

# NISA



**AfriK4R**

**AFRICA FOR RESULTS INITIATIVE**

*From the African Community of Practice on Managing for Development Results at the African Capacity Building Foundation*

## **COMPENDIUM OF CASE STUDIES ON NON-STATE ACTORS IN MANAGEMENT FOR DEVELOPMENT RESULTS (MfDR)**



**THE AFRICAN CAPACITY BUILDING FOUNDATION** | **FONDATION POUR LE RENFORCEMENT DES CAPACITES EN AFRIQUE**  
Securing Africa's future through capacity development



AFRICAN DEVELOPMENT BANK GROUP



## AFRICA FOR RESULTS INITIATIVE

*From the African Community of Practice on Managing for Development Results at the African Capacity Building Foundation*



# COMPENDIUM OF CASE STUDIES ON NON-STATE ACTORS IN MANAGEMENT FOR DEVELOPMENT RESULTS (MFDR)<sup>1</sup>

Supported by



THE AFRICAN CAPACITY BUILDING FOUNDATION | FONDATION POUR LE RENFORCEMENT DES CAPACITÉS EN AFRIQUE  
Securing Africa's future through capacity development



AFRICAN DEVELOPMENT BANK GROUP

<http://afrik4r.org>

<sup>1</sup> See the Case Studies matrix in Annex 1 to access all the full papers under this theme.

This report is produced by the African Capacity Building Foundation (ACBF) in the framework of the African Community of Practice on Managing for Development Results (AfCoP-MfDR). The findings, interpretations, and conclusions expressed in this publication do not necessarily reflect the views of the ACBF Executive Board or Board of Governors.

The report was produced and published with financial support from the African Development Bank. ACBF does not guarantee the precision of the data included in this work.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying recording, or otherwise, without prior written permission.

2017 The African Capacity Building Foundation  
2, Fairbairn Drive, Mt. Pleasant, Harare, Zimbabwe  
Produced by the Knowledge and Learning Department  
The African Capacity Building Foundation  
All rights reserved

ISBN: 978-1-77937-092-1  
EAN: 9781779370921

Scan this QR code for more AfCoP publications



## Acknowledgements

This compendium was prepared by a core team led by the Knowledge and Learning (K&L) Department of the African Capacity Building Foundation (ACBF), under the overall supervision of its Executive Secretary, Professor Emmanuel Nnadozie. The production of the compendium has received support and contributions from all other departments of the Foundation. Special thanks go to all colleagues.

This compendium is a joint work by the African Capacity Building Foundation (ACBF) and the African Development Bank (AfDB) in the framework of the African Community of Practice on Management for Development Results (AfCoP-MfDR). It intends to summarize good practices and key policy findings on MfDR. AfCoP knowledge products are widely disseminated and are available on the website of the “Africa for Results” initiative at: <http://afrik4r.org>.

The drafting of the compendium was led by Thomas C. Munthali, K&L Director. He was assisted by Frejus Thoto, Barassou Diawara, Robert Nantchouang and K&L department staff. Our special thanks go to the researcher who contributed substantively to the drafting of the compendium as expert on non-state actors and MfDR in Africa.

The Foundation is grateful to all AfCoP members and subject-matter experts who supported the development of the case studies from 2012 to 2017. This compendium could not be published without their support and contributions.

ACBF would like to acknowledge with thanks, the financial contribution of the African Development Bank through the “Africa for Results” initiative, which enabled the production of the individual case studies and the compendium.

The Foundation also wishes to express its appreciation to AfCoP members, ACBF partner institutions, and all individuals who provided critical inputs which make the completion of this product possible. The views and opinions expressed in this publication do not necessarily reflect the official position of ACBF, its Board of Governors, its Executive Board, or that of the AfDB Management or Board.

## List of acronyms

AATIF	Agriculture Trade Investment Fund
ACBF	African Capacity Building Foundation
ACP	Africa, Caribbean and Pacific
ADLI	Agricultural Development-Led Industrialization
AfCoP	African Community of Practice
AfDB	African Development Bank
APRM	African Peer Review Mechanism
CCD	Climate Compatible Development
CDM	Clean Development Mechanism
CSS	Climate Safeguards System
ECA	United Nations Economic Commission for Africa
EMS	Environmental Management Systems
EU	European Union
EWT	Envision Women's Trust
GIMPA	Ghana Institute of Management and Public Administration
GTP	Ethiopian Growth and Transformation Plan
ICT	Information, and Communications Technology
IDS	Industrial Development Strategy
JVA	Joint Venture Agreement
MEND	Movement for the Emancipation of the Niger Delta
MfDR	Managing for Development Results
MFI	Microfinance Institutions
NGO	Non-governmental organizations
NSA	Non-State Actors
ODA	Official Development Assistance
PAP	Pan African Parliament
PSMTP	Public Sector Management Training Programme
REDD	Reducing Emissions from Deforestation and Forest Degradation
RENAMO	National Resistance Movement
RETAP	Renewable Energy Technology assistance Program
SEFA	Sustainable Energy Fund for Africa
SME	Small and medium-sized enterprises
UNDP	United Nations Development Programme

# TABLE OF CONTENTS

Acknowledgements	iii
List of Acronyms	iv
<b>SYNOPSIS</b>	vii
<b>1. INTRODUCTION</b>	1
<b>2. BACKGROUND</b>	2
<b>3. CASE STUDIES</b>	2
<b>Case study 1:</b> The Private Sector’s Role in Promoting Clean Development in Africa	3
<b>Case study 2:</b> ‘Building Bridges Project’ – Uniting Divided Communities Through Traditional Authorities’ Peace-Building Efforts in Zimbabwe	6
<b>Case study 3:</b> Advancing Management for Development Results for African Transformation: The role of parliaments	9
<b>Case study 4:</b> Africa’s Search for Indigenized Democracy: The case of Ghana	12
<b>Case study 5:</b> Building Effective Leadership Skills for Africa’s Transformation through its Universities	15
<b>Case study 6:</b> Combating Climate Change in Africa Through Private Financing	18
<b>Case study 7:</b> Industrial Policies in Ethiopia: Building capacities for private sector development and structural transformation	21
<b>Case study 8:</b> The Role of Africa Agriculture Trade Investment Fund (AATIF) in Enriching the Land of Africa	25
<b>4. CONCLUSION</b>	29
<b>BIBLIOGRAPHY</b>	30
Annex 1: CASE STUDY MATRIX	31





## SYNOPSIS

There are three ways to conceptualize power in society: the power of the government (the Prince), the power of the market (the Merchant), and the power of the people (the Citizen). Development history shows that the world has attempted to focus on each of these powers, hoping that they could drive socio-economic development. In the 1960s, the focus was on the state which was supposed to provide for all the needs of citizens. In the 1970s, the 'myth of the market' – that the private sector could provide for all the consumption needs of consumers – dominated development theory and practice. Finally, by the end of the 1980s, a new myth was found: 'the myth of the market plus civil society'. Therefore, the term 'non-state actors' has surged in the development discourse on the premise that the efforts of the government should be complemented by that category of these other actors. The Cotonou Agreement – signed in Cotonou, Benin, on 23 June 2000, between the European Union (EU) and countries from the Africa, Caribbean and Pacific (ACP) region – was one of the major international acknowledgments of such a 'complementarity' role for non-state actors.

This compendium endeavors to showcase the role of non-state actors in the development process. It builds on case studies developed by the African Community of Practice on Managing for Development Results (AfCoP/MfDR). These case studies were selected from more than 100 developed over the period 2012-2017, to capitalize and share good practices on how to mainstream results in development processes at local, national, regional and international levels. The case studies featured in this compendium cover a

wide range of development topics. Among the major findings, the following can be highlighted:

- Africa needs a vibrant private sector to accelerate its industrialization and move from an export regime dominated by primary commodities to trade growth supported by export diversification with high value-added products.
- Although private investments for climate change adaptation and mitigation have been low in Africa, the potential exists and, if the capacities and strategies are put in place, African countries can complement government efforts with private financing to effectively address climate change challenges.
- Indigenous realities of Africa and their relations with the state must be taken seriously in the pursuit of Africa's transformation. This will ensure effective domestication and adoption of development approaches and methods that are relevant and adapted to the African context. The role of traditional authorities in peace-building efforts in Zimbabwe and the efforts of Ghana to address the dualism of modern law and chieftaincy in Ghana showed good examples.
- African universities, either public or private, also have an important role to play by creating and maintaining the skills and leadership needed for the transformation of the continent.

A key lesson arising from this compendium is that non-state actors form a very diverse range of stakeholders who play different roles at various level of development in Africa. The need to associate them to the development planning and implementation process is key. This compendium compiles case studies that feature the efforts

made by African countries in ensuring effective participation of this category of stakeholders in the continent's development. Finally, the compendium strongly recommends that: (i) African countries integrate elements of their cultural traditions to the modern centralized governance

systems to achieve true democracies; (ii) universities are supported to accelerate the production of a critical mass of technical skills needed to increased and sustained Africa's growth and (iii) appropriate frameworks are established to drive private investments into the productive sectors

## 1. INTRODUCTION

The AfCoP-MfDR was established in 2007 in response to the call from African countries for stronger ownership and leadership in shaping the results agenda. As a community of practice, it provides a platform for the exchange of what works and what does not work in managing for development results. AfCoP is a platform of more than 5 000 individuals whose primary vision is to improve the lives of citizens across Africa using MfDR practices to bring about sustainable change. They exchange ideas on best MfDR practices, success stories and policy experiences to make their organizations and communities more results-oriented and accountable. AfCoP supports country efforts to implement the 2005 Paris Declaration on Aid Effectiveness, the Accra Agenda and the Busan Global Partnership for Effective Development Cooperation.

Since 2012 and through the 'Africa for Results' initiative, the African Capacity Building Foundation (ACBF) and the African Development Bank (AfDB) has been providing technical and financial support to AfCoP. AfCoP collaborates with a wide variety of stakeholders and has established appropriate platforms to engage them on the results-driven development approach that it promotes. Key stakeholders participating in and benefiting from AfCoP activities include government, parliament, regional economic communities, youth, women, academia, civil

society and the private sector. AfCoP developed country and regional roadmaps to mainstream MfDR into the development processes. It also ensures knowledge generation and sharing among the members to reinforce capacity and improve learning.

During the period 2012-2017, the ACBF coordinated the production of more than 100 knowledge products on MfDR best practices on issues related to Africa's development. The practical knowledge products produced and disseminated include case studies, training tools and knowledge briefs covering a wide range of MfDR issues targeting different stakeholders.

This compendium has compiled the case studies produced on non-state actors (academia, civil society and private sector) to ease access and utilization of the knowledge generated and disseminated.

This compendium is organized into five sections. Section 2 provides a background to the compendium by reviewing the concept of non-state actors in the context of managing for development results. Case studies are presented in section 3 and section 4 provides final remarks including policy recommendations and capacity imperatives to successfully engage non-state actors in African development. Finally, section 5 provides a matrix of the case studies.

## 2. BACKGROUND

The term 'non-state actors' (NSA) cannot be univocal or universal. There is a lack of consensus and clarity on what defines NSA. It largely depends on the national and international context. However, many scholars group all actors that cannot be linked to a government role under the umbrella of NSA (Santarelli 2013). As such it includes actors like civil society, community-based groups, development organizations, academia and the private sector, all working at various levels. Despite this lack of clear consensus, the term 'non-state actors' is widely used in development cooperation. A key illustration is the Cotonou Agreement (European Commission, 2012). The agreement uses the term 'non-state actors' to refer to a wide range of non-governmental development actors whose participation in ACP-EU development cooperation is formally recognized. According to Article 6, non-state actors include: (i) civil society in all its diversity, according to national characteristics; (ii) economic and social partners, including trade union organizations and; (iii) the private sector. In practice and considering the national contexts, it refers to many types of actors such as community-based organizations, women's groups, human rights associations, non-governmental organizations (NGOs), religious organizations, farmers' cooperatives, trade unions, universities and research institutes, the media and the private sector. This compendium adopts this broad definition of NSA. However, it also highlights in one case study the role of parliament in promoting development although this actor is linked to the state and is not perceived as an NSA.

Non-state actors are fundamental agents in implementing and delivering the development

goals at national, regional and international levels. 'Policymakers and academics agree that an effective state is the foundation for inclusive development, whilst also recognizing the critical role of non-state actors in the delivery of goods and services to poor people.' (ESID 2014, p.1)

The scope of intervention of governmental institutions is quite limited. They need support in the delivery of goods and services to the citizens. The contribution of NGOs in many sectors such as education, health, and agriculture is illustrative. NGOs also play a leading role in advocacy and exert influence over the orientation of development planning and execution. The private sector is the main agent in delivering goods and services to the citizens. Green (2012, p.14) argues that 'the private sector creates jobs and products, transfers knowledge and technology, and contributes taxes to the state. Crucially, it drives the economic growth that is so vital to long-term development'. It is increasingly recognized that the private sector should be explicitly involved in development planning and financing. Another key NSA is academia which provides evidence and guides decision-makers, policymakers and practitioners in addressing key development issues. The case studies featured in this compendium discuss issues related to those actors and highlight key lessons and recommendations to improve the outcomes of their participation in development issues.

## 3. CASE STUDIES

ACBF through the AfCoP-MfDR platform has coordinated the documentation and publication of case studies which link non-state actors in Africa to MfDR. This compendium compiles eight case studies which address various aspect of this central theme.

## Case study 1: *The Private Sector's Role in Promoting Clean Development in Africa*

### Background

This case study discusses the role of climate finance in Africa. It considers climate finance in terms of the Clean Development Mechanism (CDM) developed in 1997 at the Kyoto Protocol. The goal of the CDM was to address the harmful results of climate change while sustaining development and reducing poverty in developing nations. The case study uses secondary literature and is based on a descriptive and analytical study.

Climate finance is part of what is referred to as 'the environmental governance order', in which public and private sectors both work to regulate and address environmental problems. Climate finance has been defined as the financial resources that subsidize the expenses of the transition to a low-carbon economy, and the cost of adapting to the current and projected effects of climate change. Tools for climate finance include: equity, grants, loans, guarantees, purchase agreements, lines of credit, advisory services, technical assistance, and green bonds.

The participation of the African private sector in climate finance has been minimal and has been beset by mobilization challenges among others. This calls for increased contribution from

governments to mitigate this trend and address the issues that are limiting climate finance. It is important that climate finance grows to include not just the public sector but the private sector as well. The purpose of this case study is to give a synopsis of key climate-finance tools and explore the challenges and opportunities and the function of the African private sector in the realm of climate finance.

### Activities and results

In 2013, the AfDB adopted a 10-year development plan and a private-sector development strategy as a commitment toward helping African countries transition to low carbon economies. The AfDB also set up the Sustainable Energy Fund for Africa (SEFA) to encourage the African private sector to invest more in renewable energies. Through these initiatives, the AfDB is advancing African climate finance by: bolstering national finance; leveraging resources from both public and private sources; easing inhibiting factors; supporting modern technologies; and bringing community stakeholders together with global partners. Thus, the public sector plays a key role in bringing private sector concerns into the field of climate finance.

The goal of the 2015 Paris climate agreement was binding climate commitments from signatories. African countries would then be obliged to do more policy-wise to generate fewer emissions. Donor funding to African programs would also hinge on compliance with these commitments. The private sector's contribution to climate financing is imperative, whether through piloting new business models or through embracing technologies that result in reduced emissions. As demand for renewable energy and climate-resistant infrastructure rises, the private sector will also benefit from its own involvement, although there are risks associated with any such transition. According to a 2015 Climatescope report, much of the private sector's current climate finance investment is focused on clean energy, specifically in South Africa, Kenya, and Ethiopia, with very little investment in other needs such as sanitation, water, transportation, and urban development. Private-sector climate financing has many positive clean energy implications for the 1.3 billion people who lack access to energy.

### Lessons learnt

Public finance and incentives are necessary to encourage the private sector into taking more significant steps in climate-compatible development. There three key lessons to be learnt from studying the climate-financing landscape in Africa. First, policy consistency is necessary within sectors that affect the climate. Secondly, the role of the financial sector must be clearly understood when creating ways to influence the increase of private-sector climate finance. Last, private financing entails public support and widespread distribution of information. It is not enough to increase climate finance in Africa. There must also be effective management of

climate financing and monitoring of the results. Neither of these requirements is currently being met very well in Africa.

### Policy recommendations

Although Africa accounts for the smallest share (3.8%) of global greenhouse gas emissions (Sy 2016), it is still in need of climate finance. Climate-financing projects require a more cooperative approach. Increased accountability and a supportive domestic policy and infrastructure can bolster private-sector climate finance, leading to better understanding of problems in climate finance and how to solve them. Countries' financial systems also need to be restructured to promote climate finance, while environmental, social, and governmental groups all need to work together in this process.

The international community also needs to work with African nations to develop appropriate climate finance strategies and instruments. Greenhouse gas emissions should be discouraged through taxation or emissions trading policies, providing more revenue for climate finance. Legislation should be issued to support climate-finance development. Resources should also be generated internally to reduce the dependence on sources from outside the continent. Market-based strategies can be implemented to drive sustainable growth. Ministries' performance contracts should include climate-change provisions to reinforce the importance of climate finance. African governments must relay that support to the private sector, which in turn must step up and offer viable investment projects. The global community will still need to contribute. Much money has been provided to address climate financing in Africa, but more needs to be done.

## References

- Climatescope (2015). *Climatescope 2015 Report: The Clean Energy Country Competitiveness Index*. Available at: <http://2015.global-climatescope.org/en/>
- Sy, A. (2016). *Financing Adaptation and Mitigation in the World's Most Vulnerable Region*. Brookings Institution

WEBLINK TO THE FULL KNOWLEDGE PRODUCT

<https://afrik4r.org/wp-content/uploads/2017/01/CCFinancingandPrivateSectorinAfrica.pdf>



## Case study 2: *'Building Bridges Project' – Uniting Divided Communities Through Traditional Authorities' Peace-Building Efforts in Zimbabwe*

### Background

Conflict transformation is a process of responding to social conflict that provides opportunities to introduce constructive change, reduce violence, and increase justice in social structures. It does this by determining the root cause of the conflict, whether it is a misunderstanding of perception or response. If conflict transformation is to be successful, those involved need to recognize common goals. This can be achieved through the help of a mediator who can facilitate communication between opposing sides. Conflict transformation can also involve changing interests and the constitution of a society. It involves building on people's strengths and resources through respect and validation. It also must recognize the source of the conflict to determine peaceful solutions.

A key element of conflict transformation is that feuding groups are encouraged to focus on similarities rather than their differences. Additionally, lasting conflict transformation is a process that does not happen overnight, and true conflict transformation requires both the commitment of involved parties and the creation of permanent structures to uphold a lasting peace. Resolution must come from within the

communities; it cannot be forced upon the parties involved or it will be unlikely to last. External influence may initiate the peace process but it cannot go far without the input and drive of the affected parties.

Studies have shown that many conflicts in Africa between regional groups and states are often characterized by violence, fear, political coercion, and even terrorism (Azam 2001, Williams 2016). Examples of this include Zimbabwe, where opposition parties have been harassed; the Lord's Resistance Army in Uganda; the National Resistance Movement (Renamo) in Mozambique; Al-Shabaab in Somalia; Boko Haram in Nigeria; and the Revolutionary United Front in Sierra Leone. Poverty, especially that caused by environmental exploitation, can lead to the formation of groups such as the Movement for the Emancipation of the Niger Delta (MEND). These groups use terror and intimidation to achieve their aims, which can include rectifying perceived inequalities and unfair treatment of their social groups. Conflicts between social and political groups need to be addressed early before they develop into terrorism and full-blown civil war.



This paper details a case study that took place from 2014 to 2016 in Murehwa and Hurungwe in Zimbabwe. It highlights the contribution of traditional authorities in promoting peace at community level. Interviews were conducted with community members, including village heads, elders of both genders, and political activists. Community events were also observed to provide data on the status of the relationship between the different social, economic, and political groups.

### **Activities and results**

When conflict arose following the contested elections in 2008, severe violence ensued in rural areas such as Murehwa and Hurungwe in Zimbabwe. Envision Women's Trust (EWT) stepped in to establish a conflict transformation process in Murehwa and Hurungwe. EWT focused its initial efforts on chiefs and traditional leaders because they handle most civil cases in rural villages. A key feature of conflict transformation and peace-building initiatives is the creation of peace committees by local communities, with headmen leading the committee. Of critical importance is the involvement of women and youth as the two groups most often affected by conflict – women as victims of assaults and youth as perpetrators of much of the violence. The goal of this and similar programs is to 'build bridges' and foster resolution from within the societal groups.

One-hundred and sixty-four traditional leaders participated in four conflict transformation workshops designed to increase their conflict-resolution skills, where they discussed tactics such as conflict analysis, mediation and negotiation. Thirty-two female peace committee members

were trained specifically to address issues of violence against women. The peace committee also acted as an intermediary between the EWT and the local people, and monitored and assessed the progress of the conflict transition. Peace festivals were held to foster positive relations between communities and offer an opportunity to learn from each other.

Outcomes have been positive, with leaders improving their mediation and reconciliation abilities and describing their use of these new skills. Respect for women has also increased, evidenced by such occurrences as the election of the first woman councilor to Ward 27, Murehwa. The work of EWT is accepted by community leaders and participants, and peace has been maintained even in the face of neighboring violence.

### **Lessons learnt**

Conflicts can be resolved through similar initiatives and social and gender transformation can be achieved as well. Conflict transformation can also contribute to more fair and well-perceived local justice systems, a factor that may prevent future conflicts. However, conflict transition programs must be careful to ensure that they work with the support and involvement of the communities involved; change cannot be imposed from outside. Accordingly, the traits of successful conflict resolution programs should be studied so they can be imitated and implemented in future programs, because, as this case study proves, conflict transformation efforts can achieve their desired goals of stopping violence when carried out correctly.

### Policy recommendations

A database should be developed to publicize successful conflict transformation initiatives in Africa as an example of how to mitigate or avoid future conflicts. Conflict transformation programs should involve the acquisition of conflict resolution skills and community input and engagement. This community engagement must include all members of the communities:

old and young, male and female, and traditional and modern groups. Investment in conflict transformation and peace-building programs is important for the development of future programs to deal with violent conflicts and minimize them as much as possible. Efforts to reduce and eliminate conflict also contribute to social and economic development.

### References

Azam, J. P. (2001) 'The redistributive state and conflicts in Africa'. *Journal of Peace research*, 38(4), pp.429-444.

Williams, P. D (2016). *War and conflict in Africa*. New Jersey: John Wiley & Sons.

WEBLINK TO THE FULL KNOWLEDGE PRODUCT

<https://afrik4r.org/wp-content/uploads/2017/01/BuildingBridgesCaseStudy.pdf>

### **Case study 3:** *Advancing Management for Development Results for African Transformation: The role of parliaments*

#### **Background**

Improving democracy and governing goes hand in hand with realizing sustainable development and Managing for Development Results (MfDR) in Africa. Because parliaments are an integral part of democratic states, they are largely responsible for advancing MfDR culture. They can accomplish this through the creating laws, policies and positive actions.

Africa has been plagued by weak development, which can be ascribed to the lack of government accountability for funds, weak institutions, and the fact that the main recipients have too often been omitted from the decision-making processes. At a related forum in Busan in 2011, key actors called for increased government accountability and parliamentary oversight and action to create a more effective and equitable distribution of national resources according to the people's needs. Although parliaments are established to represent their electorate, many African parliaments have faced obstacles. Improving parliamentary bodies will therefore likely lead to more and better development.

This case study highlights the roles of African parliaments in advancing MfDR culture through democracy and good governance. It looks at how

parliaments have answered the call for more accountability to citizens.

#### **Activities and results**

MfDR principles were first agreed upon in a roundtable in Marrakech in 2004. They apply to all levels of government and organization. The principles are not to be employed sequentially, but rather as they apply to specific situations. These principles are as follows:

- Focus the dialogue on results at all phases.
- Align programming, monitoring, and evaluation with results.
- Keep measurement and reporting simple.
- Manage for, not by, results.
- Use results information for learning and decision-making.

The MfDR platform also includes six pillars: leadership; planning; budgeting; monitoring and evaluation; accountability and partnerships; and institutional capacity. With their traditional roles of legislation, representation, and oversight, African parliaments have a key contribution to make in advancing MfDR.

First, African parliaments can become more accessible to the communities they represent and

listen more to those who will be affected by proposed legislation. Second, parliaments must allow for more constituent involvement in decision-making and the practical application of those policies. Currently, this participation is limited in most African countries. Increased involvement can contribute to greater democracy, peace, and stability.

Parliaments should also promote MfDR principles by holding regular parliamentary hearings that are broadcast. Executive officials and ministers can be questioned in televised interviews, with citizens submitting the questions. Parliaments should also create anti-corruption committees and visit and review special programs. The Pan African Parliament (PAP) contains provisions for the PAP to work in conjunction with parliaments of regional economic communities and the national parliaments or the equivalent of member states. The PAP also requires that channels of communication be established to allow for greater participation of citizens. Therefore, PAP can itself play an integral role in advancing MfDR by either suggesting policies or responding to the initiatives of member states. They also bear responsibility for spreading the message across Africa about their objectives and goals.

The African Peer Review Mechanism (APRM) was established in 2003 to provide a way of self-monitoring and promoting shared values and standards for member states of the African Union. Participation in the process is voluntary. The APRM is intrinsically linked to the MfDR process, as it seeks to allow greater opportunities for African people to shape their own democracies. The APRM recognizes that there are three

main partners in their mission: government, private sector, and civil society. It aims to engage civil society in a symbiotic relationship.

### **Challenges and lessons learnt**

Literature on parliament's role in advancing developmental agenda in Africa is limited, but the existing literature does point to many key concerns (Leston-Bandeira 2016, Shehu & Salley 2015). Most African parliaments are constrained by lack of resources, whether human, monetary, or material. Parliaments lack adequate staff and office accommodation, and weak rural infrastructure makes it hard for people to participate in government. Additionally, many African parliaments do not have laws or policies in place that encourage citizen participation in governance. Often, elected officials are criticized for only paying attention to the public during election season, and there is no system in place for parliamentary accountability. Not only that, but too often African nations are governed almost exclusively by the majority party, with little room for opposition or checks on power. This case study shows the importance of building capacity for parliamentary and other state actors to mainstream MfDR processes into their work. This will improve outcomes and increase accountability.

### **Policy recommendations**

The challenges mentioned can be addressed by creating methods for public participation in and oversight of parliament, and the allocation of greater resources to parliaments. Executive authority and the power of the ruling party must be balanced by increased parliamentary contribution. African Gross Domestic Product has been rising but it has not been distributed evenly across

society. Measures must be taken to combat this trend. One important way to do this is to strengthen the capacity of African parliaments in matters of communication; providing an effective check on power and improving accountability for actions and financial matters.

In the interests of achieving the above objectives, programs and institutions devoted to African development should focus attention on African parliaments and on working with them to achieve these goals. Governments should implement policies and procedures that encourage greater

interaction between citizens and government. This should include improving citizens' access to government, particularly through the use of the media, so that citizens can be made aware of what legislators are doing. Research about the appropriate methods of achieving an effective legislative process and the supervision of other branches of government should be undertaken. Further contextual studies of the challenges faced by African parliaments in MfDR should also be carried out. Organizations should all work together to pursue these goals.

## Reference

Shehu, S. and Salleh, M. A. (2015). 'The roles of ECOWAS parliament on regional integration of the West African sub-Region', in Leston-Bandeira, C. (Ed.) (2016). *Parliaments and Citizens*. Abingdon: Routledge.

WEBLINK TO THE FULL KNOWLEDGE PRODUCT

<http://afrik4r.org/wp-content/uploads/2017/01/Role-of-Parliament-in-MfDR-AfCoP.pdf>



#### **Case study 4:** *Africa's Search for Indigenized Democracy: The case of Ghana*

### **Background**

Civil wars, protests, the perception of unfair elections and government corruption all contribute to one of Africa's biggest struggles: creating and preserving good government systems. The consensus of many politicians and scholars is that the success of a democratic government hinges on its being rooted in indigenous values and beliefs, which are by their very nature different and specific to each country (Kwabiah 1988, Owusu 1997). Based on this theory, there is no system that characterizes good government; each country must develop the democracy that fits the needs and cultural heritage of their nation by looking at ways to incorporate non-state indigenous systems. However, there is little guidance on how best to blend and implement such system.

This case study attempted to address this by describing three government models for the country of Ghana, each of which incorporates some measure of blending the traditional with the modern. Ghana became independent in 1957. Since then, it has gone through four different constitutions for successive republics (1960, 1969, 1979, and 1992). The initial constitution diminished the power of tribal chiefs and requisitioned it for the national government, but

later constitutions, including the current 1992 Constitution, have tried to incorporate some measure of the traditional roles.

However, unlike previous constitutions, the current constitution forbids sitting chiefs from participating in active politics: a measure that prompted the description of this system as 'two political systems' that 'run parallel to each other'. Clearly, Ghana has tried to incorporate indigenous constructs into contemporary government, but it has done so in a murky fashion.

### **Activities and results**

#### *First Model: Maintaining the dualism of the 1992 Constitution*

This model suggests maintaining the status quo that seeps into all of Ghana's political systems of governance, from village to national. The advantage of this model is that it uses the institution of chieftaincies to gather people and serve as a conduit between the people and the central government. The national government also saves money by giving authority to chiefs to pass and enforce certain laws. This traditional court system is cheaper than the regular state court system, and regular citizens are more

familiar with it as well. The disadvantage of this model is that the role of the chief is still unclearly defined and at times may conflict with the central governing body. The 1992 Constitution is also unclear regarding laws of succession and land ownership, a contributing factor to many disputes among chiefs. Lastly, while chiefs are banned from active politics, it does not specify what constitutes participation.

#### *Second Model: Abolishing the institution of chieftaincy or stripping it of political power*

The advantage of this model is that with the dissipation of all customary laws, all of Ghana would be ruled by a truly uniform republic. This would also eliminate discrepancies between national and local governments and disputes between chiefs. The disadvantage, of course, is that this model would completely overthrow a well-established portion of the current system of government. The resulting refashioning of infrastructure would be costly and would also uproot the traditions and character of the country. This disruption of power could lead to disreputable leaders infiltrating previously honored positions and cause great upheaval in rural parts of the country where chiefs have always played an essential role in maintaining the social order. This model of government is therefore possibly unrealistic and quite likely harmful

#### *Third Model: Merging chieftaincy with the modern system of national government*

This model advocates for the current governing system to be replaced by one that merges the indigenous with the national system more fluidly. This would require significant changes and restructuring, but is possible. In this method,

chiefs would be granted formal office and chairmanships, with the accompanying authority at all regional layers of government. The system of customary laws formerly used by chiefs would then become part of the formally documented constitution. At the central government level, a second parliamentary house could be established. The members of this house would be mainly local chiefs and representatives of diverse ethnic groups. This house would be non-partisan and have authority over other branches of governmental leaders. Since many of these members would be neither elected nor appointed, they would be beholden only to their kin and local people but not to donors. They would therefore serve as a check on government and uphold the culture of the Ghanaian people.

### **Challenges and lessons learnt**

As discussed, the first model is too ill-defined and the second model too draconian. The third model is the most promising for Ghana and similar African nations. However, as with any major governmental change, it would require adjustments. Another problem specific to the third model is that a new house of parliament would be a new expense for the country. However, the benefits of this new system and the problems it fixes would likely outweigh this concern. Lastly, because tribal leaders have traditionally been men, women would likely be cut off from this new upper parliamentary house unless specific measures were taken to rectify this.

### **Policy recommendations**

This third model of reform is the one recommended. For Ghana and other African nations to achieve true democracies, they must look to both the cultural traditions of the past and

the modern centralized systems. The third model is the only one that successfully incorporates elements of both in a homogenized fashion. The

adoption of this third model by Ghana and other African nations could result in much stronger and more beneficial democracies.

## References

Kwabiah, A. K. (1988). *The Political Dualism in Ghana: The Indigenous Asante Government and Modern Ghana Political Administration*. Thesis submitted for a degree. University of Bergen, Bergen, Norway.

Owusu, M. (1997). 'Domesticating democracy: culture, civil society, and constitutionalism in Africa', *Comparative Studies in Society and History*, 39 (1), pp.120–152.

Weblink to the full knowledge product

<http://afrik4r.org/wp-content/uploads/2017/05/CaseStudy16Africansearchofindigenizeddemocracy.pdf>



## Case study 5: *Building Effective Leadership Skills for Africa's Transformation through its Universities*

### Background

Good leadership is required for a society to advance. For African countries to grow their economies and become more competitive members of the global economy, they need to develop strong leaders. African universities can contribute to creating these strong leaders by introducing and fostering leadership programs that instill leadership qualities in students. University programs should also move away from what is known as 'modern' methods of education to more 'postmodern' methods that encourage more collaboration and view knowledge as important.

The increasing globalization of the world is an opportunity Africa can take advantage of, with the right leadership. This case study examines ways that African universities can create leadership programs to develop those leaders. Of note is a program from the Ghana Institute of Management and Public Administration (GIMPA) called the Public-Sector Management Training Programme (PSMTP), funded in part by the ACBF.

Many African nations faced prospective economic development when they attained independence from colonial rule, based on

mining and agricultural resources of the various countries (Ake 2001, Austin 2008). Unfortunately, for many of these newly autonomous countries, economic growth was never quite realized. However, more recently, Africa appears to be heading towards a growth trajectory (AfDB et al. 2017). That growth can be fostered and harnessed with the help of leaders – leaders emerging from African universities' deliberate programs.

Leadership styles in Africa have been described as authoritarian/paternalistic, bureaucratic, centralized, conservative, change-resistant, and reluctant to deal with performance issues. African leadership has been further hindered by uncertainty; mechanisms designed to achieve control rather than for optimal performance; scarcity of resource; and nepotism. Yet African leaders also tend to possess other positive leadership qualities such as skill in management; cultural diversity; sharing; rank deference; good social and personal relationships; and respect for obligations and compromise.

Universities can play an integral role in encouraging the advance of proper leadership characteristics, as many of these character traits can be obtained through a university education.

For instance, the attributes of honesty, integrity, and fairness can be promoted through school culture and diversity. Moral and patriotic feelings of purpose, courage, discipline, focus, determination, goal orientation, a sense of responsibility, collaboration, conflict resolution, critical thinking, and technical competency and knowledge can all be advanced through curriculum and cultural values on campuses.

### **Activities and Results**

The PSMTP was initiated between GIMPA and ACBF in September 2005. Those enrolled in the program had worked in middle and senior management roles. The aim of the program was to offer academic and professional training that produced effective leaders who would contribute to socio-economic development. A project steering committee oversees the PSMTP, and a management team governs the day-to-day functions. All facilities and materials were provided by GIMPA with the support of ACBF. The curriculum includes courses covering 'Background and perspective on Africa's public sector', 'Strategic planning and management in the public sector', 'Public sector resource management', and 'Global and regional perspectives and experiences in public sector management'. In addition to coursework, participants were involved in hands-on exercises and individual case studies.

The PSMTP had three main goals: to build its program to meet the needs of the public; to strengthen the institution itself; and to increase the capacity of Institutes of Public Administration (IPA) to administer similar programs in their own countries.

To that end, the PSMTP has successfully matriculated many middle and senior public-sector officials and managers from five West African countries: Gambia, Ghana, Liberia, Nigeria, and Sierra Leone. These leadership trainees have gone on to participate in the respective development of their countries, as intended. The program gained in renown through these successes. Additionally, the program continues to adapt to changing needs of differing countries involved.

### **Challenges and lessons learnt**

School programs have limitations in their ability to create leaders. Leadership growth often requires experience, mentoring, local participation, and people and students with leadership potential. Lack of funding may be a problem for similar programs; government support for university programs will be key.

One of the lessons learned from this pilot program is that collaboration with the IPAs of the individual countries involved was an integral component of its success. The IPAs will also require continuous government support to maintain their programs.

### **Policy recommendations**

The success of the PSMTP can offer insight into ways other African universities can achieve the same results. A key component of success was the continued collaboration with and interaction between participants, even after the conclusion of training. Each country hoping to implement such a program will have to adapt the program to meet their specific leadership needs.

Developing good leaders is clearly possible with collaboration between countries, especially when those countries contemplate and determine precisely the core leadership traits they wish to instill. The process will take time, however. Social responsibility needs to be encouraged. Successful leadership programs will also include strong emphasis on diversity, trust and conflict resolution, given the socio-cultural diversities that exist in Africa.

Universities should also devote attention to research into information and communications technology (ICT), which is already proving critical to the development of African countries. Advances in ICT, the growing number of exchange programs between African and non-African universities, and changes in the structure of educational delivery will also fuel the progress of similar programs.

## References

- AfDB, OECD, UNDP. (2017). *African Economic outlook: Entrepreneurship and Industrialisation*. OECD Publishing Paris.
- Ake, C. (2001). *Democracy and development in Africa*. Brookings institution press.
- Austin, G. (2008). The 'reversal of fortune' thesis and the compression of history: Perspectives from African and comparative economic history. *Journal of international development*, 20(8), 996-1027.

Weblink to the full knowledge product

<http://afrik4r.org/wp-content/uploads/2017/01/Building-effective-leadership-skills-AfCoP.pdf>

## Case study 6: *Combating Climate Change in Africa Through Private Financing*

### Background

'Climate finance' refers to funds directed by organizations, national or international, to reduce climate change and adopt projects and programs related to climate change. Many international climate-finance programs have been established to address the impact of climate change on developing African countries. These include the Green Climate Fund, the Clean Technology Fund, the Climate Investment Fund and the Clean Development Mechanism. Unfortunately, the policies and strategies of many of these funds often get in the way of achieving their purpose. Expensive and complicated processes for accessing financial resources make it difficult for people in developing countries to benefit (Buchner et al. 2011).

Climate change may potentially harm key aspects of the private sector (Agrawala et al. 2011, IPCC 2014); therefore, the participation of the sector in climate finance is self-beneficial. Microfinance institutions (MFIs) have already had a positive impact on the incomes of the poor, but they could have a greater impact if they adapt their loan agreements to reflect the challenges caused by climate change. Loans can include housing, start-up capital or target climate issues specific to a region, such as planting trees in areas susceptible to flooding.

Remittances (money sent by mail, usually by family members abroad) can be extremely helpful in combating climate disasters because the family abroad are not affected by local catastrophes. Therefore, MFIs should also adapt their policies to allow the cheaper transfer of remittances and related money sources. Private climate-finance sources can be influenced through direct or indirect methods. Direct methods incentivize or make private-sector investment and adaptation easier, while indirect methods use other ways to influence private-sector climate action.

Direct methods include grants, loans, credit lines, equity and quasi-equity, and de-risking tools, such as guarantees, that aim to reduce the risk of private-sector investments. Indirect methods involve market mechanisms, bonds, and encouraging businesses vulnerable to climate change to internalize adaptation costs. Another indirect method is technology development and transfer, or supporting research and technology projects that can help reduce climate change.

This case study aims to explore ways the public and private sectors can work together to more effectively distribute their climate finance, and how they can be encouraged to do so. It focuses on a Kenyan climate-finance operation and how

the success of its program offers lessons that can be applied to other developing African nations.

### **Activities and results**

Many developing countries rely on fuel wood for heating and cooking. This leads to the increased emission of greenhouse gas and speeds up deforestation. To combat this in the Mount Kenya area, the Renewable Energy Technology Assistance Program (RETAP) was created in 1996. With US\$50 000 in loan funding from the Small Grants Program (SGP) of the Global Environment Facility (GEF), it provided money and loans to replant wood lots and install energy-efficient stoves in 20 schools.

The successful reduction of deforestation in the area prompted the creation of the United Nations Development Programme (UNDP)/GEF program 'Market Transformation for Efficient Biomass Stoves for Institutions and Medium-Scale Enterprises in Kenya'. US\$1 million was invested between 2007 and 2010 through this program. One thousand schools, households, and small and medium enterprises installed energy-efficient stoves, and 500 000 trees were planted. This led to the creation of the Rural Technology Enterprise, a private sector MFI that manufactures and installs stoves.

In 2010, RETAP, UNDP, and several other international programs signed a Memorandum of Understanding to continue supporting similar programs providing fuel-efficient stoves to developing populations.

The original Kenyan program now serves as a model for other developing countries. Reducing Emissions from Deforestation and Forest

Degradation (REDD+) funds can be used to finance the movement towards the distribution of these stoves.

### **Challenges and lessons learnt**

One of the problems in attempting to influence private-sector spending on climate-related programs is that climate change and its impact on regions is not completely foreseeable and predictable. Private sectors must be provided with reliable information regarding the effect of climate change on their interests and assets. Because most small and medium African businesses cannot afford to compile such climate reports on their own, government and public institutions must partner with them to keep them informed and prepared.

The triumph of the Kenyan fuel-efficient stove movement implies that African countries can and should utilize methods of climate finance to contribute to similar initiatives. The Kenyan project also demonstrates that private investment in green energy in Africa is sustainable. In addition, similar projects should follow the project's example of starting small building up slowly.

### **Policy recommendations**

Following the Kenyan example, African governments should determine public policy needs and corresponding financing instruments to distribute resources more effectively to meet the specific climate-change requirements of their individual countries. Kenya's goal was to limit deforestation and the diseases associated with the burning of non-efficient stoves. Other countries need to decide on their own climate goals and implement funding and programs accordingly.

African governments can also create a stronger climate-finance environment by eliminating the red tape associated with applying for and receiving loans and other financing opportunities. Private institutions should also be given opportunities to arrange climate finance.

Lastly, governments should learn from the example of the Kenyan fuel-efficient stove initiative and foster an environment conducive to positive climate-finance opportunities and growth. Doing so, the governments can influence the private sector to relegate resources to meet climate change goals.

## References

- Agrawala, S., Carraro, M., Kingsmill, N., Lanzi, E., Mullan, M., & Prudent-Richard, G. (2011). Private sector engagement in adaptation to climate change: approaches to managing climate risks. OECD Environment Working Papers, No. 39
- Buchner, B., Falconer, A., Hervé-Mignucci, M., Trabacchi, C., & Brinkman, M. (2011). The landscape of climate finance. *Climate Policy Initiative*, Venice, 27.
- Intergovernmental Panel on Climate Change (2014). *Climate Change 2014—Impacts, Adaptation and Vulnerability: Regional Aspects*. Cambridge University Press.

Weblink to the full knowledge product

<http://afrik4r.org/wp-content/uploads/2017/01/Climate-change-finance-Private-financing.pdf>



## **Case study 7:** *Industrial Policies in Ethiopia: Building capacities for private sector development and structural transformation*

### **Background**

The industrial base in Africa experienced recent economic growth, which has been accredited to the discovery of natural resources, and the primary commodity-price boom (AfDB et al. 2017). However, Africa needs to invest in a sustainable economic manner, which can be achieved through accelerated industrial development plans mobilising the financial and non-financial resources in the continent.

The previous era of structural adjustment saw no improvement in Africa's industrial base. Instead it was focused on macro-economic policies regarding inflation, stability and export. To develop an industrial base in Africa, lessons can be taken from the Asian miracles, which saw economic development in countries such as Korea, Japan and China that invested in a focused industrial policy (Micic 2009, Jackson 2016). A focused industrial policy needs to consider the changes in the current industrial climate in the social, environmental, technological and political spheres. Therefore, there is a need for well-formulated policies to ensure sustainable economic growth and development in Africa.

This case study aims to share insights and lessons from the implementation of industrial policies in

Ethiopia, one of the few African countries to have experimented and implemented, for more than a decade, a full-fledged industrial development strategy (IDS).

### **Activities and results**

The focus of this case study is the industrial sector of Ethiopia, which is significantly underdeveloped, despite its potential. The area is mostly involved in agricultural practices that do not generate high-paying jobs. Therefore, there is a dire need for industrial policies to help improve the structural base of the industrial sector and create high-paying jobs. However, the country has shown marginal progressive economic growth, which can be accredited to the construction and mining sectors in 2013-2014. Nevertheless, this economic growth is not a sustainable. For sustainable economic growth, it is imperative to create an industrial structure in the country that can ensure high-paying jobs and reduce poverty in the region.

Ethiopia is one of the few countries in Africa that has developed and implemented an IDS. It was designed by the country's government to improve agricultural practices in the rural areas for. However, the impact of the policy was limited.

The IDS was responsible for improving the export sector and providing structural development of the industrial base. The IDS focus was on the four industries in the region: leather, garment and textiles, agro-processing and construction. However, the industries lacked the financial capital and the technical and managerial expertise and innovative drive required to improve the productivity in these sectors.

To achieve substantial economic development, the country signed the first Ethiopian Growth and Transformation Plan (GTP) to improve the industrial sector from 2011 to 2014, which was followed by a second plan, to run from 2016 to 2020. The GTP1 plan aimed to first improve the structure of the industrial sector, and GTP2 aims to improve the agricultural exports. The GTP1 helped to improve entrepreneurship in the private sector and the creation of jobs. Under the GTP1, the Civil Service Reform Program has worked on capacity building in the country, with the Ministry of Trade and Industry being made more flexible to assist the private sector.

However, there are still institutional and capacity challenges that exist in Ethiopia, that need to be overcome for substantial and long-term economic growth. The GTP2 aims to address these challenges in the economic plan for Ethiopia from 2016 to 2020. The economic plan includes the adoption of appropriate technology by the industries; managerial and technical training for greater expertise and an improvement in the private sector's management.

There is room for improvement in the industrial base of the country, which requires a focused

industrial policy aimed at eliminating poverty in the region. The study finds that five to 10 years after the enactment of the 1995 constitution and related agricultural policies, agricultural growth, poverty, and food security had not shown any significant gains. Forward and backward production linkages remained weak, in part due to the lack of demand as extra income in Ethiopian households was generally directed toward buying food rather than agricultural inputs. Moreover, the impact of the land certification program on smallholder tenure security was stunted by lingering tenure concerns. While the program had some positive effects on tenure security (land rental and leasing are legal), and on other outcomes such as land-related investment, land insecurity persisted.

### **Challenges and lessons learnt**

Although there have been steps towards implementation of industrial policies, there is a lack of monitoring and evaluation systems to assess the impact of such policies, both direct and indirect effects. Furthermore, third-party evaluation is also rare, which is crucial to help identify areas of growth and capacity in Ethiopia. With its natural endowments of land and labour, agricultural practices are the main support for the country. The commercialization of agriculture helps to produce high-value crops and to integrate farmers with domestic and external markets to improve revenue. This is the main aim of the Agricultural Development-Led Industrialization (ADLI) strategy. However, there are still certain structural barriers that undermine a smallholder agricultural strategy like ADLI, for example, issues on land insecurity that limit long-term investment.



To improve the economic situation in Ethiopia, it is imperative that there is support for agricultural development. The policy for smallholder production and internal production links was focused on implementing large-scale and commercial agriculture, trade and investment. ADLI strategy was implemented as an agricultural development program for new investors. The Agricultural Investment Land Administration Agency manages the land in Ethiopia but allows foreign investors to use the unused land for investment. This provided tools to help foreigners by exempting them from taxes on imports and taxes on repatriated profits.

There is, however, a limit to which agriculture can support industrialization. For an agricultural-led industrialisation strategy to succeed, Ethiopia needs to focus on other areas of development such as urban planning and infrastructure development that can help it build an industrial base. Apart from building national infrastructure, Ethiopia also needs to focus on multilateral trade and energy infrastructure with its neighbours, such as South Sudan and Lamu Port. Ethiopia also needs a 'double' green revolution, combining new agricultural technologies mindful of climate change effects and adapting them to a wide diversity of ecosystems.

### **Policy recommendations**

There needs to be a focused industrial policy that aims to improve the current economic state of the country and plan for sustainable economic growth. The private sector needs to be geared towards entrepreneurship to generate markets and create jobs. One way to improve national entrepreneurship is by awarding innovative business with training from experienced business professionals who can pass on expertise and management skills. The government and the private sector need to collaborate to improve the current situation in Ethiopia. Private-sector involvement is imperative if the industrial sector is to grow.

Furthermore, since Ethiopia is a landlocked country, it can attract foreign investment through the availability of cheap labour. Other programs that will support industrial growth in the country include public procurement for business; improved service delivery; technology integration in agriculture and businesses; and access to markets. Therefore, it is imperative to adjust industrial policy to tap the potential of the country.

## References

- AfDB, OECD, UNDP. (2017). *African Economic outlook: Entrepreneurship and Industrialisation*. OECD Publishing Paris.
- Micic, V. (2009). Industrial policy and development: The political economy of capabilities accumulation. *Econ. Horiz*, 14, 53-55.
- Jackson, K. (2016) Structures of economic growth in Asia: lessons from Japan? *Asia Pacific Business Review*. 23, 458-464

Weblink to the full knowledge product

<http://afrik4r.org/wp-content/uploads/2017/05/CaseStudy14IndustrialpoliciesinEthiopia.pdf>

## **Case study 8:** *The Role of Africa Agriculture Trade Investment Fund (AATIF) in Enriching the Land of Africa*

### **Background**

Agriculture in Africa, while having an enormous potential to thrive, still lacks the capacity to support the food-supply needs of its population. Factors such as declining land-population ratios, poor smallholders, and limited commercialization hinder the growth of Africa's agricultural sector. The population of Africa is swelling. By 2050, people will consume at twice the rate of agricultural production today, and to support the need, an annual investment of at least \$US 11 billion must be distributed, mainly to primary agriculture and associated downstream services (Conway 2012). Because Africa can't fill the investment gap on its own, it should reach out to the private sector and foreign investors to achieve its goal.

This case study showcases the Africa Agriculture Trade Investment Fund (AATIF), an innovative financing mechanism dedicated to unleashing Africa's agricultural potential. An international fund, the AATIF acts as an intermediary between Africa and foreign investors. Focusing on helping small to large agricultural farms and agricultural businesses in Africa to grow, AATIF provides ways for individuals and companies to invest in agriculture by on-lending to smallholders and/or small and medium-sized enterprises (SMEs). The

case study aims to expand the knowledge and awareness of investors and development partners interested in setting up similar investment funds, or bank and/or financial institutions interested in learning about how refinancing and the risk-sharing opportunities of targeted investment funds can help address agricultural lending constraints.

### **Activities and results**

A key reason for the slow agricultural growth in Africa is the scarcity of commercial banks willing to provide loans to smallholders and SMEs. Besides investing directly, AATIF funnels funds into the agricultural sector by facilitating investments along the entire agricultural value chain.

Investments made by AATIF are either direct or indirect. Direct investments target clients such as commercial farms and cooperatives. Indirect investments are open for intermediary businesses and financial institutions. Data presented here is extracted from AATIF annual reports (2012, 2013, 2014 and 2015). As of March 31 2017, direct and indirect investments in agricultural funding granted by AATIF totalled \$US 317.7 million in five years of operation. As a result,

clients have more access to financial services and countries in Africa that have partnered with AATIF are enjoying the benefits of the investments. These benefits are:

- **More end-beneficiaries:** The number of smallholders subscribed to financial institutions or outgrowers schemes has increased. For instance, the Cocoa Abrabopa Association, assisted by Wienco in Ghana, received 15 000 more subscribers for the 2015 season. As the number of smallholders able to receive funding for their business increases, the amount of crop yields also increases.
- **Increase in employment:** Assistance given to partners through AATIF has allowed for more job opportunities. The Tyefu Community Farming Trust could hire 720 people during its 2015 harvesting season. The Chobe Agrivision in Zambia increased its labour force from 258 in 2011 to 390 in 2012.
- **Easier access to loans:** African partners could develop initiatives to scale up lending to the agricultural sector. As of March 31 2015, a total of US\$9 million worth of AATIF loans had been granted to agricultural value actors. Chase Bank in Kenya introduced a quicker way to score and approve loans for farmers.
- **Social and environmental objectives became part of the operations of African partners:** Identifying and solving social and environmental risks has become a priority of African partners. For this reason, an Environmental Management System was created. Chobe Agrivision became more aware of its environmental responsibilities through the initiatives of AATIF, and now monitors water and soil quality to anticipate negative impacts to the environment. GADCO in Ghana entered into an agreement

with the Fievie Tribe over the use of 1 000 hectares of communal land. The Joint Venture Agreement has allowed the tribe to receive 2.5% of the market value of rice harvested and milled for the first five years.

### Challenges and lessons learnt

Creating thriving and sustainable agricultural businesses in Africa is not without its challenges. Since 2012, AATIF has continued to work with investors, developers, and clients to address issues including:

- **Reduced lending because of banks and financial institutions limiting their risks:** Reduced lending poses a challenge to smallholder farmers. To mitigate this problem, AATIF is sharing the risks with banks and financial institutions, enabling them to lend to farmers despite uncertain returns.
- **Inefficient investments:** The International Labour Organisation, particularly the compliance advisor, guides AATIF in its investment ventures. For investments to have high returns, the investment managers of AATIF are given detailed information based on research studies.
- **Sluggish lending approval processes:** AATIF promotes the development of specific credit policies that speed up the decision-making process in loan approval. Guaranteed funds provided by both private investors and public financial institutions can ensure the solvency of smallholder farmers.
- **Neglecting food security policies of African countries:** Investing in areas/crops with high potential for returns has always been the priority of foreign investment funds, such as AATIF, but marginal areas, also known as 'orphan crops' are generally neglected.

Exporting food produced in high-potential areas and ignoring marginal areas negatively affects food security in African countries. AATIF considers all aspects to improve agriculture in Africa, so investments arranged by AATIF considers strengthening food security as a whole in Africa.

- **Lack of local value addition:** With the objective of being responsible for the development of the entire agricultural value chain when investing, AATIF also makes sure to invest in post-harvest operations to facilitate local value addition. It proposes to African governments certain tax exemptions and other considerations to encourage the import of equipment and technologies used for local value addition activities. It also makes suggestions on new enterprises that focus on processing equipment.

### Policy recommendations

- There is no denying that investments from both private and public entities result in a thriving African agriculture. In addition to providing funds to the entire agricultural value

chain, the AATIF offers the following policy recommendations:

- To limit investment loss, investors can adopt the advisory compliance system of AATIF. An advisory compliance system, which provides research for efficient investments, is an asset to the governance structure of the investor. Investors should also allocate funding for agricultural research services. It will benefit both investors and smallholder farmers.
- Lending companies should create specific credit policies to speed up credit evaluation and loan approval.
- African governments should allow tax exemptions on the import of technologies and equipment that promote local value addition.
- African institutions such as the AU and ACBF should form an agency that functions as a compliance advisory body for investment opportunities and a monitoring body for interventions. Such an agency could increase agricultural productivity in Africa.

## References

- AATIF (2012). Augmentation des revenus, amélioration de la sécurité alimentaire, rapport annuel. 40 p, consulté le 07/03/2016 sur le site  
[http://aatif.lu/tl\\_files/downloads/annual\\_reports/AATIF\\_AR\\_2011.pdf](http://aatif.lu/tl_files/downloads/annual_reports/AATIF_AR_2011.pdf)
- AATIF (2013). Augmentation des revenus, amélioration de la sécurité alimentaire, rapport annuel. 40 p, consulté le 07/03/2016 sur le site  
[http://aatif.lu/tl\\_files/downloads/annual\\_reports/AATIF\\_AR\\_2012.pdf](http://aatif.lu/tl_files/downloads/annual_reports/AATIF_AR_2012.pdf)
- AATIF (2014). Augmentation des revenus, amélioration de la sécurité alimentaire, rapport annuel. 40 p, consulté le 07/03/2016  
[http://aatif.lu/tl\\_files/downloads/annual\\_reports/AATIF\\_AR\\_2013.pdf](http://aatif.lu/tl_files/downloads/annual_reports/AATIF_AR_2013.pdf)
- AATIF (2015). Augmentation des revenus, amélioration de la sécurité alimentaire, rapport annuel. 40p, consulté le 07/03/2016 sur le site  
[http://aatif.lu/tl\\_files/downloads/annual\\_reports/AATIF\\_AR\\_2014.pdf](http://aatif.lu/tl_files/downloads/annual_reports/AATIF_AR_2014.pdf)
- Conway, G. (2012). *One billion hungry: can we feed the world?*. Cornell University Press.

Weblink to the full knowledge product

<https://afrik4r.org/wp-content/uploads/2017/01/Fostering-Private-Investments-and-Value-Addition-in-Agricultural-Value-Chains.pdf>

## 4. CONCLUSION

The AfCoP/MfDR with support from the AfDB and ACBF has brought into the mainstream a results culture for development processes at national and regional level. From 2007, policy-makers and practitioners have been provided with a platform to exchange good practices, challenges and lessons in applying MfDR principles. This compendium captured the body of knowledge generated and disseminated on non-state actors through case studies. The following recommendations summarize and highlight the actions required to improve non-state actors' contribution to development and socioeconomic transformation in Africa:

- For African nations to achieve true democracies, they must integrate elements of their cultural traditions to the modern centralized governance systems. Incorporating elements of both in a homogenized fashion could result in much stronger and more beneficial democracies. This calls for effective participation of indigenous institutions in the development process.
- African universities should be provided with the appropriate support to accelerate the production of a critical mass of technical skills needed to increased and sustained Africa's growth. They should work toward equipping individuals with effective leadership skills, especially among the youths. A special

attention should be given to science, technology and innovation as Africa's development requires the availability of critical technical skills.

- With declining Official Development Assistance to Africa and a decrease in trade taxes, African countries need more private sector investments for different purposes including industrialization, agricultural transformation and climate change adaptation and mitigation. Therefore, it is crucial to establish a conducive environment that drives private investments into the different productive sectors. A tripartite dialogue platform will also be useful for that purpose by bringing together the government, private sector and civil society to discuss joint investments and the establishment of the appropriate frameworks.

Two main conclusions can be drawn from the case studies. First, non-state actors are a wide variety of actors with diverse interests, power and scope of intervention and have the potential to make an effective contribution to the development of Africa. Second, it is important for governments to develop the appropriate strategies and mechanisms to engage non-state actors in the political processes of state-building and governance.

## BIBLIOGRAPHY

European Commission (2012) *Overview, The Cotonou Agreement*. EC. Available at: [http://ec.europa.eu/europeaid/where/acp/overview/cotonou-agreement/index\\_en.htm](http://ec.europa.eu/europeaid/where/acp/overview/cotonou-agreement/index_en.htm)

Green, D. (2014) *Can donors support civil society activism without destroying it? Some great evidence from Nigeria*. Retrieved from “From Poverty to Power.

Santarelli, N. C. (July 24 2013). *Non State Actors*. Oxford Bibliographies.

The Effective States and Inclusive Development Research Centre (2014). *The Effective States and Inclusive Development Research Centre*. Manchester: ESID.



## Annex 1: CASE STUDY MATRIX

Title	Geographical coverage	MfDR pillar	Page number	Web link
<b>Case study 1:</b> Private Sector role in Promoting Clean Development in Africa	Africa	Leadership	3	<a href="https://afrik4r.org/wp-content/uploads/2017/01/CCFinancingandPrivateSectorinAfrica.pdf">https://afrik4r.org/wp-content/uploads/2017/01/CCFinancingandPrivateSectorinAfrica.pdf</a>
<b>Case study 2:</b> “Building Bridges Project” Uniting Divided Communities Through Traditional Authorities’ Peace Building Efforts in Zimbabwe	Zimbabwe	Leadership	6	<a href="https://afrik4r.org/wp-content/uploads/2017/01/BuildingBridgesCaseStudy.pdf">https://afrik4r.org/wp-content/uploads/2017/01/BuildingBridgesCaseStudy.pdf</a>
<b>Case study 3:</b> Advancing Management for Development Results for Africa Transformation: The Role of Parliaments	Africa	Accountability Planning Leadership	9	<a href="http://afrik4r.org/wp-content/uploads/2017/01/Role-of-Parliament-in-MfDR-AfCoP.pdf">http://afrik4r.org/wp-content/uploads/2017/01/Role-of-Parliament-in-MfDR-AfCoP.pdf</a>
<b>Case study 4:</b> Africa’s Search for Indigenized Democracy: The Case of Ghana	Ghana	Leadership	12	<a href="http://afrik4r.org/wp-content/uploads/2017/05/CaseStudy16Africainsearchofindigenizeddemocracy.pdf">http://afrik4r.org/wp-content/uploads/2017/05/CaseStudy16Africainsearchofindigenizeddemocracy.pdf</a>
<b>Case study 5:</b> Building Effective Leadership Skills for Africa’s Transformation through its Universities	Africa	Planning Leadership	15	<a href="http://afrik4r.org/wp-content/uploads/2017/01/Building-effective-leadership-skills-AfCoP.pdf">http://afrik4r.org/wp-content/uploads/2017/01/Building-effective-leadership-skills-AfCoP.pdf</a>
<b>Case study 6:</b> Combating Climate Change in Africa Through Private Financing	Africa	Planning Leadership	18	<a href="http://afrik4r.org/wp-content/uploads/2017/01/Climate-change-finance-Private-financing.pdf">http://afrik4r.org/wp-content/uploads/2017/01/Climate-change-finance-Private-financing.pdf</a>
<b>Case study 7:</b> Industrial Policies in Ethiopia: Building Capacities for Private Sector Development and Structural	Ethiopia	Leadership	21	<a href="http://afrik4r.org/wp-content/uploads/2017/05/CaseStudy14IndustrialpoliciesinEthiopia.pdf">http://afrik4r.org/wp-content/uploads/2017/05/CaseStudy14IndustrialpoliciesinEthiopia.pdf</a>
<b>Case study 8:</b> The Role of Africa Agriculture Trade Investment Fund (AATIF) in Enriching the Land of Africa	Africa	Leadership	25	<a href="https://afrik4r.org/wp-content/uploads/2017/01/Fostering-Private-Investments-and-Value-Addition-in-Agricultural-Value-Chains.pdf">https://afrik4r.org/wp-content/uploads/2017/01/Fostering-Private-Investments-and-Value-Addition-in-Agricultural-Value-Chains.pdf</a>



**The African Capacity Building Foundation (ACBF)**  
2 Fairbairn Drive, Mount Pleasant, Harare, Zimbabwe  
T: +263-4 304663, 304622, 332002, 332014  
<http://www.acbf-pact.org>

Scan this QR code for  
more AfCoP publications

