EXECUTIVE COUNCIL
Twenty-Seventh Ordinary Session
7 - 12 June 2015,
Johannesburg, SOUTH AFRICA

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:

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

- Structure has not evolved to reflect Agenda 2063 priorities; prevalence of short term staff impacting effectiveness & motivation
- Lack of clarity in mandate and ineffective collaboration with RECs leading to overlaps and inefficiencies
- Lack of clarity of roles resulting in conflict and duplication between individuals, and across and within departments
- Absence of effective performance management leading to lack of accountability and staff demotivation
- Lack of prioritization resulting in a proliferation of mandates and stretched use of resources
- Ineffective processes in procurement and recruiting leading to AUC’s lack of capacity to deliver with quality and on time
- Culture of mistrust and competition resulting in poor collaboration and a pervasive silo mentality
- 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 styles including meeting and communication norms (e.g. emails, memos, etc.), impacting motivation and productivity
- Inadequate levels of communication within and between departments leading to ineffective coordination, planning and decision making
- Self-interested leadership resulting in poor decision making and prioritisation

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

<table>
<thead>
<tr>
<th>Current Directors</th>
<th>Recommended Directors</th>
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| Peace and Security                | • Peace Strategy and Civilian Issues  
                                        • Peace Operations – African  
                                           Standby Force & PSOD |
| Political Affairs                 | Political Affairs                                                                      |
| Infrastructure & Energy           | Infrastructure & Energy                                                                |
| Social Affairs                    | • Health, Wellbeing and Nutrition  
                                        • Social Development                     |
| Economic Affairs                  | Economic Affairs                                                                       |
| Trade and Industry                | Trade, Industry and Mining                                                             |
| Rural Economy and Agriculture     | • Agriculture, Rural Development and Environment  
                                        • Agriculture, Rural Development and Environment – Technical Offices |
| Human Resources, Science and Technology | Education, Science and Technology                                                |

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<thead>
<tr>
<th>Offices and Directorates</th>
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<tbody>
<tr>
<td>-</td>
<td>PMO/Coordination (Under the New DCP)</td>
</tr>
<tr>
<td>Chief of Staff</td>
<td>Chief of Staff</td>
</tr>
<tr>
<td>Secretary General</td>
<td>Secretary General</td>
</tr>
</tbody>
</table>
| Administration and Human Resources Management | 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*
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.
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
Disclaimer

• 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 ongoing 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
Agenda

- 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

- 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)

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Current AUC organisation is not set up to deliver Agenda 2063
**Recommendations: Technical Working Group recommendation on superstructure (1 of 2)**

**PRELIMINARY - FOR FURTHER DISCUSSION**

- New Deputy Chairperson coordination of internal Departments and interface with RECs
- Two Directors in some Depts. with large mandate (e.g. PSD)
- Economic Affairs & Trade and Industry merged
Recommendations: Technical Working Group recommendation on superstructure (2 of 2)

PRELIMINARY - FOR FURTHER DISCUSSION

Chairperson

Deputy Chairperson
Strategic Coordination

Bureau of Deputy Chairperson

Deputy Chairperson
Support and Shared Services

Bureau of Deputy Chairperson

Support and Shared Services Hub

PMO/Coordination office to provide technical support; Strategy Centre extracted from SPPMER; Women & Gender introduced due to cross-cutting nature of mandate

COO + PMO / Coordination Office

Strategy & Policy Analysis Centre *

Women & Gender Development

Statistics Division *

Office of Legal Counsel

Strategic Partnerships Division *

Intelligence & Security Committee *

Representational Offices *

Office of Secretary General

Office of Internal Audit

CIDO

Protocol Services

Operations Support Directorate

Information & Communication

Finance Directorate

Conference Management & Publications

Planning, Programming & Budgeting

Medical Services

Human Resources, Security & Safety

MIS Division

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

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

<table>
<thead>
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<th>STAFF GRADE</th>
<th># IN CURRENT STRUCTURE</th>
<th># IN PROPOSED STRUCTURE</th>
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<th>FULLY LOADED COST ($)</th>
<th>ADDITIONAL ANNUAL COST($)</th>
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**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

Efficiency Initiatives will Deliver Total Savings of ~$4M...

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

### Key dates:
- **H1 2015**: May PRC Committee
- **H2 2015**: Jun 2015 Summit (SA)
- **H1 2016**: Jan 2016 Summit (AA)

### 1. Clarification of priorities
- Preparation and scoping
- Framework for sister org interfaces
- ‘No regrets’ initiatives with REC/MS

### 2. Interface with RECs vs. MS
- Preparation and scoping
- Diagnostics
- Org design principles
- Org design to N-2 and key roles (‘no regrets’ initiatives)
- Detailed design including implications of Agenda 2063 in terms of priorities and re-evaluation of role of AUC vs. RECs vs. Member states
- Pilots of new structures in selected areas / layers
- Implications for other organs

### 3. Operating Model: Org restructuring and accountability mapping
- Preparation and scoping
- Diagnostics
- Org design principles
- Org design to N-2 and key roles (‘no regrets’ initiatives)
- Full implementation of new AUC operating framework

### 4. Capability building
- Change management
- Change risk assessment
- Process improvement initiatives

### Key deliverables:
- ‘Quick win’ initiatives and org structure to N-2
- Recommendations for RECs and detailed org structure
- Detailed operating model implemented

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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

Point of Departure: AUC Org diagnostics

Emerging Recommendations

Financial Implications & Implementation Plan
## Methodology

### 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

*Decision Effectiveness Assessment
Context and approach: executive summary

- **Agenda 2063 and the 10 year implementation plan** provide clarity on the direction for 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)
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

<table>
<thead>
<tr>
<th>Category</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unity</strong></td>
<td>• Promote the unity and solidarity of African States</td>
</tr>
<tr>
<td><strong>Sovereignty</strong></td>
<td>• Defend the sovereignty, territorial integrity and independence of its members</td>
</tr>
<tr>
<td><strong>Independence</strong></td>
<td>• Eradicate all forms of colonialism from Africa</td>
</tr>
<tr>
<td><strong>Cooperation</strong></td>
<td>• Co-ordinate and intensify the members’ co-operation and efforts to achieve a better life for the peoples of Africa</td>
</tr>
<tr>
<td><strong>International cooperation</strong></td>
<td>• Promote international cooperation, giving due regard to the Charter of the United Nations and the Universal Declaration of Human Rights</td>
</tr>
<tr>
<td><strong>Policy coordination</strong></td>
<td>• Co-ordinate and harmonise members’ political, diplomatic, economic, educational, cultural, health, welfare, scientific, technical and defence policies</td>
</tr>
</tbody>
</table>

### AU: POLITICAL STABILITY, INTEGRATION, ECON. DEVELOPMENT

<table>
<thead>
<tr>
<th>Category</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Peace and Stability</strong></td>
<td>• Promote peace and stability</td>
</tr>
<tr>
<td><strong>Agricultural Production</strong></td>
<td>• Expand Agricultural production, developing the Agro-processing and businesses sectors, increase market access and attain Africa’s collective Food self-sufficiency and nutrition</td>
</tr>
<tr>
<td><strong>Econ. Development &amp; Industrialization</strong></td>
<td>• Promote inclusive economic development and industrialization</td>
</tr>
<tr>
<td><strong>Human capacity</strong></td>
<td>• Build Africa’s human capacity</td>
</tr>
<tr>
<td><strong>Women &amp; Youth</strong></td>
<td>• Mainstream the participation of women and the youth in all priorities and activities of the Union and the continent</td>
</tr>
<tr>
<td><strong>Resource mobilization</strong></td>
<td>• Implement strategies of resource mobilization</td>
</tr>
<tr>
<td><strong>People-centred Union</strong></td>
<td>• Strengthen a people centered Union through active communication of the programmes of the AU</td>
</tr>
<tr>
<td><strong>Institutional capacity</strong></td>
<td>• Strengthen the institutional capacity of the AUC, the RECs and other organs, and its relations with strategic &amp; other partners</td>
</tr>
</tbody>
</table>

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...

<table>
<thead>
<tr>
<th>Directorates</th>
<th>Peace and Security</th>
<th>Political Affairs</th>
<th>Social Affairs</th>
<th>DREA</th>
<th>Infrastructure &amp; Energy</th>
<th>Trade &amp; Industry</th>
<th>HRST</th>
<th>Economic Affairs</th>
<th>CIDO</th>
<th>Strat Partnerships</th>
<th>Women &amp; Gender</th>
<th>ICD</th>
<th>DCP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peace and Stability</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Agricultural Production</td>
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<td>Economic Development &amp; Industrialization</td>
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<td>✓</td>
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<td></td>
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<tr>
<td>Human capacity</td>
<td>✓</td>
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<tr>
<td>Women &amp; Youth</td>
<td>✓</td>
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<tr>
<td>Resource mobilization</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>People-centred Union</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td></td>
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<tr>
<td>Institutional capacity</td>
<td></td>
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<td></td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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</table>

* Priorities laid out in Strategic Plan 2014-17
...especially when benchmarked to the UN which has greater structural coverage of key priorities

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Maintain international peace &amp; security</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Develop friendly relationships among nations</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
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<tr>
<td>Achieve int’l co-operation in solving international problems</td>
<td></td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Be a centre for harmonizing the actions of nations</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th>Priority*</th>
<th>First Vice President</th>
<th>Vice President</th>
<th>Vice President</th>
<th>Vice President</th>
<th>Vice President</th>
<th>High Representative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boost for jobs, growth and investment</td>
<td>Better regulation; Inter-institutional relations; Rule of Law and Charter of Fundamental Right</td>
<td><strong>✓</strong></td>
<td></td>
<td></td>
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<tr>
<td>Connected digital single market</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td><strong>✓</strong></td>
</tr>
<tr>
<td>Energy union with a forward-looking climate change policy</td>
<td></td>
<td></td>
<td><strong>✓</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deeper and fairer internal market with a strengthened industrial base</td>
<td></td>
<td><strong>✓</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deeper and fairer econ. and monetary union</td>
<td></td>
<td><strong>✓</strong></td>
<td>Primarily internal function</td>
<td><strong>✓</strong></td>
<td><strong>✓</strong></td>
<td></td>
</tr>
<tr>
<td>Reasonable and balanced free trade agreement w/ U.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>✓</strong></td>
</tr>
<tr>
<td>Area of Justice and Fundamental Right</td>
<td></td>
<td><strong>✓</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New policy on migration</td>
<td></td>
<td><strong>✓</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stronger global actor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>✓</strong></td>
</tr>
<tr>
<td>Union of democratic change</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

** ✓** 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

<table>
<thead>
<tr>
<th>Organisation</th>
<th>AUC</th>
<th>AfDB</th>
<th>NEPAD</th>
<th>EAC</th>
<th>ECOWAS</th>
<th>SADC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>Pan-African</td>
<td>Pan-African</td>
<td>Pan-African</td>
<td>East Africa</td>
<td>West Africa</td>
<td>Southern Africa</td>
</tr>
<tr>
<td>Mission &amp; Objective</td>
<td>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</td>
<td>Spur sustainable economic development and social progress in its regional member countries, thus contributing to poverty reduction</td>
<td>Build an integrated, prosperous and peaceful Africa driven by its own citizens and representing a dynamic force in the global arena</td>
<td>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</td>
<td>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</td>
<td>Promote sustainable and equitable economic growth and socio-economic development through efficient, productive systems, deeper co-operation and integration, good governance, and durable peace &amp; security</td>
</tr>
<tr>
<td>Founded</td>
<td>• 1999</td>
<td>• 1963</td>
<td>• 2001</td>
<td>• 1967*</td>
<td>• 1975</td>
<td>• 1992</td>
</tr>
<tr>
<td>Headquarters</td>
<td>• Addis Ababa, Ethiopia</td>
<td>• Abidjan, Côte d’Ivoire</td>
<td>• Midrand, South Africa</td>
<td>• Arusha, Tanzania</td>
<td>• Abuja, Nigeria</td>
<td>• Gaborone, Botswana</td>
</tr>
</tbody>
</table>

*Originally founded in 1967, however collapsed in 1977 and was revived in 2000

Source: Organization websites; Lit search

How should overlaps in mandate be managed? What is the correct operating framework between the organisations?
The Operating Model framework is a powerful tool to assess the optimal organization for the AUC’s goals.

- **Strategy & Values**
  - AUC purpose, vision and priorities
  - AUC focus vs. sister organisations
  - AUC medium-term strategy plans and flagship projects

- **Operating Model**
  - the bridge between strategy and execution

- **Detailed design & Execution**
  - Political alignment around new AUC org
  - Implementation roadmap
  - Capability building plan for AUC staff
  - New metrics for performance management and feedback
  - Risk mitigation

- **Design Principles**
  - Structure
  - Accountabilities
  - Governance
  - Ways of working
  - Capabilities
    - People
    - Processes
    - Technology
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.

Key focus areas:

1. Clarification of priorities
2. Interface with RECs vs. MS
3. Operating Model: Org restructuring and accountability mapping
4. Capability building
5. Change management

Key activities:

- Preparation and scoping
- Diagnostics
- Operating Model: Org restructing and accountability mapping
- Capability building
- Change management
- Change risk assessment
- ‘Quick win’ initiatives and org structure to N-2
- Recommendations for RECs and detailed org structure
- Detailed operating model implemented

Key dates:

- May PRC Committee
- Jun 2015 Summit (SA)
- Jan 2016 Summit (AA)
- H1 2015
- H2 2015
- H1 2016

- Policies & Procedures rework; Job Evaluations
- Performance management system refresh
- Key capabilities training; Efficiency optimisation initiatives
- Process improvement initiatives
- Implement risk assessment and mitigation on an ongoing basis
- Embed capabilities and technology to ensure sustained results
- AU organs rollout

- Full implementation of new AUC operating framework
- Detailed design including implications of Agenda 2063 in terms of priorities and re-evaluation of role of AUC vs. RECs vs. Member states
- Pilots of new structures in selected areas / layers
- Implications for other organs
- Diagnostics
- Org design principles
- Org design to N-2, key roles and accountabilities
- Framework for sister org interfaces
- ‘Quick win’ initiatives with REC/MS
- Political engagement and harmonisation of AUC vision and priorities with RECs and role of NEPAD
- Detailed co-development of operating framework with sister organisations
- Full implementation of new AUC operating framework

This information is confidential and was prepared by Bain & Company solely for the use of our client; it is not to be relied on by any 3rd party without Bain’s prior written consent.
Current focus is on high-impact/short ‘lead time’ actions as well as highest impact actions with longer ‘lead times’.

**Speed of implementation**

- **High** (e.g.: does not require engagement with 3rd parties or changes to Constitutive Act)
  - Deprioritise unless symbolic actions that will build momentum
  - Decide now and move to action

- **Low** (e.g.: requires engagement with 3rd parties or changes to Constitutive Act)
  - Deprioritise
  - Investigate in next phase of restructuring (post June)

**Impact in terms of efficiency and effectiveness**

- **Low**
  - Shorter lead time actions need to be flexible to adapt to longer term changes

- **High**
  - Begin investigating now given long lead time

= Focus for this phase of restructuring
This means that for specific topics (e.g.: AUC structure) some recommendations can be considered now.

**Examples**

<table>
<thead>
<tr>
<th>Speed of Implementation</th>
<th>Impact in terms of efficiency and effectiveness</th>
</tr>
</thead>
</table>
| **High** (e.g.: does not require engagement with 3rd parties or changes to Constitutive Act) | - n/a
| **Simple mechanisms to enhance coordination** | - 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
| **High** (e.g.: requires engagement with 3rd parties or changes to Constitutive Act) | - Change in role of Commission vs. RECs and Member States
| **Low** (e.g.: change in role of Commission vs. RECs and Member States) | - Alignment of departments with priorities of Agenda 2063
| - Change in number of departments | - Efficiency initiatives to increase value for money for Member States

- Shorter lead time actions need to be flexible to adapt to longer term changes
- Low Impact in terms of efficiency and effectiveness

= Focus for this phase of restructuring
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
Agenda

- 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
  - Adaptable to the 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 organizations in terms of the effectiveness of AUC decision-making; below average of other governmental or public sector organizations
  - 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

- "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”

- "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”

- “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: 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

**Clarity** on vision and priorities
Communication and **alignment**
Clear **roles** for critical decisions

**Structure** that enables key decisions

Effective decision **processes**
Right **information**, right form, right time

Competent **people** in the right jobs - skill

**Performance**-linked objectives/incentives

Cohesive **leadership**

Enabling **culture**

AUC diagnostic (n=389 respondents; Confidence Level: 95+/- 4%); Confidence Level: 95+/- 4%
### 11 key organization issues identified – structure, interfaces, collaboration and accountabilities key

<table>
<thead>
<tr>
<th>'Hard' Factors</th>
<th>'Soft' Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ineffective structures</strong></td>
<td><strong>‘Soft’ Factors</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Absence of a collaborative culture</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Low level of staff motivation</strong></td>
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<tr>
<td></td>
<td><strong>Inefficient working style</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Lack of information-sharing</strong></td>
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<tr>
<td></td>
<td><strong>Leadership gaps</strong></td>
</tr>
<tr>
<td><strong>Dysfunctional interfaces with sister organizations</strong></td>
<td><strong>Ineffective performance management</strong></td>
</tr>
<tr>
<td><strong>Lack of clarity of roles and responsibilities</strong></td>
<td><strong>Lack of prioritization</strong></td>
</tr>
<tr>
<td><strong>Ineffective performance management</strong></td>
<td><strong>Ineffective processes</strong></td>
</tr>
<tr>
<td><strong>Lack of prioritization</strong></td>
<td><strong>‘Hard’ Factors</strong></td>
</tr>
<tr>
<td><strong>Ineffective processes</strong></td>
<td><strong>‘Soft’ Factors</strong></td>
</tr>
</tbody>
</table>

- **Structure has not evolved** to reflect Agenda 2063 priorities impacting ineffectiveness; **prevalence of short term staff** impacting effectiveness & motivation
- **Lack of clarity in mandate and ineffective collaboration with RECs** leading to overlaps and inefficiencies
- **Lack of clarity of roles resulting in conflict and duplication** between individuals, and across and within departments
- **Absence of effective performance management** leading to lack of accountability and staff demotivation
- **Lack of prioritization resulting in a proliferation of mandates and stretched use of resources**
- **Ineffective processes in procurement and recruiting** leading to AUC’s lack of capacity to deliver with quality and on time
- **Culture of mistrust and competition** resulting in poor collaboration and a pervasive silo mentality
- **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 styles including meeting and communication norms** (e.g. emails, memos, etc.), impacting motivation and productivity
- **Inadequate levels of communication within and between departments leading to ineffective coordination, planning and decision making**
- **Self-interested leadership resulting in poor decision making and prioritisation**

**Number of mentions:**
- Highest frequency
- Medium frequency

**Source:** Client diagnostic (n=389 respondents; Confidence Level: 95+/− 4%); Douala Restructuring Workshop; AUC Interviews (N=46)
Ineffective structures: Ineffective structures in many areas reduce efficiency

Ineffective structures in many areas reduce efficiency.

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

HEAVY DEPENDENCE ON SHORT-TERM STAFF PREVALENT ACROSS AUC

"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

AS AT MARCH 9, 2015

"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
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

Source: AUC Data
**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)

### How are the RECs structured?

- 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**

### How potent are the RECs?

- Goal of political and **economic integration in region still far away**, due to:
  - **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:
  - Unemployment
  - Diversification of products
  - Trade parity
- **Some RECs more effective than others** (e.g. ECOWAS quite effective in West Africa)

<table>
<thead>
<tr>
<th><strong>TOPIC</strong></th>
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<tbody>
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<td>How are the RECs</td>
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<td>and ministerial councils</td>
<td>- Establish enduring mechanisms for political dialogue to promote socio economic</td>
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<td>dialogue</td>
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<td>- <strong>Strengthen capacity</strong> of RECs to deliver on mandates</td>
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<td>due to:</td>
<td>- <strong>Focus activities on African Common Market and Economic Community</strong></td>
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* 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)

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>FINDINGS</th>
<th>RECOMMENDATIONS*</th>
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</table>
| How have the RECs developed? | • **No effective integration** and harmonisation process  
• **Multiple REC membership common** with 90% belonging to more than 1 REC, resulting in:  
  - 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:  
  - Duplication of mandates, objectives and activities  
  - Multiple country membership  
• Opportunity for **commission to provide guideline for rationalisation** of RECs | • **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? | • **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 | • 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)

Improvement Clarity of Roles Desired Vertically and Horizontally

"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

% of respondents

-100%  -50%  0  50%  100%

Strongly agree

Strongly disagree

Agree

Disagree

Individuals are clear on the role they should play in making and executing our most important decisions

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%); AUC Workshop; AUC Interviews
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

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

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

### Absence of culture of collaboration:

Lack of trust and collaboration a common theme

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

<table>
<thead>
<tr>
<th>% of respondents</th>
<th>100%</th>
<th>50%</th>
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<th>-50%</th>
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<td>Strongly agree</td>
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<td>Agree</td>
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<td>Disagree</td>
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<tr>
<td>Strongly disagree</td>
<td>-68</td>
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</table>

Our people think and act like pan-Africans

AUC average 2.2
High performing org average 3.0
Other org average 2.5

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

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

**Operating Model**

**Strategy & Values**

- Need for clarity on priorities in light of Agenda 2063 and role of AUC vs. RECs vs. Member States
- Ineffective structures and unclear prioritisation; lack of alignment with AUC objectives; evidence of inefficiency
- Unclear reporting lines; undeveloped mechanisms to evaluate results
- Lack of clear processes; absence of performance management system and adequate talent management

**Detailed design & Execution**

- Structure
- Accountabilities
- Governance
- Ways of working
- Capabilities

- Lack of clarity on roles and responsibilities within Directorates, between Directorates and with sister organisations inc. with RECs
- Lack of collaborative culture and high degree of internal competition; unprofessional ways of working

**xx** = major issues identified in diagnostic
Agenda

• 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.

**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?

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

- **High** (e.g.: does not require engagement with 3rd parties or changes to Constitutive Act)
  - Deprioritise
  - Decide now and move to action
  - Investigate in next phase of restructuring (post June)

- **Low** (e.g.: requires engagement with 3rd parties or changes to Constitutive Act)
  - Deprioritise
  - Investigate in next phase of restructuring (post June)
  - Begin investigating now given long lead time

**= Focus for this phase of restructuring**

**Speed of implementation**

**Impact in terms of efficiency and effectiveness**

- **High**
  - Shorter lead time actions need to be flexible to adapt to longer term changes
  - What is initial thinking on longer lead time actions?

- **Low**
  - Deprioritise unless symbolic actions that will build momentum
  - Are there any actions we can move on and begin enhancing effectiveness now?
Financial impact: Overall our recommendations will be cost-accractive for Member State owners

Efficiency initiatives will deliver total savings of ~$4M...

...which will see restructuring break even in yr. 1

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

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Organisational Restructuring initiatives: Areas for discussion

<table>
<thead>
<tr>
<th>STRATEGIC INTERFACES</th>
<th>STRUCTURE</th>
<th>ACCOUNTABILITIES</th>
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<tbody>
<tr>
<td>How do we build clarity and synergies between AUC and RECs/NEPAD?</td>
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</table>
### Interface with RECs impacted by lack of collaboration and unclear accountabilities

<table>
<thead>
<tr>
<th>LACK OF EFFECTIVE COLLABORATION</th>
<th>LACK OF CLARITY ON ACCOUNTABILITY</th>
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</table>
| "Inter-African affairs should be achieved through **better harmonization with RECs**" | "There is need to be clear on the mandate of AUC and **its relationship with Member States and RECs**."
| AUC Interviewee                  | Survey respondent                |
| "We have conflicts resulting from the willingness of **some countries and RECs to control and dominate** the organisation." | "Do we really know what each country/REC/African people **expect from the AUC**?"
| Survey respondent                | 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." | "Sometimes there can be **duplication between what we do and what the RECs do**." |
| Survey respondent                | AUC Interviewee                  |
An Operating Framework can clarify the role of AUC vs. RECs and sister organisations for different outcomes

<table>
<thead>
<tr>
<th>Desired outcomes</th>
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<tbody>
<tr>
<td>Transparent election monitoring</td>
</tr>
<tr>
<td>Early conflict mediation (regional)</td>
</tr>
<tr>
<td>Early conflict mediation (continental)</td>
</tr>
<tr>
<td>Delivery of regional infrastructure project</td>
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<tr>
<td>New pan-African institute (e.g. school)</td>
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<tr>
<td>Relief from health pandemic</td>
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<tr>
<td>Increased innovation / patent production</td>
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<tr>
<td>Common continental climate change position</td>
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Particularly effective where there is demonstrated practice of some RECs already achieving outcomes effectively by themselves (e.g. ECOWAS elections monitoring, SADC mediation)

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

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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 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

<table>
<thead>
<tr>
<th>Core foundations</th>
<th>Performance accelerators</th>
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<tbody>
<tr>
<td><strong>A</strong></td>
<td><strong>B</strong></td>
</tr>
<tr>
<td>Focus on <strong>alignment with the Constitutive Act and other legal instruments</strong> of the AUC</td>
<td>Align structure with the <strong>priorities identified in Agenda 2063</strong> and adopted strategic plans (e.g. 2014-17 plan)</td>
</tr>
</tbody>
</table>

*Agreed by Member State ambassadors and representatives in Douala workshop (March/April 2015)*

*Broader set of design principles include capacity-building and core process documentation and alignment with global best practice*
Super-structure: Three pertinent questions

A. Are the Departments / portfolios well-structured to deliver priorities?

B. How can collaboration mechanisms be optimised in the AUC structure?

C. Are admin and support services sufficiently optimised?

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

**i. Blank sheet**
- 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

**ii. Align**
- 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.

**iii. Cluster**
- 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)
- Split portfolios across departments

**iv. Downscale**
- 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

---

### Prioritised

- CP
- DCP

### Deprioritised

- CP
- DCP

---

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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

More details on N-2 structures (down to P3s) provided later in the presentation
In terms of alignment with design principles; ‘align’ option appears the most attractive in the short term

<table>
<thead>
<tr>
<th>Design principles</th>
<th>Options</th>
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<tbody>
<tr>
<td>Align with the Constitutive Act</td>
<td>i ‘Blank sheet’</td>
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<tr>
<td></td>
<td>ii Align</td>
</tr>
<tr>
<td></td>
<td>iii Cluster</td>
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<td>iv Downsize</td>
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<td>Likely to require change in # of</td>
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<td>elected officials</td>
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<td>Act requires CP, DCP and</td>
</tr>
<tr>
<td></td>
<td>Commissioners</td>
</tr>
<tr>
<td>Align with Agenda 2063</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Promote accountability, transparency and participation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Prioritise efficiency</td>
<td></td>
</tr>
<tr>
<td>Reflect need for correct representation</td>
<td>Only 10 or 20 departments enable</td>
</tr>
<tr>
<td></td>
<td>quota representation</td>
</tr>
<tr>
<td>Clarify decision roles and push decision-making authority down</td>
<td>All options can lead to increased role clarity provided R&amp;Rs are updated</td>
</tr>
</tbody>
</table>

- = Aligned
- = Some challenges
- = Not aligned

**TWG recommendation**: All options can lead to increased role clarity provided R&Rs are updated.
Several options to optimise Collaboration mechanism

**CURRENT**

**CP/DCP**
- Weekly meetings with Commissioners

**Sec-Gen**
- Weekly meetings with Directors

**SPPMERM**
- Planning support

**Option**

- Coordination occurs at various points, and not enforced:
  - CP/DCP-chaired meetings for Commissioners
  - Sec-Gen chaired meetings for Directors
  - SPPMERM in planning phase

- Unclear point of accountability for cross-cutting issues

- Poor enforcement of collaboration between Depts. / Directorates

**TWG Assessment**

<table>
<thead>
<tr>
<th>Option</th>
<th>CURRENT</th>
<th>SEC-GEN AS TECHNICAL PMO</th>
<th>COMMISSIONER COORDINATOR</th>
<th>DCP COORDINATOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>i Sec-Gen as PMO (technical coordinator)</td>
<td>CP</td>
<td>Sec-Gen</td>
<td>CP</td>
<td>CP</td>
</tr>
<tr>
<td>- Reinforce Sec-Gen input on Director performance evaluations (specific to cross-cutting projects)</td>
<td>DCP</td>
<td>C</td>
<td>DCP</td>
<td>DCP</td>
</tr>
<tr>
<td>- Strengthen Commissioner reporting line to CP</td>
<td>D</td>
<td>C</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>ii Create new Coordinator Commissioner role</td>
<td>CP</td>
<td>CC</td>
<td>CP</td>
<td>CP</td>
</tr>
<tr>
<td>- Elevated Commissioner, with responsibility for a Department on top of Coordinator duties</td>
<td>DCP</td>
<td>C</td>
<td>DCP</td>
<td>DCP</td>
</tr>
<tr>
<td>- Chosen directly by CP based on performance history</td>
<td>D</td>
<td>C</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>iii Move DCP to Coordinator position; replace current DCP role with a Commissioner</td>
<td>CP</td>
<td>DCP</td>
<td>CP</td>
<td>DCP</td>
</tr>
<tr>
<td>- SPPMERM to sit under the DCP Coordinator</td>
<td>Shared Services Hub</td>
<td>DCP</td>
<td>DCP</td>
<td>DCP</td>
</tr>
<tr>
<td>- Add a ‘COO’ role appointed by Chair</td>
<td>D</td>
<td>C</td>
<td>D</td>
<td>C</td>
</tr>
</tbody>
</table>

**TWG recommendation**

- Strengthened centre point for collaboration
- Need to clarify how the previous DCP portfolio will be served
Several options to optimise Admin and support services

**CURRENT**

- 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.

**SELECTIVE STREAMLINING**

- Maintain current structure with selective streamlining and changes, e.g.:
  - Information & Communication moved to DCP
  - Statistics officers moved into central Statistics division

**SHARED SERVICES 1**

- Create Shared Services Hub to manage all admin / support services
- Shared Services managed by non-elected official(s), e.g. 2x VPs (D2 grade)

**SHARED SERVICES 2**

- 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**

- No clear accountability point for support services
- Limited ability to share support resources between departments
- Some vital divisions have limited support

- Limited accountability point for support services
- Limited ability to share support resources between departments
- Clear accountability point for support services
- Unclear if unelected official has enough clout to manage Shared Services Hub

**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)

**PRELIMINARY - FOR FURTHER DISCUSSION**

- **Chairperson**
  - **Bureau of Chairperson**
  - **Deputy Chairperson Strategic Coordination**
  - **Deputy Chairperson Support and Shared Services**
  - **Bureau of Deputy Chairperson**
  - **Bureau of Deputy Chairperson**

- **Deputy Chairperson for Support and Shared Services**

- **Support and Shared Service Hub**

- **New Support and Shared Services Hub**

- **New Deputy Chairperson coordination of internal Departments and interface with RECs**

**Commissioners**:
- **Commissioner Peace & Security**
- **Commissioner Political Affairs**
- **Commissioner Social Affairs**
- **Commissioner Rural Economy, Environment & Agriculture**
- **Commissioner Infrastructure & Energy**
- **Commissioner Education, Science & Tech**
- **Commissioner Economic Affairs, Trade & Industry**

**Directors**:
- **Director**
- **Director**
- **Director**
- **Director**
- **Director**
- **Director**
- **Director**
- **Director**

- **Two Directors in some Depts. with large mandate (e.g. PSD)**

- **Economic Affairs & Trade and Industry merged**

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

PRELIMINARY - FOR FURTHER DISCUSSION

Chairperson

- Deputy Chairperson Strategic Coordination
- Deputy Chairperson Support and Shared Services
- Bureau of Deputy Chairperson
- Bureau of Deputy Chairperson

PMO/Coordination office to provide technical support; Strategy Centre extracted from SPPMERM; Women & Gender introduced due to cross-cutting nature of mandate

- COO + PMO / Coordination Office
- Strategy & Policy Analysis Centre *
- Women & Gender Development
- Statistics Division *
- Office of Legal Counsel
- Strategic Partnerships Division *
- Intelligence & Security Committee *
- Representational Offices *
- Office of Secretary General
- Office of Internal Audit
- CIDO
- Protocol Services
- Operations Support Directorate
- Information & Communication
- Finance Directorate
- Conference Management & Publications
- Planning, Programming & Budgeting
- Medical Services
- Human Resources, Security & Safety

New Support and Shared Services Hub

Updated

Updated

Ongoing discussion on whether better to house with Social Affairs

Core support services centralized in Shared Services Hub

MIS Division

Chairperson span of control reduced by relocating support directorates

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

Reporting as an autonomous division; to be upgraded to directorate over a 3yr period
# Super-structure: New structure improves accountability for the AU strategic priorities

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

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

**Comparison**

<table>
<thead>
<tr>
<th></th>
<th># DCPs</th>
<th># Commissioners</th>
<th># Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWG Proposed super-structure</td>
<td>2</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Alternative super-structure</td>
<td>2</td>
<td>7</td>
<td>33</td>
</tr>
</tbody>
</table>
## Detailed N-2 Structure: 3 Guiding Principles

<table>
<thead>
<tr>
<th>Rationale</th>
<th>Critical questions</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ALIGN TO AGENDA 2063 AND PRIORITIES</strong></td>
<td><strong>MAINTAIN STRATEGIC LOGIC</strong></td>
<td><strong>IMPROVE DECISION MAKING &amp; EFFICIENCY</strong></td>
</tr>
<tr>
<td>• Agenda 2063 forms basis for strategic plans in the long-term; flagship priorities will drive short-term focus</td>
<td>• Strategic logic will inform trade-offs at a portfolio and division level</td>
<td>• Optimal decision making will drive effectiveness; efficiency is a critical concern for all stakeholders</td>
</tr>
<tr>
<td>• Is the AUC organization structured to deliver on bold and broad mandate?</td>
<td>• Are divisions and units structured to reflect priority?</td>
<td>• Do managers have the right span of control to enable decision making?</td>
</tr>
<tr>
<td><strong>Critical questions</strong></td>
<td>• Is there a clear logic to the grouping and separation of divisions and units?</td>
<td>• How do we eliminate duplication?</td>
</tr>
<tr>
<td>• Equip strategically important portfolios to deliver on mandate</td>
<td>• Place divisions where their activities add the most value</td>
<td>• How do we achieve Agenda 2063 within financial constraints?</td>
</tr>
<tr>
<td>• Design units around specific long-term Agenda 2063 initiatives and key priorities</td>
<td>• Capture complementarities, but encourage specialization where necessary</td>
<td>• Optimize spans for senior personnel (4-5 direct reports as per Bain experience)</td>
</tr>
<tr>
<td>• Increase technical competence across AUC</td>
<td>• Link priority to visibility of activities</td>
<td>• Rationalize duplicative activity</td>
</tr>
<tr>
<td><strong>Implications</strong></td>
<td></td>
<td>• Constrain cost increase in re-design</td>
</tr>
</tbody>
</table>

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

**CURRENT: DISPARATE ACTIVITIES HINDERING RESULTS**
- No clear synergies between many divisions
- Large span of control for Director
- Involvement in many disparate activities may hamper coordination

**POINT OF ARRIVAL: STREAMLINED FOR COORDINATION & SPECIALIZATION**
- CELHTO discontinued to remove overlap
- Statistics division relocated to Shared Services
- Addition of 2nd director to drive specialization and to reduce span

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

**CURRENT: HIGH SPAN & DUPLICATION HINDERING EFFECTIVENESS**

- Unusually high span (16) for Director
- Presence of only 1 director ignores the starkly different skills required to handle all activities
- Duplication: two divisions focusing on anti-terrorism
- Proliferation of activities, many of which can be centralized

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

- Director role split to encourage specialization and reduce span of control
- Humanitarian Aff. relocated here as better strategic fit; Mediation moved to PAD
- Cross-cutting support activities moved to Shared Services

**Source:** AHRMD Database

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

<table>
<thead>
<tr>
<th>INITIATIVE</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase efficiency of technology use</td>
<td>• Automate mailing and registry services as possible</td>
</tr>
<tr>
<td></td>
<td>• Explore mechanisms to automate translation services</td>
</tr>
<tr>
<td></td>
<td>• Rationalise usage of office supplies (e.g. reduce purchase of printers, ink and paper)</td>
</tr>
<tr>
<td>Outsource non-core services</td>
<td>• Explore opportunities to outsource admin functions or elements of Shared Services Hub, e.g. fleet management</td>
</tr>
<tr>
<td>Enforce responsibilities by staff grade</td>
<td>• Assess and align staff abilities to grade - rationalise excess or unsuitable staff across all P-grades</td>
</tr>
<tr>
<td></td>
<td>• Increase role / coverage per support staff (e.g. secretaries managing 2 Directors each)</td>
</tr>
<tr>
<td>Rationalise meeting structure and behaviours</td>
<td>• Review existing calendar of coordination activities and identify opportunities for simplification</td>
</tr>
<tr>
<td></td>
<td>• Develop and enforce set of meeting norms to reduce unproductive time</td>
</tr>
</tbody>
</table>
Broader initiatives (case study - African Org):
Meeting landscape was complex and inefficient

- African Org Board
- African Org Board Committees
  - Chair
- Numerous ad hoc Snr Mgmt Steering Committees
  - Chair-1 level
  - 19 Permanent Snr Mgmt Committees
- 15 Units/Divisions
- 182+ Statutory Boards
- JVs
- Majority Shareholder
- Minority Shareholder
  - International
  - African
- 16 Unit governance committees
- (16+) Unit Excos
- (9+) Unit OpsComs
- Numerous functional committees (80+)
- Internal Unit management committees (avg 3)

- Groups functions
  - Processes/ procedures drive work without clarity
  - Reports
  - Inputs
  - Requests
  - Initiatives
  - Advice

- Interventions
- Role delineation between Board, executive & management not clear
  - Executive team intervenes into the business to get desired outcome
  - Many Line topics have to pass control layers with cumbersome approval process

- Many working groups that deal with cross-functional issues rather than solving within the Line

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

African Org Board

Audit Committee | Governance and Ethics | Remuneration | Risk & HSE

Chair

Chair -1 (collectively and individually)

Operational integration
Business and functional integration
Investment

Group HR
Sustainability and stakeholder relations
Combined assurance

Group functions

Inputs
Requests
Advice

Head of Units
EXCOs

Support
Statutory

TPC
APC
Disclosure
TEC

Strategic
Tactical alignment
Operational
# Broader initiatives (case study - African Org):
New norms championed by leadership

## 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. **Define 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

Effort & speed
- 5x duplication
- 92 Travel hours
- 268 hours prep.
- 176 meeting hours
- 51 meetings
- 9400 pages

Effort & performance
- Ineffective
- Low productivity lack of decisiveness
- Lost opportunity
- Syndicated accountability unfocused

Effort & speed
- Decisive and engaged decision makers
- Opportunity
- Improved performance focus
- Improved speed, quality and yield
- Accountability
- 44 travel hours
- 89 hours preparation
- 18 meetings
- 3134 pages
- 69 meeting hours

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**

- Weak reporting link to Chairperson
  - Limited accountability
  - Dilutes ability to drive AUC Agenda

- Unclear relationship to Deputy Chairperson
- Future DCP coordinator role could help bring clarity
Commissioner role: RAPID decision-making tool used to develop clear accountabilities

**Recommend**
- 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

**Agree**
- Formal approval of a recommendation
- Like an Input “with teeth” - must be factored in

**Perform**
- 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

**Input**

**Decide**

# Commissioner role: Initial mapping of top ~20 decisions

<table>
<thead>
<tr>
<th>Strategic/political</th>
<th>Chair + MS</th>
<th>DCP</th>
<th>Commissioners</th>
<th>Division Heads</th>
<th>Planning/Finance</th>
<th>HR</th>
<th>Legal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall AUC strategy to deliver on Agenda 2063</td>
<td>D</td>
<td>A</td>
<td>R</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td></td>
</tr>
<tr>
<td>Department-level plan (inc. technical and political elements)</td>
<td></td>
<td></td>
<td>A</td>
<td>D</td>
<td>R</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>Split of accountabilities with RECs and NEPAD on Dept-led programs (in line with principles of complementarity and subsidiarity)</td>
<td></td>
<td></td>
<td>A</td>
<td>D</td>
<td>R</td>
<td>I</td>
<td>I</td>
</tr>
<tr>
<td>Engagement/lobbying of Member States on cross-cutting programs</td>
<td></td>
<td></td>
<td>D</td>
<td>R/P</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engagement/lobbying of Member States on Dept-led programs</td>
<td></td>
<td></td>
<td>D/P</td>
<td>I</td>
<td>I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical/operational plan for department</td>
<td></td>
<td></td>
<td>D</td>
<td>R</td>
<td>I</td>
<td></td>
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<tr>
<td>Technical/operational plan for division</td>
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<td></td>
</tr>
<tr>
<td>Progress reports vs. plan on cross-cutting programs</td>
<td></td>
<td></td>
<td>D</td>
<td>I</td>
<td>R</td>
<td></td>
<td></td>
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<tr>
<td>Progress reports vs. plan on department plans</td>
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<td></td>
<td>D</td>
<td>R</td>
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<td></td>
</tr>
<tr>
<td>Progress reports vs. plan on divisional plans</td>
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<td></td>
<td>D</td>
<td>R</td>
<td>D</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policies/processes with impact solely on department</td>
<td></td>
<td></td>
<td>D</td>
<td>R</td>
<td>I</td>
<td>I</td>
<td>A</td>
</tr>
<tr>
<td>Policies/processes with impact solely on division</td>
<td></td>
<td></td>
<td>D</td>
<td>I</td>
<td>I</td>
<td></td>
<td>A</td>
</tr>
</tbody>
</table>

## Technical

| 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 |
| Staff complement <10% vs. plan within Dept | D | R | I | I |

## Personnel

| 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 |

**To be further developed in Phase 2**

---

- **Recommend (R)**
- **Agree (A)**
- **Perform (P)**
- **Input (I)**
- **Decide (D)**

---

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

<table>
<thead>
<tr>
<th>CURRENT</th>
<th>‘RESHUFFLE’ OPTION</th>
<th>‘APPOINT’ OPTION</th>
<th>‘CABINET’ OPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CP</strong></td>
<td>CP elected by Executive Council</td>
<td>CP elected by Executive Council</td>
<td>CP elected along with Cabinet of Commissioners</td>
</tr>
<tr>
<td><strong>DCP</strong></td>
<td>Commissioners elected by PRC</td>
<td>CP appoints Commissioners from a shortlist</td>
<td>CP elected along with Cabinet of Commissioners</td>
</tr>
<tr>
<td></td>
<td>Appointments made to reflect regional and gender balance</td>
<td>- 3 candidates per country chosen by regions</td>
<td>‘Cabinet’ must be selected to reflect regional and gender balance</td>
</tr>
<tr>
<td></td>
<td>• CP &amp; DCP elected by Executive Council</td>
<td>- CP screens and selects based on transparent criteria</td>
<td>• CP &amp; DCPs elected by Executive Council</td>
</tr>
<tr>
<td></td>
<td>• Commissioners elected by PRC</td>
<td>- Final appointees presented to PRC; must reflect regional and gender balance</td>
<td>• CP &amp; DCPs elected by Executive Council</td>
</tr>
<tr>
<td></td>
<td>• Appointments made to reflect regional and gender balance</td>
<td><strong>TWG Assessment</strong></td>
<td><strong>TWG Assessment</strong></td>
</tr>
<tr>
<td></td>
<td>• Commissioners allegiance divided between AUC and Member States</td>
<td>• Increased alignment of Commissioners to AUC/CP agenda</td>
<td>• Maximum alignment of Commissioners with AUC/CP agenda</td>
</tr>
<tr>
<td></td>
<td>• Harder for CP to drive agenda effectively; Commissioners not accountable for performance</td>
<td>• Potential for abuse of power if criteria for reassignment are not clear</td>
<td>• Strengthens CP position without creating checks and balances</td>
</tr>
<tr>
<td></td>
<td>• Increased alignment of Commissioners to AUC/CP agenda</td>
<td>• Strong alignment of Commissioners to AUC/CP agenda</td>
<td>• Potentially simpler and cheaper process</td>
</tr>
<tr>
<td></td>
<td>• Potential for abuse of power if criteria for reassignment are not clear</td>
<td>• Strengthens CP position while creating checks and balances</td>
<td></td>
</tr>
</tbody>
</table>
Agenda

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

<table>
<thead>
<tr>
<th>Speed of implementation</th>
<th>Low (e.g.: requires engagement with 3rd parties or changes to Constitutive Act)</th>
<th>High (e.g.: does not require engagement with 3rd parties or changes to Constitutive Act)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>• n/a</td>
<td>• Two director positions in each of: PSD, SAD, DREA, EAD/TID</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ‘Quick win’ RECs initiatives, e.g. shared calendar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retain 10 Elected Officials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Merge Economic Affairs and Trade &amp; Industry to create additional EO portfolio – with the mandate of internal strategic coordination</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Streamline all AUC directorates down N-2 level based on agreed design principles</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Launch efficiency savings programs e.g. selected automation, outsourcing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Elevate additional Elected Official from EAD/TID merger to (second) DCP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Create a Shared Services Hub to be managed by DCP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• RECs Operating framework</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Decision rights framework for Commissioners versus CP, DCP and Directors</td>
</tr>
</tbody>
</table>

**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 2063.

### # of FTEs

<table>
<thead>
<tr>
<th>Departments</th>
<th>Point of Departure</th>
<th>Point of Arrival</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>D1</td>
<td>P6</td>
</tr>
<tr>
<td>Peace &amp; Security</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Political Affairs</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Infrastructure &amp; Energy</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Social Affairs*</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Economic Affairs</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Trade &amp; Industry</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Economic Affairs, Trade &amp; Industry**</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rural Economy &amp; Agriculture***</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>HRST</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Bureau of Chairperson</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Bureau of DCP****</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>AHRM Directorate*****</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Strategic Partnerships</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office of Secretary General</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Information &amp; Communication</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>SPPERM Directorate</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>PBFA Directorate</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>DCMP</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Intelligence &amp; Security Committee</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Women &amp; Gender Dev. Directorate</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Protocol Services</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Medical Services</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Office of Legal Counsel</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Office of Internal Audit</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Citizens &amp; Diaspora Directorate</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>NEPAD Coordination Unit</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20</td>
<td>4</td>
</tr>
</tbody>
</table>

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.

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

**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

**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**

![Bar chart showing increase in FTE costs, 2016E-2018E](chart)

- TWG Consensus
- TWG Proposal 2
- AUC Internal Proposals

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

Efficiency Initiatives will Deliver Total Savings of ~$4M...

...Which will see restructuring break even in yr. 1

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

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

Key dates:

1. Clarification of priorities
2. Interface with RECs vs. MS
3. Operating Model: Org restructuring and accountability mapping
4. Capability building
5. Change management

Key deliverables:

- ‘Quick win’ initiatives and org structure to N-2
- Recommendations for RECs and detailed org structure
- Detailed operating model implemented

H1 2015

- Preparation and scoping
- May PRC Committee

H2 2015

- Preparation and scoping
- Jun 2015 Summit (SA)

H1 2016

- May PRC Committee
- Jun 2015 Summit (SA)
- Jan 2016 Summit (AA)

- Full implementation of new AUC operating framework
- Full implementation of new AUC operating model
- AU organs rollout

Operating Model: Org restructuring and accountability mapping

- Framework for sister org interfaces
- ‘No regrets’ initiatives with REC/MS
- Detailed co-development of operating framework with sister organisations
- Detailed design including implications of Agenda 2063 in terms of priorities and re-evaluation of role of AUC vs. RECs vs. Member states
- Pilots of new structures in selected areas / layers
- Implications for other organs
- Full implementation of new AUC operating model
- Full implementation of new AUC operating framework

Policies & Procedures rework; Job Evaluations

- Performance management system refresh
- Key capabilities training; Efficiency optimisation initiatives
- Process improvement initiatives
- Implement risk assessment and mitigation on an ongoing basis
- Embed capabilities and technology to ensure sustained results
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

Source: Bain risk history survey (n=318), May 2013
Implementation/change mgmt: To achieve success, need to anticipate the lifecycle of the transformation

Organisational Commitment

Early excitement
- "Let’s transform the organisation!"
- "We need to act now"
- "I had better board this train"

Success

Status quo
- "I don’t think there’s a big opportunity here"
- "This is not a huge problem"

Valley of death
- "I don’t have time for this!"
- "This is too hard"
- "Let’s evaluate this one more time"

Failure

Support will dip after initial enthusiasm
- "Maybe there is an easy answer"

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

ANTICIPATE CHANGE

RISKS

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

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

PLAN MITIGATIONS

RD Plan: Activities for priority risk areas

<table>
<thead>
<tr>
<th>RD WORKSTREAMS</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compelling Intent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Develop future state for integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Define integrated culture in high priority areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Facilitate leadership alignment, create ‘one team’ attitude</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engaged Sponsors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Design sponsorship spine</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Train sponsors on their role in the integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Implementation/change mgmt: The starting point is a realistic plan (and targets) that empower teams

<table>
<thead>
<tr>
<th>Efficiency targets:</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Final</th>
</tr>
</thead>
<tbody>
<tr>
<td>HC savings</td>
<td>0 FTEs</td>
<td>10 FTEs</td>
<td>10 FTEs</td>
<td>20 FTEs</td>
</tr>
<tr>
<td>USD savings from HC</td>
<td>0 USD</td>
<td>500K USD</td>
<td>80K USD</td>
<td>900K USD</td>
</tr>
<tr>
<td>USD savings from other efficiency initiatives</td>
<td>10K USD</td>
<td>200K USD</td>
<td>800K USD</td>
<td>1.1M USD</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Effectiveness targets:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% of strategic implementation plan KPIs delivered</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>% structure filled per plan</td>
<td>0%</td>
<td>60%</td>
<td>90%</td>
<td>100%</td>
</tr>
</tbody>
</table>

• 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

<table>
<thead>
<tr>
<th>Day</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Depart London.</td>
</tr>
<tr>
<td>2.</td>
<td>Arrive Colombo. OIN Mt. Lavinia Hotel, BB.</td>
</tr>
<tr>
<td>3.</td>
<td>Tr to Sinharaja. OIN Boulder Garden, BB.</td>
</tr>
<tr>
<td>4.</td>
<td>Morning and afternoon guided walks in Sinharaja Rainforest. OIN Boulder Garden, BB.</td>
</tr>
<tr>
<td>5.</td>
<td>Morning and afternoon guided walks in Sinharaja Rainforest. OIN Boulder Garden, BB.</td>
</tr>
<tr>
<td>6.</td>
<td>Tr to Embilipitiya. OIN Centuraya Hotel, FB.</td>
</tr>
<tr>
<td>7.</td>
<td>Morning excursion in Uda Walawe National Park. OIN Centuraya Hotel, FB.</td>
</tr>
<tr>
<td>8.</td>
<td>Tr to Yala (Ruhuna) National Park. OIN Yala Village, FB.</td>
</tr>
<tr>
<td>9.</td>
<td>Morning and afternoon game drives. OIN Yala Village, FB.</td>
</tr>
<tr>
<td>10.</td>
<td>Morning excursion to Bundala National Park. OIN Yala Village, FB.</td>
</tr>
<tr>
<td>11.</td>
<td>Tr to Calle. Visit Calle Fort. OIN Closenburg Hotel, BB.</td>
</tr>
<tr>
<td>12.</td>
<td>Tr to Wilalakil. OIN Ramwell Resort, FB.</td>
</tr>
<tr>
<td>13.</td>
<td>Day at leisure. OIN Ramwell Resort, FB.</td>
</tr>
<tr>
<td>14.</td>
<td>Morning boat trip on waterways. OIN Ramwell Resort, FB.</td>
</tr>
</tbody>
</table>

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
**Financial impact:** approach

**FTE STRUCTURE: CURRENT**
- Elected officials
- D1
- P6
- P5
- P4
- P3
- Other staff

**FTE STRUCTURE: FUTURE**
- Elected officials
- D1
- P6
- P5
- P4
- P3
- Other staff

**3-yr transition**
- Δ FTE salary
- Restructuring costs*

**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

<table>
<thead>
<tr>
<th>Turnaround Initiative</th>
<th>Calculation</th>
<th>Rationale &amp; Key Assumptions</th>
</tr>
</thead>
</table>
| Restructure AUC org model for leanness and effectiveness   | Financial implication ($) = Σ(Δ N-2 Headcount by grade, by department * Cost to company by grade) | • 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$2520.00 per child/annum)  
• Costs and savings ramp up straight line over 3 year horizon  
• Retrenchment and recruitment costs not considered |
| Automate key processes                                     | Year 3 cost saving ($) = 10% * ΣFTE costs(Filing Clerks, Mail Runners, Clerks, Translators) | • 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 |
| Outsource non-core functions (fleet management)            | Year 3 cost saving ($) = 25%* (FTE Cost Fleet Management)                     | • Functions like fleet management can be outsourced as is the case in similar institutions  
• Assumption is that outsourcing will help reduce overall costs of fleet mgmt. by 25% by end of year 3 |
| Capture efficiencies from creation of Shared Services Hub  | Annual cost saving ($) = 3% * ΣFTE Costs(Secretaries, Assistant, Receptionists, Shadow IT) | • 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 |
| Reduce P-Grade Headcount                                   | Annual cost saving ($) = 1%*ΣFTE Costs for P1-P6                             | • Underutilized or underqualified staff in professional positions will be systematically retrenched  
• Attrition target of 1% per year assumed for Directors |
2015

Report of sub-committee on structural reforms

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