



African Union



AU/NEPAD AFRICAN ACTION PLAN

2010-2015:

**Advancing Regional and Continental
Integration in Africa**

Strategic Overview

Executive Summary

AU/NEPAD African Action Plan 2010-2015:
Advancing Regional and Continental Integration
Strategic Overview

Introduction

The AU/NEPAD African Action Plan (AAP) is the defining statement of Africa's current priority programmes and projects related to the promotion of regional and continental integration, anchored in NEPAD's Guiding Principles. The 10th meeting of the Africa Partnership Forum (APF) in Tokyo in 2008 recommended the revision of the AAP. The present report presents a **Strategic Overview** of the Plan.

A 'new-look' presentation has been developed for the Plan:

- to demonstrate the alignment of priority programmes and projects with AU/NEPAD objectives in nine key sectors and with the Millennium Development Goals (MDGs);
- to clarify the state of investment readiness of these priority initiatives; and
- to more closely estimate the resources needed to implement the Plan, between 2010 and 2015.

Key steps to implement the Plan and to accelerate the pace of investment under the Plan include:

- allocating \$100 million to increase the supply of bankable projects in all sectors;
- managing the Plan in a proactive fashion, to develop projects and programmes and facilitate financing; and
- making the Plan available more broadly, to promote support for regional and continental integration initiatives among African as well as international partners.

The Plan will be updated annually and will be reviewed in detail at its mid-point, at which time the Programme for Infrastructure Development (PIDA), endorsed by the AU Summit in February, will be in place.

Background, Rationale and Objectives

The AU/NEPAD African Action Plan (AAP) was originally conceived and developed in 2005/2006, in the drive to fast track the implementation of Africa's development and initiatives, including the MDGs. It consists, primarily, of the current priority programmes and projects with high potential impact on regional integration in Africa and requiring co-ordination at the continental level.

The AAP was intended as a platform for dialogue with international African partners, to raise resources for much needed public and private investments and to monitor and evaluate progress. The 10th meeting of the Africa Partnership Forum (APF) in Tokyo found that the 2008 version of the Plan, estimated to cost US\$ 115 billion, lacked context for its priorities, a clear indication of the status of projects, and a reliable basis for resource requirements. As a result, the African Development Bank, together with the African Union Commission (AUC), NEPAD Secretariat and the UN Economic Commission for Africa, were mandated by the AU

and NEPAD to revise the AAP, with the overarching objective of producing a revised AAP with buy-in from all stakeholders.

Inputs to the AAP Revision

The review and revision process took place over a five-month period, between January and June 2009.

- Consultations were held with the four lead institutions (AfDB, AUC, NEPAD Secretariat and UNECA).
- Field visits were made to each of the eight Regional Economic Communities (RECs) and a final validation seminar was held with the RECs in Tunis on June 12, 2009.
- Meetings and other contacts were made with international partners and stakeholders.
- Progress was reviewed by the NEPAD Steering Committee at its 37th and 38th meetings and by the 21st Summit of the NEPAD Heads of State and Government Implementation Committee (HSGIC) at Sirte.
- The NEPAD Steering Committee determined that a five-year time frame, 2010-2015, would be appropriate for the revised Plan.

The process for selecting activities and initiatives for the revised AAP incorporated the following steps:

- Beginning with priorities from the 2008 AAP, priority projects and programmes identified by the RECs were collected and reviewed.
- Sectoral priorities were reviewed with the lead institutions, to refine the priority list and to update information. In infrastructure, decisions by the AU Summit in February 2009 set priorities in energy and transport.

The progress of implementation of the Plan between 2005 and 2008 was negligible, and only a small number of infrastructure projects have reached implementation since 2008. A prioritization analysis was conducted, aimed at delivering bankable, “quick-win” projects and programmes with strong regional integration impacts. The criteria included:

- Strategic Alignment with AU/NEPAD objectives, RECs master plans and partner orientations,
- Development Impact in terms of contribution to regional integration, economic growth and MDGs, and
- Readiness of projects and programmes for implementation

Because at least half of the initiatives under consideration were at an early stage of development (pre-feasibility or feasibility stages), it was important to focus attention on steps to be taken during the Plan’s timeframe to develop a sustained flow of viable programmes and projects into the future, and to accelerate that process.

To clarify the state of readiness, a four-stage sequencing model or framework, based on the normal steps and activities of programme and project development, was used to describe the current status of programmes and projects in the Plan, as follows:

- Stage 1: Programme/Project Identification
- Stage 2: Feasibility/Needs Assessment
- Stage 3: Programme/Project Structuring and Promotion
- Stage 4: Implementation and Operations

Each programme or project was placed in one of these Stages. Thus users of the Plan can easily understand which development steps would normally have been accomplished, and may evaluate the reliability of information presented accordingly.

The Programme/Project Development Stage model was used to substantially redress the unmethodical use of costing figures encountered in previous versions of the Plan. Where Stage 2 or Stage 3 studies had been done (ie, preliminary or detailed design), implementation cost estimates were accepted. Where such cost estimates were not available, the cost of studies needed to refine an initiative and move it to the next Stage was identified as the relevant cost. Financing commitments were identified for each programme or project. Using this methodology, costing and net resource requirements were identified for all priority programmes and projects in the Plan.

This framework also provides a useful structure for monitoring and managing the implementation of the Plan. It would enable a central authority to measure and report on the progress of each initiative from stage to stage toward implementation, to judge whether the normal steps and standards have been achieved and to identify gaps to be filled in and barriers to be overcome. It will also assist proponents to plan the sequence of steps to be taken to bring their initiatives to reality.

Revised AU/NEPAD African Action Plan 2010-2015

A "New Look", considerably expanded presentation has been developed for the revised Plan. To provide a context for the priority programmes and projects, the Plan features a high level overview of each Sector: key components and resources, why the sector is important to the overall economic and social development of Africa, regional and continental aspects and the main challenges that must be overcome to realize its potential.

The priority initiatives described in the revised Plan fall within nine sectors, which the AU and NEPAD have jointly agreed are strategic to the objective of realizing the socio-economic transformation of the continent:

- Infrastructure (Energy; Water and Sanitation; Transport; and ICT)
- Agriculture and Food Security
- Human Resource Development (Health; Education, Youth & Training; and Social Affairs)
- Science and Technology
- Trade, Industry, Market Access & Private Sector Development
- Environment & Climate Change, and Tourism
- Governance & Public Administration, and Peace and Security
- Capacity Development
- Gender Development

Statements of AU/NEPAD's sectoral objectives have been included in the revised Plan, to provide a policy framework for the priority programmes and projects in the Plan. They have been developed through multi-stakeholder consultative processes and have been reviewed and authorized by ministerial and Summit consideration. They indicate the comprehensive sectoral planning and policy coherence that have evolved since the NEPAD Programme of Action was launched in 2001.

The prioritization analysis found that virtually all priority programmes and projects are aligned with sectoral objectives and would contribute to regional or continental integration. Of 80 priority programmes and projects listed in the revised AU/NEPAD African Action Plan, 2010-2015:

- 19 are at Stage 1: Programme/Project Identification
- 25 are at Stage 2: Feasibility/Needs Assessment
- 29 are at Stage 3: Programme/Project Structuring and Promotion
- 7 are at Stage 4: Implementation and Operations

The revised Plan thus contains priority initiatives at all stages of programme and project development, from initial concept development through feasibility assessment, project packaging and implementation. The revised Plan is intended to develop a sustained flow of regional and continental scale investments over time. Within the five-year life of the Plan, it is expected that significant progress will be made at each of these stages.

The revised Plan also contains "Emerging Priorities", additional programmes and projects that will create a pipeline for the future, including some regional priorities that are not listed as current pan-African priorities.

The aggregate cost of implementing the priority initiatives in the Plan is as follows:

- The total cost of implementing 41 Stage 3 and 4 priority programmes and projects is estimated at US\$10.2 billion. After commitments of \$3.3 billion are subtracted, the net financing requirement is \$6.9 billion.

- Some 39 Stage 1, Stage 2 and Stage 3 studies and pilot projects are estimated to require approximately US\$70 million;
- An additional US\$51 billion in implementation costs, based on pre-feasibility or order-of-magnitude estimates, were noted but were not counted as valid cost estimates for the purpose of the Plan.

Given recent experience (as described in ICA Annual Reports, for example), a significant part of the US\$6.9 billion capital expenditure requirements, and most if not all of the preparation costs, could be firmly committed within the five-year timeframe of the Plan.

Implementation/Way Forward

Key success factors for accelerating the progress of AAP priority programmes and projects in the period 2010-2015, may be summarized as follows:

- At the Continental/political level: Continuing commitment to the political and economic reforms set out by African countries, with AU and NEPAD as continental frameworks
- At the National Government level: Integration of regional strategies with national strategies and mobilization of African resources
- Among African Institutions: A coordinated focus on making programmes and projects ready for investment and providing effective institutional support for that effort
- International partners: Scaling up of levels of support to meet commitments and alignment of efforts with the Paris Declaration

The following implementation steps will strengthen and use the AAP as the centre-piece and cornerstone of Africa's engagement with development partners, and accelerate the progress of its priority programmes and projects to successful implementation on a sustained basis.

- **Allocate up to \$100 million to develop projects in all sectors, extending and enlarging the use of the Infrastructure Project Preparation Facility (IPPF).**
- **Pursue a relationship-based, largely sectoral approach to develop sustaining, flexible financing to implement the Plan.**
- **Establish a Central data base of priority programmes and projects so current information will be readily available and easily accessed by users of the Plan.**
- **Create a Central AAP unit within AU/NEPAD, the AFDB and UNECA, to maintain current information on projects and assist proponents to refine projects and find financing.**
- **Review the process for priority selection and prioritization in 2012, to incorporate results and lessons learned from the creation of the Programme for Infrastructure Development in Africa (PIDA).**
- **Add Results and Impact measures to Objectives for better Targeting, Monitoring and Evaluation of the Plan and its programmes and projects.**
- **Disseminate the Plan to all stakeholders (African as well as International), to raise awareness of the AAP and increase support for Africa's regional integration priorities.**

The revised Plan will be presented at the 13th Africa Partnership Forum, later in 2009. As the Plan is a snapshot of priorities in a constantly changing economic environment, it will be revised annually. An extensive revision of priorities, at least in Infrastructure, will be required within two to three years, following the PIDA study. At that point a thorough review of progress in all sectors will be appropriate.

Glossary – Strategic Overview

ADF XII	Twelfth African Development Fund replenishment
AAP	AU/NEPAD African Action Plan
AfDB	African Development Bank
AMU/UMA	Arab Maghreb Union/Union du Maghreb Arabe
APCI	Africa Productive Capacity Initiative
APF	Africa Partnership Forum
APRM	African Peer Review Mechanism
AU	African Union
AUC	African Union Commission
AWF	African Water Facility
CAADP	Comprehensive Africa Agricultural Development Program
CDI	Capacity Development Initiative (NEPAD)
CDM	Clean Development Mechanism
CDSF	Capacity Development Strategic Framework
CEN-SAD	Community of Sahel-Saharan States
COMESA	Common Market for Eastern and Southern Africa
CSOs	Civil Society Organisations
DUC	Debt to Usable Capital ratio
EAC	East African Community
EAP	Environment Action Plan (AU/NEPAD)
ECA	Economic Commission for Africa
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EU	European Union
FDI	Foreign Direct Investment
G8	Group of Eight
GCI-VI	Sixth General Capital Increase (AfDB)
GEF	Global Environment Facility
GTZ	German Technical Cooperation Agency
HSGIC	Heads of State and Government Implementation Committee (NEPAD)
ICF	Investment Climate Facility
ICT	Information, communications technology
IDA	International Development Association
IGAD	Intergovernmental Authority on Development
IPPF	Infrastructure Project Preparation Facility
MDGs	Millennium Development Goals
MIP	Minimum Integration Plan
NEPAD	New Partnership for Africa's Development
OAU	Organisation of African Unity
ODA	Official Development Assistance
OECD	Organization for Economic Development and Cooperation
PIDA	Programme for Infrastructure Development in Africa
PPP	Public-Private Partnership
RECs	Regional Economic Communities
SADC	Southern African Development Community
SDP	Spatial Development Programme
SREAPs	Sub-Regional Environment Action Plans
STAP	Short Term Action Plan (NEPAD)
UNECA	United Nations Economic Commission for Africa
UNIDO	United Nations Industrial Development Organization

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1 Introduction

The AU/NEPAD African Action Plan 2010-2015 is a defining statement of Africa's current priority initiatives related to the promotion of regional and continental integration. Covering a wide range of sectors, the Plan showcases projects and programmes in which investment is planned and for which financing is being sought, both internationally and from African sources, during the period 2010-2015. It highlights the objectives, challenges and opportunities of programming to advance the goals of regional and continental integration in Africa, led by the African Union (AU) and eight Regional Economic Communities (RECs), under the banner of the New Partnership for Africa's Development (NEPAD). The Declaration by the Heads of State and Government at the AU Summit in February 2009 underlined the need for all stakeholders to work together to accelerate the pace of implementation of these efforts.

1.1 Background

The mandate to pursue regional and continental integration through the African Union derives from the Lagos Plan of Action (1980), the Abuja Treaty on an African Economic Community (1991), the Sirte Declaration (1999) and the Constitutive Act establishing the African Union (2000). NEPAD was adopted as a programme of the Organisation of African Unity (OAU) in July 2001, in Lusaka, Zambia. In 2002, the African Union (AU) was launched in Durban, South Africa, as the successor to the OAU. NEPAD functions as the programme of the AU in support of regional and continental integration and Africa's development objectives. The AU embodies the principles and values of the NEPAD vision.

The African Union Commission (AUC), the administrative body and Secretariat to the AU, has been given the mandate to advance the cause of integration and socio-economic development of the Continent. Its role in this respect is reflected in the vision statement of the AUC's 2004 Strategic Plan, to:

build an integrated Africa, a prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena.

The Accra Declaration of the AU Assembly of July 2007 called for acceleration towards the economic and political integration of the African continent. The AU has developed and articulated a comprehensive set of strategies and programme plans covering key social and economic activity sectors.

The Regional Economic Communities (RECs), of which the AU officially recognizes eight, constitute the building blocks and pillars of regional and continental integration, as set out in the Abuja Treaty of 1991. The eight officially recognized RECs are the following:

- Economic Community of West African States (ECOWAS)
- Common Market for Eastern and Southern Africa (COMESA)
- Economic Community of Central African States (ECCAS)
- Southern African Development Community (SADC)
- Community of Sahelo Saharan States (CEN-SAD)
- East African Community (EAC)
- Arab Maghreb Union (AMU/UMA)
- Intergovernmental Authority on Development (IGAD)

In consultation with the RECs, the AUC will introduce a new Minimum Integration Programme (MIP), designed to provide coherence in the movement towards regional integration.

The evolution of other pan-African institutions has increased the continent's capacity to develop and implement investment programmes and projects. For example, a replenished and stronger African Development Bank (AfDB) will support a variety of regional integration measures and infrastructure investment in particular. Specialized agencies such as the regional Power Pools, Water Basin Management

organizations and the Investment Climate Facility (ICF) have assumed responsibilities for implementing key programmes and projects.

It is within this framework and through the aforementioned institutions and programmes that regional and continental integration is being pursued in Africa.

1.2 AU/NEPAD Guiding Principles and Current Conditions

In 2001, the New Partnership for Africa's Development (NEPAD) set out a Programme of Action or strategy for achieving sustainable development in the 21st Century, focused on regional and continental-scale programmes and projects. The five NEPAD initiating countries, tasked by African Leaders, recognized the many economic interdependencies and common social issues faced by people across Africa, as they strive to achieve economic prosperity and social well being. Thus, they saw that the need to create linkages, harmonize policies and adopt best practices, can in many instances best be done on a regional or continental basis.

In a comprehensive analysis and statement of objectives and action plans, the NEPAD Programme of Action included initiatives to strengthen the pre-conditions for sustainable development, including peace, security, democracy, and political, economic and corporate governance. The document also identified sectoral priorities, including infrastructure, human resource development, environment, culture, and science and technology. It addressed issues of mobilizing resources and improving market access, and called for a new partnership relationship with industrialized countries and multilateral organizations.

The Guiding Principles of NEPAD include:

- African ownership and leadership
- Promotion and protection of human rights, good governance and democracy
- Anchoring Africa's development on the resources and resourcefulness of Africans—people-centred development
- Channelling resources to the highest-quality operation as measured by development impact and alignment with client objectives
- Promotion of gender equality
- Accelerating and deepening of regional and continental economic integration
- Building a new relationship of partnership among Africans, and between Africans and the international community, especially the industrialized world, and
- A comprehensive, holistic and integrated development programme for Africa.

Since 2001, NEPAD's call to action has been heard and responded to in many ways. The NEPAD Programme has been endorsed by virtually all international and bilateral agencies, from the UN General Assembly to the European Union, G8 and OECD member states, as the general framework around which the international community should structure its development efforts in Africa.

Largely in response to NEPAD and the recognition of great need, the early years of this century were marked by pledges and expectations of growing official development assistance (ODA) to Africa, at high level fora including the G8 Summits in Kananaskis (2002) and Gleneagles (2005). The Paris Declaration of 2005 and the subsequent Accra Agenda for Action of 2008 made broad and specific commitments to improve aid effectiveness, based on five principles: ownership, alignment, harmonization, managing for results, and mutual accountability – principles which echo the spirit of NEPAD. However, in the final years of the decade, overall levels of development assistance have lagged, and would now need to rise very rapidly to meet 2010 targets. Progress in implementing the Paris Declaration has been slow, giving rise to continuing problems of less predictable, fragmented and non-aligned aid flows.

Great challenges remain to be overcome. While some indicators of progress towards the MDGs have risen, for example, primary enrolment, levels of many key social indicators remain far below other regions of the world. Africa's primary enrolment rate remains the lowest in the world, and secondary and tertiary education intake rates are low. Improvements in under-five mortality and maternal mortality have been small, malaria claims more than one million people per year, access to improved sanitation and drinking water fall well below MDG

targets, and women continue to face broad inequalities in many areas of life. The effects of climate change and environmental degradation pose immense issues for the continent.

Major macro-economic events in the global economy threaten to put continuing progress at risk, and at best will slow the pace. Having experienced an upward shock in energy and food prices in the mid-2000s, African countries now face the effects of the current global financial crisis and recession, which began to be felt in 2008. Through currency depreciation, lower export revenues, reduced remittances and constraints in the commercial financing system, as well as the prospect of slower growth in ODA flows, Africa will have fewer external resources available for investment.

The same global conditions will slow the pace of foreign direct investment (FDI). Domestically, higher governmental deficits will raise current borrowing requirements and thus reduce funds available for development expenditures. Like the rest of the world, African economies will take an undetermined amount of time to recover from the crisis.

In this context, the **AU/NEPAD African Action Plan (AAP)** was originally conceived and developed in 2005/2006 in the drive to fast track the implementation of Africa's development and initiatives, including the MDGs. It comprises, primarily, the current priority programmes and projects with high potential impact of accelerating regional integration in Africa and requiring co-ordination at the continental level. These programmes and projects fall within the sectoral priorities that the AU and NEPAD have jointly identified and agreed to as strategic to the overall development objective of realizing the socio-economic transformation of the continent. Broadly, the latest revised version of the AU/NEPAD African Action Plan 2010-2015 seeks to highlight the critical investments and resource gaps that must be addressed if Africa and its development partners (which include traditional development partners, African civil society and private sector, and emerging economies) are to succeed in raising standards of living to meet the MDGs, and to forge a more integrated, efficient and sustainable economic base in Africa.

1.3 Context and Rationale of the Review

Previous versions of the AAP outlined Africa's priority programmes and projects for regional integration and poverty reduction on a continental scale. The AAP was intended as a platform for dialogue with international African partners, to raise resources for much needed public and private investments and to monitor and evaluate progress. The 10th meeting of the Africa Partnership Forum (APF) in Tokyo recommended the revision of the Plan. As a result, the African Development Bank (AfDB), together with the African Union Commission (AUC), NEPAD Secretariat and the UN Economic Commission for Africa, were mandated by the AU and NEPAD to revise the AAP, with the overarching objective of producing a revised AAP with buy-in from all stakeholders. The revised Plan identifies Africa's development priorities and seeks to strengthen existing partnerships and forge new ones, in order to promote and realize Africa's key regional priority programmes and projects.

2 Approach to Revising the AAP

2.1 Consultations with Stakeholders

The review process took place over a five-month period between January and June 2009.

- Consultations were held with the four lead institutions (AfDB, AUC, NEPAD Secretariat and UNECA) between January and June.
- Visits were made to each of the eight RECs, to determine views on the AAP as a whole and to identify priorities and collect information. A final validation seminar was held with the RECs in June.
- Data on programmes and projects was obtained from a variety of sources through the review period.
- Visits and calls were made with international stakeholders (OECD/APF, European Union, World Bank, GTZ, etc.), to gain further perspective on their interests and concerns.
- Progress was reviewed by the NEPAD Steering Committee in May and September 2009 and the draft Plan was endorsed by the 13th AU Summit and 21st NEPAD HSGIC in June/July 2009.

Data collection remained a time-consuming challenge, due to the number of agencies to be contacted, the age of much of the available data and protocols necessary to release some data. This was the case for even basic descriptive information. Data on current issues was not available in many instances.

If the Plan is to provide useful, time-sensitive information to facilitate the development and realization of key projects and programmes, accurate and current information must be readily available to all users. Therefore, the intention is for the Plan to be backed up by a central data base, managed with adequate staff, IT support and expedited arrangements to obtain data from partner organizations.

A significant exception to these data constraints was the availability of sectoral policy and directional frameworks. There is an impressive array of well-developed strategies and overview material for most of the key sectors. Looking back to 2001, this is an area of considerable evolution and maturation of the priority planning process.

2.2 Selection of Programmes and Projects

The first guiding principle of NEPAD is African ownership and leadership. Accordingly, the process of selecting programmes and projects for the revised AAP must ultimately be done by African institutions. The process for selecting activities and initiatives for the AAP incorporated the following steps:

- The March 2008 version of the draft AAP provided a base of 56 projects and programmes.
- The descriptions of some sectors in the Plan were adjusted, and Social Affairs, Tourism and Capacity Development were added.
- A number of Emerging Priorities were flagged as candidates for review.
- Priority projects and programmes identified by the RECs were collected and reviewed.
- Sectoral priorities were reviewed with the lead institutions, to refine the priority list and to update information. In Infrastructure, decisions by the AU Summit in February 2009 set priorities in energy and transport.
- A prioritization analysis of alignment, development impact and readiness provided a validation input to the process.

This process resulted in extensive changes to the list of priorities included in the 2008 AAP and an increase in the number of priority programmes and projects from 56 to 80: 28 were dropped or combined and 52 were added. As the Plan focuses on attention on initiatives that require new or additional funding, some important ongoing regional integration activities may not be listed in the Plan.

Emerging Priorities. An important reality recognized by all participants in the review process was that the AAP is a snapshot in time of priorities, within a dynamic process of development of initiatives and implementation of projects. The revised Plan also contains "Emerging Priorities", additional programmes and projects that will

create a pipeline for the future, including some regional priorities that are not listed as current pan-African priorities.

Timeframe for the Plan. The NEPAD Steering Committee determined that a five-year time frame, 2010-2015, would be appropriate for the revised Plan. Thus the shelf life of the Plan's priorities is relatively short term. At the same time, the Plan is intended to develop a sustained flow of regional and continental-scale investments over time. The Plan contains priority initiatives at all stages of programme and project development, from initial concept development through feasibility assessment, project packaging and implementation. Within the five-year life of the Plan, it is expected that significant progress will be made at each of these stages.

2.3 Prioritization of Programmes and Projects

The rationale and fundamental economic reason for prioritization of projects is to assist in delivering bankable and quick-win projects and programmes which have strong regional integration impact. The progress of implementation of the Plan between 2005 and 2008 was negligible, and only a small number of infrastructure projects have reached implementation since 2008. Because at least half of the initiatives under consideration were at an early stage of development (pre-feasibility or feasibility stages), it was important to focus attention on steps to be taken during the Plan's timeframe to develop a sustained flow of viable programmes and projects into the future, and to accelerate that process.

In the case of the AAP, an explicit prioritization process provides additional transparency as to whether priority programmes and projects are in some sense rationally based, on appropriate criteria. One of the key outputs of this Review was a prioritized list of costed projects and programmes, including their current status and the level of readiness of each.

There has been broad agreement and guidance from the ICA annual meeting in Tokyo in March 2008 on the criteria for prioritisation, namely:

- i) **Development Impact:** a project's worth measured in terms of Economic Net Present Value, contribution to economic growth, regional integration, and regional public goods;
- ii) **Strategic Alignment:** projects aligned to regional/continental objectives (NEPAD programmes, RECs specific regional master plans and strategic orientations based on partnership with donors).

Of these two broad criteria, the second is less subjective than the first, since alignment can be judged on the initial design of a programme, where development impact requires assumptions if not actual data on expected programme or project impacts.

Initially, it was intended that sectoral programmes be prioritized using the following criteria. Two of them fall into the category of **objectives**:

- Minimum Number of countries impacted as beneficiaries
- Regional needs and gaps based on regional development strategies

Three others have to do with **readiness**:

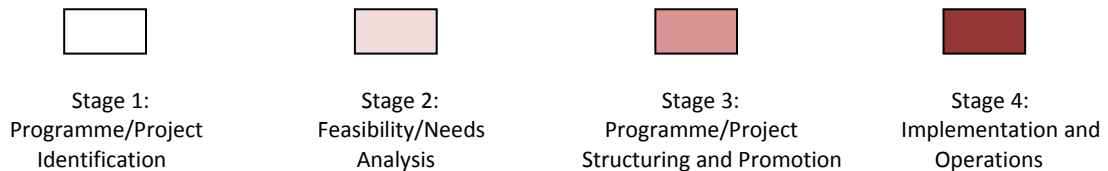
- Project readiness for implementation with all studies completed and cost estimates firmed up
- Sector reforms of legal, regulatory and institutional framework completed/ Investment climate to attract Private Partnership; and
- Institutional capacity for implementation

Application of criteria. At least two problems were encountered in applying these criteria: how to deal with programmes, for which the project information specified above may not be available, and how to deal with a lack of reliable data, given the absence of comparable information covering the wide range of sectors, regions

and institutions included in the AAP? Open-ended, multi-faceted programmes, often at an early stage of definition and development, made up **over half** of the priority initiatives in the Plan. The scope of the review did not allow time or resources to study or develop individual project and programme economics.

Accordingly, programmes and projects were assessed in terms of four criteria, as follows:

1. **Alignment with objectives.** Programmes and projects were assessed in terms of their alignment with authorized sectoral policy statements and their expected positive impact on these strategies.
2. **Beneficiaries.** The number of beneficiary countries was identified for each programme or project.
3. **Development impact.** The expected impact of programmes and projects on broad objectives (economic growth and other MDGs) and on regional and continental integration, and their economic and financial sustainability, were assessed with available data.
4. **Readiness.** The current status of each programme or project and thus its readiness for investment was described and analysed, using the following framework (described further below):



Given the variability of available data, programme and projects were evaluated against the first three criteria as **high, medium** or **low**. Tests were made using numerical weightings to ensure consistency of ratings.

Composite priority rating. The results of the four assessments were combined in a composite rating, with the impacts on the first three criteria (which collectively reflect the “worth” of the programme or project) being given being the primary considerations. When two programmes or projects were equal in other respects, greater readiness raised the rating (although not always enough to affect the overall, composite rating). The composite priority ratings were stated as follows:

- Top:** Programmes and projects with a very compelling case for investment, based on contribution to regional integration and continental development or to sector objectives
- High:** Programmes and projects that show strong alignment with sectoral objectives, impacts on a large number of countries and/or on regional and continental development
- Medium:** Programmes and projects with good alignment, a low or moderate number of beneficiaries, and moderate impact on integration or development
- Low:** Programmes that show weaker alignment with key sectoral objectives or less development impact, or raise questions regarding sustainability

With more complete data, it would be possible to assess priorities more accurately and more precisely, and to use factors such as economic return and Development Impact criteria more effectively in that process. In the forthcoming study on the Programme for Infrastructure Development in Africa (PIDA), there will be an opportunity to apply a set of criteria more rigorously to infrastructure programmes and projects.

2.4 Sequencing, Monitoring and Managing Programmes and Projects

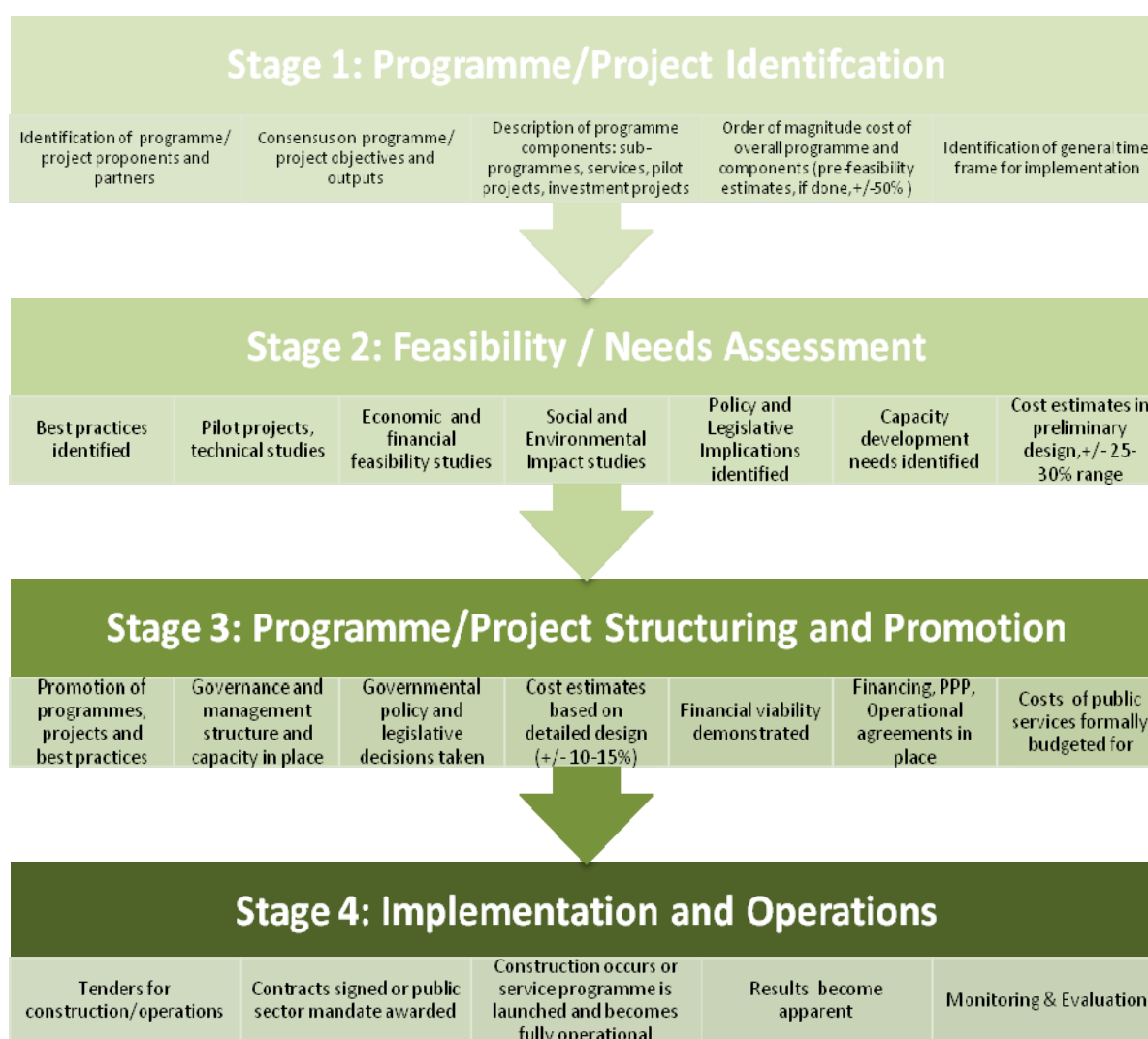
Knowing the current status of a proposed project or programme is key to understanding the steps needed to bring it to implementation (ie, readiness), and to judging the reliability of related data, including costing. In order to increase the quantity and quality of implementable programmes and projects, it is important to monitor and manage them systematically, so that at the end of the process investment decisions may be based on solid information and analysis.

A Project/Programme Development Model. An effective tool for these purposes is the use of a sequencing framework, based on the normal steps and activities of programme and project development. The diagram below identifies a series of Development Stages from initiation through implementation, including:

- Programme/Project Identification
- Feasibility/Needs Assessment
- Programme/Project Structuring and Promotion
- Implementation and Operations.

The diagram describes the functions or tasks that are normally required at each stage, to move programmes and projects from concepts to reality.

Stages of Programme and Project Development



Monitoring and Managing Progress. This Development Stage framework was used to provide a rapid and comparable indication of the status and readiness of all programmes and projects in the revised AAP. The framework can be used to monitor progress, and to proactively manage the process of developing and refining programmes and projects, by assessing whether the appropriate tasks have been accomplished at each stage, and if not, what barriers to implementation may have arisen and what actions, and by whom, are required to overcome them. Projected timing to completion may be estimated as well. A similar framework is in use by COMESA.

2.5 Content Reliability and Costing

Within the scope of this review, it was problematic to undertake a full scientific, methodical and verifiable analysis of programmes and projects that would ensure consistently reliable content across the Plan. Programme managers and public sources often provided only a forward-looking account of plans and announcements, rather than hard information on completed activities. In many cases, the information was very dated, from 2006 or earlier, and thus told little about their current status or issues. Measures to ensure that more up to date information is available in future, are described in the discussion of Implementation of the AAP and the Way Forward.

The costing of programmes and projects presented in the 2008 AAP appeared to be almost entirely order-of-magnitude estimates of large, partially defined programmes and projects at Stage 1 in their development, and had not changed from a previous 2005 draft. Of the US\$115 billion total for 56 projects, \$50 billion was a single estimate for the Grand Inga/Inga III power project, with the costs of another ten programmes and projects rounded to the nearest \$1 billion. There was little if any indication as to the source or basis of the estimates.

New programmes and projects proposed as priorities varied from conceptual plans without any previous costing, through well defined, Stage 3 projects, with costing based on technical and economic studies.

The purpose of costing work is to provide progressively more precise estimates of resource needs, as a programme or project moves through the project cycle, being refined and shaped, subject to approvals along the way. At the front end of the process it is reasonable to use descriptive, order-of-magnitude estimates, followed by subsequent improvements in accuracy and precision as preliminary designs (Stage 2) and detailed designs (Stage 3) are completed. Clearly, such improvements require application of real resources -- expertise and significant amounts of time—to develop concepts and undertake technical and economic investigations.

The Development Stage model has been used to substantially redress the unmethodical use of costing figures encountered in previous versions of the Plan. This has been achieved by clarifying the status or stage of development of programmes and projects, and thus the basis for the estimated cost of programme or project implementation.

- Where implementation cost estimates were based on Stage 2 or Stage 3 studies, the estimates have been accepted as having a scientific and verifiable basis, and are included in the total cost of the Plan.
- Where cost estimates were simply order-of-magnitude estimates or were Stage 1 (pre-feasibility) estimates, the numbers have been noted separately and are not included in the estimated total cost of the Plan.

Where Stage 2 or Stage 3 cost estimates were not available, the cost of undertaking studies to refine an initiative and move it to the next Stage (at which further financing decisions would normally be required) was identified as the relevant cost.

- Where Stage 1, Stage 2, or Stage 3 preparatory work is required, costs have been estimated from proponents' data or on a notional basis, to calculate an aggregate requirement for this work.

Using this methodology, costs have been identified for all priority programmes and projects. They are presented in the Sector descriptions and in the Matrix presentation. The estimated aggregate costs of implementing the priority initiatives in the Plan are provided in the following chapter.

Monitoring and Improving Cost Estimates. Notional costing standards were identified for each programme or project Development Stage, as noted in the diagram above: pre-feasibility, preliminary design and detailed design. In future, these (or similar) standards should be used for reporting on the status of programmes and projects in the AAP. Judgements should be made by a central monitoring organization as to whether the appropriate level of costing has been done, when deciding whether to advance a project from one stage to the next. A central group could also provide a useful service to project proponents by making simplified costing methodologies available to them.

3 AAP 2010 – 2015: Sectors, Programmes and Projects

A "new look" AAP is presented in this Report. To meet concerns of partners and to make the AAP more accessible for all stakeholders, the presentation has been considerably expanded. The revised Plan is organized under nine Sectors, including descriptions of sectoral activities and policy objectives, as well as programmes and projects, to show the revised AAP's alignment with broad development priorities.

3.1 Sectors and Sector Policy Frameworks

The priority initiatives described in the revised Plan cover the following nine sectors:

- Infrastructure (Energy; Water and Sanitation; Transport; and ICT)
- Agriculture and Food Security
- Human Resource Development (Health; Education, Youth & Training; and Social Affairs)
- Science and Technology
- Trade, Industry/Market Access & Private Sector Development
- Environment & Climate Change, and Tourism
- Governance & Public Administration, and Peace & Security
- Capacity Development
- Gender Development

Sector Overviews. To give context for the priority programmes and projects, the Plan features a high level overview of each Sector: key components and resources, why the sector is important to the overall economic and social development of Africa, regional and continental aspects (including some of the specialized organizations and partners involved in advancing integration efforts), and the main challenges that must be overcome to realize its potential.

Sector Policy Frameworks. African Heads of State and Government through the African Union have made declarations in many of these sectors. Major subject-specific declarations include NEPAD itself (2001), energy (2001), infectious diseases (2001, 2003 and 2006) water (2002, 2004), peace and security (2002), agriculture and food security (2003, 2006), human rights (2003, 2005), governance (2005), education (2006), reconstruction (2006), water & sanitation (2008) and energy and transport (2009).

In more detail, policy frameworks with specific objectives have been established in virtually all sectors, under the authority of the African Union and NEPAD. A list of these policy directions and frameworks papers is reproduced in the following table. They have been developed through multi-stakeholder consultative processes and have been reviewed and authorized by ministerial and Summit consideration. They indicate the comprehensive sectoral planning and policy coherence that has evolved since the NEPAD Programme of Action was launched in 2001.

AU/NEPAD Sectoral Policy Frameworks

AU/NEPAD Sector	Sectoral Policy Framework	Key Promoter(s)
Infrastructure: Energy, Water & Sanitation, Transport, ICT, Development Corridors	Programme for Infrastructure Development in Africa (PIDA) Spatial Development Programme (SDP)	AU, NEPAD & AfDB NEPAD
Agriculture & Food Security	Comprehensive Africa Agriculture Development Program (CAADP)	AU / NEPAD
Human Resource Development: Health Education, Youth & Training Social Affairs	AU Health Strategy / NEPAD Health Strategy AU Second Decade of Education for Africa A Strategic Framework for a NEPAD Youth Programme Social Policy Framework for Africa	AU AU and NEPAD AU

Science & Technology	Consolidated Plan of Action for Science & Technology	AU/NEPAD
Trade, Industry, Market Access & Private Sector Development	Plan of Action for the Accelerated Industrial Development of Africa & Implementation Strategy Africa Productive Capacity Initiative (APCI)	AU/UNIDO and NEPAD
Environment & Climate Change	AU/NEPAD Environment Action Plan (EAP) Sub-Regional Environment Action Plans (SREAPs) NEPAD Tourism Action Plan	AU/NEPAD and RECs
Tourism		NEPAD
Governance & Public Administration	African Peer Review Mechanism	NEPAD/APRM
Peace & Security	African Peace & Security Architecture Policy Framework for Post-Reconstruction and Development	AU
Capacity Development	NEPAD Capacity Development Initiative (CDI) and the Africa-wide Capacity Development Strategic Framework (CDSF)	NEPAD
Gender Development	AU Gender Policy and Action Plan	AU

Source: NEPAD Secretariat

These statements of sectoral objectives have been included in the revised AU/NEPAD African Action Plan, to provide a policy context for the specific programmes and projects in the Plan. In an important sense, these policy frameworks elaborate on Africa's specific priorities at a broad level, in furtherance of the overarching objectives in the original NEPAD framework document of October 2001.

3.2 Priority Programmes and Projects

For each of the Sectors, the Plan provides a matrix-style presentation of projects and programmes, summarizing key information as follows:

- Title of Programme / Project
- Region
- Estimated Cost, and *Commitments
- Development Stage
- Description of Programme / Project
- Contact Point(s) for further information

This approach provides users of the revised Plan with a convenient overview of the priority initiatives, their key dimensions and status, and where to find more information on them. In Sectors where Emerging Priorities have been identified, they are described in a separate table.

Summary. A matrix of the Priority Programmes and Projects in all sectors is attached as an Appendix to the Plan. The Table below summarizes the Priority Programmes and Projects by sector, and segments implementation costs from the costs of preparatory studies.

Of **80** priority programmes and projects in the revised AU/NEPAD African Action Plan, 2010-2015:

- **19** are at **Stage 1: Programme/Project Identification**
- **25** are at **Stage 2: Feasibility/Needs Assessment**
- **29** are at **Stage 3: Programme/Project Structuring and Promotion**
- **7** are at **Stage 4: Implementation and Operations**

A number of programmes are in two stages of development (because some programme components were moving faster than others). Where this occurred they were counted at the earlier stage.

Summary of AAP Priority Programmes and Projects by Sector, 2010-2015

		Number of Priority Projects and Programmes	Implementation /Operational Cost based on Stage 2, 3, 4 ests. (US\$/Euro, .67 /pound)	Cost of Stage 1,2,3 studies	Pre-feasibility Cost Estimates (eg Stage 1 or earlier)	Commitments
Sector		US\$ million				
ENERGY	Studies and Pilots	1		\$10.00		
	Implementation	6	\$3,555.00		\$20,000	\$0.50
WATER AND SANITATION	Studies and Pilots					
	Implementation	3	\$120.00		\$1,250	\$53.00
TRANSPORT	Studies and Pilots	7		\$22.31		
	Implementation	9	\$2,590.60		\$4,000	\$70.00
ICT	Studies and Pilots	6		\$2.70		
	Implementation	1	\$1,400.00		\$2,250	\$1,005.00
DEVELOPMENT CORRIDORS	Studies and Pilots	1		\$0.25		
	Implementation					
AGRICULTURE AND FOOD SECURITY	Studies and Pilots	2		\$12.40		
	Implementation	6	\$1,637.00		\$1,050	\$1,610.00
HEALTH	Studies and Pilots	6		\$2.75		
	Implementation	1			\$6,450	
EDUCATION, YOUTH AND TRAINING	Studies and Pilots	7		\$11.50		
	Implementation	1	\$17.00		\$15,000	\$17.00
SOCIAL AFFAIRS	Studies and Pilots	3		\$1.62		
	Implementation				\$10	
SCIENCE AND TECHNOLOGY	Studies and Pilots					
	Implementation	8	\$141.80		\$250	\$40.48
TRADE, INDUSTRY, MARKET ACCESS & PRIVATE SECTOR DEVELOPMENT	Studies and Pilots	2		\$2.95		
	Implementation	1	\$200.00			\$175.00
ENVIRONMENT & CLIMATE CHANGE	Studies and Pilots	1		\$0.25		
	Implementation	2	\$399.00		\$640	\$265.00
TOURISM	Studies and Pilots			\$0.25		
	Implementation					
GOVERNANCE AND PUBLIC ADMINISTRATION	Studies and Pilots					
	Implementation	1	\$7.10			
PEACE AND SECURITY	Studies and Pilots					
	Implementation					
CAPACITY DEVELOPMENT	Studies and Pilots	3		\$2.66		
	Implementation					
GENDER DEVELOPMENT	Studies and Pilots					
	Implementation	2	\$97.00			\$67.00
ALL SECTORS	Studies and Pilots	39		\$69.64		\$27.05
	Implementation	41	\$10,164.50		\$50,900	\$3,302.98

The prioritization analysis found that virtually all priority programmes and projects are aligned with sectoral objectives and would contribute to regional or continental integration. The priority rankings are not comparable between sectors because of different scales of activity, development impacts and average stage of programme and project development, and a lack of comparable data.

Programmes and projects at **Stage 1: Programme/Project Identification** are concentrated in Health, where sectoral funding to develop programmes and projects is scattered or missing. Work to develop concepts for further assessment should not be particularly expensive, but requires attention focused on the sector as a whole.

Since the draft AAP was published in 2008, progress of programmes and projects toward Implementation has resulted mainly from undertaking feasibility studies in Infrastructure. These identified investment opportunities in Energy, missing links in Transport infrastructure, ICT backbone needs, and opportunities in transboundary Water management. Transport and ICT continue to have significant numbers of projects at **Stage 2: Feasibility/Needs Assessment**, as do Education and Science & Technology. In the latter two sectors, programmes and projects have been identified but appear to lack committed funds to further develop the concepts involved.

Current capital investment opportunities, including “Quick Win” projects, occur in **Stage 3: Programme/Project Structuring and Promotion**. In addition to specific projects and programmes, this stage includes a number of sector and sub-sector Funds, which are designed to pool diverse financing sources to invest in a range of sectoral needs. Programmes and projects in Stage 3 are found in:

- Infrastructure: Energy (4), Water (1), Transport (8), ICT (3)
- Agriculture (4), Health (1), Education (1), Science & Technology (4)
- Trade (1), Environment (1), Gender (1)

Programmes and projects listed in **Stage 4: Implementation and Operations** in the 2010-2015 priority list, are either being implemented or are fully in operation, but may require additional funding to complete or because their success has led to demands for more, as yet unfunded activity. They include programmes and projects in:

- Energy (1), Transport (1), Agriculture (1), Trade (1)
- Environment & Climate Change (1), Governance (1), Gender (1)

3.3 Cost of Implementing the Plan

Following the costing methodology outlined earlier, the estimated costs to implement the Plan are as follows:

- The total cost of implementing **41** priority programmes and projects, based on Stage 2 and Stage 3 costing, is estimated at **US\$ 10.2 billion**. After commitments of **US\$ 3.3 billion** are subtracted, **net financing requirements** are estimated at **US\$ 6.9 billion**.
- Some **39** Stage 1, Stage 2 and Stage 3 studies and pilot projects are estimated to require approximately **US\$ 69 million**.
- An additional **US\$ 51 billion** in implementation costs, based on pre-feasibility or order-of-magnitude estimates, were noted but were not counted as valid cost estimates for the purpose of the Plan.

Based on recent experience (described in ICA Annual Reports, for example), a significant part of the US\$ 6.9 billion in implementation expenditures, and most if not all of the preparation costs, could be firmly committed within the five-year timeframe of the Plan.

4 Implementation of the Revised AAP

4.1 Success Factors

The NEPAD Programme of Action has attracted widespread acceptance of the guiding principles, leading to pledges and commitments by the international community; clear articulation of objectives and strategies in the sectors and regions it covers; greatly expanded capacity of African institutions to direct and plan activities in these areas; and modest progress in implementing programmes and projects.

The AAP 2010-2015 serves as another partnership tool to build on the modest achievements since the adoption of NEPAD as a programme of the AU in 2001. Key success factors, therefore, for accelerating the progress of AAP priority programmes and projects in the period 2010-2015, will include the following.

At the Continental/political level: Continuing commitment to the political and economic reforms set out by African countries with AU and NEPAD as continental frameworks is essential. Likewise, focusing on promoting sustainable conditions for growth and integration will be advantageous for Africa. In this regard, the following factors are of utmost importance:

- Leadership emphasis on high-level priorities: regional integration and sectoral policy frameworks in place, with emphasis on time-related outcomes, and regular progress reviews
- Governance improvements, positive peace and security conditions, and policies and practices to encourage private sector investment
- Recognition of the importance of joint participation by investors and development partners in planning and implementation of projects and programmes
- Rationalization of overlapping areas of responsibility among RECs and in AU/NEPAD, to simplify processes and free up resources

At the National Government level: Integration of regional strategies with national strategies and mobilization of African resources, including:

- Prompt and cooperative decisions on integration matters
- Harmonisation of laws, regulations and procedures to promote interconnections and economic integration
- Direct investment in planning and implementing regional projects
- Provision of ongoing budgetary support as needed

Among African Institutions: A coordinated focus on making programmes and projects ready for investment and providing effective institutional support for that effort:

- Use of the AAP as an effective monitoring and management tool, by developing and maintaining a current, accurate and accessible database, reporting on progress at least yearly
- Dedicated staff support by a small unit of professionals to assist RECs and other proponents to prepare projects and package for financing
- Revision of future AAP priorities through a more inclusive process, to strengthen awareness and consensus on the Plan

International partners: Scale up levels of support to meet commitments and align efforts with the Paris Declaration:

- Recognition of Africa's underlying needs and the added effects of the global recession in multilateral and bilateral funding
- Acceleration of liberalization of trade access
- Longer term commitments to broad sectoral and regional development programmes
- Increased support for programme planning and project development
- Increased use of multinational pooling and consortia to reduce multiplicity of funding sources

- Harmonization of terms and conditionalities among partners

4.2 Financing

The international financial crisis and resulting global economic downturn that began in 2008 are now negatively impacting the African continent and threatening the achievements of the last decade of sustained economic growth. African leaders are speaking out to underscore the seriousness of the economic and financial situation Africa faces.

Development partners also recognize the needs, which are to an extent in competition with demands in other regions and in developed countries themselves. For example, the World Bank is mobilizing its instruments in the following ways, which will affect the supply of funds in Africa and other world regions:

- increasing International Bank for Reconstruction and Development lending to \$100 billion over the next three years;
- making available \$42 billion in International Development Association grants and interest-free loans to the poorest countries; and
- helping the private sector through support for trade, banks and infrastructure projects.

The AfDB has a recognized comparative advantage as a channel for investment in all areas of infrastructure and economic integration, and in convening coordinated financial actions within Africa. To address the rapidly diminishing access to capital faced by its clients, the AfDB recently adopted a set of initiatives and is also reassessing the needs for additional/strengthening existing instruments under the ADF Replenishment cycles:

- establishment of flexible and fast disbursing facilities (Emergency Liquidity Facility (ELF) and Trade Finance Lines of Credit)¹;
- the African Development Fund (ADF XII) replenishment cycle: substantial resources over and above the ADF XI for deeper and more effective support to fragile states and deeper regional integration within Africa; and
- the adoption of a Sixth General Capital Increase (GCI-VI) in 2010, representing a major capital increase that would maintain prudential ratios within their limits until 2018.

4.2.1 Financing to Accelerate Programme and Project Implementation

Immediate steps. The current circumstances provide an opportunity to increase the supply of sound projects on a sustainable basis. In 2007, regional projects accounted for 20 to 25% of ICA member commitments to infrastructure. If this proportion is applied to total external investment in infrastructure (US\$40 billion in 2007), regional projects across the range of the AAP's sectors could require investment of perhaps \$10-\$15 billion per year. **It is clear that at present there are not enough good projects that are investment-ready or bankable to absorb such quantities of capital, even if it were available.** Additional attention is needed to accelerate the supply of investment-ready programmes and projects.

Increase Allocations for Project Planning. In the short term, a useful strategy would be to increase allocations available for programme and project planning, including definition of concepts, feasibility studies, promotion and financial structuring (the key development activities in Stages 1, 2 and 3), to increase the quantity of solid investment-ready programmes and projects in all the sectors covered by the African Action Plan.

The existence of the Infrastructure Project Preparation Facility (IPPF) has clearly contributed to the implementation of infrastructure projects under STAP. Funding for project preparation continues to be scarce: in December 2008 the Facility had less than US\$15 million unallocated and a pipeline in the order of two to three times that amount. It appears that many of the other sectors in the Plan lack similar access to preparation funds. This means that sectoral priorities tend to become distorted, when funding is not available to develop programme and project concepts to the point at which they can attract funding.

¹ See ADB/BD/WP/2009/27 document, "Bank Response to the Economic Impact of the Financial Crisis".

Refinement of Stage 1 concepts into multi-component, appropriately costed programmes would not be expensive and could be well done by domestic experts, provided financing is available for these activities and for further development of promising prospects. The Health sector, for example, appears to need such seed money to develop implementable programmes and projects in a number of areas, in order to attract external funding for implementation. The AAP contains an equally large number of potential projects and programmes at the feasibility/needs assessment stage, in the Transport, ICT, Education and Science & Technology sectors, among others, which require financing.

An allocation of up to US\$100 million would cover unmet demands in the IPPF and provide for significant development work in other sectors of the Plan over the next few years.

Professional Resources for Project Packaging. For projects with clear indications of economic return but significant challenges, it may accelerate progress to employ capable investment advisors at an early stage, to structure workable transactions that address difficult issues. For example, giving a mandate to an experienced firm to build a commercially and financially acceptable risk management framework and institutional structure, around a major, multistate energy project that poses significant sovereign risk issues, may unearth solutions that may catalyze the project. This process can involve African banks as well as international firms, and so develop a knowledge base that will yield future dividends in the form of enhanced capability for project development.

Public-Private Partnerships. In Africa, PPPs have been successfully structured and implemented in power generation, ports, railways, ICT and some other applications, where commercial demand and pricing can be identified and used. PPPs are more difficult to achieve where multiple jurisdictions are involved or when the environment is less like the free market. In a public-private partnership structure, the responsibilities for ownership, financing, construction and commercial operations are shared between the public and private sectors, usually on a long term basis. The sharing may be successfully done in many ways, as long as it is consistent with the capabilities and risk absorption capacities of the parties; some costs are lower in the private sector, but some risks cannot be born effectively by it. Determining the appropriate sharing of responsibilities and putting together a stable, long term transaction is normally a complex set of tasks. Most countries (eg, the UK) started slowly with a small number of projects, in order to develop models suited to their circumstances. As government and banking institutions gain experience, the process can become more efficient and repeatable.

Institutional Changes. It is also an opportune time to make institutional changes that can to an extent offset the decline in economic activity. Acceleration of steps toward regional economic integration, rationalization of regional and continental institutions, harmonized reductions in transborder impediments to intra-African trade and sustained efforts to improve liberalization in world markets are relatively low-cost, high impact options available to Africa and its development partners.

4.2.2 Accessing Sources of Programme and Project Financing

A Relationship-based, primarily sectoral approach. Sources of finance to implement the African Action Plan are varied and are to a considerable extent oriented to or concentrated in specific sectors. The European Union, for example, has committed to support at least six of the sectors represented in the AAP in its Africa-EU strategic partnership, as well as some important regional concentrations. Infrastructure (power, transport corridors and communications) made up two thirds of the World Bank's portfolio of IDA/GEF activity in regional integration in 2008. The remainder was divided among water resources management and environment (20 percent), financial sector integration (approximately 10 percent), and HIV/AIDS and regional agriculture. Additionally the World Bank managed or financed projects in HIV/AIDS, agricultural research, energy, and water basin management through the Nile Basin umbrella programme, and has announced a new agriculture water facility initiative.

Other major multilateral and bilateral partners have equivalent areas of concentration in specific sectors and regions, and more scattered investment. Increasing investment has come from non-OECD partners, including China, India and Brazil, as well as the Arab Funds, which have been active on the continent for many years.

Much of the private sector investment in infrastructure has gone to ICT and energy projects, with lesser amounts to transport.

The most promising approach to establishing sustained financing for regional development would seem to be to establish long term relationships with major investors and development partners, based on their sectoral orientation or regional interests. Beyond reviewing the state of multilateral and bilateral commitments against public pledges, important general issues such as harmonization of terms and consistency with the principles of the Paris Declaration, and broad statements of African needs and priorities, multisectoral forums such as the APF are unlikely to generate direct opportunities to finance programmes and projects.

Pooling of funds. A sectoral approach also lends itself to pooling of funds from a variety of willing donors or investors, to provide flexibility, lower costs and assure sustained multi-year funding. Financing of Health and Education, which relies primarily on domestic resources, is especially impacted by global recession, because the negative impact on African governments' revenues particularly hits allocations to these two sectors, in which the poor countries spend significantly less per capita than richer countries.

Aid fluctuations add to the financing problem: a study of 72 countries found that volatility in aid flows far exceeds that in tax revenues, averaging about 40 times that in revenue. The many private sources of health funding active on the continent, while highly important in aggregate, impose administrative burdens and affect priorities in recipient countries and regions.

Some sectors have dedicated sector Funds, such as the African Water Facility (AWF), or targeted funds such as the IPPF, the Investment Climate Facility and the Spanish fund directed at African women's empowerment and gender development. A number of Funds or similar mechanisms are included among priority programmes in the AAP, including Agriculture, Environment, Social Affairs and Science & Technology. Similar mechanisms may be useful in Health and Education, to stimulate preparation and financing of key programmes and projects.

Given the variety of multilateral, bilateral and private partners, Resource Mobilization Missions and other strategies that target partners with identified sectoral or regional interests, or work with consortia of partners over a period of time, based on long term relationships, should be productive. They are likely to attract financing that will help develop programmes that are at an earlier, less well-defined stage as well as investment-ready projects. These approaches should also facilitate harmonization of terms and funding integration, consistent with the principles of the Paris Declaration.

While the traditional institutional grouping of partners may not include newer, non-OECD partners, it is in Africa's interest to encourage their participation in pooling and other forms of harmonization, to gain the full benefits of these approaches.

Integration of Cross-cutting Themes. Promotion and "mainstreaming" of cross-cutting objectives such as gender equality, respect for the environment and other MDGs, and allocation of funds for common needs such as capacity development, can be effectively achieved if they are built in to sector, programme and project plans. Such an approach is normal practice for international financial institutions. Measurement of progress toward these objectives in programme and project reports is necessary to create a base for appropriate Monitoring and Evaluation. Strengthening these practices will facilitate funding by international partners, who are expected to report on cross-cutting themes in their world wide activities. Cross-cutting themes that may require or would benefit from general promotion, such as gender equality and development, will continue to require their own core funding. Other more instrumental but important themes such as capacity development may also require seed funding to ensure they are not forgotten in other sectoral planning.

Aid for Trade refers to the provision of assistance by the international community to help countries address supply-side constraints to their participation in international markets, and to cope with transitional adjustment costs from liberalization of trade. It covers assistance with trade policy and regulations and trade development, but also more broadly, trade related infrastructure, capacity development, and trade-related government budget adjustments. The WTO Hong Kong ministerial meeting launched the initiative in 2005.

The European Union is a major supporter of the approach and committed EUR2.73 billion to Africa in 2007. Support to regional integration is a priority. The European Development Fund allocated EUR645 million for

eastern and southern Africa (EAC-COMESA-SADC), notably to a jointly-planned North-South Corridor programme (reviewed in Lusaka in April 2009). Another regional review of Aid for Trade was to take place in the ECOWAS region in June 2009, and a global review in July 2009.

In this context, Aid for Trade should be seen as an important funding modality, providing technical support to trade liberalization and also support for the infrastructure base that is critical to expanding trade.

Carbon Finance has not played a large role in African development finance to date, for specific reasons. The Clean Development Mechanism (CDM) is focused primarily on the emission reduction components of projects, and provides post-investment cash flow only. Since Africa's emissions are relatively low, and since African financial markets are less developed than in some parts of the world, such financing does not generate large amounts of investment capital. Use of the CDM by African countries has been minimal. With further development of the mechanism and domestic capital markets, carbon finance could play a larger role in African project investment.

4.3 Monitoring, Managing and Evaluating the AAP

Continuous Monitoring and Management. A fundamental conclusion of this Review is that continuous monitoring and management of the AAP's portfolio of programmes and projects is necessary, if significant progress is to be made in accelerating the implementation of sound proposals across all sectors in the Plan. Monitoring and management of the portfolio implies that the state of readiness of each programme or project is known and reported regularly, and proponents are assisted to refine and present proposals for financing, based on sound analysis and quality information.

The Programme/Project Development Stages approach built into the Revised AAP provides an effective framework for monitoring and managing the AAP. Evidence of the benefits of this approach and of the need for institutional support to achieve it, is quite clear in the infrastructure sector, particularly in the STAP portfolio.

Regular Reporting. Annually, there should be reports of activity levels and financial commitments in all sectors and regions, to keep tabs on the level of effort and progress being made to implement programmes and projects. Annual HSGIC or African Summit meetings would review progress in selected sectors as at present, and a more complete review of the progress of the AAP portfolio could take place every two and a half to three years.

Project Development and Financing Support. For a viable arrangement among parties involved in the AAP, those charged with managing the AAP should assist proponents to develop projects (through the stages of conceptual definition, feasibility studies and packaging of proposals) and find financing for them. This can include advice on costing, through the AU/ECA statistics project and other hands-on support. Operational complexities multiply when more regional projects necessarily involved more than one REC.

Evaluating Results. Addition of baseline data and time-related targets to sector strategies and objectives would enable better monitoring and evaluation of progress toward Africa's sectoral and integration goals. Similarly, employing baseline measures and time-bound targets in programme and project plans provides a basis for managing and for learning from such activity. There is great interest in such data on the part of international partners, who have to justify allocations to taxpayers and investors. Similarly there is a growing interest on the part of African institutions such as the AU Commission, in building a necessary base of statistics and in developing regular monitoring and evaluation practices.

A Current, Accessible Database. It is not possible to perform either monitoring or management functions effectively without a readily accessible, current data base on programmes and projects. The costs in terms of time and effort to gather and update relevant information from many sources, in real time, are too great to keep track of a large portfolio and to respond effectively to project opportunities or investor interest.

4.4 Institutional support to AAP

Such a data system must be managed with adequate staff support, resourced to produce information on a timely and accurate basis, with access to computers and a simplified protocol to obtain data from partner organizations for the purpose of the AAP. This central group or groups will depend for their information largely on the proponents or managers of programmes and projects, who produce and thus have the relevant information.

For every programme or project accorded priority status in the AAP, a basic information template should be filled out and kept current by the proponents so that users can gain access to relevant data on a timely basis (the Final Technical Report provides such a template).

In the case of infrastructure, arrangements already in place in the African Development Bank (through ONRI and the ICA) should be encouraged to continue and develop, using a set of templates common to all sectors and regions. In other sectors, the monitoring and management responsibility could be fulfilled by the NEPAD Secretariat as it evolves.

The Secretariat’s current responsibilities (see the accompanying Box, drawn from a NEPAD sectoral document) are consistent with this role. A re-orientation of staff from policy and programme development toward project management and finance would be required.

An appropriate governance structure should be put in place to ensure a coordinated approach to these functions. The ‘Coordination Mechanism for the Development of Infrastructure in Africa’ defined in 2006 could be the basis for oversight arrangements for all AAP sectors, under the leadership of the AUC.

NEPAD Secretariat
--Provides technical backstopping of RECs
--Monitors and evaluates continental Africa Peer Review Mechanism
--Provides continental-level information
--Facilitates partnership and resource mobilization at the continental level
--Facilitates mutual learning

4.5 Revisions and Stakeholder Engagement

4.5.1 Schedule

Consistent with the continuous Monitoring approach proposed above, revisions to the AAP would take place annually, as programmes and projects come to completion or drop off the priority list for other reasons, and new priorities are identified and adopted. The revised AAP has been given a lifespan of five years by the NEPAD Steering Committee. Within two to three years, the PIDA study of infrastructure priorities should be completed. At that point an interim review of progress and extensive revision of priorities at least in Infrastructure will be required.

4.5.2 Process

RECs and sectoral organizations expressed concern that the process for programmes and projects to receive AAP status was not transparent to them, and that it was a “top down” selection conducted by AU/NEPAD, which did not reflect their true priorities. They also felt the programmes were too broadly defined and/or insufficiently described. International stakeholders have questioned whether the AAP’s priorities reflected a scientific approach.

These comments suggest that in order for AAP to have full stakeholder support, a methodology of selection and prioritization should be utilized that is based on both 1) scientifically verifiable targets and outcomes based on thorough sectoral assessments, and 2) fuller consultation with sector organizations and RECs on alignment of priorities. These approaches are fundamental to the PIDA review of infrastructure investment, which will take place over the next 18 months or more.

Following the completion of the PIDA process, it may be appropriate to apply the methods used in PIDA to other sectors. Thus by the end of a five-year period, the process of selecting and prioritizing programmes and projects for the AAP may be thoroughly revised and improved.

4.5.3 Stakeholder Engagement and Wider Dissemination of the AAP

International stakeholders were generally aware of the AAP, many REC representatives were not. Some stakeholders saw a potential in the AAP to be useful as a framework for defining, analysing and monitoring the progress of continental and regional integration in Africa, or for aiding them in securing financing for their programmes. However, few saw it as a process that transferred any of these benefits to them at the current time.

To date the AAP has not been promoted or disseminated to other stakeholder groups, including governments, civil society (Civil Society Organizations or CSOs) and the general population and diaspora groups. Raising awareness among these groups of Africa's key investment priorities for regional and continental integration will strengthen political and popular support for these efforts, if they are well managed. The revised AAP format, which includes extensive description of sectors and policies, as well as programmes and projects, should be more interesting and useful for engaging such groups.

To achieve these purposes, the AAP should be made available on line and regular forums held to allow stakeholders to engage in dialogue on the AAP's process and progress.

5 The Way Forward

The following specific implementation steps will be taken to strengthen and use the AAP as the centre-piece and cornerstone of Africa's engagement with development partners, and to accelerate the progress of its priority programmes and projects to successful implementation on a sustained basis.

Step 1: Allocate additional resources for Programme and Project Development

In order to accelerate the supply of investment-ready programmes and projects, especially in the sectors where such funds are now very scarce, up to US\$100 million are needed from our development partners to support project preparation (concept definition, feasibility study and project structuring or packaging) over the next three years. These funds would supplement funds now available for infrastructure preparation through the IPPF and could be used in other sectors of the AAP as well. The funds would be administered by the AfDB, with appropriate adjustments to the IPPF guidelines.

Step 2: Pursue a relationship-based, primarily sectoral approach to develop sustaining, flexible financing for the Plan

While presenting well-formed, viable programmes and projects is an excellent formula for attracting investment, AU/NEPAD's approach to meet the wider needs of African development will be pursued on a broader sectoral, relationship-based basis. This will reflect the sectoral or regional interests of international partners. Such shared interests provide a basis for aligning institutional partners to work cooperatively on a set of related priorities. A sectoral orientation is a natural basis for bringing African people and resources together to pursue African priorities. This does not imply that a regional approach is not relevant, especially since regional integration is the AAP's key objective. The sectoral approach will be underpinned by the economies of scale that come from a regional approach to infrastructure provision. To meet Africa's great challenges, a concentration on the needs of sectors and the benefits of economies of scale, as they are experienced among the regions, may produce more resources in aggregate than a more scattered approach.

Step 3: Institutionalize the AAP

Step 3.1 Create a Central AAP Unit

The creation of a focal point for the AAP within AU/NEPAD, has been found desirable. This shall be further examined as part of the institutional development of AU/NEPAD in its on-going restructuring process. This shared AAP unit shall consist of a few staff who are able to be in continuous contact with the key stakeholder organizations and develop productive, on-going working relationships with them. This group of professionals and support staff would also act as facilitators and advisors to proponents on how to develop and refine programmes and projects, and assist them in finding financing. The unit would be responsible for undertaking all the following tasks on a year round basis.

Step 3.2 Create a Management Information System (MIS)

The NEPAD MIS for tracking all AAP programmes and projects will be re-vitalized. The templates contained in this Report could function as a data input template for programmes and projects in the database. The database should be continually updated through the year by the staff of the AAP Unit, based on regular inputs from proponents.

Step 4: Improve Methodology of the AAP

Step 4.1 Establish Sector and Programme, Project Targets and Outcomes for Monitoring and Evaluation

Sectoral strategies exist for all sectors of the AAP. However, most sectors do not include quantifiable targets, baseline measurements and projected outcomes. In order to improve the objectivity and reliability of the AAP screening and prioritization process, and for effective monitoring of global progress, results-based targets and indicators will be prepared for all sectors. A possible method of implementation could be:

1. **Preparation by AU/NEPAD** - Preparation of the targets and outcomes could be undertaken by a small task force of sectoral experts of the tripartite African institutions led by AU/NEPAD.
2. **Adoption by Sectoral Forums** – The targets and outcomes would then be reviewed and adopted at the various continental ministers' forums for each of the sectors.

Similarly, results and outcomes will be established for programmes and projects, to enable monitoring and evaluation at this level. Evaluation of operational programmes and projects is a necessary element of attracting continuing support by international and African partners.

Step 4.2 Review Process for AAP Programme Selection and Prioritization

A transparent process will be developed by which programmes can be screened for AAP inclusion. The process shall include the following steps:

1. Programmes are nominated for AAP listing by a REC or sectoral organization;
2. Nominated programmes go into a master list where they are measured against sector and regional integration objectives, targets and outcomes, and given a ranking based on performance against this data; and
3. The master list is distributed and discussed amongst the RECs and AU/NEPAD and responsible for sectoral and regional activities, to achieve stakeholder consensus that the listing is fair and balanced.
4. Emerging programmes and projects are forwarded for financing to Multilateral Financial Institutions; bilateral donor and the ICA Secretariat

This approach will be appropriate to deal with the results of the PIDA study.

Step 4.3 Introduce Cross-cutting Themes into Sector and Programme/Project Plans

Promotion of cross-cutting objectives such as gender equality, respect for the environment and other MDGs, and allocation of funds for common needs such as capacity development, shall be effectively achieved; as they will be built in to sector, programme and project plans. Such an approach is normal practice for international financial institutions. Measurement of progress toward these objectives in programme and project reports is necessary to create a base for appropriate Monitoring and Evaluation. Strengthening these practices will facilitate funding by international partners, who are expected to report on cross-cutting themes in their world wide activities.

Step 5: Review activities and outputs

Step 5.1 Publish and Distribute Regular AAP Updates

AAP will be published according to a regular annual schedule and distributed to a list of key influencers in the major international organizations, African continental and regional institutions and national governments and CSOs., Most of this distribution may be made electronically.

Due to the time that is required to assemble and analyse data, the preparation process shall begin no later than six months before the publication date. Senior level management at the stakeholder organizations shall be made aware of the AAP review process in advance, and ensure that their sector directors will complete their reviews on schedule. Based on prior experience, task managers will often need no less than one month's notice to prepare and release data. Once AAP becomes a regular review process, sector directors will be aware of it and will schedule to complete it annually.

This annual update provides an opportunity for comprehensive monitoring of input activities in the AAP programmes and projects (eg, financing commitments, progress through intermediate stages of programme or project development).

Step 5.2 Conduct a Mid-Point Review of Sectoral Progress

About the mid-way point of the five-year life of the revised AAP (in 2012), progress toward the specific goals of each sector shall be evaluated. At this time a comprehensive review would be made of all activities that contribute to sectoral objectives, not just “priority” programmes and projects, so that Africa’s leaders and the population at large can see “the big picture” on an occasional basis, and make informed judgements on reallocation of resources.

Results and impact measures will be an important part of such reviews. Examination of the AAP in the context of the Minimum Integration Plan (MIP), a programme being developed by the AUC and the RECs, will provide further information on the links between sectoral investments and regional integration.

Step 6: Improve Stakeholder Communications

Step 6.1 Establish an AAP Link on the new NEPAD Web Site

AAP should be presented in an online interactive forum that allows partners and donors to access up to date information on all AAP sectors and programmes. The general content that could be made available on a website includes:

1. Sector Pages

- Online library of relevant sector strategies, summits, declarations, etc.
- Background on the regional integration agenda in the sector
- Goals, objectives, expected outcomes, and progress of regional integration work in the sector
- Overview of all international, continental and regional organizations working in regional integration in the sector and links to their web pages

2. Programme Pages

Each AAP programme should have its own page featuring:

- Information in the programme template
- Online library of publicly available documents explaining the programme in full detail
- Link to programme’s website (when available)

3. AAP Data Portal

A data portal that is accessible to task managers via login to update their programme status annually or as relevant. A public version of the portal might also be created that would allow users to query data fields according to their interests (e.g. a search that identifies programs with capacity building or gender components)

Step 6.2 Establish Regular Forums for Feedback and Dialogue with Stakeholders

Regular forums shall be established each year to allow stakeholders an opportunity to engage in the dialogue on the AAP process.

1. International Stakeholders - The primary forum for these discussions shall be the Africa Partnership Forum (APF), for general review of the AAP and major issues such as commitments and harmonization

2. Ministerial/Sector Conferences - Sessions shall also be established at ministerial conferences for sector-specific dialogue and reviews, relating to the progress of programmes and projects, financing issues, and areas where Ministerial intervention can overcome obstacles. Expert Panels could be used for validation and advice where available and appropriate.

3. Regional and National Stakeholders – A focus on the AAP shall be readily added to regional and country meetings among AU/NEPAD, AFDB and UNECA, so that RECs and national representatives maintain a continuous awareness and can feed back on the purpose and usefulness of the AAP.

4. Additional Stakeholders – In the longer term, additional participatory mechanisms shall be considered such as **online** dialogues, discussion boards, and moderated discussion forums, to allow a broader range of participants to review and comment than those who normally attend conferences. This would be a cost-effective means of reaching individuals as well as CSOs.