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**PROGRESS REPORT ON THE
INTEGRATION OF NEPAD INTO THE STRUCTURES AND PROCESSES OF THE
AFRICAN UNION AND ITS IMPLICATIONS FOR THE RCM AND UN AGENCY
SUPPORT**

**Department of Economic Affairs
November, 2009**

I. **BACKGROUND**

1. In July 2003, the Second African Union Summit in Maputo agreed on the need to promote better management of Africa's new policy architecture for development in order to engender more cohesive and effective delivery. African leaders, accordingly, mandated the African Union Commission (AUC) Chairperson, in consultation with the NEPAD Heads of State and Government Implementation Committee (HSGIC) Chairperson, to operationalise the integration of NEPAD into the African Union (AU) structures and processes.
2. Following this, and upon proposals by the 18th HSGIC, the 10th AU Summit of January/February 2008, adopted Decision (Assembly/AU/Dec.191(X)) to proceed with NEPAD integration, immediately, and in an expeditious manner. The Assembly, in its Decision, also noted the urgency of the early conclusion of the integration process and agreed that the whole process should be completed in time for the 13th AU Assembly in June/July 2009. Although the Decision called for the integration of NEPAD into the AU, it also re-iterated that the NEPAD vision and its programme, from inception, has been an intrinsic part of the African Union and needed to remain so and called upon the AUC and the NEPAD Secretariat to harmonize their work programmes and smoothen working relations in the interim period leading to integration.
3. Furthermore, the Decision also re-emphasized the need for a study to be undertaken which should be guided, in particular, by the Algiers Brainstorming Summit (March 2007) and Dakar (April 2008) Outcomes. Of which the former recommended the transformation of the NEPAD Secretariat into a Planning and Coordinating Authority whose structure and profile should be determined through a study.
4. The Assembly also decided that the NEPAD Secretariat should commence using "the AU Emblem concurrently with the NEPAD Emblem in all documentation, so as to retain the brand identity of NEPAD and the existing reporting structures of the Secretariat, pending the final determination on the NEPAD Authority". It also re-iterated that the NEPAD vision and its program, from inception, had been an intrinsic part of the AU and needed to remain so and called upon the AUC and the NEPAD Secretariat to harmonize their work programs and smoothen working relations in the interim period leading to integration.
5. This report sets out the key milestones that have been achieved to integrate NEPAD into the structures and processes of the AU, areas requiring further action and the implication of this institutional and operational change process on the RCM.

II PROGRESS TO DATE

II.1 Achievements

6. A number of achievements have been accomplished to integrate NEPAD into the structures and processes of the AU. These include the following:

a) Managements and Supervision of the Integration Process:

- The creation, in June 2008, of a NEPAD Coordinating Unit, under the auspicious of the AUC Chairperson, to coordinate, supervise and manage the integration process; and
- Designation of the Department of Economic Affairs as the focal point for NEPAD matters.

b) Host Agreement:

- Signing of an interim Host Agreement between the AUC and the Republic of South Africa, in October 2008, according the NEPAD Secretariat the status of an AU Office outside of Headquarters; and
- Creation, by the NEPAD Coordinating Unit, of a Joint Technical Committee (JTC) to oversee the implementation of the interim Host Agreement.

c) Recruitment of a New NEPAD CEO:

- Recruitment of and assumption of duty by the NEPAD CEO in January and March 2009, respectively.

d) Adoption of AU Rules and Procedures:

- Visit by NEPAD Secretariat Finance, Administration and Human Resource officers, in February 2009, to the Commission and its Departments of Programming, Budgeting, Finance and Accounting (PBFA), and Administration and Human Resource Development (AHRD) to formalize itself with AU rules, regulations, procedures and processes in these areas.
- Format for short-term contracts for the NEPAD Secretariat jointly developed between it and the AUC;
- Work has commenced on the adoption by the NEPAD Secretariat of AUC travel management procedures;
- AU registry, internal communication and correspondence system adopted by the NEPAD Secretariat; and
- Work has commenced on the adoption of AU audit procedures;

e) Accreditation:

- Formal accreditation of the NEPAD Secretariat as an international organization and AU office in the Republic of South Africa;
- Diplomatic and legal status applied to the NEPAD Secretariat in the Republic of South Africa; and
- Formal accreditation of the CEO and presentation of his credentials in the Republic of South Africa.

f) Use of the AU Paraphernalia:

- Use, by the NEPPAD Secretariat, of:
 - the AU emblem alongside the NEPAD emblem for all meetings and documentation;
 - the AU flag;
 - a portrait of the AUC Chairperson to the NEPAD Secretariat in the Republic of South Africa.

g) Creation of a NEPAD Coordination Unit in the Office of the AUC Chairperson:

- The above Unit has been created and will serve as an interlocutor between the NEPAD Secretariat and the AUC in the context of integration; and
- Recruitment for the Unit is currently underway. Once completed, the Unit will be formally established and assume the role and responsibilities of the currently operational NEPAD Coordinating Unit in the Department of Economic Affairs.

II.2 Study on NEPAD Integration into the African Union

7. A major milestone in this regard has been the completion of the study on the integration of NEPAD into the structures and processes of the AU. The study commenced in December 2008, and involved consultations with a wide variety stakeholders, including, Member States, Regional Economic Communities (RECs), the AUC, the NEPAD Secretariat, United Nations Agencies, the African Development Bank (AfDB), civil society and private sector actors as well as non-African stakeholders. It was completed in June 2009 in time for the 21st Meeting of the NEPAD Heads of States and Government Implementation Committee (HSGIC) and the 13th AU Assembly, which mandated its timely completion.

II.3 Outcomes of the 21st Meeting of the NEPAD heads of State and Government Implementation Committee

8. Recommendations, derived partly from the study, were submitted by the AU Commission to the 21st NEPAD HSGIC in expectation that a final Decision on

NEPAD integration would be pronounced. However, a decision was postponed until the 14th AU Assembly in January 2010. Despite this, a number of consensus areas emerged which include, amongst others:

- Establishment of the NEPAD Planning and Coordinating Agency [NPCA] (Agency replaces the title Authority);
 - Establishment of the NPCA by way of a Decision of the Assembly;
 - The Chairperson of the AU Commission shall exercise supervisory authority over the NPCA, whilst giving the new agency adequate and necessary flexibilities to carry out its mandate and core functions;
 - Financing of the NPCA through statutory sources of the AUC, with also the continuation of voluntary contributions by AU Member-States. As well as additional budgetary support from development partners and the private sector; and
 - Working relations between the AUC and the NPCA are to be worked out in consultation with the Chairpersons of the HSGIC and AU Commission.
9. In the absence of a formal decision, it has been agreed between the Chairperson of the AU Commission and the NEPAD Secretariat CEO that necessary pre-integration activities will continue to be perused leading up to the January 2010 AU Summit, where it is anticipated that a final decision on NEPAD integration will then be pronounced. These include, amongst others, the harmonization of policies and procedures with that of the AUC in the areas of administration and human resource development, finance, auditing, procurement, IT systems as well as harmonization and delineation of roles between AUC Departments and the NEPAD Secretariat.

II.4 Integration Activities Currently Underway

a) AUC Secondments to the NEPAD Secretariat

10. Within the framework of the JTC, and implementation of the interim Host Agreement. A number of finance, administrative, legal, audit, protocol and IT officers from the AUC have been or are scheduled to be seconded to the Secretariat to support its efforts to adopt AU rules, subsystems and procedure, particularly as regards the preparation of its budget, staff contracts and organizational structure and to validate that the appropriate AU policies and procedures are being implemented.

b) Sectoral Harmonisation

11. Within the framework of delineating roles and responsibilities between the NEPAD Secretariat and the AUC, overcoming and avoiding overlap and duplication of efforts. The first Work Programme Harmonization Session was held at the AUC on November 3, 2009, involving sectoral heads of the AUC and the NEPAD Secretariat, respectively. A number of issues were discussed

including coordinating AUC and NEPAD approaches to partnership arrangements. The session was very successful and will be followed by regular sessions of its kind, as well the institutionalization of regularised updates between AUC Departments and sectoral counterparts in the NEPAD Secretariat.

c) Human Resources and NEPAD Structure

12. Work has commenced on the adoption of AU contracts for NEPAD Secretariat, pending the finalization of the NEPAD structure.

d) Financial Management

13. The NEPAD Secretariat submitted its 2010 budget to the AUC, for inclusion in the overall AU budget. Further, a finance office was seconded to the Secretariat in October 2009 to support it in its financial management activities and the migration of financial data to the AU.

e) Coordinating and Harmonising Future Donor Support

14. The AU Commission and the NEPAD Secretariat have also initiated the process of coordinating their activities as regards future donor support. It is anticipated that this will be rolled out with all donor support to the NEPAD Secretariat and the AU Commission, respectively, to avoid overlap and duplication and promote coordination and coherence in the management and financing of Africa's development architecture.

f) Change Management Process

15. The NEPAD Secretariat has also put in place a team to work on the change management process from the current Secretariat to the establishment of the NPCA. This is providing the NEPAD CEO with advice on the functions, structure of the new entity, the business plans and the necessary support requirements.

III. CHALLENGES

16. Despite the progress made to integrate NEPAD into the AU and the ongoing work taking place in this regard, a number of challenges remain. These include the following:

a) Harmonization of Programs with the AUC

17. Ensuring the institutionalization and of a coordinated approach and regularized feedback between the various AUC Departments and NEPAD Secretariat counterparts in their operational and programmatic functions as well as initiatives emanating from the Secretariat that relate to the Commission. There is a need to

ensure the newly created NEPAD Coordination Unit in the office of the AUC Chairperson is sufficiently capacities and resourced to effectively implement its mandate which will include coordinating the interface between AUC Departments and the NEPAD Secretariat, when required. Further, AUC Departments will also need to be capacitated to be able to engage regularly and actively with the NEPAD Secretariat on areas of joint collaboration.

b) Adoption of AU Systems

18. The NEPAD Secretariat will be required to adopt certain AU systems and software in order for activities to be undertaken conductively and seamlessly between the AUC and the NEPAD Secretariat. These include the adoption of AU payroll systems and VSAT facilities. The adoption of such software will need to be adequately resourced.

IV. IMPLICATIONS OF THE INTEGRATION PROCESS ON THE RCM, FUTURE SUPPORT FROM THE UN AGENCIES AND RECOMMENDATIONS

19. In view of the above, the institutional and operational changes occurring between the AUC and the NEPAD Secretariat will have implications on the RCM and the support rendered to the AUC and the Secretariat, respectively, by UN Agencies. These include the following:

a) UN Agencies Harmonising their Support to both the AUC and NEPAD Secretariat as ONE

20. Future UN Agency support to the NEPAD Secretariat should be mindful of the AUC Chairperson's responsibility and supervisory role over the NEPAD Secretariat and its successor entity. This strong accountability function to the Commission would require that the Commission is actively engaged, for its own views and input, on any future support rendered to the NEPAD Secretariat by UN Agencies. Further, that requests for funding proposals from the NEPAD Secretariat should be developed jointly with the AUC to ensure a coordinated, coherent and no-duplicated approach to financial and technical assistance.

b) Financing

21. Financing of support to the NEPAD Secretariat should be channelled through the AUC budgeting processes and procedures.

c) Review of the UN 10-Year Capacity Building programme

22. The review of the UN 10-Year should also include support to the NEPAD Secretariat and its successor entity, thereby reinforcing the institutional linkages between itself and the AU and efforts to work together as one.

V. WAY FORWARD

- 23 It is anticipated that the integration process will take one year until final completion from the date of a decision having been adopted. In view of this and the above issues, the Commission invites the RCM to consider the recommendations outlined in this report.