“With a uniquely diverse climate and more than half the world’s uncultivated arable land, Africa has the natural resources to drive a boom in agriculture that can lift millions out of poverty. But we have not yet created the right economic conditions. This excellent report shows how we can do that – and underlines why we must”

Kofi Annan, former UN Secretary General and Chair of the Africa Progress Panel
ABOUT ACET

The African Center for Economic Transformation (ACET) provides research and analysis and policy advice that African countries can use to transform their economies. Our distinctive integrated approach is to work with and influence policymakers at the highest levels, providing them with an African perspective on policy analysis and research that translates to country-specific applications and practical advice. We focus on the how-to’s of policy reforms, drawing on experiences and best practices from within and outside Africa.

In 2016, ACET continued the implementation of its five-year (2015-2020) plan. Our work is supported and measured by the three key outcomes:

1. **Increased understanding of African economic transformation issues.**
2. **Strengthened economic transformation strategies, plans and investment.**
3. **Strengthened policies and institutional capacities of governments.**
EXECUTIVE SUMMARY

Since the launch of the Pan-African Coalition for Transformation (PACT) 2016, our work has been guided by its vision. Through thematic Chapters, our objective is to provide a platform for governments and local policymakers to gain information and support as they design and implement innovative policies related to economic transformation.

2017 marked a transition to a new working model through PACT. Our objective was to launch Phase 1 Chapters (Agriculture, Extractives, Manufacturing, Resource Mobilization and Management) while initiating development of Phase II Chapters (Financial Inclusion, Regional Integration, Youth, Employment and Skills and Power & Electricity). Of these, we launched activities in three Phase I chapters and initiated analytical work in two Phase II Chapters.

We also concluded ongoing research, advisory and advocacy work, including three large multi-country and multi-year studies in agriculture, extractives and aid management. This included the launch of our second flagship report – The African Transformation Report on Agriculture.

KEY ACCOMPLISHMENTS

We kick-started activities in Phase I Chapters with policy learning events, conversations with governments, private sector, academia partners and development partners.

- In Extractives, we organized a policy learning event in Johannesburg based on the study outcomes of the Local content and value addition research. Countries were introduced to the PACT chapter and invited to formally become chapter members. We are preparing an action planning meeting for countries in January 2018.

- In Manufacturing, we partnered with ODI as technical partners and the government of Ethiopia as Champions of the chapter, to organize (i) a first consultative meeting in Addis Ababa with 10 countries, followed by (ii) an action planning meeting in Accra to agree on Chapter objectives.

- Under the Resource Mobilization and Management chapter, we completed a policy learning event in April to share the results of the Aid Management study and here also introduced the PACT Chapter to the 11 countries. Following this consultation, we further engaged four countries in a video conference meeting to discuss priority issues and initiate discussion on proposed chapter activities.
With the Agriculture chapter, our objective was to complete the ATR2 as the underlying analytical framework for the chapter. The ATR2 which was completed in Q3 will therefore be used as a basis for kick-starting chapter activities. Given the broad scope of issues identified in the sector, a few priority areas were proposed for the chapter. However, additional consultations are required.

We also continued engagements with the government of Ghana to discuss joint areas of focus for technical support. We (i) offered technical and logistical support for the first Compact With Africa meeting in Accra along with (ii) proposal development support for the development of Special Economic Zones with various donor partners.

Our greatest achievement in our research and analysis activities has been the successful launch of our second African Transformation Report titled “Agriculture: Powering Africa’s Economic Transformation”. Launch events were held at the African Development Bank in Cote d’Ivoire, the World Bank and other think tanks in Washington DC and at the African Caucus of Finance Ministers in Botswana.

We also completed other studies in agriculture including a study on Warehouse Receipts and Financial Practices in Ghana, the three-year study on Index insurance and field work and value chain analysis of the Kenyan horticultural sector.

We also completed the six-country (Burkina Faso, Ghana, Uganda, Rwanda, Tanzania, Zambia) aid management study on Mobilizing and Managing external financial flows for Development and organized a policy learning event on the same theme in April, 2017. These studies formed the background for activities of the Resource Mobilization and Management Chapter of PACT.

In similar vein, we wrapped up our multi-year study on Local Content and Value Addition in extractives with a synthesis report and a policy learning event to kick-start the PACT Extractives Chapter. We also completed a study on Artisanal mining in Ghana, Sierra Leone and Burkina Faso.

We also introduced a new Financial Inclusion study funded by the International Development Research Center. The study seeks to assess opportunities for promoting women and youth financial inclusion for entrepreneurship and job creation in Guinea, Sierra Leone and Zambia.

Throughout all these programs, ACET continues its advocacy work with policy makers, private sector and other stakeholders through stakeholder validation workshops, policy learning events, presentations at conferences, participation at 11 targeted events and convenings such as the Think 20 Summit on “Global Solutions”, the 8th Plenary Meeting of the OECD Initiative for Policy Dialogue on Global Value Chains, Production Transformation and Development, The UN High-level Political Forum on Sustainable Development, 2017 African Caucus Meeting of Governors of the IMF and World Bank AfDB/IGD/GrowAfrica/ Rockefeller Leadership for Agriculture Forum. These are further supported by dissemination of our work through traditional and new media platforms.

In our operations, we have continued to take steps to raise our profile, improve internal processes and work towards financial sustainability:

In our communications and external relations activities, we have embarked on a massive social media campaign to increase our visibility. We now have a combined social media following of over 54,000. We have also built new media partnerships and continue to revise our website.

In our administrative and financial operations, we have taken bold steps to improve our operations and financial sustainability by reducing our annual budget and expenditure. To institutionalize our fundraising efforts, we have created a new resource mobilization and management team to support the president in sourcing for funds.

In our program management activities, we have refined internal reporting and proposal development processes and built project management capacity through training workshops.
ACET WORK PROGRAM: 2017 PROJECT PORTFOLIO

At the beginning of the year, our workplan consisted of 23 projects across the four workstreams: Transformation Research (Analysis), Transformation Engagements (Advisory), Communications & External Relations.

As the year progressed, we have had to expand our workplan to include five new projects, which were approved during the year. This included the G-20 Compact With Africa, World Bank Global Development Initiative, the Financial Inclusion study, implementation of the Smart Workplace system and the transition to IATI Reporting. We also consolidated three skills research projects into one skills development study.

In effect, by the end of the year, we had a total of 25, 21 of which were scheduled for completion in 2017. During the course of the year, we completed 60% of all active projects and 84%, 15 of those scheduled for completion in 2017. The remaining projects included the African Transformation Index which is pending revision from experts from the World Bank; the Ghana Manufacturing Study, which is ongoing but delayed; and the Trade and Labour Market Study which is pending approval and has not yet started.

Status of ACET Projects

ACET projects by year of Completion

<table>
<thead>
<tr>
<th>Status</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>On track</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Off track w/ plan</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Off track escalate</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

Status of all ACET projects (YE 2017)

12% Off track w/ Plan

28% On track Plan

60% Complete

0% Off track, escalate
# List of projects and key activities

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>KEY ACTIVITIES</th>
<th>WORKSTREAM</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Operationalizing PACT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pan-African Coalition for Transformation</td>
<td>• Launch Phase 1 Chapters: Agriculture, Extractives, Manufacturing, RMM&lt;br&gt;• Develop Phase II Chapters: Financial Inclusion, Youth Skills, Regional Int. and Power&lt;br&gt;• Consultations with Development Partners&lt;br&gt;• Convene 2017 ATF</td>
<td>All</td>
<td>On track</td>
</tr>
<tr>
<td><strong>2. Ongoing Research and Advisory</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Pillar 1: Making Economic Growth Inclusive</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NDPC 40-Year Development Framework</td>
<td>• Finalize report for the 40-year development framework</td>
<td>Research</td>
<td>Complete</td>
</tr>
<tr>
<td>Skills Development Study</td>
<td>• Scoping on Youth Employment in Africa&lt;br&gt;• Skills Profile of Ghanaian Labour Market&lt;br&gt;• Productive Employment in Ghana</td>
<td>Research</td>
<td>On track</td>
</tr>
<tr>
<td><strong>Pillar 2: Modernizing Agriculture and Promoting Light Manufacturing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>African Transformation Report 2</td>
<td>• Report production - complete background papers and chapters</td>
<td>Research, Comms</td>
<td>Complete</td>
</tr>
<tr>
<td>USAID-BASIS Index Insurance</td>
<td>• Finalise study on index insurance</td>
<td>Research</td>
<td>Complete</td>
</tr>
<tr>
<td>Warehouse Receipts and Financial Practices: The Case of Ghana (USAID)</td>
<td>• Finalize studies on warehouse receipts and financial practices in Ghana</td>
<td>Research</td>
<td>Complete</td>
</tr>
<tr>
<td>Getting out of the Learning Trap</td>
<td>• Produce a global and Kenyan value chain report on horticulture</td>
<td>Research</td>
<td>Complete</td>
</tr>
<tr>
<td>Ghana Manufacturing Study</td>
<td>• Complete study of Ghana Manufacturing Landscape</td>
<td>Research</td>
<td>Off track w/ plan</td>
</tr>
</tbody>
</table>
**List of projects and key activities**

<table>
<thead>
<tr>
<th>PROJECT</th>
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<th>WORKSTREAM</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2. Ongoing Research and Advisory</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Pillar 3: Leveraging Extractives</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Content and Value Addition</td>
<td>• Complete validation workshops and final synthesis report. • Organise policy learning event</td>
<td>Research</td>
<td>Complete</td>
</tr>
<tr>
<td>Mining Governance and Investment Assessment</td>
<td>• Complete and launch report on mining governance and investment</td>
<td>Research</td>
<td>Complete</td>
</tr>
<tr>
<td>Impact of Artisanal Mining on Agriculture (Ford)</td>
<td>• Conduct studies in Ghana, Sierra Leone and Burkina Faso.</td>
<td>Research</td>
<td>Complete</td>
</tr>
</tbody>
</table>

| **Pillar 5: Managing Resources** | | | |
| Mobilizing Financial Flows for Development (Aid Management) Study | • Complete validation workshops, finalize reports and produce a synthesized report. • Organize policy learning event | Research | Complete |
| Financial Inclusion (NEW) | • Produce Inception Report • Recruit consultants • Conduct country studies | Research | On track |

| **3. Special Projects** | | | |
| African Transformation Index | • Convene an Expert Panel on the African Transformation Index (ATR 1) to identify the process for revising the ATI and develop a work program for implementation | Research | Off track w/ plan |
| ATR 2 Launch | • Plan and implement launch events and communications around the ATR2 | All | On track |
| Global Development Initiative (NEW) | • Develop 6 case studies highlighting non-technical delivery challenges in 6 Sub-Saharan African projects | Engagements | On track |
| Compact With Africa (NEW) | • Organize a Ministerial Forum of Compact with Africa countries to review and discuss next steps for the Compact | Engagements | Complete |
## List of projects and key activities

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>KEY ACTIVITIES</th>
<th>WORKSTREAM</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Strategy &amp; Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications</td>
<td>• ATR2 Launch and Activities</td>
<td>Comms &amp; External Rel.</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>• Communications Strategy (including PACT Communications)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance &amp; Administration</td>
<td>• Implementation of Fundraising &amp; Resource Mobilization Strategy</td>
<td>Comms &amp; External Rel.</td>
<td>Complete</td>
</tr>
<tr>
<td></td>
<td>• Implementation of Smart Workplace (Intranet)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td>• Capacity Building &amp; Recruiting (ACET Fellows)</td>
<td>Operations</td>
<td>Complete</td>
</tr>
<tr>
<td>Project Management</td>
<td>• IDF Evaluation</td>
<td>Operations</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td>• IATI Reporting</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
KEY ACTIVITIES 2017
STATUS OF KEY ACTIVITIES

2017 marked a transition to a new working model through the Pan African Coalition for Transformation (PACT, or the Coalition). Our activities therefore focused on the operationalization of PACT, along with the completion of ongoing research, advisory and advocacy work. A third set of activities fell within the ambit of strategic communications and day-to-day operations, as detailed below.

ACTIVITY SET 1: Operationalizing the Pan-African Coalition for Transformation (PACT)

1 Launch Phase I Chapters:

a) **Agriculture**: Proposed activities for the Chapter included (i) Consultations with up to 10 countries, private sector partners, think tanks and regional organizations and other stakeholders in the agriculture space such as the Alliance for a Green Revolution in Africa (AGRA) and the International Food Policy Research Institute (IFPRI); and (ii) one chapter meeting in Kenya (champion country) to convene stakeholders and agree on objectives.

In 2017, our objective was to complete the second African Transformation Report (ATR2), on agricultural transformation to serve as the basis for dialogue in the chapter. As part of this process, we held a stakeholder consultation in March in Kenya to engage a number of technical partners including the African Development Bank (AfDB), the Alliance for a Green Revolution in Africa (AGRA), The Bill and Melinda Gates Foundation, Grow Africa and the University of Nairobi, for feedback. The report was also previewed at the African Caucus Meeting of Governors of the International Monetary Fund (IMF) in Gaborone, Botswana, where Finance ministers of African countries were represented. Following these consultations, the report was launched in Washington, D.C. in October at the World Bank, the Corporate Council for Africa and the Woodrow Wilson Center, where we engaged African Ministers, development partners, private sector and other stakeholders such as AGRA, IFPRI and the MCC. In November, the report was again presented to Ministers of Agriculture at the African Development Bank’s Leadership for Agriculture Forum (L4Ag) in Côte d’Ivoire.

In December, we held a second meeting with AGRA, in Kenya, to seek opportunities for collaboration and initiate discussions on the priority issues that could form the basis for the first PACT Agriculture Chapter meeting. One of the key outputs of this discussion was that AGRA, supported by the Rockefeller Foundation and the World Bank, have initiated a forum-the Partnership for Inclusive Agricultural Transformation (PIATA)-focused on assisting ministries of agriculture to scale technologies and link to markets in a sustainable way. It offers PACT an existing platform to engage stakeholders on areas that are aligned to the ongoing work of AGRA and the AfDB.

b) **Resource Management & Mobilization**: This Chapter’s goal is to explore not only the external aid landscape but also domestic resource mobilization challenges. In addition to finalizing a six-country study of changing aid architecture that will serve as a basis for this chapter’s first meeting, proposed chapter activities included (i) chapter meeting in Rwanda in March 2017 and (ii) an issues paper on domestic resource mobilization.

In April, we held a policy-learning event in Accra (instead of Rwanda) to share our findings and introduce PACT as a platform to help countries develop a shared understanding of the changing landscape in development finance, what it means for Africa and how they can collectively influence dialogues on financing for development. This was followed by a virtual meeting in December with four countries (Burkina Faso, Rwanda, Uganda and Zambia) to initiate an action planning process for the chapter. Our objective is to agree on a refined chapter objective and an annual workplan based on the priority needs of members.

b) **Extractives**: Activities for the Extractives Chapter included: (i) one chapter meeting in Q1 2017; (ii) consultations at the Mining Indaba Conference in South Africa in February 2017; and (iii) development of country action plans and chapter partnerships.
In 2017, we finalized our eight-country study on local content and value addition, which provided the analytical basis for kick-starting chapter activities. We held a policy-learning event in Johannesburg during the Mining Indaba Conference to close the multi-year study and begin discussions on the development of the Chapter with countries present. Following this meeting, we invited study countries (Burkina Faso, Ethiopia, Gambia, Ghana, Mozambique, Namibia, Nigeria and South Africa) to become members of the Chapter and invited them to participate in a virtual meeting to initiate discussions on chapter objectives and country priorities. Unlike the other chapters, a champion has not yet been agreed, however South Africa and Ghana are being considered as chapter co-champions and we will continue engaging them on this front.

c) **Manufacturing:** The objective of the Manufacturing Chapter is to assist African countries formulate policy frameworks that boost manufacturing production, exports and employment. In the second quarter of 2017, the Overseas Development Institute (ODI), as a technical partner and ACET agreed to bring together a select group of stakeholders to begin working on cross-cutting challenges facing many countries in this sector. Proposed chapter activities included: (i) Development of analytical content, based on a number of ODI country studies as well as a study on Ghana’s Manufacturing sector to be completed in Q1; and (ii) Completion of a chapter meeting to be held in Addis Ababa in Q2 2017.

In June 2017, ODI and ACET brought together a select group of stakeholders in Addis Ababa to begin working on cross-cutting challenges facing many countries in this sector and make specific policy recommendations for implementation. Twelve countries (10 of them African), representatives of the Ethiopian private sector, the African Union (AU) and various international organizations, came together to discuss their individual challenges and share their experiences. ODI also shared the results of their six-country study, sharing insights and recommendations for action. At this meeting, participants were also introduced to PACT and invited to be a part of it.

In December, we convened the first chapter meeting in Accra with the goal of building consensus on core chapter objectives, identifying regional and country-specific issues that would underpin the chapter work program and defining actions and deliverables to be undertaken by each country prior to the African Transformation Forum. The meeting was attended by representatives from Ministries of Trade and Industry and manufacturing associations from five countries including Ethiopia, Ghana, Nigeria, Rwanda and Uganda. Chapter partners such as the Overseas Development Institute (ODI), UK Aid (DFID) and the World Bank were also represented in the meeting.

d) **Youth Employment & Skills:** This Chapter was initially planned for Phase II of PACT, however given the strong interest from stakeholders in addressing the issue, we have begun building a pipeline of analytical work to support this chapter. Activities proposed were to: (i) initiate consultations with potential member countries, starting with those countries that participated in the Intra-African Talent Mobility Program (TMP); (ii) initiate a multi-country study on youth employment, pending funding from IDRC; and (iii) complete one chapter meeting / consultation (possibly in collaboration with the Mastercard Young Africa Summit in Rwanda).

Following consultations with TMP member countries at the end of 2016, it was agreed that ACET in collaboration with the Government of Côte d’Ivoire, as a champion country, would pursue funding for the next phase of implementation. In 2017, ACET led the development of a proposal to fund the implementation of the next phase of the program for the four pilot countries (Benin, Côte d’Ivoire, Ghana and Sierra Leone) and up to four more countries in the ECOWAS region. The proposal is currently pending review and feedback from the World Bank.

We also completed a number of proposals (IDRC, INCLUDE, EU, UNDP, AFD, MasterCard Foundation) for the initiation of a multi-country study on youth employment. Of these, three were accepted and are currently being implemented:

- **Skills and Jobs for the Future in Africa:** This study will evaluate skills and jobs for the future in Africa with a focus on secondary education. It includes a literature review, case studies in Ghana and Senegal and meetings with stakeholders in these countries.

- **The Future of Work in Africa:** As part of a mid-term review of its Jobs for Youth in Africa (JfYA) strategy, the AfDB has commissioned a study to assess and understand the challenges and opportunities for African countries as we approach the Fourth Industrial Revolution. The objectives are to identify and evaluate the impact of the Fourth Industrial Revolution on future job creation and skills development and propose areas for intervention and financing.
• **Ghana Policy Dialogue:** Following previous work in 2016, ACET will be organizing a follow-up dialogue on how the government will translate employment policies into jobs to address the youth unemployment and skills challenges in Ghana.

On December 15, we held the first stakeholder meeting of a platform for addressing youth and skills challenges in Ghana. The objective is to pilot a PACT country chapter in Ghana, given our existing network and research in this area. The meeting participants discussed a number of items including the framework of the platform, indicators of success and coordination with existing initiatives like the Ghana Labour Market Information System. It was agreed that a subsequent meeting be held in Q1 2018 with a broader group of stakeholders.

2 **Begin Development of Phase II Chapters:**

Phase II includes chapters covering thematic areas in which ACET is just embarking on deeper analytical work, as well as areas in which potential Coalition partners already have an established track record. These included regional integration and trade, financial inclusion and power and electricity.

a) **Regional integration and trade:** In 2017, ACET partnered with EDPCM on two key activities for this Chapter. The first was the development of an EU funding proposal to boost private sector capacity to engage in sustainable trade on the continent. We also co-hosted a session at a WTO Public Forum titled “Trade and Regional Integration for Economic Transformation in Africa - from Policy to Practice.” The panel provided three practical examples that highlighted the implementation challenges and incentives tied to trade policies and agreements in Africa. The objective was to understand the political economy, the winners and losers and specific interests that shape trade integration. We will continue to seek opportunities to further this work in 2018, with EDPCM as technical partners.

Prior to this, ACET and the Rwandan Ministry of the East African Community (EAC) agreed to develop case studies of successful EAC initiatives to guide the Coalition chapter’s future areas of focus. Unfortunately, due to a number of factors including a lack of funding and changes in EAC key personnel, this work has been de-scoped.

b) **Financial Inclusion:** Our objectives were to: (i) develop analytical content – via the study or case studies – in collaboration with the Mastercard Foundation and other technical partners; and (ii) initiate stakeholder consultations across government and private sector with the help of the Rwandan Government as the champion country. To date, we have successfully initiated a three-country study focused on “Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation” in Guinea, Sierra Leone and Zambia. This work is sponsored by the International Development Research Centre with the objective of taking stock of the demand and supply-side initiatives for financial inclusion in the selected countries. We have completed an inception report and have put the team together to undertake data collection and preparation of a draft report in the study countries.

c) **Power & Electricity:** This chapter, while important, did not generate significant interest from countries in 2017. It is under review and may be removed if no progress is made in 2018. Energy remains a key underlying factor in other chapters however and will be addressed in those contexts as needed.

3 **Continue Development Partner Consultations**

Outside chapter-specific activities, ACET is also working to bring on board development partners who are already engaged across the continent. PACT is a platform that will not only allow African countries and private sector to work towards common objectives but also development partners to contribute to new and actionable policy efforts as they emerge, providing unique opportunities to support Africa’s transformation. To that end, we are undertaking a number of steps including:

a) **G20 collaboration:** Ahead of the July 2017 G20 Leaders’ Summit, ACET met with the German Chancellery and the Federal Ministry of Economic Cooperation and Development to identify potential areas of alignment between G20 initiatives and PACT. This resulted in the development of a policy-learning event held in Germany, as well as ACET’s support in mobilizing the first Ministerial meeting of CWA countries on September 6, 2017 in Accra, Ghana. At that meeting, the Compact with Africa Ministers of Finance and their representatives endorsed a CWA work program to address and implement key elements of the compact and ended the day with the adoption of a Consensus Statement.

The CWA Governments further endorsed details of the approach during the World Bank/IMF Annual Meetings on October 11, 2017 and indicated additional areas of expected support through ACET. The CWA implementation program will have two key pillars. The first pillar focuses on domestic resource mobilization, with
robust research and analysis, a peer learning process at senior technical and ministerial levels, a peer review mechanism and online platform. The second pillar focuses on external resource mobilization/investment with activities to reduce information disparity, address Africa investment perceptions, highlight regional and global good practice regarding investment promotion and identify the top investment policy issues that are common across the ten CWA countries. ACET has been selected to serve as an independent peer reviewer for the CWA and will continue supporting in this capacity as well.

b) World Bank collaborations: We continue to strengthen our ongoing collaborations with the World Bank on a number of fronts. Agreement has been reached for the World Bank to set up and administer a multi-donor fund, the Think Africa Trust Fund, to which bilateral donors will be encouraged to make contributions to support transformative initiatives on the continent including PACT. The Bank and ACET are jointly working on an outreach strategy which has already been initiated. Consultations with multiple European donors (the Dutch, Norwegians, Germans and others) are ongoing. We also initiated discussions with the World Bank’s Global Delivery Initiative (GDI) to expand its knowledge base on case studies and lessons learned to support project delivery. Outside the six case studies to be delivered, discussions are ongoing to broaden the partnership and explore how the GDI can support PACT and vice versa. ACET also participated in the Development Finance Forum and the African Caucus meeting of Governors of the IMF.

c) ACET also engaged a number of partners in support of PACT and the transformation narrative at various events and fora, including:

- The African Development Bank, various events
- JICA Public Seminar on CSIS-JICA RI Joint Research Project (Year Two)
- OECD 8th Plenary Meeting of the OECD Initiative for Policy Dialogue on Global Value Chains, Production Transformation and Development (May)
- UN High-level Political Forum on Sustainable Development
- WTO Trade and Regional Integration for Economic Transformation in Africa - from Policy to Practice

4 Convening the 2017 African Transformation Forum

The second African Transformation Forum (ATF2), was scheduled to convene once again in Kigali, Rwanda, in Q3 2017. In preparation for this our goal was to: (i) discuss and finalize chapter objectives and primary areas of focus for presentation at ATF2; (ii) create a small Chapter Technical Support Team co-led by ACET and including experts from among the chapter countries and selected international organizations to be available upon request for in-country visits. As chapters continue to develop, ATF has now been rescheduled to June 2018 to allow for additional fundraising, as well as to allow chapters to further drill down action plans for discussion. We look forward to showcasing progress chapters have made and exploring practical insights from countries and exploring emerging areas of research such as Industry 4.0 and the future of work.
ACTIVITY SET 2:
Ongoing Research & Advisory Work

We also continued the following ongoing research studies in our five areas of focus:

1 Making Economic Growth Inclusive

a) Ghana NDPC 40-year Development Framework: As part of our ongoing strategy with the Government of Ghana, ACET was invited by the National Development Planning Commission in 2016 to develop eight thematic reports (ranging from tourism to local content) as part of its 40-year national development plan. The project was put on hold during the 2016 elections and completed in April 2017. A final report has been submitted to the new government for action.

b) Skills Program: In 2017, much of our work on this theme included finalizing the results of the skills profile of Ghanaian Labour Market Entrants and developing a second phase proposal for implementation of the Talent Mobility Partnership.

2 Modernizing Agriculture and Promoting Light Manufacturing

a) The African Transformation Report: On October 10, 2017, we launched our second African Transformation Report (ATR2) on Africa’s agricultural transformation. The objective is to offer critical analysis, examples of best practice and policy recommendations to modernize agriculture and make it a key driver of income growth and poverty reduction through agro-processing. The report consists of nine chapters that highlight key opportunities and challenges to agricultural reform. It identifies strategic investments and innovative programs from government as well as private sector involvement and breakthroughs in technology that will rapidly accelerate agricultural transformation. The launch was hosted on the sidelines of the World Bank/IMF Annual Meetings in Washington DC and was well attended by experts including the Chief Economist of the Bank, Burkina Faso’s Minister for Economy, Finance and Development and the Head of the World Bank’s Agriculture Global Practice for Africa.

The report has attracted attention from thought leaders, including the following:

- **Kofi Annan**, former UN Secretary General and Chair of the Africa Progress Panel, “With a uniquely diverse climate and more than half the world’s uncultivated arable land, Africa has the natural resources to drive a boom in agriculture that can lift millions out of poverty. But we have not yet created the right economic conditions. This excellent report shows how we can do that – and underlines why we must.”

- **Rosine Coulibaly Sori**, Finance Minister of Burkina Faso, “This is not just an economic argument. The steps needed to transform Africa’s agriculture make excellent social policies too. Eighty percent of African farmers are smallholders and half of those are women. With more secure access to land, they can operate modern farms that produce more and raise their incomes. These reforms could feed our people and fuel our economies, but we must act quickly.”

- Renowned economist Joseph Stiglitz quoted the report during two widely reported presentations, in Washington in October 2017 and in Cape Town in November 2017.

The report was also shared widely in other mini launch events including the African Caucus of Finance Ministers in Botswana, the World Bank and other think tanks in Washington DC and with Ministers of Agriculture at the African Development Bank’s Leadership for Agriculture Forum (L4Ag) in Côte d’Ivoire. It will be launched jointly by the ECA and the AU during the ECA’s Council of Ministers meetings in April 2018.

b) Promoting Improved Production Technologies among Smallholder Farmers in Ghana Via Interlinked Credit and Index Insurance Contracts. This project was closed in August 2017 after a three-year period of randomized control trials which were implemented in five distinct stages: baseline, first intervention, midline, second intervention and end line interventions. The study assessed how drought index insurance coupled with agricultural loans impact the agricultural credit system and technology adoption among smallholder farmers in Ghana. The outcome is to promote the use of index insurance to expand access to credit and to increase the adoption of improved production practices among smallholder farmers. The
study found that index-insured agricultural loans increased access to credit for smallholder farmers, which enabled the adoption of more productive agricultural technologies. This study was sponsored by the USAID-Basis AMA Grant and was implemented in coordination with The Ohio State University and the University of Ghana.

c) Warehouse Receipts and Financial Practices, the Case of Ghana. This was a one-year joint project with IFPRI that started in July 2016 and closed in June 2017. The goal of this study was to assess the potential economic benefits of warehouse receipts, not only to farmers, but more generally, to the agricultural marketing chain. The study included theoretical research, a survey of stakeholders in the Ghanaian agricultural commodity marketing chain with a direct interest in storage and warehouse receipts and a technical report.

d) Getting out of the Learning Trap. This year-long study project started in July 2016 and explored export sectors in three African countries: Ethiopia, Kenya and Madagascar. The objective of the study was to understand how African-owned firms learn and build their technological capabilities to enter and remain competitive in global value chains. While ACET studied floriculture in Kenya, the project generated four empirical industry case studies on textiles in Ethiopia and Madagascar and floriculture in Ethiopia. These empirical studies were generated by assessing firms’ technological capabilities, tailoring the study of capabilities to specific global value chains and constructing firm histories based on oral narratives. This report was completed and published in the Roskilde University Journal of Center for African Economics.

e) Youth in Innovation, Entrepreneurship, Leadership and Development (YIELD). This new project started in July 2017 and is sponsored by Michigan State University under the Alliance for African Partnership (AAP) research awards. The objective of the YIELD project is to document new learnings about the success factors and challenges facing youth-led agri–enterprises in Ghana. The project will bring together promising young entrepreneurs to exchange ideas and subsequently build their capacity to scale up their operations and serve as role models and catalysts for promoting entrepreneurship among other young Ghanaians and Africans. Three major outputs were completed by December 2017. We have mapped stakeholders and agripreneurs in Ghana and conducted scoping interviews with them to conceptualize the youth in agriculture landscape. We also completed the development of a detailed data collection instrument in conjunction with the partners in Tanzania and MSU. We have also adapted ACET’s communications strategy to give visibility to the project.

3 Leveraging Extractives

a) Local Content and Value Addition (LCVA). This was a multi-year research study that assessed the policies, laws and institutions regulating local inputs in the extractive industries in eight countries (Burkina Faso, Ethiopia, Gambia, Ghana, Mozambique, Namibia, Nigeria and South Africa). The year 2017 was devoted to completing project activities and disseminating the report through ACET’s policy learning events, while also presenting its findings on other research platforms. The Policy Learning Event was attended by at least 40 experts from all eight of the study countries. This event also served to introduce and begin the discussion for the development of the ACET Pan-African Coalition on Transformation (PACT) Chapter on Extractives. We have also presented the LCVA work at the Regional Roundtable dialogue on the theme, “Enhancing Value Addition in the Extractives sector in Africa”, under the Office of the Vice President, Ghana, in collaboration with the Institute of Africa Leadership for Sustainable Development (UONGOZI INSTITUTE, Tanzania) and also at the Pan-African meeting on “Optimizing Mining Linkages and Economic Diversification” organized by TWN-Africa.

We are also expanding the scope of our extractive research by developing proposals for undertaking advisory work to the Governments of Kenya and Uganda, as well as to advise implementation of the National Suppliers’ Development Programme for the mining sector in collaboration with AMDC (UNECA) and the Ministry of Lands and Natural Resources. The World University of Canada has also asked the team to submit a proposal for its West Africa Governance and Economic Sustainability in Extractive Areas project on local economic development in mineral-rich areas of Burkina Faso, Ghana and Guinea.

b) Impact of Artisanal and Small-Scale Mining on Agriculture. This project, which started in January 2016, sought to explore the effects of artisanal mining on agriculture and translate recommendations from the study into actionable plans. The scope of work involved conducting analytical and field research, engaging policymakers and mining and agriculture sector stakeholders in Burkina Faso, Ghana and Sierra Leone. To this effect, the project teams hosted validation workshops in the respective countries in February 2017. These workshops brought
together key people to review and validate the report findings and recommendations. The final country reports have been synthesized into a single report, which has been posted on the ACET website.

c) Mining Governance and Investment Assessment (MInGov). The purpose of the study is to develop assessment tools that strengthen the mining sector’s governance, investment environment and development impact. To date, ACET has undertaken a sector survey and collected data, which was analyzed by Adam Smith International and submitted to the World Bank for comments. The project has been finalized, pending review feedback from the World Bank.

4 Boosting Trade and Regional Integration

a) Trade and Labor Market Outcomes. This study sought to thoroughly analyze the challenges and opportunities created by globalization in developing countries. Following the completion of five of six modules, eight papers and 21 working papers in 2016, the sixth module was designed to focus on policy lessons. In 2017, the team submitted a proposal for funding that is currently pending approval.

5 Managing Resources

a) Aid Management. During 2017, we completed our 21-month multi-country study on Managing and Mobilizing Financial Flows for Development in the context of the changing development finance landscape, with funding from the Gates Foundation. The study assessed the responses of external development finance recipient countries and the issues they must address with development partners to maximize their future development outcomes in terms of inclusive growth and transformation. Covering Burkina Faso, Ghana, Rwanda, Tanzania, Uganda and Zambia, the study provided key policy lessons that will help improve the practice of national authorities and development partners. Completed activities included a policy learning event in Accra on 10 - 11 April 2017 to help countries develop a shared understanding of the critical changing landscape in development finance, what it means for Africa and how they can collectively influence dialogues on financing for development. We also collaborated with the Center for Global Development (CGD) and the International Monetary Fund’s Fiscal Affairs Department (FAD/IMF) to hold a peer learning seminar for selected sub-Saharan African (SSA) Ministers of Finance. The goal was to help shape the voice of African finance ministers for upcoming meetings, especially those organized by the G-20. Internally, these events also provided a platform to kick-start dialogue with countries about the Resource Mobilization and Management Chapter of PACT. We also extended our influence beyond study countries and organized and/or participated in international events. These include the third Development Finance Forum from 31 May to 1 June in Accra, spearheaded by the World Bank and an Economic Transformation Seminar hosted by Konrad-Adenauer-Stiftung in Germany on 10 - 11 May. All project documents are available on the ACET website.

b) Financial Inclusion. In the fourth quarter of 2017, we began a three-country study on “Promoting Women and Youth Financial Inclusion for Entrepreneurship and Job Creation” in Guinea, Sierra Leone and Zambia. This work is sponsored by the International Development Research Centre with the objective of taking stock of the demand and supply-side initiatives for financial inclusion in the selected countries. We have completed an inception report and recruited consultants to undertake data collection and preparation of a draft report in the study countries.

We also undertook the following special projects:

1. Refining the African Transformation Index. The objective in 2017 was to gather an expert panel to review the existing Transformation Index and begin work on the next. While a full panel meeting could not be convened, we presented the proposed index revisions to a forum of experts at the World Bank for feedback. We also recruited a temporary resource to begin work on some aspects of the revision. This work is currently ongoing.

2. Global Development Initiative (GDI) Case Studies. GDI seeks to bring development practitioners together to share and leverage delivery know-how and operational knowledge. It is an initiative of the World Bank which, since its start, has created a common set of methodologies for capturing and using delivery know-how and a common taxonomy for identifying and analyzing delivery challenges. We signed a contract with GDI to deliver six case studies in 2018. The first three cases, on the World Bank’s Transport Sector Project in Ghana and Liberia and the Power Sector Project under the Africa-China Program of the Bank, are due in the first quarter of 2018. The teams working on the case studies went through a three-day case study writing training program and are currently working through drafts of the studies.
ACTIVITY SET 3: Ongoing Strategy and Operations Activities

Within the four teams that constitute ACET Operations – Communications & External Relations, Finance & Administration, Human Resources and Program management – key activities include:

1. Fundraising and Resource Mobilization: In order to augment our funding efforts, we have redefined our grant development process and built team capacity by on-boarding grant experts in addition to a consultant, to form the Resource Mobilization Team. This team includes a resource mobilization consultant and a strategic partnership manager who have developed a total of 59 leads.

2. Capacity Building & Recruitment: One of the key priorities for HR was developing a new model for ACET work as aligned to the new PACT operating model. First, by initiating recruiting efforts for the ACET Fellows program which now includes four Distinguished Fellows, five Senior Fellows and seven experts. These fellows will be called upon on a need-by-need basis to support our work. While working to strengthen our workforce, three of our technical experts assumed other roles in government, resulting in vacancies in the research team. In 2018, we envision that much of our technical work will be supported by the ACET Transformation Fellows.

3. Communications: 2017 was a year of intense activity for ACET Communications. We continued to build partnerships with the international and local media through various events, including a media sensitization workshop on economic transformation jointly organized with the Institute for Financial and Economic Journalists in February. The team focused on improving ACET’s visibility through the following activities:

   - **Publication of Blogs.** During the year, ACET Communications supported the publication of 18 blogs and four substantive reports, including ACET’s flagship African Transformation Report (ATR 2) titled Agriculture Powering Africa’s Transformation.


   - On social media, we posted daily on our Twitter, Facebook and LinkedIn accounts. We increased our Twitter followership from 5,221 in January to 8,308 by the end of December, with tweet impressions increasing to 495,829 over the period. Our Facebook audience grew significantly from 5,941 to 20,176 between January and December. Similarly, the number of people who saw our content on LinkedIn increased from 0 to 25,845 over the year. Capping these achievements, ACET was named among the top 100 Twitter accounts in aid and development in 2017.

   ACET Communications supported research and policy learning activities during the year by organizing media briefs and sending out press releases to local and international media. Events supported included the convening of a Local Content and Value Addition event in Johannesburg, a Resource Mobilization and Management meeting in Accra, various ATR-related steering committee and launch activities in Nairobi, Gaborone, Washington, London and Abidjan and a Light Manufacturing Chapter meeting in Accra in December.
OUTCOMES AND INDICATORS

OUTCOME 1: Increased understanding of African economic transformation issues

Our continued objective is to be a thought leader, defining and contributing to the narrative of economic transformation on the continent through our research and engagement with a wide range of stakeholders. In 2017, we increased our target for references and citations (having surpassed our previous targets) to 50 per year by 2020. ACET reports, particularly the African Transformation Report (ATR1), were referenced at least 19 times by the likes of the AfDB, the Commonwealth Secretariat, African Trade Policy Center, UNU World Institute for Development Policy and others. We also received 22 invitations to speak at events and fora around the world, 11 of which we participated in, namely:

- Lancaster University Ghana EMBA Breakfast Seminar
- T20 Conference
- Frontier 100 Forum
- Think 20 Summit “Global Solutions”
- 8th Plenary Meeting of the OECD Initiative for Policy Dialogue on Global Value Chains, Production Transformation and Development
- Launch Michigan State University’s Alliance of African Partnerships
- The UN High-level Political Forum on Sustainable Development
- 2017 African Caucus Meeting of Governors of the IMF and World Bank
- International Conference on the Political Economy of Economic Transformation
- GReCEST 2017 Annual Conference
- AfDB/IGD/GrowAfrica/Rockefeller first-ever Leadership for Agriculture Forum, convened on the margins of the fifth AU-EU Summit

OUTCOME 1: Increased understanding of African economic transformation issues.

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<tbody>
<tr>
<td>a) References/citations of ACET reports and analysis in national policy documents and international debate on African transformation (per year)</td>
<td>8²</td>
<td>20</td>
<td>20</td>
<td>19</td>
<td>50 per year</td>
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<tr>
<td>b) Invitations to share content more widely at non-ACET sponsored events/forums (per year)</td>
<td>6³</td>
<td>37</td>
<td>30⁴</td>
<td>22</td>
<td>35 per year</td>
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1: These new values are proposed – to be validated by leadership.
2: Seven References, one request.
3: S. Sudan, DRC, World Bank, Norway, Japan-JICA, Addis Ababa – ECA.
4: Correction: Actual value is 30. The 2016 report reflected 2015 value erroneously.
OUTCOME 2: Strengthened economic transformation strategies, plans and investments

Over the years we have sought to utilize our analytical insights to help governments translate these into useful strategies that drive transformation. This has included engagement with countries at policy learning events, the African Transformation Forum and now with PACT. The indicators for this outcome will be reviewed this year. Indicator (a) for instance, has been difficult to measure given that many countries now have their own national agendas for “transformation” which may not be necessarily aligned to the ATR.

Indicator (b) below, reflects our continued support to the Ghana government as we refine our model to engage other countries. Over the course of the year, we held four chapter events to share the results of our work, introduce PACT and begin discussions around transformation strategies. We had:

- Eight countries in attendance at the Extractives event
- Twelve countries at the first Manufacturing event and five of those at the first chapter workshop
- Eleven countries at the Resource Mobilization and Management policy learning event and four in attendance at the follow-up video conference

As chapters are still in the initiation phase, we are in the process of developing action plans with countries and anticipate that we will have opportunities to assist them as chapters evolve.

Indicators (c) and (d) reflect our work with the Ghana government as we continue to seek opportunities to facilitate private sector collaborations as an output of PACT activities. In 2017, our primary support in this area was to the Ministry of Trade and Industry as part of its push to increase manufacturing through the development of Special Economic Zones. ACET facilitated discussions with two stakeholders – the Made In Africa Initiative and the Norwegian Government. While no agreement has been confirmed, representatives of NORAD have paid a visit to the government in support of this initiative.

### OUTCOME 2: Strengthened economic transformation strategies, plans and investments.

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<tbody>
<tr>
<td>a) # Countries with strategies and plans aligned with transformation drivers and pathways as defined in the ATR (cumulative)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>b) # Governments who engage ACET to help them incorporate transformation principles into strategies and action plans (cumulative)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>c) % Countries ACET supported (above) where the private sector was an integral part of the planning process</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>b) # Private sector-government relationships brokered by ACET</td>
<td>1(^2)</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>6</td>
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1: As opposed to indicator (a) where countries may adopt transformation strategies without ACET’s direct influence, this indicator is result of ACET’s direct assistance through country engagements.  
2: Liberia, China FDI.
OUTCOME 3: Strengthened policies and institutional capacities of governments

As a result of country engagement in PACT, our target is to help countries build their capacity to develop and implement policy. Similar to Outcome 2, these indicators will be dependent on our work within PACT from 2017 onwards. The values for indicator (a) reflect previous engagement with Ghana, Liberia and Sierra Leone.

In April, we did however develop and pilot an annual survey (indicator b) with stakeholders. The results of this survey, though not statistically significant (19 responses, including five from government) were positive and will help us refine the survey for this year. Of those who responded to the quality of ACET’s advisory services, 75% (six of eight) ranked it as “high quality”. Our objective in 2018 will be to revise the survey and follow up to engage more respondents.

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<tr>
<td>a) # Governments supported who express greater confidence that their institutional capacities are improving or have improved in an annual satisfaction survey (cumulative)</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>b) % Countries who rank ACET services as “good” or “excellent” in Satisfaction Survey (annually)</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>75%²</td>
<td>80%</td>
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1: Baseline was done based on an external evaluation - Sierra Leone, Liberia and Ghana.
2: This value is not statistically representative, as it was based on a pilot survey with a small sample.
CONCLUSIONS AND LESSONS LEARNED

2017 was a transition year for ACET – both internally in our operations and externally as we transitioned to the new PACT model. Our most significant lessons learned this year were borne out of this transition, as we engaged countries and adjusted our operational processes to support both new and existing projects.

From an organizational perspective, our new way of working and transitioning to PACT meant that we needed to amplify our resource mobilization efforts, finalize our Resource Mobilization Strategy and find creative solutions to our human resource needs. The loss of some key staff positions meant that we had to make more efficient use of existing resources as well as the onboarding of ACET Fellows to support where technical expertise was required. In 2018, we will continue to expand our capacity with the onboarding of ACET Transformation Fellows, aligned to PACT chapter and research needs.
Secondly, as we began to engage countries for our Phase 1 Chapters, we encountered a few challenges, which required us to adjust our engagement strategy.

- **Countries are weary of commitments at first engagement:** While most countries liked the vision and idea of the framework, we realized that few wanted to be tied down to any commitments. Initial invitations were difficult to follow up remotely and contacts on the ground were not timely with feedback. As a result, the process has been slower than anticipated. However, we learned that the best approach to engaging chapter stakeholders is through physical convenings and one-on-one discussions about what the chapter seeks to achieve. Once countries have bought into objectives and action plans, commitment to these actions can be inherently evaluated by reporting progress at ongoing ATFs.

- **Countries appreciate the value of practical peer learning.** So far in the RMM & Manufacturing chapters, governments have been curious about the practical steps other governments have taken to resolve issues. Unlike other fora where discussion of the problems take center stage, dialogue at the PACT meetings are more focused on solving the problems based on the success of initiatives undertaken by member countries. Countries requested information and best practices at the first chapter meetings.

- **Countries value technical support from an African thought leader:** While inputs from international thought leaders and development organizations are important, countries appreciated experiences from an African perspective and indicated the need for such support in various areas. PACT can readily fill that space if ACET continues to engage and bring to bear the support of African experts in the various chapter areas.

- **A strong political and institutional buy-in from the country level is needed to move the outcomes of the discussions to actions and then ultimately results.** So far, garnering political commitment for some countries has been slow. Few countries – such as Ethiopia in Manufacturing, Burkina Faso in RMM have strong and actively-involved support from political leadership. Current representatives in chapter meetings, who are technical representatives, are eager to see the chapter work, but are sometimes unable to get the full commitment from their ministries. Our objective is to engage political leaders at the next ATF by presenting the results of these initial chapter discussions for buy-in.

As we continue to refine the model, we are learning and applying these lessons as we go along, however we also celebrate many significant accomplishments in an unparalleled period of change. In 2017 we:

- Continued to establish ourselves as a catalyst for transformation by positioning ourselves as a facilitator and honest broker between governments, development partners and private sector for initiatives such as the G20 Compact with Africa.
- Re-adjusted our resource mobilization strategy, taking bold steps to drive financial stability (RM strategy) and increase our resource capacity (Fellows and RM team). We look forward to realizing these fully in 2018.
- Launched three of five PACT chapters and will continue engaging countries to develop action plans.
- Completed multiple research studies including our second flagship report, ATR2, engaging key stakeholders across the continent advocating for policy change and transformation in agriculture.
- Developed significant partnerships with international organizations (G20 and T20), regional organizations like the AfDB, academia (AGRA, EDPCM and ODI), private sector (IGD) and others towards the implementation of PACT.

**We look forward to convening all of these actors at the next ATF to review progress, share lessons and take the next steps towards policy implementation.**