 094 268
CAPES	Burkina Faso	1 600 000	-	1 600 000
CEPA	Ghana	3 500 000	2 227 989	1 272 011
CERDI-AUREDI	Regional	2 364 000	2 270 456	93 544
CIRES - CAPEC	Cote d'Ivoire	1 750 000	1 520 756	229 244
CNPG - CEPEC	Guinea	1 600 000	1 509 184	90 816
DMPA	Zambia	1 785 000	592 727	1 192 273
DPC	Nigeria	2 845 965	2 373 732	472 233
EMPAC	Ethiopia	1 410 000	236 624	1 173 376
EPRC	Uganda	1 500 000	1 412 911	87 089
ESAI DARM	Regional	2 000 000	2 000 000	-
ESRF	Tanzania	1 700 000	1 577 113	122 887
IDEC	Burundi	2 000 000	854 925	1 145 075
IPAR	Kenya	2 525 000	1 609 798	915 202
KIPPRA	Kenya	1 630 000	131 134	1 498 866
McGILL	Regional	2 136 000	1 788 135	347 865
MEFMI	Regional	2 900 000	1 860 440	1 039 560
NCEMA	Nigeria	990 000	990 000	-
NEPRU	Namibia	2 400 000	1 697 874	702 126
OAU/EDECO/PASU	Regional	3 000 000	2 850 517	149 483
PDTPE	Zimbabwe	2 000 000	1 853 331	146 669
PTCI	Regional	5 000 000	3 948 987	1 051 013
UPE	Senegal	1 912 200	1 051 241	860 959
Total Grant Commitments - Phase I		61 849 895	43 817 221	18 032 674

Annex B.8 (continued)

**THE AFRICAN CAPACITY BUILDING FOUNDATION
TRUST FUND NO.1, TRUST FUND NO.2 AND UNDP PROJECT RAF 91/015
NOTES TO THE FINANCIAL STATEMENTS
31 December 1999**

12. GRANT COMMITMENTS (continued) Grant Commitments - Phase II

<u>Project</u>	<u>Coverage</u>	<u>Grant approved</u> <u>US\$</u>	<u>Cumulative disbursements</u> <u>US\$</u>	<u>Total undisbursed balance</u> <u>US\$</u>
AERC CMAP II	Regional	3 000 000	1 802 023	1 197 977
BEAC/BCEAO (debt)	Regional	1 650 000	-	1 650 000
CNPG-CEPEC II	Guinea	1 500 000	-	1 500 000
CREAM	Madagascar	1 721 270	-	1 721 270
EPM	Cameroon	2 000 000	286 871	1 713 129
EPM	Ghana	2 000 000	318 925	1 681 075
EPRC II	Uganda	2 000 000	663 927	1 336 073
ESRF II	Tanzania	2 000 000	357 942	1 642 058
LIMPAC	Liberia	1 800 000	-	1 800 000
NCEMA II	Nigeria	997 940	100 000	897 940
NIEP	South Africa	2 000 000	100 000	1 900 000
		20 669 210	3 629 688	17 039 522
EPM (Funded by Japan)	Côte d'Ivoire	2 000 000	362 122	1 637 878
EPM (Funded by Japan)	Uganda	2 000 000	345 887	1 654 113
		4 000 000	708 009	3 291 991
Total Grant Commitments – Phase II		24 669 210	4 337 697	20 331 513
Total Grant Commitments - Phases I and II		86 519 105	48 154 918	38 364 187
			1999 US\$	1998 US\$

13. EMPLOYEE BENEFIT COSTS

Cost of employer contributions to staff gratuity/savings scheme	161 088	60 435
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14. CAPITAL COMMITMENTS

	-	173 000
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Annex C.1: Board of Governors, 1999

Member	Governor	Alternate
UK	Barrie Ireton, (Chair)	Jean Forrest
UNDP	Thelma Awori, (Vice-Chair)	
Sweden	Lennart Båge, (Vice-Chair)	Bo Jerlstrom
AfDB	Cyril Enweze	
Botswana	Modise D. Modise	
Cameroon	Samuel Obam Mbom	
Canada	Guy Mercier	
Congo (DRC)	Mwana Nanga Mawapanga	
Côte d'Ivoire	Niamen N'Goran	
Denmark	Ole Mølgaard Andersen	
Finland	Matti Aaltola	
France	Pierre Jacquemot	Dominique Mas
Ghana	Kwame Peprah	
Kenya	Mathias B. Keah	
Malawi	Cassim Chilumpha	E. E. Ngalande Banda
Mali	Soumaïla Cissé	
Mauritius	G. Wong So	
The Netherlands	Arjan P. Hamburger	Peter de Haan
Nigeria	Mallam Adamu Ciroma	
Norway	Tove Strand	Kjell Storløkken
Senegal	Mouhamed El Moustapha Diagne	
Tanzania	Daniel Yona	
Uganda	E. Tumusiime-Mutebile	
USA	Verne Newton	James Smith
The World Bank	Callisto Madavo	Praful Patel
Zimbabwe	Herbert Murerwa	

Annex C.2: Executive Board, 1999

Independent Board Members

Kwesi Botchwey (Chair)

Joan Corkery (Vice-Chair)

Poul Engberg-Pedersen

Gerald K. Helleiner

Julia Majaha-Järtby

Mande Sidibé

Representatives of Sponsoring Agencies

Abdoulaye Mar Dieye, **United Nations Development Programme**

Henock Kifle, **African Development Bank**

Praful Patel, **The World Bank***

Executive Secretary**

Abel L. Thoahlane

* Mr. Brian Levy has been designated to replace Mr. Praful Patel as the World Bank representative on the Executive Board.

** Mr. Soumana Sako was appointed the new Executive Secretary in December 1999. He will take office in January 2000.

Annex C.3: Secretariat Staff, 1999

Abel L. Thoahlane	-	Executive Secretary (Lesotho)*
Jotham Kotamo	-	Finance and Administration Manager (Malawi)
Apollinaire Ndorukwigira	-	Principal Program Officer (Burundi)
Genevesi O. Ogiogio	-	Principal Program Officer (Nigeria)
Edwin N. Forlemu	-	Principal Legal Officer (Cameroon)
Samba Ka	-	Senior Program Officer (Senegal)
Jacques G. Katuala	-	Senior Program Officer (Democratic Republic of Congo)
Wolde-Medhin Dereje	-	Program Officer (Ethiopia)
Dorothy Mutizwa-Mangiza	-	Program Officer (Zimbabwe)
Grace Ongile	-	Program Officer (Kenya)
Constantine Mandengu	-	Senior Financial Officer (Zimbabwe)
Rosa Ongeso	-	Outreach Officer (Kenya)
Mary Macharaga	-	Administrative Officer (Zimbabwe)
Donatien Kouassi	-	Disbursement Assistant (Côte d'Ivoire)
Chester Kwambana	-	Accounts Assistant (Zimbabwe)
Jasper Muvezwa	-	Information Assistant (Zimbabwe)
Nomhle Veli Moyo	-	Senior Secretary (Zimbabwe)
Rachelle Joe	-	Secretary (Zimbabwe)
Catherine Mwaba Meleka	-	Bilingual Secretary (Zambia)
Catherine Mlingwa	-	Secretary (Zimbabwe)
William Kazvidza	-	Finance Clerk (Zimbabwe)
Cordelia Masiwa	-	Receptionist (Zimbabwe)
Memory Mudubiwa	-	Receptionist (Zimbabwe)
George Mandebvu	-	Driver/Messenger (Zimbabwe)
Jonathan Sithole	-	Driver/Messenger (Zimbabwe)

* Mr. Soumana Sako was appointed the new Executive Secretary in December 1999. He will take office in January 2000.

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