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THE AFRICAN DEVELOPMENT BANK GROUP

PROJECT APPRAISAL REPORT

STRENGTHENING THE PAN AFRICAN FEDERATION OF ACCOUNTANTS & PFM RESILIENCE IN AFRICA (SPRA)

AP 05/09/2025

MULTINATIONAL

UA4.40 MILLION

PRESENTATION DATE: 5 AUGUST 2025

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CURRENCY EQUIVALENTS

Exchange rate effective 7/31/2025

Currency Unit1	Equivalent
1 Unit of Account	United States Dollars (USD) 1.35491
	Euro (EUR) 1.18374
	South Africa Rand (ZAR) 24.44461
1 United States Dollar	South African Rand (ZAR) 18.04150

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FISCAL YEAR

1 January 2025 – 31 December 2025

WEIGHTS AND MEASURES

1 Metric ton	2,204.62 Pounds (lbs)
1 Kilogramme (kg)	2.20462 lbs
1 Meter (m)	3.28 Feet (ft)
1 Millimetre (mm)	0.03937 Inch (“)
1 Kilometre (km)	0.62 Mile
1 Hectare (ha)	2.471 Acres

ABBREVIATION AND ACRONYMS

AFROSAI- E	African Organization of English-speaking Supreme Audit Institutions
AAAG	African Association of Accountants General
ADF	African Development Fund
AfDB	African Development Bank
AG	Auditor General
AG	Accountant General
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
API ALP	African Professionalization Initiative Accelerate Learning Programme
ATAF	African Tax Administration Forum
ATQA	Accounting Technician Qualification in Africa
CABRI	Collaborative Africa Budget Reform Initiative
CREFIAF	le Conseil Régional de Formation des Institutions Supérieures de Contrôle des Finances Publiques de l’Afrique Francophone sub-Saharienne
CSP	Country Strategy Paper
DG	Director General
IAASB	International Auditing and Assurance Standards Board
IDI	INTOSAI Development Initiative
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
M&E	Monitoring and Evaluation
PAFA	Pan African Federation of Accountants
PAO	Professional Accountancy Organisations
PAP-APP	Accelerated Peer-Support Partnership
PCN	Project Concept Note
PEFA	Public Expenditure and Financial Accountability

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PFM	Public Financial Management
PIT	Project Implementation Team
RISDP	Regional Indicative Strategic Development Plan
RISP	Regional Integration Strategic Paper
RMC	Regional Member Countries
SAI	Supreme Audit Institution
SDG	Sustainable Development Goal
UA	Unit of Account
UK	United Kingdom

PROJECT INFORMATION SHEET

CLIENT INFORMATION

Project Name	Strengthening the Pan African Federation of Accountants and PFM Resilience in Africa (SPRA)
Sector	Public Financial Management (PFM)
Borrower/Grant Recipient	Pan African Federation of Accountants (PAFA[2])
Beneficiaries	All TSF[3] eligible member countries that are also member countries of PAFA
Project Instrument	TSF Pillar III Grant
Executing Agency	Pan African Federation of Accountants (PAFA)

COUNTRY AND STRATEGIC CONTEXT

Regional Integration Strategy Paper Period:	Regional Integration Strategic Framework (RISF 2018-25) Central Africa Regional Integration Strategy Paper (RISP-CA): 2019 – 2025 East Africa Regional Integration Strategy Paper (RISP-EA): 2023–2027 North Africa Regional Integration Strategy Paper (RISP-NA): 2020-2026 West Africa Regional Integration Strategy Paper (RISP-WA): 2020-2025 Southern Africa Regional Integration Strategy Paper (RISP -SA): 2020 - 2026
Regional Integration Strategy Paper Priorities supported by Project:	- **SA-RISP -2020-2026:** Priority Area 2: The main objective of Priority Area 2 is to support capacity and soft measures and reforms to promote (i) trade expansion; (ii) harmonized financial markets; and (iii) monetary cooperation to facilitate investment to foster market integration and industrialization. - **RISP-EA 2023-2027:** Priority Area 2: aims to foster governance and economic management, especially institutional support and human capacity-building, and finance and trade, especially trade facilitation, the development of capital markets, and trade finance. - **RISP-NA 2023-2027:** Pillar 1: This aims to support the establishment of an automated customs clearance system, harmonization of procedures, policies and standards and strengthening of hard and soft connectivity between the six countries. - **RISP-WA 2023-2027:** Priority Area 1: which aims at supporting multinational and national enterprises with regional and global reach (including women- and youth- owned) engaged in value chains development. - **CA-RISP 2019-2025:** Pillar II: this aims at supporting reforms for intraregional trade and build regional economic communities' institutional capacity.
Government Program (PRSP, NDP or equivalent):	The Project is aligned to the PAFA Strategy Plan 2025 - 2027, API, and the ACFTA strategic objectives
Project classification:	**Classification according to the High Five** - **Component 1**: Professional Capacity Development in Public Financial Management. Building PFM professional capacity and developing API Accelerated Learning Programme (ALP) and Accounting Technician Qualification (ATQ) in Africa are classified under Improve the Quality of Life for the People of Africa and Integrate Africa - **Component 2**: Strengthening Institutional Capacity of Professional Accounting Organizations. Building capacity of Professional Accounting Organizations, enhancing Quality Assurance on the Continent and improving Gender Parity in Accounting Profession in Africa is classified under Integrate Africa and Improve the Quality of Life for the People of Africa. **SDG classification** - Goal 5: Gender equality, Goal 8: Decent work and economic growth, Goal 16: Peace, Security, and strong institutions

[2] PAFA has 57 memberships organisations across 47 African countries. Only PAFA members from the ADF/TSF eligible beneficiary countries will directly benefit from the project.

[3] ADF/TSF Pillar III eligible countries are Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, The Gambia, Guinea, Guinea-Bissau, Liberia, Madagascar, Mali, Mozambique, Niger, São Tomé & Principe, Sierra Leone, Somalia, South Sudan, Sudan, and Togo. Zimbabwe is excluded.

Selectivity priority/ies (Bank, unless stated):	1. Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026). 2. Gender Strategy (2021-2025). 3. Skills for Employability and Productivity Action Plan (SEPA: 2022-2025). 4. Jobs for Youth in Africa Strategy (2016-2025). 5. The Strategy for Economic Governance in Africa (2021-2025) 6. AfDB Capacity Development Strategy (2021-2025)
Country Performance and Institutional Assessment:	N/A – Multinational Project
Projects at Risk in the country portfolio:	N/A

PROJECT CATEGORISATION

Environmental and Social Risk Categorization	[**Category 3**], [SNSC 30.10.2024]
Does the project involve involuntary resettlement?	No
Climate Safeguards Categorization:	[Category 3]
Fragility Lens Assessment:	[Yes]
Gender Marker System Categorization:	[Category 2]

ADF/ADB KEY FINANCING INFORMATION

Interest Rate:	N/A
Service Charge:	N/A
Commitment Fee:	N/A
Tenor:	N/A
Grace Period:	N/A

Source	**Amount (millions)**		**Financing Instrument**
	UA	**[Other currency]**	
African Development Bank	4.00		[ADF/TSF Pillar III Grant]
PAFA Counterpart Contribution:	0.40		[In Kind]
Total Project Cost:	4.40		

PROJECT DEVELOPMENT OBJECTIVE AND COMPONENTS

Project Development Objective:	Strengthen professional capacity in public financial management and harmonize professional accounting standards, tools, practices, and regulatory framework in Africa.
Project Components:	[Component 1 Professional Capacity Development in Public Financial Management] [**UA2.40 million**]
	[Component 2 Strengthening Institutional Capacity of Professional Accounting Organizations (PAOs)] [**UA1.10 million**]
	[Component 3 Project coordination, monitoring and reporting] [**UA.50 million**]

PROJECT PROCESSING SCHEDULE TO BOARD APPROVAL

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Proposal Approval:	[Date: 05- July - 2024]
Appraisal Mission:	[Start 07- 18 October 2024]
TQAC Presentation	Date; 25 April 2025
Planned PRST Presentation:	[Date: 05 August 2025]
Effectiveness:	[Date: 15 September 2025]
Project Implementation Period:	[2025- 2028]
Planned Mid-term Review:	[01 June 2027 – 30 June 2027]
Project Closing Date:	[Date: 31 December 2028]

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1 STRATEGIC CONTEXT

A. Country Context, Strategy and Objectives

1. **There is a global recognition that strong Public Financial Management (PFM) systems, institutions, professional capacities, and good governance are central to achievement of development goals and reducing poverty.** These systems also enhance the institutional resilience in responding to shocks and disasters. The United Nations Sustainable Development Goals call for "peace, justice and strong institutions". Similarly, the African Union's Agenda 2063 envisions an Africa characterised by "good governance, democracy, respect for human rights, justice and the rule of law". Aligned with these aspirations, the United Nations Convention against Corruption (UNCAC) reinforces good PFM by requiring legal, institutional and procedural frameworks that reduce opportunities for corruption, ensure accountability and building of public trust in government financial systems. However, weak PFM and governance institutions, worsened by a severe shortage of professional accountants and auditors in the public sector, continues to hinder African countries' ability to effectively allocate and manage scarce resources. Acknowledging this challenge, the Bank Capacity Building Strategy (2021-2025) identifies that limited human, organizational, and institutional capacity is a major barrier to poverty reduction and the effective utilization of financial resources for Africa's socio-economic transformation.

2. **The Bank, therefore, recognises the critical role of effective collaborations with its implementing partners, particularly the Pan African Federation of Accountants (PAFA), in strengthening the accountancy profession across Africa.** Since its establishment in May 2011, PAFA is dedicated to building strong, sustainable professional accountancy organisations (PAO) in each African country, promoting skills mobility across the continent and advancing the adoption and implementation of international standards and best practices, especially in public sector financial reporting. With 57 member PAOs across 47 countries, PAFA offers a robust network through which the Bank is able to provide support for institutional strengthening and capacity development of PFM in Africa.

3. **The project is well aligned with the PAFA strategic plan (2025-2029), particularly Goal 1 and Goal 3 which aim to professionalize public sector accountancy and auditors in Africa.** Additionally, PAFA in partnership with AFROSAI-E seeks to strengthen the organizational capabilities of Supreme Audit Institutions (SAIs) in Africa to enhance financial oversight, service delivery, and trust in institutions. This is echoed by the African Professionalization Initiative (API), a continental partnership between PAFA, African Organization of English Speaking Supreme Audit Institutions (AFROSAI-E), Regional Support to French/Portuguese SAIs (CREFIAF) and African Association of Accountants General (AAAG) on one hand, and individual Accountants General, Supreme Audit Institutions (SAIs), and Professional Accountancy Organizations (PAOs) on the other. The goal of the API is to develop and increase the number of dedicated public sector accountancy and audit professionals with specific qualifications and experience suitable to drive quality governance, financial management, reporting and auditing in the public and private sectors. This is also consistent with the objectives of the African Continental Free Trade Area (AfCFTA) by promoting harmonised professional qualifications and skills mobility. This integration fosters cross border recognition of Africa's financial professionals, which is

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critical for driving accelerated socio-economic transformation in the continent and between member states.

4. **The project is also closely aligned with the respective Regional Integration Strategy Papers (RISPs) of RDGE, RDGS, RDGW, RDGC and Regional Integration Strategic Framework (RISF 2018-25) including countries respective CSPs and the Bank's Ten Years Strategy - 2024-33** especially the core priority area of governance and accountability as well as the two areas of special emphasis - gender and fragility. The Project also responds to two of the Bank's High-5 institutional priorities (namely Improve Quality of Life of the people of Africa and Integrate Africa). The project is also consistent with the Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026) particularly ***Priority 1***: strengthening institutional capacity which aims to intensify and scale-up efforts to build effective capacity in national and regional institutions to enhance economic governance, accountability and transparency thereby improving service delivery to citizens. The operation is aligned with the TSF Pillar III thematic area focused on building inclusive, effective and accountable institutions and also consistent with the strategic goals and priorities of TSF Pillar III as enshrined in TSF Operational Guidelines of the TSF (2023) which calls for increased support to strengthen public financial management, public policy formulation, governance, and accountability among other key areas. The project is aligned with the Bank's Gender Strategy (2021-25), which aims to reduce gender inequality and empower women to actively participate across the High 5s, and the Strategy for Economic Governance in Africa (SEGA 2021 - 2025) particularly under the sub-pillar on Public Expenditure Management (1.2) which focuses on building and strengthening core PFM systems and related capacities of Bank's member states while improving accounting practices and robust regulatory framework. It is aligned with the key objectives of ADF to foster resilient, inclusive and sustainable growth targeting countries facing fragility, conflict and violence by strengthening governance, human capital development and gender equality. The project is equally in line with the Bank's selectivity framework as set out in *Sharpening the Bank's Strategic Focus: A Proposal to Increase the Bank's Selectivity, approved in May 2021.*

B. Sector and Institutional Context

5. **Countries in fragile situations in Africa face an acute shortage of professional public sector accountants and auditors, which impedes effective resource management and service delivery to citizens.** Most professionals are largely private sector-based limiting their ability to effectively manage the complex regulatory and policy environment of public financial management. Accountants and Auditors play a critical role in ensuring compliance, preventing corruption, illicit financial flows and aligning financial practices with national development goals. To address this gap, the project aims to support adoption of International Public Sector Accounting Standards (IPSASs) for a more accurate reflection of the financial situation and commitment through targeted training and structured transition roadmap. According to the 2021 Public Sector Financial Accountability Index, only 2 African countries (Nigeria and Tanzania) reported using IPSASs with 6 out of 21 TSF beneficiary countries studied are using cash basis, while 8 have partially adopted accrual basis, and 7 with no data, with 11 forecasted to move to partially accrual basis by 2025. This low adoption is attributed to a lack of political will and technical capacity, inadequate institutional

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framework and robust financial management systems, regional variations and lack of standardisation in accountancy and auditing skills. Further support will focus on the African Professionalization Initiative [4] Accelerated Learning Programme (API – ALP) and Accounting Technician Qualification (ATQ) to overcome some of these barriers to grow and increase the capacity of professional public sector accountants and auditors.

6. **Enhancing skills among youth and adults is key to boosting productivity and economic inclusion in Africa, particularly in fragile situations.** The growing working-age population presents a significant opportunity to develop human capital especially for disadvantaged groups that lack essential businesses and public sector skills. This is even more vital in accountancy field where trained professionals are needed across sectors. To address this, the project aims to expand an API ALP and ATQ targeting TSF beneficiary countries. The learning programmes will be tailored to African needs and aligned to global standards. This will help create a skilled workforce and support skill mobility under the African Continental Free Trade Area (AfCFTA) and address the drivers of fragility in PFM emanating from lack of adequate human capacities in public sector.

7. **PAOs operating in fragile and conflict-affected situations face even greater challenges, with significantly weaker institutional and human capacity, as well as limited financial resources making it difficult to enhance economic governance, financial accountability, and transparency.** The intervention will therefore support their institutional strengthening, organizational capacity, and improve overall performance particularly in transition states.

8. **In most African countries particularly in fragile situations, the female representation in the accounting profession, especially in senior positions within both the private and public sectors, remain limited.** Key drivers of fragility such as structural barriers, lack of mentorship and sponsorship, gender pay gap as well as cultural and gender bias to leadership models have created limited opportunities for women's professional progression. This also applies at an entry level of the accounting profession (foundational/technician level) where the number of women is low. This affects diversity and professional growth of women on the continent. The project aims to address this gap and build resilience in countries facing fragility by implementing gender inclusive policies and procedures for instance in terms of equal pay practices, career pathways, promotion of diversity in recruitment and retention as well as development of mentorship and training programmes that specifically support women participation and advancement in the field.

C. Rationale for Bank's Involvement

9. **The proposed project responds to a request from PAFA in July 2024 for Bank support to address weaknesses in PFM capacities within the accountancy and auditing professions, which have been identified as key drivers of fragility.** Inadequate numbers of public sector professional accountants and the associated general weak institutional capacity of professional accountancy organisations are a widely occurring phenomenon on

[4] https://professionalisation.africa/#issue. API is a joint initiative of the African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E), the Conseil Régional de Formation des Institutions Supérieures de Contrôle des Finances Publiques de l'Afrique Francophone sub-Saharienne (CREFIAF), the African Association of Accountants General (AAAG), the Pan African Federation of Accountants (PAFA) and the African Accounting and Finance Association (AAFA).

the continent. This will be addressed by providing contextualised learning and support tools that are relevant to the specific countries supported under this project informed by baseline studies to determine legal requirements, capacity needs and institutional framework to support the professionalisation effort in African countries. The project will have an important effect on the quality of state accounting and treasury management systems in countries facing fragility by implementing technical assistance of subcomponent 1.2.

10. **The proposed project is designed to leverage the Bank's comparative advantage in supporting economic governance reforms as well as synergies with its other instruments and areas of intervention.** With a strong presence across all five regions of Africa, the Bank has extensive experience in implementing both multinational and regional operations across the continent including in fragile situations. This experience includes supporting institutional strengthening, and capacity development in public financial management and economic governance reforms. The Bank has also built strong collaborations with other key regional institutions such as AFROSAI-E, CREFIAF, AAAG, African Tax Administration Forum (ATAF), Collaborative Africa Budget Reform Initiative (CABRI) and Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) to advance economic governance and accountability. Increased skills in public accounting auditing will help to build a pool of human capacity to address governance issues and build robust PFM systems.

11. **Complementarity and synergy with ongoing operations**. The project will complement and enhance the effectiveness of the Bank's on-going operations such as the Bank support to CREFIAF and the *African Financial Integrity and Accountability Support Project* (AFIAP) to AFROSAI-E (May 2022 – December 2025) that seeks to improve professional capacities on performing independent audits of public sector financial management and rollout of the API learning in Liberia and Mozambique. SPRA has built on these countries experiences to extend the API professional training certification to additional countries. The previous PFM and economic governance interventions have generated important technical information and lessons that have informed the design of the proposed operation.

12. **An objective view on management and regularity of financial transactions and systems in public sector requires robust and well-functioning public sector accounting institutions.** PAOs and Accountants General play a critical role in regulating the profession, ensuring the competency of accountants and auditors as well as strengthening the capability of PFM system for improved resource allocation, accountability and transparency. Improvements in accountancy profession also contribute to reducing fraud and therefore strengthen revenues collection. Limited financial oversight, weaker financial reporting standards, challenges in fraud detection and lack of established and strong state institutions like PAOs are key drivers of fragility that undermine good PFM practices in countries facing fragility. The proposed project will contribute towards efforts in combatting corruption, anti-money laundering and curb illicit financial flows across countries in fragile situations.

D. Development Partners Coordination

13. **Donor engagement is well coordinated in most of the member countries of PAFA especially those working on economic governance, transparency, and accountability.**

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Existing strategic partnerships with the International Federation of Accountants (IFAC), particularly implementing and operating partners such as World Bank, API, AAAG, and PAFA will be enhanced under this project. The project team held consultations with development partners (DPs) working with PAFA such as IFAC, the Global Alliance for Vaccines and Immunisation (GAVI), the United States Agency for International Development (USAID), World Bank, the Global Fund and Foreign, Commonwealth & Development Office (FCDO) and identified their areas of interventions and opportunities for alignment and collaboration. For instance, IFAC is supporting PAOs capacity to expand membership to include public sector professionals, World Bank supported the development of ATQ in English version and FCDO supported the adoption and implementation of IFRS sustainability disclosure standards. The mapping of donors supporting PAFA and its intervention in PAFA eligible member countries has been undertaken to avoid duplication of efforts. (Technical Annex 1-8) The Bank will continue deepening its collaboration and coordination with the development partners in providing a coordinated support to PAFA member states.

2 PROJECT DESCRIPTION

A. Project Development Objective

14. The project development objective is to strengthen professional capacity in public financial management and harmonize professional accounting standards, tools, practices, in Africa. The specific objective is to: (i) strengthen institutional, professional and human capacities of PAOs for improved quality of financial reports in transition states, and (ii) professionalize accountants and auditors in the public sector.

B. Theory of Change

15. The key binding constraints in the public sector accounting space in Africa in particular in fragile contexts include: (i) a shortage of adequately qualified professional accountants in public sector; (ii) small and underdeveloped professional accountancy institutions; (iii) a fragmented regulatory framework with concomitant weak governance and institutional structures; (iv) low female representation in the accounting profession particularly in senior positions across both the private and public sectors. To address these drivers of fragility emanating from weak PFM systems, the Project will support the development of accounting profession in the public sector through adoption of professional and technician accounting and auditing learning programs, strengthening institutional capacities of professional accountancy and oversight bodies through peer to peer learning and strengthened quality assurance review methodologies and tools, harmonization of standards, practices and regulatory framework as well as enhance gender diversity in the accountancy profession. The interventions under the project will result in building resilience through increased number of professionals and technicians especially in the public sector leading to improvement in the quality of financial reporting and accountability of governments and private sector. This will ultimately make a significant contribution towards improved economic governance and PFM particularly in harmonisation of accounting standards to promote regional integration and inclusive economic growth. Further details on the Theory of Change and underlying assumptions are contained under Technical Annex 2.1

C. Project Components

16. **The proposed operation is an institutional support project** to be financed from Transition Support Facility (TSF) Pillar III for an amount of UA4.00million (about USD5.2million). It is designed along three mutually reinforcing components, namely: (a) Professional Capacity Development in Public Financial Management (b) Strengthening Institutional Capacity of Professional Accounting Organizations (PAOs) and (c) Project coordination monitoring, and reporting.

Component 1: Professional Capacity Development in Public Financial Management (UA2.42million)*:*

17. This component aims to promote professionalisation and evidence-based reform implementation through (i) conducting PAO/PFM diagnostic studies, (ii) development and implementation of API learning programmes, and (iii) development of Accounting Technician Qualification (ATQ) in transition states, including delivery of API professional and ATQA foundational courses to a group of public sector accountants and auditors in selected countries in fragile and conflict-affected situations.

18. ***Subcomponent 1.1 Conduct PFM Diagnostic Studies:*** Under this subcomponent, the project will support: (a) PFM diagnostic studies including conducting and update of the PAO/PFM Maturity Model (CAPA Model) study in 23 countries in fragile situations, the study will be conducted with support of a consultancy responsible for coordination and quality assurance while working closely with PAFA and the respective PAOs in each country to undertake a self-assessment using CAPA based questionnaires (b) conducting PEFA++ assessment for 2 countries (PFM, Gender & Climate Change) to inform the country's PFM reform agenda and (c) undertake a study on Sustainability Reporting and Adoption in selected French-speaking countries in fragile situations.

19. **Subcomponent 1.2 Implementation of API ALP in 4 Countries.** Under this subcomponent, the project will support: (a) technical assistance to (i) translate, contextualise, and digitise the API ALP for the Portuguese environment (it is already available in English and French); and (ii) rollout of the API learning programmes in 4 countries, namely Democratic Republic of Congo (DRC), Somalia, Gambia and Mozambique, which have been selected based on their demonstrated readiness in terms of a Memorandum of Understanding or engagement with the API or PAFA's readiness assessment and engagement with them – rollout will include the development of a country-specific roadmap/strategy (considering all API learning programmes, including HSE 1 - API ALP, HSE 2 - API Specialisation Programme, and HSE 3 - API Student Programme) and related implementation activities for each of the selected countries; (b) technical assistant/local coordinator for API learning programme & ATQA in each selected country to coordinate the development and implementation of the country-specific API learning programme & ATQA implementation roadmaps/strategies; (c) sponsoring of public sector accountants, auditors, and students in each of the selected countries to undertake relevant API learning programmes ; (d) support the adoption of IPSAS Accrual Accounting through development of transition roadmaps and Training of Trainer course and peer learning in selected countries; (e) publication of online flyers to enhance visibility of the ATQA (see below) & API learning programmes in selected countries; and (f) review and update of the API ALP, considering implementation learnings and developments.

20. **Subcomponent 1.3 Implementation of Accounting Technician Qualification for Africa (ATQA) in 4 Countries.** Under this subcomponent, the project will support: (a) technical assistance to (i) translate and contextualise the ATQA for the French and Portuguese environment; and (ii) rollout of the ATQA in 4 countries, namely Burundi, STP, Mozambique, and Somalia selected based on a PAFA readiness assessment and engagement with the respective PAOs – the rollout will include the development of a country-specific ATQA implementation roadmap/strategy and related implementation activities for each of the selected countries; (b) technical assistant/local coordinator for STP and Burundi to coordinate the development and implementation of the country-specific ATQA implementation roadmaps/strategies; (c) tuition support for students to build foundational accountancy capacity through the ATQA in each of the selected countries; (d) technical assistant to support implementation and coordination of the ATQA Programme at PAFA and develop policies and procedures, guiding notes and manuals; and (e) review and update of the ATQA, considering implementation learnings and developments.

***Component 2:* Strengthening Institutional Capacity of Professional Accounting Organizations (PAOs) – UA1.07million**

21. This will promote institutional capacity building of PAOs to become PAFA or IFAC members by supporting the development of PAO strategies, PAO strategy implementation through a Partnership Programme (twinning agreements), enhancement of Quality Assurance Review mechanisms, and gender mainstreaming in the accountancy profession in fragile context. The specific countries in fragile situations will be reflected in the annual PAFA training plan which will be reviewed and cleared by the Bank. The selection will be based on regional balance, language, state of PFM and maturity of the PAOs.

22. **Subcomponent 2.1 Build Capacity of Professional Accounting Organizations.** Under this subcomponent, the project will complement the Bank's capacity building initiatives under the PFM Academy and support: (a) Capacity building of PAO (strategy development, followed by strategy implementation through a Partnership Programme (twinning arrangements)) in six (6) selected transition states; (b) Development of a formal framework for monitoring and evaluation of the PAFA PAO-to-PAO Partnership Programme; (c) Sponsorship of six (6) PAO-to-PAO Partnerships; (d) Development of a model accountancy laws and PAO constitutional arrangements for rollout in two (2) selected countries; and (e) training of PAOs in Anti-money laundering and countering financing of terrorism (AML/CFT).

23. **Subcomponent 2.2 PAFA Quality Assurance Review (QAR) Programme on the Continent.** Under this subcomponent, the project will support: technical assistance to (a) rollout the PAFA QAR Guidance for PAOs and Regulators, including translation and contextualisation of the guidance for the French environment and workshops to train PAOs and regulators on the guidance; (b) development of a Quality Assurance Reviewer Certification Programme, rollout of the programme, and certification of Quality Assurance Reviewers (English and French); and (c) development and rollout of an Easy to Use ISQM Tool for Small and Medium Practitioners (English and French).

24. **Subcomponent 2.3 Enhance Gender Parity in Accounting Profession in Africa.** Under this subcomponent, the project will support: (a) A baseline study to determine the status of women representation in the accountancy profession in Africa; (b) Development

and rollout of a Women in Accountancy Index, which is intended to track and build credible and objective records of the status of gender mainstreaming in the accountancy profession; (c) Conduct two gender mainstreaming training workshops including review of Women in Accountancy Report and launch of Women in Accountancy Index - 100-125 participants with 80% women representation; (d) Development of a Women in Accountancy Mentorship Programme (English, French, and Portuguese), including preparation of policies, procedures and manuals for the programme; and (e) Conduct Women in Accountancy Mentorship Training (English, French, and Portuguese) to selected number of countries in fragile situations; and (f) Development of a toolkit for PAOs to increase women in PAO leadership, including template policies and procedures (English, French and Portuguese).

Component 3: **Project coordination, Monitoring and Reporting (UA0.51million)**

25. This component will support project implementation activities to ensure smooth delivery of project objectives and attainment of results in line with project result measurement framework. It will provide resources for coordination, administration, monitoring, procurement, financial management, and external audit of the project. This component will also include supporting effective oversight function and implementation especially at project satellite level where the bulk of activities will take place. As part of sustainability management, the component also aims to create implementation capacity and increase the sustainability at PAFA project implementation team and drive the PFM improvement at beneficiary country level.

26. Pan African Federation of Accountants (PAFA) – UA0.4 million (in-kind contribution) PAFA will provide in kind contribution towards project coordination and management through provision of office facility and staff time to support the monitoring activities including quarterly progress reviews and regular follow up meetings and supervision trips and operational costs.

27. Project Cost and Financing Arrangements

28. The estimated total Project cost, excluding taxes and duties, is **UA 4.40 million (USD 5.74million),** financial support from the ADF-16 (TSF Pillar III) grant window and beneficiary contributions. The beneficiary contribution is estimated at 10% of the total cost (about UA0.40million) being primarily in-kind contribution from PAFA in the form of staff time, any applicable taxes, and office space. The breakdown, per source of financing, is indicated below:

Table 1: Estimated Cost of the Project by Component

Components	Currency			% of Total Project Cost
	Foreign Currency	Local Currency	Total	
Component 1	1,660,466.76	678,218.82	2,338,685.57	59%
Component 2	695,307.53	283,999.85	979,306.38	24%
Component 3	342,225.71	139,782.33	482,008.05	12%
Total Base Costs	**2,698,000.00**	**1,102,000.00**	**3,800,000.00**	**95%**
Price contingencies	180,000.00	20,000.00	200,000.00	5%
Total Project Costs	**2,878,000.00**	**1,122,000.00**	**4,000,000.00**	**100%**

Table 2: Project sources of financing

Sources of financing	Costs (UA)	Costs (Local Currency)	% of Total Project Cost

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African Development Fund	4,000,000.00	5,219,000.00	91%
PAFA (in-kind contribution)	400,000.00	521,652.00	9%
Total Project Costs	**4,400,000.00**	**5,740,652.00**	**100%**

Table 3: Project cost by category of expenditures

Category	(Currency)			% of Base Total Cost	% of Total Project cost
	F.E.	L.C.	Total		
Goods	12,923.93	5,278.79	18,202.72	1%	1%
Services	2,399,715.66	980,165.55	3,379,881.20	85%	85%
Operating Costs	285,360.41	116,555.66	401,916.08	9%	9%
Total Base Costs	2,698,000.00	1,102,000.00	3,800,000.00	95%	95%
Price contingencies	180,000.00	20,000.00	200,000.00	5%	5%
Total Project Costs	2,878,000.00	1,122,000.00	4,000,000.00	100%	100%

Table 4: Project Expenditure Schedule

Component	(UA)			
	PY1	PY2	PY3	Total
Component 1	816,000.00	949,000.00	574,000.00	2,216,650.50
Component 2	542,000.00	240,000.00	197,000.00	1126,134.20
Component 3	185,000.00	149,000.00	148,000.00	457,215.30
Total Base Costs	**1,543,000.00**	**1,338,000.00**	**919,000.00**	**3,800,000.00**
Price contingencies	80,000.00	70,000.00	50,000.00	200,000.00
Total Project Cost	**1,623,000.00**	**1,408,000.00**	**969,000.00**	**4,000,000.00**

D. Project's Target Area and Population Beneficiaries and other Stakeholders

29. PAFA and ADF/TSF Pillar III eligible countries will directly benefit from the project (Annex 9). Indirect beneficiaries will be governments, legislature, citizens, civil societies, accountant generals, local professional auditing and accounting bodies of member countries and partners such as INTOSAI, AFROSAI, IDI, API, CREFIAF and AAAG. Project mapping of direct beneficiaries has been done to demonstrate which eligible countries will benefit directly, and from which activities. The students will be competitively selected based on an agreed criteria determined by PAFA, country PAO and National Public service commission or equivalent taking into consideration the student's minimum applicable academic qualification e.g. school leaving certificate and duration of working in public service.

30. **The project design is informed by consultations with key stakeholders across various Pan African Organizations such as PAFA, API, AAAG, CREFIAF, AFROSAI-E and its implementing as well as development partners**. The Bank held discussions with the potential beneficiaries and gathered information on strategic and operational priorities, challenges and bottlenecks and specific needs for support from the Bank. These exchanges are at the heart of the proposed project design and importantly include feedback from key DPs.

E. Bank Group Experience and Lessons Reflected in Design

Lessons learned from past and ongoing operations have been incorporated into the design of the SPRA specifically the project completion reports and implementation progress reports for Grant funding to AFROSAI-E, ATAF and CABRI**.** The proposed support to PAFA complement the ongoing support to AFROSAI-E and CREFIAF. The Bank has significant experience working with individual PAOs in its member countries and with these pan-African accounting institutions to support public financial management, economic governance, accountability, transparency and oversight. The proposed operation will build on the ongoing Bank Group's strategic engagement and operational priorities to scale-up and consolidate the gains from the previous operations, and further support financial and economic governance reforms. Key lessons to be reflected in this operation are (i)the result framework has been developed along new Bank M&E framework (ii) delayed implementation of project activities sometimes occurs due to lengthy approval processes and thus a need to streamline the approval process and use advance procurement for key staff of the project; (iii) to integrate and enhance stakeholders participation in the design of specific interventions to ensure ownership of project design and implementation by beneficiaries as well as a need for collaboration and coordination with other partners to avoid duplication and build synergies; (iv) need to address implementation capacity by reinforcing procurement capacity and improving awareness of project implementation procedures and requirements; (v) need to kick start at an early stage of the project the policy dialogue with PAFA, implementing partners and national authorities to ensure the buy-in and implementation of the project. *Ref Technical Annex 2.4*.

Table 5: Key lessons learnt from ongoing/past operations

Project Areas	**Key Lessons Learned**	**How lessons learned are reflected in the project**
Rigorous Result Framework and monitoring	The RBF with realistic outputs and outcomes closely attributed to the activities funded under the project	The RBF has been developed along the new Bank ME Framework including the theory of change and monitoring plan
Strengthen project implementation and coordination capacity	limited experience of Bank- funded projects at the executing agency particularly when the projects are complex and multifaceted due to the number of countries and activities commonly implemented concurrently which causes undue delays to project startups and implementation	The conditions precedent to first disbursement would have to be met prior to signing of financing agreement. The project will support the recruitment of key staff under advance procurement to ensure no capacity gaps during implementation
Align procurement to Banks' procurement policy during implementation	Need to address implementation capacity by reinforcing procurement capacity and improving awareness of project implementation procedures	A dedicated project procurement officer will be recruited and trained on the Bank's procurement policy and related procedures. The procurement methods for all categories of expenditures will be guided by the Bank's Procurement policy and carefully chosen in close consultation with the PAFA and the Bank.
Relevance of Training Programme	Beyond the technical fixes, sustainable PFM reforms require the careful management of political and administrative constraints together with a deep understanding of the local context. emphasizes country ownership by relying on local solutions to local problems, experimentation by promoting an iterative and adaptive approach, and multi-stakeholder engagement by supporting diffusion and co-ordination within administrations.	The project has provided for translation and contextualisation of learning materials to specific countries. Further support is provided to extend the API and ATQA programmes in French- and Portuguese-speaking countries further building on the previous lessons to promote country ownership. Interventions will be guided by diagnostic studies to inform the design of the training programmes under the project
Rapid Response and Presence on Ground	integrate and enhance stakeholders' participation in the design of specific interventions. Stakeholders identified several factors that contributed to program's effectiveness, including local presence and local networks, as well as	The project will be implemented by PAFA in close collaboration with RMCs PAOs, public universities, SAIs and Accountant General's Office. Local coordinators will be recruited to support project implementation and coordination at country level

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Table 5: Key lessons learnt from ongoing/past operations		
Project Areas	**Key Lessons Learned**	**How lessons learned are reflected in the project**
	effective Donor coordination to avoid duplication	
Sustainability and Organisational Strengthening	Securing and sustaining short-, medium-, and long-term revenue streams, backed by prudent control measures and enhanced trust of its members, donors and other direct and indirect beneficiaries is considered imperative for ATAF and CABRI to strive towards their missions. Financial sustainability is clearly articulated as an imperative in both organizations' strategic plans. Significant attention has been paid to sustainability in the project design, through greater focus on rebuilding systems and emphasizing donor coordination and complementarity	The project emphasis sustainability of project activities which has been in built in the design of the project interventions. Ensuring monitoring of knowledge transfer and working with PAOs in the RMCs to continue the programme after the project end date. Memorandum of Understanding is a pre-requisite for consideration of funding with the RMC.

3 PROJECT FEASIBILITY

A. Financial and Economic Analysis

31. **While it is difficult to carry out rigorous cost-benefit and financial analyses for an institutional support project, the economic and financial benefits, and ramifications, accruing from the Project will be much higher than the project cost of UA 4.0 million.** The SPRA aims to strengthen economic governance, transparency, openness, and accountability in the management of public funds and improve service delivery to citizens. It is envisaged that the project will have long-term economic and social benefits to the beneficiary countries which are difficult to quantify. However, the project's performance could be assessed based on its direct, indirect economic and social outcomes in the medium and long-term resulting in much higher economic and financial benefits accruing from the project than the total cost of the project. The improved economic governance and accountability in the management of public finances particularly through increased number of professional accountants with public sector qualifications, increased number of accounting technicians with ATQ qualifications, harmonization of standards, tools and practices and institutionalization of gender mainstreaming would have major positive impacts in the beneficiary countries, regions and continent. Some of the positive impacts include enhanced operational efficiency, improved quality of financial reporting, better budgeting and accountability that supports evidence-based policy making and greater transparency through compliance with professional standards. These improvements boost public, donor and investor confidence, attracting additional funding and partnerships. Mainstreaming gender equality in PFM fosters a positive organizational culture, while increased certification expands job prospects and promotes regional integration and job mobility through standardized skills and practice. These ultimately lead to improved public service delivery and economic transformation.

Additional Positive Effects

32. **The SPRA has several economical or financial and/or nonfinancial additional positive effects beyond those stated as the proposed project purpose.** The Bank's support

to strengthening PFM systems and state institutions particularly in fragile situation is critical to enhance economic governance, transparency and accountability. Some of the key additional positive effects emanates from bringing together all key players in the PFM space such as pan African PFM institutions, oversight, transparency and accountability institutions, respective member states, professional accountancy and auditing organisations, civil society and private sector. This collaboration will help improve PFM systems and harmonise practices and standards and ultimately lead to better service delivery, enhance resource allocation and utilisation. The harmonisation of professional standards across Africa supports regional integration resulting in a boost to the realisation of trade and industrialisation. The project also aims to increase women and youths' participation in PFM, promote skills mobility and improve citizens engagement boost the investment climate, create jobs and promote responsible business practices.

B. Environmental and Social Safeguards

Environmental and Involuntary Resettlement

33. The project was validated as Category 3 on October 30, 2024. This classification is justified by the project's aim to enhance institutional capacity, which will help produce more qualified and certified accountants to support development efforts for countries in transition. Such activities are associated with low environmental and social risks. As a result, no safeguard documents are required; an ESCON confirming the project's compliance status is included in Section 8 of the PAR.

Climate Change and Green Growth

34. The operation is identified as climate risk category three (03), not directly vulnerable to physical climate risk. It is anticipated that project carbon footprint will be negligible. PAFA recently launched a Strategy to develop a Centre of Excellence for Sustainability (CoE). The CoE is poised to play a crucial role in advancing the adoption and implementation of the IFRS Sustainability Disclosure Standards of the International Sustainability Standards Board (ISSB) throughout the continent. The operation will finance a baseline sustainability study. Sustainability accounting is growing in importance globally and African countries need to enhance the capabilities of the accounting profession.

35. The operation is aligned with Pillar 4 (enhancing the enabling environment for climate actions and green investments) of the Banks Strategy for Climate Change and Green Growth and the objectives of the Paris Agreement and are considered Paris aligned.

C. Other Cross-cutting Priorities

Poverty reduction, Inclusiveness and Job Creation

36. The objective of the project is to strengthen economic governance, transparency, openness, and accountability in the management of public funds. The project will contribute towards reducing poverty and creating economic opportunities for youths and women by extending training opportunities through the API and ATQ learning programmes in ADF/TSF Pillar III eligible countries. Ultimately increasing opportunities for employment within both the private and public sector financial management. Additionally, the enhanced institutional and PFM systems capacity would in the long-term lead to better service

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delivery, especially for the poor, and improve development outcomes including alleviating poverty and creation of job opportunities.

Opportunities for Building Resilience

37. One of the defining characteristics of transition countries is heightened economic fragility, often driven by weak public financial management (PFM) systems. Poor PFM undermines economic governance, accountability, and transparency, limiting domestic revenue mobilization and increasing debt vulnerability. These conditions leave countries more exposed to external shocks, erode public trust in financial institutions, and contribute to corruption and socioeconomic grievances. A significant contributing factor is the acute shortage of professional accountants in the public sector, particularly in fragile contexts. This shortage has long hindered the effective allocation and management of scarce national resources, further entrenching fragility and weakening the foundations for economic resilience. This project aligns with Priority Area 1 of the Bank's Strategy on Addressing Fragility and Building Resilience in Africa (2022–2026), which focuses on strengthening institutional capacity. Through all its components, the intervention aims to enhance economic governance, financial reporting, and accountability in both the public and private sectors—key enablers of inclusive and resilient economic growth.

38. The project will support the institutional strengthening of Professional Accountancy Organizations (PAOs) in member states, enabling them to promote sound PFM practices, improve transparency and accountability, and reduce corruption and mismanagement of public funds. As transition states often face significant barriers in accessing capacity-building resources, this initiative is financed through the Bank's Transition Support Facility – Targeted Support Window, which provides concessional resources to countries affected by fragility and conflict.

Gender Equality and Women's Empowerment Promotion

39. Based on the Bank's Gender Marker System; this project has been categorized as 2. Subcomponent 2.3 will address gender-specific issues pertaining to the operation. Subcomponent 2.3 looks at enhancing Gender parity in accounting profession in Africa to address i.) establishment of national mentoring programme for women in Africa, ii.) developing guidelines for the establishment of national programmes iii.) Provide training of mentors (training of trainers) iv.) Assessing the status of women representation in accountancy profession in Africa -baseline study and (v) developing a Women in Accountancy in Africa Index.

40. Like any other male dominated sector, the accounting profession in Africa faces some challenges when it comes to leadership especially at the higher levels without the option to balance gender representation. It is for this reason that the proposed operation will support actions to improve advocacy on accounting among females, develop mentoring programmes to support female entrants into the profession, and encourage their participation at leadership levels.

4 IMPLEMENTATION

A. Institutional and Implementation Arrangements

41. **The project will be implemented over a period of thirty-six (36) months between 2025 and 2028.** PAFA will serve as the executing agency. PAFA will be responsible for day-to-day administrative and financial management of the Project funds and activities, monitoring and evaluation, and prepare quarterly progress reports. PAFA will work closely with eligible PAOs and partner institutions such as API, CREFIAF, AAAG, AFROSAI-E, Accountant Generals and Auditors Generals where applicable. The project will support by providing a dedicated Technical Assistance/ consultant housed within PAFA and each beneficiary country to support coordination with the PAOs and key stakeholders. Implementation of the learning programmes will be guided by country specific strategies to take into consideration the unique legal and institutional set up for each country. PAFA has experience of managing donor funded projects before. The Project will be implemented within the directorate responsible for PFM and PAO capacity development. A specially constituted Project Implementation Team (PIT) comprising a project coordinator/ M & E Specialist, project accountant, and procurement specialist, all with qualifications and experience necessary to implement a Bank funded operation will be instituted. The capacity of the PIT may be strengthened through nomination/recruitment of additional staff and/or consultants as needed. The PIT staff will be recruited competitively in line with the Bank's rules and procedures for the recruitment of consultants. The PIT shall be responsible for, carrying out, *inter alia*, the following tasks in a manner satisfactory to the Bank: (i) the day-to-day implementation of the Project including preparation and submission to the Bank of progress reports, financial reports, audit reports, and any other technical reports on Project activities and results; (ii) all Project related monitoring and evaluation activities including compliance with the Bank's procurement, financial management and control requirements and supervision and monitoring of consultants and contractors performance; (iii) all Project related procurement including supervision of quality assurance, disbursement, financial management, monitoring and evaluation, and environmental and social safeguards management; (iv) working in close consultation with stakeholders and partner organizations towards implementation of the Project; (v) facilitating collaborations with stakeholders; and (vi) overall day-to-day communication with the Bank on all matters concerning Project implementation, including seeking no objections and providing the operational link to the Bank on matters related to implementation of the Project. A Project Steering Committee (PSC) will be established, chaired by the Chief Executive Officer (CEO) or her/his delegate, including representation from API, AFROSAI-E, AAAG, and CREFIAF to provide overall policy guidance and strategic direction for the Project, ensure engagement, commitment, synergy and harmonization in Project implementation amongst participating stakeholders, and review and approve PIT workplans and budgets throughout the Project implementation period. The PSC will meet at least twice a year on the sidelines of the PAFA plenary meetings or on ad-hoc basis as necessary. The Project Coordinator will be the secretary of the PSC. The Bank's Regional Office in Southern Africa (RDGS) and experts from SNFI and ECGF will support the implementation of the Project through regular desk review and field supervisions.

B. Procurement

42. **Procurement Arrangements**: all the procurement of goods, and acquisition of consulting services financed by the Bank for the Project, will be carried out in accordance with the "Procurement Policy for Bank Group Funded Operations", dated October 2015 and following the provisions stated in the Financing Agreement.

43. Specifically, Bank Procurement Policy and Methodology (BPM) using the relevant Standard or Model Solicitation Documents (SDs) shall apply in all procurement of Consulting services, and the use of Borrowers Procurement System (BPS) is recommended in the Project for administrative transactions financed by the Bank.

44. **Procurement Risks and Capacity Assessment (PRCA):** the assessment of procurement risks for PAFA in terms of the sector and of procurement capacity was undertaken for the project and rated moderate. The output has informed the decisions on the procurement regimes (BPS and Bank) being used for specific transactions or groups of similar transactions under the Project. The appropriate risks mitigation measures have been included in the procurement PRCA action plan proposed in the Annex 5.

45. **Review Procedures:** The procurements under Bank PMPs shall be subject to prior review or post review by the Bank and as stated in the Procurement Plan.

46. **Advance Contracting:** To accelerate implementation of the project, the Borrower submitted to the Bank a request for advance contracting for recruitment of core Project Implementation Team staff, namely: (i) Project Coordinator/M&E Specialist, (ii) project Accountant; and (iii) Procurement Specialist. The request was reviewed and approved by the Bank. The Borrower will undertake such advance contracting at its own risk, and any concurrence by the Bank with the procedures, documentation, or proposal for award(s) does not commit the Bank to provide Financing of the project. The Borrower will contract with the selected PIT staff only after the Letter of Agreement is signed by both the Bank and the Borrower.

C. Financial Management, Disbursement, and Audit

47. **Financial Management Arrangements:** In accordance with the Bank's FM Guidelines for Investment Operations 2019, an FM assessment of PAFA's Financial Management (FM) System was conducted to establish whether it has the capacity to carry out the FM of the proposed Project. The results of the assessment show that the overall FM risk rating is moderate. The assessment concluded that while PAFA has the requisite accounting system and established procedures necessary to manage the Project, it lacks adequate human FM capacity hence it is recommended an additional Project Accountant be recruited. In addition, the existing accounting system should be upgraded to increase its functionality.

48. PAFA has an adequate system for budgeting, fund allocation, and monitoring expenditures (comparing actual expenditures against the budget). For the Project, PAFA will prepare annual work plans and budgets (AWPB) which after securing necessary internal approvals will be shared with the Bank for review and no objection. Execution of the approved budget will follow the requirements of the existing PAFA procedure manual and be accounted for using the existing SAGE accounting system.

49. **Auditing and Reporting:** For reporting, PAFA applies international financial reporting standards (IFRSs), which will be the same standards applied for accounting for the Project funds. In accordance with the Bank's financial reporting and auditing guidelines, the Project will need to prepare and submit a quarterly interim financial report (IFR) within 45 days after the end of each calendar quarter. Additionally, separate annual financial statements will be prepared for the Project, which will serve as the basis for the external audit. The Project's annual financial statements will be audited by an independent private audit firm acceptable to the Bank, in accordance with terms of reference approved by the Bank. The audited financial statements, along with the management letter, will be submitted to the Bank within six months after the end of the financial year. The cost of the audit is included in the Project budget.

50. **Disbursement Arrangements:** The Project will primarily use the Direct Payment and Revolving Funds (Special Account) methods for eligible Project expenditures. The other two methods outlined in the Disbursement Handbook, namely Reimbursement and Reimbursement Guarantee, are also available as prescribed. PAFA will open a foreign currency special account at its existing commercial bank, Standard Bank, to receive the funds from the TSF resources. If required, a local currency project account can be opened to facilitate payments in local currency. The Bank will issue a disbursement letter, providing specific guidelines on key disbursement procedures and practices.

D. Monitoring and Evaluation

51. **Monitoring Arrangements:** An assessment of PAFA's monitoring and evaluation capacity was undertaken during appraisal and found to require additional support given the complexity of coordinating activities across member states. The project has allocated USD 180,000 under Component 3, specifically for coordination and monitoring activities. While the project will rely on PAFA's networks with PAOs, the project will provide additional support for a Project Coordinator who will also support the monitoring and evaluation function. The overall responsibility for Project monitoring will rest with PAFA Secretariat through the submission of quarterly progress and financial and reports to the Bank. PAFA/PIT shall be required to submit quarterly progress reports together with financial statements to the Bank within 45 days after the end of each calendar quarter. PAFA will coordinate closely with partner institutions particularly PAOs that are coordinating implementation of some project activities in their respective countries to ensure more comprehensive and realistic reports. The project will provide dedicated in country coordinators at each respective PAO implementing the learning programmes and also a technical expert housed at PAFA to support the API and ATQ learning programme implementation. The project progress reports will aim to track progress as reflected in the Project's Results-Based Logical Framework. The reports will also offer recommendations to address implementation challenges. A mid-term review (MTR) will be carried out within approximately 24 months from the declaration of the effectiveness of the grant. A project completion report (PCR) will be jointly prepared by PAFA and the Bank at the end of the project, to evaluate progress against outputs and outcomes and draw lessons for possible follow-up operations. A monitoring plan can be found in Technical Annex 4-1 of this report.

E. Governance

52. **As the Executing Agency, PAFA will be responsible for day-to-day activities of the project.** The main governance risks relate to financial management, lack of project activity planning, weak or delayed reporting and possible irregularities in procurement activities, especially in the bidding and contracting processes. These risks will be mitigated through the preparation of detailed work plans and procurement plans, each requiring the Bank and the Fund's ex-ante approval. The Bank will follow up on governance through regular field supervision missions, audit reports, Annual Work Plan and Budget (AWPB), progress reports and procurement plans. The Bank's Regional Office (RDGS) will closely interact and follow up on project activities to ensure that the implementation of project activities is on course. The SNFI Experts will provide quarterly schedules of project implementation progress to Management. In addition, training will be provided to staff of PAFA/PIT and implementing partner institutions to ensure that they are conversant with the Bank's policies and procedures. PAFA will also ensure that front line implementing partners adhere to the Bank's policies and procedures.

F. Sustainability

53. **The PAFA Secretariat, partner institutions, and Member States will be involved throughout the project implementation process.** This will ensure that they clearly identify with and own the results of the project thereby ensuring the sustainability of project outputs, outcomes, and impacts. The learning materials will be contextualised to the local environment and country specific implementation strategies developed with support of the project to guide on appropriate institutional set up and stakeholder engagement. The project will also undertake stakeholder consultations, workshops, and training activities at the member states and at the secretariat levels. The civil society, National public administrative schools/ institutes, PFM governance institutions, the youth and women groups will also be involved in some of the project activities, and this will assist in strengthening their capacities in handling matters affecting PFM in the continent. In addition, the expected transfer of knowledge and skills from consultants to Secretariat staff, PAOs and the use of Secretariat staff as the Project Coordination Unit are expected to internalise the outputs, outcomes, and impacts of the project in the institutional structure of the PAFA. In addition, PAFA and respective PAOs are expected to continue to coordinate the interventions post project implementation including partner organisations such as AAAG, CREFIAF, AFROSAI-E, API and country specific training institutions. This will ensure continuity of the project's benefits beyond its life thereby promoting sustainability.

G. Risk Management

54. **The project will be implemented in only ADF/TSF Pillar III eligible member countries which are also member countries of PAFA, and these countries are characterised by mixed risk profile.** The project will build on lessons learnt from other projects financed by the Bank in the PFM and governance area in the project's beneficiary countries. It is anticipated that several risks are likely to affect effective project implementation including – weak institutional capacity at implementation unit, political, security and macroeconomic instabilities in some of the targeted countries, limited and weak

institutional and human capacities of PFM institutions and countries and government ownership, Ref to technical annex 4.2.

H. Knowledge Building

55. **The project is underpinned by a wide range of analytical work, notably API Baseline studies, IDEV evaluation of Bank's Operations. Several outputs and outcomes of the project will contribute to knowledge generation and the project will systematically document new lessons and experiences for future use.** The project serves to strengthen institutional capacity within the context of PFM and governance, harmonisation of PFM standards, establishment of peace and security measures in border areas, and linkages between the umbrella governance and PFM institutions like PAFA and professional accountancy professional bodies in beneficiary countries. These are all areas that can generate important lessons about aid effectiveness with a regional dimension not only in situations of fragility but also in normalcy. The project will also assist the PAFA Member States to deepen their collaboration and knowledge exchange. In addition, the project is expected to address such cross-cutting issues as gender with a regional dimension. These areas of work under the project will constitute important sources of lessons or body of knowledge on strategic capacity developmental issues for the Bank.

5 LEGAL INSTRUMENTS AND AUTHORITY

A. Legal Instrument

56. The legal instrument for financing the Project will be a Letter of Agreement between PAFA ('the Recipient') and the African Development Bank (the "Bank") and the African Development Fund (the "Fund") (collectively the "Bank") as administrators of the Transition Support Facility (the "TSF").

B. Conditions Associated with the Bank's Intervention

57. **Condition Precedent to Entry into Force:** The Letter of Agreement shall enter into force on the date of its signature by the Recipient and the Bank

58. **Condition Precedent to First Disbursement**: The obligation of the Bank to make the first disbursement of the Grant shall be conditional upon the entry into force of the Letter of Agreement and the fulfilment by the Recipient, in form and substance satisfactory to the Bank, of the following condition: (i) Submission of evidence of the recruitment of: (a) Project coordinator/M&E Specialist; (b)Project Accountant ;and (c) Procurement Specialist; to constitute the core staff of the Project Implementation Team (PIT) within the Executing Agency, each with qualifications, experience and terms of reference acceptable to the Bank.

59. **Undertakings:** The Recipient shall: (i)within three (3) months after the signing of the Letter of Agreement, prepare and adopt a Project Implementation Manual (PIM) highlighting and streamlining the workflow, linkages, roles and responsibilities amongst all players involved in implementation of the Project; (ii) within three (3) months after the signing of the Letter of Agreement, establish a Project Steering Committee (PSC) and

submit to the Bank a list of representatives of the key stakeholder institutions who will sit on the PSC chaired by the Chief Executive Officer (CEO) or her/his delegate, including representation from API, AFROSAI-E, AAAG, and CREFIAF; and maintain, and/or cause the maintenance of the existence and functioning of the PSC in a form and with a composition and Terms of Reference acceptable to the Bank, throughout the duration of the Project implementation period; (iii) maintain the existence and functioning of the PIT, in a form and with a composition and terms of reference acceptable to the Bank, throughout the duration of the Project implementation period; (iv) implement the project with due diligence and efficiency, and in compliance with the Bank Group Integrated Safeguards System (ISS) Policy requirements, Anti-Corruption Policies, and applicable national legislation, in a manner and in substance satisfactory to the Bank (v)to coordinate and harmonize Project implementation amongst relevant institutions and partner organisations particularly API, CREFIAF, AFROSAI-E, AAAG, PAOs and beneficiary countries; and (vi) establish a collaboration structure and maintain its existence and functioning in a form and with a composition acceptable to the Bank, throughout the duration of the Project, to ensure timely, smooth and effective implementation of the Project; (vii) for disbursement through a Special Account, submit to the Bank a withdrawal request with a Special Account denominated in forex opened at a commercial bank acceptable to the Bank, in the name of the Project, for deposit of the proceeds of the Grant; and (viii) provide, and/or cause Beneficiaries to provide, as promptly as needed, funds, facilities, services and other resources required for implementation of the Project, and/or necessary or appropriate to ensure that the goals of the Project and the purpose of the Grant are accomplished.

C. Compliance with Bank Group Policies

1. This project complies with all applicable Bank Group policies.

African Development Bank Group Independent Recourse Mechanism -

2. Communities and individuals who believe that they are adversely affected by an African Development Bank Group (AfDB) supported project may submit complaints to existing project-level grievance redress mechanisms or the AfDB's Independent Recourse Mechanism (IRM). The IRM ensures project affected communities and individuals may submit their complaint to the AfDB's Independent Recourse Mechanism which determines whether harm occurred, or could occur, because of AfDB non-compliance with its policies and procedures. To submit a complaint or request further information please contact: IRM@afdb.org or, visit the IRM website www.irm.afdb.org. Complaints may be submitted at any time after concerns have been brought directly to the AfDB's attention, and Bank Management has been given an opportunity to respond before reaching out to the IRM.

6 RECOMMENDATION

3. Management recommends that the Vice President, RDVP clears, and the President approves, the proposed award of a Grant of an amount not exceeding Four Million Units of Account (UA 4,000,000.00) to PAFA from the resources of TSF Pillar III Call for Proposal allocation to finance implementation of the project under the terms and conditions stipulated in this report.

7 RESULTS FRAMEWORK

Strengthening the Pan African Federation of Accountants and PFM resilience in Africa (SPRA)

RESULTS FRAMEWORK

RESULTS FRAMEWORK					
A PROJECT INFORMATION					
PROJECT NAME AND SAP CODE: STRENGTHENING THE PAN AFRICAN FEDERATION OF ACCOUNTANTS AND PFM RESILIENCE IN AFRICA (SPRA)/ P-Z1-KF0-085			COUNTRY/REGION: Multinational. Eligible ADF/TSF member countries that are also member states of PAFA		
PROJECT DEVELOPMENT OBJECTIVE: Strengthen professional capacity in public financial management and harmonize professional accounting standards, tools, practices, and regulatory framework in Africa.					
ALIGNMENT INDICATOR (S): CPIA Score on Overall Governance in ADF/TSF countries, Public Sector Financial Accountability Index (IFAC)					
B RESULTS MATRIX					
RESULTS CHAIN AND INDICATOR DESCRIPTION	**RMF/ADOA INDICATOR**	**UNIT OF MEASUREMENT**	**BASELINE (2024)**	**TARGET AT COMPLETION (2028**	**MEANS OF VERIFICATION**
OUTCOME STATEMENT 1: Increased Professional and Technician Skills in Accounting and Auditing profession					
OUTCOME INDICATOR 1.1: Professional officers and technicians in TSF Beneficiary countries with, or enrolled to obtain, public sector accounting and auditing certification (30% women)	☒	Number	10 (2024)	300 (2028) *30% women*	Status of PAO Maturity Report
OUTCOME STATEMENT 2: Improved Performance of PAOs and Quality of Financial Reporting, Standards and Practices					
OUTCOME INDICATOR 2.1: Average CPIA Score on Quality of Budgetary and Financial Management in ADF/TSF beneficiary countries	☒	Number/ Score	3.04 (2016)	3.5 (2028)	CPIA Report by AFDB
OUTCOME INDICATOR 2.2: Average Professionalism maturity model score of PAOs selected for intervention under the project	☒	Score 1- 5	2 (2024)	3 (2028)	Status of PAO Maturity Report
COMPONENT 1: Increased Professional and Technicians Skills in Accounting and Auditing Profession					
OUTPUT STATEMENT 1.1: Professional Capacity in PFM Developed					
OUTPUT INDICATOR 1.1.1: International Public Sector Accounting Standards Training of Trainers (ToTs) conducted, (30% women)	☒	Number	0 (2024)	30 (2028) *30% women*	PAFA Project Reports
OUTPUT INDICATOR 1.1.2: ADF/TSF Beneficiary countries in which the API learning programme is operationalised	☒	Number	0 (2024)	4 countries	PAFA Project Reports
OUTPUT INDICATOR 1.1.3: Study on Sustainability Reporting in French-speaking countries in Africa	☒	Yes/No	No	Yes (2028)	Copy of the Study report
OUTPUT STATEMENT 1.2: An African Accounting Technician Qualification Institutionalized					
OUTPUT INDICATOR 1.2.1: ADF/ TSF beneficiary countries in which the Accounting Technician	☒	Number	0 (2024)	4 (2028)	PAFA Project Reports

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Qualification for Africa (ATQA) is operationalised					
COMPONENT 2: Strengthening Institutional Capacity of Professional Accounting Organizations (PAOs)					
OUTPUT STATEMENT 2.1: Capacity of Professional Accountancy Organizations Built					
OUTPUT INDICATOR 2.1.1: PAO Maturity Status Survey Conducted and Report Produced for TSF beneficiary countries.	☒	Number	0	23	Copy of the Status of PAO Maturity Report
OUTPUT INDICATOR 2.1.2: PAO-to-PAO Partnerships (Twinning Agreements) established	☒	Number	0	6	PAFA Project Reports
OUTPUT STATEMENT 2.2: Audit Quality Management Systems and Methodologies Enhanced across Africa					
OUTPUT INDICATOR 2.2.1: PAOs trained on the PAFA Quality Assurance Review Guidance for PAOs and Regulators	☒	Number	0	5	PAFA Project Reports
OUTPUT INDICATOR 2.2.2: QA Reviewers certified, or enrolled to be certified, through the QA Reviewer Training Programme (30% women)		Number	0	50 *30% women*	PAFA Project Reports
OUTPUT STATEMENT 2.3: Diversity in Accounting and Auditing Profession in PAOs enhanced across African					
OUTPUT INDICATOR 2.3.1: Baseline study/survey conducted on the status of women representation in accountancy profession in Africa	☒	Yes/No	No	Yes (2028)	Copy of the Study report
OUTPUT INDICATOR 2.3.2: Women in Accountancy Index in Africa Developed	☒	Yes/No	No	Yes (2028)	Copy of the Study report

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8 ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON) –

A. Basic Information[5]		
Project Title: STRENGTHENING THE PAN AFRICAN FEDERATION OF ACCOUNTANTS AND PFM RESILIENCE IN AFRICA (SPRA)		**Project SAP or TFMS code: P-Z1-KF0-085**
Country: Multinational	**Region:** RDGS	**Lending Instrument**: Project Finance Loan/Grant
Project Sector Unit: Economic Governance	**Task Team Leader(s): Bernadette Nakabuye KIZITO**	
Appraisal dates: 7 – 18 October 2024		**Estimated Approval Date**: August 5, 2025
Environmental Safeguards Officer: xxxx		
Social Safeguards Officer: Edith Birungi Kahubire		
Environmental and Social Category: Category 3	**Operation type**: Public Sector Operation	**Financial Intermediary**: No
Categorization date: *October 30, 2024*	**Categorization in ISTS: October 30, 2024**	**Categorization in SAP: October 30, 2024**
Is this project processed under rapid responses to crises and emergencies?		No
Is this project processed under a waiver to Integrated Safeguards System (ISS) requirement(s)?		No
B. Disclosure and Compliance Monitoring **B.1 Mandatory disclosure**		
Environmental Assessment/Audit/System/Others: [*specify including number*]		
Was/Were the document (s) disclosed ***prior to appraisal?***		NA.
Date of "in-country" disclosure by the borrower/client		*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose		*Click to Set the date*
Date of disclosure by the Bank		*Click to Set the date*
Resettlement Action Plan (RAP)[6]: [*specify including number*]		

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[5] **Note**: *This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.*

[6] *Including Livelihood Restoration Plan*

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Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date
Date of disclosure by the Bank	Click to Set the date
Stakeholder Engagement Plan (SEP): [*specify including number***]**	
Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date
Date of disclosure by the Bank	Click to Set the date
Pest or Vector Management Plan (PMP/VMP): [*specify including number***]**	
Was/Were the document (s) disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date
Date of disclosure by the Bank	Click to Set the date
Vulnerable Peoples Plan (VPP): [*specify including number***]**	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date
Date of disclosure by the Bank	Click to Set the date
Riparian Communities Participation Plan (RCPP): [*specify including number***]**	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date

Date of disclosure by the Bank	Click to Set the date
Emergency Preparedness & Response Plan (EPRP): [*specify including number*]	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date
Date of disclosure by the Bank	Click to Set the date
Hazardous/Medical Waste Management Plan (HWMP): [*specify including number*]	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date
Date of disclosure by the Bank	Click to Set the date
Riparian notification:	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date
Date of disclosure by the Bank	Click to Set the date
En**vironmental and Social Management Plan (ESMP) of the financing agreement**[7]	
Was the document disclosed ***prior to appraisal?***	**NA.**
Date of "in-country" disclosure by the borrower/client	*Click to Set the date*
Date of receipt, by the Bank, of the authorization to disclose	Click to Set the date
Date of disclosure by the Bank	Click to Set the date

[7] As referred to in section III.2.3 of the Bank's Environmental and Social Policy (ESP)

If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: xxxx

B.2. Compliance monitoring indicators

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	**NA.**
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	**NA.**
Is the total amount for the full implementation for the Resettlement of affected people, as integrated in the project costs, effectively mobilized, and secured?[8]	**NA.**
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	**NA.**
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	**NA.**

C. Clearance

Is the project compliant with the Bank's environmental and social safeguards requirements, and can be submitted to Approval? **Yes**

Prepared by	***Name***	***Signature***	***Date***
Environmental Safeguards Officer:	xxxx		**Click to set the date**
Social Safeguards Officer:	Edith Birungi Kahubire		*April 15, 2025*
Task Team Leader:	Bernadette Nakabuye KIZITO		**April 15, 2025**
Submitted by			
Sector Director:	Kalayu GEBRE-SELASSIE OiC for Abdoulaye COULIBALY		*April 22, 2025*
Cleared by			
Director SNSC:	MAMAN-SANI ISSA		April 22, 2025

[8] *In case a resettlement action plan (RAP) are not required although ESIA is/are disclosed, attached the image/picture/photo of the area/site/landscape to evidence that it is free of any encumbrance (simple statement or letter from the borrower does not suffice), in addition to the statement by the borrower that it is a public-owned land.*

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