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Overview Note

ADF-12 Mid-Term Review
September 2012
Praia, Cape Verde



AFRICAN DEVELOPMENT FUND

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KEY ACHIEVEMENTS

The Mid-Term Review (MTR) performance assessment of the Twelfth African Development Fund (ADF-12) reveals the Fund's demonstrated resilience to economic and security crises; responsiveness to diverse and changing needs of regional member countries; and a sound track record of focus on results in delivering its ADF-12 commitments:

- Building on the operational and institutional achievements of ADF-11, the Fund is consolidating and deepening gains, promoting innovations, and improving the design and delivery of its operations based on experience and regular evaluations;
- At mid-term of the ADF-12 cycle, 91 operations had been approved, valued at Units of Account (UA) 2,684.6 million, and representing 49 percent of the total value of operations in the ADF-12 pipeline (UA 5,430.9 million) in the Fund's strategic priority areas (infrastructure, regional integration, governance and fragile states) and cross-cutting themes (private sector development, climate change, gender and human-capital development, and agriculture and food security);
- The independent evaluations of the Bank Group's support to Fragile States, Regional and Policy-Based Operations (PBO) have endorsed the role of the Bank in these key areas;
- Innovations during the ADF-12 period include the implementation of the Regional Operations Selection and Prioritization framework; rolling out of new financing instruments such as the Partial Risk Guarantee; development of public-private partnerships; and increased use of climate change financing;
- A determined program of continuous reforms implemented by the Bank has deepened and improved the institution's capacity to deliver development results as well as its operational efficiency;
- Progress under the enhanced Results Measurement Framework confirms that the Bank's investments are changing the lives of Africans across the continent, while delivering a high proportion of its planned outputs and outcomes and benefiting the most vulnerable people in Africa;
- ADF-12 resources have been allocated in a timely manner and according to the agreed resource allocation framework. The performance-based allocation system has recognized the best performing countries, while the Bank is positioned to play a timely role in discussions on potential improvements to the system;
- Despite the deficits reported the last two years and the challenging external environment, the Fund's financial basis remains sound. Several options are proposed to strengthen the ADF's financial capacity and ensure an appropriate use of resources while at the same time being more responsive to the heterogeneity of its clients.

KEY CHALLENGES AND MEASURES TO ADDRESS THEM

Despite significant achievements, challenges remain. Bank Management is determined to tackle the unfinished business, and has undertaken or planned measures in the following areas:

- Strengthening clients' capacity for project preparation and timely implementation, especially in the infrastructure sector, by providing technical, financial and advisory support for project preparation. Measures have also been taken to improve internal business processes and portfolio management;
- Continuing to deepen ADF's programmatic and financial support to Fragile States, Regional Operations, Private Sector Development and Human Capital Development;
- Ensuring smooth implementation of operations, particularly timely disbursement. The Bank has made significant progress in reducing disbursement delays in operations -from 21 months in 2007 to 11 months in 2009- however, it has yet to meet its 2012 target of 10 months. Measures include improving project readiness, better assisting clients and using decentralization;
- The Bank manages itself efficiently, but needs to improve administrative budget utilization and human resource management (particularly the staff vacancy rate and continuing the development of the Career Development Framework);
- Completing the move from measuring results to managing for results, and engendering a results culture at country level;
- Ensuring the availability of sufficient resources for arrears clearance as and when countries become eligible for such support. Maintaining the current resources in Fragile States Facility Pillar II, as proposed by Management, would contribute to the availability of ADF resources to clear ADB arrears if Sudan and/or Zimbabwe meet the conditions during the ADF-12 period.

OVERVIEW NOTE

1. Introduction

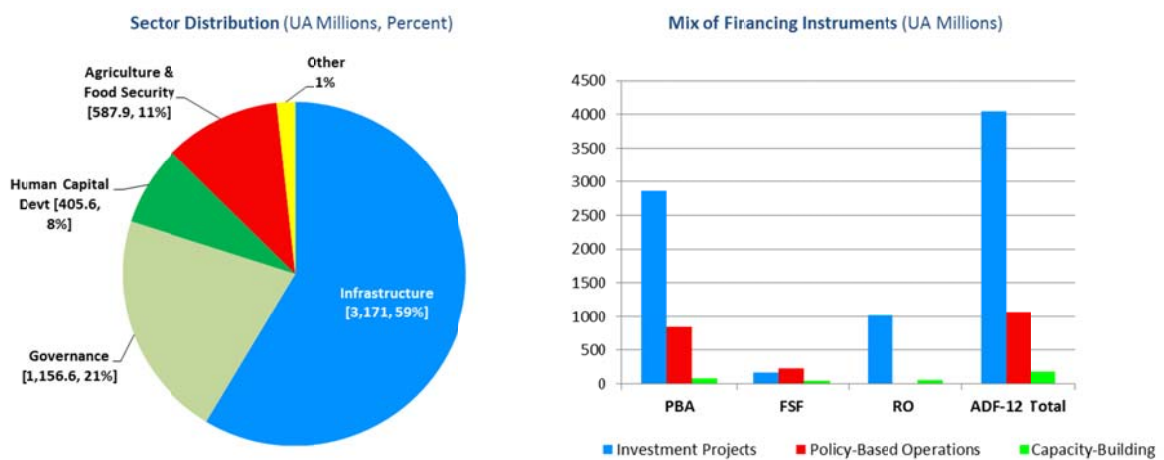
- 1.1 At its Mid-Term Review, the African Development Fund (ADF or the Fund) has demonstrated resilience, responsiveness and results. The MTR is a technical meeting to evaluate the progress made on the ADF-12 commitments. African Development Bank Group (the Bank Group) has focused on its selectivity of operations, continued to develop its delivery capacity and reinforced the emphasis on results, laying the foundations for a stronger, more resilient and effective institution as per ADF commitments. These accomplishments have helped the Fund to become one of the continent's lead donors in its areas of intervention.
- 1.2 The Fund has maintained its strategic focus in a diverse and changing operational context that has marked the first half of the ADF-12 period. The Fund has shown resilience in the face of changing political and demographic trends in North Africa and elsewhere on the continent. It has taken several steps further to represent Africa's voice in global fora such as the G-8, G-20 and will continue to strengthen its role as the voice of Africa.
- 1.3 The ADF-12 consultations reinforced the role of the Fund as a *preferred partner* for Africa's development financing with its regional mandate, its sharpened strategic focus, and its successful implementation of institutional reforms. It was agreed to review progress in implementing the commitments at mid-term on ADF-related issues, in particular:
- The implementation of operational priorities in the priority areas of infrastructure, governance, regional integration, and fragile states and cross-cutting themes;
 - The allocation and use of resources, including the implementation of Fragile States Facility (FSF) Pillar II (the Arrears Clearance Window) and potential improvement to the Performance-Based Allocation (PBA) system;
 - Results under a Bank-wide Results Measurement Framework and lessons learned from independent evaluations of Policy-Based Operations (PBOs), ADF's assistance to fragile states and regional operations;
 - Progress on institutional reforms and commitments made during the ADF-12 consultations; and
 - The long-term financial capacity of the ADF.
- 1.4 The papers prepared for this MTR(Annex I) demonstrate the progress made so far in ADF-12 and the expectations for the remainder of the cycle. The *Progress Report on Implementation of ADF-12 Operational Priorities* gives an overview of the ADF's operations in the Regional Member Countries (RMCs) in its priority areas. The paper on *Institutional Effectiveness* demonstrates how, through a broad range of institutional reforms, the Bank Group has improved its organizational efficiency and capacity to deliver results in an ever-changing context. The *Results and Development Effectiveness* paper complements this by focusing on the results achieved on the ground. The paper on *ADF-12 Resource Allocation* presents the financial side of ADF operations, specifically the allocation and use of the ADF-12 resources. The *ADF Long-Term Financial Sustainability and Capacity* paper takes a long-term view and examines the Fund's current financial situation and proposes options to explore to innovate and strengthen its capacity to fund new operations in the future.

2. Operational Implementation

- 2.1 Drawing on the Bank Group's institutional resilience and enhanced capacity, by the ADF-12 Mid-Term Review, the ADF operations are achieving their development objectives and delivering concrete results on the ground. The ADF has responded to the diverse and changing needs of its clients. Despite the security constraints on the Bank Group's operational base in Tunis in early 2011 and the on-going political and economic challenges in many countries, the implementation of ADF-12 strategic objectives and operational priorities remains on track and in line with the commitments spelled out in the ADF-12 Report.

- 2.2 Overall, as at mid-term of the ADF-12 cycle, the ADF Board of Directors had approved 91 operations valued at Units of Account (UA) 2,684.6 million, representing 49 percent of the value of operations in the ADF-12 pipeline (UA 5,430.9 million). The operational selectivity and sector distribution of approved and planned operations is consistent with the ADF-12 strategic priorities and cross-cutting themes. The Fund's support has continued its strong focus on infrastructure at 59% of the portfolio financed. In governance, the ADF's operational and capacity building support has focused on strengthening economic and public financial management, promoting business-enabling environment and domestic resource mobilization.
- 2.3 ADF-12 investments are accompanied by a package of assistance for capacity building, legal and regulatory frameworks and infrastructure maintenance, and supported by financial innovations in terms of increased use of PPPs and new financial instruments, particularly in the energy sector.

Figure 1: ADF-12 Financing of Priorities and Cross-Cutting Themes



- 2.4 In view of the importance of the regional integration agenda and the huge finance needs, Deputies agreed to increase the size of the Regional Operations (RO) envelope from 17.5 percent to 20 percent under ADF-12 (UA 1,162.5 million). To strengthen the link between ROs and performance, Management has rolled out the RO Selection and Prioritization Framework, in line with its ADF-12 commitment. This Framework has been implemented in 2011 and 2012. The quality and relevance of the Bank Group's support to regional integration has been affirmed by the findings of the independent evaluation conducted in 2012. Management will further propose refinements to the RO selection and cost-sharing process.
- 2.5 Similarly, support to fragile and conflict-affected countries has been strengthened under ADF-12, with a dedicated resource envelope of UA 828.12 million under the three pillars of the Fragile States Facility (FSF). A majority of the fragile states that have benefitted from the FSF Pillar I have improved their macroeconomic performance and have continued implementing governance reforms. Findings from the independent evaluation on the Bank Group's assistance to fragile states show that the Fund's support has been effective, responsive and flexible, especially as regards the implementation of Pillar I and Pillar II operations. The findings also point to areas where improvements are needed to further strengthen the Bank Group's support, which Management is currently addressing.
- 2.6 The strategic and operational linkages of the ADF cross-cutting themes – private sector development, climate change, gender and human-capital development and agriculture and food security – continues to be strengthened during the ADF-12 period. The proportion of private sector operations in ADF countries has grown from 30 percent in 2007 to 48 percent in 2011, while operational and technical support towards business-enabling environment has been stepped up. There was increased use of innovative financing instruments, such as

public-private partnerships, and the introduction of the ADF Partial Risk Guarantee instrument. Resources mobilized from climate financing facilities are used strategically with the Fund's resources, especially in the infrastructure, energy and agriculture sectors. The Bank Group is also making steady, albeit slow, progress in its gender mainstreaming agenda; and in response to increased demand from its clients, the Fund is providing an integrated package of assistance for human capital development, especially in the areas of basic service delivery and skills development across the various ADF-12 core priorities. The ADF-12 support for agriculture productivity and food security reflects strong strategic alignment with the infrastructure sector, climate change and gender.

- 2.7 The Fund's increased role in the above-mentioned areas of core operational priorities and cross-cutting themes is underpinned by analytical work and evidence-based approach, including those emanating from Economic and Sector Works, internal reviews and independent evaluations. Such studies also inform the development of several Bank Group operational policies and strategies – such as the new policy on Program-Based Operations, the Energy Policy and Strategy, Private Sector Development Policy and Strategy, Gender Strategy 2012-2016, Human Capital Development Strategy 2012-2016, and the Climate Change Action Plan 2011-2015.
- 2.8 For the remainder of the ADF-12, Management will continue to focus on addressing the challenges identified by the independent evaluations, especially those related to fragile states and regional operations. Management is also devoting greater attention to strengthen clients' capacity for project preparation and implementation, especially in the infrastructure sector, by providing technical and financial assistance, as well as by streamlining its business processes so as to reduce implementation delays and intensify project portfolio management.

3. Institutional Effectiveness and Delivery Capacity

- 3.1 The Bank has demonstrated resilience against a background of diverse challenges in its operating context, including the 2007-08 food and fuel crisis in several African countries, the 2008-09 global financial and economic crises, the food crisis affecting countries in the Horn of Africa and the Sahel, and the more recent sovereign-debt crises in the United States and Europe. Individual countries including Côte d'Ivoire, the Bank's headquarters, and Tunisia, its temporary location, have also been affected by socio-political unrest. Despite this, the Bank Group, has unfailingly continued to provide steady focus, rapid response and reliable support to its clients.
- 3.2 The program of continuous reforms implemented by the Bank since 2006 has deepened and improved institutional capacity, efficiency and effectiveness for better delivery of development results. Through its enhanced decentralized structure, the Bank has nearly doubled the number of staff working from its Field Offices (FOs), including in the recently established Regional Resource Centers, from which 25 percent of the Bank's portfolio is now managed.
- 3.3 This increase in staff capacity at field level was greatly facilitated by the substantial Bank-wide staff increase that occurred between 2008 and 2011. In addition, implementation of the Human Resources Strategic Framework and Action Plan, upgrading of Information Technology systems and investments in knowledge management have strengthened the recruitment, retention and management of staff as well as their capacity to perform.
- 3.4 The Bank has reinforced its institutional transparency, integrity and accountability capabilities to match the increased volume and complexity of its operations in the current global context, to achieve greater openness and to promote dialogue with a broad range of stakeholders. In addition, efforts to streamline business processes, ensure an efficient use of resources, and strengthen the Bank's fiduciary safeguards and risk management frameworks, including at country level, are well on track.
- 3.5 The set of reforms has positively impacted the Bank's operations: disbursements have increased 1.7 times between 2008 and 2011, portfolio performance has improved (for example, the percentage of operations supervised twice a year grew from 33% to 57%), and processing times have been reduced (by 25% in the case of high-value contracts for works).

The impact of these efforts is being positively assessed in multilateral aid reviews such as those recently conducted by the UK and Australia. It is noteworthy that the Bank's reputed position as "a preferred partner in Africa" was reaffirmed in a comprehensive survey of its regional member clients in March 2012.

- 3.6 For the remainder of the ADF-12, Management remains committed to addressing the unfinished business, among which are: (i) the Bank Group's disbursement ratio, (ii) the budget utilization rate, and (iii) the staff vacancy rate.

4. Results and Development Effectiveness

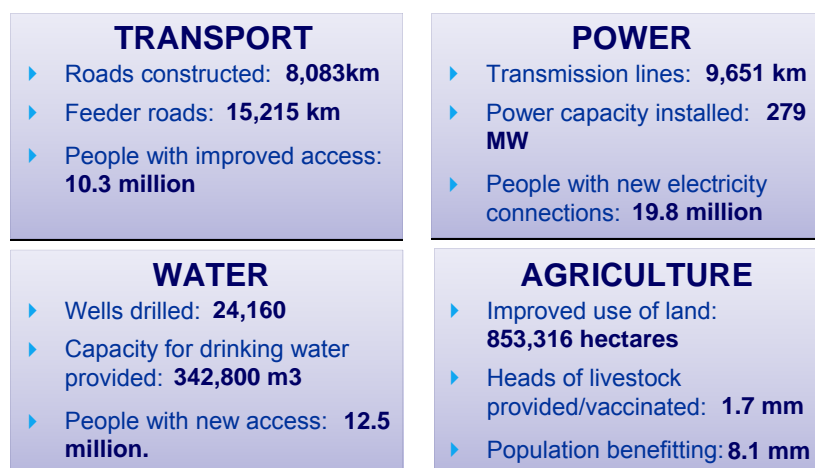
4.1 The Bank has made significant progress in establishing the critical processes, systems and tools to manage for development results. As the Bank consolidates its systems, the focus is gradually shifting from the "harder" to the "softer" challenges—behaviours, incentives, culture and practices.

4.2 As the Bank continues to adapt its operations to Africa's new and emerging development challenges, the Results Measurement Framework will be enhanced to support the Long-Term Strategy which sets out the new strategic and operational priorities. Adjustments to the current RMF will be made by 2013

4.3 To capture the Bank's contribution to development across its many dimensions, in 2011 the Bank launched a new Annual Development Effectiveness Review (ADER) to report against four levels of results:

- Level 1—ADF countries have recorded significant development progress since 2005. The continent has achieved growth rates above 6% for most of the past decade, making Africa the third-fastest growing region in the world with 7 of the fastest growing economies in the world, lifting millions out of poverty. Growth has tended to be concentrated in relatively few economic sectors and geographic regions. As a result, the benefits of growth have not always been evenly spread, and income disparities have been rising. Six of the 10 most unequal countries in the world in 2010 were in sub-Saharan Africa.
- Level 2—by consistently delivering strong outputs and outcomes, the Bank is contributing to development in ADF countries. The 2012 ADER shows that in 80% of the Bank's core results indicators, operations achieved or surpassed their targets. It also shows through the new geocoding initiative that a high proportion of operations targeted the most vulnerable populations in Africa.

Figure 2: Selected Output and Outcome Indicators (2009 – 2011)



- Level 3—the Fund’s operational performance is improving. At the end of 2011, the ADF portfolio consisted of 349 operations with a combined value of almost UA 9 billion. Level 3 uses 21 indicators to measure the performance of this portfolio. The Bank has made real progress in improving the management of its portfolio, with 68% of Level 3 indicators on track to achieve or surpass their targets for 2012.
 - Level 4—as an organisation, the Bank manages itself effectively but needs to improve human resource management. Six of 11 indicators for Level 4 are on track to achieve the 2012 targets. The ADB is moving forward with decentralisation, devolving staff and responsibilities to field offices and enabling the Bank to form stronger partnerships with regional member countries. Human resource management remains, however, a persistent challenge (i) the staff premature attrition rate—staff leaving before the end of their first contract, and (ii) the staff vacancy ratio.
- 4.4 Moving from measuring results to managing for results. A results culture needs to be more deeply embedded in the Bank’s management practices, understood and accepted by staff and used at the country level.
- 4.5 Focusing on a results culture at country level. A strong results culture at the country level is essential to the effective management of the Bank’s operations. The Bank is equipping staff in field offices and placing increasing emphasis on results in country engagement—for example, by launching a pilot Country Development Effectiveness Review in 2012.

5. ADF Resource Allocation Framework

- 5.1 ADF-12 resources have been allocated in a timely manner and in accordance with the agreed framework. The allocation of resources under ADF-12 continues to be driven by country performance through the Performance-Based Allocation (PBA) system, while additionally supporting ADF operational priorities through the two set-asides for ROs and Fragile States.
- 5.2 Utilization of the ADF-12 resources is also well on track: 45 percent of the total expected resources for the three windows have been committed¹, commensurate with the mid-term utilization rate of previous replenishments. The utilization rate is expected to rise to 64 percent by December 2012 and to approach 100 percent by the end of the ADF-12 cycle, assuming that the resources for arrears clearance will be used.
- 5.3 Management’s assessment is that Sudan and/or Zimbabwe could qualify for arrears clearance by the end of the ADF-12 period. Management believes that the Bank should remain ready to provide arrears clearance as and when countries meet the relevant conditions, and therefore proposes to retain the current FSF Pillar II resources within the Pillar throughout ADF-12. Management also recommends that any unused amount at the end of the cycle be rolled over to the same window in ADF-13.
- 5.4 Management proposes to examine and possibly consider adjustments to the incentive mechanism and the cost-sharing arrangements for Regional Operations, in order to further extend the overall share of ADF resources supporting regional integration and to ensure an equitable access to resources from the RO envelope among all ADF countries
- 5.5 On the basis of a series of internal and external consultations, Management proposes to explore five areas of possible improvement to the PBA system, while maintaining an undiminished focus on performance:
- stronger alignment of the aid allocation methodology to the African Development Fund’s operational priorities;
 - better capturing continent- and region-specific factors affecting development in RMCs;
 - rewarding outcome-based performance;

¹ At 31 July 2012, UA 2,622 million out of the total expected resources for the three windows of UA 5,876 million had been committed

- ensuring a meaningful engagement through the country allocation; and
- improvements to the resource allocation system for fragile states.

5.5 Management seeks the ADF Deputies' views on the above topics.

6. Financial Sustainability and Capacity

6.1 Until recently the ADF had generally been reporting positive financial results. For the last two years, however, the Fund's financial results have been negatively affected by forgone income from debt relief and grants; financial policies on lending terms, administrative expenses and liquidity management; and interest rate and currency exchange rate movements. Yet a significant part of the deficit may be considered as arising from financial accounting reporting principles², and the Fund's financial situation remains fundamentally sound.

6.2 In order to improve the Fund's financial outlook, Management has undertaken several measures within its purview to limit negative effects on the Fund's resources and improve its financial performance. These include: (i) enhanced disclosure of forgone income due to debt relief and grants, (ii) stringent cost control and budgetary discipline, (iii) a conservative investment strategy, and (iv) risk management measures to reduce interest rate and currency risks.

6.3 Going forward, Management proposes to explore several options to enhance the Fund's financial capacity to finance new operations and ensure an appropriate use of resources while better responding to the increasing heterogeneity of its clients:

- Revising the ADF lending terms;
- Differentiating financial terms among groups of ADF-only countries;
- Encouraging graduation;
- Accelerated repayment and voluntary repayment of ADF loans; and
- Better leveraging Bank Group resources through new instruments, arrangements and financial innovation.

6.4 Based on Deputies' views and guidance on the above, Management will develop concrete proposals for discussion during the ADF-13 replenishment consultations.

7. Conclusion

7.1 The ADF-12 at its Mid-Term Review has been resilient and is making meaningful contributions to the development objectives of the 41 low-income African countries benefiting from its assistance. It has demonstrated responsiveness to the diverse and changing needs of its clients while maintaining the strategic and operational focus.

7.2 The period of the ADF-12 has witnessed a revolution in Tunisia and political change in Cote d'Ivoire. However, the Bank Group has continued to build its franchise value and legitimacy of its mission as the multilateral development bank of Africa. It is an institution whose mandate includes fragile states, and it has responded effectively to crises. It is staying on track with its strong results orientation, as agreed under the ADF-12 Replenishment. The Bank Group has achieved high rankings of overall performance as Africa's "Preferred Partner" during ADF-12 and in the multilateral reviews conducted recently. While recognizing that there is unfinished business, the Bank Group is focused on implementing its commitments for the remainder of the ADF-12 cycle.

² The Fund is fully compensated for forgone loan income from grants and the Multilateral Debt Relief Initiative, but this compensation is not reported as income.

Annex I: List of Papers Prepared for the Praia Meeting

1. Overview Note
2. Progress Report on Implementation of ADF-12 Operational Priorities
3. Institutional Effectiveness: Improving Delivery Capacity in a Changing Context
4. Results and Development Effectiveness
5. ADF-12 Resource Allocation
6. ADF Long-Term Financial Sustainability and Capacity

Annex II: ADF-12 Implementation Matrix - Status Update

	Issue	Commitment	Action	Target Date	Implementation Update August 2012
1. Strategic and Operational Focus					
1.1	Progress Report	<ul style="list-style-type: none"> Implementation of ADF core operational priorities: infrastructure, governance, regional integration and fragile states Resource allocation and use, including implementation of FSF Pillar II and potential modification to the PBA 	<ul style="list-style-type: none"> Report to Deputies 	<ul style="list-style-type: none"> ADF-12 MTR 	<ul style="list-style-type: none"> Completed
1.2	Governance	<ul style="list-style-type: none"> Adoption of consolidated Fiduciary Risk Management Framework Independent evaluation of PBOs Adoption of consolidated PBO policy 	<ul style="list-style-type: none"> Board Approval Board Approval Board Approval 	<ul style="list-style-type: none"> Q3 2010 Q1 2011 Q2 2011 	<ul style="list-style-type: none"> Completed Completed Completed
1.3	Regional Operations	<ul style="list-style-type: none"> Independent evaluation of regional operations Adoption of Framework paper on project selection and prioritization, including stronger link to performance Develop and adopt 4 Regional Integration Strategy Papers 	<ul style="list-style-type: none"> Board Approval Board Approval Board Approval 	<ul style="list-style-type: none"> Q4 2011 Q1 2011 Q4 2010 	<ul style="list-style-type: none"> Completed Completed Completed
1.4	Private Sector Development: New Financing Instruments	<ul style="list-style-type: none"> Finalize and rollout Partial Risk Guarantee instrument 	<ul style="list-style-type: none"> Board Approval; Progress Report 	<ul style="list-style-type: none"> Q1 2011, ADF-12 MTR 	<ul style="list-style-type: none"> Completed Completed
1.5	Climate Change	<ul style="list-style-type: none"> Implementation of Climate Change Action Plan Adoption of Energy Policy 	<ul style="list-style-type: none"> Progress Report to the Board, MTR Board Adoption of Policy 	<ul style="list-style-type: none"> ADF-12 MTR Q1 2011 	<ul style="list-style-type: none"> Updated Climate Change Action Plan finalized and distributed to the Board in August 2012. A Progress Update covering 2011-2012 activities will be submitted in Q1 2013. Energy Policy scheduled for Board of 26 Sept 2012
1.6	Gender	<ul style="list-style-type: none"> Update Gender Action Plan- 2011 onward; Adoption of Revised Gender Strategy Synthesis Report on Review of International Experience in Gender Mainstreaming 	<ul style="list-style-type: none"> Board Approval Board Approval 	<ul style="list-style-type: none"> Q4 2011 Q4 2010 	<ul style="list-style-type: none"> Action Plan Completed Broad thrust of the gender strategy incorporated in the LTS to be approved by the Board Q4 2012; operational guidance document Completed
1.7	Fragile States	<ul style="list-style-type: none"> Independent evaluation of ADF assistance to fragile states 	<ul style="list-style-type: none"> Board Approval 	<ul style="list-style-type: none"> Q2 2011 	<ul style="list-style-type: none"> Completed

	Issue	Commitment	Action	Target Date	Implementation Update August 2012
2. Development Effectiveness and Managing for Results					
2.8	ADF-12 Results Measurement Framework (RMF)	<ul style="list-style-type: none"> Adoption of revised Bank Group RMF (2011-2013) Adoption of Supervision Guidelines Monitoring of implementation of ADF-12 RMF and revise targets/indicators as needed 	<ul style="list-style-type: none"> Board Approval Board Approval Annual Board report; MTR report 	<ul style="list-style-type: none"> Q4 2010 Q1 2011 Ongoing; MTR 	<ul style="list-style-type: none"> Completed Completed Completed
2.9	Paris Declaration on Aid Effectiveness	<ul style="list-style-type: none"> Review of internal rules and procedures and adoption of policy on aid effectiveness Monitor implementation of Aid Effectiveness Road Map 	<ul style="list-style-type: none"> Board Approval Annual Board Report, MTR report 	<ul style="list-style-type: none"> Q4 2010 Ongoing, MTR 	<ul style="list-style-type: none"> Completed Completed
3. Delivery Capacity and Institutional Effectiveness					
3.10	Human Resources (HR)	<ul style="list-style-type: none"> Adoption of updated Staff Compensation Framework and Retirement Plan Decentralization of HR functions 	<ul style="list-style-type: none"> Board Approval Progress report to the Board 	<ul style="list-style-type: none"> Q1 2012 Q1 2012 	<ul style="list-style-type: none"> Completed Completed
3.11	Decentralization	<ul style="list-style-type: none"> Approval of Decentralization Road Map Implementation of Delegation of Authority Matrix for Procurement, Fiduciary Safeguards and Operations. 	<ul style="list-style-type: none"> Board Approval Progress Report to Management and the Board 	<ul style="list-style-type: none"> Q3 2010 Q1 2011 	<ul style="list-style-type: none"> Decentralization Road Map approved in April 2011 Progress Report on Decentralization Road Map (including DAM) submitted in Oct 2011 and March 2012 Revised DAM finalized in Aug 2012; dissemination and implementation scheduled for Sept 2012
3.12	Disclosure, Communication and Civil Society Engagement	<ul style="list-style-type: none"> Adoption of Revised Disclosure Policy Monitor implementation of Communications Strategy Adoption of Revised Civil Society Engagement Framework 	<ul style="list-style-type: none"> Board Approval Progress Report to the Board Board Approval 	<ul style="list-style-type: none"> Q4 2010 Q4 2010 Q3 2011 	<ul style="list-style-type: none"> Completed Scheduled for Q4 2012 Foreseen for Board of 19 September 2012
3.13	Fiduciary Safeguards and Procurement	<ul style="list-style-type: none"> Periodic (at least once every 2-3 years) audit by OAGL of field offices Monitor the effective implementation of Bank Group's Fiduciary Safeguards, and; the submission of project audit reports and adherence to financing agreements by borrowers Independent Annual Post Procurement Review of (sample) Bank Group operations 	<ul style="list-style-type: none"> Report to the Board Progress Report to Management and the Board Report to the Board 	<ul style="list-style-type: none"> Ongoing Ongoing Annual 	<ul style="list-style-type: none"> Completed Completed Completed
3.14	Environmental and Social Safeguards	<ul style="list-style-type: none"> Adoption of Revised Environmental and Social Safeguards Policy and Operational Guidelines 	<ul style="list-style-type: none"> Board Approval, MTR report 	<ul style="list-style-type: none"> Q4 2011, MTR 	<ul style="list-style-type: none"> Integrated Safeguards System to be approved Q4 2012

	Issue	Commitment	Action	Target Date	Implementation Update August 2012
4. Resource Allocation and Financial Management					
4.15	Financing terms for blend countries	<ul style="list-style-type: none"> Adoption of differentiated financing terms for blend countries 	<ul style="list-style-type: none"> Board Approval 	<ul style="list-style-type: none"> Q4 2010 	<ul style="list-style-type: none"> Completed
4.16	Graduation policy	<ul style="list-style-type: none"> Adoption of Graduation Policy 	<ul style="list-style-type: none"> Board Approval 	<ul style="list-style-type: none"> Q1 2011 	<ul style="list-style-type: none"> Completed
4.17	Non-concessional borrowing policy	<ul style="list-style-type: none"> Adoption of Revised Non-Concessional Borrowing Policy and Operational Guidelines 	<ul style="list-style-type: none"> Board Approval 	<ul style="list-style-type: none"> Q4 2010 	<ul style="list-style-type: none"> Completed