

Report on activities and results from the 1st SPD

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Deputy Chairperson

To the

2nd Strategic Partners Dialogue

Addis Ababa 11 April 2011

Opening

1. Welcome.
2. We met here in December 2009 at the first strategic partners dialogue and I am happy to welcome you back again. I notice some of you were here for the first forum but I am also very encouraged to note the presence of some new faces and new partners.
3. For the benefit of those who are joining us for the first time and also to refresh our own minds. The Strategic Partners forum was initiated with you, our partners as a platform for policy makers from partner capitals to engage with the leadership of Pan African Institutions to foster better understanding of the strategic interests of both parties.

1st SPD

4. The focus of the 1st forum was:
 - a. To set in motion the process for developing a more strategic and equitable partnership based on the achievement of concrete results and outcomes in African and global affairs.
 - b. And to facilitate the process of transforming the relations between Africa and its partners from the donor recipient paradigm into one of mutual benefit for both parties fashioned

around issues and mutual interests.

5. This type of engagement we hope will create the conditions for greater appreciation of Africa's potentials and challenges and the benefit inherent in working with the African Union and pan African institutions like the AfDB, RECs and UNECA to deliver a coherent response to the expectations of both the African peoples and our strategic partners on matters of global concern.
6. The second partners' dialogue is taking place at a critical period in the history of the world. The events unfolding in the northern parts of Africa and elsewhere on the continent, the environmental disaster in Japan, (and here I would like to convey to the government and people of Japan our deepest condolences) , the difficult economic challenges in Europe and other parts of the world emphasize the need for all of us to work together to shape an international agenda based on comparative advantage, equity and the mutual benefit of each other taking into consideration the huge potential for growth that Africa holds.
7. It in this sprit that we meet here to look at some of the important and significant changes that have occurred since we last met.
8. Since we last met there has been great improvement in the collaboration between the AUC, the ECA the ADB and the RECs. The fact that we are collaborating in the organization of this forum is itself proof of the improved collaboration.
9. The underlying principles for collaborations are
 - a. comparative advantage

Pan African Institutions' forum	<ul style="list-style-type: none"> b. Subsidiarity. c. And similar but differentiated responsibilities. <p>10. In March we had planned a meeting of all the leading pan African institutions, namely AUC, ECA, and RECs in South Africa to discuss ways of enhancing institutional and programmatic collaboration.</p> <p>11. That meeting had to be postponed to make room for an emergency summit of the AU peace and Security Council. We are hoping to reconvene such a meeting soon after the summit in June.</p> <p>12. The joint secretariat between the AUC, the ECA and the AfDB has also been set up and will begin full functioning very soon. This is a welcome development and will provide a mechanism for more effective coordination of our joint programming.</p> <p>13. The implementation of the AU UN 10 year capacity building programme with ECA has been revived and will provide a common framework for capacity building between the two institutions.</p>
Joint AUC/ ECA/ AfDB secretariat	
AUC Reforms	<p>14. AUC reforms over the last year have led to some significant changes although serious challenges remain.</p> <ul style="list-style-type: none"> a. The migration from activity based programming to results based management is on course and has significantly improved the quality of our planning. b. The multiyear Medium Term Expenditure Framework [MTEF] has been introduced to link expenditures with clear results.

- c. **Financial management** has improved significantly with the introduction of the SAP and with the cleaning up of the huge backlog of reports which we inherited three years ago.
- d. The **AUC budget** has also been significantly reformed. Starting from 2012 the AUC composite budgets will be developed to strengthen the linkages between expenditures and outputs and give a clearer picture of the relationship between operations and programmes.
- e. Currently the budget is submitted in January annually. This means that implementation routinely starts in February or March instead of January. This loss of implementation time affects the absorption rate and leads to reduced productivity.
- f. To correct this situation the **budget cycle** has been changed and starting from this year, the budget for 2012 will be presented for approval to the June Summit in Equatorial Guinea.

Aid
Effectiveness

- 15. The AUC and its partner Pan African institutions value the support from partners and in order to improve the quality of such support and its impact on development, the AUC within the framework of the **Paris Declaration on Aid Effectiveness**, has taken steps to improve relations with partners .
- 16. A key element of these initiatives is the transition from activity based support to enhanced programme support. In line with this the AUC has developed a comprehensive **road map to programme support** which it has shared with you,

Stakeholder
management

Framework
for AUC /
partners'
cooperation.

(guidelines)

and has started implementing reforms in response to the five pillar assessment undertaken by the EC and the high panel audit undertaken by the AU.

17. The commission is continuing with efforts to ensure that our systems and procedures meet internationally recognized standards of corporate governance. And I am happy to inform that these actions are bearing fruit.

18. In collaboration with partners a **framework for AUC and AU Partners' Budget Cooperation and Mutual Accountability** has been developed. This **Framework** sets out the principles and practical working modalities that will guide the African Union Commission (AUC) and its Partners in the planning, implementation and reporting of external resources provided to implement the AU Strategic Plan.

19. This framework has been sent to most of the partners here and we are awaiting responses from you in order to have it formalized and implemented. Just for clarification our desire is to have partners sign on to this framework severally and individually so as to bring some order in the way we do business.

20. In line with the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, the Framework amongst other things aims to

a. enhance predictability, transparency and alignment of external resources;

b. reduce the transaction costs incurred by current external financing modalities and improve the execution rates of AU programme budgets;

Joint

Programme
Arrangements
(JPAs)

c. support the ongoing processes to transform the AUC into a more efficient and effective organization capable of delivering its strategic objectives;

21. **Joint Programme Arrangements** or JPAs have also been developed for three programme areas and will be sent to partners in due course once it has been cleared by the relevant departments. These JPAs along with the framework for cooperation are flexible enough to accommodate different funding modalities and hence we are hopeful that partners will cooperate to make this a success.

22. One of our main concerns though is to move away from multiple bilateral reporting and accountability obligations to common management and reporting relations with partners.

NEPAD.

23. The NEPAD integration into the AU as the technical agency of the union is under way. The process is on two fronts institutional and programmatic.

24. On the institutional level a lot has been achieved although some challenges still remain. The NEPAD planning process has been integrated into the AUC process and the NPCA is migrating onto the AU financial rules and regulations. The staff have been integrated into the AU system and a joint resource mobilization strategy is being developed based on joint programming.

25. The NEPAD Coordinating unit has been established in the office of the CP but still requires capacity support to make it fully functional.

26. In line with the principles of comparative advantage and subsidiarity there has been a series of engagements to clarify roles and responsibilities and this process is continuing with a meeting between the commission and NEPAD on the 13th of April.

27. Integration has financial implications which has sometimes tended to slow down the process and at the appropriate time we may seek your collaboration to speed up the process.

28. Despite all that has been achieved real challenges remain. The current upheavals in parts of Africa and the economic challenges in Europe. Has made it imperative that we look at ways of improving our internal efficiencies by reducing waste as much as possible. In line with this austerity measures have been introduced within the commission to enhance resource utilization and

The challenges going forward

Austerity measures

Alternate sources of funding

Conclusion.

New Building.

AUCC

management.

29. These events have also made it most urgent for the AU to explore alternative sources of funding and the Commissioner for economic affairs is looking at potential options which we shall present to our principals.

30. This next year we will be moving into our new head quarters building. The AU Conference Centre. The building is a gift from the government and peoples of the Democratic republic of china and stands as a monument to the true fruits of partnership.

31. On behalf of Africa I would like to say thank you to the government and peoples of china. The German government is also putting up a peace and security building for the AU and we are also grateful to them. Peace and security is an important component of the AU mandate and this support will go a long way to support our efforts.

32. These symbols of friendship also symbolizes hope and faith in the future of Africa and the AUC acting as the interlocutor will want to engage with you to realize the hopes you invest in us

33. I am sure over the next two days we will explore new frontiers together.

34. Thank You.