

ANNUAL REPORT 2005





THE AFRICAN CAPACITY
BUILDING FOUNDATION



ANNUAL REPORT 2005

LETTER OF TRANSMITTAL TO THE BOARD OF GOVERNORS

29 June 2006

Dear Mr. Chairman:

In accordance with Article VII, Section 8 (e) of the Constitution of the African Capacity Building Foundation (ACBF), I have the honor to present to the ACBF Board of Governors the *Annual Report* of the ACBF Executive Board for the period 1 January - 31 December 2005. The audited financial statements for the mentioned period, together with the report of the external audit firm thereon, are presented in Annexes B 1 to B 4.



Emmanuel Tumusiime-Mutebile
Chairman, Executive Board

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ABBREVIATIONS AND ACRONYMS

AAU CADRE, Ghana (Regional)	:	Association of African Universities Capacity Development Project for the Revitalization of Higher Education Institutions
AUSAID	:	Australian Agency for International Development
ABR	:	African Business Roundtable
ACBF	:	The African Capacity Building Foundation
ACB Fund	:	African Capacity Building Fund
ACBI	:	African Capacity Building Initiative
ADF	:	African Development Forum
AEC	:	African Economic Community
AECI	:	Spanish Agency for International Co-operation
AERC-CMAP, Kenya (Regional)	:	African Economic Research Consortium - Collaborative Master's Degree Program in Economics
AERC-Ph.D., Kenya (Regional)	:	African Economic Research Consortium - Collaborative Doctorate Program in Economics
AfDB	:	African Development Bank
AFI, South Africa (Regional)	:	African Futures Institute
AFRISTAT	:	Observatoire Economique et Statistique d'Afrique Subsaharienne
AFRITAC	:	African Regional Technical Assistance Centre
AHRD	:	Administration and Human Resources Department
AIPA, South Africa	:	Africa Institute for Policy Analysis and Economic Integration
AMICAALL, Swaziland	:	Alliance of Mayors' Initiative for Community Action Against HIV/AIDS at the Local Level
APIF	:	African Policy Institutes Forum
APRM	:	African Peer Review Mechanism
APUs	:	African Partner Universities
AU/OAU	:	African Union/Organization of African Unity
BCEAO	:	Banque Centrale des Etats de l'Afrique de l'Ouest
BEAC	:	Banque des Etats de l'Afrique Centrale
BIDPA, Botswana	:	Botswana Institute for Development Policy Analysis
BOCONGO	:	Botswana Council of Non-Governmental Organisation
CAFPD, Mali	:	Centre d'Analyse et de Formulation de Politiques de Développement
CAFRAD	:	African Training and Research Centre in Administration and Development
CAMERCAP, Cameroon	:	Projet de Renforcement des Capacités en Gestion Economique de la République du Cameroun
CANGO, Swaziland	:	Coordinating Assembly of NGOs in Swaziland
CAPAN, Benin	:	Cellule d'Analyse des Politiques de Développement de l'Assemblée Nationale
CAPE, Benin	:	Cellule d'Analyse de Politique Economique
CAPED, Niger	:	Cellule d'Analyse et de Prospective en Développement
CAPES, Burkina Faso	:	Centre d'Analyse des Politiques Economiques et Sociales
CAREF, Cameroon	:	Projet de Renforcement des Capacités des Réseaux des Femmes pour Lutter Contre la Pauvreté en République du Cameroun
CASC, Cameroon	:	Programme de Renforcement des Capacités des Structures de la Chaîne de Contrôle de la République du Cameroun
CCDB, Djibouti	:	Chambre des Comptes et de Discipline Budgétaire
CCG, Kenya	:	Centre for Corporate Governance
CDF	:	Comprehensive Development Framework
CDOE	:	Capacity Development Outcome Evaluation
CEMAC	:	Communauté Economique des Etats de l'Afrique Centrale
CENAF, Gabon	:	Projet de Centre d'Appui aux Réseaux des Organisations des Femmes du Gabon
CEPA, Ghana	:	Centre for Policy Analysis
CEPOD, Senegal	:	Centre d'Etudes de Politiques pour le Développement
CERCAP, Mali	:	Centre d'Etudes et de Renforcement des Capacités d'Analyse et de Plaidoyer
CERDI, France	:	Centre d'Etudes et de Recherches sur le Développement International
CESAG, Senegal (Regional)	:	Centre Africain d'Etudes Supérieures en Gestion
CIDA	:	Canadian International Development Agency
CIRES-CAPEC, Côte d'Ivoire	:	Centre Ivoirien de Recherches Economiques et Sociales
CLKNET	:	Country-level Knowledge Network

CMAAE, Kenya (Regional)	:	Collaborative Master's Degree Program in Agricultural and Applied Economics for Eastern, Central and Southern Africa
CNPG-CEPEC, Guinea-Conakry	:	Centre National de Perfectionnement à la Gestion - Cellule d'Etudes de Politique Economique
CODESRIA	:	Council for the Development of Social Science Research in Africa
COMESA	:	Common Market for Eastern and Southern Africa
CONGAFEN, Mali	:	Coordination des Organisations Non-Gouvernementales Féminines Nigériennes
CREAM, Madagascar	:	Centre de Recherches, d'Etudes et d'Appui à l'Analyse Economique de Madagascar
CSD-PSF, Tanzania	:	Civil Service Department Private Sector Facilitation Project
CSOs	:	Civil Society Organizations
DANIDA	:	Danish Development Agency
DFID, United Kingdom	:	Department for International Development
DGF	:	Development Grant Facility
DMPA, Zambia	:	Directorate of Macroeconomic Policy Analysis
DPC, Nigeria	:	Development Policy Centre
DRC	:	Democratic Republic of Congo
EALA-EAC, Tanzania (Regional)	:	East African Community - East African Legislative Assembly
ECDPM	:	European Centre for Development Policy Management
ECOWAS	:	Economic Community of West African States
EDF	:	European Development Fund
EDRI, Ethiopia	:	Ethiopian Development Research Institute
EEA/EEPRI, Ethiopia	:	Ethiopian Economic Association/Ethiopian Economic Policy Research Institute
EGN - ISSER, Ghana	:	Economy of Ghana Network Institute of Statistical, Social and Economic Research, University of Ghana-Legon
EFNET	:	Economic and Financial Policymakers' Network
EMPAC, Ethiopia	:	Ethiopian Macroeconomic Policy Analysis Capacity Building Project
EPAM, Eritrea	:	Eritrean Capacity Building Project for Economic Policy Analysis and Management
EPAM-STP, Sao Tomé and Principe	:	Economic Policy Analysis and Management Capacity Building Project
EPANET	:	TAP-NET on Economic Policy Analysis and Management
EPM	:	Economic Policy Management
EPRC, Uganda	:	Economic Policy Research Centre
ESAIDARM, Zimbabwe (Regional)	:	Eastern and Southern African Initiative in Debt and Reserves Management
ESRF, Tanzania	:	Economic and Social Research Foundation
EU	:	European Union
FAD	:	Finance and Accounts Department
FIMANET	:	Technical Advisory Panel and Network on Financial Management and Accountability
GDN	:	Global Development Network
HIPCcs	:	Heavily Indebted Poor Countries
IBRD	:	International Bank for Reconstruction and Development
ICP	:	International Comparison Program
ICT	:	Information and Communication Technology
IDEC, Burundi	:	Institut de Développement Economique
IDEG-CAP, Ghana	:	Institute for Democratic Governance Interface Capacity Building Project
IDF	:	Institutional Development Fund
IDRC	:	International Development Research Centre
IEF, Gabon (Regional)	:	Institut d'Economie et de Finances, Gabon
ILO	:	International Labour Organization
IMF	:	International Monetary Fund
IOM	:	International Organization for Migration
IPAD	:	Portugal Aid
IPAR, Kenya	:	Institute of Policy Analysis and Research
JAI	:	Joint Africa Institute
KIPPRA, Kenya	:	Kenya Institute for Public Policy Research and Analysis
KMPSD	:	Knowledge Management and Program Support Department
KNET, Kenya	:	Kenya Knowledge Network for Research and Development Policy
LIMPAC, Liberia	:	Liberian Macroeconomic Policy Analysis Capacity Building Project
LMIS, Mali (Regional)	:	Labour Market Information System Project (implemented by AFRISTAT)
LMMP, Lesotho	:	Lesotho Macroeconomic Management Project
LSD	:	Legal Services Department

MDGs	:	Millennium Development Goals
MDP	:	Municipal Development Programme
MEFMI, Zimbabwe (Regional)	:	Macroeconomic and Financial Management Institute
MOU	:	Memorandum of Understanding
MRUTP, Sierra Leone (Regional)	:	Mano River Union Training Program
NATSTA	:	National Statistical Office Project
NCEMA, Nigeria	:	National Centre for Economic Management and Administration
NEC, Malawi	:	National Economic Council
NECF, Zimbabwe	:	National Economic Consultative Forum
NEPAD	:	New Partnership for Africa's Development
NEPAM, Cape Verde	:	Network on Public Administration and Management
NEPRU, Namibia	:	Namibian Economic Policy Research Unit
NFP	:	National Focal Point
NGO	:	Non-Governmental Organization
NGOCC, Zambia	:	Non-Governmental Organization Coordinating Committee
NIEP, South Africa	:	National Institute for Economic Policy
NPMSP, Namibia	:	Namibian Performance Management System Project
NSO, Malawi	:	National Statistical Office
NZAID	:	New Zealand Agency for International Development
ODA	:	Official Development Assistance
OECD	:	Organization for Economic Co-operation and Development
OMT	:	Operations Monitoring Team
OZ	:	Operations Zone
PACT	:	Partnership for Capacity Building in Africa
PALOP Institute, Angola (Regional)	:	Macroeconomic and Financial Management Institute for the Portuguese Speaking Countries in Africa
PARCOSIT, Chad	:	Projet d'Appui au Renforcement des Capacités des Organisations de la Société Civile et à l'Interface au Tchad
PARECAP, Burkina Faso	:	Projet de Renforcement de l'Interface Etat-Secteur Privé-Société Civile
PARLIANET	:	TAP-NET on Policy Analysis Capacity of National Parliaments and Parliamentary Institutions
PAMNET	:	TAP-NET on Public Administration and Management
PARP, Nigeria	:	Policy Analysis and Research Project
PASU, (OAU/AU), Ethiopia	:	Policy Analysis Support Unit
PCP, South Africa	:	Parliamentary Capacity Building Project
PDTPE, Zimbabwe	:	Professional Development and Training Programme in Economics
PHRD Fund	:	Policy and Human Resources Development Fund
PNRC CAF, Guinea Bissau	:	Programme National de Renforcement des Capacités- Cellule d'Appui à la Formation
PNRC - CMAP, Mauritania	:	Programme National de Renforcement des Capacités - Centre Mauritanien d'Analyse de Politiques
PRC	:	Project Review Committee
PRECAGEF, Gabon	:	Projet de Renforcement des Capacités en Gestion Economique et Financière
PRECAREF, Senegal	:	Projet de Renforcement des Capacités de Responsabilité Financière et de Transparence
PRECASP, Sao Tomé and Principe	:	Projet de Renforcement des Capacités de Lutte contre la Pauvreté
PREGESCO, DRC (Regional)	:	Projet de Renforcement des Capacités de la Société Civile dans la Prévention et la Gestion des Conflits en Afrique Centrale
PRIECA/AO, Senegal (Regional)	:	Projet pour le Renforcement de l'Interface entre les Etats et Chambres d'Agriculture de l'Afrique de l'Ouest
PRIESP, Mali	:	Projet de Renforcement de l'Interface entre l'Etat et le Secteur Privé
PRIME (Regional)	:	Poverty Reduction Programming, Implementation, Monitoring and Evaluation Initiative
PRSP	:	Poverty Reduction Strategy Paper
PSCGT, Kenya	:	Private Sector Corporate Governance Trust
PTCI, Burkina Faso (Regional)	:	Programme de Troisième Cycle Inter universitaire
PSMTP (Regional)	:	Public Sector Management Training Program
RECADIP, Congo Brazzaville	:	Projet de Renforcement des Capacités de la Société Civile et du Secteur Privé Pour le Dialogue Interpartenariat en République du Congo
RECOFEM, Mali	:	Projet de Renforcement des Capacités des Organisations Féminines du Mali
RECs	:	Regional Economic Communities

RENFOR, Gabon (Regional)	:	Projet de Renforcement des Capacités de la Communauté Economique des Etats de l'Afrique Centrale
RESAPOD, Senegal	:	Reseau d'Appui aux Politiques de Développement
RESPEC, Congo-Brazzaville	:	Projet de Renforcement des Capacités en Statistiques, Etudes Prospectives et Planification pour la Lutte contre la Pauvreté en République du Congo
RCBP, Rwanda	:	Rwanda Capacity Building Program
RGC-B, Burkina Faso	:	Réseau de Gestion des Connaissances au Burkina Faso
SADC	:	Southern African Development Community
SAFEWIND	:	Secretariat Approved Funding Window
SANGOCO, South Africa	:	South African Non-Governmental Organization Coalition
SAP	:	Staff Advisory Panel
SARIPS, Zimbabwe (Regional)	:	Southern African Regional Institute for Policy Studies
SCMFG	:	Staff Change Management Focus Group
SDC	:	Swiss Agency for International Development
SENAREC	:	Secrétariat National pour le Renforcement des Capacités
SIWP	:	Strategy and Indicative Work Program
SMG	:	Senior Management Group
SMTP	:	Strategic Medium -Term Plan, 2002 - 2006
SOS	:	Staff Opinion Survey
SPRP	:	Staff Performance Review Panel
SPM-KSP	:	Senior Policymakers and Development Managers Knowledge Sharing Program
STATNET	:	TAP-NET on Strengthening of National Statistical Capacity
STPC, Cape Verde	:	Strategic Transformation and Policy Centre
TAP-NET	:	Technical Advisory Panel and Network
UCCBP, Uganda	:	Uganda Country Capacity Building Program
UEMOA	:	Union Economique et Monétaire de l'Afrique de l'Ouest
UJAS	:	Uganda Joint Assistance Strategy
UNAM, Namibia	:	University of Namibia Master's Degree Program in Public Policy and Administration
UNDP	:	United Nations Development Programme
UNECA	:	United Nations Economic Commission for Africa
UPE, Senegal	:	Unité de Politique Economique
USAID	:	United States Agency for International Development
VOICENET	:	TAP-NET on Professionalization of the Voices of the Private Sector and Civil Society
WAIFEM, Nigeria (Regional)	:	West African Institute for Financial and Economic Management
WAJA, Mali (Regional)	:	West African Journalists Association
WBI	:	World Bank Institute
WTO	:	World Trade Organization
ZEPARU, Zimbabwe	:	Zimbabwe Economic Policy Analysis and Research Unit
ZIPAR, Zambia	:	Zambia Institute for Policy Analysis and Research
ZWRCN, Zimbabwe	:	Zimbabwe Women's Resource Centre and Network



The Executive Board, December 2005

Sitting, from left to right: *Soumana Sako, Elisabeth Tankeu, Emmanuel Tumusiime-Mutebile (Chairman), John Loxley and Winnie Byanyima*

Standing, from left to right: *Frans Werter, Bernard Mokam, Helga Muller, Kerfalla Yansane, Armand Atomate, Ashie Mukungu and Jan Isaksen*

Dunstan Wai: In Memoriam

Dunstan M. Wai, World Bank Country Manager for Malawi, passed away on Monday, 7 March 2005, in Washington, D.C. His passing represented a loss of a passionate proponent of capacity building in Africa and was deeply felt by the Management and staff of ACBF. Mr. Wai played an important role in the establishment of the Foundation, served on its Executive Board and was once interim Executive Secretary. During the period of his active involvement with ACBF, Mr. Wai was instrumental in attracting a small cadre of competent professionals who are senior officers in the Foundation today. He helped to spearhead the country consultative process that supported the PACT Initiative, and headed the Secretariat established by the World Bank to assist the Capacity Building Steering Committee in carrying out the Bank's responsibilities in the context of PACT. The Foundation will remember Mr. Wai for his vision and energy that were usefully directed towards seeing the emergence of capacity-building institutions and programs on the Continent. He believed passionately that capacity building is one of the most valuable investments that can be made in support of Africa's development.

Mr. Wai's death was a sad loss to Africa, the World Bank, the Foundation and the development community at large. May his soul rest in peace.

MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE BOARD

Since its founding in 1991, ACBF has sought to achieve the highest levels of performance in the development, improvement or revitalization of skills and institutions in Africa as well as in the distillation and dissemination of knowledge and understanding of capacity-building policy and practice. Indeed, it is distinctive among capacity-building organizations in its focus on the boosting of sustainable governance reform and poverty reduction on the Continent through processes owned, driven and realized by Africans themselves. In 2005, the Foundation forged ahead in the accomplishment of these ambitious objectives, and this *Annual Report* records its achievements and challenges during that period.

A number of significant events marked the year 2005 at ACBF. For example, the Foundation played an active role in helping to shape the vision of the World Bank in the area of capacity building by working closely with the World Bank Operational Task Force on Capacity Development in Africa. The report of the Task Force was released in September 2005, and confirmed the need for African countries and donors alike to place capacity building at the core of their development priorities. This key message echoed the conclusions of the Commission for Africa as well as the consensus reached by stakeholders in February 2005 in Paris where they agreed on a number of overarching principles aimed at strengthening aid effectiveness. Against this backdrop, the Foundation began work on its new Strategic Medium-Term Plan (2007 - 2011). It is expected that the Board of Governors will approve the document in mid-2006 ahead of the convening of a Pledging Conference in the last quarter of the year.



As in previous years, the 25 full-fledged projects and programs approved in 2005 cut across several areas that are critical to capacity building. Given the widespread policy and institutional weaknesses in the public sector in Africa, the Foundation maintained its focus on building the capacity of the state.

The Foundation continued to broaden and deepen its knowledge management efforts in order to build and strengthen networks and partnerships such as the TAP-NETS, CLKNETS and APIF that nourish and support the culture and practice of capacity building. In this regard, the Foundation released additional special reports, working papers, occasional papers and newsletters for circulation to a broad spectrum of stakeholders. It also continued to organize brownbag sessions that stimulated discussion on many topics of interest within and outside the Foundation. Lastly, it pursued its task of developing and updating web-based directories and related knowledge sharing products and instruments.

At the same time, the Foundation continued to strengthen and diversify its staff complement and skills mix as well as to review and streamline its internal processes in order to improve its responsiveness to the needs and expectations of its wide array of stakeholders. In addition, it pursued its change management exercise, the main purpose of which is to reinvent the Foundation into an institution capable of addressing new and emerging capacity-building challenges. Lastly, the Foundation continued to seek additional funding for its activities.

However, for success to be sustainable, it requires diligence and consistency. This is why the Foundation will need to continue to foster African ownership and leadership of the capacity-building process, in partnership


with other players, and why performance measures in capacity building need to be developed in order to better track and assess capacity-building efforts. As an African institution, ACBF is endowed with a special opportunity and responsibility to play a substantial role in confronting these challenges and in serving as an effective catalyst for disseminating information, experiences and lessons in capacity building across national and continental frontiers.

I wish to underscore our gratitude to the members of the Board of Governors, the Foundation's donors and owners, who have placed their bets on the Continent's future by focusing on capacity building - an area where the level of results rises only slowly. As the Foundation looks ahead and prepares to present a new Strategic Medium-Term Plan (2007 - 2011) in 2006, it will continue to rely on them for their steadfast support in order to mobilize the requisite resources for implementing its objectives in a more predictable and sustainable way. In 2005, we were very pleased to welcome the Republic of Niger as a member of the Board of Governors, which added force to the ownership of the Foundation by Africans.

In addition, I must express genuine appreciation to my colleagues, the members of the Executive Board, for their untiring dedication to ACBF and its work. The Foundation has continued to benefit from their wise guidance. Sadly, however, we mourned again the passing of a former member of the Executive Board, Dunstan Wai of the World Bank. An early driving force of the Foundation, he was present at the creation, and played a significant role both in shaping the Foundation's vision and mission as well as in guiding its first steps. He was a passionate believer in capacity building as a potent instrument for curbing poverty and fostering sustainable development as well as in ACBF as an appropriate vehicle for delivering on that promise. Dunstan will indeed be hard to replace.

I also wish to commend the Secretariat, under the leadership of the Executive Secretary, for its unyielding work for capacity building in Africa. In particular, I must note the highly productive work undertaken in connection with the drafting of the SMTP (2007 - 2011) and with preparations for the independent external evaluation of the Foundation even though these activities were not provided for in the Foundation's Business Plan for 2005 and imposed an extra burden on staff resources. Thanks to the support of its growing core of stakeholders, the Foundation is poised to confront enduring and emerging challenges as well as realize even greater accomplishments in the years ahead.

In this connection, I wish to conclude by lodging a special appeal: ACBF needs much greater commitment and sustained funding from its benefactors than it has received in the past. This is because without adequate donor support the Foundation will not be able to fulfil its objectives. It should be recalled that the Foundation was able to raise only about 40% of the resources required to finance the SMTP (2002 - 2006). As a result, the Foundation was, regrettably, compelled to scale down substantially the level of implementation of the Plan. Even more, not all donors that pledged resources to the Foundation are honoring their pledges in a timely manner. For these reasons, the Foundation may reduce the scope and scale of its support to new grantees in 2006 in the absence of a significant infusion of fresh resources from donors. This is why the Pledging Conference to finance the new SMTP (2007 - 2011), and which is scheduled for the last quarter of 2006, will mark a turning point in the Foundation's evolution.



Emmanuel Tumusiime-Mutebile
Chairman, Executive Board

STATEMENT FROM THE EXECUTIVE SECRETARY

The year 2005 was another positive one for ACBF. A total of US\$35 million was approved to fund 25 projects and programs, bringing the total number of grants approved to date to 161 and the amount of funds committed by the Foundation to capacity building to US\$287 million. We appreciate the support we have received from African governments, development partners and other stakeholders during the year.

During the year, ACBF continued to provide catalytic technical and financial support to both national and regional institutions in the identification, development, implementation and evaluation of their operations. With the strong support of its three Sponsoring Agencies and 34 other African and non-African donors, the Foundation recorded notable achievements. For example, it provided support to 25 new or ongoing projects and programs aimed at addressing the Continent's capacity deficit and paving the way for progress and prosperity. These interventions spanned the Foundation's six core competency areas as well as a wide geographical space, including regional initiatives (the AAU-CADRE project, AERC-CMAP IV, the BCEAO/BEAC zone, the CAFRAD capacity-building project, CODESRIA, EALA-EAC, WAIFEM, and the WAJA project) and national operations in Burkina Faso, Cape Verde, Djibouti, Ethiopia, Eritrea, Guinea-Bissau, Kenya, Malawi, Mali, Namibia, Rwanda, Sao Tome & Principe, Senegal, Swaziland, Uganda, and Zimbabwe.



More specifically, a grant of US\$4.5million was awarded to the Government of Uganda to fund its Country Capacity Building Program. The program will complement the efforts being deployed by the Government to strengthen accountability and transparency in the management of public finances. Also, the Foundation signed grant agreements with three of the four African tertiary institutions that will host the groundbreaking Public Sector Management Training Program (PSMTP), which is designed to support African governments in their quest for well-functioning institutions and more competencies for more effective government and service delivery. The PSMTP is funded by a grant of US\$12 million.

In addition, the Foundation responded in a prompt and focused manner to the urgent needs of stakeholders by providing 14 SAFEWIND grants for interesting and innovative initiatives. It also provided financial support toward the organization of 10 regional AFRITAC workshops in co-operation with the International Monetary Fund. Lastly, it reached an agreement with the World Bank Institute to carry out collaborative work in areas of mutual interest. These results show that the Foundation's work has begun to take root where it counts: in the arenas of policymaking and policy analysis, development management, training and advocacy.

ACBF maintained funding to independent policy research units that aim to conceptualize, inform and deepen dialogue on development issues. ACBF funding is critical to these institutions because in many instances it covers essential recurrent expenditure. This made it possible for core project activities to be implemented unhindered. The Foundation also expanded its support to regional interventions and country-level knowledge networks to enhance their capacity to implement projects for regional cooperation and integration. Our interventions in support of parliaments, civil society and the private sector are key to advancing participatory and responsive governance. Increasingly, civil society organizations and other non-state actors are developing the competence, capacity and confidence to contribute importantly to the policy making and implementation

process, and are fostering an enabling environment by strengthening demand for change and good governance.

During the year, our knowledge-management activities continued to strengthen products and services. All of the Foundation's knowledge networks comprising six Technical Advisory Panels Networks (TAP-NETs), five Country-Level Knowledge Networks (CLKNETs), and the African Policy Institutes Forum (APIF) are now functional or are poised to take off. We also developed a number of web sites and portals to facilitate public access to knowledge and information resources on our operations.

At the request of the NEPAD Heads of State and Government, ACBF played the lead role in the design and conduct of an important study on the needs of the Regional Economic Communities (RECs) on the Continent. It also participated in a high-level conference organized by the African Union on a future Union Government for Africa. These activities earned the Foundation increased visibility and a stronger recognition as an important instrument for forcing the spring of the Continent's renaissance.

To ensure that our capacity-building efforts are properly identified and eventually bring lasting benefits, we paid increased attention to the effectiveness of our interventions. In this connection, we fielded 6 needs assessment missions, undertook 351 appraisal/supervision missions (as against 272 in 2004), conducted 19 mid-term reviews (as opposed to 14 in 2004). We worked with our stakeholders to improve the alignment of our interventions with country priorities and country systems, and our focus shifted firmly to achieving results. The closer monitoring of projects and programs enabled us to identify the strengths and weaknesses of our interventions and these generated valuable lessons that contributed to strengthening our engagement with our partners and other donors, reducing impediments to implementation, improving project performance, and boosting disbursements.

One main lesson that continually emerges is that national ownership and leadership are necessary for successful outcomes. At the same time, we also recognize that the capacity development challenges in Africa are enduring and many countries face significant obstacles to ensuring sustainable improvements in their institutional and human capacity. Furthermore, capacity building in fragile contexts, such as in countries torn by conflicts, presents specific challenges. Under these circumstances, successful capacity-building interventions often require long-term solutions and support. Therefore, most capacity-building projects and programs would require a realistic time frame for expected outcomes to be achieved.

In 2005, Africa's development challenges were in the spotlight. A main consequence of this focus was the renewed recognition by the international community that the volume of aid and other development resources must increase to support the efforts of the Continent in the race to meet the Millennium Development Goals. However, while this improves prospects for a significant increase in aid over the coming years, the international community also acknowledges that aid effectiveness must increase significantly and commensurately to enable accomplishment of these goals.

On this basis, the Commission for Africa Report, the Report of the United Nations Millennium Task Force, and the Paris Declaration on Aid Effectiveness all made a strong case for the international community to scale up its support for country-led capacity development programs in recognition of the critical role of capacity building in achieving sustainable development. In addition, the report of the World Bank Operational Taskforce on Capacity Development in Africa cemented the emerging consensus that capacity building should be a core rather than a collateral objective in the fight against poverty.

It is my hope that this consensus for scaling up efforts in capacity development will open up new prospects for a larger and more effective international program to support capacity development in Africa. ACBF is determined to play this role, and make use of its years of experience as the premier African institution devoted to capacity building. To meet this challenge, the Foundation has launched the process of developing a second Strategic Medium Term Plan (SMTP) to guide its operations during 2007-2011. The broad thrust of the Plan and its main objectives were determined after intensive and extensive consultation with our African stakeholders (including Heads of State) and development partners. Its objectives are therefore stakeholder-

driven and Africa-led, and emphasize human and institutional capacity building as a key contributor to poverty reduction and sustainable development in sub-Saharan Africa. It is critical to mention that the work on the SMTP (2007 - 2011) was accomplished a full year ahead of schedule. This translated into an unanticipated extra workload, which the Secretariat was able to carry.

We believe strongly that the implementation of the new SMTP will take Africa an important step further in the development of effective state capacity, in enhancing space for dialogue among all stakeholders in the development process, in raising the level of effectiveness of regional institutions, and in promoting knowledge generation and sharing in the development process. To successfully implement the Plan, the Foundation will need to raise substantial fresh financial resources. The challenge of mobilizing these resources brings once more into sharp focus the need for the Foundation to secure access to more predictable sources of funding to meet its long-term goals. On this score, during the year, the Foundation was confronted with dwindling commitment authority in the face of increasing demands and rising expectations from its various stakeholders. Indeed, the Foundation would be unable to make any significant new commitments in 2006 if donors fail to fulfil their current pledges or in the absence of additional, fresh resources from donors.

Our partners, the Board of Governors, Executive Board, and the staff of ACBF contributed in large measure to our strong performance in 2005. I take this opportunity to thank you all for the support you have already devoted to the Foundation, and look ahead to 2006 when your generous support will again be needed as the Foundation presses on with renewed vigour to realize its important mission - a mission that Dunstan Wai, a passionate advocate for capacity building on the Continent, envisioned as well: becoming Africa's premier capacity-building institution.



Soumana Sako
Executive Secretary

1.

EXECUTIVE SUMMARY



- Follow-up on the Mobilization of Additional Resources for the Foundation
- Appointment of Members of the Executive Board
- Pursuit of the Change Management Exercise
- Approval of New Projects and Programs
- Management of the Foundation's Portfolio of Operations
- Development and Implementation of Knowledge Management Activities
- Fostering of Outreach, Networking, Partnership and Program Support Activities
- Streamlining of Corporate and Financial Management Functions
- Enhancement of the Information Technology Platform
- Commencement of Work on the Drafting of the SMTP, 2007 - 2011
- Conduct of Preparatory Work for the Independent External Evaluation of the Foundation

1. EXECUTIVE SUMMARY

In 2005, ACBF carried forward its work in its bid to define and achieve excellence in capacity-building thinking and practice on the Continent. The highlights of the year were: (a) follow-up on the mobilization of additional resources for the Foundation; (b) appointment of members of the Executive Board; (c) pursuit of the change management exercise; (d) approval of new projects and programs; (e) management of the Foundation's portfolio of operations; (f) development and implementation of

knowledge management activities; (g) fostering of outreach, networking, partnership and program support activities; (h) streamlining of corporate and financial management functions; (i) enhancement of the information technology platform; (j) commencement of work on the drafting of the SMTP, 2007 - 2011; and (k) conduct of preparatory work for the independent external evaluation of the Foundation.

Table 1. Summary of ACBF Operations, Resources and Finance, 2000 - 2005

Items	2005	2004	2003	2002	2001	2000
1. Cumulative number of grants approved by the Executive Board	161	136	113	99	88	78
2. Cumulative number of country-level knowledge networks (CLKNETS)	5	3	2	0	-	-
3. Cumulative number of grants to national focal points (NFPs)	26	26	26	26	26	20
4. Cumulative number of SAFEWIND operations approved	49	35	20	7	-	-
5. Cumulative number of active operations	139	101	80	71	67	60
6. Number of approved operations	25	23	14	11	16	56
- Grants to new operations	13	21	9	4	13	49
- Grants to refinanced operations	12	2	5	7	3	7
7. Cumulative number of countries covered	40	39	36	36	36	29
8. Cumulative number of ongoing operations						
- Public sector	105	74	61	58	55	50
- Interface	28	22	16	12	11	9
- Strategic interventions, including CLKNETS	6	5	3	1	1	1
Mid-term reviews	19	14	8	7	6	4
Appraisal and supervision missions	351	272	208	154	201	123
Capacity needs assessment missions	6	7	34	8	22	54
	US\$ Millions	US\$ Millions	US\$ Millions	US\$ Millions	US\$ Millions	US\$ Millions
Cumulative total cost of operations	897.88	790.09	537.89	498.55	448.76	402.77
Cumulative commitments to operations	287.81	252.47	200.99	183.22	162.33	146.97
New commitments	35.34	51.48	17.72	21.00	15.26	60.45
Cumulative disbursements	150.98	129.35	109.67	89.83	71.79	58.74
Cumulative co-financing commitments	485.13	288.61	261.38	246.48	229.42	193.77
Cumulative Paid - in contributions (Phase I)	67.07	67.07	67.07	67.07	67.07	67.07
Cumulative Paid - in contributions (Phase II)	40.22	40.79	40.79	38.79	27.74	21.22
Cumulative Paid - in contributions (ACBF - PACT Phase)	181.90	154.80	87.95	81.74	74.17	43.50
Cumulative investment income	22.56	21.82	16.95	14.88	10.47	9.66

A. Follow-up on the Mobilization of Additional Resources for the Foundation

ACBF pursued its quest to mobilize additional resources in order to fully finance its SMTP, 2002 - 2006. As of 31 December 2005, the following countries and organizations had signed the MOU relating to the ACBF-PACT Trust Fund: (i) Benin (12 November 2002); (ii) Burkina Faso (12 November 2002); (iii) Cameroon (12 November 2002); (iv) Canada (12 November 2002); (v) Congo (DRC) (27 April 2004); (vi) Denmark (27 June 2003); (vii) Finland (12 November 2002); (viii) France (17 February 2003); (ix) India (21 January 2005); (x) Ireland (12 November 2002); (xi) Kenya (23 June 2004); (xii) Mali (19 February 2003); (xiii) Mauritania (2 June 2003); (xiv) The Netherlands (12 November 2002); (xv) Niger (1 April 2005); (xvi) Nigeria (27 February 2003); (xvii) Norway (12 November 2002); (xviii) Rwanda (12 November 2002); (xix) Senegal (12 November 2002); (xx) Sweden (19 December 2002); (xxi) the United Kingdom (12 November 2002); (xxii) UNDP (26 June 2003); (xxiii) the World Bank (31 March 2003); and (xxiv) ACBF (12 November 2002). In addition, the Government of Sudan has indicated its readiness to sign an Agreement with the Foundation under the terms of which it would adhere to the MOU and become a member of the ACBF Board of Governors.

Notwithstanding the above efforts, the Foundation has been unable to mobilize about 60% of the resources required to fully finance the SMTP (2002 - 2006). It has therefore been obliged to reduce the scope and scale of its support even as demand for capacity-building resources has been increasing throughout the Continent in all areas germane to its core competencies. It is hoped that its donors will respond more generously to the need for additional resources to fund the new SMTP that the Board of Governors is expected to approve in June 2006.

B. Appointment of Members of the Executive Board

The Board of Governors appointed Elisabeth Tankeu (Cameroon) and Kerfalla Yansane (Guinea-Conakry) to a second and final term of three years on the Executive Board. It also appointed Frans Werter (The Netherlands) and Jan Isaksen (Norway) to a first term of three years each on the Executive Board.

C. Pursuit of the Change Management Exercise

The Secretariat continued to pursue the change management exercise it launched in 2001 in order to

mainstream the reforms engendered by the process, which has contributed to: (i) improvement in operations systems, processes and procedures; and (ii) improvement in staff welfare.

D. Approval of New Projects and Programs

The Executive Board approved grants to twenty-five (25) full-fledged projects and programs as set out in Table 4. Total commitments to full-fledged operations in 2005 amounted to US\$34.77 million.

The Executive Secretary awarded funding support to fourteen operations under the Secretariat Approved Funding Window (SAFEWIND) grant facility for commitments totalling US\$570,773.

As a result, cumulative commitments in respect of projects and programs rose in 2005 from US\$252.47 million to US\$287.81 million which represented an increase of 14% over 2004

E. Management of the Foundation's Portfolio of Operations

The Foundation pursued its efforts to improve the management of the 139 active projects and programs in its portfolio in order to improve the quality, relevance and impact of their outputs. The Secretariat continued to invest in efforts to: (i) streamline the process culminating in the commencement of activities of new operations through more rigorous and results-oriented appraisal and post-approval mechanisms. In this connection, the Foundation was able to negotiate and sign 52 Grant Agreements consisting of 28 full-fledged instruments, 14 Letters of Agreement and 10 Letters of Understanding. This output surpassed the number (46) of Grant Agreements projected in the Business Plan for 2005; (ii) monitor operations proactively in order to anticipate or prevent problems relating to the implementation of their activities; (iii) organize more rigorous operations-related and financial field supervision missions to ACBF-funded projects and programs. Accordingly, in 2005, the Foundation fielded 351 appraisal/supervision missions to the projects and programs in its portfolio; (iv) share information and knowledge with stakeholders in order to foster greater appreciation and consensus-building on operational and financial procedures; (v) conduct 19 mid-term reviews of existing operations; and (vi) organize workshops and other learning forums to deepen the skills of ACBF staff in administrative, financial, procurement, legal, and operational procedures. In this respect, the Foundation organized two workshops - the one in Harare and the other in Bamako - for directors and finance officers of ACBF-funded projects and programs.

F. Development and Implementation of Knowledge Management Activities

The Foundation continued to broaden and deepen its knowledge-management efforts. In this respect, it generated the following principal outputs: (i) organized on 14 - 15 April 2005 the Second Annual Meeting of the TAP-NETs, which afforded an opportunity for the review of ongoing working papers and proposals by the TAP-NETs on statistical reform in selected countries, trade policy development and negotiations, public service reform, political and parliamentary reform and review of the institutional framework for addressing public sector corruption in Africa; (ii) implemented knowledge network programs characterized by the launch of studies on public expenditure management reviews in sub-Saharan Africa and on the assessment of the extent of utilization of information and communication technology by National Parliaments in Africa; (iii) inaugurated the bureau of the African Policy Institutes Forum (APIF) at a workshop of ACBF-supported institutions in July 2005; (iv) developed and obtained Executive Board approval of two additional CLKNET operations in Cape Verde (NEPAM) and Kenya (KNET) in the Foundation's portfolio (the other three CLKNETs are RGC-B in Burkina Faso, EGN-ISSER in Ghana, and RESAPOD in Senegal); (v) sponsored the generation of operations-related and thematic research covering topics such as performance measurement in capacity building; governance and management in ACBF-supported institutions (Occasional Paper No. 4); and access by policymakers, policy analysts and researchers to digital opportunities in Africa; (vi) published 4 Working Papers (farm subsidies, unfair trade practices and the prospects of poverty reduction in Africa; challenges in the building of public service capacity in Africa; trade policy development and negotiations at the Doha Round; and the results/outcomes of selected ACBF-supported institutions), the second set of ACBF African Policy Research Abstracts; 4 Newsletters as well as close to a dozen websites, portals and directories; (vii) refined the operation of the project and program tracking system; organized 4 brownbag seminars (the problem of the re-qualification of limited-term employment contracts; the role of knowledge networks in a knowledge management system; capacity issues in public expenditure and accountability in sub-Saharan Africa; and fighting poverty reduction without numbers); organized or took part in international meetings, conferences, seminars and workshops touching on themes and topics germane to the Foundation's mandate and core competency areas; and (viii) continued to develop its collaborative and partnership activities with many institutions on the Continent and outside it.

These achievements enhanced the Foundation's learning and networking efforts, and enabled it to bolster its visibility and credibility as well as its potential to become the Continent's key capacity-building hub.

G. Fostering of Outreach, Networking, Partnership and Program Support Activities

ACBF pursued its efforts to enhance its linkages with other institutions and initiatives. Accordingly, members of the Secretariat attended conferences, seminars and workshops touching on issues relating to the Foundation's mandate and core competencies in order to share experiences and lessons, distil good and replicable practices, and harvest innovative approaches to long-standing challenges. The Foundation also intensified its efforts to build and enhance partnership ties with institutions and initiatives such as the AAU, AfDB, AU, CIDA, CODESRIA, the IMF-AFRITAC, NEPAD, IOM, UNECA and WBI.

H. Streamlining of Corporate and Financial Management Functions

In 2005, the Foundation continued to strengthen its effectiveness and efficiency in order to better achieve its operational and knowledge management goals. As in 2004, the Foundation continued to place premium on high quality work systems, total quality management approaches, continuous process improvements, a revitalized corporate culture, effective leadership as well as team building and teamwork. These foci were set within the organizational structure that was streamlined in 2002 comprising Departments and Operations Zones as well as standing and ad hoc panels such as the Senior Management Group (SMG), the Staff Advisory Panel (SAP), the Staff Performance Review Panel (SPRP), the Project Review Committee (PRC), and the Operations Monitoring Team (OMT).

With respect to financial management, the Foundation continued to exercise prudence and rigor in its budgeting and internal controls processes in order to ensure that the available resources are utilized optimally in a difficult economic environment. In addition, the application of procurement rules, the administration of grants as well as the monitoring of external audits for both the Foundation and its grantees were subject to the same level of scrutiny. To boost its efforts in this regard, the Secretariat appointed a second Internal Audit Officer during the year.

I. Enhancement of the Information Technology Platform

The Foundation continued to upgrade its information technology (IT) platform during the year in order to enhance its visibility, facilitate access to its products and services, disseminate such outputs, and improve its internal operations. Accordingly, it acquired a new PABX (switchboard) system, expanded its networking infrastructure, updated its Intranet, re-designed the main website and updated its contents, and commenced work on a new navigational and layout structure. In addition, it continued to develop its website portals and directories, maintained the 6 website portals for TAP-NETs and discussion forums and created user profiles for the relevant members, and procured and installed additional IT equipment. Information technology services were provided to ACBF staff through troubleshooting, delivery of training as well as facilitation of meetings, seminars and workshops. Lastly, the Foundation continued to develop its online-library collection, which has significantly improved its knowledge base.

J. Commencement of Work on the Drafting of the SMTP, 2007 - 2011

The Foundation commenced work on its new Strategic Medium-Term Plan (2007 - 2011). It plans to harness the experiences and lessons learned during the current

phase to craft the Plan. The working draft of the SMTP (2007 - 2011) was completed well ahead of schedule and presented to the Executive Board for review in December 2005. Following revision of the document, it will be presented to the Board of Governors in February 2006 for guidance and endorsement to enable its presentation in March 2006 to the Executive Board of the World Bank for approval of the first phase of a multi-year funding program. It is expected that the final version of the Plan will be considered and approved by the Board of Governors in June 2006, ahead of the convening of a Pledging Conference in the last quarter of the same year.

K. Conduct of Preparatory Work for the Independent External Evaluation of the Foundation

The Foundation began preparations for the independent external evaluation of its performance. In this connection, in December 2005, the Executive Board approved the Terms of Reference for the evaluation, appointed a Panel (composed of four members of the Executive Board) to supervise the evaluation exercise (including clarification of procedures relating to the preparation of bids, selection of evaluators, and oversight of the evaluation process), and agreed on a time-line for submission of the Evaluation Report to the Board of Governors at its 15th Annual Meeting in June 2006.

Table 2. Summary of Performance, 2005

A) PROJECT AND PROGRAM OPERATIONS		Target	Achievement
•	Project Refinancing	10	12
•	Country Interventions		
o	Country Programs	4	1
o	Targeted Interventions	7	5
•	Regional Interventions	6	6
•	Country Capacity Profiles	9	6
•	Country Level Knowledge Networks	5	2
•	Country Network of ACBF- supported Institutions	3	1
•	SAFEWIND Programs	15	14
•	Project Supervision Missions	337	351*
•	Mid-Term Reviews	16	19
•	Project Completion Reports	6	5
•	Grant Agreements	46	52**
<p>* Figure includes 35 financial supervision missions and 22 special audit missions. ** Consists of full-fledged grant agreements, letters of agreement, and letters of understanding.</p>			
B) KNOWLEDGE GENERATION AND SHARING			
PROGRAMS AND PROGRAM SUPPORT ACTIVITIES			
(a)	Thematic Networks		
•	Operation of six TAP-NETs	6	6
o	Economic Policy Analysis & Management (EPANET)		
o	Financial Management & Accountability (FIMANET)		
o	Public Administration & Management (PAMNET)		
o	National Statistics (STATNET)		
o	National Parliaments & Parliamentary Institutions (PARLIANET)		
o	Professionalization of the Voices of the Private Sector & Civil Society (VOICENET)		
•	Operation of the African Policy Institutes Forum (APIF)	1	1
•	Launch of the African Economic and Financial Policymakers' Knowledge Network (EFNET)	1	0
(b)	Operations and Thematic Research		
•	Operations Research		
o	Performance Measurement in Capacity Building	1	1*
o	Governance and Management in ACBF-Supported Projects and Programs	1	1
o	Production of ACBF's First Thematic Report on "Performance Measurement in Capacity Building"	1	0
•	Thematic Research		
o	Study on Access to Digital Opportunities	1	Ongoing
o	ACBF-IOM Study on Migration and Capacity Building	1	Ongoing**
<p>* Proposals published as an Occasional paper to elicit comments and further contributions. Paper also carried by UNDP in its Capacity Development Resource Guide of August 2005. ** Joint workshop with IOM held on 25-27 October 2005 to raise issues to be examined further by the study.</p>			

(c)	Senior Policymakers and Development Managers Program	2	Ongoing
(d)	Publications		
	• ACBF Newsletter Hard Copy and Electronic Version	4	4
	• ACBF Capacity Building Review	1	1
	• ACBF Occasional Papers	2	2
	• ACBF African Research Abstracts	1	1
	• ACBF Workshop Series	2	1
	• ACBF Working Papers	1	5
	• ACBF Lessons Notes	3	2
	• Book on Capacity Building and Knowledge Sharing	1	Ongoing
(f)	Communication/Dissemination Channels, Library and Information Centre		
	• Redesign and Update of Main Web Site	1	1
	• Update of TAP-NETs Web Site	1	1
	• Update of Intranet	1	1
	• Development of EFNET Web Site	1	1
	• Update of Existing Directories	5	5
	• Maintenance of African Development Management Professionals Database/Directory	1	1
	• Development of a Web-Based Discussion Forum on Capacity Building	1	1
	• Enhancement of Library Collections	1	1
	• Digitization of Library	1	ongoing
(g)	Program Support Activities		
	• African Policy Institutes Working Session	1	1*
	• Annual Meeting of the TAP-NETs	1	1
	• Workshop on Capacity Needs of Regional Economic Communities	1	Postponed**
	• 2 nd Pan African Capacity Building Forum - Preparatory Activities	1	1***
	• Implementation of Resource Mobilization Strategy	1	1
	• Organization of EFNET Launch Workshop	1	0
	• Regional Workshops on Capacity Profiling and Capacity Building Strategy Development	2	1
	• Workshop for Project/Program Directors	1	1
	• Brown Bag Seminars	7	7
	• Staff Training	(Allstaff)	(Delivered)
	• Institutional Networking	5	3****
	• Organization of ACBF Annual Capacity Building Symposium	1	0
	• Refinement of Operations Tracking System	1	1
(h)	Outreach		
	• Publication of ACBF Newsletter (Hardcopy and Electronic Versions)	4	4
	• Public Relations/Press Conferences	4	6
	• Journalists' Tour of ACBF Operations	1	1
	• ACBF Information Briefs	4	4
	o Project & Program Portfolio		
	o Flyer on ACBF Thematic Report		
	o Flyer on APIF		
	o Flyer on Network of ACBF-supported Institutions		
	• Development of CD-Rom Presentations on ACBF	1	Ongoing
	• Development of Photographic Library	1	Done
* Held during the meeting of directors of ACBF-supported projects and programs in Nairobi, Kenya, on 2 July 2005. The meeting appointed the APIF Bureau.			
** Rescheduled to February by NEPAD due to unrest in Addis Ababa.			
*** Activities included resource mobilization and visibility enhancement campaign.			
**** Joint workshop with IOM, in collaboration with AAU, for the publication of Africa's Policy Research Abstracts, and case studies on development with ECDPM.			

2.

OVERVIEW OF ACBF ACTIVITIES IN 2005



- Deliberations and Decisions of the Boards
- Upgrading of the Institutional Platform
- Corporate Management
- Finance
- Knowledge Management, Program Support, Outreach and Partnerships
- Projects and Programs
- Operational and Institutional Challenges

2. OVERVIEW OF ACBF ACTIVITIES IN 2005



Participants at the opening ceremony of the 14th Annual Meeting of the ACBF Board of Governors held on 30 June 2005 in Nairobi, Kenya. They included: ACBF Governors and Officials, comprising Ministers of Finance, Planning and Economic Affairs; ACBF Secretariat Staff; and other delegates. Dr. A. A. Moody Awori (5th from the left, front row), Vice-President and Minister for Home Affairs of the Republic of Kenya, presided over the official opening of the Annual Meeting.

A. Deliberations and Decisions of the Boards

ACBF is governed by two Boards - the Board of Governors consisting of 37 members representing 33 countries, the International Monetary Fund and the 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 Sponsoring Agencies) and one non-voting member, the Executive Secretary. The Board of Governors is the principal policymaking body of the Foundation. It held its 14th Annual Meeting in June 2005. The Executive Board is responsible for the conduct of the general operations of the Foundation. It met twice in regular session in 2005 - in May and December.

The Board of Governors

The Board of Governors held its 14th Annual Meeting on 30 June 2005 in Nairobi, Kenya. At the meeting, the Board considered the following main agenda items: (i) the Annual Report and Audited Financial Statements for FY 2004; (ii) the Progress Report on Resource Mobilization Efforts (including Preliminary Reflections on the Strategic Medium-Term Plan, 2007 - 2011). The Governors

resolved that the Draft SMTP (2007 - 2011) should be presented to the Board of Governors for review in early 2006 and that an independent external evaluation of the Foundation should be conducted and the relevant report submitted to the 15th Annual Meeting; (iii) the Report on the Work of the World Bank Operational Task Force on Capacity Development in Africa; (iv) appointment of independent members of the Executive Board. In this connection, the Board of Governors appointed Frans Werter and Jan Isaksen to a term of three years on the Executive Board and re-appointed Elisabeth Tankeu and Kerfalla Yansane to the Executive Board for another term of three years; (v) increase in the honorarium paid to Executive Board members. The honorarium was last reviewed in 1991; and (vi) election of the Search Committee and the Bureau of the Board of Governors.

The Executive Board

The Executive Board met twice in regular session in 2005 on 2 - 3 May and on 7 - 9 December. In accordance with its constitutional mandate, the Executive Board played a key role in providing guidance on operational policies and strategies, approving the Foundation's Business Plan and Budget for 2006, monitoring the performance of the

portfolio of operations as well as approving 25 new projects, programs and other initiatives. It monitored the progress of the change management exercise, oversaw the implementation of the Foundation's knowledge management strategy, considered updates on the work of the World Bank Operational Task Force on Capacity Development in Africa, approved measures to facilitate the induction of new Executive Board members into the Foundation's internal processes, reviewed the Draft Terms of Reference for the External Evaluation of ACBF, and deliberated on the Draft ACBF Strategic Medium-Term Plan (2007 - 2011). The Executive Board continued to take an active interest in the Foundation's resource mobilization efforts. In these respects, the Executive Board made notable contributions to the Foundation's operations.

B. Upgrading of the Institutional Platform

During 2005, ACBF strengthened its efforts to develop and consolidate the ICT infrastructure in order to improve the Foundation's institutional platform. To this end, the Foundation purchased new ICT equipment, upgraded the server and network technologies, and provided regular support services to end-users.

ICT Infrastructure

A new PABX (Switchboard) system was procured during the year in order to enhance the quality of internal communications. The new facility offers a minimum of 128 extensions, which facilitates communication with every office in the Foundation. The number of extensions installed has reached 96, as against a maximum of 50 available in 2004.

The upgrading of the ICT infrastructure has been completed with the installation of a new File Sharing and Print Server, and the migration to Windows 2003, ISA and Exchange 2003. Additional equipment such as printers, hubs, desktops and laptops were procured and installed.

Network Technologies

The Foundation has expanded its networking infrastructure by including all new users in the system and streamlining all configurations to avoid network overload. Similarly, the efficiency of group emailing has been boosted with the development of mailing lists for the ACBF TAP-NETs, the Executive Board and the Board of Governors.

The ACBF Intranet was updated and information was uploaded into the database on a regular basis. In addition, the updated the 6 website portals for TAP-NETs and Discussion Forums, and created user profiles for the

members. Following the completion of re-design of the main ACBF website, the Foundation commenced work on both the navigational and layout structure as well as on update of the content of the website.

ICT Support Services

ACBF staff benefited from information technology (IT) support services through troubleshooting and delivery of IT training. Other ICT support services included the facilitation of ACBF events such as meetings, seminars and workshops.

C. Corporate Management

Overview

In 2005, the Secretariat continued to seek improvements to its internal systems, processes and procedures. A number of operational, administrative and human resource management policies and processes were reviewed to ensure that the Foundation kept abreast of best practices and maintained acceptable standards in all areas of operations. Greater efforts were made to improve on the turnaround time for the delivery of outputs and the provision of services to stakeholders, thereby enhancing the Foundation's efficiency and effectiveness in delivering its mandate and achieving its objectives. Due attention was paid to the Foundation's human resources, with greater recognition being given to staff and increasing their motivation for better performance and productivity. Some of the specific activities undertaken in 2005 to enhance the level of corporate management included the strengthening of staff levels and diversification of the skills mix within the Secretariat; fostering of staff learning and development activities; exploration of alternative office accommodation, enhancement of security; pursuit of procurement activities; monitoring of commitments and the budget implementation process; management of Foundation-related travels; and facilitation of the change management process.

Enhancement of the Staffing Level

Key professional staff positions were filled during the year in order to enhance in-house capacity and the skills mix for the effective implementation of ACBF operations. The recruitment and selection exercises resulted in the appointment of ten professional staff members of diverse African nationalities - including six Program Officers, two Knowledge Management Officers, one Disbursement Officer and one Internal Audit Officer. Two of the new staff members replaced two Program Officers who left the Foundation earlier in the year. Similarly, four new support staff members joined the Foundation. Two of them were filling two vacancies that arose during the year.

Staff Learning and Development Activities

Staff skills development received further attention during the year. In this connection, AHRD organized in-house courses, including Effective Travel Management and Records Management. Six professional staff members and one support staff member attended specialized training programs in various training institutions in Africa, Europe and North America.

A formal induction program was organized during the year for all new staff members who assumed duties at various times within the year. Feedback from participants was considered to be useful for future improvements to the content and delivery of the program. Language lessons, which were introduced in 2004, progressed during the year. More staff members joined the French class and some international staff members enrolled for Shona lessons, which commenced in April 2005. Shona is the most widely spoken language in Zimbabwe.

Progress was made on the review of the staff appraisal system. The revised appraisal form was finalized. A Staff Performance Review Guide was prepared both to enhance the understanding of the process and facilitate the completion of the form by both the supervisors and supervisees, and to streamline the staff performance evaluation process. The form and the Guide were discussed and revised at the Staff Retreat held in December 2005. The new evaluation form, designed to enhance fairness and equity as well as the effectiveness of the performance-based reward system, will constitute the basis for the 2005 staff performance review exercise. It is expected that, as staff members receive a just and fair feedback on their performance, motivation, corporate performance and productivity will improve further.

Search for Alternative Office Premises

The challenging economic context in Zimbabwe that saw the year 2005 ending with an official inflation rate of almost 600%, affected the operating environment in several ways. For example, property rentals recorded astronomical increases at short intervals while facilities at the rented property deteriorated with little or no attention from the property managers. Driven by very high rentals and poor conditions of the facilities at the rented office space, the Secretariat stepped up efforts initiated in 2004 to identify and secure its own offices in a bid to end arbitrary increases in rent and enable the Secretariat to control operating and maintenance costs.

Security

As part of the UN Security System in Zimbabwe, the Foundation received briefings regularly on the security situation in the country and beyond. Such briefings guided

occasional travels within Zimbabwe and the scheduling of missions to some African countries. In consultation with the UN Department of Safety and Security, and through the implementation of various security measures, the Secretariat ensured the safety of staff and their residences and the Foundation's office premises. An access control system was installed early in the year to control access to ACBF offices and thereby enhance the security of persons, equipment and assets.

Procurement Activities

Various panels were set up for specific procurement activities in 2005, taking into consideration the technical specificities of each activity. These panels ensured that the Foundation procured goods and services from reputable suppliers and through competitive bidding. As part of the enhancement of the procurement process, the Foundation also utilized the services of international procurement agencies for major items. Through an international procurement agency, an additional vehicle was purchased in order to improve the transportation function within the Foundation.

The effectiveness of operations in the office was also enhanced with the purchase of office and computer equipment of higher speed and storage capacity in a bid to improve the Foundation's information processing system.

Monitoring of Commitments and the Budget Implementation Process

Given the volatile economic situation in the host country, the Secretariat paid close attention to expenditure management and control. These efforts resulted in minimal, but unavoidable, overruns in a few budget line items but ensured that administrative expenses were kept within limits overall. While the Foundation continued to use a Commitments Register to record its expenses, it procured the SunSystems accounting software in order to improve budget implementation, monitoring and control. Installation and training on the use of the software commenced towards the end of the year.

Travel Management

Significant improvements were recorded in the management of operational travels by staff and consultants. The Secretariat pursued vigorously the negotiation of corporate deals with major airlines in order to generate significant savings in travel expenses. These efforts resulted in the signing of a Corporate Agreement with South African Airways, the airline most frequently used by ACBF. The Secretariat also renewed the Agreement with Air France and initiated discussions with Kenya Airways and Ethiopian Airlines. The agreements with these two carriers will be finalized in 2006.

Through closer relationships with the Embassies, the Secretariat was also able to process in a more timely manner visas for staff members on operational missions or attending meetings and conferences in various countries in the region and internationally.

The Change Management Process

The change management exercise embarked upon by the Secretariat in 2001 continued to enjoy the commitment of the Management Team and enhanced participation by staff members. In 2005, activities carried out were in three broad categories - namely, continuous process improvement, staff welfare, and maintenance of an enabling work environment.

In pursuing process-related activities, a two-day workshop was organized for secretaries in order to improve records management systems in the operations zones and departments. A further briefing session on the process of uploading major project documents into the ACBF Intranet was also organized during the year. The service departments in the Secretariat (AHRD, FAD and LSD) improved their turnaround times in the processing of administrative and project-related matters. Improvement was also recorded in the processing of the payment of consultants' fees and reimbursable expenses. Detailed guidelines on the processing of the payment of consultants' fees were issued to enhance the effectiveness of the process and improve the timeliness of payments.

In order to ensure the effectiveness of the Staff Opinion Survey (SOS) Instrument, the Secretariat embarked upon the review of the survey questionnaire with a view to enhancing its adequacy in addressing staff concerns. A draft of the revised questionnaire was discussed at the Staff Retreat held in December 2005 and will be finalized early in 2006 with the assistance of a management consultant. The new instrument will guide the conduct of the survey in 2006.

The Secretariat also held a Gender-Sensitization Workshop in November 2005 to expose professional staff members to gender-related issues in project and program operations as well as in development policy and program design and management. The workshop, facilitated by the African Gender Institute, University of Cape Town (South Africa), provided valuable insights into, and guides for, the development of a gender policy and strategy for the Foundation's operations. The workshop was aimed at raising the Secretariat's level of gender awareness in project identification, development and implementation.

Staff welfare received considerable attention during the year. In response to the concern expressed by ACBF staff in the SOS conducted in 2004 that the stress level was relatively high in the Secretariat, a workshop on Effective Stress Management was held in September 2005. The workshop focused on the identification of stress factors

and on the management of stress in the work environment in a context of high-level productivity. The workshop, which was conducted by two experienced external facilitators from the Human Capital Management Advisory Services Division of Ernst and Young, Zimbabwe, provided strategies for managing stress in the Foundation. It was noted that its work environment was influenced by constraining conditions in the host country. The Secretariat also made efforts to improve the quantity and quality of, as well as access to, equipment and facilities in order to ease staff operations.

A staff retreat was successfully organized towards the end of the year. Various staff concerns emanating from the 2004 Staff Opinion Survey Report were discussed. While staff expressed their appreciation of some measure of improvements to certain areas of work culture, processes and welfare issues, the Secretariat took special note of areas requiring additional attention. These include further mitigation of the stress level, further enhancement of trust and morale, internal communication, reward and recognition system and continuous improvement to the overall work environment.

A visible impact of the change management exercise in the Secretariat is sustained staff enthusiasm and commitment and enhanced participation in the Foundation's core activities. During the year, professional staff members contributed significantly to the preparation of policy, strategic and operational documents. In particular, the preparation of the draft of the Strategic Medium Term Plan (SMTP), 2007-2011, as well as the Business Plan and Budget for 2006 attracted a relatively higher level of staff participation.

D. Finance

Overview

The conditions prevailing in 2004 continued to affect the Foundation's operations in 2005. The portfolio of projects and programs increased by 25 full-fledged projects and programs as well as 14 SAFEWIND interventions. As a result, commitments to projects and programs increased by US\$35.34 million as against US\$ 51.48million committed in 2004. Available commitment authority for the remaining period of the SMTP (2002-2006) thus fell to US\$ 37.73 million. The implication is that ACBF may scale back its award of new capacity-building grants in 2006 in the event that member governments and organizations do not honor their current pledges or that the Foundation does not receive fresh resources from donors.

The host country environment continued to present challenges to the management of the Foundation's recurrent expenditure budget due to the high level of inflation, unstable exchange rates, and the shortage of

basic goods and services. Inflation averaged 600% in 2005 with little prospects that it would come down in the near future. Disbursements to projects increased by 10% in comparison to the performance in 2004.

Internal Controls

The internal audit unit introduced in the last quarter of 2004 was further strengthened through the hiring of an additional officer to cover projects in Francophone countries. The unit was thus able to achieve a wider coverage in 2005. Through the interventions of the internal audit, the Foundation was able to recommend improvements in the internal controls of the Foundation and the operations in its portfolio. This enabled the implementation of timely corrective action. Internal processes and procedures benefited from the internal audits resulting in enhanced transparency and accountability at the levels of both the Secretariat and the projects.

Administration of Grants

The Foundation's portfolio of projects and programs increased by 22.5% in 2005 implying that the Foundation had to continually adjust its internal processes in order to improve its responsiveness to an enlarged and growing portfolio of operations, necessitating the hiring of one additional Disbursement Officer to strengthen the Finance and Accounts Department as well as to enhance disbursement flows to projects and programs. During the year, 57 financial missions (including 22 special audit missions) were undertaken to verify compliance with Grant Agreement provisions as well as with the Foundation's financial and administrative procedures. In addition, desk reviews and weekly disbursement reports prepared by the Disbursement Officers provided timely feedback to ACBF management on slow disbursing projects and programs, which, in turn, triggered timely intervention to address existing or foreseeable constraints.

External Audits

The audit firm of Deloitte & Touché was retained as the Foundation's External Auditor while beneficiaries of ACBF grants retained the various external audit firms appointed by their respective boards with the endorsement of ACBF. The Foundation requires that all its grant beneficiaries submit audit reports by an independent external auditor within six months of the close of each financial year.

Commitments and Disbursements

A total of US\$35.34 million was committed to projects and programs in fiscal year 2005. This figure was 68.65% of the level of commitments in 2004. Disbursements for the year totaled US\$21.63 million - up 10% from the year

before.

The Foundation's commitments (US\$35.34 million) to projects and programs brought cumulative commitments to operations to US\$287.81 million. Cumulative commitments in respect of knowledge management and program support activities amounted to US\$5.23 million while the cumulative figure for expenditure relating to administration, operations, capital and Board activities stood at US\$51.37 million. As at 31 December 2005, the combined total of commitments made by the Foundation amounted to US\$344.41 million while cumulative pledges decreased to US\$ 389.86 million following confirmation by the World Bank that its outstanding USD5 million Phase II pledge was included in the resources pledged for the ACBF-PACT Phase. When cumulative commitments and cumulative pledges are netted off against each other, the amount available for fresh commitments by the Foundation stood at US\$45.45 million. The available commitment authority increased by US\$4.16 million recovered from closed operations, thereby bringing the total to US\$49.61 million. The Foundation's consolidated budget requirement for 2006 is US\$11.88 million. When an allowance is made for this amount, the balance of resources available for fresh commitments in respect of projects and programs in 2006 and beyond will be US\$37.73 million. Compared to 2004, the figure of available commitment authority decreased by 62%.

The level of disbursements increased by 10% when compared to FY 2004, in tandem with an increasing portfolio of active projects and programs. In addition to new projects that came onstream during the year, the level of disbursements benefited from an improvement in program implementation both at the Foundation and grant beneficiary levels through the closer and timely supervision by the Secretariat and increased internal capacities of grantees to manage the implementation of planned activities.

Expenditure on the Consolidated Budget

Expenditure on the Foundation's consolidated budget - inclusive of outlays on administration, operations, capital, Board activities, knowledge networking and program support activities - amounted to US\$9.199 million, which represented an increase of 11.6% over the outturn for 2004. Although such expenditure was still below budget, the factors that contributed to the increase included the following: the expanded portfolio of operations that necessitated an increase in the staff complement; the doubling of project supervision and monitoring missions given the enlarged portfolio; the growth in the quantum of knowledge networking and program support activities; and the high inflation that prevailed in the host country. Rigorous budgetary control and monitoring helped to keep the expenditure growth rate within manageable levels. Despite the hyperinflationary environment, the expenditure out turn was 87.5% of budget.

Pledges

Taken together, the pledges for Phase I, Phase II and the ACBF-PACT Phase declined by US\$4.45 million as a result of the additional pledge of US\$0.300 million made by Niger, the reduction of US\$5 million in Phase II pledges by the World Bank, and the increase in investment income of US\$0.74 million. The mentioned changes resulted in cumulative total resources of US\$389.86 million.

Available Cash Resources

The Foundation closed the year with cash resources amounting to US\$114.17 million representing a decrease of US\$2.76 million or 2.36% over the figure in 2004.

The Phase I Trust Fund account was closed in 2001. No contributions were received for the year in respect of the second Phase. Contributions in respect of the ACBF-PACT Phase amounted to US\$27.10 million, bringing the amount contributed to date to US\$181.90 million.

The donors that paid in against their ACBF-PACT pledges were Canada, Denmark, Finland, France, the IMF, India, Ireland, Kenya, Nigeria, Norway, Rwanda, Sweden, and the United Kingdom. The combined investment income generated across all three phases amounted to US\$22.56 million.

Cumulative cash inflows to the Foundation's Trust Funds therefore amounted to US\$321.75 million. The cumulative outflows comprising disbursements to projects and programs, expenditure in respect of knowledge management and program support activities as well as administrative expenditure amounted to US\$207.58 million leaving a balance of US\$114.17 million in available cash resources.

The available cash resources represent a decrease of 2.36% when compared to the closing figure for 2004.

Mobilization of Financial Resources

In 2004, the Foundation prepared an Interim Strategic Plan to raise bridging funding for the remaining period of the current SMTP (2002-2006) and went ahead in implementing its Resource Mobilization Strategy during 2005.

In support of the Foundation's fundraising campaign, the Department for International Development (DFID) in the United Kingdom offered to finance the work of an international resource mobilization consultant. A delegation consisting of Honorable Felix Mutati of Zambia, Acting Chair of the Board of Governors, and the Secretariat visited Brussels, Belgium, to meet with representatives of the Government of Belgium and the

European Commission as well as with the Secretariat and Ambassadors of the African Caribbean and Pacific Group of countries.

The meetings paved the way for further discussions with the Belgian government with respect to the latter becoming a member of the Foundation and pledging resources to the ACBF-PACT Trust Fund. The mission also helped to clarify the status of the €2 million pledge made by the European Union at Lancaster House, and created an opportunity to further engage the European Commission on the possibility of accessing resources through the window of the ACP countries.

Further contacts were also made with representatives of the governments of Algeria, Austria, Poland, the People's Republic of China, Luxembourg, Portugal, Spain and agencies such as the Swiss Agency for Development (SDC), the New Zealand Agency for International Development (NZAID), AUSAID, Portugal Aid (IPAD) and the Spanish Agency for International Cooperation (AECI).

To support resource mobilization activities, an awareness campaign through the media was launched through video and audio clips that were aired on the Continent and around the world. In addition, a tour by journalists to ACBF-supported institutions was arranged to bolster the Foundation's visibility as part of its fundraising campaign.

An important event recorded in 2005 was the decision by India to become a member of ACBF following the signing of the MOU in January 2005 under the terms of which the Government of India pledged US\$1,000,000 to the Foundation. In addition, the Government of Niger pledged US\$300,000 to the Foundation in April 2005. The Government of Sudan announced its intention to join the Foundation. The requisite MOU will be signed soon.

In addition to the call for new resources, the Secretariat followed up on outstanding pledges in respect of Phase II and the ACBF-PACT Phase. A number of donors made good on their pledges following the issuance of call letters by the World Bank in respect of the outstanding amounts.

However, following indications from the World Bank that the Foundation needed to bring forward its preparations and submission of a successor SMTP in order to take advantage of the Bank's new round of multi-year funding for capacity building from FY 2006, efforts to mobilize resources to finance the Interim Strategic Plan were replaced by activities to prepare a full-fledged SMTP (2007-2011).

The matter was discussed at the 14th Annual Meeting of the Board of Governors, held on 30 June 2005, in Nairobi, Kenya, where it was decided that the Foundation should indeed prepare a new Strategic Medium-Term Plan (SMTP) for the period 2007-2011 for endorsement by both the Executive Board and the Board of Governors.

Resources Available for Commitment to Projects and Programs

Donor pledges for Phase II declined by US\$5.0 million following confirmation by the World Bank that the balance of its undisbursed pledge of US\$5.00million in respect of Phase II was no longer forthcoming as this amount had been included in the World Bank pledge to ACBF-PACT. The value of pledges in respect of the ACBF-PACT Phase (Phase III) increased by US\$ 0.300 million, which represented the amount of the pledge announced by the Government of Niger. The total value of all pledges stood at US\$67.65million for Phase I, US\$52.48million for Phase II and US\$237.16 million for the ACBF-PACT Phase (Phase III). The Japanese PHRD Trust Fund remained at USD10.00 million while the combined investment income increased to US\$22.56 million.

Thus, cumulative pledges declined by US\$4 million, equivalent to the net result of the US\$5.0 million reduction in Phase II pledges, the pledge by Niger of US\$0.300 million and the increase in investment income of US\$0.740 million. Against the resultant total pledges of US\$389.86 million were cumulative commitments amounting to US\$287.81 million in respect of projects and programs for Phases I and II and the ACBF-PACT Phase. In addition to commitments to capacity-building projects and programs were commitments to knowledge management and program support activities, including those relating to administrative expenditure amounting to US\$5.23 million and US\$51.37 million respectively. The combined total commitments as at 31 December 2005 amounted to US\$344.41 million. During the year, an adjustment of US\$4.16million in respect of undisbursed commitments relating to closed projects was made and reallocated to available commitment authority thus boosting the level of available resources by the mentioned amount. The difference between cumulative pledges and commitments as adjusted left a balance of US\$49.61 million in available commitment authority. However, if a provision for the 2006 administrative budget of US\$11.88 million were deducted, the commitment authority for capacity-building projects and programs would drop to US\$37.73 million.

Available Cash Resources

Cash resources comprise paid-in contributions by donors to the ACBF-PACT Trust Fund in respect of pledges to Phases I and II and the ACBF-PACT Phase. The cumulative paid-in cash totalled US\$321.75 million. Against this amount were cumulative cash outflows towards expenditure on capacity-building projects and programs plus knowledge management and program support activities (including expenditure on administration), amounting to US\$207.58 million. This resulted in net cash resources of US\$114.17 million available to meet existing commitments. The available cash resources represented a decrease of 2.36 percent over the closing figure for 2004.

1. Pledges	81.56
Phase I	
Less Defaults	10.887
Exchange Losses	<u>3.028</u> <u>13.91</u>
Phase I (net pledges)	67.65
Phase II	52.48
Japan PHRD Trust Fund	10.00
Phase III (ACBF-PACT)	237.16
Investment Income	<u>22.56</u>
Total Resources	<u>389.86</u>
2. Commitments	
Phase I	61.85
Phase II	24.67
ACBF/PACT Phase	201.29
	<u>287.81</u>
Program Support Expenditure as at 31/12/05	5.23
Cumulative Admin. Expenditure as at 31/12/05	<u>51.37</u>
	<u>344.41</u>
 Total Resources Available for Grant Commitments and 2005 Administrative Budget	 45.45
Add Adjustment for closed Projects	<u>4.16</u>
	<u>49.61</u>
Less: Approved Consolidated Budget for 2006	<u>11.88</u>
 Available Commitment Authority for Projects in 2006	 <u>37.73</u>
3. Available Cash Resources	
Paid-in Contributions	
Phase I	67.07
Phase II	40.22
Japan PHRD Fund	10.00
ACBF/PACT Phase	181.90
Investment Income	<u>22.56</u>
Total Cash Resources	<u>321.75</u>
Less: Expenditure to date	
Disbursement to projects	150.98
Program Support	5.23
Cumulative Administration and Capital Expenditure	51.37
	<u>207.58</u>
Cash Available as at 31 December 2005	<u>114.17</u>

The Board of Governors agreed to meet in special session in early 2006 to consider the working draft of the new SMTP 2007-2011. Following approval of the document at the mentioned session, it would be forwarded to the World Bank for presentation to the latter's Executive Board in March 2006 to form the basis for the Bank's multi-year funding decision.

The SMTP 2007-2011 will be presented to the Board of Governors for final approval at its 15th Annual Meeting in June 2006. The pledging session will be held in the last quarter of 2006.

Co-financing

Co-financing is central to ACBF's development funding strategy. Experience in capacity building gained by the Foundation to date has proven that where beneficiaries participate in building their own capacities through contribution of their own resources, a sense of ownership is fostered, which enhances the chances of sustainability of donor interventions following the latter's exit. Where such co-financing involves the rest of the donor community, it reduces the burden on each donor's resources and eliminates duplication of effort thereby leading to a more efficient allocation of resources for development assistance.

As at the end of fiscal year 2005, the total cost of projects and programs under the Foundation's portfolio was US\$ 897.881 million, up by 13.92% on the previous year's total. Of this amount, the Foundation's share of co-financing amounted to US\$ 287.812 or 32.05%, while the beneficiaries' own contribution was 19.44% and other development partners' contribution stood at 34.59%. As Table 4 indicates, over the past three years, there has been a gradual decrease in the share of the Foundation's direct support as well as that of other development partners in favor of a sharp increase in beneficiaries' own share of co-financing a promising indicator of sustainability following the eventual cessation of donor assistance.

E. Knowledge Management, Program Support, Outreach and Partnerships

In 2005, ACBF maintained the pace of implementation of its knowledge management strategy and programs aimed at transforming the Foundation into a knowledge-based institution in its core competency areas. The main activities undertaken during the year included the following:

Knowledge Networks

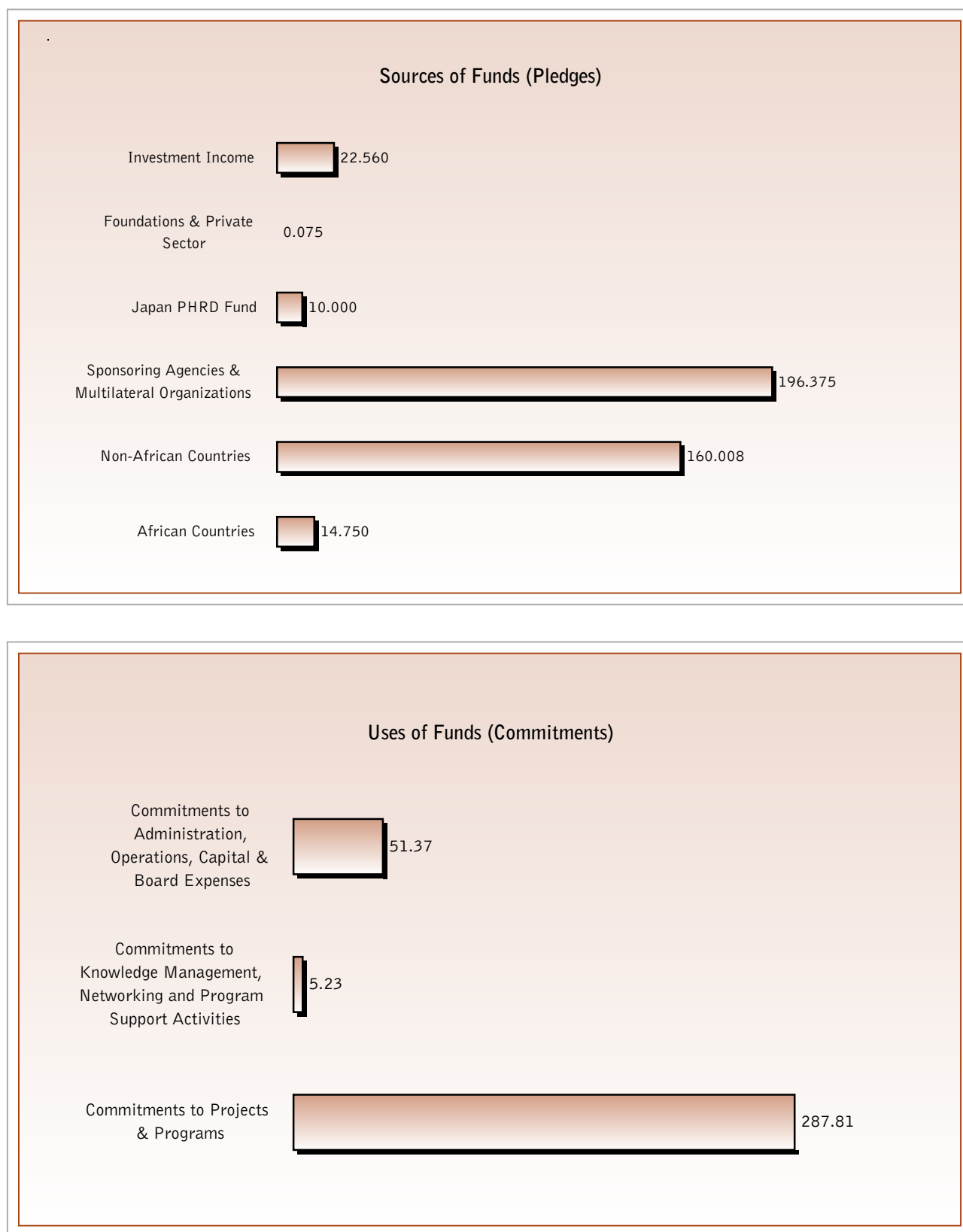
Second Annual Meeting of the TAP-NETs. On 14 - 15 April 2005, the Foundation held the Second Annual Meeting of its Technical Advisory Panels and Networks (TAP-NETs) in Harare, Zimbabwe. The meeting was attended by a number of dignitaries who included the Deputy Minister of Finance and Economic Development, Zimbabwe, Hon. David Chapfika, who presented a keynote address; the Minister for Public Service, Labour and Social Welfare in Zimbabwe, Hon. Paul Mangwana who chaired a plenary session; the Ambassador of Nigeria to Zimbabwe, H. E. Anthony Ufumwen Osula, who chaired the opening ceremony; H. E. Francesca Mosca, Ambassador of the European Union to Zimbabwe, who presented remarks during the opening session, and other members of the diplomatic corps who included Ambassadors representing Algeria, Belgium, the Democratic Republic of Congo, Ethiopia, France, India, Japan, Kenya, Tanzania, and The Netherlands. Directors from the Ministries of Anti-Corruption and Anti-Monopolies as well as Foreign Affairs (Multilateral Division) in Zimbabwe also participated at the meeting. The World Bank, UNDP, UNDESA, UNECA and the Association of African Universities were among a total of 100 participants who took part in the Meeting.

The meeting reviewed ongoing working papers and proposals by the TAP-NETs, which focused on the following:

Table 3. Trend in the Co-financing Status of ACBF-funded Operations

	2003 US\$	%	2004 US\$	%	2005 US\$	%
Total Cost	537,890,000	100.00%	790,085,789	100.00%	897,881,683	100.00%
ACBF Share	200,990,000	37.37%	252,469,136	31.95%	287,812,909	32.05%
Governments / Own Finance	80,960,434	15.05%	141,849,350	17.95%	174,569,555	19.44%
Pledged Donor Co-financing	180,420,678	33.54%	288,611,905	36.53%	310,555,467	34.59%
Financing Deficit (Surplus)	75,513,721	14.04%	107,155,398	13.56%	124,943,752	13.92%

Figure 1. Sources and Uses of ACBF Resources, 2005



- Documentation/Review of Africa's Statistical Systems and Proposals on the Direction of Reforms based on selected country studies.
- Trade Policy Development and Negotiations - From Seattle to Post-Doha: Documentation of Major Issues and Proposals on Africa's Position.
- Public Service Reforms in Africa - Current Focus, Future Direction and a Guide to Success Factors/Best Practices.
- Documentation of On-going Political and Parliamentary Reforms in Africa - Identification of Encouraging Practices.
- A Review of Institutional Framework for Addressing Public Sector Corruption in Africa.

The meeting also provided a platform for the review and discussion of the following: (i) a working paper by the World Bank Institute, which considered emerging lessons and good practices in capacity building from the OECD-DAC perspective; (ii) a UNDESA proposal on Africa's Leadership Recruitment and Development Program; (iii) a working paper on "Propelling Modern Growth Through Innovation and Knowledge Management Theory and Lessons for Africa", presented for consideration and publication as part of the ACBF Working Paper Series; and (iv) an outline of a book of readings on knowledge generation and sharing for development management in Africa that the Secretariat plans to publish in 2006. Also presented at the meeting for review and feedback were outlines of the survey of the capacity needs of Africa's Regional Economic Communities by the lead consultant for the assignment, who is also the Chair of the TAP-NET on Economic Policy Analysis and Management. The meeting provided an opportunity for an assessment of the effectiveness of the TAP-NETs and helped to launch their activities for the year.

Knowledge Network Programs. In addition to the launching of working papers, the TAP-NETs also presented two studies as part of their approved work plan for the year. The studies, which are still in progress, are:

- Public Expenditure Management Reviews in sub-Saharan Africa: A Case Study of Good and Bad Practices Public Administration and Management TAP-NET (PAMNET)
- An Assessment of the Extent of Use of Information and Communications Technology by National Parliaments in Africa

At a workshop of directors of ACBF-supported institutions in July 2005, the Bureau of the African Policy Institutes Forum (APIF) was inaugurated. APIF will launch its activities in 2006.

Operations and Thematic Research

During the year, innovative work was done in the area of performance measurement in capacity building, which was

published as Occasional Paper No. 4 and disseminated to solicit views from the development community. The work was cited by UNDP in its Resource Guide on Capacity Development that was published in August 2005. The study on Governance and Management in ACBF-supported Institutions was launched and completed during the year, while that on Access by Policymakers, Policy Analysts and Researchers to Digital Opportunities in Africa is still under way. The joint study between the Foundation and the International Organization for Migration (IOM) will be launched in 2006.

Publications

During the year, the Foundation published and disseminated 4 working papers, 1 occasional paper, one policy abstract series, and 4 ACBF Newsletters. The working papers addressed issues such as farm subsidies, the building of capacity in the public service, trade policy development and its relations to the Doha Round, and the results/outcomes of selected ACBF-supported institutions. The soft copy of the ACBF Newsletter can be accessed online at <http://www.acbf-pact.org/newsletter/index.asp>. The occasional paper focused on the measurement of performance in capacity building. More detailed information on ACBF publications is carried in Annex C.4 of this Annual Report.

Web Site, Portal and Database Development

Web Sites and Portals. The Foundation continued to update and provide access to its knowledge products and services through web sites, portals and directories that are fully operational (see Annex C.4 of this Annual Report for details on websites and portals).

Project and Program Tracking System. During the year, the Foundation continued to refine its operations tracking system to provide information on the status of project and program proposals submitted to ACBF. The electronic tracking system provides a mechanism by which project promoters and other stakeholders can track progress in the processing of their requests for support by the Foundation. It provides information on the current portfolio of the Foundation and the status of project and program proposals in five categories - namely, national projects, national programs, regional projects, SAFEWIND and Seed Grants, and knowledge management programs. During the year, a number of stakeholders logged into the system and were able to follow up for information on the status of their proposals.

Brown Bag Seminars

During the year, the ACBF Brown Bag Seminar Series remained a valuable platform for knowledge sharing among the Foundation's professional staff and between the staff and the development community. The seminars are

designed to promote a culture of information exchange and learning at the ACBF Secretariat. They are also intended to generate knowledge as well as provide a forum for discussion of pertinent issues at national, regional and international levels that influence Africa's development. During the year, presentations were made on the problem of re-qualification of limited-term contracts in development operations, the role of knowledge networks in a knowledge management system, capacity issues in public expenditure management and accountability, and the struggle to tackle poverty without adequate statistics. Details on the brownbag topics are presented in Annex C.4 of this Annual Report.

ACBF Knowledge Management Programs: Some Results in 2005

During the year, the Foundation recorded some notable results in its knowledge management efforts. A sample of these include the following:

- In October 2005, the Pan African Parliament requested support from the Foundation to help guide the development of its Strategic Plan for the period 2006-2010. Two TAP-NET members on National Parliaments and Parliamentary Institutions (PARLIANET) provided the requisite assistance. One of them served as the lead consultant in the preparation of the Plan, while a second served on a working group and discussion panel to review the draft document.
- In October 2005, the World Bank, the Royal Norwegian Ministry of Foreign Affairs and the Norwegian Education Trust Fund for Africa (NETF) Reference Group invited the Foundation to make a presentation on the concept of knowledge management in the context of capacity building with a view to reforming the Norwegian Education Trust Fund for Africa. The World Bank manages the Fund. Proceedings of the conference that was attended by 132 participants are available on the portal <http://www.lins.no/NETFsem05.php>
- In August 2005, the UNDP cited the ACBF work titled "Measuring Performance of Interventions in Capacity Building: Some Fundamentals" in its Resource Guide on Capacity Development. The Resource Guide is an authoritative publication highlighting works that constitute vital reference materials in the field of capacity building.
- As a follow-up on the study on "Institutional Framework for Managing Public Sector Corruption in sub-Saharan Africa" that was conducted by the TAP-NET on Financial Management and Accountability (FIMANET), the Government of Zimbabwe in July 2005 requested technical support in the conduct of a National Baseline Survey on Corruption in the country. The survey will be conducted in 2006 under the guidance of FIMANET.
- A conference of parliamentarians drawn from all African countries was held in Abuja, Nigeria, in June 2005 to define their role in the African Peer Review process and of national and regional parliaments in the NEPAD initiative. Three members of the Foundation's PARLIANET were invited to address the conference. The ACBF Secretariat was also invited to provide insight into requirements for establishing a network of African parliamentarians.
- On 25 March 2005, the World Bank requested the full set of the four country studies on the "Institutional Framework for Addressing Public Sector Corruption in sub-Saharan Africa" as an input in an ongoing review of donor efforts (World Bank, bilateral and multilateral) in the area of capacity building in Africa.
- On 18 March 2005, UNDP requested assistance in the form of consultants from the TAP-NET on National Statistics and Statistical Systems (STATNET) in the execution of a consultancy to reform Zimbabwe Central Statistical Office. Two members of STATNET were proposed for the assignment.
- Europe's leading Knowledge Management Magazine, KM4 Development, in September 2004 in a headline titled "ACBF in Knowledge Management", carried an excerpt of the Executive Secretary's speech that was delivered at the first Annual Meeting of the TAP-NETs that was held on 25 - 26 March 2004. The information was relayed to the Foundation by the World Bank Institute, which also used aspects of the speech as the theme for the Global Development Network's (GDN) Africa Knowledge Sharing Workshop on 26 - 28 February 2005 in Cairo, Egypt. The Foundation was invited by the World Bank and GDN to make a presentation on its knowledge management strategy at the workshop.
- The Foundation's knowledge management products Occasional and Working Papers on Performance Measurement in Capacity Building and Capacity Building in Post-conflict Countries in Africa were part of the materials consulted in the preparation of the 2005 OECD-DAC-UNECA Report on Mutual Review of Development Effectiveness.
- The Second Annual Meeting of the TAP-NETs afforded the World Bank Institute an opportunity to discuss and seek feedback on Good Practices in Capacity Development that are being proposed by the OECD-DAC.
- The Serial Services Department of Harvard University wrote on 17 March 2005 to request for all back copies of the ACBF Newsletter for the period 2000-2002 and the third quarter issue for 2003 to complete the University's holdings of the ACBF Newsletter. Leiden University in the Netherlands also joined the distribution list during the year.
- In appreciation of the Foundation's growing knowledge management capacity, the NEPAD Heads of State and Government Implementation Committee entrusted it with the responsibility of conducting a

survey of the capacity needs of Africa's Regional Economic Communities (RECs). The survey, which was based on eight RECs, was concluded in October 2005. A workshop to be hosted by UNECA will be organized in February 2006 to discuss the Survey Report and take forward the process of developing a capacity building program in response to the identified capacity needs.

- In November 2005, CIDA placed the report of the Foundation's study on "Institutional Framework for Addressing Public Sector Corruption in Africa" on its Intranet and Extranet to facilitate access by its staff and the broader development stakeholder community to its findings. It also expressed keen interest in the findings of the survey on the capacity needs of the RECs and signaled its intention to participate at the stakeholders workshop scheduled for February 2006.
- In July 2005, the World Bank/Development Gateway Foundation placed an information item about the Foundation's knowledge management programs on its web site. It also created a hyperlink to the Foundation's web site to broaden access to the online knowledge resources. The creation of this link by the Development Gateway is in appreciation of the progress being made by the Foundation in establishing knowledge sharing platforms through the knowledge networks. The link is at <http://topics.developmentgateway.org/knowledge/rc>
- The Secretariat continued to receive numerous invitations to share experiences in capacity building and knowledge management at regional and international seminars, conferences and workshops.

Despite the growing maturation and visibility of the ACBF knowledge management system, the implementation of the Foundation's strategy in this area still faces a number of hurdles. For instance, the Foundation faces constraints in the dissemination of its knowledge products. These relate particularly to communication costs that have soared as a result of the volatile economic environment of the host country. Given that most African stakeholders rely heavily on hard-copy publications, the Foundation uses surface mail extensively for the dispatch of its publications, and courier services where these are relatively cheaper for guaranteed and timely delivery. The surface-mail dispatch medium has however become expensive as a result of the highly inflationary situation in the host country. The result is that rising mailing costs have severely constrained the dissemination of knowledge-based publications that should otherwise enjoy very wide dissemination, especially among African stakeholders.

Program Support Activities

During the year, ACBF undertook a number of program support activities. Jointly with the World Bank and the African Economic Research Consortium (AERC), the Foundation organized a seminar on 1 July 2005 in Nairobi, Kenya, on scaling up public sector capacity in

Africa. The seminar provided the Operations Evaluation Department of the Bank an opportunity to present the report of its Review of Development Effectiveness of World Bank Support to Capacity Building in Africa. The seminar was attended by a number of ACBF-supported policy centres, which provided information on their activities and achievements. Following the seminar, on 2 July 2005, the Foundation held a workshop for the directors of all ACBF-supported institutions, also in Nairobi, Kenya. The workshop, which deliberated on the theme "Capacity Building for Development Results in Africa," reviewed the performance of the Foundation's interventions in the context of the SMTP 2002-2006 as well as the emerging needs and approaches for the successor Plan. The workshop served to kick off the consultative process for the development of the Foundation's SMTP, 2007 - 2011.

On 25 - 27 October 2005, the Foundation, in collaboration with IOM, organized in Harare, Zimbabwe, a workshop on migration and development in sub-Saharan Africa. The workshop attracted 80 participants from 21 countries from Eastern and Southern Africa, representing governments, migrants' associations, civil society, the private sector and regional economic communities. Participants included countries (Angola, Botswana, Burundi, Comoros, Democratic Republic of Congo, Ethiopia, Kenya, Kingdom of Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Seychelles, Somalia, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe); intergovernmental organizations (AU, the Commonwealth Secretariat, COMESA, and SADC); migrants' associations; private sector and civil society organizations; and development experts.

The workshop aimed to help establish a common policy framework and expose tools for analyzing issues associated with migration and development in the region. It also shared and developed practical and administrative policy mechanisms that could be deployed to address development challenges at the sector level. The overall objective was to focus on how migration could help achieve national development objectives and the Millennium Development Goals, which touch on poverty reduction; gender equality; prevention of HIV/AIDS, malaria and other infectious diseases; environmental sustainability; and the creation of global partnerships for development.

On 26 - 28 October 2005, the Foundation organized in Harare, Zimbabwe, a training workshop for Finance and Administration officers of ACBF-funded projects and programs in Anglophone Africa. The 3-day event was intended to equip the officers with the requisite skills to enable them to administer grants more effectively and efficiently. Issues covered at the workshop included the following: procedures for the management of grants, the ACBF project cycle, legal aspects of Grant Agreements, financial management, and audits. The workshop also provided a platform for participants to reflect collectively

Box 2.**Strengthening Africa's RECs for the Implementation of NEPAD Priority Programs**

On 13 June 2005, ACBF launched, at the behest of NEPAD Heads of State and Government Implementation Committee, a survey of the capacity needs of eight African Regional Economic Communities (RECs), namely, CEMAC, COMESA, EAC, ECCAS, ECOWAS, IGAD, SADC and UEMOA. The survey is expected to lead to the design of a capacity-building program that will help strengthen the RECs for the effective implementation of their mandates and NEPAD priority infrastructural projects. The survey that was conducted by a team of six consultants led by the Chair of ACBF Technical Advisory Panel and Network on Economic Policy Analysis and Management (EPANET) and in which two other TAP-NET members participated was concluded at the end of September.

The survey identified capacity gaps and determined the institutional and human capacity requirements of the RECs for the effective and efficient implementation of their primary mandates, with particular focus on NEPAD's priority programs, which are largely in five sectors, namely, Energy, Transport, Telecommunications, Information and Communications Technology, and Water Resource Management. To this

end, it ascertained the adequacy and quality of existing level of institutional and human capacity in each of the selected RECs, determined the gaps in the capacity requirements of each of the sectors, and proposed interventions for meeting these requirements over the immediate short to the much longer term.

The draft report of the survey will be discussed at a stakeholders' workshop that will be hosted by the United Nations Economic Commission for Africa (UNECA) on 25 February 2006. The workshop will be attended by the Chairperson of the African Union Commission, the Chief Executive Officer of the NEPAD Secretariat, the Executive Secretary of UNECA, the Executive Secretary of ACBF as well as representatives of the African Development Bank, the regional economic communities surveyed, bilateral donors (such as Canada Fund for Africa, Embassy of Canada in Ethiopia, the Department for International Development (DFID), United Kingdom, the British Embassy and members of the diplomatic corps based in Ethiopia). Also to be present at the workshop will be the AU Special Envoy to Mauritania.

on issues relating to the Foundation's financial and administrative procedures as applied to projects and programs on the ground and to put forward proposals for improvement. It is expected that the training would improve participants' understanding of the Foundation's grant management processes and procedures and help to raise further the level of disbursements to the grantees. Finance and Administration officers from about 30 ACBF-supported projects and programs as well as ACBF professional staff benefited from the workshop. A similar workshop was held in Bamako, Mali, on 19 - 21 December 2005 for officers from ACBF-supported projects and programs in Francophone Africa.

Other program support activities undertaken during the year included staff training to enhance skills and competencies, as well as participation in conferences, seminars and workshops. The Secretariat played an important role in some of these forums, which included the following:

- Fifth Annual Global Development Conference, 24 - 26 January 2005, Dakar, Senegal.
- Summit of the Heads of State and Government of the West African Economic and Monetary Union, March 2005, Niamey, Niger.
- African Development Bank Seminar on Capacity Building for the Millennium Development Goals, June 2005, Abuja, Nigeria.
- Tenth Summit of the COMESA Authority of Heads of

State and Government, 2 - 3 June 2005, Kigali, Rwanda.

- World Bank Institute Capacity Day, 8 June 2005, Washington, D.C., U.S.A.
- The World Bank-SADC Consultative Meeting on Higher Education, 19 - 22 June 2005, Gaborone, Botswana.
- Conference of African Parliamentarians on the New Partnership for Africa's Development, 20 - 23 June 2005, Abuja, Nigeria.
- The Abertay Conversation: Consultation on Future Developments in African Higher Education University in Abertay Dundee, 29 June - 4 July 2005.
- African Ministers of Finance Working Party, 28 - 29 July 2005. Ouagadougou, Burkina Faso.
- World Bank Operational Task Force on Capacity Development in Africa: Meeting of Anglophone African Countries, 12 September 2005, Pretoria, South Africa.
- Donor Conference, AFRITACs, 14 September 2005, Paris, France.
- MEFMI Forum of Finance Ministers, Permanent Secretaries and Governors of Central Banks, 16 - 18 September 2005, Bridgetown, Barbados.
- Continental Meeting on Economic Partnership Agreements (EPAs), 22 - 24 September 2005, Mombasa, Kenya.
- National Economic Consultative Forum (NECF) Strategic Planning Workshop, 23 September 2005, Harare, Zimbabwe.

- International Institute of Administrative Sciences (IIAS) Third Conference: Public Administration and Private Enterprise Co-operation, Competition and Regulation, 20 - 23 September 2005, Berlin, Germany.
- African Business Roundtable World Business Congress, 7 - 9 November 2005, Accra, Ghana.
- African Union High Level Consultative Meeting on the Desirability of a Union Government in Africa, 12 - 13 November 2005, Abuja, Nigeria.

Partnerships

In 2005, the Secretariat continued to implement its partnership programs with institutions with which it shares common interest in capacity building. It thus maintained its collaborative ties with the African Development Bank (AfDB), the United Nations Economic Commission for Africa (ECA), the Canadian International Development Agency (CIDA), the IMF African Regional Technical Assistance Centres (AFRITACs), CAFRAD, the Association of African Universities (AAU), CODESRIA, UNCTAD, the Organization for International Migration (IOM) and WBI, among others. CIDA placed on its web site, intranet and extranet the report of the Foundation's study on Institutional Framework for Addressing Public Sector Corruption in Africa in order to expand access to the study and enhance its utility value to policymakers and development management institutions.

The Foundation's partnership with the AfDB involved the joint conduct of studies to determine the governance profiles of African countries as well as the implementation of the ICP-Africa Program, which is being spearheaded by the AfDB.

The Foundation pursued its collaborative activities with the ECA in the area of joint organization of the workshop to validate the results of the needs assessment survey of the RECs, which is being conducted by the Foundation.

Collaboration with the AAU was exemplified by the Foundation's participation in the AAU Annual Congress, arrangements for both institutions to jointly publish one of the Foundation's knowledge products (the Abstracts of African Policy Research Abstracts Series), and the development of a project to strengthen the effectiveness of the AAU Secretariat.

As regards the collaborative program with the IMF, the Foundation maintained its commitment to the joint training programs with the AFRITACs. During the year, joint workshops and seminars were undertaken in the following areas:

- Strengthening of national statistical offices
- Public expenditure tracking
- Macro-modelling KIPPRA/Treasury Macro Model
- Risk-based supervision, resolution of problem banks

- and non-performing loans
- Program budgeting and medium term expenditure frameworks
- Challenges of customs administration in an era of trade facilitation and regional trading arrangements
- Principles of good governance in credit and savings institutions
- Management and control of tax and customs duty exemptions
- Comparative analysis of the general principles of, and differences between, the public finance statistics manuals of 1986 and 2001
- Management of local government finance

With respect to the IOM, an ACBF-IOM workshop was held on 25 - 27 October 2005 to examine issues in Migration and Capacity Building. The workshop highlighted issues that will be more rigorously examined by a joint study on issues relating to migration and impact on capacity building, utilization and retention. The study will now be undertaken in 2006.

F. Projects and Programs

Following the approval of 25 new grants to full-fledged operations during the year, the size of the portfolio increased by 10 operations, bringing the total number of active projects and programs in the portfolio to 139 by 31 December 2005. In addition, the Foundation continued to make good use of the flexibility afforded by the SAFEWIND Facility by approving 14 new grants.

Direct Operations

During the year, project and program operations undertaken by the Secretariat led to the development of 24 national and regional projects, as well as 1 country program. The 25 interventions consisted of 12 refinanced projects, 9 in the Economic Policy Analysis and Management core competency area, 1 in Financial Management and Accountability, and 2 in the core competency area of professionalization of the voices of the private sector and civil society (one of these being a special intervention to build on the gains made in the strengthening of a community's action against HIV/AIDS); 5 new national projects in three core competency areas (3 in Economic Policy Analysis and Management, 1 in Strengthening and Monitoring of National Statistics and Statistical Systems, and 1 in the area of Professionalization of the Voices of the Private Sector and Civil Society); 2 Country Level Knowledge Networks (Cape Verde and Kenya); and 6 regional interventions supporting a regional parliament (EALA-EAC) and strengthening existing regional institutions (AERC-CMAP, AAU, CAFRAD, CODESRIA and WAJA). The core-competency-based distribution of the projects and programs was as follows:

Refinanced Projects

The World Bank Operational Task Force on Capacity Development: Building a New Compact for Capacity Building in Africa.

Box 3.

The World Bank set up a Task Force on Capacity Development in Africa in 2004 to explore new ways of tackling the Continent's development challenges. The Task Force built on an earlier study by the Operations Evaluation Department of the Bank completed in early 2004 seeking to gauge the capacity-building process in Africa. The Task Force produced a Report in 2005 mapping the future direction of capacity building Africa. The core message of the Task Force is that: for Africa to propel itself onto a path of better development, it must build effective states and engaged societies. The new compact for capacity building in Africa calls on agencies such as ACBF to strengthen the process of building effective states and forging engaged societies on the Continent.

The Task Force noted the substantial capacity needs and challenges facing Africa reinforced by factors such as HIV/AIDS, low foreign direct investment as well as high levels of poverty and conflict. To deal with such significant challenges, Africa needs a new compact with its development partners that requires that development assistance be based on and defined by results-based priorities set by the countries themselves. Donor assistance needs to be aligned with country frameworks for capacity and broader development. Effective delivery of donor assistance needs to be premised on the existence of capacity to ensure good management and utilization of such a resource. Indeed, there is an emphasis on coordinating interventions not just by donors but also at the local level by communities.

The new compact for capacity building marks a significant shift from the approach to capacity building developed between the 1960s and the 1990s that tended to focus on the individual and the organization exclusive of the institutional environment, and which considered

an effective and strong state as a constraint on, rather than a facilitator of, social transformation and sustainable development within which citizens achieve their aspirations and enjoy equal rights. The compact demands that strategic choices be made for realistic entry points. This means that different approaches to capacity building may be adopted for different countries, but allowing for the sharing of best practices.

The new compact mirrors very closely the approach to capacity building adopted by ACBF. Over the last decade, the Foundation has been involved in capacity building with a view to developing effective states and engaged societies in Africa. The recommendations of the Task Force thus reinforced the work of ACBF and its programmatic strategies as outlined in the Foundation's SMTP I (2002-2006), and recognized this approach to capacity building as the way of the future. The Foundation has operated at multiple levels: programs as well as at project levels, regional as well as national. Some of the core elements of its approach to capacity building are based on needs assessments, local ownership, sustainability, complementarity and synergy with related interventions. The six core competency areas - improving economic analysis and management, public sector performance, financial management and accountability, statistical development, fostering strong legislatures, and widening of the civic space through enhancement of the voice of civil society - are important vehicles for creating effective states and engaged societies. It must however be noted that the proposal to shift to a programmatic approach to capacity building needs to be assessed contextually given the significant operational and poverty-reduction opportunities that the project-based approach might generate in given environments.

Economic Policy Analysis and Management

- AERC-CMAP, Kenya (Regional)
- BCEAO/BEAC (Macro), Senegal (Regional)
- CERCA, Mali
- CAPES, Burkina Faso
- EEA/EEPRI, Ethiopia
- IPAR, Kenya
- NEPRU, Namibia
- PNRC-CAF, Guinea-Bissau
- WAIFEM, Nigeria (Regional)

Financial Management and Accountability

- Chambre des Comptes et de Discipline Budgétaire (CCDB), Djibouti

Professionalization of the Voices of the Private Sector and Civil Society

- Centre for Corporate Governance (CCG), Kenya
- Alliance of Mayors' Initiative for Community Action Against HIV/AIDS at the Local Level (AMICCALL), Swaziland

Box 4.**Networking, Development and the Sharing of Global Best Practice: The ACBF-GDN Nexus**

The Global Development Network (GDN) is a worldwide association of research and policy institutes that promotes the generation, sharing, and application to policy of multidisciplinary knowledge for the purpose of development. GDN was formally launched in December 1999 by a number of international development institutions (including ACBF), major regional research networks operating on five Continents, and bilateral donors.

GDN is a highly decentralized operation. Its small Secretariat organizes the implementation of some Network activities, monitors others, and manages its financial resources. It is supervised by a Governing Body whose 18 members represent all 11 GDN regions, three social science disciplines, the World Bank and UNDP. The formal structure is supported by a large informal network of individual academic volunteers - discussants, reviewers of research proposals and reports, and mentors of researchers. GDN has some 6000 registered members. Institutions and individuals are consulted electronically from time to time policy issues.

GDN supports high-quality, policy-oriented research in the social sciences. In doing so, GDN undertakes major capacity-building activities that include the following: (i) « The Regional Research Competitions » that are held every year to promote high-quality research in developing and transition economies by funding well-conceived, policyrelevant research projects; (ii) the « Global Development Awards and Medals Competition», which is the largest international annual contest for researchers on development that helps discover and promote new talent, thereby increasing research capacity in the regional networks ; and (iii) the « Global Research Projects » that is designed to address the

major development challenges through the advancement of analytical methods and empirical cross-country, country, and other studies.

ACBF came to the realization, since the inception of the Global Development Conference, that the GDN could provide an important forum in which the Foundation's professional staff and ACBF-supported projects could contribute effectively to the setting of Africa's applied policy research agenda. Each of the Network's capacity-building activities offers new opportunities to African analysts for professional development and advanced knowledge through the mechanisms of competition or commissioning of research. Capacity is augmented by access to knowledge resources as well as collaboration within research teams. The forum offers a number of other benefits, including opportunities for peer review of research work, international exposure and recognition beyond the Continent.

The Foundation has participated in GDN activities at all levels since 1999. ACBF is a member of the Steering Committee and chairs the Review Committee of the GDN « Bridging Research and Policy » Project. In addition, representatives of the ACBF Secretariat and of ACBF-funded projects have made significant contributions at each GDN annual conference, or participated in GDN-sponsored research programs. ACBF-sponsored experts have won GDN awards, which has earned the Foundation additional visibility, credibility and recognition. The Foundation also takes the opportunity during GDN annual meetings to share knowledge on developments in capacity building in Africa. On these occasions, the Foundation has been able to display and share with stakeholders various publications, including research outputs by ACBF-funded institutions as well as disseminated best practices in capacity-building issues.

New National Projects**Economic Policy Analysis and Management**

- Eritrean Capacity Building Project for Economic Policy Analysis and Management (EPAM)
- Economic Policy Analysis Capacity Building Project (EPAM-STP), São Tomé & Príncipe
- Strategic Transformation and Policy Centre (STPC), Cape Verde

Strengthening and Monitoring of National Statistics and Statistical Systems

- Strengthening of Malawi's National Statistical System (NSO), Malawi

Professionalization of the Voices of Civil Society and Private Sector

- Capacity Building for Gender Budgeting and Women's Empowerment (ZWRCN), Zimbabwe

Country Level Knowledge Networks

- Network on Public Administration and Management (NEPAM), Cape Verde
- Kenya Network for Research and Development Policy (KNET)

New Regional Interventions

- AAU Capacity Building Project for the Revitalization of Tertiary Education Institutions in Africa (AAU-

- CADRE)
- CAFRAD Capacity Building Project
- CODESRIA-ACBF Collaborative Project
- Strengthening of the East African Legislative Assembly of the East African Community (EAC-EALA)
- West African Journalists Association (WAJA) Project

Country Program

- Uganda Country Capacity Building Program (UCCBP)

Country Capacity Profiles and Capacity Needs Assessments

During the year, the Secretariat undertook the development

Table 4. Full-fledged Operations Approved in 2005

Title of Project or Program		Total Cost (USD)	ACBF Grant (USD)
1.	East African Legislative Assembly - East African Community (EALA-EAC), Regional	2,662,934	1,500,000
2.	Capacity Building Project of the African Training and Research Centre in Administration for Development (CAFRAD), Regional	909,400	700,000
3.	Institute of Policy Analysis and Research (IPAR), (Phase III), Kenya	3,244,330	1,200,000
4.	“Projet de Renforcement de la Chambre des Comptes et de Discipline Budgétaire de la République de Djibouti” (CCDB II), (Phase II)	675,000	675,000
5.	Eritrean Capacity Building Project for Economic Policy Analysis and Management (EPAM)	4,073,407	900,000
6.	Strategic Transformation and Policy Centre (SMTP), Cape Verde	2,814,819	1,000,000
7.	« Centre d'Etudes et de Renforcement des Capacités d'Analyse et de Plaidoyer » (CERCAP), Mali	4,040,726	2,000,000
8.	Centre for Corporate Governance (CCG), (Phase II), Kenya	4,209,860	900,000
9.	Alliance of Mayors' Initiative for Community Action Against HIV/AIDS at the Local Level (AMICAALL), (Phase II), Swaziland	7,232,000	1,000,000
10.	Namibian Economic Policy Research Unit (NEPRU), (Phase III), Namibia	6,246,281	1,300,000
11.	Ethiopian Economic Association/Ethiopian Economic Policy Research Institute (EEPRI), (Phase II), Ethiopia	2,953,419	800,000
12.	The African Economic Research Consortium- Collaborative Master's Degree Program in Economics (AERC-CMAP), (Phase IV), Regional	12,760,481	3,000,000
13.	Banque Centrale des Etats de l'Afrique de l'Ouest/Banque des Etats de l'Afrique Centrale (BCEAO/BEAC) Project (Phase III), Regional	5,540,000	1,100,000
14.	Centre d'Analyse des Politiques Economiques et Sociales (CAPES), (Phase II), Burkina Faso	3,749,900	1,700,000

Title of Project or Program		Total Cost (USD)	ACBF Grant (USD)
15.	« Programme National de Renforcement des Capacités-Cellule d'Appui à la Formation » (PNRC-CAF), (Phase II), Guinea-Bissau	1,377,750	1,000,000
16.	West African Institute for Financial and Economic Management (WAIFEM), Phase II, Regional	2,300,000	2,300,000
17.	Zimbabwe Women's Resource Centre and Network (ZWRCN), Zimbabwe	1,867,638	1,000,000
18.	National Statistical Office (NSO) Malawi	2,746,159	1,200,000
19.	Economic Policy Analysis and Management Capacity Building Project (EPAM-STP), Sao Tome & Principe	1,901,025	1,000,000
20.	Country Capacity Building Program (UCCBP), Uganda	12,900,000	4,500,000
21.	Association of African Universities Capacity Development Project for the Revitalization of Higher Education Institutions (AAU-CADRE)	4,089,400	2,800,000
22.	Council for the Development of Economic and Social Science Research in Africa (CODESRIA), Regional	3,465,950	1,100,000
23.	West African Journalists Association (WAJA) Project, Regional	2,919,945	1,500,000
24.	Network on Public Administration and Management (NEPAM), Cape Verde	614,145	300,000
25.	Knowledge Network for Research and Development Policy (KNET), Kenya	297,150	297,150
	TOTAL	89,969,719	34,772,150



13 July 2005, Harare, Zimbabwe. Dr. Soumana Sako, Executive Secretary of ACBF, and Prof. Wiseman Nkuhlu, Executive Head of the NEPAD Secretariat, exchanging legal instruments following the signing of the Grant Agreement under the terms of which the Foundation awarded US\$2,000,000 to strengthen the institutional capacity of the NEPAD Secretariat.

of country capacity profile and capacity needs assessments in 6 countries. These exercises brought greater focus to responses to the Continent's capacity needs. The aim of the capacity profiling and needs assessment exercises has always been to ensure that projects and programs supported under the SMTP adequately track evolving country and regional capacity needs and provide a long-term strategic focus to the Foundation's intervention in capacity building.

SAFEWIND Grants

In 2005, the Secretariat approved 14 SAFEWIND grants to enable recipients to undertake activities leading to the formulation of longer-term capacity building interventions or to exchange knowledge on best practices. The list of

beneficiaries of the grants includes the following:

- National Statistics Office, Malawi
- National Deposit Protection Board, Zimbabwe
- NGO-FORUM, Uganda
- Women Empowerment Group, Zimbabwe
- SEATINI, Regional
- Pemba Women's Development Organization, Tanzania
- Agricultural and Livestock Development, Tanzania
- Development of ICT Strategy for the National Assembly of Zambia
- Enhancement of Institutional Effectiveness of the Central Administration of the University of Lubumbashi
- Support to the Ministry of Commerce and Industry,

Box 5.

Corporate Governance at a Crossroads in Africa: The Contribution of the CCG in Kenya

The Centre for Corporate Governance (formerly known as the Private Sector Corporate Governance Trust) was established in 1999 with the mandate to promote good corporate governance in Kenya, ensure sound economic management, increase investor confidence, and help transform the private sector into the engine of growth in the country. CCG received a grant of USD 1,000,000 from ACBF in 2000 to undertake capacity-building activities in corporate governance through awareness raising, advocacy, research as well as training and education. The main rationale of the support was the need for Kenya to put in place a sustainable national institutional framework that would promote the implementation of the principles and codes of best practices for good corporate governance.

Since 2001, CCG has played a pivotal role in placing corporate governance on the policy agenda in Kenya, the Eastern African region and Africa in general. It has successfully spearheaded the corporate governance initiative and contributed to the improvement of regulatory and non-regulatory frameworks and enforcement mechanisms through human and institutional capacity building, awareness creation and development of norms and standards in Kenya and in the East African Region. For example, CCG completed important studies on corporate governance in specific sectors in Kenya such as state-owned corporations, the banking sector, and the co-operative sector.

CCG training of Board members and management of private and public enterprises has recorded positive results in Kenya and in the East African region. A critical mass of over 4,000 directors and Chief Executive Officers from Kenya and around the Continent has been trained through certification modules, and a pool of trainers was constituted.

CCG promoted the establishment of the Kenya Shareholders Association and the Institute of Directors. Its advocacy activities provoked debates on good corporate governance in Kenya and the sub-region with

the leadership of state-owned corporations, the regulatory authorities, the Institute of Directors, the media and shareholders. In Kenya, the Capital Markets Authority and the Central Bank are now requiring corporate governance certification followed by other professional and regulatory bodies that are adopting the norms of good corporate governance as requirements for membership. The Government is demanding good corporate governance for all state corporations and Parliament, through its Public Investment Committee, is reviewing good corporate governance requirements for state owned enterprises. Initiatives are being undertaken in East Africa to develop uniform principles and practices of good corporate governance and establish the regulatory framework.

CCG facilitated the establishment of the Pan African Consultative Forum on Governance and serves as its Secretariat. It introduced the Pan African corporate governance website to serve 53 African countries in an interactive way, and to share the tenets of good corporate governance practices. CCG is currently a key partner of the NEPAD African Peer Review Mechanism as corporate governance is a major component of the NEPAD governance framework that is necessary for the sustainable development of Africa. CCG is playing a major role in the Kenya review process.

CCG has taken on the challenge to establish regional networks with other partner institutions in Africa such as the governance institutes of Uganda and Tanzania, CESAG in Dakar, the African Capital Markets Forum, the African Business Roundtable, and the Ghana State Enterprise Commission to promote good corporate governance in Africa. In addition, there is a critical need to improve corporate governance in other organizations such as micro-finance institutions, small and medium enterprises, co-operatives, community-based organizations, all of which are strategic vehicles for eradicating poverty on the Continent. Research in corporate governance remains crucial to informing training, advocacy and the development of enforcement mechanisms.

- Central African Republic
- Support to the Association of Women Parliamentarians and Ministers, Gabon
- West African Women's Association (WAWA-AFAO) Sub-regional Meeting on Women Microfinance and Entrepreneurship in the Context of African Integration and NEPAD
- Enhancement of Capacity of the Network for Environmental and Sustainable Development in Africa (NESDA)
- Enhancement of the Institutional Capacity of the Secretariat-General of the Office of the President, Senegal

Supervision Missions

During the year, the Secretariat undertook 351 supervision missions to ACBF-supported projects and programs. The missions, which comprised field visits to all active projects in the portfolio, financial supervision missions and special audit missions, constituted vital inputs in the project management process and contributed to the strengthening of project implementation and performance.

Mid-term Reviews

Sixteen (16) mid-term reviews of project/program performance were planned for 2005. As at 31 December 2005, reviews had been conducted for 19 operations, namely:

- PNRC-CAF, Guinea Bissau
- CAMERCAP, Cameroon
- CAPED, Niger
- CAPE, Burkina Faso
- CBFM, Rwanda
- CESAG, Senegal
- CMAP, Mauritania
- CREAM, Madagascar
- EPMs (Cameroon, Côte d'Ivoire, Ghana and Uganda)
- GICAP, The Gambia
- IDEC, Phase II, Burundi
- IEF, Gabon
- KIPPRA, Kenya
- PROFESS, Chad
- PTCI, Burkina Faso
- RE-CEMAC, Regional

Project Completion Reports

In 2005, completion reports were submitted in respect of the following operations:

- CAPE, Benin
- CCDB, Djibouti
- CSD, Tanzania
- NIEP, South Africa
- PRIESP, Mali

Grant Agreements Negotiated and Signed

A total of 46 grant agreements were scheduled for

negotiation and signing in 2005. As at 31 December 2005, a total of 52 (comprising 28 full-fledged operations, 14 SAFEWIND interventions and 10 ACBF-AFRITAC activities) Grant Agreements had been successfully negotiated and signed.

Impact of the Performance of ACBF-funded Projects and Programs

ACBF-funded projects have continued to provide valuable support to the implementation of major development programs and institutional reforms implemented at the country and regional levels. Indeed, the outputs produced by policy institutes have contributed to better development outcomes by strengthening policy formulation, implementation and evaluation of policy frameworks such as PRSPs, Decentralization Programs and Public Financial Management Reform Programs. Policy institutes have also contributed critical analytical inputs and technical support to various processes relating to trade negotiations for the WTO, EPA-ACP/EU and other regional integration agreements. ACBF-supported interventions have also contributed significantly to changes in the attitudes and ways in which institutions and organizations interact in the formulation of development policies as well as to the quality of participation in the development process. A collateral development has been the observed growth in the demand for policy advice in the public sector, which is rising much faster than available capacity. The capacity of ACBF-supported institutions to influence policy has generally improved, as illustrated by appointments of senior policy analysts to prestigious policy-making bodies such as Presidents' Economic Advisory Councils and other high-level task forces established for monitoring major reform programs. Specialized training institutions have become a source for knowledge on best practices in financial management, and have become actively involved in providing technical advice to countries, regional integration bodies and international organizations.

The capacity of various regions in Africa to deliver advanced degrees in economic and financial management has also improved significantly. The contributions of the training programs implemented by CIERRA (PTCI) and AERC have made an impact on the training capacity of participating universities. The success of these two programs has contributed to the improvement of the curriculum of other universities, which are not necessarily part of the PTCI/AERC network. Applied degrees in economic and financial management delivered by the EPM Programs and CESAG are also in high demand. Tracer studies of some of these programs have shown that the graduates have been appointed to senior managerial positions in government and other public sector agencies.

While it is difficult to specifically attribute observed positive changes in policy environments and governance to specific ACBF-supported capacity-building interventions, the review of achievements of a large number of ACBF-funded projects provides convincing evidence of a positive

Figure 2a.

Regional and Country Coverage of Active ACBF-funded Operations, 2005
(Cumulative Number of Active Projects and Programs)

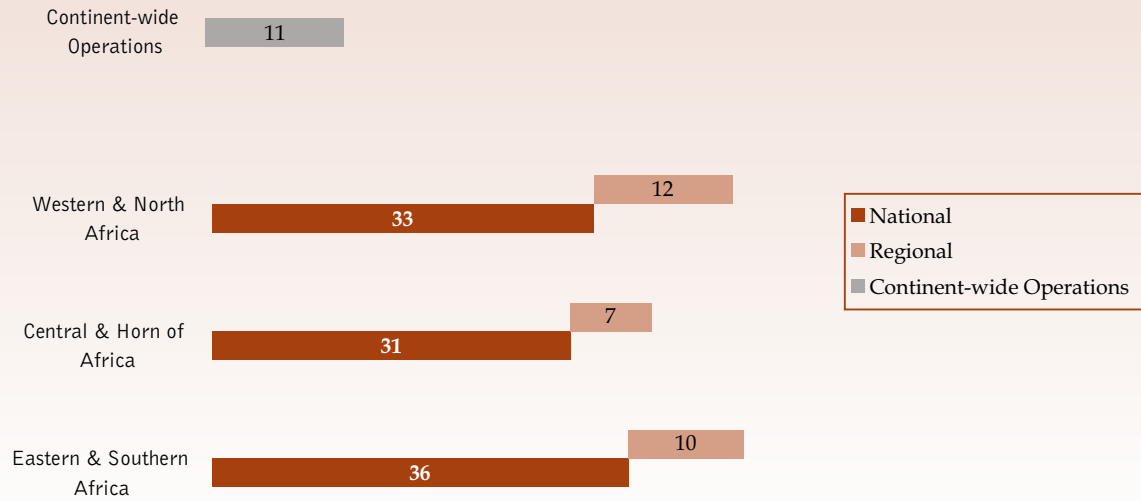


Figure 2b.

Geographical Coverage of Active ACBF-funded Operations by Grant Size, 2005
(Cumulative Grant Amounts in US\$)

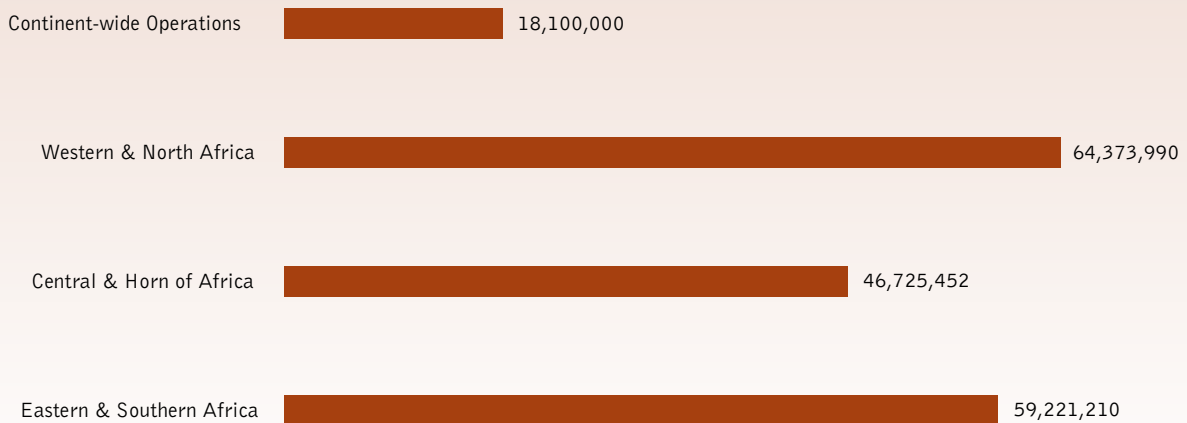
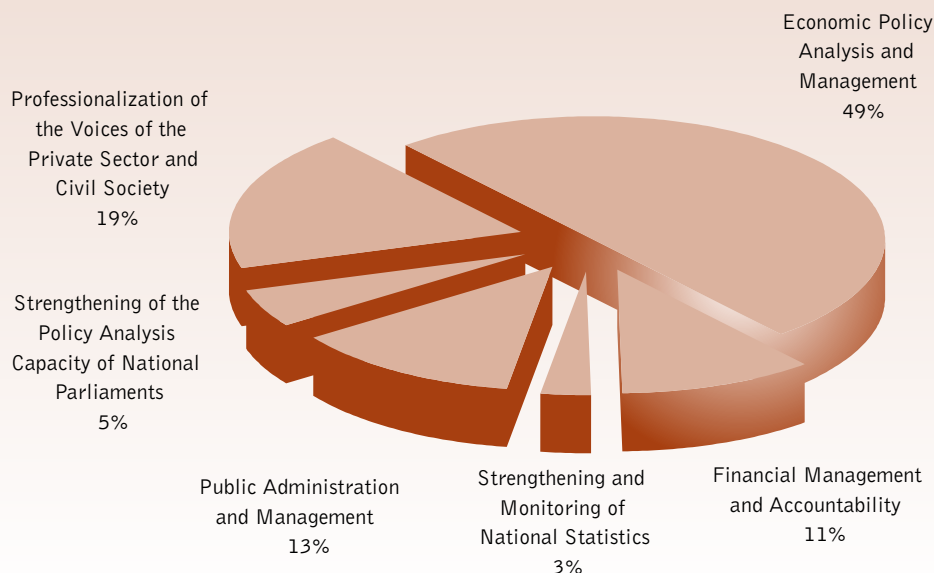


Figure 2c.

Cumulative Distribution of the Active Portfolio of Projects and Programs by Core Competency Area, 2005



impact of those interventions on observed changes in the performance of agencies and individual competencies.

Despite these encouraging developments, the sustainability of most ACBF-supported interventions remains a challenge. Indeed, the expansion in need-based demand for capacity-building services is often not matched by the availability of local financial resources required to sustain the operational capability of organizations involved in the delivery of services. It has also been observed that the increased legitimacy and credibility of successful capacity-building organizations has exacerbated the challenge of sustaining their organizational capacity. This situation serves as a good reminder that capacity building is a long-term process. Indeed, from a systems standpoint, sustainable capacity would require a more comprehensive approach and a holistic national strategy to enable a country to tackle effectively the challenges of building a capable state and making steady progress in reducing poverty through improved governance and widely shared economic growth.

Changes in the Broader Policy Environment and Improvements in the Service Delivery Capacity of the Public Sector

ACBF-funded projects and programs implemented by national or regional organizations have covered a good

number of strategic capacity needs of the public sector. Indeed, interventions targeting policy institutes, parliaments and non-state actors have contributed effectively to the identification of better policy choices as well as improved their capacity to influence public resource allocation and monitor quality in service delivery by public sector institutions.

In the area of financial management, the implementation of capacity-building projects has demonstrated a potential for inducing greater discipline in public institutions in the management of public resources. For example, the strengthening of accountability institutions in Djibouti has shown that a successful intervention could lead to quick results in encouraging better utilization of tax revenue. Progress has also been made in expanding opportunities for good governance through the establishment of institutional frameworks, which provide space for formalizing public sector-private sector-civil society partnership and for improving the participation of all stakeholders in the development process. Private sector and civil society organizations have improved their capacity to engage the public sector and parliaments in the formulation of PRSPs, civil service reforms, decentralization, and other sector oriented development policies and programs. The voices of non-state actors have influenced public policy in democratic environments such as South Africa (on budget, land and welfare

The general decline in economic performance in the 1980s led to the low priority accorded to tertiary education by most African countries. Like universities, the faculties of economics were mainly characterized by a chronic lack of infrastructure, inadequate teaching materials (in particular computer equipment and software), and the poor state of libraries and resource centres. In all of these faculties, there was a high drop out rate among graduate students, and abnormally long thesis preparation lags, which resulted in very low rates of completion of doctoral degree programs by students.

Given its mandate, ACBF in the early 1990s sought to revitalize tertiary education and training by supporting a number of programs such as the Programme de Troisième Cycle Interuniversitaire (PTCI). Today, PTCI is a success story in the area of building capacity for capacity building. Since 1994, the Foundation has committed US\$ 9 million to develop and sustain the program. It was established to strengthen master's degree-level economics training in Francophone Africa, and operates under the auspices of the "Conférence des Institutions d'Enseignement et de Recherches Economiques et de Gestion en Afrique, (CIEREA)" - a consortium of economics departments of Francophone African universities. The overall objective of the program is to strengthen the capacity of participating universities to offer high-quality graduate programs tailored to the needs of the region. The program is based on two categories of universities, namely: (i) Category A universities that are unable to offer master's-level courses that meet the requirements of the common curricular for the Collaborative Masters Program. There are 16 of such institutions in

Francophone countries; and (ii) Category B universities that can receive students from Category A institutions. There are five of such institutions in Francophone countries. In 2000, ACBF supported the PTCI doctorate program established in the research centers of the CIEREA region. These centers benefit from special support, which enables them to develop a learning environment conducive to doctoral research. The PTCI doctorate program meets international standards given that the senior faculty, drawn from around the world through co-supervision arrangements, monitor students working on their theses.

The implementation of the PTCI program has resulted in the provision of support to the faculties through teaching materials (5,860 books and 139 computers) and the training of economists from as many as 18 countries. From 1994 to 2005, 920 students were enrolled and a success rate of 94.44% was recorded. PTCI facilitated the mobilization of 145 lecturers from African, European and American universities to participate in structured seminars and workshops. Following their training, 65% of PTCI graduates are currently working in faculties and research centres. The Program has generated a strong increase in the number of postgraduates in economics, with much improved qualitative training, which is more adapted to the realities of African economies. The cost of the program is much lower than that in comparable institutions outside the Continent. In addition, the program has helped to strengthen regional cooperation and development, promoted skills retention, and fostered knowledge generation and sharing on issues relevant to the Continent.

policies) and Kenya (on constitutional matters and the environment for private sector growth). In Tanzania, the activities of the Tanzania National Business Council have quite effective in rallying support for economic and public service reforms.

Changes in the Performance of Organizations and Institutions

The interventions supported under the public financial management and public administration core competencies have improved the supply-side capacity of targeted institutions through improved organizational frameworks, systems, ICT platforms and human resource bases. Regional interventions have developed collaborative schemes for the delivery of training and technical assistance services as well as forums for experience sharing among senior government officials involved in the management of reform programs.

The BCEAO/BEAC, MEFMI and WAIFEM training programs have contributed to the consolidation of the performance of agencies responsible for the regulation of the financial sector and debt management units by promoting the utilization of best practices and the continuous improvement of systems and processes. The institutions themselves have taken action to regenerate their own capacity by expanding the number of certified experts who could be quickly mobilized to assist countries or agencies as required.

The majority of institutions that benefited from the Foundation's support have consolidated their capacity to discharge their core functions by taking advantage of the flexibility offered by ACBF grants, which provide core institutional support as opposed to other types of donor support mechanisms that often earmark specific activities. It is widely accepted that the long-term support extended by the Foundation to policy institutes has helped some of them to significantly reduce their dependence on donor

support for core operating expenses. This is the case for institutions such as BIDPA, CAPES, EPRC, ESRF and KIPPRA. MEFMI is another example where member states have continued to scale up the level of financial contributions to the Institute. More generally, despite efficiency gains registered by the AERC, EPM and PTCI programs, donor support will continue to be needed to maintain the quality of those programs. However, the demand for quality education is also increasing. The experiences of Makerere and Addis-Ababa universities show that there is potential for reducing the level of donor funding required by some of the programs by increasing contributions of students attending those programs. The scope of training activities has continued to be significant in all the capacity-building interventions supported by the Foundation. The skills enhancement

schemes have targeted the leadership in government, parliament, the private sector and civil society organizations. The training activities aimed at supporting systems and process improvements have targeted at once senior officers, mid-level and junior level officers, depending on the nature of the capacity problems being addressed. However, many beneficiary institutions still face the challenge of capacity retention.

The ACBF Secretariat has contributed to the improvement of the organizational capacity of grantee organizations through better quality of its supervision missions targeting project managers and other project stakeholders, including users of project outputs. In addition, the missions sought to enhance leadership and management skills in beneficiary organizations by providing guidance on how to improve strategic planning and the implementation of

Box 7.

WAIFEM: Making Debt, Financial and Economic Management Work for Development

The West African Institute for Financial and Economic Management (WAIFEM) was established by the central banks of The Gambia, Ghana, Liberia, Nigeria and Sierra Leone as a regional centre for capacity building. In December 2005, the Institute completed Phase I of an integrated capacity-building program (CBP) that commenced in January 2001, with the overall objective of strengthening capacity to manage public debt, financial sector and reserves management, together with effective macroeconomic policy analysis and management. The highlights include the following:

- Ninety six (96) programs were projected to attract 2,000 beneficiaries over the project cycle (2001-2005). The Institute executed 145 programs that benefited 3,500 middle/senior level officials of central banks, core economic ministries, debt management and statistics offices, national parliaments and relevant civil society organizations. As a result, significant improvements have been made in financial and economic management by the member countries.
- Political priority and commitment has been accorded by governments to debt strategy formulation, the establishment of modern debt management frameworks, the introduction of appropriate debt recording software; the building of reliable debt data bases; improved recording and disbursement procedures; debt strategy analysis; and enhanced transparency and accountability in the debt management function as evidenced by increased consultations among key players. Annual audits of debt management units have also been conducted. In particular, Ghana has reached completion point under the HIPC Initiative while The Gambia and Sierra Leone are making steady progress to reach the same benchmark. Although Nigeria is not a HIPC country, it has set up an autonomous debt management agency. Sierra Leone is developing a

domestic capital in close collaboration with WAIFEM.

- There is greater emerging coordination among economic policy management institutions such as core economic ministries, central banks, debt management units, offices of the President, and parliaments. In addition, better macroeconomic policies have been formulated in constituent countries. As a result of the imperative need to entrench fiscal responsibility rules in the countries with greater autonomy for auditor generals, an improved governance environment has emerged. Cutting-edge institutional arrangements in debt and reserves management with clear-cut front, middle, and back-office units have also been adopted.
- Debt fellows have been assigned to senior policy making positions where they are now able to directly influence policy. For example, one of them is Director of the Debt and Aid Management Unit in Ghana while the other is an Assistant Director of Strategic Planning Group responsible for Nigeria's debt strategy policy. Graduates of WAIFEM programs are embedded in strategic positions in core policy agencies where they are influencing policies in the regional economic integration programs.
- WAIFEM's collaboration with the Central Bank of Nigeria paved the way for the success of the country's bank consolidation (mergers and acquisition) policy.
- There is palpable improvement in the quality of reporting, analysis and interpretation of economic and financial issues in the mass media as a result of WAIFEM's programs for journalists. Improvements have also been recorded in the quality of parliamentary oversight functions as a consequence of WAIFEM's strengthening of the competencies of legislators in the finance and economic committees of national parliaments.

In April 2001, the ACBF Executive Board approved a second phase grant of USD 1,500,000 in support of the Botswana Institute for Development Analysis (BIDPA). The objectives of BIDPA are to: (i) provide institutional capacity that will facilitate policy analysis in Botswana; (ii) provide research support and policy analysis services to key economic ministries and agencies; (iii) undertake and promote policy research in development policy issues of relevance to Botswana and the Southern African region; (iv) develop local capacity for policy analysis and management through in-service training and fellowship programs; and (v) produce and disseminate information on development policy issues.

BIDPA has continued to contribute importantly to the shaping and implementation of development policies in Botswana. For example, the Government of Botswana recently announced that it would review the recommendations made in a BIDPA study regarding the agricultural infrastructure development initiative. As a result, the Government plans to introduce a policy to facilitate agricultural development. This will entail the provision of the requisite infrastructure improved roads, electricity, water and serviced land for agricultural development. It is anticipated that such developments will transform not only the agricultural sector, but will also benefit the rural communities and other sectors peripheral to the agriculture sector.

Following research carried out by BIDPA for the Ministry of Local Government focusing on "Review of the Remote Areas Development Program", an ambitious infrastructure development program is in progress, and the Government has committed 1 billion Botswana Pula (about US\$180 million). In collaboration with the World Bank, BIDPA produced a major report on Export Diversification in Botswana. This study reviewed six key sectors of the economy and this has laid a strong foundation for many more economy-wide studies on this subject that the Institute plans to explore further in 2006.

Through the Trade and Poverty Program, BIDPA is

reshaping the role of civil society in trade policy formulation in Botswana. A draft of the pro-poor trade policy is in progress and will inform future strategy in development planning and trade development. Situation analysis research conducted by BIDPA in 2004/2005 revealed that there is a consensus among all stakeholders to consult widely in trade policy formulation to ensure that future trade policy is pro-poor in terms of focus. At the regional level, the Southern African Trade Research Network (SATRN) has contributed significantly to BIDPA's work on trade policy research and capacity building. Through the network, BIDPA continues to work towards developing trade research capability in the SADC region with respect to trade policy review and development, with special emphasis on the World Trade Organisation (WTO) trade liberalization agenda.

The Government of Botswana announced new developments in its incomes policy initiatives. A draft Revised National Policy on Incomes, Employment, Prices and Profits of 2005 was tabled before Parliament in 2005 and is due for debate in 2006. The draft policy document was informed by recommendations made by BIDPA in 2004/2005, and recommends a minimum wage for the working poor such as domestic workers and persons employed in the agricultural sector. It is envisaged that this policy will attempt to link wage growth to productivity to encourage and facilitate international competitiveness. It will also spread the benefits of development throughout all sectors of society.

BIDPA continues to work with the private sector and researchers at the University of Botswana. Under the SATRN program, significant achievements have been made, bringing together researchers, policymakers and trade negotiators to share their respective expertise in trade policy formulation. It is also hoped that the momentum gained under the BIDPA Trade and Policy Program at the national level will assist in profiling trade research to inform the development of an appropriate trade policy document for Botswana.

project work programs and budgets. The introduction of output-based budgeting requiring clear and quantifiable sets of objectives in support of activities listed in annual work programs is still experimental and yet necessary for mainstreaming a results-based management culture in the Foundation's partner institutions. As a result, there have been notable improvements in disbursement rates and in the governance of ACBF-supported projects and programs.

Through the supervision missions, the ACBF Secretariat

has been able to identify a number of emerging opportunities as well as constraints. The review of achievements of ACBF-supported projects has enabled the Foundation to assess the extent to which key outputs were delivered as well as appraise prospects for improving their organizational performance. The systematic review of projects provided a solid basis for determining the level and the focus of the funding of operations that benefited from an extension in grant support. Key constraints that have been identified by officers in the field include

The "Centre d'Etudes de Politiques pour le Développement (CEPOD)" is an outgrowth of the first phase of the "Unité de Politique Economique (UPE)" project in Senegal. It retrofits and enhances the key components of UPE while encompassing as well interface operations involving the public sector, the private sector and civil society. CEPOD has made significant contributions to policy making and development process in Senegal by improving the role of policy research in public policy dialogue, formulation, implementation, monitoring and evaluation. Its activities are directly linked to the implementation of the PRSP, the monitoring of the achievements of the MDGs, and the formulation and implementation of the country's growth acceleration strategy.

CEPOD has contributed strongly to the preparation of major policy and strategy documents such as the Poverty Reduction Strategy Paper (PRSP), the National Good Governance Program (PNBG), the Strategy for Accelerated Growth (SCA), and the Millennium Challenge Account document (MCA). CEPOD is represented on the steering committee responsible for monitoring the revision of the first PRSP and formulation of a new PRSP. It has been at the forefront of the preparation of the PRSP by chairing and coordinating the activities of the thematic group on wealth creation, which report constituted one of the pillars of the Senegalese PRSP. In addition, CEPOD conducted a study on capacity needs assessment in economic and social management. CEPOD is contributing to the implementation of the program through capacity building of elected mayors and civil society representatives in planning, budgeting, public procurement and participatory approach to development. CEPOD has also assisted in the drafting of the country's governance profile initiated by the AfDB and ACBF.

CEPOD is the focal point representing the Ministry of Finance in the implementation of the PNBG. It played a leading role in the definition of Senegal's accelerated growth strategy in 2002, the goal being to put Senegal on the path of emerging economies by 2015, through accelerated growth from the current level of 5-6% to

8% or more. CEPOD is chairing the sub committee 'Wealth creation' of the achievement of the MDGs steering committee. The United Government has accepted the proposal and Senegal is one of the rare African countries to be selected to participate in the Millennium Challenge Account (MCA).

CEPOD has been at the forefront of the drafting of the national private sector promotion strategy. CEPOD represented the Government in the steering committee in charge of the implementation of the strategy. Some of the outcomes of the implementation of the strategy is the establishment of private sector promotion structures such as the Senegalese Association of Norms, the National Agency for the Promotion of Investment and Public Works (APIX), the National Agency for the Coordination and the Development of Small and Medium Scales Enterprises (ADEPME), and the Senegalese Agency for Exports Promotion (ASPEX). Upon request from the Ministry in charge of Small and Medium Scales Enterprises, CEPOD drafted the Charter of Small and Medium Scales Enterprises approved by the Government of Senegal.

CEPOD's impact on strengthening public-private interface in Senegal is through its partnership with WBI on strengthening the regulatory framework of the infrastructure sector. One of the outcomes of this partnership was the adoption by Parliament of a law in September 2002 clarifying the regulatory framework of the Government regulation agencies and the private enterprises intervening in the infrastructure sector.

CEPOD faces growing demand from a vast array of actors on the policy scene. The Government of Senegal decided to make CEPOD the focal point for all capacity-building activities in the country. Consequently, CEPOD participates in the negotiation and monitoring of policies and capacity-building programs negotiated by the Government with major donors such as the French Cooperation Agency, the African Development Bank and the World Bank. The Government is committed to making CEPOD a centre of excellence in capacity building in Senegal.

difficulties in mobilizing sufficient co-financing due to the absence of financial sustainability strategies, the inability of project promoters and managers to have well-focused missions as well as clear implementation strategies and plans.

It has also been observed that a large number of donor organizations are reluctant to provide operating grants and prefer to earmark their support to specific program activities. This approach to supporting program activities

at the expense of institutional support reflects the bias towards development results, which ignores the need to maintain or strengthen the organizational capacity of agencies or organizations involved in the delivery of the services needed for fulfilling development objectives. Financial sustainability emerges as a major challenge facing some of the projects that rely mainly on donor support for both their operational and program expenses.

Decline in donor support would definitely affect project implementation. It is therefore crucial for projects to have financial sustainability strategies at the stage of project design.

Project and Program Achievements and Impact by Core Competency Area

Economic Policy Analysis and Management

ACBF-funded projects and programs have continued to contribute to the enhancement of various policy processes through the provision of analytical and technical support to policy design and implementation as well as through improvements in the participation of non-state actors in development policy debates and good governance. In the case of Burkina Faso, Burundi, Cameroon, Ethiopia, Ghana, Kenya, Niger, Senegal, Uganda and Tanzania, policy institutes have been active in supporting PRSP processes in their countries, conducting capacity needs assessments and costing of projects under the MDGs, as well as helping to articulate long-term socio-economic visions for their countries. The support from policy institutes and training programs was largely in the form of the provision of policy recommendations to governments, organization of consultative fora for policy dialogues, drafting of policy papers, service on government task forces, and review of government programs and policies.

An increasing number of projects were also actively involved in supporting trade negotiations at both the

national and regional levels. This was the case for policy institutes located in Botswana, Namibia, Kenya, Tanzania, Uganda, Ghana, and Burkina Faso. Some of the projects have undertaken activities that contributed to the setting of new development policy agendas and were successful in attracting support from governments and other development agencies. The work of BIDPA in Botswana, CAPES in Burkina Faso, CEPA in Ghana and CEPD in Senegal are good examples of the contribution of policy institutes to the identification of new opportunities for diversifying the structure of national economies and shaping the strategic direction of economic development policies. These contributions, together with other activities that support the formulation of national capacity-building strategies, illustrate the important role of policy institutes as providers of public goods. In addition to the technical support given to the monitoring and evaluation of PRSPs and budget processes, policy institutes have acquired legitimacy as trusted facilitators. In that respect, they have differentiated themselves from private consulting firms specializing in economic and development management.

Financial Management and Accountability

The BCEAO-BEAC programs in macroeconomic analysis and debt management, MEFMI and WAIFEM have continued to provide support to key ministries, central banks and agencies involved in financial management. Their activities have focused on skills development and support to the deployment of best practices in financial management. These efforts contributed to higher

Box 10. CCDB and the Deterrence of Financial Mismanagement in Djibouti

In 2001, ACBF awarded a grant of US\$1,091,310 to the Government of Djibouti to enhance the human and institutional capacity of the *Chambre des Comptes et de Discipline Budgétaire* (CCDB). The objective of the project was to improve governance in Djibouti by strengthening transparency and accountability in the management of public resources in the country.

On completion of the first phase of its operations, the CCDB had 15 trained magistrates, 12 clerks, and 5 support staff. In addition, there now existed a regulatory framework consistent with the mission and prerogatives of an institution of control, including independence and legal protection of the magistrates. The project also provided the CCDB with the required logistical and security equipment.

The CCDB has been able to organize sensitization seminars on the importance of good governance, the role of the CCDB in relation to good governance in general, and the management of public resources in particular. The CCDB was also able to produce a major report on the implementation of the national budget *Rapport sur l'Exécution des Lois de Finances* (R.E.L.F.) for the period 1999-2002 as well as a general

public report for the period 1999-2002. As a result, the accounts of institutions under the control of the CCDB are now submitted to the Chamber on a regular basis, and the Government has made the enforcement of the recommendations of the CCDB reports a priority.

The first phase of the project is already having an impact on financial management and accountability in Djibouti. For example, the positive behavior change on the part of institutions under the control of the CCDB is due in part to the role that the CCDB is playing as a deterrent of mismanagement. Another impact of the project is the revitalization of downstream control activities, including systematic parliamentary control of the management of public resources. Today, the public is more aware of the centrality of good governance, accountability and transparency in general, and good management of public resources in particular. The Chamber of Accounts and Budgetary Discipline has become an effective and reputable institution responsible for control of all branches of government in Djibouti. In recognition of the achievements of the project, the Foundation approved funding (US\$675,000) for its second phase in May 2005.

Parliaments and Parliamentary Institutions as Development Builders in Africa: Stories from the ACBF Portfolio

Box 11.

Parliament plays a critical constitutional role in any legitimate political structure and system irrespective of whether it is based on a parliamentary system of government or on a presidential system. As an institution made up of persons who have been elected by members of society to represent the electors/people, Parliament is a fundamental and legitimate institution of democratic governance and a stabilizing force for development through its function of lawmaking, oversight of Executive Branch performance and representation of its constituents.

The role of Parliament in Africa is even more critical given the new trends and orientations in the planning and execution of medium-term development frameworks evolving from structural adjustment-led development management to processes and strategies focusing on poverty reduction and growth (wealth creation). The expectations raised by the adoption of poverty reduction strategy papers (PRSPs), the international consensus on the Millennium Development Goals (MDGs), and the advent of the New Partnership for Africa's Development (NEPAD) compel Parliament to add its voice to the national debate on the future of any given country.

Since 2001, ACBF has provided a total amount of US\$10 million to support capacity building of national and regional parliaments in sub-Saharan Africa and they include:

The Cellule d'Analyse des Politiques de Développement de l'Assemblée Nationale (CAPAN) project in Benin; the Policy Analysis and Research Project (PARP), National Assembly of Nigeria; the Parliamentary Capacity Building Project (PCP) in South Africa; institutional strengthening of the Southern African Development Community Parliamentary Forum (SADC-PF); institutional strengthening of the East African Legislative Assembly, which is part of the East African Community (EALA-EAC); strengthening of the capacity of the Research Department of the Parliament of Zimbabwe; conduct of a needs assessment exercise for networking among parliamentarians in the SADC and Eastern African Sub-regions; and support to the Pan-African Parliament (PAP).

In addition to funding the above initiatives, ACBF established in October 2003 a Technical Advisory Panel/Network (TAP-NET) on national parliaments and parliamentary institutions (PARLIANET) as one of the Foundation-promoted six global knowledge networks. PARLIANET comprises African and non-African professionals with vast knowledge of issues relating to the building of the capacity of national parliaments. The objective of promoting PARLIANET is to have a network of experts in parliamentary matters who can guide the Foundation in its operations in this competency area.

performance in such areas as debt management and negotiations for HIPC countries and with the PARIS Club. Ghana and Nigeria have specifically benefited from WAIFEM support. In Eastern and Southern Africa, MEFMI has continued to hold its Executive Forums, which offer valuable opportunities for exchanging lessons in the application of best practices in financial management and provide insights on how to manage reforms of the financial sector. Ministers in charge of Finance and Planning as well as chief executives of economic and financial management agencies are given an opportunity to address pertinent and topical issues and emerging developments in the macroeconomic and financial sectors. The exchanges include information on impending reforms as well as issues relating to successful applications of best practices and standards in financial management.

In Djibouti, the Office of the Inspector General of Government was one of the accountability institutions to benefit from the Foundation's support. The IGG has concluded the review of its institutional framework, which would pave the way for the implementation of its organizational development plans.

Progressively, capacity-building projects targeting parliaments are making an impact on the effectiveness of Parliament in exercising their oversight responsibilities. Indeed, studies have revealed that, in Benin for example, debates in the National Assembly have become more substantive, and the number of questions addressed to government officials during parliamentary sessions has increased significantly over the past two years. This is an indication that legislators in Benin are now more knowledgeable and have a better understanding of national issues, which enables them to participate more effectively in the political process.

In Benin, these results were achieved through efforts to enhance the individual capabilities of members of the National Assembly. Indeed, between November 2004 and August 2005, CAPAN organized nine workshops and seminars. Each of the eighty parliamentarians in the National Assembly participated in at least one of the training courses offered by CAPAN. These included training to enhance understanding of the national budget and the underlying economic determinants of fiscal policy. Specialized courses in this area were offered to members of the Parliamentary Finance Committee, which can most

Parliaments and Parliamentary Institutions

The PALOP Initiative: Aiming to Strengthen Macroeconomic Management in Lusophone Countries in Africa

Box 12.

It is well recognized that sound macroeconomic management is critical for sustained development and growth in Sub-Saharan Africa. ACBF has been investing in capacity building to strengthen macroeconomic management in Africa, and such support has also been extended to the Países Africanos de Língua Oficial Portuguesa (PALOP).

The PALOP countries comprise Angola, Mozambique, Cape Verde, Guinea-Bissau and São Tomé and Príncipe. Given that they are geographically apart, the PALOP countries do not meet some basic criteria that would ordinarily classify them into a typical economic cluster or region. However, they share common pre-independence histories that bind the community to a common official language (Portuguese) and have a socio-political cooperation agreement that provides an overarching framework for their partnership.

At the turn of the new Millennium, the PALOP countries, following decades of devastating conflicts, are working to make a difference by implementing political and economic reforms that are poised to place them on a path toward recovery and development.

In December 2004, the ACBF Executive Board approved a grant of US\$ 2 million to support the implementation of the PALOP Institute project. The PALOP Institute will contribute to the building of local professional capacity in macroeconomic, financial and debt management. Through its training program, the Institute will not only disseminate knowledge and conceptual guidance in macroeconomic and financial management, but will also provide an opportunity for sharing lessons from

the practices and experiences of other African countries, particularly the PALOPs. Such knowledge creation and sharing is expected to improve macroeconomic and financial management in the PALOP countries.

The PALOP Institute Training Program will target a wide range of professionals and public officials who contribute directly or indirectly to macroeconomic, debt and financial management in the PALOP countries. The PALOP Institute Initiative has strong support from other development partners. The Institute will develop strong partnerships with similar institutions such as MEFMI, WAIFEM and the BCEAO/BEAC training programs.

The PALOP countries show relatively significant gaps in terms of the educational levels and skills of public officials and thus in their capacity to manage structural and economic reforms as compared with their respective neighbors and those in other regions on the Continent.

The language barrier has prevented the PALOP countries from benefiting from regular exchanges and mutual learning processes with similar institutions in their respective geographical zones. The PALOP Initiative will explore the economies of scale of training arising from cultural and language similarities. As a result, the differences in economic development processes and stages among the PALOPs pose an additional challenge to address and design macroeconomic and financial management programs that also foster the integration of PALOP countries into the economies of their respective geographical zones.

readily influence the budget and financial planning process. CAPAN also provided training in parliamentary procedures, lawmaking and law revision. Training was also offered to journalists accredited to the National Assembly to enhance their understanding of parliamentary procedures, discussions and debates. In addition, several research papers on national issues were completed by project staff and were widely disseminated. For example, a study of the impact of privatization on the national economy was well received and is currently influencing the ongoing national debate on privatization.

In South Africa, through the PCP project, the backstopping of legislators was improved by enhancing research capacity to meet the needs of the Chair of Committee Chairs (House Chairperson) as well as the Public Enterprise, Public Accounts and Defense

Committees. The project also seeks to strengthen the Chief Whips Forum and the National Council of Provinces. The support to the Chair of Committee Chairs has strengthened the capacity of the committees to process their business plans, prepare budgets, and monitor their activities. More importantly, for the first time the committees are scrutinizing departments' strategic plans, budgets, and annual reports in their oversight functions. Also, the records keeping systems and monitoring mechanisms are further developed to speed up the processing of legislative progress reports with accurate and reliable information.

Interface Operations

The interface projects in the Foundation's portfolio have been effective in facilitating the involvement of non-state actors in the policy making process and in enhancing partnership among state and non-state actors. Some of the projects have further contributed to the improvement of

ACBF has pursued vigorously its efforts to track the results and performance of the projects and programs in its portfolio. This effort has been carried out in full awareness of the difficulty of firmly establishing a causal relationship between capacity and performance, especially when assessing changes in development outcomes.

However, the Foundation has adopted a results-oriented approach in its assessment of the performance of its capacity-building interventions, which attempts to track progress in the utilization of services or outputs produced by those interventions. The tracking of results has been done at two levels: (i) development results at the level of changes in broader institutional frameworks (including policy making processes, improved participation in the formulation of development frameworks, and enhanced interactions across major public institutions and other development stakeholders); and (ii) changes in the performance of organizations, focusing on their capacity to respond to the changing environment and to sustain their legitimacy and operational capability. The latter level of assessment of performance assumes that the organizational performance reflects enhanced capacity, which may be attributed to improved governance and leadership, improved systems and procedures, and individual skills and competencies.

Through its monitoring system, the Foundation documents changes in development results by focusing on the delivery of key outputs and changes in the organizational performance of Foundation-supported interventions. Thus, the assessment of the interventions

attempts to delineate the impact of projects at two levels: i) the policy environment; and ii) the agency or institution.

While changes observed in the performance of ACBF-supported projects and programs could be attributable to many factors, the Foundation seeks to identify and assess the relevant support services provided by the Secretariat (for example, sharing knowledge of good practices and timely access to financial resources), and which were needed to carry out program-related activities or to address the the operating needs of beneficiary organizations. The analysis of changes in the performance of beneficiary organizations provides an opportunity for describing the role of the Foundation in fostering improvements in the organizational capacity of agencies responsible for the implementation of projects and programs.

The overall picture of the portfolio of projects and programs shows that the Secretariat has experienced a moderate growth in the size of the portfolio and that such growth was achieved without affecting the effectiveness of monitoring and supervision activities of active projects and programs. The portfolio of projects and programs has improved steadily in terms of the quality and relevance of outputs produced - thus pointing to a possible higher impact on development outcomes as well as enhanced performance of beneficiary organizations of ACBF's assistance. The efficiency in the utilization of grant resources has also increased if one uses the growth in the volume of outputs achieved by projects compared to their available resources.

governance in both the public and private sectors.

For instance, IDEG-Ghana has contributed significantly to the debate over budget allocations for youth employment programs in Ghana. IDEG was a key facilitator of the dialogue between individuals from civil society and community-based organizations, and the private sector on the one hand, and officials from public institutions (for example, local government officials, members of Parliament and elected local council members) on the other hand.

The leadership development programs undertaken by ACBF-supported NGOs have targeted change agents from NGOs and related sectors, and these efforts have enhanced the quality of dialogue between parliaments and the NGO sector as well as their capacities to engage governments and cooperating partners on issues relating to trade and development cooperation.

In West Africa, the Chamber of Agriculture, through the activities of the PRIECA/AO Project, has successfully mobilized government officials and other stakeholders on issues of interest to the agriculture sector in the context of

the WTO meeting in Hong Kong. Increasingly, private sector associations are gaining more space in the dialogue on development issues and are becoming key players in sustaining the momentum for reform. An example is Tanzania where the Tanzania Business Council formalizes the dialogue between Government and the private sector.

Lessons

Many countries in all regions of the Continent have increased their demand for policy advice in support of policy making. This development has increased the relevance of the work of policy institutes and has thus improved the prospects of their sustainability. Policy institutes have succeeded in carving out niches in support of various policymaking processes in an increasing number of countries on the Continent. For example, in Namibia, NEPRU was invited to join the President's Economic Advisory Council, following in the footsteps of EPRC, which was already a member of a similar institution in Uganda. In Kenya, KIPPRA is playing a major role in providing technical backstopping to the newly established National Economic and Social Council. In Burkina Faso,

Table 5. List of ACBF-AFRITAC Workshops held in 2005

TITLE OF/ COURSES / WORKSHOP	DATE OF WORKSHOP / SEMINAR	VENUE OF WORKSHOP
1. Workshop on Public Expenditure Tracking	January / February 2005	Jinja UGANDA
2. Workshop on Macro-Modelling Kippra/Treasury Macro-Model	24 January - 4 February 2005	Nairobi KENYA
3. Workshop on Program Budgeting and Medium-Term Expenditure Frameworks	21 - 24 February 2005	Nouakchott MAURITANIA
4. Workshop on "The Challenges of Customs Administration in an Era of Trade Facilitation and Regional Trading Arrangements"	19 - 25 September 2005	Kampala UGANDA
5. Seminar on Principles of Good Governance in Credit And Savings Institutions	10 - 12 October 2005	Dakar SENEGAL
6. Seminar on The Management and Control of Tax and Customs Duty Exemptions	7 - 12 November 2005	Cotonou BENIN
7. Workshop on the Comparative Analysis of the General Principles of, and Differences between, the Public Finance Statistics Manuals of 1986 and 2001	21 November - 2 December 2005	Lome TOGO
8. Workshop on The Management of Local Government Finance	12 - 16 December 2005	Cotonou BENIN

CAPES frequently submits white papers and confidential memoranda to the President on economic and social policy issues. A recent example was a Note de Conjoncture on the effects of the rising price of hydrocarbons, their impact on the economy, and strategies for managing the situation. All these examples provide concrete indications of the utility of the services provided by policy institutes in supporting changes in the enabling environment arising from the implementation of reform processes and poverty reduction programs.

Countries and regional economic communities have improved their trade negotiations capacities by systematically harnessing the technical expertise of policy institutes and other research centres. The technical contributions were made in the form of studies and backstopping of delegations involved in major negotiations such as the WTO and EU-EPAs. The increased demand for policy advice also reflects the heightened effectiveness of MDAs, which are now focusing more on quality and results in the formulation and implementation of development programs.

The improved effectiveness of programs and policies observed in an increasing number of countries has also created a virtuous cycle in which increased demand for quality services has also reinforced the need to strengthen the capacity of individuals and organizations involved in service delivery. The contributions of various training

programs have scaled up the general level of competencies of public sector officials at various levels. The capacity-building interventions focusing on skills enhancement have significantly stimulated the demand for evidence-based policy making as well as created better conditions for deepening reforms in the public service. Through training and technical assistance, MEFMI and WAIFEM have made a major impact on reforms aimed at improving the regulation of the financial sector. For instance, the area of banking supervision has continued to improve through applications of best practices and exchange of experiences by regulatory authorities in MEFMI and WAIFEM member states.

The experiences of institutions such as CAPES-Burkina, KIPPRA-Kenya, NEPRU-Namibia, and BIDPA-Botswana offer some good indications that policy institutes that have succeeded in producing quality services which target the needs of the public sector stand a good chance of mobilizing domestic resources for funding their core activities.

The encouraging performance of a large number of economies in Africa has created favorable conditions for the employment of economists. This development explains the high demand for AERC-CMAP and AERC-CPP programs. The various financial management reform initiatives implemented in many countries have also increased the demand for specialized training offered by institution such as MEFMI. Indeed, the need to strengthen



Directors of ACBF-supported institutions, the Executive Secretary and some ACBF staff members pictured during the Consultative Meeting on the Foundation's Strategic Medium-Term Plan (2007-2011) held on 2 July 2005 in Nairobi, Kenya.

The interface projects have demonstrated that they have good potential for improving governance through advocacy for better consumer protection and better allocation of public resources to protect vulnerable groups.

The challenge of capacity retention remains a multi-faceted problem. Indeed, experienced policy analysts are in high demand for employment in the public sector, the private sector, and other regional or international organizations. Such job mobility is partly explained by better terms of employment offered to researchers. In other instances, the mobility is caused by other factors such as political appointments or the need to expand work experience in other institutional settings. It has become urgent for policy institutes and training centers to develop a strategy for deepening their human resources base in a manner that will enable them to continue discharging their core activities without severe disruptions in the implementation of the work plans. The experience of

BIDPA, which concluded a formal staff exchange program with the University of Botswana appears to be promising as it offers a framework for managing staff mobility.

The coordination of capacity-building operations at the national level remains a considerable challenge. The majority of countries do not possess a coherent framework for coordinating the various institutional reforms or capacity building programs they are implementing directly or through proxies. Against this background, the Foundation has progressively relied on specific ministries or agencies to coordinate interventions, which required the involvement of multiple departments, agencies or sectors. The choice of given coordinating institutions has been guided by extensive consultation among interested stakeholders, which ordinarily leads to the identification of the agency or department that would champion the implementation of the capacity-building project or program.

Figure 3a. Policy Studies, Research, Technical and Advisory Services

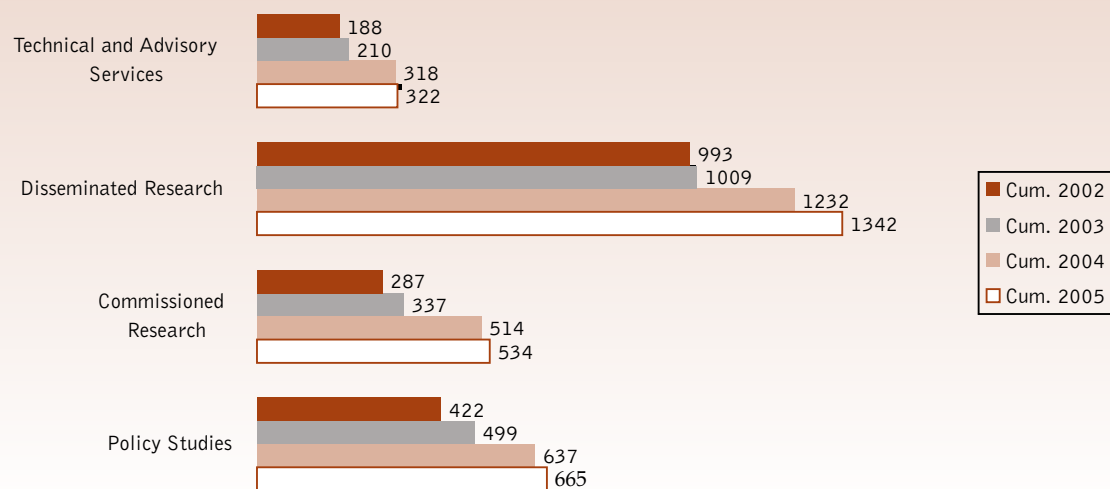


Figure 3b. Beneficiaries of Fellowships

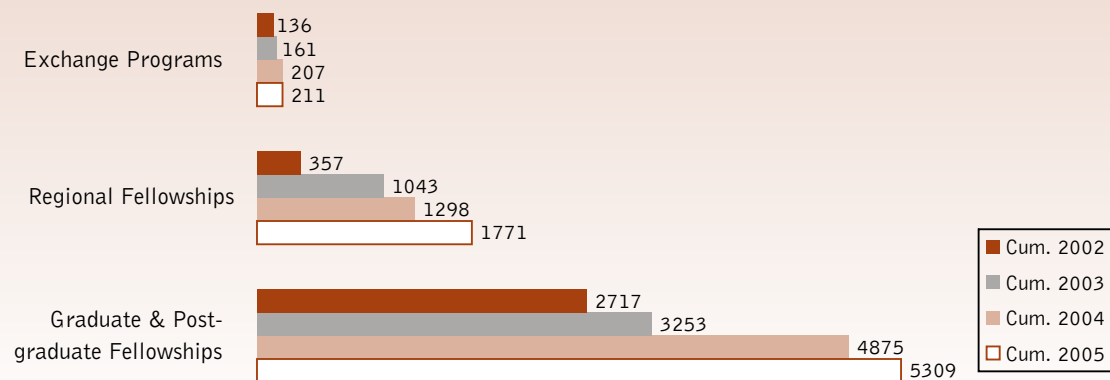
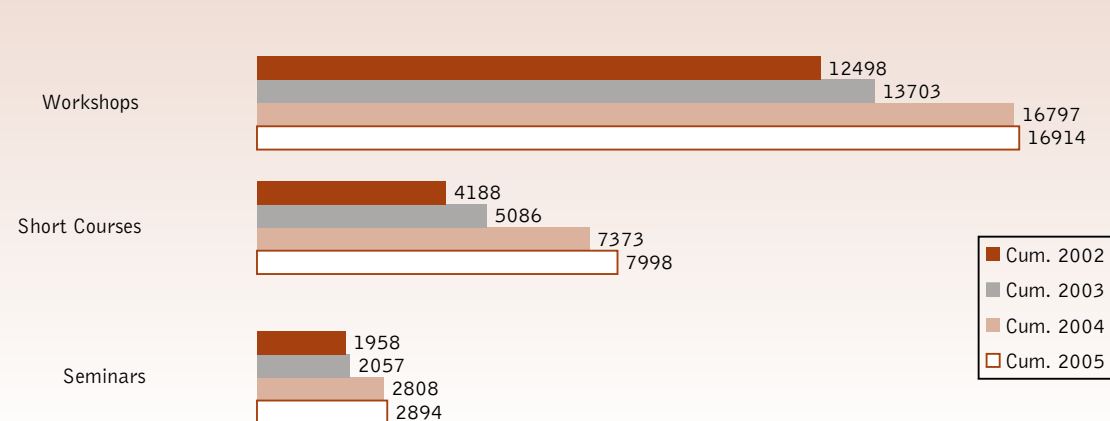


Figure 3c. Beneficiaries of Training



H. Operational and Institutional Challenges

From Enclave Financing to Basket Funding: The ACBF Experience

The donor-recipient relationships in most developing countries, particularly in sub-Saharan Africa, have been largely characterized by huge transaction costs in terms of duplication of funding efforts on the part of the donors, attendance at donor meetings, participation in monitoring missions, and report writing by recipients. These transaction costs and other related constraints have imposed serious burdens on the recipients and almost compel the officials of many recipient countries preoccupied more with how to satisfy various donor requirements than with the discharge of their core duties. This has created concerns in donor communities. To address this problem, high-level forums were convened in Rome and Paris in 2003 and 2005 respectively to discuss the modalities for donor harmonization and aid effectiveness. Both meetings ended with a declaration that emphasized ownership of projects and programs by local stakeholders, alignment and harmonization of donor efforts to avoid duplication, focus on development results as opposed to the mere generation of outputs, and mutual accountability.

These declarations are influencing the way donors and recipients conduct business today. Indeed, the direct consequence of the declarations is the strong emphasis by recipient countries on basket funding or resource envelopes for direct national budget support. However, the Rome Declaration on Harmonization had an exception that budget, sector, or balance of payments support can be provided where it is consistent with the mandate of the donor, and when appropriate policy and fiduciary arrangements are in place.

ACBF does not currently have instruments for basket funding given that it operates special project accounts. Therefore, most of its interventions have been limited to projects through the establishment of policy units/institutes or the strengthening of the existing ones. Over the past two years, the Foundation has experimented with three country programs in Cameroon, Rwanda and Uganda. The three programs are multi-stakeholder driven and funded. However, the Foundation is limited by its mandate to operate a special account in funding its components of the program activities. The recipient countries are not totally against this approach as it creates space for donors whose mandate is not consistent with basket funding or direct budget support. The cases of Cameroon, Rwanda and Uganda are very illustrative. In Uganda, for example, most of the donors operating in the country constituted a forum called Uganda Joint Assistance Strategy (UJAS) of which ACBF is a member by virtue of its interventions in the country. UJAS is based

on the Rome and Paris principles of donor coordination and harmonization. There are three types of membership: (i) donors that intervene through basket funding; (ii) donors with a hybrid approach (that is, basket funding and project funding); and (iii) donors that prefer project-based funding. ACBF is one of the donors whose mandate and operating principles limit it to project-based funding.

Besides ACBF's mandate as a limiting factor to participating in basket funding, the other two issues are equally important - that is, appropriate policy and appropriate fiduciary arrangements. In most African countries, these two issues pose serious challenges to participation in basket funding arrangements because many of the countries concerned are characterized by weak policies and lack of accountability and transparency in the use of public financial resources. Even if ACBF's mandate were changed to accommodate a basket-funding arrangement, inadequate policy reform and weak financial management would remain a constraint. Nevertheless, the principle of coordination is central to the Foundation's operational modalities. Whenever feasible, ACBF agrees to, and participates, in joint appraisals, program and financial reporting, evaluations, and project/program closures. The Foundation also participates in donor sector working group (SWG) and donor coordination meetings.

Enclave funding ensures that donor funds reach the targeted projects and intended beneficiaries, which is not always the case in basket funding. Under enclave funding, project performance and financial accountability can easily be monitored, and when necessary projects can be re-designed to achieve the intended objectives. Thus, enclave funding enhances flexibility in project management such that deviations from original goals and objectives can be quickly corrected within a reasonable time.

It is however important to underline the fact that the Foundation's project-based funding approach does not necessarily interfere with the overall coordination of resource allocation in relevant sectors. The Foundation has two operational instruments to ensure such coordination with other development partners: co-financing and joint project/program/capacity profiling missions. These two instruments remain the key mechanisms for coordinating capacity-building efforts at all levels and areas of the Foundation's intervention.

Overall, basket-type funding remains an effective instrument for funding capacity-building interventions unlike budget support mechanisms, which very often favor recurrent or service delivery expenditures over the intended capacity-building activities. However, the issue of appropriation and tracking of impact would continue to remain a challenge if the Foundation was to fully adopt the basket-funding approach.

Performance Measurement in Capacity Building: A Road Map

No single commonly accepted method exists to measure the performance of interventions in capacity building. The inherent challenges to measuring capacity are reflected in the concept and role of capacity building itself. There is however a consensus that capacity enhancement is critical to meeting the challenges of sustainable development and that, without adequate operationalization and measurement, it becomes extremely difficult to assess capacity gaps and to evaluate the success or failure of an intervention or even that an organization has been effectively enhanced as a result of capacity-building programs.

To address the capacity-building measurement gap, a number of measurement frameworks have emerged which consider compass capacity enhancement as a process rather than as a final outcome or an output that is easily identified and quantified. The frameworks also recognize that capacity enhancement involves a complex process of learning, adaptation, and attitudinal change at the

individual, organizational, and institutional levels. The complexity in utilization of most of these frameworks underscores the fact that identification of indicators and measurement tools that grasp the various aspects of capacity enhancement and address these different levels of analysis is much more challenging and difficult than identifying indicators that measure outputs or outcomes.

The Danish Development Agency (DANIDA) has developed a framework, the Capacity Development Outcome Evaluation (CDOE). This tool focuses on outputs of the organizations and gives less attention to outcomes. It recognizes the influence of external factors on the outputs of organizations. Once outputs are identified, they then provide the focus to trace back what factors and inputs were responsible for producing and influencing those outputs. However, it is difficult to identify changes where there is an absence of tangible/hard products for outputs such as coordination or networking. There are issues to clarify concerning the CDOE in relation to its complexity, demand in time and information, the assumptions about outputs, the attribution of outputs and the difficulty of keeping the logic of the steps while collecting information.

Box 14. ACBF, Performance Indicators and Capacity Building

The ultimate aim of capacity building is to promote sustainable growth and development. Yet, most agencies are yet to clarify the concept of capacity building and how to measure it.

ACBF's experience in performance assessment has been to assess the contribution of capacity building in the growth and development process or its development effectiveness. Capacity has two major components: skills and institutions. Skills rest with individuals and consist of the abilities of an individual to identify, analyze, plan and find solutions to development problems. The institutional component, on the other hand, consists of hard and soft sub-components. Hard sub-components are organizations and agencies, while the soft ones are systems, process, procedures, behaviors and norms, which although intangible, are just as important as organizational structure.

ACBF-supported interventions have contributed to changes in the broader policy environment and improvements in the service delivery capacity of the public sector. Sufficient evidence exists to support the

Foundation's performance in providing capacity building on the Continent using indicators that gauge recipients' skills and institutional enhancement:

- Effective support to policy and program implementation: PRSPs, decentralization programs and public management reform programs;
- Analytical inputs and technical support to various processes relating to trade negotiations for the WTO, EPA-ACP/EU and other regional integrations agreements;
- Increased quality of public policy and ownership of development programs;
- Strengthened economic management institutions: president's economic advisory council; central banks; debt management agencies; budget committees of parliaments and other high-level task forces established for monitoring major reform programs;
- Enhanced participation of private sector and civil society organizations in economic governance; and
- Pertinence of strategies and policies based on participatory methods.

ACBF's efforts in designing a framework to assess its interventions are premised on its project implementation and monitoring system, which is aimed at providing regular progress reports. These reports promote learning and accountability and focus on the quality of interventions. The Foundation examines six fundamentals in the measurement of performance: relevance, effectiveness, efficiency, ownership, impact and

sustainability. These elements indicate that impact measurement on its own is meaningless in the assessment of the success of an intervention in capacity building until, for instance, the issue of the ownership of the skills and institutions that generate the impact and the sustainability of such impact has been addressed. Singling out impact does not determine the share of the contribution of capacity building to changes that may occur, for instance



The Opening Ceremony of the Second Annual Meeting of the Foundation's Technical Advisory Panels and Networks(TAP-NETs) held on 14-15 April 2005, Harare, Zimbabwe.

in a policy environment or during organizational transformation. Changes that occur at the impact level may be causal. They may have been induced by external influences, or through the application of a results-based management strategy, which may not necessarily embody direct capacity-building activities. In addition, using impact as a measure has the danger of not taking into consideration the fact that changes in development policies and program may not necessarily emanate from national capacity.

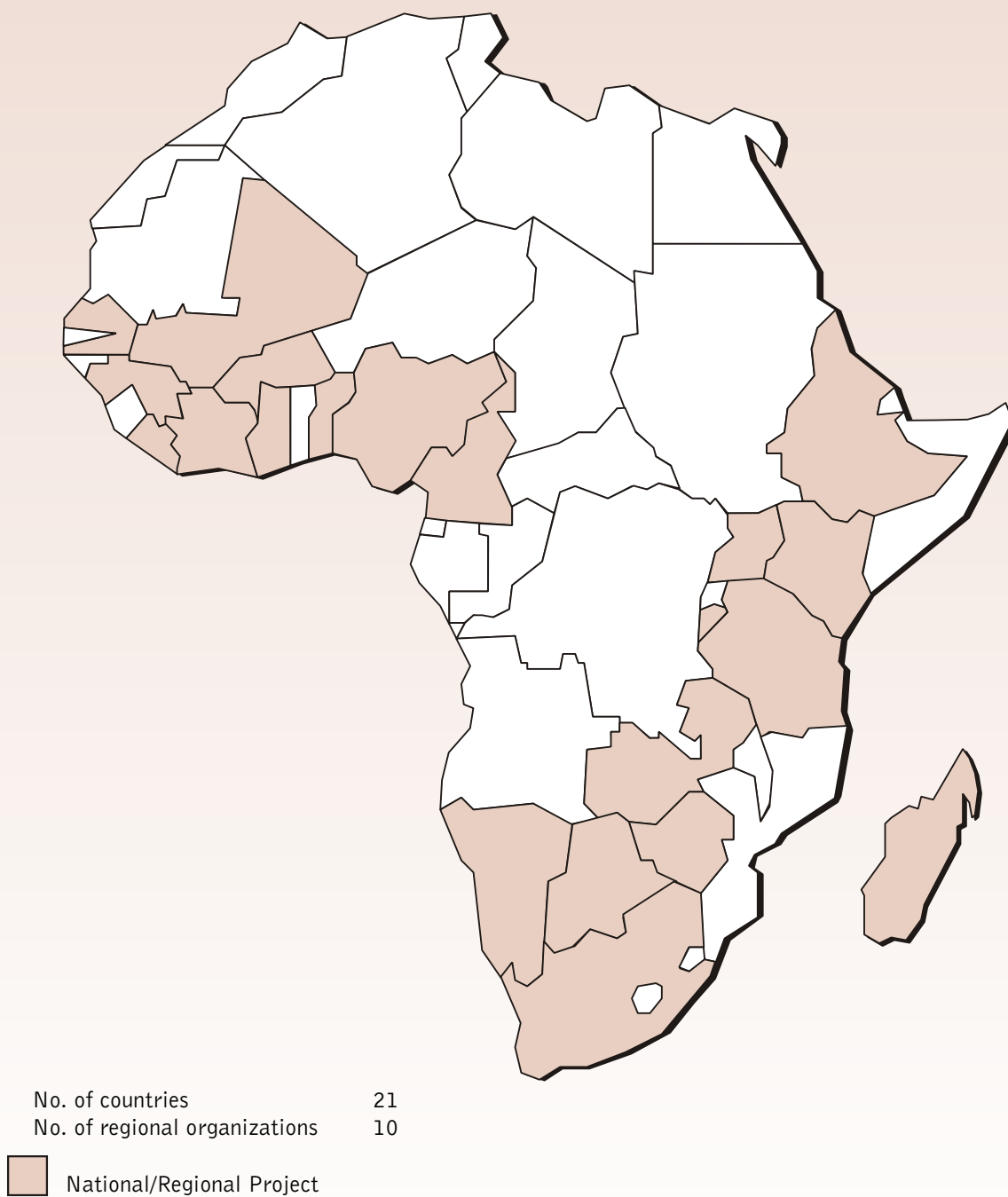
The Foundation currently uses both results-based assessment and process evaluation instruments. Results-based assessment focuses on outputs as a proxy for assessing outcomes of capacity interventions. Impact is assessed at three levels: i) the policy environment; ii) the implementing agency or institution; and iii) the individual(s). An assessment of the achievements of ACBF-supported interventions shows steady improvement in the quality and relevance of outputs. Changes in efficiency are reflected in the utilization of grant resources, which also increases if one uses the growth in the volume of outputs achieved by projects compared to their available resources.

Process evaluation assesses an agency's performance in supporting interventions. An assessment of the Foundation's performance in providing technical support through knowledge and financial resources shows dissemination of best practices in the design of capacity-building interventions targeting African expertise, innovation in the design of interventions; core operating and institutional grants, and flexibility in program support. The degree of lead in disbursements, the level of back stopping provided to partners, and the level of efficiency in beneficiary institutions are also indicators of the Foundation's performance.

In 2006, the Foundation will build on its existing work on performance measurement by incorporating a results-based framework and its application to selected capacity-building environments and initiatives. Efforts will be made to learn from what other organizations such as the AfDB are doing to assess capacity-building interventions. It is well recognized that the development of measures for any capacity-building intervention cannot result in a one size-fits-all approach. Rather, performance measures are necessarily sector-specific, context-specific, objective-specific and agency-specific.

Map 1.

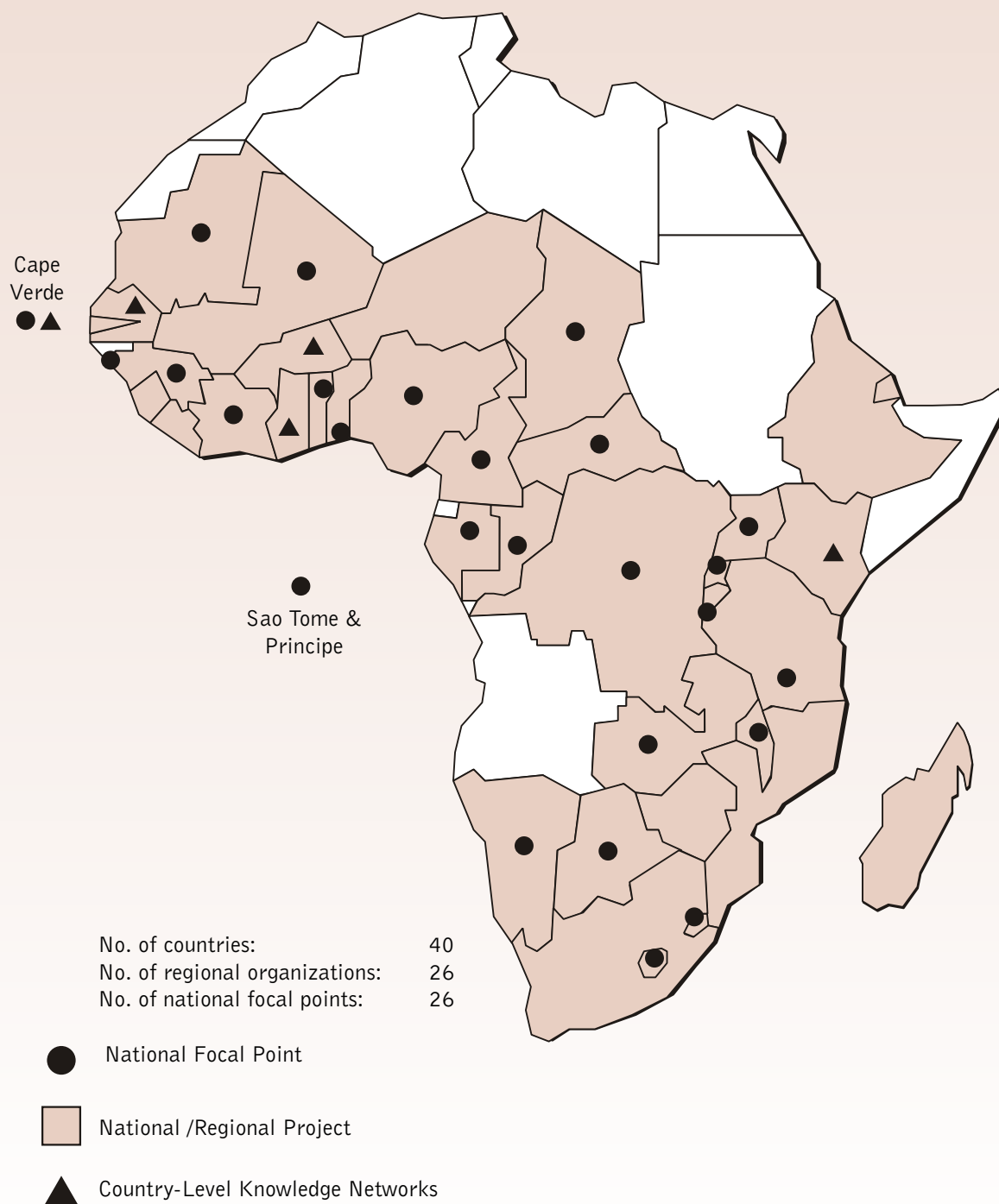
ACBF Country Coverage
1991 - 1999



This map does not represent an official map of Africa.

Map 2.

ACBF Country Coverage 2000 - 2005



This map does not represent an official map of Africa.

3.

EMERGING CAPACITY BUILDING ISSUES



- Building Capacity to Meet the Millennium Development Goals: The African Perspective
- Capacity Building and Absorptive Capacity in Africa
- The Role of Project Implementation Units in Capacity-Building Operations

3. EMERGING CAPACITY BUILDING ISSUES



Building Capacity to Meet the Millennium Development Goals: The African Perspective

Since 1990, the United Nations has held a series of world summits and global conferences with a view to setting out out a comprehensive human rights-based development agenda. The United Nations Millennium Summit of September 2000 in New York adopted the Millennium Declaration containing the Millennium Development Goals.

In fact, the International Development Goals (IDGs) that emerged from other UN global conferences and the goals contained in the Millennium Declaration were merged to produce the Millennium Development Goals (MDGs) that comprise eight development goals and 48 quantitative indicators of poverty reduction to measure progress toward their achievement. The targets set are to be achieved over a 25-year period between 1990-2015.

The Global Monitoring Report 2005 of the World Bank and the IMF, which assesses progress on the policy agenda for achieving the MDGs and related outcomes, indicates that global poverty rates are falling particularly in Asia whereas the poor in Sub-Saharan Africa are getting poorer in most cases. It has been observed that, if current trends persist, Africa may not achieve the MDGs by 2015. In their fight against poverty, most African governments tend to ascribe the Continent's lag or regression to a number of factors such as the insufficiency of aid, debt

overhang, unfair international trade practices, and the continuous deterioration of the terms of trade.

However, development practitioners and analysts tend to agree that capacity challenges are the major obstacles to the development of Africa. Therefore, the battle being fought by Africa to achieve some of the Millennium Development Goals by 2015 will be won or lost in the field of capacity building. Capacity is critical in a generic sense for managing relations, dialogue, strategic planning, action and monitoring as well as for enhancing specific areas such as public financial management and accountability, trade and procurement and others. What this implies, therefore, is that sustained structural transformation in Africa in just a decade before 2015 requires a significant leap in the quantum of support and commitment to capacity building as well as to reforms that foster effective utilization of such capacity.

Indeed, each African country requires support for capacity development tailored to its own situation because capacity building requires context-specific solutions and an in-depth understanding and appreciation of existing capacities at the individual, institutional and societal levels. However, some broad trends can be identified as priorities for the Continent. They encompass good governance, rural development, education and gender consciousness, health, infrastructure and private sector development. Africa therefore needs to invest substantially in the development of capacity in these areas:

Good Governance. The success of building capacity in the area political and economic governance reforms as well as in peace and security within the context of the Millennium Development Goals will have profound implications for Africa's investment environment. This is a crucial prerequisite for capital and official development assistance inflows that NEPAD or/and PRSP, for instance, rely upon heavily.

Rural Development. The MDG-based strategy for Sub-Saharan Africa needs to focus on rural development to make Africa's fast growing rural cities and towns much more productive, especially in the areas of food self-sufficiency and the production of labor-intensive exports. Indeed, self-sufficiency in food will allow countries on the Continent to re-direct some of their scarce resources to the development of other sectors of their economies. Also, African governments have begun to realize that the opening up of markets alone is not adequate and sufficient for boosting sustainable poverty reduction and development. There is need to provide competitive goods and service in which to trade. For instance, there are facilities such as the the Everything But Arms (EBA) initiative and the Africa Growth Opportunity Act (AGOA) - both available being offered by the United States of America, and which provide opportunities for market access products from Africa. Thus, the challenge facing African countries is to find and invest in the production and trading of competitive exports. In this connection, unless Africa builds the requisite capacity to produce goods and services more efficiently, it will not be in a position to capitalize on the opportunities made available by EBA and AGOA, for instance.

Education and Gender Consciousness. Educational development strategies need to focus on increasing the supply of human resources and the demand-side incentives for girls and vulnerable students. To achieve these objectives, most African countries will need to rehabilitate and reform their educational institutions, improve standards and make their educational curricular relevant to their development needs.

Health Enhancement. Public health care systems in Africa require major investments to address such scourges as HIV/AIDS, tuberculosis and malaria, and to tackle the high level of infant and maternal mortality. Elements that are critical to effective scaling up of the capacity of such systems include the following: (i) provision of easier access to basic medicines; (ii) increased supply of skilled service providers such as health workers and teachers; and (iii) comprehensive, but phased, overhaul of health care service delivery systems.

Infrastructure Development. The development of infrastructure in Africa requires major investment in infrastructure for water resources management and

energy. The Continent continues to lack more developed water resources management and energy harnessing capability as well as adequate air, rail, road and telecommunication infrastructure. Many of the land-locked countries on the Continent are still struggling to reduce the cost of trade. This has resulted in the lack of competitiveness of many of their products in international markets.

Private Sector Development. Private sector development strategies need to focus on efficient policies to build and strengthen entrepreneurial, managerial and technical skills in both the public and the private sector. This requires promoting high-performing undertakings, transforming primary commodities into tradable goods and improving the enabling environment for private sector activity through the removal of regulatory and institutional constraints.

The Millennium Development Goals (MDGs) have built up momentum for development in Africa. However, the continued credibility of this global consensus hinges on fostering an equal momentum in its implementation. Without tangible capacity-building actions in the areas mentioned above, it is unlikely that the MDGs will be achieved in Africa by 2015. At stake are prospects not only for hundreds of millions of people to escape poverty, disease, and illiteracy, but also for long-term global security and peace - underlying objectives that are intimately linked to development.

The long-standing task of ACBF has been to strengthen the capacity of stakeholders on the Continent to reduce poverty and promote good governance in the six core competency areas. As the Continent races to reach the MDGs, the Foundation will, in concert with other partners, continue to search for more effective, efficient and innovative ways to enhance the capacity of beneficiaries of its support to contribute toward attainment of the goals. This core priority will inform even more pointedly the design of the Strategic Medium-Term Plan for the period 2007 - 2011.

Capacity Building and Absorptive Capacity in Africa

The Context of Lack of Absorptive Capacity in Africa

Weak human and institutional capacity remains a binding constraint to growth and development in Africa today, and the availability of the requisite capacity will determine the Continent's ability to meet these challenges. Capacity building is essentially the nurturing of the abilities needed by a society to take control of its destiny and manage the development process. This implies that Africa will need to invest substantial resources in the regeneration of skills, knowledge and institutions. Building and strengthening national capacities in policy-making, planning,

programming and implementation are the key to break the vicious cycle of mass poverty, population explosion, environmental degradation and political instability. Such needs make capacity building a prerequisite to sustainable development and require highly focused interventions by many actors - African and non-African players, bilateral and multilateral donors, as well as governmental and non-governmental agencies. Still, in the end, the impact of financial flows on growth in a country is a function of the recipient country's institutions and policies that is, its human and institutional capacity. Thus, the term "absorptive capacity" refers to the obstacles that may be limiting effectiveness of financial flows.

There is a consensus among development partners that substantial increases in development aid are required for Africa to realize the Millennium Development Goals (MDGs) - as agreed in Monterrey in 2000. The emphasis on "scaling up" aid has led to increased attention to capacity issues, aid utilization, aid effectiveness and the anxiety of possible declining marginal returns as aid increases. All agree, though, that human and institutional capacity building is key to effective aid absorption, and more investment in this area is worth every effort if Africa is to realize the set targets.

Evaluation of absorptive capacity is complex and involves various factors. However, at the country level, there are five ways in which absorptive capacity might constitute an issue: (i) aid resources have declining marginal returns and therefore there is a limit to the amount of aid resources that can be absorbed by any country; (ii) aid can cause macroeconomic imbalances; (iii) the institutions and policies of the recipient countries may limit their capacity to utilize aid resources effectively; (iv) lack of sufficient administrative capacity and adequate infrastructure can prevent the achievement of development objectives; and (v) uncoordinated and burdensome donor practices can further prevent the effective use of aid resources.

The MDGs, Capacity Building and Absorptive Capacity in Africa

Aid is already very highly concentrated on Africa, and the Continent has exhibited a high rate of dependency. For example, for the top half of recipients, aid accounted for 17% of GNP, 108% of gross domestic capital formation, and 49% of imports. Many low-income African countries suffer however from capacity constraints. Aid flows often fail to alleviate these constraints and fail to meet their intended objectives. Empirical cross-country surveys show that, after a certain level, additional aid to GDP has little or no effect on growth, the saturation point being a function of absorptive capacity arising from macroeconomic, institutional, infrastructure, human capital or socio-cultural constraints.

A concern expressed by donors is whether aid recipients,

particularly the poorest ones, lack sufficient structural and institutional capacity to absorb more resource flows. Absorptive capacity constraints can take a variety of forms, some of them more binding than others. Also, aid effectiveness may differ widely among countries. Indeed, one country may be able to utilize a given level of aid more effectively than another at any given time due to a combination of endowments, institutions and policies. Even in countries with lower aid effectiveness, absorptive capacity varies with the amount of aid provided. Finally, absorptive capacity is a dynamic process linked to underlying forces of economic, social and institutional development. There is therefore a consensus that building adequate capacity is a central requirement. Good governance, macroeconomic management, effective fiscal management, capacity for public administration build absorptive capacity. A large increase in aid flows could be effectively absorbed, provided that successful capacity-building efforts are in place.

Absorptive capacity is a real issue in that it poses challenges related to institutional constraints, coordination of development cooperation and management of macro-economic impacts and sustainability but equally to donor practices that slow down effective spending. These challenges need to be addressed with due attention to long-term sustainability. However, absorptive capacity does not represent a bottleneck that would inhibit productive development finance. It is a challenge and cannot serve as an argument to renege on financial commitments. Development interventions should be designed taking absorptive capacity constraints into account and should be accompanied by measures to overcome short-term and long-term constraints.

The Role of Project Implementation Units in Capacity-Building Operations

It is commonly agreed that the most challenging phase in any project cycle is the implementation phase. This is largely because once a project has been approved or accepted by its stakeholders, its implementation involves several processes of transformation within a context of multiple positive and negative influences. The implementation of these processes requires the existence or establishment of an appropriate organizational structure responsible for planning implementation; assigning implementation responsibilities and communicating with stakeholders and personnel; undertaking or coordinating the execution of tasks; monitoring inputs, processes, outputs and impact; and evaluating performance. Such an implementation structure may take several forms, one of which is a Project Implementation Unit (PIU).

The practice in the donor community has been to systematically require governments or organizations that receive aid to establish to enable effective implementation

of project activities. The main justifications advanced for the establishment of PIUs include the following: (i) the need to address the fact that beneficiaries lack the requisite institutional and human capacity to implement planned activities; (ii) the need to build enough flexibility into staff recruitment and incentives; (iii) the need to monitor the planned intervention more directly given that funding agencies are accountable to their own public authorities for the utilization of aid resources; (iv) the necessity to reduce bureaucratic constraints or bottlenecks that might prevent the effective implementation of activities; and (v) the need to minimize mismanagement and corruption in project procurement practices.

PIUs have therefore been considered as more effective vehicles for fostering efficiency and effectiveness in project management given that they offer the opportunity of engaging staff with skills and conditions independent of standard government units and of entrenching a clearer sense of accountability and fiduciary responsibility. As a result, a variety of types of PIUs have been utilized by donors in the implementation of projects ranging from lone-ranger-type structures and full-fledged departmentalized entities to matrix-type arrangements.

While acknowledging the important role played by some PIUs in achieving project objectives, there has been growing criticism of their appropriateness as organizational arrangements for implementing project objectives and for achieving capacity building and sustainable development. First, concern has been expressed that PIUs create parallel organizational and management arrangements that circumvent existing structures, and thereby undermine the credibility and efficiency of existing public institutions. Second, PIUs are mostly staffed by highly paid expatriate technical assistance staff and/or national experts who absorb the lion's share of resources provided by the donor and have little or no interest in capacity building. This in turn causes resentment among local professional staff of beneficiary institutions. Attempts to integrate PIUs into the public-sector framework have been generally

unsuccessful due to large variances in practices and work-related incentives.

Since its establishment in 1992, ACBF has been using the PIU model for project implementation on a case-by-case basis. The model in application at the Foundation is however different in several ways from the ones utilized by the donor community, and which has come under criticism lately within the framework of the Paris Declaration of March 2005. First, most PIUs established in operations supported by the Foundation are small functional units that are embedded in the beneficiary organizational structure, systems and procedures. Such PIUs are not parallel implementation units. They are coordinating units that play the role of project implementation facilitator under either the supervision of the beneficiary or that of a Steering Committee that represents project stakeholders. Second, PIUs established by ACBF in functional departments are staffed by professional and support staff members who are citizens of the country benefiting from a project. As a result, such PIUs ordinarily utilize indigenous capacity, one of the mandates for which ACBF was established. Third, although the salaries and emoluments of PIU staff in projects supported by the Foundation are slightly higher than those in the public sector, such compensation is established based on comparators within the host country and does not contribute to a distortion of salaries and benefits in the institutions in which they are embedded.

ACBF's experience demonstrates that PIUs set up within the projects it supports are context-specific. Therefore, they are not modelled on any pre-conceived organizational arrangement. Such PIUs operate on the basis of specific criteria such as the following: (i) the level of uncertainty of the local institutional environment in which a project will operate; (ii) the nature of the competency toolkit in use in the project; (iii) the scope, scale and complexity of the project; (iv) the quantum of resources to be managed by the project; (v) the degree of interdependency among project stakeholders; (vi) the time-scale of the project; and (vii) the strategic nature of the intervention.

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Annex A.1. Basic Data on ACBF-funded Projects and Programs as at 31 December 2005

Classification of Projects and Programs	Date of Approval	Date of Effectiveness	Closing Date	Amount of Grant \$'000
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A. Public Sector Operations

A.1 Economic Policy Analysis and Management

1.	BIDPA II	04/2001	01/2002	05/2006	1,500
2.	CAFPD	04/1995	11/1997	06/2003	1,600
3.	CAMERCAP	04/2001	02/1903	01/2007	1,708
4.	CAPE I	03/1995	01/1998	06/2003	1,500
5.	CAPE II	12/2003	Awaiting	01/2009	1,200
6.	CAPED	12/2000	12/2002	03/2007	1,500
7.	CAPES I	03/1997	08/2001	03/2005	1,600
8.	CAPES II	12/2005	Awaiting	Negotiation	1,700
9.	CASC	12/2004	Awaiting	Negotiation	4,000
10.	CEPA II	04/2001	08/2001	12/2006	1,700
11.	CEPOD	12/2002	05/2003	11/2007	1,800
12.	CERCAP	05/2005	11/2005	12/2009	2,000
13.	CIRES-CAPEC II	05/2000	11/2001	04/2006	1,754
14.	CEPEC II	11/1999	05/2001	03/2005	1,500
15.	CREAM	11/1999	04/2003	06/2007	1,721
16.	DMPA	05/1995	02/1996	12/2002	1,700
17.	DPC II	12/2000	08/2001	11/2005	1,442
18.	EDRI	12/2001	05/2001	03/2007	1,500
19.	EEA	05/2000	05/2001	04/2006	1,030
20.	EEA/EEPRI II	12/2005	Awaiting	Negotiation	800
21.	EPAM	05/2005	Awaiting	04/2010	900
22.	EPAM-STP	12/2005	Awaiting	Negotiation	1,000
23.	EPRC III	12/2003	04/2004	07/2008	1,802
24.	ESRF III	12/2003	07/2004	12/2008	1,500
25.	IDEC II	05/2002	06/2002	12/2006	2,000
26.	IPAR II	12/2000	03/2002	08/2006	1,500
27.	IPAR III	05/2005	Awaiting	03/2010	1,200
28.	KIPPRA II	05/2003	12/2003	05/2009	1,700
29.	LIMPAC	11/1998	Awaiting	Negotiation	1,800
30.	NEPRU II	12/2000	05/2001	11/2005	2,000
31.	NEPRU III	12/2005	Awaiting	Negotiation	1,300
32.	NPMSP	12/2004	Awaiting	02/2010	1,580
33.	NSO (NATSTA)	12/2005	Awaiting	Negotiation	1,200
34.	PARCOSIT	12/2003	Awaiting	06/2009	936
35.	PRECASP	12/2000	05/2001	10/2005	1,100
36.	NIEP	11/1998	7/2000	07/2004	2,000
37.	PNRC-CAF I	12/2000	11/2001	02/2006	1,300
38.	PNRF-CAF II	12/2005	Awaiting	Negotiation	1,000
39.	PNRC-CMAP	12/2000	02/2001	03/2006	1,200
40.	RCBP	05/2004	06/2005	12/2009	4,000
41.	RESPEC	12/2003	07/2005	04/2009	1,517
42.	STPC	05/2005	Awaiting	03/2010	1,000
43.	UCCBP	12/2005	Awaiting	Negotiation	4,500
44.	ZEPARU	12/2000	04/2004	04/2006	1,500
45.	ZIPAR	12/2004	Awaiting	02/2010	1,500

A.2. Public Sector Economic and Financial Management Training Programs

1.	AERC-CMAP III	4/2001	6/2001	12/2005	3,000
2.	AERC-CMAP IV	12/2005	Awaiting	Negotiation	3,000
3.	AERC-CPP (Ph.D.)	05/2002		04/2002	2,000
4.	CESAG	12/2000	8/2001	4/2006	1,500
5.	EPM II CAMEROON	12/2002	Awaiting Effectiveness	07/2008	2,000
6.	EPM II COTE d'IVOIRE	12/2002	10/2003	03/2008	2,000
7.	EPM II GHANA	12/2002	Awaiting Effectiveness	05/2008	2,000
8.	EPM II UGANDA	12/2002	07/2003	02/2007	2,000
9.	LMMP	05/2002	04/04	05/2007	1,396

10.	MACROFOR	12/2001	08/2002	12/2006	1,598
11.	NCEMA II	11/1998	07/1999	12/2003	997
12.	NCEMA III	12/2003	03/2004	09/2008	700
13.	PSMTP/AU	12/2004	Awaiting	03/2010	3,000
14.	PSMTP/GIMPA	12/2004	Awaiting	03/2010	3,000
15.	PFMSP/DAKAR	12/2004	Awaiting	03/2010	3,000
16.	PFMSP/GABON	12/2004	Awaiting	Negotiation	3,000
17.	PTCI II	12/2000	12/2001	06/2007	4,000
18.	SARIPS	05/2000	06/2001	04/2004	1,500
19.	PROFESS	04/2001	06/2001	12/2005	1,157
20.	UNAM-MPPA	05/2000	05/2001	04/2006	850

A.3 Financial Management and Accountability

1.	CCDB I	04/2001	7/2001	01/2005	1,091
2.	CCDB II	05/2005	Awaiting	05/2009	675
3.	IGE	05/2003	07/2004	07/2007	998
4.	NCBP (PFMR)	12/2000	04/2002	12/2006	3,000
5.	PRECAGEF	05/2000	04/2001	05/2005	1,422
6.	PRECAREF	12/2004	11/2005	02/2010	1,800

A.4 Strengthening Policy Analysis Capacity of National Parliaments

1.	CAPAN	05/2000	07/2002	8/2005	1,600
2.	PARP	12/2000	09/2003	06/2007	2,000
3.	PCP	05/2000	12/2003	03/2005	1,850

A.5 Regional Organizations

1.	AAU-CADRE	12/2005	Awaiting	Negotiation	2,800
2.	ABR	12/2004	07/2005	12/2008	750
3.	AFI	12/2004	10/2005	03/2011	800
4.	BCEAO/BEAC (MACRO) II	12/2000	08/2001	11/2004	1,740
5.	BEAC/BCEAO (DEBT) I	11/1999	09/2001	04/2004	1,650
6.	BEAC/BCEAO (DEBT) II	05/2004	Awaiting	05/2010	1,500
7.	BEAC/BCEAO (MACRO) III	12/2005	Awaiting	Negotiation	1,000
8.	CAFRAD	05/2005	Awaiting	Negotiation	700
9.	CEMAC	12/2000	06/2002	05/2006	1,000
10.	CMAAE	05/2004	07/2005	11/2010	2,200
11.	CODESRIA	12/2005	Awaiting	Negotiation	1,100
12.	EAC-EALA	05/2005	Awaiting	08/2010	1,500
13.	ECOWAS	05/2000	05/2002	02/2006	2,000
14.	ICP	05/2004	07/2005	11/2008	1,000
15.	IEF	12/2000	07/2002	05/2006	3,000
16.	LMIS	05/2000	10/2003	04/2007	2,000
17.	MEFMI	11/1996	02/1998	01/2003	2,900
18.	MRUTP	05/2004	02/2005	05/2009	2,000
19.	NEPAD	12/2004	07/2005	01/2009	2,000
20.	PALOP	12/2004	Awaiting	Negotiation	2,000
21.	PASU II	12/2000	12/2000	06/2005	3,000
22.	RENFOR	12/2004	10/2005	11/2009	2,000
23.	SADC-PF	12/2004	08/2006	11/2009	2,600
24.	WAIFEM I	05/2000	09/2000	04/2005	2,519
25.	WAIFEM II	12/2005	Awaiting	Negotiation	2,300

B. Public Sector - Private Sector Civil Society Interface Operations

B.1. National Institutions

1.	BOCONGO	12/2004	07/2005	12/2009	1,150
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2.	CANGO	12/2004	07/2005	10/2009	1,000
3.	CAREF	12/2003	Awaiting	07/2008	1,525
4.	CENAF	12/2003	Awaiting Effectiveness	06/2009	1,303
5.	CSD-PSF	05/2000	04/2001	4/2004	1,335
6.	DRC-INTERFACE	12/2003	10/2004	10/2008	1,498
7.	GICAP	12/2001	06/2002	12/2006	850
8.	IDEG - CAP	12/2002	04/2003	10/2007	1,500
9.	NEC	12/2000	09/2001	12/2004	1,500
10.	NECF	12/2000	06/2002	04/2006	2,000
11.	NGOCC	5/2000	04/2001	04/2004	1,384
12.	NGO Council	12/2001	08/2002	02/2007	850
13.	PARECAP	12/2003	Awaiting	12/2009	2,000
14.	PREGESCO	12/2004	Awaiting	02/2010	1,800
15.	PRIESP	5/2000	01/2001	03/2005	723
16.	PSCGT (CCG) I	5/2000	10/2001	12/2005	1,000
17.	PSCGT (CCG) II	12/2005	Awaiting	Negotiation	900
18.	RECADIP	12/2004	Awaiting	02/2010	1,500
19.	RECOFEM	05/2004	10/2004	01/2009	1,000
20.	SANGOCO	05/2000	09/2001	12/2004	1,000
21.	ZWRCN	12/2005	Awaiting	Negotiation	1,000

B.2 Regional Organizations

1.	PRIECA/AO	12/2000	02/2001	07/2005	1,431
2.	PRIECA/AO II	12/2004	03/2005	08/2009	2,200
3.	CONSUMERS INT.	05/2000	10/2001	12/2005	1,000
4.	WAJA	12/2005	Awaiting	Negotiation	1,500

C. Special Interventions

1.	AMICAALL I	05/2000	09/2001	12/2005	1,000
2.	AMICAALL II	12/2005	Awaiting	Negotiation	1,000

D. National Focal Points

20 Countries	05/2000 and 12/2000	Dates	Vary	0,050 per NFP
6 Countries	12/2001	Dates	Vary	0,050 per NFP

E. Country-level Knowledge Networks

1.	EGN-ISSER	12/2003	Awaiting	05/2008	300
2.	KNET	12/2005	Awaiting	Negotiation	275
3.	NEPAM	12/2005	Awaiting	Negotiation	300
4.	RESAPOD	12/2004	11/2005	02/2009	300
5.	RGC-B	12/2003	02/2005	04/2008	275

Annex A.2. Summary of Outputs of ACBF-funded Operations

TITLE OF PROJECT OR PROGRAM	Effective Date of Commencement	Number of Institutions Strengthened	Beneficiaries of Training				Number of Training Beneficiaries			Policy Studies, Research and Consultancies				Technical and Advisory Services to Gov't Agencies	Exchange Programs / Study Visits
			Ph.D.	M.A	Pg.D	Fellows Inst. Cap. Building	Short Courses	Work - Shops	Seminars	Comm. by Gov't	Comm. by Others	Research Completed	Publication Disseminated		
AERC (CMAF)	Mar-93	24	256	1,449			434	832	2						7
AERC (Ph.D.)	Oct-02	8.	118				3	10							9
AMICCALL	Sep -01	11				2	1	2					1	4	3
BEAC/BCEAO (Debt)	Sep -01	6				17		901	92						
BCEAO/BEAC (Macro)	Feb -96	2			141		407								
BIDPA	May-95	5	8	12	40	19	29	1,868	107	94	49	113	109	30	13
CAFPD	Nov-97	30			93		105			36	11	32	25		
CAMERCAP	Jul-02	3		1			21	88		1					
CAPAN	Jul-02	1					428			13	4	7	19		
CAPE	Feb-98	1								21	6	27	25		
CAPE	Dec -02	22					24		8	6		6			2
CAPE	Aug -03	1				631	5	5	11	12		23	54		
CCDB	Jul-01	1			6		66	210	60				2		14
CCG	May-01	1					756	29				7	9	6	2
CEPA	Jan-94	1					48	7		11	10	119	93	6	
CEPEC	Nov -93	1					94	4		14	8	10	54		
CESAG	Aug-01			61											
CIRES-CAPEC	Nov-93	1					140			20	5	20	50		25
COMESA	Jun-03							36	34						
CONSUMER INT. (ROAF)	Oct-01	30				6		201	54			19	20	4	3
CSD	Apr-01	15		1	6	115	191	17	2			8	1		5
DMPA	Feb-96	2		21			272	130	40			5	3		
DPC	Feb-94	1								7			34		
ECOWAS	Jul-02							61	30						

Annex A.2. (continued) Summary of Outputs of ACBF-funded Operations

TITLE OF PROJECT OR PROGRAM	Effective Date of Commencement	Number of Institutions Strengthened	Beneficiaries of Training				Training Programs and Beneficiaries			Policy Studies, Research and Consultancies				Technical and Advisory Services to Govt Agencies	Exchange Programs / Study Visits
			Ph.D.	M.A	PG.D	Fellows Inst. Cap . Building	Short Courses	Work - Shops	Seminars	Comm. by Govt	Comm. by Others	Research Completed	Publication Disseminated		
EDRI	May-03	1						1				2			
EEA/EEPRI	May-01	4				13	22	92	46	3	29	52	71	4	4
EPM ABIDJAN	Oct -99	36		187					50	1	31	52	71	4	4
EPM ACCRA	Sep -00			187											
EPM MAKERERE	Oct -00			161											
EPM YAOUNDE	Sep -99	33		201											
EPRC	Jul-93	1	2	12	58	44		876	38	30	9	90	55	16	12
ESRF	Jun-94	64				44	208	1,397	16	94	159	86	72	164	3
GICAP	Jul-02	1					77			8	1				
IDEC	Aug-02	6					7	36	4	5	23	24	11	6	
IEF	Jul-02	6		98											
IDEG-CAP	Mar-03		1	5	2			113							
IGE	Jul-04	3						16		1			1		7
IPAR	May-95	1				169		40	10			95	34		
KIPPRA	May-98	1				24		358	85	3	31	84	114		
MACROFOR	Aug-02	5		5			273	2	1						
MEFMI	Sept -					127		5,055	81			23	8	1	4
NCEMA	Jun -94	1	11	11		25	2,672	1,367	476	12	10	39	49	5	
NEC	Sep -01	10		2	1	4	34	10		3			5	8	5
NECF	Jun-02	1					2	13	4	1	3	5	12	4	
NEPRU	Mar-95	4	5	24		41	244	128	236	87	79	75	229	12	1
NGO COUNCIL	Apr-01	237						3	2	1	3	5	4		
NGOCC	Apr-01	71					87	1,422				12			
NIEP	Jul-00	7				8	60	75	12	5	2	15		2	5
PASU	Jan -94	8					47	139	233	8	28	19	4	21	
PNRC -CAF	Nov-01	20					16	2	9						10
PNRC -CMAP	Dec-01	1					72	15	5	13	4				
PRECAGEF	Apr-01	3			6			250							

Annex A.2. (continued) Summary of Outputs of ACBF-funded Operations

TITLE OF PROJECT OR PROGRAM	Effective Date of Commencement	Number of Institutions Strengthened	Beneficiaries of Training				Number of Training Programs and Beneficiaries			Policy Studies, Research and Consultancies				Technical and Advisory Services to Govt Agencies	Exchange Programs / Study Visits
			Ph.D.	M.A	PG.D	Fellows Inst. Cap. Building	Short Courses	Work - Shops	Seminars	Comm. by Govt	Comm. by Others	Research Completed	Publication Diss.		
PRECASP	May-01	7	8				58	591							49
PRIECA/AO	Feb -01	12					90			18		18			
PRIESP	Jan-01	2					16		308		12	10			
PROFESS	Jun-01	15						31							21
PTCI	Sep -94	15	25	1,062											
RE-CEMAC	Jun-02	5					6	187	45						
RECOFEM	July 04	50					9	1		1	1	5			
Rwanda Public Financial Mgt.	Feb -02	4	6	14						2				1	
SANGOCO	Sep-01	4	4	18	19	479	17	38	7	2	2	5	7	8	3
SARIPS	Jun-01	1		126		1	327	3	435	3	10	6	96		
UNAM-MPPA	May-01	1		32											
UPE/CEPOD	Jul-94	30		2			9	2	340	105	4	100			
WAIFEM	Oct -00	7	21	944		2	405	202	11	11		13		16	
ZEPARU	Apr 04			132			216	48		13					
Cumulative 2005		845	457	4,776	372	1,771	7,998	16,914	2,894	665	534	1,231	1,342	322	211
Cumulative 2004		702	406	4,102	372	1,298	7,373	16,797	2,808	637	514	1,141	1,232	318	207
Cumulative 2003		511	286	2,651	316	1,043	5,086	13,703	2,057	499	337	849	1,009	210	161
Cumulative 2002		-	235	2,171	311	357	4,188	12,498	1,958	422	287	799	993	188	136

Annex A.3. ACBF-PACT, 2000 2005: Highlights of Achievements

2000	<ul style="list-style-type: none"> ❑ ACBF successfully completes the integration of the Partnership for Capacity Building in Africa (PACT) Initiative into its operations, heralding a major milestone in its evolution. Effectively, the Foundation undergoes a transition from a single-niche focused entity into an institution with an expanded role that henceforth encompasses capacity building for the enhancement of public sector performance and effectiveness; strengthening of interface among the private sector, the public sector and civil society; and strengthening of regional institutions and initiatives. Key elements of the integration strategy include a streamlined project cycle, refinement of the scope of the new expanded mandate, well defined project eligibility criteria, the establishment of a Program Review Committee and increased beneficiary ownership of projects and programs. ❑ Mr. Soumana Sako assumes office as the 4th Executive Secretary of ACBF. ❑ The ACBF Secretariat undergoes major restructuring that results in the establishment of new departments (Department of Research, Training, Information Systems and Publications aimed at orientating the Foundation towards a knowledge-based institution; and the Legal Department) and the creation of new positions in the Secretariat (PACT Operations Advisor; Head of the Legal Department; Special Assistant for Program Support and Outreach; and Program Team Leaders with responsibility for project operations at the level of three Operations Zones). ❑ The Secretariat embarks on measures to enhance and strengthen its institutional platform through upgrade of its information and technology platform, introduction of new accounting software to improve its financial management systems and processes, development of a website for information sharing and exchange, and resumption of publication of the ACBF Newsletter. ❑ The Executive Board approves a record 56 operations (including 20 National Focal Points) in the first year of implementation of PACT. The Executive Board approves funding to strengthen national focal points in 26 countries and, thus, to foster the emergence of NFPs as instruments for capacity building and participatory development at the national level. Two regional workshops for NFPs are held in Lusaka (Zambia) and Libreville (Gabon). Cumulative commitments and disbursements to projects and programs thus register record level in comparison to previous years. ❑ The Secretariat prepares paper on strategies for mobilizing additional resources, which is subsequently endorsed by the Executive Board as a framework for charting a resource mobilization drive for capacity building in Africa.
2001	<ul style="list-style-type: none"> ❑ The Board of Governors approves the ACBF Strategic Medium-Term Plan (SMTP) 2002 - 2006, which launches the third phase of the Foundation's operations. The Plan delineates six core competency areas of the Foundation's interventions over the five-year period. ❑ The Secretariat organizes the First Pan-African Capacity Building Forum on 22-24 October in Bamako, Mali. Among the highlights was the resolution adopted for presentation to the African Union of a Proclamation of 2002 - 2011 as the Capacity Building Decade in Africa. ❑ The Foundation organizes the African Policy Institutes Forum (APIF) and the Workshop on Building Capacity of African Civil Society (CIVISCAP), in Harare, Zimbabwe. ❑ Chad, Gabon and Ireland become members of the Foundation. ❑ The Executive Board commissions a change management exercise aimed at reviewing the Foundation's internal processes and corporate culture. This culminates in the first all-Staff Retreat. ❑ The Executive Board approves a Seed Grants Program with a ceiling of US\$6,000 per grant to provide limited-scale, one-off assistance to specific areas of need of short-term duration.
2002	<ul style="list-style-type: none"> ❑ In January, the Secretariat undergoes another re-organization, which results in the establishment of the Knowledge Management and Program Support Department, reflecting a significant shift in focus toward transforming the Foundation into a leading knowledge-based organization in capacity building in Africa. ❑ ACBF organizes a Pledging Conference on 29 - 30 April at Lancaster House, in London (United Kingdom) that enables the Foundation to mobilize US\$ 159.240 million to kick off the implementation of the SMTP, 2002 - 2006. Subsequently, 23 governments and organizations sign the MOU relating to the ACBF-PACT Fund to confirm their pledges to the Foundation. ❑ ACBF organizes the first series of financial management workshops in Abidjan (Côte d'Ivoire) and Harare (Zimbabwe) for the finance staff of ACBF-funded institutions. ❑ The International Monetary Fund (IMF) formally joins the Board of Governors of ACBF as a full-fledged member. Under the terms of the MOU between the Fund and ACBF, the Foundation, jointly with the IMF, provides financial support towards the organization of workshops through regional African Technical Assistance Centres (AFRITACS) based in Mali (for West Africa) and Tanzania (for East Africa). ❑ The African Union, meeting in July 2002 in Durban (South Africa), and drawing on the resolution passed at

Annex A.3. (continued) ACBF-PACT, 2000 2005: Highlights of Achievements

	<p>the Bamako Forum, proclaims 2002 - 2011 the Decade of Capacity Building in Africa.</p> <ul style="list-style-type: none"> ❑ ACBF launches the specialized Technical Advisory Panels and Networks (TAP-NETs) in November 2002 in Harare, Zimbabwe. ❑ The Executive Board approves the SAFEWIND Initiative, which delegates authority (capped at US\$50,000) to the Executive Secretary to provide catalytic resources to innovative, targeted and results-oriented activities that fall within the Foundation's remit and competencies. ❑ ACBF concludes a Memorandum of Understanding with the IOM in relation to collaborative activities of mutual interest. ❑ ACBF designs and launches the implementation of its own knowledge management strategy.
2003	<ul style="list-style-type: none"> ❑ ACBF completes the formal launch of the TAP-NETS in all of its six core competency areas. ❑ ACBF publishes a book entitled <i>Better Governance and Public Policy Capacity Building and Democratic Renewal in Africa</i>. ❑ ACBF begins publishing Occasional Papers and Lessons Notes on capacity building and project management. ❑ ACBF begins organizing Brown Bag Seminars for information and knowledge sharing between ACBF professional staff and the development community. ❑ The Foundation develops web sites and portals for information and knowledge sharing as well as production of operations-related directories and web links for access to knowledge and information resources. ❑ The Foundation launches a Senior Policymakers and Development Managers Knowledge Sharing Program. ❑ ACBF supports the establishment of the first Country-level Knowledge Networks (CLKNETS) in Burkina Faso (RGC-B) and Ghana (EGN-ISSER). ❑ The World Bank completes the mid-term review of the implementation of PACT. ❑ Mr. Kwesi Botchwey completes his last term as Chairman of the Executive Board. Mr. E. Tumusiime-Mutebile becomes Chairman of the ACBF Executive Board. ❑ The Foundation embarks on the development of its first country capacity profiles and country capacity-building programs. Rwanda becomes the first country program in the Foundation's portfolio. ❑ At the 12th Annual Meeting of the Board of Governors held in Kigali, Rwanda, the Governors reach the "Kigali Consensus on Capacity Building" that calls for more effective coordination of capacity-building efforts as well as the avoidance of parallel funding, earmarking of resources pledged to the Foundation by donors, and tied aid. ❑ ACBF contributes to the review of the Strategic Plan of the African Union.
2004	<ul style="list-style-type: none"> ❑ ACBF organizes the First Annual Meeting of the TAP-NETS. ❑ ACBF organizes an international workshop on performance measurement in capacity building to provide a forum for debate and understanding of the issue. ❑ The Foundation signs a Memorandum of Understanding (MOU) with the NEPAD Secretariat. ❑ Mr. Barrie Ireton, Chairman of the Board of Governors, retires from the Board of Governors in June after serving as its Chairman for eight years running (1996 - 2004).
2005	<ul style="list-style-type: none"> ❑ India and Niger become members of ACBF. India is the first Asian country to join the Foundation. ❑ ACBF organizes the Second Annual Meeting of the TAP-NETS. ❑ ACBF launches the development of country capacity profiles and capacity needs assessments in 6 countries to sharpen responses to the Continent's capacity needs. ❑ At the behest of NEPAD Heads of State and Government Implementation Committee, ACBF launches a survey of the capacity needs of eight African Regional Economic Communities (RECs). ❑ ACBF contributes to the work of the World Bank Operational Task Force on Capacity Development. ❑ ACBF and IOM jointly organize a workshop on capacity building relating to migration and development. ❑ ACBF and WBI reach a consensus to launch a collaborative program of activities. ❑ The Executive Board approves the Draft Strategic Medium-Term Plan (SMTP), 2007 - 2011, for presentation to the Board of Governors. ❑ The Foundation participates in June 2005 in the "Capacity Day" event organized by WBI, which was held in Washington, D.C., but broadcast worldwide. ❑ ACBF participates in high-level deliberations on the establishment of a future Union Government for Africa.

Annex A.4 Financing Status of ACBF-funded Projects and Programs as at 31 December 2005

	Total Cost	ACBF's Share	Govt./Own Financing	Pledged Co-financing	Financing Deficit/(Surplus)	Financing Deficit/(Surplus)
	1	2	3	4	2005 5	2004 6
AAU – CADRE	4,089,400	2,800,000	-	-	1,289,400	-
ABR	7,078,540	750,000	4,328,000	-	2,000,540	2,000,540
AERCCMAP I	15,583,700	5,000,000	-	10,583,700	-	-
AERCCMAP II	12,267,124	3,000,000	-	9,267,124	-	-
AERCCMAP III	12,998,991	3,000,000	-	10,200,000	(201,009)	(201,009)
AERCCMAP IV	12,760,481	3,000,000	-	8,395,726	1,364,755	-
AERC-Ph.D.	9,231,882	2,000,000	-	-	7,231,882	7,231,882
AFI	9,699,000	800,000	-	-	8,899,000	8,899,000
AIPA I	150,000	150,000	-	-	-	-
AIPA II*	7,573,000	1,001,730	-	-	6,571,270	6,571,270
AMICAALL I	4,318,250	1,060,000	843,000	510,000	1,905,250	1,905,250
AMICAALL II	7,232,000	1,000,000	6,232,000	-	-	-
BCEAO/BEAC I	3,570,000	1,050,000	1,612,000	908,000	-	-
BCEAO/BEAC II	4,347,142	1,738,857	-	2,608,285	-	-
BCEAO/BEAC III	5,540,000	1,100,000	1,662,000	-	2,778,000	-
BEAC/BCEAO (debt) I	5,468,908	1,650,000	-	3,818,908	-	-
BEAC/BCEAO (debt) II	9,242,400	1,500,000	2,957,568	4,784,832	-	4,568,186
BIDPA I	10,000,000	3,000,000	3,000,000	4,000,000	-	-
BIDPA II	10,670,389	1,500,000	9,170,389	-	-	-
BOCONGO	4,722,000	1,150,000	1,251,000	-	2,321,000	2,321,000
CAFPD	2,880,000	1,600,000	534,500	-	745,500	745,500
CAFRAD	909,400	700,000	-	209,400	-	-
CAMECARP	2,173,850	1,708,850	-	465,000	-	-
CANGO	2,082,000	1,000,000	400,000	-	682,000	682,000
CAPE	2,619,760	1,500,000	259,980	195,600	664,180	664,180
CAPE II	2,200,000	1,200,000	260,000	-	740,000	740,000
CAPED	2,950,605	1,500,000	200,000	-	1,250,605	1,250,605
CAPES I	3,215,256	1,600,000	321,526	1,293,730	-	-
CAPES II	3,749,900	1,700,000	900,000	-	1,149,900	-
CAREF	1,862,532	1,526,150	337,382	-	(1,000)	-
CASC	23,910,150	4,000,000	-	19,910,150	-	-
CASPOF	1,804,215	1,489,090	315,125	-	-	-
CCDB I	1,091,310	1,091,310	-	-	-	-
CCDB II	675,000	675,000	-	-	-	-
CCG I	3,090,858	1,000,000	1,460,000	200,000	430,858	430,858
CCG II	4,209,860	900,000	1,475,000	374,860	1,460,000	-
CEMAC	1,851,542	1,000,000	851,542	-	-	-
CENAF	1,550,591	1,305,933	244,658	-	-	-
CEPA I	6,068,000	3,500,000	-	2,568,000	-	-
CEPA II	4,756,000	1,700,000	1,000,000	2,056,000	-	-
CEPOD	4,198,562	1,800,000	650,000	1,300,000	448,562	448,562
CERCAP	4,040,726	2,000,000	1,000,000	-	1,040,726	-
CERDI-AUREDI	6,867,000	2,364,000	-	1,539,000	2,964,000	2,964,000
CESAG	3,379,500	1,500,000	391,304	469,304	1,018,892	1,018,892
CI	4,000,000	1,000,000	-	3,000,000	-	-
CIRES-CAPEC I	1,750,000	1,750,000	-	-	-	-
CIRES- CAPEC II	2,192,500	1,754,000	438,500	-	-	-
CLKNET (SENEGAL)	1,003,842	300,000	400,000	-	303,842	303,842
CMAAE	8,997,803	2,200,000	1,263,600	3,100,000	2,434,203	2,434,203
CNPG-CEPEC	2,196,594	1,600,000	596,594	-	-	-
CNPG-CEPEC II	2,440,658	1,500,000	260,000	500,000	180,658	180,658
CODESRIA	3,046,595	1,100,000	400,000	1,120,000	426,595	-
COMESA	1,616,000	1,500,000	116,000	-	-	-
CREAM	2,371,270	1,721,270	200,000	450,000	-	-
CSD	29,084,709	1,335,903	2,200,000	25,548,806	-	-
DMPA	3,951,000	1,785,000	1,270,989	990,000	(94,989)	(94,989)
DPC I	4,335,000	2,845,965	1,000,000	489,035	-	-
DPC II	3,599,415	1,442,210	755,072	1,402,183	(50)	(50)
EALA-EAC	2,662,934	1,500,000	-	-	1,162,934	-
ECOWAS	3,800,000	2,000,000	640,000	1,676,596	(516,596)	(516,596)
EDRI	3,244,000	1,500,000	1,244,000	500,000	-	-
EEA I	1,894,709	1,030,000	864,709	480,000	(480,000)	(480,000)
EEA II	2,965,499	800,000	371,046	-	1,794,453	-
	333,832,352	103,275,268	53,677,484	124,914,239	51,965,361	44,067,784

*Cancelled in July 1996

Annex A.4 (continued). Financing Status of ACBF-funded Projects and Programs as at 31 December 2005

	Total Cost	ACBF's Share	Govt./Own Financing	Pledged Co-financing	Financing Deficit/(Surplus)	Financing Deficit/(Surplus)
	1	2	3	4	2005 5	2004 6
EMPAC	2,350,000	1,410,000	258,500	681,500	-	-
EPAM	4,073,407	900,000	633,752	-	2,539,655	-
EPM (Cameroon) I	3,009,705	2,000,000	-	1,100,000	(90,295)	(90,295)
EPM (Cameroon) II	2,951,648	2,000,000	-	560,000	391,648	391,648
EPM (Côte d'Ivoire) I	2,990,836	2,000,000	-	970,000	20,836	20,836
EPM (Cote d'Ivoire) II	2,977,527	2,000,000	-	560,000	417,527	417,527
EPM (Ghana) I	3,278,794	2,000,000	-	1,379,000	(100,206)	(100,206)
EPM (Ghana)II	2,959,400	2,000,000	-	560,000	399,400	399,400
EPM (Uganda) I	3,161,640	2,000,000	-	1,161,000	640	640
EPM (Uganda) II	2,959,400	2,000,000	-	560,000	399,400	399,400
EPRC I	1,821,537	1,500,000	491,290	-	(169,753)	(169,753)
EPRC II	4,690,798	2,000,000	1,220,573	1,439,459	30,766	30,766
EPRC III	5,595,694	1,802,891	2,045,295	-	1,747,508	3,208,185
ESAIDARM	8,000,000	2,000,000	2,074,435	3,925,565	-	-
ESRF I	4,208,000	1,700,000	695,401	-	1,812,599	1,812,599
ESRF II	5,400,000	2,000,000	1,920,000	480,000	1,000,000	1,000,000
ESRF III	5,080,000	1,500,000	1,050,000	895,000	1,635,000	1,635,000
GICAP	897,900	850,000	47,900	-	-	-
ICP	11,000,000	1,000,000	-	-	10,000,000	10,000,000
IDEC I	2,861,280	2,000,000	82,650	-	778,630	778,630
IDEC II	3,662,800	2,000,000	362,800	1,300,000	-	1,325,289
IDEG	2,548,959	1,500,000	390,000	360,000	298,959	298,959
IEF	13,725,212	3,000,000	2,453,697	8,271,515	-	-
IGE	1,342,984	998,985	-	343,999	-	-
ILO/LMIS	2,364,215	1,500,000	457,113	455,660	(48,558)	(912,773)
IPAR	5,033,000	2,525,000	-	2,508,600	(600)	(600)
IPAR II	4,000,000	1,500,000	-	1,787,130	712,870	712,870
IPAR III	3,916,000	1,200,000	916,000	1,000,000	800,000	-
KIPPRA	5,312,000	1,630,000	1,182,000	2,500,000	-	-
KIPPRA II	15,677,000	1,700,000	-	-	13,977,000	13,977,000
LIMPAC	2,174,293	1,800,000	-	-	374,293	374,293
LMMP	1,550,000	1,396,000	-	-	154,000	154,000
MACROFOR	1,598,164	1,598,164	-	-	-	-
McGILL	7,936,000	2,136,000	886,000	4,914,000	-	-
MEFMI I	25,000,000	2,900,000	-	22,100,000	-	-
MEFMI II	18,343,132	2,500,000	11,556,000	10,055,000	(5,767,868)	(5,767,868)
MRUTP	2,380,000	2,000,000	380,000	-	-	-
NATSTA (NSO)	2,746,000	1,200,000	646,000	900,000	-	-
NCBP(PFMR)	7,106,100	3,000,000	-	-	4,106,100	4,106,100
NEC	3,000,000	1,500,000	350,000	1,150,000	-	-
NECF	6,697,845	2,000,000	3,033,000	800,000	864,845	864,845
NEG (EGN-ISSER)	349,700	300,000	-	-	49,700	49,700
NCEMA I	989,879	990,000	-	-	(121)	(121)
NCEMA II	2,102,070	997,940	817,002	287,128	-	-
NCEMA III	2,408,740	700,000	1,708,740	-	-	-
NEPAD	49,209,000	2,000,000	43,309,000	-	3,900,000	3,900,000
NEPAM	614,145	300,000	114,145	200,000	-	-
NEPRU I	3,665,000	2,400,000	1,265,000	-	-	-
NEPRU II	5,602,880	2,000,000	2,610,304	992,576	-	-
NEPRU III	6,246,281	1,300,000	4,946,281	-	-	-
NGO—Council	1,996,342	850,000	-	1,299,143	(152,801)	(152,801)
NGOCC	1,384,980	1,384,980	-	-	-	-
NIEP	5,565,044	2,000,000	1,817,869	1,747,175	-	-
NPMSF	2,059,000	1,580,096	478,904	-	-	-
OAU/EDECO/PASU I	3,000,000	3,000,000	-	-	-	-
	635,406,683	197,325,324	143,877,135	202,157,689	92,046,535	82,733,058

Annex A.4 (continued). Financing Status of ACBF-funded Projects and Programs as at 31 December 2005

	Total Cost	ACBF's Share	Govt./Own Financing	Pledged Co-financing	Financing Deficit/(Surplus)	Financing Deficit/(Surplus)
	1	2	3	4	2005 5	2004 6
OAU/EDECO/PASU II	7,709,074	3,000,000	4,709,074	1,716,000	(1,716,000)	(1,716,000)
PALOP	8,299,016	2,000,000	1,659,803	970,000	3,669,213	3,669,213
PARCOSIT	1,040,422	936,380	104,042	-	-	-
PARECAP	3,097,308	2,000,000	-	-	1,097,308	1,097,308
PARP	3,536,925	2,000,000	700,000	836,925	-	-
PCP(PSU)	3,164,500	1,859,100	-	1,164,500	140,900	140,900
PDTPE	2,000,000	2,000,000	-	-	-	-
PNRC - CAF I	1,682,340	1,300,000	-	382,340	-	-
PNRC - CAF II	1,377,750	1,000,000	300,000	-	77,750	-
PNRN - CMAP	1,845,360	1,200,000	207,960	50,000	387,400	387,400
PRECAGEF	1,422,850	1,422,850	-	-	-	-
PRECAREF	5,187,578	1,800,000	680,000	1,800,000	907,578	907,578
PRECASP I	1,100,000	1,100,000	-	-	-	-
PRECASP II	1,901,025	1,000,000	170,000	-	731,025	-
PREGESCO	2,100,000	1,800,000	300,000	-	-	-
PRIECA/AO I	3,346,154	1,431,594	-	-	1,914,560	1,914,560
PRIECA/AO II	3,542,381	2,200,000	-	1,342,381	-	-
PRIESP	901,365	723,330	78,035	100,000	-	-
PROFESS	1,538,450	1,157,090	381,360	-	-	-
PSMTP- AU	3,000,000	3,000,000	-	-	-	-
PSMTP- GIMPA	3,000,000	3,000,000	-	-	-	-
PSMTP- ENA DKR	3,000,000	3,000,000	-	-	-	-
PSMTP- ENA LBV	3,000,000	3,000,000	-	-	-	-
PTCI I	12,400,000	5,000,000	-	4,789,800	2,610,200	2,610,200
PTCI II	12,742,365	4,000,000	-	2,322,714	6,419,651	6,419,651
MSCBP (RCBP)	75,732,100	4,000,000	-	71,732,100	-	-
RECADIP	1,650,000	1,500,000	150,000	-	-	-
RECOFEM	1,894,410	1,000,000	500,000	344,410	50,000	-
RENFOR	2,300,000	2,000,000	300,000	-	-	-
RESPEC	1,823,510	1,517,510	306,000	-	-	-
RGC-B	332,500	275,000	-	-	57,500	57,500
SADC - PF	3,631,293	2,600,000	-	-	1,031,293	1,031,293
SANGOCO	5,455,317	1,200,000	2,201,561	2,053,756	-	-
SARIPS	11,516,642	1,500,000	-	8,448,163	1,568,479	1,568,479
STPC	2,814,819	1,000,000	300,000	1,014,819	500,000	-
UCCBP	12,900,000	4,500,000	3,002,612	-	5,397,388	-
UNAM MPPA	1,986,700	850,000	1,136,700	-	-	-
UAPD (CAPAN)	2,860,463	1,600,000	-	-	1,260,463	1,260,463
UPE	2,961,000	1,912,200	194,400	854,400	-	-
WAIFEM I	12,610,269	2,519,000	-	5,015,470	5,075,799	5,075,799
WAIFEM II	12,000,000	2,300,000	7,740,000	1,960,000	-	-
WAJA-UJAO	2,919,945	1,500,000	300,000	-	1,119,945	-
ZEPARU	5,500,000	1,500,000	4,000,000	-	-	-
ZIPAR	4,000,000	1,500,000	1,000,000	1,500,000	-	-
ZWRCN	1,867,638	1,000,000	270,873	-	596,765	-
KNET	297,000	297,000	-	-	-	-
NFPs (26)	1,301,200	1,301,200	-	-	-	-
SAFEWIND AND Seed Grants (40)	2,185,331	2,185,331	-	-	-	-
	897,881,683	287,812,909	174,569,555	310,555,467	124,943,752	107,159,406

Annex A.5. Status of Pledges and Contributions by Donors as at 31 December 2005 - Phase I

	Amount Pledged		Amount Paid -In		Exchange Gain (Loss)	Amount Outstanding	
Country/ Organization	Trust Fund 1 US\$ (000)	Trust Fund 2 US\$ (000)	Trust Fund 1 US\$ (000)	Trust Fund 2 US\$ (000)	USD US\$ (000)	USD US\$ (000)	Remarks
AfDB	6.000	-	6.053	-	0.053	-	Fully Paid
Austria	0.400	-	0.377	-	(0.023)	-	Fully Paid
Botswana	0.250	-	0.250	-	-	-	Fully Paid
Cameroon	0.250	-	0.171	-	-	0.079	O/S Balance
Canada	1.500	1.500	1.500	1.500	0.003	-	Fully Paid
Côte d'Ivoire	0.250	-	0.250	-	-	-	Fully Paid
DRC	0.250	-	-	-	-	0.250	
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	-	-	-	Fully Paid
Mauritius	0.250	-	-	-	-	0.250	
The 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	-	4.615	-	(1.385)	-	Fully Paid
Tanzania	0.250	-	-	-	-	0.250	
United Kingdom	5.000	-	4.992	-	(0.008)	-	Fully Paid
United States	10.000	-	5.000	-	-	5.000	
UNDP	-	6.855	-	6.718	-	0.137	Grant Closed
The World Bank	7.000	8.000	7.000	8.000	-	-	Fully Paid
Zimbabwe	0.250	-	0.250	-	-	-	Fully Paid
Sub-Total	65.209	16.355	50.849	16.218	(3.028)	11.466	
Investment Income	-	-	8.460	-	-	-	
TOTAL	65.209	16.355	59.309	16.218	(3028)	11.466	

Annex A.6. Status of Pledges and Contributions by Donors as at 31 December 2005 - Phase II

Country/ Organization	Amount Pledged US\$ (000)	Amount Paid -in US\$(000)	Remarks
African Development Bank	6.000	3.010	
Botswana	0.300	0.300	Fully Paid
Cameroon	0.300	-	
Canada	2.400	3.270	Fully Paid
Chad	0.250	-	
Côte d'Ivoire	0.300	-	
Denmark	5.000	4.217	
Finland	3.000	2.555	
Gabon	0.250	0.238	Fully Paid
Ireland	0.967	0.944	Fully Paid
The Netherlands	2.500	0.795	
Nigeria	0.400	0.400	Fully Paid
Norway	4.121	3.589	Fully Paid
Senegal	0.250	-	
Sweden	6.000	6.000	Fully Paid
Uganda	0.250	0.250	Fully Paid
United Kingdom	4.942	4.579	Fully Paid
UNDP	5.000	-	
The World Bank *	10.000	10.000	Fully Paid
Zimbabwe	0.250	0.073	
SUB-TOTAL	52.480	40.220	
Investment Income	-	5.977	
TOTAL	52.480	46.197	

Note: Not reflected above is the Japanese contribution of US\$10 million, which is to be accessed through the PHRD Trust Fund at the World Bank.

* The World Bank's original pledge of US\$15 million has been reduced by US\$5 million following confirmation by the Bank that the US\$5 million was part of the US\$52.600 million disbursed under ACBF-PACT.

Annex A.7. *Status of Pledges and Contributions by Donors as at 31 December 2005 - ACBF-PACT Phase

Country/Organization	Amount National Currency (million)	Pledged US Dollars USD (million)	Amount Paid in US Dollars USD (million)	Remarks
AfDB		12.000	-	
Benin		0.500	-	
Burkina Faso		0.250	-	
Cameroon		0.750	-	
Canada	C\$28.000	17.834	12.819	
DRC		0.500	-	
Denmark		5.000	1.936	
Ethiopia		0.200	-	
E.U.	€2.000	2.020	-	
Finland	€2.000	2.020	1.586	
France		5.051	5.232	Fully Paid
Gabon		0.800	-	
IMF		4.000	0.817	
India		1.000	1.000	Fully Paid
Ireland	€4.000	4.041	3.600	
Kenya	KSh50.000	0.700	0.652	Fully Paid
Mali		0.750	0.300	
Mauritania		0.250	-	
The Netherlands	€15.000	15.153	6.443	
Niger		0.300	-	
Nigeria		0.500	0.300	
Norway	NOK75.000	10.393	8.959	
Rwanda		0.450	0.330	
Senegal		0.500	0.192	
Sweden	SEK60.000	6.000	2.324	
United Kingdom	£9.000	14.277	8.636	
UNDP		1.000	-	
USA		1.500	-	
The World Bank		55.000	52.600	Fully Paid
Zambia		0.250	-	
SUB-TOTAL		162.990	107.726	
Pre-financing of ACBF-PACT				
The World Bank		73.500	73.500	Fully Paid
Others				
Canada		0.600	0.600	Fully Paid
Rockefeller Foundation		0.075	0.075	Fully Paid
Sub-Total			181.901	
Investment Income			8.126	
TOTAL		237.165	190.027	

Exchange Rates Used:

12/11/2002 USD1=CD1.57; EUR=0.9899; NOK=7.2164; SEK=10; KSh=71.43

*Please note that this table technically represents Phase III of the Trust Fund resources pledged to the Foundation. Drawdowns for countries that have pledged in national currencies will also be made in national currencies. The corresponding amounts expressed in United States Dollars are indicative only.

Annex A.8. *Schedule of Drawdowns into the ACBF-PACT Trust Fund (in US\$ million)

Country /Organization	A MOUNT National Currency	PLEGDED US Dollars	DRAWDOWN					TOTAL 2006
			2002	2003	2004	2005	2006	
AfDB		12.000	2.400	2.400	2.400	2.400	2.400	12.000
Benin		0.500	0.100	0.100	0.100	0.100	0.100	0.500
Burkina Faso		0.250	0.050	0.050	0.050	0.050	0.050	0.250
Cameroon		0.750	0.150	0.150	0.150	0.150	0.150	0.750
Canada	C\$28.000	17.834	3.567	3.567	3.567	3.567	3.567	17.834
DRC		0.500	-	-	0.166	0.166	0.168	0.500
Denmark		5.000	1.000	1.000	1.000	1.000	1.000	5.000
Ethiopia		0.200	0.040	0.040	0.040	0.040	0.040	0.200
E. U.	€2.000	2.020	0.404	0.404	0.404	0.404	0.404	2.020
Finland	€2.000	2.020	-	0.673	0.673	0.673	-	2.020
France	€5.000	5.051	1.010	1.010	1.010	1.010	1.010	5.051
Gabon		0.800	0.160	0.160	0.160	0.160	0.160	0.800
IMF		4.000	0.800	0.800	0.800	0.800	0.800	4.000
India		1.000	-	-	0.333	0.333	0.334	1.000
Ireland	€4.000	4.041	0.808	0.808	0.808	0.808	0.808	4.041
Kenya	KSh50.000	0.700	0.140	0.140	0.140	0.140	0.140	0.700
Mali		0.150	0.150	0.150	0.150	0.150	0.150	0.750
Mauritania		0.250	0.050	0.050	0.050	0.050	0.050	0.250
The Netherlands	€15.000	15.153	3.031	3.031	3.031	3.031	3.031	15.153
Niger		0.300	-	-	-	0.150	0.150	0.300
Nigeria		0.500	0.100	0.100	0.100	0.100	0.100	0.500
Norway	NOK75.000	10.393	2.079	2.079	2.079	2.079	2.079	10.393
Rwanda		0.450	0.090	0.090	0.090	0.090	0.090	0.450
Senegal		0.500	0.100	0.100	0.100	0.100	0.100	0.500
Sweden	SEK60.00	6.000	1.200	1.200	1.200	1.200	1.200	6.000
United Kingdom	£9.000	14.277	2.855	2.855	2.855	2.855	2.855	14.277
UNDP		1.000	0.200	0.200	0.200	0.200	0.200	1.000
USA		1.500	0.300	0.300	0.300	0.300	0.300	1.500
The World Bank		55.000	11.000	11.000	11.000	11.000	11.000	55.000
Zambia		0.250	0.050	0.050	0.050	0.050	0.050	0.250
TOTAL		162.990	31.694	32.367	32.866	33.016	32.346	162.990

Exchange Rates used:

12/11/2002= USD1=CD1.57;

EUR=0.9899;

NOK=7.2164;

SEK=10 ;BP=0.6304;

BP=0.6304


KSh = 71.43

* Technically, this table represents Phase III of the Trust Fund resources pledged to the Foundation. Drawdowns for countries that have pledged in national currencies will also be undertaken in national currencies. The corresponding amounts expressed in United States Dollars are indicative only.

THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
FINANCIAL STATEMENTS
31 December 2005

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Cash Flow Statement	77
Notes to the Annual Financial Statements	78 - 99

The Annual Financial Statements set out on pages 73 to 99 were approved by management on 13 April 2006, and are signed on its behalf by:


.....

EXECUTIVE SECRETARY


.....

MANAGER, FINANCE AND ACCOUNTS

PO Box 267
Harare
Zimbabwe

Deloitte & Touché
Chartered Accountants
Taxation Services
Kenilworth Gardens
1 Kenilworth Road
Newlands
Harare

Tel: +263 (0) 4746248/54
+263 (0) 4746271/5
Fax: +263 (0)4746255
www.deloitte.co.zw

REPORT OF THE INDEPENDENT AUDITORS TO THE EXECUTIVE BOARD OF THE AFRICAN CAPACITY BUILDING FOUNDATION CONSOLIDATED CAPACITY BUILDING TRUST FUND

We have audited the financial statements of the African Capacity Building Foundation for the year ended 31 December 2005 set out on pages 73 to 99.

Respective responsibilities of Executive Board members and auditors

The financial statements are the responsibility of the Foundation's Executive Board. Our responsibility is to express an opinion on the financial statements based on our audit.

Basis of opinion

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.

We believe that our audit provides a reasonable basis for our opinion.

Opinion on financial statements

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 Financial Reporting Standards, so as to give, in all material respects, a true and fair view of the financial position of the Consolidated Capacity Building Trust Fund as at 31 December 2005 and of the results of the operations and cash flows for the financial year ended on that date.



DELOITTE & TOUCHE

13 April 2006

Audit.Tax.Consulting.Financial Advisory.

A member firm of
Deloitte Touché Tohmatsu

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
RECEIPTS AND EXPENDITURE STATEMENT
for the year ended 31 December 2005**

	<u>2005</u> US\$	<u>2004</u> US\$
RECEIPTS		
Receipts from Trust Funds	31 175 872	26 108 447
IMF Receipts	417 514	400 000
Government of France	1 820 550	3 411 014
Interest earned	251 770	59 138
Miscellaneous receipts	15 361	75 779
	----- 33 681 067	----- 30 054 378
EXPENDITURE		
Core public sector projects		
National economic policy analysis, research & training		
Economic policy analysis & management programs		
Capital costs	384 554	639 188
Personnel	2 757 434	2 094 511
Research	1 594 704	1 922 964
Operation and maintenance	1 152 669	873 204
Training	1 833 451	1 904 586
Unallocated	224 930	177 857
	----- 7 947 742	----- 7 612 310
Total economic policy analysis & management programs		
Economic & financial management training programs		
Capital costs	81 194	312 869
Personnel	759 300	461 244
Research	124 122	197 461
Operation and maintenance	199 603	307 997
Training	2 672 468	2 155 805
Unallocated	110 993	158 465
	----- 3 947 680	----- 3 593 841
Total economic & financial management training programs		
Financial management & accountability		
Capital costs	81 006	69 004
Operation and maintenance	114 819	306 093
Training	520 745	651 171
National Economic Policy - Unallocated	56 277	29 031
	----- 772 848	----- 1 055 299
Total financial management & accountability		
Public administration and management		
Capital costs	1 070	1 793
Personnel	70 690	-
Operation and maintenance	71 920	40 635
Training	305 549	17 909
Unallocated	13 178	41 601
	----- 462 407	----- 101 938
Total public administration and management		
Total national economic policy analysis, research & training	----- 13 130 677	----- 12 363 388

Annex B.1 (continued)

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
RECEIPTS AND EXPENDITURE STATEMENT (continued)
for the year ended 31 December 2005**

	<u>2005</u> US\$	<u>2004</u> US\$
Core public sector regional organisations		
Capital costs	198 324	222 248
Personnel	634 288	534 669
Research	252 840	241 719
Operation and maintenance	430 831	150 607
Training	1 284 184	1 873 490
Unallocated	101 712	96 807
	-----	-----
Total core public sector regional organisations	2 902 179	3 119 540
	-----	-----
Total core public sector projects	16 032 856	15 482 928
	-----	-----
Public, private sector, civil society interface		
National institutions		
Capital costs	167 671	71 360
Personnel	1 258 061	1 341 170
Research	96 894	161 456
Operation and maintenance	210 662	115 891
Training	298 642	360 591
Programme activities	328 036	196 699
Unallocated	51 720	98 501
	-----	-----
Total national institutions	2 411 686	2 345 668
	-----	-----
Regional institutions		
Capital costs	23 843	17 142
Personnel	160 157	184 533
Research	21 898	26 949
Operation and maintenance	122 987	65 165
Training	105 268	120 528
Unallocated	15 145	-
	-----	-----
Total regional institutions	449 298	414 317
	-----	-----
Total public, private sector, civil society interface	2 860 984	2 759 985
	-----	-----
Special intervention		
Capital costs	12 990	8 313
Personnel	333 042	358 117
Operation and maintenance	73 343	151 696
Training	342 676	301 038
Unallocated	932	32 263
	-----	-----
Total special intervention	762 983	851 427
	-----	-----

Annex B.1 (continued)

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
RECEIPTS AND EXPENDITURE STATEMENT (continued)
for the year ended 31 December 2005**

	<u>Notes</u>	<u>2005</u> US\$	<u>2004</u> US\$
National focal points			
Capital costs		54 139	18 523
Research		-	40 682
Training		35 103	6 840
Unallocated		168	3 748
Total national focal points		89 410	69 793
Special Projects			
Safewind and seed grants		523 456	580 841
Partnership Arrangements			
IMF/ACBF (AFRITACS)		801 111	600 406
Bank charges on disbursements		6 816	11 107
Workshops		-	1 070
Recovery of provision for doubtful advances	11.1	(85 273)	(271 152)
Foreign exchange loss		430 698	-
Total expenditure on programs		21 423 040	20 086 405
Administration expenditure			
Direct project related expenditure:			
Country capacity profiles	11.2	14 214	92 274
Country assessment and project identification	11.3	230 900	58 959
Project proposal preparation	11.4	201 178	401 016
Project appraisal	11.5	48 913	46 967
Project supervision and monitoring	11.6	415 815	440 693
Mid-term review	11.7	251 832	170 703
		1 162 852	1 210 612
Knowledge networking and program support activities		954 720	851 020
Other administration expenditure:			
Professional staff expenses		5 811 129	4 691 359
Support staff expenses		424 127	355 356
Consultants fees and travel costs		2 490	14 453
Public relations and outreach	11.8	19 273	35 119
General expenses	11.9	1 505 922	911 070
Other	11.10	140 252	105 251
		7 903 193	6 112 608
Total administration expenditure		10 020 765	8 174 240
CONSOLIDATED EXPENDITURE ON PROGRAMS AND ADMINISTRATION		31 443 805	28 260 645
EXCESS OF RECEIPTS OVER EXPENDITURE		2 237 262	1 793 733

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
BALANCE SHEET
31 December 2005**

	<u>Notes</u>	<u>2005</u> US\$	<u>2004</u> US\$
ASSETS			
Non current assets			
Plant and equipment	5	591 814	371 893
		-----	-----
Current assets			
Inventory	6	76 757	50 343
Accounts receivable	7	897 255	975 389
Bank balances and cash	8	9 535 107	8 984 724
Unretired advance to projects	10	12 331 036	11 054 401
Provision for doubtful advances to projects	10	(304 189)	(389 462)
		-----	-----
Total current assets		22 535 966	20 675 395
		-----	-----
TOTAL ASSETS		23 127 780	21 047 288
		=====	=====
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated funds	4	21 511 573	19 274 311
		-----	-----
Current liabilities			
Accounts payable	9	1 616 207	1 772 977
		-----	-----
TOTAL ACCUMULATED FUNDS AND LIABILITIES		23 127 780	21 047 288
		=====	=====

Annex B.3

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
CASH FLOW STATEMENT
for the year ended 31 December 2005**

	<u>2005</u> US\$	<u>2004</u> US\$
Cash flows from operating activities		
Excess of receipts over expenditure	2 237 262	1 793 733
Adjustment for:		
Profit on disposal of property, plant and equipment	-	(508)
Depreciation	121 568	126 979
Interest receivable	(251 770)	(59 138)
	-----	-----
Operating cash flows before working capital changes	2 107 060	1 861 066
	-----	-----
Increase in unretired advances	(1 361 908)	(211 607)
Decrease/(increase) in accounts receivable	78 134	(404 831)
(Decrease)/increase in accounts payable	(156 770)	969 809
(Increase)/decrease in inventory	(26 414)	1 288
	-----	-----
Cash generated from operations	640 102	2 215 725
	-----	-----
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	-	5 498
Purchase of property, plant and equipment	(341 489)	(162 789)
Interest received	251 770	59 135
	-----	-----
Cash used in investing activities	(89 719)	(98 155)
	-----	-----
Net increase in cash and cash equivalents	550 383	2 117 570
Cash and cash equivalents at 31 December 2004	8 984 724	6 867 154
	-----	-----
Cash and cash equivalents at 31 December 2005	9 535 107	8 984 724
	=====	=====

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005**

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 in Sub-Saharan Africa, including support to capacity building in the public sector as well as the interface areas among the public and private sector, and civil society.

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.

The financial statements have been prepared in conformity with International Financial Reporting Standards insofar as they are not in conflict with the financial regulations of the Fund.

3.2 Depreciation of plant and equipment

Fixed assets are stated at cost less accumulated depreciation on a straight-line basis over their anticipated useful lives as follows:

Depreciation is calculated

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 recognised on an accruals basis.

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

3. Accounting policies (continued)**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 statement for the year.

3.5 Inventory

Inventory is valued at the lower of cost and net realisable 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.

Under this scheme the employer is obligated to contribute 7% of the employee's salary into the fund and to contribute further amounts up to 7% of the employees' 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.

Contributions made under this scheme reflected in the Income and Expenditure Statement amount to US\$541 420 (2004 US\$423 721)

	<u>2005</u> US\$	<u>2004</u> US\$
4. Accumulated funds		
Balance at the beginning of the year	19 274 311	17 480 578
Transferred from receipts and expenditure statement	2 237 262	1 793 733
	-----	-----
Balance at the end of the year	21 511 573	19 274 311
	=====	=====

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

5. Property, plant and equipment

<u>Cost</u>	Balance <u>31 Dec 04</u> US\$	<u>Additions</u> US\$	<u>Disposals</u> US\$	Balance <u>31 Dec 05</u> US\$
Library books	46 260	8 360	-	54 620
Motor vehicles	91 883	37 930	-	129 813
Computers	529 533	175 605	-	705 138
Furniture and equipment	330 189	57 700	-	387 889
Communication Equipment	810	61 894	-	62 704
	-----	-----	-----	-----
	998 675	341 489	-	1 340 164
	=====	=====	=====	=====
<u>Accumulated depreciation</u>	Balance <u>31 Dec 04</u> US\$	<u>Additions</u> US\$	<u>Disposals</u> US\$	Balance <u>31 Dec 05</u> US\$
Library books	16 948	10 383	-	27 331
Motor vehicles	63 026	18 793	-	81 819
Computers	418 464	53 872	-	472 336
Furniture and equipment	128 263	30 361	-	158 624
Communication Equipment	81	8 159	-	8 240
	-----	-----	-----	-----
	626 782	121 568	-	748 350
	=====	=====	=====	=====
	Balance <u>31 Dec 04</u> US\$			Balance <u>31 Dec 05</u> US\$
Net book amount	371 893			591 816
	=====			=====
Comprising:-				
Library books	29 312			27 289
Motor vehicles	28 857			47 994
Computers	111 069			232 802
Furniture and equipment	201 926			229 265
Communication Equipment	729			54 464
	-----			-----
	371 893			591 814
	=====			=====

THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005

	2005 US\$	2004 US\$
6. Inventory		
Consumables	76 757	50 343
	<u> </u>	<u> </u>
7. Accounts receivable		
Staff loans	97 297	373 601
Staff advances	6 532	22 692
Travel advance	454 955	331 598
Prepayments	3 943	9 412
Receiver of Revenue - VAT receivable	95 545	95 545
Other	238 983	142 541
	-----	-----
	897 255	975 389
	<u> </u>	<u> </u>
8. Bank balances and cash		
United States dollars - Standard Chartered Bank London	5 485 033	4 219 167
United States dollars - Stanbic Bank and Standard Chartered Bank	930 988	1 081 336
Foreign currencies - Stanbic Bank and Standard Chartered Bank	33 399	272 192
Foreign currencies Standard Chartered Bank London	3 085 687	3 412 029
	-----	-----
	9 535 107	8 984 724
	<u> </u>	<u> </u>
Foreign currencies include Zimbabwe dollars expressed in equivalent United States dollars at the rates of exchange ruling at the balance sheet date.		
9. Accounts Payable		
Amounts owing to staff members	51 656	59 107
Accrued Expenses	89 490	233 938
Consultant Fees Payable	486 809	355 877
Audit Fee Provision	16 000	13 810
Leave Pay Provision	609 678	544 802
Amount due to staff gratuity/savings scheme fund	342 335	263 697
Other	20 239	301 746
	-----	-----
	1 616 207	1 772 977
	<u> </u>	<u> </u>

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

10. Unretired advances to projects

	Coverage	Grant Approved US\$	Cumulative Disbursements US\$	Cumulative Grant Expenditure US\$	Unretired Advance US\$
Phase I					
AERC-CMAP I	Regional	5 000 000	5 000 000	5 000 000	-
AIPA I	South Africa	150 000	150 000	150 000	-
AIPA	South Africa	1 001 730	1 001 730	1 001 730	-
BCEAO/BEAC	Regional	1 050 000	950 900	950 900	-
BIDPA	Botswana	3 000 000	2 663 329	2 663 329	-
CAFPD	Mali	1 600 000	1 561 413	1 534 365	27 048
CAPE	Benin	1 500 000	1 498 670	1 498 670	-
CAPES	Burkina Faso	1 600 000	1 524 120	1 399 120	125 000
CEPA	Ghana	3 500 000	2 854 137	2 665 111	189 026
CERDI-AUREDI	Regional	2 364 000	2 270 456	2 270 456	-
CIRES-CAPEC	Côte d'Ivoire	1 750 000	1 724 928	1 724 928	-
CNPG-CEPEC	Guinea	1 600 000	1 509 184	1 509 184	-
DMPA	Zambia	1 785 000	1 468 428	1 325 270	143 158
DPC	Nigeria	2 845 965	2 742 561	2 742 561	-
EMPAC	Ethiopia	1 410 000	445 589	429 873	15 716
EPRC	Uganda	1 500 000	1 412 911	1 412 911	-
ESAIDARM	Regional	2 000 000	2 000 000	2 000 000	-
ESRF	Tanzania	1 700 000	1 577 113	1 577 113	-
IDEC	Burundi	2 000 000	1 842 927	1 842 927	-
IPAR	Kenya	2 525 000	2 530 806	2 530 806	-
KIPRA	Kenya	1 630 000	1 630 000	1 629 916	84
McGILL	Regional	2 136 000	1 557 374	1 459 290	98 084
MEFMI	Regional	2 900 000	2 900 000	2 900 000	-
NCEMA I	Nigeria	990 000	990 000	990 000	-
NEPRU	Namibia	2 400 000	2 399 566	2 374 723	24 843
OAU/EDECO/PASU	Regional	3 000 000	3 002 676	2 812 286	190 390
PDTPE	Zimbabwe	2 000 000	1 901 512	1 901 512	-
PTCI	Regional	5 000 000	4 830 797	4 830 797	-
UPE	Senegal	1 912 200	1 748 561	1 748 561	-
Total Grant Commitments-Phase I		61 849 895	57 689 688	56 876 339	813 349

**THE AFRICAN CAPACITY BUILDING FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)
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10. Unretired advances to projects (continued)

		Grant	Cumulative	Grant	Cumulative
	Coverage	Approved	Disbursements	Expenditure	Unretired
		US\$	US\$	US\$	Advance
					US\$
Phase II					
AERC-CMAP II	Regional	3 000 000	3 000 000	3 000 000	
BEAC/BCEAO (Debt) I	Regional	1 650 000	1 594 238	1 594 238	-
CNPG-CEPEC II	Guinea	1 500 000	1 009 587	909 587	100 000
CREAM	Madagascar	1 721 270	654 386	554 386	100 000
EPM I - CAMEROON	Cameroon	2 000 000	1 945 894	1 891 835	54 059
EPM I - GHANA	Ghana	2 000 000	1 747 547	1 747 547	-
EPRC II	Uganda	2 000 000	1 971 373	1 971 373	-
ESRF II	Tanzania	2 000 000	1 994 209	1 994 209	-
LIMPAC	Liberia	1 800 000	-	-	-
NCEMA II	Nigeria	997 940	896 859	896 859	-
NIEP	South Africa	2 000 000	1 668 739	1 666 297	2 442
		20 669 210	16 482 83	216 226 331	256 501
EPM I - COTE D'IVOIRE	Côte d'Ivoire	2 000 000	2 000 000	2 000 000	-
EPM I - UGANDA	Uganda	2 000 000	1 954 466	1 954 466	-
					-
Sub-Total		4 000 000	3 954 466	3 954 466	0
Total Grant Commitments - Phase II		24 669 210	20 437 298	20 180 797	256 501
Total Grant Commitments Phases I & II		86 519 105	78 126 986	77 057 136	1 069 850

**THE AFRICAN CAPACITY BUILDING FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

10. Unretired advances to projects (continued)

		Grant	Cumulative	Cumulative	Unretired
	Coverage	Approved	Disbursements	Grant Expenditure	Advance
		US\$	US\$	US\$	US\$
Projects Under Expanded Mandate					
AAU	Regional	2 800 000	-	-	-
ABR	Regional	750 000	234 892	134 892	100 000
AERC-CMAP III	Regional	3 000 000	2 930 509	2 930 509	-
AERC-CMAP IV	Regional	3 000 000	-	-	-
AERC-Ph.D.	Regional	2 000 000	1 219 177	869 621	349 556
AFI	Regional	800 000	100 000	-	100 000
AMICAAL	Swaziland	1 060 000	982 442	912 442	70 000
AMICAAL II	Swaziland	1 000 000	-	-	-
BCEAO/BEAC MACRO II	Regional	1 738 857	1 708 666	1 508 666	200 000
BCEAO/BEAC MACRO III	Regional	1 100 000	-	-	-
BCEAO/BEAC DEBT II	Regional	1 500 000	-	-	-
BIDPA II	Botswana	1 500 000	1 346 098	1 266 098	80 000
BOCONGO	Botswana	1 150 000	-	-	-
CAFRAD	Regional	700 000	-	-	-
CASC	Cameroon	4 000 000	-	-	-
CAMERCAP	Cameroon	1 708 850	1 120 964	1 020 163	100 801
CANGO	Swaziland	1 000 000	100 000	-	100 000
CAPAN	Benin	1 600 000	1 083 000	933 000	150 000
CAPE II	Benin	1 200 000	100 000	25 002	74 998
CAPED	Niger	1 500 000	811 144	661 144	150 000
CAPES II	Burkina Faso	1 700 000	-	-	-
CASPOF	DRC	1 489 090	161 354	58 743	102 611
CAREF	Cameroon	1 526 150	-	-	-
CCDB	Djibouti	1 091 310	994 251	953 471	40 780
CCDB II	Djibouti	675 000	-	-	-
CEMAC	Regional	1 000 000	680 591	580 591	100 000
CENAF	Gabon	1 305 933	-	-	-
CEPA II	Ghana	1 700 000	1 326 788	1 126 788	200 000
CEPOD	Senegal	1 800 000	978 877	778 877	200 000
CERCAP	Mali	2 000 000	200 000	-	200 000
CESAG	Regional	1 500 000	1 316 126	1 216 126	100 000

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

10. Unretired advances to projects (continued)

	Coverage	Grant Approved US\$	Cumulative Disbursements US\$	Cumulative Grant Expenditure US\$	Unretired Advance US\$
Projects Under Expanded Mandate (continued)					
CI ROAF	Regional	1 000 000	872 332	772 332	100 000
CIRES - CAPEC II	Cote d'Ivoire	1 754 000	1 380 970	1 225 707	155 263
CLKNET - CAPE VERDE	Cape Verde	300 000	-	-	-
CLKNET KENYA	Kenya	297 000	-	-	-
CMAAE	Regional	2 200 000	250 000	-	250 000
CODESRIA CP	Regional	1 100 000	-	-	-
COMESA	Regional	1 500 000	660 242	560 242	100 000
DPC II	Nigeria	1 442 210	261 686	161 686	100 000
EALA	Tanzania	1 500 000	-	-	-
ECOWAS	Regional	2 000 000	490 745	287 775	202 970
EDRI	Ethiopia	1 500 000	587 641	437 641	150 000
EEA	Ethiopia	1 030 000	989 384	989 384	-
EEA II	Ethiopia	800 000	-	-	-
EPAM	Eritrea	900 000	-	-	-
EPM II - CAMEROON	Cameroon	2 000 000	1 346 272	1 139 898	206 374
EPM II - COTE D'IVOIRE	Côte d'Ivoire	2 000 000	1 535 804	1 335 804	200 000
EPM II - GHANA	Ghana	2 000 000	851 981	651 981	200 000
EPM II - UGANDA	Uganda	2 000 000	1 398 567	1 198 305	200 262
EPRC III	Uganda	1 802 891	637 037	487 037	150 000
ESRF III	Tanzania	1 500 000	351 381	251 381	100 000
GICAP	Gambia	850 000	548 639	448 639	100 000
IDEC II	Burundi	2 000 000	1 382 252	1 283 252	99 000
IDEG	Ghana	1 500 000	606 357	455 684	150 673
ICP	Regional	1 000 000	200 000	-	200 000
IEF	Regional	3 000 000	1 111 660	911 660	200 000
IGE	Djibouti	998 985	302 940	202 940	100 000
ILO (LMIS)	Regional	1 500 000	614 039	414 039	200 000
IPAR II	Kenya	1 500 000	1 498 239	1 498 239	-
IPAR III	Kenya	1 200 000	177 289	77 289	100 000
KIPPRA II	Kenya	1 700 000	1 026 235	776 235	250 000
LMMP	Lesotho	1 396 000	367 829	267 829	100 000

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

10. Unretired advances to projects (continued)

		Grant	Cumulative	Cumulative	Unretired
	Coverage	Approved	Disbursements	Grant Expenditure	Edvance
		US\$	US\$	US\$	US\$
Projects Under Expanded Mandate (continued)					
MACROFOR	DRC	1 598 164	1 129 359	1 015 645	113 714
MEFMI II	Regional	2 500 000	1 987 489	1 687 489	300 000
MRUTP	Regional	2 000 000	174 801	-	174 801
(NSO) NATSTA	Malawi	1 200 000	-	-	-
NCBP(PFMR)	Rwanda	3 000 000	1 225 920	975 170	250 750
NCEMA III	Nigeria	700 000	-	-	-
NEC	Malawi	1 500 000	1 175 824	1 075 824	100 000
NECF	Zimbabwe	2 000 000	1 178 625	1 078 625	100 000
NEG (EGN-ISSER)	Ghana	300 000	98 363	48 363	50 000
NEPAD	Regional	2 000 000	200 000	-	200 000
NEPRU II	Namibia	2 000 000	1 923 730	1 923 730	-
NEPRU III	Namibia	1 300 000	-	-	-
NGOCC	Zambia	1 384 980	769 609	769 609	-
NGO COUNCIL	Kenya	850 000	456 010	389 014	66 996
NPMSP	Namibia	1 580 096	-	-	-
OAU-PASU II	Regional	3 000 000	2 379 091	2 379 091	-
PALOP	Regional	2 000 000	-	-	-
PARCOSIT	Chad	936 380	-	-	-
PARECAP	Burkina Faso	2 000 000	200 000	-	200 000
PARP	Nigeria	2 000 000	593 256	443 256	150 000
PCP (PSU)	South Africa	1 859 100	563 152	363 152	200 000
PNRC CAF	Guinea-Bissau	1 300 000	1 173 645	973 645	200 000
PNRC - CAF II	Guinea-Bissau	1 000 000	-	-	-
PNRC CMAP	Mauritania	1 200 000	1 112 661	1 012 661	100 000
PRECAGEF	Gabon	1 422 850	879 597	778 135	101 462
PRECAREF	Senegal	1 800 000	-	-	-
PRECASP	Sao Tome	1 100 000	1 038 283	958 283	80 000
PRECASP II	Sao Tome	1 000 000	-	-	-
PREGESCO	Regional	1 800 000	-	-	-
PRIECA /AO	Regional	1 431 594	1 431 594	1 427 097	4 497
PRIECA /AO II	Regional	2 200 000	370 648	220 648	150 000
PRIESP	Mali	723 330	723 330	723 330	-

**THE AFRICAN CAPACITY BUILDING FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

10. Unretired advances to projects (continued)

		Grant	Cumulative	Cumulative	Unretired
	Coverage	Approved	Disbursements	Grant Expenditure	Advance
		US\$	US\$	US\$	US\$
Projects Under Expanded Mandate (continued)					
PROFESS	Chad	1 157 090	633 492	531 994	101 498
PRSP (CSD)	Tanzania	1 335 903	1 169 831	1 149 642	20 189
PSCGT (CCG)	Kenya	1 000 000	921 883	916 949	4 934
PSCGT (CCG) II	Kenya	900 000	-	-	-
PSMTP AU	Regional	3 000 000	200 000	-	200 000
PSMTP GIMPA	Regional	3 000 000	200 492	-	200 492
PSMTP - ENA DKR	Regional	3 000 000	-	-	-
PSMTP - ENA LBV	Regional	3 000 000	-	-	-
PTCI II	Regional	4 000 000	3 860 279	3 360 279	500 000
RECADIP	Congo	1 500 000	-	-	-
RECOFEM	Mali	1 000 000	382 851	232 851	150 000
RENFOR	Regional	2 000 000	-	-	-
RESAPOD	Senegal	300 000	-	-	-
RESPEC	Congo	1 517 510	101 200	1 200	100 000
RCBP	Rwanda	4 000 000	250 000	-	250 000
RGCB	Burkina Faso	275 000	113 987	43 987	70 000
SADCPF	Regional	2 600 000	130 000	30 000	100 000
SANGOCO	South Africa	1 200 000	945 735	913 997	31 738
SARIPS	Regional	1 500 000	536 510	536 510	-
STPC	Cape Verde	1 000 000	-	-	-
UCCBP	Uganda	4 500 000	-	-	-
UNAM-MPPA	Namibia	850 000	652 567	552 567	100 000
WAIFEM	Regional	2 519 000	2 346 573	2 240 012	106 561
WAIFEM II	Regional	2 300 000	-	-	-
WAJA	Regional	1 500 000	-	-	-
ZEPARU	Zimbabwe	1 500 000	472 717	372 717	100 000
ZIPAR	Zambia	1 500 000	-	-	-
ZWRCN	Zimbabwe	1 000 000	-	-	-
Sub-total		197 807 273	70 547 504	59 936 583	10 610 921

**THE AFRICAN CAPACITY BUILDING FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)
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10. Unretired advances to projects (continued)

		Grant	Cumulative	Grant	Unretired
	Coverage	Approved	Disbursements	Expenditure	Advance
		US\$	US\$	US\$	US\$
NFPs					
CRC	Cape Verde	50 000	40 095	15 095	25 000
HRDA	Rwanda	50 000	25 000	-	25 000
PFRC	Mauritania	50 000	37 637	12 637	25 000
SENAREC-Benin	Benin	50 000	49 954	24 954	25 000
NFP-Botswana	Botswana	50 000	-	-	-
SENAREC-Burundi	Burundi	50 000	50 363	25 363	25 000
SENAEC-Cameroon	Cameroon	50 000	-	-	-
SENAREC-Central African Rep.	Centr.Afr.Rep.	50 000	40 456	15 456	25 000
SENAREC-Chad	Chad	50 000	40 623	30 874	9 749
SENAREC-DRC	DRC	50 000	48 823	23 823	25 000
SENAREC-Gabon	Gabon	50 000	49 995	27 601	22 394
SENAREC-Guinea	Guinea	51 200	32 834	30 206	2 628
SENAREC-Guinea-Bissau	Guinea Bissau	50 000	25 000	-	25 000
NFP-Nigeria	Nigeria	50 000	-	-	-
SENAREC-Sao Tome	Sao Tome	50 000	43 717	18 717	25 000
NFP-Swaziland	Swaziland	50 000	-	-	-
NFP-Uganda	Uganda	50 000	48 851	23 851	25 000
NFP-Zambia	Zambia	50 000	-	-	-
SNRC	Côte d'Ivoire	50 000	50 000	25 006	24 994
NFP-Lesotho	Lesotho	50 000	-	-	-
NFP-Namibia	Namibia	50 000	8 161	8 161	-
NFP	Malawi	50 000	-	-	-
CNRC	Mali	50 000	48 601	23 601	25 000
NFP-Republic of Congo	Republic of Congo	50 000	-	-	-
NFP-Tanzania	Tanzania	50 000	-	-	-
NFP-Togo	Togo	50 000	25 000	-	25 000
Total NFPs		1 301 200	665 110	305 345	359 765

Annex B.4 (continued)

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
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10. Unretired advances to projects (continued)

Coverage	Grant Approved US\$	Cumulative Disbursements US\$	Cumulative Grant Expenditure US\$	Unretired Advance US\$
SAFEWIND and Seed Grants (51)	2 185 331	1 641 950	1 351 450	290 500
Total Grant Commitment - Expanded Mandate	201 293 804	72 854 564	61 593 378	11 261 186
TOTAL	287 812 909	150 981 550	138 650 515	12 331 036
Doubtful advances/debts			304 189	(304 189)
GRAND TOTAL	287 812 909	150 981 550	138 954 704	12 026 847

**THE AFRICAN CAPACITY BUILDING FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

11. Expenditure	<u>2005</u> US\$	<u>2004</u> US\$
11.1 <u>(Recovery of) / Provision for doubtful advances</u>		
<u>Programme</u> <u>Coverage</u>		
EMPAC Ethiopia	-	(40 391)
McGILL Regional	(85 273)	(230 761)
	-----	-----
	(85 273)	(271 152)
11.2 <u>Country capacity profiles</u>	-----	-----
Consultants fees	(1 507)	73 000
Consultants travel costs	8 990	2 904
Staff travel costs	6 731	16 370
	-----	-----
	14 214	92 274
11.3 <u>Country assessment and project identification</u>	-----	-----
Consultants fees	105 183	17 391
Consultants travel costs	90 294	8 598
Staff travel costs	35 423	32 970
	-----	-----
	230 900	58 959
11.4 <u>Project proposal preparation</u>	-----	-----
Consultants fees	12 558	199 168
Consultants travel costs	26 545	66 519
Staff travel costs	118 216	135 329
Project implementation planning	43 859	-
	-----	-----
	201 178	401 016
11.5 <u>Project appraisal</u>	-----	-----
Consultants fees	-	350
Staff travel costs	48 913	46 617
	-----	-----
	48 913	46 967
11.6 <u>Project supervision and monitoring</u>	-----	-----
Consultants fees	4 600	18 412
Consultants travel costs	5241	(711)
Staff travel costs	405 974	422 992
	-----	-----
	415 815	440 693
11.7 <u>Mid-term review</u>	-----	-----
Consultants fees	125 827	101 119
Consultants travel costs	72 948	33 128
Staff travel costs	53 057	36 456
	-----	-----
	251 832	170 703
	-----	-----

Annex B.4 (continued)

THE AFRICAN CAPACITY BUILDING FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005

	2005 US\$	2004 US\$
11. Expenditure (continued)		
11.8 <u>Public relations and outreach</u>		
Production and dissemination of information	13 727	9 873
Documentary on ACBF	(3 101)	17 582
Public relations	8 647	7 664
	-----	-----
	19 273	35 119
	=====	=====
11.9 <u>General expenses</u>		
Communication expenses	40 652	56 113
Recruitment expenses	54 457	31 383
Conferences meeting and travel costs	120 399	158 841
Publications	52 782	30 257
Board expenses	555 004	318 237
Stationery / office supplies	54 148	39 244
Office rent	105 110	111 203
Other operating expenses	523 370	165 792
	-----	-----
	1 505 922	911 070
	=====	=====
11.10 <u>Other</u>		
Depreciation costs	121 568	126 979
Financial (income)/expenses		-
	(36 133)	
Audit fees	18 684	14 405
	-----	-----
	140 252	105 251
	=====	=====

**THE AFRICAN CAPACITY BUILDING FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

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 Consolidated Capacity Building Trust Fund of the Foundation. The commitments have been grouped into commitments from the original mandate termed Phases I and II and new commitments entered into after integration with the PACT Initiative. The undisbursed balances are as follows:

		Grant	Cumulative	Adjustment	Total
	Coverage	approved	disbursements	closed projects	undisbursed
		US\$	US\$	US\$	US\$
Phase I					
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	950 900	99 100	-
BIDPA	Botswana	3 000 000	2 663 329	336 671	-
CAFPD	Mali	1 600 000	1 561 413	-	38 587
CAPE	Benin	1 500 000	1 498 670	-	1 330
CAPES	Burkina Faso	1 600 000	1 524 120	-	75 880
CEPA	Ghana	3 500 000	2 854 137	645 863	-
CERDI-AUREDI	Regional	2 364 000	2 270 456	93 544	-
CIRES-CAPEC	Côte d'Ivoire	1 750 000	1 724 928	25 072	-
CNPG-CEPEC	Guinea	1 600 000	1 509 184	90 816	-
DMPA	Zambia	1 785 000	1 468 428	-	316 572
DPC	Nigeria	2 845 965	2 742 561	103 405	(1)
EMPAC	Ethiopia	1 410 000	445 589	964 411	-
EPRC	Uganda	1 500 000	1 412 911	87 089	-
ESAIDARM	Regional	2 000 000	2 000 000	-	-
ESRF	Tanzania	1 700 000	1 577 113	122 887	-
IDEC	Burundi	2 000 000	1 842 927	-	157 073
IPAR	Kenya	2 525 000	2 530 806	-	(5 806)
KIPPRA	Kenya	1 630 000	1 630 000	-	-
McGILL	Regional	2 136 000	1 557 374	347 865	230 761
MEFMI	Regional	2 900 000	2 900 000	-	-
NCEMA I	Nigeria	990 000	990 000	-	-
NEPRU	Namibia	2 400 000	2 399 566	434	-
OAU/EDECO/PASU	Regional	3 000 000	3 002 676	-	(2 676)
PDTPE	Zimbabwe	2 000 000	1 901 512	98 488	-

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

12. Grant Commitments (continued)

	Grant Coverage	Cumulative approved US\$	Adjustment disbursements US\$	Total closed projects US\$	undisbursed balance US\$
PTCI	Regional	5 000 000	4 830 797	169 203	-
UPE	Senegal	1 912 200	1 748 561	-	163 639
Total Grant Commitments-Phase I		61 849 895	57 689 688	3 184 848	975 359
AERC-CMAP II	Regional	3 000 000	3 000 000	-	-
BEAC/BCEAO (Debt) I	Regional	1 650 000	1 594 238	-	55 762
CNPG-CEPEC II	Guinea	1 500 000	1 009 587	-	490 413
CREAM	Madagascar	1 721 270	654 386	-	1 066 884
EPM I - CAMEROON	Cameroon	2 000 000	1 945 894	-	54 106
EPM I GHANA	Ghana	2 000 000	1 747 547	-	252 453
EPRC II	Uganda	2 000 000	1 971 373	-	28 627
ESRF II	Tanzania	2 000 000	1 994 209	-	5 791
LIMPAC	Liberia	1 800 000	-	-	1 800 000
NCEMA II	Nigeria	997 940	896 859	-	101 081
NIEP	South Africa	2 000 000	1 668 739	-	331 261
Sub-Total		20 669 210	16 482 832	-	4 186 378
EPM I - COTE D'IVOIRE	Côte d'Ivoire	2 000 000	2 000 000	-	-
EPM I UGANDA	Uganda	2 000 000	1 954 466	-	45 534
Sub-Total		4 000 000	3 954 466	-	45 534
Total Grant Commitments Phase II		24 669 210	20 437 298	-	4 231 912
Total Grant Commitments Phases I & II		86 519 105	78 126 986	3 184 848	5 207 271

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

12. Grant commitments (continued)

		Grant	Cumulative	Adjustment	Total
	Coverage	approved	disbursements	closed projects	undisbursed
		US\$	US\$	US\$	balance
					US\$
Projects Under Expanded Mandate					
AAU-CADRE	Regional	2 800 000	-	-	2 800 000
ABR	Regional	750 000	234 892	-	515 108
AERC-CMAP III	Regional	3 000 000	2 930 509	-	69 491
AERC-CMAP IV	Regional	3 000 000	-	-	3 000 000
AERC-Ph.D.	Regional	2 000 000	1 219 177	-	780 823
AFI	Regional	800 000	100 000	-	700 000
AMICAALL	Swaziland	1 060 000	982 442	-	77 558
AMICAALL II	Swaziland	1 000 000	-	-	1 000 000
BCEAO/BEAC MACRO II	Regional	1 738 857	1 708 666	-	30 191
BCEAO/BEAC MACRO III	Regional	1 100 000	-	-	1 100 000
BEAC/BCEAO DEBT II	Regional	1 500 000	-	-	1 500 000
BIDPA II	Botswana	1 500 000	1 346 098	-	153 902
BOCONGO	Botswana	1 150 000	-	-	1 150 000
CAFRAD	Regional	700 000	-	-	700 000
CASC	Cameroon	4 000 000	-	-	4 000 000
CAMERCAP	Cameroon	1 708 850	1 120 964	-	587 886
CANGO	Swaziland	1 000 000	100 000	-	900 000
CAPAN	Benin	1 600 000	1 083 000	-	517 000
CAPE II	Benin	1 200 000	100 000	-	1 100 000
CAPED	Niger	1 500 000	811 144	-	688 856
CAPES II	Burkina Faso	1 700 000	-	-	1 700 000
CASPOF	DRC	1 489 090	161 354	-	1 327 736
CAREF	Cameroon	1 526 150	-	-	1 526 150
CCDB	Djibouti	1 091 310	994 251	-	97 059
CCDB II	Djibouti	675 000	-	-	675 000
CEMAC	Regional	1 000 000	680 591	-	319 409
CENAF	Gabon	1 305 933	-	-	1 305 933
CEPA II	Ghana	1 700 000	1 326 788	-	373 212
CEPOD	Senegal	1 800 000	978 877	-	821 123
CERCAP	Mali	2 000 000	200 000	-	1 800 000
CESAG	Regional	1 500 000	1 316 126	-	183 874

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

12. Grant commitments (continued)

Total

	Coverage	Grant approved US\$	Cumulative disbursements US\$	Adjustment closed projects US\$	undisbursed balance US\$
Projects Under Expanded Mandate (continued)					
CI - ROAF	Regional	1 000 000	872 332	-	127668
CIRES - CAPEC II	Côte d'Ivoire	1 754 000	1 380 970	-	373030
CLKNET - CAPE VERDE	Cape Verde	300 000	-	-	300000
CLKNET - KENYA	Kenya	297 000	-	-	297000
CMAAE	Regional	2 200 000	250 000	-	1 950000
CODESRIA - CBP	Regional	1 100 000	-	-	1 100000
COMESA	Regional	1 500 000	660 242	-	839758
DPC II	Nigeria	1 442 210	261 686	-	1 180524
EALA-EAC	Tanzania	1 500 000	-	-	1 500000
ECOWAS	Regional	2 000 000	490 745	-	1 509255
EDRI	Ethiopia	1 500 000	587 641	-	912359
EEA	Ethiopia	1 030 000	989 384	-	40616
EEA II	Ethiopia	800 000	-	-	800000
EPAM	Eritrea	900 000	-	-	900000
EPM II - CAMEROON	Cameroon	2 000 000	1 346 272	-	653728
EPM II - COTE D'IVOIRE	Côte d'Ivoire	2 000 000	1 535 804	-	464196
EPM II - GHANA	Ghana	2 000 000	851 981	-	1 148019
EPM II - UGANDA	Uganda	2 000 000	1 398 567	-	601433
EPRC III	Uganda	1 802 891	637 037	-	1 165854
ESRF III	Tanzania	1 500 000	351 381	-	1 148619
GICAP	Gambia	850 000	548 639	-	301361
IDEC II	Burundi	2 000 000	1 382 252	-	617748
IDEG	Ghana	1 500 000	606 357	-	893643
ICP	Regional	1 000 000	200 000	-	800000
IEF	Regional	3 000 000	1 111 660	-	1 888340
IGE	Djibouti	998 985	302 940	-	696045
ILO (LMIS)	Regional	1 500 000	614 039	-	885961
IPAR II	Kenya	1 500 000	1 498 239	-	1761
IPAR III	Kenya	1 200 000	177 289	-	1 022711
KIPPRA II	Kenya	1 700 000	1 026 235	-	673765
LMMP	Lesotho	1 396 000	367 829	-	1 028171
MACROFOR	DRC	1 598 164	1 129 359	-	468805

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

12. Grant commitments (continued)

	Coverage	Grant approved US\$	Cumulative disbursements US\$	Adjustment closed projects US\$	Total undisbursed balance US\$
Projects Under Expanded Mandate (continued)					
MEFMI II	Regional	2 500 000	1 987 489	-	512 511
MRUTP	Regional	2 000 000	174 801	-	1 825 199
NATSTA (NSO)	Malawi	1 200 000	-	-	1 200 000
NCBP(PFMR)	Rwanda	3 000 000	1 225 920	-	1 774 080
NCEMA III	Nigeria	700 000	-	-	700 000
NEC	Malawi	1 500 000	1 175 824	-	324 176
NECF	Zimbabwe	2 000 000	1 178 625	-	821 375
NEG (EGN-ISSER)	Ghana	300 000	98 363	-	201 637
NEPAD	Regional	2 000 000	200 000	-	1 800 000
NEPRU II	Namibia	2 000 000	1 923 730	-	76 270
NEPRU III	Namibia	1 300 000	-	-	1 300 000
NGOCC	Zambia	1 384 980	769 609	-	615 371
NGO COUNCIL	Kenya	850 000	456 010	-	393 990
NPMSP	Namibia	1 580 096	-	-	1 580 096
OAU-PASU II	Regional	3 000 000	2 379 091	-	620 909
PALOP	Regional	2 000 000	-	-	2 000 000
PARCOSIT	Chad	936 380	-	-	936 380
PARECAP	Burkina Faso	2 000 000	200 000	-	1 800 000
PARP	Nigeria	2 000 000	593 256	-	1 406 744
PCP (PSU)	South Africa	1 859 100	563 152	-	1 295 948
PNRC CAF	Guinea-Bissau	1 300 000	1 173 645	-	126 355
PNRC - CAF II	Guinea-Bissau	1 000 000	-	-	1 000 000
PNRC CMAP	Mauritania	1 200 000	1 112 661	-	87 339
PRECAGEF	Gabon	1 422 850	879 597	-	543 253
PRECAREF	Senegal	1 800 000	-	-	1 800 000
PRECASP	Sao Tome	1 100 000	1 038 283	-	61 717
PRECASP II	Sao Tome	1 000 000	-	-	1 000 000
PREGESCO	Regional	1 800 000	-	-	1 800 000
PRIECA /AO	Regional	1 431 594	1 431 594	-	-
PRIECA /AO II	Regional	2 200 000	370 648	-	1 829 352
PRIESP	Mali	723 330	723 330	-	-
PROFESS	Chad	1 157 090	633 492	-	523 598
PRSP (CSD)	Tanzania	1 335 903	1 169 831	-	166 072

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

12. Grant commitments (continued)

	Coverage	Grant approved US\$	Cumulative disbursements US\$	Adjustment closed projects US\$	Total undisbursed balance US\$
Projects Under Expanded Mandate (continued)					
PSCGT (CCG)	Kenya	1 000 000	921 883	-	78 117
PSCGT (CCG) II	Kenya	900 000	-	-	900 000
PSMTP AU	Regional	3 000 000	200 000	-	2 800 000
PSMTP - GIMPA	Regional	3 000 000	200 492	-	2 799 508
PSMTP - ENA DKR	Regional	3 000 000	-	-	3 000 000
PSMTP - ENA LBV	Regional	3 000 000	-	-	3 000 000
PTCI II	Regional	4 000 000	3 860 279	-	139 721
RECADIP	Congo	1 500 000	-	-	1 500 000
RECOFEM	Mali	1 000 000	382 851	-	617 149
RENFOR	Regional	2 000 000	-	-	2 000 000
RESAPOD	Senegal	300 000	-	-	300 000
RESPEC	Congo	1 517 510	101 200	-	1 416 310
RCBP	Rwanda	4 000 000	250 000	-	3 750 000
RGC-B	Burkina Faso	275 000	113 987	-	161 013
SADC-PF	Regional	2 600 000	130 000	-	2 470 000
SANGOCO	South Africa	1 200 000	945 735	-	254 265
SARIPS	Regional	1 500 000	536 510	-	963 490
STPC	Cape Verde	1 000 000	-	-	1 000 000
UCCBP	Uganda	4 500 000	-	-	4 500 000
UNAM-MPPA	Namibia	850 000	652 567	-	197 433
WAIFEM	Regional	2 519 000	2 346 573	-	172 427
WAIFEM II	Regional	2 300 000	-	-	2 300 000
WAJA	Regional	1 500 000	-	-	1 500 000
ZEPARU	Zimbabwe	1 500 000	472 717	-	1 027 283
ZIPAR	Zambia	1 500 000	-	-	1 500 000
ZWRCN	Zimbabwe	1 000 000	-	-	1 000 000
Sub- total		197 807 273	70 547 504	-	127 259 769

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

12. Grant commitments (continued)

	Coverage	Grant approved US\$	Cumulative disbursements US\$	Adjustment closed projects US\$	Total undisbursed balance US\$
NFPs					
CRC - Cape Verde	Cape Verde	50 000	40 095	-	9 905
HRDA	Rwanda	50 000	25 000	-	25 000
PFRC	Mauritania	50 000	37 637	-	12 363
SENAREC-Benin	Benin	50 000	49 954	-	46
SENAREC-Botswana	Botswana	50 000	-	-	50 000
NFP-Burundi	Burundi	50 000	50 363	-	(363)
SENAREC-Cameroon	Cameroon	50 000	-	-	50 000
SENAREC-CAR	CAR	50 000	40 456	-	9 544
SENAREC-Chad	Chad	50 000	40 623	-	9 377
SENAREC-DRC	DRC	50 000	48 823	-	1 177
SENAREC-Gabon	Gabon	50 000	49 995	-	5
SENAREC-Guinea	Guinea	51 200	32 834	-	18 366
SENAREC-Guinea-Bissau	Guinea-Bissau	50 000	25 000	-	25 000
NFP-Nigeria	Nigeria	50 000	-	-	50 000
SENAREC-Sao Tome	Sao Tome	50 000	43 717	-	6 283
NFP-Swaziland	Swaziland	50 000	-	-	50 000
NFP-Uganda	Uganda	50 000	48 851	-	1 149
NFP-Zambia	Zambia	50 000	-	-	50 000
SNRC	Côte d'Ivoire	50 000	50 000	-	-
NFP-Lesotho	Lesotho	50 000	-	-	50 000
NFP-Namibia	Namibia	50 000	8 161	-	41 839
NFP-Malawi	Malawi	50 000	-	-	50 000
CNRC	Mali	50 000	48 601	-	1 399
SENARE-Rep. of Congo	Republic of Congo	50 000	-	-	50 000
NFP-Tanzania	Tanzania	50 000	-	-	50 000
NFP-Togo	Togo	50 000	25 000	-	25 000
Total NFPs		1 301 200	665 110	-	636 090

**THE AFRICAN CAPACITY BUILDING FOUNDATION
CONSOLIDATED CAPACITY BUILDING TRUST FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2005**

12. Grant commitments (continued)

	Grant approved US\$	Cumulative disbursements US\$	Adjustment closed projects US\$	Total undisbursed balance US\$
SAFEWIND and Seed Grants (51)	2 185 331	1 641 950	-	543 381
Total Commitment-Expanded Mandate	201 293 804	72 854 564	-	128 439 240
Consolidated Grant Commitment	287 812 909	150 981 550	3 184 848	133 646 511

13. Freedom from taxation

The African Capacity Building Foundation, its assets, property, income and its operations and transactions authorized in furtherance of its constitutional purposes, are exempt from all forms of taxation and from all custom duties.

Annex C.1. Board of Governors (as at 31 December 2005)

Member	Governor	Alternate(s)
France	Jean-Christophe Deberre (Chair)	Hervé Magro
Côte d'Ivoire	Charles Konan Banny (Vice-Chair)	Paul-Antoine Bouabré
Denmark	Johnny Flento (Vice Chair)	Ove Fritz Larsen
		Fin Poulsen
Zambia	Ng'andu P. Magande (Vice-Chair)	Kapembwa Simbao
The World Bank	Gobind T. Nankani (Vice-Chair)	
AfDB	Chanel Boucher	
Benin	Zul Kifl Salami	Jules Ahodekon
Botswana	Wilfred J. Mandlebe	
Burkina Faso	Seydou Bouda	
Cameroon	Polycarpe Abah Abah	Denis Oumarou
Canada	Louise Clément	Denis Potvin
Chad	Mahamat Ali Hassan	
Congo (DRC)	Alexis Thambwe-Mwamba	Raymond Tshibanda
Finland	Pekka Hukka	Paula Koski
Gabon	Paul Toungui	Casimir Oye M'Ba
		Senturel Madoungou
Ghana	Kwadwo Baah-Wiredu	George Gyan-Baffour
IMF	Abdoulaye Bio-Tchane	Claire Liuksila
India	Shri Ajit Kumar	
Ireland	Eamonn McKee	Cait Moran
		Theresa Tuite
Kenya	David Mwiraria	
Malawi	Goodall Gondwe	David Faiti
Mali	Abou-Bacar Traoré	
Mauritania	Mohamed Ould El Abed	
Mauritius	G. Wong So	
The Netherlands	Wepke Kingma	Marisia Pechaczek
Niger	Ali Mahaman Lamine Zeine	
Nigeria	Ngozi Okonjo-Iweala	Sylvester O. Monye
Norway	Poul Engberg-Pedersen	Arve Ofstad
Rwanda	Monique Nsanzabaganwa	Charles Karake
Senegal	Abdoulaye Diop	
Sweden	Lennarth Hjelmaker	Charlotta Johansson
Tanzania	Basil Mramba	Mustafa Haidi Mkulo
Uganda	Ezra Suruma	Isaac Isanga Musumba
UNDP	Abdoulie Janneh	
United Kingdom	Dave Fish	Tim Williams
United States of America	Wade Warren	
Zimbabwe	Herbert Murerwa	David Chapfika

Annex C.2.Executive Board (as at 31 December 2005)

Independent Board Members

Emmanuel Tumusiime-Mutebile (Chairperson)

Winnie Byanyima

Jan Isaksen

Gloria Somolekae

John Loxley

Elisabeth Tankeu

Frans Werter

Kerfalla Yansane

Representatives of Sponsoring Agencies

Henock Kifle, African Development Bank

Bernard Mokam, United Nations Development Programme

Helga Muller, The World Bank

Executive Secretary

Soumana Sako

ANNEX C.3.MANAGEMENT AND STAFF (as at 31 December 2005)



Soumana Sako	-	Executive Secretary (Mali)
<hr/>		
Edwin N. Forlemu	-	Special Assistant; and Manager, Legal Services Department (Cameroon)
Samba Ka	-	Program Team Leader, Operations Zone III (Senegal)
Jacques G. Katuala	-	Program Team Leader, Operations Zone II (Democratic Republic of Congo)
Constantine Mandengu	-	Manager, Finance and Accounts Department (Zimbabwe)
Apollinaire Ndorukwigira	-	Operations Advisor, a.i.; and Program Team Leader, Operations Zone I (Burundi)
Genevesi O. Ogiogio	-	Manager, Knowledge Management and Program Support Department (Nigeria)
Temilade O. Oke	-	Manager, Administration and Human Resources Department (Nigeria)
Mercy Bruce-Amanquah	-	Senior Human Resources Officer (Ghana)
Sally Linda Mulalu-Dormeyan	-	Senior Program Officer (Zambia)
Charlotte Ndlovu	-	Senior Budget and Finance Analyst (Zimbabwe)
Coffi Rémy Noumon	-	Senior Program Officer (Benin)
Dieynaba Tandian Tall	-	Senior Program Officer (Senegal)
Adeboye Adeyemo	-	Program Officer (Nigeria)
Leah Chatta-Chipepa	-	Program Officer (Zambia)
Maria-Nita Dengo-Chonguiça	-	Program Officer (Mozambique)
Anna Diallo	-	Program Officer (Mali)
Ernest Etti	-	Program Officer (Cameroon)

Gibson Guvheya	-	Program Officer (Zimbabwe)
Karamoko Kané	-	Program Officer (Mali)
George Kararach	-	Program Officer (Uganda)
Bakary Koné	-	Program Officer (Côte d'Ivoire)
Nyawira Miano	-	Program Officer (Kenya)
Floribert Ngaruko	-	Program Officer (Burundi)
Claude Sinzogan	-	Program Officer (Benin)
Rukiya Wadoud	-	Program Officer (Tanzania)
François Yao	-	Program Officer (Côte d'Ivoire)
Bethelhem Belayneh	-	Program Officer (Ethiopia)
Rosa Ongeso	-	Outreach Officer; and Public Relations and Media Officer, a.i. (Kenya)
Thomas Asare	-	Disbursement Officer (Ghana)
Madibinet Cissé	-	Legal Officer (Guinea-Conakry)
Phineas Kadenge	-	Knowledge Management Officer (Zimbabwe)
Abdoulaye Kane	-	Disbursement Officer (Burkina Faso)
Sithabile Majoni	-	Administration Officer (Zimbabwe)
Oumar Touré	-	Internal Audit Officer (Côte d'Ivoire)
Chriswell Vava	-	Information Systems Officer (Zimbabwe)
Grace Wamala	-	Disbursement Officer (Uganda)
Rutendo Kambarami	-	Knowledge Management Officer (Zimbabwe)
Jules Roger Ketcha Nzoundji	-	Disbursement Officer (Cameroon)
Nomhle Veli Moyo	-	Central Registry, Meetings and Travels Assistant (Zimbabwe)
Jasper Muvezwa	-	Library and Information Centre Assistant (Zimbabwe)
Zewdu Mebrat Tegen	-	Accounting Officer (Ethiopia)
Muchazowanei Tsiga	-	Internal Audit Officer (Zimbabwe)

Cathrine Mlingwa	-	Senior Secretary (Zimbabwe)
Sophie Ncube	-	Senior Bilingual Secretary (Zimbabwe)
Marie-Thérèse B-Kadurira	-	Bilingual Secretary (Senegal)
Petronilla Utete	-	Bilingual Secretary (Zimbabwe)
Aku Burawudi	-	Bilingual Secretary (Togo)
Sitabile Rachel Matipano	-	Secretary (Zimbabwe)
Memory Munyurwa	-	Secretary (Zimbabwe)
Paddy Mutimusakwa	-	Secretary (Zimbabwe)
Juliet Mucheki	-	Graphic Designer/Secretary (Zimbabwe)
Walter Mangwende	-	Desktop Publishing Secretary (Zimbabwe)
Patience Jambaya	-	Accounts Clerk (Zimbabwe)
Lambert Muirimi	-	Accounts Clerk (Zimbabwe)
William Kazvidza	-	Administrative Services Clerk (Zimbabwe)
Thomas Sipapate	-	Web Designer (Zimbabwe)
Maljan Azimana Fazilahmed	-	Receptionist (Zimbabwe)
Jonathan Sithole	-	Senior Driver/Messenger (Zimbabwe)
Bernard Hwatura	-	Driver/Messenger (Zimbabwe)
Barry Nyamadzi	-	Driver/Messenger (Zimbabwe)
Edmond Suluma	-	Driver/Messenger (Zimbabwe)
Godwin Makura	-	Messenger (Zimbabwe)
Rodreck Gwidiba	-	Messenger (Zimbabwe)

ANNEX C.4.LIST OF ACBF PUBLICATIONS

1. ACBF Constitution
2. Annual Reports (1992-2005) Print /Online since 2000
3. Consolidated Strategic Medium-Term Plan (2002-2006)
4. Knowledge Management System: Elements of an Emerging Strategic Framework (October 2002)
5. ACBF: Frequently Asked Questions

BOOKS

Better Governance and Public Policy: Capacity Building and Democratic Renewal in Africa. Soumana Sako and Dele Olowu (Editors) Bloomfield, USA: Kumarian Press, 2002

ONLINE DIRECTORIES

1. Directory of African Governments Websites
2. Directory of African Development Management Professionals
3. Directory of Departments of Economics of African Universities
4. Directory of African Central/Reserve Bank Governors
5. Directory of African Policy Research Centres
6. Directory of ACBF Projects & Programs
7. Directory of African Finance and Economic Planning Ministers
8. Directory of Major Web Sites and Links on Africa's Development issues and Reports
9. Directors of National Statistics Offices in Africa
10. Web Sites of African Countries

QUARTELY NEWSLETTERS

1. ACBF Newsletter (Quarterly) 1993 - 2005 Print and online since 2000 (<http://www.acbf-pact.org/newsletter/index.asp>) in English and French

OCCASIONAL PAPERS (PRINT AND ONLINE)

1. Occasional Paper No. 1. Africa: Major Development Challenges and their capacity Building Dimensions. Soumana Sako and Genevesi Ogiogio. Harare: ACBF, 2002
2. Occasional Paper No. 2. The New Partnership for Africa's Development: Building Economic and Corporate Governance Institutions for Sustainable Development. Soumana Sako. Harare: ACBF, 2003
3. Occasional Paper No. 3. Studies in Reconstruction and Capacity Building in Post-Conflict countries in Africa: Some Lessons of Experience from Mozambique, Rwanda, Sierra Leone and Uganda. Harare: ACBF, 2004
4. Occasional Paper No. 4. Measuring Performance of Interventions in Capacity Building: Some Fundamentals. Harare: ACBF, 2005

WORKING PAPERS (AWPS)

1. ACBF Working Paper No. 1, October 2004: The Political Economy of Sustainable Development: The Governance Perspective
2. ACBF Working Paper No. 2, October 2004: Measuring Performance of Interventions in Capacity Building: Some Fundamentals
3. ACBF Working Paper No. 3, October 2004: Africa's Search for Regional Cooperation and Integration in the 21st Century

4. ACBF Working Paper No. 4: Farm Subsidies, Unfair Practices and the Prospects of Poverty Reduction in Africa: Options for the Continent
5. ACBF Working Paper No. 5: Challenges in the Building of Public Service Capacity in Africa
6. ACBF Working Paper No. 7: Public Financial Management Reform in Developing Countries: An Assessment of the Application of MTEF and IFMIS in Ghana, Tanzania and Uganda
7. ACBF Working Paper No. 8: Capacity Building Interventions: Some Results/Outcomes of Selected ACBF-supported Institutions

African Research Abstracts Series (APRAS), No. 1, November/December 2004

ACBF: Challenges Facing Capacity Building Efforts and Processes in Africa. 2005

The African Capacity Building Foundation: An Overview. 2005

LESSONS NOTES IN CAPACITY BUILDING

1. Project Supervision
2. Civil Society Organizations in Development
3. Applying Best Practices in Procurement
4. Strengthening Parliament as an Institution - Some Recommended Practices
5. Lesson Note on Measuring Performance of Interventions in Capacity Building - A Stepping Stone through the Marshes

WORKSHOP REPORTS

1. Proceedings of the Workshop on Operational Approaches to Institutional and Capacity Development. Harare, Zimbabwe: 27 - 29 October 1999. Edited by Ton Land (ACBF) and Apollinaire Ndurukwigira (ACBF).
2. Regional Workshop for National Focal Points on Capacity Building Coordination in Africa. Lusaka, Zambia: 26 - 27 June 2000
3. Brief on Trade-Related Capacity Building Interventions of the African Capacity Building Foundation (ACBF). 2004
4. Report of the First Annual Meeting of the Technical Advisory Panels and Networks. 2004
5. Report of the Second Annual Meeting of the Technical Advisory Panels and Networks. 2005.

BROWN BAG SEMINARS

1. Africa and the Doha Development Agenda. 2004.
2. Building of Capacity to Promote Good Corporate Governance in Africa. 2004
3. International Trade and Gender in East Africa: Kenya, Uganda and Tanzania. 2004.
4. The Problem of Re-qualification of Limited-Term Employment Contracts in Development Operations. 2005.
5. The Role of Knowledge Networks in Knowledge Management Systems. 2005.
6. Capacity Building Issues in Public Expenditure Management and Accountability. 2005.
7. Fighting Poverty without Numbers. 2005.

OPERATIONS AND THEMATIC RESEARCH

1. An Analysis of the Market for Skilled African Development Management Professionals. 2004.
2. The Impact of HIV/AIDS on Public Sector Capacity in sub-Saharan Africa. 2004
3. A Study of Corporate Governance and Management Practices in ACBF-supported Institutions (study conducted by the Centre for Corporate Governance, Nairobi, Kenya). 2005
4. A Study of Capacity Needs of Africa's Regional Economic Communities (study conducted by a team of consultants led by Prof. Sam Olofin, Chair, ACBF TAP-NET-EPANET). 2005.

WEBSITES AND PORTALS

Technical Advisory Panels and Networks (TAP-NETs)

1. Economic Policy Analysis and Management (EPANET) <http://www.acbf-pact.org/tapnets/pub/epanet.asp>
2. Public Administration and Management (PAMNET) <http://www.acbf-pact.org/tapnets/pub/pamnet.asp>
3. Financial Management and Accountability FIMANET) <http://www.acbf-pact.org/tapnets/pub/fimanet.asp>
4. National Statistics (STANET) <http://www.acbf-pact.org/tapnets/pub/statnet.asp>
5. Professionalization of the Voices of Private Sector and Civil Society (VOICENET) <http://www.acbf-pact.org/tapnets/pub/voicenet.asp>
6. National Parliaments and Parliamentary Institutions (PARLIANET) <http://www.acbf-pact.org/tapnets/pub/parlianet.asp>

OTHER WEBSITES AND PORTALS

1. Economic and Financial Policymakers Network:
www.acbf-pact.org/efnet
2. ACBF Intranet:
www.acbf-pact.org/intranet
3. Economic Policy Management Training Program Online:
www.epm-africa.org

VIDEOS AND COMPACT DISCS

1. ACBF Technical Advisory Panels and Networks. 2nd Annual Meeting (CD)
2. TV Advert on ACBF (Video and CD)
3. TV Advert on the Public Sector Management Training Program (Video and CD)

OTHER PUBLICATIONS

1. ACBF in Brief: Challenges and Opportunities of the New Strategic Orientation of ACBF as articulated in the Strategic Medium-Term Plan (SMTP), 2002-2006. October 2001
2. Staff News October, Nos. 1-16. Published by the ACBF Staff Advisory Panel (SAP).



THE AFRICAN CAPACITY
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Helping Africa Fight Poverty?

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