STUDY ON SUSTAINABLE FINANCING OF ACBF BY ITS AFRICAN MEMBERS

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Summary

TABLES, BOX AND FIGURE

Summary and Recommendations

Objective and Approach

This study addresses the issue of instruments for the sustainable financing of ACBF by African member countries. The economic and financial context of the implementation of SMTP III is sufficiently favorable to mobilize $ US 345 million over the period 2012-2016. The distribution of this objective may obey several conditions. The study presents four options based on two criteria for allocating the burden of expenses or allocating a national target using bottom up or top-down approach. Examples of instruments included the increase in the contribution base (share), the subscription of complementary voluntary contributions, the proceeds of a tax levy directly or through the Regional Economic Communities and investment fund with capacity bonds.

Proposals

The study proposes a strategy that combines several financial instruments. First, the immediate increase in the share of each member in order to meet 10% of the funding for the SMTP III. The low base and the RIDA membership conditions since 2010 make this an urgent need to increase and several countries have realized this and sent positive signals by announcing an increase in their core contributions.

The establishment of a development capacity fund housed within the ACBF to collects complementary voluntary contributions of African members who have already made announcements. This fund will support the outstanding effort of capacity to consent in times of uncertainty in the global economy and implementation of large scale regional integration programs.

The study proposes also to establish a community solidarity levy on import revenues, gradually extended to all tax revenues. At short term, in the most favorable case, the African Capacity Development Fund could launch in partnership with a development or investment bank, a bond (bond capacity) opened to qualified investors willing to contribute to capacity building.

The Regional Economic Communities that reached the stage of the customs union and have fiscal competencies will relay the product to raise these revenues, and a percentage will be assigned to the ACBF. Accompanying measures at national, regional and also at the Foundation will develop the autonomy and incentives in the allocation of funds raised.

The study outlines a resources framework for implementing the strategy and results framework that summarizes the potential impact of these measures on the capacity of member countries. During the SMTP III, the share of African countries in the budget of $ US 345 million will have to rise from 3% to 11% and to 30% at mid-term. This shift will put the Foundation in the shelter of a possible renegotiation of RIDA in 2013 and financing activities on a more sustainable path.

Recommendations

Create the conditions for success

Right now

Over the past two decades, African countries have achieved high growth rates, by implementing strategies for poverty reduction. They received, with a symbolic contribution, a strong capacity building support from ACBF. It is recommended, for the time to double their financial contribution to the ACBF to enable the Foundation to implement - as part of the SMTP III - programs and projects to consolidate growth and make it more inclusive and sustainable.

It is simultaneously recommended that countries in arrears of dues to be cleared and the beneficiary African countries not yet members to regularize their situation. The Board of Governors and the Executive Secretariat of the ACBF are responsible for ensuring that new financing instruments do not cause a substitution effect and are not perceived by the country as an invitation to disengage financially. Also, during the next meeting of the Board of Governors, countries will be invited to express unambiguously
- their desire to invest in capacity with own resources and increase their financial contribution to the ACBF
- their desire to enroll in the government agenda the adoption of a legal framework for Capacity Building and Development of Regional Economic Communities, and possibly adopt draft framework law for continued funding programs and projects labeled "ACBF".

Short term

Without prejudice to the doubling of contributions, it is recommended to revise the share of the country. This review, conducted under the criteria of equity and efficiency, demonstrates to external partners that African countries fall within the new context in which they express their desire and willingness to assume any financial responsibility in capacity development.

It is recommended that the ACBF to take all measures to initiate with RECs that are eligible, the setting up of a financing system for development capacity through community solidarity levy. In this regard, it is recommended to set up a working group to assess the feasibility of financing capacity by the combination of fiscal and financial instruments and the implications for countries, RECs, ACBF, the African Fund for Capacity Development (African Capacity Development Fund, ACDF) and external partners. In this perspective, countries are encouraged to make additional contributions to their share, so to be among the founding members of the ACDF. The fund, designed to consolidate and broaden the base of the Partnership for Capacity Building, PACT, will be endowed with the capacity to be an operator's overall financial ACBF.

It is recommended that the Board of Governors to examine the consequences of creating a fund for-profit on the ACBF status and the links with its partners and member countries.

Enroll in the development agenda of Africa, the ACBF funding through a combination of fiscal and financial instruments

Once the conditions for success met, and the desirability and feasibility of fiscal and financial mechanism are demonstrated, it is recommended to set up a second working group in charge of the detailed design and implementation of capacity bond s system.

Ideally the working group should be placed under the authority of the Board of Governors who volunteered, because of their profile and skills acquired in the field of financial markets. It would also be desirable to involve the continental and regional authorities and the Presidents in charge of the African Union and the RECs and the President of the AU Commission.

The independent panel will examine the level of participation in its work of the main financial partners of the ACBF, in particular the World Bank, AfDB, UNDP and IMF. It will determine the legal and technical characteristics. The legal framework, wherever possible, should take the form of a consortium of RECs or continental financial institution. Otherwise it is recommended to proceed by tender from financial institution whose qualification criteria have been previously established by the working group.

It will determine the objectives of the operation and establish management principles and criteria for selecting projects, priority programs and initiatives. It will proceed as appropriate to their census surveys based on capacity needs carried out by countries and RECs. Other items for consideration include. : the amount of the loan, the repayment period, the nominal value, the subscription price, the number of securities, the maturity, the release dates, the closing and enjoyment, the interest rate of the loan and the choice of financial intermediaries. The working group will also specify the guarantees, performance conditions, the bank account, the tax system, the selection criteria for investment services providers and stock exchange responsible for the introduction of debt and quotation.

Summary of options and instruments available and their financial impact

N°	Options
1.	Increase the subscribed share

2.	Complementary contributions to the initiative of African countries
3.	Use of taxation to increase the own resources
4.	Use of community solidarity levy releasable per PCS
5.	Recourse to the bond

Structure of financing instrument financing

Possible Options	Financial Instrument	Ratio own resources / external grants Base financial impact 3% in 2010	Incidence financière $US Millions Base $US 345Ms	Benefits	Disadvantages	Complexity A, B, C, D D= higher complexity
1	Contribution of base increased	11,4%	38,4	Immediate application		A
2	Complementary Voluntary Contributions	10% (target)	35 (target)	Dynamics already created by the announcements made discretionary	Discrétionnaire	B
3	Cash flow	20%	67,8	Resource Stability Link with regional integration	Resource Stability Link with regional integration	D
4	PCS	23%	80	Resource Stability Link with regional integration	Submitted to the existence of tax jurisdiction in the recs	C
5	Bond	100%	345	Resource Stability Related to the integration into the global economy		D

Next steps :

Right now

	Member countries	- To make an assessment of strategic profiles of countries and the state of available capacity - To establish a pattern of forecast tax revenues and harmonization of tax laws and establishment of single window by REC - To prepare draft decision to support the funding of capacity building for RECs from 2013 for those who are willing - To organize, jointly with member countries and the RECs, the procedure for opening an account in the regional central banks where they exist or alternatives in other cases
	ACBF	- To undertake the revision of the contribution of african members - To develop financial risk management system - To assess the impact of increased financial resources of the members on the governance of the ACBF and on the allocation of the funds - To invite other non-members and non-beneficiaries to join the ACBF, like South Africa - To double the share of member countries to meet the U.S. $ 35 million needed for the implementation of SMTP III - To undertake a detailed study of the Africa Capacity Development Fund - To invite countries having made announcements over their share to participate in the establishment of the Africa Fund Capacity Development - To organize jointly with member countries and RECs, the procedure for opening an account in the regional central banks where they exist or alternatives in other cases
	RECs	- To undertake a (re) assessment of strategic profiles of RECs and the state of available capacity - To establish a pattern of forecast tax revenues and harmonization of tax laws and establishment of single window CER - To prepare draft decisions support the funding of capacity building for RECs from 2013 for those who are willing

		- To jointly organize with member countries and ACBF the procedure for opening an account in the regional central banks where they exist or alternatives in other cases - To undertake a capacity needs assessments of African countries - To accelerate the accession of non-members recipient countries - To recover 31% of arrears (U.S. $ 7.55 million)

Short term

	<u>Member countries</u>	- To develop an integrated financial resources framework for the country as part of sustainable funding for capacity building in Africa - To assess the impact of funding for capacity building by the system of community solidarity levy - To organize a mission to the country to assess the impact of the transfer tax and financial skills at the RECs and the building needs
	<u>ACBF</u>	- To develop an integrated financial resources framework and communication strategy - To finalize the community solidarity levy as a tool for sustainable financing of ACBF - To organize a mission to the RECs to assess the status of their tax and financial capacity building needs - To implement a project to strengthen the financing and management of resources and a framework for implementation in the RECs that are ahead - To organize jointly with development banks or investment and institutions a seminar on the Africa Capacity Development Fund and the feasibility of "capacity bonds" - To set up the Africa Capacity Development Fund
	<u>RECs</u>	- To develop an integrated financial resources framework for RECs as part of sustainable funding for capacity building in Africa - To finalize the community solidarity levy as a tool for sustainable financing of ACBF - To self-assess the status of tax and financial skills and capacity building needs by REC - To create conditions for the establishment of a capacity building project in the area of financing and resources management and an implementation framework in the RECs that are ahead

Medium term

	Member countries	To assess the obstacles to recovery of taxes to finance capacity building To assess the impact of capacity on the implementation of growth strategies and the MDGs
	ACBF	To assess the strengths and weaknesses of the new ACBF financing system
	RECs	Assessing the impact of capacity on the implementation of programs

Summary of arrears to be recovered

Over the period 1991-2011, the pledges made by African countries totaling 24.4 million dollars on which 31% (U.S. $ 7.55 million) more than 4 million of the MTSP II (2007-2011). The arrears are as follows:

	promises $US Millions	Arrears $US Millions	Country
Phase 1 (1991-1997)	3	0,829	Cameroun, Congo RDC, Maurice, Tanzania
Phase 2 (1998-2001)	2.8	0,352	Cameroun, Senegal
PSMT I (2002-2006)	7,2	2.31	Cameroun, RDC, Gabon, Niger, Nigeria, Rwanda, Sudan
PSMT II (2007-2011)	11.4	4.057	Benin, Botswana, CAR, Djibouti, Gabon, Guinea Bissau, Madagascar, Mali, Mauritania, Niger, Rwanda, Sao Tome et Principe et Sierra Leone

1. Introduction

1.1. Rationale

ACBF Board of Governors approved on February 21, 2011 the Medium Term Strategic Plan, SMTP III, submitted by the Executive Secretary. The budget is estimated in a high scenario to U.S. $ 345 million for the period 2012-2016. It was also asked to African members to increase their contribution from 3% to 10% minimum, or $ U.S. 35 million over the next 5 years. This decision is questionable, because since 1991 the fiscal foundation of the ACBF is based on the World Bank grant through the Development Grant Facility, DGF. This grant is completed by contributions made by African member's founders, ADB, UNDP and other non-African partners. Given the characteristics of the DGF grant, financial sustainability was not considered, at least in the medium term. No exit strategy was in the agenda. In fact, at its inception, the Foundation had not intended to provide a detailed plan for capacity building in Africa for decades[1]. Countries could, freely and at their own pace, choose to adhere to the three mechanisms in place: i) the fund to finance ACBF actions of capacity building for policy analysis, ii) co-financing whereby donors could combine some of their resources to the fund; iii) related programs. It was only a pilot and only 12 African countries were in 1991 among the 26 founding members (Table 1.1).

In 2000, in response to changing needs, the World Bank, UNDP and ADB have increased the financial resources of the ACBF by entrusting the implementation of the Partnership for Capacity Building in Africa, PACT, launched in 1995. Today, ACBF has 37 member countries[2] (Table 1.2). In addition to this hard core, 11 countries are supported, but have not formally joined ACBF. Nine other middle income countries or seriously affected by endemic conflicts have not yet expressed interest in being members[3].

In 2010, ACBF has joined the IDA regional instrument. The conditional grant, RIDA has taken the place of the DGF. The Secretariat has developed a strategy for resource mobilization in May 2010, to reflect this change. The strategy was approved by the Board of Governors in September 2010 at its 19th session in Paris. It clearly underlines the need that the African members play a more significant funding from the ACBF. It is through this strategy that the Executive Secretary takes

[1] African Capacity Building Initiative, World Bank, 1991
[2] South Africa announced its membership to ACBF on 2012
[3] Morocco and Tunisia

action to propose to members an African plan for sustainable funding. A first meeting of donors in Africa was held in Arusha, September 2011, where a commitment of U.S. $ 14.6 million has been pledged by the African members. At the same meeting, the World Bank has pledged $ US100 million and Sweden, U.S. $ 10 million. Other traditional partners reaffirmed their support to the Foundation. Following this meeting, the Executive Secretariat has organized another, March 26, 2012, in conjunction with the fifth joint session of the ECA and the AUC for the Conference of African Ministers of Finance, Planning and Economy. On this occasion, the President of the Board, Dr. Ngozi Okonjo-Iweala, Nigerian Finance Minister, stressed the need for African countries to increase their financial support to the Foundation, to support the agenda for capacity development. All announcements made since, reaching U.S. $ 20 Million.

1.2. Method of exposure

The present study aims to provide an approach to address the issue of sustainable financing of ACBF. It emphasizes the perspective of African members of the ACBF. Section 2 analyzes the financial context of the implementation of SMTP III. It returns to the goal of sustainable financing by the African members. It outlines the terms by which this objective can be divided between them, depending on the burden of expenses or a national target determined from bottom up or top-down. It reviews the possible instruments - increase in the contribution base (share) subscription of complementary voluntary contributions, proceeds of a tax levy directly or through the Regional Economic Communities, capacity Investment financed by bonds.

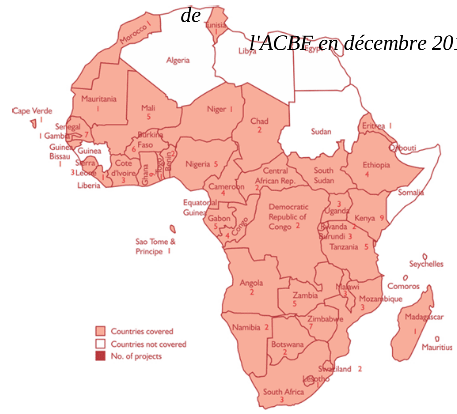
Section 3 presents the facts justifying a combined strategy of several financing instruments: the immediate increase in the share of each member, accompanied by an action to recover arrears of contributions. Then, the establishment of a fund raising of complementary voluntary contributions of African members to support the outstanding effort of capacity to consent. Finally, the establishment of a community solidarity levy on import revenues, gradually extended to all tax revenues. It emphasizes the importance of developing autonomy and incentives in the allocation of funds raised. It presents the implementation framework of the strategy, results and potential impact on capacity.

Proposals, recommendations and study tasks to accomplish over the next steps are in the beginning of the study following the summary.

Table 1.1: ACBF Membership

Membres fondateurs	Membres	Contribution	Bénéficiaires non membres	Non membres
	Benin	500000	Angola	Alegria
Botswana	Botswana	700000	Cap-Vert	Comores
	Burkina Faso	250000	Erythrée	Egypt.
Cameroon	Burundi	250000	Guinea équat	Libya
	Cameroon	750000	Lesotho	Somalia
	Central African Rep.	250000	Marzocco	Seychelles
	Chadi	300000	Mozambique	Sud Soudan
Congo RDC	Congo (Brazzaville)	500000	Sahara Occidental	
Côte d'Ivoire	Côte d'Ivoire	300000	South Africa	
	Dem Rep of Congo	0	Tunisia	
	Djibouti	250000	Guinea	
	Ethiopia	250000		
	Gabon	750000		
	Gambia	500000		
	Ghana	200000		
Kenya	Guinea-Bissau	250000		
	Kenya	500000		
	Liberia	200000		
Malawi	Madagascar	250000		
Mali	Malawi	250000		
	Mali	500000		
Mauritius	Mauritania	250000		
	Mauritius	0		
	Namibia	250000		
Nigeria	Niger	250000		
	Nigeria	1000000		
	Rwanda	300000		
Senegal	Sao Tome & Principe	250000		
	Senegal	300000		
	Sierra Leone	250000		
	Sudan	250000		
Tanzania	Swaziland	250000		
	Tanzania	550000		
	Uganda	250000		
	Zambia	250000		
Zimbabwe	Zimbabwe	750000		
	the African Union honorary member			
12	37	12850000	11	7
	NON AFRICAN MEMBERS			
Austria				
Canada	*Canada*			
Denmark	*Denmark*			
Finland	*Finland*			
France	*France*			
Japan				
	Greece			
	India			
	Ireland			
The Netherlands	*The Netherlands*			
Norway	*Norway*			
	Sweden			
the United Kingdom	*the United Kingdom*			
the United States of A	*the United States of A*			
10	*12*			
	MULTILATERAL MEMBERS			
AfDB	*AfDB*			
UNDP	*UNDP*			
World Bank	*World Bank*			

Représentation géographique de l'ACBF en décembre 201



1. Background

2.1. A Decade of Growth

"External sources of income and tax revenues available for development in Africa have never been higher. They have tripled over the past ten years. "said the African Economic Outlook, 2011 AEP (Figure 2.1 and 2.2.). Economic performance in Africa has steadily improved and medium-term projections are more promising than ever. The period 2002-2012 is characterized by the dynamism of economic growth in Africa, with a rate that continues to grow at a rate greater than 5% above the rate of population growth is 2.8%.

Sub-Saharan Africa presents a profile of the most successful developing regions. The growth rate should increase to 5% in 2012, 5.3% in 2013, and 5.2% in 2014 (Figure 2.3). With a per capita income in 2010 of U.S. $ 1972, the standard of living rose faster than in all other regions, although significant differences remain between African regions and the rebound from the global average (U.S. $ 9903) is far from being realized. On 1990-2008, the level of poverty decreased by 2.2%, which is unprecedented since the 80s.

The performance of the continent is still marred by trouble reap and the benefits of high growth, because of a lack of diversification and lack of competitiveness that cannot compete with imported products. Slow progress on democracy and the resurgence of conflicts add a negative shadow on the table. The scourges of corruption and capital flight still continue to plague and Africa seems powerless to halt them. Thus, U.S. $ 700 billion evaporated from 1970-2008 blocking development efforts. The figures shown in the HDI over the period 2000-2011, put the continent back of the pack. Progress towards the MDGs in 2015 is still mixed. While the 2015 deadline for reducing poverty and achieving the MDGs nears, African countries are confronted with new emerging trends that are creating new needs that must meet the ACBF.

Figure 2.1. Domestic and external financial resources $US

milliards USD, 2010	LEVY (2009)	FDI	Portfolio investment	ODA	Remittances
Countries rich in resources	0	41,6	11,5	15,5	27,1
Taxes	280,2	0	0	0	0
Countries poor in resources	0	12,7	0,4	26,3	11,4
Taxes	54,2	0	0	0	0

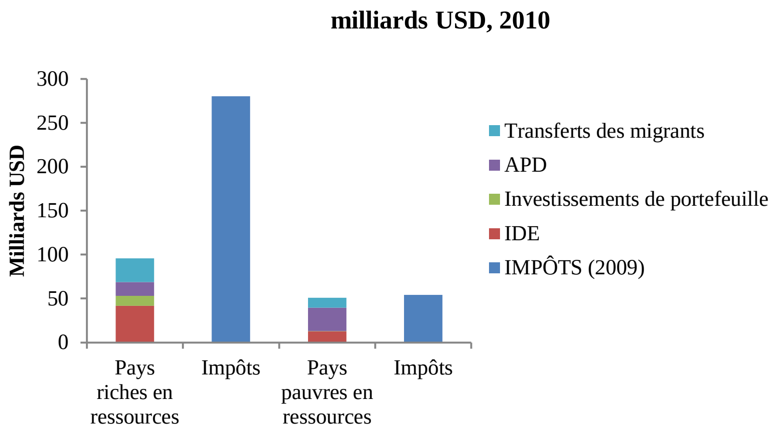
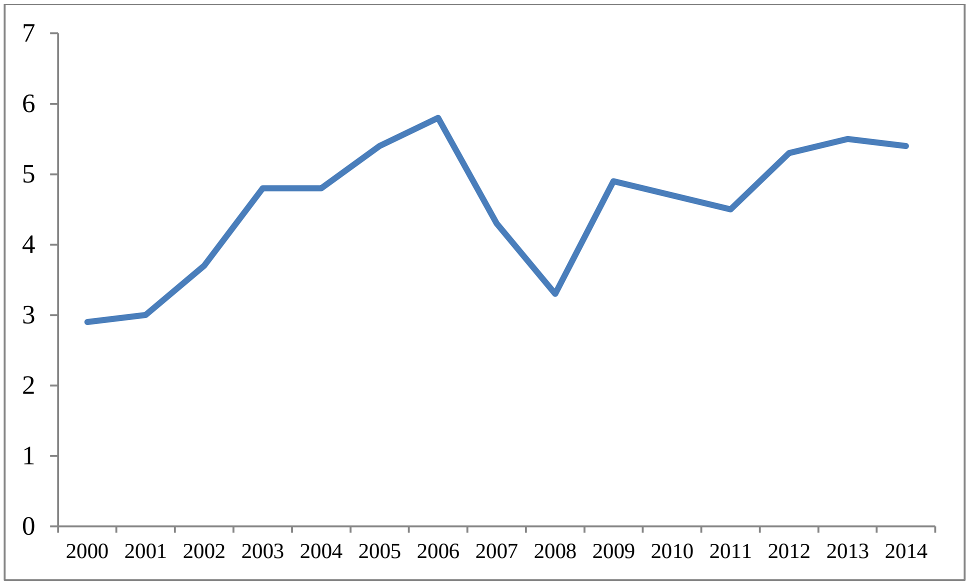


Figure 2.2. Domestic and external financial resources % of GDP

% of GDP, 2010	LEVY (2009)	FDI	Portfolio investment	ODA	Remittances
Countries rich in resources	0	3,1%	0,8%	1,2%	2,0%
Taxes	24,6%	0	0	0	0
Countries poor in resources	0	3,8%	0,1%	7,9%	3,4%
Taxes	17,2%	0	0	0	0

Source : DAC/OECD, World Bank, IMF and AEP

Graphique 2.3 : Growth in Africa, 2000-2014



Source : PEA 2011, World Bank Global economic prospects 2012

2.2. The needs of capacity development in Africa

The better integration of Africa into the global economy, requires awareness of the requirements of a development-intensive capabilities, skill and knowledge incorporated, and the need to achieve a qualitative leap. But before we get to the problem of funding, should be analyzed under the SMTP III for the period 2012-2016. The plan is under the sign of effective governance for poverty reduction in national and regional institutions covered, for three strategic priority areas:

- enhancing critical capacities to promote political and social stability for transformational change;
- enhancing capacity to engage and regulate the productive sector;
- enhancing capacity to track policy impact.

The expected impact is:

- Better public access to basic services and an effective economic governance
- Greater legitimacy and accountability of the governance system

- Greater regional integration and a greater share of African economies in global trade.

The first two years of the program focuses on areas of interest:

- Strategic partnerships with the units of analysis and economic policy think tanks;
- Support to countries emerging from conflict and fragile states
- Lions qualified in the reforming countries and middle-income;
- Countries with wealth but low in capacity;
- Innovations in production capacity;
- Capacity for leadership and accountable governance
- Partnerships to enhance the results.

This is the most ambitious program ever contemplated by ACBF. The object is nothing less than drive a new agenda for African development including funding was estimated under three assumptions (Table 3.1). The World Bank has committed to support up to $ US100 million per year (Table 3.2).

Table 3.1. Cost ratio in different financial scenario

5 years 2012 - 2016

Données financières en 000 US$	Budget 2011	Hypothèse basse	Hypothèse de référence	Hypothèse haute
Couts des programmes	46394	110586	175958	299147
Décaissements	33268	64961	110389	222011
Exécution des programmes	13125	45625	65569	77136
Couts du personnel administratif	4874	14622	24369	26259
Charges d'administration	3660	9792	17673	18694
Besoins en ressources	54927	135000	218000	345000

Table 3.2. Estimation of disbursement (WB/FY)

US$ million

FY	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**	**FY16**
Annual	10.5	26.0	6.0	6.4	5.7	22.0
Cumulative	10.5	36.5	42.5	48.9	54.6	76.6

Project Implementation Period: April 2011 -December 2015 Expected effectiveness date: April 30, 2011 Expected closing date: December 31, 2015. Source World bank support ACBF regional project

2.3. African role in the financing of ACBF

Mobilization strategy of financing SMTP III was developed in 2010 and since, ACBF begins work to create the conditions for joining the Regional Fund IDA and prepare the renegotiation of support after 3 years. With RIDA, the issue of financial viability of the SMTP III and beyond arises, since the agreement must be renegotiated every 3 years.

The challenge for the Foundation is to manage effectively and equitably increased resources of African countries and move towards a relevant ratio of financing structure in terms of internal resources / external grants, while guarding against the dangers of the race to unhealthy resources and fragmentation. Hence the idea of pursuing a goal of sustainable financing.

There is no agreed definition of the concept of "sustainable financing" of capacity development. While the World Bank uses this expression to indicate the next stage of development of the ACBF, once the PACT has met its objectives[4].

In the last progress report 2010, Executive Secretariat uses the phrase "financing the future," when "the competition for resources in capacity building is increasing and financing ACBF's" and require an innovative approach to resource mobilization supported by convincing results". But this is not the only reason, because it must be remembered that the ACBF, like most other sectorial or thematic mechanisms of capacity building have been initiated to serve as an accompanying measure to the development of strategic frameworks and implementation strategies of poverty reduction (PRSP, PRS). If the funding of "basic capacities" must still continue in all member countries, thanks to external donors, other resources must be mobilized using new tools to build growth for an inclusive and sustainable development.

In the absence of a precise definition, we shall examine what the RIDA membership involves for the financial viability of the SMTP III and beyond, but also to manage increasing resources from African countries.

[4] ACBF-PACT exit strategy : http://siteresources.worldbank.org/INTDGF/DGFPrograms/21869370/PACT.pdf ; DGF

RIDA has a direct effect on the financing structure with a gradual change in the ratio of internal resources / external donations. Beyond a more relevant ratio, new instruments will be needed to cover the shares that will also be affected, in terms of number of countries to fulfill that basic contribution, consistent with their socio-economic. Building strategy at country level and regions will be affected, due to a more acute awareness of the need to invest more in more sophisticated and specific capacities. The selection of projects and programs will also be more rigorous and transparent; countries will play a more active role in defining priorities and in the portfolio of projects ACBF. It is at this level that the final impact will be felt by the adoption of a new global financial system of risk management and a new integrated financial framework to anticipate the changing needs.

The issue of instruments is inseparable from that of the autonomy of the ACBF and the incentives to develop in the allocation of resources to projects.

2.4. Role of RECs in the financing of capacity building

The relationship between the Regional Economic Communities and the ACBF have reached a turning point with the publication of the "Survey on the capacity needs of African RECs," conducted in 2006 in preparation for the implementation of NEPAD. The study found that one of the major constraints that faced the RECs was that of funding prevented them from completing their mission. It is in this context that the ACBF was planning a massive support to strengthen their capacity to implement regional integration and development programs. But the task proved more difficult and progress in developing their capacities slim due to the absence of external financial support and low commitment of African countries for the financing of regional integration.

The East African Community, EAC is the only one of eight Communities officially adopted by the African Union to reach the stage of customs union, from which it is possible to envisage a system of levy on tax revenues to fuel its Community budget. EAC have not yet implemented this system and is reduced to seek external partners to support its capacity building program. This means that to break this vicious circle, alternative and innovative financing should be sought. Current resources with contributions from countries, by the gift and the RIDA Endowment Fund initiated by the ACBF, can at most support the capacity building effort to fight against poverty and to meet the specific capacity needs of fragile state. Current resources of the ACBF are not adapted to meet the growing, multiple and complex needs susc as growth consolidation, African Union completion, and integration into the global economy. The financial capacity of the Foundation is strongly limited to the purely symbolic nature of the contribution of countries to the tune of 3%, then it should be, at least 10% with the advent of PACT in 2000 and 25-30%, to boost the momentum of support for the Initiative for Development of Regional Economic Communities, remained unanswered despite the official support of the G8 in 2007 held in Heiligendamm.

To catch up and meet the current and future financial challenge, African countries need to mobilize right now U.S. $ 35 million and at least double that amount in the short and fit into a logic of sustainable funding through new fiscal and financial instruments such as taking on tax revenues and the launch of bond. The use of these instruments requires the redefinition of the financial relations between the AU and RECs on the one hand, and between African countries and also the Foundation on the other hand. They are therefore expected to play an increasing role in capacity building financing by facilitating the collection of fiscal and financial resources and their allocation to high risk projects that require a major effort to adapt the intervention model of ACBF .

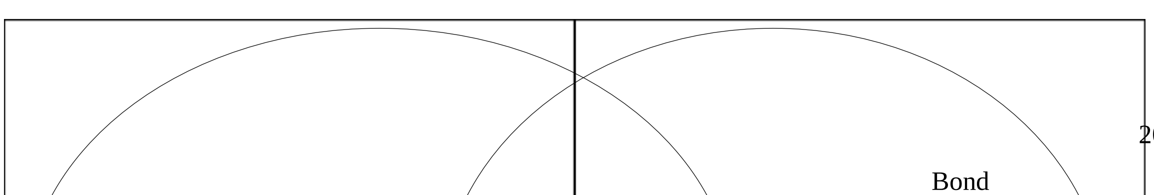
3. Towards sustainable financing ACBF

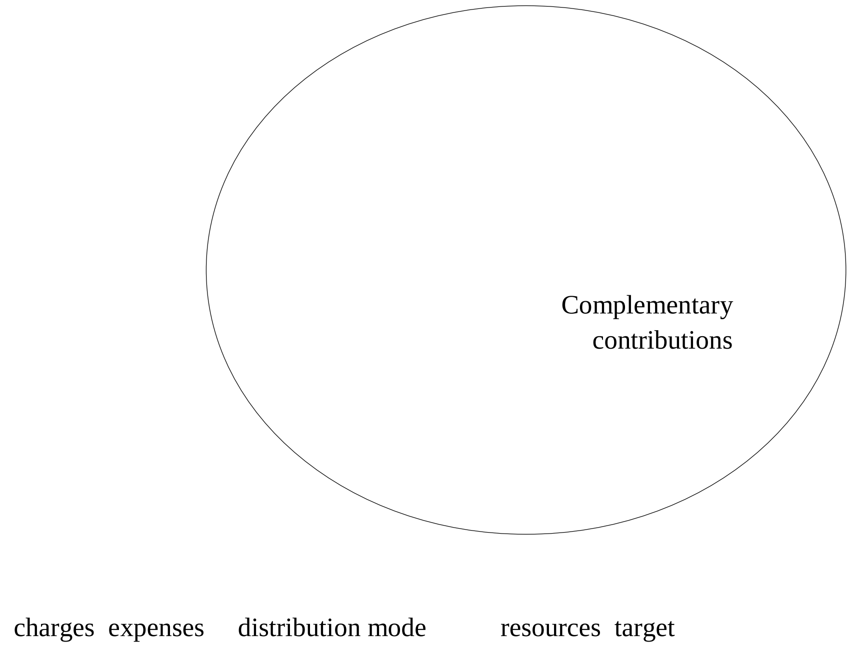
3.1. Approach

The objective of increased funding can be distributed among the members according to the African of expenditure or in terms of a national goal. This objective can be determined bottom up or top-down. It can be pursued with a series of financing instruments designed to have a relevant ratio of internal resources / external grants in terms of growing funds raised and growing confidence among non-African partners (Figure 3.1). Several instruments can be mobilized for this purpose:

- Increase in the contribution base (share);
- Subscription of complementary voluntary contributions;
- Product of a tax levy directly or through the Regional Economic Communities;
- Investment in capacity financed by bonds.

Figure 3.1 Options for sustainable financing





Given the existence of arrears and the low starting level, the strategy may be accompanied by a review of the contribution base. It starts by including all beneficiary countries. The criteria for determination of the contribution will be revised to reflect the real socio-economic situation of countries. Special attention should make to the criterion of tax revenues or external reserves account and their potential for mobilization at source via the RECs or central banks. Once the revision is made, the increase will be applied with immediate effect, to have a level of own resources compatible with the conditions of accession to RIDA.

A mechanism to collect complementary contributions could be considered, if this charge was easily supportable by rich countries or in periods of sustained growth, it is more acceptable, considering the services rendered by ACBF. Similarly, a national goal of financing may be fixed for each country using tax or financial instruments.

The funds can also be harnessed to the source, in countries or indirectly through the RECs or the AU Commission. However, this assumes that these institutions have fiscal competencies. Obviously, all these solutions do not have the same degree of political acceptability and economic, financial and fiscal feasibility.

Finally it is also considering a market-based financing instrument for large-scale. Assuming continued growth and uncertainty in the global economy, capacity and resilience building require substantial and stable resources, which can be mobilized through bonds or other trust fund, open to qualified investors and willing to contribute to capacity building in Africa. This option, an option for long term, will not be developed in this study, considering the impacts on the status of the ACBF, a non-profit organization.

To identify the most efficient and equitable, it must have cost / benefit analysis, difficult to drive in the current data available.

It can be based on a number of conclusions drawn from empirical work on financing capacities which are the spring of development. The literature on financing of investment in "resources" devoted exclusively to building skills, knowledge and capacities in an economy increasingly based on innovation and knowledge can also serve as a source of inspiration. The general idea that emerges is the connection between increased financing, autonomy and incentives to develop in the allocation of funds. Another idea, no less interesting - even if it is the pure financial theory - the structure of financing, namely the degree of relevance of the ratio own resources /external grants.

But even these are still sufficiently uncertain to serve as a criterion for choosing a sustainable financial mechanism. Therefore, the tendency is to fall back on the concept of efficient financing under its resilience and capacity to perform acute adjustment tasks or to support exceptional levels of risk.

These questions obviously require further work to be undertaken, but in the meantime, it is based on two assumptions:

- How the budget (the needs) is determined (top-down or bottom-up);
- The mode of distribution of funding, this criterion leads to adopt the point of view, first of ABCF targeting of resources and on the other hand, countries that still consider capacity building

as an expenditure to be financed by external donors preferably without measuring its implications.

In the top-down approach, needs are assessed at the national, regional and continental levels, implying the existence of available capacity on site. Otherwise, this is the bottom-up approach that is required as is the case today when an ACBF envelope of resource is fixed a priori based on the resources made available by non-African partners. Depending on the vantage point, the financing of capacity building can be interpreted as a very long term investment for ACBF or cost that the country leave be supported by aid and non-African partners. This will be so until the political will to invest in skills, knowledge and capacities has not been clearly stated.

In the remainder of this section, the option of launching a bond (capacity bonds) to invest in capacity will be considered, even back into the conclusions and recommendations as an emerging trend in countries where capacity research, development and social and technological capabilities are treated as investment in innovation.

3.2. Increase the subscribed share

In this option, criteria already used to determine the rates are applicable. The question is whether to use a flat rate where appropriate to take this opportunity to revise the criteria for classification of countries and the impact on their share. We refer, for comparison, to the status of contributions to the IDA / World Bank (Table 3.2.). We realize that there are significant disparities in a country's rank in both rankings: Zambia and Uganda in the forefront of IDA but in the bunch tail of ACBF.

In summary, in this option:

- the full arrears shall be recovered;
- the notion of nonbeneficiary no longer exists, bringing the total membership to 46; for nine countries, we calculate the contribution amount based on that of the country whose economic weight is equivalent.

It does not take into account the additional pledges made. Contribution to IDA, although given as an indication can be considered a variant of this option. In this variant, the review of assessments is based on the classification of countries used by the Agency.

This option allows the short-term mobilization of U.S. $ 38.4 million, slightly more than 10% of the financing for the SMTP III.

Table 3.1. Comparison of the contributions of ACBF African members and to IDA

Contributions of ACBF African members			IDA : Status of contributions & subscriptions to 30 june 2011 $US	
Members	Base SMTP II	Base SMTP III	Members	Subscriptions & Contributions
Nigeria	1000000	2000000	Angola	8300000
Zimbabwe	750000	1500000	Zimbabwe	6220000
Cameroon	750000	1500000	Nigeria	4620000
Gabon	750000	1500000	Zambia	3610000
Botswana	700000	1400000	Senegal	2620000
Tanzania	550000	1100000	Uganda	2350000
Benin	500000	1000000	Tanzania	2300000
Congo Bra	500000	1000000	Tunisia	1890000
Gambia	500000	1000000	Botswana	1630000
Kenya	500000	1000000	Cameroon	1580000
Mali	500000	1000000	Sudan	1520000
Côte d'Ivoire	300000	600000	Togo	1155000
Chad	300000	600000	Rwanda	1130000
Rwanda	300000	600000	Burundi	1100000
Senegal	300000	600000	Sierra Leone	1020000
Burkina Faso	250000	500000	Somalia	950000
Burundi	250000	500000	Burkina Faso	780000
Central African Rep.	250000	500000	Central African Republic	780000
Djibouti	250000	500000	Chad	770000
Ethiopia	250000	500000	Benin	760000
Guinea-Bissau	250000	500000	Niger	760000
Madagascar	250000	500000	Timor-Leste	440000
Malawi	250000	500000	Swaziland	430000
Mauritania	250000	500000	Palau	300000
Namibia	250000	500000	Cape Verde	130000
Niger	250000	500000	Sao Tome and Principe	110000
Sao Tome & Principe	250000	500000		
Sierra Leone	250000	500000		
Sudan	250000	500000		
Swaziland	250000	500000		
Uganda	250000	500000		
Zambia	250000	500000		
Ghana	200000	500000		
Liberia	200000	500000		
Dem Rep of Congo	0	2000000		
Mauritius	0	2000000		
Angola	1000000	2000000		
Cap-Vert	250000	500000		
Érythrea	250000	500000		
Guinea équat	1000000	2000000		
Lesotho	250000	500000		
Morocco				
Mozambique	250000	500000		

Sahara Occidental			
South Africa	1000000	2000000	
Tunisia			
Guinea	250000	500000	
Total Africa	12850000	38400000	66830000

3.3. Complementary contributions to the initiative of African countries

To the extent that payment of the contribution is provided consistently and many countries are willing to increase their share, it should be encouraged dynamics. The announcements made by six countries reached U.S. $ 11.3 million. The extra effort to be made by other countries - in addition to their current contribution and provided the arrears are recovered - is estimated at U.S. $ 26, $ 75 million to $ U.S. 35 million (Table 3.2).

Table 3.2. Willingness to assist countries precursors

Allocation increase of US $ 35 Million by financial goal

Contributions announced	Base	Complementary	SMTP III
Nigeria	1000000	2800000	3800000
Cote d'Ivoire	300000	1700000	2000000
Ghana	200000	1300000	1500000
Tanzanie	550000	950000	1500000
Zimbabwe	750000	750000	1500000
Tchad	250000	750000	1000000
STotal	3050000	8250000	11300000
Other countries that have nothing announced	9800000	26750000	36550000
Total	12850000	35000000	47850000

Because the complemtary are at the discretion of countries, it is difficult to assess the financial impact of this option, beyond the targeting of U.S. $ 35 million. The fact is that to maximize the chances of achieving the goal, urgent action is needed in three directions:

- The other major contributors:
  - Cameroon, Gabon, Congo Brazzaville,
  - Botswana, Kenya,
  - Benin, Gambia, Mali;

- Countries whose growth prospects are most favorable (Table 3.3.)
    - Mozambique, Uganda, Ethiopia, Rwanda, Angola, Zambia ...
    - Sierra Leone, Guinea, Cape Verde, Niger,
    - DRC.
- Country not listed above but which are among the largest contributors to IDA (Table 3.1.)
    - Angola, Zimbabwe, Nigeria, Zambia, Senegal, Uganda, Tanzania, Tunisia, Botswana, Cameron, Sudan, Togo, Rwanda, Burundi, Sierra Leone

The cost / benefit analyzes are needed to convince them of the importance of sustainable financing of capacity building.

Table 3.3. Contributions of African members

ACBF Countries	Base	Announced	Growth rate at market prices (2005 US$) Estimations WB	2014
Nigeria	1000000	3800000	Mozambique	7.8
Côte d'Ivoire	300000	2000000	Sierra Leone	7.6
Ghana	200000	1500000	Ouganda	7.3
Tanzania	550000	1500000	Éthiopie	7.2
Zimbabwe	750000	1500000	Rwanda	7.2
Chad	300000	1000000	Tanzanie	7.0
Cameroon	750000		Angola	6.8
Gabon	750000		Nigéria	6.6
Botswana	700000		Congo	6.5
Benin	500000		Ghana	6.5
Congo Bra	500000		Guinée	6.5
Gambia	500000		Cap-Vert	6.4
Kenya	500000		Niger	6.1
Mali	500000		Zambie	6.0
Rwanda	300000		Mali	5.9
Senegal	300000		Côte d'Ivoire	5.8
Burkina Faso	250000		Gambie	5.8
Burundi	250000		Malawi	5.6
Central African Rep.	250000		Congo	5.5
Djibouti	250000		Soudan	5.5
Ethiopia	250000		Burkina Faso	5.4
Guinea-Bissau	250000		Botswana	5.3
Madagascar	250000		Sénégal	5.2
Malawi	250000		Madagascar	5.0
Mauritania	250000		Mauritanie	4.9
Namibia	250000		Lesotho	4.8
Niger 250,000	250000		Kenya	4.7
Sao Tome & Principe	250000		Cameroun	4.6
Sierra Leone	250000		Guinée-Bissau	4.6
Sudan	250000		Togo	4.6
Swaziland	250000		Bénin	4.5
Uganda	250000		Maurice	4.5
Zambia	250000		Namibie	4.4
Liberia	200000		Gabon	4.1
Dem Rep of Congo	0		Burundi	4.0
Mauritius	0		Comores	4.0
			Seychelles	3.9
			Érythrée	3.5
			Afrique du Sud	3.5
			Rép. centrafricaine	3.2
			Tchad	3.0
			Zimbabwe	3.0
			Guinée équatoriale	2.5
			Swaziland	1.9
Total Africa	12850000	*Target= 35000000*		

3. 4. Use of taxation to increase the own resources

The use of instruments related to public finance to fund regional institutions has been the subject of several studies including that of the African Union Commission, AUC (Box 3.1). The volatile nature of the statutory contributions and impact of arrears on the credibility and reputation of regional institutions have led to a search of alternative instruments. The study of the AUC has advanced the debate by excluding other options:

- Export tax based on the export structure of countries;
- Tax on oil exports (solidarity tax).
- 1% levy on national budgets, in lieu of contributions;
- Community levy;
- Taxes;
- Financing by the private sector.

Box 3.1: Study on Alternative Sources of Funding – Proposed Options: A Snap Shot Levy on Imports

Levy on Imports	The basic principle of this levy is to impose a 0.2% tax on the import of consumer goods, excluding donations and exonerated goods from third countries not members of the Union. The underlying principle is that the African Union would be financed by African citizens, particularly those importing goods from outside the Continent. Accordingly, only consumers of imported goods would be taxed. This would also bring the 'ownership' of the AU right down to that of the ordinary African citizen.
Levy on Insurance policies	The principle underlying this levy is the imposition of a minimum 0.2% on any insurance policy taken by an African citizen or enterprise operating in Africa. Insurance companies could also collect the funds on behalf of the AU.
Levy on International Travel (Air Ticket)	The principle of this proposal aims at imposing a levy on all air tickets to and from Africa in the following manner: US$.2.00 for short distances and US $.5.00 for long distances. The mobilisation of these resources could occur through airlines and travel agencies on behalf of the African Union.

AU : Follow-Up Report on the Implementation of Recommendations from the Fourth Conference of African Ministers in charge of Integration (COMAI IV), 2011

On the basis of tax revenues in 2009 (Table 3.4), contributions to the African Union could amount to approximately U.S. $ 246.4 million a year from levies on imports and U.S. $ 129.8 million a year from export levies.

Table 3.4 Contributions of external financial and tax revenues in Africa (2000-12)

Contributions (USD billion by volume)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Tax revenue	141	131,7	123,9	159	204,6	262,4	312,5	357	458,5	339,2	..	..	..

AU: Follow-Up Report on the Implementation of Recommendations from the Fourth Conference of African Ministers in charge of Integration (COMAI IV), 2011

In this option, the AU and the RECs collect about U.S. $ 6.78 billion / year to allocate to other institutions and agencies. Requirements for SMTP III amount to 5% / year in the amount of high hypothesis. By limiting itself to a contribution of 1%, ACBF could collect U.S. $ 67.8 million / year, or U.S. $ 339 million in five years corresponding to 98% of the budget. In this option, the annual contribution of members increased from 12.85 million to U.S. $ 67.8 U.S. $ million, an increase that approximates 20% of the funding for the SMTP III. This is obviously a theoretical potential to increase the attainment of which is also linked to the performance of ACBF in RECs in the capacity building.

It will go into the details of tax revenues to assess how this amount is divided between the country and then the weight with other criteria (real income, GDP, HDI, external reserves, degree of diversification, population ...), in terms of criteria of equity and efficiency. The ranking of countries in the study group the AUC may be an indicator for differential treatment situations (Table 3.5.). For countries with lower tax, revenues should be closely examined. To access, ACBF must be eligible, that is, its transformation into a specialized agency of the AU. This ratio is reassessed on the basis of the performance of ACBF in allocating funds to projects in countries. There is no indication that this option is feasible in the short term.

Table 3.5: Criteria for evaluating the financial contributions for regional integration

Group of countries	Features group of countries
1	Countries characterized by a secondary sector that contributes more to the economy of a Member State, has a high share of exports in GDP and an absence of export product diversification, as well as a relatively high level of development.
2	Countries characterized by a relatively high level of GDP and a diversification of imports and exports.
3	characterized by an important share of the tertiary sector in the GDP, poor diversification of exports and a primary sector contributing over 15% to the GDP

4	Countries characterized by very poor diversification of exports, a relatively low level of development (human development index below 0.45) and an essentially agricultural economy.

One must keep in mind that this option is only possible in the RECs have reached the stage of the Customs Union crowned by a common external tariff. Thus, in each region a single REC is responsible for the establishment of a single window to finance the integration and capacity building. This office is responsible for assessing and forecasting tax revenues, to harmonize the tax systems and to organize revenue collection by ACBF through a single regional account held by the Central Bank without any interference of RECs. Account the status of customs unions, ACBF will support the effort of capacity building financing and management of own resources in the RECs. For example, the EAC who is the most advanced among the communities, is still in the development of its strategy for sustainable financing of regional integration for which it has budgeted U.S. $ 300,000 , for the period 2011 -2016

Table 3.6. Progress of the customs union in the RECs

Step	MAU	CEN-SAD	ECOWAS	ECCAS	COMESA	AEC	IGAD	SADC
Free Trade Zone	Waiting	Waiting	Pending	Proposed	Pending	Fully Operational	Waiting	Proposed
Union douanière	Waiting	Waiting	Proposed	Proposed	Pending	Fully Operational	Waiting	Proposed

3.5. Use of community solidarity levy releasable per tranche

This is a variant of the previous option from experience of an economic grouping. WAEMU was able to operationalize its Community Solidarity Levy system (Prélèvement communautaire de solidarité, PCS), after 16 years of effort . Between 1996 and 2010, 456 billion was allocated to priority needs, including 15.7% of the Fund to Help Regional Integration, FAIR. Various other uses, including contributions to the budget of specialized agencies such as OHADA received 5%.

This option generalizes the scheme PCS / UEMOA to all RECs, since they have the skills to collect 1% tax on imports of all member countries of products from third countries. This deduction affects all products that come from the world. The amount collected would be about U.S. $ 2.5 billion /

year on which it is considered that 2/3 back to the States in the form of compensation. The remaining US $ 1.6 billion used to fund community programs.
By limiting itself to a contribution of 1%, ACBF could collect U.S. $ 16 million / year, 80 million in 5 years, corresponding to 23% of the budget.

The annual contribution of members increased from U.S. $ 12.85 Million to $ 80 Million an increases that exceeds 23%.

In this option, each country and each REC member has its own capacity building program. ACBF ensures compliance with the principles of subsidiarity, additionality, complementarity, to avoid the classical drawbacks (substitution effect, fungibility, automaticity of financing ...). The Foundation has its own program that does not overlap with those of the RECs and countries.

This option is accompanied by greater autonomy and more incentives in the allocation of funds. It also assumes that the bodies of the ACBF demonstrate a strong leadership to get this increase. The advantage of this option lies in the implementation can serve as an umbilical cord between the sustainable financing of the ACBF and the RECs.

3.6. Recourse to the bond market to secure long term funding

The rationale of this instrument is the need to mobilize substantial funds to finance a new generation of capacity building projects and programs, more risky, given they meet the needs of Africa's Potential as a Pole of Global Growth". In this period of sustained growth of African countries, and of the stagnation of official foreign and the financial crisis, the use of bonds is an alternative for the capacity building financing. Issuing a "capacity bond" serves ACBF as a world pioneer. In addition, this initiative overcomes the slow implementation of a Community taxation to finance RECs development.
Based on a targeted growth rate of 7-8% and with an investment rate of 35%, the GDP of Africa can reach U.S. $ 2,600 billion by 2020. To make Africa a pole and an engine of the global economy, the need for investment in capacity development are estimated at 0.1% of this amount, or U.S. $ 910 million. The bond market - the largest and fastest growing global market for loanable funds is particularly suited to mobilize such large amount. It is also in this market that is experiencing the

most innovative financial solutions to mobilize huge funds needed to fight against climate change, working towards sustainable development and foster the emergence of a knowledge economy.

In this perspective, we define the capacity bonds" of the ACBF,as bonds to finance the capacity development/building, increase resilience to shocks and reduce vulnerability of African countries in times of great uncertainty of the global economy.

The goal is to raise the equivalent of financial envelope of SMTP as 2016, U.S. $ 0.5 billion to be able to launch another bond of an amount equivalent in 2017 to cover the needs future of SMTP IV (2017-2020).

4. Comprehensive design of sustainable funding strategy

4.1. Sustainable funding strategy

In its latest annual report 2010, ACBF addresses the question of the strategy to 'finance the future" without elaborating on possible instruments. At most, the Foundation acknowledges the conditions of accession to RIDA in terms of accountability for results and accountability. The main novelty appeared since, is the announcement by a group of six countries to increase their contribution. Other countries may make similar announcements. But the fact remains that the strategy of sustainable financing cannot be limited to the discretionary approach. A consideration of the implications of the RIDA grant, combined with the analysis of advantages and disadvantages of possible options, invite to combine several financing instruments.

This is, firstly, to adopt a "no regrets strategy" of making financing support by countries, at least 10% of the budget or U.S. $ 35 million. For countries that have made announcements over their quota revised, the surplus is recorded as complementary contribution for powering an Africa Capacity Building Fund. The purpose of this fund, housed at the ACBF is to support the outstanding effort of building resilience and capacity to consent. The opportunities are sure in this context of uncertainty in the global economy and implementation of regional integration programs that require large-scale specifics capacities and mastery of sophisticated tools for prospective analysis, randomized evaluation and risk management.

The solution of the levy on imports should also be considered in the short term for communities with fiscal competencies and operational mechanisms (EAC, WAEMU). If necessary, the ACBF implements in the RECs project financing capacity building and management of own resources with the objective to support the mobilization of tax revenues. The removal of a portion to fund the development activities of the Communities, under the auspices and in partnership with ACBF, will be a useful indicator.

This solution was gradually extended to other communities and the total tax revenue, as projects and programs to support start up following the same pattern as before.

The mid-term objective of the funding strategy of SMTP III is to mobilize at last U.S. $ 35 million from members, regardless of additional contributions that would serve the future supply of Africa Capacity Building Fund. Precursor's countries would be considered as the founding members of the Fund.

Meanwhile, more targeted programs will be developed at national level. This will contribute effectively to build capacity for diversification and competitiveness, without prejudice to the fight against the scourge of corruption and capital flight, a site which ACBF will be addressed first.

From 2014, it will be necessary to reassess the SMTP III funding, to meet the challenges of consolidating the African growth and the rise of Africa as one of the engines the global economy. In all likelihood, the envelope of U.S. $ 345 million in 2010 which was regarded as a high estimate, then become a low estimate. The combined fiscal and financial strategy is deployed to cope with the change of scale in the changing needs of capacity development. The generalization of the Solidarity Community Levy allows African countries to contribute more than 20% of the funding, between $ 70 and U.S. 80 million.

The launch of the bond market is under the auspices of the World Bank, IMF, ADB, which are also the main international partners ACBF. Negotiations include other regional financial institutions working for Africa's Development and integration in the global economy. The capacity bonds subscribed are expected to make it credible, in 2016, the prospect of mobilizing between $ 400 and U.S. 500 million and double that amount by 2020.

4.2. Implementation

Given that the current contribution of members to finance ACBF is the symbolic order, it becomes urgent to bring it to 10% of the funding for the SMTP III regardless of the objective of sustainability achieved by 2016. The success of this decision, coupled with the recovery of arrears, condition the option of upgrading to the other instruments whose implementation raises a number of problems including:

- the tax rate;
- the basket of measures to combine
- the tax base;
- the level of sampling;
- the motto of sampling;
- taking into account special situations (type of products and services, industry, sectors, countries and member countries of origin, region)
- additionality, subsidiarity and complementarity.

The simplicity of the instruments is a prerequisite for their integration in national tax systems and in the financing of the ACBF.

Discussions should be held with the communities that meet the requirements of customs union or who no longer hesitate to take up this challenge. ACBF projects (Table 4.1) in place can now bring together the available information and prepare the ground. Expert groups will be dispatched to study all aspects of the feasibility tax, financial, economic and evaluate the position of member countries. It will establish a work plan and a framework for implementation and results for each candidate community.

Table 4.1 RECs Projects funded byACBF $US

G098	COMESA	98,632
G136	SADC-PF	256,689
G137	RENFOR	380,602
G161	EAST AFRICAN LEGISLATIVE ASSEMBLY (EALA)	173,071
G209	UEMOA	289,943
G219	AU-CAP AFRICAN UNION -CAP	2,047,877

Countries are invited to express unambiguously their desire to invest in capacity with own resources, to assume any financial responsibility in capacity development and increase their financial contribution to the ACBF. In this regard, to double the financial contribution and to pay the arrears of contribution would be a strong signal and a prelude to the revision of the share of the country.
RECs must be in working order and collect the products of tax revenues to fund their community solidarity activities. ACBF will operationalize the African Capacity Development Fund, ACDF a global financial operator.

Until the conditions for success met, and the desirability and feasibility of fiscal and financial mechanism are demonstrated, we must determine the legal and technical capacity of the ACBF capacity bonds (CAPbonds in English, ObliCAP in French). The legal framework, wherever possible, should take the form of a consortium of RECs or qualified continental financial institution. Among the characteristics to be determined include the following:

- the objectives of the operation
- the corporate governance and criteria for selecting projects, priority programs and initiatives;
- the amount of the loan;
- the repayment period;
- the nominal value;
- the subscription price;
- the number of securities;
- the maturity;
- the launch dates, closing and enjoyment;
- the interest rate of the loan;
- the choice of financial intermediaries;
- the guarantees;
- the conditions of performance;
- the bank account;
- the tax system;
- the selection criteria for investment services providers;
- the selection criteria of the stock exchange responsible for the introduction of debt securities and the quotation.

4.3. Impact and Results

Elements of the framework of outcomes and impacts are outlined in the following tables.

Table 4.2. Results and impacts Matrix

IMPACT FOR THE GOAL	**PERFORMANCE INDICATORS**	**SOURCES**
Financing sustainable capacity development for integration of Africa into the global economy and regional integration	ratio of own resources / external grants is reversed (from 3% to 10% midterm and 30%	
IMPACT FOR OBJECTIVES		
Increasing resources allocated to programs	Coverage of needs identified at each level (countries, RECs, continent)	
ACBF and programs have considerable autonomy in adopting its budget, allocating funds and managing projects	Savings on external technical assistance budgets	
The quality of interventions is winning	Satisfaction of member countries and RECs	

OBJECTIVE	**OUTPUT**	**RESULT**	**PERFORMANCE INDICATORS**
Sustainably increase own resources ACBF			
	10% increase in the share of each country with immediate effect in 2013	Renewal of the grant RIDA and exit strategy	
	Mobilization of complementary voluntary contributions	Africa Capacity Building Fund in operational	
	Gradual establishment of the Community levy of solidarity in the RECs	Regionalization of program funding capacity development	

OBJECTIVE	OUTPUT	RESULT	PERFORMANCE INDICATORS
Developing autonomy of ACBF			
financial autonomy	Adoption of financial autonomy regime of responsibility and autonomy	Improved integrity and efficiency in the use of funds	
Autonomous management of projects and programs	Budget and performance based management system	culture of risk management is imposed at all stages of the planning cycle	
Autonomy in the allocation of funds between different levels	Integrated Framework for financial resources	Increased accountability and visibility of the beneficiaries in carrying out their project	

OBJECTIVE	OUTPUT	RESULT	PERFORMANCE INDICATORS
Promote incentives in the allocation of funds			
Performance based financing	Development of a bottom-up approach for the design and project management	An improved call for projects	
Strengthen arrangements for assessment and in-depth analysis	Establishing a logical systematic peer review	Transparency in the allocation of funds	