

# **Results Reporting for ADF-10 and Results Measurement Framework for ADF-11**

**Background Paper**

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## Executive Summary

The African Development Fund (ADF) introduced a results measurement framework in 2003 as part of a broader commitment to the Global Agenda on Managing for Development Results. The African Development Bank signed onto this agenda at the Monterrey Conference on Development Financing in 2002. In recent years, the ADF results measurement framework has converged toward a common multilateral development bank approach that focuses on: (i) development effectiveness—in terms of country progress on key outcomes; and (ii) institutional effectiveness—in terms of program outputs and outcomes and business processes. For ADF-10, this framework was tailored to ADF priorities, with increased emphasis on progress on governance and regional integration in Africa, as well as a greater focus on institutional reform as the ADB sought to consolidate staffing and services following a turbulent period of relocation.

**Development Effectiveness.** Outcomes at the country level during the ADF-10 period indicate that ADF countries made significant progress on growth, poverty reduction and human development in recent years. Information technology also has begun to make sweeping changes to communications on the continent and with the rest of the world. However, accelerated poverty reduction will require broader participation in the growth process, and this, in turn, will require a more conducive environment for investment and trade, greater access to markets and basic infrastructure to support economic activity. These priorities will be reflected during ADF-11 through increased strategic focus on governance, private sector development, regional integration and infrastructure provision. ADB efforts to strengthen statistical capacity at the country level will also reflect these priorities for improved data collection and reporting.

**Institutional Effectiveness: the ADF Contribution.** A detailed assessment of outputs and outcomes of operations exiting the portfolio during ADF-10 confirms that the ADF made a significant contribution to country-level progress in recent years. This report demonstrates that implementation led, *inter alia*, to construction of classrooms, training of teachers and health personnel, improved water supply and sanitation, expansion of irrigated production, provision of micro-finance, construction of roads and electrification of villages. These outputs contributed to measurable increases in school enrollments, safer births, higher vaccination coverage, reduced water-borne diseases, enhanced rural incomes, greater female empowerment and increased economic activity in various project zones. Overall, the share of satisfactory project completion ratings rose in the past four years, although considerable improvement is still necessary moving forward.

**Institutional Effectiveness: Internal Reform.** ADF results on the ground reflect steady progress by the Bank to enhance institutional effectiveness. Among the many measures included in the *Action Plan to Improve Implementation of Operations During ADF-10*, progress is notable in: (i) achieving operations staffing targets and enhancing staff diversity; (ii) establishing 23 fully functional field offices; (iii) introducing results-based Country Strategy Papers; (iv) strengthening use of logical frameworks in project design; (v) speeding up procurement processes; (vi) increasing supervision ratios; (vii) reducing aging and non-performing projects; (viii) lowering the share of problem and at-risk projects; and (ix) expanding preparation of project completion reports for enhanced learning. While progress is considerable, a great deal more remains to be done during ADF-11 and beyond to fully implement existing commitments and policies, accelerate reforms already underway and put in place business processes that make it easier to achieve, and report on, results.

**Looking ahead.** The results measurement framework for ADF-11 will be rooted in selected indicators of key country outcomes together with specific measures to *directly strengthen the focus on results on the ground*. It will also focus on strengthening *the incentives and systems that drive implementation of good policies*. Key reforms will aim at: (i) ensuring quality at entry for ADF strategies and operations; (ii) instilling a continuous supervision culture to support implementation; (iii) enhancing learning and accountability through evaluation; and (iv) improving results through decentralization and harmonization.

**Key Reforms under ADF-11.** Much of what needs to be done is well-known and straightforward—but it needs to be done fully and done well. Key institutional commitments include: (i) integrating higher-quality results frameworks in strategies and projects; (ii) providing baseline data to ensure "evaluability"; (iii) creating budgetary and other incentives for results-oriented supervision; (iv) strengthening portfolio management information systems and the incentives and capacity to use them; (v) preparing timely project completion reports; and (vi) harmonizing internal ratings systems. Two areas critical for a stronger results focus, and where more work is needed, are more effective and thorough decentralization and an increased capacity to harmonize in line with Paris Declaration goals. A manageable set of institutional indicators are proposed to allow management and shareholders to monitor progress in these areas in order to strengthen delivery of results.

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The annexes are provided in a separate document.

# **RESULTS REPORTING FOR ADF-10 AND RESULTS MEASUREMENT FRAMEWORK FOR ADF-11**

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## **1. Introduction**

- 1.1 The African Development Bank (ADB) introduced a results measurement framework for its African Development Fund (ADF) during the mid-term review of the Ninth ADF Replenishment in 2003. The framework was enhanced for the ADF-10 period, better reflecting ADF-specific priorities while at the same time converging toward a common methodology for multilateral development banks (MDBs) first introduced by the World Bank in the IDA13 context. This report uses the ADF-10 results measurement framework and the associated *Action Plan for Improving Implementation of Operations during ADF-10* as a guide to reporting on progress during ADF-10. This assessment then informs a set of specific proposals to further strengthen the results measurement framework for the upcoming ADF-11 period.
- 1.2 *The Global Agenda on Managing for Development Results.* The introduction of the ADF results measurement framework (RMF) has been an important element of the broader results agenda to which the ADB is committed. Since the MDB Heads' Joint Statement on Better Measuring, Monitoring and Managing for Results at the Monterrey Conference on Development Financing in 2002<sup>1</sup>, the ADB has participated in a global agenda on managing for development results. The agenda seeks to improve development outcomes at the country level by: (i) strengthening country capacity to manage for results; (ii) making development agencies more results-focused in their strategies and operations; and (iii) harmonizing international approaches and reporting on results. The ADB has launched internal initiatives and participated in the MDB Working Group and OECD-DAC Joint Venture on Managing for Development Results, including joint sponsorship of three successive International Roundtables on Results in 2002, 2004 and 2006.

## **2. The ADF Results Measurement Framework**

- 2.1 Bilateral and multilateral development agencies have committed to a greater focus on results, while recognizing that the results in question — development outcomes on the ground — extend beyond their direct control and are the product of collective action over sustained periods of time. This inherent complexity has been a challenge in designing systems to assess the contribution of development agencies to results, including the ADF results measurement framework (RMF).
- 2.2 *A two-tiered approach.* The RMF has converged toward a common approach that focuses on: (i) development effectiveness — in terms of country progress on key outcomes; and (ii) institutional effectiveness — in terms of program outputs and outcomes and business processes. For ADF-10, this framework was tailored to ADF priorities, with increased emphasis on progress on **governance and regional integration in Africa**, as well as greater focus on **institutional reform** as the ADB sought to consolidate staffing and services following a turbulent period of relocation. The chapters which follow report on progress during ADF-10 in terms of these two levels: development effectiveness and institutional effectiveness.

## **3. Development Effectiveness: Country Progress on Key Outcomes**

- 3.1 The results measurement framework provides an assessment of aggregate progress towards selected development goals by ADF-eligible countries. Indicators for these goals are summarized in Table 1 below. The list of indicators has evolved somewhat over time, but essentially reflects the Millennium Development Goals and associated growth and private sector goals needed to ensure poverty reduction. It also reflects an assessment of the most

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<sup>1</sup> Statement of Heads of Multilateral Development Banks Better Measuring, Monitoring, and Managing for Development Results, Monterrey, March 19 2002.

frequent priorities in national Poverty Reduction Strategy Papers in ADF countries. The ADF list includes 12 of the 14 indicators used in the IDA results measurement system, plus six indicators reflecting ADB-specific priorities in the areas of governance, regional integration, private sector development, agriculture and information technology. (See Annex 1 for information notes on these six indicators.)

**Table 1: Country Outcome Indicators**

Indicator	ADF-10 Baseline Year	Year of Last Value	ADF-10 Baseline Value	ADF-10 Last Value	Countries Making Progress <sup>a</sup>
<b>Growth and Poverty Reduction</b>					
GDP Per Capita (US\$ 2000 Constant prices)	2002	2006	314	358	29 of 39
Population Living Below \$1 per day (PPP) (%)	2002	2004	36	33	15 of 24
<b>Good Governance and Transparency</b>					
Public Financial Management (HIPC Benchmarks met)	2001	2004	5.8	5.8	8 of 19
<i>World Governance Indicators Avg. Score (-2.5 to 2.5)</i>	<i>2003</i>	<i>2006</i>	<i>-0.83</i>	<i>-0.80</i>	<i>23 of 40</i>
<b>Private Sector Development and Agriculture</b>					
Cost to Start Business (% of GNI per capita)	2003	2006	282	190	25 of 30
Time to Start Business (days)	2003	2006	60	58	16 of 30
<i>Global Competitiveness Index Ranking (1 to 7)</i>	<i>2004</i>	<i>2007</i>	<i>3.1</i>	<i>3.1</i>	<i>10 of 20</i>
<i>Staple Crop Yields Index (2002 = 100)</i>	<i>2002</i>	<i>2005</i>	<i>100</i>	<i>115</i>	<i>19 of 27</i>
<b>Regional Integration and Trade</b>					
<i>Africa's Share of Global Trade (%)</i>	<i>2002</i>	<i>2006</i>	<i>2.19</i>	<i>2.63</i>	<i>38 of 38</i>
<i>ADF Countries' Trade With Africa (million US\$)</i>	<i>2002</i>	<i>2006</i>	<i>17,142</i>	<i>38,216</i>	<i>37 of 38</i>
<b>Infrastructure Development</b>					
Access to an Improved Water Source (% of pop.)	2002	2004	54	55	28 of 38
Access to an All-season Road <sup>b</sup> (% of rural pop.)	2003	n.a.	35	n.a.	n.a
Household Electrification Rate <sup>c</sup> (% of households)	1999	2001	n.a.	22	n.a
Fixed Line & Mobile Phone Subscribers (per 1,000)	2002	2005	23	69	27 of 27
<i>Internet Users (per 1,000)</i>	<i>2002</i>	<i>2005</i>	<i>5</i>	<i>20</i>	<i>32 of 32</i>
<b>Human Development</b>					
Under Five Child Mortality (per 1,000)	2002	2006	175	165	39 of 40
Ratio of Girls to Boys in Primary and Secondary (%)	2002	2004	83	85	15 of 22
Primary School Completion Rate (%)	2002	2004	58	58	21 of 27

Source: Compiled from various sources by Statistics Department, African Development Bank

<sup>a</sup> Number of countries making positive progress out of total number of countries with data available for both baseline year and year of last value.

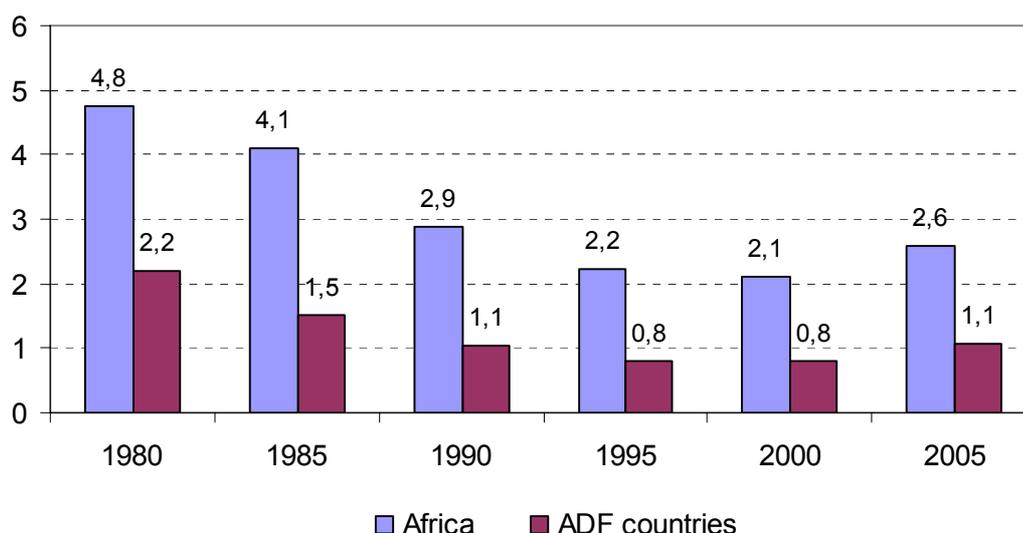
<sup>b</sup> Aggregate figure is based on data for ten countries and no significant data are available for years beyond 2003.

<sup>c</sup> Aggregate figures for both baseline and last value years are based on six countries but there are no corresponding data points to allow an assessment of country progress.

- 3.2 *Growth and poverty reduction.* Real per capita income in ADF countries rose by more than three percent per annum over the 2002-2006 period, the fastest pace in more than two decades. As a result, the share of the population living in extreme poverty declined moderately. Positive growth of per capita income was experienced by three-fourths of ADF countries. The most rapid growth (9-10% per annum) occurred in oil-exporting nations like Angola and Chad, while many non-oil exporters like Tanzania and Mozambique also accelerated growth to 4-5% per annum. The growth figures tell a striking story about the cost of conflict in Africa: all countries in which per capita income shrank by more than one percent per annum were beset with conflict and civil strife at the outset of the ADF-10 period--highlighting the importance of supporting fragile states to accelerate growth and development of the continent.

- 3.3 *Governance and transparency.* Significantly more progress is needed to enhance governance and transparency in a broad range of ADF countries, as aggregate scores are low by global standards, and progress disappointing over the ADF-10 period. Individual countries have made notable progress in particular areas. In the realm of public financial management, while the average score is less than six out of possible sixteen benchmarks, countries like Mali and Tanzania each met eleven benchmarks. Others like Ghana and Senegal made significant progress during the period from a somewhat lower base. Aggregate scores on the World Governance Indicators demonstrate the challenge ahead for ADF countries, and show negligible progress over the 2003-2006 period. Marginal declines on measures of Voice and Accountability, as well as Political Stability were counteracted by modest improvements in Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption.
- 3.4 *Private sector and agriculture.* The pace of investment climate reform has picked up in recent years, and initial progress in reducing regulatory obstacles is evident.<sup>2</sup> A sustained and broader reform effort will be necessary, however, to bring private sector competitiveness to global standards. Africa's biggest private sector activity—agriculture—would benefit from such reform coupled with investments in seed and water management technology. However, standardization of indicators and availability of data in the agriculture sector remains weak, making it difficult to monitor progress. One indicator of agricultural productivity, the staple crops yield index, shows a 15% increase in average cereal yield per hectare during the ADF-10 period. This progress was driven by increased maize yields, which may reflect wide-scale introduction of improved varieties in Southern Africa. For most other staple crops, increases in yields have been more modest in recent years.
- 3.5 *Regional integration and trade.* In the short timeframe of ADF-10, Africa was able to hold its own in the share of world trade due largely to a boom in primary commodity markets and despite limited progress on trade rules that would give Africa better access to developed markets. From a longer historic perspective, Africa's share of global trade has declined from five percent in 1980 to only around two percent today, while intra-African trade has remained a mere fraction of this. However, as a sign of increasing regional integration, the ADF countries are having more success trading within Africa, with the value of this trade increasing by more than 30% per year in the ADF-10 period.

**Figure 1: Africa and ADF Countries' Share in World Trade by Value, 1980-2006**  
(Percent)



Source: IMF Direction of Trade Statistics

<sup>2</sup> Doing Business 2007: How to Reform. World Bank, September 2006.

- 3.6 *Economic infrastructure.* Three points are salient with respect to economic infrastructure development in ADF countries: (i) steady, long-run improvement in water supply; (ii) explosive development of telecommunications and information technology; and (iii) a paucity of data necessary to assess progress in key infrastructure areas such as transport and energy. Three-fourths of ADF countries made positive progress on access to improved water sources. Some, like Burkina Faso, saw increases of 20% or more, but Nigeria's situation deteriorated. Acceleration of progress on provision of basic infrastructure is needed, along with redoubled international efforts to strengthen infrastructure data collection and reporting systems. ADB initiatives to build statistical capacity at the country level will take this priority into account (See Box 1).

**Box 1: ADB's Statistical Capacity Building Activities in African Countries**

In 2002, the ADB initiated a region-wide statistical capacity-building (SCB) program which provides financial support and technical assistance for collecting and analyzing socio-economic statistics needed to assess progress towards the Millennium Development Goals and country-specific development priorities as articulated in national poverty reduction strategies.

Through the SCB, the ADB is working with the Economic Commission for Africa to coordinate implementation of the Reference Regional Strategic Framework for Statistical Capacity Building. This framework guides statistical development in Africa and has been adopted by all stakeholders. Implementation at country level is done through National Strategies for the Development of Statistics (NSDS), which have been designed with support from SCB.

The SCB also supports implementation of the International Comparison Project, which has led to an unprecedented improvement in the quality of price data. As a result, the ADB has become the main source of purchasing power parity statistics and data on comparative consumption and price levels in African countries. The ADB is about to deploy a new Data Platform that will expand content and improve access to its development databases.

In addition to targeted activities through the SCB, data collection and analysis activities are being integrated into the Bank's country programming through results-based country strategies, investment operations, policy-based lending and institutional support activities.

For the ADF-11 period, a second phase of the SCB program is being developed with greater emphasis on supporting population censuses and household and organizational surveys in order to generate more and better data on social, agriculture and infrastructure indicators.

- 3.7 *Human development.* The majority of ADF countries are seeing improvement on all human development indicators selected, with progress exceeding past rates of change. Population-weighted aggregate data obscure the progress across this broad range of countries. Countries such as Cape Verde and the Gambia have seen child mortality decline by more than 10% in the ADF-10 period, and countries such as Rwanda and Mozambique have seen primary school completion rates rise by one-third. Recent economic growth, coupled with increased attention to human development in the MDG context, seems to be producing better results in the social sectors, while international standardization of indicators and regular data reporting have made these results more measurable.
- 3.8 *Overall progress under ADF-10.* On average, ADF countries have made significant progress on growth, poverty reduction and human development in recent years. Information technology also has begun to make sweeping changes to communications on the continent and with the rest of the world. Accelerated poverty reduction will require broader participation in the growth process, and this, in turn, will require a more conducive environment for investment and trade, greater access to markets and basic infrastructure to support economic activity. These priorities will be reflected during ADF-11 through increased strategic focus on governance, private sector development, regional integration and infrastructure provision.

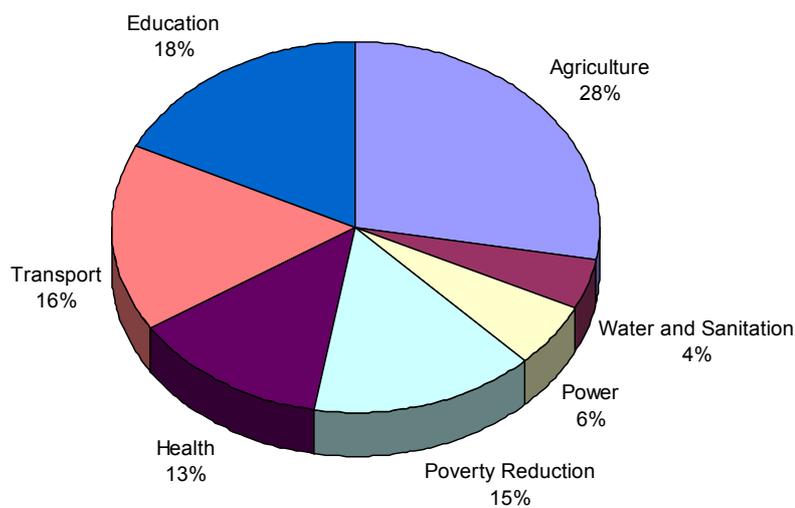
## 4. Institutional Effectiveness: Outputs and Outcomes of ADF Operations

4.1 High-level development outcomes cannot be meaningfully attributed to the activities of a single agency. Nonetheless, the contribution of each agency to outcomes at the country or regional level may be assessed through the outputs and outcomes of its specific operations. The ADF-10 results measurement framework proposed to monitor outputs of projects in four sectors, as well as the share of satisfactory project outcomes across all sectors (as evaluated by OPEV). This ambitious task is rendered more difficult by the lack of standardized output and outcome indicators at the sector level and by only partial—albeit improving—coverage of project completion reports (PCRs) as a basis for evaluating results. Project completion reports were available for fewer than half of closed projects included in the 1985-2006 sample used by OPEV for the forthcoming Report on Development Effectiveness.

### *Outputs in Key Sectors during ADF-10*

4.2 To make a comprehensive assessment of project outputs by sector, a field-based Task Force on ADF Results reviewed all operations exiting the ADF portfolio in the 2004-2007 period, regardless of PCR coverage. The sector distribution of operations leaving the portfolio naturally reflects the priorities of earlier replenishments, with a strong focus on agriculture and human development. For this reason, agriculture and poverty reduction operations were added to the initial list of four sectors which included education, health, water supply and transport. Furthermore the power sector was added because it is a key priority in infrastructure going forward. The Task Force examined supervision reports, ADF and borrower PCRs and draft PCRs in these seven sectors, followed by interviews with task managers and project coordinators in the field to validate completion of outputs and to assess outcomes. All findings, therefore, reflect self-assessment by ADF staff and clients. The Task Force was able to validate information for 85% of closed operations<sup>3</sup>, plus half of those that are more than 90% disbursed (but not yet closed). Overall, 140 operations were validated, totaling UA 1.4 billion in ADF disbursements.

**Figure 2: Sector Distribution of ADF-10 Project Output Sample**



4.3 Selected physical and institutional outputs are highlighted below. Where projects were co-financed, only outputs financed by the ADF are included. An effort has been made to provide calculations of beneficiaries reached, but this data was not systematically gathered in PCRs, making the resulting data incomplete. Outputs are presented by common themes, such as transport, and may combine outputs from several types of operations (e.g., feeder roads financed under agriculture projects are reported under transport). Annex 2 provides detailed tables with outputs presented by sector/type of operation. Annex 3 provides brief case studies of the specific projects mentioned in the text.

<sup>3</sup> The other 15% of operations were largely in countries currently under sanctions for which no recent implementation information is available.

**Table 2: Selected Outputs in Agriculture and Natural Resource Management**

<b>Output</b>	<b>Quantity</b>
<b><i>Water Management/Crop Development</i></b>	
Land with improved water management infrastructure (hectares)	282,229
Irrigation dams built or rehabilitated (#)	47
Dikes constructed or rehabilitated (Kms)	11,545
Other water facilities constructed (#)	11,537
Agricultural inputs provided (metric tons)	23,805
Village committees established (#)	81,553
Farmers trained (#)	346,390
Farmers benefiting from interventions (#)	9,690,908
<b><i>Livestock</i></b>	
Livestock provided (heads)	19,169
Livestock vaccinated (heads)	2,422,131
<b><i>Natural Resource Management</i></b>	
Land replanted, reforested or landscaped (hectares)	547,368
Trees, seedlings and other plants introduced (#)	25,086,203
Seed and nursery facilities established or rehabilitated (#)	1,220

- 4.4 During the ADF-10 period, 39 agriculture sector projects exited the portfolio, representing UA 327 million in ADF disbursements. ADF support for agriculture has focused on improving crop and livestock production as well as natural resource management. In total, ADF projects benefited nearly 10 million farmers, including through training of nearly 350,000 people.
- 4.5 *Improving crop and livestock production for better livelihoods.* ADF support for crop and livestock development has included a significant infrastructure component. ADF-funded projects built or rehabilitated over 3,300 kilometers of feeder roads linking farmers to 1,427 agricultural production and marketing facilities (primarily rural markets, storage and conditioning facilities). Water management has been a major focus with financing to construct or rehabilitate 47 irrigation dams, 11,545 kilometers of dikes, 2,761 wells and boreholes, as well as 11,537 other water and sanitation units, including watering points, water towers, pumping stations and latrines. ADF has also supported agricultural productivity through provision of roughly 24,000 metric tons of crop inputs (improved seeds, fertilizers, pesticides). In the livestock area, more than 19,000 animals have been provided while another 2.4 million animals have been vaccinated to improve health and productivity. The *Eritrea National Livestock Development Project (NLDP)* is an example of the positive impact of ADF projects on poverty reduction through improved agricultural productivity and increased rural incomes. By providing infrastructure, inputs and capacity building to promote better rangeland management and animal health, the project led to a 20% increase in beef, sheep and goat meat production and a 169% increase in milk production. As a result, beneficiary farmers increased incomes from milk production by roughly 65% between 2003 and 2006.
- 4.6 *Enhancing environmental sustainability.* Sustainable management and development of natural resources, particularly forests, has been another key ADF focus. Interventions have contributed to improving productivity and land use on 547,368 hectares, mostly forestland. The ADF also financed over 25 million seedlings and trees and the construction of 1,220 seed and nursery facilities that support crop development, but also contribute to the fight against deforestation. Managing small livestock and using the by-products of natural forests have been core income generation and subsistence activities for rural women. For the portion of agricultural projects that report gender impact, women constituted 68% of project beneficiaries. The *Niger Natural Forests Management Project* is an example of ADF efforts to support sustainable natural forest management and re-forestation. Through this project, more than 36,000 hectares of land were reforested and 373,660 hectares of natural forests were brought under sustainable use and management techniques. In addition, more than 101 rural markets and 120 nurseries were established to improve incomes. As a result; forest land productivity has increased significantly (25-50% depending on the project zone) while transitioning to sustainable management.

**Table 3: Selected Outputs in Infrastructure during ADF-10**

<b>Output</b>	<b>Quantity</b>
<b>Transport</b>	
Paved roads constructed, rehabilitated or maintained (Kms.)	2,441
Feeder roads constructed or rehabilitated (Kms.)	4,024
Ancillary facilities (markets, wells, etc.) constructed	65
Estimated population with improved access to transport	31,826,503
<b>Energy</b>	
Transmission and distribution lines constructed (Kms.)	5,478
Distribution networks rehabilitated (Kms.)	1,181
Substations and transformers installed (number of stations)	482
Generating capacity installed (Megawatts)	73
Households with new or improved access to electricity (#)	701,031
<b>Water Supply</b>	
Potable water/waste water storage capacity installed (m3)	58,344
Boreholes and wells drilled (#)	2,989
Latrines constructed (#)	1,964
Water distribution networks constructed (Kms.)	404
Pumping stations and intake structures constructed (#)	69
Household water connections provided (#)	11,359
Population with improved access to water and sanitation services	1,653,713

- 4.7 *Linking communities to markets and services.* During ADF-10, twenty-three transport sector projects, totaling UA 262 million, exited the ADF portfolio. Twenty of these focused on improving the quality of road networks and associated economic and social infrastructure, while the others upgraded airports and sea ports. The former included upgrading of 2,440 km. of paved roads and construction of facilities such as marketplaces, boreholes and schoolyards in areas served by the roads. While these projects also built feeder roads (716 km), the bulk of rural feeder roads (3,308 km) were constructed in the context of agricultural projects. The *Ambam-Eking Road Development Project* in Cameroon demonstrates how a relatively small segment of paved road—in this case, just 27 km—can create economic opportunities and improve social welfare in rural communities. In addition to the road linking the southern province of Cameroon to the Gabonese border, the project supported construction of a marketplace, primary schools, sanitary blocs, a health center and community centers in Ambam and five villages. Nearly 90 km of feeder roads were constructed to facilitate access to markets and social services by rural populations. Benefits have accrued to an estimated 50,000 inhabitants of Ambam and surrounding villages. Attendance at the local market increased significantly, including from across the border, while vehicle operating costs in the project zone declined by 35%. In terms of social welfare, improved sanitation helped to reduce the prevalence of diseases of fecal origin. In the schools, overcrowding was eased by cutting class size in half, while absenteeism during the rainy season dropped sharply with better roads.
- 4.8 *Providing modern energy to fuel development.* Only eight energy sector operations exited the portfolio during the ADF-10 period, but these operations installed 73 MW of generating capacity and constructed or rehabilitated over 6,650 km of transmission and distribution networks, while leveraging three times the ADF resources in co-financing for additional outputs and greater impact. Including project components financed by partners, these operations provided approximately 280 MW of additional capacity. Overall, more than 700,000 households were provided with new or improved access to electricity. The *Second Electricity Project* in Mozambique is a good example of the broad benefits of electricity supply in rural areas. Building on the first project, which rehabilitated electricity infrastructure destroyed in the civil war, the second project sought to expand the national grid to rural and peri-urban areas to resettle displaced populations and encourage investments in agro-processing and tourism. The project was able to provide electricity to 4,600 rural families (mostly poor), connect village schools, health clinics and community centers, spur

rehabilitation of a local sugar factory and contribute to a fivefold increase in the number of tourist lodges operating in the area since 2002.

- 4.9 *Expanding access to clean water.* Water sector projects exiting the portfolio during ADF-10 tended to focus on urban water supply and sanitation, while rural water management issues were addressed through agricultural and poverty reduction operations. This is likely to change in the future with the establishment of the Rural Water Supply Initiative in 2004. With only six projects totaling UA 35 million, the exiting water projects provided access to improved water sources and sanitation facilities for an estimated 1.6 million people, through provision of 58,000 m<sup>3</sup> of water storage capacity, 69 pumping stations, 400 Kms. of water distribution networks and provision of wells, latrines and household water connections. The *Potable Water Supply Project* in Burkina Faso demonstrates how a small amount of ADF resources (less than UA 5 million) can make a contribution to a larger national program (UA 137 million) involving a dozen donors. The national program included construction of a dam, a water treatment plant, transmission mains, reservoirs, pumping stations and distribution networks. ADF interventions focused on the well-being of resettled rural populations in the dam area, by constructing health facilities that serve about 100,000 people, developing small-scale fisheries and livestock activities for about 4,000 resettled individuals, and ensuring reforestation around the reservoir. ADF resources also financed 72 km. of tertiary distribution networks leading to more than 11,000 new household water connections in peri-urban areas. This represents a 30% increase from the total number of household connections before the project.

**Table 4: Selected Outputs in Human Development during ADF-10**

<b>Output</b>	<b>Quantity</b>
<b>Health</b>	
Health facilities equipped (#)	639
Primary health centers constructed or rehabilitated (#)	262
Hospitals constructed or rehabilitated (#)	37
Health personnel trained (#)	59,114
Population with improved access to health services (#)	5,821,778
<b>Income Generation/Poverty Reduction</b>	
Micro-finance institutions established or supported (#)	769
Micro-credits granted (#)	346,675
Micro-enterprises created (#)	131,716
Socio-economic infrastructure sub-projects executed (#)	14,604
Jobs created through poverty reduction operations (#)	41,180
Beneficiaries of sub-projects (#)	1,255,380
<b>Education</b>	
Classrooms constructed or rehabilitated (#)	8,805
Water and sanitation facilities constructed (#)	6,094
Teachers trained (#)	89,843
Textbooks and teaching materials supplied (#)	6,851,093
Students receiving scholarships (#)	43,977
Pupils newly enrolled (#)	4,833,479

- 4.10 *Strengthening basic health services.* The 18 health projects completed during ADF-10 (totaling UA 192 million) sought to expand access to essential health services, particularly maternal and child health services. Thirty-two hospitals and about 260 primary health centers were rehabilitated, while more than 600 facilities were equipped. Training was provided to nearly 52,000 health workers, including doctors, nurses and midwives. These interventions contributed to an estimated 5.8 million people having improved access to basic health services. The *Uganda Health Sector Strategic Plan Project* (28.5 million UA) is one example which sought to strengthen health services in rural areas with special attention to mental disorders prevalent after decades of violence and turmoil. The project rehabilitated and equipped 32 primary health centers and six mental health units, as well as rehabilitating the Butabika Mental Hospital for national referral. Provision of boreholes, latrines and medical incinerators also ensured a healthier environment. Village Health Teams were trained, and

undertook outreach to destigmatize mental illness and encourage treatment. One mental health unit reported a threefold increase in patients seen from 2004 to 2005 with the upgrading of the facility and community outreach. In a study of ten of the primary centers, two more than doubled their outpatient visits following rehabilitation in 2005, while five doubled the numbers of attended births. Immunization rates in the project zone also increased. Overall, the project contributed to Uganda's considerable progress in reducing infant, child and maternal mortality since the late 1980s.

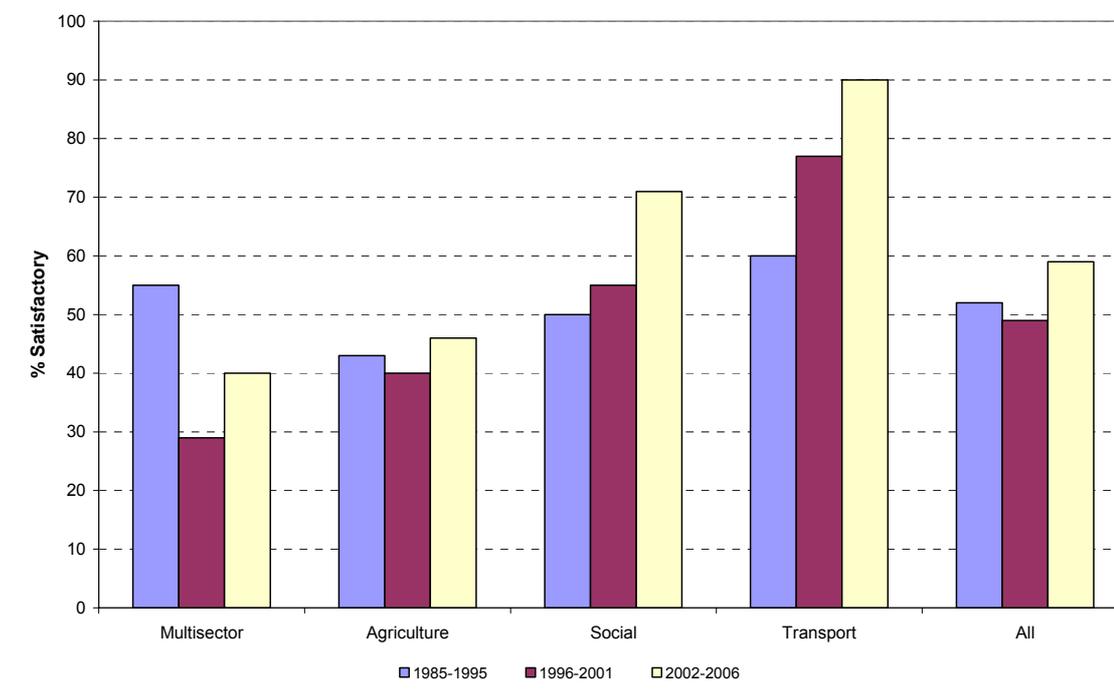
- 4.11 *Empowering communities to fight poverty.* During the ADF-10 period, 21 poverty reduction projects exited the portfolio for a total of UA 140 million in disbursements. Through these programs, ADF has supported a variety of social infrastructure and poverty reduction projects, primarily through social funds and microfinance. The ADF supported the establishment or strengthening of 769 social funds and microfinance institutions. ADF-supported social funds financed 2,240 infrastructure sub-projects (such as village health centers, rural markets and schools), while ADF-supported microfinance institutions granted 334,990 micro-credits. Together, approximately 1.3 million people benefited, 131,000 micro-enterprises were established and 41,000 jobs were created through these poverty reduction operations. The *Mauritania Poverty Reduction Project* is an example of the Bank's contribution to empowering communities and instilling a culture of localized economic growth. The project supported an improved micro finance regulatory environment and a tripling of access to microfinance loans by small entrepreneurs. Savings mobilization increased by almost 10 times (from UA 500,000 at project start-up to about UA 4.7 million at the end of the project). Approximately 3,000 women were trained in management of small enterprises and functional literacy which resulted in about 60% of the micro finance borrowers being female entrepreneurs. Increased access to microfinance and relevant training helped rejuvenate the local economy. At the household level, anecdotal evidence shows that the increase in income has helped support better education, health, and nutritional needs for the entrepreneurs and their families.
- 4.12 *Improving opportunities to learn.* During ADF-10, 25 education sector projects exited the portfolio, disbursing UA 289 million. The main focus of the projects was on improving access to education through infrastructure. This led to the construction or rehabilitation of 8,480 classrooms as well as 461 educational support facilities, including administrative and maintenance building, cafeterias, housing, and playgrounds. As part of the ADF focus on improving girl's enrolment, 6,074 school water and sanitation facilities (primarily latrines but also wells and water fountains) were built through education and poverty reduction programs. ADF projects have also improved the quality of instruction: 81,436 teachers were trained 12,553 new teachers were recruited and 6.9 million textbooks were supplied. Overall, ADF interventions contributed to the enrolment of over 4 million new students, while 44,003 students benefited from ADF-funded scholarships. The *Lesotho Education III Project* combined infrastructure investments (classrooms, labs, latrines) and training for teachers and education ministry staff to significantly improve educational outcomes. The project created space for 128,000 new students, while at the same time reducing student-teacher ratios by roughly 10% for 513,000 primary and secondary students. Pass rates on educational attainment tests improved by over 15% for students benefiting from the project.

#### ***Project Ratings for ADF Operations***

- 4.13 For the forthcoming Report on Development Effectiveness, OPEV has analyzed data from PCRs posted in the 1985-2006 period, of which 207 are from closed ADF operations. Figure 3 summarizes the share of satisfactory project ratings for four sectors over time. In general, ADF has experienced an upward trend in satisfactory project ratings since the mid- to late-1990s. Infrastructure sectors (including power and water supply, for which the samples are too small) have had a particularly good performance, with 90% of transport projects rated satisfactory in the 2002-2006 period. Agriculture and multisectoral operations (including policy-based lending) have not fared as well, with less than half of exiting projects rated satisfactory. This sample of ADF operations for which PCRs were completed may be more positive than the universe of such operations, to an extent which is difficult to estimate. Members of the field-based Task Force found the 2002-2006 ratings broadly consistent with their review (which did not include multisectoral operations). While the overall trend is encouraging, the figures clearly show the need for an increased focus on results at the design stage and during implementation to ensure satisfactory outcomes for a higher proportion of

operations.

**Figure 3: Share of Satisfactory Project Ratings by Sector**



## 5. Institutional Effectiveness: Progress on Results-oriented Reforms

- 5.1 The ADB underwent an intensive period of institutional reform during ADF-10, following the temporary relocation of the organization to Tunis in 2003-2004. With respect to institutional reform, the initial ADF-10 results measurement framework indicators were integrated into a broader *Action Plan to Improve the Implementation of ADF Operations*<sup>4</sup>. This action plan was then summarized through key indicators, which were further adapted at the time of the ADF-10 mid-term review in December 2006. Annexes 4, 5 and 6 provide a comprehensive updating of the original *Action Plan*, its key indicators and those from the mid-term review, respectively. A detailed review of the Action Plan finds that of the 93 actions planned, 66% were fully or substantially met, with another 24% modestly met. The remaining 10% are at initial phases of implementation. Within the four pillars defined in the Action Plan, performance was best in the areas of *Research Function, Communications Strategy and Disclosure of Information* (100% fully or substantially met on a limited number of actions) and *Deepening Development Effectiveness in Collaboration with Other Development Partners* (75% fully or substantially met). The pillar on *Enhancement of Organizational Capacity and Responsiveness* scored 60% fully or substantially met for a large number of actions (37), while *Strengthening the Quality of Bank Operations within a Results-based Management Framework* scored just under 50% for 19 actions—with the majority of actions making significant, but partial, progress. In the latter case, full staffing was sometimes a pre-requisite which prevented more rapid progress. Performance also reflects the relative complexity of reforming multiple business processes while also effecting a change from a long-standing approval culture to an emerging results culture. The remainder of this chapter will draw from Action Plan measures to assess progress during ADF-10 in areas most relevant to an enhanced focus on results: (i) increased staffing and decentralization; (ii) results-based strategies and operations; (iii) improved implementation; and (iv) enhanced evaluation and feedback.

<sup>4</sup> Report on the Tenth General Replenishment of the Resources of the African Development Fund (ADF-X), Annex III. January 2005. ADF/BG/WP/2005/01.

### ***Increased Staffing and Decentralization***

- 5.2 A pre-requisite to getting better results is to have motivated staff, including on the ground to improve dialogue and partnership. The institution-wide vacancy rate has been brought below the five percent target, and the share of staff in operations will rise from 45% in July 2006 to 57% by start of 2008 based on confirmed appointments. ADB will have a younger and more diverse staff going forward, and is already benefiting from the opening and staffing of 23 decentralized field offices, with two more in progress. A recent staff survey and associated follow-up will help promote change to a results-oriented culture within the Bank.

### ***Results-based Strategies and Operations***

- 5.3 *Results-based Country Strategy Papers.* Starting with the ADF-10 cycle, the Bank introduced results-based Country Strategy Papers which include: (i) a results framework, which shows the country outcomes to which the Bank Group will contribute; (ii) a more systematic integration of lessons learned from the Bank's track record in the country; and (iii) clear indicators to monitor progress in the implementation of the strategy and achievement of results. Thirty-one results-based CSPs were completed during ADF-10 through September 2007. They have aligned interventions more closely to the countries' Poverty Reduction Strategies, and have improved selectivity by reducing in many cases the number of sectors of intervention. The ADB has also participated increasingly in Joint Assistance Strategies with other donors in countries such as Tanzania, Uganda, and Zambia. Moving forward with a new generation of results-based CSPs, efforts will be made to further strengthen the results frameworks and improve the presentation of baseline data.
- 5.4 *Deliveries and quality at entry.* Resources committed increased by an average of 18% per annum in ADF-10, reflecting greater demand to scale up at the country level and growing ADB capacity to deliver. The institution also met its targets for delivery of analytic work in ADF countries, with more than 130 reports, including 28 carried out jointly with other donors, in the three-year period. The Bank introduced a more results-oriented logical framework for operations as well as risk management guidelines in 2006, and initiated appropriate staff training, although broader coverage is needed. A first Quality at Entry Assessment was conducted in 2005-2006, which confirmed a critical need to strengthen project logframes, monitoring and evaluation systems and baseline data availability as a precursor to improved results performance and reporting. A just-completed exercise looking at nearly 100 operations going to the Board in 2006-2007 found that only 37% had adequate baseline data—usually an early symptom of persistent measurement problems throughout the life of the project.

### ***Improved Implementation***

- 5.5 *Quality and frequency of supervision.* The Bank is hovering around its current target of 1.5 supervision missions per annum per operation, but will likely need to move beyond this indicator in future. Preliminary figures from the forthcoming Quality of Supervision Assessment indicate that supervision was considered satisfactory in only 42% of the sample operations examined. This is explained largely by weaknesses in supervision *reporting* which provides inadequate explanation for outcome and implementation ratings and inadequate data on intermediate indicators. A revised supervision report format has been designed and tested which puts results at the center of supervision, but it needs to be rolled-out through the SAP system. Field presence has allowed continuous supervision, leading to measurable quality improvements, as well as highlighting the need to redefine mission-oriented indicators. In Burkina Faso, for example, the share of projects at risk fell from more than 50% to 11% within one year after the establishment of the field office<sup>5</sup>. In general, processing times from approval to effectiveness and to first disbursement have been reduced by around one-third, although more progress is needed.
- 5.6 *Portfolio review.* Thirteen country portfolio reviews for ADF countries were circulated to the Board during ADF-10, falling short of the standard of one per country every two years. A 2005 OPEV assessment of country portfolio performance reviews from 2000-2004 recommended strengthening the results focus and lightening up the format and process to make them more relevant and timely. A lighter, more analytic and participatory format has

<sup>5</sup> Burkina Faso Portfolio Review Report 2006. October 2007. CODE paper No. ADB/BD/WP/2007/97 – ADF/BD/WP/2007/66).

been developed and will be introduced in 2008.

### **Enhanced Evaluation and Feedback**

- 5.7 *Evaluating exiting operations.* Progress has been made to eliminate the backlog on project completion reports for exiting operations, with the coverage rate rising from 48% in 2004 to 57% in mid-2007. A greater effort is needed to ensure full coverage immediately, and a modified indicator is advisable to capture the timeliness of PCR preparation.
- 5.8 *Knowledge sharing from evaluation.* A database of evaluation findings, lessons and recommendations is being developed to enhance feedback into new strategies and operations. However, more needs to be done by managers to create a supportive environment for knowledge sharing and to ensure that lessons learned are adequately summarized and reflected in new operations.

## **6. Strengthening the Results Measurement Framework in ADF-11**

- 6.1 In the 2008-2010 period, the ADF proposes to consolidate its action plan around the two-tiered results measurement framework which monitors development effectiveness at the country and regional levels and institutional effectiveness at the agency level. A number of evaluations of ADF/ADB—those by OPEV and those done as comparative assessments of multilateral organizations by bilateral donors—highlight two aspects requiring reinforcement in coming years<sup>6</sup>. **First**, like other bilateral and multilateral development agencies, the ADF/ADB is less adept in tracking its contribution to development effectiveness on the ground than it is in monitoring internal institutional reforms. **Second**, the ADB has a policy framework for its operations which is on par with other major multilateral and bilateral organizations, but implementation remains incomplete and is hampered by insufficient information systems, incentives and management attention. Looking ahead, the RMF for ADF-11 will emphasize measures to *directly strengthen the focus on results on the ground*, rather than all aspects of institutional reform. It will also focus on strengthening *the incentives and systems that drive implementation of good policies*. Much of what needs to be done is well-known and straightforward—but it needs to be done fully and done well.
- 6.2 *Development effectiveness: monitoring country outcomes.* It is important to maintain a high degree of continuity in country outcome indicators in order to draw meaningful conclusions over time. Table 5 summarizes the proposed ADF-11 indicators, which will continue to reflect areas of increasing emphasis under ADF-11, particularly governance, regional integration, private sector development, infrastructure provision and new technology. Two changes are proposed from the indicators used to assess progress in ADF-10. An indicator to monitor engagement in the *Extractive Industries Transparency Initiative (EITI)* has been added. Also, the public financial management indicator will transition to the broader and internationally-agreed *Public Expenditure and Financial Assessment (PEFA)* framework, currently available for twenty ADF countries. Monitoring in some of these areas will depend on improved data collection and reporting by ADF countries. The second phase of the *ADF Statistical Capacity Building Program* will balance support for macroeconomic statistics with increased emphasis on household and institutional surveys aimed at providing more and better data on social, private sector and infrastructure indicators.

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<sup>6</sup> Stepping Up to the Future: an Independent Evaluation of African Development Fund VII, VIII and IX. Operations Evaluation Department, African Development Bank Group, July 2004; DFID's Assessment of Multilateral Organisational Effectiveness: An Overview of Results. DFID, June 2005; 2006 Multilateral Development Banks Common Performance Assessment System: Steering for Results, African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, World Bank, January 2007; The MOPAN Survey 2004 Synthesis Report. The Multilateral Organisations Performance Assessment Network, United Nations Development Program, African Development Bank, Food and Agriculture Organization, January 2005.

**Table 5: Development Effectiveness – Country Outcome Indicators during ADF-11**

<b>Indicator</b>	<b>Baseline Year</b>	<b>Baseline Value</b>
<b><i>Growth and Poverty Reduction</i></b>		
GDP per capita (US\$ constant 2000)	2006	358
Population Living below \$1/day (PPP) (%)	2004	33
<b><i>Governance and Transparency</i></b>		
Public Expenditure & Financial Assessment Score (1 to 7)	2007	3.12
<i>Worldwide Governance Indicators Avg. Score (-2.5 to 2.5)</i>	2006	-0.80
<i>Extractive Industries Transparency Index (% compliance)</i>	2007	20.5
<b><i>Regional Integration and Trade</i></b>		
<i>Africa's Share of Global Trade (%)</i>	2006	2.63
<i>ADF Countries' Trade with Africa (US\$ millions)</i>	2006	38,216
<b><i>Private Sector Development and Investment Climate</i></b>		
Cost Required for Business Start-up (% of GNI per capita)	2006	190
Time Required for Business Start-up (days)	2006	58
<i>Global Competitiveness Index Ranking (1 to 7)</i>	2007	3.1
<i>Staple Crops Yield Index (2002 value = 100)</i>	2005	115
<b><i>Economic Infrastructure</i></b>		
Access to Improved Water Source (% of population)	2004	55
Access to All-season Road (% of rural population)	n.a.	n.a.
Household Electrification Rate (% of households)	2001	22
Fixed Lines & Mobile Phone Subscribers (per 1,000)	2005	69
<i>Internet Users (per 1,000)</i>	2005	20
<b><i>Human Development</i></b>		
Under-five Child Mortality (per 1,000 live births)	2006	165
Ratio of Girls to Boys in Primary and Secondary School (%)	2004	85
Primary School Completion Rate (%)	2004	58

- 6.3 *Institutional Effectiveness: Implementing Results-oriented Reforms.* Key reforms needed to strengthen the focus on results cover all phases of the operations development and delivery cycle, from initial design through implementation to evaluation and feedback. They are aimed at: (i) ensuring quality at entry for ADF strategies and operations; (ii) instilling a continuous supervision culture to support implementation; and (iii) enhancing learning and accountability through evaluation. Cross-cutting reforms in the areas of decentralization and harmonization are also essential to enhance the focus on results. Rationalization to eliminate low-value processes will be essential to free up time and management attention for key reforms. Further investment in human resources will also be necessary to implement the results agenda, through enhanced internal communications and training.

#### ***Ensuring Quality at Entry for Strategies and Operations***

- 6.4 *Integrating high-quality results frameworks.* The Country Strategy Paper (CSP) provides the link between individual operations and country-level development priorities. A results-based CSP format was introduced during ADF-10, but as the format undergoes further revision, it must *retain a well-defined results framework* to guide implementation and allow evaluation. At the project level, critical review of the logical framework (i.e. the project-specific results framework setting out measurable indicators and benchmarks) needs to occur earlier in the project cycle, during the project concept review, and needs to be much more systematic. Managers will need to send strong signals that *logframe review is mandatory at the project*

*concept stage.* Introducing mandatory *peer review of project concept and design* will also strengthen results frameworks, as will providing *timely technical support to task teams on articulation of the logframe and design of appropriate monitoring and evaluation systems.* Ensuring quality at entry for strategies and operations will require a *shift in focus by centralized quality assurance units toward providing support to task teams* to strengthen results frameworks in CSPs and project documents at an early stage.

- 6.5 *Providing baseline information.* Nearly two-thirds of operations approved in 2006-2007 did not have adequate baseline data on expected outcomes. This reflects poor articulation of expected outcomes and/or inadequate data collection efforts, both of which undermine later evaluation of results. Starting in 2008, *provision of baseline data will be a condition for Board presentation* of investment operations, with ex-post data collection designed into the operation as well. Key sectors will also mandate the *inclusion of standardized output and outcome indicators in similar projects*, in order to facilitate comparative and aggregate reporting. For policy-based operations, a similar need exists to provide earlier information. In this case, it involves the *fulfillment of key conditions prior to Board presentation* in order to eliminate lengthy disbursement delays on so-called quick-disbursing operations. Table 6 summarizes indicators for monitoring quality at entry during ADF-11.

**Table 6: Institutional Effectiveness - Internal Reform Indicators during ADF-11**

<b>Indicator</b>	<b>Baseline Year</b>	<b>Target Year</b>	<b>Baseline Value</b>	<b>Target Value</b>
<b><i>Ensuring quality at entry for strategies and operations</i></b>				
% of CSPs with satisfactory baseline data at entry	2006	2009	33	60
% of ops with satisfactory baseline data at entry	2006	2009	37	60
% of budget support disbursed on schedule	2006	2009	55	75
Avg. elapsed time- approval - 1st disbursement (mos.)	2006	2009	24	12
<b><i>Instilling a continuous supervision culture</i></b>				
% of operations formally supervised twice a year	2006	2009	36	50
% of problem projects in on-going portfolio	2006	2009	14	10
Annual disbursement rate of on-going portfolio (%)	2006	2009	18	22
Avg. elapsed procurement time (weeks)	2006	2009	70	40
Share of projects eligible for cancellation (%)	2006	2009	27	15
<b><i>Enhancing learning and accountability through evaluation</i></b>				
% of exiting projects with timely completion report	2006	2009	9	33
% of project completion reports rated satisfactory*	2003-05	2009	45	75
<b><i>Improving results on the ground through decentralization and harmonization</i></b>				
% of professional staff based in field offices	2006	2009	5	15
% of portfolio managed from field offices	2006	2009	0	15
% of aid in common arrangements (Paris #9)	2006	2009	47	55
% of missions conducted jointly (Paris #10a)	2006	2009	16	25

\* *Baseline to be updated to 2005-2007 by December 2007.*

***Instilling a continuous supervision culture to support implementation.***

- 6.6 *Creating incentives for greater supervision.* The movement by ADB toward fungible, dollar budgeting in 2008, together with deeper staff capacity in field offices, will help *eliminate the bias toward supervision being seen as a function of relatively infrequent missions from Tunis.* An improved budget process will also *strengthen collaboration between field-based and Tunis-based sector staff*, who will have incentives to find least-cost supervision solutions. Greater clarity on the *delegation of authority to field offices*, and a redoubled effort to build *procurement and financial management capacity in field offices* will allow the transfer of responsibilities (including task management) to the field for continuous supervision, improved country dialogue and better harmonization.

- 6.7 *Strengthening portfolio management information systems.* Priority will be given to making the SAP-based portfolio management information system *easier to use*, and to *eliminating barriers to access* by Tunis and field staff responsible for routine supervision functions. Perhaps more importantly, *incentives and sanctions will be introduced for semi-annual updating* of portfolio information, including budget-based sanctions for divisions and teams failing to update information. A more *results-based supervision report*, requiring quantitative data on progress indicators, which was designed and tested during ADF-10, will be rolled out through the SAP system during ADF-11. Indicators for monitoring progress on portfolio supervision are also summarized in Table 6.

#### ***Enhancing learning and accountability through evaluation***

- 6.8 *Preparing timely project completion reports.* A key measure to improve the ability of ADF to report on results will be the mandatory posting of project completion reports within six months of closing. This is an existing policy which has been inadequately implemented, requiring stronger incentives and sanctions in future. Management and Board awards for excellence in evaluation, as well as budget-based sanctions, will be introduced to promote full coverage. A lighter, more appropriate format (particularly for smaller operations) will also make compliance easier. Past measures of the PCR 'backlog' have captured eventual preparation for long-closed operations. The revised indicator for ADF-11 will capture the timely posting of PCRs, to ensure relevant feedback into on-going strategies and new operations.
- 6.9 *Harmonizing internal rating systems.* Making meaningful statements about satisfactory performance and results of ADF operations requires a common language for evaluation, whether judgments are being made by staff, management or independent evaluators. Like many development agencies, the ADB has established rating scales at different points in time and on parallel tracks, complicating efforts to assess outcomes, performance and ratings realism. During ADF-11, the institution will proceed with internal harmonization of these scales to allow for more consistent ratings throughout the project cycle, across sectors and over time.

#### ***Improving results through decentralization and harmonization***

- 6.10 *Promoting further decentralization.* Effective decentralization and delivery of the Bank's harmonization commitments — both critical to an improved focus on results on the ground — require further reinforcement at the levels of policy, procedures, budget and management. With respect to decentralization, many field offices are now open and operational, but *clearer policies are needed to transfer decision-making authority and task management responsibility to the field*. This transfer is essential to improve both the efficiency of ADF response and the effectiveness of ADF interventions. Two indicators of stronger decentralization are suggested for ADF-11 monitoring.
- 6.11 *Harmonizing results approaches and reporting.* To better contribute to collective results, the ADF must be present in local donor consultation frameworks at the sector and macro-levels, and *adopt policies that allow harmonization in line with Paris Declaration goals*. Changes to policies and practices are needed to allow ADF to better support national strategies and programs, participate in joint missions and analyses, join in pooled funding arrangements, harmonize procurement and financial management procedures, and adopt unified and country-based monitoring and evaluation systems. Two Paris Declaration indicators are proposed to allow Deputies to assess progress on harmonization during ADF-11.

## **7. Conclusion**

- 7.1 This report on results during ADF-10 finds the following:
- *Development effectiveness:* On average, ADF-eligible countries accelerated progress on economic growth, poverty reduction and human development during the ADF-10 period. They will need to deepen reform in the areas of governance, investment climate and regional integration in order to improve future performance.
  - *Institutional effectiveness: ADF contribution.* A detailed assessment of outputs and

outcomes of operations exiting the portfolio in seven key sectors during ADF-10 confirms that the ADF made a significant contribution to country-level development outcomes in recent years. Implementation and achievement of project outputs led to measurable changes in peoples' behavior and living standards on a range of indicators within the project zones.

- *Institutional effectiveness: internal reforms.* Sixty-six percent of the 93 agreed institutional reforms in the Action Plan to Improve Implementation of ADF Operations were fully or substantially met, with an additional 24% partially met. Progress was weak or negligible for only 10%, requiring greater effort in these areas. In some cases, full staffing was a pre-requisite which prevented faster progress. On a narrower set of indicators agreed at the mid-term review, 90% were fully or substantially met.

7.2 While good progress was made during ADF-10, much work remains to be done during ADF-11 and beyond to implement fully key institutional and business process reforms, pursue greater decentralization and harmonization and keep country outcomes at the center of attention in ADB strategies and operations, from the design phase through implementation to ex post evaluation.