United Nations
Economic Commission for Africa

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Development Program

African Peer Review
Mechanism

Harmonizing APRM-NPoAs and other National Plans into a Common Medium Term Expenditure Framework (MTEF)

A Framework Document

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ECA/GPAD/APRM/TP/11/2
Governance and Public Administration Division

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Acronyms

AfDB	African Development Bank
APRM	African Peer Review Mechanism
CSAR	Country Self-Assessment Report
GDP	Gross Domestic Product
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
NEPAD	New Partnership for Economic Development
NGC	National Governing Council
NPoA	National Programme of Action
PRSPs	Poverty Reduction Strategy Programmes
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa

Preface

Under the auspices of the New Partnership for Economic Development (NEPAD), the African Peer Review Mechanism (APRM) was launched in March 2003 as a self-monitoring instrument voluntarily acceded to by member States of the African Union. The mechanism has been described as 'Africa's Innovative Thinking on Governance' and it is seen as a double contract between African governments and their citizens, on the one hand, and between Africa and its development partners, on the other. Above all, it provides a forum that speaks with an African voice to Africans, thereby enhancing ownership of the debate about development policy, human security and governance issues.

So far, many of the acceded countries have conducted successful governance self assessments, which resulted in the Country Review Report and a National Programme of Action (NPoA). The NPoA intends to address the deficiencies and challenges revealed during the self-assessment. However, experiences from the APRM pioneer countries suggest that the NPoA is the weakest link in the process and the real challenge is its effective implementation. Initial studies by the UNECA, UNDP and the African Development Bank explored the key challenges to successful NPoA formulation and implementation.

Against this background, UNECA, in partnership with the UNDP, initiated field missions to four APRM countries, to assess the costing of the NPoA; and to trace the links between the NPoAs and other existing National Development Programmes with the objective of providing technical assistance to APRM Countries to harmonize the NPoA with on-going National Development Strategies. The main purpose was to explore the experiences, challenges and best practices of some the leading countries in the process with a view to identifying lessons for the benefit of the countries that had yet to start their APRM journey. As a result a synthesis report entitled "Harmonising APRM-NPoAs and other National Plans into a Common Medium Term Expenditure Framework: Experiences from Ghana, Rwanda, Uganda, and Benin' was prepared by the UNECA.

The synthesis was validated at an Expert Meeting on this topic which took place in September 2010 in Kampala, Uganda. During this Meeting APRM National Focal Points and Experts addressed key challenges and suggested concrete tools and ways which would make the NPoA a credible and operational document for the national socio-economic development. The primary objective of the Expert Meeting was to share country experiences by evaluating the links between the NPOAs and the National Development Strategies; secondly, the meeting aimed at analyzing the costing process and national financing instruments particularly the budget and Medium Term Expenditure Framework; and, finally, provided validation of the findings and recommendations of the Strategic Partners' Synthesis Report.

The inputs from the Expert Meeting resulted in the development of a consensus framework for harmonizing APRM-NPoAs and other national plans into a common Medium Term Expenditure Framework, which is presented in this publication. It is the hope that these guidelines will provide APRM countries with the requisite information, knowledge, processes and procedures that would form the basis for harmonizing the APRM-NPoA with pre-existing national plans within the context of a common Medium Term Expenditure Framework. The overall goal is that this framework will enable the NPoA to become an integral part of national planning and development processes.

This framework document is a joint publication of the United Nations Economic Commission for Africa (UNECA), the United Nations Development Program (UNDP) and the African Peer Review Mechanism Secretariat. It was prepared under the overall supervision of the Director of the Governance and Public Administration Division of the UNECA, Mr. Abdalla Hamdok. The APRM Support Section of the Governance and Public Administration Division, led by Mr. Kojo Busia, and Ms. Zemenay Lakew, Programme Advisor for APRM/NEPAD Support, UNDP Regional Service Centre for Eastern and Southern Africa were responsible for conceptualising, designing, and realizing both the analytical background papers as well the Validation Workshop leading to this publication. The APRM Support Section team comprised of Ms. Hodane Youssouf, Ms. Bethlehem Teshager, Ms. Lia Yeshitla and Ms. Saba Kassa and their contribution is hereby acknowledged. The technical support of Professor Adotey Bing-Pappoe was instrumental in the production of this framework document.

The document greatly benefited from internal and external reviewers. In particular, valuable and insightful contributions were provided by APRM experts that attended the Workshop on "Harmonizing APRM-NPoAs and other National Development Plans into a Common Medium Term Expenditure Framework (MTEF)" held in September 2011 in Kampala, Uganda. This meeting could not have come about without the co-organizer, the UNDP-Regional Centre for Eastern and Southern Africa.

It is our hope that this Framework document would contribute towards addressing the concerns raised and facilitate the formulation and implementation of the NPoAs.

Background to the APRM

Origins and objectives of the APRM

Starting in 2003 a number of African countries completed a major initiative in governance, the African Peer Review Mechanism, (APRM). Under its auspices each country undertook what was almost certainly the most rigorous assessment ever of the performance of national institutions in the areas of democracy and political governance, economic governance and management, corporate governance, and socio-economic development. The findings from these assessments then became the basis of the production of a National Programme of Action (NPoA) intended to address the challenges discovered during the self-assessment. These two documents, together with independent research conducted by the Continental Secretariat of the APRM, are fed into a Country Review Report prepared by the Secretariat. This document was then presented to the APRM Forum, the grouping of African Heads of State whose countries had acceded to the APRM, for discussion. The Peer Review of African countries accordingly became the highlight and focal point of the APRM process.

The origins of the African Peer Review Mechanism (APRM) as a governance instrument lie in an initiative by African governments to design a new development agenda based on overcoming Africa's historical and structural development challenges. This initiative took the form of the New Partnership for African Development (NEPAD) adopted by African governments in 2001. It was designed to eradicate poverty in Africa, promote sustainable development, improve Africa's integration in the world economy, and accelerate the empowerment of women. All this required an estimated annual expenditure of US$64 billion, that it was hoped would come from increased income from international trade. Such an increase in trade income was predicated on far reaching changes to the international trading regime. However, if that did not materialize, it would be necessary to rely on increased aid. The champions of the NEPAD project saw the APRM as a way of demonstrating Africa's seriousness and commitment to improved governance, something they hoped would encourage the G8 countries to support the NEPAD agenda, one they believed would be achieved through a series of new partnerships: between African governments and the G8 countries, among African countries, and finally between the governments of Africa and their respective citizenries. The core values, principles and processes of the APRM were ready for countries voluntarily to accede to by 2002 and, early in 2003 a number of countries duly acceded to the APRM process. In so doing they undertook to:

- "Adopt the declaration on democracy, political, economic and corporate governance [AHG/235(XXXVIII) Annex I].

- Accept the principles of the African Peer Review Mechanism [AHG/235 (XXXVIII) Annex II], and commit ourselves to their implementation.
- Contribute fully to the financing of the African Peer Review Mechanism in order to affirm the African ownership of the mechanism.
- Take all necessary steps to facilitate the development and implementation of a National Programme of Action to improve performance in the areas of governance and socio-economic development as stipulated in the Base Document of the African Peer Review Mechanism.
- Ensure the participation of all stakeholders in the development of the National Programme of Action including trades unions, women, youth, civil society, private sector, rural communities, and professional associations.
- Sign the Memorandum of Understanding on Technical Assessments, and the Country Review Visit following consultation with all stakeholders."[1]

As at February 2011, 30 of the African Union's member countries (56 per cent) had signed up to the APRM, while 24 had yet to accede. Thus more than half of Africa by country was participating in some form in the APRM process. These countries constitute about 75 per cent of Africa's population. The first, Ghana, was in the initial tranche of countries to accede on 9 March 2003, while Liberia, which joined in January 2011, was the thirtieth country to do so.

At that date (30th February 2011), 15 countries had started work on stage 1 of the APRM process, i.e. preparing for self-assessment. Two out of the 15, (Ghana and Kenya) had completed their programmes of action and were in the process of getting ready to undergo a second self-assessment. In practice therefore the number of countries that had completed and were implementing their National Programmes of Action was about 13 or 24 per cent of all African countries.

Origin of the Studies

It became clear soon after the Peer Review that as important as the task of preparing the Country Self-Assessment Report (CSAR) was for the countries involved, the real challenge was in implementing the NPoAs. The preconditions for this included: ascertaining by how much the NPoAs had added to the nation's development funding need; determining how the funds to cover the additional costs would be raised and from where; integrating the NPoA into the national budget and the Medium -Term Expenditure Framework (MTEF); ensuring that the NPoA was actually implemented; and finally properly monitoring and

1 Memorandum of Understanding on the African Peer Review Mechanism: The MOU, section page 5, NEPAD, 2003. NEPAD/HSGIC/03-2003/APRM/MOU. Available at http://sites.dbsa.org/a.prm/index3.php

evaluating, it. In short, it was important to establish that the NPoAs had been accurately costed, adequately financed, efficiently implemented, and diligently monitored.

These and other concerns came to the attention of the APRM's strategic partners who undertook to investigate them. They undertook missions to explore the experience of the leading countries in the process with a view to teasing out their lessons for the benefit of the countries that had yet to start their APRM journey.

The first steps in this regard were taken by the African Development Bank (AfDB), the United Nations Development Programme (UNDP) and the United Nations Economic Commission for Africa (UNECA) with financial contribution by GTZ that had supported studies in Ghana, Kenya, and Rwanda, the first countries to commence the APRM process, in order to assess the additional funding need resulting from the NPoA.

The main findings of these studies, which were conducted from 18 to 25 April 2007, were:

- There were discrepancies between the costs of the various NPoAs and the information held by the relevant sector ministries and agencies.
- There was weak coordination between those institutions responsible for costing the NPoAs and those responsible for financing the programmes.
- It was sometimes difficult, if not impossible, to identify APRM-NPoA programmes and projects in national budgets, making it difficult to assess the financing gap.

To help delve further into these findings, a series of additional follow-up studies were undertaken in Benin, Ghana, Rwanda and Uganda, to:

1. Revisit the validation exercise conducted by the earlier AfDB investigation.
2. Estimate more closely the financing gap .
3. Examine more closely how to harmonize the NPoA into the MTEF and existing national plans.
4. Estimate the cost of rolling out the APRM.

The Experts Workshop

In September 2010 an Experts workshop was held in Kampala to review and validate the synthesis document produced, which highlighted the experience of the four countries selected for the joint studies: Benin, Ghana, Rwanda, and Uganda. The experts workshop, which was attended by representatives from 16 countries, made a number of comments and recommendations in response to the synthesis report. Those comments and recommendations have been included in this framework document.

The Purpose of the Framework Document

The purpose of this framework document is to set out a series of procedures that should form the core process for harmonizing the APRM -NPoAs with pre-existing national plans within the context of a common medium -term expenditure framework.

While the stages are deemed necessary, the actions to be taken at each stage will depend on specific national characteristics. Thus a menu of possible actions is presented at each stage with a view to allowing those responsible for taking decisions the freedom to design the finer details of the process according to their needs.

NPoA Costs and Costings

The Findings

The main findings of the joint study missions on costing were:

1. There were instances of discrepancies between the published NPoA costs and the information provided by the relevant ministries responsible for costing them.
2. A number of NPoA activities had been under-costed, especially those involving routine maintenance, rehabilitation and upgrading.
3. In some cases it had not been possible to isolate NPoA activities in MDA budgets.
4. In other countries some inaccuracies in the costing of NPoAs were found, involving:
    - Instances of double costing of interventions in both NPoA and pre-existing Poverty Reduction Strategies (PRS).
    - Consistent under-costing of NPoA projects.
    - Some of the plans contained in the NPoA had been carried forward into the main national plan.
5. While in a number of cases the costing of the NPoA had been done rigorously, there was some evidence of under -costing, as demonstrated by the fact that allocations to the NPoA were in a number of instances higher than the original NPoA estimates.
6. There were instances when it was not possible to secure detailed information on the costing framework.

In light of the above, the issues outlined below have been identified.

Costing Frameworks

Some of the study missions were able to access the costing files utilized during the preparation of the NPoAs. Those countries which had retained a full "paper trail" of their costing process were able to demonstrate how the process had been carried out. The study mission wrote of one country: "NPoA and related documents reveal that [this country] clearly represents a good example of a country that has a well-documented costing of its NPoA. Most of the costed activities are well -documented. As a result it is possible to validate the NPoA cost using the information provided in the file. This is a commendable practice that could be replicated in other countries".[2]

Where such files did not exist, were not as well organized, or could not be accessed, the process of verification was not so straight forward.

Some of the reports noted that the costs of maintenance and salaries were greatly underestimated, had been omitted or were under -represented.

Cost Corrections and Revisions

The central question for the studies was to seek to establish the settled costs of the NPoA for each country, the starting -point being the costs that had been published in the Country Review Reports. In nearly every case the figures published in the NPOAs had to be adjusted for one reason or another.

Corrections had to be made to the figures that had been published in the CRR and NPoA, arising from typographic or arithmetic errors. In addition, revisions were made because of under - or over -costing, inclusions and exclusions, and finally double costing.

Typographic or arithmetic errors

Corrections were changes involving arithmetic and typographic errors. These were so significant that in two cases, after such errors had been taken into account, the global cost arrived at was found to differ from the published figures by as much as 60 per cent. These changes involved very significant changes in costs of the four thematic areas.

Revisions

Revisions involved changes to the cost figures, not as a result of arithmetic and typographic errors, but adjustments because of under- or over -costing of included projects, or deletions or inclusions of programmes or projects. While relatively few examples of over -costing in the NPoA were discovered by the study missions, a number of instances of under -costing were unearthed. This means that in practice most of the cost revisions were

2 UNECA study mission to Uganda.

upward rather than downward. For example, the UNECA study mission report estimated one country's NPoA cost such that, after revisions, the new indicative cost involved a reduction of 3.33 per cent in the total cost of the NPoA, or an increase of 63.5 per cent in the difference between the originally published cost of the NPoA and the working figures used by government officials. Whichever approach is taken, these headline figures obscure quite large differences in the totals for each thematic area. For example, in that case, the variance after the cost revisions resulted in changes to the estimated cost of corporate governance of -25 per cent, for socio-economic development of -33 per cent, for democracy and political governance of +151 per cent, and for economic governance and management of +411 per cent. As an example of the kind of cost revisions that were found, in one case, the cost of upgrading a country's railways excluded the costs of improving the passenger and freight road network, as well as the cost of general road maintenance. These discrepancies introduced a US$1.1bn difference between the published cost for this sector and the figures actually used in the MTEF.

Overall, the evidence suggests that the main reasons for revisions were to take account of projects that had originally been omitted, and also to take into account maintenance, infrastructure, and programme salary costs.

Double costing

Another factor that influenced the robustness, or otherwise, of the published NPoA figures was the extent to which the projects in the NPoA had been included in previously existing plans. There is some evidence from all countries that some elements of the APRM-NPoA were taken from pre -existing plans. The precise extent of this has been hard to ascertain, but it would appear to range from between 25 per cent and 50 per cent of the total cost of the NPoA. This naturally had a significant impact on the estimate of the additional funding need resulting from the NPoA. At one extreme, one could assume that all ongoing projects had been fully financed, and so their contribution to additional funding need would in fact be zero. Such an approach would mean that these costs would have to be deducted from the NPoA costs as published. On the other hand, if none of the ongoing projects had been financed, then the published cost of the NPoA would need to remain unchanged. Because there is no better indication either way, it has been assumed that half of the ongoing, or pre-existing, projects had not been funded and therefore contributed to the additional funding need. It has been assumed therefore that about 25 per cent of published NPoA costs, after corrections and other revisions have been taken into account, can be attributed to double costing. This means that only about 75 per cent of the revised cost of the NPoA should be taken as contributing to the estimate for additional funding need arising from the NPoA.

The reasons for the significant cost corrections and revisions may include the following factors:

- Many countries devoted more time to the CSAR than to the preparation of the NPoA, meaning that the latter was often rushed, leading to an increased likelihood of errors.
- Insufficient co-ordination between the agencies that provided the figures that went into the preparation of the NPoA.
- In some instances, the NPoAs were prepared by persons or institutions not fully competent or insufficiently experienced to do so.
- Some of the sources of revision have to do with actions that take place during the APRM Forum. Suggestions made sometimes have an impact on the NPoA.

Estimating the Additional Funding Need

The additional funding need represented by the NPoA, may therefore be arrived at by making:

- Adjustments due to typographic or arithmetic errors
- Net adjustment due to under- and over costing
- Net adjustments due to inclusions and exclusions
- Net adjustments due to double costing.

Table 1: The Costing Framework

Possible Problem	Suggested Corrective Actions	Additional Considerations
Excessive Cost Corrections	1. The NPoA costing exercise is given sufficient time to be fully completed. 2. The costing files with detailed sub-activities are made available during the checking process. 3. The costing of the NPoAs is specific and detailed. 4. The costs of the NPoA are cross -checked by other MDAs.	The identification of an APRM Focal Point in each MDA and other stakeholder, such as Parliament, Private Sector and major CSO in order to ensure ownership.
Excessive Cost Revisions	1. All costs, including maintenance, infrastructure, and programme salary costs are included in the NPoA 2. Once the final draft of the NPoA has been submitted to the APRM Continental Secretariat, the list of Projects and programmes is not amended.	Retained files should clearly demonstrate how the costing was carried out.
Significant Levels of Double Costing	All pre-existing programmes and projects are excluded from the NPoA.	1. Some pre-existing programmes and projects are included in the NPoA, but with clear sign posting as to what is happening. 2. The proportion of pre-existing projects in the NPoA should not exceed a proportion, to be determined by NGCs and NFPs, and declared in the NPoA.
Overall Significant Deviations in the Accuracy of the estimate of Additional Funding Need	1. The NPoA costs should distinguish between costs to be borne by the government and costs to be borne by non-state actors. 2. Any ongoing projects included in NPoA should be clearly indicated. 3. Any funding already raised for ongoing projects included in the NPoA should be disclosed in the NPoA.	Holding timely and detailed stakeholder validation workshops on the NPoA, together with computation by competent national bodies, may help to reduce the overall level of deviations.

Integrating the NGCs into the National Planning System

The Findings

Institutional Arrangements

All countries had an established institutional framework within which project and programme preparation and costing were conducted. The issue was therefore the extent to which the new APRM institutions were brought into this existing framework. Who did they take input from by way of data and instructions, and where did their output go, and in what context? Specifically in the countries covered here, to what extent were the APRM National Focal Point, Governing Council and Secretariat integrated into this landscape of state agencies responsible for the design, financing, implementation monitoring, and evaluation of development projects and programmes?

Essentially, there were three ways in which the APRM structures were integrated into the national system. The first was to place them within an existing national planning institution. The second was to give them a place within the national planning system as an independent and autonomous body. The third was to make key members of the national planning system members of the APRM national governing council. The options framework below can be derived from this.

Table 2: The NGC and the National Planning System

Possible Problem	Suggested Corrective Actions	Additional Considerations
The NGC is not fully integrated into The National Planning System	The NGC is placed within an existing national planning institution.	The performance of the NGC will be affected by the authority, capacity, competence, and organizational culture of the institution into which it is placed.
	The NGC is included in the national planning architecture as an independent and autonomous member.	Some of the NGC's time and resources will be spent on participating in the processes of the national planning system, rather than working on overseeing the APRM -NPoA.
	Representatives of some or all major national planning institutions are given places on the NGC.	1. There is a danger that the NGC will be more influenced by the other members of the national planning system than vice versa. 2. The inter-institutional rivalries of the members of the national planning system may be played out in the NGC.

Harmonizing NPoAs with National Plans

The Findings

Designing the NPoA

One aspect of the harmonization process is the extent to which the design and costing roles were centralized. In some countries there were separate institutions responsible for design, financing, implementation, and monitoring. In others, some, if not all, these stages were centralized, usually in the Ministry of Finance and Economic Planning. It was into this framework that the APRM institutions – the National Focal Point, the National Governing Council, the chairperson of the NGC, the Secretariat, and the Chief Executive of the Secretariat – were integrated.

One of the more novel aspects of the APRM is that the process of project and programme identification provided for input from sections of society not normally included in national planning exercises. In one sense, country self-assessment was intended to produce a wish list of the citizenry regarding preferred programmes and projects for the NPoA. The result of this process should have been a costed NPoA based on proposals from a broad range of expert, and not so expert, citizens.

Finally, one aspect of the APRM that bears repetition is the importance of the country self-assessment and the NPoA that arises from it being about improvements to governance, rather than an invitation to additional development investment.

A framework for designing an NPoA along these lines is presented below:

Table 3: The Design of the NPoA

Possible Problem	Suggested Corrective Actions	Additional Considerations
The stages and content of NPoA design are not clearly identified	1. The country self-assessment exercise should be about how to improve governance, based on identified governance indicators, consistent with the APRM questionnaire. 2. Experts and citizens are consulted on projects and programmes to be included in the NPoA. 3. Attempts are made to develop the ideas of citizens into coherent policy options. 4. The findings from expert and citizen consultation are consolidated and compiled into a coherent whole. 5. Undue weight should not be given to the proposals from experts vis-a-vis those from citizens. 6. The public is afforded the time to scrutinize and validate the consolidated proposals, with openness and transparency.	1. The identification of an APRM Focal Point in each MDA and other stakeholders, such as Parliament, Private Sector and major CSO in order to ensure ownership. 2. Any pre-existing projects should be integrated into the NPoA before citizens are asked to validate it.

Integrating the NPoA into Pre-existing Plans

The technical task of integrating the NPoA into existing national spending frameworks was usually through the implementing MDA, the ministry of finance, or the national planning authority. Often, however, it was by way of a consultative trilogue among them all.

Table 4: Merging the NPoA with MTEF and Budgets

Possible Problem	Suggested Corrective Actions	Additional Considerations
The NPoA has not been included in sector plans of MDA	1. The national planning body and the NGC seek to integrate the NPoA into the national plan through a range of sector strategic plans. 2. The NPoA is prepared at the same level of aggregation as that used in the preparation of the National Plan and the MTEF.	It should be possible to identify APRM -NPoA projects within the national plan through all the stages of the planning process.
NPoA projects cannot be identified in national plans	1. All NPoA expenditure is identifiable in the MTEF, even when the expenditure is to be made by an agency that is not a Government agency. 2. NPoA activities are coded in the MTEF in order to facilitate NPoA expenditure tracking and monitoring and evaluation of its implementation.	Discussions should be held with all MDAs and national CSOs in order to agree on the nature and level of their input into NPoA.

Planning Life Cycles and Temporal Overlap

One potential problem of having more than one significant national programme running simultaneously is that their life cycles may not overlap in a synchronous manner. This is potentially a chaotic, cumbersome and inefficient arrangement. Synchronizing the cycles, however, could lead to improved planning effectiveness. All the countries in the study had pre-existing national development plans alongside which the APRM-NPoA was introduced. The most prominent of these included the Poverty Reduction Strategy Programmes (PRSs), the Millennium Development Goals (MDGs) and in some cases the Millennium Challenge Accounts. In a number of cases the degree of divergence was as much as 36 months. There are therefore countries that may have to find ways to adjust and therefore synchronize the cycles of the NPoA, pre-existing national plans, and the MTEF. This may also help data collection, reporting and evaluation, as APRM reporting is reliant on existing frameworks for data collection, and monitoring and reporting.

Table 5: Harmonizing Life Cycles

Possible Problem	Suggested Corrective Actions	Additional Considerations
The Expenditure Cycles of the NPoA and the MTEF are not aligned	In the event that the whole of the NPoA cannot be synchronized with the PRSP, at least the annual budgets are synchronized.	1. In the absence of synchronization of the cycles of the NPoA and pre-existing national plans, there is a danger that the NPoA will lose its distinctive character, as projects and programmes flow interchangeably between them. 2. If the focus is on governance improvements, however, this problem, and its possible negative effects are reduced.

NPoA Financing

Sources of Funding

In theory, there are six main sources of finance for the NPoA: domestic governments, locally based private sector, and locally registered civil society organizations; foreign governments, international agencies, and international philanthropic sources. In practice, the bulk of the burden of financing the NPoAs appears to have fallen on domestic governments. In some cases this was their intention: some governments wished to finance the bulk of the NPoA from their own funds. Others sought to secure external support for their implementation, with varying degrees of success. As a result, the funds required to implement the NPoA tended to absorb significant proportions of government expenditure. This is especially so given the size of NPoAs relative to GDP, which ranged between one percent and nine per cent for the countries under review. In one instance, the NPoA absorbed as much as 80 per cent of government spending in the related areas.

In this connection, it is especially useful to distinguish between the APRM as a governance assessment mechanism and as a capital investment programme. As a governance assessment mechanism the APRM is intended to bring to the fore the performance of African institutions in three of the four thematic areas: democracy and political governance, economic governance and management, and corporate governance. Performance in the forth thematic area, socio-economic development, is predicated on the assumption that sound practice in the first three governance areas will produce good performance in the fourth. Nevertheless, assessment of the socio-economic development thematic area should include a strong element of governance performance indicators in addition to the usual output indicators.

Determining the state of governance in the three governance thematic areas and the fourth performance thematic area is an activity that could conceivably be conducted using government funds. However, the results of the country self-assessment and the subsequent decision to improve governance and performance indicators by way of targeted investment programmes as contained in the NPoA may call for financial support from sources beyond government. Some of this support may come from internal sources, when the private sector or civil society contributes to the investment programme by engaging in activities that help to make it successful. For example, in some countries, meeting socio-economic targets in the area of education may rely on the activities of private sector providers of this service. The government's input would therefore involve policies that make it easier for the private sector to set up and run a growing proportion of high performing primary, secondary, tertiary and educational institutions, in accordance with government policy.

This highlights the need for countries to find ways to raise funds for their development agenda from new and as yet untapped sources. One possibility is the utilization of development bonds targeted at the members of the country's Diaspora around the world.

Table 6: The Funding Mix

Possible Problem	Suggested Corrective Actions	Additional Considerations
The government cannot easily afford the APRM self -assessment exercise, production of the NPoA, or both.	1. Budgetary priorities are re-allocated in order to provide the funding for the self-assessment and the NPoA. 2. The government works closely with other sources of internal funds, i.e. private sector and civil society, to secure the funds necessary to conduct the country self-assessment and produce the NPoA.	1. An NPoA that is a governance improvement programme is likely to be less costly and therefore more affordable and efficient than a capital investment programme. 2. The continental secretariat requires NGC progress reports to contain information about internal partnership funding. 3. NGC progress reports to the Continental Secretariat are required to contain figures showing overall budgeting and financing.
Even with short -term budgetary re-allocations, the Government cannot absolutely afford either the self -assessment or governance improvement programme.	1. Government seeks international grant funds to undertake the country self-assessment, produce the NPoA and implement the governance improvement plan. 2. Government institutes medium- to long -term measures to improve fiscal revenues as a way of reducing dependency on external sources. 3. Government develops a plan which will allow it to finance the country self-assessment, produce the NPoA, and implement the governance improvement plan, from a given future date.	1. Reducing aid dependence can be seen as an important contribution by the APRM to the NEPAD goal of achieving full independence in the design of development policy 2. Instead of a 'beggar my neighbour' policy, governments collaborate regionally to improve fiscal revenues, curtail leakages, such as transfer pricing, and raise funds from bond issues to local and diaspora communities. 3. NGC Progress reports are required to contain figures showing external partnership funding.

Budget and budgeting process

Among the main points of note in the budgetary process are: issues of raising funds for APRM-NPoA activities; the practice whereby in some national budgets, expenditure heads that were not originally included in the APRM-NPoA were in the course of budget preparation reported as being part of the NPoA or more generally APRM-related activities; the tendency in some countries to under- or over -allocate funds to APRM thematic areas; failure to provide year -on -year budget allocations as originally envisaged; and delays in reporting the extent to which funds provided had been utilized.

As a rule, over-allocation was common, but full disbursement was rare. Actual disbursements tended to be only a fraction of the amount allocated. The norm was that all sections other than socio-economic development tended to experience substantial under-allocation.

Table 7: The Budgeting Process

Possible Problem	Suggested Corrective Actions	Additional Considerations
Funds are not allocated/disbursed to APRM-NPoA projects and programmes in annual budgets.	Government ensures that all approved APRM-NPoA projects, are allocated the necessary funds in all annual budgets that so require.	
Previously non -APRM-NPoA projects and programmes are designated as such in annual budgets and have funds allocated/ disbursed to them.	Expenditure not originally budgeted as part of the NPoA, is not designated as APRM -related expenditure.	This practice prevents transparency in monitoring NPoA implementation.
There are significant over/under -allocations of funds to NPoA projects and programmes in annual budgets.	Government makes allocations to budgetary expenditure heads on the basis of approved plans.	The government may have to ring-fence APRM-NPoA programmes and projects

Possible Problem	Suggested Corrective Actions	Additional Considerations
APRM-NPoA programmes and projects receive allocations/ disbursements in annual budgets, but irregularly.	The government ring-fences APRM allocations .	This impedes the ability to conduct a proper evaluation of the projects and therefore the ability to assess the impact of a governance improvement programme.
Full and comprehensive information about the utilization of disbursed funds to APRM-NPoA projects and programmes is not readily made available by national accounting bodies soon enough after the accounting year.	Government ensures that all APRM accounting conforms to Continental Secretariat requirements.	This may have to do with capacity to conduct accounting in accordance with international requirements.

Content Overlap

As indicated above, the APRM combines three sets of governance indicators with one set of socio-economic performance assessment. The result is a governance improvement plan, driven in part by a concern to improve governance assessments indicators, but also intended to help improve the nation's socio-economic development. As a result, the NPoAs inevitably overlapped in content with pre-existing national plans. The process of mapping pre-existing plans and the NPoA depended on the exact timing of the cycles. Some timings allowed authorities to fully integrate the NPoA into an overall national strategic plan. In at least one instance, the national planning authorities were able to take the NPoA and map the investment programme arising from its four thematic areas into the framework being used at the national planning level. In other instances this was not possible. Nevertheless, the NPoA retains its character as a twofold mechanism. On the one hand, the NPoAs were intended to improve the results of the governance assessments, but also to improve socio-economic performance.

This duality presents an opportunity to use the character of the NPoA as a conventional governance tool and at the same time as input for socio-economic development. Maintaining but utilizing this duality will help ensure the distinctiveness of the APRM in subsequent country self -assessments and NPoAs. For this to happen, it may prove necessary to improve the design of the governance indicators, and strengthen the element of governance improvement. Such an approach would help to ensure the continued relevance of the APRM as a combined governance assessment and improvement mechanism.

Table 8: Mapping NPoAs into National Plans

Possible Problem	Suggested Corrective Actions	Additional Considerations
National Plans do not have a clearly defined governance component.	All main sections of the national plan should have a clear governance component in which the agreed governance indicators and targets are set out.	It is important that specific NPoA projects are included at the same level of aggregation as in the NPoA.
The governance component of pre-existing plans does not conform with that contained in the APRM-NPoA	1. Work is undertaken to ensure that the governance indicators of the APRM-NPoA and pre-existing national plans conform one with the other. 2. The direction of the changes deemed necessary to bring this about should be in the direction of the more demanding or higher standard.	1. In principle, the NPoA preparation process should have ensured that this was already the case, but it may be that such harmonization will have to wait until the next cycle of the national plan in order to make it possible. 2. The lead MDAs of the national plan, should also be the lead MDAs for the corresponding section of the APRM-NPoA.

Monitoring

All countries had a network of institutions concerned with monitoring projects and programmes, experienced mainly in the monitoring of capital projects. Thus NGCs had to develop a capacity to monitor governance, both in the form of governance indicators and targets and perceptions of governance issues among the general population.

The quality of reporting back to the Continental Secretariat was uneven, however. Some NGCs did not report on the governance indicators contained in the NPoA; instead, they either omitted to mention them or included information that was not relevant. This suggests some pre-existing weakness in the capacity to monitor governance indicators. Nevertheless, the existence of the APRM is likely to have helped to put the issue of collecting and monitoring governance performance indicators higher up the list of priorities.

Even when monitoring the delivery of investment projects, some NGCs attempted to create what may be termed parallel channels for receiving information. This was especially the case when collecting public perceptions of governance performance, when some NGCs set up an independent monitoring capability, usually of a decentralized character. Public surveys were commissioned and novel forms of public assessment, such as scorecards, were utilized. Some NGCs set up not only participatory, but also decentralized monitoring systems, in which special monitoring committees were set up at district level to monitor both the investment programme and public perceptions of governance performance.

While there were clearly some advantages in developing a participatory and decentralized monitoring system, there were also dangers that such a system would interfere with the harmonization process. One was that the focus on participatory approaches would lead to an overemphasis on the collection of data on public perception, to the detriment of data on more objective measures of performance. The second was that the existence of two monitoring channels would lead to inefficient application of both human and financial resources.

Table 9: The Monitoring System

Possible Problem	Suggested Corrective Actions	Additional Considerations
There is no national institutional knowledge of the current state of governance performance indicators contained in the APRM-NPoA.	1. The government and the NGC ensure that a necessary element of the preparation of the country self -assessment exercise is to determine base line markers for the governance performance indicators contained in the questionnaire. 2. The monitoring and evaluation systems of the APRM are hard -wired into the NPoA during its design phase. 3. Benchmark the indicators and targets to be contained in the NPoA during the CSA process.	1. MDAs are involved in the process of designing the NPoA indicators, determining the targets, and the methods by which monitoring will be conducted. 2. A mechanism for monitoring the expenditure of the NPoA by the National Planning body or the Ministry of Finance is created or strengthened, as appropriate.
A national mechanism for collecting or calculating information on the state of all governance performance indicators contained in the APRM-NPoA does not exist or is weak	1. The government provides the capacity for there to be a single system for the collection of governance performance indicators. 2. There are regular expert and general public opinion surveys on perceptions of governance.	1. Securing Buy-in by MDAs of the Requisite Governance Indicators. 2. The NGC sees it as one of its primary roles to collect and process the governance performance indicators that come into it from MDAs. its capacity may have to be enhanced for this purpose.

Possible Problem	Suggested Corrective Actions	Additional Considerations
The NGC does not have the most up -to -date information about the state of national governance indicators .	1. Implementing agencies report periodically and regularly on NPoA implementation. 2. Expert and general public opinion surveys on perceptions of governance issues are undertaken by the NGC.	The NGC may have to be provided with the legal mandate to enforce monitoring and reporting of NPoA programmes and projects.

Evaluation

It was perhaps too soon for the process of evaluation to have been embarked upon in any serious way. Nor was it clear whose responsibility it would be to conduct the evaluation of the APRM-NPoA when the time came. Certainly there were institutions, such as MDAs, responsible for long -term planning. The issue is whether these institutions will be given responsibility for evaluating the APRM, in addition to their normal tasks.

In addition to the usual evaluation tasks of assessing whether, given its objectives and strategies, the APRM-NPoA programmes and projects have been implemented at the costs intended, to the quality planned, and in the time estimated, evaluation of the NPoAs will have some additional challenges. These will include assessing whether different programmes, strategies or even objectives would have been more appropriate. In some country contexts this may prove a challenging agenda and not easily undertaken or achieved.

The APRM embraces a complex policy mix. In the area of democracy and political governance, it aims to increase the breadth and depth of the democratic process. In the area of economic management it seeks to promote macroeconomic stability, while promoting African integration. In the area of corporate governance it seeks to create an enabling environment for entrepreneurship. Finally, in the area of socio-economic development, it seeks to improve the development indicators.

One of the potential sources of value added is, therefore, not only the APRM's ability to improve capacity to identify and collect the relevant data, but also a culture of objectively evaluating that data, learning the lessons it has to teach, and logically applying them.

In this regard, the APRM-NPoAs may assist in increasing the capacity to evaluate the existing poverty reduction strategies more closely. In so doing, it would assist the continent in moving in a direction in which planners already appear to be moving. In all the countries visited, sustained growth and structural transformation have been given a higher place among policy objectives. It may be that the experience of the NPoAs will produce other insights that will further shape the trajectory of Africa's current development strategy.

Table 10: The Evaluation System

Possible Problem	Suggested Corrective Actions	Additional Considerations
Governance targets are not strategically chosen or realistic.	The national planning authorities, strategic MDAs and the APRM-NGC, and civil society undertake detailed consultations to determine the appropriate level of governance and performance targets.	All policy decisions have to balance a number of different objectives. The concern is that the objectively and subjectively determined dimension of citizens should play a larger part in such policy decisions than has sometimes been the case hitherto.
Governance performance is not routinely, systematically and objectively assessed.	The national planning authorities, strategic MDAs, and the NGC use data from implementing agencies, budget allocation and disbursement ministries, and official monitoring ministries and agencies to evaluate the relationship between policies and governance and socio-economic performance targets.	Comparative APRM performance indicators should be compiled by the Secretariat for use by participating countries, national, continental and international organizations, and researchers
The lessons from the governance assessments are not finding their way into subsequent planning decisions.	1. The results of the objective assessments of governance and socio-economic performance targets are investigated for the lessons to be learned and appropriate deductions are made. 2. Amendments to policies arising from performance reviews are based largely on evidence and national interests .	1. Policy making should become increasingly evidence -based and take account of the results of strategic reviews of governance performance. 2. Realization of the importance of this may rest with senior decision -makers, who may therefore be the best initial target for sensitization on the importance of evidenced -based decision -making.

Additional Perspectives

Absorptive Capacity

Absorptive capacity is a cross -cutting issue of the harmonization exercise. It applies at each stage of the planning process, from design, through resource mobilization, implementation, monitoring, and evaluation. It also applies at all levels of organization, including ministries, departments, and agencies at both national and local level, not to mention the private sector and civil society.

Organizational learning theory

Economists and business organization theorists use the same term , “absorptive capacity”, to mean different things. Both meanings are relevant for this discussion, however. In the business organization theory sense, absorptive capacity has to do with assessing the ability of firms to absorb new knowledge, and to do things differently. Essentially, it is about how quickly and comprehensively new rules and procedures can be assimilated by an organization. assessment of this is linked to their ability to design and produce new products, especially the new technology that may underlie them. As a result, the output of their research and development departments often serves as a proxy for assessing business absorptive capacity.

To the extent that the APRM involves African bureaucracies learning new ways of doing things, the APRM will be concerned with issues of absorptive capacity from the business organization perspective. In this context, the APRM should be about maximizing the rate of institutional learning regarding the rules and procedures that deliver good governance in the spheres of democracy and political governance, economic management and governance, corporate governance, and socio-economic development.

The APRM would thus be seeking to maximize learning about governance and governance assessments based on its chosen criteria for good governance, whatever those may be. Those criteria may be similar to or different from those developed in other societies. For example, in Europe there has been a tendency to choose criteria that relate to how lawful, participatory, transparent, responsive, inclusive, efficient, consensual, and accountable governance is, and then to equate higher scores of each with good or better governance.

The APRM would in effect be a continuous process of improving learning about the objectives, rules, and procedures governing public life in Africa. A never-ending cycle of governance assessments would be seeking to improve or correct established practice. Some of the measures that may assist in achieving this are set out below.

Table 11: Organizational Absorptive Capacity

Possible Problem	Suggested Corrective Actions	Additional Considerations
Organizational absorptive capacity audits not conducted prior to the design of the governance improvement plan.	Organizational absorptive capacity audits are conducted as part of the governance improvement plan.	
Absorptive Capacity Constraints addressed.	MDAs required to make adjustments, but not at unrealistic rates .	The NPoA may need to include measures for raising absorptive capacity within strategically important MDAs.
No support to raise organizational absorptive capacity has been provided.	1. Government provides support to MDAs to raise organizational absorptive capacity. 2. Government creates a framework for businesses and civil society to raise organizational absorptive capacity.	The rate at which new ideas are absorbed depends on a number of factors, which, if well -managed, can significantly increase the rate of change, the degree to which it becomes embedded, and its permanence.

Economic absorptive capacity

At any point in time, An economy has a certain productive capacity based on the size of its capital stock and level of productivity. There is a relationship between this level and the rate at which it can be made to grow over time. This means that output cannot be increased from one year to the next beyond a certain level without creating distortions, inefficiencies, and bottlenecks. Absorptive capacity, in this sense, refers to the ability of an economy to absorb a given quantum or proportion of investment.

The issue is that, in designing the NPoA, countries may seek to make capital investments which, taken together with pre-existing plans, may be of a magnitude that the economy cannot efficiently digest within the allotted timeframe. It is this tendency that needs monitoring as the NPoA is implemented. In other words, while the APRM-NPoA has great potential and value added in highlighting how governance in Africa can be improved, it is in danger of releasing a desire and drive to institute projects which, when implemented over a short period, pose problems for the absorptive capacity of the economy.

To address these concerns, it might be worth conducting an assessment into the absorptive capacity of countries using both organizational learning and investment approaches to the issue. In the absence of such assessments, it will be difficult to determine if economies will be able to meet their responsibilities and efficiently utilize the resources that the NPoA requires to be committed.

One starting -point would be to see to what extent national planning authorities already conduct absorptive capacity assessments during the process of making national development plans. This would provide the benchmark for evaluating the possible fate of the resources that the NPoA requires to be committed, taking into account the extent to which pre-existing plans have been incorporated into it.

Table 12: Economic Absorptive Capacity

Possible Problems	Suggested Corrective Actions	Additional Considerations
Economic absorptive capacity audits are not conducted prior to the design of the national investment plan.	Economic absorptive capacity audits are conducted as part of the national planning process	
Economic Absorptive Capacity Constraints are not addressed.	The size of the NPoA is informed by the audit of existing economic absorptive capacity.	Improvements in governance processes may have a positive impact on absorptive capacity, specifically the Incremental Capital Output Ratio (ICOR).
No support to raise economic absorptive capacity has been provided.	Government provides support to economic stakeholders to raise economic absorptive capacity by creating a conducive environment.	Since the private sector may be, if not the largest, than at least a significant contributor to the national economy, government assistance to them to improve both their economic and organizational absorptive capacity, especially if they are local SMEs, can be a major source of additional growth for the national economy.

Aid Dependency

One of the issues with which the APRM was concerned was the nature of participating countries' bilateral and multilateral links. In this context, the issue of aid dependence was highlighted as a matter of concern. Some countries were asked to reduce their levels of aid dependence. Such an injunction impacts on the APRM and pre-existing national plans.

A number of countries were therefore attempting to reduce aid dependence, a term that is used in a number of different ways. Its meaning can include: receiving any aid at all;

receiving aid above a certain level; receiving more aid than can usefully be utilized; or to being in a position whereby the design of aid -supported programmes is dominated by the giver rather than the recipient.

As countries battle to reduce aid dependence, it is useful to consider which of these objectives they are pursuing.

In the extreme case of governments systematically and continuously pursuing policies that do not advance development objectives, it could be argued that placing the aid spending prerogative in the hands of aid givers rather than recipients, is the right thing to do. Indeed it could be argued that the current framework of aid -giving is based on such an assumption.

On the other hand, one could argue that many of today's emerging economies started out as aid recipients, succeeded in achieving dynamic growth and have become in their turn aid givers. The conclusion could therefore be that aid is not in itself a bad thing. According to this approach, aid dependence can be seen as a good thing when it enables governments to achieve national development objectives that could not be achieved without aid support. What would be bad aid dependence would then be when aid dependence is used to pursue objectives that conflict with or undermine its chosen development objectives. Such a government or country could be said to be suffering from aid sovereignty - a state of affairs in which it is aid, the conditions under which it is proffered, and /or the aid giver that is the determining factor. If for any reason aid -receiving APRM participating countries are impeded from designing or implementing measures needed to achieve what they have decided is in their national interest, then they are likely to be suffering from aid sovereignty. This tended to be common when governments were in receipt of more budget support than programme or project support.

The ability of givers of aid to determine the development policies of aid receivers is the most direct manifestation of aid sovereignty. At one extreme, the aid givers, and associated multilateral institutions, could give aid in support of projects and programmes that the recipient countries have themselves designed. Here aid is not sovereign. At the other end, aid givers could make the recipients utilize the aid they receive only for the purposes considered desirable by the aid givers.

While some APRM participating countries are not aid dependent with respect to the objectives required for them to achieve self-sustaining growth, others are.

Some countries attempted to reduce the level of aid dependence by increasing the amount of revenue generated by government. Their activities were on the whole successful in that the proportion of revenue to GDP increased significantly and reached levels that enabled the government not to be in need of budget support. Some were able to go beyond this and reduce the level of project or programme support. These outcomes were usually achieved by making the revenue authority independent, and improving the governance aspects of fiscal policy. This often took the form of providing more information about how public funds were being allocated at both national and sub-national levels.

Table 13: Aid Dependence

Possible Problems	Suggested Corrective Actions	Additional Considerations
A definition of aid dependence has not been agreed for use by the Government and its MDAs.	1. Aid dependency audits are conducted in APRM participating countries to determine: 2. The qualitative aspect of aid dependence: the kinds of programmes for which aid proportions are high . 3. The quantitative aspect of aid dependence: The overall level of aid support globally for development spending.	1. One possible definition is development expenditure funded by aid above a critical threshold. 2. Another possible definition is development expenditure which would not have occurred unless supported by aid because, although the projects are a priority or desirable, they could not be afforded unless supported by aid. 3. Yet another is development expenditure which would not have occurred unless supported by aid because it is not a priority or especially desirable but undertaken because aid funds are available.
There is no time bound indicator or target for aid dependence in the national planning system.	Critical or target levels of aid dependence have been agreed within the national planning system.	
There are no strategic plans to reduce levels of aid dependence, according to the definition being used.	The actions to be taken to bring aid dependence levels in line with planned targets have been developed and are being implemented.	