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REPORT OF SUB-COMMITTEE ON STRUCTURAL REFORMS

REPORT OF THE PRC SUB-COMMITTEE ON AUC STRUCTURAL REFORM

INTRODUCTION

1. It is to be recalled that the Joint PRC Sub-Committee on Administrative and Budgetary Matters and the Structural Reform had established in Douala, Cameroon a Technical Working Group (TWG), composed of representatives of ten (10) Member States from the five regions namely:

Region	Member State	Representative
East	Ethiopia	Mr. Eshete Tilahun
	Sudan	Mr. Husni Mustapha
Central	Cameroon	Mr. Theodore Njikam
	Chad	Mr. Abakar Outman
North	Egypt	Mr. Ahmad Sharief Mr. Ahmed Abdelaziz
	Mauritania	Mr. Ahmedou Beibatt
South	Malawi	Ms. Doreen Chavula-Kapanga Mrs. Komlongela Mr. Joseph Chisala
	Mozambique	Ms Sandra Andrade
West	Senegal	Mr. Assane Sougou
	Sierra Leone	Mr. Amos H. Coker

2. The members of the Commission who participated in the structure assessment and review were from the following Directorates:

- Administration and Human Resources Management;
- Programming, Budgeting, Finance and Accounting;
- Strategy Policy, Planning, Monitoring and Resource Mobilization;
- Women, Gender and Development;
- Office of Internal Audit;
- Bureau of the Chairperson; and
- Bureau of the Deputy Chairperson.

3. The members of the Bain & Company who facilitated the consultancy of this project including the analysis of the data were Messrs. Tim Hill, Bryan Mezue and Obi Igwe.

4. In line with the approved “Design Principles” adopted by the Joint PRC Sub-Committees, the TWG was tasked to assess and review the Structure of the Commission and its Offices aiming at having an efficient and effective organization that responds to the new mandate as mentioned in the Agenda 2063 and 10 years Strategic Plan.

5. In compliance with these directives, the Technical Working Group had carried out over 40 interviews of AUC leaders and Managers from all Departments, Directorates and Heads of Representational, Regional and Technical Offices including the NEPAD Planning and Coordinating Agency; a survey of over 400 participants from internal staff members and finally carried out a gap analysis and benchmarking of the findings and assessment as compared to similar institutions.

6. As a result of the work done, the Technical Working Group submitted its Assessment Report on the AUC Operating Model Restructuring and a Detailed Appendix of the Super-Structure and N-2 Level Structures of the Commission for consideration by the PRC Sub-Committees on Budgetary Matters and Structure.

A. ATTENDANCE

7. The Joint PRC Sub-Committee in Mekelle, Ethiopia was chaired by H. E. Ambassador Mr. Albert Yankey, Ambassador and Permanent Representative of the Republic of Ghana to the AU and subsequently the PRC Sub-Committee on Structure on 22 May 2015 was chaired by H. E. Ambassador Mr. Arcanjo Maria do Nascimento, Ambassador and Permanent Representative of the Republic of Angola to the African Union.

8. The meeting were attended by the following Member States:

Algeria	Comoros	Gambia	Mali	Seychelles	Tunisia
Angola	Congo	Ghana	Mauritania	S. Leone	Uganda
Benin	Côte d’Ivoire	Guinea	Mozambique	S. Africa	Zambia
Botswana	DRC	Kenya	Niger	Sudan	Zimbabwe
Burkina Faso	Djibouti	Lesotho	Namibia	Swaziland	
Burundi	Egypt	Liberia	Rwanda	Tanzania	
Cameroon	Equa. Guinea	Libya	Saharawi Rep.	Togo	
Chad	Ethiopia	Malawi	Senegal	S. Sudan	

B. INTRODUCTORY REMARKS

9. In his introductory remarks, the Director of Administration and Human Resources Management thanked the Chair and the representatives of Member States for their

interest and participation in this important project which will guide the future of the African Union. He strongly appealed to all members of the Sub-Committees to actively participate in the discussions with the view to ensure ownership of the outcomes by all Member States. He mentioned that the main item on the agenda is to review, debate and agree the Report and Appendix for consideration by the Permanent Representative Committee and the Executive Council during their next session prior to the June 2015 Summit in South Africa.

10. He further highlighted that the process will follow two phases after the Summit to continue restructuring the whole African Union. In relation to the financial implications, the Director informed the meeting that although there is a growth of approx. 3.3 Million USD, the amount will be self-sponsored and will not have financial implication on the Contributions of Member States. This would be based on taking advantage of the retirement plan for the next five years as well as the introduction of a better use of the resources and automated facilities that the Commission had already started implementing.

11. Following the Director's presentation, representative of Bain & Company - Messrs. Tim Hill and Bryan Mezue, expressed their gratitude to have the opportunity to be working with the African Union and presented the following contents with regards to the Report and Appendix submitted to members of the Sub-Committees

C. CONTEXT

12. In order to successfully deliver on its strategy any organization needs to ensure that it has the right 'operating model' in place – i.e. *the 'right people' in the 'right place' doing the 'right things'*. The 'operating model' is therefore the combination of structure (i.e. the organization chart and reporting relationships), accountabilities, governance, ways of working (behaviours and culture) and capabilities (people, processes, and technology) that enables an organisation to deliver on its plans.

13. With the development of Agenda 2063 and the 10 year implementation plan, there is therefore an urgent need to restructure the AUC. In effect the existing structure (based on the Maputo structure) needs to be adapted in order to:

- Align more closely to the priorities in Agenda 2063;
- Be more efficient (i.e. eliminate duplication of accountabilities and overlapping roles);
- Be more effective (i.e. deliver more impact for the benefit of Member States and the African people).

Exhibit 1: Lack of alignment of current structure with strategic

Directorates	Peace and Security	Political Affairs	Social Affairs	DREA	Infra-structure & Energy	Trade & Industry	HRST	Economic Affairs	CIDO	Strat Partnerships	Women & Gender	ICD	DCP
Peace and Stability	✓	✓											
Agricultural Production				✓									
Economic Development & Industrialization					✓	✓		✓					
Human capacity			✓				✓						
Women & Youth			✓				✓				✓		
Resource mobilization								✓		✓			
People-centred Union									✓			✓	
Institutional capacity													✓

priorities * Priorities laid out in Strategic Plan 2014-17

✓	Full coverage	✓	Partial coverage
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14. To address these issues, the Commission has developed a multi-year, multi-faceted approach covering not just structure but all the elements of its operating model - structure, governance, accountabilities, ways of working and capabilities. Within this plan, the work to date has been focused on an assessment of current structure, development of design principles and design of structure to N-2 level. It combines actions which can be taken quickly to start to make progress as well as beginning work on more fundamental issues (e.g.: relationship with RECs) that will require further engagement.

15. While restructuring has been attempted in the past, the approach is fundamentally different given:

- the focus on alignment on AUC vision and priorities (i.e. Agenda 2063);
- the commitment shown across different levels (both technical and political);
- the participative approach with Member States (e.g.: Member States included in Technical Working Group and engaged throughout process); and
- the strong bias to action (e.g.: appetite to consider ‘no regrets’ actions early).

16. Furthermore there is a strong focus in the approach in the AUC ‘proving’ that it offers value for money to Member States by initially delivering increased effectiveness within the existing cost structure – i.e. no net cost increase from proposed changes.

D. DIAGNOSTIC FINDINGS

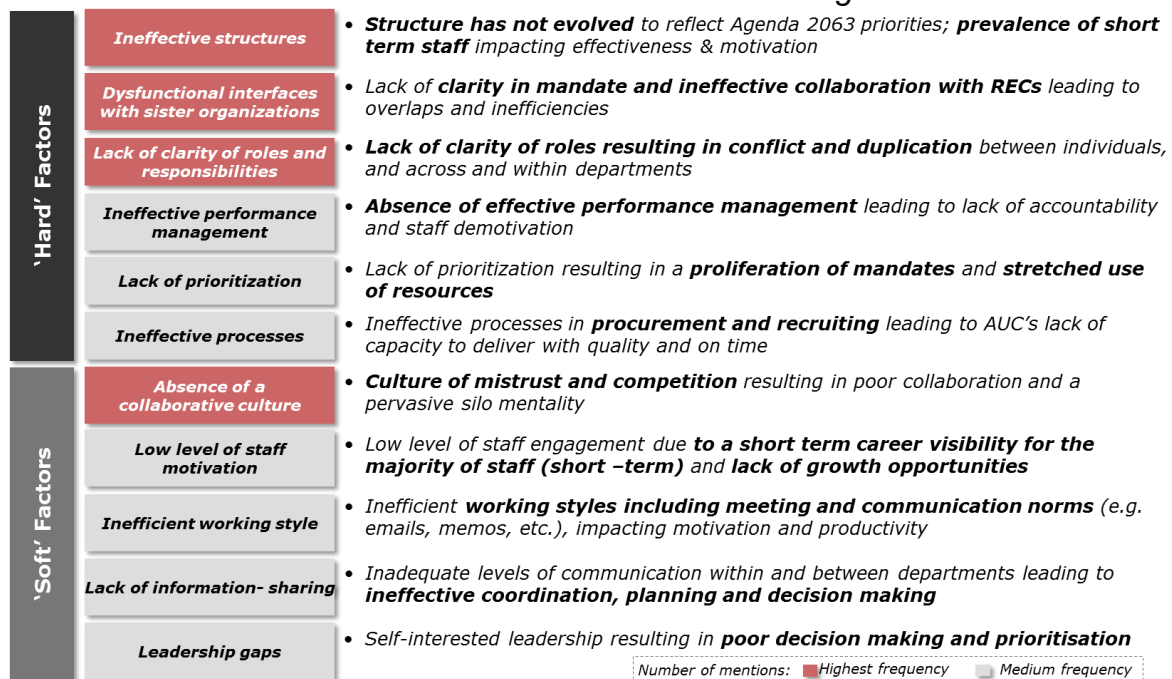
17. The diagnostic process has been holistic including a 3-day workshop with

Member State's representatives, over 45 interviews with AUC senior leadership, an organization-wide survey (~400 respondents) and targeted analysis of existing AUC data.

18. The key finding has been that, while the AUC has strengths to build on (e.g.: shared commitment to a pan-African vision of the AU), the Commission is currently not set up to deliver on Agenda 2063.

19. The challenges identified were summarized as follows:

Exhibit 2: Issues to address identified in diagnostic



20. Principal amongst these challenges were:

- **Structure** (including superstructure): Structure is not aligned to AUC priorities; de facto structure has deviated significantly from Maputo structure;
- **Interfaces**: There are unclear accountabilities particularly with sister organizations (e.g. RECs);
- **Accountabilities**: There is a lack of clarity in accountabilities in particular for Commissioners vs. Chairperson and Deputy Chairperson and Commissioners vs. Directors;
- **Collaboration**: There is a pervasive silo mentality with few mechanisms and incentives to drive collaboration

21. These were therefore the challenges being addressed in the initial phase of the restructuring project.

E. INITIAL RECOMMENDATIONS FROM TECHNICAL WORKING GROUP

22. In order to address these issues, the team developed a set of different options informed by best international practices and then assessed these options vis-a-vis a set of design principles agreed with Member States. The design principles included to:

- stay within the Constitutive Act and the legal instrument;
- ensure correct representation of regions, gender, countries and languages; and
- focus on efficiency and alignment with Agenda 2063.

23. Based on the assessment of the options against these principles, the TWG came to the following set of recommendations:

a) Interface with RECs and NEPAD:

- Launch process to agree split of accountabilities with RECs and to define how NEPAD can better execute on AUC priorities; and
- Launch a series of 'quick win' initiatives with RECs e.g. shared events calendar, 'SharePoint' database; RECs to be invited to AUC strategy meetings as active participants.

b) Proposed Structure of the Elected Official of the Commission:

- Retain 10 Elected Officials and refocus portfolios on Agenda 2063 priorities;
- Merge the portfolios of Economic Affairs and Trade & Industry under one Commissioner with two Directors;
- Create a post of Deputy Chairperson in charge of coordination and relation with RECs; and
- Focus current Deputy Chairperson role on shared services and supports.

c) Structure - Directors:

- Create 5 new Director roles to align roles with Agenda 2063 and increase effectiveness through more manageable spans of control;

Exhibit 3: Initial recommendation on Directors

	Current Directors	Recommended Directors
Department	Peace and Security	<ul style="list-style-type: none"> • Peace Strategy and Civilian Issues • Peace Operations – African Standby Force & PSOD
	Political Affairs	Political Affairs
	Infrastructure & Energy	Infrastructure & Energy
	Social Affairs	<ul style="list-style-type: none"> • Health, Wellbeing and Nutrition • Social Development
	Economic Affairs	Economic Affairs
	Trade and Industry	Trade, Industry and Mining
	Rural Economy and Agriculture	<ul style="list-style-type: none"> • Agriculture, Rural Development and Environment • Agriculture, Rural Development and Environment – Technical Offices
	Human Resources, Science and Technology	Education, Science and Technology
Offices and Directorates	-	PMO/Coordination (Under the New DCP)
	Chief of Staff	Chief of Staff
	Secretary General	Secretary General
	Administration and Human Resources Management	<ul style="list-style-type: none"> • Human Resources and Security & Safety • Procurement, MIS and Facility Management
	Information and Communication	Information and Communication
	SPPMERM	SPPMERM
	PBFA	PBFA
	DCMP	DCMP
	Women, Gender & Development	Women, Gender & Development
	Protocol Services	Protocol Services
	Medical Services	Medical Services
	Office of the Legal Counsel	Office of the Legal Counsel
	Office of Internal Audit	Office of Internal Audit
	Citizen and Diaspora Directorate	Citizen and Diaspora

d) Structure – Division and Unit Heads:

- Realign divisions in line with design principles and reduce duplication and overlap.

e) Accountabilities:

- Launch process to co-develop decision rights framework for

Commissioners vs. Chairperson and Deputy Chairperson, and Commissioners vs. Directors

f) **Efficiency initiatives:**

- Launch efficiency savings program – targeting optimized use of technology, outsourcing of services, and increased responsibilities across all P-grades – worth \$5M savings p.a.

Exhibit 4: Proposed Structure - Departments

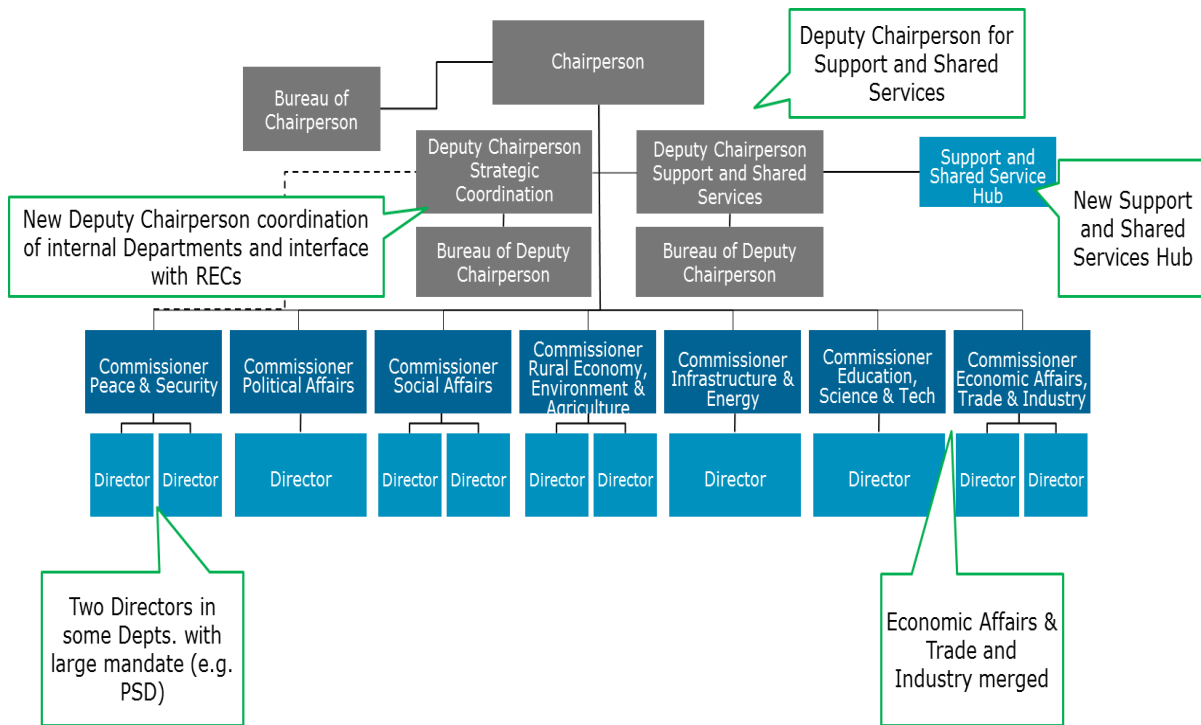
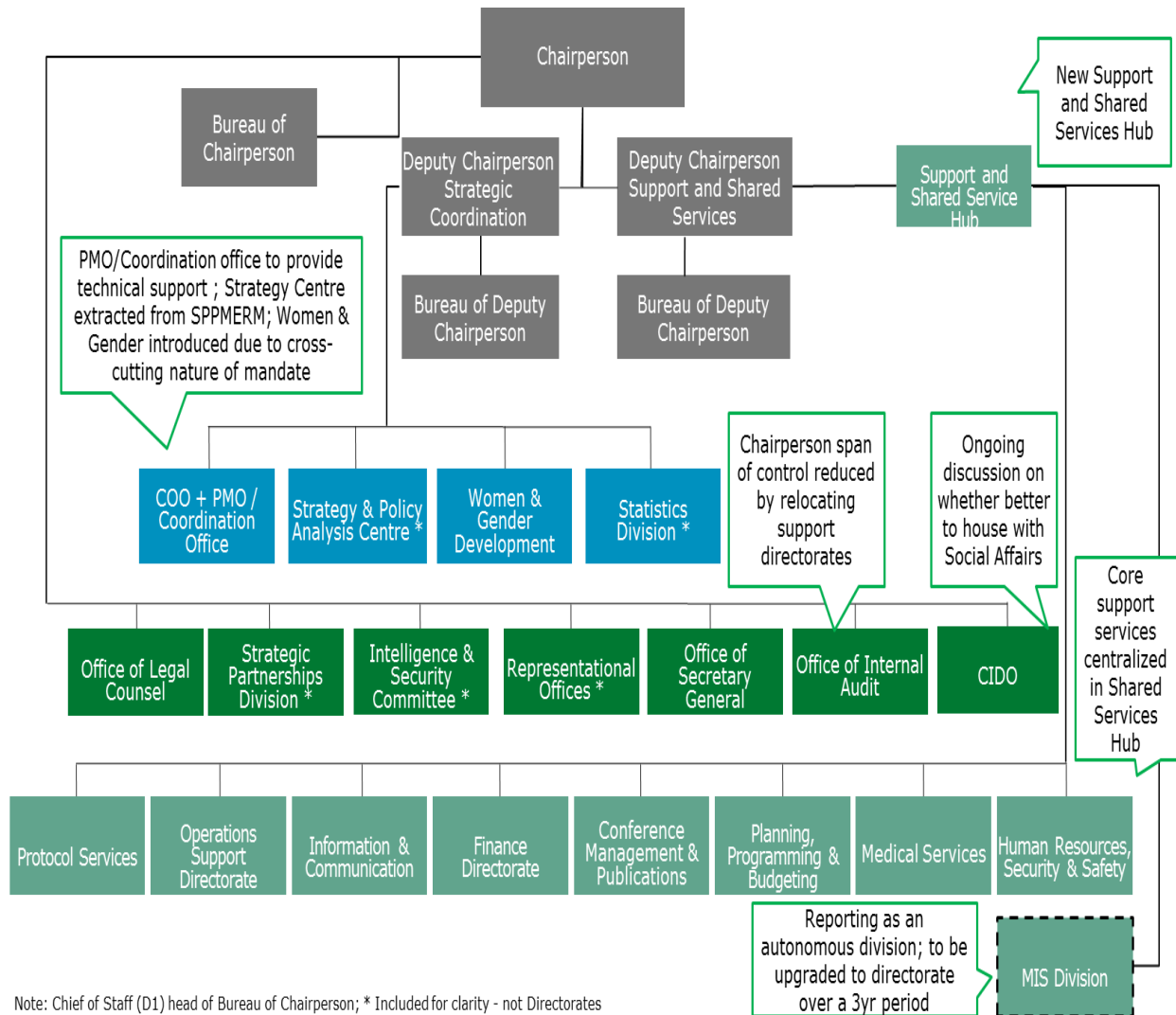


Exhibit 5: Proposed Structure - Directorates and Offices



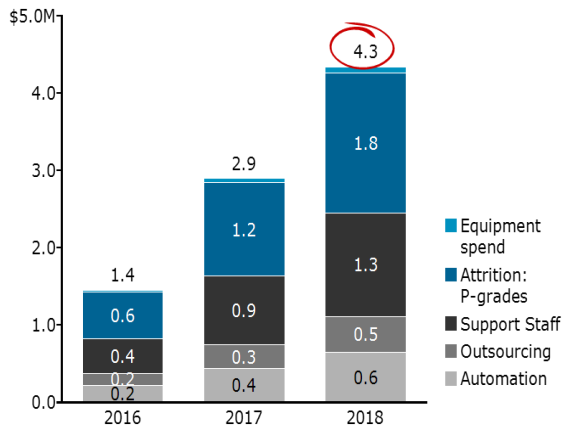
Note: Chief of Staff (D1) head of Bureau of Chairperson; * Included for clarity - not Directorates

F. FINANCIAL IMPLICATIONS

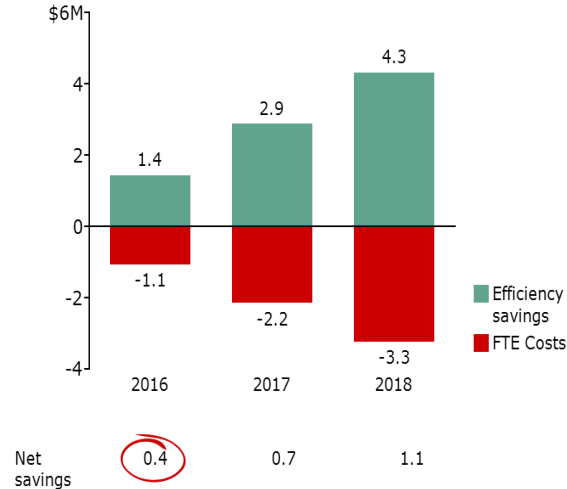
24. According to the initial analysis provided by the AHRMD, the net impact of the changes once fully rolled out (Year 3) are an estimated saving of \$1.1M and an estimated net saving of \$0.4M in Year 1.

*Exhibit 6: Estimated financial impact***EFFICIENCY INITIATIVES WILL DELIVER TOTAL SAVINGS OF ~\$4M...**

Savings from efficiency initiatives, 2016E-2018E

**...WHICH WILL SEE RESTRUCTURING BREAK EVEN IN YR. 1**

Overall financial impact of restructuring, 2016E-2018E



Note: P-grade attrition targets (1%/yr across P1-P6 levels); Automation initiatives targeted at Mailroom & Registry (10% reduction in staff costs assumed over 3 years); Outsourcing initiatives targeted at Fleet Management (25% reduction in costs assumed over 3 years); Shared Services Initiative leading to reduction in support staff (reduction of 3%/yr. assumed); Reduction in spend on printers, ink & paper (50% cost reduction assumed); FTE cost includes post adjustment, Spouse allowance, education allowance, housing allowance & pension contribution; 3 year horizon used in analysis
Source: AHRMD Database; AUC Staff Salary Scale; AUC Interviews

G. COMMENTS BY MEMBER STATES

25. During the discussions, Members of the Sub-Committees made the following observations and comments:

26. The need to reinforce the African Center for the Study and Research on Terrorism (ACSRT), Algiers and to consider the position of Deputy Director of the Centre as a Political Appointee or a Special Representative of the Chairperson instead of recruitment due to the sensitivity of the continental office taking into consideration that the Director of the Centre is already a Political Appointee position.

27. The need to consider having the Chairperson be given more authority over other elected officials as Accounting Officer of the Union.

28. The need to give importance to Women's Right and Gender issues, potentially by having a division within the Social Affairs Department.

29. The importance of clearly explaining in the Report how the implementation of the new structure will be implemented taking into consideration the multi-faceted nature of the political organization, the need for efficiency and the other requirements captured in the basic principles agreed upon in Douala.

30. The risk that the implementation of the new Structure is felt as a threat and that this be addressed through clear communication to all stakeholders as the process is not against anybody.

31. The need to ensure that during implementation of the new structure, the right calibre of staff be recruited

H. RESPONSE OF THE COMMISSION AND CONSULTANTS

32. The Director of AHRM responded as follows:

33. The suggestions, comments and inputs of Member States were most welcome – some will be reflected immediately in the report, and others will be carefully considered as the project progresses and recommendations are developed in further detail. In particular:

34. The comments on ACSRT are well noted and will be reflected in the appendix for consideration.

35. In terms of the authority of the Chairperson as Accounting Officer of the Union, part of the focus of the project is on clarifying decision rights at all levels of the organization; some further recommendations will be developed on this in the coming months

36. The concern about strengthening the gender diversity into the organization will be taken into account. The Gender directorate would be strengthened compared to the mandate given to it.

37. The comments on change management are well noted. Resistance to change as well as risk management will be mitigated to ensure a successful implementation through a systematic and holistic change management approach. This includes the tracking of key areas of resistance and development of specific interventions to address issues as well as a clear and rigorous communication strategy to all stakeholders.

38. The need to ensure a robust recruitment and performance management system is recognized as a priority and is being addressed in parallel

I. RECOMMENDATION AND CONCLUSION

39. The PRC Sub-Committee for Structure recommends that the blessing of the PRC be given to the work to date recognizing that it is work in progress and subject to further modification and development as the project continues.

40. That there are important areas that require further investigation in particular the relationship with the AUC and the RECs and that the Technical Working Group give this priority in the coming months along with the development of the operating model

elements detailed in the plan.

41. That continued detailed engagement is required over the coming months both to fine-tune and detail out the recommendations but also to ensure the required 'buy'in' from key stakeholders

42. That a progress report including the draft recommendations be taken to the upcoming Summit clarifying that these are subject to further development and revision

43. Recommends that the Super-Structure and the N-2 Structure covering up to the Unit Heads be approved by the PRC and the Executive Council as per the Report and Appendix documents submitted with this Report.



AUC Operating Model Restructuring: Appendix 1: Approach and Summary Recommendations to date

May 2015

DRAFT

CONFIDENTIAL

- The following materials should be considered as work-in-progress and reflect work to May 2015
- There are a number of factors which over the coming months may lead to changes in recommendations, including:
 - Modifications to the 10 year strategic plan
 - Further clarity on the role of the AUC vs. RECs coming out of on-going discussions
 - Implications of the process mapping activity on-going in the organization
 - Dialogue with stakeholders within and outside the organization to further detail scope of activity by department/directorate
- Final recommendations targeted for January 2016





- Executive summary
- Context and Approach
- Point of Departure: AUC Org diagnostics
- Emerging Recommendations
- Financial Implications & Implementation Plan



Context and approach: executive summary

- **Agenda 2063 and the 10 year implementation plan** provide clarity on the direction for the AU and its priorities
- However **current AUC structure does not align clearly with priorities** (including benchmarked to comparable organisations – UN, EU) and suggests overlaps in accountabilities with sister organisations (e.g.: RECs, NEPAD) – **AUC structure needs to be aligned to support delivery of Agenda 2063**
- The operating model framework is a powerful tool to think holistically about organisational restructuring and highlights:
 - **The need to follow strategy** – i.e. clarity on priorities and the role of AUC vs. other organs are critical inputs to restructuring; and
 - **The need to address governance, accountabilities, ways of working and capabilities** (as well as structure) to improve efficiency and effectiveness
- Restructuring the AUC is an **18 month + journey of which the current phase is only the first step** – phase 1 is limited to assessment of current structure, design principles and design of structure to N-2 level
- Focus is on identifying actions which can **increase efficiency and effectiveness** (i.e. value for money for Member States) and can be rapidly implemented (e.g.: removal of unnecessary overlap and duplication) as well as beginning to address more fundamental questions that will take longer to resolve (e.g.: role of AUC vs. RECs vs. Member States and the role of NEPAD)
- While restructuring has been attempted in the past, we believe **this approach is different** given
 - (1) the **basis in strategy** (i.e. Agenda 2063)
 - (2) the **commitment shown across different levels** (both technical and political)
 - (3) the **participative approach** with Member States (e.g.: 10 Member States in Technical Working Group); and
 - (4) the strong **bias to action** (e.g.: appetite to consider 'no regrets' actions early)



Diagnostic findings: executive summary



Updated

- Our diagnostic process included a **3-day workshop** with Member State representatives, **over 45 interviews** with AUC senior leadership, **an organisation-wide survey** (~400 respondents) and **targeted analysis** of existing AUC data. Key findings were:
- Overall **pan-African vision of the AU**, as well as the **diverse and highly educated personnel** stand out as strengths
 - Compelling pan-African vision: Seen as a unique and motivational aspect
 - Diverse and highly educated personnel: Multi-ethnic and multi-skilled workers
 - Adaptability and resilience: Ability to respond to constantly changing environment
- However, **AUC organisational effectiveness is perceived as low** by staff
 - AUC employees rank themselves in bottom 9% of organisations in terms of the effectiveness of AUC decision-making; below average of other governmental or public sector organisations
 - Low proportion of employees would recommend others to join AUC (Net Promoter Score of 51%) suggesting low morale
- A combination of **'hard' factors and 'soft' factors** identified as areas for improvement:
 - **Hard factors:** Structures that are not aligned to AUC priorities; unclear accountabilities including with sister organisations (e.g. RECs); weak processes, lack of prioritisation & absence of a robust performance management system
 - **Soft factors:** Siloed culture leading to lack of information sharing; low level of staff motivation and inefficiencies in working style (e.g.: responsiveness to email, meeting preparation)

Current AUC organisation is not set up to deliver Agenda 2063

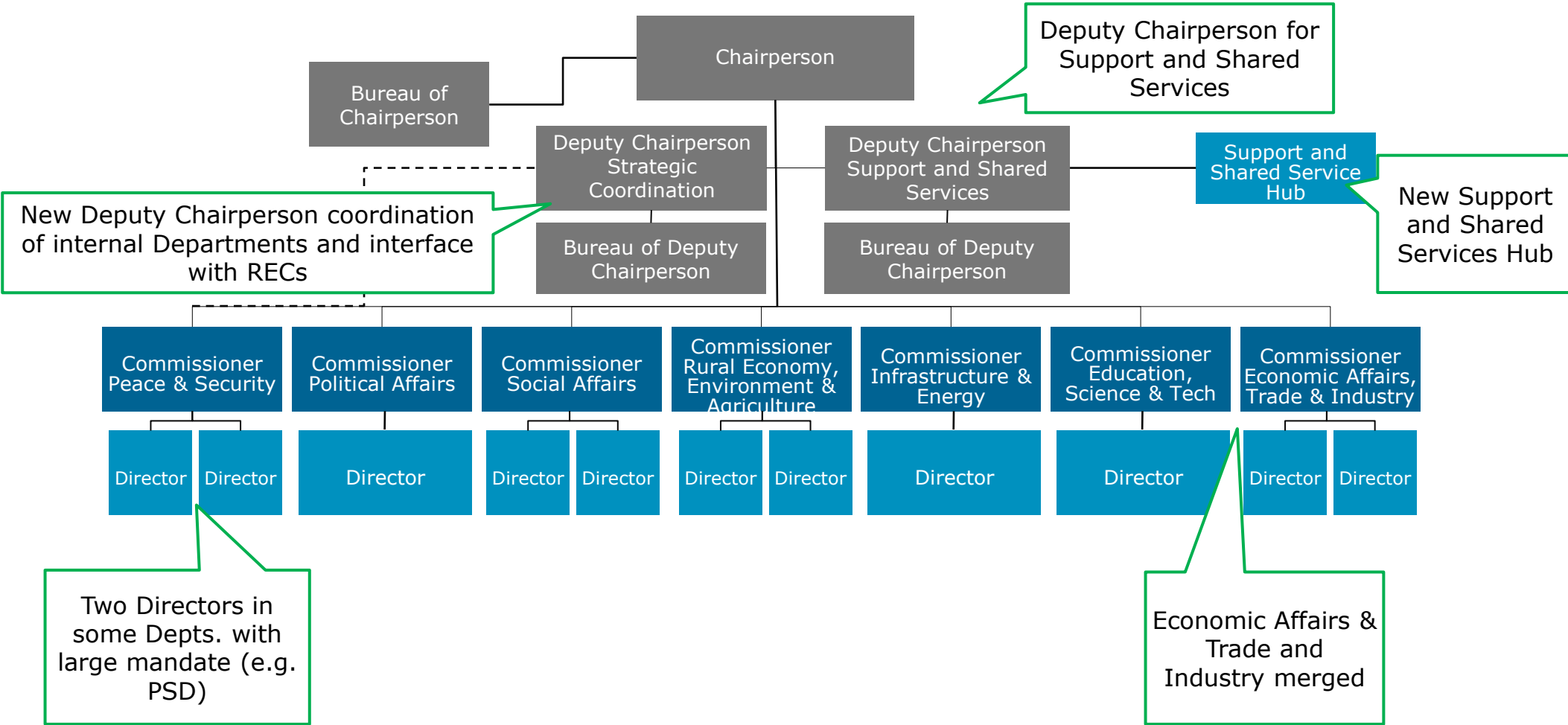


Recommendations: Technical Working Group recommendation on superstructure (1 of 2)



Updated

PRELIMINARY - FOR FURTHER DISCUSSION

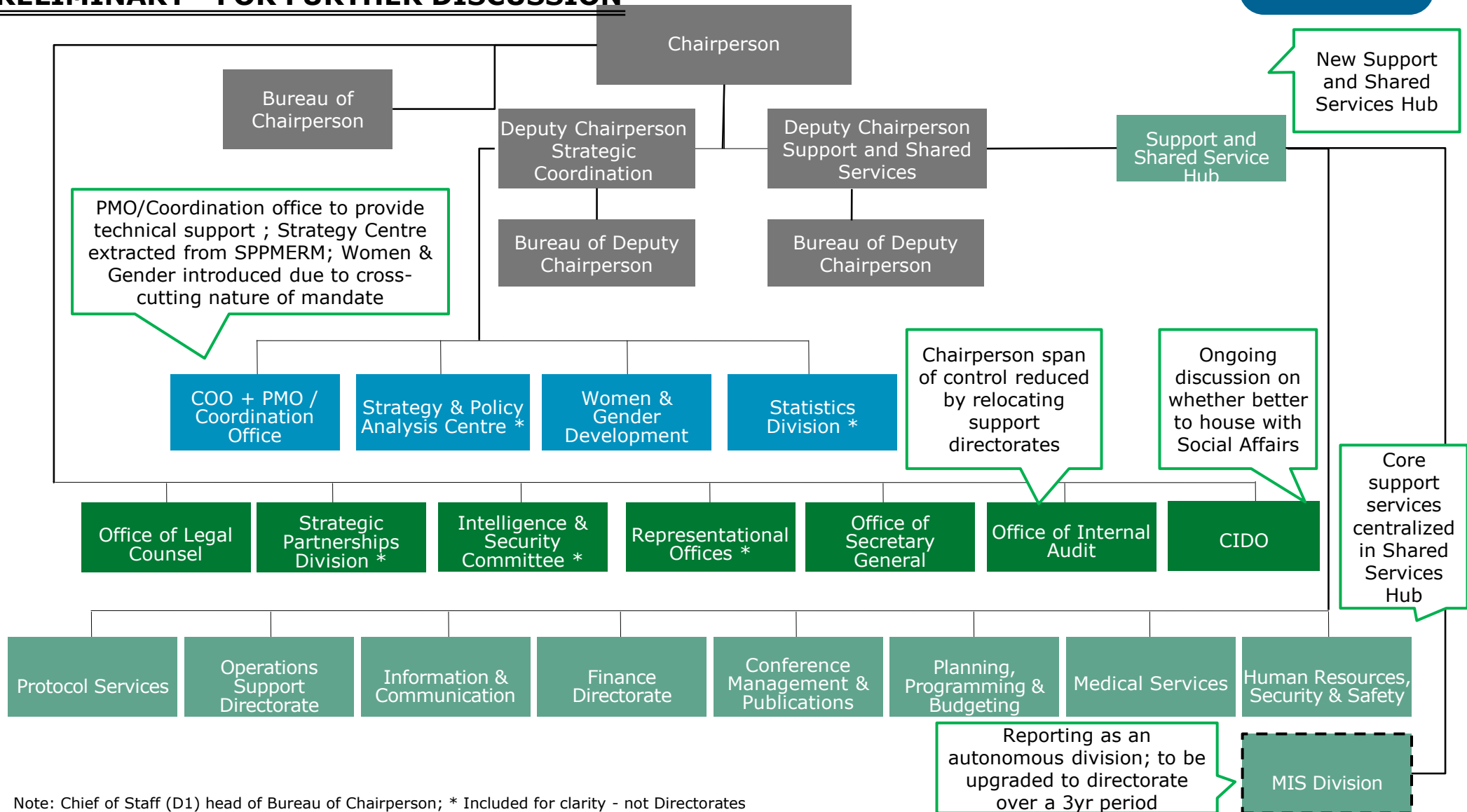


Recommendations: Technical Working Group recommendation on superstructure (2 of 2)



Updated

PRELIMINARY - FOR FURTHER DISCUSSION



Note: Chief of Staff (D1) head of Bureau of Chairperson; * Included for clarity - not Directorates



Financial impact: Proposed structure will lead to an FTE cost increase of ~\$3.3M/yr. once fully implemented



Updated

STAFF GRADE	# IN CURRENT STRUCTURE	# IN PROPOSED STRUCTURE	CHANGE	SALARY (\$)	FULLY LOADED COST (\$)*	ADDITIONAL ANNUAL COST(\$)
D1	20	25	5	114 995	176 661	883 305
P6	4	5	1	90 211	147 255	147 255
P5	73	70	-3	75 783	130 136	-390 408
P4	56	65	9	63 938	116 082	1 044 738
P3	146	162	16	55 814	104 038	1 664 608
Grand total						3 349 498.00

Note: *Fully loaded cost includes post adjustment, Spouse allowance, education allowance, housing allowance & pension contribution; Calculated on the assumption of 3 children (D1-GSA4 international staff, US\$7800 per child/annum and GSA3-GSB5 local staff, US\$2520.00 per child/annum); D1-GSA4 (International) calculated at the rate of 19% on pensionable salary (basic salary raised by 117%) and grades GSA3-GSB5 (basic salary only)
Source: AHRMD Database; AUC Staff Salary Scale



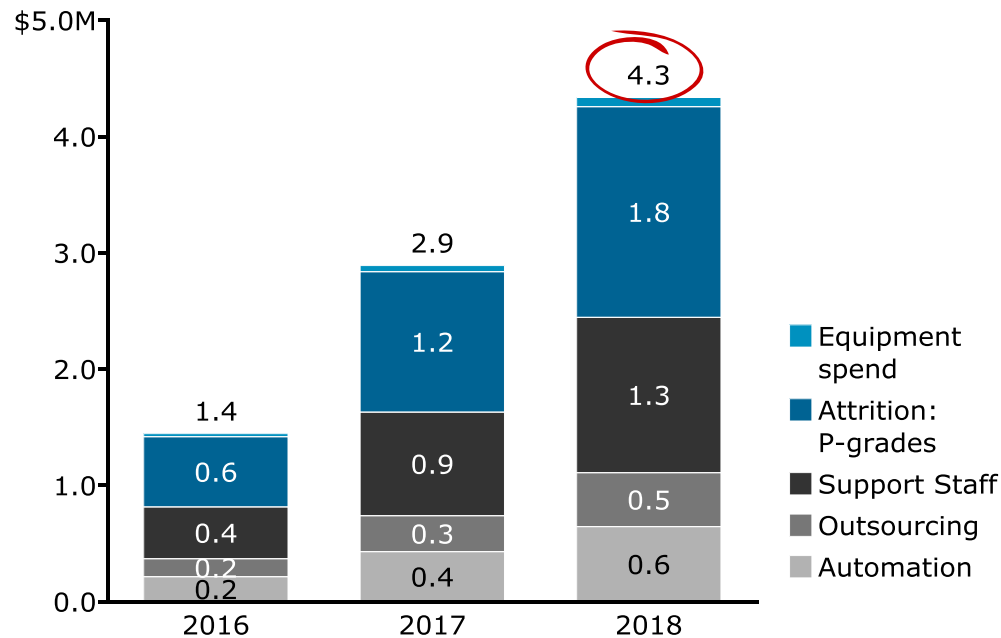
Financial impact: Targeted efficiency initiatives should see overall restructuring achieve break-even in yr. 1



PRELIMINARY

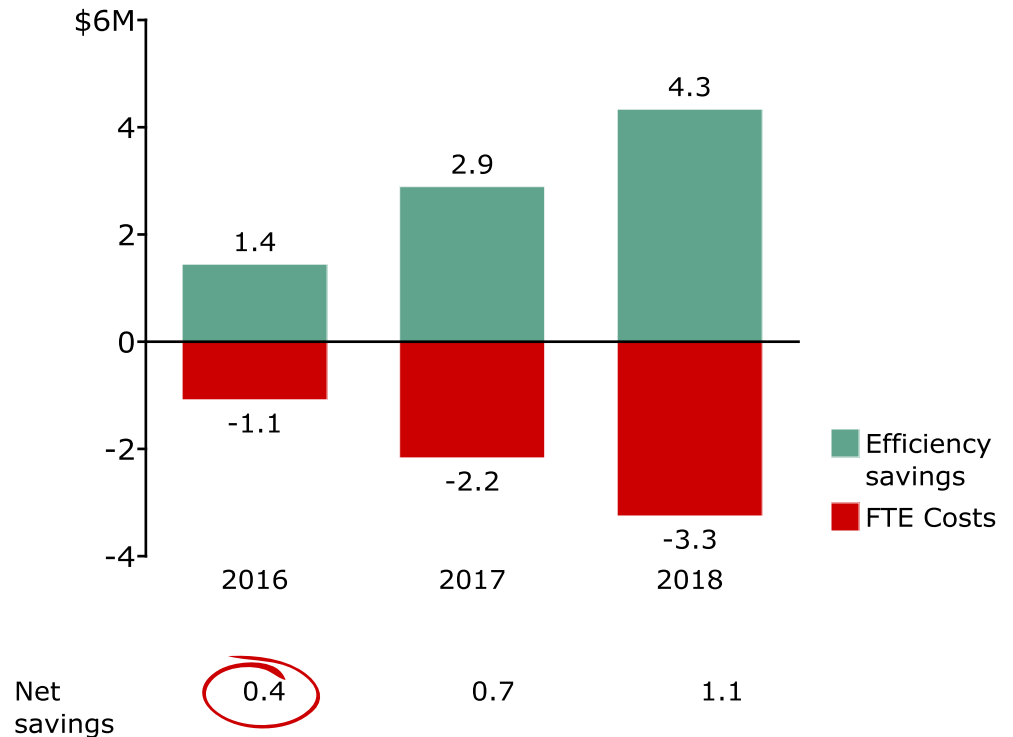
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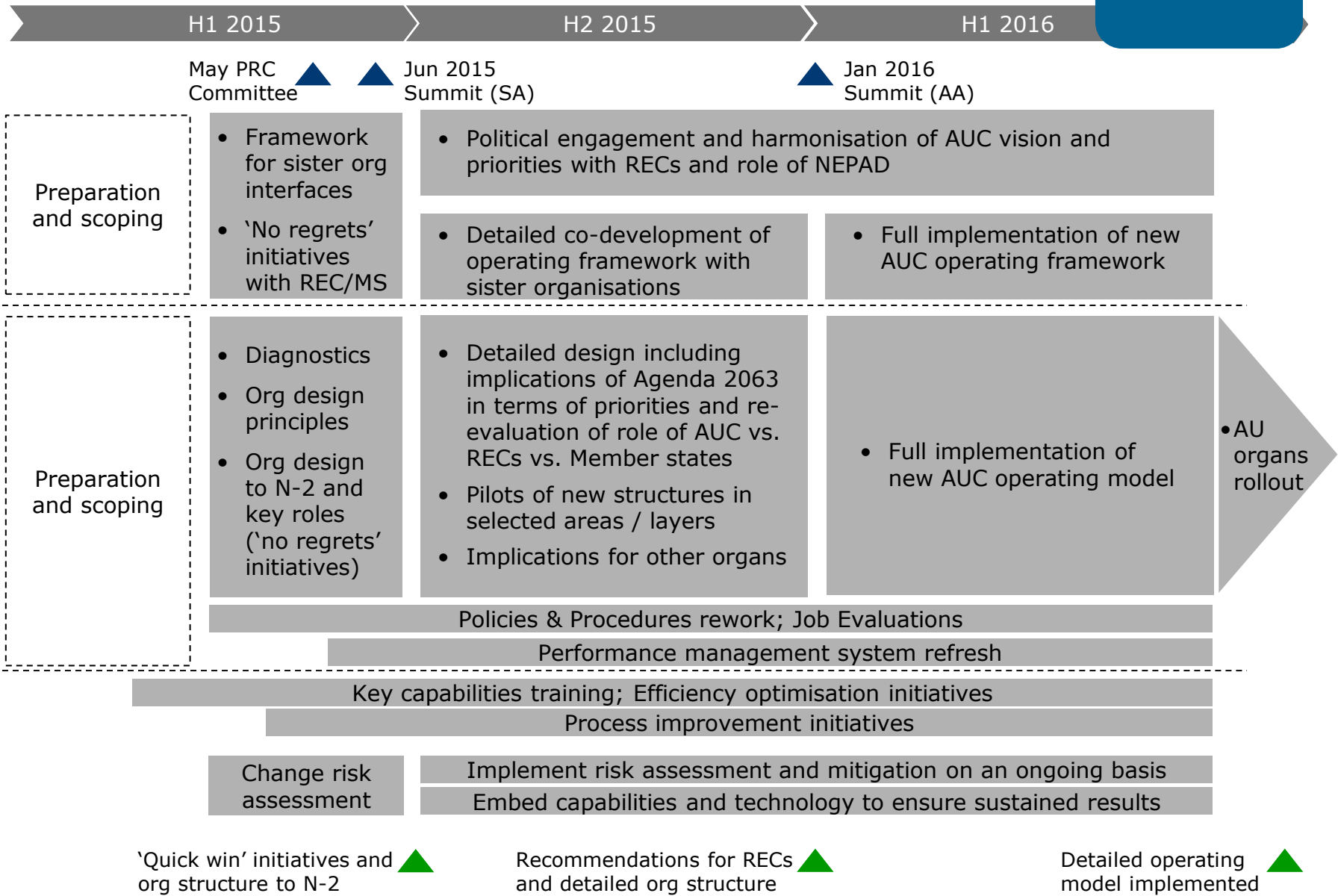
Source: AHRMD Database; AUC Staff Salary Scale; AUC Interviews



Implementation/change mgmt: 18 month roadmap developed for AU operating model transformation



Updated



Implementation/change mgmt:

Summary recommendation



- Develop plan for restructuring that includes **annual targets by portfolio** giving flexibility to leaders on how to deliver
- Include in plan a **communications strategy and 'sell' the benefits of the restructuring** to the organization (at all levels) and communicates early successes
- Take actions to **engage and monitor the 'sponsorship spine'** so all levels are engaged e.g.: provide materials to teams to communicate with their direct reports on the restructuring including why they support
- Focus on **driving decision-making as close to 'point of delivery' as possible** to empower teams to drive change
- Put in place temporary structures (restructuring supervisor team and technical team) **to create transparency** on progress and to help address issues as they arise





- Executive summary

- Context and Approach

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PRC WORKSHOPS



- Ongoing series of interactions with Member States representatives
- **Initial kickoff** workshop:
 - Douala March 23 – 26, 2015
 - Attended by ~40 Member States reps, ~30 AUC staff
- Weekly workshops with **Technical Working Group**
 - Meetings with 10 Member State representatives to challenge and evaluate findings
- **Solutions workshop:**
 - Synthesized key findings and developed recommendations

INTERVIEWS



- Conducted in **AA, Washington DC, New York, Brussels** and through **VC** from March 30
- ~45 interviews conducted so far, with **Commissioners, Directors, Heads of Units, Ambassadors** and other **senior AUC management**
- Core interview team:
 - 2 member states representatives
 - 1 representative from AHRMD
 - 1 consultant

DEA* SURVEY



- Electronic survey on decision and org effectiveness conducted April 6 – 17 among **all AUC staff, including regional offices**
- ~**400 respondents** to survey (estimated ~40% among online staff)
- Established baseline for key organizational issues and benchmarked AUC's effectiveness against comparable organizations

DATA ANALYSIS



- Key documents on **AUC's organizational structure and ways of working** analyzed, including:
 - Current staff structures based on available organograms, SAP, Maputo Structure, post Maputo ratifications
 - Mid and long term AUC strategic documents
 - AUC Handbook
 - Past restructuring initiatives' recommendations
 - Budget framework paper for the AUC

Context and approach: executive summary

Updated

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The AU has a compelling vision in Agenda 2063 that clarifies our focus over the next 50 years...



AGENDA 2063

"An integrated prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena"

7 Core Aspirations

- **Inclusive growth** and **sustainable development**
- **Integrated, politically united** and based on the ideal of Pan Africanism and shared vision of Africa's Renaissance
- **Good governance, democracy**, respect for human rights, justice and the rule of law
- **Peace and security**
- **Strong cultural identity, common heritage**, shared values and ethics
- People-driven development that unleashes the **potential of women and youth**
- Strong, united and **influential global player** and partner

Source: AU website – Agenda 2063



...which has been translated into medium-term strategic priorities and flagship projects for the AUC



SHORT-MEDIUM TERM STRATEGIC PLAN (2014-17)

- Promote **peace, stability, good governance, democracy** and **human rights**
- Expand **agricultural production** towards **self-sufficiency**
- Promote **inclusive economic development** and **industrialization**
- Build Africa's **human capital** through better **primary health care** and investment in **education**
- Promote mainstream participation of **women and youth**
- Implement strategic **resource mobilization**
- Strengthen AU to be **people-centered** through **better communication** of programs and **branding**
- Strengthen **institutional capacity** and **stakeholder engagement**

FLAGSHIP PROJECTS* (BASED ON MALABO JUNE 2014)

- **Free movement of people and goods** (Continental Free Trade Area and African Passport)
- **Transport infrastructure** (inc. integrated high speed train network)
- **Energy** (inc. Grand Inga Dam)
- **Agriculture and agribusiness**
- **Industrialisation**
- **Intra-African trade** (inc. Unification of African Air Space and Aviation)
- **Human development** (inc. Pan African E-network and University)
- **Domestic Resource Mobilisation** (inc. addressing illicit outflows)
- **Peace, Security and Good Governance**

* To be confirmed

Source: AUC Strategic Implementation Plan 2014-17; Executive Council Decisions Malabo 2014; AUC interviews



This mandate have moved on significantly from the original OAU's 'raison d'être'



OAU: POLITICAL SOVEREIGNTY AND FREEDOM

Unity	<ul style="list-style-type: none"> Promote the unity and solidarity of African States
Sovereignty	<ul style="list-style-type: none"> Defend the sovereignty, territorial integrity and independence of its members
Independence	<ul style="list-style-type: none"> Eradicate all forms of colonialism from Africa
Cooperation	<ul style="list-style-type: none"> Co-ordinate and intensify the members' co-operation and efforts to achieve a better life for the peoples of Africa
International cooperation	<ul style="list-style-type: none"> Promote international co-operation, giving due regard to the Charter of the United Nations and the Universal Declaration of Human Rights
Policy coordination	<ul style="list-style-type: none"> Co-ordinate and harmonise members' political, diplomatic, economic, educational, cultural, health, welfare, scientific, technical and defence policies

AU: POLITICAL STABILITY, INTEGRATION, ECON. DEVELOPMENT

Peace and Stability	<ul style="list-style-type: none"> Promote peace and stability
Agricultural Production	<ul style="list-style-type: none"> Expand Agricultural production, developing the Agro-processing and businesses sectors, increase market access and attain Africa's collective Food self-sufficiency and nutrition
Econ. Development & Industrialization	<ul style="list-style-type: none"> Promote inclusive economic development and industrialization
Human capacity	<ul style="list-style-type: none"> Build Africa's human capacity
Women & Youth	<ul style="list-style-type: none"> Mainstream the participation of women and the youth in all priorities and activities of the Union and the continent
Resource mobilization	<ul style="list-style-type: none"> Implement strategies of resource mobilization
People-centred Union	<ul style="list-style-type: none"> Strengthen a people centered Union through active communication of the programmes of the AU
Institutional capacity	<ul style="list-style-type: none"> Strengthen the institutional capacity of the AUC, the RECs and other organs, and its relations with strategic & other partners

Political focus

Other focus

Source: Strategic Plan 2014 – 2017 for the African Union Commission; South African Department of International Relations and Cooperation; Lit. search



But the AUC's structure does not map naturally to the priorities laid out in the strategic plan...



Directorates Priority*	Peace and Security	Political Affairs	Social Affairs	DREA	Infrastructure & Energy	Trade & Industry	HRST	Economic Affairs	CIDO	Strat Partnerships	Women & Gender	ICD	DCP
Peace and Stability	✓	✓											
Agricultural Production				✓									
Economic Development & Industrialization					✓	✓		✓					
Human capacity			✓				✓						
Women & Youth			✓				✓				✓		
Resource mobilization								✓		✓			
People-centred Union									✓			✓	
Institutional capacity													✓

* Priorities laid out in Strategic Plan 2014-17

✓	Full coverage	✓	Partial coverage
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...especially when benchmarked to the UN which has greater structural coverage of key priorities



Dep't	Exec. Office of SG	Political Affairs	Disarmament Affairs	Peace-keeping Operations	Coordination of Human Affairs	Econ. And Social Affairs	Gen. Assembly & Confer. Mgmt.	Public Information	Field support	Internal Oversight Services	Legal Affairs	Safety and Security	Management
Maintain international peace & security	✓	✓	✓	✓									
Develop friendly relationships among nations	✓	✓	✓	✓					Internal function: Support for UN operations on ground		Internal functions		
Achieve int'l co-operation in solving international problems	✓				✓	✓	✓	✓					
Be a centre for harmonizing the actions of nations	✓	✓			✓	✓	✓	✓					

 Full coverage
  Partial coverage

* Purpose represents the 4 purposes defined in the UN Founding Chapter
 Note: SG's Generational Imperatives and Opportunities includes: Sustainable Development; Prevention of natural disaster impact, violent conflicts, human rights violations, and economic and financial shocks; Building a safer and more secure world by innovating and building on our core business; Supporting nations in transition; Working with and for women and youth
 Source: UN Founding Chapter; UN and departments websites; lit. search

...or the EUC which also has more coverage of stated priorities



Priority*	Vice-Presidency	First Vice President Better regulation; Inter-institutional relations; Rule of Law and Charter of Fundamental Right	Vice President Budget & Human Resources	Vice President Energy Union	Vice President Jobs, Growth, Investment & Competitiveness	Vice President The Euro and Social Dialogue	Vice President Digital Single Market	High Representative of the Union of Foreign Policy & Security Policy
	Boost for jobs, growth and investment					✓		
Connected digital single market							✓	
Energy union with a forward-looking climate change policy				✓				
Deeper and fairer internal market with a strengthened industrial base		✓			✓	✓		
Deeper and fairer econ. and monetary union		✓	Primarily internal function			✓		
Reasonable and balanced free trade agreement w/ U.S.								✓
Area of Justice and Fundamental Right		✓						
New policy on migration		✓						
Stronger global actor								✓
Union of democratic change								

Full coverage
 Partial coverage

* Priorities are as defined by the Commission President upon his appointment and restructuring of the organisation (with addition of VPs) in 2014
 Source: A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Changes; EUC website

...and there is an unclear relationship between the AUC and sister organisations (e.g. RECs, NEPAD)



ILLUSTRATIVE

Overlaps with AUC mandate for economic and social development

Regional overlaps with AUC mandates on peace & security, integration and economic development

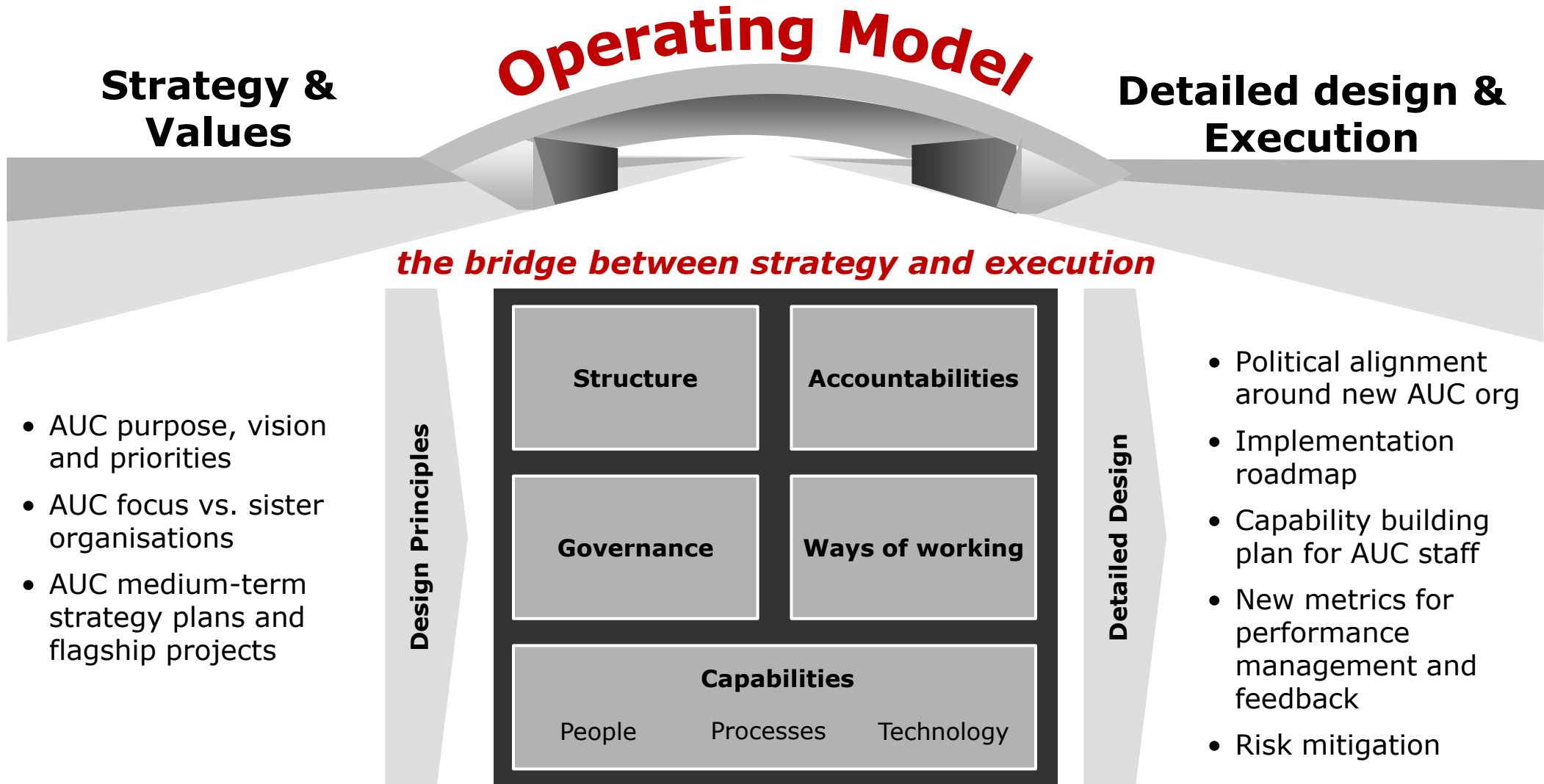
Organisation	AUC	AfDB	NEPAD	EAC	ECOWAS	SADC
Region	Pan-African	Pan-African	Pan-African	East Africa	West Africa	Southern Africa
Mission & Objective	Become an efficient and value-adding institution driving the African integration and development process in close collaboration with AU Member States, RECs, and African citizens	Spur sustainable economic development and social progress in its regional member countries, thus contributing to poverty reduction	Build an integrated, prosperous and peaceful Africa driven by its own citizens and representing a dynamic force in the global arena	Widen and deepen economic, political, social and cultural integration in order to improve the quality of life of E. Africa through increased competition, value added production, trade and investment	Create a borderless region where the population has access to its abundant resources and is able to exploit same through the creation of opportunities under a sustainable environment	Promote sustainable and equitable economic growth and socio-economic development through efficient, productive systems, deeper co-operation and integration, good governance, and durable peace & security
Founded	• 1999	• 1963	• 2001	• 1967*	• 1975	• 1992
Head-quarters	• Addis Ababa, Ethiopia	• Abidjan, Côte d'Ivoire	• Midrand, South Africa	• Arusha, Tanzania	• Abuja, Nigeria	• Gaborone, Botswana

How should overlaps in mandate be managed? What is the correct operating framework between the organisations?

*Originally founded in 1967, however collapsed in 1977 and was revived in 2000
Source: Organization websites; Lit search



The Operating Model framework is a powerful tool to assess the optimal organization for the AUC's goals



The Operating Model framework poses four foundational questions for the AU



- 1 What should be the **core priorities** of the AU, given the vision laid out in Agenda 2063?
- 2 In achieving this mandate, what should be the **AUC's role versus Member States and versus sister organisations** – particularly the RECs and NEPAD?
- 3 Given the AUC's role, what is the **optimal operating model** to deliver our desired outcomes? (structure, accountabilities, governance, ways of working and capabilities)
- 4 How do we ensure we **effectively implement project recommendations** this time (based on lessons learned from the past and other organisations)?
 - What '**quick win**' initiatives can be actioned to build momentum during the organisational transformation?



Addressing these questions in detail is a long journey: 12-18+ months to transform the AU operating model



Updated

Current focus

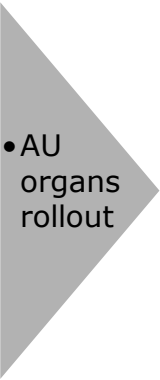
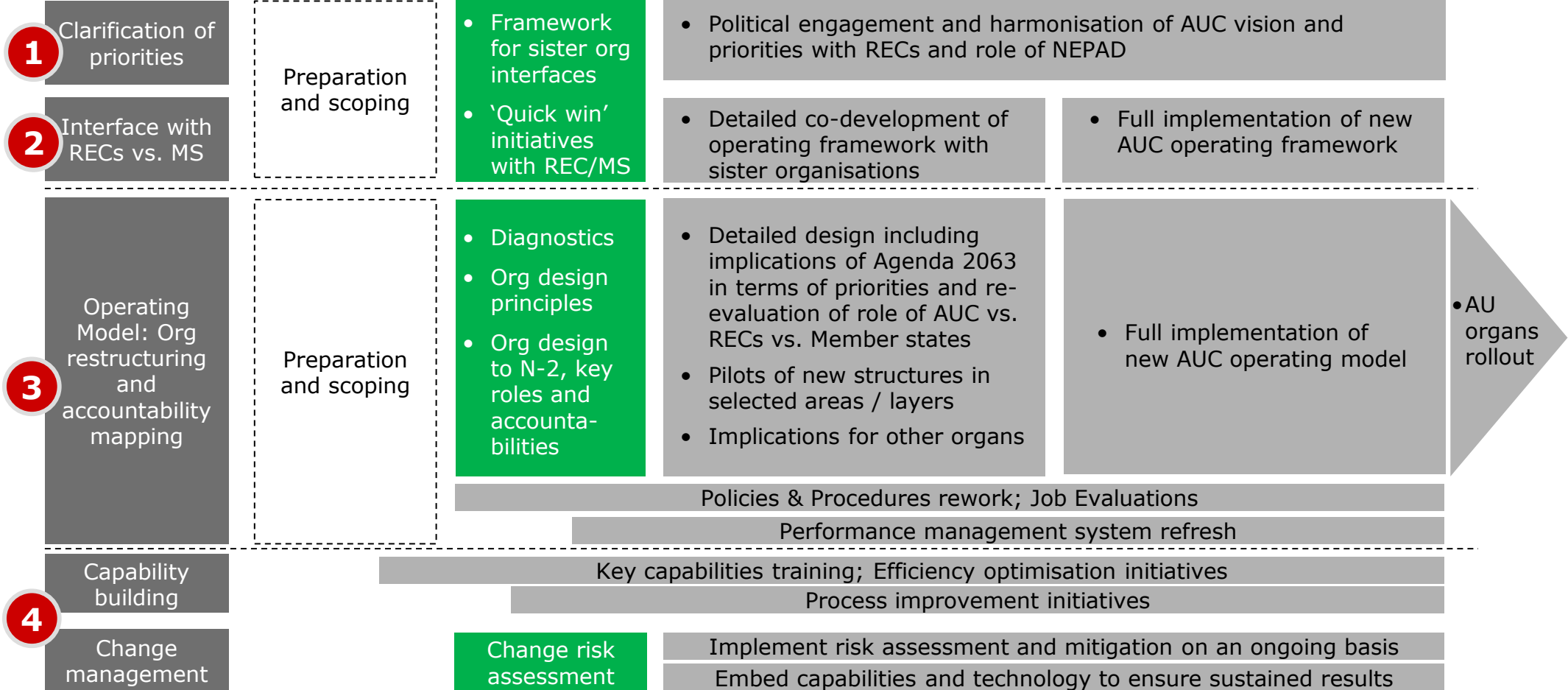


Key dates:

May PRC Committee ▲

Jun 2015 Summit (SA) ▲

Jan 2016 Summit (AA) ▲



Key deliverables:

'Quick win' initiatives and org structure to N-2 ▲

Recommendations for RECs and detailed org structure ▲

Detailed operating model implemented ▲



Current focus is on high-impact/short 'lead time' actions as well as highest impact actions with longer 'lead times'



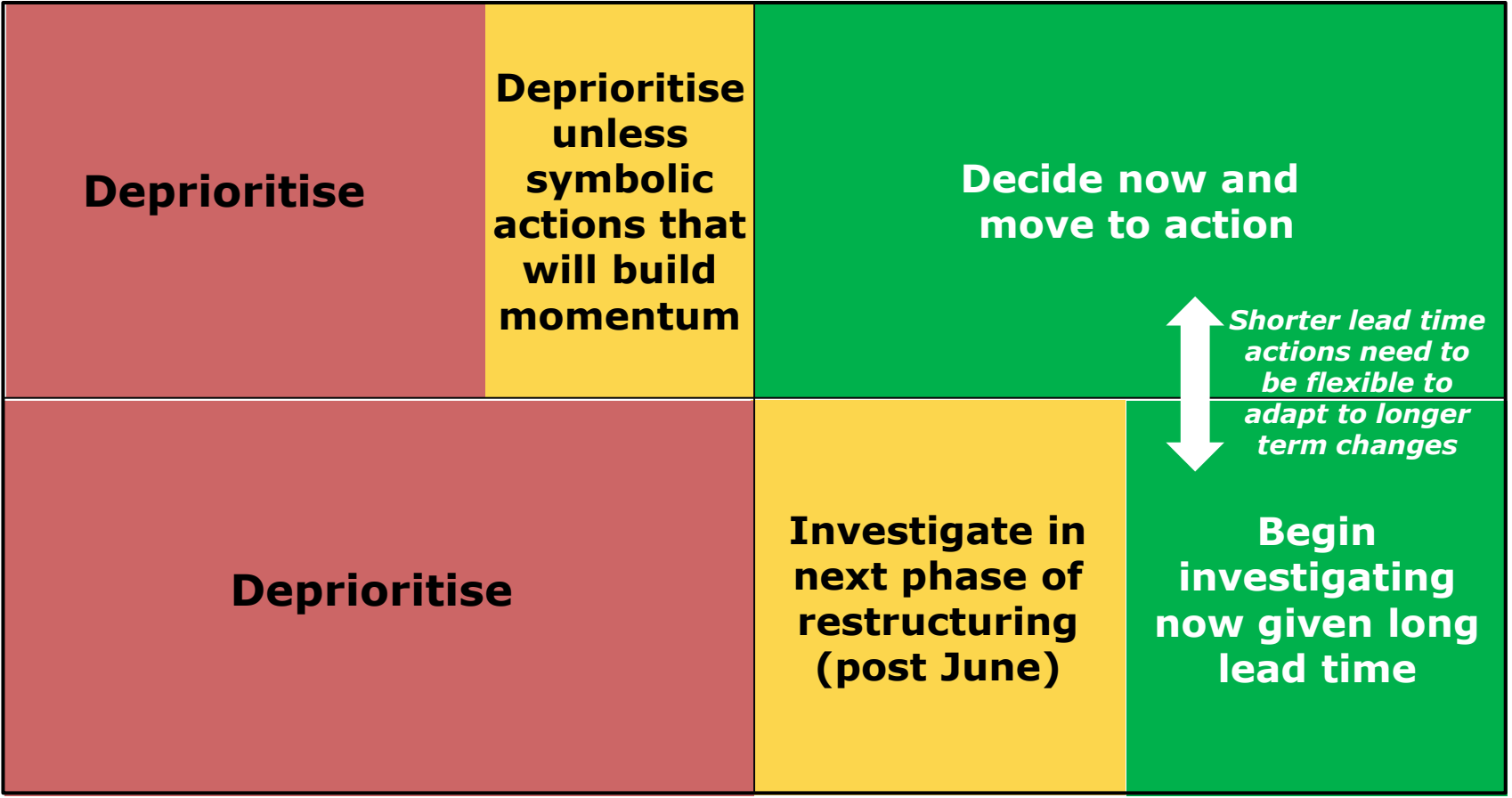
= Focus for this phase of restructuring

FRAMEWORK

Speed of implementation

High
(e.g.: does not require engagement with 3rd parties or changes to Constitutive Act)

Low
(e.g.: requires engagement with 3rd parties or changes to Constitutive Act)



↑ Shorter lead time actions need to be flexible to adapt to longer term changes ↓

Low

High

Impact in terms of efficiency and effectiveness



This means that for specific topics (e.g.: AUC structure) some recommendations can be considered now



= Focus for this phase of restructuring

EXAMPLES

Speed of implementation

High
(e.g.: does not require engagement with 3rd parties or changes to Constitutive Act)

Low
(e.g.: requires engagement with 3rd parties or changes to Constitutive Act)

Speed of implementation	High (e.g.: does not require engagement with 3 rd parties or changes to Constitutive Act)	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Simple mechanisms to enhance co-ordination 	<ul style="list-style-type: none"> • Alignment of departments with priorities of Agenda 2063 • Removal of un-necessary duplication and overlap • Efficiency initiatives to increase value for money for Member States
	Low (e.g.: requires engagement with 3 rd parties or changes to Constitutive Act)	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Change in number of departments 	<ul style="list-style-type: none"> • Change in role of Commission vs. RECs and Member States

↑ Shorter lead time actions need to be flexible to adapt to longer term changes ↓

Low

High

Impact in terms of efficiency and effectiveness



This is not the first attempt to restructure the AUC; but our approach is different this time



Grounded in Agenda 2063

- Agenda 2063 as a compelling and unifying vision which builds buy-in and engagement across the Commission

Strong commitment at all levels

- Highly committed and driven team
- Broad recognition of a unique window to transform ourselves and transform Africa

Collaboration with Member States

- Highly collaborative approach, working hand-in-hand with Member States, RECs and all the key stakeholders of the Commission

Strong bias to action

- Recognition that some actions will take a long time to align behind – focus on solving these but building momentum with other actions in parallel





- Executive summary
- Context and Approach
- Point of Departure: AUC Org diagnostics
- Emerging Recommendations
- Financial Implications & Implementation Plan





Diagnostic findings: executive summary

- Overall **pan-African vision of the AU**, as well as the **diverse and highly educated personnel** stand out as strengths
 - Compelling pan-African vision: Seen as a unique and motivational aspect
 - Diverse and highly educated personnel: Multi-ethnic and multi-skilled workers
 - Adaptability and resilience: Ability to respond to constantly changing environment
- However, **AUC organisational effectiveness is perceived as low** by staff
 - AUC employees rank themselves in bottom 9% of organisations in terms of the effectiveness of AUC decision-making; below average of other governmental or public sector organisations
 - Low proportion of employees would recommend others to join AUC (Net Promoter Score of 51%) suggesting low morale
- A combination of **'hard' factors and 'soft' factors** identified as areas for improvement:
 - **Hard factors:** Structures that are not aligned to AUC priorities; unclear accountabilities including with sister organisations (e.g. RECs); weak processes, lack of prioritisation & absence of a robust performance management system
 - **Soft factors:** Siloed culture leading to lack of information sharing; low level of staff motivation and inefficiencies in working style (e.g.: responsiveness to email, meeting preparation)

Current AUC organisation is not set up to deliver Agenda 2063



Key strengths of AUC are Pan-Africanism, diversity of culture, talented staff and adaptability



Well-positioned Pan-African organization

- **"Pan-Africanism** is a powerful motivating force"
- "The only Pan African organization **driven by priority interests of Africa**"
- **"Well positioned regional organisation** that can do a lot for the continent, in terms of Development, Peace and Security and overall regional integration"

Diverse cultures & talented staff

- **"Diversified personnel** with **requisite qualifications and experiences**"
- "Our biggest strength is that we have a **diverse workforce**"
- **"Multi-ethnic and multi-cultural skilled/experienced human resource** is key strength"
- "The **staff is the key strength** due to **diversity of cultures** and knowledge of employees"

Adaptability of organisation (and people)

- "Our people have shown **resilience and flexibility** in adapting to the changing nature of the Union as it has grown"
- "We have the **ability to implement** effective strategies with **limited financial and human resources**"

Source of quote: ■ PRC Workshop ■ Interviews ■ Survey

Source: Client diagnostic (n=389 respondents; Confidence Level: 95+/- 4%); Douala Restructuring Workshop; AUC Interviews (N=46)

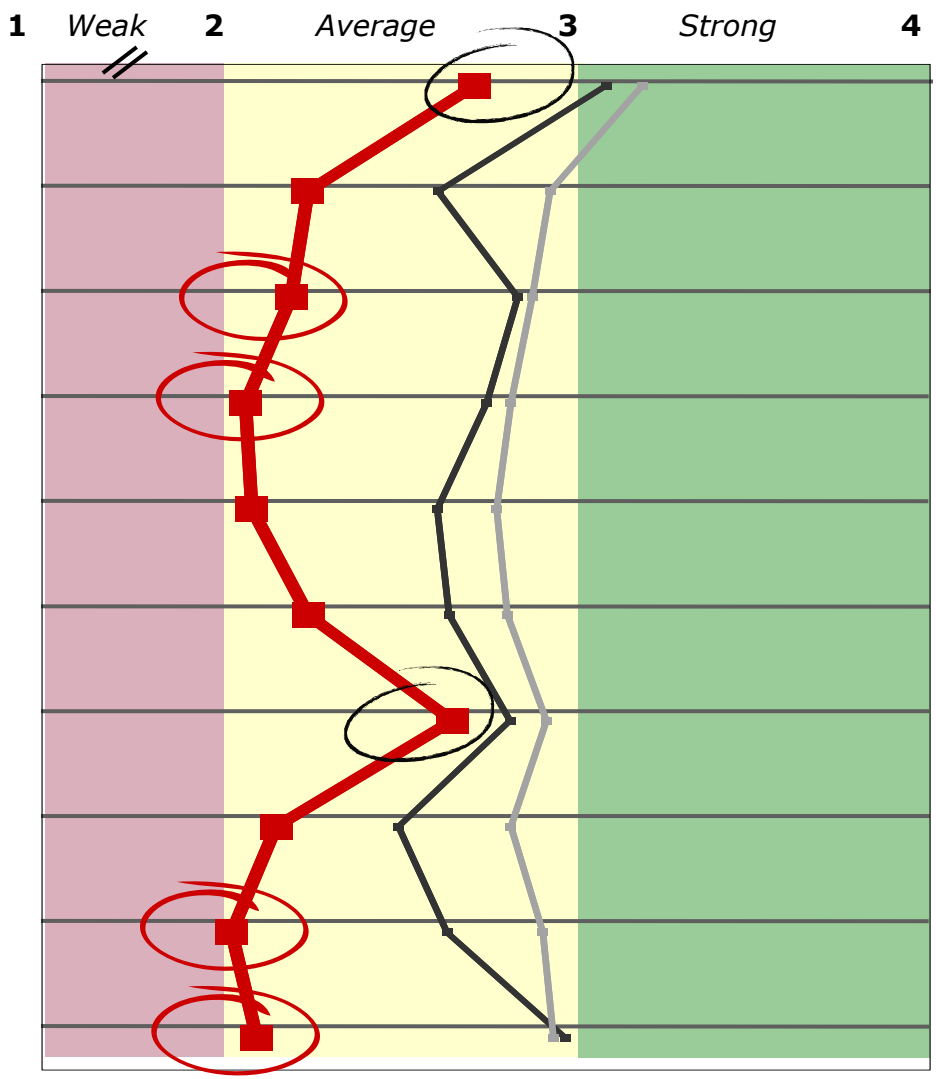


However overall AUC self assessment on key organizational elements is low



◆ Avg. for Govt./Non-profit
◆ Overall avg.
◆ AUC

- Clarity & Alignment**
 - Clarity** on vision and priorities
 - Communication and **alignment**
- Roles & Structure**
 - Clear **roles** for critical decisions
 - Structure** that enables key decisions
- Processes & Information**
 - Effective decision **processes**
 - Right **information**, right form, right time
- People & Performance**
 - Competent **people** in the right jobs - skill
 - Performance**-linked objectives/incentives
- Leadership & Culture**
 - Cohesive **leadership**
 - Enabling **culture**



○ Key weaknesses ○ Relative strengths

11 key organization issues identified – structure, interfaces, collaboration and accountabilities key



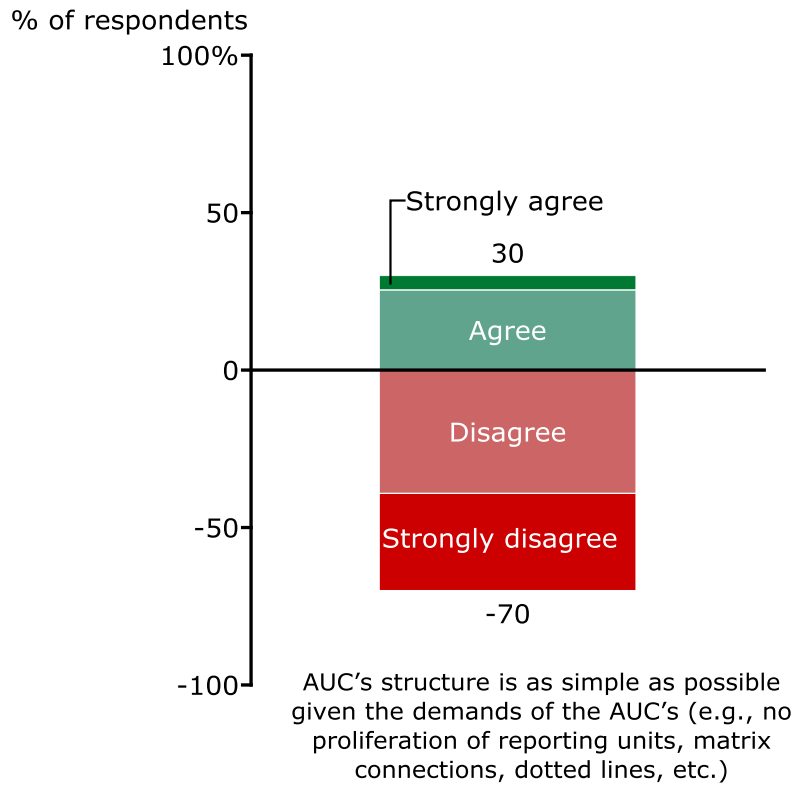
‘Hard’ Factors	
Ineffective structures	<ul style="list-style-type: none"> • Structure has not evolved to reflect Agenda 2063 priorities impacting ineffectiveness; prevalence of short term staff impacting effectiveness & motivation
Dysfunctional interfaces with sister organizations	<ul style="list-style-type: none"> • Lack of clarity in mandate and ineffective collaboration with RECs leading to overlaps and inefficiencies
Lack of clarity of roles and responsibilities	<ul style="list-style-type: none"> • Lack of clarity of roles resulting in conflict and duplication between individuals, and across and within departments
Ineffective performance management	<ul style="list-style-type: none"> • Absence of effective performance management leading to lack of accountability and staff demotivation
Lack of prioritization	<ul style="list-style-type: none"> • Lack of prioritization resulting in a proliferation of mandates and stretched use of resources
Ineffective processes	<ul style="list-style-type: none"> • Ineffective processes in procurement and recruiting leading to AUC’s lack of capacity to deliver with quality and on time
‘Soft’ Factors	
Absence of a collaborative culture	<ul style="list-style-type: none"> • Culture of mistrust and competition resulting in poor collaboration and a pervasive silo mentality
Low level of staff motivation	<ul style="list-style-type: none"> • Low level of staff engagement due to a short term career visibility for the majority of staff (short –term) and lack of growth opportunities
Inefficient working style	<ul style="list-style-type: none"> • Inefficient working styles including meeting and communication norms (e.g. emails, memos, etc.), impacting motivation and productivity
Lack of information- sharing	<ul style="list-style-type: none"> • Inadequate levels of communication within and between departments leading to ineffective coordination, planning and decision making
Leadership gaps	<ul style="list-style-type: none"> • Self-interested leadership resulting in poor decision making and prioritisation

Number of mentions: ■ Highest frequency ■ Medium frequency



1

Ineffective structures: Ineffective structures in many areas reduce efficiency



AUC average	2.0
High performing org average	3.0
Other org average	2.5

STRUCTURE GENERALLY VIEWED AS INEFFICIENT AND MISALIGNED WITH AUC MANDATE

*"There are **shadow structures** in too many departments"*
 PRC workshop participant

*"It is not clear who the unit heads are, so **everyone ends up reporting to me**"*
 AUC Interviewee

*"Our **structure is not flexible** but our mandate keeps growing."*
 AUC Interviewee

Note: NAs excluded; 1=Strongly disagree, 2=Disagree, 3=Agree, 4=Strongly agree; High performer = top quintile "decision effectiveness" scores
 Source: Bain decision and org effectiveness survey Jan 2013 (n=1001 organizations); AUC diagnostic(n=389 respondents; Confidence Level: 95+/- 4%); PRC Workshop; AUC Interviews

1

Ineffective structures: High proportion of short term staff (58%) exacerbates the issue



AS AT MARCH 9, 2015

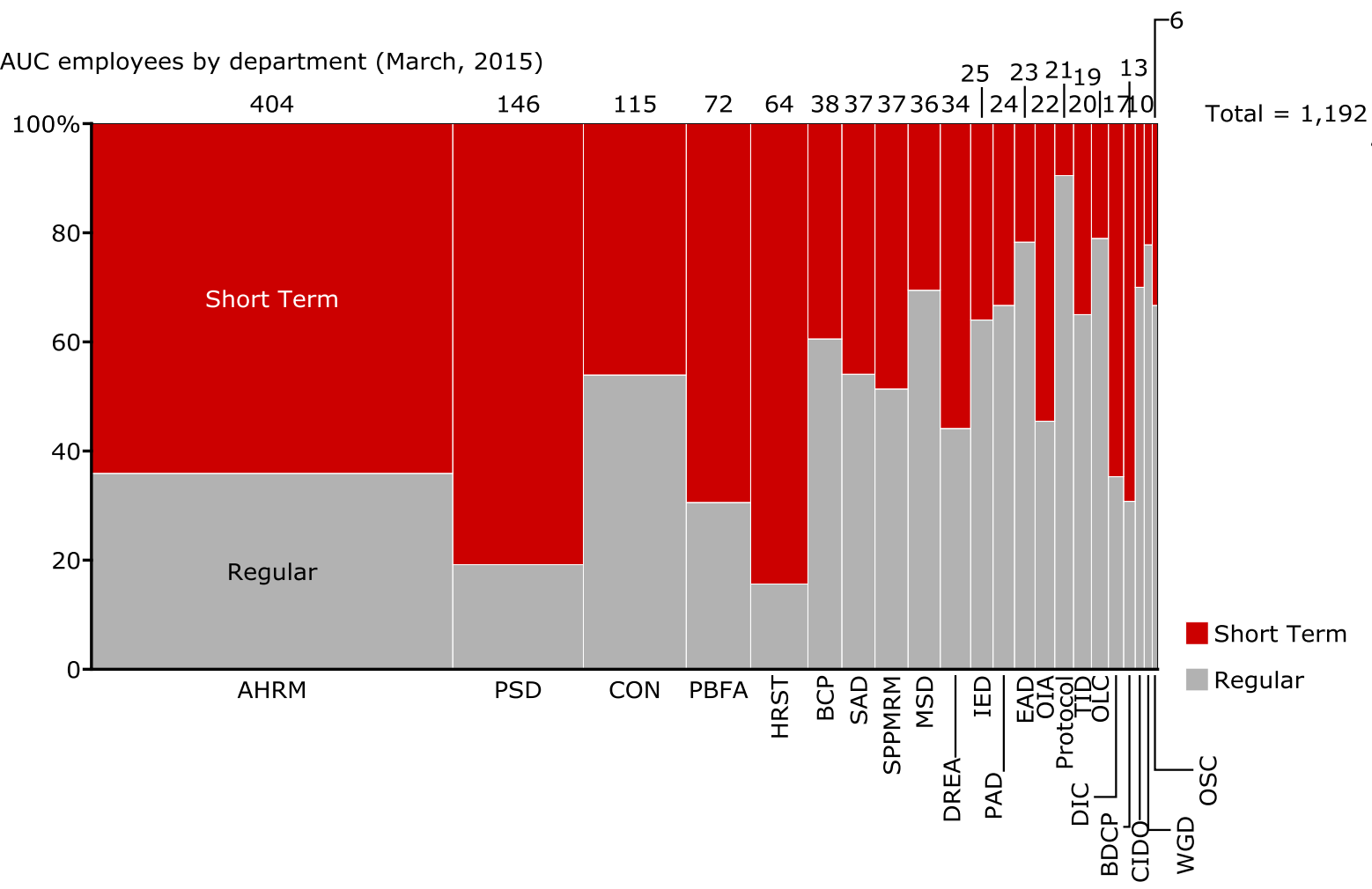
HEAVY DEPENDENCE ON SHORT-TERM STAFF PREVALENT ACROSS AUC

*"The structures in many departments are too vertical and **filled with short term staff**"*
AUC Interviewee

*"The structure is unbalanced; **there are too many short term staff**"*
Survey respondent

*"There is a **huge difference between short-term and regular staff** in terms of privileges. Short-term staff are **insecure and unmotivated** ... though they end up working for the AUC for many years"*
Survey respondent

AUC employees by department (March, 2015)



Note: Only headquarters staff included; representational offices, liaison offices and international missions not included
Source: AUC Data

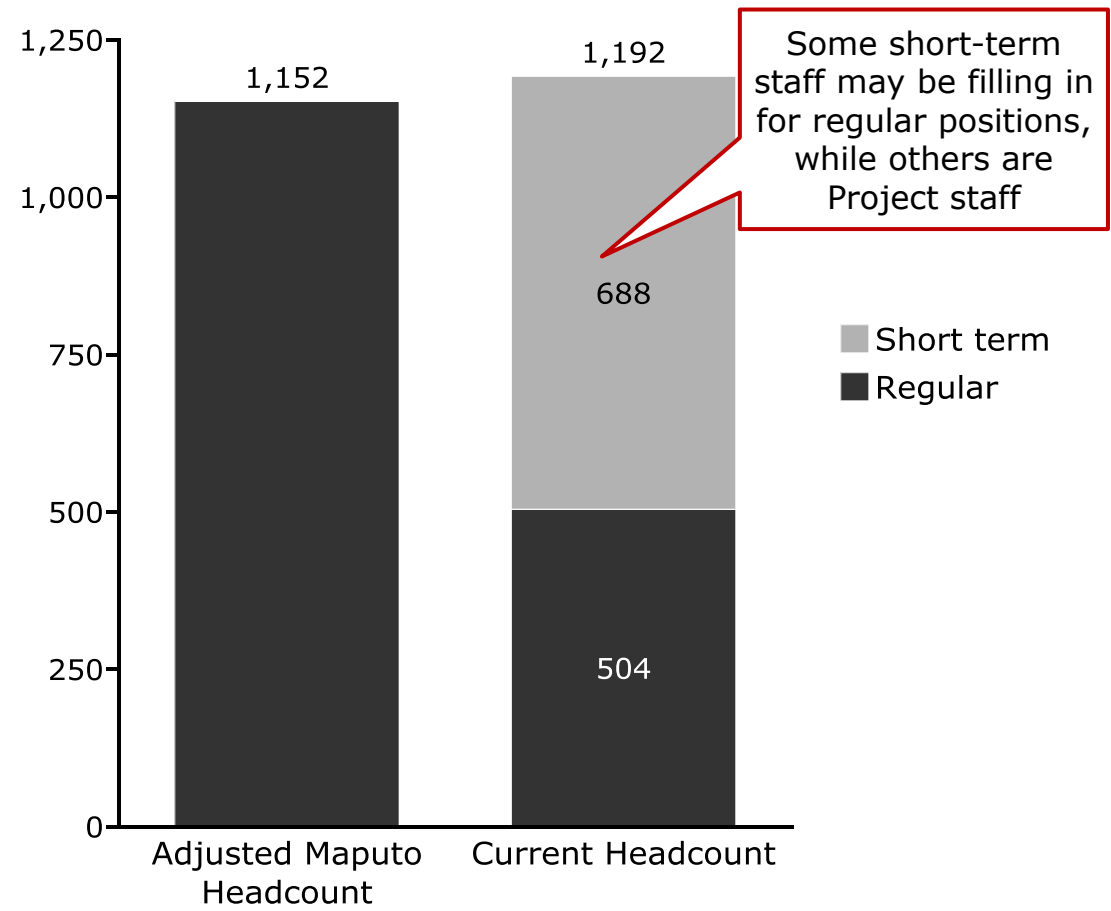
1 Ineffective structures: Regular positions being filled with more expensive short term staff



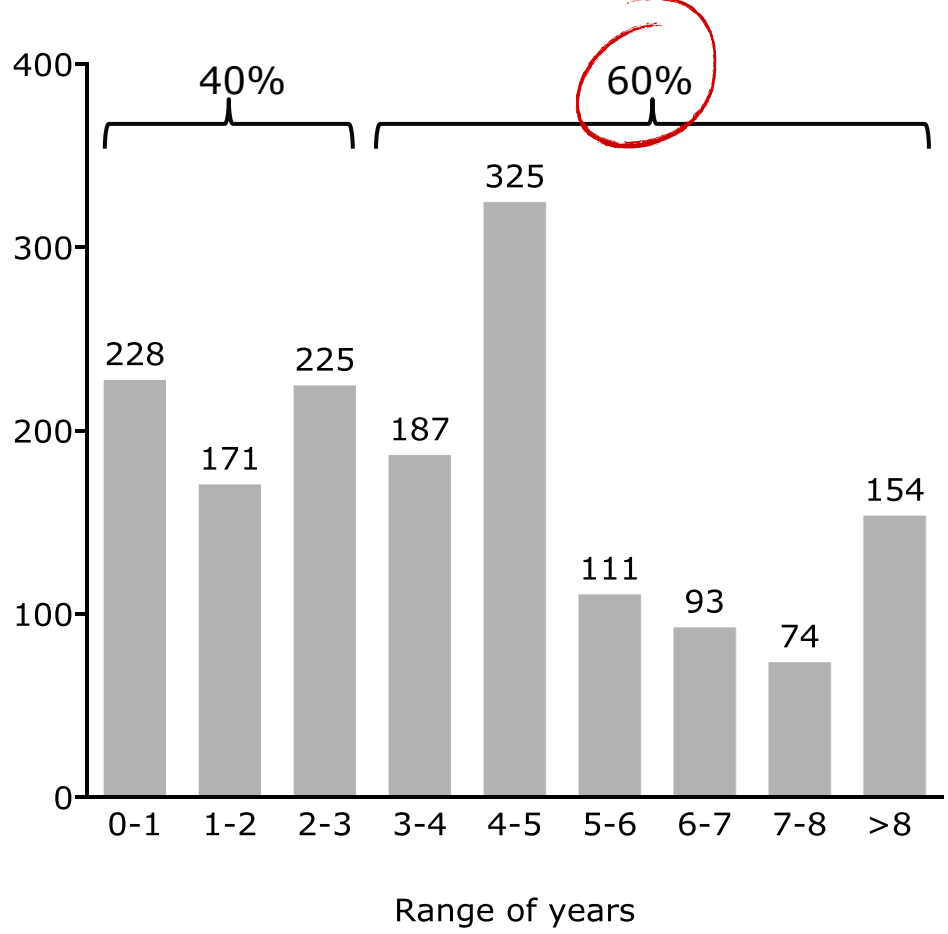
ONLY 44% OF REGULAR APPROVED POSITIONS FILLED

60% OF SHORT TERM STAFF HAVE BEEN AT AUC FOR >3 YEARS

of AUC regular vs. short-term staff in adjusted Maputo structure and current (March, 2015)



of short-term staff by duration of hire (March 2015)



Dysfunctional interfaces: Interface with key sister organisations (e.g.: RECs) not working effectively



LACK OF EFFECTIVE COLLABORATION

*"Inter-African affairs should be achieved through **better harmonization with RECs**"*

AUC Interviewee

*"We have conflicts resulting from the willingness of **some countries and RECs to control and dominate** the organisation."*

Survey respondent

*"We need a firm consolidation of Regional Economic Communities (RECS) within the AU which are **its pillars** and already decided to be consolidated therein."*

Survey respondent

LACK OF CLARITY ON ACCOUNTABILITY

*"There is need to be clear on the mandate of AUC and **its relationship with Member States and RECs.**"*

Survey respondent

*"Do we really know what each country/REC/African people **expect from the AUC?**"*

Survey respondent

*"Sometimes there can be **duplication between what we do and what the RECs do.**"*

AUC Interviewee



Dysfunctional interfaces: The relationship with RECs was explored in detail in 2007 Audit (1/2)



TOPIC	FINDINGS	RECOMMENDATIONS*
How are the RECs structured?	<ul style="list-style-type: none"> • Common existence of executive structures; heads of States, government and ministerial councils • Development of courts and legislature has been sporadic and where established not fully utilised • Pan-African Parliament exists in parallel to regional parliaments • Institutions and protocols predominately focused on conflict resolution 	<ul style="list-style-type: none"> • Review need for pan-African parliament • Establish enduring mechanisms for political dialogue to promote socio economic dialogue
How potent are the RECs?	<ul style="list-style-type: none"> • Goal of political and economic integration in region still far away, due to: <ul style="list-style-type: none"> - Lack of convergence among RECs - Delay in delivering agreed outcomes such as Free Trade Areas after several years • REC existence has not increased intra-REC trade due to other structural issues, such as: <ul style="list-style-type: none"> - Unemployment - Diversification of products - Trade parity • Some RECs more effective than others (e.g. ECOWAS quite effective in West Africa) 	<ul style="list-style-type: none"> • Strengthen capacity of RECs to deliver on mandates • Focus activities on African Common Market and Economic Community

* Recommendations from 2007 Audit were not fully adopted or effectively implemented

Source: Audit of AU (2007)

Dysfunctional interfaces: The relationship with RECs was explored in detail in 2007 Audit (2/2)



TOPIC	FINDINGS	RECOMMENDATIONS*
How have the RECs developed?	<ul style="list-style-type: none"> • No effective integration and harmonisation process • Multiple REC membership common with 90% belonging to more than 1 REC, resulting in: <ul style="list-style-type: none"> - Contradictions regarding tariffs and non-tariff barriers - Large administrative burden - Potential for corruption - Fear of competition or loss of sovereignty • Irrational creation of new overlapping RECs instead of where gaps, has resulted in: <ul style="list-style-type: none"> - Duplication of mandates, objectives and activities - Multiple country membership • Opportunity for commission to provide guideline for rationalisation of RECs 	<ul style="list-style-type: none"> • Review progress and proactive role of harmonisation with Assembly and Chairperson • Adhere to decision to restrict RECs to 8 • Review of multiple memberships by States in order to maximise integration • Create mechanism to strengthen co-ordination and harmonisation
How effective is the relationship between AUC and RECs?	<ul style="list-style-type: none"> • Failure of AU to provide policy, human resources and material to support RECs • REC activities uncoordinated with AU activities • REC potential platform for bargaining power in trade negotiations • Member States not fully implementing decisions and AU not following-up or tracking 	<ul style="list-style-type: none"> • Adhere to commitments made (member States) • Implement decisions made at REC/AU level (member States) • Report annually on progress on integration activities (Commission)

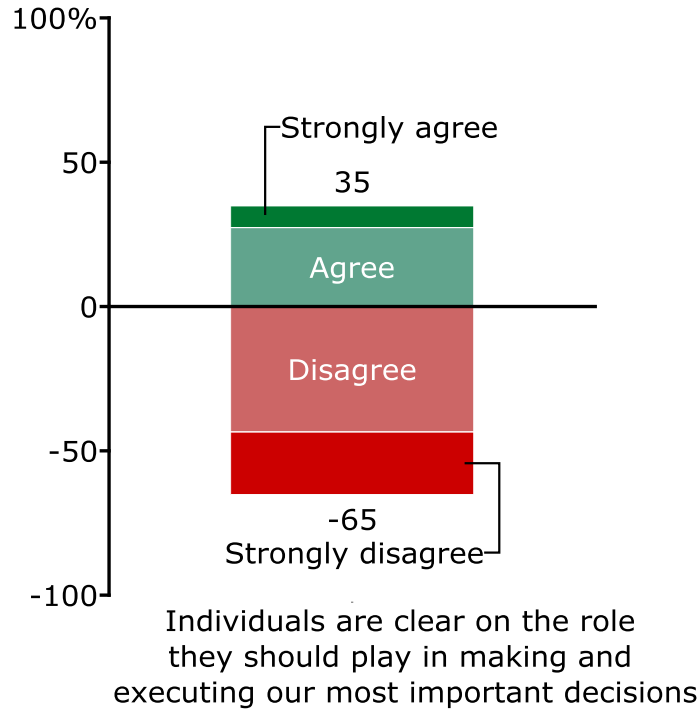
* Recommendations from 2007 Audit were not fully adopted or effectively implemented
 Source: Audit of AU (2007)

Unclear accountabilities: Unclear roles and responsibilities cause duplication and conflict (1/2)



IMPROVED CLARIFICATION OF ROLES DESIRED VERTICALLY AND HORIZONTALLY

% of respondents



AUC average	2.2
High performing org average	3.2
Other org average	2.8

Note: NAs excluded; 1=Strongly disagree, 2=Disagree, 3=Agree, 4=Strongly agree; High performer = top quintile "decision effectiveness" scores
 Source: Bain decision and org effectiveness survey Jan 2013 (n=1001 organizations); AUC diagnostic(n=389 respondents; Confidence Level: 95+/- 4%); PRC Workshop; AUC Interviews

*"At times it seems like departments are doing the same things, **there isn't enough clarity on their roles and objectives**"*

PRC workshop participant

*"There are **~30 other shadow structures** across the organisation which do what our division does. It's not clear where their role and sand ours starts."*

AUC Interviewee

*"In some cases, **Commissioners get overly involved in technical matters**"*

AUC Interviewee



Unclear accountabilities: Unclear roles and responsibilities cause duplication and conflict (2/2)



COMMISSIONER VS. DIRECTOR LEVEL CLARIFICATION OF ROLES DESIRED

*"The **scope and perimeters need to properly defined**, and some decisions need to be made without recourse for Heads of Division, Directors and Commissioners."*

AUC Interviewee

*"Roles are **not very clear**. Statutes say Commissioner is accountable to CP and everyone else works for them. But Directors feel like they have been around longer and have the technical skills, while Commissioners are only around short-term."*

AUC Interviewee

*"There's **no clear rule** on what Commissioners vs. Directors should do today: when they get along it's good; if not, **things break down**."*

AUC Interviewee

*"Commissioners don't take kindly to directors reporting directly to the CP. There **isn't a clear delineation of roles and responsibilities** between Commissioners and Directors – political versus technical responsibilities."*

AUC Interviewee

*"Often Commissioners are lacking the means to do their job properly, so they are stepping down to deal with technical things. It's an institutional problem. We **need clear delineation of power**."*

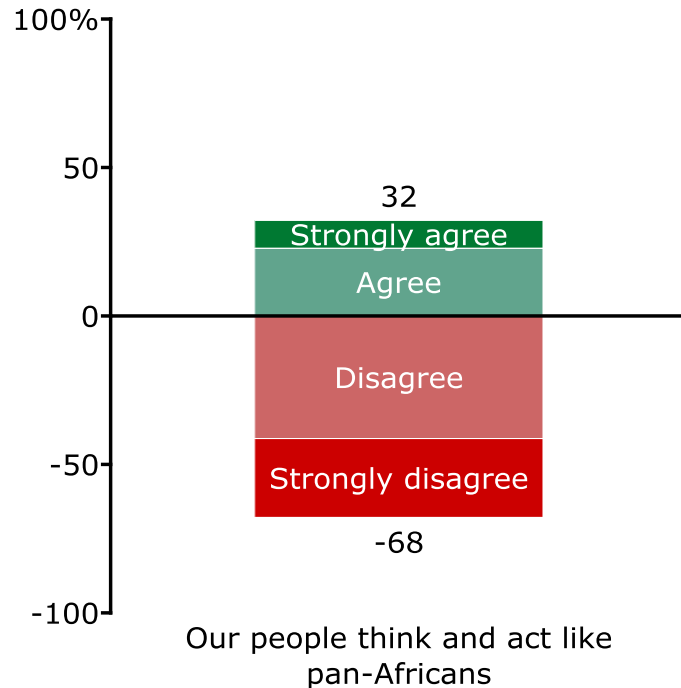
AUC Interviewee



Absence of culture of collaboration: Lack of trust and collaboration a common theme



% of respondents



AUC average

2.2

High performing org average

3.0

Other org average

2.5

LACK OF TRUST VIEWED AS AN ISSUE AT POLITICAL AND OPERATIONAL LEVELS

*"At AUC, **people don't trust one another**, both horizontally and vertically"*

PRC workshop participant

*"Culture of disloyalty, **people are loyal to their governments rather than the AUC** and its ideals"*

AUC Interviewee

*"Heavy **admin intervention and oversight** from the HQ towards regional offices creates incapacitating inefficiencies. A **little more room and trust** can go a long way."*

AUC Interviewee

Note: NAs excluded; 1=Strongly disagree, 2=Disagree, 3=Agree, 4=Strongly agree; High performer = top quintile "decision effectiveness" scores

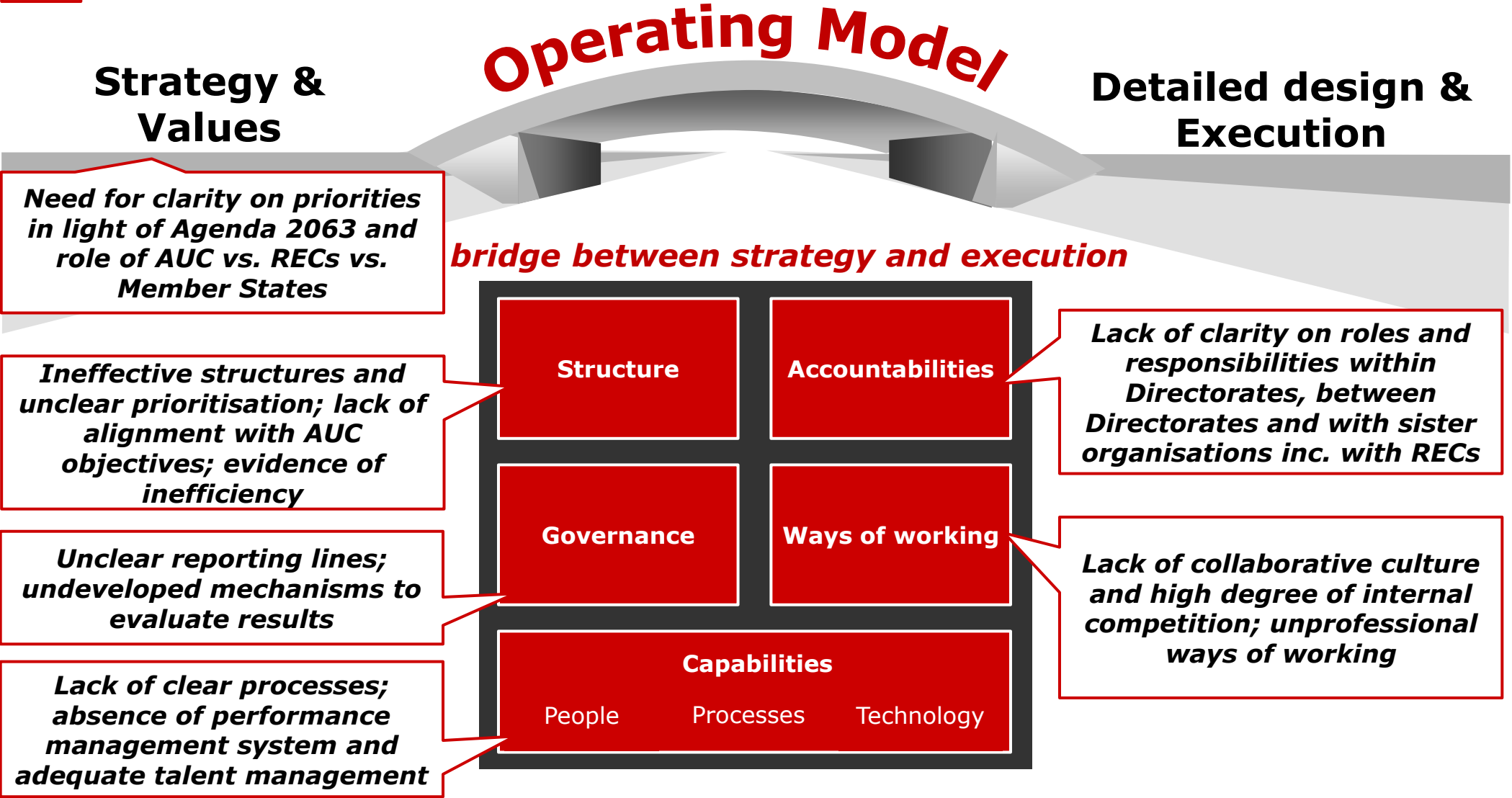
Source: Bain decision and org effectiveness survey Jan 2013 (n=1001 organizations); AUC diagnostic(n=389 respondents; Confidence Level: 95+/- 4%); PRC Workshop; AUC Interviews



These issues are highly consistent with critical themes to address in operating model redesign



XX = major issues identified in diagnostic





- Executive summary
- Context and Approach
- Point of Departure: AUC Org diagnostics
- Emerging Recommendations
- Financial Implications & Implementation Plan



Diagnostics phase raised several issues; initial focus on strategic interfaces, structure and accountabilities



= Focus in current phase

1
Strategy
What are the core priorities, given Agenda 2063?
What is the role of the AUC vs. RECs vs. Member States?

Operating Model questions

2

Structure

- **Departments:** What is the optimal configuration of Departments?
- **Divisions:** How can Divisions be aligned to avoid overlaps and duplication?
- **Support services** How should admin/support services be structured?
- **Other functions:** Do we need other mechanisms to drive collaboration?

3

Accountabilities

- **Commissioner role:** What should be the division of accountabilities between Commissioners and Directors?
- How can Commissioners be made more accountable for delivery on AUC priorities?
- What should general split of accountabilities be Commissioner vs. Director vs. Head of Unit?

Governance

- How should **KPIs** be defined by Department to ensure delivery on priorities?
- What is the **right set of processes and reporting to** provide transparency and accelerate delivery?

Ways of working

- How can we design an "**AUC Way**" or **culture** that reflects our vision and values?
- What **professional norms** should we commit to, for more efficiency & effectiveness?

Capabilities

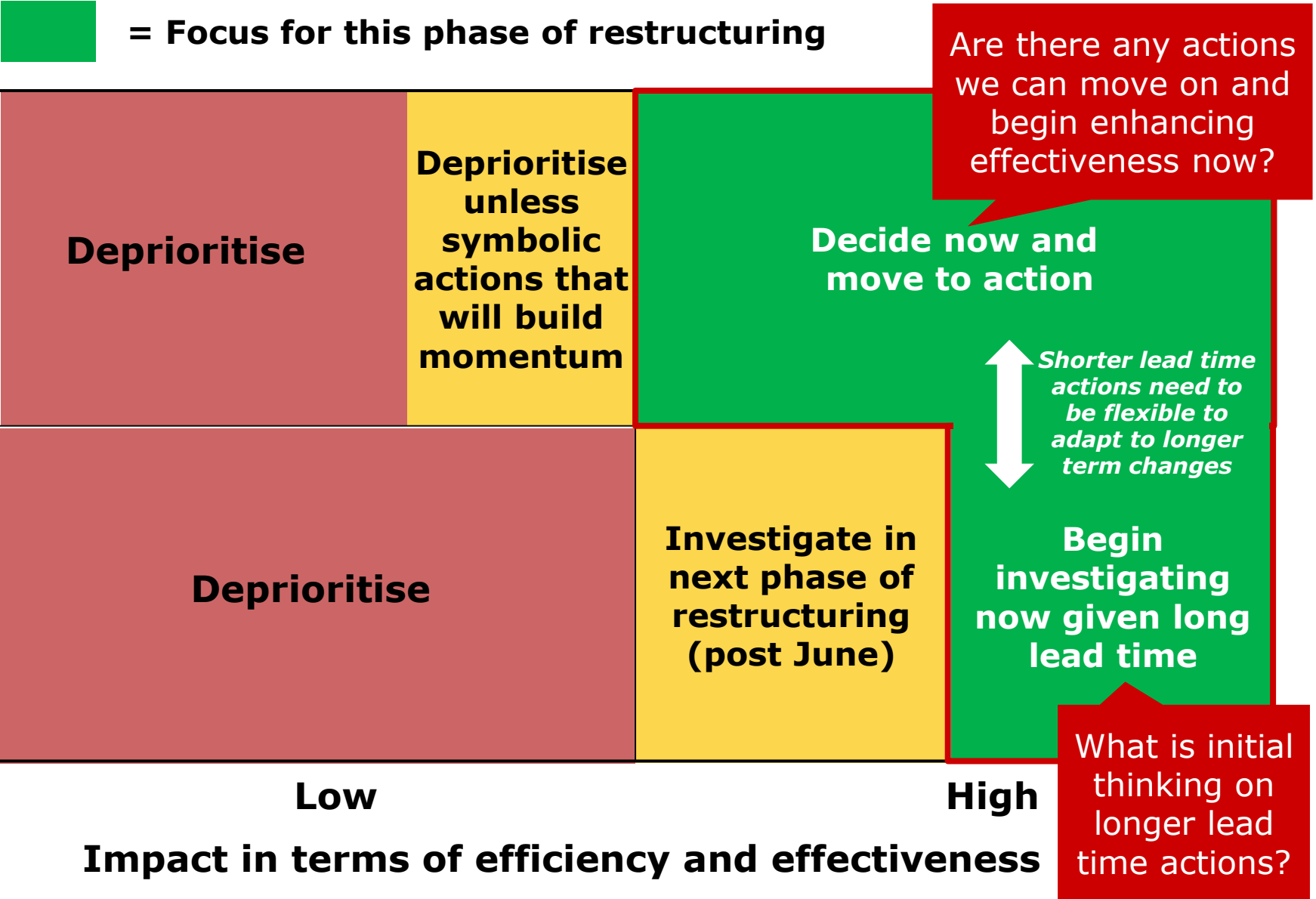
- How can key processes (e.g.: recruiting, planning etc.) be improved **to support priorities and create timely engagement and buy-in?**
- How can we optimise **other support capabilities** (e.g. technology, recruiting, etc.)
- What is the **performance management system** required to drive a high-performance culture?

Covered by other on-going or scheduled projects

Covered by other on-going or scheduled projects

Detailed Design

Recap: Bias towards identifying actions to move on immediately and critical actions with longer lead times

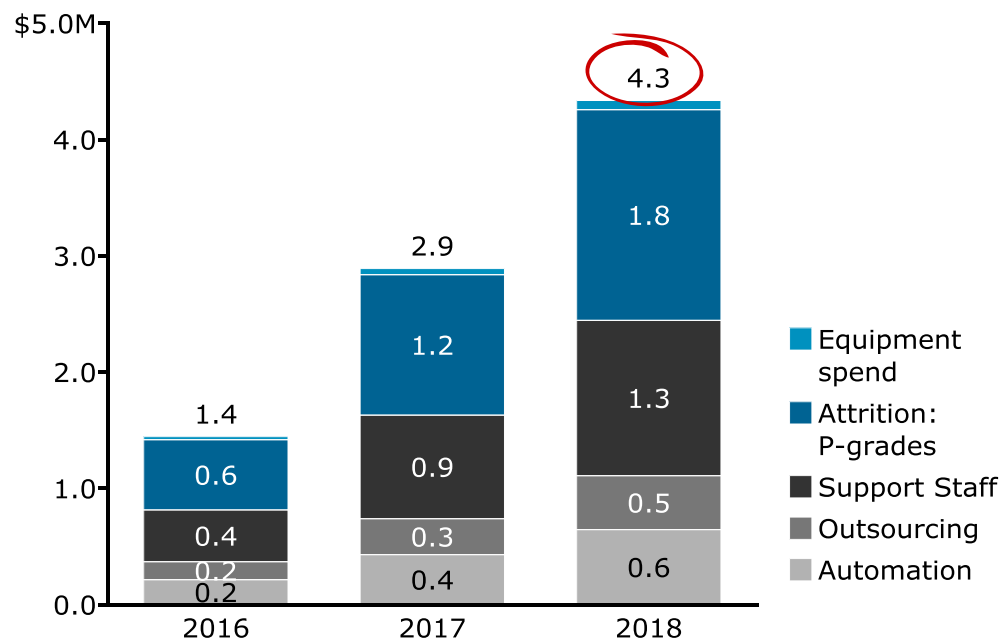


Financial impact: Overall our recommendations will be cost-accretive for Member State owners



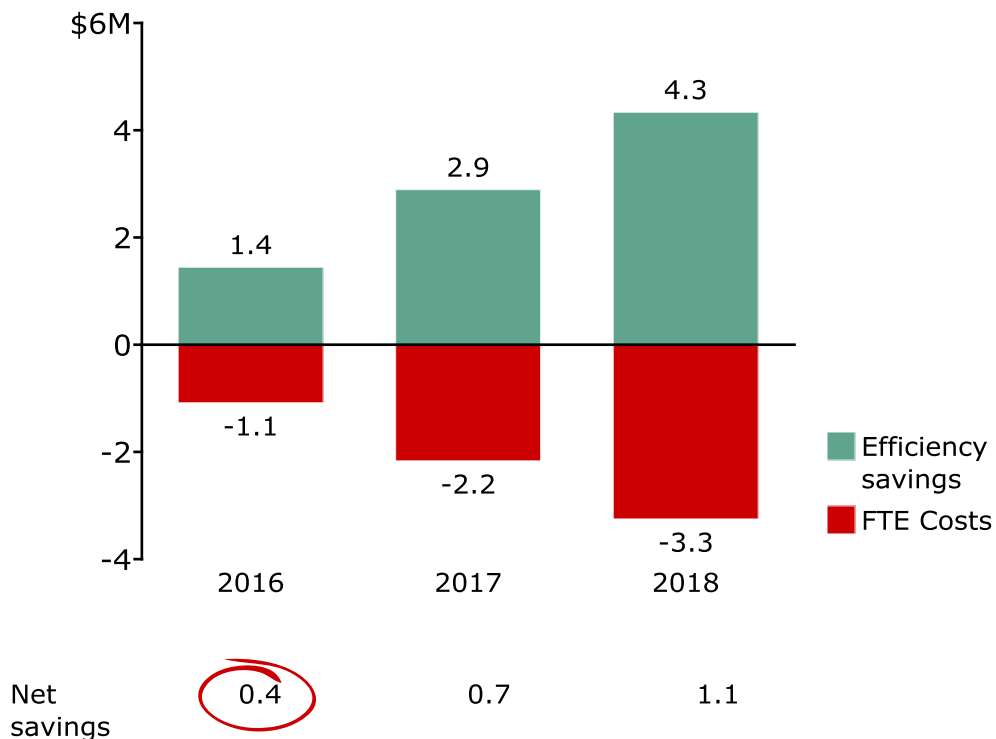
EFFICIENCY INITIATIVES WILL DELIVER TOTAL SAVINGS OF ~\$4M...

Savings from efficiency initiatives, 2016E-2018E



...WHICH WILL SEE RESTRUCTURING BREAK EVEN IN YR. 1

Overall financial impact of restructuring, 2016E-2018E



Note: P-grade attrition targets (1%/yr across P1-P6 levels); Automation initiatives targeted at Mailroom & Registry (10% reduction in staff costs assumed over 3 years); Outsourcing initiatives targeted at Fleet Management (25% reduction in costs assumed over 3 years); Shared Services Initiative leading to reduction in support staff (reduction of 3%/yr. assumed); Reduction in spend on printers, ink & paper (50% cost reduction assumed); FTE cost includes post adjustment, Spouse allowance, education allowance, housing allowance & pension contribution; 3 year horizon used in analysis
 Source: AHRMD Database; AUC Staff Salary Scale; AUC Interviews



Organisational Restructuring initiatives: Areas for discussion



STRATEGIC INTERFACES

How do we build clarity and synergies between AUC and RECs/NEPAD?

STRUCTURE

How do we optimise structure to increase effectiveness and efficiency?

ACCOUNTABILITIES

What is the right roles and accountabilities for Commissioners, Directors, HoDs?



Interface with RECs impacted by lack of collaboration and unclear accountabilities



LACK OF EFFECTIVE COLLABORATION

*"Inter-African affairs should be achieved through **better harmonization with RECs**"*

AUC Interviewee

*"We have conflicts resulting from the willingness of **some countries and RECs to control and dominate** the organisation."*

Survey respondent

*"We need a firm consolidation of Regional Economic Communities (RECS) within the AU which are **its pillars** and already decided to be consolidated therein."*

Survey respondent

LACK OF CLARITY ON ACCOUNTABILITY

*"There is need to be clear on the mandate of AUC and **its relationship with Member States and RECs.**"*

Survey respondent

*"Do we really know what each country/REC/African people **expect from the AUC?**"*

Survey respondent

*"Sometimes there can be **duplication between what we do and what the RECs do.**"*

AUC Interviewee



An Operating Framework can clarify the role of AUC vs. RECs and sister organisations for different outcomes



NON-EXHAUSTIVE

PRELIMINARY

Operating Framework Desired outcomes	No touch <i>AUC only monitors outcome from distance; RECs/MS drive outcome fully</i>	Light touch <i>AUC sets out pan-African standards; prompts RECs to mobilise; runs light-touch monitoring</i>	Coordinator <i>AUC actively coordinates work of RECs in highly integrated manner</i>	Implementer <i>AUC deploys and directly manages resources to implement desired outcomes</i>
Transparent election monitoring		✓		
Early conflict mediation (regional)	<div style="border: 1px solid green; padding: 5px;"> Particularly effective where there is demonstrated practice of some RECs already achieving outcomes effectively by themselves (e.g. ECOWAS elections monitoring, SADC mediation) </div>	✓		
Early conflict mediation (continental)			✓	
Delivery of regional infrastructure project				
New pan-African institute (e.g. school)				✓
Relief from health pandemic				✓
Increased innovation / patent production	✓			
Common continental climate change position			✓	

Detailed Operating Framework to be co-developed with sister orgs



While we develop this, we can push several immediate actions that do not require external political decision



CLARIFY INTENT

- New communication from the top to key RECs and sister organisations to **reinforce**:
 - **Our shared vision** for the African continent
 - New **initiatives underway** to address existing issues
 - AUC **commitment to working together** effectively and collaboratively
- Set up **private one-on-ones** with leading RECs to **agree on need for a transformation** in our operating framework
- Create internal database of RECs strengths and weaknesses

ALIGN WORKING PROCESSES

- **Invite RECs and sister organisations to AUC strategy meetings** as active participants
 - RECs should be co-developers of AUC strategy in relevant portfolios
- AUC **Commissioners should attend at least one workshop** with key RECs per quarter
- Sequence / **synchronise annual calendar** of events or meetings
- **Strengthen coordination committee** with RECs by providing more monitoring / evaluation powers

SHARE MORE INFORMATION

- Set up **'sharepoint' database** to share key working documents between AUC and sister organisations
- Set up **monthly update call** between each AUC portfolio Director and relevant counterparts with all related sister orgs
 - E.g. monthly call on AUC infrastructure policy
- Institutionalise **pre-wire alignment meetings** between AUC leadership and RECs/NEPAD **before large global gatherings**, e.g. UN Climate Change position



Organisational Restructuring initiatives: Areas for discussion



STRATEGIC INTERFACES

How do we build clarity and synergies between AUC and RECs/NEPAD?

STRUCTURE

How do we optimise structure to increase effectiveness and efficiency?

ACCOUNTABILITIES

What is the right roles and accountabilities for Commissioners, Directors, HoDs?



Approach: Organisational structure redesign divided into two layers and efficiency levers



1

Super-structure

- What is the optimal **super-structure** (Elected Officials and Directors) to optimise AUC organisational performance, given agreed design principles and key priorities?

2

N-2 structure

- What is are the set of **N-2 structures (from Director to Head of Unit)** required across departments and directorates to deliver the AUC mandate, given agreed design principles and key priorities?

3

Broader efficiency levers
(N-2 and below)

- What broader organisational tools are available as **cost-cutting / efficiency levers**? Which are best placed to deliver greater efficiency over the next 3-5 years?



Approach: Design principles were agreed with Member States to evaluate potential options



PRIORITY DESIGN PRINCIPLES*

Core foundations

- A Focus on **alignment with the Constitutive Act and other legal instruments** of the AUC
- B Align structure with the **priorities identified in Agenda 2063** and adopted strategic plans (e.g. 2014-17 plan)

Performance accelerators

- C Ensure conditions for the promotion of **accountability, transparency** and **participation**
- D **Prioritise efficiency** (i.e. remove duplication of activity and overlap in responsibilities between departments and people)
- E Reflect need for **correct representation in org design** (languages, age, gender, regions, countries)
- F **Clarify decision roles** and push decision-making authority as far down in the organisation as possible

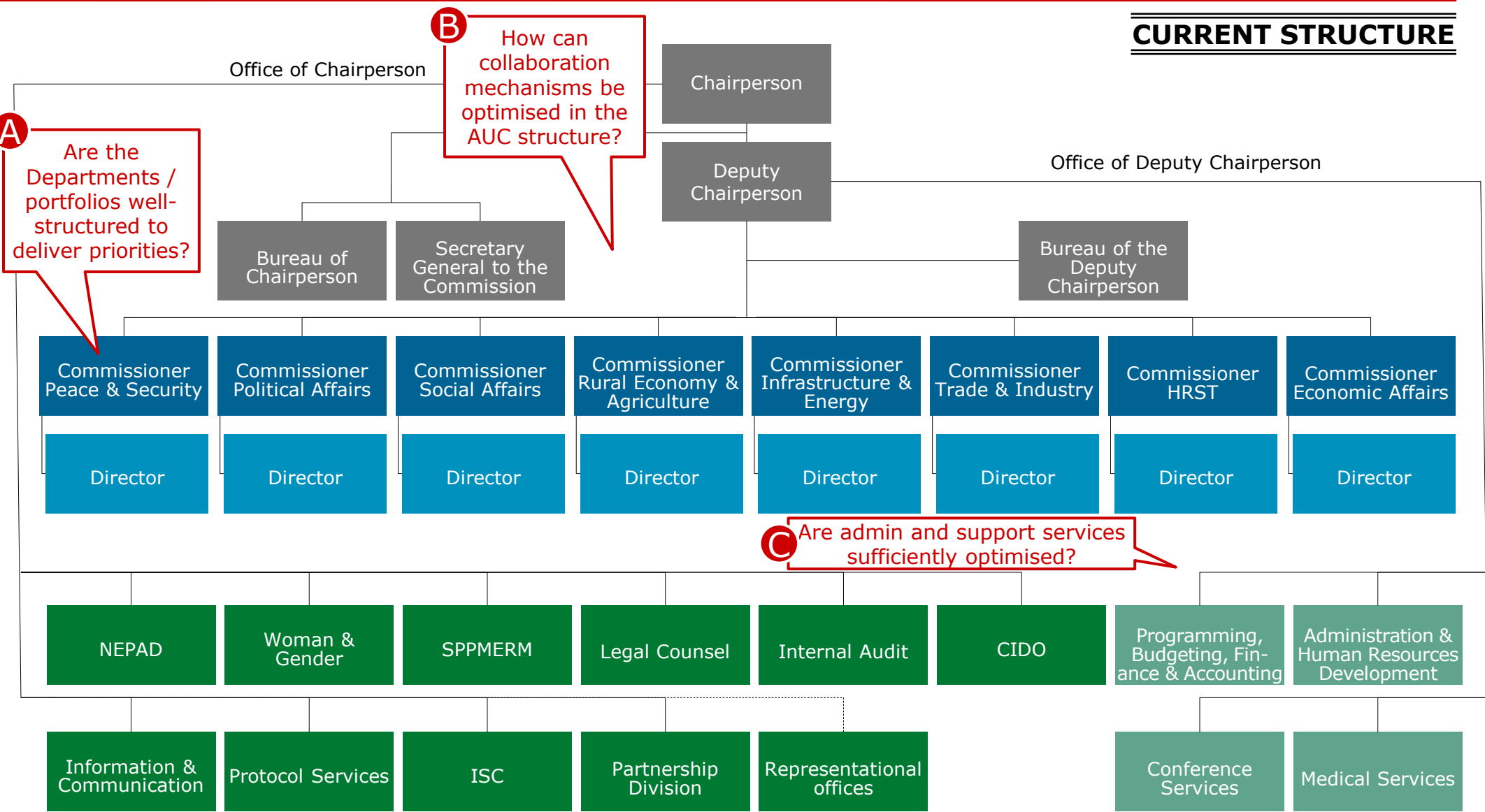
Broader set of design principles include capacity-building and core process documentation and alignment with global best practice





Super-structure: Three pertinent questions

CURRENT STRUCTURE



Source: AUC Data (9th March 2015)



Super-structure: We will address each of these key questions in the following pages



A

How can Departments / portfolios be structured to deliver priorities?

- Review options to restructure the portfolios or departments, and the scope of mandate of each department, to **align with priorities laid out in Agenda 2063**
- *Sample question: what is the optimal scope and # of departments given Agenda 2063 and priorities?*

B

How can collaboration mechanisms be optimised in the AUC structure?

- Review structural options to optimise the nodes of coordination and collaboration, in order to **better deliver of priority projects and other cross-cutting mandates**
- *Sample question: who is accountable to make sure departments work together to deliver on cross-cutting projects and initiatives?*

C

Are admin and support services sufficiently optimised?

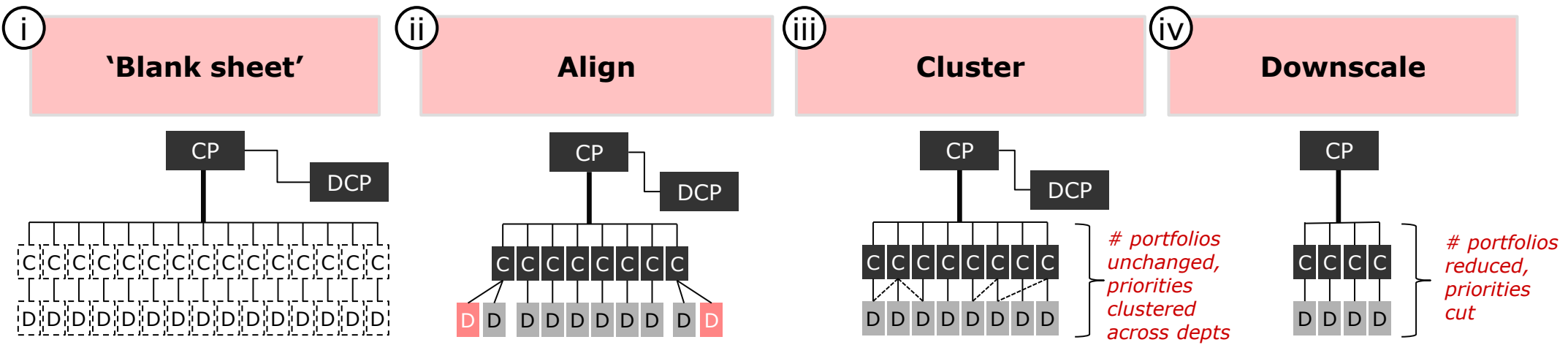
- Review structural options to **improve the efficiency of delivery of administrative and support services**, to make the organisation more effective in its day-to-day operations?
- *Sample question: how can we limit the incidence of duplicative or shadow admin functions in Departments?*





A

Four options considered for optimising alignment of Departments with Agenda 2063 and key priorities



- Design scope and # of portfolios from scratch based on AUC requirements to meet targets
- Focus on creating single point of accountability for priority areas and manageable spans of control – e.g.:
 - Establish Commissioner for Women & Youth

Prioritised

- Keep same # of elected officials
- Align portfolios with mandate – e.g.:
 - Re-focus HRST on Education
- Align portfolios with mandate to reflect spans of control - e.g.:
 - Split P&S into operational and strategic elements
 - Split Social Affairs into two divisions etc..

Prioritised

- Keep same # elected officials
- Create clusters for each of Agenda 2063 flagships e.g.:
 - Develop human capital and innovation
- Manage dual reporting lines with reporting within department and across departments on specific projects (matrix structure)

Deprioritised

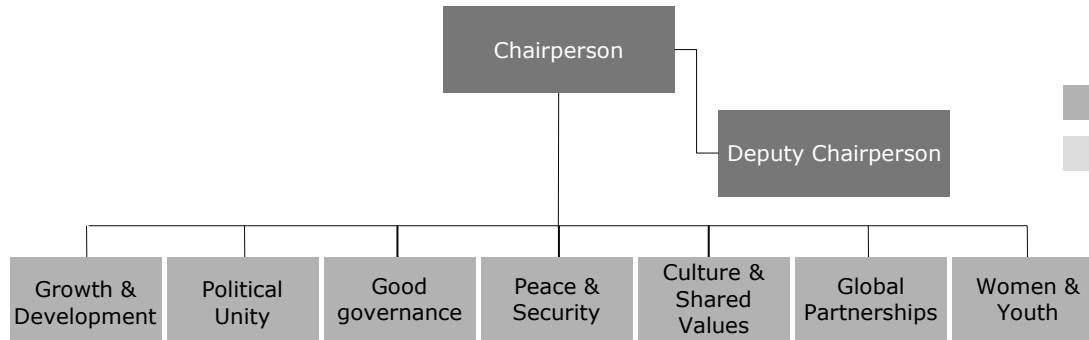
- Reduce # of elected officials to reduce cost (assume 5 to reflect need for regional balance)
- Downscale AUC role to reflect reduced size, e.g.:
 - Merge Political Affairs and Peace and Security
- Similar structure to OAU

Deprioritised



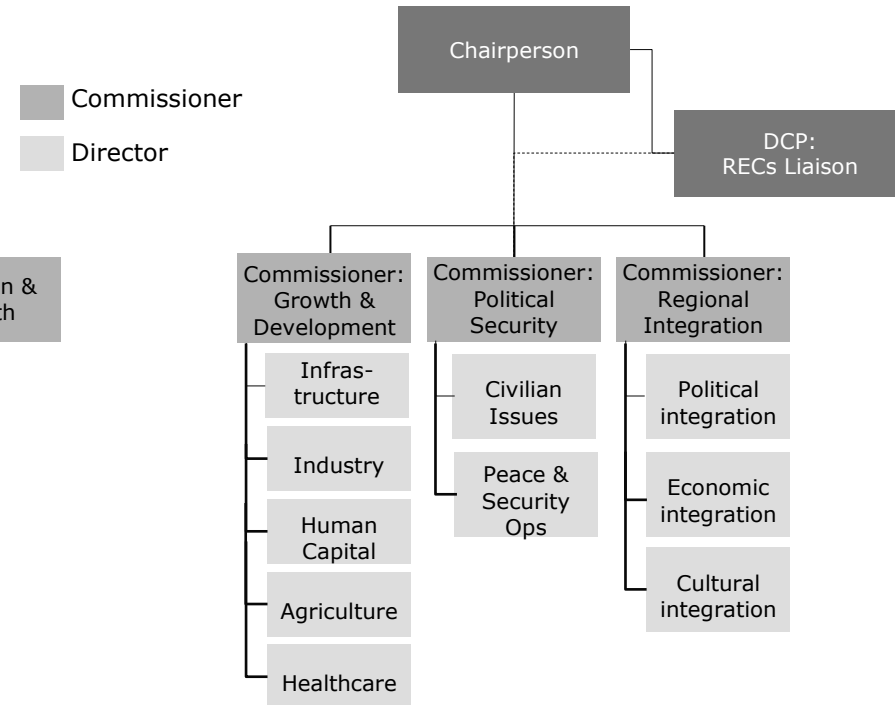
A 'Blank sheet' option

'BLANK SHEET': AGENDA 2063



- AUC structure **built around each key initiative** laid out in **Agenda 2063**
- **Advantages:**
 - Clear focus and accountability for key priorities and strategy set out in Agenda 2063
- **Challenges:**
 - Quota representation of elected officials will likely need to change – requires significant political buy-in
 - Some Portfolios much more heavy-loaded than others (e.g. Growth & Development vs. Culture, Shared Values)

'BLANK SHEET': AU MACRO GOALS

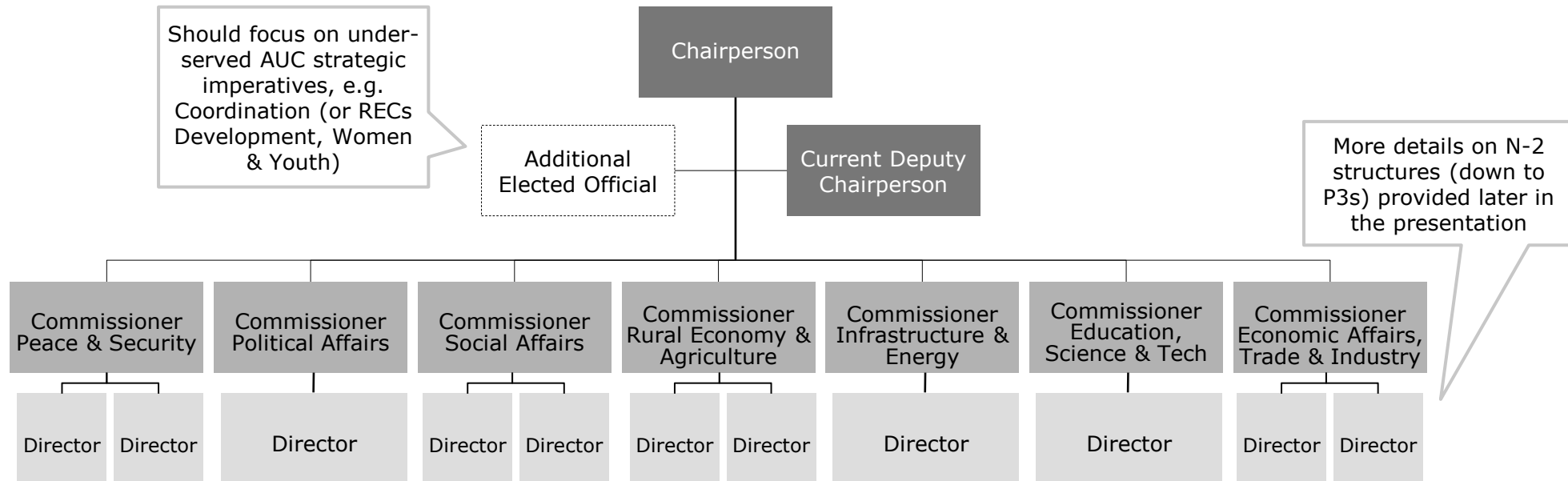


- AUC structure **built around foundational elements of the AUC raison d'être**
- **Advantages:**
 - Clear focus and accountability for AU key priorities
 - Simplified scope of focus and complementarity with RECs
- **Challenges:**
 - Fewer elected officials may bring political pushback
 - Commissioners need to be highly capable to manage large mandates
 - Reduction in scope and strength of the centre may threaten ability to lead where RECs underperform





A 'Align' option



- AUC structure broadly maintained (e.g. # elected officials retained), with specific changes to improve alignment to priorities laid out in Agenda 2063 and increase accountability
- **Advantages:**
 - Refocus within some Portfolios, e.g. HRST reviewed to make Education mandate more prominent; Peace and Security split between strategic and operational mandates
 - Retaining number of elected officials increases ease of implementation
 - Alignment of structures to free up additional elected official who can focus on Coordination, Women & Youth, RECs relationships and/or Partnership development
- **Challenges:**
 - Merger of Economic Affairs and Trade & Industry may lead to operational frictions
 - Multiple Directors will add costs; may raise operational issues



In terms of alignment with design principles; 'align' option appears the most attractive in the short term



Design principles	Options			
	i 'Blank sheet'	ii Align	iii Cluster	iv Downsize
Align with the Constitutive Act	Likely to require change in # of elected officials			Act requires CP, DCP and Commissioners
Align with Agenda 2063			Does not create clear alignment structurally	Would require wholesale redefinition of AUC role vs Member States and vs RECs
Promote accountability, transparency and participation			Matrix structure makes for greater complexity in creating accountability	
Prioritise efficiency			Increased complexity unlikely to drive efficiency	
Reflect need for correct representation	Only 10 or 20 departments enable quota representation			Only 10 or 20 departments enable correct representation
Clarify decision roles and push decision-making authority down	All options can lead to increased role clarity provided R&Rs are updated			

TWG recommendation

= Aligned
 = Some challenges
 = Not aligned





B Several options to optimise Collaboration mechanism

	CURRENT	i SEC-GEN AS TECHNICAL PMO	ii COMMISSIONER COORDINATOR	iii DCP COORDINATOR
SPPMERM Planning support	<p>CP/DCP Weekly meetings with Commissioners</p> <p>Sec-Gen Weekly meetings with Directors</p>			
Option	<ul style="list-style-type: none"> Coordination occurs at various points, and not enforced: <ul style="list-style-type: none"> CP/DCP-chaired meetings for Commissioners Sec-Gen chaired meetings for Directors SPPMERM in planning phase 	<ul style="list-style-type: none"> Reinforce Sec-Gen as PMO (technical coordinator) <ul style="list-style-type: none"> Give Sec-Gen input on Director performance evaluations (specific to cross-cutting projects) Strengthen Commissioner reporting line to CP 	<ul style="list-style-type: none"> Create new Coordinator Commissioner role <ul style="list-style-type: none"> Elevated Commissioner, with responsibility for a Department on top of Coordinator duties Chosen directly by CP based on performance history 	<ul style="list-style-type: none"> Move DCP to Coordinator position; replace current DCP role with a Commissioner <ul style="list-style-type: none"> SPPMERM to sit under the DCP Coordinator Add a 'COO' role appointed by Chair
TWG Assessment	<ul style="list-style-type: none"> Unclear point of accountability for cross-cutting issues Poor enforcement of collaboration between Depts. / Directorates 	<ul style="list-style-type: none"> Strengthened centre point for collaboration Capacity for Sec-Gen to enforce behaviours amongst elected officials is unclear 	<ul style="list-style-type: none"> Strengthened centre point for collaboration Capacity for one Commissioner to coordinate other Commissioners is unclear 	<ul style="list-style-type: none"> Strengthened centre point for collaboration Need to clarify how the previous DCP portfolio will be served
				TWG recommendation



Several options to optimise Admin and support services

	CURRENT	i SELECTIVE STREAMLINING	ii SHARED SERVICES 1	iii SHARED SERVICES 2
Option	<ul style="list-style-type: none"> • DCP central point for some admin / support services (e.g. PBFA, AHRM) • Other support services fall under CP (e.g. Information & Communication, Protocol Services, Planning) • Shadow support structures exist in Depts. 	<ul style="list-style-type: none"> • Maintain current structure with selective streamlining and changes, e.g.: <ul style="list-style-type: none"> - Information & Communication moved to DCP - Statistics officers moved into central Statistics division 	<ul style="list-style-type: none"> • Create Shared Services Hub to manage all admin / support services • Shared Services managed by non-elected official(s), e.g. 2x VPs (D2 grade) 	<ul style="list-style-type: none"> • Create Shared Services Hub to manage all admin / support services • Shared Services managed by elected official, e.g. DCP or Commissioner for Shared Services
TWG Assessment	<ul style="list-style-type: none"> • No clear accountability point for support services • Limited ability to share support resources between departments • Some vital divisions have limited support 	<ul style="list-style-type: none"> • Limited accountability point for support services • Limited ability to share support resources between departments 	<ul style="list-style-type: none"> • Clear accountability point for support services • Unclear if unelected official has enough clout to manage Shared Services Hub 	<ul style="list-style-type: none"> • Clear accountability point for support services
				TWG recommendation

Super-structure: Synthesis of TWG recommendations (1 of 3)



PRELIMINARY - FOR FURTHER DISCUSSION

SUMMARY RECOMMENDATIONS

A

How should we restructure the number of portfolios / depts. to deliver priorities?

- Merge Economic Affairs and Trade & Industry Departments
- Create Director positions in the largest portfolios:
 - Peace & Security (Strategic & Civilian Issues vs. Peace & Security Ops)
 - Social Affairs (Health, Nutrition & Wellbeing vs. Social Development)
 - DREA (Agricultural Economy vs. Food Security Policy Centre Coordinator)

B

How should we set up a structural mechanism for collaboration and coordination to meet cross-cutting mandates?

- Create a new unit for strategic coordination of Commissioners on cross-cutting mandates, and alignment with RECs
 - Supported by a new PMO / Coordination office and 'COO' role
- Coordination unit to be headed by a DCP and report to CP
 - Commissioners will have dotted reporting line to new coordination unit

C

How should we restructure administrative and support services for efficiency?

- Create a new Shared Services Hub for coordination of administrative and support functions
 - Shared Services Hub to take on all admin and support, including those currently run at the Department level (e.g. Statistics)
- Shared Services Hub to be headed by a (second) DCP & report to CP

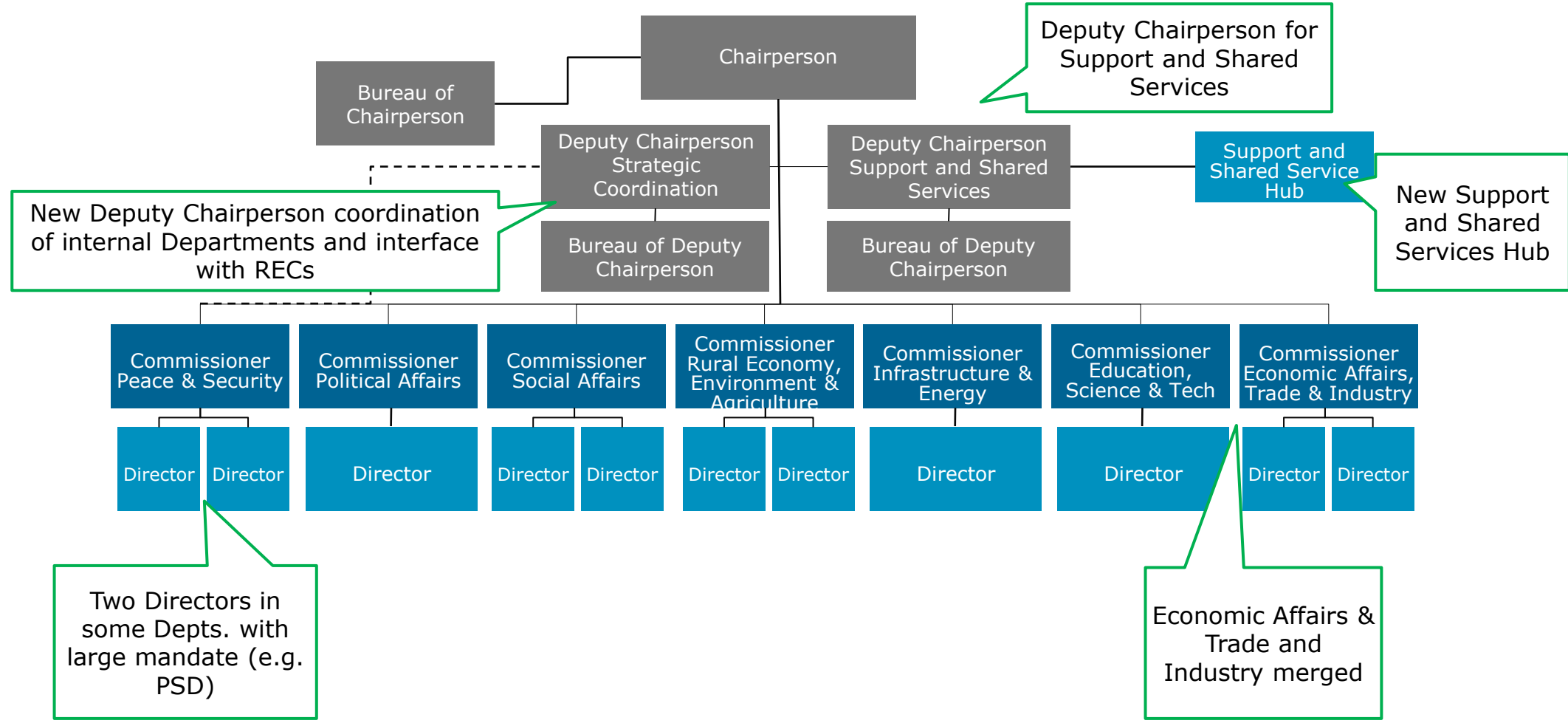


Super-structure: Synthesis of TWG recommendations (2 of 3)



Updated

PRELIMINARY - FOR FURTHER DISCUSSION

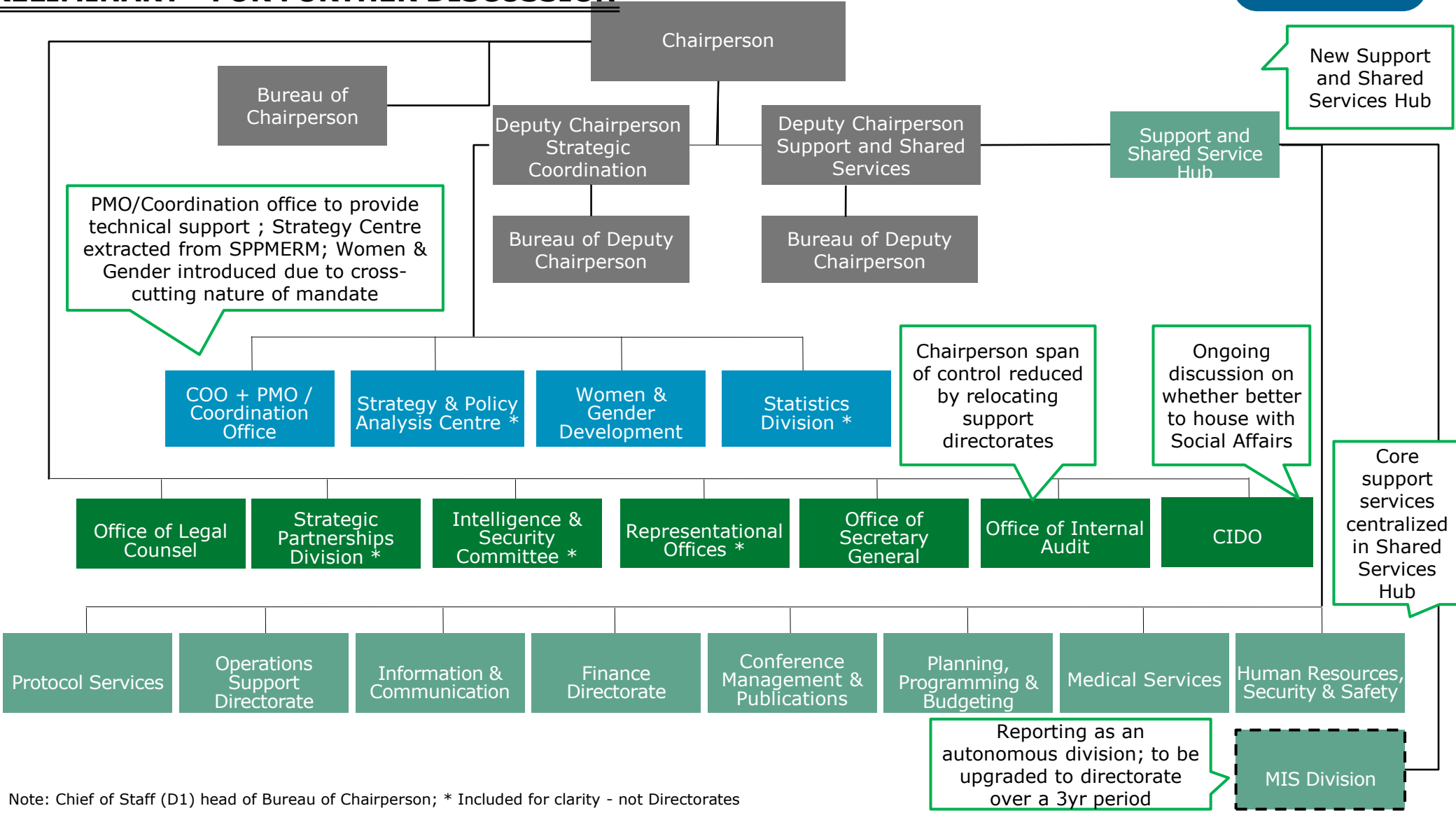


Super-structure: Synthesis of TWG recommendations (3 of 3)



Updated

PRELIMINARY - FOR FURTHER DISCUSSION



Note: Chief of Staff (D1) head of Bureau of Chairperson; * Included for clarity - not Directorates

Super-structure: New structure improves accountability for the AU strategic priorities



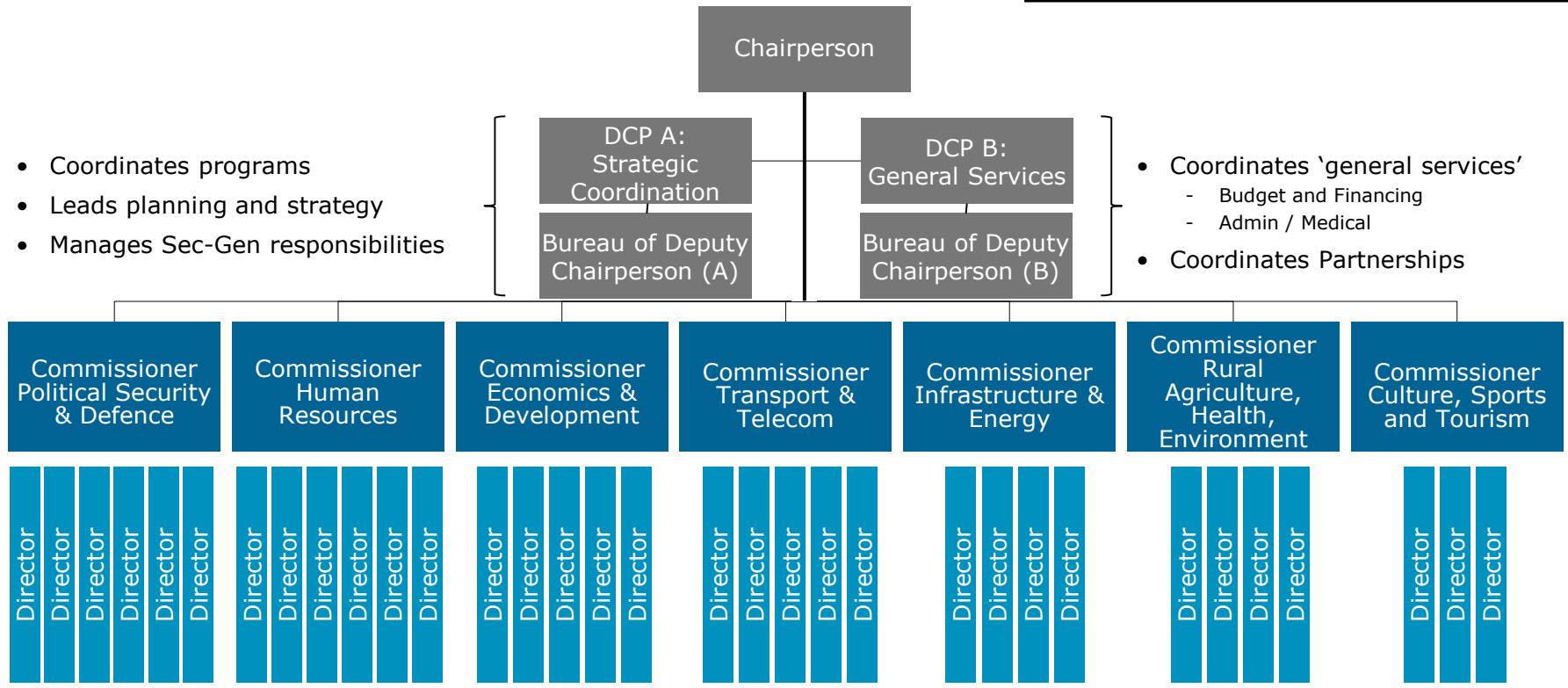
Directorates Priority	Peace and Security	Political Affairs	Social Affairs	DREA	Infra-structure & Energy	Ed, Sci/ Tech	Econ, Trade & Industry	CIDO	Strat Partnerships	Women & Gender	ICD	DCP
Peace and Stability	✓	✓										
Agricultural Production				✓								
Economic Development & Industrialization					✓		✓					
Human capacity			✓			✓						
Women & Youth			✓			✓				✓		
Resource mobilization							✓		✓			
People-centred Union								✓			✓	✓
Institutional capacity												✓

✓	Full coverage	✓	Partial coverage
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Super-structure: Alternative option provided by Member State representative



ALTERNATIVE SUPER-STRUCTURE



Comparison	# DCPs	# Commissioners	# Directors
TWG Proposed super-structure	2	7	11
Alternative super-structure	2	7	33



Detailed N-2 Structure: 3 Guiding Principles

	1 ALIGN TO AGENDA 2063 AND PRIORITIES	2 MAINTAIN STRATEGIC LOGIC	3 IMPROVE DECISION MAKING & EFFICIENCY
Rationale	<ul style="list-style-type: none"> • Agenda 2063 forms basis for strategic plans in the long-term; flagship priorities will drive short-term focus 	<ul style="list-style-type: none"> • Strategic logic will inform trade-offs at a portfolio and division level 	<ul style="list-style-type: none"> • Optimal decision making will drive effectiveness; efficiency is a critical concern for all stakeholders
Critical questions	<ul style="list-style-type: none"> • Is the AUC organization structured to deliver on bold and broad mandate? 	<ul style="list-style-type: none"> • Are divisions and units structured to reflect priority? • Is there a clear logic to the grouping and separation of divisions and units? 	<ul style="list-style-type: none"> • Do managers have the right span of control to enable decision making? • How do we eliminate duplication? • How do we achieve Agenda 2063 within financial constraints?
Implications	<ul style="list-style-type: none"> • Equip strategically important portfolios to deliver on mandate • Design units around specific long-term Agenda 2063 initiatives and key priorities • Increase technical competence across AUC 	<ul style="list-style-type: none"> • Place divisions where their activities add the most value • Capture complementarities, but encourage specialization where necessary • Link priority to visibility of activities 	<ul style="list-style-type: none"> • Optimize spans for senior personnel (4-5 direct reports as per Bain experience) • Rationalize duplicative activity • Constrain cost increase in re-design

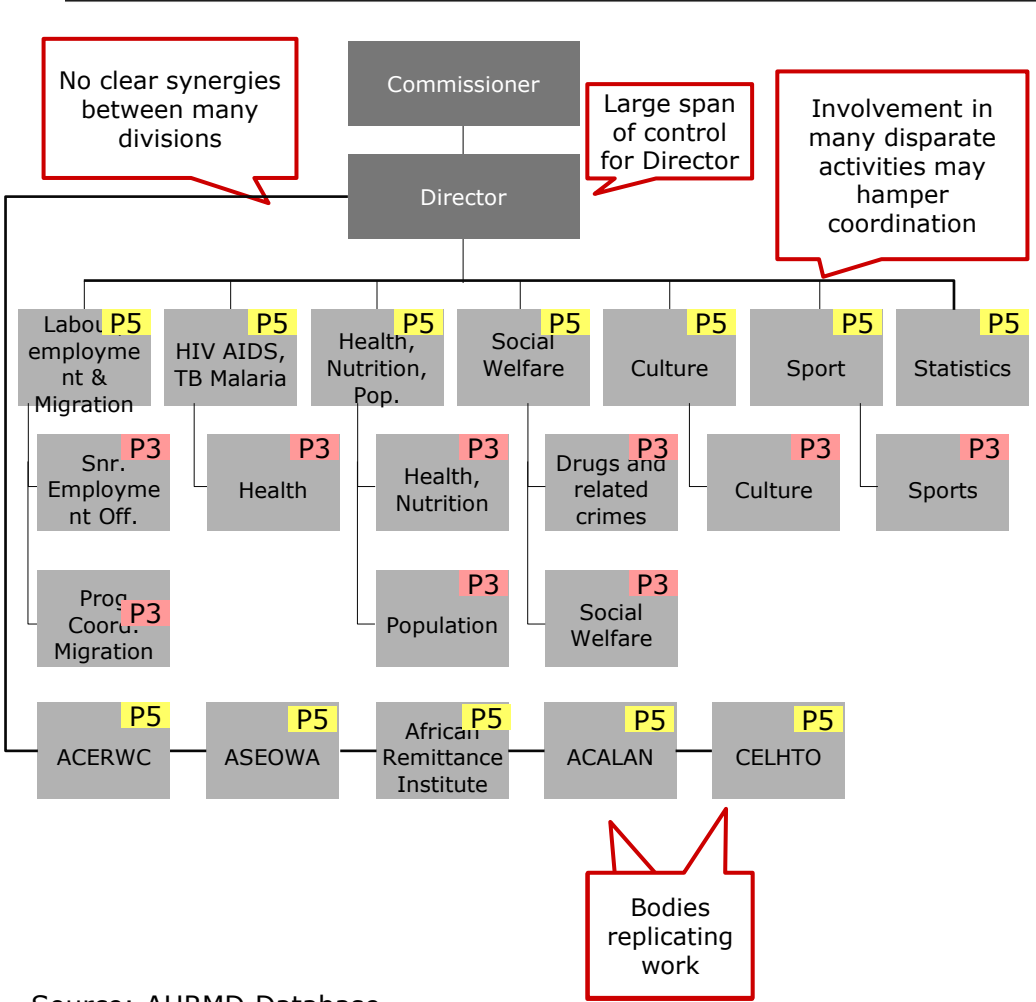


Case Study: Social Affairs redesign to N-2 to build logical groupings and improve effectiveness

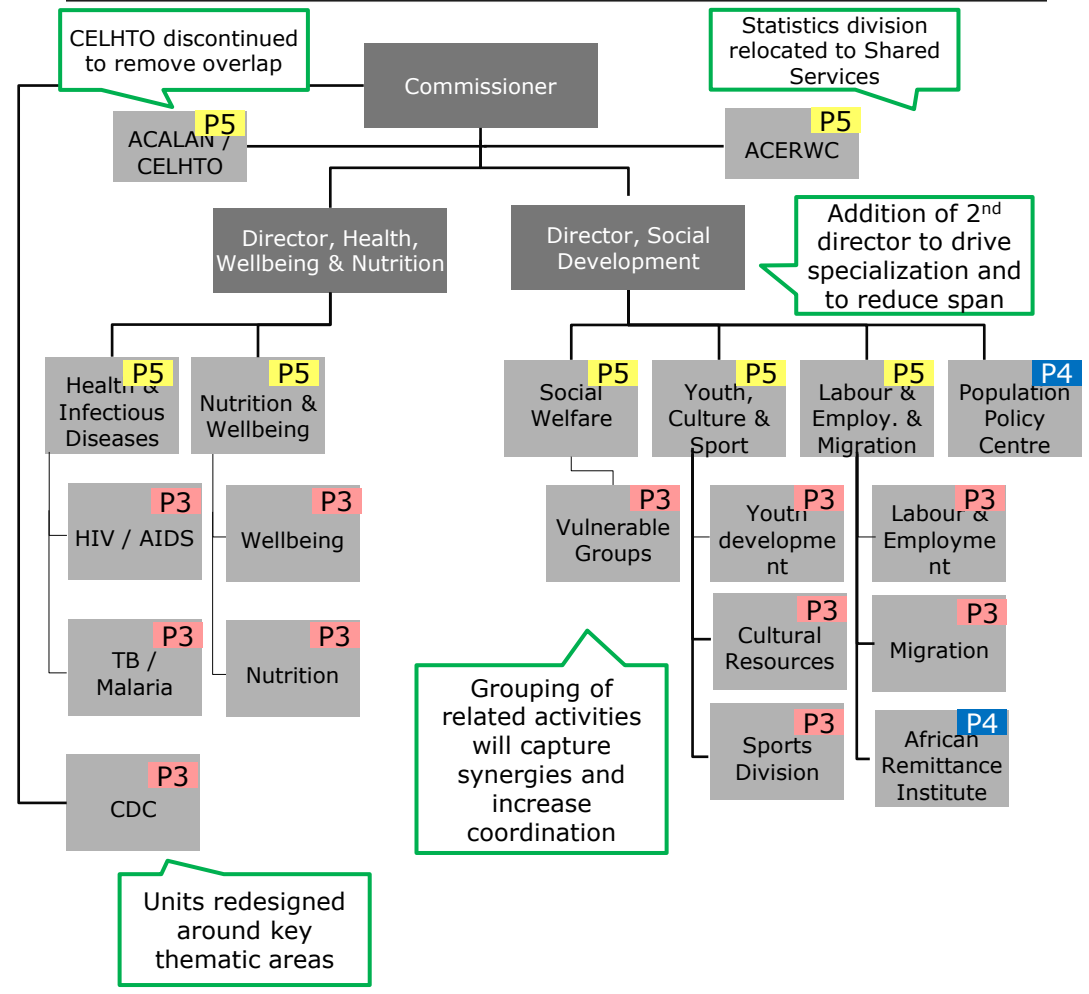


Updated

CURRENT: DISPARATE ACTIVITIES HINDERING RESULTS



POINT OF ARRIVAL: STREAMLINED FOR COORDINATION & SPECIALIZATION



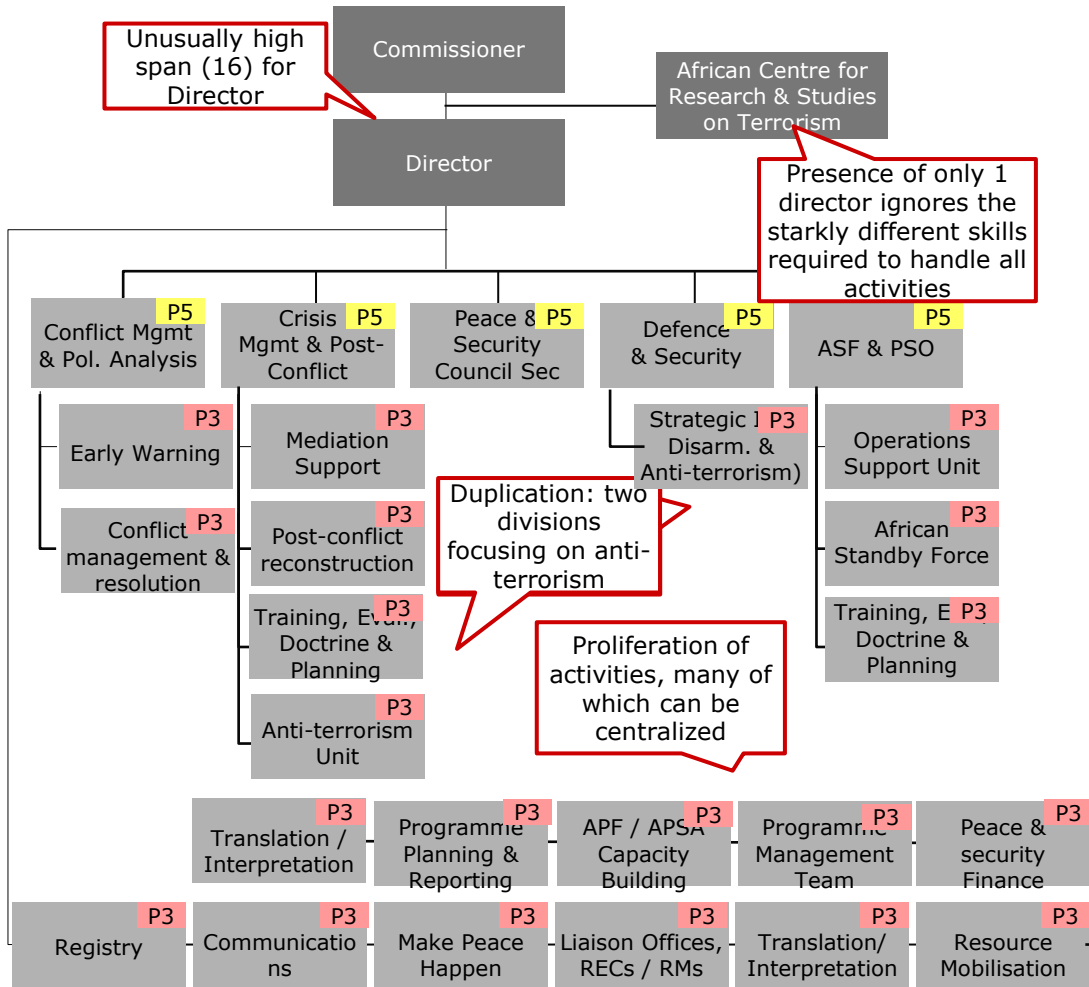
Source: AHRMD Database

Case Study: Peace & Security dept. can be restructured into a simpler more effective department

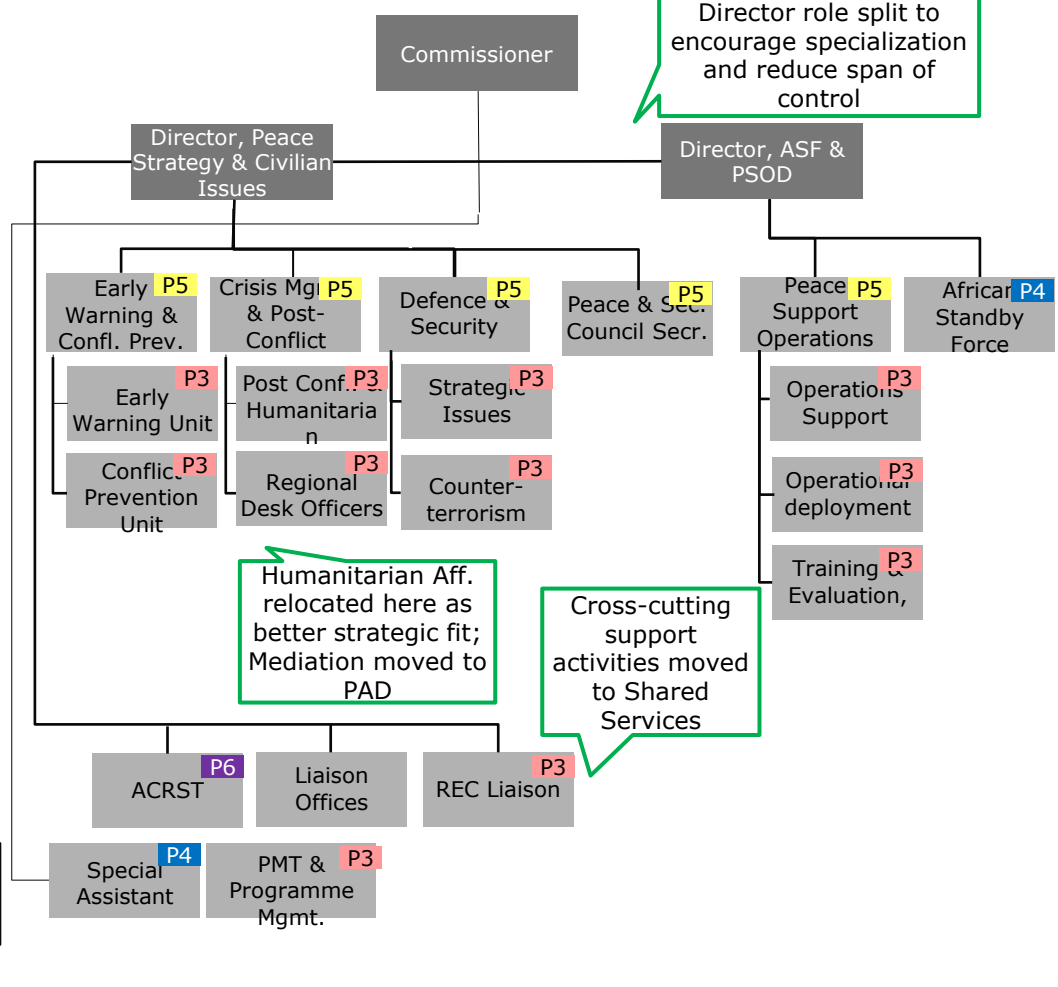


ILLUSTRATIVE

CURRENT: HIGH SPAN & DUPLICATION HINDERING EFFECTIVENESS



POINT OF ARRIVAL: STRUCTURED TO IMPROVE DECISION-MAKING & FOCUS



Source: AHRMD Database

Broader initiatives: We can also consider several additional organisation-wide cost-saving initiatives

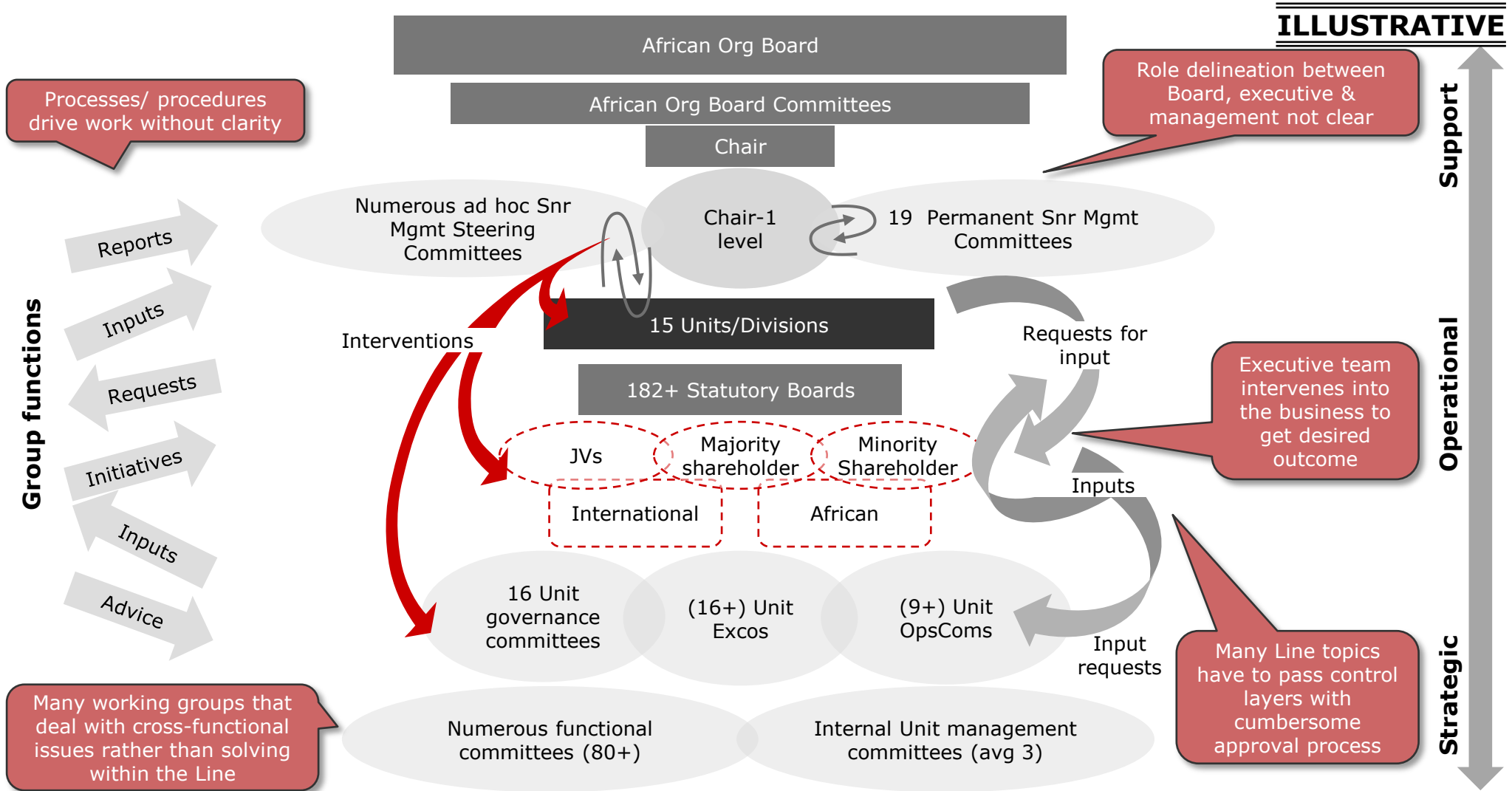


INITIATIVE	DETAILS
Increase efficiency of technology use	<ul style="list-style-type: none"> • Automate mailing and registry services as possible • Explore mechanisms to automate translation services • Rationalise usage of office supplies (e.g. reduce purchase of printers, ink and paper)
Outsource non-core services	<ul style="list-style-type: none"> • Explore opportunities to outsource admin functions or elements of Shared Services Hub, e.g. fleet management
Enforce responsibilities by staff grade	<ul style="list-style-type: none"> • Assess and align staff abilities to grade - rationalise excess or unsuitable staff across all P-grades • Increase role / coverage per support staff (e.g. secretaries managing 2 Directors each)
Rationalise meeting structure and behaviours	<ul style="list-style-type: none"> • Review existing calendar of coordination activities and identify opportunities for simplification • Develop and enforce set of meeting norms to reduce unproductive time





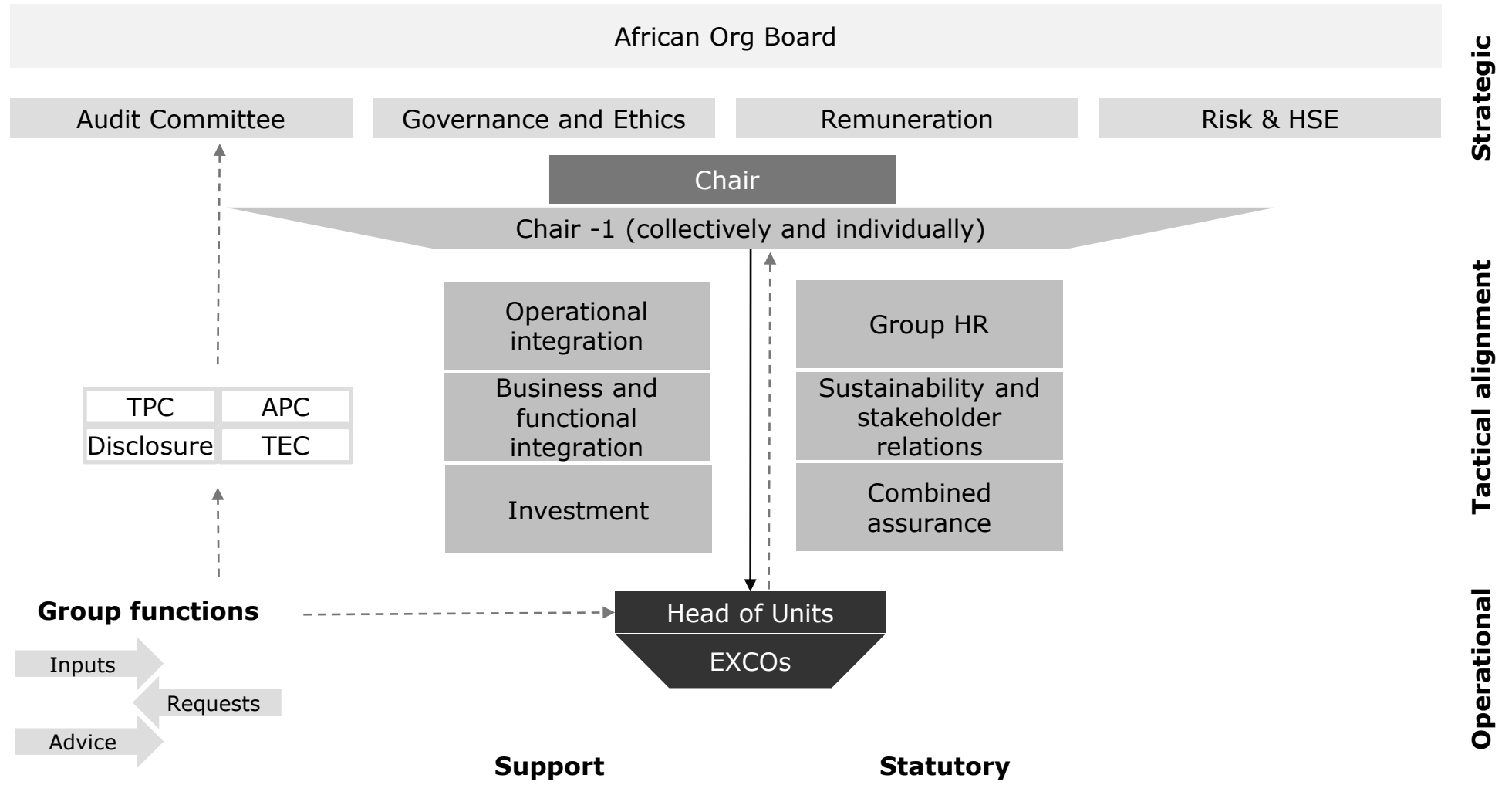
Broader initiatives (case study - African Org): Meeting landscape was complex and inefficient



Broader initiatives (case study - African Org): New, simpler committee landscape designed



ILLUSTRATIVE



Strategic

Tactical alignment

Operational



Broader initiatives (case study - African Org): New norms championed by leadership



ILLUSTRATIVE

Meetings

- 1 Determine if you need a meeting: Default to email or quick 1:1 de-briefs if only sharing information
- 2 Define the objective (Discuss, Decide, Inform) and clearly state in the meeting invite
- 3 Invite only the attendees who are needed for discussion or decision: Research shows groups of more than 7 cannot effectively discuss and decide
- 4 Determine the right length, format, and frequency; align to operating rhythm as appropriate
- 5 Define the agenda and any roles in advance, and include them in the meeting invite
- 6 Kick off the meeting with a clear articulation of the objective and agenda
- 7 Manage time; table discussions that are tangential or not reaching a conclusion
- 8 Recap decisions reached and action items (including owner and timing) at the end of the meeting
- 9 Communicate outcomes, including to those who did not participate in the meeting but need to know

Email

- 1 Consider if you need to email: Default to face-to-face or phone for discussions and to reach decisions
- 2 Highlight the objective in the subject line, e.g. ACTION REQUIRED or FYI
- 3 Send only to those who need to be included; reduce unnecessary CC's
- 4 Keep it brief and to the point (main message/point in the first sentence or paragraph)
- 5 Consider if you need to respond; If a long chain is forming, switch to another method for discussion
- 6 When a response is required, respond quickly whenever possible
- 7 Reduce use of "reply all" when responding

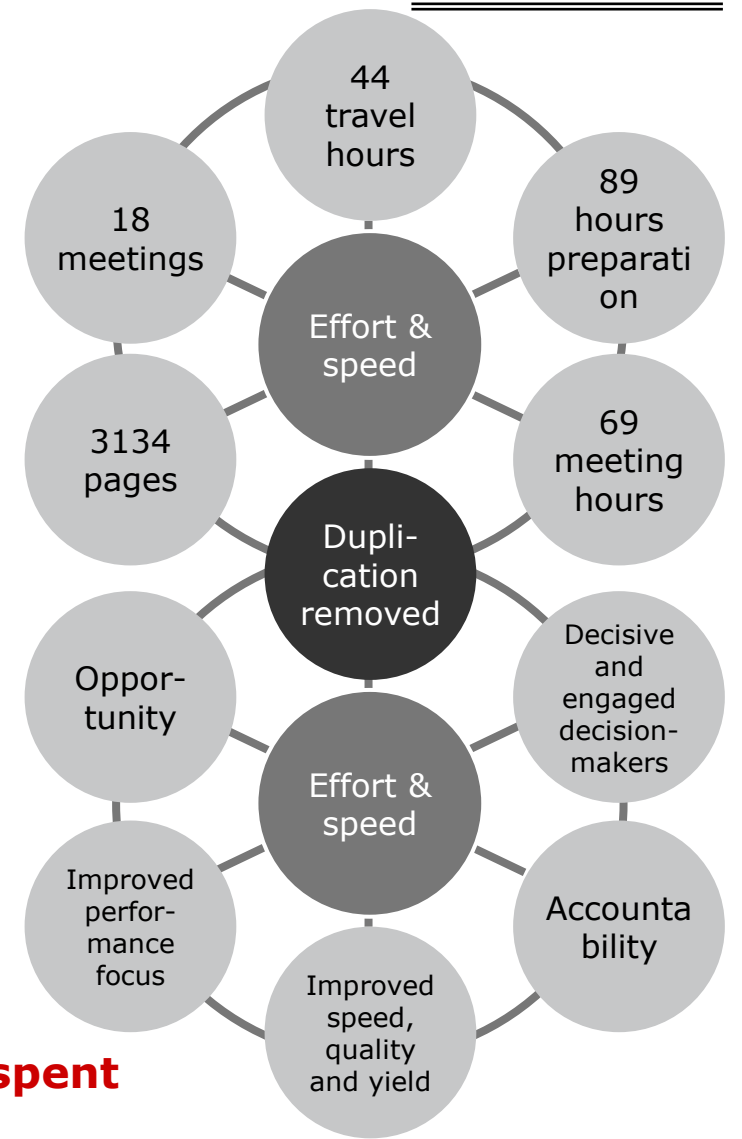
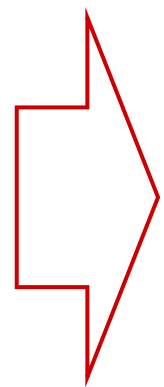
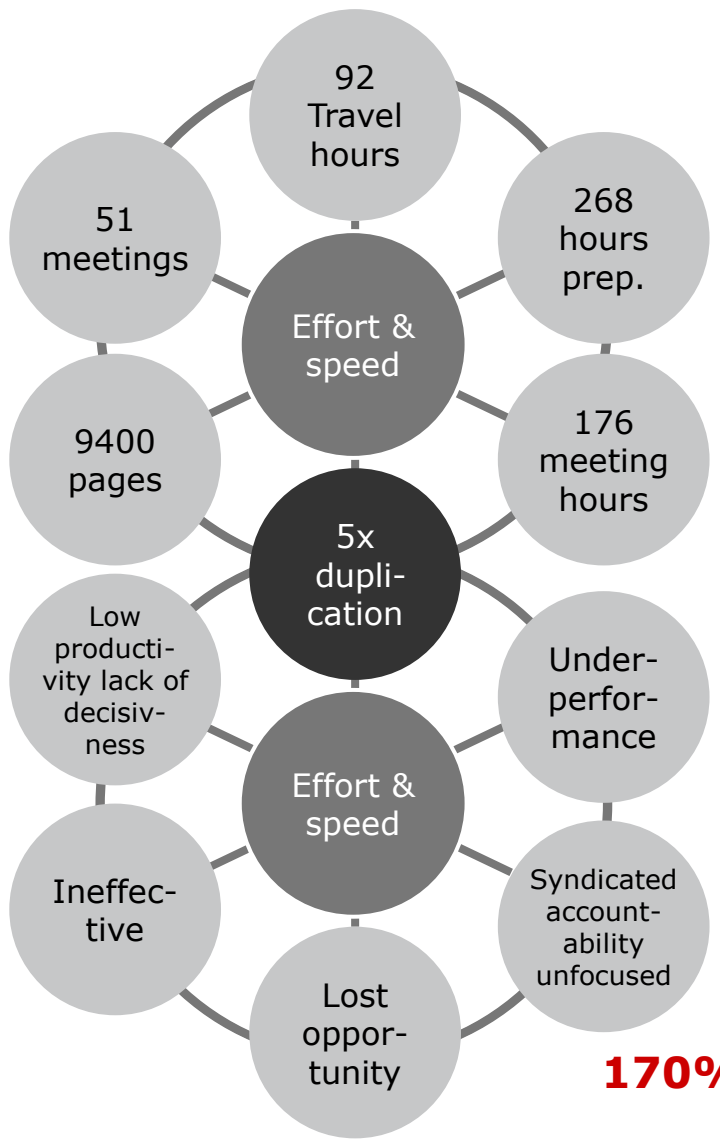


Broader initiatives (case study - African Org)



Significant gains achieved in efficiency and effectiveness

ILLUSTRATIVE



170% improvement on time spent



Structural initiatives will drive greater alignment to Agenda 2063 and improved effectiveness



Achieve quick wins, e.g.
cutting out illogical groupings,
areas of duplication

Create sustained improvements in **effectiveness**
and cost-efficiency over the next 3-5 years

Increase long-term **alignment with Agenda 2063** and Strategic
Plans

Build **foundational platform for broader Operating Model transformation**
(Governance, Ways of Working, Capabilities)



Organisational Restructuring initiatives: Areas for discussion



STRATEGIC INTERFACES

How do we build clarity and synergies between AUC and RECs/NEPAD?

STRUCTURE

How do we optimise structure to increase effectiveness and efficiency?

ACCOUNTABILITIES

What are the right roles and accountabilities for Commissioners, Directors, HoDs?



Commissioner role: Two issues to address in Commissioner role



CLARIFICATION OF COMMISSIONER VS. DIRECTOR ROLE

*"The **scope and perimeters need to be properly defined**, and some decisions need to be made without recourse for Heads of Division, Directors and Commissioners."*

AUC Interviewee

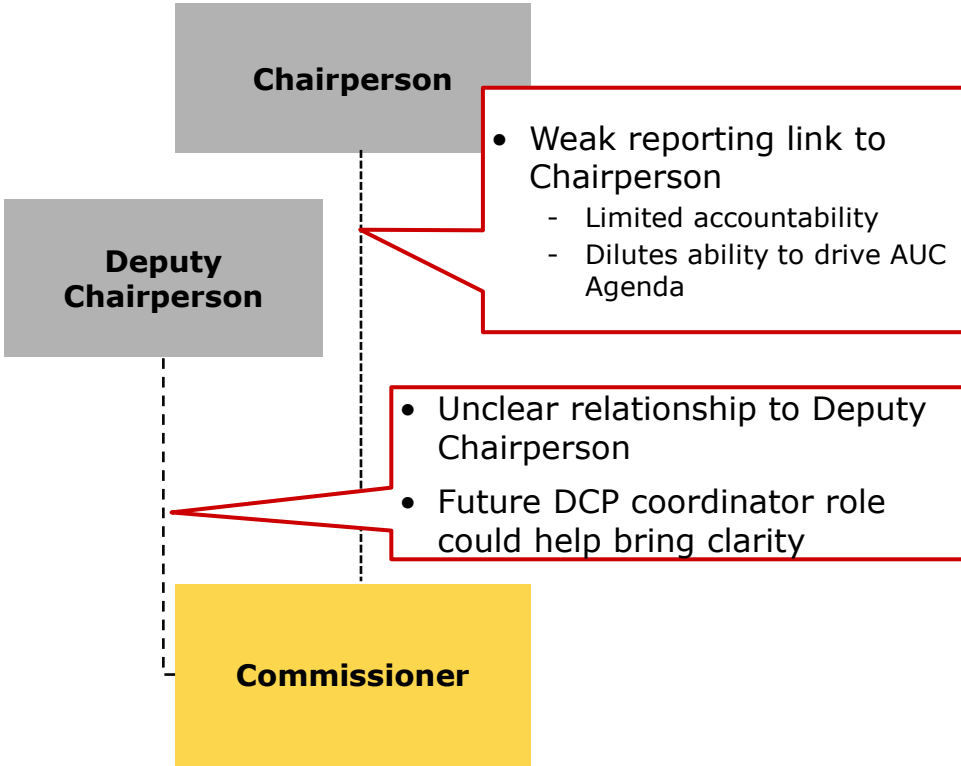
*"There's **no clear rule** on what Commissioners vs. Directors should do today: when they get along it's good; if not, **things break down.**"*

AUC Interviewee

*"Often Commissioners are lacking the means to do their job properly, so they are stepping down to deal with technical things. It's an institutional problem. We **need clear delineation of power.**"*

AUC Interviewee

CLARIFICATION OF COMMISSIONER/CHAIRPERSON RELATIONSHIP



Commissioner role: RAPID decision-making tool used to develop clear accountabilities



Description of role

Recommend

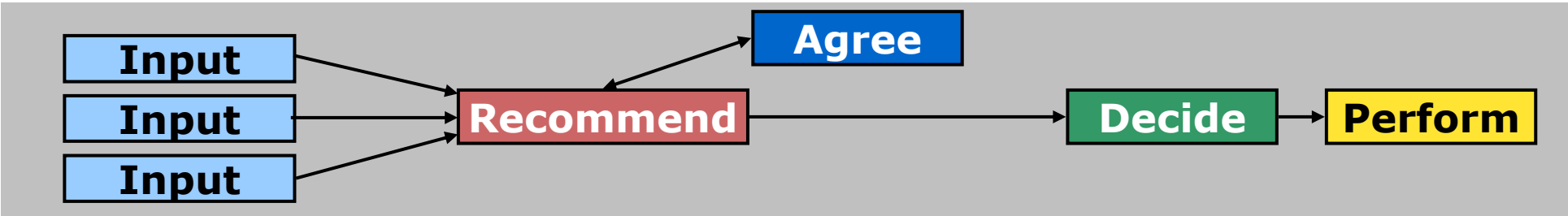
Agree

Perform

Input

Decide

- Primary responsibility for making a proposal (80% of work happens here)
 - Gather and assess the relevant facts
 - Obtain input from relevant parties
 - Drive robust analysis and conclusions
- Formal approval of a recommendation
- Like an Input "with teeth" - must be factored in
- Accountable for executing the decision, once it is made
- Consulted on the decision
- Provide valuable expertise, experience, information
- No obligation for decision maker to act on advice
- Make the final decision
 - "Commit the organization to action"
- Only one D



Commissioner role: Initial mapping of top ~20 decisions



ABRIDGED

R Recommend **A** Agree **P** Perform **I** Input **D** Decide

		Chair + MS	DCP	Commissioners	Directors	Division Heads	Planning/Finance	HR	Legal
Strategic/ political	Overall AUC strategy to deliver on Agenda 2063	D	A	R	I	I	I		
	Department-level plan (inc. technical and political elements)		A	D	R	I	I		
	Split of accountabilities with RECs and NEPAD on Dept-led programs (in line with principles of complementarity and subsidiarity)		A	D	R	I	I		I
	Engagement/lobbying of Member States on cross-cutting programs		D	R/P					
	Engagement/lobbying of Member States on Dept-led programs			D/P	I	I			
Technical	Technical/operational plan for department				D	R	I		
	Technical/operational plan for division					D			
	Progress reports vs. plan on cross-cutting programs		D	I	R				
	Progress reports vs. plan on department plans				D	R			
	Progress reports vs. plan on divisional plans						D		
	Policies/processes with impact solely on department				D	R	I	I	A
Personnel	Policies/processes with impact solely on division				D	I	I	A	
	Recruitment decision on a new FTE or part-time employee			A	D	R		A	
	Performance evaluation for Director			D		I		A	
	Performance review for staff			A	D	R		A	
	Staff complement >10% vs. plan within Dept	D		R	I	I			
Financial	Staff complement <10% vs. plan within Dept			D	R				
	Overall budget	D	I	I	I		R	I	A
	Major deviations vs. department budget (>10%)	D		R	I	I	I		
	Minor deviations vs. department budget (<10%)			D	R	I	I		

Clarification on engagement/consensus building role of Commissioners

Director focused on developing and delivering operational plan

Increased rigour on major staffing and financial deviations vs. budget

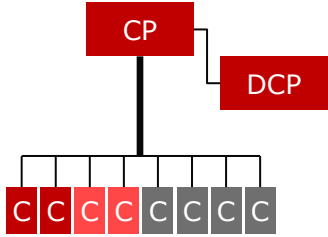
To be further developed in Phase 2

Commissioner role: Options also received on how to strengthen Chairperson-Commissioner relationship



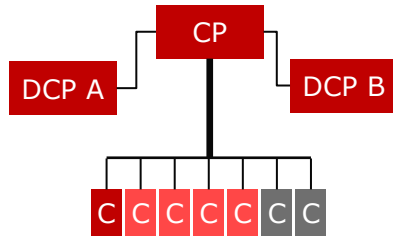
Updated

CURRENT



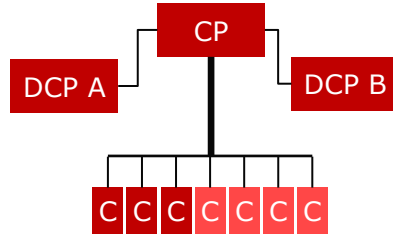
- CP & DCP elected by Executive Council
- Commissioners elected by PRC
- Appointments made to reflect regional and gender balance

i 'RESHUFFLE' OPTION



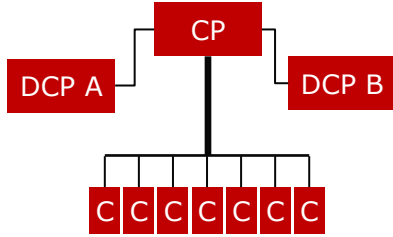
- Election process remains the same as current situation
- CP given powers to reassign / reshuffle Commissioners based on performance

ii 'APPOINT' OPTION



- CP & DCPs elected by Executive Council
- CP appoints Commissioners from a shortlist
 - 3 candidates per country chosen by regions
 - CP screens and selects based on transparent criteria
 - Final appointees presented to PRC; must reflect regional and gender balance

iii 'CABINET' OPTION



- CP & DCPs elected by Executive Council
- CP elected along with Cabinet of Commissioners
 - 'Cabinet' must be selected to reflect regional and gender balance

Option

TWG Assessment

- Commissioners allegiance divided between AUC and Member States
- Harder for CP to drive agenda effectively; Commissioners not accountable for performance

- Increased alignment of Commissioners to AUC/CP agenda
- Potential for abuse of power if criteria for reassignment are not clear

- Strong alignment of Commissioners to AUC/CP agenda
- Strengthens CP position while creating checks and balances
- Potentially time-consuming; may lead to lobbying to CP

- Maximum alignment of Commissioners with AUC/CP agenda
- Strengthens CP position without creating checks and balances
- Potentially simpler and cheaper process

Number of mentions: ■ Highly aligned to AUC/CP ■ Moderately aligned to AUC/CP ■ Low alignment to AUC/CP



- Executive summary
- Context and Approach
- Point of Departure: AUC Org diagnostics
- Emerging Recommendations
- Financial Implications & Implementation Plan



Summary: Recommendations from TWG



Updated

Speed of implementation

High
(e.g.: does not require engagement with 3rd parties or changes to Constitutive Act)

Low
(e.g.: requires engagement with 3rd parties or changes to Constitutive Act)

<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Two director positions in each of: PSD, SAD, DREA, EAD/TID 	<ul style="list-style-type: none"> • 'Quick win' RECs initiatives, e.g. shared calendar • Retain 10 Elected Officials • Merge Economic Affairs and Trade & Industry to create additional EO portfolio – with the mandate of internal strategic coordination • Streamline all AUC directorates down N-2 level based on agreed design principles • Launch efficiency savings programs e.g. selected automation, outsourcing
<ul style="list-style-type: none"> • n/a 		<ul style="list-style-type: none"> • Elevate additional Elected Official from EAD/TID merger to (second) DCP • Create a Shared Services Hub to be managed by DCP

- RECs Operating framework
- Decision rights framework for Commissioners versus CP, DCP and Directors

Low

High

Impact in terms of efficiency and effectiveness



Summary: 3 fewer P5s in proposal; Increase in P4 (+9) & P3 (+16) driven by increased alignment to Agenda

Updated

	# of FTEs										
	Point of Departure					Point of Arrival					
	D1	P6	P5	P4	P3	D1	P6	P5	P4	P3	
Departments	Peace & Security	1	-	5	2	10	2	-	5	2	11
	Political Affairs	1	-	2	-	6	1	-	2	1	6
	Infrastructure & Energy	1	-	3	-	9	1	-	3	-	10
	Social Affairs*	1	-	10	4	17	2	-	9	6	16
	Economic Affairs	1	-	4	-	4	-	-	-	-	-
	Trade & Industry	1	-	3	-	4	-	-	-	-	-
	Economic Affairs, Trade & Industry**	-	-	-	-	-	2	-	6	0	11
	Rural Economy & Agriculture***	1	-	4	-	9	2	-	3	3	6
	HRST	1	-	6	-	6	1	-	4	-	6
	Bureau of Chairperson	1	1	6	2	2	1	1	6	2	2
Offices & Directorates	Bureau of DCP****	-	1	2	1	-	1	2	1	3	4
	AHRM Directorate*****	1	-	5	-	18	1	-	5	-	9
	Strategic Partnerships	-	-	1	-	4	-	-	1	1	4
	Office of Secretary General	-	-	1	-	2	-	-	1	-	2
	Information & Communication	1	-	2	-	2	1	-	3	-	6
	SPPMERM Directorate	1	-	4	-	7	1	-	2	1	4
	PBFA Directorate	1	-	4	3	6	1	-	4	-	10
	DCMP	1	-	2	36	28	1	-	2	36	29
	Intelligence & Security Committee	-	1	1	1	2	-	1	1	1	2
	Women & Gender Dev. Directorate	1	-	2	-	3	1	-	2	1	2
	Protocol Services	1	-	-	1	-	1	-	-	1	-
	Medical Services	1	-	2	5	1	1	-	2	5	2
	Office of Legal Counsel	1	-	1	1	3	1	-	1	1	3
	Office of Internal Audit	1	-	1	-	2	1	-	2	-	5
	Citizens & Diaspora Directorate	1	-	2	-	-	1	-	2	-	-
	NEPAD Coordination Unit	-	1	-	-	1	-	-	-	-	-
	Total	20	4	73	56	146	25	5	70	65	162

Note: * Includes ACALAN & CELHTO; ** Two departments are merged to arrive at PoA; ***Includes Conakry Office; **** New Office of DCP created-
 PoA includes structures for PMO, Strategy Office & Statistics Division; ***** Directorate is split into HR & Operations Support Directorates; HRST
 includes IPED & CIEFFA



Financial impact: Proposed structure will lead to an FTE cost increase of ~\$3.3M/yr. once fully implemented



Updated

STAFF GRADE	# IN CURRENT STRUCTURE	# IN PROPOSED STRUCTURE	CHANGE	SALARY (\$)	FULLY LOADED COST (\$)*	ADDITIONAL ANNUAL COST(\$)
D1	20	25	5	114 995	176 661	883 305
P6	4	5	1	90 211	147 255	147 255
P5	73	70	-3	75 783	130 136	-390 408
P4	56	65	9	63 938	116 082	1 044 738
P3	146	162	16	55 814	104 038	1 664 608
Grand total						3 349 498.00

Note: *Fully loaded cost includes post adjustment, Spouse allowance, education allowance, housing allowance & pension contribution; Calculated on the assumption of 3 children (D1-GSA4 international staff, US\$7800 per child/annum and GSA3-GSB5 local staff, US\$2520.00 per child/annum); D1-GSA4 (International) calculated at the rate of 19% on pensionable salary (basic salary raised by 117%) and grades GSA3-GSB5 (basic salary only)
 Source: AHRMD Database; AUC Staff Salary Scale



Financial impact: TWG consensus proposal significantly cheaper than proposed alternatives



PRELIMINARY

2 ALTERNATIVE STRUCTURE PROPOSALS HAVE BEEN MADE...

• TWG proposal 2:

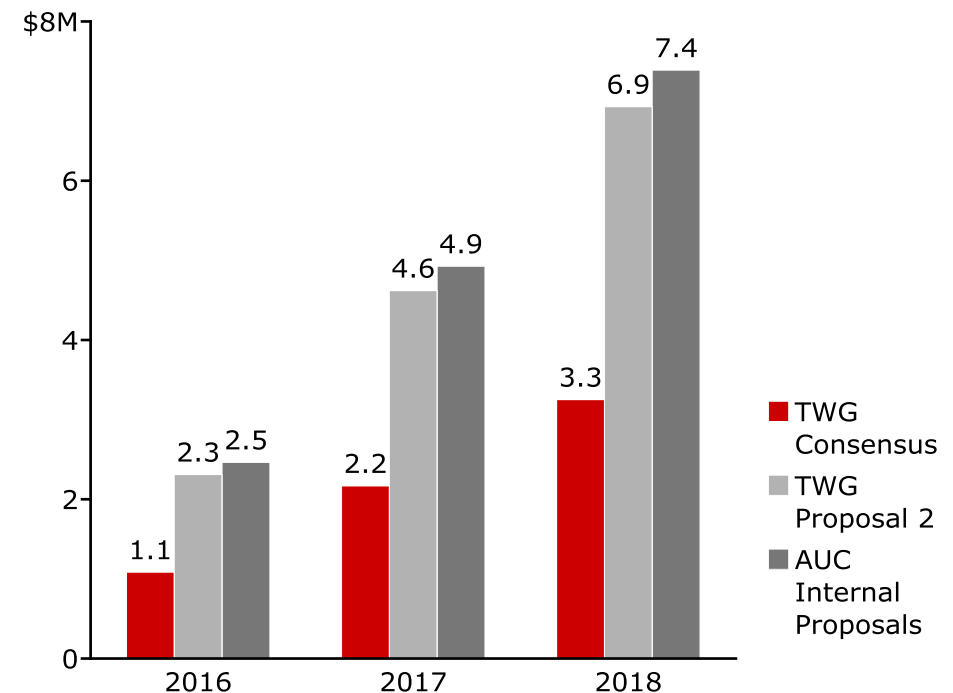
- Proposed by **Cameroon Member State Representative**
- Proposal will introduce **22 additional Directors** to structure

• AUC Internal Proposals*:

- Proposals received from **Intelligence & Security, DREA & DCMP**
- 3 proposals combined will introduce an additional **1 P6, 2 P5s, 16 P4s and 20 P3s** to structure

...BOTH OF WHICH WILL BE MORE EXPENSIVE THAN CONSENSUS PROPOSAL

Increase in FTE costs, 2016E-2018E



Note: * Proposals submitted by individual departments - details contained in appendix; Implementation period of 3 years assumed; Fully loaded cost includes post adjustment, Spouse allowance, education allowance, housing allowance & pension contribution; Calculated on the assumption of 3 children (D1-GSA4 international staff, US\$7800 per child/annum and GSA3-GSB5 local staff, US\$2520.00 per child/annum); D1-GSA4 (International) calculated at the rate of 19% on pensionable salary (basic salary raised by 117%) and grades GSA3-GSB5 (basic salary only)

Source: AHRMD Database; AUC Staff Salary Scale



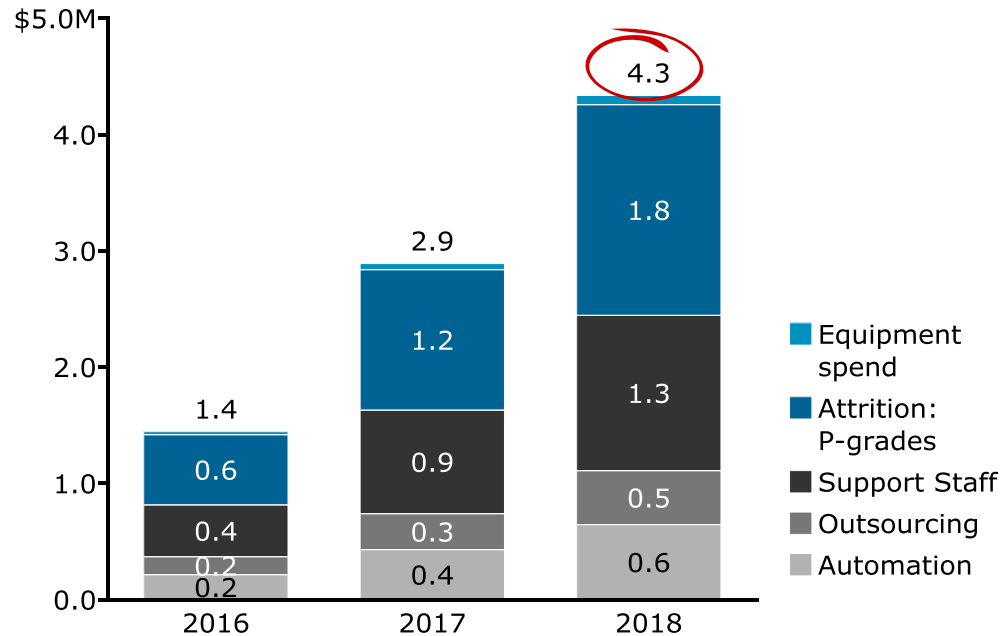
Financial impact: Targeted efficiency initiatives should see overall restructuring achieve break-even in yr. 1



PRELIMINARY

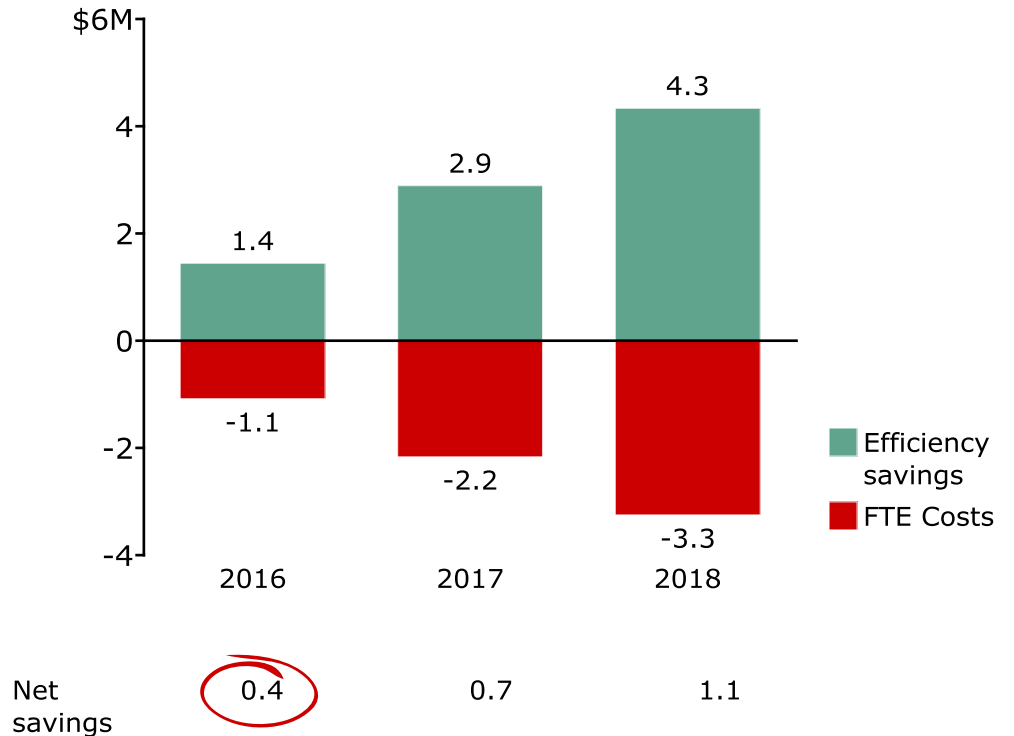
EFFICIENCY INITIATIVES WILL DELIVER TOTAL SAVINGS OF ~\$4M...

Savings from efficiency initiatives, 2016E-2018E



...WHICH WILL SEE RESTRUCTURING BREAK EVEN IN YR. 1

Overall financial impact of restructuring, 2016E-2018E



Note: P-grade attrition targets (1%/yr across P1-P6 levels); Automation initiatives targeted at Mailroom & Registry (10% reduction in staff costs assumed over 3 years); Outsourcing initiatives targeted at Fleet Management (25% reduction in costs assumed over 3 years); Shared Services Initiative leading to reduction in support staff (reduction of 3%/yr. assumed); Reduction in spend on printers, ink & paper (50% cost reduction assumed); FTE cost includes post adjustment, Spouse allowance, education allowance, housing allowance & pension contribution; 3 year horizon used in analysis

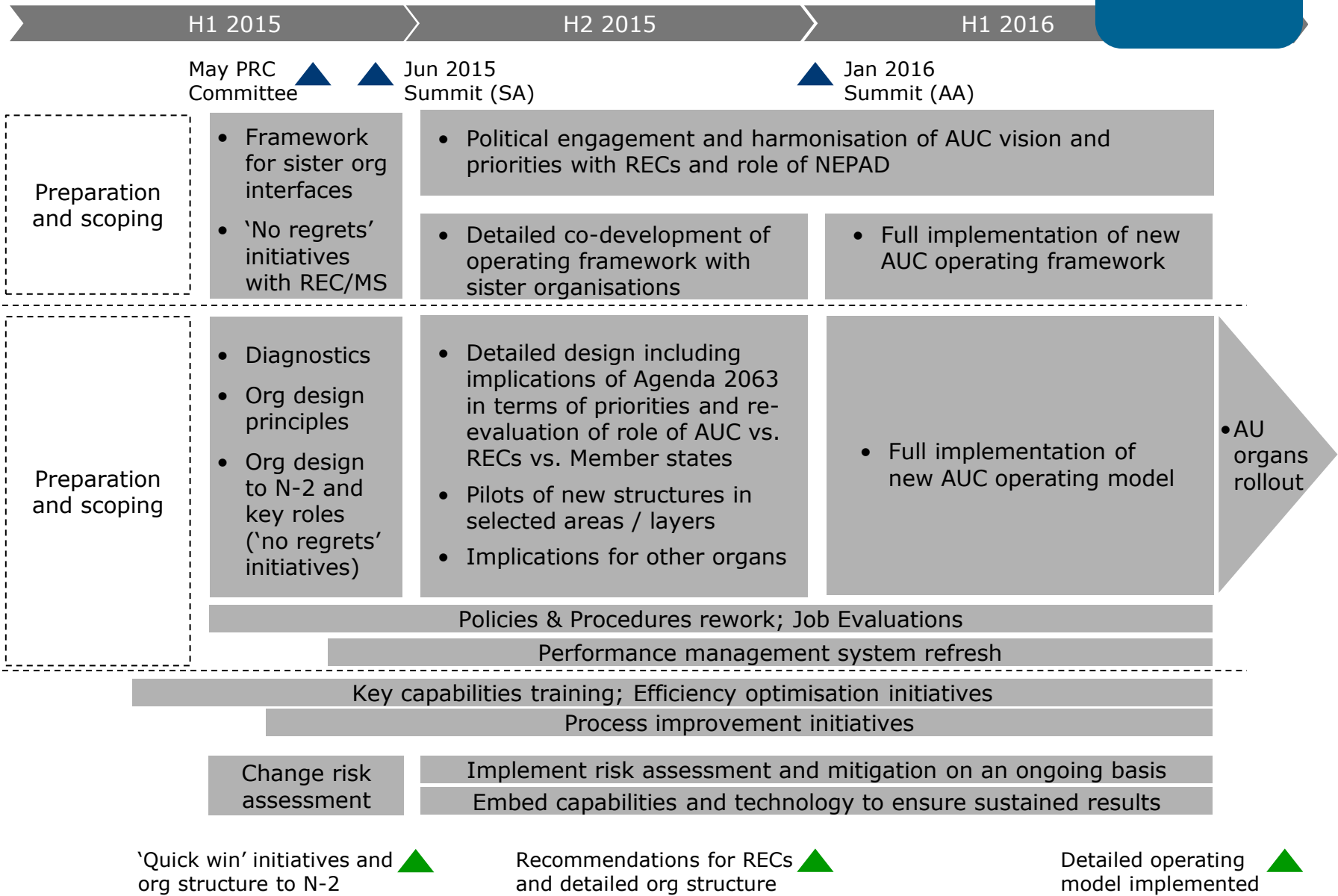
Source: AHRMD Database; AUC Staff Salary Scale; AUC Interviews



Implementation/change mgmt: 18 month roadmap developed for AU operating model transformation



Updated



Implementation/change mgmt: Restructuring programmes are hard to deliver



In a study of several hundred organisations executing transformation programmes...

12%

Achieved or exceeded the expectations that were set

38%

Failed to deliver, producing less than 50% of the expected results

50%

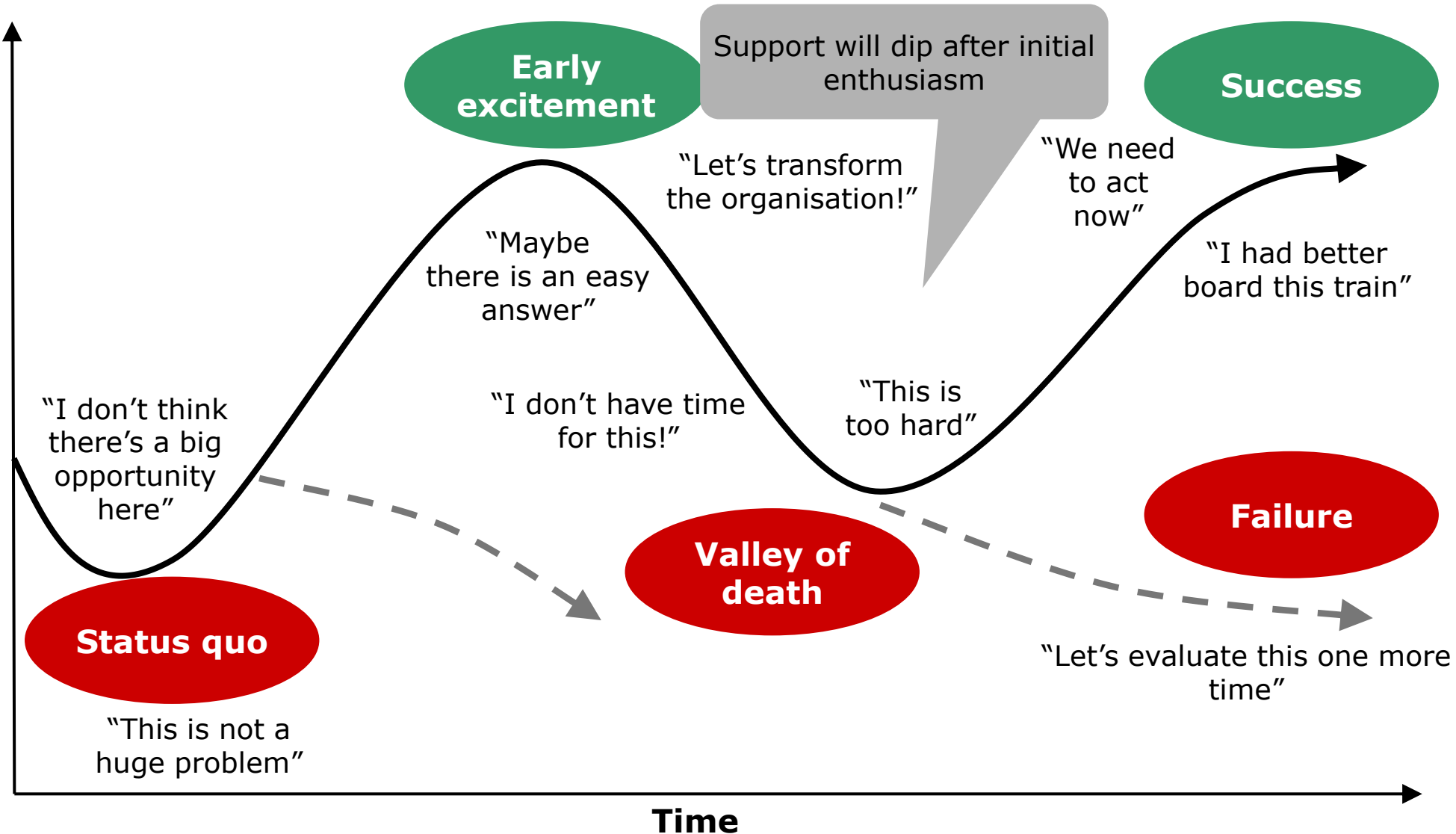
Settled for **dilution** of value and **mediocre** performance



Implementation/change mgmt: To achieve success, need to anticipate the lifecycle of the transformation



Organisational Commitment



Implementation/change mgmt: There is a systematic way to ensure success



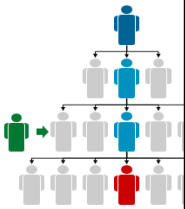
ANTICIPATE CHANGE RISKS

BRING THE FUTURE TO LIFE	Compelling intent			
	Credible solutions			
INSPIRE DEEP COMMITMENT	Aligned top team			
	Impactful leaders			
	Engaged sponsors			
HELP INDIVIDUALS SUCCEED	Influential supporters			
	Personal motivation			
	Critical capabilities			
DELIVER THE VALUE	Desired behaviors			
	Decisive governance			
BUILD TO SUSTAIN	Achievable plan			
	Leading indicators			
	Effective organization			
	Enabling technology			
	Continuous improvement			



IMPLEMENT MITIGATIONS

Build a healthy sponsorship spine - the most powerful lever to accelerate change



Communicate a clear destination that appeals to both heart and mind

FACTS AND DATA	METAPHORS AND STORIES
<p>1. Report content</p> <p>2. Report content</p> <p>3. Report content</p> <p>4. Report content</p> <p>5. Report content</p> <p>6. Report content</p> <p>7. Report content</p> <p>8. Report content</p> <p>9. Report content</p> <p>10. Report content</p> <p>11. Report content</p> <p>12. Report content</p> <p>13. Report content</p> <p>14. Report content</p> <p>15. Report content</p> <p>16. Report content</p> <p>17. Report content</p> <p>18. Report content</p> <p>19. Report content</p> <p>20. Report content</p>	

What's in it for your people?
What will the future look and feel like?



PLAN MITIGATIONS

RD Plan: Activities for priority risk areas

RD WORKSTREAMS	AUG	SEP	OCT	NOV	DEC
<p>Compelling Intent</p> <ul style="list-style-type: none"> Develop future state for integration Define integrated culture in high priority areas Facilitate leadership alignment, create "one team" attitude 					
<p>Engaged Sponsors</p> <ul style="list-style-type: none"> Design sponsorship spine Train sponsors on their role in the integration 					

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Implementation/change mgmt: The starting point is a realistic plan (and targets) that empower teams



	2015	2016	2017	Final
Efficiency targets:				
<i>HC savings</i>	<i>0 FTEs</i>	<i>10 FTEs</i>	<i>10 FTEs</i>	<i>20 FTEs</i>
<i>USD savings from HC</i>	<i>0 USD</i>	<i>500K USD</i>	<i>400K USD</i>	<i>900K USD</i>
<i>USD savings from other efficiency initiatives</i>	<i>10K USD</i>	<i>200K USD</i>	<i>800K USD</i>	<i>1.1M USD</i>
Effectiveness targets:				
<i>% of strategic implementation plan KPIs delivered</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
<i>% structure filled per plan</i>	<i>0%</i>	<i>60%</i>	<i>90%</i>	<i>100%</i>
<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>	<i>...</i>

BY PORTFOLIO: ILLUSTRATIVE

- Define **realistic targets on an annual basis** informed by diagnostics and recommendations
- Give teams **flexibility and incentives** to deliver on targets (e.g.: over-delivery in 1 year implies scope to add HC in following year to reflect changing needs)
- Create **'checks and balances'** to ensure actions taken are in line with design principles and project intent



Implementation/change mgmt: Key to bring to life a destination that appeals to heart and mind



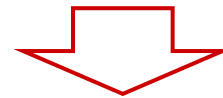
FACTS AND DATA

Day

1. Depart London.
2. Arrive Colombo. O/n Mt Lavinia Hotel, BB.
3. Tfr to Sinharaja. O/n Boulder Garden, BB.
4. Morning and afternoon guided walks in Sinharaja Rainforest. O/n Boulder Garden, BB.
5. Morning and afternoon guided walks in Sinharaja Rainforest. O/n Boulder Garden, BB.
6. Tfr to Embilipitiya. O/n Centuriya Hotel, FB.
7. Morning excursion in Uda Walawe National Park. O/n Centuriya Hotel, FB.
8. Tfr to Yala (Ruhuna) National Park. O/n Yala Village, FB.
9. Morning and afternoon game drives. O/n Yala Village, FB.
10. Morning excursion to Bundala National Park. O/n Yala Village, FB.
11. Morning and afternoon game drives. O/n Yala Village, FB.
12. Tfr to Galle. Visit Galle Fort. O/n Cloisenburg Hotel, BB.
13. Tfr to Waikkal. O/n Ranweli Resort, FB.
14. Day at leisure. O/n Ranweli Resort, FB.
15. Morning boat trip on waterways. O/n Ranweli Resort, FB.
16. Tfr to Colombo airport. Connect with return flight. Arrive London.



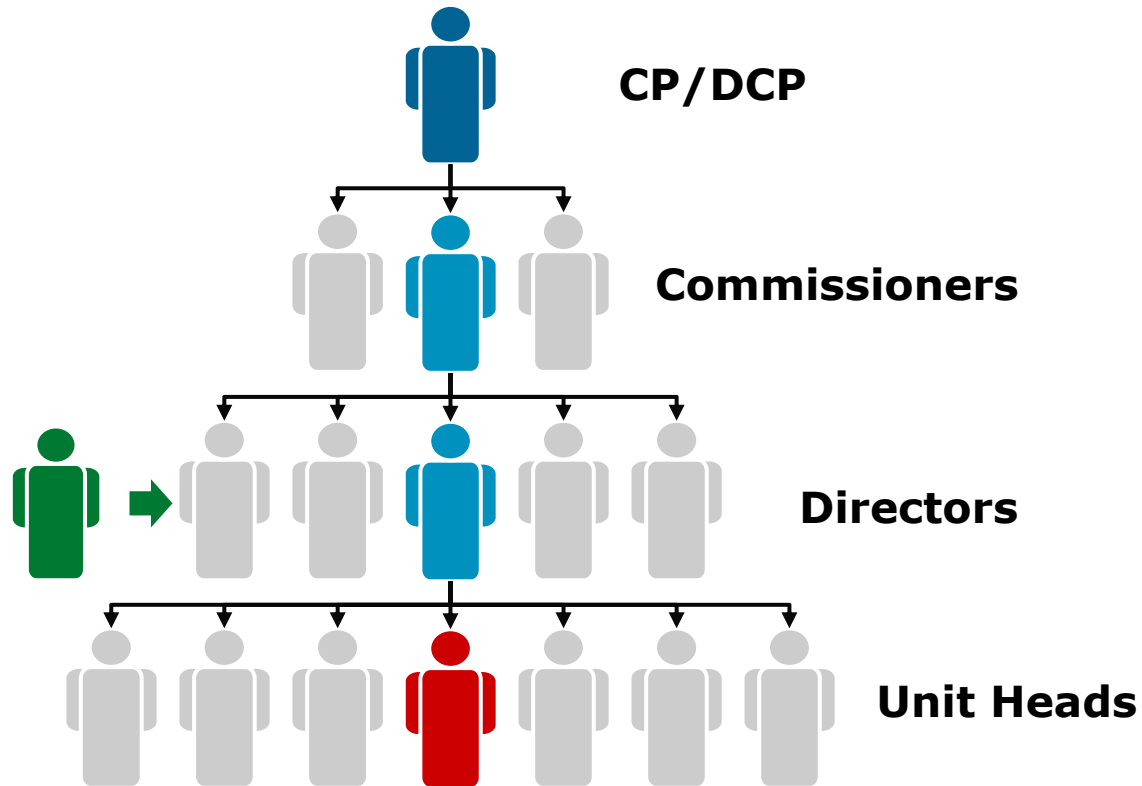
METAPHORS AND STORIES



What's in it for everyone?
What will the future look and feel like?
What are early successes that can galvanize support?



Implementation/change mgmt: Successful organisations build and monitor the 'sponsorship spine'



- Successful adoption by a group often depends on their direct supervisor supporting the restructuring
- Monitoring the support by department or by unit is often a useful measure to ensure restructuring is successful

Consider including activities to enroll and monitor the support for the restructuring by level



Implementation/change mgmt: Many organisations put temporary structures in place to support ..



Restructuring supervisory team

- Project sponsor
- Representatives of key stakeholder groups (Member States, Commission, PRC, other stakeholders)

Meet monthly

Restructuring technical team

- Project sponsor & project team lead
- Financial lead; communications lead
- 3-4 liaisons to departments/divisions

Meet weekly/fortnightly

ROLE

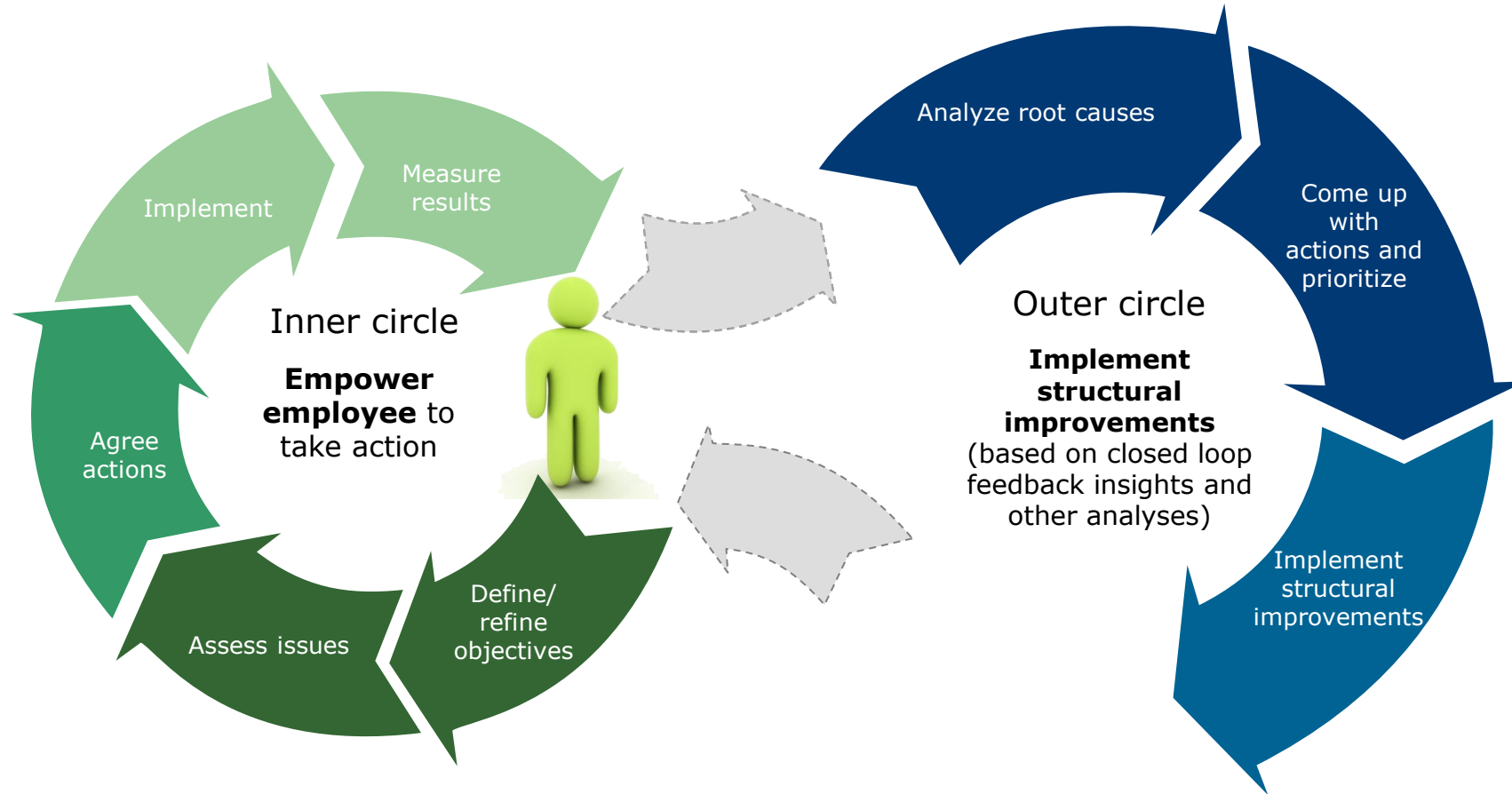
- Provide strategic direction
 - Review progress vs. objectives
 - Make decisions to keep restructuring on track (in line with mandate)
 - Update senior leadership on restructuring
-
- Help individual divisions/units with issues relating to the restructuring and develop solutions
 - Ensure consistency of approach across programme
 - Monitor if restructuring benefits and other milestones are being hit
 - Provide transparency on restructuring progress to key stakeholders
 - Coordinate change and communications activities to maintain momentum



Implementation/change mgmt: .. as well as empowering people at all levels to drive changes



CLOSED LOOP FEEDBACK APPROACH (SELF LEARNING ORGANIZATION)



Creating ownership by empowering teams to make decisions critical (included in restructuring design principles)



Implementation/change mgmt: Summary recommendation – for discussion



- Develop plan for restructuring that includes **annual targets by portfolio** giving flexibility to leaders on how to deliver
- Include in plan a **communications strategy and 'sell' the benefits of the restructuring** to the organization (at all levels) and communicates early successes
- Take actions to **engage and monitor the 'sponsorship spine'** so all levels are engaged e.g.: provide materials to teams to communicate with their direct reports on the restructuring including why they support
- Focus on **driving decision-making as close to 'point of delivery' as possible** to empower teams to drive change
- Put in place temporary structures (restructuring supervisor team and technical team) **to create transparency** on progress and to help address issues as they arise



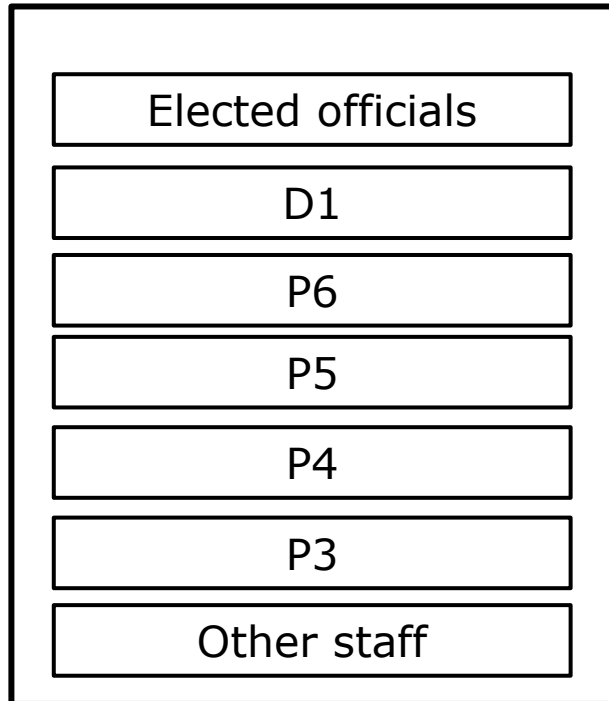
Appendix



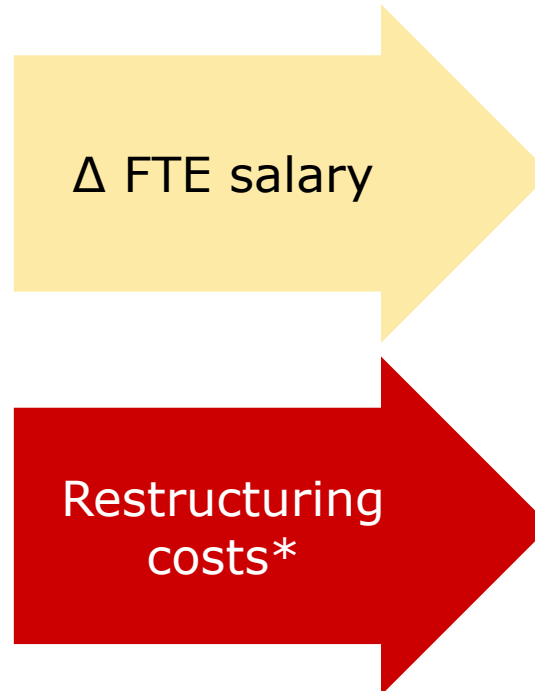


Financial impact: approach

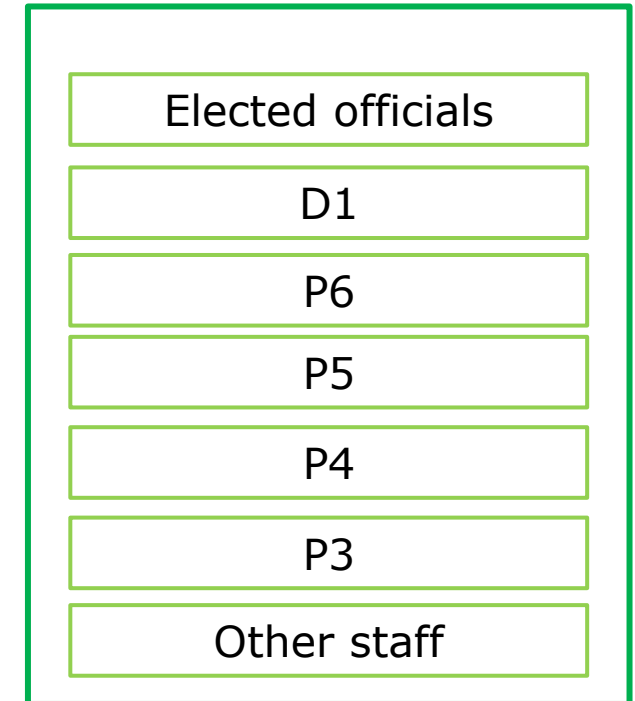
FTE STRUCTURE: CURRENT



*3-yr
transition*



FTE STRUCTURE: FUTURE



Broader efficiency initiatives
(e.g. outsourcing, automation)

*One-off costs including cost of transfers, hiring, retrenchment, etc.



5 specific turnaround initiatives contribute to overall financial impact; figures dependent on key assumptions



Turnaround Initiative	Calculation	Rationale & Key Assumptions
1 Restructure AUC org model for leanness and effectiveness	Financial implication (\$) = $\Sigma(\Delta N-2 \text{ Headcount by grade, by department} * \text{Cost to company by grade})$	<ul style="list-style-type: none"> • Current salaries used in calculation • Structure will be fully implemented over 3 years • Fully loaded FTE cost includes post adjustment, Spouse allowance, education allowance, housing allowance & pension contribution • Each staff assumed to have 3 children (D1-GSA4 international staff, US\$7800 per child/annum and GSA3-GSB5 local staff, US\$2520.00 per child/annum) • Costs and savings ramp up straight line over 3 year horizon • Retrenchment and recruitment costs not considered
2 Automate key processes	Year 3 cost saving (\$) = $10\% * \Sigma \text{FTE costs (Filing Clerks, Mail Runners, Clerks, Translators)}$	<ul style="list-style-type: none"> • We will automate processes like translation and others for which memos are currently required • Assumption is that automation will help reduce staffing costs in these areas by 10% by the end of year 3
3 Outsource non-core functions (fleet management)	Year 3 cost saving (\$) = $25\% * (\text{FTE Cost Fleet Management})$	<ul style="list-style-type: none"> • Functions like fleet management can be outsourced as is the case in similar institutions • Assumption is that outsourcing will help reduce overall costs of fleet mgmt. by 25% by end of year 3
4 Capture efficiencies from creation of Shared Services Hub	Annual cost saving (\$) = $3\% * \Sigma \text{FTE Costs (Secretaries, Assistant, Receptionists, Shadow IT)}$	<ul style="list-style-type: none"> • Shared Services hub will increase utilization of common resources by assigning support staff to a collective pool • Attrition target of 3% per year assumed for Directors
5 Reduce P-Grade Headcount	Annual cost saving (\$) = $1\% * \Sigma \text{FTE Costs for P1-P6}$	<ul style="list-style-type: none"> • Underutilized or underqualified staff in professional positions will be systematically retrenched • Attrition target of 1% per year assumed for Directors



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Organs

Council of Ministers & Executive Council Collection

2015

Report of sub-committee on structural reforms

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