Progress in Implementing ADF-11

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Outline of the Presentation

1. Agreements reached in Dakar
2. Purpose of this Board session
3. Objectives of the Mid Term Review (MTR);
4. Progress in the implementation of the Core Operational Priorities
5. Progress in the implementation of the Resource Allocation Framework
Agreements reached with Deputies in Dakar

- Document distribution will be advanced:
  - Documents were posted on September 4th on a secure web-site, 1 and a half months before the meeting.

- MTR Discussions will focus on key papers:
  - Comments on Background papers would be provided by Deputies in advance
  - Management will respond ahead of the MTR meeting and develop an action plan.

- Flexibility in some policy areas was granted
  - This flexibility was used within the agreed boundaries.
The purpose of this session...

- Explain the process from here to the MTR
  - September 4th: all papers distributed
  - September 25th: deadline for comments by deputies

- An opportunity to share with the board key messages of the ADF 11 Mid-Term Review (MTR) to convey to their capitals
Objectives of the ADF-11 MTR in Helsinki

- **Report on accountability:**
  - the resource allocation framework;
  - the core operational priorities;
  - the results framework; and
  - reforms to increase delivery capacity.

- **Share information** on recent developments in ADF countries (impact of the financial crisis)

- **Initiate consultations on the ADF-12 Replenishment**
REPORT ON THE IMPLEMENTATION OF ADF-11 CORE OPERATIONAL PRIORITIES
Implementation of Core Operational Priorities

- **ADF-11 agreement with Deputies**: Targeted operational focus on infrastructure, governance, regional integration and fragile states.

- **Situation at End July 2009:**
  - Unprecedented surge in demand, with more than UA 3 billion committed in first 15 months (twice the volume at ADF-10 MTR).
  - 77% of PBA envelope, 94% of RO envelope and 76% of FSF resources expected to be committed by end 2009 (if sufficient commitment capacity).
  - Resources committed in strategic priority areas.
Infrastructure and Governance

- **Infrastructure commitments**: 51% of total commitments at MTR (59% expected by end cycle), mostly in transport (64% of infrastructure at MTR)

- **Governance commitments**: 36% of PBA at MTR (22% by end cycle), mostly as budget support operations
Infrastructure and Governance

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Share of total commitments in core sector priorities = 82% at MTR and 81% at end cycle (expected)
Regional Operations

- Largest ever regional operations commitments: UA 943 million for 16 operations at end July 2009.

- UA 657 million (70%) financed out of RO envelope and UA 286 million (30%) out of PBA (cost sharing).

- Cost sharing principles applied to all projects except:
  - Regional public goods: 8 projects totaling UA 152 million
  - 10% cap for countries with allocation ≤ UA 20 million

- RO envelope expected to be fully committed in early 2010, with large unfinanced pipeline (est. UA 500 million)
Fragile States

FSF set up in July 2008 as per agreement with Deputies.

- Pillar I (top up resources): UA 133 million committed in 8 fragile States in addition to regular PBA allocations.

- Pillar II (arrears clearance): Arrears clearance provided to Togo and CIV (UA 233 million of ADF resources). Key for re-engagement with donor community and macro economic stabilization.

- Pillar III (targeted support): TA provided to 14 fragile states for total amount of UA 17 million.
Implementation Challenges

- Adapting ADF support in the context of the financial crisis, as agreed in Dakar:
  - Increasing the Bank Group delivery capacity
  - Enhancing the flexibility of the policy framework
  - Development of new products

- Testing the ADF-11 framework for ROs and FS
  - ROs: challenges with the cost sharing requirement design and the RPG prioritization
  - FS: lack of resources for new countries

Proposals will be developed as part of ADF-12 consultations
Conclusion

○ Unprecedented high demand for ADF resources and unprecedented high commitments.

○ More than 80% of commitments were made in the ADF-11 strategic priorities areas.

○ The Fund adapted its processes and policies and is continuing to refine them.

○ Issues emerged with the cost sharing rule design and the RPG prioritization; these will be discussed during ADF 12.
REPORT ON THE IMPLEMENTATION OF THE RESOURCE ALLOCATION FRAMEWORK
Resources Available for Allocation are Drying Up

- **Frontloaded use** of resources

- Resources currently available **insufficient** to sustain pipeline of projects until year end and in early 2010 (UA 1,745 m)

- Subscriptions, including 3rd installment, must be paid **as early as possible** to allow ADF to continue to provide resources

In UA millions, as of end-July ‘09

* PBA resources are corrected for impact of negative contingencies
The Allocation Framework is Yielding Solid Results

- 90% of allocated resources are linked to performance
The Allocation Framework is Yielding Solid Results

- Top performers consistently receive a larger resource share
The Allocation Framework is Yielding Solid Results

- MDRI benefits all ADF countries through redistribution of netting out
Two years of Implementation On: Issues that will be Discussed in the Context of ADF-12

➢ Portfolio performance brings volatility to allocations
  ➢ Even though the methodology has been revised to exclude potentially problematic projects, volatility remains high

<table>
<thead>
<tr>
<th>Average Variation 2008-2009</th>
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<tbody>
<tr>
<td>CPIA</td>
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<tr>
<td>2 percent</td>
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</table>
Two years of Implementation On: Issues that will be Discussed in the Context of ADF-12

- Portfolio performance brings volatility to allocations
  - Even though the methodology has been revised to exclude potentially problematic projects, volatility remains high

- Based on estimates, MDRI netting out may significantly reduce the ADF allocations of a small number of countries in the future

- Graduation policy will need to be adopted to ensure the adequate mix of resources is provided to graduating countries (Cape Verde, possibly Angola)
Conclusion

- The PBA system plays a key role in the resource allocation mechanism under ADF-11.

- Implementation issues have been identified and will be discussed in the context of ADF-12.

- Commitments are being frontloaded as requested by the G20. Donor countries are thus encouraged to expedite payment of their installments so that ADF can continue its mission.
Progress in Implementing the ADF-11 Results Measurement Framework

Simon Mizrahi  ■  Manager
Department for Quality Assurance & Results
Results Measurement Framework

Tier I
- Progress on country outcomes

Tier II
- Contribution of Bank operations
  - Tier I
    - Progress on country outcomes
  - Tier II
    - Bank effectiveness & performance

COUNTRY OUTCOMES

OUTCOMES

OUTPUTS

ACTIVITIES

INPUTS
Today’s presentation

1. Progress on Key Outcomes
2. Progress on reforms
## Selected outputs & outcomes

<table>
<thead>
<tr>
<th>TRANSPORT</th>
<th>POWER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads constructed: 4,211km</td>
<td>Transmission lines: 3,154 km</td>
</tr>
<tr>
<td>Feeder roads: 8,594 km</td>
<td>Power capacity installed: 200 MW</td>
</tr>
<tr>
<td>People with improved access: 41.6 million</td>
<td>People with new electricity connections: 16.6 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WATER</th>
<th>AGRICULTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells drilled: 3,641</td>
<td>Improved use of land: 484,560 hectares</td>
</tr>
<tr>
<td>Capacity for drinking water provided: 332,411 m³</td>
<td>Heads of livestock provided/vaccinated: 59,373</td>
</tr>
<tr>
<td>People with new access: 1.7 million</td>
<td>Farmers trained: 416,815</td>
</tr>
</tbody>
</table>
Assessment of Bank’s operations

- Improved ability to track outputs & outcomes through more comprehensive completion reporting.
- A high degree of delivery of planned outputs with nearly 75% of all output indicators achieving expectations.
- Evidence that outputs have contributed measurable improvements across a range of ADF priorities.
- Scope to improve the share of operation with satisfactory outcomes through better quality-at-entry.
Today’s presentation

1. Progress on Key Outcomes

2. Progress on reforms
The Action Plan on Quality & Results

1. Decentralisation
2. Quality at Entry
3. Supervision
4. Evaluation
5. Data & Results Reporting
## 1. Decentralisation

### PROGRESS

**Distance from target**

<table>
<thead>
<tr>
<th></th>
<th>2006/07</th>
<th>June 09</th>
<th>09/10 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of professional staff in FO</td>
<td>5%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>% of portfolio managed from FO</td>
<td>0%</td>
<td>7%</td>
<td>15%</td>
</tr>
<tr>
<td>% of aid in common arrangements</td>
<td>40%</td>
<td>37%</td>
<td>55%</td>
</tr>
<tr>
<td>% of joint missions</td>
<td>19%</td>
<td>17%</td>
<td>25%</td>
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</tbody>
</table>
1. Decentralisation

Challenges & Objectives

- 23 offices open across Africa for greater alignment, harmonisation & efficiency.
- Need for road map on decentralisation so that it yields full benefits.
- Step-up efforts on aid effectiveness to achieve Paris Declaration targets by 2010.
## 2. Quality at Entry

<table>
<thead>
<tr>
<th>Category</th>
<th>2006/07</th>
<th>June 09</th>
<th>2010 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country strategies with satisf. baseline data at entry</td>
<td>33%</td>
<td>38%</td>
<td>60%</td>
</tr>
<tr>
<td>Operations with satisfactory baseline data at entry</td>
<td>37%</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Budget support disbursed on schedule</td>
<td>55%</td>
<td>69%</td>
<td>75%</td>
</tr>
<tr>
<td>Time from approval to disbursement</td>
<td>24 months</td>
<td>16 months</td>
<td>12 months</td>
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(ADF)
2. Quality at Entry

CHALLENGE & OBJECTIVES

- Ensure operational readiness even as resource delivery is accelerated in response to global crisis.
- Better articulate expected results through improved logical frameworks and related staff training.
- Mainstream Readiness Reviews for CSPs and Operations to ensure compliance with QaE standards and provide systematic feedback at concept and appraisal stages.
### 3. Supervision

<table>
<thead>
<tr>
<th>PROGRESS (ADF)</th>
<th>2006/07</th>
<th>June 09</th>
<th>09/10 Target</th>
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<tbody>
<tr>
<td><strong>Annual disbursement rate of on-going portfolio</strong></td>
<td></td>
<td></td>
<td><strong>22%</strong></td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>21%</td>
<td></td>
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<tr>
<td><strong>Share of operations supervised at least twice a year</strong></td>
<td></td>
<td></td>
<td><strong>50%</strong></td>
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<tr>
<td></td>
<td>36%</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td><strong>Average elapsed procurement time (weeks)</strong></td>
<td></td>
<td></td>
<td><strong>40 weeks</strong></td>
</tr>
<tr>
<td></td>
<td>70</td>
<td>58</td>
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</tbody>
</table>
3. Supervision

CHALLENGE & OBJECTIVES

- Revising and automating supervision reporting to focus on results.
- Empowering field staff to undertake results-based supervision.
4. Evaluation

PROGRESS

- 47% of 2008 PCRs have gender disaggregated data.
- 66% of 2008 PCRs have been prepared FOs, surpassing our target of 40%.
4. Evaluation

CHALLENGE & OBJECTIVES

- Maintain momentum gained in early 2009.
5. Data & Results Reporting

PROGRESS

- First MDB to adopt core output & outcome indicators in all key sectors.
- Prototype of a new Results Reporting System underway will strengthen focus on development results…
- …and will contribute to more systematic reporting on Bank’s contributions to development.
- Bank co-chairs OECD-DAC Global Partnership on Managing for Development Results.
5. Data & Results Reporting

CHALLENGE & OBJECTIVES

- Upgrade management information system architecture and associated skills.
- Implementing enhanced IT systems across the Bank.
Thank You