ADF-13 Mid-Term Review Meeting
Abidjan, 11-13 November 2015

Chair's Summary

ADF Deputies met in Abidjan, Côte d'Ivoire, from 11 to 13 November 2015, for the African Development Fund (ADF-13) Mid-Term Review. They were joined by Governors/representatives from Côte d'Ivoire, Ghana and Malawi and observers from International Financial Institutions. The meeting was chaired by Mr. Richard Manning, the ADF Coordinator.

The ADB Group President, Dr Akinwumi Adesina, opened the meeting and thanked donors for their strong support to Africa through the ADF. The President recognised the role of the Fund in delivering in a difficult context, particularly the Ebola Crisis and the Bank's return to Abidjan. He highlighted the critical contribution of the Fund to the priorities of the Ten Year Strategy. In accordance with this strategic framework, President Adesina shared his vision of the High Fives, through which the Bank would deliver outcomes in the priority areas of energy, agriculture, regional integration, industrialisation and enhancing the quality of life of Africans. He stated that the Bank Group, in partnership with others, should lead in delivering the SDGs in Africa and to do this, he emphasised the need for the Bank to be efficient and nimble. The President also shared his intention to set up a high-level panel to promote the private sector in Africa, including in ADF-eligible countries.

Participants commended Management for the timeliness and quality of the papers prepared for the Mid-Term Review. They welcomed the frank and open discussions on both the Fund's achievements and challenges, as well as on proposals to better implement its strategic priorities. Participants further urged the Fund to continue to observe selectivity and prioritization in its interventions, while acting as a catalyst to leverage additional resources.

IDEV Evaluation of GCI-6, ADF-12 and ADF-13. The evaluation confirmed that the Bank Group is on track with required reforms. However, IDEV found that it could do more to resource emerging initiatives, implement them effectively, and bring them to their full conclusion. Thus, it recommended that the Bank Group:

i. focuses on fewer and more strategic commitments, with realistic timelines and estimated costs for delivery;
ii. enhances monitoring and managerial accountability for implementation of all commitments, not only for one-off deliveries;
iii. simplifies the ADF replenishment process; and
iv. seeks early Board ownership of commitments.

Participants welcomed the Evaluation, and agreed that for ADF-14, recommendations/commitments should be strategic and streamlined. They agreed that a partnership between Deputies, Board, and Management was needed and shared IDEV's emphasis on the importance of implementing policies and strategies.

ADF-13 Operational Priorities. Participants recognised that the Bank is on track in delivering its commitments under ADF-13. This was particularly praiseworthy in light of the move from Tunis to Abidjan. However, participants also noted (i) the lower disbursement rate, and (ii) slow uptake of the innovative financing instruments (partial credit guarantee, partial risk guarantee). Despite the delay in its establishment, Management assured participants that the Private Sector Credit Enhancement Facility was now fully operational and finding strong demand. Participants encouraged Management to pay close attention to the debt sustainability of Regional Member Countries (RMCs). In addition, participants requested a dedicated ADF results framework, noting that the Annual Development

Effectiveness Report covered the Bank Group. Management agreed to present a report on results attributable to ADF-11, 12 and, to the extent possible, ADF-13, for the first replenishment meeting. Participants agreed that there was still room to strengthen the Bank's capacity to effectively deliver results on the ground without compromising quality. They requested the Bank Group plays a key role in climate financing – the President confirmed that energy and climate finance was at the top of his agenda. As regards governance, participants emphasised the critical role of the Fund in supporting RMCs through policy based financing and urged the Fund to promote domestic resource mobilisation, taxation and to enhance public financial management. They further noted that the Fund should play an increased role in curtailing the flow of illicit finance from and money laundering on the continent.

Institutional Effectiveness. Participants noted that almost all commitments have been met and the return to Abidjan has been well-managed. Some participants requested completion of the independent skills audit and new compensation framework and noted that culture change would require sustained support from top management and the Board. On decentralisation, participants noted progress and requested information on outcomes achieved and costs to date. The President highlighted that work on a new business model was well advanced and that it would be supported by a new organizational structure and culture based on skills, delivery and appropriate incentives. While participants encourage the Bank to strengthen its capacity, concerns were expressed about cost-efficiency, and the need to achieve a consensus on the 2016 budget. Management committed to squeezing out all efficiencies noting also the reality that Abidjan structurally has a higher cost base than Tunis.

Gender. Participants welcomed the significant progress in gender advocacy and mainstreaming gender in the Bank's operations and since the appointment of the Special Envoy on Gender. Participants stressed the need for (i) continuing to mainstream gender across the Bank and (ii) strengthening the Bank's capacity to promote an institutional gender culture. They were also encouraged by examples of gender-sensitive operations, but sought more attention to data and gender-disaggregation of expenditures.

Fragility. Participants welcomed the responsiveness of the Transition Support Facility (TSF) to crises such as Ebola. They recognized its added-value in country specific situations (as highlighted in Mali and Sierra Leone) with some terming the performance as worthy of a "center of excellence". They recommended that the Bank Group should seek to do more in applying private sector-dedicated instruments in these situations. In addition, participants agreed with Management's proposal to maintain the remaining Pillar II resources through for possible arrears clearance for Somalia, Sudan or Zimbabwe on a first-come-first-served basis. While Management's assessment was that Zimbabwe was, based on currently available information, the most likely to come first, one Deputy differed with such assessment of readiness. Management advised that the issuance of Article 4 by IMF would be the trigger to move forward on Zimbabwe.

Performance-based Allocation. One Deputy proposed adding a fragility component to the PBA. Some other Deputies acknowledged the existence of the TSF as an acceptable alternative solution. The general sense of the meeting was not to re-open this matter in ADF-14, given the extensive discussions of the PBA that took place during the ADF-13 negotiations. However, it was agreed that an updated PBA simulation would be provided at the first replenishment meeting as a basis for determining any further action.

ADF Working Group Report. Participants welcomed the report of the ADF Working Group on innovative instruments, and noted the potential impact on the Advanced Commitment Capacity. Management will submit in-depth analysis on the three options (ie. concessional development loans, buy-down mechanism, and bridge loans) before the first ADF-14 replenishment meeting.

Management agreed on a joint paper with the World Bank on the division of responsibilities between ADF and IDA. Participants were briefly updated on progress of implementation of the "ADF Policy Innovation Lab", an initiative financed by the Bill and Melinda Gates Foundation.

ADF-14 replenishment. Participants agreed to maintain a three-year cycle for ADF-14 and to discuss the possibility of moving to a four-year cycle thereafter. There was brainstorming on priorities and deliverables for ADF-14 with one participant pithily stating "What? How? And how much?". The Coordinator concluded that three replenishment meetings would be held, in early March, June and September 2016, with the first two taking place in Abidjan. The Coordinator agreed to circulate a proposed agenda, taking into account the orientations shared by Deputies, including IDEV's recommendation for greater focus.

Other Matters: Switzerland confirmed its voluntary increase in its contribution to the ADF by 21 million Swiss Francs (US $21.2 million)**.**