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43RD MEETING OF THE NEPAD STEERING COMMITTEE

24-25 JANUARY 2012

ADDIS ABABA, ETHIOPIA

43rd Meeting of the NEPAD Steering Committee, Addis Ababa, Ethiopia

Briefing Note

NPCA Financial Year 2012 Budget

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NPCA Financial Year 2012 Budget

A) Introduction:

In December 2011, the Sub-committee of the PRC recommended approval of the NPCA budget of the Financial Year 2012 as follows:

1. Operations budget:

The NPCA proposed operational budget amounted to \$7,421,884. The PRC's sub-committee on budget approved an amount of \$4,000,000. The Sub-committee authorised the NPCA to mobilise from the Development partners to the tune of US\$3,421,884 to cover the shortfall in its operational budget.

2. The Programme Budget:

The sub-committee recommended approval of the proposed programme of the NPCA with the indicated budget amounting to US\$25,475,220

B) Financial Year 2012

The Budget for the Financial Year 2012 amounts to **US\$ 32,907,104 (thirty two million, nine hundred and seven thousand, one hundred and four US dollars)** and comprises the Operations and Programme Budgets.

i. The Operations Budget 2012.

The Financial Year 2012 Operations Budget amounts to **US\$7,421,884** (seven million, four hundred and twenty one thousand, eight hundred and eighty four). The following budget lines have been taken into account in arriving at this amount.

- a) **Staff cost: US\$ 6,192,424 (six million, one hundred and ninety two thousand, four hundred and twenty four).** The staff cost includes an amount of US\$ 1,166,417 which represents a 13.74% increase in comparison to the current year (US\$ 5,444,342). This increase is necessary to support a forecasted increase of 34 technical and administrative personnel in the 2012 Staff Recruitment Plan of the NPCA based on the NPCA Proposed Organisational Structure, which will be phased in over a period of four (4) years from 2011 to 2014.
- b) **Mission and Contingency US\$146,500 (one hundred and forty six thousand, five hundred).** The mission and contingency cost includes an amount of US\$16,500 which represents a 12.69% increase in comparison to the current year (US\$ 130,000).
- c) **Utilities and Other Expenses: US\$236,644 (two hundred and thirty six thousand, six hundred and forty four).** The Utilities and Other Expenses cost has been reduced by US\$25,066 (9.57% in comparison to the current year – US\$261,700).
- d) **Communications: US\$156,818 (One hundred and fifty six thousand, eight hundred and eighteen).** The Communication cost includes an amount

of US\$ 7,468 which represents a 5% increase over the current year (US\$149,350).

- e) **Stationery and Supplies and Other Services: US\$203,786 (two hundred and three thousand, seven hundred eighty and six).** The Stationery and Supplies and Other Services cost includes an amount of US\$42,228 which represents an increase of 26.14% in comparison to the current year (US\$161,558).
- f) **Furniture, Equipment and Building US\$47,250 (forty seven thousand, two hundred and fifty).** The overall Furniture, Equipment and Building cost has been reduced by UD\$92,750 (66.25%) in comparison to the current year (US\$140,000).
- g) **Meeting and Seminar US\$133,087 (one hundred and thirty three thousand, eighty seven).** The Meeting and Seminar cost includes an amount of US\$6,337 which represents an increase of 5% in comparison to the current year (US\$126,750).
- h) **Professional Fees US\$165,375 (one hundred and sixty five thousand, three hundred and seventy five)** The Professional Fees cost has been reduced by US\$142,125 (46.22%) in comparison to the current year (US\$307,500).
- i) **Regional Project Offices Overheads US\$ 150,000 (one hundred and fifty thousand)** The Regional Offices Overheads is a new cost and includes general office expenses (water, rent, electricity). We consider that the regional offices are vital for the implementation of the regional programmes and the development of new programmes.

ii. The Programme Budget 2012

The Programme Budget for the Financial Year 2012 is **US\$25,475,220** (twenty five million, four hundred and seventy five thousand, two hundred and twenty) and represents 77% of the total budget of the NPCA. In comparison to the current year's Programme Budget, the Financial Year 2012 Programme Budget has a considerable reduction of 40.08% as the majority of the projects and programmes are in their second phase of implementation.

The Programme Budget does not include AU member states' contribution. The table below shows the total grants that will be received from development partners for the Financial Year 2012. Development partners have already expressed willingness and commitment to support the NPCA in the next Financial Year and beyond.

PROGRAMMES	Total	ACBF	SIDA	EU-55M	GIZ	WORLD BANK	SPAIN	DFID	ISPAD	BMGF	ADB
NPCA DEVELOPMENT PROGRAMMES	15,872,270				1,025,651	1,712,489	826,518	2,266,700	7,018,900	3,022,012	
INSTITUTIONS & CAPACITY BUILDING	9,602,950	1,825,000	972,426	4,032,050	631,627						2,141,847
TOTAL	25,475,220	1,825,000	972,426	4,032,050	1,657,278	1,712,489	826,518	2,266,700	7,018,900	3,022,012	2,141,847

The two components - NPCA Development Programmes and the Institutions and Capacity Building - represent 62.3% and 37.7%, respectively, of the Programme Budget.

C. SUMMARY

The overall budget for the Financial Year 2012 (**US\$32,907,104**) is reduced by 35.94% in comparison to the budget for the current year 50,947,559 (fifty million and nine hundred forty seven thousand, five hundred fifty nine).

i. Reductions in the FY 2012 Operations Budget

The FY 2012 Operations Budget (**US\$7,421,884**) has been reduced by 16% in comparison to the current year budget (**US\$8,847,137**). The reduction in the Operations Budget is due, mainly, to the development and implementation of an effective and efficient Financial Management and Human Resource Systems by the NEPAD Agency. The new Financial Management System allows the NEPAD Agency to exercise rigorous budgetary controls. In addition, the NEPAD Agency's overhead costs and management fees, which were paid to the Development Bank of Southern Africa (DBSA), will be reduced in 2012.

ii. Reduction of the FY 2012 Programme Budget

The FY 2012 Programme Budget has been reduced by 40.08% as the majority of the projects and programmes are in their second phase of implementation. In this regard, the resource allocation has been reported in accordance with respective programme/project work plans.

D. CONCLUSION

The NEPAD Planning and Coordinating Agency will continue to implement measures that ensure the continuous improvement of its operations to fulfil its mandate through the efficient and effective implementation of quality programmes and projects. The focus of the Agency will continue to be on the implementation of programmes from health to education and environment, but with a particular focus on Infrastructure (PIDA/Presidential Initiative) and Agriculture and Food Security through CAADP implementation, including the development of investment plans of countries that have already signed their Compacts. In this regard, NPCA will continue to facilitate and coordinate technical assistance to those countries as well as support them in their resource mobilisation efforts to implement their investment plans.

*NEPAD Planning and Coordinating Agency
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