

AFRICAN DEVELOPMENT BANK GROUP



THE ONE BANK RESULTS MEASUREMENT FRAMEWORK 2016-2025

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

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QUALITY ASSUANCE AND RESULTS DEPARTMENT
Results Division (ORQR1)

NOTE ON THIS CONSULTATIVE DRAFT

This paper is a consultative first draft of the African Development Bank Group's new Results Measurement Framework (RMF).

The new RMF has been designed to scale up the Ten-Year Strategy (2013-2022) in five of the Bank's priority areas of intervention—the "High 5s": light up and power Africa, feed Africa, integrate Africa, industrialise Africa and improve the quality of life for Africans. The RMF sets out indicators and targets designed to increase the Bank's impact on development in all five of these areas.

The RMF is a relatively complex paper that includes a large number of indicators, data and targets that have implications at different levels of the Bank Group. To provide the Board of Directors and ADF Deputies the time they need to examine the proposals made in the RMF, a three-stage consultation process is proposed:

STAGE 1 — A first consultative draft is shared with CODE members and ADF Deputies in June with a view to eliciting their comments at the second ADF meeting and CODE meeting on 12 July. The first draft includes a tentative list of indicators and targets.

STAGE 2 — A revised draft is prepared in the light of these comments and shared with CODE members and ADF Deputies in September 2016. The revised draft will include a final list of indicators and targets.

STAGE 3 — A final version of the RMF is prepared for approval by the Board of Directors by December 2016 (or sooner).

This is the Stage 1 draft, to be shared with CODE members for comments and discussion on 12 July, and circulated to ADF Deputies ahead of the second ADF meeting on 30 June and 1 July 2016. The proposed targets for the indicators presented in this paper will be finalised in the Stage 2 version of the RMF.

This paper should be read in tandem with the Glossary of Indicators presented in the annex. The Glossary provides a detailed rationale, definitions, methodology and sources for each of the indicators suggested in this RMF.

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Note: In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. The African Development Bank (AfDB, or the Bank) does not measure its success by the money it spends or the number of projects it implements, but by the lasting changes it brings to the lives of the people of Africa.

2. This paper presents the African Development Bank Group's new Results Measurement Framework (RMF). It has been designed to scale up the Ten-Year Strategy (2013-2022) in five of the Bank's priority areas of intervention—the “High 5s”: light up and power Africa, feed Africa, industrialise Africa, integrate Africa and improve the quality of life for Africans.

3. The new RMF aims to increase the Bank's impact on development and deliver lasting changes to the lives of the people of this continent. It does so by setting performance indicators and tracking the Bank's progress in achieving them. This RMF is built with 2016-2025 as its timeframe, in line with the end date of the High 5s' strategies approved in 2016. The RMF will be reviewed every three years.¹

4. The RMF measures performance at four levels. Level 1 tracks development progress made across the African continent. Level 2 measures the Bank's contributions towards development in Africa across all of its operations. Level 3 assesses the quality of the Bank's operations, and Level 4 monitors the Bank's efficiency as an organisation (Figure 1). By tracking performance at all four of these levels, the RMF provides a comprehensive assessment of the Bank's development effectiveness. It also provides Bank management with a tool to assess the organisation's strengths and weaknesses and help it implement the Bank's corporate priorities more effectively and efficiently.

Figure 1. A four-level Results Measurement Framework



5. As a management tool the RMF should not, however, be considered in isolation. It is an integral part of a broader set of systems and business processes that underpin the Bank's capacity to manage for development results. In this respect, the RMF is critical in promoting a management culture that is results-oriented rather than approval-oriented, and it helps shift the Bank's focus from measuring results to managing for results.

6. With this objective, in recent years the Bank has considerably strengthened its capacity to manage for, and track, development results. It implemented a set of critical reforms:

1. For the purpose of tracking the African Development Fund's results, targets will be set with 2019 as the end date of the reporting period.

- Improving the monitoring of results throughout the project life cycle by overhauling the tools it uses to track development objectives from project inception to project completion.
- Introducing Readiness Reviews to scrutinise Country Strategy Papers (CSPs) and public sector operations to make sure they are fit for purpose and designed to maximise their development outcomes.
- Finalising its Results Reporting System—a management information system that provides task managers with real-time information on the status of project implementation.²
- Increasing its focus on gender by introducing gender-specific indicators at all four levels of the RMF.
- Launching the Development Effectiveness Reviews, a series of publications that strengthen the Bank’s accountability for results and deepen its understanding of the broader development impact of its operations.

7. Taken together, these reforms have contributed to making the AfDB one of the most transparent and effective development organisations in the world. According to the latest survey released by Publish What You Fund, AfDB ranked 8th amongst 46 bilateral and multilateral development organisations. It has also been singled out by the US Treasury and the UK Multilateral Assessment Review for the development impact of its operations.

8. While the Bank has made good progress in its ability to manage for development results, like many other development institutions, it still faces some persistent challenges.

- *The Bank needs to improve the way it measures its impact on development.* While the Bank is effective at tracking intermediate outcomes (e.g., number of project beneficiaries) and project outputs (e.g., km of roads built), it needs to do more to measure and assess the development impact of its operations (e.g., number of jobs created and contribution towards economic growth).
- *Project design needs to be informed by a better understanding of projects’ impact on development (e.g., “theory of change”).* The Bank’s operations affect economies in many different ways: they contribute to growth, create jobs, promote downstream economic opportunities, increase exports, and so on. To maximise the development impact of its operations, the Bank needs to improve its understanding of these development chains and of how its investments create economic, social and environmental value for the African continent.
- *There is room to improve the way the RMF is used to guide corporate decision-making.* There is a sense that the RMF serves the purpose of strengthening the Bank’s accountability to stakeholders rather than guiding the Bank’s decision-making on, for example, operational performance or allocation of resources (e.g., budgeting for results).
- *The Bank needs to improve the way it tracks and assesses the development impact of private sector operations.* As the Bank scales up the resources it provides to private sector operations, it needs to make sure that it has the right systems in place to capture the contribution to development such operations make.

9. This paper explains how the new RMF will address these four challenges. Following this introduction, it explains the context and objectives of the new RMF. It then describes four sets of actions to improve the Bank’s development impact and explains how the RMF will help to track and monitor them. Finally, it sets out an accountability framework to track progress in implementing the reforms described in this paper.

2. The Results Reporting System was rolled out in 2016, not 2014 as initially planned, to allow a rethinking of its work flow devolving responsibility to operations staff, incorporate an upgraded online platform, and adapt the tool to the latest operational guidelines.

II. CONTEXT, OBJECTIVES AND SCOPE

10. The Bank first adopted a Results Measurement Framework in 2003. Since then five RMFs have been prepared. While all RMFs have a common purpose—supporting the Bank in achieving its development mandate—each edition has objectives adapted to the Bank’s strategy and context. This section outlines the new context to which the Bank needs to adapt and examines how it affects the objectives and scope of the new RMF.

A. New context, new challenges

11. The AfDB operates in a dynamic and evolving environment. It is not only Africa’s development landscape that is shifting, but also the Bank’s institutional and financial settings.

■ *Africa’s development challenges*

12. The global economy faces hurdles and uncertainty that affect African economies more than others. To emerge as a real global player, Africa will need to address a broad range of economic, social and environmental challenges.

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

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

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

16. *Enabling business environment.* Macroeconomic stability, an enabling business environment, and the efficient use of public resources remain key challenges. Only eight African countries are among the top 100 in the Doing Business 2016 rankings.

17. *Fragile situations.* Most of the world’s fragile countries are in Africa. Fragility generates economic, social and environmental costs in the countries concerned, with demonstrated contagion effects on neighbouring countries.

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

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

■ *Implementing the Bank's new Development and Business Delivery Model*

20. As part of its efforts to strengthen its performance, the AfDB is introducing a new Development and Business Delivery Model (DBDM), taking measures to improve its effectiveness and efficiency. It is making institutional changes in five areas:

- *Move closer to our clients to enhance delivery.* The Bank is moving closer to the field to drive business growth—increasing its senior technical staff in field offices and devolving more authority to the local level.
- *Strengthen the performance culture to attract and maintain talent.* The Bank is establishing performance contracts, working to retain staff, and strengthening its results culture.
- *Increase financial performance and increase development impact.* The Bank is revising its loan pricing policy in line with the policies of sister multilateral development banks. It must also do a better job at ensuring effective and speedy disbursements, so that loan capital is not tied up indefinitely in operations.
- *Work across boundaries.* The Bank is strengthening its matrix system, making departments responsible for joint deliverables. Regional teams will be responsible for operational delivery in close coordination with experts from sector departments.
- *Aligning complexes with strategic priorities.* The Bank streamlined its Vice-Presidencies to increase the focus on country operations and delivering on the High 5s. To this end, it established Vice-Presidencies dedicated to energy and agriculture, among others.

21. Reforming AfDB's modus operandi will make it a stronger development organisation—and the changes must be reflected in, and supported by, the RMF. Box 1 spells out the principles that guide the Bank's new development and business delivery model and RMF.

Box 1. Eight principles that guide the Bank's new RMF

- Ensure that the organisation can deliver on the Ten-Year Strategy
- Improve strategic focus around the High 5s
- Drive the Bank's income growth by increasing the value of the active portfolio
- Move the Bank closer to the field and its clients
- Establish clear ownership and accountability for delivery
- Improve transparency by rigorously tracking performance
- Move towards a performance-based culture and appraisal system
- Bring down silos throughout the organisation and promote a joint problem-solving mindset

B. The RMF's four key objectives

22. In this sixth RMF, the Bank is seeking to achieve four objectives designed to increase the Bank's impact on development:

- *Increasing the Bank's strategic focus on five of the Ten-Year Strategy's priority areas.* As the Bank scales up work on its Ten-Year Strategy, it needs a results framework that promotes transformative impact in the Bank's five priority areas of intervention.

- *Better delivering on the Bank's new corporate priorities.* The new RMF has been designed as a management tool that will help the Bank deliver and implement the recently adopted DBDM. It tracks progress against the key performance drivers of the DBDM.
- *Better measuring the Bank's development impact.* As part of the innovations that will be introduced in support of the new RMF, the Bank will better measure the development impact of its operations. It will track the number of jobs created, including for youth, and its contribution to growth.
- *Leveraging the development impact of the private sector.* The private sector is one of Africa's key drivers of economic growth and job creation. In recent years, the Bank has been investing an increasing share of its capital in the private sector—from \$250 million in 2005 to \$2.2 billion in 2014, a tenfold increase. To better leverage operations, the RMF will better capture the development impact of the Bank's support to the private sector.

C. Scope of action

23. Achieving these four objectives requires actions beyond the immediate scope of a results framework. As a management tool, the RMF is part of a broader set of business processes that underpin the Bank's capacity to manage for development results. Implementing this new RMF will require actions at five levels.

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

25. *Introducing new methodologies.* To strengthen the Bank's ability to measure the development impact of its operations, the Bank will need to introduce a new methodology that will allow it to better assess the development impacts of its operations by estimating the number of jobs created and growth generated by Bank's public sector and private sector investments.

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

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

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

- *Level 1:* The RMF includes new, more robust gender indicators to track progress in the High 5s—for example, it includes an indicator that measures gender disparities in national labour markets.
- *Level 2:* To better measure the impact of Bank operations on women and girls, Level 2 indicators—especially those that track the number of beneficiaries of operations—are disaggregated by sex.

- *Level 3:* Better integrating gender dimensions into project design is fundamental to closing gender disparities. The RMF systematically tracks progress in mainstreaming gender dimensions in public sector operations and country strategy papers.
- *Level 4:* The Bank recognises its special responsibility to ensure gender equality in its workforce. The new RMF has set ambitious targets for the share of women among professional staff and management.

29. Tracking gender results in the RMF is a first area for raising the bar. What is required is a better understanding of the key constraints that must be lifted for the gaps to narrow. The introduction of a Gender Marker System will help close this gap (see Box 2) by systematically rating projects on the extent of their gender focus. This will complement the Bank's work at the outset of a project in conducting a gender analysis, which helps identify inequalities and formulate actions to address them. During implementation, the Bank needs to know whether it achieved the changes in poor women's lives that were intended. This is reported in the Bank's Results Reporting System, providing an evidence base on proven and promising interventions to reduce key constraints and attain measurable progress toward gender equality. At completion, Project Completion Reports look into whether gender-specific results were achieved.

Box 2. Gender Marker System

The absence of a systematic approach to integrating gender in projects means that gender mainstreaming has been addressed, often superficially, as an "optional extra", dependent on the conviction of task managers. The introduction of a Gender Marker System will reorganise the existing mainstreaming practices into a set of systematic procedures applicable to all projects. Projects will be classified into four categories, with specific requirements for each category. The Gender Marker System will also shift the attention of gender mainstreaming from a "project design focus" to a "project development outcome/results focus". The Bank will provide clear guidelines on when and how to integrate gender into operations, along with tools, manuals, checklists and training. The four categories are:

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

III. ACTIONS TO INCREASE THE BANK'S DEVELOPMENT IMPACT

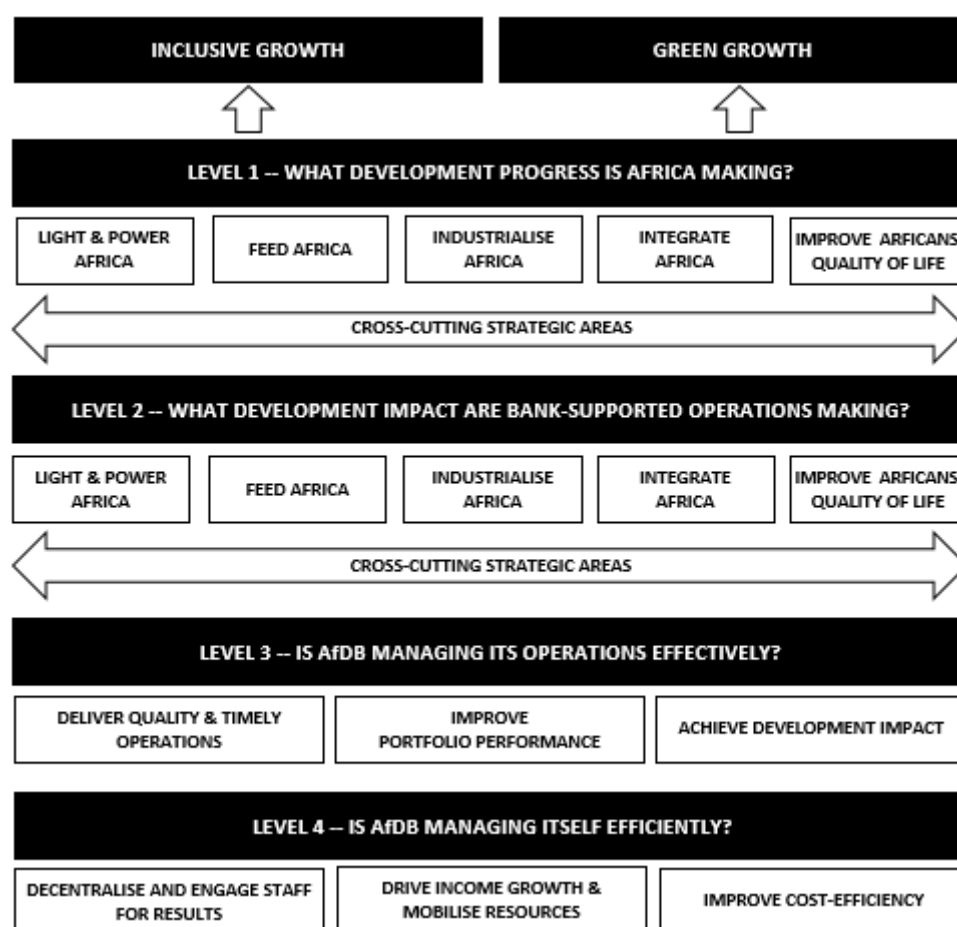
30. This section describes four sets of actions that are designed to increase the Bank's development impact: (i) increasing the Bank's strategic focus on five of the Ten-Year Strategy's priority areas; (ii) aligning the RMF with the Bank's new corporate priorities; (iii) better measuring the Bank's development impact; and (iv) comprehensively capturing private sector operations' contribution to development.

A. Aligning the RMF with the Bank's strategic priorities

31. As the Bank scales up work under its Ten-Year Strategy in five priority areas, it has re-engineered the internal architecture of the RMF to match the Bank's corporate priorities and the DBDM. Figure 2 shows the key priorities at each of the four levels of the RMF.

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

Figure 2. Aligning the RMF with the Bank's strategic priorities



33. Thus, for each of the High-5s the new RMF identifies a small set of strategic indicators and targets drawn from the strategies approved by the Board of Directors³. The next section presents the rationale that has guided the choice of Level 1 and Level 2 indicators for the High 5s.

34. *Light up and power Africa.* Energy is crucial to improving the quality of services, reducing the cost of doing business and unlocking economic potential. Yet access to electricity in Africa remains the lowest in the world: in 19 African countries only 25 percent of the population have access to electricity. In 2015, the Bank launched the New Deal on Energy for Africa with the aspirational goal of achieving universal access to electricity by 2025. To help achieve this

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

goal, the Bank will expand its investment in power generation and transmission lines and will scale up its investment in renewable energy, including hydropower. These dimensions are measured in the RMF: at Level 1 through indicators that track electricity access rate and energy consumption in African countries; and at Level 2 by measuring how the Bank installs more power capacity, including renewables, and builds transmission lines to benefit millions of people.

35. *Feed Africa.* Agriculture employs over 60 percent of the African workforce and accounts for roughly a third of the continent's GDP. However, the continent is involved only to a limited extent in the higher steps of the value chain, with few large processing industries and agribusiness companies. Agricultural development requires increasing food production and reducing imports, thus reducing the continent's vulnerability to commodity price volatility, improving nutrition and increasing food security. As a leading world exporter of such crops as coffee and cacao, Africa needs to enhance its processing capacity to deliver food to consumers. Investments in agricultural value chains, including in the livestock and fishery sectors, have the potential to diversify economies, raise incomes and increase food security. In the RMF, Level 1 indicators capture key dimensions that drive progress in this area, including agricultural productivity and the state of food insecurity. At Level 2, the RMF tracks the Bank's contribution to providing improved farming technology, agricultural inputs (fertiliser, seeds, etc.) and irrigation.

36. *Industrialise Africa.* Africa remains under-industrialised and over-reliant on unprocessed commodities. Because many countries still depend on commodity extraction for over half of their total revenue, the continent is dependent on manufactured products from abroad. Its industrial GDP continues to be low, and manufactured goods represent a negligible proportion of its global exports. To fast-track industrialisation, the Bank will focus on improving access to capital and markets and on supporting enabling policies, economic environment and infrastructure. Industrialisation will lead to value addition, greater productivity, formal employment and a more positive trade balance. Level 1 of the RMF tracks the continent's contribution to global manufactured value-added and the industrial GDP per capita. Level 2 measures the numbers of lines of credit to small and medium enterprises, as well as support for the development of the private sector and industry clusters.

37. *Integrate Africa.* Regional economic integration is key to achieving competitiveness and growth in Africa. It affects what people can buy, the variety of what is on offer at the market, how easily citizens travel between countries, where people can choose to study or work, and where investments can move. Yet regional integration on the continent faces persistent regulatory, institutional, and infrastructure challenges, hindering the ability to create larger, more attractive markets, link landlocked countries to international markets and boost intra-African trade. Integrating Africa means building infrastructure—transport, energy and telecommunications—that connect more people across the continent. The Bank supports cross-border infrastructure development and trade, while strengthening regional mechanisms and institutional capacity. The RMF's Level 1 measures regional integration—trade, infrastructure, production, talent mobility or capital—that matters for Africa's development. For example, the Bank will report on two indexes that measure countries' visa openness and the extent to which countries and regional economic communities are regionally integrated. Level 2 measures trans-boundary projects in energy and transport.

38. *Improve Africans' quality of life.* The continent's recent economic growth has not translated into reduced poverty and inequality. Health and education outcomes are among the lowest in the world; unemployment is high, particularly for youth; and millions of Africans have insufficient access to sanitation and safe drinking water. All of these factors are impediments to accelerating Africa's growth. Job creation and increased labour earnings through higher productivity are essential for self-sustaining development and social cohesion. The Bank works to improve the quality of life on the continent, starting with employment. It supports innovation,

investment and integration for job creation by linking job seekers to recruiting companies and by supporting vocational training. Its RMF will measure in Level 1 the degree to which job creation includes youth and women, and reduces economic inequality, while the Level 2 will assess the Bank's contribution to creating direct, indirect and induced jobs, along with its ability to providing skills to the youth.

39. *Cross-cutting strategic areas.* The RMF will continue measuring progress in development areas that intersect all priority areas of the Ten-Year Strategy: fragile situations, climate change, gender gaps and governance—all of which seriously affect poverty reduction. At Level 1, the RMF tracks the extent to which Bank operations are fragility-proofed. It will also measure the extent to which country institutions are gender-sensitive and have capacity for environmental sustainability. At Level 2, the Bank will report on its governance work in strengthening public administration and financial management systems, and it will assess the extent to which budget support has improved countries' accountability, financial management and procurement systems. The Bank will add gender-sensitive indicators that track operational results linked to gender issues, as they become available.

Table 1. What development progress is Africa making? (Level 1)

	ALL AFRICAN COUNTRIES			OF WHICH ADF COUNTRIES		
	Baseline 2016	Latest 2017	Target 2025	Baseline 2016	Latest 2017	Target 2025
LIGHT UP AND POWER AFRICA						
Net installed electricity capacity (million kilowatts)	157		327	32		102
Access to electricity (% population)	46		97	26		97
Population with access to clean cooking solutions (%)	31		97	10		97
Average carbon dioxide emissions from the consumption of energy (million metric tons)	21.5			3.4		
Electric power consumption (kWh per capita)	544.4			144.2		
Renewable energy (% total electricity produced)	17.6			73.8		
FEED AFRICA						
Number of people hungry / malnourished (millions)	240		0	220		0
Share of select crops (cocoa, coffee, cashew and cotton) produced in Africa compared to global production (%)	23.9		[37.8]	22.9		[36.8]
Africa's net agricultural trade balance (\$ billion/year)	-38.9		0	-0.73		0
Agricultural productivity (\$ per worker)	1273			418		
Staple crop yield index (2005 value = 100)	110			116		
INDUSTRIALISE AFRICA						
Gross fixed capital formation (\$ billion)	4101		10376	[2000]		[5000]
African countries in the top 100 Doing Business ranking (number)	8		[30]	2		[25]
Industrial gross domestic product (\$ billion)	751		[1728]	[400]		[800]
Economic Diversification (index)	0.6			0.6		
Global Competitiveness (index)	3.6			3.5		
Access to finance (% population)	30.8			13.2		
Road density (km per km ²)	8.2			7.1		
Production efficiency (Kg CO ₂ emissions per \$ of GDP)	0.45			0.24		
INTEGRATE AFRICA						
Intra-African trade (\$ billion)	174.5					
Cost of trading across borders (\$)	2384					
Regional economic communities' average regional integration score (0-1 scale)	0.47					
Number of deeply and broadly integrated countries	12					
Number of countries that offer visas on arrival to more than 25% of African countries	20					
IMPROVE THE QUALITY OF LIFE FOR AFRICANS						
Youth unemployment and discouragement rate (%)	29		[27.7]	[35]		[30]
Population living below the poverty line (%)	42.4			45.1		
Unemployment rate (%)	8.5			6.8		
of which female (%)						
Income inequality (Gini index)	41.4			40.5		
Enrolment in technical/vocational training (%)	10.8			7.1		
Enrolment in education (%)	61.8			58.8		
boys/girls ratio	1.1			1.1		
Access to improved water source (% population)	71.6			65.6		
Access to improved sanitation facilities (% population)	38.7			25.7		
Mobile cellular subscription (per 1000 people)	766			614		
CROSS-CUTTING STRATEGIC AREAS						
Gross domestic product (GDP) growth (%)	3.0			6.0		
GDP per capita (\$)	2058			870		
Mo Ibrahim Index of African Governance (index)	50			47		
Gender-Sensitive Country Institutions (index)	0.3			0.3		
Institutional capacity for environmental sustainability (index)	3.5			3.4		
Share of population living in fragile countries (%)	24			39.2		

* Targets have been set in sector strategies approved by the Board for select indicators. This RMF provides targets for 2025 for key High 5s goals, in which the target values from sector strategies are prorated to a four-year timeframe.

NB: The list of definitions is provided in annex.

Table 2. What development impact are Bank-supported operations making? (Level 2)

	ALL AFRICAN COUNTRIES			OF WHICH ADF COUNTRIES		
	Baseline 2016	Latest 2017	Target 2025	Baseline 2016	Latest 2017	Target 2025
LIGHT UP AND POWER AFRICA						
People with new or improved electricity connections (millions)	4,2		10.0	267,792		
of which women (millions)	2,1		5.0	134,228		
Power capacity installed (GW)	1.4		15	0.24		
of which renewables (GW)	0.07		10	0.06		
CO ₂ emissions reduced (tons per year)	523,721		[9,406,435]	71,688		
New or improved power distribution and transmission lines (km)	336		70,000	235		
Additional households with clean cooking access (million)	[0]		12	[0]		
Jobs created (number)	1,652		15,000			
FEED AFRICA						
People benefiting from improvements in agriculture	18,0		[43,1]	16		
of which women (million)	8,6		[22,6]	7.7		
Land with improved water management (ha)	136,634		[217,116]	60,927		
Rural population using improved farming technology	1,791,518		[20,505,700]	1,784,668		
Agricultural inputs provided: fertiliser, seeds, etc. (tons)	1,997		[20,350]	1,997		
Rural marketing and production facilities constructed or rehabilitated (number)	18,971		[200,500]	16,899		
Jobs created (number)			[2,492,443]			
INDUSTRIALISE AFRICA						
People benefiting from investee projects and microfinance	5,714,164		[4,138,708]	1,696,464		
of which women (million)	2,884,218		[2,070,287]	863,578		
Government revenue from investee projects and sub-projects (million \$)	992		[723]	244		
MSMEs effect (turnover from investments) (\$ million)	205		[928]	196		
Microcredits granted (number)	153,047		[36,321]	147,855		
Line of credit to SMEs (UA million)			[380]			
Roads constructed, rehabilitated or maintained (km)	8,938		[21,261]	8,621		
People with improved access to transport	26,316,212		[48,919,835]	26,031,734		
of which women (number)	13,192,436		[20,516,394]	13,102,540		
Jobs supported (number)	[1,037,726]		[796,492]			
INTEGRATE AFRICA						
Transport—Cross-border roads constructed or rehabilitated (km)	1281		[6,858]	1,281		
Energy—Cross-border transmission lines constructed etc. (km)	0		5,000			
Jobs created						
IMPROVE THE QUALITY OF LIFE FOR AFRICANS						
Jobs created (number)	1,256,809		[3,866,666]			
of which jobs for women (number)	334,624		[609,924]			
Indirect and induced jobs created by the Bank under JfYA	0		[12,800,000]			
People trained (road, energy, education, micro-finance)	56,606		[150,479]	31,652		
of which youth (number)				16,143		
People with access to better health services	44,856,570		[7,364,838]	44,856,570		
of which female (number)	25,118,433		[3,131,850]	25,118,433		
People with new or improved access to water and sanitation (number)	6,103,189		[38,094,122]	5,120,379		
of which women (number)	3,039,301		[21,491,785]	2,540,973		
People benefiting from better access to education	1,158,515		[1,411,864]	1,060,712		
of which female (number)	707,319		[688,594]	644,398		
CROSS-CUTTING STRATEGIC AREAS						
Share of countries with improved:						
- Quality of budgetary and financial management (%)	17			15		
- Quality of public administration (%)	6			5		
- Transparency, accountability & corruption mitigation in public sector (%)	15			11		
- Procurement systems (%)	5			4		
- Competitive environment (%)	9			7		

* Period of coverage is 2013-2015 for baseline and the year 2025 for the target.

NB: The list of definitions is provided in annex.

B. Better delivering on the Bank's corporate priorities

40. The new RMF has been designed not only to align with the Bank's new strategic priorities, but also to support the implementation of the Bank's DBDM.

■ RMF Level 3 indicators: *Quality of the Bank's portfolio*

41. At the end of 2015, the Bank's portfolio consisted of more than 800 ongoing operations valued at \$32 billion. To maximise its impact on development, the Bank needs to deliver a high-performing portfolio of operations. Investments must be well designed and closely monitored so that the Bank can detect and resolve any problems early on.

42. Level 3 of the RMF tracks the quality of the Bank's portfolio of operations (Table 3). It gives additional emphasis to the key drivers of performance identified in the DBDM: increasing the development impact of operations, designing high-quality and timely operations, and improving portfolio performance. The annex provides a detailed list and definitions of the indicators.

43. *Increasing development impact.* To make sure that every Bank-funded operations makes development impact, Level 3 tracks a small set of indicators that measure the extent to which operations achieve their development objectives. It is equally important that the Bank continually improve the design of new operations by learning from lessons of the past. This is why it is so important for the Bank to monitor the share of operations for which timely project completion reports have been prepared: they provide an understanding of the strengths and weaknesses in the design of past operations. Level 3 also tracks other indicators that affect development impact, such as the quality and impact of the Bank's knowledge services.

44. *Designing quality and timely operations.* Improving the design of new operations and ensuring timely implementation is also a key dimension of the quality and impact of operations. Therefore, Level 3 also monitors the quality-at-entry of operations and Country Strategy Papers (CSPs) as determined through the Bank's Readiness Review process. The Readiness Reviews rate the quality of the design of operations and CSPs against international standards of best practice—for example, making sure that operations are aligned with clients' development strategies and that the operations' design has been informed by adequate consultations. Another important dimension in project design is making sure that each new project is gender- and climate-informed. Finally, flaws in project design typically result in delays in project implementation. This is why measuring the time required for first disbursement is a good proxy for the quality of project design.

45. *Improving portfolio performance.* One important measure of portfolio performance is the share of non-performing operations. These are operations that, for a range of different reasons, are not on track to achieve their development objectives. Level 3 measures the share of non-performing loans by monitoring the share of operations at risk and of those that are eligible for cancellation. The Bank also needs to make sure that resources are being used effectively by tracking the disbursement ratio. This is an important measure of portfolio performance because it tracks the pace at which the Bank makes resources available to its clients; also, a higher disbursement rate tends to increase the Bank's revenues.

Table 3. Is AfDB managing its operations effectively? (Level 3)

	BANK GROUP		ADF OPERATIONS	
	Baseline 2016	Target 2025	Baseline 2016	Target 2025
DELIVER HIGH-QUALITY AND TIMELY OPERATIONS				
Minimise the time from concept note to first disbursement (months)	24.7	[17]	25	[17]
Reduce the time for procurement of goods and works (months)	7.9	[5.5]	8	[5.6]
Improve the quality of country strategy papers (scale, 1-6)	4.9	[5.4]	NA	NA
New operations rated satisfactory (%)	99	[99]	98	[99]
New CSPs with gender-informed design (%)	100	[100]	100	[100]
New projects with gender-informed design (%)	75	[87]	82	[84]
New projects with climate-informed design (%)	75	[87]	90	[84]
IMPROVE PORTFOLIO PERFORMANCE				
Increase the disbursement ratio of ongoing portfolio (%)	21	[35]	18	[21]
Reduce the share of operations at risk (%)	15	[11]	16	[14]
Enhance timely CPPR coverage (%)	57	[82]	65	[67]
Eliminate operations eligible for cancellation (%)	19	[5]	19	[5]
Mainstream operations with satisfactory mitigation measures (%)	87	[97]	88	[89]
ACHIEVE DEVELOPMENT IMPACT				
Operations that achieved planned development impact (%)	83	[87]	83	[84]
Completed operations delivering sustainable outcomes (%)	90	[94]	92	[93]
Knowledge services with objectives reached (% client rating)	[65]	[73]	[60]	[65]
Completed operations with a timely completion report (%)	60	[76]	61	[70]

NB: The list of definitions is provided in annex.

■ **RMF Level 4 indicators: Organisational efficiency**

46. The AfDB is a large and complex organisation, with around 2000 staff located in its headquarters and 34 field offices. To be an effective development organisation, it needs to ensure that employees have the support they need to perform at their best, and that it attracts and retains high-calibre staff through effective human resource management. It also needs to bring the Bank closer to its clients. Level 4 of the RMF tracks the Bank's organisational efficiency by monitoring progress in (i) bringing the Bank closer to its clients, enhancing performance management, and bringing down silos and working together; (ii) driving income growth and leveraging partnerships; and (iii) improving the Bank's value for money.

47. *Decentralise and engage staff for results.* To make the Bank more efficient and to deliver on the High5s, the Bank is strengthening its workforce in three directions:

- *Bringing the Bank closer to clients.* The Bank is moving closer to its clients by establishing five regional integration and business delivery offices. Putting more expertise and decision-making authority into the field will help the Bank tailor its products and services to countries' needs. It will also help generate additional business. The RMF measures progress in these areas by tracking the share of projects managed from the field and the number of staff based in field offices.
- *Enhancing performance management.* The Bank needs high-calibre and highly motivated staff to deliver on its mission. Attracting and retaining a qualified, dedicated and productive workforce requires sound management and a performance-driven, professional culture. The RMF uses results from staff surveys to assess the level of staff satisfaction and engagement. Indicators also track progress in increasing the number of women in decision-making positions. Taken together, these complementary indicators will help track progress in improving management, with a focus on performance priorities.

- *Bringing down silos and working together.* Staff cooperation and collaboration is at the heart of the High 5s. It means bringing down the organisational silos that prevent staff from working together and creating a corporate environment that promotes greater collaboration (this is also addressed in the next section, under corporate incentives). As part of the new DBDM, the Bank is increasing the number of joint projects and is working to improve synergies and eliminate overlap. Staff members are being encouraged to work across departments.

48. *Driving income growth.* This new RMF innovates by including indicators that track the financial sustainability of the Bank as an institution and its capacity to mobilise additional resources. The RMF will closely monitor the Bank's level of revenues and its loan exposure. As the Bank is increasingly working with and facilitating the engagement of cofinanciers, the RMF also includes metrics that capture the Bank's capacity to leverage resources and partnerships and its ability to attract additional development finance in support of the High 5s.

49. *Increasing the Bank's value for money.* The Bank is committed to achieving greater value for money for its clients and stakeholders. This requires maximising the benefits and services provided by the Bank, increasing the efficiency of spending and reducing administrative costs. This new RMF includes four indicators that measure the Bank's cost-efficiency in terms of administrative costs, lending costs, project implementation and work environment (see definitions in annex).

Table 4. Is AfDB managing itself efficiently? (Level 4)

	BASELINE 2016	TARGETED 2025
DECENTRALISE AND ENGAGE STAFF FOR RESULTS		
<i>Move closer to clients</i>		
Increase share of operations staff based in field offices (%)	40.6	[75-90]
Projects managed from field offices (%)	60.0	[80-90]
<i>Enhance performance management</i>		
Employee engagement index (%)	73.0	[77-87]
Managerial effectiveness index (%)	48.0	[54-70]
Share of women in professional staff (%)	26.7	[35-50]
Share of management staff who are women (%)	29.4	[35-50]
Net vacancy rate—professional staff (%)	16	[8-12]
Time to recruit new staff (days)	223	[80-100]
Operations professional staff (%)	67	[75-85]
<i>Working together</i>		
Share of staff working in support of other departments (%)	[30]	[60-80]
Staff perception of One Bank Group collaboration	[40]	[70-80]
DRIVE INCOME GROWTH & MOBILISE RESOURCES		
Increase total Bank net income (UA millions)	28	[100]
Maximise the volume of approvals (UA billions per year)	6	[10-20]
Right-size Bank maximum loan exposure (UA billions)	[3.8]	[4.6]
Jump-start climate-related Bank commitments (UA billions)	[1.5]	[4.3]
Increase capital mobilised for business development (UA billions)	[3]	[5]
IMPROVE COST-EFFICIENCY		
Reduce administrative costs per UA 1 million disbursed (UA '000)	98.9	[80-94]
Right-size cost-to-income ratio (%)	[110]	[100]
Limit cost of preparing a lending project (UA '000)	85.6	[65-78]
Right-size cost of supporting project implementation (UA '000)	19.7	[10-14]
Adjust work environment cost per seat (UA '000)	3.6	[2.8-3.2]

NB: The list of definitions is provided in annex.

■ *Business processes to underpin the metrics*

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

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

52. *Monitoring portfolio and development progress in real time.* To provide just-in-time information to staff and stakeholders on portfolio performance and results, the Bank is working on two fronts. First, in a monthly portfolio report to staff, the Bank flags portfolio performance issues and effectiveness. This information increasingly prompts discussions that steer portfolio and investment decision-making. It also incentivises staff to proactively manage projects, so as to keep a low number of projects flagged as being at risk. Second, the Bank is rolling out its Results Reporting System, which will provide live data on progress achieved on the ground. This availability of timely data will improve the way operations are designed and managed by sector and regional departments, enhancing the Bank's ability to use robust analytics in support of portfolio review and planning exercises.

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

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

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

C. Better measuring the Bank's development impact

56. The Bank measures its success by its impact on development. This is why assessing and demonstrating AfDB's development impact is critical to delivering on its mandate. In recent years, the Bank has strengthened its focus on development outcomes through a range of initiatives:

- *Measuring intermediate outcomes rather than outputs.* For example, the previous RMF added more indicators in Level 2 to measure the impact of Bank operations on people.
- *Increasing the Bank's understanding of development impact* by investing in qualitative analysis designed to deepen understanding of the Bank's development impact (e.g., the thematic and country Development Effectiveness Reviews).
- *Conducting impact evaluation.* To understand the full impact of Bank projects, the independent evaluation function of the Bank has led evaluations on water projects in both Tanzania and Ethiopia. It enable the Bank to provide a full picture of the cause-and-effect questions looking at which aspects of Bank-supported interventions clearly brought about development outcomes. This is a powerful tool that helps to learn from Bank operations.

57. To address the challenges of data availability and quality, the Bank is strengthening client capacities and demand for evidence-based policies. Through its Statistics Department, it provides support for the design and implementation of national strategies for the development of statistics. This helps improve the capacity of African statistics systems to provide effective support for development policy decision-making processes, including monitoring of national development plans. The Bank is also supporting the African Community of Practice on Results, under which its 4,500+ members help foster demand for evidence-based policies and greater accountability.

58. This year, the Bank is improving its ability to assess the development impact of its investments by introducing and piloting a methodology called the Development Impact Approach. Put simply, the methodology will allow the Bank to measure the number of direct and indirect jobs supported by its investments and the extent to which they contribute to economic growth (Box 3). The approach has been used by development finance organisations such as the International Finance Corporation, the United Kingdom's CDC Group and the Dutch development bank FMO.

Box 3. Development Impact Approach

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

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

In essence, with the Development Impact Approach, the Bank traces how its investments flow through an economy and subsequently measures the corresponding development impacts. The construction of Social Accounting Matrices requires the collection of Bank portfolio and client data as well as macro-economic data. Data collection for the Bank is limited to key variables: number of direct employees (in full-time equivalents and

disaggregated by gender and youth) and amount of sales, earnings, taxes and wages. Macro-economic data is limited to GDP, output and employment figures for the relevant economies.

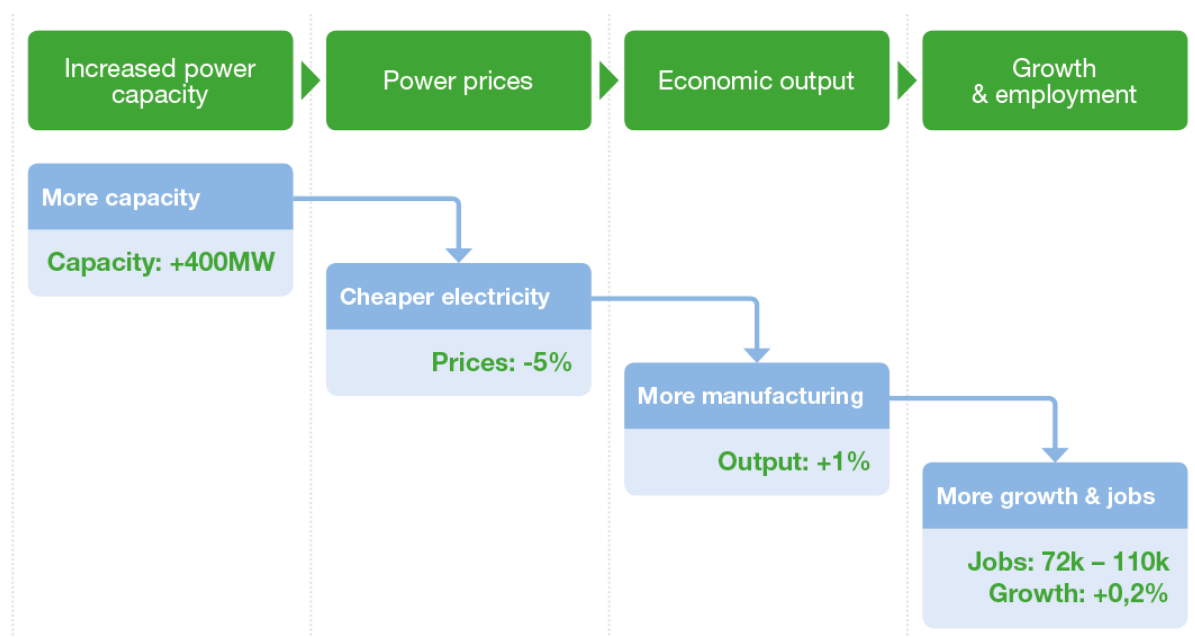
The Bank is currently piloting this methodology on its East African portfolio with a view to expanding it in time to present it in next year's ADER.

Source: Steward Redqueen.

59. *Assessing the development impact of investments.* The methodology will allow the Bank to estimate the potential impact of its future investments in at least two areas that are critical to the achievement of its Ten-Year Strategy: jobs and growth. So, for example, the Bank will be in a position to present a concise *ex-ante* development impact assessment (including number of jobs created) of projects by the time of project approval. This will complement and expand the Bank's existing ADOA⁴ assessment: it will complement it by providing ex-ante impact assessments for public sector operations as well as private sector operations, and will expand it by providing information that is currently not captured, including the number of indirect jobs to be created and the amount of growth expected.

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

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



61. *Reporting on development effectiveness.* The data, analysis and knowledge generated by input-output modelling will in turn enrich the quality of reporting and our understanding of the Bank's development impact on the continent. The Bank will now be in a position to report on the number of direct and indirect jobs it supported, as well as on its contribution to countries' growth.

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

It will do so at an aggregate level, with a breakdown for each of the High 5s. More importantly, it will provide a deeper and more grounded analysis of the Bank's development impact, tracking where its investments go in support of employment and growth.

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

D. Comprehensively capturing private sector operations

63. The private sector is one of Africa's key drivers of economic growth and job creation. This is why the Bank has been investing an increasing share of its capital in the private sector—from \$250 million in 2005 to \$2.2 billion in 2014, a tenfold increase. To better capture the private sector's impact on development, the Bank needs to review and update the way the Bank tracks private sector operations.

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

65. These different dimensions are captured in AfDB's Additionality and Development Outcomes Assessment Framework (ADOA). The Bank also monitors the development results achieved through its support during project implementation and at completion (see Box 4).

Box 4. How does AfDB track private sector operations?

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

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

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

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

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

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

IV. ACCOUNTABILITY

A. Reporting on the Results Measurement Framework

68. To achieve the ambitious goals set out in the High 5s, the AfDB has to be a learning organisation committed to improving its operations and increasing its development impact. To capture the Bank's contributions to Africa's development across its many dimensions, the Bank publishes its performance against the RMF in the Annual Development Effectiveness Review (ADER). The ADER reports on progress on all of the indicators in the four levels of the RMF. It appraises development trends across the continent and gauges the part played by the Bank. It also looks at how effectively the Bank manages its operations and the organisation.

69. Every organisation needs a yardstick by which to measure its performance. The Bank uses a Scorecard—data that are updated regularly to track key performance drivers and impact—that measures changes against baselines and assesses whether the Bank is on track to meet its targets. The Scorecard uses a three-coloured traffic light system to indicate whether the Bank reached or fell short of its targets for all four levels of the RMF.

70. For Level 1, the Scorecard measures Africa's relative performance by comparing its progress with progress in Africa's peer group (low- and middle-income countries around the world); for Level 2 it compares the Bank's performance expected and actual achievements for all operations that have been completed; and for Levels 3 and 4 it measures the Bank's progress is measured against its 2025 targets set out in the RMF. Figure 4 presents an illustrative example of a Scorecard published in the ADER.

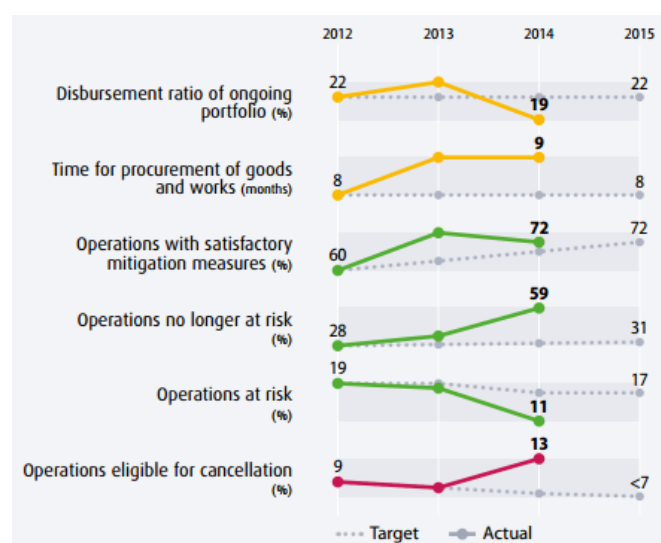
Figure 4. Illustrative example of a Bank Scorecard presented in the ADER



71. To realise its ambitions and accelerate the pace of change, the AfDB has set ambitious and realistic targets⁵ at all four levels of its RMF. Systematically tracking performance against these targets will help Management ensure that the Bank keeps its institutional reforms on track. The target-setting exercise will also be cascaded to the department level, with KPIs throughout the Bank's complexes aligned with corporate priorities.

72. The RMF charts the way towards achieving the 2025 targets by setting annual targets to closely monitor progress and prompt timely corrective action (see Figure 5). The RMF will be updated every three years to enable longer-term monitoring while capturing new or emerging issues. Specific targets will be designed for ADF countries around a four-year timeframe (see Box 5. Reporting on African Development Fund results).

5. Where applicable, these targets are drawn from strategies approved by the Board in 2016.

Figure 5. Illustrative example of how the Bank's performance is tracked over time**Box 5.** Reporting on African Development Fund results

For the purposes of the ADF, the Bank will report over a three-year cycle: 2017-2019. A dedicated space for ADF reporting will be provided in the Annual Development Effectiveness Review (ADER): results, performance and targets will be set for a three-year period in line with the ADF-14 cycle. Tables will track progress for Levels 1, 2 and 3 of the RMF (Level 4 measures the Bank's organisational performance and is not relevant to ADF countries). At the end of the ADF cycle, a summary paper will provide data on performance and results for ADF-14.

B. Tracking progress on reforms

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

Table 5. A plan of action: Monitoring framework

ACTIONS	TARGET DATE
ACTION 1—Aligning the RMF with the Bank’s new strategic priorities	
↓ 1.1. Align Level 1 and Level 2 of the RMF with the Bank’s High 5s	Done
↓ 1.2. Strengthen the focus on gender equality through gender-marker system	Q4 2016
↓ 1.3. Deliver analytics on operations with targeted results on gender equality	Q1 2017
ACTION 2—Better delivering on the Bank’s corporate priorities	
↓ 2.1. Align Level 3 and Level 4 of the RMF with the Bank’s DBDM priorities	Done
↓ 2.2. Review and align KPIs with the Bank’s new corporate priorities	Q3 2016
↓ 2.3. Roll out Results Reporting System throughout the active portfolio	Q4 2016
ACTION 3—Better measuring the Bank’s development impact	
↓ 3.1. Pilot Development Impact Approach	Q3 2016
↓ 3.2. Roll out Development Impact Approach to whole portfolio	Q1-Q2 2017
↓ 3.3. Report on results in ADER 2017	May 2017
ACTION 4—Comprehensively capturing private sector operations	
↓ 4.1. Design quality assurance tools for private sector operations	Q4 2016
↓ 4.2. Roll out revamped tools across private sector operations	Q1-Q2 2017
↓ 4.3. Provide clear results during implementation and at completion	Q3 2017

C. Conclusion

74. None of the AfDB’s goals for supporting Africa’s development will be achieved overnight. But the Bank must keep its operations under constant scrutiny to ensure that it keeps moving in the right direction. The RMF is a management tool that will help the Bank with this learning process and will help it better meet its accountability responsibilities to the people of Africa.

ANNEX

Glossary of Indicators

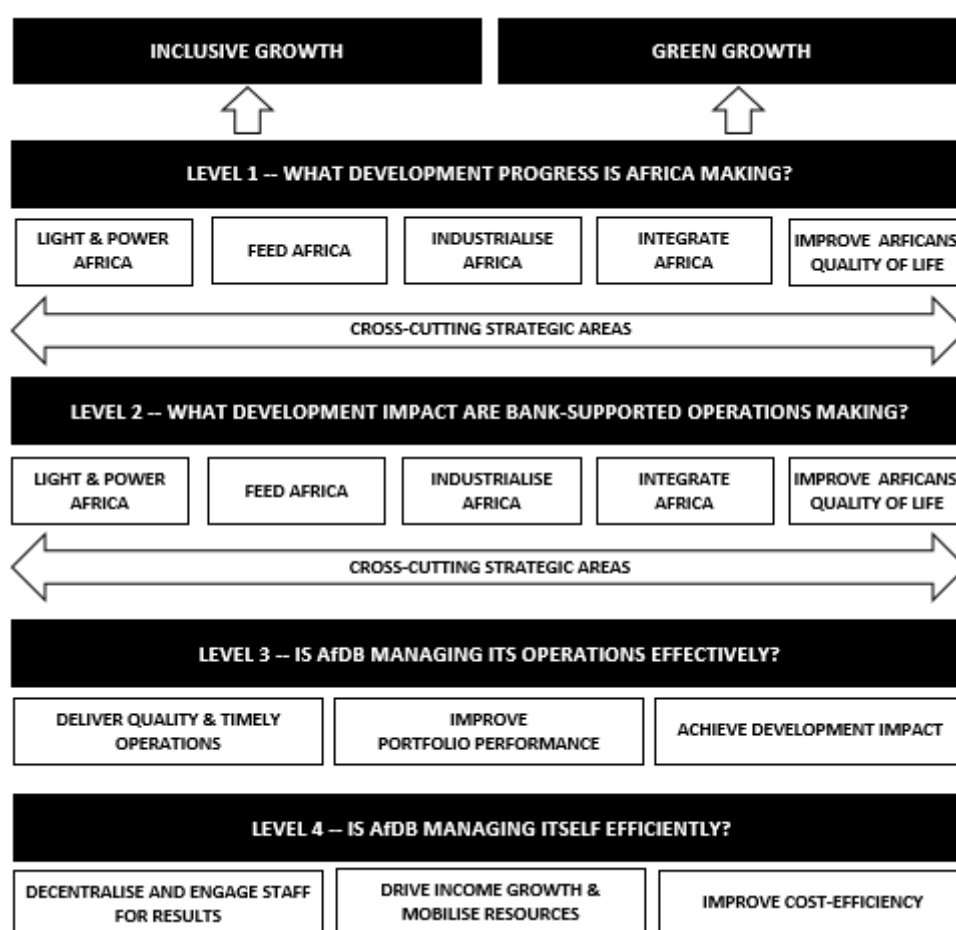
I. INTRODUCTION

1. This glossary accompanies the Results Measurement Framework (2016-2019), providing additional background by laying out the rationale for and definitions of the proposed indicators. It first provides an outline of the RMF and discusses the guiding principles for the selection of indicators. Part II then lists all indicators in the order they appear in the RMF, with its four levels and thematic clusters. For each one it provides a rationale for choosing the indicator and explains how it is calculated. Terms are defined as necessary.

A. Structure of the RMF

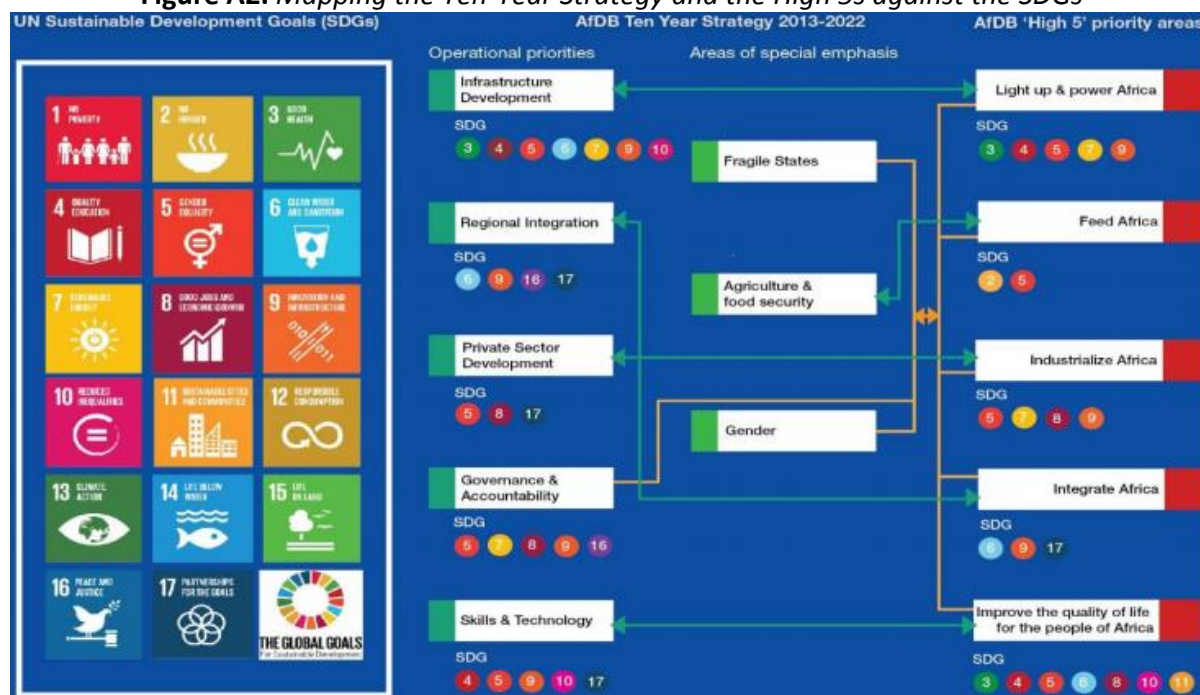
2. The structure of the RMF reflects the strategic direction set out in the Bank's Ten-Year Strategy 2013-2022; the selection of indicators is based on the areas of strategic focus (see Figure A1).

Figure A1. Structure of the RMF indicators



B. Mapping to international commitments

3. In designing its RMF, the Bank is making sure that the choice of indicators is consistent with and reflects the spirit of the Sustainable Development Goals (SDGs) to which African countries committed to achieve by 2030 and report on their progress. Figure A2 demonstrates the consistency between the Bank's Ten Year Strategy and High 5s strategies against the SDGs.

Figure A2. Mapping the Ten-Year Strategy and the High 5s against the SDGs

C. Selection of indicators

4. Preparation of the new RMF involved extensive work to identify practical and telling indicators. The starting point was the lessons learnt in implementing the previous RMF. In addition, the results frameworks of other multilateral development banks were consulted to draw on international good practice and harmonise indicators where relevant.

5. An extensive set of indicators was assessed by applying the principles of selectivity and availability.

- *Selectivity – choosing the most telling indicators.* To keep the RMF focused on the most relevant aspects of the Bank's work, only the most telling indicators are chosen—those that reflect the Bank's strategic priorities, offer additional value in looking at the High 5s—light up and power Africa, feed Africa, industrialise Africa, integrate Africa and Improve Africans' quality of life—and provide a good picture of the Bank's new Development and Business Delivery Model (DBDM) and its ability to deliver value for money. When several indicators are available, the RMF draws on the most robust and, if possible, original data source.
- *Availability*—relying on timely and robust data. The selection of indicators—especially those in Level 1—is noticeably constrained by the limited availability of data on Africa. Indicators should be available annually, or at least every other year, and cover at least 80% of African countries. Household-survey-based indicators, in particular, are not regularly available and are available for only a limited set of countries at a time. This makes continuous reporting impossible. Where no alternatives exist—for example, for income inequality—we use statistical methods to construct meaningful indicators to compensate for gaps in data. In other cases—such as indicators on regional integration—we seek close proxies or alternative indicators; for example, we use indexes that track countries' openness to African foreign citizens.

II. LIST AND DEFINITIONS OF INDICATORS

6. This annex lists all indicators according to the structure of the RMF, from Level 1 to Level 4. Each indicator has a short description of what it entails and how it is calculated, together with the source and the unit.

A. Level 1: What development progress is Africa making?

7. As the Bank chose to scale up five priority areas of its Ten-Year Strategy 2013-2022, the structure of Level 1 reflects the High 5s. The indicators look at the various dimensions of growth and development. The biggest challenge is data availability.

1.	WHAT DEVELOPMENT PROGRESS IS AFRICA MAKING
1.1	LIGHT UP AND POWER AFRICA
1.1.1	<i>Net installed electricity capacity (million kilowatts)</i> —This indicator measures the added electricity generation capacity or maximum rated output from one year to the previous year. It is a way to measure the incremental increase in electricity generation in Africa each year. Source: IEA Unit: million kilowatts
1.1.2	<i>Access to electricity (% population)</i> — Share of the African population with an electricity connection. Electricity is indispensable for certain basic activities (lighting, refrigeration, etc.) and cannot easily be replaced by other forms of energy. Given the high level of connectivity in North Africa (99%) and certain middle-income countries, the indicator is driven mainly by developing countries and rural areas with low levels of access. Source: IEA Unit: percentage
1.1.3	<i>Population with access to clean cooking solutions (%)</i> —Indication of Africans' use of non-solid fuel for cooking, rather than relying on wood, charcoal and dung that create household air pollution caused by smoke. The measure uses access to non-solid fuel (kerosene, ethanol, natural gas, electricity, etc.) as a proxy to assess the access to clean cooking solutions. Source: World Bank, SEE4ALL, WHO Unit: percentage
1.1.4	<i>Average carbon dioxide emissions from the consumption of energy (million metric tons)</i> —This measures the carbon intensity or amount of carbon by weight emitted per energy consumed. This matters as carbon dioxide is considered as a greenhouse gas, given that it is a product of fossil-fuel combustion as well as other processes. Greenhouse gas traps heat radiated by the Earth into the atmosphere and thereby contributes to potential global warming. Source: IEA Unit: million metric tons
1.1.5	<i>Electric power consumption (kWh per capita)</i> —This measures the electric energy consumption per inhabitant by primary energy source. The energy source is measured by capturing the production of power plants less transmission, distribution, and transformation losses. Source: World Bank / IEA Unit: kWh per capita
1.1.6	<i>Renewable energy (% total electricity produced)</i> — Indication of Africa's use of its renewable energy sources to produce electricity rather than relying on coal, oil, gas, or nuclear energy. Renewable energy sources from hydro, bioenergy, wind, geothermal, solar photovoltaic, concentrated solar power, and marine are included as a share of total electricity generated. Source: World Bank Unit: percentage
1.2	FEED AFRICA
1.2.1	<i>Number of people hungry / malnourished (millions)</i> —Indication of the ability of people in

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

Source: FAO | **Unit:** millions

- 1.2.2 ***Share of select crops (cocoa, coffee, cashew and cotton) produced in Africa compared to global production***—This indicator measures the world production share of four crops in quantity grown in Africa — cocoa, coffee, cashew and cotton. These crops have been chosen owing to their high export potential.

Source: FAO | **Unit:** percentage

- 1.2.3 ***Africa's net agricultural trade balance (\$ billion/year)***—This measures Africa's difference between its exports and imports of agriculture products that have been produced through the forestry and farming industries. It is an indication of the continent's reliance on imports for its food consumption.

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

- 1.2.4 ***Agricultural productivity (\$ per worker)***—Average agricultural value-added per agricultural worker. Agriculture comprises value added from forestry, hunting, and fishing as well as cultivation of crops and livestock production, less the value of intermediate inputs. Changes in the indicator may measure gains in productivity but also changes in environmental influences on productivity.

Source: FAO | **Unit:** constant 2000 \$

- 1.2.5 ***Staple crop yield index (2005 value = 100)***—This measures the crop yield in a given year compared to the crop yield of the reference year 2005. A crop yield is a measurement of the amount of a crop that was harvested per unit of land area. Staple crops include cereals (rice, wheat, maize, millet), roots and tubers (cassava, potato) and pulses (lentil, pea).

Source: FAO | **Unit:** value

1.3 INDUSTRIALISE AFRICA

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

Source: World Bank | **Unit:** \$ billion

- 1.3.2 ***African countries in the top 100 Doing Business ranking (number)***—This indicator measures the number of African countries in the top 100 countries best ranked in the Doing Business report. This is a proxy to measure countries' efforts to undertake regulatory reforms to enable a sound business environment and industrial development. The Doing Business report aims at measuring the costs to firms of business regulations in countries. It performs every year a detailed analysis of costs, requirements and procedures for private firm.

Source: World Bank | **Unit:** number

- 1.3.3 ***Industrial gross domestic product (\$ billion)***—This indicator measures the value of all industrial net outputs in real terms in Africa. Industry corresponds to industries in the areas of construction, electricity, water and gas. food products, textiles, wood, metal, equipment, transport, etc. The list of industrial sectors is based on ISIC divisions 10-45.

Source: World Bank | **Unit:** \$ billion

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

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

- 1.3.5 **Global Competitiveness (index)**—This index measures an economy's level of competitiveness—that is, the institutions, policies, and factors that set the present and medium-term levels of economic prosperity. It takes into account 12 pillars or drivers: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation.
Source: World Economic Forum | **Unit:** rating from 1 (low) to 7 (high)
- 1.3.6 **Access to finance (% population)**—Adult with an account at a financial institution. It is measured as the percentage of the adult population with an account (alone or with someone else) at a bank, —credit union, other financial institution (e.g., cooperative, microfinance institution), or the post office (if applicable), including those with a debit card.
Source: Global Financial Inclusion (Global Findex) Database | **Unit:** percentage
- 1.3.7 **Road density (km per km²)**—To indicate the level of road infrastructure, the indicator measures the ratio of the length of the country's total road network to the country's land area (km roads/km² of land area). This indicator serves as a reasonable proxy for the availability of transport and thus access to services and markets in Africa. The road network includes all roads in the country: motorways, highways, main or national roads, secondary or regional roads, and other urban and rural roads. This indicator on access to roads is based on infrequent household surveys,
Source: AfDB | **Unit:** ratio from 0 (low) upwards
- 1.3.8 **Production efficiency (Kg CO₂ emissions per \$ of GDP)**—Indication of environmental efficiency of production, measured as the ratio of CO₂ emissions per GDP (kg CO₂ per \$ of GDP). Emissions are those stemming from the burning of fossil fuels and the manufacture of cement. They include CO₂ produced during the consumption of solid, liquid, and gas fuels and gas flaring.
Source: Carbon Dioxide Information Analysis Center | **Unit:** ratio, from 0 (low) upwards

1.4 INTEGRATE AFRICA

- 1.4.1 **Intra-African trade (billion \$)**—Extent of African countries' trade with each other, measured as the volume of exports and imports of goods and service. It reflects the state of regional integration of both soft and hard infrastructure that allows for trade across the continent.
Source: UNCTAD | **Unit:** \$
- 1.4.2 **Cost of trading across borders (\$)**—Cost of export and import, measured as all the official costs associated with completing the procedures to export or import a 20-foot container by sea transport—costs for documents, administrative fees for customs clearance and inspections, customs broker fees, port-related charges and inland transport costs. It does not include customs tariffs and duties or the actual costs of sea transport
Source: World Bank/IFC | **Unit:** \$
- 1.4.3 **Regional economic communities's average score on regional integration (0-1 scale)**—The score is an average of the results of African regional economic communities. It is calculated by taking into account five dimensions, which are the key socio-economic categories fundamental to Africa's integration. Sixteen Indicators (based on available data), which cut across the five Dimensions — regional infrastructure, trade integration, productive integration, free movement of people, financial and macroeconomic integration —, have been used to calculate the Index.
Source: AfDB | **Unit:** 0-1 scale
- 1.4.4 **Deeply and broadly integrated countries (number)**—This indicator measures the number of countries that are broadly integrated, performing strongly on three or more of the following five dimensions of the Africa Regional Integration Index: trade integration, free movement

of people, financial and macroeconomic integration, productive integration, and regional infrastructure.

Source: AfDB | **Unit:** number

- 1.4.5 **Number of countries that offer visas on arrival to more than 25% of African countries**—This indicator measures the share of African countries that offer visas on arrival. It is a proxy to measure the free movement of people in Africa and is at the foundation of deeper and closer integration of the continent.

Source: AfDB | **Unit:** number

1.5 IMPROVE THE QUALITY OF LIFE FOR AFRICANS

- 1.5.1 **Youth unemployment and discouragement rate (%)**—The extent to which African youth (age 15-35) are unemployed, discouraged or vulnerably employed. The number of students is subtracted from this calculation. This is a proxy for how well young people are part of the workforce.

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

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

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

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

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

- 1.5.4 **Income inequality (Gini index)**—The extent to which people share in a country's prosperity. The indicator measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution.

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

- 1.5.5 **Enrolment in technical/vocational training (%)**—Number of students enrolled in technical/vocational programmes at public and private upper secondary education institutions as a share of total students enrolled in secondary education. It is a proxy for how well young people are being equipped with practical skills.

Source: EDStat | **Unit:** percentage

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

Source: UNDP | **Unit:** percentage

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

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

- 1.5.8 **Access to improved sanitation facilities (% population)**—Share of population with at least adequate access to excreta disposal facilities that can effectively prevent human, animal, and insect contact with excreta. Improved facilities range from simple but protected pit latrines to flush toilets with a sewerage connection. To be effective, facilities must be correctly constructed and properly maintained.
Source: WHO / UNICEF Joint Monitoring Programme for Water Supply and Sanitation | **Unit:** percentage
- 1.5.9 **Mobile cellular subscription (per 1000 people)**—This indicator measured the number of mobile phone subscriptions per 1000 people. This includes subscriptions to a public mobile telephone service through postpaid and active prepaid accounts (i.e. that have been used during the last three months). The indicator applies to all mobile cellular subscriptions that offer voice communications. It excludes subscriptions via data cards or USB modems and subscriptions to public mobile data services.
Source: ITU | **Unit:** number

1.6 CROSS-CUTTING STRATEGIC AREAS

- 1.6.1 **Gross domestic product (GDP) growth (%)**—The increase in overall income in a country. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
Source: AfDB / IMF | **Unit:** percentage
- 1.6.2 **GDP per capita (\$)**—The average income per person, calculated as GDP divided by midyear population. It offers an indication of disposable income. In combination with additional indicators, it offers a more comprehensive picture of the economic situation in Africa than GDP alone.
Source: AfDB / IMF | **Unit:** \$
- 1.6.3 **Mo Ibrahim Index of African Governance (index)**—A composite index that looks at various dimensions of governance (personal safety, rule of law, accountability and corruption, and national security) and combines them in a standardised way to provide a statistical measure of governance performance in African countries and to assess the effective delivery of public goods and services.
Source: Mo Ibrahim Foundation | **Unit:** rating from 0 (low) to 100 (high)
- 1.6.4 **Gender-Sensitive Country Institutions (index)**—Indicator on discriminatory social institutions such as early marriage, discriminatory inheritance practices, violence against women, son preference, restricted access to public space, and restricted access to land and credit. The index is made up of 14 unique variables, grouped into 5 sub-indices: Discriminatory Family Code, Restricted Physical Integrity, Son Bias, Restricted Resources, and Entitlements and Restricted Civil Liberties.
Source: OECD | **Unit:** rating from 0 (low discrimination) to 1 (high discrimination)
- 1.6.5 **Institutional capacity for environmental sustainability (index)**—Extent to which environmental policies foster the protection and sustainable use of natural resources and the management of pollution. The indicator is a sub-indicator of the CPIA. It covers both institutional context (access to information, public participation, quality and effectiveness of the environmental assessment system, cross-sectoral coordination, and accountability) and environmental themes (air pollution, water pollution, waste, freshwater resources, marine and coastal resources, ecosystem and biodiversity, commercial renewable resources, non-renewable resources, and climate change).
Source: AfDB / World Bank | **Unit:** rating from 1 (low) to 6 (high)

- 1.6.6 **Share of population living in fragile countries (%)**—The share of African population living in a fragile or conflict-affected country a (identified by the MDBs' Harmonised List of Fragile Situations). These are often the most vulnerable and disenfranchised people, with limited access to basic services or accountable and effective security and social protection.
Source: AfDB / UN POPIN | Unit: percentage

A. Level 2: How well is AfDB contributing to development in Africa?

8. These indicators focus increasingly on outcomes—on how operations are improving people's lives—rather than physical outputs. The structure of sector clusters aims to show mini results-chains. The indicators provide some indication of the scope of physical outputs, such as MW installed; then focus on an indication of the sustainability of outputs, such as staff trained/recruited for road maintenance; and finally indicate how the Bank's activities are benefitting people on the ground. The new RMF includes results from previous strategic objectives for which the results are only now materialising. This means the RMF has to be both forward- and backward-looking. This also means that results from some aspects of the new strategy, especially in the areas of industrial development and climate-smart agriculture, will materialise only in the coming years and will show only in future results frameworks.

2. HOW WELL IS AFDB CONTRIBUTING TO DEVELOPMENT IN AFRICA?

2.1 LIGHT UP AND POWER AFRICA

- 2.1.1 **People with new or improved electricity connections (millions)**—The indicator measures access to electricity supported by Bank operations, enabling better-quality services and contributing to reduced pollution from diesel generators and household burning of fossil fuels. It provides the total number of people enjoying new access to electricity or better electricity connections as a result of the Bank's intervention.
Source: PCRs | Unit: millions (disaggregated by gender)
- 2.1.2 **Power capacity installed (MW)**—The indicator measures the extent to which the Bank has responded effectively to the growing energy needs of African countries, measuring the total power capacity of power plants and combined heat and power plants installed as a result of the Bank's intervention. The total capacity installed from renewable energy sources—hydro, bioenergy, wind, geothermal, solar photovoltaic, concentrated solar power, and marine—is counted separately.
Source: PCRs | Unit: megawatts
- 2.1.3 **CO₂ emissions reduced (tons per year)**—The indicator measures one factor in the Bank's work to support the sustainable and efficient use of Africa's natural resources while helping client countries respond to the challenges of an increasingly variable climate. It is calculated as the reduction in the amount of emission of carbon dioxide equivalent per year in tons from consumption as a result of the Bank's intervention. To track this indicator the Bank will develop and pilot a tool to track greenhouse gas emissions in accordance with the provisions of the UNFCCC, without prejudging current negotiations under the Convention. Upon completion of this tool, the Bank will report ex-ante on GHG emissions (gross and net) in project documentation (ISS, Section C.3 § 15 p. 47).
Source: PCRs | Unit: tons per year
- 2.1.4 **New or improved power distribution and transmission lines - National (km)**—The indicator measures the total kilometres of power distribution and transmission lines constructed or rehabilitated as a result of the Bank's intervention. Transmission lines are typically connecting urban centres/towns/settlements and rural areas to the power grid.
Source: PCRs | Unit: kilometers

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

Source: PCRs | **Unit:** millions

- 2.1.6 ***Jobs created (number)***—The indicator measures the total number of people who have been recruited to maintain efficient energy facilities, including power plants, transmission lines, distribution substations and transformers, as a result of the Bank's intervention.

Source: PCRs | **Unit:** number

2.2 FEED AFRICA

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

Source: PCRs | **Unit:** number (disaggregated by gender)

- 2.2.2 ***Land with improved water management (ha)***—The indicator assesses the Bank's efficacy in boosting the agriculture sector and improving food security. It is calculated as the total number of hectares of land irrigated as a result of the Bank's intervention.

Source: PCRs | **Unit:** hectares

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

Source: PCRs | **Unit:** number

- 2.2.4 ***Agricultural inputs provided: fertiliser, seeds, etc. (tons)***—The indicator assesses the Bank's efficacy in boosting the productivity in the agriculture with the provision of inputs. Inputs include, among others, fertilisers and seeds. It is calculated as the total weight of inputs provided as a result of the Bank's intervention.

Source: PCRs | **Unit:** tons

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

Source: PCRs | **Unit:** number

- 2.2.6 ***Jobs created (number)***—The indicator measures the total number of people who have been recruited to work in the agricultural sector, as a result of the Bank's intervention.

Source: PCRs | **Unit:** number

2.3 INDUSTRIALISE AFRICA

- 2.3.1 ***People benefiting from investee projects and microfinance (number)***—The indicator captures the overall contribution of the Bank's private sector development projects, particularly in developing the SMEs that are key to generating employment. It is calculated
-

as the total number of people benefiting from investee projects and microfinance as a result of the Bank's intervention in the private sector.

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

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

Source: XSRs | **Unit:** million \$

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

Source: XSRs | **Unit:** \$ million

- 2.3.4 **Microcredits granted (number)**—The indicator measures the effectiveness of the Bank's effort to provide SMEs with access to credit, enabling them to expand and take on more workers. It is calculated as the total number of microcredits ensured as a result of the Bank's intervention.

Source: XSRs | **Unit:** number

- 2.3.5 **Line of credit to SMEs (UA million)**—The indicator shows the Bank's efforts to make sure that the small and medium enterprises have the necessary means to grow and develop their business potential by measuring the amount of line of credit extended as a result of its intervention.

Source: PCRs | **Unit:** UA million

- 2.3.6 **Roads constructed, rehabilitated or maintained (km)**—The indicator shows the Bank's efforts to create the necessary infrastructure to unlock the development potential of African countries by measuring the total kilometres of roads and feeder roads constructed, rehabilitated or maintained as a result of the Bank's intervention.

Source: PCRs | **Unit:** kilometers

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

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

- 2.3.8 **Jobs created (number)**—The indicator measures the total number of people who have been recruited to work in the industry sector, as a result of the Bank's intervention.

Source: PCRs | **Unit:** number

2.4 INTEGRATE AFRICA

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

Source: multinational PCRs | **Unit:** kilometres

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

Source: multinational PCRs | **Unit:** kilometres

- 2.4.3 **Jobs created (number)**—The indicator measures the total number of people who have been recruited to work on regional integration infrastructure, as a result of the Bank's intervention.

Source: multination PCRs | **Unit:** number

2.5 IMPROVE THE QUALITY OF LIFE FOR AFRICANS

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

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

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

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

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

Source: PCRs | **Unit:** number

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

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

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

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

- 2.5.4 **People benefiting from better access to education (number)**—The indicator captures the Bank's efficacy in improving the access to education in African countries. It is calculated as

the total number of people who have better access to education as a result of the Bank's intervention.

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

2.6 CROSS CUTTING STRATEGIC AREAS

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

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

2.6.2 **Governance- - Quality of public administration (%)**—The indicator assesses the extent to which Bank interventions have helped client countries enhance the design and implementation of government policy and improve service delivery. The calculations are based on the CPIA scores from before and after a relevant Bank intervention. The indicator is expressed as the percentage of countries where improvements are observed over all countries in which the Bank has supported relevant reforms.

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

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

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

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

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

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

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

B. Level 3: Is AfDB Managing its Operations Effectively?

9. It is not enough to achieve results; it also matters how they are achieved. By engaging in effective dialogue with clients, focusing on key priorities, and delivering high-quality operations, the Bank makes the best use of its resources. Effective management also means achieving results

that comply with our own social and environmental safeguards, and placing special emphasis on gender and climate change considerations while designing and delivering operations. The indicators at this level reflect all of this. The first and second sets of indicators focuses on improving portfolio performance and delivering quality operations. The third cluster looks at the achievement of development impact and fourth at the Bank's ability to drive income growth.

3. IS AfDB MANAGING ITS OPERATIONS EFFECTIVELY?

3.1 DELIVER HIGH QUALITY AND TIMELY OPERATIONS

- 3.1.1 **Minimise time from concept note to first disbursement (months)**—The indicator—calculated as the lapse of time between the concept note and the first project's disbursement. It shows how quickly new operations are designed and processed from inception to approval and effectiveness for first disbursement, until the actual first disbursement. It is calculating by summing the averages for all investment projects that have reached their first disbursement in the past twelve months. It is often a critical aspect of delay in project implementation that affects the disbursement ratio. It may be an indication of the quality of project design and dialogue with the client, but it may also be due to external factors.
Source: AfDB operations system/BPPS | **Unit:** months
- 3.1.2 **Reduce the time for procurement of goods and works (months)**—The indicator measures the average time procurement takes from bid reception to contract signature. A diligent yet speedy process is critical to implement projects on time and contribute to a reasonable disbursement ratio.
Source: AfDB operations system | **Unit:** months
- 3.1.3 **Improve the quality of country strategy papers (scale, 1-6)**—This indicator draws from the Bank's Readiness Review mechanism to measure the quality of Country Strategy Papers (CSPs) taking into account four dimensions: contextual diagnostic and strategy design rationale, alignment and ownership, positioning and strategic selectivity of programme design and monitoring, and results and risk assessment. It measures the average rating of all CSPs produced in the past year.
Source: AfDB's Readiness Reviews | **Unit:** rating from 1 (low) to 6 (high)
- 3.1.4 **New operations rated satisfactory (%)**—The indicator reflects the quality of project design, taking into account eight dimensions: alignment and strategic fit, lessons learned from prior operations, rationale and ownership, focus on results and risk assessment, implementation arrangements, financial management/procurement, environmental and social considerations, and gender. It is calculated as the share of all operations reviewed that are rated satisfactory or above in the Readiness Review process.
Source: AfDB's Readiness Reviews | **Unit:** percentage
- 3.1.5 **New CSPs with gender-informed design (%)**—To measure how well the Bank takes gender aspects into account in the design of new country strategies, the indicator measures the share of new CSPs in which gender aspects are reflected in the results framework.
Source: AfDB's Readiness Reviews | **Unit:** percentage
- 3.1.6 **New projects with gender-informed design (%)**—The indicator measures how well the Bank takes gender aspects into account in the design of new operations. It builds on five dimensions: sector-specific gender analysis, a gender-equality-related outcomes statement, a gender-equality-related baseline, specific activities to address gender gaps, and adequate budgets and human resources to implement the activities. The indicator is measured as the share of all projects going through the Readiness Review that have a satisfactory rating on gender-informed design.

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

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

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

3.2 IMPROVE PORTFOLIO PERFORMANCE

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

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

- 3.2.2 ***Reduce the share of operations at risk (%)***—The indicator measures the share of projects that are either problematic or potentially problematic and are raised to management attention for appropriate supervision and timely corrective measures.

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

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

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

- 3.2.4 ***Eliminate operations eligible for cancellation (%)***—The indicator notes inactive projects in the portfolio that need to be cancelled or restructured. It is calculated as the ratio of cancellable projects over all active projects.

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

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

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

3.3 ACHIEVE DEVELOPMENT IMPACT

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

Source: IDEV | **Unit:** percentage

- 3.3.2 ***Completed operations that delivered sustainable outcomes (%)***—The assessment of

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

Source: IDEV | **Unit:** percentage

- 3.3.3 **Knowledge services with objectives reached (% , client rating)**—This measures the percentage of knowledge and advisory services for which the client rating was 8 and above on a 10-point scale with 1 being “exceptionally ineffective” to 10 being “exceptionally effective” in response to the question “how effective was [activity] in terms of achievement of objectives.” [Survey to be developed.]
Source: AfDB operations system | **Unit:** percentage
- 3.3.4 **Completed operations with a timely completion report (%)**—Timely PCRs help capture Bank results and lessons learned from closing operations to feed into the design of new operations. The indicator measures the share of PCRs that were submitted within 12 months after the project closing date.
Source: AfDB operations system | **Unit:** percentage

C. Level 4: Is AfDB managing itself efficiently?

10. Indicators reflect the Bank’s priority reforms on decentralisation. The Bank also looks in its ability to strengthen human resources have staff work together across departments. Indicators reflect the even stronger focus on cost-efficiency.

4. IS AFDB MANAGING ITSELF EFFICIENTLY?

4.1 DECENTRALISE AND ENGAGE STAFF FOR RESULTS

Move closer to clients

- 4.1.1 **Increase share of operations staff based in field offices (%)**—The indicator measures the extent to which the Bank has improved its ability to respond rapidly and effectively to regional member countries’ needs by equipping the field offices with professional staff. The indicator is calculated as the ratio of operational professional staff in field offices over all Bank operational professional staff at post.
Source: CHRM | **Unit:** percentage
- 4.1.2 **Projects managed from field offices (%)**—The indicator assesses the extent to which the Bank has devolved management responsibilities from HQ to country offices. It is calculated as the ratio of ongoing projects task-managed from field offices over all ongoing Bank projects.
Source: CIMM | **Unit:** percentage

Enhance performance management

- 4.1.4 **Employee engagement index (index 1-100)**—The indicator measures both employees’ commitment to the goals of the organisation and the extent to which the environment enables them to contribute effectively to achieving those goals. The indicator is measured through annual staff surveys.
Source: CHRM | **Unit:** Index from 0 (low) to 100 (high)
- 4.1.5 **Managerial effectiveness index (index 1-100)**—Employees’ perception of their managers’ effectiveness in enabling staff to meet set objectives and develop their careers. The indicator is measured through annual staff surveys.
Source: CHRM | **Unit:** Index from 0 (low) to 100 (high)
- 4.1.6 **Share of women in professional staff (%)**—The indicator, a measure of the Bank’s commitment to diversity of gender among staff, is calculated as the ratio of female

professional staff over all Bank professional staff (EL, PL and LP) at post.

Source: CHRM | **Unit:** percentage

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

Source: CHRM | **Unit:** percentage

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

Source: CHRM | **Unit:** percentage

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

Source: CHRM | **Unit:** days

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

Source: CHRM | **Unit:** percentage

Working together

- 4.3.1 **Share of staff working in support of other departments (%)**—The indicator assesses the extent to which Bank staff are working across departments and vice-presidencies, in support of other sectors or from headquarters to the field. The indicator is calculated as the percentage of professional staff working more than 10% of their time in support of another division.

Source: CHRM | **Unit:** percentage

- 4.3.2 **Staff perception of One Bank Group collaboration (%)**—Percentage of AfDB Group Staff Engagement Survey respondents who responded favourably to the question related to "Bank Group staff work together effectively".

Source: COBS/FFCO | **Unit:** percentage

4.2 DRIVE INCOME GROWTH

- 4.2.1 **Increase total Bank group net income (UA millions)**—The indicator measures the total revenues generated by ADB and ADF. ADB total revenue includes income from loans net of funding costs, income from investments net of funding costs, and net income from ADB's equity management, Trust Fund (BETF) income, reimbursable expenses, and other revenues. ADF total revenue includes income from credits, income from investments, net transfers and grants from ADB, and reimbursable expenses.

Source: COPB | **Unit:** UA millions

- 4.2.2 **Maximise the volume of approvals (UA billions per year)**—The indicator measures the cumulative amount of projects approved by the Board within a twelve month period.

Source: COPB | **Unit:** UA billions

- 4.2.3 **Right-size Bank maximum loan exposure (UA billions)**—The indicator measures the maximum current year loan exposure that could be supported by current year usable equity

capital based on a 20% average target for the Expected/Loss ratio. (Maximum current year loan exposure = current year usable equity / 20%).

Source: COPB | **Unit:** UA billions

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

Source: COPB | **Unit:** UA billions

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

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

4.3 IMPROVE COST-EFFICIENCY

- 4.3.1 ***Reduce administrative costs per UA 1 million disbursed (UA '000)***—The indicator assesses the extent to which the Bank has increased efficiency by reducing the administrative costs associated with disbursements. The indicator is calculated as the total amount of administrative expenditures (i.e., costs of missions, consultants, office and other expenses, and operational support) associated with 1 million UA disbursed.

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

- 4.3.2 ***Right-size cost-to-income ratio (%)***—The indicator measures the ratio of the AfDB Group’s cost against its income. Costs include: total administrative expenses for the AfDB, including pension costs and miscellaneous adjustments. Income includes: ADF services charge income, ADB loan spread net of funding costs, revenue from external funds including Trust Funds, and other miscellaneous non-operational revenue. It does not include ADB and ADF investment income and ADB income from equity management.

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

- 4.3.3 ***Limit cost of preparing a lending project (UA '000)***—The indicator is calculated as the average amount of expenditures associated with project identification, preparation, appraisal, and launching.

Source: COBS | **Unit:** UA

- 4.3.4 ***Right-size cost of supporting project implementation (UA '000)***—The indicator is calculated as the average amount of expenditures associated with the support of project implementation, such as cost of supervision and midterm review.

Source: COBS | **Unit:** UA

- 4.3.5 ***Adjust work environment cost per seat (UA '000)***—This indicator, a measure of how well the Bank manages its facilities, is calculated as the total rental, maintenance, and utilities costs per seat.

Source: COPB | **Unit:** UA
