

Progress in Implementing the ADF-11 Results Measurement Framework

Discussion Paper

**ADF-11 Mid-Term Review
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Executive Summary

During ADF-11 in 2007, the ADB committed to strengthening its contribution to development results on the continent and to reporting more systematically on this contribution. This commitment translated into two elements: an enhanced Results Measurement Framework and a set of institutional reforms later codified as the Action Plan on Quality and Results. Both the measurement framework and the action plan were subsequently adopted in the Bank's Medium-Term Strategy for 2008-2012.

The context for African development has changed dramatically since the replenishment less than 2 years ago. As the global economic crisis takes its toll on African economies, the demand for aid is at a peak, and the imperative for aid effectiveness has never been greater. To address the crisis, the Bank has engaged to deliver resources more swiftly than in the past. In doing so, however, the Bank will stand fast on earlier commitments to enhance the quality of its products and services and strengthen its focus on development results.

This report assesses progress at all levels of the Results Measurement Framework at ADF-11 mid-term, examining: (i) recent progress on country development outcomes; (ii) ADF's contribution to on-the-ground results for the past 3 fiscal years; and (iii) progress on institutional reforms under the Action Plan on Quality and Results. It concludes by discussing expectations and challenges for the close of ADF-11 and the launch of ADF-12.

Progress on Country Outcomes. In 2007-2008, the performance of ADF countries remained positive, with strong economic growth and a commodity boom contributing to rising per capita income, declining poverty and improving social welfare. Data constraints at the time of the Mid-Term Review prevent a robust updating on governance and infrastructure outcomes, but ADF countries are increasingly engaged in governance and investment climate reforms that should improve these outcomes over the medium term. Nonetheless, the picture at the end of ADF-11 will be more somber than at mid-term. The global crisis has led to a downturn in trade, investment and economic growth in 2009, with the expected negative effects on poverty, social welfare and infrastructure development manifesting this year and next. As requested by Deputies, the Bank has assessed and recommended possible new indicators related to sanitation, climate change, gender and fragile states for future inclusion in the ADF Results Measurement Framework.

ADF Contribution to Results on the Ground. An assessment of outputs and outcomes of all exiting ADF operations in the past 3 years found the following:

- **An improved ability to track outputs and outcomes** through more comprehensive completion reporting (72 percent of all 2006-2008 exits) than in the past;
- **A high degree of delivery of planned outputs**, with nearly three-quarters of all output indicators achieving or surpassing expectations;
- Despite imperfect outcome specifications, **significant evidence that outputs have contributed to measurable improvements** in development outcomes across a range of ADF priorities;
- Scope for continued improvement in the share of operations with satisfactory outcomes (only 60%) through **better quality-at-entry and more effective implementation**; and
- A need to **better understand, through more detailed analysis, how to improve the outcomes** for larger operations, for certain instruments (e.g., policy-based loans) and in certain sectors (e.g., water supply).

Overall, the data provide ample evidence of ADF's contribution to development results, whether in the form of irrigation systems that lead to higher crop yields, microfinance loans that increase household incomes, or regional integration that improves access to and the affordability of energy. Better specification of expected outcomes and the means to measure them at entry and exit are needed to strengthen future results reporting.

Progress on Reforms: The Action Plan on Quality and Results. The Bank has made a good start to the Bank-wide implementation of its Action Plan on Quality and Results, with measurable progress evident in all areas at the time of the ADF-11 Mid-Term Review. Progress was especially notable in six areas. First, through strategic communication, awareness was raised across the institution of the need to improve quality and strengthen the focus on development results. Second, a country-focused review process for new operations and strategies was put in place, and new tools were piloted to

stimulate a structured discussion about quality-at-entry. Third, the quantity and the quality of portfolio supervision were increased, taking full advantage of cost-effective field-based supervision and focusing more on progress toward results. Fourth, key implementation processes—most notably procurement—were reformed for swifter and more accountable service delivery in a decentralized environment. Fifth, procedures, formats and incentives for completion reporting were revamped for a dramatic improvement in timely delivery that will allow the incorporation of lessons learned and serve as the foundation for future results reporting. Finally, initial scoping was completed for an automated results reporting system and core output and outcome indicators were adopted in all sectors to better capture strategic priorities, facilitate the tracking of progress toward results and simplify measurement challenges for client countries.

Looking Ahead to ADF-11 Completion. The assessment of progress on quality and results at this Mid-Term Review leads to a simple conclusion: the Bank should stay the course. The vision of improving quality and strengthening the focus on results articulated at the time of the replenishment and later translated into the Action Plan on Quality and Results has proven a useful framework for spurring institutional change. Consistent and sustained implementation of this vision will be critical to making the Bank a more effective development partner on the continent. Reforms should persist in order to continue accelerating decentralization for better results, improving quality-at-entry, instilling a results-oriented supervision culture, enhancing evaluation, and strengthening data and results reporting systems. The effectiveness of these reforms will depend on the Bank's success in tackling a number of long-standing institutional challenges: (i) adopting more flexible and country-focused budget processes; (ii) attracting and retaining high-quality staff through transparent and competitive human resources policies; (iii) empowering Field Offices by transferring decision-making authority; (iv) upgrading information system architecture and associated skills; and (v) enforcing operational readiness even as resource delivery is accelerated in response to the global crisis. Our shareholders will also have a role to play in increasing the flexibility of Bank policies which today impede further progress on harmonization and development effectiveness.

Rising to the Challenge in ADF-12. Within the three pillars of the Global Agenda on Managing for Development Results, the Bank made a strategic decision to focus more intensively during ADF-11 on the second pillar, aimed at increasing internal agency effectiveness. With sustained implementation of a significant internal reform agenda during ADF-11, the Bank's capacity and confidence to address the other pillars are progressively increasing. As ADF-11 draws to a close and ADF-12 is launched, improved internal effectiveness will allow the Bank to play a greater role in strengthening countries' capacity to manage for results and in facilitating the global partnership for harmonized and collective action at the country level. The Bank is already stepping into a leadership role on managing for development results within the OECD-DAC Working Party on Aid Effectiveness. The key challenge for the Bank during ADF-12 will be to sustain progress on a largely internal agenda while translating this agenda into greater external action for harmonization with partners and demonstrably improved results for Africa.

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Abbreviations

ADB	African Development Bank
ADF	African Development Fund
ADF-10	Tenth General Replenishment of the African Development Fund
ADF-11	Eleventh General Replenishment of the African Development Fund
ADF-12	Twelfth General Replenishment of the African Development Fund
DAC	Development Assistance Committee
OECD	Organisation for Economic Co-operation and Development
PCRs	Project Completion Reports
UA	Unit of Account

PROGRESS IN IMPLEMENTING THE ADF-11 RESULTS MEASUREMENT FRAMEWORK

1. Introduction

- 1.1 During the Eleventh General Replenishment of the African Development Fund (ADF-11) in 2007, the African Development Bank (ADB or the Bank) committed to strengthening its contribution to development results on the continent and reporting more systematically on this contribution. This commitment was rooted in the Bank's long-standing engagement in the Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC) Global Partnership on Managing for Development Results. For the ADF-11 period, this translated into two elements: an enhanced Results Measurement Framework and a set of institutional reforms later codified as the Action Plan on Quality and Results. Both the measurement framework and the action plan were adopted within the Bank's Medium-Term Strategy for 2008-2012 to ensure full institutional engagement in reforms aimed at improving the quality of the Bank's operations and enhancing its focus on development results.
- 1.2 The context for African development has changed dramatically since the replenishment of ADF-11 less than 2 years ago. The global economic and financial crisis has dimmed Africa's prospects for short-term growth by reducing investment flows, export earnings and government revenues. The demand for aid is at a peak as stakeholders seek to institute counter-cyclical fiscal stimuli, alleviate declining social welfare and maintain investment spending in support of a medium-term recovery. With donor countries struggling to maintain aid volumes, the imperative for improved aid effectiveness is evident.
- 1.3 While playing a leadership role on the continent in defining Africa's response to the global crisis, the Bank has also reaffirmed its commitment to aid effectiveness following the Accra High Level Forum in September 2008. As summarized by President Donald Kaberuka:
- “Not in many years have the hard-fought results of the development process been more in jeopardy. As we face this crisis, our leadership on the continent will be tested. We at the African Development Bank must rise to the challenge and act with the urgency this crisis requires. We will adapt our instruments to cushion the most severe shocks while maintaining our financing for sustainable growth and development. Never has the need to use our resources wisely been greater. More than ever, we must improve the quality of our products and services, and stay focused on delivering results on the ground.”¹
- 1.4 This report examines progress at all levels of the Results Measurement Framework and discusses Bank-wide implementation of the Action Plan on Quality and Results as of June 30, 2009. It assesses performance at time of the ADF-11 Mid-Term Review and sets out expected results for the end of ADF-11. Recognizing that this Mid-Term Review may serve as the foundation for discussions of an accelerated replenishment, the report will conclude with a discussion of challenges already emerging for the Twelfth General Replenishment of the African Development Fund (ADF-12).

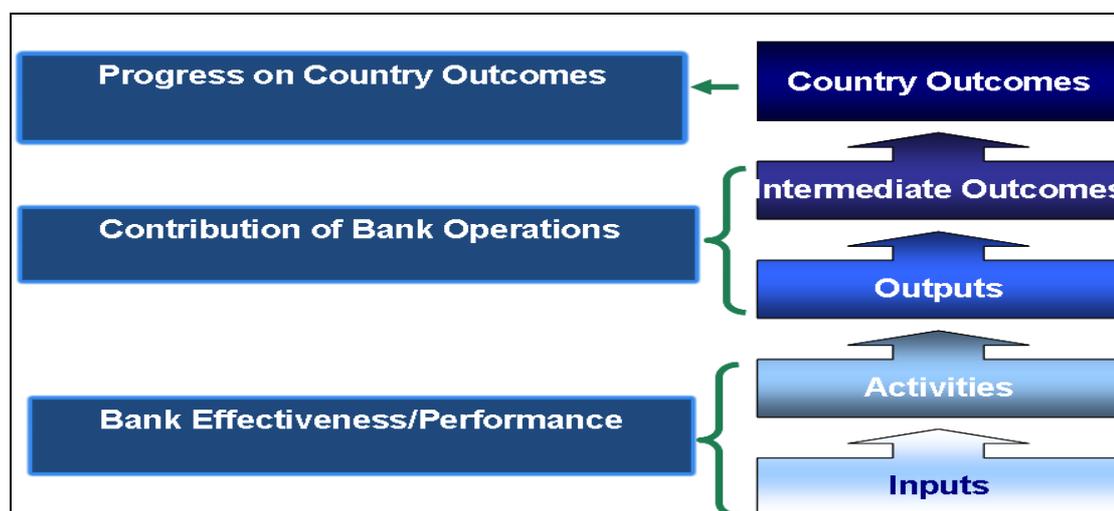
2. The ADF-11 Results Measurement Framework

- 2.1 The Bank introduced a Results Measurement Framework for the African Development Fund (ADF) during the Mid-Term Review of the ninth ADF replenishment. This framework was refined during the Tenth General Replenishment of the African Development Fund (ADF-10) period so as to better focus on ADF-specific priorities and converge towards a common methodology for multilateral development banks. This methodology involves a two-tiered approach that measures **development effectiveness** at an aggregated, country level and **aid**

¹ African Development Bank Quality Assurance and Results Department. February 2009. *Simply Results*. volume 1 /issue number 001.

effectiveness at the institutional level, both in terms of the Bank's contribution to country results and in terms of its institutional performance. Thus, the Results Measurement Framework measures progress at three points on the development results chain (Figure 1): (i) progress on high-level country outcomes; (ii) the ADF's contribution to operational outputs and intermediate outcomes; and (iii) institutional reforms and performance in delivering inputs and supporting activities on the ground. This report examines each point in turn, highlighting progress up to the Mid-Term Review and expectations for further reform by the close of ADF-11.

Figure 1: ADF-11 Results Measurement Framework



3. Progress on Country Outcomes

- 3.1 Nineteen country outcome indicators were retained to assess the progress of ADF countries towards high-level development results during ADF-11. These results do not reflect the efforts of a single development agency; rather, they are the culmination of collective action by multiple actors over sustained periods of time. They are aligned to the Bank's current and future operational priorities as summarized in the Medium-Term Strategy for 2008-2012, and consist of the following elements: (i) growth and poverty reduction, (ii) governance and transparency, (iii) regional integration and trade, (iv) private sector development and agriculture, (v) infrastructure development, and (vi) human development.
- 3.2 Table 1 summarizes the aggregate progress of ADF-eligible countries on these indicators since the beginning of ADF-11. Baseline data are contrasted to most recent data, comparing 2006 to 2008 figures where data permit. A number of caveats are in order. First, many country outcome indicators change slowly and/or are measured infrequently. It is preferable to assess them at the beginning and end of the 3-year ADF cycle, not more frequently. In making an effort to assess them at mid-term, we are confronted with the paucity of new data, particularly in the areas of governance and infrastructure development. Second, in some cases, time series data have been updated so that the baseline provided in the ADF-11 replenishment report is no longer comparable to the latest figures. Third, the number of ADF countries for which data are available has risen for several indicators. Annex I discusses each indicator and the availability of data for its calculation.
- 3.3 Bearing these statistical limitations in mind, maximum effort has been made to provide comparable baseline and recent figures for each indicator. On this basis, one can make the following observations about progress by ADF countries in recent years:
- Real economic growth was strong (around 4 percent per annum), contributing to rising per capita income, declining poverty and improved social welfare and human development indicators. Growth in these countries exceeded growth in middle-income African countries in recent years.

- The lack of new data prevents a reliable assessment of short-term change in ADF countries' governance records, which remain weak, although engagement in both Public Expenditure and Financial Accountability assessments and the Extractive Industries Transparency Initiative has risen.
- The commodity boom, along with food and fuel price increases, helped raise Africa's share of global trade to more than 3 percent, although ADF countries' trade within Africa rose more modestly.
- Steady improvement in private sector development indicators is evident (e.g., 20-30 percent declines in the time and cost of business start-ups), and may begin to raise Africa's global standing in this area if reforms are deepened and accelerated.
- Long-standing data constraints in the infrastructure sectors inhibit assessment, but available figures show slow improvements in access to safe water and the continued explosive growth of telecommunications and information technology in low-income African countries.

Table 1: Progress on Country Outcome Indicators

Indicator	Year 1	Year 2	Value 1	Value 2	Number of Countries Making Positive
Growth and Poverty Reduction					
GDP Per Capita (US\$ Constant 2000)	2006	2008	371	401	32 of 39
Population Living Below \$1/Day (PPP) (%)	2002	2005	56.5	51.4	30 of 34
Governance and Transparency					
Public Expenditure and Financial Assessment Score (1 to 7)	n.a.	2008	3.12	3.15	n.a.
Worldwide Governance Indicators Avg. Score (-2.5 to 2.5)	2006	2007	-0.79	-0.79	22 of 40
Extractive Industries Transparency Index (% compliance)	2007	2008	20.5	32.7	n.a.
Regional Integration and Trade					
Africa's Share of Global Trade (%)	2006	2008	2.82	3.33	n.a.
ADF Countries' Trade with Africa (US\$ millions)	2006	2007	38216	40679	24 of 40
Private Sector Development and Investment Climate					
Cost Required for Business Start-Up (% of GNI per capita)	2006	2008	190	132	24 of 38
Time Required for Business Start-Up (days)	2006	2008	58	46	19 of 38
Global Competitiveness Index Ranking (1 to 7)	2007	2008	3.3	3.4	15 of 19
Staple Crops Yield Index (2002 value = 100)	2005	2007	109	121	14 of 28
Economic Infrastructure					
Access to Improved Water Source (% of population)	2004	2006	53	55	19 of 38
Access to All-Season Road (% of rural population)	2003	n.a.	35	n.a.	n.a.
Household Electrification Rate (% of households)	2001	n.a.	22	n.a.	n.a.
Fixed Lines and Mobile Phone Subscribers (per 1,000 population)	2005	2007	85	193	39 of 40
Internet Users (per 1,000 population)	2005	2007	17	34	37 of 40
Human Development					
Under 5 Child Mortality (per 1,000 live births)	2006	2008	160	154	40 of 40
Ratio of Girls to Boys in Primary and Secondary School (%)	2004	2007	83	86	24 of 24
Primary School Completion Rate (%)	2004	2005	56.8	60.0	20 of 31

Note: 1/ Year 1 and Year 2 values are not comparable. Rather, they represent a cumulative average score, incorporating additional countries as available.

Unless otherwise specified, all data in this paper is from the African Development Bank.

Key: GNI = gross national income; n.a.= not available

3.4 The picture at the end of ADF-11 in 2010 will be more somber than at the time of the Mid-Term Review. The global crisis has already led to a downturn in trade, investment and economic growth in 2009, with negative effects on poverty, social welfare and infrastructure indicators expected for the future.

- 3.5 At the time of the replenishment, ADF Deputies expressed an interest in considering additional country outcome indicators related to four priority areas: sanitation, climate change, fragile states and gender. The sanitation sector had long been plagued with weak data, while the other topics represent newer, cross-cutting challenges for the Bank to address (Box 1).

Box 1: The Bank Enhances its Response on Cross-Cutting Challenges

At the time of the ADF-11 replenishment, Deputies encouraged the Bank to accelerate progress in cross-cutting areas, particularly with respect to gender, fragile states and climate change. Since 2008, the Bank has strengthened its strategic and institutional foundations to address these issues in ADF operations, as follows:

Gender. Gender equality remains a challenge on the continent, especially within the context of the recent food, fuel and financial crises. In response, developing countries and donors should ensure that development policies and programs are designed and implemented to take gender equality-related commitments into consideration. To support this, the Bank has set up a gender team within its new Sustainable Development Unit and updated its Gender Action Plan in 2009. In defining core output and outcome indicators in major sectors, Bank teams have included gender-disaggregated indicators aimed at better measuring the effects of Bank interventions on gender equality in access to resources and services. The Bank's Medium-Term Strategy for 2008-2012 emphasizes the need to make greater contributions to gender opportunity and equity a basic guiding principle for all Bank operations. Projects approved by the Board in 2009 show good progress in mainstreaming gender in the project cycle. For instance, in the Rehabilitation of the Koupela-Biton-Cinkanse-Togo Border Road and the Mogande Access Road Project (Burkina Faso), the Bank made good use of sex-disaggregated data in its analysis of the gender dimensions of the project. The preparation and appraisal missions also held consultation meetings with women's associations and the Directorate General for the Advancement of Women, which resulted in the inclusion of specific project activities that addressed women's transportation needs and human rights concerns. The indicators used in the logframe are largely gender sensitive.

Fragile States: In 2008, the Bank adopted its Strategy for Enhanced Engagement in Fragile States and set up a Fragile States Unit with a total resource allocation of about UA (Units of Account) 648 million. The unit has the mandate to coordinate the Bank's support to fragile states throughout Africa. The strategy's overarching objective is threefold: (i) to assist fragile states in effectively shifting away from fragile status; (ii) to prevent countries at risk from slipping into a state of fragility; and (iii) to help countries in post-crisis/conflict transitions move rapidly towards a stable political and economic environment. In 2008, the Bank classified 17 regional member countries as fragile. As at end June 2009, UA 326 million (50.3% of the total resources of the Fragile States Facility) were disbursed and UA 94 million (14.5%) were committed to these countries. These Fragile States Facility resources are being used to support fragile states in strategic areas relating mainly to their transition out of economic fragility. For instance, the Bank helped mitigate the negative impact of the 2008/2009 food crisis in Burundi, the Central African Republic, Comoros, Djibouti, Eritrea, Guinea Bissau, and Liberia, by providing these countries with fast-disbursing financial support. In addition, the Fragile States Facility also assists countries coming out of crisis/conflict clear their arrears with the Bank and thus re-engage with the international financial community. Togo and Côte d'Ivoire benefited in 2008 and 2009 respectively from arrears' clearance operations. Lastly, the Bank is also supporting fragile states by providing technical assistance and capacity-building programs and supporting the delivery of essential services.

Climate change. Increasingly, the effects of climate change are becoming a serious threat to sustained economic growth and poverty reduction, a good quality of life and political stability worldwide. Of all the continents, Africa is the most vulnerable to the effects of climate change and climate variability as it faces the risks of a rapid rise in temperature, lower annual rainfalls and an increase in aridity and droughts. In order to help African countries mitigate these risks, the Bank adopted a Climate Risk Management and Adaptation Strategy in May 2009. The objectives of this strategy are as follows: (i) to reduce regional member countries' vulnerability to climate variability and to promote climate resilience in Bank-financed operations, and (ii) to build regional member countries' knowledge and capacity to address the challenges of climate change and ensure sustainability through policy and regulatory reforms. In addition, the Bank, as one of the executing agencies of the Global Environmental Fund, appraises and implements projects on the Global Environmental Fund's behalf. More recently, the Bank adopted a Clean Energy Investment Framework to help those member countries that have low carbon development to access emerging carbon markets. The Bank is also the financial custodian of the multidonor Congo Basin Forest Fund, an entity established in June 2008 to limit greenhouse gas emissions by reducing the rate of deforestation in the second largest rainforest in the world.

- 3.6 For the ADF-11 Mid-Term Review, the Bank has examined possible indicators in each of these four areas and assessed them on the grounds of relevance to desired outcomes, sensitivity to government action, and measurability for ADF countries (Annex II). While underscoring the importance of maintaining a consistent and manageable set of country outcome indicators over time, the Bank makes a number of technical recommendations to Deputies on the feasibility of additional indicators (Table 2).

Table 2: Most Promising Additional Country Outcome Indicators

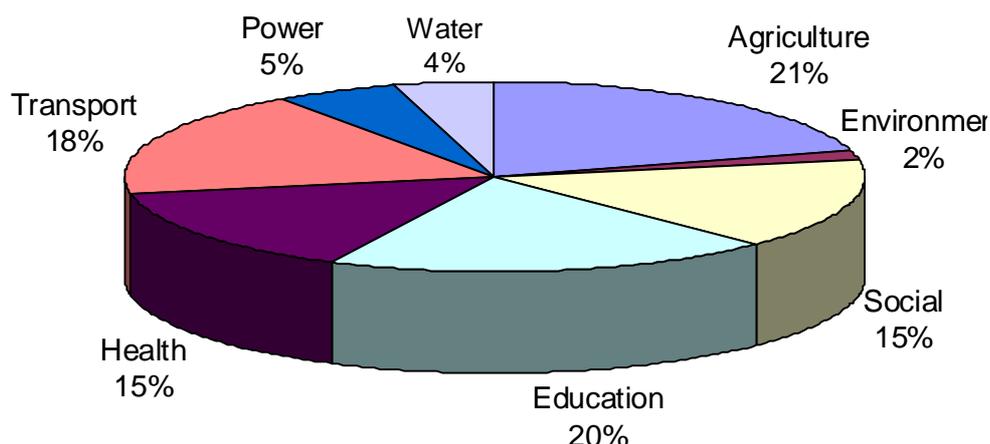
	Proposed Indicator	Recommendation	Comments
Sanitation	Access to improved sanitation facilities	Strongly recommended	<ul style="list-style-type: none"> • Internationally accepted norm • Data available for most ADF countries
Fragile States	Country policy and institutional assessment	Recommended	<ul style="list-style-type: none"> • Covers economic and political dimensions of fragile states • Calculated annually in consultation with governments
Gender	Employment to Population Gender Indicator	Recommended	<ul style="list-style-type: none"> • Compares the ratio of employed women to the ratio of employed men • Data are readily available
Climate Change	Forest area change rate	Moderately recommended	<ul style="list-style-type: none"> • Relevant for Africa and sensitive to policy action • Data only available every 5 years or more

4. ADF's Contribution to Results on the Ground

- 4.1 Many actors contribute to collective development outcomes at the country level. The contribution of a single agency such as the Bank is best seen through the direct outputs and outcomes of its operations in priority areas, which contribute to higher-level outcomes in turn. The ADF-11 Results Measurement Framework calls for tracking outputs and outcomes in ADF operations in priority areas, including infrastructure (energy, transport, water supply), agriculture (crop production, livestock, natural resource management), private sector development (microfinance, entrepreneurship), education and health. In looking across the exiting portfolio, a multi-sectoral picture also emerges of how ADF has contributed to regional integration and progress in fragile states, two target areas under ADF-11. It is important to remember that any attempt to assess results today reflects the priorities of past replenishments, as these are operations that have now achieved their expected outputs and outcomes.
- 4.2 As happened in the case of ADF-10, the tracking of outputs and outcomes for ADF-11 was made more difficult by a lack of common indicators for similar operations, insufficient completion reporting on closed operations and underdeveloped results reporting within the Bank's information systems. All three of these weaknesses are being addressed by the Action Plan on Quality and Results, as discussed in Chapter 5. A total of 199 ADF operations exited the portfolio in fiscal years 2006-2008. Leaving aside 35 studies and 52 policy-based operations² for the present exercise, the Bank validated outputs and assessed the outcomes of the remaining 112 operations and summarizes the sector distribution in Figure 2. More than half of exiting operations are in human development (principally basic education, health and community development): this reflects the shift in ADF priorities over time. In contrast, two-thirds of ADF-11 commitments to date have been in the areas of infrastructure and regional integration: this will influence the distribution of future results.

² Aggregating outputs and outcomes of past policy-based operations was not feasible. Current efforts to define core sector indicators related to governance may allow some aggregation in future.

Figure 2: Sector Distribution of Exiting Operations, 2006-2008



- 4.3 The 112 operations exiting in 2006-2008 represent UA 1.1 billion in ADF disbursements. The Bank successfully validated outputs and outcomes for 98 percent of these operations, drawing on Project Completion Reports (PCRs) and interviews with task managers and project coordinators in the field. Improved PCR coverage facilitated this work and is a testament to the Bank's growing focus on results reporting: in the ADF-10 exercise, less than half of exiting operations made PCRs available, while for the current review, 72 percent of exiting operations supplied PCRs that provided basic output and outcome data.

Comparison of Actual to Expected Results

- 4.4 For the first time, a comparison has been made between planned and actual results. This was done by looking at expected outputs and outcomes as defined in initial Project Appraisal Reports compared to achievements as validated in PCRs and subsequent interviews.
- 4.5 Table 3 looks across all output indicators and shows the extent to which indicators in various sectors achieved expectations. This comparison of actual to planned project outputs for all indicators shows a high degree of physical delivery. For 71 percent of planned outputs, at least 95 percent and frequently more met expectations. At the lower end of the scale, some expected outputs (23 percent) were moderately or negligibly realized. This should not necessarily be interpreted as poor implementation performance. In some cases, it reflects modifications or restructuring of the initial project design. For example, one rural electrification project shifted from planned household connections toward more municipal lighting while an agriculture project shifted from planned feeder roads toward more irrigated acreage. Four observations are salient:
- Discrepancies between expected and actual results may reflect weaknesses in initial analysis, consultations and needs assessment during the design phase.
 - Flexibility over time is essential to ensuring the continued relevance of the project design and its effective implementation in order to deliver results.
 - Where implementation is significantly slower than planned, modification or restructuring of the initial design is likely to be justified to ensure that the project remains relevant in an evolving context.
 - The Bank's current information systems do not adequately track these modifications: this renders results reporting more difficult. A results reporting system that creates a link between expected results in the design phase through results the implementation phase to results at completion is needed to capture the outcome of project modifications and restructuring.

Table 3: Comparison of Actual Outputs to Planned Outputs by Sector: Exiting Operations, 2006-2008

Share of Sector Projects that...	Agriculture Sector Projects	Infrastructure Sector Projects	Human Development Sector Projects	Output Sector Projects
Achieved Expectations (95% or more of expectations achieved)	57 %	89 %	75 %	71 %
Substantially Achieved Expectations (75-95% of expectations achieved)	0 %	11 %	8 %	6 %
Moderately Achieved Expectations (55-75% of expectations achieved)	22 %	0 %	17 %	14 %
Negligibly Achieved Expectations (<55% of expectations achieved)	21 %	0 %	0 %	9 %
Total	100 %	100 %	100 %	100 %

- 4.6 Comparing expected and actual data for outcomes (e.g., populations reached and employment generated) is not feasible because expected outcomes were not routinely quantified in Project Appraisal Reports, nor were they consistently reported at the completion of operations exiting the portfolio. Once mainstreamed into new operations, the Bank's recent efforts to define common output and outcome indicators for similar projects in each sector should help resolve this chronic problem with outcome tracking (para. 5.22 on *Adopting core sector indicators*). The sections below highlight physical and institutional outputs in some priority areas and the estimated population reached (a proxy outcome measure). Annex III provides more detailed tables of outputs presented by sector.

Results in Infrastructure and Regional Integration, 2006-2008

- 4.7 The impact of infrastructure development on Africa's growth cannot be overstated. A recent econometric study shows that in Sub-Saharan Africa, the growth payoff of reaching a level of infrastructure development equivalent to the level of Africa's leader (Mauritius) is 2.3 percent of gross domestic product per year.³ This is why the ADF has made support to infrastructure sectors one of its highest priorities, with a particular focus on developing regional infrastructure networks for more integrated development across the continent. Table 4 summarizes the outputs and outcomes of the 31 infrastructure operations totaling UA 404 million in disbursements that have exited the ADF portfolio in the past 3 years.
- 4.8 *Getting goods to market on better roads.* Nineteen transport projects totaling UA 251 million exited the ADF portfolio in 2006-2008 after the construction or rehabilitation of more than 12,000 kilometers of paved and feeder roads. One of these projects took place in Ethiopia, where in the mid-1990s, 80 percent of the road network was in poor condition: the country itself had one of the lowest road densities in Africa. An ADF loan of UA 18 million upgraded a 120-kilometer priority segment under the Ethiopia Alemgena-Butajira Road Project. Following the upgrade, transportation costs and tariffs on the segment fell by nearly half and travel time was significantly reduced. By the time the project closed in 2006, the frequency of bus transport had increased by 160 percent and the upgraded road stimulated broader economic development in the area, especially along the road corridor. With regard to improving road networks, particular emphasis has been paid to using such improvements as a means of strengthening regional integration. An ADF loan of UA 30 million co-financed the Kicukiro-Kirundo Road Project and established a permanent link between Rwanda and Burundi to promote trade and mobility. A joint border post at Nemba has helped to halve the transit time for commercial vehicles between the two countries, while 120 kilometers of completed feeder roads on both sides of the border are connecting an estimated 600,000 rural dwellers to a major marketing corridor in an area with considerable agropastoral potential.

³ Calderon, Cesar A. April 2009, *Infrastructure and Growth in Africa*, WP4914: World Bank.

Table 4: Selected Outputs and Outcomes in Infrastructure, 2006-2008

Transport	Quantity
Roads constructed, rehabilitated or maintained (km)	4,211
Feeder roads constructed or rehabilitated (km)	8,594
Additional facilities constructed (schools, health centers, houses)	214
People with improved access to transport	41,559,700
Power	
Length of transmission and distribution lines rehabilitated or installed (km)	3,154
Distribution substations and transformers constructed or rehabilitated	506
Power capacity installed (MW)	200
Service lines and energy meters installed	42,500
Street lights installed	823
Households with new or improved access to electricity	180,427
People with a new electricity connection	16,581,993
Water and Sanitation	
Wells drilled or rehabilitated and equipped	3,641
Transmission and distribution pipes (drinking water supply) constructed (km)	230
Capacity for drinking water provided (service reservoirs m3/day)	332,411
Pumping stations and intake structures constructed	38
Latrines constructed or rehabilitated	15,892
People with new or improved access to water and sanitation	1,679,460

- 4.9 *Powering development in rural villages.* Access to electricity is critical for agricultural and industrial growth and the provision of high-quality social services. During the 2006-2008 period, seven energy projects totaling UA 75 million exited the ADF portfolio. These projects installed 200 megawatts of generation capacity constructed over 500 distribution substations and transformers and 3,154 km of transmission lines. One of ADF's highest priorities has been support for multi-country power pools to optimize access to affordable energy on a regional basis. Such was the case for the Nigeria-Benin Interconnection Project, which linked the Nigerian electricity grid to the common grid supplying Benin and Togo. These two countries are now importing 40 percent of annual electricity consumption from Nigeria, which is both a more environmentally-friendly and a more affordable option than alternatives. The costs are now 5 cents/Kwh, whereas previous imports were 14 cents/Kwh and locally generated thermal power is 32 cents/Kwh. Having helped to bring cost-effective power to Benin, ADF went a step further, bringing electrification to the public through the Electrification of Seventeen Rural Centers Project (extended from 17 to 28 due to strong demand) in recognition of the fact that villages in this area place more emphasis on community services and municipal lighting than on individual household connections. Today, electricity is improving the lives of Benin's rural population in different ways: health facilities can now conserve vaccines properly, new lighting in schools has boosted attendance and improved teacher and student performance, rural libraries are now offering Internet access, and municipal lighting has both made the streets safer and proven popular for evening studying, thus reinforcing educational outcomes.
- 4.10 *Improving health through hygiene and clean water.* In the past 3 years, five water supply and sanitation operations totaling UA 78 million have exited the ADF portfolio. One example of how ADF is enhancing access to clean water is with the Zambia Central Province Rural Water Supply and Sanitation Project. This project, supported by an ADF loan of UA 10.9 million, focused on an area with one of the country's lowest rates of access to clean water and sanitation. Thanks to the project, nearly 3,500 community water points were constructed or rehabilitated, 13,400 latrines were created and 279 schools and clinics were connected to clean water in five districts within the Central Province. Households were trained in basic hygiene, safe water storage and malaria prevention, and insecticide-treated bed nets were socially marketed. These interventions contributed to a dramatic reduction in the incidence of water-borne diseases and malaria in the project zone. In the district of Chibombo, the incidence of diarrheal disease among children fell from 70 to 30 percent between 2004 and

2008. In the district of Mumbwa, malaria cases decreased from 408 per thousand in 2004 to 200 per thousand in 2008.

Results in Agriculture and Private Sector Development, 2006-2008

- 4.11 Agriculture is Africa's predominant private sector activity, and modernizing agriculture is key to diversifying and stimulating economic growth. Furthermore, evidence shows that economic growth originating in agriculture is about four times more effective in raising the incomes of extremely poor people than is economic growth in other sectors. In the past 3 years, 21 agricultural projects totaling UA 183 million in disbursements have exited the ADF portfolio, including operations to increase crop production, build livestock, establish fisheries and promote forestry and natural resource protection. It is important to note that the private sector in ADF countries is increasingly benefiting from the ADB's non-concessional, private sector window, although systematic assessment of results is not yet feasible.

Table 5: Selected Outputs in Agriculture and Natural Resource Management, 2006-2008

Output	Quantity
Rural marketing and production facilities constructed or rehabilitated	5,064
Land with improved water management developed or rehabilitated (hectares)	159,845
Boreholes, wells and sanitation infrastructures constructed or rehabilitated	326
Land whose use has been improved through replanting, reforestation, landscaping, etc. (hectares)	484,560
Heads of livestock provided/vaccinated	59,373
Social facilities established or rehabilitated (rural schools, health centers, etc.)	2,280
Agricultural inputs provided (fertilizer, seeds, etc.) (tons)	12,873
Farmers using improved technology	4,120
Institutional and Capacity Building	
Farmers trained	416,815
Other agricultural personnel trained	326,029
Agricultural personnel recruited	2,944
Studies, training sessions and inventories	1,222
Population Reached	
Farmers	647,042
Total population	11,161,829

- 4.12 *Improving water management for increased agricultural yields.* In many rural areas, ADF investments in agricultural infrastructure have been transformative. For example, the lives of smallholder agricultural households in Malawi's Shire and Blantyre Valleys have been far from easy. Erratic rainfall patterns have led to frequent food shortages despite the area's high potential to produce sufficient food for consumption and income generation. In 2000, the Government of Malawi called upon the ADF to support the Smallholder Irrigation Project as part of its National Irrigation Policy and Development Strategy. The project supported a farmer-managed scheme to improve water management on 2,500 hectares and train 11,000 farmers in improving the way they manage water collectively. As a result, between 2000 and 2008, maize yields in the valleys increased threefold from 1.0 to 3.5 tons per hectare. With increased food security and agricultural income, valley farmers have gone on to establish credit cooperatives to diversify their livelihoods into areas like agro-processing, taking advantage of the small-scale electricity generation also funded through the project. The Government recently awarded the project a National Achiever Award for "life changing activities in food security through irrigation schemes."
- 4.13 *Supporting a vibrant private sector in ADF countries.* In the past, the Bank's private sector arm focused predominantly on middle-income countries. In the past few years, the Bank has made a strategic shift to supporting commercially viable operations that have demonstrated strong effects in ADF countries, including fragile states. In 2008, 42 percent of new private sector operations representing UA 430 million in investments were located in ADF countries.

Including involvement in regional operations, total private sector operations for ADF countries rose to around 55 percent in 2008 and nearly 60 percent in the first half of 2009. Most of these operations are not far enough along to allow for the systematic assessment of progress toward results. An example of a private sector operation that has been implemented successfully is the Côte d'Ivoire Azito Power Plant, in which Bank financing supported a public-private partnership to construct two 144 megawatt power plants. This has resulted in energy cost savings of US\$ 4 million per annum for Côte d'Ivoire, and turned the country from a net importer into a net exporter of electricity. Private sector regional operations are also supporting ADF priorities in low-income countries. The African Infrastructure Fund is a debt fund established in 2002 with Bank participation of US\$ 49 million. This fund provides long-term financing to private entities for start-up and expansion infrastructure projects across Sub-Saharan Africa, including in ADF countries. Finally, the Bank's private sector arm is operating in fragile states, after careful assessment of country risk. This initiative includes US\$ 26 million in investments to establish microfinance institutions in the Democratic Republic of Congo and Liberia, targeted at 60,000 and 27,000 low-income clients, respectively.

Results in Education and Entrepreneurship, 2006-2008

- 4.14 In the past 3 years, 22 education projects totaling UA 289 million in disbursements exited the ADF portfolio. These projects aimed to expand access to basic education, promote girls' *education* and enhance academic quality through the construction of classrooms and facilities, the recruitment and training of teachers, the provision of textbooks and teaching materials and the strengthening of institutions and policies within the education system. Within a multidonor framework for support to the education sector, the Bank began in ADF-11 to target its interventions more specifically at vocational and higher education and at science and technology in order to strengthen the link between education, entrepreneurship and labor market demand in a globalized and private sector-led economy.

Table 6: Selected Outputs and Outcomes in Human Development, 2006-2008

Education	Quantity
Classrooms/facilities rehabilitated or constructed	11,498
Textbooks and teaching materials supplied	6,313,150
Water and latrine facilities constructed	3,923
Teachers trained	41,193
Students newly enrolled	11,227,902
Entrepreneurship and Poverty Reduction	
Micro-finance institutions established or reinforced	398
Micro-credits granted	433,073
Microenterprises created	25,036
Socioeconomic infrastructure sub-projects executed	2,110
Social housing/community centers constructed	641
Teachers/stakeholders trained	417,419
Jobs created	213,000
Government/NGO staff trained	1,848
Health	
Primary, secondary and tertiary health centers constructed or rehabilitated	416
Health facilities equipped	98
Health workers trained	7,989
People whose access to health services has improved	13,031,297

- 4.15 *Expanding science and technology training in secondary education.* The recently closed Tanzania Second Education Project inaugurated ADF's reorientation toward higher levels of education earlier this decade. This project aimed to support Tanzania's goals of increasing the transition rate from primary to secondary education, augmenting the supply of science and mathematics teachers, boosting the stock of facilities and increasing the availability of adult vocational education. With ADF funding of UA 19.2 million, the project built 108 science

laboratories and 220 classrooms, trained around 3,000 science and mathematics teachers and teacher trainers, and distributed textbooks in some of Tanzania's remote rural areas. As a result, the project contributed to a long-term increase in the country's transition rate to secondary education from less than 15 percent in the mid-1990s to more than 50 percent when the project closed in 2007. This increase is beginning to translate into a higher transition rate to advanced education as well.

- 4.16 *Promoting entrepreneurship among the rural poor.* During 2006-2008, 18 entrepreneurship and poverty reduction operations representing UA 125 million in disbursements exited the ADF portfolio. These operations tended toward two models of intervention: (i) social funds to support community-driven development, and (ii) microfinance to promote individual and group entrepreneurship for improved livelihoods. The former set of operations contributed to social and economic infrastructure such as community-built and maintained schools, clinics, water points and feeder roads. The latter set of operations worked through intermediaries to give access to credit to populations typically shut out of more formal financial markets. This was the case for the Uganda Rural Microfinance Support Project, which worked through microfinance institutions, village banks, and nongovernmental and community-based organizations to extend US\$ 12.7 million in micro-credits to more than 70,000 Ugandans, particularly poor women in rural areas. The program allowed the rural poor to participate more widely in Uganda's growth, with per capita income in the target communities rising as fast or faster than per capita income in the country as a whole. Results were encouraging enough that the project implementation unit was transformed into an autonomous private company, Microfinance Support Center, Ltd. As the only lending entity targeting the agricultural sector—which sustains 70 percent of the country's population—Microfinance Support Center has now been selected by Government of Uganda to lead its Prosperity for All Program, coordinating the country's various microfinance institutions.

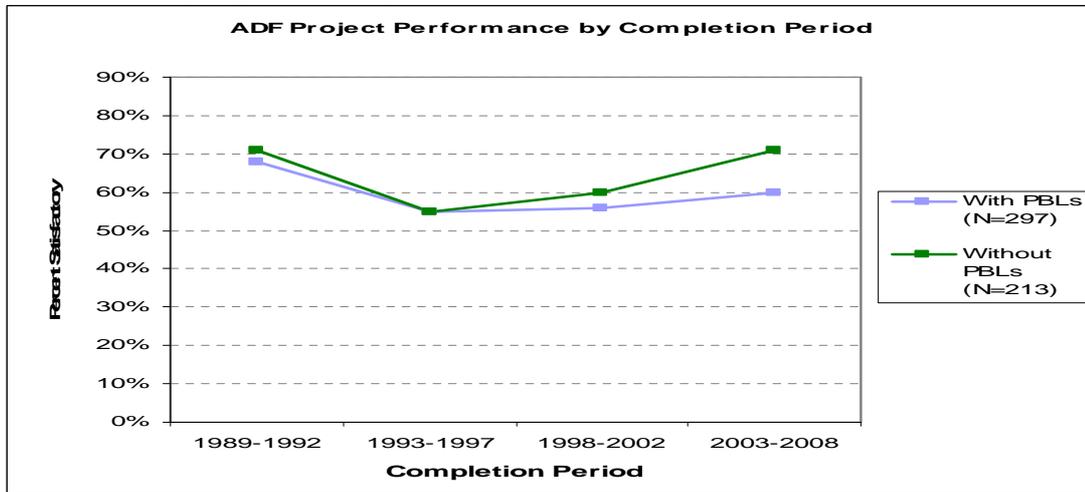
Results in Fragile States

- 4.17 An innovation of ADF-11 has been the establishment of the Fragile States Facility, designed to provide arrears clearance funding and supplemental resources to post-conflict and other fragile states. ADF's commitment to supporting fragile states is long-standing and multifaceted. In the past, interventions for an evolving list of fragile states have ranged from labor-intensive work programs for demobilized soldiers to the construction of regional roads that enhance trade links with more stable neighbors; from enhancing women's access to health services to re-establishing basic public financial management systems. The Bank's private sector arm has even directly supported the private sector in fragile states by establishing new microfinance institutions. The example in Section 4.18 shows that measurable results can be achieved in even the most difficult environments.
- 4.18 *Adopting a regional approach to protecting vulnerable groups in fragile states.* In 2004, the Bank took up a particularly difficult challenge: combating sexually-transmitted infections in a sub-region of West Africa plagued by civil war, social unrest and failing states. The Mano River Union HIV/AIDS Control Program was a regional operation that encompassed Côte d'Ivoire, Guinea Liberia, and Sierra Leone. It was one of 17 health and HIV/AIDS operations representing UA 154 million in disbursements that exited the ADF portfolio between 2006 and 2008 (Table 6). In general, these operations sought to expand access to health services by constructing and equipping rural primary and secondary health centers and referral hospitals, training health personnel and conducting awareness campaigns for preventive health. In the case of the Mano River Union, the ADF worked in partnership with the Global Fund to Fight AIDS, Tuberculosis and Malaria and the United Nations system, relying on nongovernmental and community-based organizations to reach nearly 2 million people of whom 85 percent were women and children. The program established voluntary counseling and testing centers, trained health personnel and conducted information, education and communication campaigns for target groups. Results were measurable and impressive. The share of the target population with knowledge of risks and responsible sexual behaviour rose by 81 percent, condom use rose from 8 to 30 percent and the incidence of sexually-transmitted infections among the target population declined from 9 to 7 percent—a strong decline in such a short period.

Satisfactory Outcomes of ADF Operations

- 4.19 The Bank's independent Operations Evaluation Department, OPEV, validates the outcome ratings of operations for which PCRs have been prepared. The share of satisfactory outcomes for these operations is the most aggregated measure of ADF's contribution to results. Figure 3 shows that while the share of satisfactory outcomes has increased in recent years, it is still only around 60 percent, leaving ample scope for improvement through better project design and more effective implementation. Other findings are also worth noting (Annex IV). First, the picture is less positive when outcomes are weighted by loan amount: this shows that satisfactory outcomes only reach 43 percent in the 2003-2008 period. Second, among various loan instruments, policy-based operations have been judged to have the least satisfactory outcomes. Third, the outcome ratings of projects approved from 1989 through 2007 show that certain sectors have performed better than others over the long run: the share of satisfactory outcomes is 85-95 percent in the transport and energy sectors and only 15-35 percent for water supply and agriculture.

Figure 3: Share of Satisfactory Outcomes of ADF Operations
(With and without policy-based loans)



Key: PBLs = policy-based loans

- 4.20 In reviewing the OPEV data, it is important to recognize that many past operations did not do well in specifying or measuring outcomes (i.e. changes in the status or behavior of beneficiaries). In some cases, outcome ratings were based more on the satisfactory achievement of physical outputs than on measurable improvements in economic and social welfare within target populations. Going forward, special effort will be needed to specify expected outcomes and ensure that these are measured at baseline and at completion.
- 4.21 Overall, the above review of outputs and outcomes of ADF operations indicates the following:
- An improved ability to track outputs and outcomes through more comprehensive completion reporting (72 percent of all 2006-2008 exits);
 - A high degree of delivery of planned outputs, with nearly three-quarters of all output indicators achieving or surpassing expectations;
 - Despite imperfect outcome specifications, significant evidence that outputs have contributed to measurable improvements in outcomes across a range of ADF priorities;
 - Scope for continued improvement in the share of operations with satisfactory outcomes (60% as judged by independent evaluators) by improving quality-at-entry and implementation; and
 - A need to better understand, through more detailed analysis, how to improve the outcomes for larger operations, for certain instruments (e.g., policy-based loans) and in certain sectors (e.g., water supply).

5. Progress on Reforms: The Action Plan on Quality and Results

- 5.1 At the time of the ADF-11 replenishment, the Bank outlined a set of measures aimed at directly improving the quality of its interventions and sharpening its institutional focus on development results.⁴ Within a broader global agenda, a strategic decision was made to place greater emphasis on internal reform and policy implementation during ADF-11, on the grounds that enhancing institutional effectiveness would ultimately allow the Bank to play a bigger role in strengthening country capacity and facilitating the Global Partnership on Managing for Development Results. Summary indicators were then selected to monitor progress on institutional effectiveness during ADF-11.⁵
- 5.2 In early 2008, the Bank-wide Working Group on ADF-11 Results was established to translate ADF's commitments to results into an implementation plan.⁶ This plan was then codified as the Action Plan on Quality and Results, which was discussed by Executive Directors in September 2008 and adopted as part of the Bank's Medium-Term Strategy 2008-2012. Early progress in implementing the Action Plan was discussed with Executive Directors in February 2009 and with the Bank's Governors and other stakeholders during a workshop at the 2009 Annual Meetings in May 2009.
- 5.3 The Action Plan on Quality and Results focuses on five areas of reform: (i) accelerating decentralization and harmonization for better results; (ii) enhancing the quality-at-entry of strategies and operations; (iii) instilling a result-based supervision culture; (iv) enhancing learning and accountability through evaluation; and (v) improving data and systems for results reporting. The sections below provide an update on summary indicators and progress in these areas as of the ADF-11 Mid-Term Review. Annex V provides a definition of the indicators. Before turning to this, it is worthwhile to highlight the overall effort to strengthen the Bank's results culture in order to foster reform in all areas.

Strengthening the Results Culture of the Bank

- 5.4 Broad ownership of the Action Plan on Quality and Results has been essential to maintain momentum on institutional change within the Bank. To advocate and coordinate reforms across the institution, the Bank reorganized its corporate units and established a Quality Assurance and Results Department in July 2008. Building on the Working Group on ADF-11 Results, a network of departmental Results Champions has also been established to drive change throughout the organization.
- 5.5 *Enhancing strategic communications.* Seminars have taken place with the management teams of all Complexes to build ownership at the top and ensure that Management is signaling behavior changes aimed at improving quality and strengthening the focus on results. These have been followed with presentations at departmental retreats, task manager training, Field Office workshops and new staff orientations designed to empower staff to implement the Action Plan. A semi-annual newsletter, *Simply Results*, was launched to reinforce messages from Senior Management, recognize good practices in managing for results and share experience across the institution. Going forward, strategic communications will be diversified to extend the reach of these communications to other target groups both internally and among shareholders and client countries.
- 5.6 *Strengthening incentives for quality and results.* Ensuring that the incentive framework favors quality enhancement and a focus on results is a long-term endeavor that involves significant transformations in human resource policies, budget processes, work programming and institutional management style. Among the most important initiatives launched during ADF-11 thus far are the following: (i) the establishment of a feedback loop for managerial behavior via regular staff surveys and follow-up; (ii) the introduction in 2009 of a new, 360-degree staff performance evaluation system that better links individual performance to Bank priorities and the delivery of results; and (iii) a transition toward greater budget fungibility (culminating in the

⁴ African Development Fund. February 2008. *Results Reporting for ADF-10 and Results Measurement Framework for ADF-11. Background Paper.*

⁵ Many of these indicators were later adopted as corporate Key Performance Indicators.

⁶ ADF 11 Working Group Report, "Implementation plan to strengthen the focus on results during ADF 11", 30 June, 2008.

adoption of “dollar budgeting” in 2010) to eliminate staffing and resource rigidities that undermine the delivery of results. Even small changes in financial incentives can make a big difference: the introduction of a Field Office PCR Fund shifted more than half of all completion reporting to the field for 2008 and contributed to vastly improved performance in this area.

Accelerating Decentralization and Harmonization for Better Results

- 5.7 The Bank’s decentralization strategy is key to securing better results by strengthening the Bank’s country focus and strategic alignments, making implementation more efficient and harmonizing more effectively with development partners on the ground. By the end of 2008, the Bank counted 23 Field Offices operating across the continent, with three more Field Offices opening in 2009.⁷ The Action Plan on Quality and Results calls for an acceleration of decentralization and the empowering of Field Offices by delegating decision-making authority.
- 5.8 *Accelerating the decentralization process.* Through local recruitment and the transfer of international staff to the field, the share of professional staff based in Field Offices has increased from 5.0 percent in 2006 to 15.4 percent by end-2008, exceeding the ADF-11 target (Table 7). Senior Management seeks to ensure that flexible staffing, staff mobility and field postings become the norm. To this end, in 2008 Management introduced a customized staffing approach for Field Offices that takes the following elements into account: (i) country needs; (ii) the size of the Bank’s portfolio and pipeline; and (iii) particular skills-mix requirements. However, the transfer of international staff to the field has been slower than expected. Starting in 2009, Management established a dual reporting relationship for sector staff in Field Offices in order to increase incentives to move to the field, provide technical support for local staff and improve opportunities for career development in the field.

Table 7: Institutional Effectiveness Indicators, Decentralization and Quality-At-Entry

Indicator	Baseline Value 2006	Latest Value 2008	Target Value 2009
Improving Results Through Decentralization and Harmonization			
Percentage of professional staff based in Field Offices	5	15.4	15
<i>(Percentage operational Professional-Level staff based in Field Offices)</i>	<i>n.a.</i>	25.2	<i>n.a.</i>
Percentage of portfolio (projects) managed from Field Offices	0	7.4	15
Percentage of aid in delivered through common arrangements (Paris Indicator 9)	40*	32**	66***
Percentage of missions conducted jointly (Paris Indicator 10a)	19*	13**	40***
Ensuring Quality-At-Entry for Strategies and Operations			
Percentage of Country Strategy Papers with satisfactory baseline data at entry	33	38	70
Percentage of operations with satisfactory baseline data at entry	37	50	70
Percentage of budget support disbursed on schedule	55	69	75
Average elapsed time from approval to first disbursement (months) ****	24	15.8	12

Notes: (*) Baseline value for 2005
(**) Value for 2007;
(***) Target value for 2010;
(****) Calculated on the basis of ADF operations whose first disbursement occurred in 2008.

⁷ The 23 field offices include Tunis field office and the 26 include South Africa field office.

- 5.9 *Empowering Field Offices with decision-making authority.* Beginning with initially limited procurement and disbursement-related responsibilities, the delegation of authority to Field Offices has recently been broadened to cover loan and grant negotiations and signature and the *clearance* of mission programs. Field Offices handle much of daily country dialogue and periodic country portfolio reviews, and increasingly lead supervision and completion reporting missions. The transfer of overall task management responsibility has proceeded slowly, rising from negligible levels in 2006 to 7 percent of operations in 2008. The pace should accelerate in 2009 as local staff gain experience, international staff move to the field and management systems are modified to facilitate decentralized task management. An important initiative to enhance the Bank's effectiveness has been the dramatic revision and harmonization of procurement rules in 2008 followed by organizational restructuring aimed at decentralizing significant fiduciary responsibilities to accredited specialists in the field. Once placement of these specialists has been completed, it is expected that about 90 percent of procurement decisions will be made at the country level, resulting in faster processing times and more responsive service to clients.
- 5.10 *Implementing Paris Declaration commitments.* The Bank has committed to successive international agreements on aid effectiveness, including the most recent Accra Agenda for Action. Like many development agencies surveyed in 2007, the Bank is not on track to achieve the Paris Declaration targets by 2010,⁸ having scored below the development agency average on seven of nine areas measured by the survey. Institutional and legal constraints common to multilateral development banks hindered progress in some areas, particularly with respect to pooling of resources and use of country systems. Other areas required only procedural or behaviour changes. Among these were the need to align and coordinate technical assistance with other donors, the need to reduce reliance on parallel project implementation units and the need to conduct missions and analytic work jointly with partners. In response, the Bank's Governors took action in 2008 to modify the ADF Articles of Agreement related to the rules of origin for procurement. This eliminates an important legal constraint to the use of common financing arrangements in ADF countries. In 2009, efforts are being made through hub workshops to sensitize Field Offices to their role in encouraging task teams to take joint action with other development partners. The Bank has also taken a leadership role in the Working Party on Aid Effectiveness, and in late 2009 will, in collaboration with the United Nations Development Programme and other partners, sponsor an African regional platform to support the implementation of the Accra Agenda for Action.

Enhancing the Quality-at-Entry of Strategies and Operations

- 5.11 In the earliest phase of implementing the Action Plan on Quality and Results, the highest priority was placed on improving quality-at-entry as a foundation for achieving better results and on using completion reports as a foundation for comprehensive results reporting. Initial design quality is one of the strongest predictors of positive outcomes and it is difficult to turn around a poorly-designed operation during implementation in order to achieve the desired results. To enhance quality-at-entry, the Action Plan sought to make it simpler to design high-quality strategies and operations and provide task teams with consistent feedback on quality throughout the preparation process. Summary indicators of quality-at-entry are now moving in the right direction, with strong progress in the provision of baseline data in operations, the timeliness of budget support and the rapidity with which projects become effective and start disbursing.
- 5.12 *Simplifying results frameworks.* An assessment of the Bank's results frameworks, including project *logical* frameworks, showed these frameworks to be unnecessarily complicated and insufficiently applied as a design and/or monitoring tool. Draft simplified frameworks for Country Strategy Papers and operations are being finalized through consultations that are taking place across the Bank and between the Bank and its client countries and partners. These frameworks will focus more directly on a small set of measurable output and outcome indicators for which baseline data are available at project/strategy launch. They will also feature a clearly articulated causal link to country development objectives. Going forward, the simplified project logframe will serve as a starting point for preparing a streamlined appraisal

⁸ ADF 11 MTR paper. . *Implementation of the Paris Declaration Commitments and Building on the Accra Agenda for Action.*

document that will be integrated into an automated system for results-oriented supervision and completion reporting.

- 5.13 *Strengthening the review process.* Beginning in 2008, the Bank revised its review process for the preparation of strategies, operations and analytic work with a view to shifting responsibility toward multi-sectoral Country Teams for review at the concept and appraisal stages.⁹ The goal was to enhance alignment with country priorities, encourage strategic selectivity and facilitate knowledge-sharing and collaboration across sector teams. In the first half of 2009, the Bank piloted a new quality-at-entry tool, the Readiness Review, to provide structured feedback and ratings to task teams on nine generic aspects of quality at the project concept and appraisal stages. Considerable scope for quality enhancement in project preparation was identified during the pilot phase, with the poor quality of preparation found to have contributed to the Bank's lower-than-desirable rate of satisfactory outcomes at project completion. Incorporating lessons learned from the pilot phase, the Readiness Reviews will be rolled out and extended to policy-based operations and country strategy papers in the second half of 2009. For private sector operations, the Bank has introduced its Additionality and Development Outcomes Assessment during the review process for private sector operations. This assessment aims to complement the assessment of commercial viability and enhance the focus on development outcomes in line with the Bank's broader mandate. Revised peer review guidelines will also be adopted to strengthen the technical review of both public and private sector operations.

Instilling a Results-based Supervision Culture

- 5.14 In an increasingly decentralized institution, portfolio supervision should become more of a continuous activity, aimed at supporting implementation and steering an operation toward its intended results. Summary indicators related to supervision reflect the growing role of the Bank's Field Offices in portfolio management (Table 8). The share of operations supervised at least twice a year has risen through the use of cost-effective, field-led missions, often aimed at sorting out or preventing problem projects.

Table 8: Institutional Effectiveness Indicators, Portfolio Supervision and Evaluation

Indicator	Baseline Value 2006	Latest Value 2008	Target Value 2009
Instilling a Results-Based Supervision Culture			
Percentage of operations formally supervised twice a year	36	45	50
Percentage of problem projects in ongoing portfolios	14	14	10
Percent annual disbursement rate of ongoing portfolios	18	21	22
Average elapsed procurement time (weeks)	70	58	40
Percentage of projects eligible for cancellation	27	23	15
Enhancing Learning and Accountability Through Evaluation			
Percentage of exiting projects with a timely PCR	9	96	45
Percentage of PCRs rated satisfactory (1/)	45	90	75
Percentage of PCRs with gender-disaggregated data (2/)	45	47	n.a.

Key: n.a. = not available; PCR = Project Completion Report

Notes: 1/ Baseline year = 2003-05. Latest value = 2005-07

2/ Baseline years = 2006-07 combined. Latest value = 2008

- 5.15 *Accelerating business processes.* Institutional reforms and the delegation of authority to Field Offices have speeded up business processes critical to portfolio implementation. Summary indicators confirm an increasing annual disbursement rate for ADF operations and the acceleration of project effectiveness and the procurement process, the latter being a particular concern among client countries. Field Offices have begun to play their part. In

⁹ ADF 11 MTR paper. *Impact of Institutional and Business Process Reforms on Programming and Delivery.*

Burkina Faso, for example, Field Office support to the client with regard to procurement processing led to a 62 percent reduction in the time required to evaluate bids. Further progress to streamline business processes is needed, and will depend considerably on the effective decentralization of decision-making in fiduciary and other areas.

- 5.16 *Strengthening Field Office capacity.* Hub training has been organized to bring field staff from various offices together to exchange experiences and become familiar with new policies and tools to enhance quality and focus on results. In early 2009, a two-day intensive workshop was organized in Ethiopia for staff from eight offices, and additional workshops are scheduled before end-2009 to reach all Field Offices. Among other topics, the workshops address the need for results-oriented supervision, using the project logframe to assess progress toward expected outputs and outcomes and modifying projects as necessary to manage for results. Going forward, in addition to strengthening capacity, both field and HQ staff will benefit from a revised supervision reporting format automated and geared toward tracking project modifications and progress toward results as part of a comprehensive results reporting system.

Enhancing Learning and Accountability through Evaluation

- 5.17 *Self-evaluation* is the best foundation for learning and applying lessons of past experience. It is also the best starting point for objective, independent evaluation, and provides the building blocks for a comprehensive results reporting system. Self-evaluation at the Bank is carried out through completion reporting for operations and strategies. Bank policy requires completion reporting within 6 months of project closing in order to produce timely feedback for future interventions. Historic performance in this area has been dismal, with incomplete coverage and multi-year reporting delays that rendered judgment about the outcomes of Bank operations nearly impossible. Over the years, a persistent backlog of closed projects with outstanding completion reports contributed to a widespread view that these reports were resource-intensive and added little value to the quality of new operations. Despite efforts to redress the situation, the completion reporting process has averaged 24 months in recent years.
- 5.18 *Revamping completion reporting procedures.* In December 2008, the Bank revised its completion reporting procedures so that reports would be prepared earlier and jointly with the borrower. Instead of waiting for a separate borrower's report, PCRs are prepared jointly any time after an operation is 85 percent disbursed and become mandatory at 98 percent disbursement. Teams were asked to prioritize newly exiting projects in order to ensure timely feedback before addressing the historic backlog.
- 5.19 *Focusing on results achieved and lessons learned.* A simplified template for project completion reporting was introduced to replace an earlier format that was descriptive and process-oriented and often resulted in reports of 40 pages or more. The new template is less than 10 pages and focuses on the achievement of project outputs and outcomes and lessons learned from the operation's design and implementation. It makes rating easier and more consistent, and has been designed to be fully integrated into the planned automated results reporting system.
- 5.20 *Transferring responsibility to the field.* New procedures envision a major role for Field Offices in completion reporting. Field staff is uniquely positioned to work jointly with the borrower to evaluate implementation challenges and progress toward results. A targeted PCR Fund was established to support field staff in conducting completion reports in countries lacking Bank offices. As a result, 45 percent of completion reports for 2008 exits were conducted from the field. More importantly, the rate of timely completion reporting rose from only 2 percent for 2007 exits to 96 percent for 2008 exits, far surpassing the target established for ADF-11. Going forward, the challenges will be to sustain this breakthrough performance, enhance the quality of PCRs, and mainstream lessons learned into the preparation of new operations. A focus on lessons learned from prior operations within the Readiness Review will help.

Improving Data and Systems for Results Reporting

- 5.21 *The overarching goal of the Global Agenda on Managing for Development Results is to strengthen countries' capacity to manage for, monitor and report on development results that reflect country-specific priorities. This will require harmonized support from development partners to strengthen countries' statistical capacities and their monitoring and evaluation systems. For its part, the Bank is implementing Phase 2 of its statistical capacity-building initiative, which supports the development of national statistical master plans in African countries. The initiative aims to consolidate and improve on the gains achieved in Phase 1, including improved country data systems, that will lead to more effective policy and decision-making and better Millennium Development Goal monitoring and results measurement.¹⁰ At the same time, through Readiness Reviews, task teams are being encouraged to integrate capacity building for country systems into new operations more systematically.*
- 5.22 *Adopting core sector indicators.* Development agencies can reduce reporting demands on client countries by standardizing and harmonizing the main output and outcome indicators used in key sectors, relying on agreed international statistical norms where possible. In doing this, development agencies also facilitate aggregated reporting on their own contribution to results. For these reasons, the Bank began in late 2008 to define a set of core output and outcome indicators for all main sectors of ADF interventions: agriculture and natural resource management, education, health, social protection, water supply and sanitation, energy, transport and governance. Core indicators reflect each sector's strategic priorities and make standardized measurements of the most common outputs and outcomes of Bank operations. These outputs and outcomes will be tracked from project design through supervision and completion as part of a comprehensive results reporting system, and can be complemented where desired by other country and project-specific indicators. Each sector department engaged in a participatory process to define core indicators that represent the sector's best technical judgment on how to monitor the achievement of development objectives within its operations.
- 5.23 *Developing a web-based results reporting system.* The Bank's information systems do not currently track operational progress toward expected results. This is true for most development agencies, which have collaborated to identify information system solutions with increasing frequency in recent years. The Bank intends to implement an automated results reporting system that would create a link from expected results (as per the logframe in Project Appraisal Reports) through progress towards results (as documented in supervision reports) to results achieved (as reported in PCRs). Similar initiatives by comparator organizations were studied and an internal scoping exercise was conducted to identify appropriate information technology options. This initiative has been endorsed by the Bank's Information System Steering Committee and funding has been sought from the Canadian Technical Cooperation Fund. System development is expected by end-2009, with testing and populating of the system in 2010.
- 5.24 *Harmonizing indicators and systems.* Through the multilateral development banks' Working Group on Managing for Development Results, the Bank has collaborated to harmonize core sector indicators and conceptualize a common approach to results reporting. Harmonization of core sector indicators is an important element of the tripartite collaboration on results of the World Bank, the European Union and the ADB. Further, as co-chair of the OECD-DAC Global Partnership on Managing for Development Results, the Bank will oversee the assessment of good results reporting practices by donor agencies as part of the 2009-2010 work program.

¹⁰ Expected outcomes include the following: (i) the increased reliability of regional poverty indicators; (ii) the increased accuracy, reliability, and timeliness of statistics; (iii) improved and well-functioning national statistical systems; and (v) the mainstreaming of results measurement into Bank operations.

6. Looking ahead to ADF-11 Completion

6.1 The above assessment of progress on quality and results at the time of the Mid-Term Review leads to a simple conclusion: the Bank should stay the course. The vision for improving quality and strengthening the focus on results articulated at the time of the replenishment and later translated into the Action Plan on Quality and Results has proven a useful framework to spur institutional change. Consistent and sustained implementation of this vision for the remainder of ADF 11 will be critical to making the Bank a more effective development partner on the continent. Notable upcoming actions including the following:

- Accelerating the transfer of professional staff and task management responsibilities to Field Offices;
- Completing the decentralization of fiduciary decision-making by building capacity within Field Offices;
- Developing and delivering frontier training on improving quality and focusing on results for task managers, field offices, new recruits and other targeted groups;
- Streamlining and automating project preparation/appraisal documents, including the online logframe;
- Mainstreaming Readiness Reviews and revised peer review guidelines into the review process by Country Teams in order to further strengthen quality-at-entry;
- Revising supervision reporting to focus on progress toward results and facilitate field-based supervision;
- Developing, testing and populating the web-based results reporting system that tracks outputs and outcomes from operational design through completion; and
- Sponsoring the launch of the Africa regional platform for the implementation of the Accra Agenda for Action.

6.2 To accelerate implementation of the Action Plan on Quality and Results before the end of ADF-11, the Bank will need to address a number of broader institutional challenges. In particular, the institution will need to strengthen management communications and multiply its efforts to accomplish the following: (i) adopt more flexible and country-focused budget processes; (ii) attract and retain quality staff through transparent and competitive human resources policies; (iii) empower Field Offices by according them decision-making authority; (iv) upgrade management information system architecture and associated skills; and (v) enforce operational readiness even as resource delivery is accelerated in response to the global crisis. Our shareholders will also have a role to play in increasing the flexibility of Bank policies which today impede further progress on harmonization and development effectiveness.

7. Conclusion: Rising to the Challenge in ADF-12

- 7.1 The Global Agenda on Managing for Development Results rests on three pillars: (i) strengthening countries' capacity to manage for results; (ii) enhancing development agencies' focus on results; and (iii) promoting a global partnership for harmonized and collective action on results. Within these pillars, the Bank made a strategic decision to focus more intensively during ADF-11 on the second pillar, aimed at increasing internal agency effectiveness. With sustained implementation of a significant internal reform agenda during ADF-11, the Bank's capacity and confidence to address the other pillars are rising.
- 7.2 Increasing *the external focus*. As ADF-11 draws to a close and ADF-12 is launched, improved internal effectiveness will allow the Bank to play a greater role in strengthening countries' capacity to manage for results and in facilitating the global partnership for harmonized and collective action at the country level. Already, the Bank is stepping into a leadership role on managing for development results within the OECD-DAC Working Party on Aid Effectiveness. The Bank is also beginning to ramp up its support for the African Community of Practice on Managing for Development Results, and will build on this community of practice to promote a regional platform for the implementation of the Accra Agenda for Action. The Bank's Field Offices will assume a leading role in changing behaviors throughout the institution to ensure greater adherence to Paris Declaration principles. The key challenge for the Bank during ADF-12 will be to sustain progress on a largely internal agenda while translating this progress into greater external action for harmonization with partners and demonstrably improved results for Africa.