

AFRICAN DEVELOPMENT BANK
ADB/BD/WP/2016/211

AFRICAN DEVELOPMENT FUND
ADF/BD/WP/2016/152
14 November 2016
Prepared by: ORQR
Original: English

**Probable Date of Presentation to the Committee
Operations/Development Effectiveness
(CODE)**
22 November 2016

FOR CONSIDERATION

MEMORANDUM

TO : THE BOARDS OF DIRECTORS

**FROM : Vincent O. NMEHIELLE
Secretary General**

SUBJECT : THE BANK GROUP RESULTS MEASUREMENT FRAMEWORK 2016-2025*

Please find attached the above-mentioned document.

Attch.:

Cc : The President

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AFRICAN DEVELOPMENT BANK GROUP



THE BANK GROUP RESULTS MEASUREMENT FRAMEWORK 2016-2025

**Delivering the High 5s,
Increasing the Bank's Impact on Development**

NOVEMBER 2016

QUALITY ASSURANCE AND RESULTS DEPARTMENT

NOTE ON THIS PAPER

This paper presents the sixth edition of the African Development Bank Group's Results Measurement Framework (RMF).

A previous version of this paper was presented for discussion to CODE members and ADF Deputies earlier this year. The current draft has been revised in the light of these comments and includes the following additions:

- ***A theory of change***—Annex A describes the logics of intervention for the various objectives tracked by the RMF, including those for the High 5s and the Development and Business Delivery Model. They provide a clear rationale for each of the indicators included in the RMF and are the result of extensive consultations with relevant Bank Departments. Together the 14 logics of intervention presented in Annex A amount to what might be called a 'theory of change'.
- ***Increased focus on gender equality***—Additional attention has been given to gender equality in the revised paper. In this version, gender equality is now one of the RMF's five priority actions. The actions described aim to close the gender gap across the continent and within the Bank. One of the guiding principles is to disaggregate indicators by sex whenever possible.
- ***Sustainable Development Goals (SDGs)***—The RMF now includes a section that explains how the Bank is contributing to the SDGs and how these are being tracked by the RMF. Annex A systematically cross-references the indicators to the SDGs where relevant.
- ***Attribution vs contribution***—The current paper discusses the practical and conceptual challenges of attributing development outcomes to AfDB's activities. The approach suggested by the paper focuses on better understanding AfDB's contribution to development rather than its attribution (see Section I).
- ***Reporting on ADF countries***—Section IV.C of the paper describes the provisions suggested for tracking performance and reporting on results in ADF countries.

This revised draft will be shared with ADF Deputies for information. A final draft of the paper will be presented to the Board of Directors for approval in December 2016.

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Note: In this report, “\$” refers to US dollar

EXECUTIVE SUMMARY

At the African Development Bank, we gauge our success by how well we improve Africans' lives, rather than by how much money we spend or how many projects we support. That's why this sixth edition of the Bank Group's Results Measurement Framework (RMF) is designed not only to measure the bank's performance but also to boost it.

Measuring the Bank's impact is not easy. Not only is it difficult to attribute results to a single development institution, but the Bank must also take into account a constantly shifting landscape in which Africa faces a broad range of economic, social and environmental challenges. The global economy faces hurdles and uncertainty that affect African economies more than others.

Many African economies are still too dependent on exporting primary commodities. Productivity is hampered by inadequate infrastructure, weak institutions, limited access to credit, and a low-skilled labour force. Inequality is undermining efforts to accelerate economic progress, create jobs and improve Africans' quality of life.

To help us address these challenges, we use a four-level RMF that tracks the Bank's performance in meeting its development objectives. Level 1 tracks development progress across Africa. Level 2 measures the Bank's contributions towards development in all its operations. Level 3 assesses the quality of the Bank's operations, and Level 4 monitors the Bank's efficiency as an organisation.

Africa's needs are many and urgent, so we need to seek constantly to increase our impact on development. That is why the Bank is increasing its strategic focus on five priority areas of development, the "High 5s": light up and power Africa, feed Africa, industrialise Africa, integrate Africa and improve the quality of life for the people of Africa. The Bank is also adopting a new Development Business Delivery Model to increase its effectiveness and efficiency.

Within the scope of the RMF, the Bank is taking five major actions to boost its impact on development, which we describe in detail in this report:

- ① Increasing the Bank's strategic focus on five of the Ten-Year Strategy's priority areas. The Bank needs a results framework that promotes transformative impact in the Bank's five priority areas of intervention, the "High 5s". The timeframe of this RMF is 2016-2025, aligning it with the end date of the High 5s, approved in 2016.
- ② Supporting implementation of a more effective delivery model. The new RMF will help the Bank implement its recently adopted Development and Business Delivery Model, which is intended to turn the Bank into a nimbler and more effective development organisation. The RMF tracks progress against the model's key performance drivers.
- ③ Better measuring the Bank's development impact. While the Bank is effective at tracking outputs—such as how many kilometres of roads have been built—it needs to do more to measure and assess the wider impact of its activities, including jobs created and economic growth. To this end the Bank is introducing a new methodology called the Development Impact Approach.
- ④ Improving the way the Bank assesses private sector's contribution to development. The private sector is one of Africa's key drivers of economic growth and job creation. In recent years, the Bank has been investing an increasing share of its capital in the private sector—from \$250 million in 2005 to \$2.2 billion in 2014. The Bank is introducing new tools and processes that will allow it to better capture the development impact of the Bank's support to the private sector.
- ⑤ Increasing the Bank's attention to gender equality. Advancing gender equality is central to implementing the High 5s and to achieving the Ten-Year Strategy's goal of inclusive growth. The Bank's RMF is placing a renewed emphasis on tracking progress in reducing the gaps between men and women, in line with its 2014 gender strategy.

To achieve these five objectives, the Bank will take actions beyond the immediate scope of a results framework, including:

- re-engineering the RMF architecture to increase the Bank’s strategic focus on the High 5s and to provide greater attention to the drivers of operational performance
- introducing new methodologies that will allow the Bank to better assess the development impacts of its operations
- supporting the new RMF with departmental incentives— including updated key performance indicators—that are better aligned with the Bank’s corporate priorities
- strengthening business processes to increase the Bank’s capacity to track and report on its development impact, including a new approach for capturing and leveraging the development impact of private sector operations.

Annex A outlines the rationale for choosing the indicators included in the RMF, which describes the actions the Bank will need to take in order to deliver on its strategic objectives. These objectives include both the Bank’s priority development goals (the High 5s) as well as the priority actions that are needed to improve the Bank’s effectiveness and efficiency (the Development and Business Delivery Model). Annex A also explains how the Bank is contributing to the Sustainable Development Goals and how these are being tracked by the RMF.

Altogether the RMF identifies 14 objectives for the Bank: five for the High 5s, eight for the DBDM, and one that is cross-cutting. Together they summarise the theory of change that guides the Bank’s actions and underpins the RMF. This pragmatic approach seeks to provide an overall picture of how the Bank plans to deliver on its operations and corporate priorities. Detailed definitions of the RMF’s indicators are provided in Annex B, while Annex C describes the approach taken to set ambitious and realistic targets at all levels of the RMF.

*

The Bank’s operations affect economies in many different ways: they contribute to growth, create jobs, promote downstream economic opportunities and increase exports. To maximise the development impact of its work, the Bank needs to improve its understanding of how its investments create economic, social and environmental value for the African continent. This sixth edition of the Results Measurement Framework represents a significant commitment not only to improving the way the Bank measures its results and its performance, but also to deepening the Bank’s impact and understanding.

I. DEEPENING THE BANK'S DEVELOPMENT IMPACT

The African Development Bank (AfDB, or the Bank) measures its success by how well it transforms Africans' lives, rather than by how much money it spends or how many projects it implements. That emphasis is at the core of this sixth edition of the Bank Group's Results Measurement Framework (RMF).

A. The RMF helps the Bank assess its contribution to Africa's development

Measuring the Bank's impact is not easy, because the dynamics of economic development are complex. It is also difficult to attribute outcomes to a single development institution (Box 1).

To help us address these challenges we use a four-level RMF that tracks the Bank's performance in meeting its development objectives. Level 1 tracks development progress across Africa. Level 2 measures the Bank's contributions towards development in all its operations. Level 3 assesses the quality of the Bank's operations, and Level 4 monitors the Bank's efficiency as an organisation (Figure 1).

Figure 1. The RMF uses four levels to assess the Bank's development effectiveness



By tracking performance at all four levels, the RMF offers a comprehensive picture of the Bank's development effectiveness. It also provides Bank management with a tool to assess the organisation's strengths and weaknesses, and implement the Bank's corporate priorities more effectively and efficiently. The Bank will review this RMF every three years and adjust it where required (see Section IV).

Box 1: Gauging our impact: The challenge of attribution

Development is complex, multi-layered and difficult to measure. Over the past decade, the Bank's understanding of development has broadened. It recognises that economic growth is an essential part of the process; that it supplies households with livelihoods and opportunities and governments with the means to invest in public goods and services. But development is also about empowering people to achieve a range of needs and aspirations, including through education, better health, and membership in secure and supportive communities.

The challenge of attributing development outcomes to a single development institution is equally complicated, for three main reasons.

1. Development outcomes are due not just to specific interventions but to a combination of external factors and decisions made by numerous agents, including governments, companies, households and development agencies. The contribution of a single intervention or institution to a particular outcome cannot be isolated from these other factors and assessed with a high level of confidence.
2. It may be many years before development interventions yield their outcomes — and well after the project has been completed. For instance, an effective education programme can improve students' skills and learning achievements, which in turn will translate into productivity gains and additional income once the students enter the labour force, years after the education programme.
3. The data necessary to assess outcomes are often lacking, and bridging this information gap is costly. National or regional statistical departments are not fully equipped to provide relevant and timely information. To a certain extent, monitoring and evaluation mechanisms can be set up to generate information that is more timely and relevant to capture outcomes, but these remain costly, piecemeal and imperfect.

For these reasons, the Bank's preferred approach is to measure the results of its intervention at the level of outputs (not outcomes) that can be fully attributed to its interventions. The indicators in Level 2 of the RMF capture aggregate outputs from individual operations completed in the last three years, focusing on the Bank's specific contribution to results on the ground.

Furthermore, AfDB is the first multilateral development bank that has chosen to report exclusively on its own contribution and not on the aggregate project contribution, which includes co-financiers. As our interventions are increasingly co-financed with other development partners, reporting the total sum of outputs would not adequately reflect the financial inputs of the Bank and would lead to double counting. Outputs are pro-rated according to the level of the Bank's financial support against total project costs.

B. Beyond measurement: Using the RMF to boosting our impact

In itself, measuring our development impact is not enough: Africa's needs are many and urgent, so we need to seek constantly to increase our impact on development. To boost its impact on development, the Bank is taking five major actions within the scope of the RMF:

① ***Increasing the strategic focus on five priority areas of development.*** As the Bank scales up work on its Ten-Year Strategy, it needs a results framework that promotes transformative impact in the Bank's five priority areas of intervention. We call them the "High 5s": light up and power Africa, feed Africa, industrialise Africa, integrate Africa and improve the quality of life for the people of Africa. The timeframe of this RMF is 2016-2025, aligning it with the end date of the High 5 strategies, approved in 2016.

② ***Supporting implementation of a more effective delivery model.*** The new RMF has been designed as a management tool that will help the Bank implement the recently adopted Development and Business Delivery Model—A delivery model intended to turn the Bank into a nimbler and more effective development organisation. To this end, the RMF tracks progress against the key performance drivers of the DBDM. In this way, the RMF will serve to guide the Bank's corporate decision-making on, for example, operational performance or allocation of resources, rather than serving principally as a way to strengthen the Bank's accountability to stakeholders.

③ ***Better measuring the Bank's development impact.*** While the Bank is effective at tracking intermediate outcomes (e.g., number of project beneficiaries) and project outputs (e.g., km of roads built), it needs to do more to measure and assess the development impact of its activities. To this end the Bank is introducing a new methodology called the *Development Impact Approach* that will allow it to track the number of jobs created, including for youth and women, and its contribution to economic growth.

④ ***Improving the assessment of private sector's contribution to development.*** The private sector is one of Africa's key drivers of economic growth and job creation. In recent years, the Bank has been investing an increasing share of its capital in the private sector—from \$250 million in 2005 to \$2.2 billion in 2014, a tenfold increase. To better leverage operations, the Bank is introducing new tools and processes that will allow it to better capture the development impact of the Bank's support to the private sector.

⑤ ***Increasing the Bank's attention to gender equality.*** Advancing gender equality is central to implementing the High 5s and to achieving the Ten-Year Strategy's goal of inclusive growth. The Bank's RMF is placing a renewed emphasis on tracking progress in reducing the gaps between men and women, in line with its 2014 gender strategy.

Achieving these five objectives requires actions beyond the immediate scope of a results framework. Implementing this new RMF will require actions at the following levels.

Re-engineering the RMF architecture. Building on the four-level RMF, the new results framework needs to be re-engineered to increase the Bank's strategic focus on the High 5s and to provide greater attention to the drivers of operational performance (e.g., speed of delivery).

Introducing new methodologies. The Bank needs to introduce a new methodology that will allow it to better assess the development impacts of its operations.

Aligning corporate incentives. The new RMF needs to be supported by departmental incentives that are better aligned with the Bank's corporate priorities. To this end, the Bank will update and streamline its set of key performance Indicators (KPIs), making them leaner and better suited to tracking the contribution of each department to the High 5s and corporate priorities.

Strengthening business processes. New business processes to strengthen the Bank's capacity to track and report on its development impact will include a new approach for capturing and leveraging the development impact of private sector operations.

Project design needs to be informed by a better understanding of projects' impact on development—or "theory of change". The Bank's operations affect economies in many different ways: they contribute to growth, create jobs, promote downstream economic opportunities, increase exports, and so on. To maximise the development impact of its operations, the Bank needs to improve its understanding of these development chains and of how its investments create economic, social and environmental value for the African continent.

Section II of this paper describes how the Bank will use this new RMF to track and monitor five sets of actions to improve the Bank's development impact. Section III sets out an accountability framework to track progress in implementing the reforms described in this paper.

II. HOW THE BANK WILL INCREASE ITS DEVELOPMENT IMPACT

In designing an RMF, the AfDB must take into account a constantly shifting development landscape. The global economy faces hurdles and uncertainty that affect African economies more than others. To emerge as a real global player, Africa needs to address a broad range of economic, social and environmental challenges:

Economic diversification. Most African economies remain under-diversified and too dependent on exporting primary commodities. This makes them vulnerable to external shocks. While commodities make up 70 percent of Africa's exports, manufactured goods account for 60 percent of its imports. The continent is also a net importer of food.

Global competitiveness. Africa's productivity is hampered by inadequate infrastructure, poor policies, weak institutions, limited access to credit, and a low-skilled labour force. The industrialisation of the continent remains slow because of the low attention given to agribusinesses. The limited access to electricity is particularly harmful, costing the continent an estimated 2.4 percent of GDP each year.

Integration of regional markets. Intra-African trade is limited, and African markets remain highly fragmented. Because of low industrialisation, countries trade unprocessed commodities with limited added value or technological content. This lack of integration costs Africa 1-1.5 percent in GDP annually.

Enabling business environment. Macroeconomic stability, an enabling business environment, and the efficient use of public resources remain key challenges. Only ten African countries are among the top 100 in the World Bank's Doing Business 2017 rankings.

Fragile situations. Most of the world's situations of fragility are in Africa. Fragility generates economic, social and environmental costs not only in the countries concerned but also in neighbouring countries.

Jobs for women and youth. Inequality undermines efforts to improve Africans' quality of life and accelerate economic progress. Women are particularly affected. Because they have limited access to land and inputs, their productivity in farms is a third lower than that of their male counterparts. Women's participation in the formal labour market is low. Most of Africa's youth are excluded from the formal economy. Of the 419 million youth living in Africa, approximately a third are unemployed; and for another third their employment is vulnerable—a situation that can result in tension and spur migration.

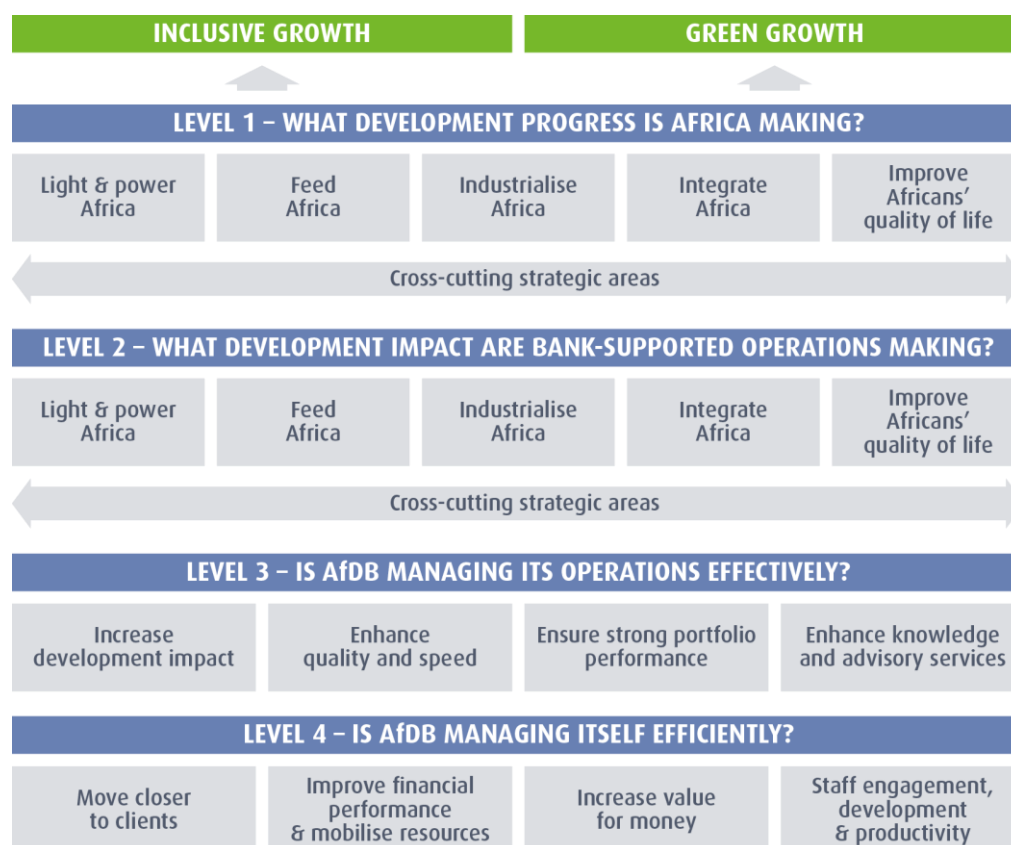
Climate change. Climate change represents a particular threat to African countries, which are primarily rural and dependent on rain-fed agriculture for food and income. In addition, limited human, institutional, financial and technological resources leave low-income countries unprepared to manage the complex impacts of climate change.

A. Increasing the strategic focus on five priority areas of development

To meet these challenges, the Bank is scaling up work under its Ten-Year Strategy in five priority areas. It has re-engineered the internal architecture of the RMF to match the Bank's corporate priorities and the DBDM. Figure 2 shows the key priorities at each of the four levels of the RMF.

One of the main novelties in the architecture of the new RMF is that Level 1 and Level 2 are vertically aligned, with both levels organised around the High 5s. Designing the RMF in this way helps build stronger conceptual linkages between Africa's development challenges (Level 1) and the Bank's actions to address them (Level 2). It also makes it easier to analyse each field and report on progress. Thus the RMF integrates the five Bank goals and cross-cutting strategic areas in a comprehensive vision of what the Bank aims to achieve.

Figure 2: The Bank is increasing its strategic focus on five priority areas of action



For each of the High 5s the new RMF identifies a small set of strategic indicators and targets drawn from the strategies approved by the Board of Directors.¹ Annex A provides a detailed description of the logics of interventions for the RMF as well as the rationale for each of the indicators tracked. This section draws from Annex A and summarises the rationale that has guided the choice of Level 1 and Level 2 indicators for the High 5s.

■ *Light up and power Africa*

Energy is crucial to improving the quality of services, reducing the cost of doing business and unlocking economic potential. Yet access to electricity in Africa remains the lowest in the world: in 19 African countries only 25 percent of the population have access to electricity. In 2015, the Bank launched the *New Deal on Energy for Africa* with the goal of achieving universal access to electricity by 2025. To help achieve this goal, the Bank is taking a three-pronged approach. It is funding projects that increase electricity generation capacity—on-grid, off-grid and through mini-grids—with a focus on renewable electricity. Its projects are delivering generated power and connecting households to the grid through the construction of distribution and transmission lines across the continent. And Bank projects are improving energy efficiency and conservation, along the energy value chain, to reduce losses arising from production, transmission, distribution and end-use inefficiencies.

1. The Board of Directors approved during the first semester of 2016 the following Bank Group strategies: “Jobs for Youth in Africa 2016-2025”, “Industrialisation Strategy for Africa 2016-2025”, “Strategy for the New Deal on Energy for Africa 2016-2025” and “Strategy for Agricultural Transformation in Africa 2016-2025”. The “Regional Integration Policy and Strategy 2014-2025” was approved in 2014.

Table 1: Light Up and Power Africa Indicators (Level 1 & Level 2)

	BASELINE (2015)	TARGET (2025)
LEVEL 1 INDICATORS		
Population with access to electricity (% population)	32	[97]
Population with access to clean cooking solutions (% population)	18	[97]
Total installed electricity capacity (GW)	170	[330]
Installed renewable capacity (GW)	77	[200]
Electricity losses through transmission, distribution and collection	12.6	[8]
LEVEL 2 INDICATORS[†]		
New total power capacity installed (GW)	1.5	[22]
New renewable power capacity installed (GW)	0.1	[14]
Total power capacity installed through mini grids / off-grids (MW)	0	[300]
Households with new or improved electricity connections (millions)	4.2	[12]
Households provided with clean cooking access (million)	0	[16]
New or improved power distribution lines (km)	289	[88,000]
New or improved power transmission lines (km)	47	[14,400]

Note — All indicators to be disaggregated by sex where possible. Disaggregated reporting on ADF countries will be provided in the ADER.

[†] Level 2 baseline indicators are aggregated outputs over a three year period (2013-2015). The target is cumulative over a ten-year period (2016-2025).

■ *Feed Africa*

Agriculture employs over 60 percent of the African workforce and accounts for roughly a third of the continent's GDP. However, the continent is involved only to a limited extent in the higher steps of the value chain, with few large processing industries and agribusiness companies. Agricultural development requires increasing food production and reducing imports, thus reducing the continent's vulnerability to commodity price volatility, improving nutrition and increasing food security. As a leading world exporter of such crops as coffee and cacao, Africa needs to enhance its processing capacity to deliver food to consumers, eliminate hunger and make Africa a net food exporter. Investments in agricultural value chains, including in the livestock and fishery sectors, have the potential to diversify economies, raise incomes and increase food security. To achieve this, the Bank's strategy is to focus particularly on enhancing agricultural productivity and building downstream markets for commodities.

Table 2: Feed Africa Indicators (Level 1 & Level 2)

	BASELINE (2015)	TARGET (2025)
LEVEL 1 INDICATORS		
Number of people hungry / malnourished (millions)	240	[0]
Agricultural productivity (\$ per worker)	1,273	[1,764]
Staple crop yield index (2005 value = 100)	110	[112]
Africa's net agricultural trade balance (\$ billion/year)	-38.9	[0]
Africa's share of market value for key processed commodities	10.28	[38]
LEVEL 2 INDICATORS[†]		
People benefiting from improvements in agriculture (million)	18	[21]
Land with improved water management (thousand ha)	136.6	[455.4]
Rural population using improved farming technology (million)	1.8	[5.9]
Agricultural inputs provided: fertiliser, seeds, etc. (tons)	1,997	[6,660]
Rural marketing and production facilities constructed or rehabilitated (nb)	16,917	[56,390]
Feeder roads built or rehabilitated (km)	4,240	[14,130]

Note — All indicators to be disaggregated by sex where possible. Disaggregated reporting on ADF countries will be provided in the ADER.

[†] Level 2 baseline indicators are aggregated outputs over a three year period (2013-2015). The target is cumulative over a ten-year period (2016-2025).

■ *Industrialise Africa*

Africa remains under-industrialised and over-reliant on unprocessed commodities. Because many countries still depend on commodity extraction for over half of their total revenue, the continent is dependent on manufactured products from abroad. Its industrial GDP continues to be low, and manufactured goods represent a negligible proportion of its global exports. To fast-track industrialisation, the Bank's industrialisation strategy focuses on improving access to capital and markets and on supporting enabling policies, economic environment and infrastructure. In particular it seeks to promote the development of enterprises of all sizes and productivity, as well as on making industrial policies effective. Industrialisation will, in turn, lead to value addition, greater productivity, formal employment and a more positive trade balance.

Table 3: Industrialise Africa Indicators (Level 1 & Level 2)

	BASELINE (2015)	TARGET (2025)
LEVEL 1 INDICATORS		
Gross fixed capital formation (\$ billion)	542	[1,737]
Industrial gross domestic product (\$ billion)	751	[1728]
Economic Diversification (Index)	0.63	[0.52]
Global Competitiveness (Index)	3.6	[4.8]
Access to finance (% population)	30.8	[65]
Road density (km per km ²)	8.2	[8.6]
Logistics performance index (1-5)	2.47	[2.66]
LEVEL 2 INDICATORS[†]		
People benefiting from investee projects	4.0	[8.3]
Government revenue from investee projects and sub-projects (million \$)	992	[1,902]
MSMEs effect (turnover from investments) (\$ million)	205	[928]
Line of credit to SMEs (UA million)	[TBA]	[380]
People with improved access to transport (million)	26.3	[87.7]
Roads constructed, rehabilitated or maintained (km)	8,938	[29,794]

Note — All indicators to be disaggregated by sex where possible. Disaggregated reporting on ADF countries will be provided in the ADER.

[†] Level 2 baseline indicators are aggregated outputs over a three year period (2013-2015). The target is cumulative over a ten-year period (2016-2025).

■ *Integrate Africa*

Regional economic integration is key to achieving competitiveness and growth in Africa. It affects what people can buy, the variety of what is on offer at the market, how easily citizens travel between countries, where people can choose to study or work, and where investments can move. Yet regional integration on the continent faces persistent regulatory, institutional and infrastructure challenges, hindering the ability to create larger, more attractive markets, link landlocked countries to international markets and boost intra-African trade. Integrating Africa for the Bank means integrating markets, by building infrastructure—transport, energy and telecommunications—that connects more people across the continent, and by establishing policies that make regional integration possible. To help achieve greater integration, the Bank's strategy is to support cross-border infrastructure development and trade, while strengthening regional mechanisms and institutional capacity.

Table 4: Integrate Africa Indicators (Level 1 & Level 2)

	BASELINE (2015)	TARGET (2025)
LEVEL 1 INDICATORS		
Intra-African trade as a proportion of total goods' trade (%)	11.03	[20]
Cost of trading across borders (\$)	2,384	[2,196]
Regional economic communities' average score (0-1 scale)	0.47	[0.7]
Deeply and broadly integrated countries (number)	12	[20]
Countries offering visas on arrival to 25% of African countries (nb)	20	[35]
LEVEL 2 INDICATORS[†]		
Transport—Cross-border roads constructed or rehabilitated (km)	1,281	[2,933]
Energy—Cross-border transmission lines constructed etc. (km)	0	[9,000]

Note — All indicators to be disaggregated by sex where possible. Disaggregated reporting on ADF countries will be provided in the ADER.

[†] Level 2 baseline indicators are aggregated outputs over a three year period (2013-2015). The target is cumulative over a ten-year period (2016-2025).

■ *Improve the quality of life for the people of Africa*

The continent's recent economic growth has not translated into reduced poverty and inequality. Health and education outcomes are among the lowest in the world; unemployment is high, particularly for youth; and millions of Africans have insufficient access to sanitation and safe drinking water. All of these factors get in the way of accelerating Africa's growth. Job creation and increased labour earnings through higher productivity are essential for self-sustaining development and social cohesion. The Bank as part of its strategy for *jobs for youth in Africa* works to improve the quality of life on the continent. Its main focus is on employment. It supports innovation, investment and integration for job creation by linking job seekers to recruiting companies and by supporting vocational training.

Table 5: Improve the Quality of Life for the People of Africa Indicators (Level 1 & Level 2)

	BASELINE (2015)	TARGET (2025)
LEVEL 1 INDICATORS		
Population living below the poverty line (%)	42.2	[37]
Income inequality (Gini index)	41.4	[39.4]
Youth unemployment rate (%)	29	[27.7]
Unemployment rate (%)	8.5	[7.6]
Enrolment in technical/vocational training (%)	10.8	[15.2]
Enrolment in education (%)	62	[85]
Access to safely managed drinking water services (% population)	71.6	[90]
Access to safely-managed sanitation facilities (% population)	38.7	[60]
LEVEL 2 INDICATORS[†]		
Direct jobs created (million)	2.97	[9.9]
Indirect and induced jobs created (thousand)	49	[163]
People trained across Bank operations (million)	0.89	[3]
People benefiting from better access to education (million)	1.16	[3.9]
People with new or improved access to water and sanitation (million)	6.10	[20.3]
People with access to better health services (million)	45	[80]

Note — All indicators to be disaggregated by sex where possible. Disaggregated reporting on ADF countries will be provided in the ADER.

[†] Level 2 baseline indicators are aggregated outputs over a three year period (2013-2015). The target is cumulative over a ten-year period (2016-2025).

■ *Cross-cutting strategic areas*

Achieving Africa's transformation will only be possible if adequate attention is given to the development areas that cut across all of the priorities of the Ten-Year Strategy—gender equality,

governance and accountability, fragility and climate change. Attention to these areas will in turn help sustain Africa's economic growth and reduce inequality. This means, for instance, engaging with countries to address gender issues directly through our operations and indirectly by placing special emphasis on mainstreaming gender throughout all our activities. It means supporting reforms that improve public administration and financial management, enhancing voice and accountability, and addressing governance for improved service delivery in core sectors such as energy, health and education. In implementing the five high-priority areas, the Bank continues to champion interventions that are fragility-proofed, and applies a "fragility lens" to guide its strategic and operational engagement. And the Bank is enhancing the continent's capacity to adapt to climate risk by improving access to appropriate technology, building agriculture infrastructure, enhancing public policy reform and improving smallholders' access to finance.

Table 6: Cross-cutting Strategic Areas Indicators (Level 1 & Level 2)

	BASELINE (2015)	TARGET (2025)
LEVEL 1 INDICATORS		
Gross domestic product (GDP) growth (%)	3.6	[7.5]
GDP per capita (\$)	2,058	[2,700]
Mo Ibrahim Index of African Governance (index)	50	[53]
Gender-Sensitive Country Institutions (index)	0.3	[0.2]
Number of refugees and internally displaced people (million)	17.5	[7.5]
LEVEL 2 INDICATORS[†]		
Countries with improved quality of budgetary and financial management	18	[36]
Countries with improved quality of public administration	6	[12]
Countries with improved transparency, accountability in public sector	15	[30]
Countries with improved procurement systems	5	[10]
Countries with improved competitive environment	9	[18]

Note — All indicators to be disaggregated by sex where possible. Disaggregated reporting on ADF countries will be provided in the ADER.

[†] Level 2 baseline indicators are aggregated outputs over a three year period (2013-2015). The target is cumulative over a ten-year period (2016-2025).

B. Supporting implementation of a more effective delivery model

The new RMF has been designed not only to align with the Bank's new strategic priorities, but also to support the implementation of the Bank's Development and Business Delivery Model (DBDM). The DBDM has been designed to turn the Bank into a nimbler and more effective development organisation that has a deeper impact on development. This involves institutional changes in five areas. The Bank is:

- moving closer to its clients in the field, to enhance delivery and drive business growth, by increasing the number of senior technical staff in field offices and devolving more authority to the local level;
- strengthening its performance culture, to attract and maintain talent, by establishing performance contracts, working to retain staff, and strengthening its results culture;
- taking steps to increase financial performance and development impact, such as revising its loan pricing policy in line with the policies of sister multilateral development banks, and increasing the speed and effectiveness of disbursements, so that loan capital is not tied up indefinitely in operations;
- strengthening the matrix system that enables staff to work across boundaries, by making departments responsible for joint deliverables and regional teams responsible for operational delivery, in close coordination with experts from sector departments;

- aligning complexes with strategic priorities, including by streamlining its Vice-Presidencies to increase the focus on country operations and delivering on the High 5s. To this end, the Bank has established Vice-Presidencies dedicated to energy and agriculture, among others.

■ *RMF Level 3 indicators: Delivering a high performing portfolio*

At the end of 2015, the Bank's portfolio consisted of more than 850 ongoing operations valued at \$32 billion. To maximise its impact on development, the Bank needs to deliver a high-performing portfolio of operations. Investments must be well designed and closely monitored so that the Bank can detect and resolve any problems early on.

Level 3 of the RMF tracks the quality of the Bank's portfolio of operations (Table 3). It gives additional emphasis to the key drivers of performance identified in the DBDM: increasing the development impact of operations, designing high-quality and timely operations, and improving portfolio performance. Annex A provides a detailed description of the objectives, and the rationale for each of the indicators used to track performance at Level 3.

Increasing development impact. One of the Bank's key objectives is to make sure that its operations— loans, grants, technical assistance and advisory work — achieve their intended development outcomes in a timely and sustainable manner. To this end, Level 3 of the RMF tracks a small set of indicators that measure the extent to which operations achieve their development objectives. It is equally important that the Bank continually learns from past lessons and improves the design of new operations. This is why the Bank also carefully monitors the share of operations for which timely project completion reports have been prepared: project completion reports provide an understanding of the strengths and weaknesses in the design of previous operations.

Enhancing the quality and speed of operations. Improving the design of new operations and ensuring timely implementation is also a key dimension of the quality and impact of operations. Poorly designed operations typically result in implementation delays that are costly for the Bank and its clients. To ensure all of its operations meet the highest international standards for quality and are executed in a timely manner, the Bank prepares high quality operations and country strategies, reduces the time from project's concept note to first disbursement, and makes sure its development priorities are mainstreamed across operations.

Ensuring strong portfolio performance. To ensure its resources are fully mobilised and put to good development use, the bank is focusing on strong portfolio performance, which reduces costs and increases the efficiency of the Bank's resources. The Bank's objective is to maintain a high level of portfolio performance. This means proactively managing operations to disburse on time, with limited risk and more flexibility, realigning the portfolio to the evolving context when necessary.

Enhancing knowledge and advisory services. As the Bank works towards becoming Africa's premier knowledge institution, it needs to provide knowledge and advisory solutions to Africa's development challenges. Client countries are increasingly demanding that the Bank provide such solutions and advice. It is also important that the Bank can ensure its projects are grounded on robust country research and sector feasibility studies.

Table 7: Level 3: Is AfDB managing its operations effectively?

	BASELIN E (2016)	TARGET (2025)
ACHIEVE DEVELOPMENT IMPACT		
Operations that achieved planned development outcomes (%)	83	[>87]
Operations independently rated as satisfactory and above at completion (%)	[TBA]	[TBA]
Completed operations delivering sustainable outcomes (%)	90	[>93]
Completed operations with a timely completion report (%)	60	[>90]
ENHANCE THE QUALITY AND SPEED OF OPERATIONS		
Quality of country strategy papers (scale, 1-6)	4.3	[5.2]
New operations rated satisfactory (%)	99	[99]
Time from concept note to first disbursement (months)	18.7	[12]
Operations with satisfactory mitigation measures (%)	87	[93]
New operations with gender-informed design (%)	75	[>95]
New operations with climate-informed design (%)	75	[>95]
IMPROVE PORTFOLIO PERFORMANCE		
Disbursement ratio of ongoing portfolio (%)	21	[22]
Time for procurement of goods and works (months)	7.9	[5.5]
Non-Performing Operations — Operations at risk (%)	15	[10]
Non-Performing Operations — Operations eligible for cancellation (%)	19	[4]
Timely coverage of Country Portfolio Performance Reports (%)	57	[72]
KNOWLEDGE & ADVISORY SERVICES		
Knowledge and advisory services with objectives reached (% , client rating)	[65]	[73]

Note —Disaggregated reporting on ADF countries will be provided in the ADER

■ RMF Level 4 indicators: Organisational efficiency

The AfDB is a large and complex organisation, with around 2000 staff located in its headquarters and 34 field offices. To be effective, it needs to ensure that employees have the support they need to perform at their best, and that it attracts and retains high-calibre staff through effective human resource management. It also needs to bring the Bank closer to its clients. Level 4 of the RMF tracks the Bank's organisational efficiency by monitoring progress in (i) moving the Bank closer to its clients; (ii) improving financial performance and mobilising resources; (iii) increasing the Bank's value for money; and iv) engaging staff for better performance. Annex A provides a detailed description of these objectives and the rationale for each of the indicators used to track performance at Level 4.

Moving the Bank closer to clients. Decentralisation of Bank staff and functions has been a long-term objective of the Bank, responding to clear demand from client countries. The new Development and Business Delivery Model aims to scale up decentralisation by bringing the Bank even closer to its clients. The overarching aim is to increase the Bank's capacity to develop new business by maximising country resources and capacity, and making it nimbler and more responsive to client country needs. The Bank is moving closer to its clients by establishing five regional integration and business delivery offices. Putting more expertise and decision-making authority into the field will help the Bank tailor its products and services to countries' needs, and generate additional business.

Improving financial performance and mobilising resources. The Bank needs to scale up the financial resources available in order to deliver on the High 5s and increase its impact on development. Resources can be increased by managing the costs of doing business, conducting more active balance sheet management, increasing revenues and mobilising additional financial

resources. This implies going beyond measuring yearly approved business volumes to focus on measuring active resource mobilisation, in which the Bank takes a lead role in attracting investments and resources, rather than passive mobilisation, which takes the form of project co-financing by like-minded operations. The Development and Business Delivery Model sets out a clear plan to improve financial performance and mobilise resources. Management will entrench a discipline to generate more revenue that will create operational and financial capacity to deliver the High 5s of the Ten Year Strategy, and increase the profitability of the Bank. The Bank will be increasing the volume of loan approvals, increasing revenues from private sector investments, speeding up loan execution, and mobilising income and resources for business development.

Increasing value for money. Providing better value for money is central to the Bank's mandate. This means adopting a business model that delivers the best development value for its clients and stakeholders. To this end, the Bank needs to ensure that it is both effective —it achieves its development objectives— and efficient — it makes good use of its resources in doing so. While value for money is a cross-cutting issue, this cluster of indicators focuses on measures of administrative cost-efficiency.

Engaging staff for better performance. To deliver on the High 5s and its strategic objectives, the Bank needs a skilled, committed, diverse and motivated workforce that best responds to clients' needs and works across boundaries. The Bank is committed to remaining agile and adaptable in order to best source, manage, motivate and retain talent. The Development and Business Delivery Model aims to establish a new way of achieving results that will considerably strengthen the performance culture and focus of Bank staff, empowering them to innovate and manage for results. It seeks to increase employee productivity by making sure staff provide a high level of return on investment through portfolio growth and increased revenues. The main measures are to improve performance management significantly by clarifying role descriptions, to realign key performance indicators (KPIs) with the Bank's priorities, and to revitalise performance contracts. These changes will ensure that the right people, with the right capabilities and knowledge are working at the right place, for the right cost and doing the right things. They will also ensure that staff work together across the five regional departments and new sector complexes for enhanced delivery, and that proactive planning is in place for recruiting the right staff and ensuring that success plans are in place for key positions. Finally, this will provide headquarters with a lean staff with deep expertise, while deploying operations staff to increase our portfolio and client value proposition.

Table 8: Level 4: Is AfDB managing itself efficiently?

	BASELINE (2016)	TARGET (2025)
MOVE CLOSER TO CLIENTS TO ENHANCE DELIVERY		
Share of operations staff based in country offices and regional hubs (%)	40.6	[>90]
Projects managed from country offices (%)	60.0	[>90]
IMPROVE FINANCIAL PERFORMANCE & MOBILISE RESOURCES		
Volume of operations approved (UA billions per year)	6.33	[10-15]
Capital mobilised for business development (UA billions)	[3]	[5]
Climate-related Bank commitments (UA billions)	[1.5]	[4.3]
Revenues generated from arranging private sector investment (UA million)	[TBA]	[TBA]
Development resources leveraged through increased cofinancing (percentage)	[TBA]	[TBA]
Private sector resources catalysed through Bank investments (UA billions)	[TBA]	[TBA]
Size of Bank maximum loan exposure (UA billions)	[TBA]	[TBA]
Total Bank net income (UA millions)	[TBA]	[TBA]
Commitments made to Bank-executed trust funds	[TBA]	[TBA]
INCREASE VALUE FOR MONEY		
Administrative costs per UA 1 million disbursed (UA '000)	98.9	[80-94]
Cost-to-income ratio (%)	41.3	[30]
Work environment cost per seat (UA '000)	3.6	[2.8-3.2]
Cost of preparing a lending project (UA '000)	85.6	[65-78]
Cost of supporting project implementation (UA '000)	19.7	[10-14]
STAFF ENGAGEMENT, DEVELOPMENT AND PRODUCTIVITY		
Employee engagement index (%)	73.0	[77-87]
Managerial effectiveness index (%)	48.0	[54-70]
Share of women in professional staff (%)	26.7	[35-50]
Share of management staff who are women (%)	29.4	[35-50]
Net vacancy rate—professional staff (%)	16.0	[8-12]
Time to fill vacancies (days)	223.0	[80-100]
Teeth to tail ratio—operations professional staff (%)	67.0	[80]
Succession readiness for key positions (%)	10	[35]
Share of operations revenue per total operations staff	[TBA]	[TBA]

■ *Business processes to underpin the metrics*

The RMF metrics need to be underpinned by strong business processes and management information systems that provide accurate and timely data.

Aligning incentives with corporate priorities. Like many large organisations, the Bank uses key performance indicators (KPIs) to track the performance drivers of its operational and non-operational departments. They focus each department on a set of products that it needs to achieve within a year and link this achievement to budget planning. The Bank is reviewing and rationalising its KPIs to make sure they are fully aligned with the Bank's new corporate priorities and to enhance the Bank's capacity to design and execute its budget. Joint KPIs will also be developed for deliverables that involve the support of more than one department. This streamlining effort will be conducted with an eye to accommodating portfolio specificities, including when work is conducted in challenging and fragile situations, or when development themes involve heavy transaction costs.

Monitoring portfolio and development progress in real time. To provide just-in-time information to staff and stakeholders on portfolio performance and results, the Bank is working on two fronts. First, in a monthly portfolio report to staff, the Bank flags portfolio performance issues and effectiveness. This information increasingly prompts discussions that steer portfolio and

investment decision-making. It also encourages staff to manage projects proactively so that the number of projects flagged as being at risk is kept as low as possible. Second, the Bank is rolling out its Results Reporting System, which will provide live data on progress achieved on the ground. This availability of timely data will improve the way operations are designed and managed by sector and regional departments, enhancing the Bank's ability to use robust analytics in support of portfolio review and planning exercises.

Establishing clear lines of accountability. As the Bank moves closer to the field and to its clients, it needs to ensure that staff are fully empowered to better respond to clients' needs and develop new business. With a revised delegation-of-authority matrix, the Bank will make sure that staff managing projects can take normal procurement decisions. This will fast-track both disbursement and operational delivery.

Promoting a performance culture. By introducing performance contracts at management level, the Bank will allow for an increased focus on performance management, better analysis of the Bank's effectiveness, and greater flexibility over inputs for managers. These contracts will provide greater clarity about what departments plan to achieve and what they actually deliver. They are also expected to create healthy competition among departments as well as a fair and accurate assessment of achieved results. Performance contracts are expected to be a useful mechanism to improve management processes and enhance the Bank's effectiveness and efficiency.

Linking performance data to budget and programme implementation. Through the Activity Time Recording System (ATRS), the Bank will improve staff time recording and generate more accurate information about expenditures on different aspects of Bank activities. Greater incentives for departments and stronger linkages between the budgeting process and staff time recording will be designed to use the ATRS data meaningfully. Thus staff time will no longer be captured essentially as overhead cost, but rather will be clearly assigned to the division's work. Managers will be able to use this evidence to focus on strategic tasks with deliverables clearly linked to cost centres. This will pave the way for management to make informed decisions on where staff efforts have been concentrated and where they can be redeployed.

C. Better measuring the Bank's development impact

This year, the Bank is improving its ability to assess the development impact of its investments by introducing and piloting a methodology called the Development Impact Approach. Put simply, the Development Impact Approach will allow the Bank to measure the number of direct and indirect jobs supported by its investments and the extent to which they contribute to economic growth (Box 2). The approach has been used by development finance organisations such as the International Finance Corporation, the United Kingdom's CDC Group and the Dutch development bank FMO.

Box 2: Development Impact Approach

The Development Impact Approach is a robust methodology that enables the Bank to quantify its development impact. Specifically, the approach provides the Bank with estimates of how many jobs the Bank supports through its projects and to what extent these jobs contribute to economic growth.

By using Social Accounting Matrices with the Development Impact Approach, the Bank can not only measure the direct effects that occur at the investment and/or project level (e.g., people employed by the project itself), but can also estimate indirect (e.g., supply-chain jobs) and induced effects (e.g., jobs created as the people who are directly or indirectly employed spend their salaries).

In essence, with the Development Impact Approach, the Bank traces how its investments flow through an economy and subsequently measures the corresponding development impacts. The construction of Social Accounting Matrices requires the collection of Bank portfolio and client data as well as macro-economic data. Data collection for the Bank is limited to key variables: number of direct employees (in full-time equivalents and disaggregated by gender and youth) and amount of sales, earnings, taxes and wages. Macro-economic data is limited to GDP, output and employment figures for the relevant economies.

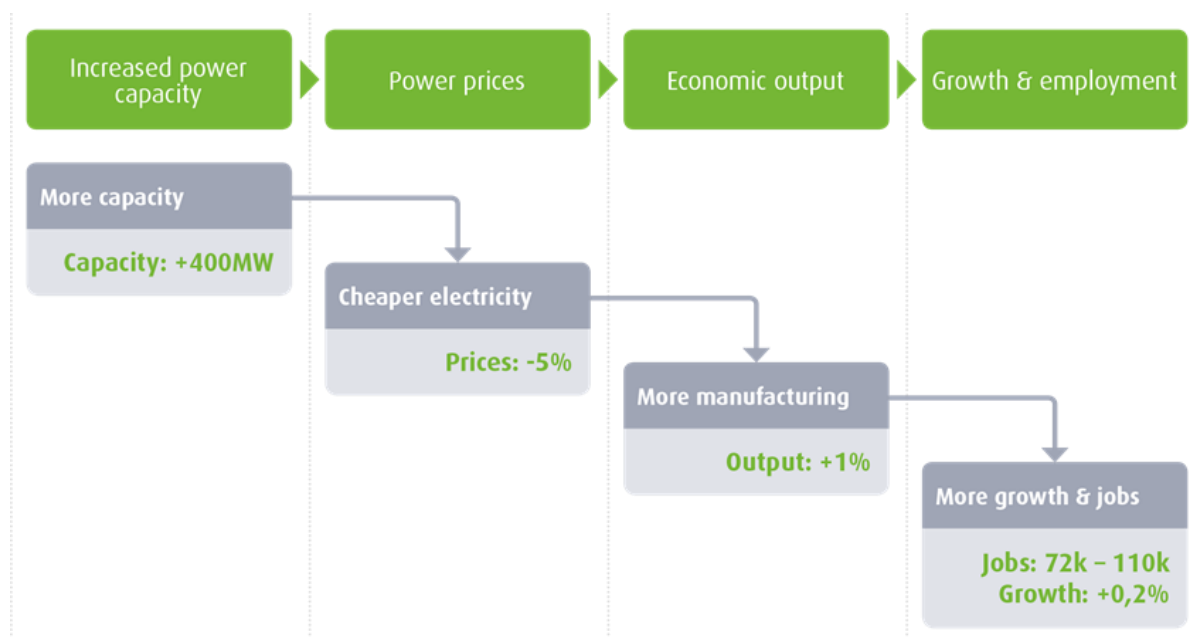
The Bank is currently piloting this methodology on its East African portfolio with a view to expanding it in time to present it in next year's Annual Development Effectiveness Review (ADER).

The methodology will allow the Bank to estimate the potential impact of its future investments in at least two areas that are critical to the achievement of its Ten-Year Strategy: jobs and growth. So, for example, the Bank will be in a position to present a concise ex-ante development impact assessment (including number of jobs created) of projects by the time of project approval. The Development Impact Approach will complement the Bank's existing Additionality and Development Outcomes Assessment (ADOA)² by providing ex-ante impact assessments for public sector operations as well as private sector operations. The approach will also expand the ADOA by providing information that is currently not captured, including the number of indirect jobs to be created and the amount of growth expected.

The data and analysis that underpin input-output tables are also invaluable in understanding the complex direct and indirect linkages that the Bank's investments have on African economies. Figure 3 illustrates these linkages, showing the effect of increasing energy capacity on power price, manufacturing output and ultimately number of jobs and growth.

² The Additionality and Development Outcomes Assessment (ADOA) is the overriding framework for screening and rating private sector projects at the approval stage. To derive ratings, it relies on evidence and indicators on what the Bank brings to the operation that commercial lenders cannot or do not bring, as well as on the expected development outcomes.

Figure 3: The development impact of adding 400MW in power capacity



The data, analysis and knowledge generated by input-output modelling will in turn enrich the quality of reporting and our understanding of the Bank’s development impact on the continent. The Bank will be able to report on the number of direct and indirect jobs it has supported, and on its contribution to countries’ growth. It will do so at an aggregate level, with a breakdown for each of the High 5s. More important, it will provide a deeper and more grounded analysis of the Bank’s development impact, tracking where its investments go in support of employment and growth.

To better assess both the potential and limitations of the Development Impact Approach for measuring the impact of public and private sector operations, the Bank is carrying out a pilot initiative covering the full Bank portfolio of completed projects in Eastern Africa over the last three years. Findings from this pilot will guide options to scale up the use of this methodology for the entire Bank portfolio. We will continue seeking ways to improve the methodology to deepen our understanding of the outcomes of the projects and programmes we support. We also intend over time to demonstrate how our support provides not just more jobs, but better jobs along the value chain; not just more growth, but inclusive growth; not just environment-friendly activities, but projects that significantly reduce carbon emissions.

D. Improving the assessment of private sector’s contribution to development

The private sector is one of Africa’s key drivers of economic growth and job creation. This is why the Bank’s investment in the private sector increased tenfold between 2005 and 2014, from \$250 million to \$2.2 billion. To better capture the private sector’s impact on development, the Bank needs to review and update the way it tracks private sector operations.

The Bank currently has different mechanisms for tracking public and private sector operations, partly because private sector operations have special requirements. The Bank needs to assess private sector additionality—that is, the extent to which AfDB does not “crowd out” other private sector investors and brings to the market products and services that are uniquely beneficial, or additional, to those provided by other financiers. In other words, it seeks to answer questions such as the following: Would the client have been able to find sufficient funding from other private investors? Was AfDB funding needed to diminish the risk and crowd-in additional resources? Did AfDB improve the design of the operations and have a lasting impact on development?

These different dimensions are captured in AfDB's Additionality and Development Outcomes Assessment Framework (ADOA). The Bank also monitors the development results achieved through its support during project implementation and at completion (Box 3).

Box 3: How does AfDB track private sector operations?

The Bank uses a four-pronged approach to measure the expected and actual results of its private sector operations:

- *Screening.* The ADOA relies on evidence and indicators to derive ratings on what the Bank brings to the operation that commercial lenders cannot or do not bring, as well as on the expected development outcomes.
- *Approval.* A results-based logical framework is presented for Board approval for each new project. It lays out the expected results at output, outcome and impact levels.
- *Implementation.* Annual supervision reports look at the risks associated with project implementation.
- *Completion.* Extended supervision reports (XSRs) are prepared, typically 18 months after the last disbursement of the project, to report on development results achieved.

In measuring the development results of its private sector operations, the Bank could better capture the full extent of the private sector's contribution to development. For example, the logical framework prepared at approval stage is not systematically informed by the ADOA analysis. During implementation, projects do not report as frequently as they should on development outputs or outcomes. Private sector completion reports often fail to report on development results at completion. This makes it difficult to track and report on development results for the Bank Group as a whole.

To address these limitations, the Bank is moving to systematically track private sector development results from approval to completion through four initiatives.

- *Clarify the logic of intervention of private sector operations.* A logical framework will be rolled out to better capture the results of private sector projects. It will be streamlined to be more intuitively used by project teams, looking at a select set of outputs and outcomes. This framework will be used as a monitoring table throughout the life of the project.
- *Informing project preparation with ex-ante data.* Project teams will keep the indicators used in the project's ADOA report as part of their own set of indicators to track project progress, and project teams will provide information on the extent to which the ADOA assessment informed the design of the project. This will incentivise teams to use and benefit from the ADOA work.
- *Tracking results during implementation.* The Bank will take a closer look at results achieved during implementation. Annual Supervision Reports will be revamped to clearly capture development results, using the monitoring table prepared at approval stage.
- *Providing clear results information at completion.* Private sector completion reports will provide the full extent of results achieved throughout the project life, using indicators from the monitoring table to allow for greater consistency and facilitate reporting.

This new approach will contribute to learning and will help steer decisions based on the actual results achieved. A cadre of private sector specialists from the Bank will be trained in the principles of results-based management and the use of its tools.

E. Increasing the Bank's focus on gender equality

Advancing gender equality is central to implementing the High 5s and to achieving the Ten-Year Strategy's goal of inclusive growth. The new RMF is placing a renewed emphasis on tracking progress in reducing the gaps between men and women, in line with the Bank's 2014 gender strategy. The RMF uses sex-disaggregated indicators wherever applicable and feasible, and introduces gender-sensitive indicators that measure gender-related changes on the continent. The new RMF strengthens its gender focus at all four levels:

- *Level 1:* The RMF includes new, more robust gender indicators to track progress in the High 5s—for example, it includes an indicator that measures gender disparities in national labour markets.
- *Level 2:* To better measure the impact of Bank operations on women and girls, Level 2 indicators—especially those that track the number of beneficiaries of operations—are disaggregated by sex.
- *Level 3:* Better integrating gender dimensions into project design is fundamental to closing gender disparities. The RMF systematically tracks progress in mainstreaming gender dimensions in public sector operations and country strategy papers.
- *Level 4:* The Bank recognises its special responsibility to ensure gender equality in its workforce. The new RMF has set ambitious targets for the share of women among professional staff and management.

Tracking gender results in the RMF is a first area for raising the bar. What is required is a better understanding of the key constraints that must be lifted for gender gaps to narrow. The introduction of a Gender Marker System will help by systematically rating projects on the extent of their gender focus (Box 4). This will complement the Bank's work at the outset of a project in conducting a gender analysis, which helps identify inequalities and formulate actions to address them. During implementation, the Bank needs to know whether it is achieving the changes in poor women's lives that were intended. This is reported in the Bank's Results Reporting System, providing an evidence base on proven and promising interventions to reduce key constraints and attain measurable progress toward gender equality. At completion, Project Completion Reports look into whether gender-specific results were achieved.

Box 4: Gender Marker System

The absence of a systematic approach to integrating gender in projects means that gender mainstreaming has been addressed, often superficially, as an “optional extra”, dependent on the conviction of task managers. The introduction of a Gender Marker System will reorganise the existing mainstreaming practices into a set of systematic procedures applicable to all projects. Projects will be classified into four categories, with specific requirements for each category.

The Gender Marker System will also shift the attention of gender mainstreaming from a “project design focus” to a “project development outcome/results focus”. The Bank will provide clear guidelines on when and how to integrate gender into operations, along with tools, manuals, checklists and training. The four categories are:

- Category 1, Gender Focused: The overarching objectives of the project are focused on gender equality and women's empowerment.
- Category 2, Gender Mainstreamed: At least one of the outcomes of the project is focused on gender equality and women's empowerment.
- Category 3, Some Gender Outputs: At least one of the outputs of the project is focused on gender equality and women's empowerment.
- Category 4, Marginal Gender Elements: At least one of the activities of the project is focused on gender equality and women's empowerment.

III. ACCOUNTABILITY

A. Reporting on the Results Measurement Framework

To capture the Bank's contributions to Africa's development in its many dimensions, the Bank publishes its performance against the RMF in the Annual Development Effectiveness Review (ADER). The ADER reports on progress on all of the indicators in the four levels of the RMF. It appraises development trends across the continent and gauges the part played by the Bank. It also looks at how effectively the Bank manages its operations and the organisation.

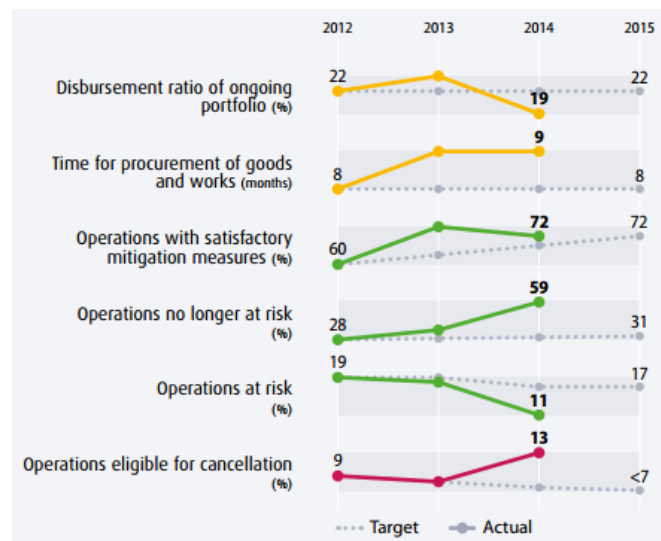
The Bank complements its corporate-wide use of the RMF with two series of Development Effectiveness Reviews (DER) at country and thematic levels. Ethiopia, Senegal and Rwanda are among the countries that the Bank recently covered in its Country DERs. These reports assess the Bank's overall contribution to addressing development challenges facing a particular country and are produced together with countries. They are accompanied by a series of reviews addressing particular thematic areas or parts of our portfolio, such as governance, fragility and regional integration.

■ *Tracking the Bank's performance*

The Bank monitors its performance over time with rigor and transparency. To realise its ambitions and accelerate the pace of change, the AfDB has set targets at all four levels of its RMF. Systematically tracking performance against these targets will help management ensure that the Bank meets its development commitments and keeps its institutional reforms on track.

This 2016-2025 RMF innovates by setting time-bound and quantified targets for all the indicators that it tracks, spelling out its desired level of impact and service delivery. This is the first time the Bank has promoted such a high level of accountability, which will boost the Bank's effectiveness for the next ten years. Progress data will be reported annually to assess whether the Bank is on track to meet its targets and to enable the Bank to take measures to improve the pace of delivery (Figure 4). Annex C presents the principles and approach to setting targets at each level of the RMF.

Figure 4: Illustrative example of how the Bank's performance is tracked over time



In the ADER, performance is summarised in a scorecard that uses a three-coloured traffic light system to indicate whether the Bank reached or fell short of its targets for all four levels of the RMF. The scorecard data are updated regularly to track key performance drivers and impact.

For Level 1, the scorecard measures Africa's performance compared with progress in Africa's peer group (low- and middle-income countries around the world); for Level 2 it compares the Bank's expected performance with actual achievements for all operations that have been completed; and for Levels 3 and 4 it measures the Bank's progress against its 2025 targets set out in the RMF (Figure 5).

Figure 5: Illustrative example of a Bank Scorecard presented in the ADER

LEVEL 1: DEVELOPMENT IN AFRICA	
Light up & power Africa	●
Feed Africa	●
Industrialise Africa	●
Integrate Africa	●
Improve the quality of life in Africa	●
Cross-cutting strategic areas	●
LEVEL 2: AfDB'S CONTRIBUTION TO DEVELOPMENT IMPACT	
Light up & power Africa	●
Feed Africa	●
Industrialise Africa	●
Integrate Africa	●
Improve the quality of life in Africa	●
Cross-cutting strategic areas	●
LEVEL 3: HOW WELL AfDB MANAGES ITS OPERATIONS	
Deliver quality & timely operations	●
Improve portfolio performance	●
Achieve development impact	●
LEVEL 4: HOW EFFICIENT AfDB IS AS AN ORGANISATION	
Decentralise & engage staff for results	●
Drive income growth & mobilise resources	●
Improve cost-efficiency	●

■ *Reporting on ADF results and performance*

For the purposes of the African Development Fund (ADF), the Bank will report over a three-year cycle, from 2017 to 2019 inclusive, which is aligned to the time period of the ADF's 14th replenishment. A dedicated space for reporting ADF results, performance and targets will be provided in the ADER. Tables will track progress for Levels 1, 2 and 3 of the RMF (Level 4 measures the Bank's organisational performance and is not relevant to ADF countries). At mid-term and at the end of the ADF cycle, summary papers will provide data on performance and results for ADF-14.

B. Improving the way the Bank tracks its results

In recent years the Bank has considerably strengthened its capacity to manage for, and track, development results, through its Results Reporting System, Readiness Reviews and other tools (see Section I). In 2017, new guidelines for Country Strategy Papers will be issued to enhance our reliance on theories of change, on results monitoring and our presentation of directions and strategies.

■ *Strengthening country capacity to manage for results*

To address the challenges of data availability and quality, the Bank is strengthening client capacities and demand for evidence-based policies. Statisticians have a tremendous role to play in providing the data needed to design effective plans and interventions. Through its Statistics Department, the Bank supports countries in designing and implementing national strategies for the development of statistics. This promotes the better use and production of statistics in support of development policy decision-making processes, including monitoring of national development plans. The Bank is also supporting the African Community of Practice on Results, under which its

more than 4,500 members help foster demand for evidence-based policies and greater accountability. Seventeen countries that are part of this network also took the lead in organising high-level meetings on results and are spearheading initiatives to strengthen countries' capacity to manage for results.

■ *Reinforcing staff skills in results-based management*

Developing results-based tools to implement quality operations is vital to effectively monitor delivery throughout the project cycle, but this can only be achieved if Bank staff have the necessary know-how to foster the change. This is why the Bank has embarked on an effort to strengthen staff's ability to drive results through face-to-face coaching and online training. The Bank conducts training exercises at headquarters and in country offices for task managers and country program officers in charge of project design and supervision. This has led to strengthened logical frameworks. In addition to training workshops, the Bank hosts a Quality Assurance Clinic every two weeks offering on-the-job individualised support to task managers. These face-to-face interactions are supported with an online training module made available to Bank staff. Together, they improve the Bank's ability to monitor its operations and manage for results.

■ *MapAfrica and transparency*

AfDB is at the forefront of initiatives to make its results available to a large public and be transparent in managing its business. In 2016 the Bank launched MapAfrica 2.0, an online tool that enables anyone in the world to see at a glance how the Bank's projects are boosting Africa's economies and making Africans' lives better. MapAfrica 2.0 is an interactive online portal that shows where the Bank is making an impact on the continent — and how 800 of the Bank's projects relate to its High 5 development priorities. Users can view all projects within a country, or choose one project to see related locations throughout the country. Impact stories have been developed for a number of projects, focusing on the beneficiaries of the project, the approach, the main results and the lessons learned. MapAfrica will add functionalities that allow project beneficiaries to provide feedback on the quality of our operations.

In 2016, the Bank's efforts to enhance access to information led Publish What You Fund, a British-based think tank, to rank the Bank in its highest category for transparency for the third consecutive year. The Bank publishes data according to IATI's international standards on transparency, making information about development spending easier to access, use and understand.

C. Moving forward

This section sets out a clear framework of accountability to track progress in implementing the reforms described in this paper. The sets of actions and business processes have been operationalised with clear time-bound actions, and responsibilities have been agreed by the departments in charge of implementing and rolling out these reforms (Table 9).

Table 9: A plan of action: Monitoring framework

ACTIONS	TARGET DATE
1. INCREASING THE BANK'S FOCUS ON ITS STRATEGIC PRIORITIES	
1.1. Align Level 1 and Level 2 of the RMF with the Bank's High-5 priorities	Done
1.2. Align Level 3 and Level 4 of the RMF with the Bank's DBDM priorities	Done
1.3. Review and align KPIs with the High-5s and the DBDM	2017
2. BETTER MEASURING THE BANK'S DEVELOPMENT IMPACT	
2.1. Pilot Development Impact Approach in East Africa Portfolio	Done
2.2. Roll out Development Impact Approach to whole portfolio	2017
3. IMPROVING ASSESSMENT OF PRIVATE SECTOR'S CONTRIBUTION TO DEVELOPMENT	
3.1. Design quality assurance tools and pilot test for private sector operations	2017
3.2. Roll out revamped tools across private sector operations	2018
3.3. Provide clear results during implementation and at completion	2018
4. INCREASING THE BANK'S FOCUS ON GENDER EQUALITY	
4.1. Design and pilot the Gender Marker System for select operations	2017
4.2. Roll out the Gender Marker System to all operations	2017
5. IMPROVING THE WAY THE BANK REPORTS ON RESULTS	
5.1. Disaggregate results for ADF countries in ADER	2017
5.2. Report on direct and indirect jobs created in ADER	2017
5.3. Provide greater attention to gender and climate change in ADER	2017

■ *Reviewing the RMF*

To ensure its relevance to the Bank's top priorities the RMF will be reviewed every three years. This review will be synchronised with the ADF replenishment process, enabling it to take into account the specific needs of ADF countries and priorities. Principles that will be applied to revise subsequent versions of the RMF include: discontinuing tracking indicators that have reached 100% and can no longer be improved; tracking emerging development priorities of increased relevance to Bank objectives; adjusting the direction of travel for the annual targets in reaching the 2025 target.

IV. CONCLUSION

In setting goals and measuring progress—for itself and for the continent’s development—the Bank strikes a careful balance between ambitiousness and realism. The Bank also needs to maintain that balance over the long term and ensure it is moving in the right direction. To do so, the Bank must keep its operations under continuous scrutiny, learning constantly from its experiences and building on its successes.

The RMF is a crucial management tool that enables the Bank to carry out this learning process and better meet its responsibilities to the people of Africa. This edition of the RMF not only elaborates how the Bank will track its performance in meeting its objectives, but also demonstrates how the Bank is organising itself to increase its impact on development. The RMF shows why and how the Bank is increasing its strategic focus on the High 5 priority areas of development and is adopting a more effective business delivery model.

Taken together, these changes have transformed the RMF into a framework not only for measuring results but also for achieving them.

ANNEX A. THE LOGIC OF INTERVENTIONS

*Annex A describes the rationale for choosing the indicators included in the Bank Group's Results Measurement Framework (RMF). This choice is guided by the logic of interventions—i.e. a description of the actions the Bank will need to take in order to deliver on its strategic objectives. These objectives include both the Bank's priority development goals (**the High 5s**) as well as the priority actions that are needed to improve the Bank's effectiveness and efficiency (**the Development and Business Delivery Model, or DBDM**). Altogether the RMF identifies 14 objectives for the Bank: five for the High 5s, eight for the DBDM, and one that is cross-cutting. This annex explains the logic of intervention for these 14 objectives and lists indicators to track performance in achieving the objectives. Detailed definitions for these indicators are provided in **Annex B**.*

A THEORY OF CHANGE

The figure below maps the 14 objectives against the four levels of the RMF. Together they summarise the **theory of change** that guides the Bank's actions and underpins the RMF. This pragmatic approach seeks to provide an overall picture of how the Bank plans to deliver on its operations and corporate priorities.

Figure A1: The 14 objectives underpinning the Results Measurement Framework



These objectives fall in two different categories: those that capture the Bank's development mandate and those that cover the Bank's internal reforms.

The Bank's development mandate: five priority goals

In 2013, the African Development Bank's Board approved a Ten-Year Strategy (TYS) covering the period 2013-2022, titled *At the Centre of Africa's Transformation*. The overarching objectives of the YYS are the achievement of inclusive growth and the transition to green growth through five operational priorities: infrastructure development, regional economic integration, private sector development, governance and accountability, and skills and technology.

In September 2015, world leaders agreed to the Sustainable Development Goals (SDGs), with the objective of eliminating extreme poverty by 2030. A few months later, at COP21 in Paris, an equally ambitious agreement on climate change was reached. To help turn these aspirations into reality, the global community has tasked the multilateral development banks (MDBs) to scale up their activities significantly by leveraging and “crowding in” financial resources, and moving from “billions to trillions”.

These ambitious development goals will only be realised if they can be achieved in Africa. The Bank is responding to the challenge of supporting inclusive growth and making the transition to green growth by focusing on five priority areas, which we call the High 5s. These are:

1. lighting up and powering Africa;
2. feeding Africa;
3. industrialising Africa;
4. integrating Africa;
5. improving the quality of life for the people of Africa.

Not only are these five priority areas central to the TYS, but they also are intrinsically linked to the SDGs and the global commitments on climate change. These five priorities have also been highlighted as critical priorities in the Agenda 2063 for Africa, developed in partnership with the African Union.

The High 5s are central to Level 1 and Level 2 of the RMF. One of the main novelties in the architecture of the new RMF is that Level 1 and Level 2 are vertically aligned, with both levels organised around the High 5s and grouped into a single cluster. Designing the RMF in this way helps build stronger conceptual linkages between Africa’s development challenges (Level 1) and the Bank’s actions to address them (Level 2). It also makes it easier to analyse each field and report on progress. Thus the RMF integrates the five Bank goals and cross-cutting strategic areas in a comprehensive vision of what the Bank aims to achieve

The Bank’s other critical development goals are captured under a separate heading—Cross cutting strategic areas (Cluster 6). They include fundamental dimensions such as sustaining growth, strengthening national institutions and reducing the gender gap.

The Bank’s internal reforms: five priority actions

To deliver on the development goals, the Bank has embarked upon an ambitious set of internal reforms aimed at making the Bank a nimbler, more effective and efficient development institution. These reforms are referred to as the Development and Business Delivery Model (DBDM).

They include five priority actions: moving closer to our clients to enhance delivery; reconfiguring headquarters to support the regions to deliver better outcomes; strengthening the performance culture to attract and maintain talent; streamlining business processes to promote efficiency and effectiveness; improving financial performance; and increasing development impact.

Together these actions are designed to achieve a culture change in the way the Bank operates.

The RMF tracks the Bank’s performance in achieving these five priority actions under the eight clusters of indicators in Level 3 and Level 4. These are:

Level 3 — Managing the Bank’s operations effectively

1. Increase the development impact of operations (Level 3)
2. Enhance the quality and speed of operations (Level 3)
3. Ensure strong portfolio performance (Level 3)
4. Enhance knowledge and advisory services (Level 3)

Level 4 —Managing the Bank as an organisation

5. Move closer to clients to enhance delivery (Level 4)
6. Improve financial performance and mobilise resources (Level 4)
7. Increase value for money (Level 4)

8. Staff engagement, development and productivity (Level 4)

The logics of interventions for all eight of these clusters of objectives are explained below

WHAT IS A LOGIC OF INTERVENTION?

The logic of intervention sets out a rationale, identifies key objectives and outlines the approach the Bank is taking to achieve these objectives. This is illustrated below by drawing on the logic of intervention for Lighting Up and Powering Africa.

The rationale

The development rationale for Light Up and Power Africa is briefly stated as follows:

“Energy – its availability, reliability, affordability and sustainability – is critical for Africa’s transformation. Modern energy services enable economic growth: they drive employment, enable productivity improvements across the value chain in a variety of sectors.”

The objectives

This section sets out a regional or corporate objective, e.g. the objective for Light Up and Power Africa is to provide universal access to electricity by 2025. Universal access means providing access to modern energy to 97 % of people in Africa. In practice this means pursuing three inter-related objectives concurrently:

1. increasing the population’s access to modern energy
2. increasing installed energy capacity
3. increasing efficient use, transmission and production of energy.

For each of these objectives, specific indicators are suggested.

The approach

In the case of Light Up and Power Africa, the Bank will be taking a three-pronged approach:

1. increasing energy generation capacity, both on- and off-grid, as well as using mini grids, along with a focus on renewable energy where appropriate;
2. delivering generated power to an increased number of households connected to the grid, through the construction and rehabilitation of transmission and distribution networks, as well as increasing off-grid connections; and
3. improving energy efficiency and conservation, along the energy value chain, to reduce losses arising from production, transmission, distribution and end-use inefficiencies.

Again, for each of these objectives specific indicators are suggested.

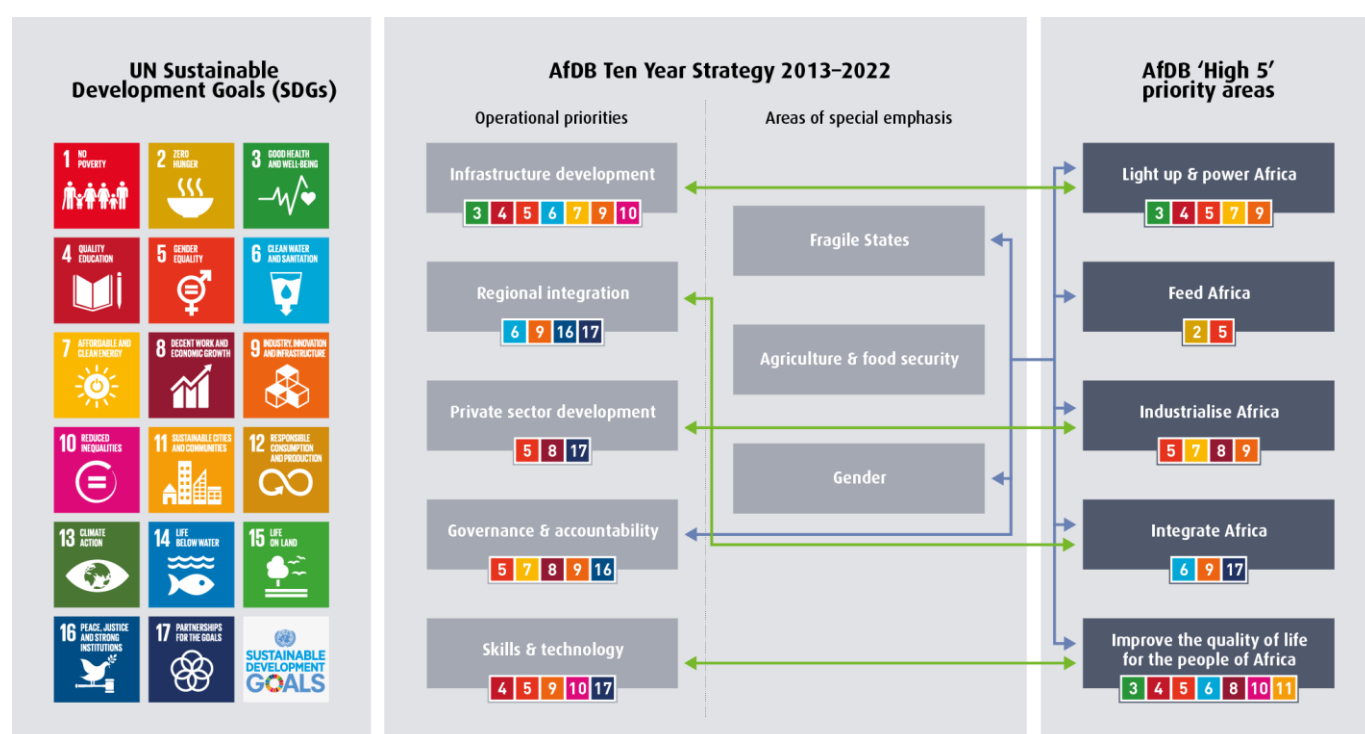
THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The 17 Sustainable Development Goals adopted by world leaders in September 2015 officially came into force on January 1, 2016. By adopting the goals, all countries have committed to take action over the next 15 years to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. The SDGs recognise that ending poverty must go hand in hand with strategies that build economic growth and address a range of social needs, including education, health, social protection and job opportunities.

The RMF draws on the SDG indicators where these are relevant to the Bank’s development mandate.

The SDG indicators are clearly signalled in the logic of intervention. For example, under Light Up and Power Africa the “Share of population with access to electricity” draws on SDG Goal 7 —“Ensure access to affordable, reliable, sustainable and modern energy for all”—and refers more specifically to indicator 7.1.1 “Proportion of population with access to electricity”. Figure A2 highlights the Bank’s strategic alignment to the SDGs.

Figure A2: The Bank's strategic alignment to the SDGs



GENDER

Advancing gender equality is central to implementing the High 5s and to achieving the Ten-Year Strategy's goal of inclusive growth. The Bank's RMF is placing a renewed emphasis on tracking progress in reducing the gaps between men and women, in line with its 2014 gender strategy. It reports against the RMF indicators using sex-disaggregated indicators wherever applicable and feasible, and introduces gender-sensitive indicators that measure gender-related changes on the continent. The new RMF strengthens its gender focus at all four levels:

- **Level 1:** The RMF includes new, more robust gender indicators to track progress in the High 5s—for example, it includes an indicator that measures gender disparities in national labour markets.
- **Level 2:** To better measure the impact of Bank operations on women and girls, Level 2 indicators—especially those that track the number of beneficiaries of operations—are disaggregated by sex, as is the case for the number of people using improved agricultural technology.
- **Level 3:** Better integrating gender dimensions into project design is fundamental to closing gender disparities. The RMF systematically tracks progress in mainstreaming gender dimensions in new operations and country strategy papers.
- **Level 4:** The Bank recognises its special responsibility to ensure gender equality in its workforce. The new RMF has set ambitious targets for the share of women among professional staff and management.

A MANAGEABLE SET OF INDICATORS

As a tool designed to support decision-making, this RMF is built around 109 indicators. To avoid proliferation, indicators cover only the most critical aspects of the Bank's work. This selectivity allows for more efficiency and clarity in the Bank's reporting efforts. In parallel to this corporate-wide exercise, sector departments apply a greater level of granularity in their own monitoring and evaluation work.

Some of the indicators listed in the logic of interventions apply to more than one cluster, given their focus. This is for example the case for the indicator on “new or improved power distribution lines”,

which falls into the following three clusters: Light up and power Africa, Industrialise Africa and Integrate Africa. Those indicators are referred to with the number of the natural home cluster to which they are also affiliated next to them, as is the case with the above energy indicator, which belongs first and foremost to cluster ①.

PART I — TRACKING DEVELOPMENT PRIORITIES

The RMF is aligned to the Bank's strategic priorities. Owing to their significance in the TYS and the Bank's scaled up investment in these areas, the High 5s are central to Level 1 and Level 2 of the RMF. Governance, fragility and gender equality are issues relevant to the TYS which are captured throughout the various clusters in a dedicated cross-cutting strategic areas' cluster. Indicators are also linked to the SDGs and global commitments made on climate change, as well as to the Agenda 2063 and sector strategies for the continent.

One of the main novelties in the architecture of the new RMF is that Level 1 and Level 2 are vertically aligned, with both levels organised around the High 5s and grouped into a single cluster. This allows for stronger conceptual linkages between Africa's development challenges (Level 1) and the Bank's actions to address them (Level 2). It also makes it easier to analyse each field and report on progress. Thus the RMF integrates the five Bank goals and cross-cutting strategic areas in a comprehensive vision of what the Bank aims to achieve.

For each of the High 5s, the new RMF identifies a small set of strategic indicators and targets drawn from the strategies approved by the Board of Directors. Some indicators are included in more than one cluster when their focus is relevant to different clusters. The next section presents the rationale that has guided the choice of Level 1 and Level 2 indicators for the High 5s and cross-cutting strategic areas. These are:

① LIGHT UP AND POWER AFRICA

GOALS

Energy – its availability, reliability, affordability and sustainability – is critical for Africa's transformation. Modern energy services enable economic growth: they drive employment, reduce the cost of doing business and enable productivity improvements across the value chain in a variety of sectors.

Achieving universal access to energy by 2025 in Africa is the overarching strategic objective that drives the Bank in implementing its New Deal on Energy. Universal access means providing access to modern energy to 97 % of people in Africa.

Africa will need to expand access to modern and affordable energy, continue to increase total energy capacity and ensure its efficient use. In practice, this means pursuing three inter-related objectives concurrently: i) increasing populations' access to modern energy (including clean cooking); ii) increasing installed energy infrastructure, and iii) increasing the efficient use, transmission and production of energy.

1. GOAL — UNIVERSAL ACCESS TO ELECTRICITY	RMF LEVEL
1.1 Populations' access to modern energy	
1.1.1 Share of population with access to electricity (% population) ^{SDG 7.1.1 & 7.2.1; †}	1
1.1.2 Share of population with access to clean cooking solutions (% population) [†]	1
1.2 Installed power infrastructure	
1.2.1 Total installed electricity capacity (million kilowatts) [†]	1
1.2.2 Installed renewable capacity (million kilowatts)*	1
1.3 Efficient use, transmission and production of electricity	
1.3.1 Share of electricity losses through transmission, distribution and collection [†]	1

SDG # Indicator included in SDGs; † Indicator included in AfDB strategies; * Target of the African Renewable Energy initiative

BANK APPROACH

In order to achieve these objectives the New Deal on Energy in Africa (2016-2025) sets out a three-pronged approach:

- **increasing energy generation** capacity, both on- and off-grid, as well as using mini grids, along with a focus on renewable energy where appropriate;
- **increasing the number of households connected** to the grid through the construction and rehabilitation of transmission and distribution lines, along with off-grid connections, and
- **improving energy efficiency** and conservation, along the energy value chain, to reduce losses arising from production, transmission, distribution and end-use inefficiencies.

Finally, the Bank will increase access to **clean cooking solutions** provided to households, to eliminate the negative health, economic and environmental effects of traditional cooking methods.

1.APPROACH — UNIVERSAL ACCESS TO ENERGY	RMF LEVEL
1.4 Install additional capacity for electricity generation	
1.4.1 New total power capacity installed (GW) [†]	2
1.4.2 New renewable power capacity installed (GW)	2
1.4.3 Total power capacity installed through mini grids / off-grids (MW)	2
1.5 Increase households access to modern energy	
1.5.1 People with new or improved electricity connections (millions) [†]	2
1.5.2 Households provided with clean cooking access (million) [†]	2
1.6 Increase efficient use, transmission and production of electricity	
1.6.1 New or improved power transmission lines (km) [†]	2
1.6.2 New or improved power distribution lines (km) [†]	2

[†] Indicator included in AfDB strategies

② FEED AFRICA

GOALS

Agriculture is a major source of income and contributes to eliminating extreme poverty in Africa. A competitive and inclusive agribusiness sector will improve lives and nutrition, create wealth and secure the environment in Africa. The current reliance on imports for Africa's food consumption requires addressing the continent's relatively low yields, limited value-added processing capacity, and vast undeveloped arable land.

The strategy for **Transforming African Agriculture** as it is set out in the African Union's Comprehensive African Agricultural Development Program (CAADP) aims to eliminate malnutrition

and hunger through better food supply. Improved farming techniques and higher productivity will also contribute to ending extreme poverty by increasing wages and developing agribusinesses.

Realising this goal requires pursuing three different objectives at the same time: i) eliminating hunger and malnutrition; ii) making Africa a net food exporter by achieving self-sufficiency in key staples and iii) increasing the share of processed products in export-oriented commodity value chains.

2. GOAL — TRANSFORMING AGRICULTURE	RMF LEVEL
2.1 Eliminate hunger and malnutrition	
2.1.1 Number of people hungry / malnourished (millions) ^{SDG 2.1.1; †}	1
2.1.2 Agricultural productivity (\$ per worker)	1
2.1.3 Staple crop yield index (2005 value = 100)	1
2.2 Become a net exporter of agricultural commodities	
2.2.1 Africa's net agricultural trade balance (\$ billion/year) [†]	1
2.3 Move to the top of key agriculture value chains	
2.3.1 Africa's share of market value for key processed commodities [†]	1

^{SDG #} Indicator included in SDGs; [†] Indicator included in AfDB strategies

BANK APPROACH

The Bank is supporting CAADP through its *Feed Africa Strategy for Agricultural Transformation* (2016-2024). The strategy aims at transforming African agriculture into a competitive and inclusive agribusiness sector that creates wealth, improves lives and secures the environment. This strategy will increase food production and reducing imports, thus reducing the continent's vulnerability to commodity price volatility, improving nutrition and increasing food security. The Bank identified two strategic areas of support among others:

- **Enhance agricultural productivity** by using modern technologies that will benefit the people of Africa, including in water management.
- **Build downstream markets** for commodities supporting market incentives for value addition in key export commodities to move in the higher steps of the value chain.

2. APPROACH — TRANSFORMING AGRICULTURE	RMF LEVEL
2.4 Enhance agricultural productivity	
2.4.1 People benefiting from improvements in agriculture	2
2.4.2 Land with improved water management (ha)	2
2.5.1 Rural population using improved farming technology	2
2.5.2 Agricultural inputs provided: fertiliser, seeds, etc. (tons)	2
2.5 Build downstream markets	
2.5.1 Rural marketing and production facilities constructed or rehabilitated (number) [†]	2
2.5.2 Feeder roads built or rehabilitated (km) [†]	2

[†] Indicator included in AfDB strategies

③ INDUSTRIALISE AFRICA

GOALS

Industrialisation is a critical engine of economic growth and development. In recent years Africa's robust growth was largely driven by unprocessed commodities and agriculture. African economies still rely too heavily on raw commodities; between 2011 and 2013, manufactured goods made up only 18.5 percent of exports, while 62 percent of total imports were manufactured goods, a commercial imbalance that drains wealth away from the continent. Africa needs to diversify its economies to sustain growth

by adding value to its primary commodities. That requires an industrial transformation, driven by domestic manufacturing and a commodity-based industrialisation process.

The African Union's Action Plan for *Accelerated Industrial Development of Africa* (AIDA) articulates the role of industrialisation in **Africa's transformation**. The objective is to transform African economies from a resource-dependent one to dynamic, diversified industrial ones. Africa will need to increase the share of industrial production, by implementing comprehensive and resolute industrial policies.

To industrialise its economies, Africa should double its industrial gross domestic product (GDP) over the next 10 years, enhance economic diversification and improve its competitiveness. To facilitate a private sector-led investment in industrial transformation, African countries should aim at: providing a conducive business climate, a precondition for investment in productive industries; improving access to capital to facilitate the expansion of industries and the emergence of new firms; and increasing investment in infrastructure in support of business development, including transportation logistics.

3. GOAL — INDUSTRIALISE AFRICA	RMF LEVEL
3.1 Grow and diversify Africa's economy	
3.1.1 Gross fixed capital formation (\$ billion) [†]	1
3.1.2 Industrial gross domestic product (\$ billion) [†]	1
3.1.3 Economic diversification (Index)	1
3.1.4 Global competitiveness (Index)	1
3.2 Improve the business climate, access to finance and infrastructure development	
3.2.1 Access to finance (% population) ^{SDG 8.10.2}	1
3.2.2 Road density (km per km2) ^{SDG 9.1.1}	1
3.2.3 Logistics performance index (1-5)	

SDG # Indicator included in SDGs; [†] Indicator included in AfDB strategies

BANK APPROACH

To fast-track industrialisation, the Bank will focus on improving access to capital and markets and on supporting enabling policies, economic environment and infrastructure. Industrialisation will lead to value addition, greater productivity, formal employment and a more positive trade balance. In order to scale-up industrial development on the continent, the Bank's *Industrialisation Strategy for Africa* (2016-2025) sets out two strategic directions:

- 1) **Promoting the development of enterprises of all sizes and productivity** along the international value chains to further process the primary commodities, making businesses sustainable and profitable, and generate jobs.
- 2) **Making industrial policies effective** to foster private sector engagement with a conducive business climate and enhanced infrastructure, with better access to finance and markets, and skills and technologies.

Through its interventions and facilitator role, the Bank will also support public-private partnerships, increase and channel funding, and enhance investor dialogue.

3. APPROACH — INDUSTRIALISE AFRICA	RMF LEVEL
3.3 Promote the development of enterprises of all sizes and productivity	
3.3.1 People benefiting from investee projects	2
3.3.2 Government revenue from investee projects and sub-projects (million \$) [†]	2
3.3.3 MSMEs effect (turnover from investments) (\$ million) [†]	2
3.3.4 Line of credit to SMEs (UA million) [†]	2
3.4 Expand the infrastructure network to make industrial policies effective	
3.4.1 People with improved access to transport (million)	
3.4.2 Roads constructed, rehabilitated or maintained (km)	2
1.6.1 New or improved power transmission lines (km) ^{†*} ①	2
1.6.1 New or improved power distribution lines (km) ^{†*} ①	2

[†] Indicator included in AfDB strategies * this indicator is also captured in another relevant clusters

④ INTEGRATE AFRICA

GOALS

Regional integration in Africa is vital to turning the continent into a global growth pole. It fuels trade within the continent, improves services across borders, facilitates the movement of people and labour mobility, and facilitates inter regional investment. But regional integration in Africa faces many challenges. Intra-regional trade is the lowest globally – approximately 15 percent compared with 54 percent in the North America Free Trade Area, 70 percent within the European Union and 60 percent in Asia. Moreover, regional integration on the continent faces persistent regulatory, institutional and infrastructure constraints, hindering the ability to create larger, more attractive markets, link landlocked countries to international markets and boost intra-African trade.

The goal of **Integrate Africa** is to promote the free circulation of goods, services, workers and capital at regional and ultimately continental levels. Policy reforms and investments in infrastructure, education and manufacturing underpin this goal. This will facilitate the trade of goods and services with Africa's 32 landlocked countries, a number higher than in any other continent.

Africa will achieve economic integration, as promoted by continental initiatives such as the Abuja Treaty and more recently Agenda 2063, by creating larger and more attractive markets to facilitate trade, linking landlocked countries to international markets, and supporting intra-African trade. This requires regional economic communities and countries to deepen the extent of regional integration. This will also go hand in hand with regulations that free the movement of people on the continent.

4. GOAL — INTEGRATE AFRICA	RMF LEVEL
4.1 Facilitating trade	
4.1.1 Intra-African trade as a proportion of total goods' trade [†]	1
4.1.2 Cost of trading across borders (\$)	1
4.2 Deepening regional integration with regional economic communities	
4.2.1 Regional economic communities' average integration score (0-1 scale)	1
4.2.2 Number of deeply and broadly integrated countries	1
4.3 Increase the free movement of people	
4.3.1 Countries offering visas on arrival to 25% of African countries (nb)	1

[†] Indicator included in AfDB strategies

BANK APPROACH

To meet its overarching goal of integrating African markets, through its regional integration policy and strategy (2014-2022), the Bank will scale up its investments in hard and soft infrastructure development, as expressed in the Programme for Infrastructure Development in Africa (PIDA), while helping member countries and regional communities to enhance their trade policies, facilitation and finance capacity. The Bank will also help countries to streamline and harmonise border procedures and management, establish single electronic windows and one stop border posts, improve transit management through cargo tracking, and remove non-tariff barriers. Improved transit, trade facilitation procedures and the elimination of tariff and non-tariff barriers all provide better complementarity between hard and soft infrastructure, thus reducing production costs and the turnaround durations.

The Integrate Africa priority will be mainstreamed across the other High 5s, including through establishing power pools and regional agreements that enable the provision of electricity from surplus to deficit countries, facilitating food product transport and supporting soft infrastructure such as creating port single window systems to speed up trade.

4. APPROACH — INTEGRATE AFRICA	RMF LEVEL
4.4 Supporting infrastructure development	
4.4.1 Transport—Cross-border roads constructed or rehabilitated (km) [†]	2
4.4.2 Energy—Cross-border transmission lines constructed etc. (km) [†]	2
1.6.1 New or improved power distribution and transmission lines (km) ^{†*}	2
3.5.1 Roads constructed, rehabilitated or maintained (km) * (3)	2

[†] Indicator included in AfDB strategies * this indicator is also captured in another relevant clusters

⑤ IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA

GOALS

Despite the encouraging economic development enjoyed by many African countries during the last decade, poverty, deprivation and inequality are still widespread. Health and education outcomes are among the lowest in the world and the continent's population has insufficient access to sanitation and safe drinking water, leading to diseases and vulnerability. Improving the quality of life is essential to bring about inclusive economic transformation that benefits the people of Africa, including the youth, through jobs-induced growth. This can support increased and sustainable productivity across the continent.

Improving the quality of life means that the people of Africa are employed in jobs that provide them with the necessary resources to afford a decent quality of life and keep them out of poverty. It also translates into healthier and better educated citizens who enjoy nutritious food and access to technology. An improved quality of life necessitates that access to water and sanitation be scaled up.

This will be achieved through a multi-faceted approach that increases employment, and ensures water security, quality education and skills development for healthy lives. A special emphasis will be put on increasing employment and entrepreneurship, particularly for the youth, thereby alleviating poverty and reducing inequality. To sustain these efforts, African countries will need to build the right skills for the labour market. Finally, more infrastructure development and better access to basic services will enhance water and sanitation.

5. GOAL — IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA	RMF LEVEL
5.1 Alleviating poverty and reducing inequality	
5.1.1 Population living below the poverty line (%) ^{SDG 1.2.1}	1
5.1.2 Income inequality (Gini index) ^{SDG 10.2.1}	1
5.2 Providing jobs to the youth and reducing unemployment	
5.2.1 Youth unemployment rate (%) ^{SDG 8.5.2; †}	1
5.2.2 Unemployment rate (%) ^{SDG 8.5.2; †}	1
5.3 Building the right skills for the labour market	
5.3.1 Enrolment in technical/vocational training (%) ^{SDG 4.4.1}	1
5.3.2 Enrolment in education (%) ^{SDG 4.5.1}	1
5.4 Improving access to water and sanitation	
5.4.1 Access to safely managed drinking water services (% population) ^{SDG 6.1.1}	1
5.4.2 Access to safely managed sanitation facilities (% population) ^{SDG 6.2.1}	1

^{SDG #} Indicator included in SDGs; [†] Indicator included in AfDB strategies

BANK APPROACH

The objective of this priority is to ensure that Africa's demographic growth yields significant economic dividends and contributes to inclusive growth. This will be done through a catalytic approach: the Bank will continue to invest in infrastructure, in access to basic services and in enabling a human development policy environment. In line with its strategy for jobs for youth in Africa for 2016-2025, to further improve the quality of life of the people of Africa and other policy documents, the Bank will support the following areas:

- **increasing inclusive employment and entrepreneurship.** By 2025, in collaboration with key partners, the Bank aims to create 25 million jobs and benefit 50 million youth by strengthening human capital and labour markets;
- **enhancing access to water and sanitation** through sustainable, affordable and resilient infrastructure development and training;
- **strengthening health systems** to reduce vulnerability to epidemics and increase health care on the continent.

5. APPROACH — IMPROVE THE QUALITY OF LIFE FOR THE PEOPLE OF AFRICA	RMF LEVEL
5.5 Increasing inclusive employment and entrepreneurship	
5.5.1 Direct jobs created [†]	2
5.5.2 Indirect and induced jobs created	2
5.6 Building the right skills	
5.6.1 People trained across Bank operations [†]	2
5.6.2 People benefiting from better access to education	2
5.7 Improving access to water and sanitation	
5.7.1 People with new or improved access to water and sanitation (number)	2
5.8 Strengthening access to health and health systems	
5.8.1 People with access to better health services	2

[†] Indicator included in AfDB strategies

⑥ CROSS-CUTTING STRATEGIC AREAS

GOALS

Achieving Africa's transformation will only be possible if adequate attention is dedicated to four critical cross-cutting areas: gender equality, governance and accountability, fragility, and climate change. In delivering these priorities, Africa will ensure greater impact in reaching inclusive and sustainable growth.

Delivering on those cross-cutting strategic areas means a continent that sees sustained economic growth benefiting the women and men of Africa. Institutions that are open, effective and accountable for inclusive development will be key to achieve this objective. It also requires institutions that enact and implement regulations in support of climate change adaptation and mitigation.

Addressing these cross-cutting strategies areas requires focusing on pro-growth policies and strengthening institutions to tackle governance and gender equality challenges effectively. It also means undertaking deliberate efforts to increase stability, tackle fragility and build resilience.

6. GOAL — CROSS-CUTTING STRATEGIC AREAS	RMF LEVEL
6.1 Sustaining high growth	
6.1.1 Gross domestic product (GDP) growth (%)	1
6.1.2 GDP per capita (\$) ^{SDG 8.1.1}	1
6.2 Strengthening governance	
6.2.1 Mo Ibrahim Index of African Governance (index)	1
6.3 Supporting gender equality	
6.3.1 Gender-sensitive country institutions (index)	1
6.4 Building resilience in fragile situations	
6.4.1 Number of refugees and internally displaced people (million)	1

^{SDG #} Indicator included in SDGs

BANK APPROACH

In implementing its Ten-Year Strategy for Africa's transformation from 2013-2022, the Bank pays particular attention to climate change and governance, along with fragility and gender equality. To address the above cross-cutting strategic areas, the Bank has identified the following areas of support among others:

- 1 **Strengthening country governance**, including by providing policy advice and supporting reforms that improve public financial management—including domestic resource mobilisation and revenue management—public sector management and procurement systems so as to bring about a competitive environment.

6. APPROACH — CROSS-CUTTING STRATEGIC AREAS	RMF LEVEL
6.5 Strengthening country governance	
6.5.1 Countries with improved quality of budgetary and financial management	2
6.5.2 Countries with improved quality of public administration (%) GDP per capita	2
6.5.3 Countries with improved transparency, accountability in public sector	2
6.5.4 Countries with improved procurement systems	2
6.5.5 Countries with improved competitive environment	2

PART II —TRACKING BUSINESS DRIVERS

This next section of Annex A focuses on the key enablers that are driving the Bank's transformation as they are set out in the Development and Business Delivery Model. They focus on those drivers that are most relevant to Level 3 and Level 4 of the RMF.

The logics of intervention for **Level 3** of the Bank Group's RMF focus on the key drivers of operational effectiveness. The RMF identifies four mutually reinforcing drivers of operational effectiveness these are:

- ⑦ Increase the Development Impact of Operations
- ⑧ Enhance the Quality and Speed of Operations
- ⑨ Ensure Strong Portfolio Performance
- ⑩ Enhance Knowledge and Advisory Services

The logics of intervention for **Level 4** of the Bank Group's RMF focus on four key drivers of organisational efficiency. These are:

- ⑪ Move Closer to Clients
- ⑫ Increase Financial Performance and Mobilise Resources
- ⑬ Improve Value for Money
- ⑭ Engage Staff for Performance

⑦ INCREASE THE DEVELOPMENT IMPACT OF OPERATIONS

GOALS

The African Development Bank measures its performance as a development institution by its development impact—how it improves Africans' lives. Measuring these changes and more specifically the Bank's impact on development is a complex undertaking. Development has many inter-related dimensions — economic, social, environmental and political — and is determined by many different factors, many of which are not controlled by the Bank. In order to track the Bank's impact on development, the RMF focuses mainly on the development effectiveness of the operations it funds.

The Bank's goal is to make sure that its operations— loans, grants, technical assistance and advisory work — achieve their intended development outcomes in a timely and sustainable manner.

BANK APPROACH

The Bank designed its approach to measuring its impact by building on the findings of the independent evaluation on quality project results reporting, which stress the need to improve project completion reports and the delivery of an independent rating of those. In order to increase the development impact of its operations, the Bank focuses on achieving three objectives for its operations:

- ▮ **Deliver development outcomes.** At project completion, the Bank's Task Managers assess how well the project delivered its intended development outcomes. The Task Managers' assessment is complemented with an assessment by the Bank's Independent Development Evaluation (IDEV).
- ▮ **Achieve sustainable outcomes**—Task Managers also assess projects' sustainability as part of their project completion report. Their rating provides the basis on which the Bank measures operational sustainability.
- ▮ **Increase operational knowledge and learning**—Increasing the Bank's knowledge of why operations succeed or fail is central to the Bank's ability to improve its performance and effectiveness, so it is critical that Task Managers' Project Completion Reports draw important lessons for future operation (see below, quality and speed of operations).

7 — INCREASE THE DEVELOPMENT IMPACT OF OPERATIONS	RMF LEVEL
7.1 Deliver development outcomes	
7.1.1 Operations that achieved planned development outcomes (%)	3
7.1.2 Operations independently rated as satisfactory and above at completion (%)	3
7.2 Achieve sustainable outcomes	
7.2.1 Completed operations delivering sustainable outcomes (%)	3
7.3 Increase operational knowledge	
7.3.1 Completed operations with a timely completion report (%)	3

⑧ ENHANCE THE QUALITY AND SPEED OF OPERATIONS

GOALS

The quality of the design of an operation is one of the most important factors in an operation's success. A high-quality operation is aligned with client-countries' development strategies and designed to deliver robust, sustainable development outcomes. Poorly designed operations result in implementation delays that are costly for the Bank and its clients. This is why timely execution of a project is also an important dimension of project quality.

The Bank aims to make sure that all of its operations meet the highest international standards for quality and are executed in a timely manner. In doing so, it also responds to the findings and recommendations of the 2014 independent evaluation of the quality at entry of its country and regional integration strategies.

BANK APPROACH

In order to achieve the highest standards of quality for the design of its operations, the Bank tracks performance at three levels:

- ▮ **Prepare high quality operations and country strategies**—The Bank's Readiness Reviews assess the quality at entry of Project Appraisal Reports (PAR) and Country Strategy Papers (CSP) before they are presented to the Board for approval. The Readiness Reviews assess separately a range of important criteria for quality of design.¹ The scores for the Readiness Reviews of PARs and CSPs are used to track the quality of operations and country strategies.
- ▮ **Time to first disbursement**—In 2015 the Bank adopted a special Presidential Directive to speed up the execution of projects.² In line with this directive, the RMF tracks one important dimension of project execution: Time from design to first disbursement.
- ▮ **Mainstream development priorities**— Making sure that operations are designed to address the challenges of gender equality and climate change is fundamental in ensuring that they are developmentally effective and sustainable. This is why both dimensions are tracked separately.

¹ The Readiness Review for Project Appraisal Reports assesses nine dimensions of quality at entry. These are: i) Alignment and prioritisation; ii) Design rationale; iii) Integration of lessons learned; iv) Ownership and Participation; v) Results focus and Risk Assessment; vi) Implementation Arrangements and Sustainability; vii) Fiduciary aspects; viii) Gender equality, and ix) Environmental & Social Safeguards.

² Presidential Directive N° 2/2015 applies to the implementation, design and cancellation of Bank Group Sovereign Projects and seeks to achieve five objectives: i) Improve the quality at entry of Operations by requiring operations to undertake in advance necessary preparatory work (Safeguards, procurement, Project Management); ii) Strengthen the implementation and management of projects; iii) Improve institutional efficiency; iv) Reduce the time for project approval; and v) Enhance transparency and accountability.

8 — ENHANCE THE QUALITY AND SPEED OF OPERATIONS	RMF LEVEL
8.1 Prepare high quality operations and country strategies	
8.1.1 Quality of country strategy papers (scale, 1-6)	3
8.1.2 New operations rated satisfactory (%)	3
8.2 Time to first disbursement	
8.2.1 Time from concept note to first disbursement (months)	3
8.3 Mainstream gender and climate-change priorities	
8.3.1 Operations with satisfactory mitigation measures (%)	3
8.3.2 New operations with gender-informed design (%)	3
8.3.3 New operations with climate-informed design (%)	3

⑨ ENSURE STRONG PORTFOLIO PERFORMANCE

GOALS

The African Development Bank manages an active portfolio of more than 850 ongoing operations, representing \$32 billion in investment across the continent. Actively managing this portfolio of operations is critical in ensuring that the Bank's resources—human, technical and financial—are fully mobilised and put to good development use. Conversely, a poorly managed portfolio means that a large share of the Bank's capital is immobilised in non-performing operations. In summary, strong portfolio performance provides the ability to reduce costs and the increase the efficiency of the Bank's resources.

The Bank's objective is to continue maintaining a high level of performance of its portfolio, with resources used effectively and in a timely manner. It means having a portfolio that disburses on time, with limited risk and more flexibility, realigning, when necessary, the portfolio to the evolving context.

BANK APPROACH

In line with the Bank's 2015 Presidential Directive, the Bank ensures strong portfolio performance by:

- ▮ **Ensuring timely execution of its operations**—In order to ensure timely execution of operations the RMF tracks performance at two levels. First, it tracks the Bank's disbursement ratio.³ The disbursement ratio measures the average time needed to financially execute an operation. Second, it measures the average time required to procure goods and works.
- ▮ **Pro-actively managing operations**—Proactive management of the ongoing portfolio is critical in addressing and resolving problems related to project execution. It is measured by the shares of operations that are at risk or immobilised (i.e. eligible for cancellation). It also ensures proactive project management by regularly reviewing portfolio performance at country level.

9 — ENHANCE PORTFOLIO PERFORMANCE	RMF LEVEL
9.1 Ensure timely execution of operations	
9.1.1 Disbursement ratio of ongoing portfolio (%)	3
9.1.2 Time for procurement of goods and works (months)	3
9.2 Proactive project management	
9.1.1 Non-performing operations — Operations at risk (%)	3
9.1.2 Non-performing operations — Operations eligible for cancellation (%)	3
9.1.3 Timely coverage of Country Portfolio Performance Reports (%)	3

³ This includes all operations with the exception of policy-based operations.

⑩ ENHANCE KNOWLEDGE AND ADVISORY SERVICES

GOALS

Increasingly, the Bank's client countries are demanding that the Bank, besides financing, share knowledge solutions and advisory services to address their most pressing development needs. At the same time, to, the Bank itself needs high-quality information in the form of robust country research and sector feasibility studies to ensure its projects achieve their intended development impact.

The Bank's goal is to ensure it becomes Africa's premier knowledge institution and that it provides knowledge and advisory solutions to Africa's development challenges in the priority areas defined in the Ten-Year Strategy and the High 5s.

BANK APPROACH

In line with the Bank's Knowledge Management Strategy (2015-2020), the Bank aims at achieving the following objective in generating knowledge:

- ▮ **Strengthening the quality and impact of the Bank's policy dialogue and advisory services**—the Bank acts as a policy advisor by providing customised technical advice, analytical services and implementation support. This includes policy advice, analytical and diagnostic work, impact evaluation, project implementation support, knowledge sharing and peer learning.

10 — KNOWLEDGE & ADVISORY SERVICES	RMF LEVEL
10.1 Increase the quality and impact of Bank's knowledge and advisory services	
10.1.1 Knowledge and advisory services with objectives reached (% , client rating)	3

⑪ Move Closer to Clients to Enhance Delivery

GOALS

Moving Bank staff and functions closer to clients has been a long-standing objective of the Bank, responding to clear demand from client countries. The new Development and Business Delivery Model aims to step up decentralisation and country engagement by bringing the Bank even closer to its clients. The overarching aim is to increase the Bank's capacity to develop new business by maximising country resources and capacity, and making it nimbler and more responsive to client country needs.

The Bank aims to step up its decentralisation by deploying a critical mass of expertise to regional hubs and delegating greater authority to its country offices. In doing so, it builds on the findings of the 2014 mid-term review of the decentralisation roadmap, which concluded that decentralisation has served the Bank and its regional member countries well but that refinements were needed in some areas, including portfolio management and delegation of authority.

BANK APPROACH

The Development and Business Delivery Model aims to scale up a way of doing business that will bring the Bank much closer to its clients. One key reform will be to establish or strengthen five Regional Development and Business Delivery Hubs — in Southern Africa, North Africa, West Africa, East Africa and Central Africa. The hubs will enable the Bank to better share resources across countries in each region and will offer strong sector operations support to the regions, especially in the Bank's priority areas.

The Regional Development and Business Delivery hubs will oversee a combination of country and liaison offices, as well as non-presence countries. Senior sector-level staff, as well as Task Managers, will be housed within the Regional Development and Business Delivery Hubs, to help drive the overall

business of the Bank effectively on the ground. Regional hubs and headquarters will work together as one Bank to respond to country demand and corporate priorities.

The RMF will track progress in stepping up decentralisation by tracking progress at two levels:

- ▮ **Strengthening country presence** — As part of the DBDM, the Bank will be increasing the share of professional staff that operate from country offices and regional hubs.
- ▮ **Delegating authority to the field** — In order to make it a reality, decentralisation will be accompanied by increased delegation of authority to regional hubs and task managers operating from the field.

11 — MOVE CLOSER TO CLIENTS	RMF LEVEL
11.1 Strengthen country presence	
11.1.1 Share of operational staff based in country offices and regional hubs (%)	4
11.2 Delegate authority to the field	
11.2.1 Projects managed from country offices (%)	4

⑫ IMPROVE FINANCIAL PERFORMANCE AND MOBILISE RESOURCES

GOALS

The African Development Bank needs to scale up the financial resources available in order to deliver on the High 5s and increase its impact on development. To increase these resources, it needs to manage the costs of doing business (See ⑬ Value for Money), conduct more active balance sheet management, increase its revenues and mobilise additional financial resources.

The Bank aims to increase its revenues by improving its financial performance and mobilising additional resources to achieve its development targets. This implies going beyond the important measure of yearly approved business volumes and including resources mobilised. The focus is on measuring active resource mobilisation where the Bank is taking a lead role in attracting investments and resources, rather than passive mobilisation, which takes the form of project co-financing by like-minded operations.

BANK APPROACH

The Development and Business Delivery Model sets out a clear plan to improve financial performance and mobilise resources. On the income side, the Bank is moving closer to the field where revenues are generated (See ⑪ Move Closer to Clients to Enhance Delivery). On the cost side, the changes will ensure that the Bank's country offices are able to cover their cost at a minimum (except in select cases, such as transition countries), and that transversal activities currently performed sub-scale in the countries are centralised in the regions. Management will entrench discipline to generate more revenue and try to cover a greater share of the costs of operations, even as we deploy resources to drive developmental impact.

The Bank will update its pricing policy to match the one used by other multilateral development banks and further improve its cost-to-income ratio. The updates will focus on four types of fees: increasing the ADB public interest spread; increasing the commitment fee on undisbursed ADB-Public funds; introducing front-end fees for new ADB-Public loans; and applying fees on key syndication and transaction advisory.

These changes to the operating model of the Bank will create operational and financial capacity to deliver the High 5 priorities of the Ten-Year Strategy, and increase the profitability of the Bank.

The Bank will improve its financial performance in four main ways:

- ▮ **Increase the volume of loan approvals**—The Bank will increase the number of loan approvals by focusing more on business development and expanding the pipeline of projects to be financed.
- ▮ **Increase revenues from supporting private sector investments**—The Bank will increase the fees it collects through arranging and mobilising financing for the private sector in developing countries through commercial syndications and loans.
- ▮ **Speed up loan execution**—The Bank will speed up disbursement by improving the disbursement process and the performance management structure (see ⑦ Delivering quality and timely operations and ⑧ improving portfolio performance).
- ▮ **Mobilise income and resources for business development** through public sector resource mobilisation (active and passive), leveraging co-financing for operations.

12 — IMPROVE FINANCIAL PERFORMANCE AND MOBILISE RESOURCES	RMF LEVEL
12.1 Increase the volume of loan approvals	
12.1.1 Volume of operations approved (UA billions per year)	4
12.1.2 Capital mobilised for business development (UA billions)	4
12.1.5 Climate-related Bank commitments (UA billions)	4
12.2 Increase revenues from supporting private sector investments	
12.2.1 Revenues generated from arranging private sector investment (UA million)	4
12.3 Speed up loan execution	
7.2.1 Time from concept note to first disbursement (months) * ⑦	3
7.2.2 Time for procurement of goods and works (months) * ⑦	3
8.1.1 Disbursement ratio of ongoing portfolio (%) * ⑧	3
12.4 Mobilise income and resources for business development	
12.4.1 Development resources leveraged through increased cofinancing (percentage)	4
12.4.2 Private sector resources catalysed through Bank investments (UA billions)	4
12.4.3 Size of Bank maximum loan exposure (UA billions)	4
12.4.4 Total Bank net income (UA millions)	4
12.4.5 Commitments made to Bank-executed trust funds	4

⑬ INCREASE VALUE FOR MONEY

GOALS

*Providing better value for money is central to the Bank's mandate. This means adopting a business model that delivers the best development value for its clients and stakeholders. To this end, the Bank needs to ensure that it is both **effective** —it achieves its development objectives— and **efficient** — it makes good use of its resources in doing so. This is a matter not only of demonstrating that the Bank is good at what it does, but also of enabling it to learn from experience.*

BANK APPROACH

Increasing value for money by adopting a more development effective and cost-efficient business model is at the centre of the Bank's Development and Business Delivery Model. All five of the DBDM's foundations aim to deliver better value for money. It is ushering in a nimbler organisation that is closer to its clients in order to enhance the quality of delivery (see ⑪ Move Closer to Clients to Enhance Delivery). A new organisational structure is designed to better support the regions so that they can deliver better outcomes (see ⑪). The Bank is promoting a new performance culture to attract and retain the best professional talent (see ⑭ Engage Staff for Better Performance). It is streamlining business

processes to promote efficiency and effectiveness (See ⑦ Delivering quality and timely operations). And it is improving financial performance to increase its impact on development (See ⑫ Improve Financial Performance and Mobilise Resources).

The RMF captures progress in most of these areas under the relevant sections (e.g. logic of interventions ⑦ ⑪ ⑫ ⑭). In the interest of selectivity, the indicators below focus on measures of administrative cost-efficiency.

13 — INCREASE VALUE FOR MONEY	RMF LEVEL
13.1 Increase the Bank's administrative cost-efficiency	
13.1.1 Administrative costs per UA 1 million disbursed (UA '000)	4
13.1.2 Cost-to-income ratio (%)	4
13.1.3 Work environment cost per seat (UA '000)	4
13.1.4 Cost of preparing a lending project (UA '000)	4
13.1.5 Cost of supporting project implementation (UA '000)	4

⑭ STAFF ENGAGEMENT, DEVELOPMENT AND PRODUCTIVITY

GOALS

To deliver on the High 5s and its strategic objectives, the Bank needs a skilled, committed and motivated workforce that best responds to clients' needs and works across boundaries. Employee productivity should be by design and not by default. It requires shifting mindsets towards understanding how much revenue we get from each staff cost, with the aim of ensuring that our revenues and resources mobilised increase faster than staff costs.

The Bank is committed to delivering on its people agenda and to being agile and adaptable to change in order to best source, manage, motivate and retain talent. Most important, the Bank is strengthening the performance culture of its staff, empowering them to innovate and manage for results. It is also adopting a structure that focuses on having staff in operations that bring the right level of return on investment, while keeping at headquarters a lean team with deep expertise.

BANK APPROACH

The Development and Business Delivery Model aims to establish a new way of achieving results that will considerably strengthen the performance culture and focus of Bank staff. The main measures are to significantly improving performance management through clarifying role descriptions, realigning KPIs with the Bank's priorities, and revitalizing performance contracts. Adjusting the structure of the organisation and improving the performance culture summarise some of the main adjustments to the broader operating human resources model of the Bank.

With these changes, the performance culture of the Bank will be strengthened through execution, collaboration and impact on the ground, moving the Bank towards "a new way of doing business". It will be better positioned to deliver the High 5 priorities of the Ten-Year Strategy. It will make sure that the right people, with the right capabilities and knowledge, are working at the right place, for the right cost and doing the right things. It will emphasise the need to have operations staff with a direct impact on portfolio growth and client value proposition.

Finally, it will ensure that staff work together across the five regional directorates and new sector complexes for enhanced delivery. These four new sector complexes are: Power, Energy and Green Growth; Agriculture, Human and Social Development; Private Sector, Infrastructure and Industrialisation; and Economic Governance.

The RMF will track progress in most of these areas using the following complementary indicators:

- Engage staff for better performance**—In order to improve performance culture, the RMF tracks progress in improving employee engagement and management, and in ensuring that women are fully involved at all levels of decision-making and collaboration. This will help the Bank achieve its aspirations to become the employer of choice.
- Deliver higher and lasting productivity**—The RMF will improve the ability to plan for and build talent pools for sustainable growth today and in the future, through a proactive stance on recruiting externally and, more important, building succession plans for key positions and career plans for talent.

14 — STAFF ENGAGEMENT, DEVELOPMENT AND PRODUCTIVITY	RMF LEVEL
14.1 Engage staff for better performance	
14.1.1 Employee engagement index (1-100)	4
14.1.2 Managerial effectiveness index (1-100)	4
14.1.3 Share of women in professional staff (%)	4
14.1.4 Share of management staff who are women (%)	4
14.1.5 Net vacancy rate—professional staff (%)	4
14.1.6 Time to fill vacancies (days)	4
14.1.7 Teeth to tail ratio — operations professional staff (%)	4
14.2 Deliver higher and lasting productivity	
14.2.1 Succession readiness for key positions	4
14.2.2 Share of operations revenue per total operations staff	4

ANNEX B. DEFINITION OF INDICATORS

Annex B provides the definition for all of the indicators tracked at all four levels of the Results Measurement Framework. The definitions also give additional information on the rationale for selecting the indicator and how it contributes to tracking progress towards the Bank's development and corporate objectives. The indicators are cross-referenced to the logics of intervention as they are set out in Annex A.

SMART INDICATORS

Indicators of this RMF are tied to results by focusing on one or more characteristics of the broader goal. They are designed to express an indicator's value quantitatively or qualitatively using SMART criteria. This means that each indicator at all levels of the RMF must be Specific, Measurable, Achievable, Relevant and Time-bound. The characteristics of SMART indicators are as follows:

- **Specific.** Indicators should convey clear, precise information that is easy to communicate and understand.
- **Measurable.** The values of indicators should be easy to determine, objectively and with scientific accuracy.
- **Achievable.** Indicators and their measurement units must reflect goals that are achievable during the timespan of the project.
- **Relevant.** Indicators should be directly applicable to the goals and context of the project, and be useful for management or analytical purposes.
- **Time-bound.** Indicators should enable progress to be tracked at a desired frequency for a set period of time.

LIST AND DEFINITIONS OF INDICATORS

This annex lists all indicators according to the structure of the RMF. Indicators from Levels 1 and 2 are presented together, cluster by cluster, while indicators from Level 3 to 4 are presented in the one after the other. Each indicator has a short description of what it entails and how it is calculated, together with the source and the unit.

LEVELS 1 & 2. WHAT DEVELOPMENT PROGRESS IS AFRICA MAKING AND HOW WELL IS AFDB CONTRIBUTING TO IT?

1. — LIGHT AND POWER AFRICA

1.1 Populations' access to modern energy

1.1.1 Share of population with access to electricity (% population)

Share of the African population with an electricity connection. Electricity is indispensable for certain basic activities (lighting, refrigeration, etc.) and cannot easily be replaced by other forms of energy. Given the high level of connectivity in North Africa (99%) and certain middle-income countries, the indicator is driven mainly by developing countries and rural areas with low levels of access.

Source: IEA | **Unit:** percentage

1.1.2 Share of population with access to clean cooking solutions (% population)

Indication of Africans' use of non-solid fuel for cooking, rather than relying on wood, charcoal and dung that create household air pollution caused by smoke. The measure uses access to non-solid fuel (kerosene, ethanol, natural gas, electricity, etc.) as a proxy to assess the access to clean cooking solutions.

Source: World Bank, SEE4ALL, WHO | **Unit:** percentage

1.2 Installed power infrastructure

1.2.1 Total installed electricity capacity (million kilowatts)

This indicator measures the added electricity generation capacity or maximum rated output from one year to the previous year. It is a way to measure the incremental increase in electricity generation in Africa each year.

Source: IEA | **Unit:** million kilowatt

1.2.2 Installed renewable capacity (million kilowatts)

Indication of Africa's use of its renewable energy sources to produce electricity rather than relying on coal, oil, gas, or nuclear energy. Renewable energy sources from hydro, bioenergy, wind, geothermal, solar photovoltaic, concentrated solar power, and marine are included as a share of total electricity generated.

Source: World Bank | **Unit:** percentage

1.3 Efficient use, transmission and production of electricity

1.3.1 Share of electricity losses through transmission, distribution and collection

Indication of the efficiency of the electricity systems in Africa. This indicator, which measures the transmission and distribution losses in Africa, is calculated as a percentage by dividing estimated losses by the result of the total output.

Source: IEA | **Unit:** percentage

1.4 Install additional capacity for electricity generation

1.4.1 New total power capacity installed (GW)

The indicator measures the extent to which the Bank has responded effectively to the growing energy needs of African countries, measuring the total power capacity of power plants and combined heat and power plants installed as a result of the Bank's intervention.

Source: PCRs | **Unit:** gigawatt

1.4.2 New renewable power capacity installed (GW)

The indicator measures the extent to which the Bank has responded effectively to the growing energy needs of African countries, measuring the total power capacity installed that use renewable energy sources—hydro, bioenergy, wind, geothermal, solar photovoltaic, concentrated solar power, and marine—is singled out.

Source: PCRs | **Unit:** gigawatt

1.4.3 Total power capacity installed through mini grids / off-grids (MW)

The indicator measures the extent to which the Bank has responded effectively to the growing energy needs of African countries, measuring the total power capacity installed through mini-grid and off-grid systems.

Source: PCRs | **Unit:** megawatt

1.5 Increase households access to modern energy

1.5.1 People with new or improved electricity connections (millions)

The indicator assesses the Bank's contribution to improving the life of African people by providing access to electricity, enabling better-quality services and contributing to reduced pollution from diesel generators and household burning of fossil fuels. It provides the total number of people enjoying new access to electricity or better electricity connections as a result of the Bank's intervention.

Source: PCRs | **Unit:** number (percent of which are women)

1.5.2 Households provided with clean cooking access (million)

The indicator measures the number of new households with access to clean cooking as a result of the Bank's intervention. It tracks the access from households to non-solid fuel (kerosene, ethanol, natural gas, electricity, etc.) for cooking, rather than their reliance on wood, charcoal and dung that create household air pollution caused by smoke. The measure of clean cooking uses access to non-solid fuel as a proxy to assess the use of non-solid fuel such as kerosene, ethanol, natural gas and electricity.

Source: PCRs | **Unit:** million

1.6 Increase efficient use, transmission and production of electricity

1.6.1 New or improved power transmission lines (km)

The indicator shows the Bank's efforts to create the necessary infrastructure to unlock the development potential of African countries by measuring the total kilometres of power transmission lines constructed or rehabilitated as a result of the Bank's intervention. Transmission lines are typically connecting urban centres/towns/settlements and rural areas to the power grid.

Source: PCRs | **Unit:** kilometre

1.6.1 New or improved power distribution lines (km)

The indicator shows the Bank's efforts to create the necessary infrastructure to unlock the development potential of African countries by measuring the total kilometres of power distribution lines constructed or rehabilitated as a result of the Bank's intervention. Distribution lines deliver electricity directly to consumers.

Source: PCRs | **Unit:** kilometre

2. — FEED AFRICA

2.1 *Eliminate hunger and malnutrition*

2.1.1 *Number of people hungry / malnourished (millions)*

Indication of the ability of people in Africa to meet the daily dietary energy requirements, over a period of one year. Hunger is defined as a synonymous for chronic malnourishment.

Source: FAO | **Unit:** million

2.1.2 *Agricultural productivity (\$ per worker)*

Average agricultural value-added per agricultural worker. Agriculture comprises value added from forestry, hunting, and fishing as well as cultivation of crops and livestock production, less the value of intermediate inputs. Changes in the indicator may measure gains in productivity but also changes in environmental influences on productivity. This indicator is calculated by taking into account the \$ exchange rate constant for 2005.

Source: FAO | **Unit:** constant 2005 \$

2.1.3 *Staple crop yield index (2005 value = 100)*

This measures the crop yield in a given year compared to the crop yield of the reference year 2005. A crop yield is a measurement of the amount of a crop that was harvested per unit of land area. Crops considered as part of this indicator include cereal crops (rice, wheat, maize, millet), roots and tubers (cassava, potato) and pulses (lentil, pea).

Source: FAO | **Unit:** percentage

2.2 *Become a net exporter of agricultural commodities*

2.2.1 *Africa's net agricultural trade balance (\$ billion/year)*

This measures Africa's difference between its exports and imports of agriculture products that have been produced through the forestry and farming industries. It is an indication of the continent's reliance on imports for its food consumption.

Source: FAO | **Unit:** value

2.3 *Move to the top of key agriculture value chains*

2.3.1 *Africa's share of market value for key processed commodities*

This indicator measures the Africa share of market value for four strategic processed crops (cocoa, coffee, cashew and cotton) compared to global level.

Source: FAO | **Unit:** percentage

2.4 *Enhance agricultural productivity*

2.4.1 *People benefiting from improvements in agriculture*

The indicator captures the Bank's overall contribution in the agriculture sector—one of the most direct ways to promote inclusive growth. It is calculated as the total number of people benefiting from improved agricultural productivity as a result of the Bank's intervention.

Source: PCRs | **Unit:** number (percent of which are women)

2.4.2 *Land with improved water management (ha)*

The indicator assesses the Bank's efficacy in boosting the agriculture sector and improving food security. It is calculated as the total number of hectares of land irrigated as a result of the Bank's intervention.

Source: PCRs | **Unit:** hectares

2.4.3 *Rural population using improved farming technology*

The indicator, a measure of the Bank's work to promote rural development, is calculated as the total number of people who have received specific training on agriculture-related activities and/or technical assistance on using improved technology as a result of the Bank's intervention.

Source: PCRs | **Unit:** number

2.4.4 *Agricultural inputs provided: fertiliser, seeds, etc. (tonnes)*

The indicator assesses the Bank's efficacy in boosting the productivity in the agriculture with the provision of inputs. Inputs include, among others, fertilisers and seeds. It is calculated as the total weight of inputs provided as a result of the Bank's intervention.

Source: PCRs | **Unit:** tonnes

2.5 *Build downstream markets*

2.5.1 *Rural marketing and production facilities constructed or rehabilitated (number)*

The indicator measures the number of storage and marketing infrastructure established for agricultural communities across Africa as a result of Bank-supported operations. This provides an indication of efforts made to address the issues of post-harvest losses through providing crop storage facilities. Measuring the number of rural markets established also matter for assessing commercial and social interactions, with other enterprises, including agribusinesses.

Source: PCRs | **Unit:** number

2.5.2 *Feeder roads built or rehabilitated (km)*

The indicator measures the number of kilometres of feeder roads built to bring harvest from the fields to markets across Africa as a result of Bank-supported operations. This provides an indication of efforts made to help farmers reach markets in sufficient time to sell food in markets.

Source: PCRs | Unit: kilometer

3. — INDUSTRIALISE AFRICA

3.1 *Grow and diversify Africa's economy*

3.1.1 *Gross fixed capital formation (\$ billion)*

This indicator measures the land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. This is an indication of Africa's ability to provide services and produce goods and to grow its economy.

Source: World Bank | Unit: \$ billion

3.1.2 *Industrial gross domestic product (\$ billion)*

This indicator measures the value of all industrial net outputs in real terms in Africa. Industry corresponds to industries in the areas of construction, electricity, water and gas, food products, textiles, wood, metal, equipment, transport, etc. The list of industrial sectors is based on ISIC divisions 10-45.

Source: World Bank | Unit: \$ billion

3.1.3 *Economic Diversification (Index)*

Indication of a country's reliance on a small number of economic sectors. The index signals whether the structure of exports or imports differs from the structure of world products. On a range from 0 to 1, a value closer to 1 indicates a bigger difference from the world average.

Source: UNCTAD | Unit: rating from 0 (high) to 1 (low)

3.1.4 *Global Competitiveness (Index)*

This index measures an economy's level of competitiveness—that is, the institutions, policies, and factors that set the present and medium-term levels of economic prosperity. It takes into account 12 pillars or drivers: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation.

Source: World Economic Forum | Unit: rating from 1 (low) to 7 (high)

3.2 *Improve the business climate, access to finance and infrastructure development*

3.2.1 *Access to finance (% population)*

Adult with an account at a financial institution. It is measured as the percentage of the adult population with an account (alone or with someone else) at a bank, —credit union, other financial institution (e.g., cooperative, microfinance institution), or the post office (if applicable), including those with a debit card.

Source: Global Financial Inclusion (Global Findex) Database | Unit: percentage

3.2.2 *Road density (km per km²)*

To indicate the level of road infrastructure, the indicator measures the ratio of the length of the country's total road network to the country's land area (km roads/km² of land area). This indicator serves as a reasonable proxy for the availability of transport and thus access to services and markets in Africa. The road network includes all roads in the country: motorways, highways, main or national roads, secondary or regional roads, and other urban and rural roads. This indicator on access to roads is based on infrequent household surveys.

Source: AfDB | Unit: ratio from 0 (low) upwards

3.2.3 *Logistics performance index (1-5)*

This measures provides an indication of African countries' performance along the trade logistics' supply chain. It is based on a survey of operators on the ground (global freight forwarders and express carriers), providing feedback on the logistics "friendliness" of the countries in which they operate and those with which they trade. This is supplemented with quantitative data on the performance of key components of the logistics chain in countries.

Source: World Bank | Unit: Index (very low (1) to (5) very high)

3.3 *Promote the development of enterprises of all sizes and productivity*

3.3.1 *People benefiting from investee projects*

The indicator captures the overall contribution of the Bank's private sector development projects, particularly in developing the SMEs that are key to generating employment. It is calculated as the total number of people benefiting from investee projects and microfinance as a result of the Bank's intervention in the private sector.

Source: PCRs and XSRs | Unit: number (percent of which are women)

3.3.2 Government revenue from investee projects and sub-projects (million \$)

The indicator measures the effectiveness of the Bank's non-sovereign lending activity, which is designed to catalyse commercial investment in infrastructure, industry and the financial sector. It provides the total amount of revenues—taxes, dividends, subsidies, grants, and any other payments—generated by the Bank's investee projects and subprojects and collected by the government.

Source: XSRs | **Unit:** USD million

3.3.3 MSMEs effect (turnover from investments) (\$ million)

SME effect (turnover from investments)—The indicator measures the extent of the Bank's support of local small and medium-sized enterprises (SMEs) that generate new turnover. SMEs are defined as firms with 10-250 employees, with less than US\$50 million in turnover. The indicator is calculated as the total amount of turnover generated by Bank investee projects and subprojects.

Source: XSRs | **Unit:** USD million

3.3.4 Line of credit to SMEs (UA million)

This measures the amount of financing provided to small and medium size enterprises, including through the intermediary of line of credit to commercial banks.

Source: XSRs | **Unit:** USD million

3.4 Expand the infrastructure network to make industrial policies effective

3.4.1 People with improved access to transport (million)

Better transport can boost economic activities and transform the lives of communities. The indicator measures the Bank's efforts to promote access for isolated communities by providing all-weather roads. It is calculated as the total number of people benefiting from access to all-season public transportation—within 2 km of their homes—as a result of the Bank's intervention.

Source: PCRs | **Unit:** number (percent of which are women)

3.4.2 Roads constructed, rehabilitated or maintained (km)

The indicator shows the Bank's efforts to create the necessary infrastructure to unlock the development potential of African countries by measuring the total kilometres of roads and feeder roads constructed, rehabilitated or maintained as a result of the Bank's intervention. Roads are typically non-rural roads connecting urban centres/towns/settlements of more than 5,000 inhabitants to each other or to higher classes of roads, market towns and urban centres; and feeder roads are typically rural roads connecting small urban centres/towns/settlements of less than 2,000 to 5,000 inhabitants to each other or to higher classes of roads, market towns and urban centres.

Source: PCRs | **Unit:** kilometre

4. — INTEGRATE AFRICA

4.1 Facilitating trade

4.1.1 Intra-African trade as a proportion of total goods' trade

Extent of African countries' trade with each other, measured as the volume of exports and imports of goods and service, as compared to trade beyond African countries. It reflects the state of regional integration of both soft and hard infrastructure that allows for trade across the continent.

Source: UNCTAD | **Unit:** percentage

4.1.2 Cost of trading across borders (\$)

Cost of export and import, measured as all the official costs associated with completing the procedures to export or import a 20-foot container by sea transport—costs for documents, administrative fees for customs clearance and inspections, customs broker fees, port-related charges and inland transport costs. It does not include customs tariffs and duties or the actual costs of sea transport

Source: World Bank/IFC | **Unit:** \$

4.2 Deepening regional integration with regional economic communities

4.2.1 Regional economic communities' average integration score (0-1 scale)

The score is an average of the results of African regional economic communities. It is calculated by taking into account five dimensions, which are the key socio-economic categories fundamental to Africa's integration. Sixteen Indicators (based on available data), which cut across the five Dimensions, have been used to calculate the Index.

Source: AfDB | **Unit:** 0-1 scale

4.2.2 Number of deeply and broadly integrated countries

This indicator measures the number of countries that are broadly integrated, performing strongly on three or more of the following five dimensions of the Africa Regional Integration Index: trade integration, free movement of people, financial and macroeconomic integration, productive integration, and regional infrastructure.

Source: AfDB | **Unit:** number

4.3 Increase the free the movement of people

4.3.1 Countries offering visas on arrival to 25% of African countries (nb)

This indicator measures the share of African countries that offer visas on arrival. It is a proxy to measure the free movement of people in Africa and is at the foundation of deeper and closer integration of the continent.

Source: AfDB | **Unit:** percentage

4.4 Supporting infrastructure development

4.4.1 Transport—Cross-border roads constructed or rehabilitated (km)

The indicator measures the Bank's effort to promote regional integration by linking centres of economic activity with ports and feeder roads and extending the benefits to surrounding areas. It is calculated as the total kilometres of roads and feeder roads constructed, rehabilitated or maintained as a result of the Bank's multinational intervention.

Source: multinational PCRs | **Unit:** kilometre

4.4.2 Energy—Cross-border transmission lines constructed etc. (km)

The indicator assesses the Bank's contribution to the development of regional power pools, through which neighbouring countries connect their power grids into a single transmission network. It is calculated as the total number of kilometres of cross-border transmission lines constructed, rehabilitated or maintained as a result of the Bank's multinational intervention.

Source: multinational PCRs | **Unit:** kilometre

5. — IMPROVE THE QUALITY OF LIFE FOR AFRICANS

5.1 Alleviating poverty and reducing inequality

5.1.1 Population living below the poverty line (%)

Share of people that are considered poor, when poverty is defined as living below the national poverty line. It offers an indication of what share of the population is most vulnerable. In combination with income inequality and GDP, it indicates the level of inclusion.

Source: AfDB / World Bank | **Unit:** percentage

5.1.2 Income inequality (Gini index)

The extent to which people share in a country's prosperity. The indicator measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution.

Source: AfDB / World Bank | **Unit:** rating from 0 (low inequality) to 100 (high inequality)

5.2 Providing jobs to the youth and reducing unemployment

5.2.1 Youth unemployment rate (%)

The extent to which African youth (age 15-35) are unemployed or vulnerably employed. The number of students is subtracted from this calculation. This is a proxy for how well young people are part of the workforce.

Source: AfDB / ILO | **Unit:** percentage

5.2.2 Unemployment rate (%)

Share of people who are unemployed, calculated as people of working age who (a) were without work during the reference period, (b) were available for work, and (c) were seeking work, as a percentage of the total labour force. It reflects an underutilisation of economic potential, and indicates missing economic opportunities.

Source: AfDB / ILO | **Unit:** percentage

5.3 Building the right skills for the labour market

5.3.1 Enrolment in technical/vocational training (%)

Number of students enrolled in technical/vocational programmes at public and private upper secondary education institutions as a share of total students enrolled in secondary education. It is a proxy for how well young people are being equipped with job skills.

Source: EDStat | **Unit:** percentage

5.3.2 Enrolment in education (%)

Combined primary, secondary, and tertiary gross enrolment ratio—that is, the number of students enrolled in the primary, secondary and tertiary levels of education, regardless of age, as a percentage of the population of appropriate age for the three levels. It gives an indication of the level of education from nursery/kindergarten to post-graduate education. It is part of the UNDP Human Development Index.

Source: UNDP | **Unit:** percentage

5.4 Improving access to water and sanitation

5.4.1 Access to safely managed drinking water services (% population)

Percentage of the population with reasonable access

to an adequate amount of water from an improved source, such as a household connection, public standpipe, borehole, protected well or spring, or rainwater collection. Unimproved sources include vendors, tanker trucks, and unprotected wells and springs. Reasonable access is defined as the availability of at least 20 litres a person a day from a source within one kilometre of the dwelling.

Source: WHO / UNICEF Joint Monitoring Programme for Water Supply and Sanitation | **Unit:** percentage

5.4.2 Access to safely-managed sanitation facilities (% population)

Share of population with at least adequate access to excreta disposal facilities that can effectively prevent human, animal, and insect contact with excreta. Improved facilities range from simple but protected pit latrines to flush toilets with a sewerage connection. To be effective, facilities must be correctly constructed and properly maintained.

Source: WHO / UNICEF Joint Monitoring Programme for Water Supply and Sanitation | **Unit:** percentage

5.5 Increasing inclusive employment and entrepreneurship

5.5.1 Direct jobs created

The indicator measures the Bank's success in creating permanent and temporary jobs in the private sector, particularly for women, by prioritising access to finance for enterprises and promoting public-private partnerships. It is calculated as the total number of jobs created as a result of Bank's intervention.

Source: PCRs and XSRs | **Unit:** number (percent of which are women)

5.5.2 Indirect and induced jobs created

The indicator measures the Bank's success in creating indirect and induced jobs under its Jobs for Youth in Africa flagship program, by prioritising access to finance for enterprises and promoting public-private partnerships. It is calculated as the total number of indirect and induced jobs created as a result of Bank's intervention, i.e. indirect jobs that support the processes and business related to the directly jobs created and induced jobs created due to the economic impact made by the JfYA-supported enterprises.

Source: PCRs and XSRs | **Unit:** thousand

5.6 Building the right skills

5.6.1 People trained across operations

This indicator counts the total number of people who have received specific training and/or been recruited to ensure L80 as a result of the Bank's intervention. It includes staff working on maintaining the efficiency of the road network, energy facilities and water equipment. It also includes the number of people who have received specific training in business-related activities to promote a sound climate for investment.

Source: PCRs | **Unit:** number

5.6.2 People benefiting from better access to education

The indicator captures the Bank's efficacy in improving the access to education in African countries. It is calculated as the total number of people who have better access to education as a result of the Bank's intervention.

Source: PCRs | **Unit:** number (percent of which are women)

5.7 Improving access to water and sanitation

5.7.1 People with new or improved access to water and sanitation (number)

The indicator captures the Bank's overall contribution to African countries' efforts to provide access to safe water—that is, piped household connections (house or yard connections), public standpipes, boreholes, protected dug wells, or protected spring and rainwater collection—and improved sanitation services. Given that many projects provide beneficiaries with improved access to both water and sanitation, for now this indicator is reported jointly; the Bank has started to track both separately for future reporting. It is calculated as the total number of people who have new or improved access to water and sanitation as a result of the Bank's intervention.

Source: PCRs | **Unit:** number (percent of which are women)

5.8 Strengthening access to health and health systems

5.8.1 People with access to better health services

The indicator captures the Bank's efficacy in improving the quality and delivery of health services in African countries. It is calculated as the total number of people who have access to improved health care (primary, secondary and tertiary) as a result of the Bank's intervention.

Source: PCRs | **Unit:** number (percent of which are women)

6. — CROSS CUTTING STRATEGIC AREAS

6.1 *Sustaining high growth*

6.1.1 *Gross domestic product (GDP) growth (%)*

The increase in overall income in a country. GDP is the

sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.

Source: AfDB / IMF | **Unit:** percentage

6.1.2 *GDP per capita (\$)*

The average income per person, calculated as GDP divided by midyear population. It offers an indication of disposable income. In combination with additional indicators, it offers a more comprehensive picture of the economic situation in Africa than GDP alone.

Source: AfDB / IMF | **Unit:** \$

6.2 *Strengthening governance*

6.2.1 *Mo Ibrahim Index of African Governance (index)*

A composite index that looks at various dimensions of governance (personal safety, rule of law, accountability and corruption, and national security) and combines them in a standardised way to provide a statistical measure of governance performance in African countries and to assess the effective delivery of public goods and services.

Source: Mo Ibrahim Foundation | **Unit:** rating from 0 (low) to 100 (high)

6.3 *Supporting gender equality*

6.3.1 *Gender-Sensitive Country Institutions (index)*

Indicator on discriminatory social institutions such as early marriage, discriminatory inheritance practices, violence against women, son preference, restricted access to public space, and restricted access to land and credit. The index is made up of 14 unique variables, grouped into 5 sub-indices: Discriminatory Family Code, Restricted Physical Integrity, Son Bias, Restricted Resources, and Entitlements and Restricted Civil Liberties.

Source: OECD | **Unit:** rating from 0 (low discrimination) to 1 (high discrimination)

6.4 *Building resilience in fragile situations*

6.4.1 *Number of refugees and internally displaced people (million)*

This indicator measures the number of people recognised as refugees and asylum seekers, as well as internally displaced people whom have been forced or obliged to flee or to leave their homes in Africa. These situations take place particularly as a result of armed conflict and violence.

Source: UNHCR, Internal Displacement Monitoring Centre | **Unit:** number (million)

6.4 *Strengthening country governance*

6.4.1 *Countries with improved quality of budgetary and financial management*

The indicator assesses whether Bank interventions have helped countries link a comprehensive and credible budget to policy priorities, strengthen financial management systems, and improve the timeliness and accuracy of accounting, fiscal reporting, and auditing. The calculations are based on the CPIA scores from before and after a relevant Bank intervention in a country. The indicator is expressed as the percentage of countries where improvements are observed over all countries in which the Bank has supported relevant reforms.

Source: OSGE, based on CPIA data | **Unit:** number

6.4.2 *Countries with improved quality of public administration*

The indicator assesses whether Bank interventions have helped client countries enhance the design and implementation of government policy and improve service delivery. The calculations are based on the CPIA scores from before and after a relevant Bank intervention. The indicator is expressed as the percentage of countries where improvements are observed over all countries in which the Bank has supported relevant reforms.

Source: OSGE, based on CPIA data | **Unit:** number

6.4.3 *Countries with improved transparency, accountability in public sector*

The indicator assesses whether Bank interventions have helped client countries improve transparency and accountability and mitigate corruption in the public sector. It assesses the extent to which the executive can be held accountable for its use of funds by the electorate and by the legislature and judiciary, and the extent to which public employees are required to account for administrative decisions and use of resources. The calculations are based on the CPIA scores from before and after a relevant Bank intervention. The indicator is expressed as the percentage of countries where improvements are observed over all countries in which the Bank has supported relevant reforms.

Source: OSGE, based on CPIA data | **Unit:** number

6.4.4 Countries with improved procurement systems

The indicator assesses whether Bank interventions have helped client countries improve the effectiveness of their procurement processes. Progress is measured by improvement in the procurement dimension of the Actionable Governance indicators. The indicator is expressed as the percentage of countries where improvements are observed over all countries in which the Bank has supported relevant reforms.

Source: OSGE, based on CPIA data | **Unit:** number

6.4.5 Countries with improved competitive environment

The indicator assesses whether the Bank's intervention has helped client countries improve the legal, regulatory, and policy environment to help private businesses invest, create jobs, and become more productive. The indicator is expressed as the percentage of countries where improvements are observed over all countries in which the Bank has supported relevant reforms.

Source: OSGE, based on CPIA data | **Unit:** number

LEVEL 3. IS AFDB MANAGING ITS OPERATIONS EFFECTIVELY?

7. — ACHIEVE DEVELOPMENT IMPACT

7.1 Deliver development outcomes

7.1.1 Operations that achieved planned development outcomes (%)

The indicator measures the share of projects that are rated satisfactory or above at completion. It reflects how well projects performed across various dimensions: relevance of design and objective, effectiveness in terms of achieving their stated objective, efficiency in using resources to achieve their outcomes, and sustainability to reflect the extent to which risks were addressed during implementation.

Source: IDEV | **Unit:** percentage

7.1.2 Operations independently rated as satisfactory and above at completion (%)

This indicator measures percentage of the closed projects reviewed by the Independent Evaluation function (IDEV) that are rated Moderately Satisfactory, Satisfactory, or Highly Satisfactory on overall performance against the total number of closed project over the past year.

Source: IDEV | **Unit:** percentage

7.2 Achieve sustainable outcomes

7.2.1 Completed operations delivering sustainable outcomes (%)

The assessment of sustainability considers the extent to which the project has addressed risks during implementation and put in place mechanisms to ensure the continued flow of benefits after project completion. The indicator is calculated as the share of projects that have a sustainability rating of satisfactory or above.

Source: AfDB operations system | **Unit:** percentage

7.3 Increase operational knowledge

7.3.1 Completed operations with a timely completion report (%)

Timely PCRs help capture Bank results and lessons learned from closing operations to feed into the design of new operations. The indicator measures the share of PCRs that were submitted within 12 months after the project closing date.

Source: AfDB operations system | **Unit:** percentage

8 — ENHANCE THE QUALITY AND SPEED OF OPERATIONS

8.1 Prepare high quality operations and country strategies

8.1.1 Quality of country strategy papers (scale, 1-6)

This indicator draws from the Bank's Readiness Review mechanism to measure the quality of Country Strategy Papers (CSPs) taking into account four dimensions: contextual diagnostic and strategy design rationale, alignment and ownership, positioning and strategic selectivity of programme design and monitoring, and results and risk assessment. It measures the average rating of all CSPs produced in the past year.

Source: AfDB's Readiness Reviews | **Unit:** rating from 1 (low) to 6 (high)

8.1.2 New operations rated satisfactory (%)

The indicator reflects the quality of project design, taking into account eight dimensions: alignment and strategic fit, lessons learned from prior operations, rationale and ownership, focus on results and risk assessment, implementation arrangements, financial management/procurement, environmental and social considerations, and gender. It is calculated as the share of all operations reviewed that are rated satisfactory or above in the Readiness Review process.

Source: AfDB's Readiness Reviews | **Unit:** percentage

8.2 Time to first disbursement

8.2.1 Time from concept note to first disbursement (months)

The indicator—calculated as the lapse of time between the concept note and the first project's disbursement. It shows how quickly new operations are designed and processed from inception to approval and effectiveness for first disbursement, until the actual first disbursement. It is calculated by summing the averages for all investment projects that have reached their first disbursement in the past twelve months. It is often a critical aspect of delay in project implementation that affects the disbursement ratio. It may be an indication of the quality of project design and dialogue with the client, but it may also be due to external factors.

Source: AfDB operations system / BPPS | **Unit:** month

8.3 Mainstream gender and climate-change priorities

8.3.1 Operations with satisfactory mitigation measures (%)

The indicator measures the share of operations for which adequate mitigation measures to address environmental or social safeguards have been built in and implemented. It is calculated as the number of operations reporting satisfactory safeguard measures over all operations classified in safeguards categories 1, 2, and FI.

Source: AfDB operations system | **Unit:** percentage

Source: AfDB's Readiness Reviews | **Unit:** percentage

8.3.2 New operations with gender-informed design (%)

The indicator measures how well the Bank takes gender aspects into account in the design of new operations. It builds on five dimensions: sector-specific gender analysis, a gender-equality-related outcomes statement, a gender-equality-related baseline, specific activities to address gender gaps, and adequate budgets and human resources to implement the activities. The indicator is measured as the share of all projects going through the Readiness Review that have a satisfactory rating on gender-informed design.

Source: AfDB's Readiness Reviews | **Unit:** percentage

8.3.3 New operations with climate-informed design (%)

The indicator measures how well the Bank takes climate aspects into account in the design of new operations. Projects are classified into three categories: (1) very vulnerable—which requires a detailed evaluation of climate change risks and adaptation measures; (2) vulnerable—which require a review of climate change risks and adaptation measures; (3) not vulnerable—no further action is required. The indicator measures the share of projects that have included satisfactory actions to protect development initiatives from the negative impacts of climate change, climate variability, and extreme weather events.

Source: AfDB's Readiness Reviews | **Unit:** percentage

9 — IMPROVE PORTFOLIO PERFORMANCE

9.1 Ensure timely execution of operations

9.1.1 Disbursement ratio of ongoing portfolio (%)

By measuring the pace at which the Bank makes resources available to clients, this indicator shows the speed with which the Bank implements its portfolio. It captures the ratio of total Bank disbursement since the beginning of the year (excluding disbursements associated with operations signed in the year and policy-based operations) over the undisbursed Bank balance of projects at the beginning of the year.

Source: AfDB operations system | **Unit:** percentage

9.1.2 Time for procurement of goods and works (months)

The indicator measures the average time procurement takes from bid reception to contract signature. A diligent yet speedy process is critical to implement projects on time and contribute to a reasonable disbursement ratio.

Source: AfDB operations system | **Unit:** month

9.2 Proactive project management

9.2.1 Non-Performing Operations — Operations at risk (%)

The indicator measures the share of projects that are either problematic or potentially problematic and are raised to management attention for appropriate supervision and timely corrective measures.

Source: AfDB operations system | **Unit:** percentage

9.2.2 Non-Performing Operations — Operations eligible for cancellation (%)

The indicator notes inactive projects in the portfolio that need to be cancelled or restructured. It is calculated as the ratio of cancellable projects over all active projects.

Source: AfDB operations system | **Unit:** percentage

9.2.3 Timely coverage of Country Portfolio Performance Reports (%)

A regular and timely Country Portfolio Performance Review (CPPR) should be conducted to monitor the health of the country portfolio and alert the country and the Bank to any need to take corrective actions. The indicator captures the percentage of country programmes in which CPPRs were conducted in the past year.

Source: AfDB operations system | Unit: percentage

10 — KNOWLEDGE & ADVISORY SERVICES

10.1 Increase the quality of Bank's knowledge and advisory services

The indicator measures the share of projects that are rated satisfactory or above at completion. It reflects how well projects performed across various dimensions: relevance of design and objective, effectiveness in terms of achieving their stated objective, efficiency in using resources to achieve their outcomes, and sustainability to reflect the extent to which risks were addressed during implementation.

Source: IDEV | Unit: percentage

10.1.1 Knowledge and advisory services with objectives reached (% , client rating)

This measures the percentage of knowledge and advisory services for which the client rating was 8 and above on a 10-point scale with 1 being “exceptionally ineffective” to 10 being “exceptionally effective” in response to the question “how effective was [activity] in terms of achievement of objectives.” [Survey to be developed.]

Source: AfDB operations system | Unit: percentage

LEVEL 4. IS AFDB MANAGING ITS OPERATIONS EFFICIENTLY?

11 — MOVE CLOSER TO CLIENTS TO ENHANCE DELIVERY

11.1 Strengthen country presence

11.1.1 Share of operations staff based in country offices and regional hubs (%)

The indicator measures the extent to which the Bank has improved its ability to respond rapidly and effectively to regional member countries' needs by equipping the field offices with professional staff. The indicator is calculated as the ratio of operational professional staff in field offices over all Bank operational professional staff at post.

Source: CHRM | Unit: percentage

11.2 Delegate authority to the field

11.2.1 Projects managed from country offices (%)

The indicator assesses the extent to which the Bank has devolved management responsibilities from HQ to country offices. It is calculated as the ratio of ongoing projects task-managed from field offices over all ongoing Bank projects.

Source: COPB | Unit: percentage

12 — IMPROVE FINANCIAL PERFORMANCE & MOBILISE RESOURCES

12.1 Increase the volume of loan approvals

12.1.1 Volume of approved operations (UA billions per year)

This indicator measures the volume of operations approved over the past year. It is an indication of the growth in the Bank's business.

Source: COPB | Unit: UA billions

12.1.2 Capital mobilised for business development (UA billions)

Amount of capital (in the form of equity and/or debt) mobilised on commercial terms by the AfDB entities to finance direct investments in member countries. For purposes of this indicator, financing on commercial terms includes funding by private commercial entities, international finance institutions and bilateral entities. Capital mobilised on commercial terms by AfDB entities is reported in the indicator within the year when the capital mobilised is quantifiable by the execution of the legally binding obligation (e.g., “commitment”) of debt financiers to the project or equity holders invested in the client for defined business purposes; or, by the legally binding commitment of an instrument which facilitates access to commercial financing by guaranteeing defined government payments or obligations. [Double check definition with relevant departments]

Source: COPB/FTRY | Unit: UA

12.1.3 Climate-related Bank commitments (UA billions)

The indicator measures financing invested annually using ADB and ADF resources to addressing climate change because large-scale investments are required to significantly reduce emissions. Climate finance is equally important for adaptation, for which significant financial resources will be similarly required to allow countries to adapt to the adverse effects and reduce the impacts of climate change.

Source: COPB/FFMA [DOUBLE CHECK] | Unit: UA

12.2 Increase revenues from supporting private sector investments

12.2.1 Revenues generated from arranging private sector investment (UA million)

This indicator measures the volume mobilised on arranger (syndicated, parallel loan, etc.) mandate at financial close. It is also an indication of the increased resources available for projects through Bank's role, that will ultimately increase development outcomes. It also indicates the extent to which the Bank reduces the amount of risk capital use to support its operations.

Source: OPSD | **Unit:** UA million

12.3 Mobilise income and resources for business development

12.3.1 Development resources leveraged through increased co-financing (percentage)

An indication of the extent to which the Bank works jointly with international development agencies, multilateral and bilateral institutions, the private sector, countries, and other partners, to fund activities. It is calculated as the share of co-financing divided by the project's total size.

Source: COPB | **Unit:** percentage

12.3.2 Private sector resources catalysed through Bank investments (UA billion)

An indication of the amount of financing catalysed by the support of the Bank with its portfolio of projects by an improved business environment, better infrastructure, which lowers the level of risk and costs to the private sector. This is calculated through the use of social accounting matrices and economic modelling.

Source: ORQR | **Unit:** UA billion

12.3.3 Size of Bank maximum loan exposure (UA billion)

The indicator measures the total revenues generated by ADB and ADF. ADB total revenue includes income from loans net of funding costs, income from investments net of funding costs, and net income from ADB's equity management, Trust Fund (BETF) income (contra of which is expense), reimbursable expenses, and other revenues. ADF total revenue includes income from credits, income from investments, net transfers and grants from ADB, and reimbursable expenses.

Source: COPB | **Unit:** UA

12.3.4 Total Bank net income (UA million)

The indicator measures the maximum current year loan exposure that could be supported by current year usable equity capital based on the target 20% E/L ratio. (Maximum current year loan exposure = current year usable equity / 20%). [Double check the E/L]

Source: COPB | **Unit:** UA

12.3.5 Commitments made to Bank-executed trust funds

Indication of the amount of financial arrangements between the Bank and donors under which donors entrust the Bank with funds for a specific development-related activity each.

Source: FRMB | **Unit:** UA million

13 — INCREASE VALUE FOR MONEY

13.1 Increase the Bank's administrative cost-efficiency

13.1.1 Administrative costs per UA 1 million disbursed (UA '000)

The indicator assesses the extent to which the Bank has increased efficiency by reducing the administrative costs associated with disbursements. The indicator is calculated as the total amount of administrative expenditures (i.e., costs of missions, consultants, office and other expenses, and operational support) associated with 1 million UA disbursed.

Source: COPB/FFCO | **Unit:** UA

13.1.2 Cost-to-income ratio (%)

The indicator measures the ratio of the AfDB Group's cost against its income. Costs include: total administrative expenses for the AfDB, including pension costs and miscellaneous adjustments. Income includes: ADB services charge income, ADB loan spread net of funding costs, revenue from external funds including Trust Funds, and other miscellaneous non-operational revenue.

Source: COPB/FFMA | **Unit:** percentage

13.1.3 Work environment cost per seat (UA '000)

This indicator, a measure of how well the Bank manages its facilities, is calculated as the total rental, maintenance, and utilities costs per seat.

Source: COPB | **Unit:** UA

13.1.4 Cost of preparing a lending project (UA '000)

The indicator is calculated as the average amount of expenditures associated with project identification, preparation, appraisal, and launching.

Source: COPB | **Unit:** UA '000

13.1.4 Cost of supporting project implementation (UA '000)

The indicator is calculated as the average amount of expenditures associated with the support of project implementation, such as cost of supervision and midterm review.

Source: COPB | **Unit:** UA

14 — STAFF ENGAGEMENT, DEVELOPMENT AND PRODUCTIVITY

14.1 Engage staff for better performance

14.1.1 Employee engagement index (%)

The indicator measures both employees' commitment to the goals of the organisation and the extent to which the environment enables them to contribute effectively to achieving those goals. The indicator is measured through annual staff surveys.

Source: CHRM | **Unit:** Index from 0 (low) to 100 (high)

14.1.2 Managerial effectiveness index (%)

Employees' perception of their managers' effectiveness in enabling staff to meet set objectives and develop their careers. The indicator is measured through annual staff surveys.

Source: CHRM | **Unit:** Index from 0 (low) to 100 (high)

14.1.3 Share of women in professional staff (%)

The indicator, a measure of the Bank's commitment to diversity of gender among staff, is calculated as the ratio of female professional staff over all Bank professional staff (EL, PL and LP) at post.

Source: CHRM | **Unit:** percentage

14.1.4 Share of management staff who are women (%)

The indicator, a measure of the Bank's ability to promote diversity of gender at the senior management level, is calculated as the ratio of female professional staff in a managerial position (PL2 or above) over total Bank management.

Source: CHRM | **Unit:** percentage

14.1.5 Net vacancy rate—professional staff (%)

The indicator measures the Bank's efficiency in minimising the number of staff vacancies by effectively recruiting people. It is calculated as the ratio of vacant professional positions (EL, PL and LP)—excluding those for which recruitment is ongoing, candidates have been interviewed and selected, and offers have been made and accepted and candidates are preparing to assume their duties—to all the budgeted professional positions (EL, PL and LP) at any moment.

Source: CHRM | **Unit:** percentage

14.1.6 Time to fill vacancies (days)

The indicator tracks the average time taken to fill a professional level (PL) vacancy from the point the vacancy arises through advertisement, offer, acceptance of position, and assumption of duty. This is a measure of the organisation's efficiency in filling employee vacancies, measured by the number of work days consumed by the whole process.

Source: CHRM | **Unit:** days

14.1.7 Teeth to tail ratio — operations professional staff (%)

The indicator measures the balance of the Bank's staffing between operations professional staff and professional staff. It is calculated as the ratio of all Bank operations professional staff at post over all Bank professional staff (EL, PL and LP) at post.

Source: CHRM | **Unit:** percentage

14.2 Deliver higher and lasting productivity

14.2.1 Succession readiness for key positions

The indicator assesses the extent to which the staff population is ready in 1 to 3 years to be promoted to key positions. Key positions include all Vice President, Director and Manager roles, as well as those with deep unique expertise roles, for which it is hard to find and retain staff.

Source: CHRM | **Unit:** percentage

14.2.2 Share of operations revenue per total operations staff

This indicator is a measure of staff productivity. It is assessed by dividing the total revenues generated from operations by the total number of Bank operations staff.

Source: CHRM | **Unit:** percentage

ANNEX C. SETTING TARGETS

Annex C describes the approach taken to set targets at all levels of the Bank Group's Results Measurement Framework (RMF). This approach is guided by a drive to enhance the Bank's performance and grounded on a methodology to calibrate the extent of progress expected. In Level 1 of the RMF, targets are set drawing mostly from High 5 strategic documents and internationally agreed targets. They will be delivered in partnership with countries and development partners. The Bank has set the targets for the operations it supports in Level 2 based on its past performance and the added gain of scaled-up resources. It draws from its key performance indicators and management's goals to define targets for indicators in the RMF Level 3 and Level 4. This annex explains the target-setting exercise for the RMF indicators, and in doing so, provides the context for this exercise, its principles and approach.

STRETCHING THE BANK'S PERFORMANCE

As the premier development finance institution in Africa, the Bank is committed to demonstrating that its investments deliver the desired development outcomes. This 2016-2025 RMF innovates by setting time-bound and quantified targets for all the indicators that it tracks, spelling out its desired level of impact and service delivery. This is the first time that the Bank is promoting such a high level of accountability and this Africa-wide compass will benefit the Bank effectiveness for the next ten years. This complements the evidence-based approach to our operations carried forward in our previous RMF, which focused on setting targets in Levels 3 and 4, and provided expected results for our operations' pipeline.

The 10-year timeframe adopted in this RMF allows the Bank to set and communicate the need for change, expected performance level and the direction of travel for continuous improvement. It also embodies the Bank's commitment to long-term pathways to achieving inclusive and green growth, as evident in the logics of interventions presented in Annex A. This annex of the RMF focuses on establishing a baseline and a final performance target. Annual targets are also set, designing the year-to-year path of progress trajectory. This is done by taking into account the stage of implementation, resource availability, and technical and external constraints. Interim targets will be presented annually for the year to come in annual development effectiveness reviews.

Analytics on progress made against targets will be a useful indication for decision-making, showing where the Bank stands in delivering on its development objectives. This will enhance, in turn, the Bank's attention and resources on achieving its strategic priorities over the next years. Progress data will be reported upon annually to assess whether the Bank is on track to meet its targets and take measures to improve the pace of delivery. The Scorecard uses a three-colour traffic light system to indicate whether the Bank reached or fell short of its targets for all four levels of the RMF (Figure 7).

Figure C1. How the Bank accounts for its performance



The Bank has set the bar high with its High 5s and Development Business and Delivery Model. By framing targets, the Bank drives a culture of continuous improvement by enabling its clients, staff and stakeholders to identify where we are and what needs to be done to achieve the Bank's strategic priorities. This level of stretch challenges the Bank and its staff to drive real improvements. Targets in Levels 2 to 4 will be cascaded down at department and individual levels. They will be used to drive improvement, strengthen the performance culture and build a sense of accountability at staff level,

including through performance reviews. Ultimately, this information will both incentivise improvement and raise operative questions to fast-track implementation and set a new course.

PRINCIPLES FOR SETTING TARGETS

In designing quantitative and time-bound targets, the Bank developed challenging and attainable objectives that are relevant to its priorities. The Bank framed the targets it committed to achieve by 2025 based on the following principles:

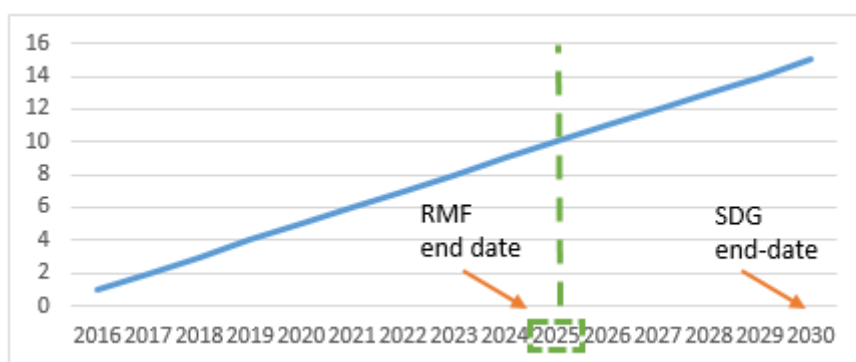
- *Consistent with existing international targets.* For Level 1 indicators, this means drawing from targets for which a consensus has been reached, including targets that are part of the Sustainable Development Goals and the Agenda 2063 for Africa.
- *Africa-wide and disaggregated to the African Development Fund context.* Targets are quantified at the continental level. This means that not every target is a stretch target for every country. Middle-income countries may have already met some targets, for example in the energy sector, but not in human development. Targets are disaggregated at ADF-level to address those countries' specific needs and starting points.
- *Causality.* Targets in Level 2 of the RMF should be considered as essential “must haves” to meeting one or more Level 1 goals. As presented in Annex A, targets are designed to mobilise action, operational focus and ensure accountability along specific logics of intervention. The Bank will meet this level of ambition only by going beyond business as usual
- *Challenging.* To deliver on the High 5s, the Bank is setting itself a high and realistic level of challenge that reflects its commitment to results and reforms, and its assessment of achievability.
- *Motivational and easily understandable.* The RMF makes sure that the targets communicate the extent of progress needed to close the performance gap. They use clear language to the extent possible to be well understood by all stakeholders.

SETTING TARGETS

This RMF sets its targets with a customised approach to each level of measurement and type of indicator. For targets that are not drawn from international agreements, analysis was carried out using several methods and modelling techniques. This mixed-method approach stems from the complexity and high-level nature of the indicators used in the RMF. The Bank also considered the logics of interventions laid out in Annex 1 and past trends. It adopted an evidence-based approach to setting targets. The following is a breakdown of the analytic tools used to design targets, level by level:

- **Level 1**—Continent-wide goals accompany each of the High 5s. They track development outcomes that the African Development Bank Group is seeking in countries. These are macro-level targets to which the Bank will contribute. Their outcomes result from the collective action of all development players. Targets in Level 1 were designed as follows:
 - *Set in High 5 strategies.* Targets expressed in the results-based framework of each of the High 5s strategies are reproduced as is in this RMF. These includes targets such as providing universal access to electricity by 2025. In the case of High 5 strategies that use 2030 as their end date, such as the Jobs for Youth initiative, linearity of progress was assumed and the 2025 target was pro-rated to the 2030 end date.
 - *Identified in international agreements.* Targets for indicators that are not part of High 5 strategies were drawn from global and regional policy and strategic documents, which benefit from consensus from all parties. Similarly, targets were pro-rated to a 2025 value assuming linear progress in the case of targets set for 2030, as with the SDGs. Additionally, global targets were disaggregated at Africa and ADF levels.

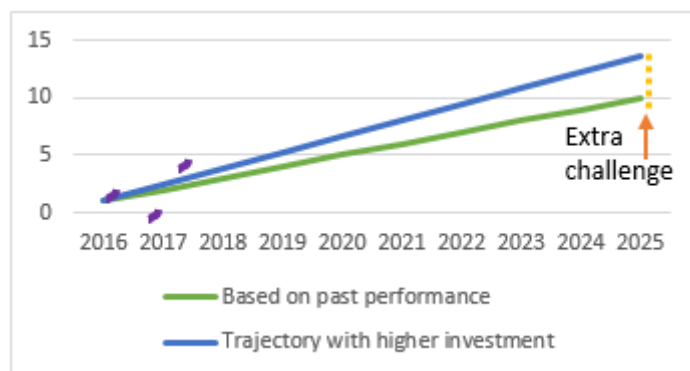
Figure C2. The RMF uses international targets pro-rated to a 2025 value



■ **Level 2**—stretching operations’ delivery capacity.

- ▮ *Set in High 5 strategies.* The Bank identified a high level of delivery as part of its High 5s. In the case of targets drawn from High 5 strategies approved by the Board, the targets were reproduced as expressed in the documents.
- ▮ *Based on the Bank’s operations portfolio.* Indicators that are not tied to Board-approved strategies were designed by looking at past performance and current baselines. Past trends were extended for improvement, assuming linearity of change as compared with expected results in the next three years using the active project portfolio. These data are based on the outputs the Bank committed to deliver with its partners at project start. Additionally, sector departments added to this trend the gain and dose of challenge that can be expected as a result of the Bank’s scaled-up focus on the High 5s (Figure 9).

Figure C3. Measuring the extra challenge added by the High 5s



■ **Levels 3 and 4**—corporate targets. The Bank set itself exacting standards of operational performance (Level 3) and organisation efficiency (Level 4)—the levels of measurement under its control. It identified targets using a target range, as precision in forecasting is hard to achieve for those indicators. Targets were set using the following successive steps, except for those set forth in the Development Business and Delivery Model and Presidential Directives, which were reproduced as is in the RMF.

- ▮ *Identifying a high target band.* Given that data for indicators were available most often for only the past four years, we first identified the average value for this set of years and computed from this data set a 95% confidence interval at year 10. This interval at 2025 was then retrofitted to form the width of the target range for the full period of time from 2016 to 2025. Eventually, the target band was moved to allow for a more important margin of progress, by moving it toward a more desired data point than the highest point of the confidence interval. The target band is brought toward this new point by calculating the medium increment point between the four-year average and

lowest value of the confidence interval. With these values, we then move the overall target band by the distance of this increment toward the more desirable point of the range.

- ▶
Setting the target. Based on this range, the actual target at year 10 was identified by Senior Management choosing between three end points: the four-year average (*baseline*), the highest point of the target band (*high*) and the mid-point between the average value and highest point (*central*).
- ▶
Expert judgement. In cases where the above methodology did not result in good enough scenarios, the target band was manually adjusted with sector experts to offer a range more adequate to the Bank’s ambition.

Figure C4. Corporate targets were set by considering three scenarios

