



**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



**IMPACT OF THE DECENTRALIZATION STRATEGY
ON COUNTRY DIALOGUE AND PORTFOLIO QUALITY**

NB : This document contains errata or corrigenda (see Annexes)

Prepared by ORPC

JULY 2008

IMPACT OF THE DECENTRALIZATION STRATEGY ON PORTFOLIO QUALITY AND COUNTRY DIALOGUE

Table of contents

	EXECUTIVE SUMMARY	(i-ii)
I.	INTRODUCTION	1
II.	MAPPING THE ADMINISTRATIVE RESOURCES FOR THE FIELD OFFICES	2
	Logistics and Information Technology	2
	Staffing of the Field Offices	2
	Budget Implications of the Decentralization Program	2
	Delegation of Authority	3
III.	ASSESSMENT OF THE IMPACT OF THE FIELD OFFICES	3
	Assessment methodology	3
	Overall Assessment	4
	Impact on Country Dialogue	5
	Impact on Portfolio Management	7
IV.	BANK ACTIONS TO FURTHER ENHANCE PERFORMANCE OF FIELD OFFICES	12
	Challenges of the Decentralization Strategy	12
	Actions to Further enhance Field offices effectiveness	12
	Next steps	12
V.	CONCLUSIONS AND RECOMMENDATIONS	12

Tables

	Table 1: Country Dialogue Performance (2005-2007)	5
	Table 2: Portfolio management performance indicators	7

Boxes

	Box 1: Examples of Field Offices' contribution to ESW	5
	Box 2: Field Offices' contribution to regional integration	6
	Box 3: Leadership Role of Field Offices in Donor Groupings	6

Figures

	Figure I: Field Offices' results Chain	4
	Figure II: Field Offices' contribution to improvement of the Bank's processes	8
	Figure III: Field Offices' contribution to the Bank's portfolio quality	9

Annexes

	Annex I: Mapping of Resources for Field Offices as at 31 December 2007	
	Annex II: Status of Skill-Mix in Field Offices as of end of May 2008	
	Annex III: Results Framework for Field Offices' Performance Management	
	Annex IV: Assessment of Pilot Countries	
	Annex V: Africa Map – Country and Regional offices	

LIST OF ACRONYMS AND ABBREVIATIONS

ADB	African Development Bank	MICs	Middle-Income Countries
ADF	African Development Fund	MLFO	Mali Field Office
DZFO	Algeria Field Office	MWFO	Malawi Field Office
AOFO	Angola Field Office	MZRO	Mozambique Regional Office
APPR	Annual Project Performance Review	NDP	National Development Program
BUFO	Burkina Field Office	NEPAD	New Partnership for African Development
CMRO	Cameroon Regional Office	NGFO	Nigeria Field Office
CDRO	Congo Democratic Regional Office	OECD-DAC	Organization for Economic Cooperation and Development Development Assistance Committee
CPPR	Country portfolio performance review	OPEV	Post-evaluation department
CPR	Country procurement review	PIUs	Project Implementation Units
CSPs	Country Strategy Papers	PARs	Projects At-Risk
DRC	Democratic Republic of Congo	PBL	Policy-Based Lending
EGFO	Egypt Field Office	PPs	Problem Projects
ESW	Economic and Sector Work	PRSPs	Poverty Reduction Strategy Papers
ETFO	Ethiopia Field Office	RECs	Regional Economic Communities
FFCO	Financial Control Department	RMC's	Regional Member Countries
FOs	Field Offices	RWFO	Rwanda Field Office
FPBG	Programming & Budgeting Department	SLFO	Sierra Leone Field Office
GAFO	Gabon Field office	SNFO	Bureau régional du Sénégal
GBS	General budget support	SUFO	Sudan Field Office
GHFO	Ghana Field Office	TRA	Temporary Relocation Agency
HCAAs	Host County Agreements	TDFO	Chad Field Office
IT	Information Technology	TZFO	Tanzania Field Office
KEFO	Kenya Field Office	UA	Unit of Account
MAFO	Morocco Field Office	UGFO	Uganda Field Office
MDBs	Multilateral Development Banks	ZAFO	Zambia Field Office
MGCO	Madagascar Field Office		
MOPAN	Multilateral Organizations Performance Assessment Network		

EXECUTIVE SUMMARY

- This report is prepared in response to Managements' commitment to submit to the Boards of Directors' of the African Development Bank (ADB) and Fund (ADF) an assessment of the impact of the 2004 Board approved enhanced decentralization strategy, on country dialogue and portfolio management. The document reports on the impact of the strategy and identifies actions that Management is taking going forward to further enhance the effectiveness of the field offices on service delivery at country level.
- As of 31 December 2007, 22 of the 25 field offices were fully operational at varying levels of capacity. Some delays in the implementation of the strategy were encountered, which led to slippage in operationalizing all the envisaged 25 field offices by the end of 2006, in line with the enhanced decentralization strategy¹. Recruitment of staff for field offices was delayed mainly due to the reorganization of the Bank during the period 2005 to 2006. In this regard, the current assessment of the impact of field offices is based on the performance of the 13 Field Offices that were fully operational for a period of 12 months or longer, during the period under review.
- The assessment in this review has some notable limitations, key to which are: the subjectivity of the data generated from the self assessment exercise adopted ; the short period of implementation of the decentralization strategy; issues of attributing all the improvements to Field Offices, as streamlining of lines of responsibility between the field offices and TRA-Tunis was still on-going; and data limitations. A logical framework methodology has been used that links the activities and outputs that are under control of the field offices to the outcomes that they could influence to achieve positive change in the portfolio quality.
- Within this context, the assessment reveals that field offices have played an important role in improving country dialogue and management of the Bank's portfolio. The assessment shows that since the launching of the enhanced decentralization strategy, the activities of the field offices had contributed to broadening and deepening country dialogue. Further, the offices had a positive impact on speeding up the processing of disbursement, procurement documents and on the timely submission of project implementation progress reports and audit reports.
- The assessment also shows that the increased Bank Group presence at country level is positively perceived by governments, and development partners. Bank dialogue with governments in the respective countries, has improved due to frequent field staff support to the preparation process of PRSPs or National Development Plans and CSPs, participating in economic and sector work, as well as the increased interaction with the private sector, civil society, and regional organizations. Coordination with development partners improved through increased field office participation in country level donor activities, particularly, under the harmonization and alignment initiative. These include, joint analysis, development of joint programs, assuming leadership in donor groupings, and the implementation of activities under the Paris Declaration on Aid Effectiveness.

¹ See ADB/BD/WP/2004/72/Rev.1-ADF/BD/WP/2004/84/Rev.1, dated 21 June 2004.

- Despite progress in improving the effectiveness of the field offices, there are a number of critical issues that are frequently cited as areas of concern. These include the following: (i) the persistence of ‘centralisation culture’ in parts of the Bank ; (ii) the insufficient delegation of authority to staff in field offices ; (iii) the poor information and communication technology systems; (iv) the need for greater budget flexibility; (v) the need for enhanced customisation of programs and country mandate ; (vi) the lack of mobility and insufficient integration of field offices and TRA- based staff; (vii) the inflexible and complex business processes that limit the field offices’ responsiveness to clients, and (viii) the insufficient clarity of roles and responsibilities among all staff.

- To leverage the field presence to deliver outstanding results for the Bank’s clients, Management constituted a task force in June 2008 which has made a number of recommendations which will be considered by Management and the Boards.

- The Bank is also committed to an independent evaluation of the decentralization exercise as part of the t ADF Mid-Term Review.

I. INTRODUCTION

- 1.1 As per the requirement set in Board document *ADB/BD/WP/2004/72/Rev.1*, of the decentralization strategy, the report presents the results of an initial assessment of field offices impact. The assessment has been carried out in 13 field offices which had been in operation for more than 12 months as at 31 December 2007.
- 1.2 To evaluate the impact of the field offices, in 2005, the Board of Directors approved a quantitative performance measure for the quality of portfolio, and a qualitative self-assessment approach for country dialogue², using specific indicators.

Portfolio management	country dialogue
<ul style="list-style-type: none"> ▪ <i>quality of portfolio, measured by the number and rate of problem projects and projects at risk (PP & PAR)</i> 	<ul style="list-style-type: none"> ▪ <i>Changes in the level of policy dialogue on: macroeconomic policy, country strategies papers and sector interventions; and</i>
<ul style="list-style-type: none"> ▪ <i>lead time for loan effectiveness (time required for a loan approved to become effective)</i> 	<ul style="list-style-type: none"> ▪ <i>Economic and sector work: country governance profiles, country procurement assessment, public expenditure reviews, follow up to recommendations in CSPs, CPPRs, audits, CPRs, etc.</i>
<ul style="list-style-type: none"> ▪ <i>growth of portfolio (in ADB countries) (including separate statistics for new approvals and the size of portfolio).</i> 	<ul style="list-style-type: none"> ▪ <i>Harmonization, alignment, and managing for results; and donor coordination.</i>

- 1.3 The Board also adopted on a pilot basis for the batch1 countries (Egypt, Ethiopia, Gabon, Equatorial Guinea and Nigeria) baseline data 2004 and target (2006) as shown in annex 4. A separate analysis has been carried out for these pilot countries in section III.
- 1.4 The assessment, however, faced challenges of attributing all the portfolio quality developments to field offices' interventions because portfolio management is a shared responsibility between field offices and TRA-Tunis Task Managers. Consequently, a logical framework methodology has been used that links the activities and outputs that are under control of the field offices to the outcomes that they could influence to achieve positive change in the portfolio quality. As for, the country dialogue, the scope has been extended to cover the dialogue with stakeholders and development partners. The refined methodology is presented in section III of this report.
- 1.5 The objective of this report, therefore, is to inform the Boards of Directors on the impact of the enhanced decentralization strategy on country dialogue and on management of the portfolio, during the period under review, end of 2004 (date of the approval of the enhanced decentralization strategy) to December 2007. In addition to the assessment, the report outlines actions that management is taking going forward to further enhance the effectiveness of field offices.
- 1.6 Following this introduction, Section II maps the administrative resources at the disposal of the field offices. Section III presents the methodology and the findings of the assessment. Remaining challenges and actions that management is taking to further enhance the

2 ADB/BD/WP/2005/72 – ADF/BD/WP/2005/84

effectiveness of the field offices are presented in Section IV. In Section V, the conclusions and recommendations are presented.

II. MAPPING THE ADMINISTRATIVE RESOURCES

- 2.1 As of 31 December 2007, out of the 25 field offices envisaged in the enhanced decentralization strategy, 22 field offices were opened and fully operational, out of which 13 had been operational for more than 12 months, 2 national program offices out of 3 are also operational. The portfolio in the countries covered by the 22 field offices consisted of 424 operations amounting to UA 7,872 million, representing 76.4% of the value of the total Bank Group portfolio. Annex 1 maps the administrative resources at the disposal of the offices. Opening of some field offices experienced delays due to the protracted process of signing Host Country Agreements (HCA). The institutional reorganization that started in 2005, including the need to introduce strong fiduciary safeguards, also slowed down the process. The Bank therefore, was unable to recruit staff on time for the field offices and to ensure appropriate skills mix in line with the needs of the respective countries and the portfolios.

Logistics and Information Technology

- 2.2 Overall, good progress has been made in equipping all the functional field offices to enable them deliver effectively on their mandates. Suitable office premises, furniture and equipment, vehicles, and information technology infrastructure have been provided. However, field offices faced deficiencies regarding IT connectivity due mainly to the limited functionality of the SAP and Darms, and the poor quality of the video-conference picture and sound due to bandwidth limitations. This situation affects negatively their productivity and prevents them from regular interactions with colleagues in the TRA-Tunis.

Staffing of the Field Offices

- 2.3 The recruitment process accelerated in November 2007. Management introduced a flexible "tailored/customized staffing" approach that took into consideration country circumstances, the size of the Bank Group portfolio and pipeline of potential projects, as well as the staffing and skill-mix requirements and these resulted in an increase in staff assigned to field offices. Terms and conditions for field offices staff were enhanced. A total of 400 positions have been authorized for field offices, which represents about 20% increase compared to the initial implementation. At the end of May 2008, 332 staff were recruited including 55 international staff, 95 local professional staff and 182 local support staff. Annex 2 presents the status of the skill-mix in the field offices.

Budget implications of the decentralization program

- 2.4 Overall, the budgetary allocation has been adequate to support the decentralization exercise. The 2007 administrative budget for the decentralization program was UA 21.06 million out of which 76.3% was utilized by the end of the year. In line with the strategy, Management adopted a cost effective approach of operationalizing field offices, by using internal staff transfers; local recruitment; information technology, including videoconferencing, and electronic document exchanges between ATR-Tunis and field offices. However, the practice of ring-fencing field offices budget needs to evolve to a more flexible and responsive approach.

Delegation of Authority

- 2.5 In addition to the initial responsibilities of the field offices, including loan administration, project identification and country dialogue, the 2004 enhanced decentralization strategy reinforced slightly the decision-making authority of the field offices in a few activities relating to procurement and disbursement³. In May 2008, the delegation of authority was broadened to cover loan and grant negotiations and signature, and clearance of mission programs. Also, the decentralization practical guideline document was approved to improve the clarity of the roles and responsibilities of the regional departments, the sector departments and the field offices. Overall, field offices perceptions are that their mandates are so far limited.

III. ASSESSMENT OF THE IMPACT OF FIELD OFFICES

3.1 Assessment methodology

- 3.1.1 For purposes of the current impact assessment, a performance measurement methodology, using specific indicators, was generated to better capture the contribution from the field offices. The data used was generally generated from a self assessment questionnaire completed in January 2008 by the 13⁴ (out of 22) operational field offices. SAP has been used for some quantitative indicators (PPs, PARs, Lead time to effectiveness; Portfolio size). Therefore, the methodology used may have some degree of subjectivity, given that it is mostly a self assessment exercise by field offices. Some other limitations include the short period of implementation of the decentralization strategy, and the quality and the availability of data.
- 3.1.2 The impact of field offices on country dialogue was assessed using the following three indicators:
- i) *Policy dialogue*: level of participation in PRSPs/NDPs, country analysis and advisory activities;
 - ii) *Dialogue with stakeholders*: private sector, civil society and regional organizations;
 - iii) *Dialogue with the development partners*: donor coordination, joint strategy, joint programming, implementation of the Paris declaration activities.
- 3.1.3 Portfolio management is a shared responsibility between field offices and TRA-Tunis task managers. So, to appropriately capture the contribution of the field offices on the changes in the quality of portfolio, a logical framework approach is adopted. The framework links the activities that are under the responsibility of the field offices to the outcomes they could influence. The framework demonstrates as shown in figure 1 below, and in more detail, in annex 3, the causal-effect relationships of field offices' activities and the impacts. A summary of the field offices' contributions to portfolio management is shown below.

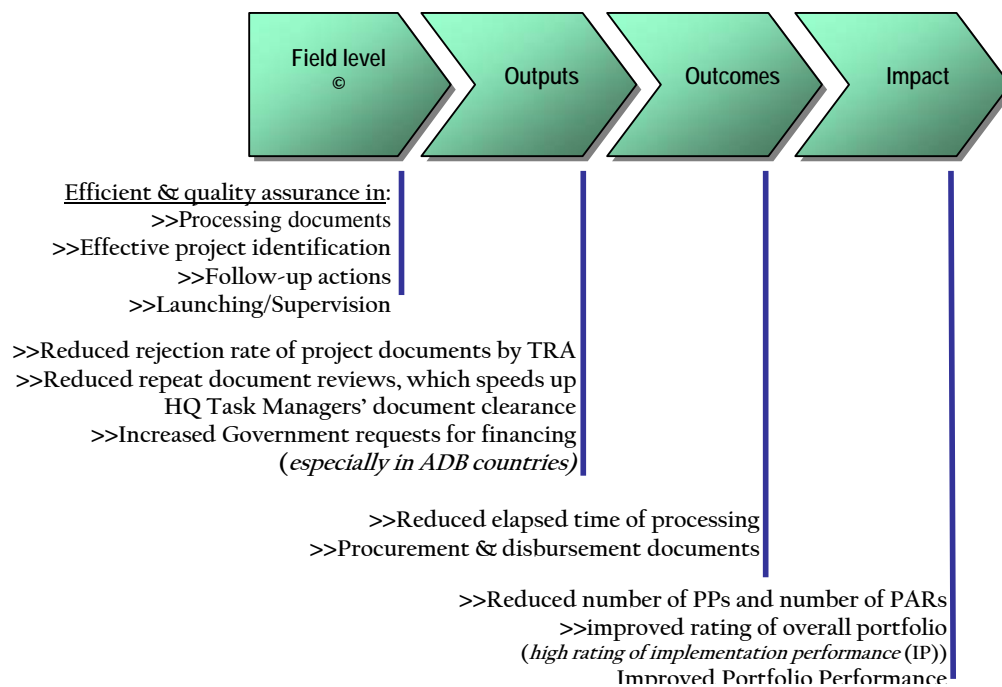
³ **Procurement:** (i)Approval of all specific procurement notices; (ii)Approval of standard bidding documents valued at UA50,000 or less; (iii)Approval of standard requests for proposals for consultancy services valued at UA 50,000 or less **Disbursement** :Pre-screening all disbursement applications.

⁴This covers the following field offices: 1-Burkina Faso, 2-Gabon, 3-Egypt, 4-Ethiopia, 5-Madagascar, 6-Mali, 7-Morocco, 8-Mozambique, 9-Nigeria, 10-Rwanda, 11-Senegal, 12-Tanzania, and 13-Uganda.

Summary of Field offices' Contributions

Activities under Field Offices' responsibility	<ul style="list-style-type: none"> ▪ <i>project cycle activities</i> (project identification, preparation of completion reports) ▪ <i>processing documents</i> (procurement, disbursement) ▪ <i>project implementation oversight</i> (follow-up actions, supervision, launching)
Outputs	<ul style="list-style-type: none"> ▪ <i>Assuring quality</i> (affects--: rejection rate of procurement and disbursement documents, supervision ratio, timely reporting)
Outcomes	<i>Increased efficiency in Bank business processes</i> (elapsed time of loan effectiveness, procurement, and disbursement; and raises disbursement rate)
Impacts	<ul style="list-style-type: none"> ▪ <i>Portfolio quality</i> (affects proportion of problematic projects and projects-at-risk) and in turn help deliver results on the ground . ▪ <i>Size of portfolio</i>, especially for ADB countries (new loans and total value of the portfolio)

Figure I: Field Offices Results Chain



3.2 Overall Assessment

3.2.1 Assessment of the impact of the field offices on country dialogue and portfolio management had a modest but positive impact on country dialogue and portfolio management. The increased Bank Group presence at country level has been positively perceived by governments, and development partners, and other stakeholders.

3.2.2 The results from the assessment are generally consistent with the findings, albeit at Bank level, of the Multilateral Organization Performance Assessment Network (MOPAN), a network of donors that jointly conduct annual surveys of MDBs performance in developing countries (indicators include: partnerships with national governments, civil society and other bilateral and multilateral development agencies). The MOPAN survey found that between 2004 and 2007, the Bank had higher performance on inter-agency coordination, and policy dialogue, while progress needs to be made regarding information sharing and knowledge generation.

3.2.3 Improvements to the quality of Bank portfolio, during the review period, were due to the combined efforts of TRA-Tunis and the field offices. Efforts aimed at implementing the Bank's Decentralization Strategy, nevertheless, have started to positively and progressively impact on the Bank's portfolio and operations. Field offices have been involved in project identification, launching, disbursement, procurement, supervision, follow up, and reporting, in many cases jointly with missions from TRA-Tunis, and periodically on their own, where the relevant staff is available.

3.3 *Impact on Country Dialogue*

3.3.1 Results show the level of the participation of the field offices in the different aspect of country dialogue as shown in Table 1. Through the policy dialogue, the interactions with the stakeholders and the collaboration with the donors on the ground, the field offices contributed in various degrees to: (i) enhance the country ownership and the alignment to country priorities ; (ii) better target the beneficiaries and strengthen the focus on the Bank Group's core operational priorities (private sector development, regional integration and governance); and (iii) reinforce the synergies between donors' interventions and the harmonization of their procedures.

Table 1: Country Dialogue Performance (2005-2007)

	Indicator	(level of participation)*
1- Policy dialogue	▪ <i>PRSPs and CSPs,</i>	92%
	▪ <i>ESW & other advisory services</i>	69%
2-Dialogue with stakeholders	▪ <i>Private sector</i>	77%
	▪ <i>Civil Society</i>	69%
	▪ <i>Regional organizations</i>	77%
3-Dialogue with the development partners	▪ <i>Donor coordination (JAS, joint programming)</i>	62%
	▪ <i>Implementation of Paris declaration activities</i>	92%

Policy dialogue

3.3.2 Field offices contributed to the preparation of PRSPs, CSPs and a wide range of country level analytical work, as well as providing support to staff of TRA-Tunis on other advisory services. Their contribution included PRSPs/CSPs' participatory processes, PRSPs/CSPs validation workshops, and analytical underpinnings. Their knowledge of the country context and their close working relationships with government officials and key stakeholders enhanced the understanding of complex political and economic issues.

3.3.3 Some good cases are reported in Uganda, Gabon, and Burkina Faso which were deeply involved in the preparation of the Government's PRSP through the initiation of key strategic studies and institutional supports. Regarding CSPs, the field offices participated in joint assistance strategy formulation with other donors in Tanzania and Uganda, and the Gabon's field office was delegated the elaboration of the CSP, and conducted the process from the preparation to the Board presentation. Box 3 shows a sample of ESWs which they were involved in the preparation of. However, the field offices' involvement in these activities have not been undertaken to the extent desired due to the absence of country economists on the ground and inadequate consultancy budgets at the disposal of field Offices. To overcome these shortcomings, the Bank is in process of deploying the country economists in the field.

Box 1: Examples of field offices contribution to ESW

- *Country Governance Profiles* : Uganda, Egypt, Rwanda, Gabon, and Nigeria
- *Private sector profiles* : Mali, and Mozambique
- *Gender profiles* : Uganda
- *Public expenditure reviews* : Gabon (jointly with World Bank and European Union)
- *Agriculture sector studies* : Egypt, and Nigeria

Dialogue with stakeholders

- 3.3.4 **Private sector** related activities undertaken by some offices, were instrumental in laying the foundation to become important outlets for Bank's private sector services, especially for purposes of information dissemination. Field offices' key engagement in private sector related activities included information dissemination to potential clients, identification of bankable operations. Some good cases are: (i) Nigeria's field office whose dialogue with the private sector resulted in a number of projects funded by the Bank; and (ii) Madagascar's field office which has played a catalytic role in identifying two projects financed by the Bank in 2007. The major constraint cited is the absence of private sector specialists in the field offices. In the context of the customization of the field offices staffing, the Bank is providing sector private experts in countries where real opportunities exist for private sector development especially in the middle income countries.
- 3.3.5 The nine field offices that reported having been engaged in dialogue with **civil society** also reported that such dialogue was primarily during the process of developing CSPs, undertaking analytical work, mostly country governance profiles, and project cycle activities. Many field offices reported having attended events organized by civil society organizations mainly on issues related to HIV/AIDs and governance. One good example of collaboration with the civil society is the case of with Morocco office which assisted a non-governmental organization in the health sector in drafting terms of reference submitted to the Bank's MIC Trust fund.
- 3.3.6 The participation of the field offices **in regional integration** activities contributed to promoting closer economic integration among RMCs. The results of the survey show that field offices located in countries where the headquarters of regional economic communities (RECs) are situated, were better able to provide the necessary catalytic support in promoting regional integration (see box 2 below).

Box 2: Field offices' contributions to regional integration

- *Morocco's field office supported the Magreb Arab Union (UMA) to develop the terms of reference for a study to establish the Magreb Economic Community;*
- *Through the field offices in Nigeria and Mozambique, the Bank is engaged in thematic and other regional meeting with ECOWAS and SADC/NEPAD respectively;*
- *Gabon's field office contributed to the implementation of a capacity building project for the Economic Community of Central Africa States (CEEAC), and to the design of the NEPAD short-term action plan for Central Africa;*
- *Tanzania's field office's dialogue with the East African Community (EAC) resulted in Bank Group financing the multinational Tanzania-Kenya road project, and in an institutional strengthening project for the EAC Secretariat; and*
- *Ethiopia field office's partnership with the African Union (AU), and the United Nations Economic Commission for Africa (UN-ECA) has been effective in undertaking joint initiatives*

Dialogue with Development Partners

3.3.7 The Field offices played an active role in aid coordination processes through participation in periodic donor meetings, sector or thematic working group meetings. Facilitated by their presence in the countries, they increasingly assumed leadership roles in thematic donor groupings. Other Aid coordination activities involved budget support and sector-wide programs, and related joint monitoring activities with governments, multilateral and bi-lateral donors. That contributed to reinforce synergies between donors' interventions and the harmonization of their procedures. Field offices in Uganda, Tanzania, Mozambique and Ethiopia played a major role in the harmonization and joint assistance strategy process, although the Bank was handicapped by its tardy involvement at the beginning of the process and the inadequacy of the field offices' resources, as indicated in the OPEV process review report on the issue⁵. The report emphasized that a substantive field office presence in a RMC is central to influencing the harmonization and joint assistance strategy process.

Box 3: Leadership Role of Field offices in Donor Groupings

✓ Egypt:	<i>Health sector</i>
✓ Gabon:	<i>Good governance</i>
✓ Madagascar:	<i>Water supply</i>
✓ Mali:	<i>Energy & sanitation</i>
✓ Mozambique:	<i>Road sector</i>
✓ Uganda:	<i>Water & sanitation</i>
✓ Rwanda:	<i>Water & sanitation</i>
✓ Burkina Faso:	<i>GBS secretariat</i>
✓ Ethiopia:	<i>M&E technical Committee</i>

3.3.8 Box 3 shows the thematic areas where field offices have a leading role in donor groupings, and conduct dialogue with the governments on behalf of all the donors. The Bank needs to provide more resources for economic and sector works to deepen the field offices' understanding and generate knowledge in the areas where they are leaders. This will reinforce their intellectual credibility and strengthen the Bank's comparative advantages and its strategic position at country level.

3.3.9 Almost all the operational field offices contributed to activities related to the implementation of Paris Declaration commitments. Activities included the following: i) active membership of respective country level donors' task forces on monitoring the Paris declaration indicators, providing inputs into the OECD-DAC Survey; and ii) jointly organizing, with TRA-Tunis, harmonization related disseminating activities for post Paris High Level Forum on Aid Effectiveness: Africa Regional Workshops in Uganda (2005) and Mali (2006).

3.4 Impact on Portfolio Management

Table 2 : Portfolio Management Performance Indicators

	Indicators	2005	2007	2007 (Bank-wide)
Activities				
✓ Procurement	✓ Procurement documents processed	232	1,878	
✓ Disbursement	✓ Disbursement docs pre-screened	359	2,343	
✓ Supervision	✓ Project supervisions	53	239	
✓ Launching	✓ Nb of launching	5	29	
✓ Post-evaluation	✓ Nb of PCR	1	13	
✓ Identification	✓ Nb of projects identified	26	50	
Outputs: Assuring Quality of				
✓ Procurement	✓ Procurement rejection rate	3%	2%	
✓ Disbursement	✓ Disbursement rejection rate	11%	4%	
✓ Supervision	✓ Supervision/project/year	1	1.6	
(mostly joint missions)		44%	68%	
✓ Reporting	✓ Proportion of quarterly reports on time	35%	56%	
	✓ Proportion of audit reports on time			
Outcomes				
Portfolio performance improved	✓ Adjusted lead time to effectiveness (months)*	15.6*	9.6	16.2
	✓ Elapsed time for no objection by TRA for procurement (days)***	38.1**	17.7	28.0
	✓ Elapsed time for no objection by TRA for disbursement (days)***	21.9	20.5	23.0
	✓ Rate of disbursement (%)	18.6%	28.7%	25%
Impact				
Portfolio quality improved	✓ Proportion of Problematic Projects	9.5%	3.6%	7%
	✓ Proportion of Project-at Risk	41.9%	38.6%	45.4%
	✓ Volume of new loans for ADB countries (million UA)	549.5	1161.3	
	✓ Value of the ADB countries portfolio (million UA)	2059.4	2881.2	

Source: Questionnaire to field office & SAP

* The lead time to effectiveness indicator covers the average portfolio effective in 2007 and is adjusted in the second column to exclude the operations approved before the field offices were opened

** Data for 2006

*** Elapsed time for no objection by TRA means approval date minus received date

NOTE: the outputs and outcomes indicators, PPs and PARs are the average of the field offices

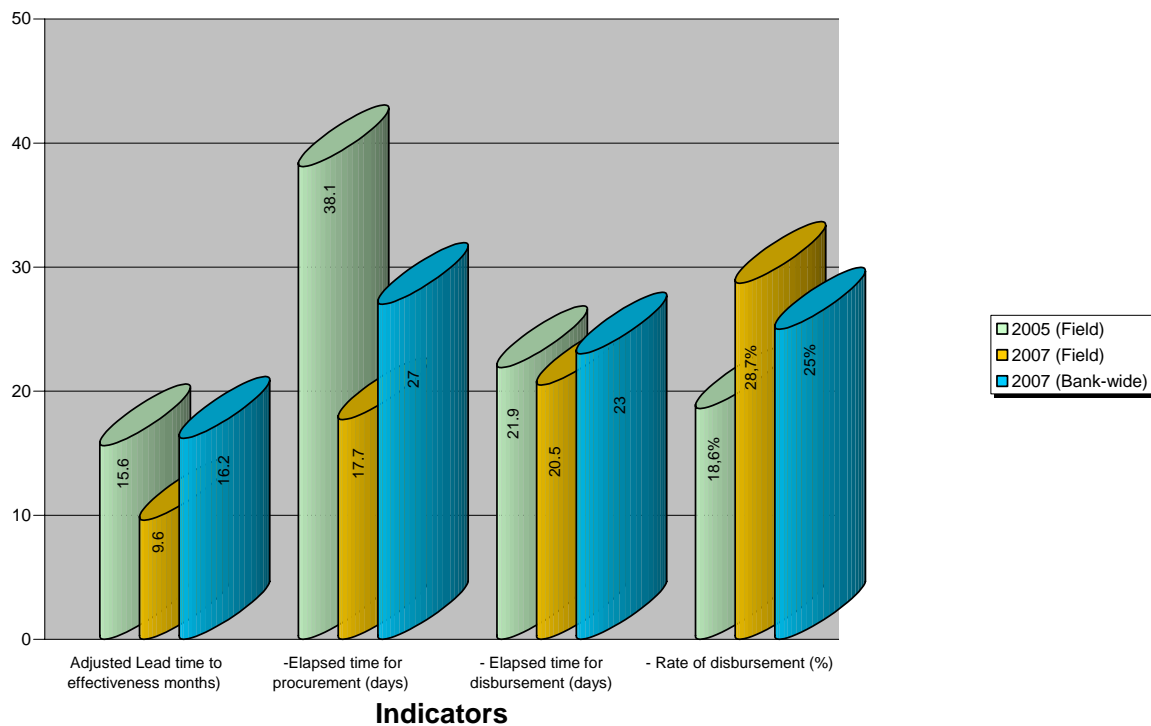
- 3.4.1 The data in Table 2 show that field offices positively influenced the quality of the portfolio. All the indicators have shown improvements between 2005 and 2007 and are better than the Bank-wide average. However, the performance varies between field offices as shown in the annex 3, according to the expertise available in the field offices, their access to the Bank's portfolio information system, the degree of their collaboration with the TRA-Tunis and the countries institutional capacity.
- 3.4.2 Overall, the field offices achieved good performance, in the areas under their responsibilities And in the areas where they can influence the results through their tremendous efforts in processing project documents, follow-up actions, and assistance to projects implementation units (PIUs).

3.4.3 The field offices' service delivery has been effective as evidenced by the reduction of the rejection rate of procurement and disbursement, improvement in the reporting time and the supervision ratios. The field offices performances for 2007 show that:

- 82% of the field offices performed 2% or less procurement rejection rate and 55% performed 0% procurement rejection rate;
- 75% performed 2% or less disbursement rejection rate and 50% performed 0% disbursement rejection rate;
- 69% provided more than 50% of the quarterly progress reports on time and 54% more than 80%;
- 62% provided more than 50% of the audit reports on time and 31% more than 80%;
- 54% achieved more than 1.5 supervision per project

3.4.4 The Bank's processes have been positively influenced through the reduction of the elapsed time for no objection by TRA of loan effectiveness, procurement and disbursement and through the improvement of the disbursement rate as pointed out by the figure II and the 2007 field offices' performances below:

Figure II: Field offices contribution to the improvement of the Bank's processes



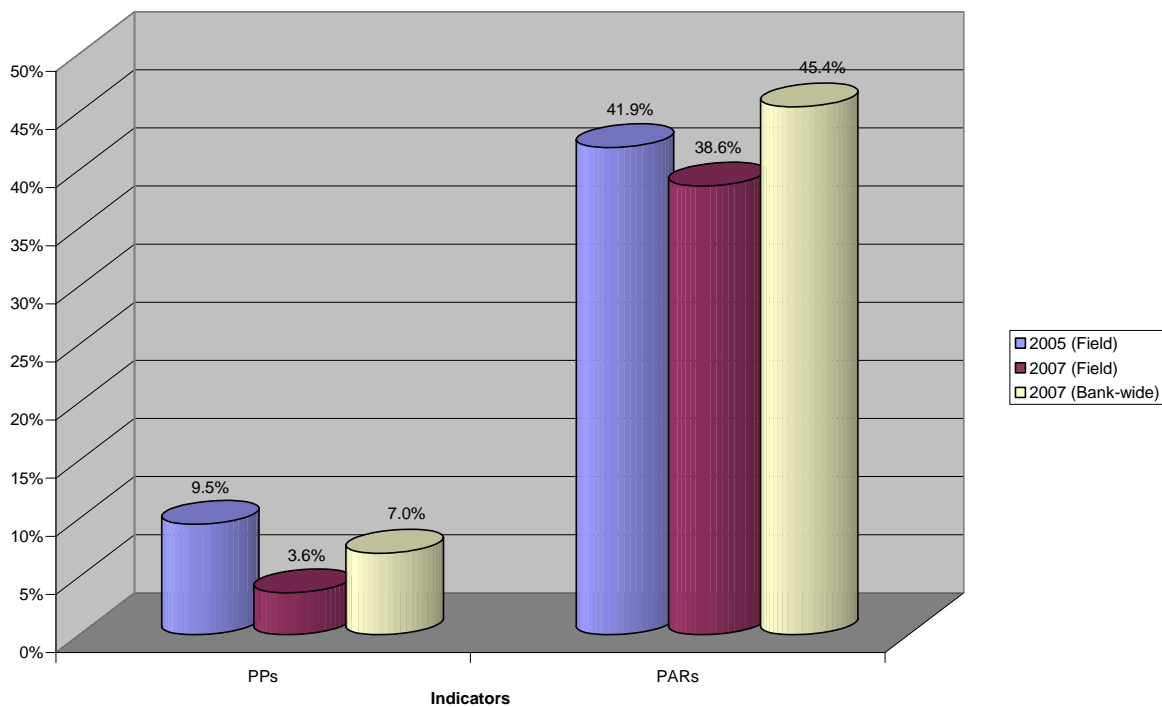
- 92% of the field offices performed an average adjusted lead time to effectiveness that is less than the average Bank wide of 16.2 months;
- 78%⁶ performed an elapsed time for no objection by TRA for procurement that is less than the Bank wide average of 28 days;

⁶ Nine field offices provided information about this indicator

- 62% performed an elapsed time for no objection by TRA for disbursement that is less than the Bank wide average of 23 days;
- 46% have an annual disbursement rate that is more than the Bank wide target of 25%.

3.4.5 The proportion of problematic projects (PPs) and projects-at-risk (PARs)⁷ in the Bank portfolio has been reduced as evidenced the figure III below, due in part to the influence of the field offices. Most of them put in place special follow up mechanisms to help the project implementation units (PIUs) to solve problems with monthly missions on the ground and action plans closely monitored. However, PARs require longer time to show tangible improvements. Even though the result achieved is better than the average Bank-wide regarding this indicator, it's far above the Bank target of 25%.

Figure III: Field offices contribution to portfolio quality



⁷ **Problematic projects (PPs)** are projects rated as unsatisfactory i.e. : if either the projects' implementation progress (IP), and the likelihood to attain their intended development objective (DO), have an average score less than 1.5. **Projects at risk (PARs)** are the sum of PPs and **Potentially Problematic Projects (PPPs)** that are projects with IP and DO rates equal to or greater than 1.5, but have two or more of the following critical factors: (i) period between approval and effectiveness of project loans exceeds 12 months; (ii) conditions precedent to effectiveness and to first disbursement are rated less than 1.5; (iii) procurement performance is rated less than 1.5; (iv) availability of counterpart funds is rated less than 1.5; (v) project Management Performance is rated less than 1.5; (vi) country has a high failure rate as measured by the post performance evaluation reports (PPERs) prepared by the Operations Evaluation Department (OPEV) - PPERs rated as unsatisfactory or worse, 50% or more of the time over the past 7 years, and the country is judged to be a weak performer; (vii) IP or DO ratings are less than satisfactory for two years in a row; (viii) less than 10% of the loan has been disbursed two years after loan effectiveness *or* less than 50% of the loan has been disbursed five years after loan effectiveness; (ix) Project has not been completed after 8 years (five years for studies and institutional support operations) from the date of approval; (x) grant-financed capacity building operations have less than 50% of resources disbursed 3 years after loan effectiveness.

3.4.6 The 2007 field offices performances show that:

- 74% of the countries covered by field offices had PPs ratios less than the Bank-wide ratio of 7%;
- 63% of the countries had PPs ratio of 0%;
- 58% of the countries had PARs ratio less than the Bank wide PARs ratio of 45.4%
- 16% of the countries had PARs ratio less than the Bank Group target of 25%.

Field offices performance in the MIC countries

3.4.7 Bank presence on the ground in ADB countries, was instrumental in increasing the volume of operations in these countries through field offices' project identification and follow up actions.

- The loan approvals for MIC countries with field offices (including private sector) increased by 111% over the period 2005-2007;
- The value of the portfolio increased by 40% over the same period.
- The US \$500 million loan for the financial sector reform program in Egypt approved in 2006 is the highest amount ever granted by the Bank for one operation.
- The 256 millions euros for the road program in Gabon approved in 2007 is the biggest loan ever granted to this country.
- There is no particular trend for the other portfolio performance indicators for the MIC countries.

Assessment of the pilot countries

3.4.8 Annex 4 presents the assessment of the pilot countries (Egypt, Equatorial Guinea, Ethiopia, Gabon and Nigeria). The assessment shows mix- results:

- Three (Egypt, Gabon, Equatorial Guinea) out of five countries reached the target set for 2006 relative to the Problematic Projects.
- None of the countries reached the target relative to the Projects-at-risk (PARs)⁸.
- None of the countries reached the target relative to lead time to loan effectiveness;
- One (Nigeria) out four ADB countries reached the targets relative to annual approvals;
- Two (Gabon, Nigeria) out 4 ADB countries reached the targets relative to the portfolio.

3.4.9 It is worth noting, regarding these results that, (i) Projects at risk require longer time to show tangible progress; (ii) the lead time to loan effectiveness considered here includes projects approved before the field offices were opened; (iii) the annual approvals were affected by changes in the lending program as in the cases of Gabon

⁸ It's worth noting that PAR may not always predict a negative outcome, but rather, draws Management and client RMCs attention to those projects where additional monitoring is needed.

and Equatorial Guinea, where two operations appraised in 2006 did not materialize because of changes in the Bank Group priorities for these countries. Consequently, the indicators need to be revisited to take into account these factors and to focus more on areas of portfolio management that can be specifically attributed to field offices.

IV. BANK ACTIONS TO FURTHER ENHANCE PERFORMANCE FIELD OFFICES

4.1 *Challenges of the decentralization strategy*

The assessment of the impact of the decentralization strategy shows that much has been achieved in improving the effectiveness of field offices. Despite the progress, further

improvements still need to be made. There are number of critical issues with regards to the Bank's ongoing decentralisation that are frequently cited as areas of concern. These include the following: (i) the persistence of 'centralisation culture' in parts of the Bank ; (ii) the insufficient delegation of authority to staff in field offices ; (iii) the poor information and communication technology systems ;(iv) the need for greater budget flexibility; (v) the need for enhanced customisation of programs and country mandate ; (vi) the lack of mobility and insufficient integration of field offices and TRA- based staff; (vii) the inflexible and complex business processes that limit our responsiveness to clients, (viii) the insufficient clarity of roles and responsibilities among all staff.

4.2 *Actions to further enhance Field Offices' effectiveness*

To leverage the field presence to deliver outstanding results for the Bank's clients, Management constituted a special task force on decentralization in June 2008 which has made a number of recommendations which will be considered by Management and the Boards. The task force will discuss its report with the Board in a seminar in September 2008.

4.3 *Next steps:*

- Annual evaluation of the field offices impact will be carried out during the first quarter of 2009 for Boards information;
- Independent evaluation of the decentralization exercise will also be carried at ADF-XI mid-term review.

V. CONCLUSIONS AND RECOMMENDATION

5.1 The assessment of the enhanced decentralization strategy in the 13 offices does show some positive impacts ranging from modest to significant. It also shows that there is a lot of potential for improvement hence much work remains to be done. It is expected that the implementation of the task force recommendations will ensure that field offices become effective institutions for delivering quality and efficient services at country level and will leverage them to deliver outstanding results for the Bank's clients.

5.2 The Boards of Directors are invited to note the contribution of field offices to strengthening country dialogue and portfolio management under the decentralization exercise.

Annex 1: Mapping of resources for field offices as at 31 December 2007

Field office	Portfolio Size**		Administrative Budget		Field Offices Staffing				IT implementation	Logistics
	Amount (millions UA)	No.	Budget (millions UA)	Execution Rate	Staff-initial Implementation		Customized Approach			
					Local	International	Local	International		
Algeria	0.60	1	0.16	9%	11	2	8	2	Not yet	Not yet
Angola	50.10	7	0.23	6%	11	2	11	2	Not yet	Not yet
Burkina Faso	301.90	26	0.85	91%	11	2	15	2	Done	Done
Cameroon*	247.93	21	0.86	75%	13	2	15	3	VPN on going	Done
Chad	149.84	17	0.80	79%	11	2	13	2	VSAT & VPN on going	Done
Congo, DR*	360.81	16	0.91	63%	13	2	16	3	VPN on going	Done
Egypt	826.61	9	0.95	78%	11	2	11	3	Done	Done
Ethiopia	609.03	22	1.02	76%	11	2	16	3	Done	Done
Gabon*	259.19	6	1.32	97%	13	3	14	3	Done	Done
Ghana	485.11	28	0.89	64%	11	2	16	3	VPN on going	Done
Guinea Bissau	36.20	6	0.10	71%	1	0	4	0	Done	Done
Kenya	385.00	13	0.74	65%	11	2	12	3	VPN on going	Done
Madagascar	229.77	18	1.02	68%	12	2	14	4	VPN on going	Done
Malawi	149.13	14	0.59	98%	11	2	13	2	VPN on going	Done
Mali	235.42	23	0.81	102%	11	2	14	2	VPN on going	Done
Morocco	1,000.46	16	0.86	91%	12	2	11	2	VPN on going	Done
Mozambique *	595.10	49	1.45	62%	13	2	14	6	Done	Done
Nigeria	238.26	13	1.44	71%	11	3	17	4	Done	Done
Rwanda	192.45	15	0.89	79%	11	2	13	3	VPN on going	Done
Sao Tome	4.30	3	0.62	n.a	1	0	4	0	Done	Done
Senegal*	325.35	41	1.40	65%	13	2	22	4	Done	Done
Sierra Leone	117.74	12	0.57	80%	11	2	12	2	VPN on going	Done
Sudan	9.97	2	0.39	56%	11	2	7	3	VSAT & VPN on going	Done
Tanzania	506.43	17	0.95	103%	11	2	15	2	Done	Done
Uganda	436.01	19	0.84	96%	12	2	13	2	Done	Done
Zambia	118.92	10	0.80	73%	13	2	12	3	VPN on going	Done
Total - FOs	7 872	424	21.06***	76.3%	281	50	332	68		
Total Bank	10 305	627								

Notes: * Regional offices;

** Portfolio size covers all operations except private sector projects and multinational projects

*** include Eritrea

Annex 2: Status of Skills Mix in Field Offices* as of end of May 2008

Specialists	Recruited	To be deployed/recruited	Total
Country Program Officer	22	6	28
Economist	16	6	22
Procurement Officer	4	6	10
Financial Analyst	7	4	11
Disbursement Officer	1	2	3
Agriculture Specialist	16	1	17
Infrastructure Expert	17	4	21
Investment Expert	3	0	3
Private Sector Specialist	6	2	8
Social Development Specialist	20	2	22
Transport Specialist	3	1	4
Water and Sanitation Specialist	9	1	10
Communication Officer	0	1	1
Public Policy Specialist	1	1	2
Governance Officer	1	0	1
Total	126	37	163

- Excludes resident representatives and covers the international and local professionals

Annex 3: Results framework for field offices portfolio management

BATCH 1

	EGYPT	ETHIOPIA	GABON	NIGERIA
Impact	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
Portfolio quality	-Problematic Projects: 0%- 0 PP	-Problematic Projects: 0% to 11.8%- 0 to 2 PPs	-Problematic Projects: 0% - 0 PP	-Problematic Projects: 44.4% to 0% 4 to 0 PP
Number and % of PPs and PARs	-Projects at Risk: 100% to 66.7%- 5 to 4 PARs -New Loans: UA284.3m to UA316.8m	-Projects at Risk: 16.7% to 52.9% - 2 to 9 PARs	-Projects at Risk: 80% to 75% 4 to 3 PAR -New loans: UA15.4m to UA238.1m	-Projects at Risk: 88.9% to 28.6% 8 to 2 PAR -New loans: UA73.8m to UA0m
Outcomes	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
-Lead time to effectiveness (compare 2007 Av. portfolio to 2007 adjusted portfolio**)	-Av. 24 months Adjusted 10.8 months	- Av. 12.7 months Adjusted 11.2 months	- Av. 11.1 months Adjusted: 10 months	- Av.17.2 months Adjusted: 14 months
-Elapsed time for procurement	n.a	-from 21 to 14 days	-67 in 2006 to 30 days	n.a
-Elapsed time for disbursement	-from 31.1 to 19 days	-from 24.5 to 10.3 days	-from 24 to 10.3 days	-from 31.8 to 31.2 days
- Disbursement Rate	-from 23% to 66%	-from 10.2% to 15.9%	-from 0.6% to 9.6%	-from 12.3% to 37.1%
Outputs	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
Quality Standards of:	-document rejection rate: 0%	-document rejection rate: 10% in 2007	-document rejection rate: 5% to 0%	-document rejection rate: 1% from 2006- 2007
Procurement	-document rejection rate: 25% to 0%	-document rejection rate: 10%	-document rejection rate: 0%	-document rejection rate: 45.3% to 34%
Disbursement	- Supervision/project/yr: 1.5 to 1	- Supervision/project/yr: 0.7 to 1	- Supervision/project/yr: 2 to 1	- Supervision/project/yr: 1
Supervision(#)	-Timely quarterly reports: 60% to 90% -Timely Audit reports: 65 to 85	-Timely quarterly reports: 15% to 40% - Timely Audit reports: 25 to 35	-Timely quarterly reports: 0% to 20% - Timely Audit reports: 14 to 20	-Timely quarterly reports: 70% to 95% - Timely Audit reports: 0 to 15
Reporting				
Activities (2007)				
Procurement	-Docs processed: 11	-Docs processed: 95	-Docs processed: 100	-Docs processed: 154
Disbursement	-Docs pre-screened: 37	-Docs prescreened: 289	-Docs prescreened: 70	-Docs prescreened: 38*
Supervision	-Projects supervised: 9	-Projects supervised: 27	-Projects supervised: 5	-Projects* supervised: 12
Follow-up	-Size of portfolio: 9	-Size of portfolio : 22	-Nb undertaken: 1	-Nb undertaken: 2
Launching	-Nb undertaken: 0	-Nb undertaken: 2	-Nb prepared: 0	-Nb prepared: 1
PCRs	-Nb prepared: 0	-Nb prepared: 0		

Source: Questionnaire to Field offices & SAP

*2006 data

**Adjusted portfolio excludes operations approved before the field offices were opened

Annex 3(cont'd): Results Framework for Field Offices Portfolio Management

BATCH 2

	MOZAMBIQUE	SENEGAL	TANZANIA	UGANDA
Impact	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
Portfolio quality	-Problematic Projects: 5.3% to 5.6%- 1 PP	-Problematic projects: 11.1% to 0%- 1 to 0 PP	-Problematic projects: 7.1% to 0% - 1 to PP	-Problematic projects: 0% - 0 PP
Number and % of PPs and PARs	-Projects at Risk: 36.8% to 55.6%- 7 to 10 PARs	-Projects at Risk: 66.7% to 33.3% 6 to 4 PAR	-Projects at Risk: 42.9% to 53.8% 6 to 7 PARs	-Projects at Risk: 9.1% to 28.6% 1 to 3 PARs
Outcomes	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
-Lead time to effectiveness (compare 2007 Av. portfolio to 2007 adjusted portfolio**)	Av. 15.0 months Adjusted : 2.5 months n.a	Av. 15.6 months Adjusted :10.8 months n.a	Av. 14.2 months Adjusted : 9.6 months n.a	Av. 11.8 months Adjusted : 9.1 months -from 3 to 2 days
-Elapsed time for procurement	-from 31.8 to 31.2 days	-from 36.1 to 21.2 days	-from 15.9 to 25.5 days	-from 11.1 to 12.4 days
-Elapsed time for disbursement	-from 23.8% to 31.5%	-from 12.7% to 29.4%	-from 33.1% to 32.4%	-from 28.8% to 25.5%
- Disbursement Rate				
Outputs	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
Quality Standards of:				
Procurement	-document rejection rate: n.a	-document rejection rate: n.a	-document rejection rate:: 0%	-document rejection rate:: 8%
Disbursement	-Disbursement rejection rate: 19% to 2%	-Disbursement rejection rate: 2%	-Disbursement rejection rate: n.a	-Disbursement rejection rate: 1% to 0%
Supervision(#)	-Supervision/project/yr: 2	- Supervision/project/yr: n.a	- Supervision/project/yr: 1 to 2	- Supervision/project/yr: 1.5
Reporting	-Timely quarterly reports: 50 -Timely Audit reports: 40 to 60	-Timely quarterly reports: 26 to 36 -Timely Audit reports: 11 to 26	-Timely quarterly reports: 100 -Timely Audit reports: 100	-Timely quarterly reports: 17 to 15 -Timely Audit reports: 11 to 16
Activities (2007)				
Procurement	-Docs processed: 162	-Documents processed: 170	-Docs processed: 80	-Docs processed: 73
Disbursement	-Docs prescreened: 247	-Docs prescreened: 209	-Docs prescreened: n/a	-Docs prescreened: 196
Supervision	-Projects supervised : 16	-Projects supervised: 38	-Projects supervised: 20	-Projects supervised: 28
Follow-up	-Size of portfolio : 49	-Size of portfolio: 41	-Size of portfolio : 17	-Size of portfolio: 13
Launching	-Nb undertaken: 0	-Nb undertaken: 0	-Nb undertaken: 0	-Nb undertaken: 3
PCRs	-Nb prepared: 0	Nb prepared: 3	-Nb prepared: 1	-Nb prepared: 1

Source: Questionnaire to Field offices & SAP

*2006 data

**Adjusted portfolio excludes operations approved before the field offices were opened

Annex 3 (cont'd): Results Framework for Field Offices Portfolio Management

BATCH 3

	BURKINA FASO	MADAGASCAR	MALI	MOROCCO	RWANDA
Impact	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
Portfolio Quality	-Problematic Projects: 16.7% to 5.3%	-Problematic Projects: 20 % to 7.1% 2 to 1 PP	-Problematic Projects: 0% - 0 PP	-Problematic Projects: 22.2% to 10%	-Problematic Projects: 0% - 0 PP
Number and % of PPs and PARs	2 to 1 PP -Projects at risk: 66.7% to 31.6% 8 to 6 PARs	-Projects at risk: 70% to 57.1% 7 to 8 PARs	-Projects at risk 47.1% to 35.0% 8 to 5 PARs	2 to 1 PP -Project at risk: 44.4% to 10.0% 4 to 1 PAR -New loans: UA175.7 to UA180.8 million	-Project at risk: 30% to 35.3% 3 to 6 PARs
Outcomes	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
-Lead time to effectiveness (compare 2007 Av. portfolio to 2007 adjusted** portfolio)	Av. 16.9 months Adjusted : 3.5 months	Av. 16.8 months Adjusted : 6 months	Av. 17.9 months Adjusted : 16 months	Av. 15.6 months Adjusted : 11.3 months	Av. 15.5 months Adjusted : 6.5 months
-Elapsed time for procurement (2006-2007)	-from 153 to 49 days	-from 21 to 14 days	-from 15 to 8 days	- 14 days in 2006 days	-from 28 to 14 days
- Elapsed time disbursement	-from 16.3 to 12.9 days	-from 19.5 to 8.3days	-from 18.1 to 38.2 days	-from 21.7 to 17.9 days	-from 10.6 to 15.9 days
- Rate of disbursement	- from 21.5% to 21.7%	-from 15.6 to 21.6%	- from 20.6% to 14.7%	-from 19.4% to 44.3%	-from 20.5% to 23.8%
Outputs	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>	<u>(2005 to 2007)</u>
Quality Standard of : Procurement	-document rejection rate: 0%	-document rejection rate: 0%	-document rejection rate: 1%	-document rejection rate: 0%	-document rejection rate: 0% to 2%
Disbursement	-document rejection rate: 0%	-document rejection rate: 0%	-document rejection rate: 5% to 3%	-document rejection rate: 0%	-document rejection rate: 0% to 2%
Supervision	-Superv/project/yr: 1.7	- superv/project/yr: 2	Superv/project/yr: 1	-Superv/project/yr: 1.2	Superv/project/yr: 4
Reporting	-Timely 1/4ly reports: 80 -Timely Audit reports: 50	-Timely 1/4ly reports: 64 to 92 -Timely Audit reports: 71	-Timely 1/4ly reports: 90 -Timely Audit reports: 90	-Timely 1/4ly reports: 45 to 68 -Timely Audit reports: 0 to 60	-Timely 1/4ly reports: 85 to 98 -Timely Audit reports: 85 to 98
Activities (2007)					
Procurement	-Docs processed: 277	-Docs processed: 340	-Docs processed: 233	-Docs processed: 87	-Docs processed: 96
Disbursement	-Docs prescreened:212	-Docs prescreened:316	-Docs prescreened: 437	-Docs prescreened: 99	-Docs prescreened: 193
Supervision	-Projects supervised: 35	-Projects supervised: 17	-Projects supervised: 10	-Projects supervision : 10	-Projects supervised: 12
Follow-up	-Size of portfolio: 26	-Size of portfolio: 18	-Size of portfolio: 23	-Size of portfolio : 16	-Size of portfolio: 15
Launching	-Nb. undertaken: 6	-Nb undertaken: 2	-Nb of launching: 0	-Nb undertaken: n/a	-Nb undertaken: 1
PCR	-Nb. prepared: 1	-Nb prepared: 0	-Nb prepared: 0	-Nb prepared: 5	-Nb prepared: 1

Source: Questionnaire to Field offices & SAP

*2006 data **Adjusted portfolio excludes operations approved before the field offices were opened

Annex 4: Assessment of the Pilot Countries

Problem projects						
	Baseline (2004)			Targets (2006)		Actual (2006)
Egypt	0.0%			0.0%		0.0%
Ethiopia	0.0%			0.0%		7.0%
Gabon	25.0%			0.0%		0.0%
Equatorial Guinea	50.0%			0.0%		0.0%
Nigeria	33.3%			20%		50.0%
Projects at risk						
	Baseline (2004)			Targets (2006)		Actual (2006)
Egypt	50.0%			20.0%		50.0%
Ethiopia	20.0%			15.0%		30.5%
Gabon	50.0%			17.0%		75.0%
Equatorial Guinea	50.0%			0.0%		100.0%
Nigeria	83.3%			40.0%		66.7%
Delays to effectiveness (months)						
	Baseline (2004)			Targets (2006)		Actual (2006)
Egypt	33			15		27.6
Ethiopia	16			14		14.6
Gabon	16			9		15.6
Equatorial Guinea	16			9		22
Nigeria	24			12		19.6
Volume of ADB operations						
Country	New approvals (Millions UA)			Portfolio size (Millions UA)		
	Baseline (2004)	Targets (2006)	Actual (2006)	Baseline (2004)	Targets (2006)	Actual (2006)
Egypt	0.00	460.00	398.55	182.14	640.00	548.24
Ethiopia	NA	NA	NA	NA	NA	NA
Gabon	76.25	72.00	0.00	174.22	117.00	140.99
Equatorial Guinea	0.00	10.00	0.00	0.00	26.00	2.20
Nigeria	0.00	0.00	89.00	129.4	130.00	145.1
Total	76.25	542.00	487.55	485.76	913.00	836.53

Source: 2005/06 Annual Portfolio performance Review and board doc: ADB/BD/WP/ 2005/72

Annex 5: Country and Regional Offices



Annex

The impact of the decentralization strategy on country dialogue and portfolio quality

Corrigendum

Chapter 1: Introduction

- Paragraph 1.4 – third sentence should read: As for, the country dialogue, the scope has been extended to cover the dialogue with stakeholders

Chapter 2: Mapping the administrative resources

- Paragraph 2.14 – second sentence should read : The portfolio in the countries covered by the *25 field offices and the two national program offices* consisted of 424 operations amounting to UA 7,872 million, representing 76.4% of the value of the total Bank Group portfolio

Chapter 3 : Assessment of the impact of the field offices.

- On table 2, the number of problematic projects and the number of projects at risk have been added. Also the data related to the procurement have been revised following the corrections made by Uganda field office.

	Indicators	2005	2007	2007 (Bankwide)
Outputs : Assuring Quality of Procurement	Procurement rejection rate	3%	1.4%	
Outcomes	Elapsed time for no objection by TRA for procurement (days) ***	42.5**	17.9	28
Impact	Number of Problematic Projects	17	8	31
	Number of Project s at risk	75	75	201

- Paragraph 3.4.3- first bullet should read : 90% of the field offices performed 2% or less procurement rejection rate and 60% performed 0% procurement rejection rate.
- Figure II : data on elapsed time for procurement should read : 2005 (Field) : 42.5 days ; 2007 (Field): 17.9 days ; 2007 (Bank-wide) : 28 days.
- Paragraph 3.4.4 : the second bullet and the foot note should read : 75%¹ performed an elapsed time for no objection by TRA for procurement that is less than the Bank wide average of 28 days.
- **Annex 3 :**
 - Size of portfolio- add Gabon (6), Nigeria (13) Uganda (19 instead of 13)
 - Uganda : Elapsed time for procurement should read *n.a* ; and procurement document rejection rate should read *n.a*
 - Supervision/project/yr include also supervisions undertaken by Field offices alone.
 - Reporting is expressed in percentage (%).

¹ Eight field offices provided information about this indicator