

# **AFRICAN DEVELOPMENT FUND**



## **PROGRESS ON THE ACTION PLAN TO IMPROVE THE IMPLEMENTATION OF ADF OPERATIONS**

**ADF-X MID TERM REVIEW  
7 – 8 DECEMBER 2006  
The Hague, Netherlands**

**OPERATIONS POLICIES AND COMPLIANCE DEPARTMENT**

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### **List of Abbreviations**

ADF	-	African Development Fund
ADR	-	African Development Report
AEO	-	Africa Economic Outlook
AFROSAI	-	African Organization of Supreme Audit Institutions
APPR	-	Annual Portfolio Performance Review
APRM	-	Africa Peer Review Mechanism
CFAAs	-	Country Financial Accountability Assessments
COMPAS	-	Common Performance Assessment System
CPARs	-	Country Procurement Assessment Reviews
CPIA	-	Country Policy and Institutional Assessment
CPIPs	-	Country Portfolio Improvement Plan
CSP	-	Country Strategy Paper
DAC/GOVNET		Development Assistance Committee/Government Network
DBSL	-	Development Budget Support Loan
DBSL	-	Development Budget Support Loan
ERWP	-	Economic Research Working Paper
EU	-	European Union
HA and MfR	-	Harmonization Alignment and Managing for Result
ICP	-	International Cooperation Programme
JAS	-	Joint Assistance Strategy
MDBs	-	Multilateral Development Banks
MDRI	-	Multilateral Debt Relief Initiative
MTEFs	-	Medium Terms Expenditure Frameworks
NDGs	-	Millennium Development Goals
NEPAD	-	New Partnership for Africa's Development
OECD	-	Organization for Economic Cooperation and Development
OECD-DAC	-	OECD – Development Assistance Committee
PACA	-	Partnership Against Corruption in Africa
PBL	-	Policy Based Loan
PBL	-	Policy Based Loan
PCR	-	Project Completion Report
PER	-	Public Expenditure Review
PMCs	-	Regional Member Countries
PRSPs	-	Poverty Reduction Strategy Papers
PSA	-	Programme for Senior Analysts (Young Professionals)
QEA	-	Quality at Entry Assessment
QSA	-	Quality at Supervision Assessment
SAP	-	Systems Applications Product
SPIP	-	Sector Portfolio Improvement Plan
WB	-	World Bank

## Executive Summary

The Action Plan is being implemented in the context of on-going institutional reforms intended to create a more dynamic, responsive and flexible knowledge institution with a stronger country focus, higher operational effectiveness and efficiency, and capable of adapting to a rapidly changing operating environment. Progress in the implementation of the Action Plan has been mixed. Satisfactory progress has been achieved in some areas; in others, a strong foundation has been laid to achieve results beginning in 2007, and in others progress remains unsatisfactory. Areas where clear progress has been achieved include: institutional reorganization for effectiveness; improved country dialogue and collaboration with other donors at the country level; use of RB-CSPs and increased selectivity in operational programming; use of RB-Logframe for project design and implementation; decentralization and opening of additional offices; extensively redesigned recruitment process; increase in project size and reduction in number of operations.

Areas where a strong foundation has been laid for progress in 2007 have included : improvements in procurement and disbursement administration; deepened ESW and application of lessons from post evaluation; strengthening of business processes including the Review Process; enhanced decentralization and empowerment of field offices; quality-at-entry and Quality-at-Supervision; portfolio cleanup and reduction of PCR backlog; development of a communications strategy and scaled-up private sector development; and improved Human Resources Strategy to attract and retain high quality staff. The areas with unsatisfactory progress include: staffing levels and skills mix; portfolio management and implementation of audit recommendations; Management Information System; building in-country capacity; and knowledge generation, management and dissemination.

The main challenges facing the implementation of the Action Plan are (i) inadequacy of resources allocated to the Operations Complexes and field offices (ii) slow pace in the change from a lending to an implementation culture; (iii) cumbersome business processes; (iv) insufficient delegation of authority to Task Managers and field offices; (v) lack of sufficient capacity in the Bank for effective implementation of the harmonization and results-based agenda; and (vi) inadequate capacity for project implementation both in the Bank and at the country level. A total of 175 positions remain vacant while at the same time, the staffing levels of field offices in relation to country portfolio size and composition is inadequate to match the challenges of country dialogue and portfolio management at the country level. Addressing all of these issues will require active and decisive management at all levels.

Under the new structure, the Bank's capacity to respond to client needs and to deliver development and achieve better results on the ground has been enhanced. Both country programming and sector departments have been designed to ensure that there is a balance between operational staff time spent on lending activities and that spent on supervision and implementation support. The Country Programmes Departments and the Sector Departments will work together to provide the requisite skills into a team to deliver operations, economic and sector work and portfolio supervision to ensure quality of operations. The newly-created Operations Coordinating Committee introduces an essential coordination mechanism across the Operations Complexes and it will ensure greater alignment of operations and strategy, improved quality assurance, and effectively coordinated planning. The office of the Chief Economist is being strengthened through recruitment and redeployment of staff with the requisite skills and experience to enable the Bank give greater visibility and prominence to knowledge, its dissemination and management. The changes to the structure of the Operations Complexes are being accompanied by complementary changes to the business

processes. The delegation of authority matrix is being revised to enable effective decision-making in particular at the field office level, which will contribute to early resolution of procurement and disbursement issues during project implementation. This will result in more efficient and faster project implementation. Staffing of field offices will be proportionate to the size and nature of the portfolio and country needs, while the average size of operations is being increased with the exception of institutional support projects, to cut down transaction and human resource costs. Strengthened field offices will enable the Bank to deepen its partnership with governments and other donors at the country level. The Human Resources Strategy is being revised to address the high vacancy rates and skills mix inadequacies, promotion and performance evaluation systems, and provide incentives for staff to be innovative.

The Bank's capacity and responsiveness to the challenges of portfolio management are being strengthened through the on-going institutional reforms. Actions are being taken to enforce specific measures, at the institutional, donor and at the country level on key aspects of the project cycle in relation to quality-at-entry and quality during implementation, and on the harmonization of policies and procedures and alignment to country priorities, systems, planning and budget time frames. Portfolio clean up activities will continue to ensure concentration of resources on performing operations. The projects mid-term reviews will be used more systematically to refocus efforts at achieving quality and results during project implementation. Prospects for enhanced project quality and successful implementation of the Action Plan are therefore good.

## **1. Introduction**

1.1 The ADF-X Action Plan was approved by the ADF Deputies in Copenhagen in December 2004, and endorsed by the Board of Governors in Abuja, Nigeria in May 2005. The main objective of the Action Plan is to accelerate improvements in the quality and management of ADF operations to enhance and better demonstrate their development effectiveness. The Action Plan has four areas of focus ;

- Enhance the Bank's organizational capacity and responsiveness, in particular through staffing, decentralization of Bank operations, coordination at the country level, and improvement in the management of the portfolio;
- Consolidate achievements in portfolio quality and strengthen the quality of Bank operations while delivering on the institution's commitment to results-based management;
- Deepen further the development effectiveness of the Bank's operations in close collaboration with other development partners; and;
- Strengthen the research function, develop a communications strategy, and review and enhance the Bank's comparative advantage.

1.2 The Action Plan is being implemented in the context of on-going institutional reforms intended to create a more dynamic, responsive and flexible knowledge institution with a stronger country focus, higher operational effectiveness and efficiency, and capable of adapting to a rapidly changing operating environment. This report discusses the status of implementation of the Action Plan and outlines the way forward to its completion. The Annex provides a summary on achievements against set targets of the Action Plan.

## **2. Progress in the Implementation of the Plan**

2.1 Progress in the implementation of the Action Plan has been mixed. Satisfactory progress has been achieved in some areas; in others, a strong foundation has been laid to achieve results beginning in 2007, and in others progress remains unsatisfactory. The following sections provide some details on the actual achievements in each of the four areas of focus of the Action Plan.

### **Enhancing Organizational Capacity and Responsiveness, and Building Capacity at the Country Level**

2.2 *Recruitment:* In responding to the issues raised by the Independent Evaluation in the area of staffing and staff/project ratios which were low compared to other MDBs, the Bank conducted a review of its staff requirements. Management presented to the Board in November 2004, the Strategic Resources Framework for institutional development, mapping out the resource gaps. The Strategic Resources Framework provided for the recruitment of 197 professional staff for the period 2005 to 2007. Forty-seven positions were allocated under SRFID in 2005, out of which 17 i.e. 36% were recruited prior to the recruitment process being put on hold in September 2005.

2.3 For the period January 2005 to June 2006, a total of 86 new recruits assumed duty, 57% of whom have been assigned to the operations complexes. 50% of the new recruits consisted of engineers, economists and financial experts. In addition 10 PSAs were recruited during the period under review. The PSAs are assigned to various departments on a rotational

basis. To date there are 175 vacant positions in the Bank. Although the vacancy rate decreased to 12% in December 2005, the suspension of recruitment has increased it to about 20%.

2.4 A concerted effort was made to recruit additional staff to improve the skills mix particularly in the Operations Complexes. The recruitment was committed to improving the skills mix with particular reference to cross-cutting issues. It is expected that priority will continue to be given to this area as well as governance and knowledge management in the next recruitment phase. The on-going institutional reforms, in particular the restructuring of the Operations Complexes, has placed emphasis on the need to move more resources to these Complexes where the core business of the Bank is located. It is planned to fast-track recruitment during 2006/2007 through the grouping of vacancies into job families and conducting the recruitment by such families. Furthermore, some aspects of the recruitment process will be outsourced to improve transparency and integrity of the process. 60% of professional staff has been allocated to the Operations Complexes versus 40% prior to the reorganization.

2.5 *Building Country Capacity*: Increased focus on capacity building to enhance the absorption capacity of the Fund's resources and improve the effectiveness of their utilization has been identified as an important activity in the Action Plan. As part of the process to increase capacity at the country level for portfolio management, the Bank organized and executed training workshops in project implementation including procurement, disbursement procedures, accounting and auditing in several regional member countries. A total of 500 officials from 21 countries were trained during 2005 and part of 2006. Under ADF-X sector interventions in agriculture and rural development are investing in grassroots institutional capacity building through group formation and training.

2.6 *International Comparison Programme (ICP)*: As part of efforts to build country capacity under the enhanced ICP, the Bank is assisting RMCs to strengthen their overall statistical systems aimed at providing timely and reliable data for policy formulation, implementation, evaluation and monitoring of progress towards achieving Millennium Development Goals (MDGs), Poverty Reduction Strategies (PRSPs) the NEPAD initiative and the results-measurement framework. These statistical capacity building activities are being carried out in all the RMCs except Somalia where the Bank has no on-going operations. The preliminary results on purchasing power parity will be published in December 2006 while the final results will be published in December, 2007.

### **Consolidating Achievements in Portfolio Quality**

2.7 *Better Country Focus and Selectivity*: The Bank has in the past few years been working towards improving the effectiveness of its assistance programmes to regional member countries, through selectivity by alignment of its CSPs with country priorities. In this regard, the Bank has introduced starting with ADF-X, a results based CSP (RB-CSP), strengthened the alignment of the pillars in its CSPs with the priorities of PRSPs while assisting at the same time regional member countries in the alignment of their PRSPs to MDGs and national budgets. This is helping to better align CSPs and programmes with PRSPs towards mutually agreed development results. As part of the process to deepen selectivity, only a maximum of 2-3 sectors are included in the new generation of RB-CSPs for most countries while only one sector is included in the case of countries with small allocations of less than UA 10 million. Since March 2005, all CSPs presented to the Board have been RB-compliant. This new generation of CSPs not only deepens selectivity but also

incorporates indicators and a mechanism for measuring, monitoring and evaluating progress during the period of the RB-CSP. Bank support to the PRSP process has continued to be for capacity building, participatory approaches and implementation of PRSPs through the Dutch PRSP Trust Fund. Four countries Burundi, Djibouti, Ethiopia and Uganda have benefited from such support to date. The Bank will participate in the follow-up, review and discussion of PRSP documents in at least 5 countries including Central Africa Republic, Equatorial Guinea, Democratic Republic of Congo and Chad during 2007.

*Seventy-five operations staff have been trained in participatory approaches, 55 have been trained in the economics of poverty, while another 155 participated in sessions on pro-poor growth and poverty and social impact analysis as part of the Bank's support for capacity building at the country level for the preparation of PRSPs.*

2.8 *Review Process:* The Bank Group's efforts to achieve the highest level of operational effectiveness and thereby attain the desired level of development effectiveness in its interventions, is fundamentally dependent on the quality of its operations. Quality assurance measures are set along two main dimensions: "Quality at Entry" and "Quality during Implementation". The Review Process is an important tool for assessing Quality-at-entry. The current review process has not been as effective as it should be in part because it has not been systematically implemented. The staffing in the Compliance Departments/Units is not sufficient for effective review and compliance oversight, nor are the potentially valuable contributions of peers adequately sought and integrated. The review process is being comprehensively revised. The issues under consideration to improve the effectiveness of the review process include: the need to reduce the number but improve the impact of review meetings; institutionalizing the "peer review" and empowerment of country teams; clarifying responsibility and accountability for quality of documents at the Department and Complex level; reducing the size and improving the format of key operational documents. Work is underway to review, revise and update the Operations Manual to ensure coherence between policy compliance, business processes and procedures. The revision of the Operations Manual will be completed by the second quarter of 2007.

2.9 A strengthened Review Process will be launched in the last quarter of 2006. The Review and Compliance Division will be further strengthened through staff redeployment and recruitment to play a more effective role in the process, while the newly formed Operations Coordinating Committee will play an active role in quality assurance at entry before documents are presented to the Board. A Concept Note highlighting issues and proposed actions will be prepared for each mission, including all project identification missions. The Concept Note will assist the Operations Coordinating Committee to ensure close alignment between prospective operations and articulated country strategies, as well as to ensure that mission priorities are appropriately specified and understood.

2.10 *Quality-at-Entry Assessment (QEA):* The Bank initiated the first QEA review in 2005 as part of a series of quality improvements measures to enhance development effectiveness. A total of 27 operations consisting of 20 investment lending and 7 adjustment operations were reviewed. The QEA sample revealed that of the Board approved operations about 4% were highly satisfactory, 67% were satisfactory, and 29% were marginally satisfactory. The QEA exercise concluded that quality remains an issue in a significant share of new operations

despite a number of improvements in recent years. The main recommendation of the exercise was that there was need to further strengthen the Bank's institutional capacity in the areas of the review process, use of project mid-term reviews, staff training and strategic partnership for development effectiveness. Related to the QEA measures are the on-going efforts to increase the average size of operations to above UA 20 million except for capacity building operations and countries with small allocations. This will improve the staff/project ratio and thus enable more staff time during project design to enhance project quality at entry. For the private sector and non-sovereign investment operations, beginning 2007 the Bank will substantially upgrade its appraisal and risk analysis capabilities to provide integrated analysis of each project's financial, economic and stakeholder impacts at entry.

**Table 1: Average Size of ADF Approved Operations per Year (2004 - 2007)**

	<b>2004</b>	<b>2005</b>	<b>2006<sup>1</sup></b>	<b>2007<sup>2</sup></b>
Total # of Approved Operations	92	61	79	52
Value (UA bill)	0.915	0.992	1.368	1.233
Average Size (UA mill)	<b>9.9</b>	<b>16.3</b>	<b>17.3</b>	<b>23.7</b>

2.11 Management has proposed a greater delegation of approval authority for operations based on complexity and size. Under the proposal operations above the threshold of UA 20 million will be approved by the Board in a formal meeting while operations below UA 20 million will be put to the Board on a lapse-of-time basis. This will streamline the workload of both the Board and staff.

2.12 *Quality of Supervision:* As part of quality improvement measures to enhance development effectiveness, the Bank has embarked on training Bank staff and key partners (Government representatives from RMCs, and project staff) on how to mainstream quality into all phases of the Bank's project cycle activities. For this purpose Quality Assurance Workshops have been conducted, including jointly with the World Bank. A Quality at Supervision Assessment (QSA) exercise was undertaken in October 2006 to assess a sample of projects supervised during 2005. In addition, a substantially revised supervision mission report format, which is result based to capture better achievements and results on the ground, has been launched and is in use. Operations complexes have initiated "enhanced skills" supervision and preparation missions through increased size and skills-mix of the teams while portfolio management reviews are held regularly under the leadership of Vice Presidents. The rate of supervision has marginally fallen to 1.3 times per year as compared to the target of 1.5, for on-going operations, mainly as result of budgetary constraints. The quality of supervision reports, and the timeliness of their entry into the Bank's data warehouse, are areas needing improvement.

2.13 *Decentralization and Field offices:* At present 14 out of the 25 field offices to be opened under the Decentralization Strategy are operational. These are: Egypt, Ethiopia, Gabon, Nigeria, Mozambique, Senegal, Tanzania, Uganda, Tunisia, Madagascar, Mali, Morocco, Rwanda and Burkina Faso. Preparations are on track for seven additional offices (Cameroon, Chad, Ghana, Kenya, Malawi, Sierra Leone and Zambia) to be fully operational by year-end 2006. Field offices have contributed substantially to the Bank Group's country dialogue, and have assisted in project preparation, appraisal, supervision, country strategy

<sup>1</sup> 2006 Projected Approvals up to December, 2006

<sup>2</sup> 2007 Draft Indicative Operational Programme

paper process and, carried out some facilitation tasks related to procurement and disbursement. Some of the field offices such as those in Ethiopia, Tanzania and Uganda have been active in coordinating activities with other donors through the joint assistance strategy approach and programmes. Key lessons learnt from the decentralization programme so far include the importance of adapting staffing to country strategies and portfolio activities, the need to clarify the roles and responsibilities between field offices and headquarters, and increasing empowerment of the field offices to improve portfolio management, dialogue, coordination and responsiveness. The weak integration of the field offices with the Bank's information management systems, inadequate delegation of authority and multiple reporting lines, have reduced the overall effectiveness of field offices and will be addressed going forward.

2.14 Some specific proposal to enhance the current Decentralization Strategy has been prepared. The proposal sets out an enhanced decentralization strategy building on the current approach with greater empowerment and delegation of authority; more tailored staffing and skills-mix based on priorities and nature of portfolio; better contribution of field offices to portfolio management and implementation; and strong fiduciary controls and safeguards for procedures and processes. The aim is to give field offices greater delegated authority to enable them act as the effective partners that governments and donors seek. More presence in regional member countries will enable the Bank to strengthen country dialogue, enhance development effectiveness and participate fully at the country level in the implementation of the Rome Declaration on Harmonization and the Paris Declaration on Aid Effectiveness and the Harmonization Action Plan.

2.15 *Improving Procurement and Disbursement Administration:* The Bank's procurement procedures need substantial improvement in terms of service delivery and excessive transaction costs. A comprehensive proposal to restructure the Procurement Unit and establish significantly higher standards for service delivery has been prepared and is under final internal review. It is expected to be presented to the Board by the end of this year. Key components of the proposal include: (i) creation of a cadre of procurement experts (specialists and analysts) with responsibility to execute all the Bank's procurement and fiduciary duties, which are currently executed by task managers in the operations complexes; (ii) reduction in the elements of the procurement processing lead times; and (iii) delegation of basic procurement processing and approval authority to the Bank's appropriately staffed field offices.

2.16 The average disbursement cycle time has improved from 35 days in 2003 to 22 days in 2006, but further improvements are still needed to reduce the cycle time to the target of below 15 days. The disbursement ratio during 2005 remained at the same level as in 2004 at about 20%. It is expected that during 2006, the ratio will marginally increase but will still be lower than the 25% target. Actions to improve the rate of disbursement have included training of both Bank staff and country officials, assessment of disbursement requests by field offices and the creation of a dedicated e-mail address [loandisbursements@afdb.org](mailto:loandisbursements@afdb.org) to facilitate communications between the Bank and borrowers, Disbursement reports are now sent by e-mail. Concerted efforts will be directed at increasing disbursements through more delegated authority to field offices and increasing the staffing levels at Headquarters. The Disbursement Manual is being updated as part of the on-going reforms to revise business processes to improve service delivery and overall efficiency. Planned actions to further improve disbursement administration will include the participation of staff from the Financial Management Division during project preparation and appraisal and the move from transactional-based processes to risk based and ex-ante/ex-post reviews. The enhanced

decentralization strategy proposal to the Board substantially increases the limits of authority to the field offices to handle predetermined thresholds of disbursement requests.

2.17 *Project Audits*: The rate and quality of audits reports submitted to the Bank has improved following intensified follow up efforts by the Operations Complexes. During 2005, a total of 100 audit reports were registered in the SAP. The large backlog of project audits, 126 at the end of 2005, is expected to be reduced by at least 100 reports during 2006. As part of measures to facilitate the audit report preparation process, the Bank makes provisions in project loans to finance audits and supervision missions are tasked to follow up on audit reports, while sanctions are being enforced for non-compliance. The Auditor General's Department prepares an Annual Report on the implementation of Audit Reports' recommendations which have consistently highlighted failure by Operations Complexes to act on the recommendations. Action is being taken to fast-track the implementation of Audit Report recommendations by the Operations Complexes. In particular, the newly created Operations Coordinating Committee will examine performance regularly and ensure improved compliance and responsiveness.

2.18 *Portfolio Clean Up*: The portfolio clean up exercise started in 2005 continues with the objectives to (i) cancel the non-performing operations and (ii) secure up-to-date information/data on on-going operations in SAP system. The exercise revolves fundamentally around the consistent and effective application of existing rules and the accountability of Managers for doing so. The cancellation of non-performing operations is freeing up valuable human resources to focus on those operations whose implementation is normal, on course, and able to produce results. Loan cancellations also free up financial resources which can be used in new and restructured operations. Total loan cancellations during ADF-X amount to about UA 460 million. The findings of the 2004 APPR, as well as Management's own intensive examination of the current portfolio make clear the need for more active, effective and systematic portfolio management, including a significant one-time portfolio clean-up. The 2007 Work programme incorporates a substantial intensification of portfolio management. The table below summarizes loan cancellations for the period 2004 to June 2006.

**Table 2: Loan Cancellations 2004 – 2006 in UA Millions**

Year	ADB			ADF	NTF	Total
	Public	Private	Total			
<b>2004</b>	233.95	48.00	281.95	188.43	2.34	472.72
<b>2005</b>	129.08	36.41	165.49	107.89	1.50	274.88
<b>2006 (June)</b>	136.54	16.96	153.50	24.57	6.40	184.46
<b>Total</b>	499.57	101.37	600.94	320.88	10.23	932.06

### 3. Actions to further strengthen the Quality of Bank Operations

3.1 *Use of APPR Results*: APPR data assist management in identifying countries for which Country Portfolio Improvement Plans (CPIPs) and Sector Portfolio Improvement Plans

(SPIPs) are needed. In addition, APPRs provide information on aged and poor-performing operations which qualify for cancellation as part of the process to clean up the portfolio. Eight CPIPs and 13 SPIPs for the agriculture, transport, power and social sectors for Mozambique, Uganda, Namibia, Madagascar, Eritrea, Tanzania and Malawi and Ethiopia have been prepared and follow-up action has been taken internally and with the relevant governments. The 2005 draft APPR reveals no significant improvement in portfolio performance in relation to results achieved during 2004. Problem projects marginally increased from 10% in 2004 to 11% of the portfolio in 2005 mainly as a result of non-cancellation of some aged and non-performing operations. The rate of ADF projects rated satisfactory or better at completion is about 50% of the portfolio as many aged and non-performing projects were not cancelled in time. On-going measures to systematically supervise projects, clean-up aged and poor-performing operations will substantially improve portfolio performance. Measures are also being taken to significantly improve data management and unit-level accountability to ensure timely availability of updated information on status of projects under implementation. These measures include building a trigger mechanism within the SAP system that will link entry of supervision data to mission travel claims. These will ensure that staff do not proceed on new missions before entering data in the SAP system. The first disclosure of the status of projects under implementation will be posted on the Bank's website before the end of December, 2006.

*3.2 Economic and Sector Work:* ESW is laying emphasis on the agriculture sector and governance, since agriculture is the most important source of pro-poor growth in many African countries. 16 economists have been recruited since 2004 to reinforce the Bank's capacity in ESW. The Bank will continue to undertake ESW jointly with other institutions, while building up its own capacity to undertake ESW. During 2005, 17 significant pieces of ESWs were undertaken. Countries covered included Lesotho, Mozambique, Gabon, Tanzania, Swaziland, Madagascar, Ethiopia and Morocco, Ethiopia, Mozambique, Tanzania, Niger, Sierra Leone and Uganda, Malawi, Angola, Sao Tome and Principe, Guinea Bissau, Namibia, Lesotho and Zambia. During 2006, ESWs were undertaken in Botswana, Egypt, Djibouti, Algeria, Tunisia and Libya. ESW included governance profiles, financial and capital market integration studies, private sector country profiles and economic diversification studies. ESW preparation is synchronized with that of RB-CSP to ensure that ESW informs CSPs for relevance and quality of analysis. CFAAs have been prepared for some countries such as Tanzania and Togo. The Bank also prepared jointly with the World Bank CPARs in Benin, Gabon and Chad. In addition Medium Term Expenditure Frameworks (MTFs) and Public Expenditure Reviews (PERs) were also prepared. The Bank is investing more resources in ESW and other country analytical work to deepen its knowledge base to effectively address the issues of poverty in RMCs in partnership with other donors and African governments. For 2007, it is planned that 92 new ESW reports will be initiated in addition to the on-going ones expected to be carried forward from the 2006 work programme. ESW informs both the CSP process and project design and preparation.

*3.3 Post Evaluation:* Efforts continue to clear the backlog of PCRs and systematically programme the completion report preparation process to obtain the optimum rate of coverage of completed operations. A recent OPEV Status Report on the preparation of PCRs indicates that 29 projects approved between 1987 and 1995 still need PCRs. The report also indicates that after the elimination of projects located in high risk countries or those where information on the ground does not exist following the dismantling of the implementation units, there is a reduction of 80% in the backlog of PCRs for projects approved between 1987 and 1995. For projects prepared between 1996 and 2001, 150 require PCRs of which 55 had been prepared leaving a backlog of 95 projects. Under these circumstances and taking into account the on-

going institutional reforms, the deadline for the preparation of all outstanding PCRs has been extended to June, 2007. The Operations Evaluation Department prepares and circulates briefs on lessons learnt and best practices to inform the design of new projects. OPEV has prepared the first Annual Development Effectiveness Report to be considered by the Board. Sufficient resources are being allocated for monitoring and evaluation activities in new projects, while in on-going projects with insufficient allocations, Mid-Term Reviews are being used to reallocate resources for these activities.

*3.4 Transparency and Good Governance:* The Bank continues to provide support to eligible countries in their efforts to improve transparency, accountability, stakeholders' participation, and other attributes of good governance. Governance matters are incorporated systematically during the ADF resource allocation process. Country Performance & Institutional Assessment (CPIA) and Country Risk Assessments, place up to 40% weight on the quality of governance, and countries making governance progress are eligible for enhanced allocations. Through Policy-Based Loans for Governance and Institutional Support Grants, the Bank assists regional member countries strengthen their governance structures and institutional capacity. The Bank has provided loans and grant support to RMCs under the following broad categories: public sector reforms (Madagascar); macro-economic management (Chad); transparent budgeting and expenditure management (Congo); judicial and legal reform; enhanced public accountability (Uganda); combating corruption and; institutional capacity building (Zambia). During 2005, some of the operations supported by the Bank involved reforms of public enterprises, decentralization, and institutional support, promotion of participation of civil society organizations, and the fight against corruption. Such operations were developed in countries such as Gambia, Morocco, and Uganda. Technical assistance for capacity building and promotion of good governance were also supported in a number of RMCs. In 2005, the Bank approved governance related lending and technical assistance grants totalling approximately UA 131 million mainly from ADF resources. In 2006, Bank support facilitated the mainstreaming of governance issues into Poverty Reduction Strategy Support (PRSS) for Benin, Country Strategy Papers (CSP) for Ethiopia and Djibouti, and a Development Budget Support Lending operation (DBSL) in Mozambique.

*3.5* The Bank's governance work is carried out in collaboration with other partners. The Bank remains an active member of the MDB Harmonization Working Group on Financial Management, Governance and Capacity Building. As a member of the DAC-GOVNET, the Bank will join several bilateral partners on a joint assessment of corruption and governance in regional member countries. The Bank participated in discussions on the World Bank paper which formed the basis of the Common Framework on Anti-Corruption adopted at the Head of the MDBs meeting in Singapore in September 2006. Through an agreement with the Nordic governments, a Governance Trust Fund has been established to provide financial resources to support good governance activities consistent with the Bank's overarching objective of poverty reduction. Over a dozen innovative governance projects have received financing from the fund. Other collaborations include partnership with the Economic Commission for Africa; the African Union on the African Convention on Combating Corruption; and NEPAD on the development of governance standards and benchmarks and implementation of APRM. Bank experts have participated in peer reviews of Ghana, Rwanda, South Africa and Kenya. The Partnership Against Corruption in Africa (PACA) between OECD and the Bank will address corruption issues in RMCs benefiting from debt relief through the MDRI. Since 2005, the Bank has been collaborating with some development partners to assist 16 RMCs with the implementation of their local governance programmes. A set of indicators for assessing decentralized governance has been developed

and these were discussed in Kigali in November 2006. A Bank strategy on support to decentralized governance is being developed and will be finalized in 2007. Similarly, a seminar to deepen understanding of African parliaments in promoting transparency, accountability and good governance mechanisms in respect of national budget processes for parliamentarians from 22 selected countries was held in May, 2006 in Tunis. The seminar resulted in the establishment of the Pan African Network of Parliamentarians for governance and poverty reduction.

3.6 As part of Economic and Sector Work, five Country Governance Profiles have been prepared and a review of the effectiveness of the assessment process and the instruments was conducted in 2006. It is planned to use this review as a basis to update the CGP guidelines for the new generation of Bank's governance assessments. A draft Bank Strategy on Anti-Money Laundering and Combating Terrorist Financing has been completed and was discussed by regional stakeholders at a review workshop in September and finalized for Board presentation thereafter. A Bank ESW on service delivery and pro-poor outcomes, intended to shape accountable and transparent service delivery mechanisms, has been completed. The Bank continues to support the institutional independence and effectiveness of the regional network – AFROSAI, by assisting the development of its medium-term strategy for capacity building programmes in public sector auditing. As part of the implementation of its revised and harmonized procurement process, the Bank cancels part of or an entire loan or grant if the procurement process is found to have been tainted by acts of fraud or corruption. The Bank has commissioned work on a strategy for its interventions in governance and anti-corruption in RMCs which is expected to be presented to the Board in early 2007. The Bank endorsed the Extractive Industries Initiative strategy at a meeting held with partners and agreed on building a programme to build the required capacity in regional member countries. A new Department of Governance, Economic and Financial Sector Management has been created to enable the Bank play a leadership role in the critical area of governance through its Governance Division.

#### **4. Deepening Development Effectiveness and Partnerships**

4.1 *Improving Coordination with Donors at the Country Level:* The Bank participates in common arrangements and joint analysis and joint assistance strategies. The opening of new field offices is enhancing and strengthening coordination with other donors at the country level. Field offices and missions coordinate activities with other donors with regards to on-going operations and programmed new projects. For example during 2005, 30 donor coordination meetings covering the social, agriculture, financial, water and transport sectors were held covering countries in the North, Eastern and Southern African sub-regions. Joint missions with the IMF on Seychelles arrears and with the World Bank/EU/USAID on financial sector reform programme in Egypt were also undertaken. In Uganda, Tanzania and Zambia, and in Ethiopia and Mozambique, the Bank has worked with other donors and regional member countries in preparing Joint Assistance Strategies (JAS) and programmes respectively. In addition, a joint mission was undertaken with the WB to initiate the piloting of use of environmental and social assessment country systems in Uganda and Ghana. In addition the Bank is supporting reform initiatives aimed at enhancing national procurement and financial systems.

4.2 The Bank has been involved in SWAPs and budget support in line with the guidelines adopted by the Board in countries such as Benin, Burkina Faso, Burundi, Ghana and Rwanda. The Bank is also supporting reform initiatives to enhance national procurement and financial systems. The increasing field presence with the expected increase in staffing will enable the

Bank to effectively participate in and follow-up on joint assistance strategies. The main challenge is on how the Bank can better engage with countries that are advancing in aid harmonization through JAS such as Uganda and Tanzania. However, the issue of different planning time horizons of different development partners, the timeframe for disclosure of country strategies among others continue to hamper the implementation of the harmonization agenda at the country level.

*4.3 Harmonization, Alignment and Managing for Results:* The Bank as part of the implementation of the Action Plan to enhance development effectiveness is adopting a coherent approach to measuring, monitoring, and managing for development results. The Bank has developed and is implementing a Harmonization, Alignment, and Management for Results (HA and MfR) Action Plan in accordance with the provisions of the Paris Declaration on Aid Effectiveness. The Bank Group HA and MfR Action Plan provides an overall framework for enhancing Bank Group HA and MfR activities both at the global, institutional and country level. At the global level, the Bank actively participates in MDB Technical Working Groups on financial management, procurement, environment, evaluation, governance, anticorruption and capacity building. In addition the Bank participates in the OECD-DAC Joint Venture activities for harmonizing policies, guidelines, procedures and rules as well as piloting and scaling up harmonization in partner countries. The Bank also contributes to the annual report on the MDB-spearheaded “Common Performance Assessment System (COMPAS)”. At the institutional level, the Bank is adopting HA and MfR as a strategic priority and adopting HA and MfR principles in Bank Group internal processes and in providing support to regional member countries.

4.4 At the country level, the Bank is strengthening and consolidating the alignment of its CSPs with PRSPs or equivalent national strategies towards jointly accepted development results, and linking assistance to national planning and budgeting systems and time frames. The Bank has initiated a process for increasing the use of country systems and a Bank Framework Paper on the Use of Country Systems has been prepared. The simplification of legal documents and General Conditions is underway. The number of Project Implementation Units is being reduced through increased and better use of existing units in Ministries or shared use of Implementation Units in existing projects supported by other donors. These efforts are important steps in fulfilling one of the important demands of the Paris Declaration. In this regard, the Bank in collaboration with other development partners has conducted sub-regional HA and MfR learning and dissemination workshops in Uganda in November 2005, and Mali in March 2006. The special needs of fragile states are being addressed through a new strategy to go to the Board this year.

4.5 The Bank is undertaking important steps to measure, monitor, and manage for results, and to become a more results-based institution. A conceptual framework has been prepared and will form the basis for the preparation of the Bank’s RBM Implementation Plan that will guide Management in its efforts to make the Bank Group become a results-based institution. The Implementation Plan preparation will be completed before end of 2006. With respect to the measurement of corporate performance, a Balance Score Card has been rolled out on a pilot basis, and within the framework of OECD-DAC, the Bank together with the other MDBs has developed a Common Performance Assessment System (COMPAS). In addition, results-oriented formats have been introduced for Country Strategy Papers (CSPs) and log frames for projects and programs. A results-based supervision report format has also been introduced. With a view of measuring the Bank Group contribution towards country level outcomes, the Bank has prepared a Results Measurement Framework as a basis to assess achievements at the country level. More than 100 staff has been trained in the preparation

and use of RB-Log frame for design, implementation and monitoring of operations. All projects submitted to the Board since the early part of 2005 are RB-Log frame compliant. More courses in the preparation of log frames will be organized during 2006 and 2007.

4.6 Based on lessons learnt to date, the Bank is facing and will seemingly continue to face a number of challenges and constraints in the implementation of its HA and MfR agenda. At the institutional level, it will be difficult to internalize and mainstream, in a short time frame, Bank Group's commitment to deepen HA and MfR agenda. It is also to be noted that the Bank's involvement in SWAps is generally impeded by the constraints in procurement linked to the clause on the origin of goods. A separate paper has been prepared for the Mid-Term Review on this issue. At the country level, weak ownership and poor prioritization by RMCs of the HA and MfR agenda in the PRSPs and national development plans, poor capacity and performance standards of country systems, lack of acceptable measurement standards and indicators, absence of predictable medium-term financing aligned to countries budget horizons continue to pose challenges in advancing the HA and MfR agenda. The Bank will, together with other development partners, continue to assist partner countries build the necessary institutional and human capacities and country systems to deliver on the HA and MfR agenda as transaction costs are still high.

4.7 *Private Sector Development Strategy*: The Private Sector Development Strategy was approved by the Board in December 2004. It aims at assisting regional member countries create an enabling environment for private sector growth, strengthening their financial systems, building competitive physical and social infrastructures through public-private partnership, promoting trade and supporting entrepreneurship development. The strategy emphasizes the need for a Bank-wide approach and closer collaboration between the Bank's sovereign and non-sovereign windows. It also put emphasis on cooperation with development partners as a key condition to achieve sustainable private sector growth. Since the adoption of the Strategy by the Board, several measures have been undertaken to ensure its proper implementation. This includes the review and alignment of the existing organizational structure and TOR of concerned organizational units. In parallel the Private Sector Department (which now includes Microfinance and Publicly-Guaranteed financial institutions) has been called to play more proactive role in the preparation of CSPs and in designing sector reform programs to better respond to the needs of the private sector in RMCs by improving the business environment. The Bank also increased its role in the financial sector, not only in the form of direct support to financial intermediaries but also in contributing to major financial sector reforms. In the area of infrastructure, the Bank also supported several projects aiming at strengthening the PPP to better address the economic and social needs, in particular in the area of energy. Since the adoption of the Strategy several initiatives resulting in integrated financial and capacity building programs have been launched to contribute to entrepreneurship development in selected countries. The Bank also played an active role in promoting partnership among donors to harmonize approaches and pool resources to increase impact of common operations.

## **5. Building Knowledge and Communicating with Stakeholders**

5.1 The Bank is complementing its financial services with knowledge services by building up its capacity for knowledge generation and dissemination. In 2006, the Office of the Chief Economist was upgraded into a Complex supervising Research, Statistics and Training. This was followed by the appointment of a new Chief Economist with a renewed mandate to scale up knowledge management and provide overall guidance to, and

coordination of research and capacity building as well as initiate the process towards making the institution a Knowledge Bank. As part of the ongoing institutional reforms, the Office of the Chief Economist is being strengthened through recruitment and redeployment of staff with the requisite skills and experience to enable the Bank give greater visibility and prominence to knowledge, its dissemination and management; ensuring an African voice in international development debates and contribute to shaping the international development agenda and capacity building in RMCs. Six researchers were recruited during 2005 while the following research clusters have been identified as areas of research focus on the basis of relevance and selectivity:

- Poverty Reduction and the MDGs;
- Macroeconomic dynamics and growth;
- Governance, Institutions and Public Sector Management;
- Investment climate and competitiveness of African economies; and
- Regional Integration and Trade.

5.2 The thrust of the work of the Office of the Chief Economist will be to contribute to strategically reposition the Bank as a knowledge centre on issues in African development with the objective of ensuring high development impact, results on the ground and organizational efficiency. In 2006, the main focus has been on improving the quality of existing knowledge products produced by the Bank as well as initiating demand driven research and training. The knowledge products include the *African Development Report* (ADR) the *African Economic Outlook* (AEO), the *African Development Review*, the *Economic Research Working Paper Series* (ERWPS), and a variety of statistical publications including: *Selected Statistics on African Countries*, *Gender, Poverty and Environmental Indicators for African countries*, *Compendium of Statistics on African countries*, and the *ADB Statistics Pocket Book*. Demand driven research for 2006 includes five studies, namely, Aid for trade; Debt relief and social service delivery in Africa; Intra-African trade; Remittances and migration; and, the Impact of Oil Price Increase on African Economies. In 2007, four demand-driven studies are planned, namely, Corruption and Economic Development, Conflicts and Natural Resources Management; Enhancing Agricultural Competitiveness; and, a Study on Oil and Gas. In addition, six training manuals were to be prepared for use in training programmes for Economists by the Bank in RMCs.

5.3 *Communications Strategy and Disclosure of Information:* A communications strategy has been prepared and is due for presentation to the Board before the end of 2006. The main elements and objectives of the strategy are (i) to greater public knowledge and understanding of the Bank's work; (ii) to deepen public recognition of the Bank as Africa's premiere development institution; (iii) to enable the Bank to be more widely seen as a prominent and efficient leader on African economic and social development; and (iv) to raise staff productivity through improved internal communications. The Bank Group Information Disclosure Policy which was approved by the Board in March, 2004 provides details on Bank Group documents that are available to the public related to the Bank's operations, financial and institutional information. During 2005, the Board approved the disclosure of the Summary of Board Decisions and the format for disclosure, Country Strategy Papers, Appraisal Reports, Summary of Progress and Status of Project Implementation, and Country Performance Assessment. The Bank shall publish on its website specific indicators and results of projects and programmes implementation, both periodically during the execution and at their completion. The first such report will be posted on the website during the last quarter of 2006. In addition the 2006 CPIA has for the first time been posted on the Bank's website.

5.4 *Bank's Comparative Advantage:* The Bank applies selectivity in the deployment of resources across and within countries through the Performance Based Allocation System and within CSPs, which are aligned to PRSPs. The Bank recognises the close linkages between selectivity and the Bank Group's areas of comparative advantage. The Bank is reviewing its areas of comparative advantage based on its mandate, policies and strategies, and past operations to identify the areas where it should concentrate its support in African countries. The review will identify where the Bank can cost-effectively build capacity and attain comparative advantage in future. The Bank is also building capacity in selected domains through the implementation of new initiatives such as in the water sector. A Task Force has been constituted to identify the key issues in addressing the Bank's Comparative Advantage. A draft Note has been prepared and is under discussion. Under the on-going institutional reforms, a High Level Panel of Eminent Personalities has been established to assist the Bank in defining its comparative advantage.

## **6. Constraints to the Implementation of the Action Plan**

While important progress has been made in the implementation of some elements of the Action Plan, a number of activities lag behind schedule, while in others the progress achieved is insufficient. The main challenges facing the implementation of the Action Plan are (i) inadequacy of resources allocated to the Operations Complexes and field offices (ii) slow pace in the change from a lending to an implementation culture; (iii) cumbersome business processes; (iv) insufficient delegation of authority to Task Managers and field offices; (v) lack of sufficient capacity in the Bank for effective implementation of the harmonization and results-based agenda; and (vi) inadequate capacity for project implementation both in the Bank and at the country level. A total of 175 positions remain vacant while at the same time, the staffing levels of field offices in relation to country portfolio size and composition is inadequate to match the challenges of country dialogue and portfolio management at the country level. Addressing all of these issues will require active and decisive management at all levels.

## **7. On-going Institutional Reforms and the Way Forward**

### **On-going Institutional Reforms**

7.1 Under the new structure of the Operations Complexes, the Vice Presidency Policy, Country and Regional Programmes drives the country strategy and country programme budget while the Sector Operations and the Infrastructure, Private Sector and Regional Integration Complexes consolidate the Bank's capacity in different sectors to achieve greater professional depth, specialization, improved learning and sharing of best practices, and efficient deployment of expertise required to meet RMC needs. These institutional changes place the Bank in a stronger position to implement the Action Plan and deliver results. Under the new structure, the Bank's capacity to respond to client needs and to deliver development and achieve better results on the ground has been enhanced. Both country programming and sector departments have been designed to ensure that there is a balance between operational staff time spent on lending activities and that spent on supervision and implementation support. The Country Programmes departments and the sector departments will work together to provide the requisite skills into a team to deliver operations, economic and sector work and portfolio supervision to ensure quality of operations. The newly-created Operations Coordinating Committee introduces an essential coordination mechanism across the

Operations Complexes and it will ensure greater alignment of operations and strategy, improved quality assurance, and effectively coordinated planning.

7.2 The changes to the structure of the Operations Complexes are being accompanied by complementary changes to the business processes. The delegation of authority matrix is being revised to enable effective decision-making in particular at the field office level, which will contribute to early resolution of procurement and disbursement issues during project implementation. This will result in more efficient and faster project implementation. Staffing of field offices will be proportionate to the size and nature of the portfolio and country needs, while the average size of operations is being increased with the exception of institutional support projects, to cut down transaction and human resource costs. Strengthened field offices will enable the Bank to deepen its partnership with governments and other donors at the country level. The Human Resources Strategy is being revised to address the high vacancy rates and skills mix inadequacies, promotion and performance evaluation systems, and provide incentives for staff to be innovative.

7.3 The review process is being revised to improve the effectiveness of peer review, reduce non value-adding steps, and ensure that responsibility is matched with accountability and better compliance. Loan conditions are being streamlined, and will be accompanied by effective follow-up on loan effectiveness with loans not effective 6 to 12 months after loan signature being cancelled. Portfolio management and project implementation is being strengthened through ensuring effective skills mix in project monitoring, putting in place harmonized procurement rules, and greater use of post review of procurement documents. Rules and procedures for disbursement are being simplified to make them more client-friendly and further contribute to reducing delays during project implementation. These changes to the business processes as well as human resources management and acquisition of goods and services, including at field offices, are being put in place concurrently with the structural changes and should lead to increased improvement in the quality of Bank operations. Portfolio quality is also being enhanced by the on-going exercise to cancel non performing operations.

## **Way Forward**

7.4 The implementation of the Action Plan is providing a useful framework for assessing effectiveness in the implementation of the ADF-X priorities and the enhancement of portfolio quality and performance. Successful implementation of the plan will affect the Bank Group's global portfolio quality and lead to improved portfolio management and development effectiveness of Bank operations. The Bank's capacity and responsiveness to the challenges of portfolio management are being strengthened through the on-going institutional reforms. Actions are being taken to enforce specific measures, at the institutional, donor and at the country level on key aspects of the project cycle in relation to quality-at-entry and quality during implementation, and on the harmonization of policies and procedures and alignment to country priorities, systems, planning and budget time frames. Portfolio clean up activities will continue to ensure concentration of resources on performing operations.

7.5 While the achievements of the Action Plan in a number of key activities has not been satisfactory to date, the Bank's capacity and responsiveness to the challenges of portfolio management are being strengthened through the on-going institutional reforms. Staffing levels and skills mix will improve through recruitment, redeployment within and across complexes and training. Country focus and selectivity will be further deepened through the

new country programmes departments which will drive country strategy and country programme budget while the new sector departments will provide the requisite skills into teams to deliver operations, economic and sector work and better portfolio supervision to ensure quality and client results. More empowered and adequately staffed field offices will enable the Bank play a more effective role in Joint Assessment strategies with other donors as well as increased use of budget support as an instrument of choice. The Operations Coordinating Committee will oversee and contribute to the improvement of operations quality-at-entry, during implementation and ensure coherence among Operations Complexes.

7.6 Business processes are being revised to ensure timely decisions and responsiveness to client needs and to achieve efficiency. The average size of operations is being increased to above UA 20 million except for institutional capacity building operations and pre-investment studies. Increasing the average size of operations will lead to savings in transaction and human resources costs and will improve the staff/project ratio and lead to better quality implementation and supervision. The review process is being strengthened to ensure better accountability and compliance to policies, guidelines, and quality to produce desirable project results while the delegation of authority is being revisited to enable effective decision making in particular at the field office level. Procurement and disbursement administration will be further streamlined, rationalized and aligned to national systems while safeguarding the fiduciary requirements. Further empowering of field offices will enable them fully participate in procurement and disbursement administration. This should result in more efficient and faster project implementation which should lead to enhancement of development effectiveness.

7.7 A foundation has been laid for transforming the Bank into a fully functioning RBM institution. A RBM Implementation Plan is under preparation and will be completed early 2007 while a Balanced Score Card has been rolled out on a pilot basis for measurement of Corporate Performance. In addition, results-oriented formats have been introduced for CSPs, log frames for projects and programmes, and supervision reports. A Results Measurement Framework has been prepared as a basis to assess achievements at the country level. Training in RBM will be scaled-up both within the Bank and at the country level.

7.8 The new structure of the Operations Complexes has been designed to lead to greater capacity and responsiveness. It is further intended to increase country focus, provide a single focal point for RMCs in the Bank and increase sector capacity by consolidating technical expertise. Portfolio management will be enhanced through a strengthened review process, more effective procurement and disbursement procedures and improved project supervision through improved mission skills-mix and empowered field offices. Project quality will be improved through increased sector depth and knowledge sharing, deepening economic and sector work and better country and sector portfolio monitoring capacity. Development effectiveness will receive increased focus by better aligning staff incentives with the Bank's development objectives leading to a more effective results-based management framework. Research capacity and knowledge management will be greatly improved through the strengthened Office of the Chief Economist, which is regrouping the Bank's research and training and capacity building efforts under a single structure. The recently introduced development week to refocus the institution on issues of portfolio quality and the need to ensure development effectiveness of operations will be a permanent feature of the Bank's activities. The projects mid-term reviews will be used more systematically to refocus efforts at achieving quality and results during project implementation. Prospects for enhanced project quality and successful implementation of the Action Plan are therefore good.

Annex 1: Matrix  
Key Indicators for Evaluation of Progress of the Implementation Action Plan

Issues / Objective	Actions to be Taken	Lead Department	Support Departments	Target Indicator	Indicator Description / Comments	Target Date
<b>1. MTR Report</b>	Mid-Term Review of Implementation Action Plan	ORPC	All Departments	1 Report	Summarizes all actions taken in Implementation of Action Plan	MTR
<b>2. Staff Recruitment</b>	Filling vacancies	CHRM	All Departments	Vacancy rate at less than 5% of approved positions	Vacancy rate at 12% by Dec, 2005. Recruitments suspended during 3 <sup>rd</sup> quarter of 2005.	MTR
<b>3. Staff Training</b>	Staff provided with training opportunities	CHRM	All Departments	All staff average at least 5 work days of training per year	CHRM to develop summary report of annual staff training By end of 2006 average will be 6 work days per staff. In 2005, average was 4.7 work days.	MTR
<b>4. RB-CSPs</b>	Develop Results-Based CSPs	Country Departments	Sector Departments	At least 30 RB-CSPs developed	20 Results-Based Country Strategy Papers	MTR
<b>5. ESW</b>	Economic and Sector Work undertaken	Country Departments	Sector Departments	15 ESW reports per year	15 - 17 ESW reports produced per year, eventually growing to 20-25	MTR / LT
<b>6. Quality-at-Entry</b>	Measures progress made in improving quality-at-entry: sound logframes; M&E systems; learning feedback; risk mitigation plans	ORPC	Country and Sector Departments	1 Report	Report prepared and disseminated.	MTR / LT
<b>7. Quality-of-Supervision</b>	Measures progress made in improving quality-of-supervision: refocus on results and outcomes; improvements in disbursement, procurement and adherence to implementation schedule	ORPC	Country and Sector Departments	1 Report	Report prepared: A new supervision report format prepared and is in use.	MTR
<b>8. Project Supervision</b>	Project supervision missions reflect adequate skills mix	Country and Sector Departments	FFCO / ORPU	1 Report	Indicates skills mix by type of mission. Only marginal improvements in skills-mix	MTR / LT
	Project supervision meets frequency target	Country and Sector Departments	FFCO / ORPU	1.5 visits per year per on-going operation	Rate of supervision being achieved	MTR / LT

Issues / Objective	Actions to be Taken	Lead Department	Support Departments	Target Indicator	Indicator Description / Comments	Target Date
<b>9. Annual Portfolio Performance Review</b>	Continue to use APPR data	ORPC	Country and Sector Departments	PAR rates < 25%; PP rates < 10%	Project-at-Risk rates to be reduced to below 25%; Problem Projects rates to be brought to below 10%. Indicative figures for APPR 2005 are PAR 42% and PP 11%.	MTR / LT
<b>10. Systematic Clean up of the Fund Portfolio</b>	Aging projects	Country and Sector Departments		From 20% to less than 10% of on-going portfolio.	Information available from APPR reports. 14% achieved as aged projects to date.	MTR
	Persistent Problem Projects (problematic > years in a row)	Country and Sector Departments		Less than 5% on-going	Information available from SAP. Not yet isolated.	MTR
	Closed projects with outstanding balances	Country and Sector Departments		None	Information available from SAP	MTR
	Projects eligible for cancellation (not signed after 180 days; no disbursement in 2 years or more)	Country and Sector Departments		Fewer than 15	Information available from SAP: 2 projects recorded with no disbursement after 180 days of signature.	MTR
<b>11. Disbursement</b>	Application processing time is reduced	Country and Sector Departments	FFCO	Down from 15 to 10 days	FFCO reports	MTR / LT
<b>12. Audits</b>	Reports on time and entered into the SAP	Country and Sector Departments	CIMM		90% of operations up-to-date on Audits and data entered in SAP system	MTR / LT
<b>13. Procurement</b>	Timely procurement	Country and Sector Departments	ORPU	Average procurement time reduced to 6 - 8 months, from 13 - 20 months	Procurement time reduced to 8-10 months by 2006.	MTR / LT

Issues / Objective	Actions to be Taken	Lead Department	Support Departments	Target Indicator	Indicator Description / Comments	Target Date
<b>14. PCRs &amp; PERs</b>	Project Completion Reports & Post-Evaluation Reports	Sector and Country Departments	OPEV	Annual PCR program established by OPEV and Operations Complex met 100%	PCR backlog systematically. ensuring fair distribution among all sectors	MTR
<b>15. Results-Based Management</b>	Implementation Plan under execution	All Departments	ORPC / CIMM	Implementation Plan on schedule	Timetable will be developed by consultants before Year-End 2004	MTR / LT
<b>16. Field Offices</b>	Field Offices established in selected countries	Country Departments	Sector Departments	8 new Field Offices opened and staffed	6 additional offices opened since 2005.	MTR / LT
<b>17. Strengthen Research Function</b>	Research program fully functioning	EDRE	ORPC Country and Sector Departments	8 staff + Office of the Chief Economist established	All Researchers recruited	MTR / LT
	Development Research program under way	EDRE	ORPC Country and Sector Departments	Research program outputs	Pertinent Research program on promoting sustainable development and pro-poor economic growth in Africa. Research Clusters approved by the Board.	MTR / LT
	Provide leadership in Development Research in Africa	EDRE	ORPC Country and Sector Departments	8 Research Papers prepared per year and refereed by research field specialists	Publishing schedule linked to the Research Program. Work on the Research papers has commenced	MTR / LT

Issues / Objective	Actions to be Taken	Lead Department	Support Departments	Target Indicator	Indicator Description / Comments	Target Date
<b>18. Harmonization and Alignment</b>	Action Plan on Harmonization, Alignment and Managing for Results	ORPC	ORPU, ORPC OPEV, OPSM Country Departments	1 Report	Summarizes all actions taken towards better coordination, harmonization, and alignment with development partners at RMC-level	MTR
	Priority actions of various Technical Working Groups	ORPC	ORPU, ORPC, OPEV	4 Reports	<ol style="list-style-type: none"> <li>1. Financial Management Guidelines;</li> <li>2. Master Procurement Document;</li> <li>3. Review of environment management policies, capacity, and strategies of selected RMCs;</li> <li>4. Evaluation of Higher Level Harmonization</li> </ol>	MTR / LT
	Improved coordination and harmonization among development agencies at the country level	ORPC	ORPU, ORPC, OPEV, OPSM Country Departments	1 Report	RMCs are effectively coordinating donor programs; Clients are satisfied with reduced compliance reporting workload; Number of partnership arrangements in RMCs	MTR / LT
<b>19. Transparency and Good Governance</b>	Promote accountability, transparency, effective participatory processes and other principles of good governance in RMCs	ORPC & Country Departments	GECL, AUDT, ORPC	1 Report	<ul style="list-style-type: none"> <li>• ESW on key issues in governance;</li> <li>• Effective advocacy;</li> <li>• Lending program for Governance objectives</li> </ul>	MRT / LT

