

Update on Institutional Capacity and Business Process Reforms

Background Paper

ADF-12 Replenishment, Third Meeting
May 2010
Abidjan, Côte d'Ivoire



AFRICAN DEVELOPMENT FUND

Executive Summary

This paper responds to a request made by ADF Deputies at the October 2009 ADF-11 Mid-Term Review for an update on the status and impact on programming of the Bank Group's institutional and business process reforms. While not all targets have been achieved, the Bank has progressed in all areas of institutional reform established under the 2007 core reform agenda. At the same time, the Bank has also been mainstreaming its managing-for-results approach, incorporating a broad series of institution and Complex-wide Key Performance Indicators into its structures under the direction of the Chief Operating Officer (COO) Complex.

Entering ADF-12, the Bank has assumed full ownership of its reform agenda and institutional capacity program.¹ As per the reform agenda, Management is strengthening institutional services in line with recently approved strategies and policies. The Bank has streamlined the human resources recruitment process to meet staff hiring targets, and a new performance management and evaluation system rewards staff and managers for positive performance while holding them accountable for delivering results. Staff training and capacity building in technical and management skills continues, and the information technology strategy developed in 2009 is being rolled out across the Bank, including Field Offices, to strengthen business processes, communications, and knowledge management. Renewed outreach and knowledge initiatives have raised the Bank's profile as Africa's voice in the global arena and partnerships with civil society have been strengthened. Remaining challenges include filling high staff vacancy rates and balancing multiple complex institutional reforms while continuing to pursue the Bank's development mandate.

Operational effectiveness and safeguards are being addressed through multiple channels, for example by fine-tuning the Operations Committee, strengthening Field Offices, and building capacity related to safeguards and oversight. The Bank is committed to empowering Field Offices in order to deepen relations with regional member country clients and local development partners and to maximize its development impact. In acknowledgment of the need to fortify the Bank's safeguards capacity, under ADF-12 the Bank will develop an updated, robust environmental and social safeguards policy and framework while continuing to mainstream climate change considerations into all ADF operations. The Procurement and Fiduciary Services Department is moving steadily forward in its strategy to promote best procurement practices, fiduciary oversight, and quality control, in part by deploying fiduciary experts to Field Offices to ensure that funds are used for the purposes intended. Additionally, Management has proposed to the Board that the Integrity and Anti-Corruption Division be upgraded to a full department, further strengthening this function across the Bank.

Progress on the reform agenda has improved both institutional and programmatic indicators. The reforms are being validated by continued growth in project approvals and, significantly, growing disbursements during ADF-11 even in the presence of significantly increased demand from regional member countries. The ADF-12 discussion paper *The Results Measurement Framework for the ADF-12 Period (2011 – 2013)* examines development results and impacts in more detail and presents a long-term reform agenda for ADF-12.

Deputies are reminded that these achievements are taking place even as the Bank operates within the challenging environment of non-permanent headquarters. Undertaking the full range of multilateral development bank activities in temporary headquarters for the past 7 years has impeded a number of reform areas and operations. Staff recruitment and retention, capital investments, information technology infrastructure, and other areas have been adversely affected to varying degrees. Despite these challenges, Management will persist in maximizing efficiencies and pursuing its reform agenda to ensure that the Bank continues to deliver on its mandate for Africa.

¹ A number of reforms and initiatives presently underway are beyond the scope of this paper. This paper primarily addresses areas pertinent to the ADF-11 Action Plan on Quality and Results. For details on a broader array of Bank Group reforms, see the related General Capital Increase papers, the 2009 Bank Group Annual Report, the ADB Board paper *Fine Tuning the Organizational Structure*, and other documents.

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Abbreviations

ADB	African Development Bank
ADF	African Development Fund
ADF-10	Tenth General Replenishment of the African Development Fund
ADF-11	Eleventh General Replenishment of the African Development Fund
ADF-12	Twelfth General Replenishment of the African Development Fund
ADOA	Additionality and Development Outcome Assessment
COO	Chief Operating Officer
CSO	Civil Society Organization
HR	Human Resources
IT	Information Technology
OAGL	Office of the Auditor General
OpsCom	Operations Committee
ORPF	Procurement and Fiduciary Services Department
PBO	Policy-Based Operation
PCR	Project Completion Report
TRA	Temporary Relocation Agency
UA	Units of Account

UPDATE ON INSTITUTIONAL CAPACITY AND BUSINESS PROCESS REFORMS

1. Introduction

Context

- 1.1 At the Eleventh General Replenishment of the African Development Fund (ADF-11) Mid-Term Review held in Helsinki, Finland in October 2009, Deputies discussed the background paper, *Impact of Institutional and Business Process Reforms on Programming and Delivery* and the related discussion paper, *Progress in Implementing the ADF-11 Results Measurement Framework*. Responding to Deputies' request, this Twelfth General Replenishment of the African Development Fund (ADF-12) background paper updates readers on selected institutional and business process reforms being undertaken by the African Development Bank (ADB or Bank) Group, including key areas of progress, challenges identified since the Mid-Term Review, and their impact on delivery.
- 1.2 This paper is laid out as follows: Section 1 presents the context for this paper and Management's vision and framework for the reform agenda. Section 2 discusses the latest ADF institutional capacity indicators and the ADF-11 Action Plan. Sections 3 and 4 discuss reforms to institutional services, operational effectiveness, and safeguards. Section 5 examines the reforms' effects on delivery, notably approval and disbursement rates. Section 6 concludes.
- 1.3 As with the Mid-Term Review, this paper is closely linked to the ADF-12 discussion paper, *The Results Measurement Framework for the ADF-12 Period (2011-2013)*. Whereas this paper looks primarily at internal institutional reforms and progress since the Mid-Term Review, the Results Measurement Framework paper delves more deeply into the links between the Bank Group's multi-tiered results frameworks, Key Performance Indicators, and development impact. The Results Measurement Framework paper also explores quality, results, and the status of the Bank's Paris Declaration commitments. A number of broader ADB Group reforms are also discussed in greater detail in the context of the General Capital Increase.

Management's Vision and Framework for Maximizing Reform Impact

- 1.4 During ADF-11, the African Development Fund (ADF or Fund) responded effectively to the fuel, food, and financial crises while continuing to adhere to its institutional reform agenda. One positive aspect of this period has been the opportunity for the Fund to test and prove its capacity to deliver and validate ongoing reforms while exposing remaining challenges.
- 1.5 Management is committed to continuously building the Fund's capacity and reinforcing the Bank Group's role as a results-oriented, performance-based African institution characterized by capable and dedicated staff; innovative, quality products; a commitment to shareholders and clients; and the highest ethical standards. These goals are only possible if reforms are implemented, monitored, adjusted as needed and, most importantly, owned by the entire Bank as well as by its shareholders and clients.
- 1.6 Supported and informed by the Senior Management Coordination Committee, the Chief Operating Officer (COO) and the COO's office are the Bank's nexus for coordinating, monitoring, and overseeing key corporate priorities, including the crosscutting reform agenda. The COO's office coordinates the development of the Bank's medium-term corporate strategy and the associated financial framework, supervises the allocation of resources, and oversees budget management and execution. It also applies a set of Key Performance Indicators to monitor corporate performance across the Bank's Complexes.
- 1.7 Entering ADF-12, Management recognizes the need to consolidate, deepen and innovate many of the reforms initiated under ADF-11. While ADF-11 witnessed significant structural, managerial, and organizational changes, institutional reform activities under ADF-12 are expected to center around transforming increased capacity into better performance and

results in regional member countries,² inter alia by strengthening incentives, empowering managers, promoting accountability, and nurturing a distinct corporate identity and value system throughout the Bank.

2. Overview of Institutional Effectiveness Indicators and Update of the ADF-11 Action Plan

- 2.1 The reforms initiated in 2007 have taken hold and are delivering improvements. Although not all targets have been achieved, progress on each indicator has been made. Table 1 reports on Tier II indicators³ and their status as of end-2009. Notably, since 2006,
- the average elapsed procurement time has fallen by 16 percent;
 - the average time between approval and first disbursement has nearly been halved;
 - Field Office staffing and the percentage of portfolio operations managed from the field have exceeded targets.

Table 1: Tier II of the Results Measurement Framework—Internal Reform Indicators of Institutional Effectiveness During ADF-11

	Baseline Value 2006	Target Value 2009	Achieved as of December 2009	Target Achieved
Ensuring the Quality At Entry of Strategies and Operations				
Percentage of new Country Strategy Papers with satisfactory baseline data at entry	33	70	67	✘
Percentage of operations with satisfactory baseline data at entry	37	70	71	✔
Percentage of budget support disbursed on schedule	55	75	60	✘
Average elapsed time between approval and first disbursement (months)	24	12	12.6	✔
Instilling a Continuous Supervision Culture				
Percentage of operations formally supervised twice a year	36	50	61	✔
Percentage of problem projects in the ongoing portfolio	14	10	6	✔
Annual disbursement rate of the ongoing portfolio (%)*	18	22	21	✘
Average elapsed procurement time (weeks)	70	40	63	✘
Share of projects eligible for cancellation (%)	27	15	20	✘
Enhancing Learning and Accountability Through Evaluation				
Percentage of exiting projects with a timely Project Completion Report (PCR)	9	45	92	✔
Percentage of PCRs rated satisfactory	45 in 2003-05	75	72	✘
Percentage of PCRs that report gender-disaggregated data	45 in 2006-07	n/a	56	✔
Improving On-the-Ground Results Through Decentralization and Harmonization				
Percentage of professional staff based in Field Offices	5	15	17	✔
Percentage of the portfolio managed from Field Offices	0	15	16	✔

Notes: * includes policy-based operations. Excluding policy-based operations brings the rate to 18%. n/a=not applicable

Source: African Development Bank

² In July 2008, the Bank Group adjusted its organizational structure to improve coordination, delivery, and corporate performance monitoring. Since then, experience and feedback suggest the need to fine-tune the structure to address and enhance new and existing priorities such as climate change, results management, integrity, and corruption. With this in mind, Management submitted to the Board a document entitled *Fine Tuning the Organizational Structure* (ADB/BD/WP/2010/41/Approval) in April 2010.

³ "Tier II Indicators" refers to the set of institutional indicators developed under previous ADF cycles to track institutional reforms. "Tier I" indicators, in contrast, measure development effectiveness at the country level. See Annex II for Tier II indicator definitions. Annex II presents the detailed definitions of the Tier II indicators.

Update of the ADF-11 Action Plan

- 2.2 At the ADF-11 Mid-Term Review, Management presented Deputies with an Action Plan outlining commitments on institutional effectiveness to be achieved by the end of ADF-11. While progress has been made in several areas of the Action Plan—including information technology (IT) and communications—there has been slippage in the issuance of the Decentralization Roadmap and the implementation of some human resources (HR) reforms (Table 2; see Annex I for details).

Table 2: Summary Status of the ADF-11 Action Plan

Institutional Capacity Commitments due by Q2 2010	Progress To Date
<p>Human Resources: Revise the Career Development Framework; ensure sufficient human resource capacity, especially in new departments; support departments and Field Offices</p>	<ul style="list-style-type: none"> ✓ Revised Career Development Framework approved by the Senior Management Coordination Committee ✓ Presidential Directive under preparation ✓ 53 of 56 targeted positions filled and the remaining 3 positions advertised ✓ 25 of 95 targeted positions filled and 70 positions in process
<p>Decentralization: Enhance implementation and develop a detailed roadmap</p>	<ul style="list-style-type: none"> ✓ Cross-Complex Decentralization Roadmap team formed ✓ Roadmap approved by Senior Management for informal Board discussion in May
<p>Information Technology: Upgrade the Bank's information management and resource planning platform (SAP) functions; connect Field Offices</p>	<ul style="list-style-type: none"> ✓ Technical upgrade of enterprise resource-planning software approved and accompanied by a functional upgrade to improve business processes ✓ SAP human resources applications upgraded to include budget controls and accommodate personnel expenses ✓ Knowledge management collaboration tool piloted with the Procurement and Fiduciary Services Department ✓ Information technology infrastructure redesigned and enhanced to ensure connectivity to Field Offices
<p>Communication and Disclosure: Enhance implementation of the Bank's public disclosure policy and enhance external communication capacity</p>	<ul style="list-style-type: none"> ✓ Standardized project brief format developed and approved ✓ Information technology system modified to facilitate the uploading of disclosure documentation ✓ <i>Africa Achieves</i> materials incorporated into communications efforts ✓ External communications firm recruited to strengthen capacity

Source: African Development Bank

3. Strengthening Institutional Services

- 3.1 Effective institutional services—including HR, IT, outreach and communications, and knowledge management—are vital to the Fund's ability to carry out its development mandate. While the Bank continues to move forward on its strategies in these areas, progress—especially progress related to HR and IT—is hampered by the Bank's Temporary Relocation Agency (TRA) status. As outlined below, the Bank continues to face long recruitment periods and excessive vacancy rates, in part because of resource constraints and the complexity of its institutional reforms.

Human Resources: The Bank's Most Valuable Asset

- 3.2 Within the context of its Human Resources Strategy,⁴ the Bank is improving the accountability and performance of its workforce and its reward and recognition of its staff. The Human Resources Strategy has four principal long-term objectives:
- to build and retain capacity by attracting and developing the diverse talent required;
 - to manage and reward performance;
 - to promote staff health and a more conducive work environment; and
 - to strengthen HR management and transform the HR Department into a client-oriented entity that promotes managerial accountability across the Bank.
- 3.3 To achieve these objectives, the HR Department is undergoing structural reforms designed to enhance its client focus and its capacity to deliver. When the structural reform program is completed in early 2011, key functions such as compensation, benefits, employee relations, and a shared service center will be retained in a central HR Department, and HR generalists and client service officers will be attached to each of the Bank's Complexes. Client service officers have already been identified and training has begun. Positioning these officers within the Complexes will promote HR processes and outcomes that are tailored to each Complex's needs and will complement the ongoing decentralization of budget functions (see paras. 3.13 to 3.15 on budget reform).

Enhancing Recruitment, Retention, and Review Processes: Staffing for Success

- 3.4 While effective recruitment and the sound management of the Bank's human resources is a business imperative, it remains an area where the Bank faces several challenges. For that reason, Management is supporting communications, awareness, and coaching campaigns for managers and staff in the HR initiatives outlined below. The Skills and Staff Surveys undertaken in 2007 clarified staff resources and expectations and have helped shape the Bank's recent recruitment initiatives, including structured and mandatory orientation and on-boarding sessions for new staff. A new Staff Survey is scheduled for the second quarter of 2010 and its results and findings will be used to fine-tune the delivery of corporate services, including recruitment and retention practices.
- 3.5 Recruitment has been complicated by the Bank's current temporary location. To facilitate and improve the quality of its recruitment process, in 2009 the HR Department introduced an online pre-screening assessment tool accompanied by written exams. This has aided the Bank and individual Complexes in identifying the most qualified candidates. In addition, the Bank's Recruitment Manual is under revision: when completed (scheduled for 2Q 2010), the manual will provide up-to-date, clear, and transparent guidelines for the recruitment and selection of staff. These initiatives should help reduce the average time required to fill a position from 8 months, as is now the case.
- 3.6 Even as HR challenges remain, however, reforms are bearing results (Table 3). Compared to 2008, staff members at post increased by 19 percent to reach 1672 (including Field Office staff) at end-2009. The Bank has exceeded its targets for professional staff dedicated to operations and the percentage of professional staff located in the field. The Bank has also progressed with respect to its gender balance, exceeding its 2009 goal.

⁴ African Development Bank. 2006. *Human Resources Strategy*. ADB/BD/WP/2006/67/Rev.3.

Table 3: Human Resources Indicators

	Baseline Value 2007	Target Value 2009	Achieved December 2009	
<i>Achieving the Capacity to Deliver</i>				
Professional and executive-level vacancy rate ⁵ (%)	15	5	12	✘
Gender balance index for professional-level staff (%)	22	23	26	✔
Field-based professional-level staff (%)	9	15	26	✔
Operations Complexes professional-level staff (%)	45	55	56	✔

Source: African Development Bank

- 3.7 As of December 2009, the vacancy rate stood at 12 percent. While significantly lower than the 22 percent that the Bank was experiencing at end-2008, this rate still impedes the Bank's capacity to deliver. High vacancies reflect in part the departure of some 80 staff members in 2009 through voluntary separation, retirement, or resignation. A number of Bank positions, including some vacated by departing members, have been filled competitively by internal staff: this has left the net vacancy rate unchanged. In addition, a number of candidates have declined Bank offers, primarily because of unsatisfactory salary negotiations.
- 3.8 In response, several HR initiatives and enhancements are being mainstreamed throughout the Bank to strengthen staff recruitment, retention, and performance. Pension and education benefits were extended to Field Offices in 2009 and Field Office staff have been included in the Bank's medical insurance plan. The Bank also introduced exit interviews to better understand and learn from staff separations. Recognizing that diverse staff members have diverse needs, the Bank introduced flexible working hours to promote a healthy work-life balance. In addition, staff retirement plan benefits, including spouse pensions and a reduction of the early retirement penalty, were put in place.
- 3.9 In accordance with the Human Resources Strategy, the new Career Development Framework will be launched in the third quarter of 2010 to provide a clear and objective process for personal development, promotion, and mobility across the Bank. The framework will aid in recruiting and retaining the best and brightest staff while enabling staff and managers to identify and benchmark performance levels, develop their careers, and realize their potential.
- 3.10 In 2009, the Bank introduced a new online system to evaluate and manage performance that places greater emphasis on results and better differentiates staff by performance. In the system's first year of use, 86 percent of staff members received feedback from their peers and 50 percent of managers received feedback from their subordinates. The system is expected to enhance productivity by orienting staff efforts towards the achievement of the Bank's development goals and producing a more comprehensive view of staff performance.

Training, Capacity Development and Diversity

- 3.11 The Management and Leadership Development Program will be rolled out in mid-2010 and is aimed at enhancing people management skills and team-building across the Bank. In addition, the Learning and Development Strategy will be launched in May 2010. This strategy will develop and enhance internal capacity for effective service delivery, emphasizing new areas such as climate change, regional operations, staff diversity (including gender diversity), and audit and procurement. The strategy will be supported by a new partnership between the HR Department and the African Development Institute to build capacity for the Bank's operations departments.⁶ At the same time, the Bank is undertaking internal capacity-building initiatives such as the Operational Learning and Knowledge Series (Box 1).

⁵ Reflects actual professional-level staff at post and excludes staff waiting to assume duty. Including staff waiting to assume duty, the rate at end-December was 8.7 percent.

⁶ For details, see African Development Bank. 2009. *Bank Group Capacity Development Strategy*. ADF/BD/WP/2009/158.

Box 1: The Operational Learning and Knowledge Series

Launched in 2010, the Operational Learning and Knowledge Seminar Series is a Bank-wide effort aimed at strengthening operational learning and the transfer of knowledge. The series is a direct response to staff requests to strengthen aspects of their core operational skills and business processes. The seminars primarily target sector managers, task team leaders, resident representatives, country economists, and country program officers. As of March 2010, five sessions had been held:

Supervising Operations: Moving Towards Evidence-Based and Action-Oriented Reporting took stock of existing practices and shared experiences about supervising Bank operations.

Improving the Quality At Entry of Country Strategy Papers engaged regional departments in a consultative process regarding the introduction of Readiness Reviews for Country Strategy Papers.

Preparing Good Quality Project Completion Reports identified positive trends, challenges, and good practices in the preparation of Project Completion Reports.

The *Environmental and Social Safeguards* seminar was part of the formal launch of the Environment and Social Safeguard Network, whose primary objective is to facilitate knowledge transfer on environmental and social issues.

Delivering Results in a Complex Environment exposed Bank staff from all levels to real-world experiences of delivering results in the midst of institutional change.

Additional sessions for 2010 will include the following: What Makes a Quality Country Portfolio Review?; The Paris Declaration and Project Implementation Units; Assuring Project Quality At Entry; What Constitutes Quality Economic and Sector Work?; Problematic Projects: Do We Restructure?; Making the Most of Fiduciary, Social, and Environmental Safeguards; Challenges in Implementing Regional Operations; and Have Trust Funds Really Been Simplified?

To further leverage knowledge transfer, after each seminar, organizers produce short knowledge products that synthesize the main elements of the discussion and document good practices in key operational areas.

As of March 2010, 413 staff members from Headquarters and Field Offices had benefited from the seminars. A preliminary analysis of survey responses confirmed high levels of staff satisfaction.

- 3.12 Throughout 2010, the Bank will be rolling out initiatives designed to promote and leverage a diverse and effective workforce. The Diversity Office, opened in late 2009, is creating a baseline of institutional data for a Diversity and Inclusion Action Plan for 2010. The first half of 2010 will also see the launch of guidelines for in-situ staff promotions. Provisions for staff mobility, including moves to Field Offices, are being revised to create greater flexibility in lateral transfers.

Budget Reforms: Empowering Managers and Building Accountability

- 3.13 In 2007, the Board of Directors approved a set of budget reforms⁷ intended to transition the Bank towards a fully decentralized resource management framework. These reforms are designed to (i) strengthen the link between institutional priorities and the allocation of resources; (ii) enhance institutional budget flexibility through increased fungibility and devolved authority; (iii) establish new accountability and performance frameworks by linking deliverables to Key Performance Indicators; and (iv) introduce consolidated multiyear programming and budgeting frameworks. In January 2010, the Bank launched its Unit of Account (UA) budgeting system, the next major step in the budget reform process.
- 3.14 UA budgeting⁸ further decentralizes budget management. Under UA budgeting, the responsibility for managing financial resources is delegated to cost center managers, who are empowered to make decisions geared towards achieving results. Vice-president units and managers have the flexibility and the responsibility to prepare staffing plans that meet work programs' requirements in terms of the number, skills, experience, and grade levels of staff. Additionally, managers exercise greater influence over staff promotion and hiring. This allows

⁷ African Development Bank. 2006. *Enhanced Budget Process*. ADB/BD/WP/2006/129/Rev.1/add.2 and ADF/BD/WP/2006/150/Rev.1/add.2.

⁸ Under the UA budgeting system, resource allocation is determined first by identifying the work program to be funded and then by translating the workload into a total resource envelope adequate for executing the work program.

them to better plan for turnover and work program modifications. The Bank is judiciously rolling out the UA budgeting system to ensure proper implementation; benefits will be realized gradually as the transition phase progresses.

- 3.15 Under UA budgeting, the staff headcount control system has been replaced with staff planning and fixed cost ratios as compensating controls. This empowers managers and holds them accountable while maintaining an appropriate level of central control. In the first half of 2010, a time recording system will be introduced to begin to develop credible data on the cost of outputs (products and processes) and develop a more accurate picture of ADF-ADB cost-sharing. This data will help managers track, plan and monitor unit costs; identify and understand spending patterns; and improve efficiency.

Information Technology: Empowering One Bank in Many Locations

- 3.16 IT is central to organizational effectiveness, knowledge production, communications, and data production and availability. Notwithstanding the logistical challenges of its Temporary Relocation Agency location, the Bank is forging ahead with its IT reform agenda, including major upgrades and connectivity initiatives for Field Offices.
- 3.17 The Bank's IT enterprise architecture study was completed in 2009 and established the approach, structure, governance, and processes that the Bank will use to guide its IT investments and activities. Negotiations for the functional upgrade of SAP, the Bank's business enterprise software platform, were completed in February 2010. The project will be implemented within 18 months and comprises technical and functional upgrades of all of the Bank's business processes, especially those related to the management of programs and loans.
- 3.18 Many ongoing IT activities are linked to strengthening Field Office capacity and enhancing staff productivity (Box 2). Drawing on the findings of the 2009 IT infrastructure audit,⁹ the Bank's IT and telecommunications infrastructure is being redesigned to not only empower employees but to improve security and ensure stability and connectivity between the Temporary Relocation Agency and the Field Offices. The goal is end-to-end quality services for the Bank's staff and partners alike.

Box 2: Enhancing Business Processes Through Information Technology—Helping Staff Achieve Across the Continent

Twenty-four Field Offices¹⁰ are now directly connected to information technology (IT) services, including video conferencing, hosted by the Bank's temporary headquarters in Tunis. Field Office workflow management is being streamlined with each SAP module rolled out to Field Offices. These modules include institutional procurement systems that allow Field Offices to create purchase requisitions and purchase orders online and have them approved by resident representatives. The Uganda Field Office is acting as a pilot.

The Bank's consultant procurement system has been rolled out to eight Field Offices to date. The system allows for the online registration, short-listing, recruitment, and management of consultants in different domains. Roll-out to the remaining Field Offices is planned for 2010. A pilot project for travel accounting and management services is being implemented in the Field Offices of Burkina Faso, Côte d'Ivoire, Ethiopia, Nigeria, Senegal, and Uganda. Roll-out is expected to be complete by December 2010. In addition, Field Office IT systems are being upgraded to facilitate reporting, support new financial products, provide Field Offices with a secure disbursement platform, and better integrate Field Offices with the Temporary Relocation Agency.

In an effort to improve wide area network and telecommunication services, plans are underway to reduce the latency in Headquarters' communications with Field Offices. The Bank is installing high-definition video conferencing equipment to enable certain Field Offices to hold quality video conference sessions with partners worldwide. Throughout 2010, the Bank will train IT technicians in Field Offices and in Tunis to improve support the skills needed for the new technology.

⁹ African Development Bank. 2009. *Information Technology Renewal and Progress on Implementation of Audit Reports*. ADF/BD/IF/2009/251/Rev.1.

¹⁰ The South Africa Field Office will be fully connected by end-May 2010; the Angola Field Office is presently being connected.

Outreach, Communications, and Disclosure

- 3.19 In line with the Bank's 2009 Communications Strategy,¹¹ the External Relations and Communications Unit is reinvigorating the Bank's internal and external communications. The Bank's revamping of its website in 2009 increased traffic by 65 percent, augmented the number of unique visitors by 69 percent, and increased the number of page views by 129 percent over 2008. The Bank has expanded its knowledge products and multimedia services, producing more videos and increasing its partnerships with television networks for broader coverage of Bank activities. Project Brief formats have been streamlined and operations Complexes are updating them more regularly in SAP for posting on the Bank website. Similarly, operations Complexes are generating up-to-date lending and pipeline briefs for the web system.
- 3.20 Although the Bank has made considerable progress in implementing its disclosure policy, constraints remain. The Bank's information system is not currently configured to automatically integrate all inputs into the ADB's website. In addition, the Bank needs to invest more in web resources such as editors and focal points for each organizational unit. Furthermore, while it is clear that the Communications Unit has primary responsibility for disseminating Bank information through various channels, questions remain regarding the ownership, monitoring, and quality control of the disclosure policy.
- 3.21 Management continues to believe that increasing and enhancing the disclosure of information will bring greater transparency and accountability to the Bank's fulfillment of its poverty reduction mandate. To that end, building on the disclosure-related achievements of the ADF-11 Action Plan, Management will review its disclosure policy in 2010 with a view to making publicly available a broader and deeper range of information about the Bank and its activities. The objective is to go beyond the existing framework and set a new standard based on a very limited set of items that will not be disclosed: in other words, to establish a negative list. Management is also committed to investing in web-based resources and empowering its communications team. These actions, coupled with the disclosure policy review, will strengthen transparency and accountability within the institution, enhance public dialogue, and better harmonize the Bank's disclosure policy with the policies of the Bank's partners.
- 3.22 The Bank has long recognized the valuable role played by civil society organizations (CSOs) as development partners and stakeholders. Since the early 1990s, the Bank has used its annual meetings as a platform for dialoguing with CSOs. The 2009 annual meetings in Dakar were characterized by constructive dialogue in areas as diverse as governance, extractive industries, sustainable environmental and natural resources management, gender-equitable development, and the Bank's response to the financial crisis. As a follow-up to Dakar, Senior Management met with civil society representatives on the margins of the World Bank/International Monetary Fund annual meetings in Turkey in 2009. In addition, Field Offices are expanding their outreach to and interaction with local CSOs, strengthening existing capacity-building efforts at the country level.
- 3.23 With the goal of further institutionalizing relations between the Bank and civil society, on March 1, 2010, the Bank hosted a Civil Society Consultation Forum in Tunis on the theme, "Raising the Voice of African Civil Society" (Box 3). At the Forum's conclusion, the Bank and the Civil Society Committee agreed to work closely to finalize terms of reference for the Committee's regular interactions. The Committee agreed to continue consultations on key initiatives, identify country-level strategic development priorities and provide periodic progress reports as appropriate.

¹¹ African Development Bank. 2009. *Communication and External Relations Medium-Term Strategy*. ADF/BD/WP/2008/134/Rev.1.

Box 3: Civil Society Engagement

On March 1, 2010, representatives of over 30 African civil society organizations (CSOs) met in Tunis at the “Raising the Voice of African Civil Society” forum sponsored by the African Development Bank. Following keynote addresses by former President of Botswana Festus Mogae and Mr. Mo Ibrahim, Chairman of the Mo Ibrahim Foundation, civil society and Senior Management participants discussed issues that ranged from ongoing processes related to the Sixth General Capital Increase and the African Development Fund replenishment to the Bank’s disclosure policy and environmental and social safeguards. The Civil Society Committee will continue to consult on key initiatives, identifying country-level strategic development priorities and providing periodic progress reports on their discussions. In a communiqué,¹² CSO participants noted, “We welcome the African Development Bank/Civil Society Committee as a useful mechanism for dialogue between the two parties” and “[We] urge the Bank to maintain its communications with civil society particularly with regards to its policies, procedures, mechanisms and the project cycle and building capacity of Civil Society.”

Enhancing Institutional Knowledge and Strengthening Africa's Voice

- 3.24 Guided by its Knowledge Management and Development Strategy,¹³ the Bank is enhancing its analytical capacity and mainstreaming knowledge services throughout its operations. By strengthening the capacity of the Chief Economist’s Complex, the Bank has improved the quality of its flagship publications and databases. These include the statistical data platform, the *African Economic Outlook*, the *African Development Report*, and the *Africa Competitiveness Report*. After taking the lead in the publication of the *African Economic Outlook* from the Organisation for Economic Co-operation and Development in 2008, the Bank increased the publication’s coverage from 35 countries in 2007/2008 to 50 countries in 2009/2010.
- 3.25 The Bank has also mainstreamed knowledge across operations, increasing country economists’ and Field Offices’ participation in the production of *African Economic Outlook* country notes and other Bank publications. In a similar vein, the *African Development Report* (2008/2009) is helping guide Bank and regional member country policymaking in fragile economies as these economies grapple with the challenges of the global financial and economic crisis. The *Africa Competitiveness Report*, prepared in collaboration with the World Bank and the World Economic Forum, is a reference for private sector policy and investment decisions on the continent and has heightened the Bank’s role in stimulating public-private dialogue on Africa’s business environment.
- 3.26 Stronger analytical capacity and a better knowledge base have enabled the Bank to take the lead in coordinating Africa’s response to the global financial and economic crisis. Working with the World Bank, the United Nations Economic Commission for Africa, and the African Union Commission, the Bank has helped guide Africa’s response to urgent issues such as the financial crisis, climate change, and engagement with the G-20. The Bank serves as both a leader and a platform for building an African voice and a common position. Recently, with the support of United Nations Economic Commission for Africa and the African Union, the February 2010 Committee of 10 (C10) meeting in Cape Town designated the Bank to serve as the Committee secretariat.

¹² The full communiqué and more information about the forum can be found at www.afdb.org/en/news-events/article/joint-african-development-bank-and-civil-society-organisation-communique-5608/.

¹³ African Development Bank. 2008. *Revised Bank Knowledge Management and Development Strategy 2008-2012*. ADF/BD/WP/2007/113/Rev.2/Add.1.

4. Improving Operational Effectiveness and Safeguards for Better Delivery

The Operations Committee: Fine-Tuning for Greater Impact¹⁴

- 4.1 The Operations Committee (OpsCom) is the Bank's internal review body. It is comprised of members of Senior Management and has the mandate of sharpening the country focus and strategic selectivity of the Bank Group's operations; strengthening the Bank's internal cooperation and cohesion; and improving the Bank's development impact. Established in 2007, OpsCom serves as a forum for streamlining project and strategy review processes. OpsCom's systematic checks and balances allow it to identify issues early and address them in a timely and concerted manner.

Box 4: A Brief Review of the Operations Committee

Between January 2008 and November 2009, the Operations Committee (OpsCom) reviewed 313 documents regarding the African Development Bank's projects, strategies, policies, guidelines, and operations. The sector and policy coverage of documents deliberated by OpsCom were consistent with the Bank's core priorities: 42 percent applied to infrastructure and private sector operations; 27 percent concerned agriculture (including rural infrastructure), governance, and human development; and 24 referred to regional strategy and policy.

The Additionality and Development Outcome Assessment (ADOA) framework¹⁵ formulates expected development results for each private sector operation and establishes targets against which success can be measured during execution and upon completion. ADOA findings are part of the OpsCom review process for private sector operations. A set of core outcome indicators has now been selected with a view to compiling aggregate development results. In addition, sources of additionality are systematically recorded to document the Bank's role in the development of Africa's private sector. In 2009, the 33 private sector operations approved by the Bank indicated a weighted average ADOA development outcome that was considered "good" (the outcome averaged 2.3 on a scale of 1 (excellent) to 5 (unsatisfactory)). The weighted average additionality complement was also found to be positive, with a rating of 1.5 on a scale of 1 (strongly positive) to 4 (none).

Going forward, Management will broaden OpsCom's focus so that the committee can more effectively execute its other strategic functions, such as overseeing annual operational programs and pipelines, monitoring program quality and portfolio management, and supervising operational outcomes and results.

- 4.2 In October 2009, Management assessed OpsCom's strengths and weaknesses and reviewed challenges related to its structure and processes. The assessment found that Bank staff valued OpsCom as an institutional coordination mechanism, an instrument for quality control, and a forum in which Country Teams could secure regular guidance by Senior Management. Working through peer reviews, the country, policy, and regional teams have drawn on cross-Complex expertise to provide unique, quality inputs for operational programs, policies, and strategies. This cross-fertilization of inputs by staff and Management has proven highly valuable. OpsCom has also exercised collective decision-making by asking Country Teams and staff to revise documents and approaches that did not fully comply with Bank policies and procedures.
- 4.3 The assessment also identified areas for improvement. Accordingly, during ADF-12, Management will strengthen the capacity of the OpsCom Secretariat and the performance of upstream structures such as peer reviews and country/regional/policy teams to improve OpsCom's strategic focus while controlling the volume of reviews. OpsCom will align its analyses and reviews more closely to Board decisions and recommendations, and crosscutting expertise in quality and results, procurement, legal matters, climate change, and gender will be consolidated into upstream structures. Management will also aggressively

¹⁴ The Board is currently reviewing a proposal (ADB/BD/WP/2010/41/Approval) to upgrade and expand OpsCom's capacity and place it under the supervision of the COO's office for better cross-Complex coordination.

¹⁵ The Additionality and Development Outcome Assessment framework analyzes and groups expected development outcomes in seven categories: (i) economic performance; (ii) effects on governments; (iii) environmental effects; (iv) gender and social effects; (v) private sector development and demonstration effects; (vi) effects on infrastructure; and (vii) effects on macroeconomic resilience.

pursue the formation of E-teams and virtual meetings to embed Field Office staff and Senior Management physically absent from the Temporary Relocation Agency. Management will carry out a comprehensive review in mid-2011 to reassess progress and OpsCom's role.

Strengthening Fiduciary Capacity and Internal Controls

- 4.4 Entering ADF-12, the Procurement and Fiduciary Services Department (ORPF) is focused on improving the delivery of procurement services while minimizing fiduciary risks and enhancing accountability. By combining policies, directives, guidelines, training, and IT systems, ORPF is strengthening procurement and fiduciary processes, reducing procurement processing times, lowering transaction costs, and enhancing quality control. As ORPF continues to build systems and capacity, task managers will be relieved of many procurement-related tasks and will better able to focus on project quality, implementation, and results.
- 4.5 Under ADF-12, ORPF's objectives and work plan are characterized by:
- a stronger focus on fiduciary and development functions and on increased borrower accountability and the greater use of country systems;
 - an emphasis on upfront project work that stresses better design, planning, and analysis of borrower capacity to ensure sound quality at entry; and
 - an integrated approach to supervising fiduciary functions that strengthens the post-review of contracts, sets prior review thresholds on the basis of borrower capacity and past performance, and assists borrowers by adding fiduciary capacity to Country Offices and delegating selected review functions.
- 4.6 Cognizant of the higher risks associated with decentralization, ORPF is enhancing decentralized fiduciary capacity in Field Offices while retaining centralized oversight. As of March 2010, eight procurement officers were posted in Field Offices, where they were complemented by 21 procurement assistants. To bolster this capacity, ORPF will appoint two field-based international procurement specialists in 2010 and upgrade 11 procurement assistants to procurement officer status through training, certification, and accreditation. A procurement accreditation program is under preparation and will be rolled out in 2010.
- 4.7 The Bank is also improving IT systems to support better procurement analysis and decision-making. An online procurement library is being built to collect, archive, and disseminate reference materials and best practices. The ongoing development of electronic workflow systems and the adoption of a Web-based interface for preparing bidding documents will improve the quality, transparency, and oversight of procurements while respecting a decentralized approach. On the operational level, the Bank is preparing guidelines for targeted post-procurement reviews of fiduciary decisions and auditing. This will involve independent firms or individuals undertaking systematic, independent post-procurement reviews and audits for small value contracts.
- 4.8 In support of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, the Bank is reviewing regional member countries' national procurement procedures to determine whether they are acceptable for national competitive bidding processes in Bank-financed operations. Using qualifying national procedures would realize significant efficiencies. As of March 2009, the Bank had completed 15 assessments; 30 more are scheduled for the remainder of 2010. Completed assessments are undergoing review by ORPF and Country Teams.

Strengthening Internal Governance: Anti-Corruption and Fraud¹⁶

- 4.9 Led by the Auditor General, the Office of the Auditor General (OAGL) is responsible for directing and supervising internal audits and corruption and fraud investigations. During ADF-12, OAGL's activities will expand to accommodate the increased risks inherent to the growing number of Bank operations, financing instruments, and Field Offices.¹⁷ OAGL currently audits

¹⁶ Note that anti-corruption, fraud, risk management, and related items are discussed in greater detail in the papers related to the General Capital Increase (ADB/BD/WP/2010/33/FWP/Rev.1).

¹⁷ In the context of decentralization, Bank personnel's greater exposure to contractors, suppliers, and local government procurement officials requires a program that increases staff's awareness of integrity.

an average of five to six Field Offices per year. This translates into each Field Office being visited approximately once every 4 to 5 years. This coverage is too low. Starting in 2010, OAGL plans to audit Field Offices once every 2 to 3 years, eventually increasing to once every 1 to 2 years. In addition, OAGL will audit more private sector operations, in light of increased private sector activity.

- 4.10 To enhance integrity within the Bank, Management has proposed¹⁸ to the Board that the Integrity and Anti-Corruption Division be upgraded to a new, separate department that reports to the President with a line to the Board. This would allow integrity and anti-corruption functions to be carried out independently of OAGL.

Decentralization: Bringing the Bank Closer to its Clients

- 4.11 A well-staffed, robust, and effective Field Office network increases technical resources, policy engagement, mutual ownership, and oversight while enhancing donor/client harmonization. Since the October ADF-11 Mid-Term Review in Helsinki, the Bank has opened two additional Field Offices (South Africa and Algeria), bringing to 25 the number of Field Offices.¹⁹ Of these 25, five serve as Regional Offices, meaning that they cover at least two countries.²⁰ As of December 2009, 358 staff members were posted in the field. This number represents an increase over 2008 but still falls short of the Bank's target. Better Field Office staffing—namely, a better skills mix, better recruitment, and more transfers between Field Offices and the Temporary Relocation Agency—will be required to fully leverage the benefits of decentralization going forward.
- 4.12 The Bank continues to strengthen its Field Office network, gradually delegating more programmatic and financial decision-making to Field Offices. In 2009, a comprehensive revision of the Delegation of Authority Matrix was carried out. Within this framework, field officers now have the authority to negotiate, sign, and administer loans; manage portfolios; supervise projects; and dialogue with regional member countries and partners. The outputs of these decentralizing actions can be seen in the positive indicators reached at end-2009: the percentage of professional-level staff in Field Offices attained 26 percent, well above the 15 percent target, while the percentage of the ADF portfolio managed from Field Offices reached 16 percent, also above target.
- 4.13 Management is refining the Bank's approach to decentralization. In September 2009, Management set up a decentralization taskforce to review the current status and challenges of decentralization, consider the experience of other international agencies, and prepare a Decentralization Roadmap that will comprise a review, lessons learned, and a refined strategy and action plan. The roadmap, which will be presented to the Boards of Directors for informal discussion in May 2010, proposes an action plan in four key areas: (i) expanding the scope of Bank services in the field; (ii) strengthening HR capacities for field operations; (iii) strengthening operations policies and the role of Field Offices in operations; and (iv) ensuring adequate logistical support and office space.

Environmental and Social Safeguards

- 4.14 The Bank Group has adopted a series of crosscutting policies regarding the environment, gender, population, public participation, poverty reduction, involuntary resettlement, and other areas. It also adopted Environmental and Social Assessment Procedures to safeguard the environment and social welfare and monitor compliance. With growing awareness of the potentially devastating impact of climate change on Africa's development and increased feedback from the Independent Review Mechanism,²¹ the Bank is engaged in the

¹⁸ African Development Bank. 2010. *Fine Tuning the Organizational Structure*. ADB/BD/WP/2010/41/Approval.

¹⁹ Following the relocation of the Bank to the Temporary Relocation Agency in Tunis, the opening of a Country Office in Tunisia was put on hold. The Angola Field Office has been established but is not yet fully operational.

²⁰ The five Regional Offices are in the Democratic Republic of Congo (covering Congo and the Democratic Republic of Congo); Cameroon (covering Cameroon and the Central African Republic); Gabon (covering Equatorial Guinea and Gabon); Senegal (covering Cape Verde, Gambia, Mauritania, and Senegal); and South Africa (covering Botswana, Lesotho, Namibia, South Africa, Swaziland, and Zimbabwe).

²¹ The Independent Review Mechanism was approved by the Board in 2004 to provide people adversely affected by a project financed by the Bank Group with an independent mechanism through which they might ask the Bank Group to comply with its own policies and procedures.

development of safeguard policies and a review of existing assessment procedures and guidelines, drawing on lessons learned and international best practices.

- 4.15 The Bank is also revitalizing staff training on safeguards. Staff orientations in both French and English were held in Field Offices in 2009 and additional TRA and Field Office sessions are planned in 2010. The Compliance and Safeguards Division will work with the African Development Institute and other Complexes to design and conduct safeguards training that conforms to best practices in the development, implementation, and supervision of environmental and social management plans. Target audiences consist of Bank staff and regional member country stakeholders.
- 4.16 In March 2010, the Bank established its Environmental and Social Safeguards Network to break down compartmentalization within the Bank, foster cross-Complex collaboration, and mitigate the need to intervene in projects at an advanced stage. The network is designed to offer Bank staff the opportunity to analyze and share sector and regional experiences, identify lessons learned, and increase staff's awareness and practice of safeguards. The Safeguards Division will draw on this knowledge platform to improve quality in project and program design and implementation. As part of the network, the Safeguards Division has established an e-mail help desk to give Bank staff direct, rapid answers to their questions regarding the application of safeguards.
- 4.17 Under ADF-12, the Bank will review and update its safeguards policy framework. Integrating emerging issues, including those raised in the May 2009 Climate Risk Management and Adaption Strategy,²² the Bank will begin in 2010 to prepare a new safeguard policy, revised environmental and social assessment procedures, and a natural resources management policy.

5. Impact on Delivery

- 5.1 Preceding sections of this paper summarized progress on a number of reforms, many of which are still underway and all of which are designed to enhance the quality, capacity, and effectiveness of Bank operations. As reforms continue to be mainstreamed throughout the Bank, their positive impact on delivery capacity will become more and more evident. Progress thus far is reflected in steady increases in approvals and disbursements under ADF-11 (Figures 1 and 2).

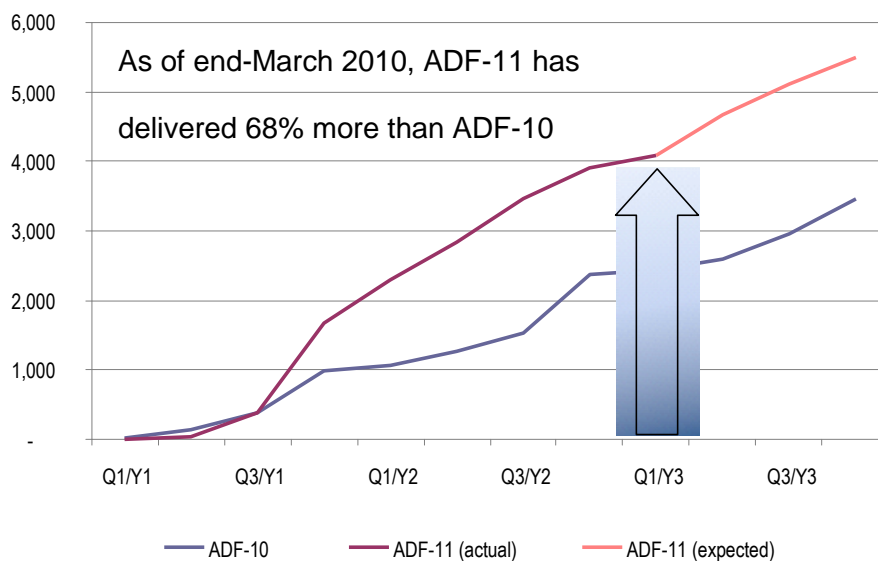
Impact on Approvals

- 5.2 As of March 2010 (the first quarter of the third year of ADF-11), approvals under ADF-11 were 68 percent higher than for the comparable period under ADF-10. This achievement reflects the Bank's improved delivery capacity. It is notable that higher approval amounts were sustained over the past five quarters even as demands for disbursements and staff resources rose.

²² African Development Bank. 2009. *Climate Risk Management and Adaption Strategy*. ADF/BD/WP/2009/49/Rev.1.

Figure 1: ADF-11 Versus ADF-10 Cumulative Approvals

(UA millions)

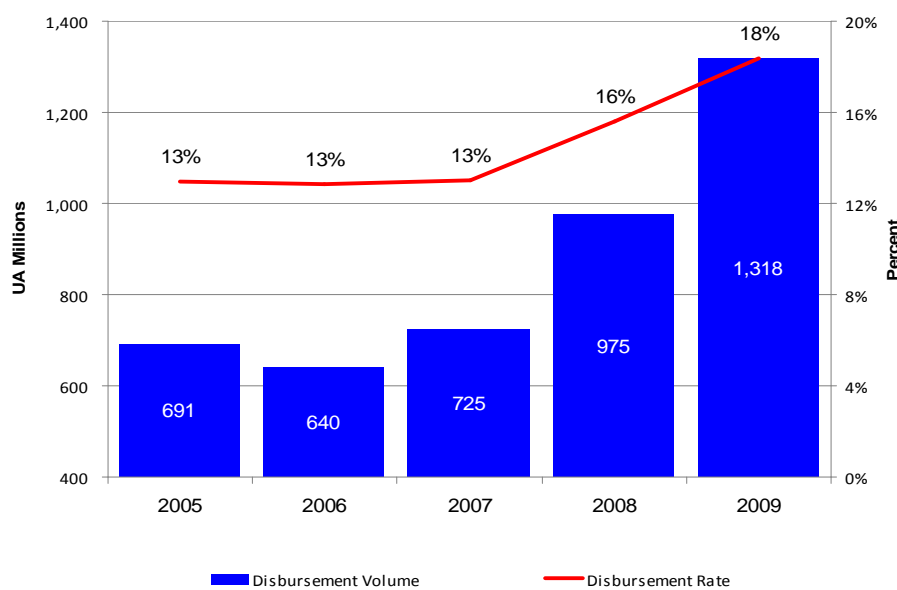


Source: African Development Bank

Impact on Annual Disbursements

5.3 Increased approvals reflect one aspect of business processes; increased disbursements reflect another. The programming and delivery improvements driven by better business processes and internal capacity building are manifested by the sustained increase in ADF amounts disbursed and the improved disbursement rate (Figure 2).

Figure 2: Disbursement Amounts and Rates by Year (2005–2009)



Source: African Development Bank

Note: Disbursement volume includes all disbursements within the calendar year -- including policy-based operations -- but excluding transfers to FSF. Disbursement rate is disbursements during the year excluding (i) projects approved during the year; (ii) PBOs and (iii) transfers to FSF divided by the stock of undisbursed resources at the beginning of the year.

6. Conclusion

- 6.1 Since the Mid-Term Review in October 2009, the Bank has continued to pursue reforms designed to improve results. The business processes discussed at the Mid-Term Review have been and will continue to be refined as the strategies and policies put in place under ADF-11 take root throughout the institution. There is measurable evidence that top management decisions and institutional reforms are being better implemented, monitored, and communicated Bank-wide.
- 6.2 Entering ADF-12, the Bank faces several challenges regarding its institutional capacity. Management is paying close attention to staff recruitment and retention, decentralization, and safeguards to ensure that workable solutions are pursued in a timely, responsible, and effective manner. There is no doubt that Management and staff are committed to these reforms. With the support of Deputies, shareholders, and clients, Management is confident that challenges will be overcome and that the Bank's capacity to deliver development results for Africa will benefit as a result.
- 6.3 Deputies are invited to share their views on this update of the ADB's ongoing business process and institutional capacity reform agenda, including its pace, direction, and progress since the Mid-Term Review.

Annex I: ADF-11 Action Plan Status Update

	ISSUE	ACTION	TARGET DATE	STATUS
1. Improving Quality and Results				
Quality At Entry				
1.1	Enhancing the quality at entry of all strategies and operations	<ul style="list-style-type: none"> • Readiness Reviews mainstreamed for all public sector operations, including policy-based operations • Readiness Reviews piloted for Country Strategy Papers • Conclusion of the evaluation of the project and policy review and the approval process • Approval of the revised process 	Q1 2010 Q3 2010 Q4 2009 Q2 2010	Achieved On track Achieved On track
Managing For Results				
1.2	Instilling a results-oriented culture	<ul style="list-style-type: none"> • Completion of the revision of supervision reporting tools and processes to focus on results and facilitate field-based supervision • All policy-based lending operations in fragile states formally supervised twice a year • Online objective-based staff performance management system strengthened to link individual staff objectives to department objectives 	Q2 2010 Q2 2010 Q4 2009	Achieved Achieved Revised target Q3 2010
1.3	Improving data and systems for results reporting	<ul style="list-style-type: none"> • Prototype of web-based automated results reporting system that tracks outputs and outcomes • System piloted • Core sector indicators on infrastructure, human development, and governance refined and adopted and their use monitored every 6 months 	Q4 2009 Q1 2010 Q1 2010	Achieved Achieved Revised target Q2 2010 (1)
2. Delivery Capacity and Institutional Effectiveness				
Human Resources				
2.1	Improving career development opportunities and strategies for staff retention	<ul style="list-style-type: none"> • Approval of the revised Career Development Framework; issuance of a Presidential Directive • Approval and launching of an enhanced staff mobility, rotation, and reintegration policy, including targets 	Q2 2010 Q4 2010	Revised target Q3 2010 On track
2.2	Ensuring sufficient human resource capacity, especially in new departments and Field Offices	<ul style="list-style-type: none"> • Of 156 professional-level vacancies as of 30 September 2009, • 56 positions currently on offer filled and new staff has assumed duty • Recruitment for 95 positions completed and new staff has assumed duty 	Dec. 2009 March 2010	Achieved At April 2009: 60 on-board; 18 in-process; 17 scheduled or advertised
Decentralization				
2.3	Enhancing implementation of the Ten Point Action Plan and developing a roadmap for the next phase of decentralization	<ul style="list-style-type: none"> • Approval of a detailed roadmap that clarifies the model, role, and strategy for decentralization and states targets for rolling out offices, staffing, and delegating authority that are aligned with ongoing human resource and business process reforms 	Dec. 2009	Revised target Q2 2010 (2)

2.4	Completing the decentralization of fiduciary decision-making by building capacity within Field Offices	<ul style="list-style-type: none"> • 40% of procurement-related decisions made in the field • Audit reports submitted to the Bank within the prescribed 6-month period increased from 20% to 50% 	Dec. 2010 Dec. 2010	In process In process
Information Technology				
2.5	Upgrading the Bank's information management and resource planning platform (SAP) functions and integrating Field Offices	<ul style="list-style-type: none"> • Completion of the pilot phase of SAP to better integrate workflow through secure and full Field Office connectivity, automated administrative services, and support for new financial products - Roll-out completed 	Dec. 2009 Q4 2010	Revised target Q3/Q4 2010 In process
Communicating the Bank's Operations				
2.6	Enhancing implementation of the Bank's public disclosure policy	<ul style="list-style-type: none"> • Project briefs on all current projects posted on the ADB website 	Jan. 2010	996 briefs posted as of March 2010
3. Aid Effectiveness, Harmonization and Alignment				
Alignment With and Building of Country Systems				
3.1	Enhancing the Bank's participation in multidonor assessments of country systems and strengthening collaboration in building these systems	<ul style="list-style-type: none"> • Four countries assessed on the quality and standard of their national procurement systems to determine whether and to what extent the Bank can use the systems • Joint analytical and diagnostic of country systems using the Public Expenditure and Financial Accountability mechanism conducted in at least four countries per year • Number of new governance operations with a component aimed at strengthening country public procurement systems increased from 28% in 2007 to 60% by end-2009 	Q4 2010 Dec. 2009 and Dec. 2010 Dec. 2009	Achieved Achieved On track Achieved
4. Crosscutting Themes				
Environmental and Social Safeguards				
4.1	Strengthening environmental and social assessments	<ul style="list-style-type: none"> • Environmental and social assessments (including gender) mainstreamed into Readiness Reviews as a dimension of quality at entry • Adoption of a detailed approach paper, including terms of reference and a timeline, on the revision of environmental and social assessment procedures 	Q4 2009 Q1 2010	Achieved Achieved
Gender Mainstreaming				
4.2	Building capacity for gender-disaggregated data collection and reporting	<ul style="list-style-type: none"> • Gender-disaggregated data collection, monitoring, and reporting strategy piloted in two regional member countries Strategy reviewed and scaled up in the two countries 	Q1 2010 Q4 2010	Revised target Q4 2010 (3)
Climate Change				
4.3	Ensuring implementation of clean energy and climate risk strategies	<ul style="list-style-type: none"> • Climate Risk Management and Adaptation action plan approved by the Board of Directors 	Q4 2009	Revised target Q2 2010 (4)

Source: African Development Bank

Notes: (1) Target revised pending consultations with Sector offices to finalize core sector indicators (CSIs). CSI results will be reviewed annually in line with data/reporting cycles.

(2) Target revised in light of extended consultations with clients, Field Offices, Staff and other stakeholders.

(3) Target revised. Discussions on-going among Bank complexes on resources, IT needs and best approach.

(4) Target revised in light of need to incorporate outcomes and findings from UN Climate Change Conference and stakeholder consultations. The Climate Risk Management Adaptation Strategy was approved by the Board in Q2 2010. The follow-on Action Plan is scheduled to go the Board in Q2 2010.

Annex II: Institutional Effectiveness—Internal Reform Indicators During ADF-11

Definitions

All indicators are calculated per calendar year or as at the end of the year and refer exclusively to African Development Fund operations

Indicator	Definition
Percentage of Country Strategy Papers (CSPs) with satisfactory baseline data at entry	<u>Numerator</u> : Number of CSPs with satisfactory baseline data at entry <u>Denominator</u> : Number of all new CSPs approved
Percentage of operations with satisfactory baseline data at entry	<u>Numerator</u> : Number of operations with satisfactory baseline data at entry <u>Denominator</u> : Number of all new operations approved
Percentage of budget support disbursed on schedule	<u>Numerator</u> : Number of policy-based operations disbursing on time <u>Denominator</u> : Number of all disbursing policy-based operations
Average elapsed time between approval and first disbursement (months)	Refers to all projects whose first disbursement occurred during the calendar year
Percentage of operations formally supervised twice a year	<u>Numerator</u> : All operations whose effectiveness date was more than 12 months earlier and for which at least two field supervisions were conducted during the year <u>Denominator</u> : All operations with an effectiveness date more than 12 months earlier
Percentage of problem projects in the ongoing portfolio	<u>Numerator</u> : All active projects with implementation or development objective problems (an implementation progress (IP) or development objectives (DO) score of less than 1.5) <u>Denominator</u> : All active projects that have been supervised at least once
Annual disbursement rate of the ongoing portfolio (%)	<u>Numerator</u> : Disbursements since the beginning of the year (excluding disbursements associated with operations signed within the year and including policy-based operations) <u>Denominator</u> : Undisbursed balance of projects at the beginning of the year
Average elapsed procurement time (weeks)	Refers to the time between the starting date of a procurement process (works, goods, and services) and the contract signature date
Percentage of projects eligible for cancellation	<u>Numerator</u> : Number of projects with loans or grants eligible for cancellation <u>Denominator</u> : Number of all active projects
Percentage of exiting projects with a timely completion report	<u>Numerator</u> : Number of operations whose Project Completion Reports (PCRs) were finalized on time (6 months) <u>Denominator</u> : Number of all operations qualified for completion reporting
Percentage of PCRs rated satisfactory	Share of completion reports rated satisfactory by independent review by the Operations Evaluation Department
Percentage of PCRs reporting gender-disaggregated data	Share of completion reports that report gender-disaggregated data
Percentage of professional-level staff based in Field Offices	<u>Numerator</u> : All international and local professional staff at post in Field Offices <u>Denominator</u> : All international and local professional-level staff at post
Percentage of the portfolio managed from Field Offices	<u>Numerator</u> : Number of operations managed by staff based in Field Offices <u>Denominator</u> : Number of all active operations

Source: African Development Bank