

002

Chapter two

Corporate Management and Institutional Reforms

Institutional Reforms
Compliance Review and Mediation
Knowledge Management and Development
Human Resources Management
Administrative Services
Information and Communications Technology Management
Evaluation of Operations
Internal Audit, Integrity, and Anti-Corruption
Procurement and Project Financial Management
Corporate Communications
General Counsel and Legal Services
Administrative Tribunal

During the year under review, the Bank Group continued its institutional reforms in order to improve its corporate performance, the quality of its operations, and its development effectiveness. The Bank also pursued its aspiration of being the premier development institution for the continent, a center of knowledge and research, and the preeminent African voice on development issues. This chapter presents the contribution of the Bank's organizational units in realizing these strategic objectives.

INSTITUTIONAL REFORMS

Significant progress was made, during the past year, across all priority reform areas, by implementing: (i) the new human resources (HR) strategy; (ii) improved operational business processes; (iii) the accelerated decentralization; (iv) budget reforms; and (v) enhanced corporate services delivery.

Human Resources

During 2008, the Bank continued to implement the new HR Strategy approved in 2007 by focusing on: (i) the recruitment and deployment of higher-caliber staff to operations and country/regional offices and (ii) a more competitive and rationalized staff Compensation and Benefits Framework.

The recruitment drive has enhanced dialogue and improved effective service delivery. This has resulted in about 72 percent of staff (excluding management) engaged directly in operations, while 28 percent are responsible for corporate support and administration. The new performance management system places greater emphasis on results and creates a stronger link between performance and reward. In July 2008, the Bank approved the new Compensation and Benefits Framework for 2008–2012, which is currently being implemented across the Bank and country/regional offices.

Operations Business Processes

More effective operational business processes that will improve client responsiveness through enhanced programming and

service delivery have been rolled out. To ensure that all Complexes work in close coordination and provide coherent, timely, and effective Bank support to RMCs, an Operations Committee (OpsCom) has been established and is now fully operational. Detailed procedures are in place, covering policies, programming, and resource utilization. This has improved quality standards, strategic alignment, coordination and cohesion; it has also increased accountability and corporate level ownership. Other core operational reforms include:

- a reduction in the number of projects/programs formally discussed at the Boards level, following the adoption of a threshold for lapse-of-time approvals;
- streamlining country strategies and operational policies and updating operational guidelines and manuals;
- a comprehensive revision of the Delegation of Authority Matrix, for HQ and FOs;
- procurement reforms; and
- introduction of the Project Concept Note as a means of ensuring quality at entry for Bank projects.

These reforms underscore the Bank's efforts to implement the Paris Declaration and Harmonization agenda, reduce delays and project implementation costs, and improve client satisfaction.

Decentralization

The Bank has made substantial progress on decentralization, with offices now operational in 23 RMCs, while 2 other offices (Angola and Algeria) are at an advanced stage of

opening. The reforms implemented during 2008 included: (i) putting in place business processes to fully integrate country/regional offices with the TRA and Headquarters; (ii) enhancing IT facilities in the FOs to facilitate communication and workflow; (iii) an accelerated recruitment and redeployment exercise to improve the staff skills mix in country/regional offices; and (iv) increased delegation of authority to resident representatives for certain activities that can be more cost-effectively managed at the country level.

Budget Reforms

The objectives of the reforms approved in 2007 are intended to: (i) strengthen the linkage between institutional priorities and resource allocations; (ii) establish a new accountability and performance framework; (iii) enhance budget flexibility through fungibility and devolved resource management authority; (iv) introduce multi-year programming and budgeting; and (v) introduce UA (Dollar) Budgeting. Collectively, the reforms will underpin the Managing for Development Results (MfDR) agenda.

With the exception of UA Budgeting, which will be operational in 2010, these reforms are already under implementation. Managers now have direct control of resources, thereby allowing for greater flexibility and a faster response time to new challenges and reprioritizations. The new budget framework helps ensure that resource allocations are consistent with the Bank's strategic priorities and enables greater rigor in monitoring Management's accountability for delivery and results.

A 3-year “rolling” budget process was launched to prepare a consolidated programming and budgeting proposal for the period 2009–2011. The new accountability and performance system, linking program deliverables to Key Performance Indicators (KPIs), is now in place to monitor

performance at the Corporate and Complexes levels. Table 2.1 presents the results of monitoring the KPIs for institutional effectiveness in 2008 by comparing the targets to actual implementation results. It shows that (i) gender balance and field-based PL staff trends are positive; (ii) disbursement ratios in both

ADB and ADF windows have improved, albeit somewhat below target levels; (iii) portfolio management indicators are well under control, except for the target for the timely PCR coverage noted to be too ambitious; and (iv) 2008 targets have been over-reached for both CSPs and CPRs productions.

Table 2.1: Results of KPIs for Institutional Effectiveness in 2008

KPI	Unit	2007	Dec. 2008	2008 Target	Progress*	Overview
I- Human Resources						
Gender Balance Index (PL staff)	%	23.0	24	25	✓	Gender Balance and Field Based PL staff trends are positive. 2008 achievement slightly below yearly target due to time lag factor in recruitment.
Field Based PL Staff	%	12.9	15	18	✗	
II- Portfolio Management and Process Efficiency						
Disbursements						
Bank Group Disbursement Ratio (Investment only)	%	15.9	19	25		Disbursement ratios for both ADB & ADF windows improved in comparison to 2007 performance. Impact of Field Offices expected to further improve indicators from now on.
ADB Public Disburs. Ratio			22	20	✓	
ADB Private Disburs. Ratio	%	26.7	39	50	✗	
ADF Disbursement Ratio	%	12.5	15	20	✗	
Portfolio Management						
Problem Projects	%	9	7	10	✓	Problematic Projects are well under control.
Operations Supervised Twice per year	%		33	33	✓	Project Supervisions measured as percentage of operations supervised twice a year is on target.
Timely PCR Coverage (exiting project with PCR in 12 months)	%	10.0	30	89	✗	Net improvement for the timely production of PCRs; the yearly target too ambitious.
Impaired Loan Ratio	%		3.26	5	✓	The Impaired Loan Ratio was introduced during 2008; no comparable data available for previous year.
Weighted Average Risk Rating (WARR) (Non-sovereign Only)	Score	3.6	3.91	3.5	✓	Risk for the non-sovereign portfolio (measured by the WARR) is under control.
Process Efficiency						
Elapsed Time between Approval and First Disbursement	Months	21.3	14.4	12	✓	Bank decentralization and streamlined processes contributing to marked improvement for average lapse time between projects' approval and first disbursement
III- Operational Deliverables						
Knowledge Management Products	Number			108		CSPs and CPRs production fully satisfactory (both yearly targets over-reached)
Country Strategy Papers (CSPs)	Number	27	37	28	✓	
Country Portfolio Reviews (CPRs)	Number	19	20	18	✓	Although only 35 of the target 62 ESWs were completed by Dec. 2008, the remainder are expected to be delivered in Q1 of 2009
Formal Economic & Sector Work (ESW) pieces	Number	81	35	62	✗	

*Notes:

✓ Progress is satisfactory.

✗ Progress is unsatisfactory.

Enhancing Corporate Services and Performance

As part of the additional institutional reforms approved in 2008, the Bank established the position of a Vice President and Chief Operating Officer (VP/COO) and a Quality Assurance and Results Department (ORQR). ORQR is responsible for coordinating Bank-wide implementation of the agenda to improve quality and strengthen the focus on development results on the ground in the RMCs.

The VP/COO will bring about improved corporate coordination and performance monitoring. The COO will be the focal point for issues requiring presidential arbitration and accountable to bring such issues to the attention of the President, as necessary. Under the COO's control is a virtual unit – the Performance Monitoring Group (PMG) – which has the mandate of providing Senior Management with early warning signals on areas of non-performance, or challenges in institutional service delivery; and benchmarking internally and externally the effectiveness of various business processes. Also reporting to the VP/COO is the restructured Strategy and Budget Department (COBS) and the Ethics Officer.

Other institutional reforms approved in 2008 included the establishment of the Fragile States Unit and the Sustainable Development, Gender and Climate Change Unit. The corporate services reform provides for the restructuring of the existing Departments and Unit in the CSVP Complex in order to improve efficiency, client responsiveness, and quality of services. This restructuring entails:

- (i) upgrading the Language Services Unit to a Department;
- (ii) regrouping functions within the General Services Department with a focal point for Client Services and FOs;
- (iii) creating a new Risk Management and Institutional Procurement function.

COMPLIANCE REVIEW AND MEDIATION

The Independent Review Mechanism (IRM) has 2 key functions. The first is *problem-solving (mediation)*, which aims at restoring effective dialogue between the source of the request, the Bank Group, and other interested parties, to reach a common solution to the complaint. The second is *compliance review*, which seeks to investigate whether the alleged harm/damage is a result of a violation of the Bank's policies and procedures.

During 2008, a review panel concluded its investigations of a complaint relating to the Bujagali Hydropower and Interconnection projects in Uganda. The panel's report was approved and adopted by the Bank in July 2008. The Bank is preparing an action plan addressing the panel's project-specific findings, along with its recommendations.

For the IRM to function effectively, it is imperative that those likely to be affected by a Bank-financed project are aware of the mechanism, its procedures, and how to seek redress. In 2008, the Bank updated its website (www.afdb.org/irm) with relevant information, including the mandated reports and decisions related to compliance review. Moreover, the IRM brochure, which details the requirements for submitting complaints, has been published in 5 languages: English, French, Arabic, Portuguese, and Kiswahili. To raise awareness of the IRM function further, outreach seminars for civil society and government officials were conducted in 7 RMCs, namely Egypt, Madagascar, Morocco, Mozambique, Tanzania, Tunisia, and Zambia.

KNOWLEDGE MANAGEMENT AND DEVELOPMENT

The Bank Group aspires to serve as a center of knowledge and research for the continent, and to leverage this role as a complement to its lending activities. In this connection, the Bank approved the Knowledge Management and Development Strategy (KMDS) in July 2008, which will be used to improve the quality and effectiveness of its operations. The Strategy is based on the following 4 pillars:

- to generate knowledge for development effectiveness;
- to leverage knowledge through partnerships;
- to improve knowledge dissemination and sharing; and
- to enhance the application of knowledge.

The aim will be to integrate lessons from research, develop networks of think-tanks and research institutes, actively disseminate and share information, provide timely and relevant advice to clients, and selectively build capacity in RMCs. Furthermore, the Bank seeks to position itself as the acknowledged leader in African statistics, as well as the premier knowledge bank on African economic and social development.

Development Research

During 2008, research activities focused on the following topics, amongst others: "Dynamics of Youth Employment in Tunisia"; "Poverty Analysis in the Democratic Republic of Congo"; "Future of Smallholders' Agriculture in a Changing African Economy"; "Growth, Poverty and Inequalities in African MICs"; "Enhancing the Competitiveness of Botswana, Mauritius, Namibia and Tunisia"; "Development Aid and Access to Water and Sanitation in Sub-Saharan Africa," and "Impact of Infrastructure Investment in Africa."

The research undertaken provided a rapid response to the global economic and food crises, including an analysis on "The Food Crisis in Africa and the AfDB's Response." Several briefing papers on the global financial crisis were produced, highlighting its impact on African economies.

In 2008, the Bank continued to produce and disseminate its flagship publications. *The African Economic Outlook (AEO) 2007/2008*, was produced jointly with the Organization for Economic Cooperation and Development (OECD) and the Economic Commission for Africa. Other publications included 3 issues of *The African Development Review (ADRv)* and 7 papers in *The Working Paper Series*.

Capacity Building and Training Activities in RMCs

The Bank supports capacity building within the institution and in RMCs through training, assistance to national institutions, and knowledge dissemination. During the year, a total of 883 officials from RMCs attended the capacity building and training activities.

The Bank Group's African Development Institute (ADI) and the Joint Africa Institute (JAI) conducted complementary workshops, seminars, and symposia aimed at building capacity in RMCs. In cooperation with other institutions, the Bank Group also organized development management seminars and conferences, such as the 2008 Annual Meetings seminars and the joint AfDB/ECA roundtable discussion on "Fostering Shared Growth: Urbanization, Inequalities and Poverty in Africa."

The Bank continues to partner with other institutions in conducting capacity development events in RMCs. In this regard the Bank, in collaboration with the Korean Government, the Export-Import Bank of Korea, and the Korean Development Institute, organized workshops on the theme

"Knowledge Sharing on Korea's Economic Development Experience" in the Central, West, and Eastern regions. Also, in collaboration with IFAD, 4 regional Training of Trainers (TOT) workshops were organized on project operations management, results-based monitoring and evaluation, and procurement guidelines.

During the year, the Bank organized regional workshops targeted at ministers and high-level government officials, parliamentarians, and civil society on the following themes: (i) "Knowledge Management for Scaling up Poverty Reduction in Africa"; (ii) "Public Financial Governance for Post-Conflict Countries"; (iii) "Performance-Based Allocation (PBA) and the determination of the loans/grants proportion of allocations using the Debt Sustainability Framework (DSF)"; and (iv) "Project Operations Management and Performance Improvement Plan." Moreover, in July 2008, a high-level seminar was organized in Uganda by the Bank and the Kingdom of Norway in collaboration with the Ugandan Government on the theme "Managing Oil Revenue in Uganda."

Also during 2008, under the Eminent Speakers' Program, 2 renowned personalities were invited to share their knowledge of contemporary development issues facing Africa. Mr. James Wolfensohn, former President of the World Bank, spoke on "Africa in a Global World: Partnerships for Success." The second speaker was His Excellency Mr. Festus Mogae, former President of the Republic of Botswana, who made a presentation on "Extractive Industries and Africa's Development: Lessons from Botswana." The 2006/07 Eminent Speakers' Seminars series titled "Sharing Visions of Africa's Development", Volume I, was launched on December 4, 2008.

Statistical Support Activities

The Bank's activities in this area in 2008 focused on (i) statistical support to enhance the Bank's operational effectiveness and

financial services; (ii) strengthening statistical capacity and systems in RMCs; and (iii) enhancing dissemination through statistical publications and online data access portal.

During 2008, statistical support to the Bank's operational activities included:

- (i) enhancing the dissemination of operational and socioeconomic data through the Bank's Data Platform (DP). In addition, the following were published on the AfDB website: (i) *Selected Statistics on African Countries*; (ii) *Gender, Poverty and Environmental Indicators for African Countries*; (iii) *Compendium of Statistics on Bank Group Operations and ADB Statistics Pocketbook*; (iv) *Wall Chart on MDGs*; (v) *The African Statistical Journal*; and (vi) *Comparative Output, Incomes and Price Levels in African Countries*;
- (ii) providing data support for the *African Economic Outlook (AEO)*, including macroeconomic projections;
- (iii) establishing an infrastructure database, based mainly on data collected by the Africa Infrastructure Country Diagnostic Study (AICD) of the World Bank, in collaboration with the Bank Group;
- (iv) reviewing data issues in RMCs and identifying the gaps that need to be addressed to strengthen results measurement in Bank operations and country systems; and
- (v) establishing a database for the Africa Bond Market Initiative to contribute to the development of domestic financial markets.

In 2008 the Bank continued to provide technical and financial support to RMCs to improve statistical systems in support of the results-based agenda, for example, in monitoring progress toward the MDGs. In this connection, the Bank was instrumental in the implementation of the Regional Reference Strategic Framework for Statistical Development in Africa (RRSF) and in helping

RMCs to design effective National Statistical Development Strategies (NSDS). The Bank has also become a primary source of key development data, such as national accounts and purchasing power parity statistics on African countries.

The Bank also organized 7 training seminars and workshops to RMCs to support the ICP-Africa program, in addition to other institutional training activities to bolster statistical capacity.

HUMAN RESOURCES MANAGEMENT

Within the framework of the Human Resources Strategy (2007–2011), in December 2008 the Bank approved the restructuring of the HR management system as part of a larger Corporate Services Reform, geared toward improving accountability, performance, rewards, and recognition. As a result of its recruitment drive, 217 new staff joined the Bank during 2008, including 20 Young Professionals (YPs); furthermore

111 staff were promoted through internal competition.

Table 2.2 below shows the staffing position as at December 31, 2008. In comparison with the situation in 2007, both budgeted staff and actual staff at post increased by around 30 percent to 1,776 and 1,491 respectively by year-end 2008. The staff at post excludes persons waiting to assume duty, offers made, and those selected but yet to be issued letters of appointment. Taking all these into consideration, there was a net

Table 2.2: ADB Managerial, Professional and General Staff at December 31, 2008

ORGANIZATIONAL UNITS	2008 BUDGETED POSITIONS								STAFF AT POST AS AT DECEMBER 31, 2008							
	EL	PL Mgr	PL non Mgr	PLL	Total EL/ PL	GS	GSL	GRAND TOTAL	EL	PL Mgr	PL non Mgr	PLL	Total EL/ PL	GS	GSL	GRAND TOTAL
BOARD	18	-	35	-	53	17	-	70	18	-	34	-	52	18	-	70
URBD	2	-	17	-	19	6	-	25	2	-	11	-	13	5	-	18
PRST	6	14	68	-	88	87	-	175	7	10	54	-	71	78	-	149
VP/COO & COO	3	2	13	-	18	7	-	25	2	1	9	-	12	3	-	15
ECON	3	6	38	-	47	26	-	73	3	6	31	-	40	20	-	60
ORVP	14	43	106	36	199	37	194	430	9	37	110	88	244	33	181	458
- Headquarters - Total													-			
- FO International PL													-			
- FO Local													-			
OIVP	6	22	137	41	206	28	-	234	5	17	105	-	127	24	-	151
OSVP	4	16	126	39	185	28	-	213	5	15	98	-	118	25	-	143
FNVP	5	13	62	3	83	86	19	188	4	12	41	-	57	67	-	124
CSVP	4	12	121	-	137	148	-	285	4	11	94	-	109	134	-	243
OTHER ORG. UNITS	-	1	50	-	51	7	-	58	-	1	53	-	54	6	-	60
- CBKHQ																
- CHRMF FOR YPP																
- SCO																
- CHRMSL																
GRAND TOTAL	65	129	773	119	1,086	477	213	1,776	59	110	640	88	897	413	181	1,491

Key: EL = Executive Level; PL = Professional Level; PLL = Local PL; GS = General Services Staff; GSL = Local GS.

vacancy of 285 positions (189 management/professionals and 96 general services staff) at year-end 2008. Since December 2008, the Bank has engaged in an accelerated recruitment process to fill these vacancies and it is expected that most will be filled by June 2009.

The Bank also continued to take steps to decentralize staff to field offices (FOs) and to recruit local staff in the field. In this connection, the Bank recruited 65 new staff for the 23 FOs that were operational in 2008. This increased the number of locally recruited FO staff from 204 in 2007 to 269 at year-end 2008. Furthermore, 2 new HR instruments were rolled out in 2008: (i) a results-focused performance management system with elements of multi-rater assessment, which will be used in the 2009 evaluation and (ii) the Compensation and Benefits Framework 2008–2012, which is geared toward attracting and retaining a productive and skilled workforce.

In line with the results of the 2007 Staff Survey, actions were taken in 2008 to make the Bank a more family-friendly organization and to provide a conducive work environment. These include the introduction of spousal employment, staff promotions based on individual performance, increased staff compensation, and the Medical Plan reform. An improved Onboarding program to facilitate the integration of new staff and a streamlined Management and Leadership Development Program to improve behavioral and people management skills were also rolled out. The Staff Retirement Plan has been adjusted to reduce penalties for early retirement, encourage staff mobility, and offer better protection to survivor spouses.

ADMINISTRATIVE SERVICES

During the year, the Bank's Administrative Services launched a Corporate Environmental

"Footprint" initiative, to assess the environmental impact of the Bank's activities. A Memorandum of Understanding (MoU) was also concluded with the United Nations Environment Program (UNEP), to better leverage established expertise in the Bank's undertakings and initiatives.

In its efforts to provide better services, the Bank installed a new state-of-the-art reproduction center, which is expected to generate savings of about UA 200,000 per year. Another innovation that is expected to yield cost and time savings is the travel card, which has been recently piloted. In addition to facilitating the processing of mission requests, it will allow more flexibility in the payment of mission-related expenses.

In support of the Bank's decentralization program, new premises were identified and refurbished in Ethiopia, Egypt, and Senegal.

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) MANAGEMENT

In 2008, the Bank upgraded its telecommunications infrastructure to support its decentralization process, which requires high-quality telecommunications between the FOs and the TRA in Tunis. Most field offices (19 out of the total of 23) as well as the TRA are now connected to the new system.

The key ICT activities and applications in 2008 included the following:

- The Case Management System application was developed for the Integrity and Anti-Corruption Division.
- An automated country risk rating system was installed for country economists in the Bank. The system will be used for: (i) the evaluation of appropriate country credit limits to inform individual coun-

try lending strategies and the Bank's global lending program; (ii) the determination of loan loss provisioning; (iii) the pricing of private sector deals; and (iv) the periodic assessment of trends in the country risk profile of the Bank's loan portfolio.

- The e-recruitment system on SAP was completed and activated for Human Resources management.
- The Data Platform for dissemination of macroeconomic data on RMCs was completed for use by country economists in the Bank.
- The Bank's online consultants' registration system (DACON) was redesigned to make it more user-friendly.

EVALUATION OF OPERATIONS

Internal evaluations of the Bank's lending and nonlending operations have 2 main objectives. First, they provide a systematic assessment of the Bank's performance in attaining expected development outcomes. Second, they identify factors that hinder or enhance successful operations, so that these lessons can be applied in future operations.

In 2008, the Bank Group and IFAD launched a joint evaluation of their agriculture and rural development operations in Africa. This has produced several thematic reports assessing sector performance and the role of partnerships for enhanced performance.

In the education sector, a review was carried out on the effectiveness of the Bank's assistance over the past 30 years. Field visits were made to Benin, Mozambique and Uganda in the course of the review. The preliminary findings show an improvement in the Bank's performance over time, despite some concerns regarding efficiency and sustainability of the interventions.

The Bank completed a major evaluation of its assistance to Ethiopia over the period 1996–2007. Ethiopia is one of the highest recipients of ADF resources and is therefore an important case to consider. The evaluation reveals a mixed picture. While the Bank's contribution to macroeconomic stabilization was substantial, its support to economic growth and poverty reduction was inefficiently delivered, with relatively modest results. The results of the evaluation were taken into account during the midterm review of the Ethiopia program at the end of 2008, which proposed a range of improvements.

In addition, evaluations were carried out on the performance of the Joint Africa Institute (JAI) and the Nigeria Trust Fund (NTF). The evaluation of the JAI found that there was a need to strengthen the approach taken to training and capacity building, and that closer collaboration was required among the JAI partners (the African Development Bank, the World Bank, and the International Monetary Fund). The partners have since undertaken to intensify their efforts under the JAI. Regarding the NTF, the evaluation found significant underutilization of the resources and recommended greater flexibility and ease of access in their use. The Nigerian authorities have since approved a more flexible and results-oriented approach.

In-depth evaluations of various projects in the infrastructure sector were also undertaken during 2008, covering: urban and district water supply projects in Zambia and Malawi; national and international road projects in Swaziland and Ethiopia; and power generation in Uganda and Tanzania.

INTERNAL AUDIT, INTEGRITY & ANTICORRUPTION

The Internal Audit of the Bank provides independent and objective assurance, advi-

sory, and consulting services for the Bank Group operations, finance, and corporate administrative activities. In 2008, the Bank conducted 8 audits in the finance and corporate Complexes as well as audits of 19 trust and grant funds. It also carried out 7 project audits in RMCs and audited 5 field/regional offices. Furthermore, training and advisory services were provided to a number of RMCs' project implementation personnel as well as Bank staff on the auditing of Bank-funded projects.

The Bank Group continues to undertake investigations into allegations of fraud, corruption, and other misconduct relating to its activities. The Bank received 31 complaints in 2008 (the same number received in 2007), of which 14 were referred or reviewed and closed. In addition, the Hotline received 179 advance fee fraud complaints in 2008 (compared to 146 in 2007), which were referred to the Security Services to follow up. All complaints are reviewed (preliminary inquiry) and a determination is then made whether or not to proceed to a full investigation.

Other activities undertaken in this area in 2008 included integrity awareness campaigns for 8 departments/units and 1 field office. An anti-corruption workshop was also held for project implementation personnel and non-governmental organizations (NGOs) in 1 RMC.

PROCUREMENT AND PROJECT FINANCIAL MANAGEMENT

During 2008, the Bank undertook a series of initiatives to improve delivery of procurement and financial management (PFM) services while minimizing fiduciary risks and enhancing accountability. In order to address the observed weaknesses, PFM functions were strengthened to improve the responsiveness,

quality, integrity, and comprehensiveness of these services. Activities included:

- (i) revision of the Rules and Procedures governing procurement under Bank-financed loans and grants. The revised Rules, approved in May 2008, have been harmonized with those of the World Bank, and aim to streamline the administration and implementation by borrowers, contractors, suppliers, and consultants;
- (ii) consolidation of TRA procurement/fiduciary services to improve the management, consistency, and accountability of its functions;
- (iii) a critical mass of specialized PFM staff are being located in the FOs to build capacity and provide enhanced oversight;
- (iv) increasing the use of specialized private sector firms to undertake systematic independent procurement post-reviews and audits for small value contracts, to ensure compliance;
- (v) providing assistance to borrowers to improve their country procurement and FM practices and to support dialogue with RMCs;
- (vi) delegating authority to procurement specialists and accredited procurement staff, commensurate with their level of accreditation; and
- (vii) setting up a Bank-wide Quality Assurance (QA) mechanism to ensure that PFM functions in Bank operations are carried out in accordance with best practices.

During the year, support was provided to the Operations Complexes in the review of procurement documents throughout the project cycle. The Bank also stepped up efforts to help RMCs improve their financial management systems.

Other activities included training in procurement for Bank staff and RMC officials. Fourteen national project implementation workshops and seminars were organized for RMC officials, and 7 business opportunities

seminars were held for government officials and private sector representatives. During the year, the Bank continued to cooperate closely with the World Bank in the preparation of Country Procurement Assessment Reports (CPARs).

CORPORATE COMMUNICATIONS

During 2008 work continued on the redesign of the Bank's website (www.afdb.org) to update it and make it more reader-friendly. The Bank Group also extended its range of outreach products and services to broaden the institution's corporate communications platforms, including manuals and guidebooks for staff. Efforts were ongoing to improve the coverage of Bank events, such as the 2008 Annual Meetings and conferences in Maputo, while the daily newsletter, *Bank in Action*, continued to inform staff of latest developments.

During 2008 the Bank continued to streamline the operations of its Public Information Center, multimedia center (Mediatheque), the graphics and design unit, web-content management program, and staff media training modules.

In line with the Bank Group's decentralization policy, efforts are being made to help FOs team up with appropriate stakeholders in setting up joint Development Information Centers, similar to the one already established in Zambia.

GENERAL COUNSEL AND LEGAL SERVICES

In the course of 2008, the Bank's Legal Services function continued to provide innovative, client-oriented services in advancement of the Bank's development mandate and Medium Term Strategy. One notable

achievement was the approval for the establishment of an African Legal Support Facility (ALSF). This Facility will be an international organization with a separate legal personality from that of the Bank, geared to support RMCs in the defense of their interests against vulture funds litigation that could erode the benefits of HIPC and MDRI debt forgiveness. The Facility will also enhance their capacity for the negotiation of complex commercial contracts in the extractive industries and other sectors of their economies.

Similarly, by drafting the legal instruments extending the term of the Nigeria Trust Fund, as well as the creation of the African Fertilizer Financing Mechanism (AFFM), the Bank has established vehicles providing concessional resources to its least developed RMCs to maximize its support.

Notable activities in the work program delivered were: (i) Amendments to the Rules governing the election of the President of the Bank; (ii) preparation of documentation relating to the Grand Duchy of Luxembourg's application for membership of the Bank and Fund; (iii) providing advice and documentation for implementation of the 2008 borrowing program, including the successful completion of the Bank's first New Zealand Dollar bond issue; (iv) legal instruments for other resource mobilization activities, including the establishment of trust funds and special funds such as the Congo Basin Forest Fund; (v) providing advice on legal aspects of the staff Compensation and Benefits Framework, the Staff Retirement Plan, and the new performance management system; (vi) providing legal advice on the Bank's responses to the international financial crisis and the food crisis; (vii) assisting the Operations Complexes in connection with sovereign and nonsovereign guaranteed transactions; (viii) legal advice in relation to the design and implementation of mechanisms for the Bank's engagement with MICs and fragile states; and (ix) the approval of

revised General Conditions Applicable to Loan, Guarantee and Grant Agreements with the Bank and Fund.

THE ADMINISTRATIVE TRIBUNAL

The Administrative Tribunal of the African Development Bank is an independent organ of the Bank. It is the ultimate forum to which members of staff can appeal to contest an administrative decision on grounds of non-observance of his/her contract of employment, conditions of employment, or summary dismissal. The Tribunal's decisions are binding, final, and without appeal. They are based on its Statute and Rules of Procedure, the internal texts of the Bank (the Agreement Establishing the Bank, the Staff Rules and Regulations, Presidential Instructions and Directives), the law of the international civil service, including the jurisprudence of other international administrative tribunals, and general principles of international administrative law.

In accordance with its Statute, the Tribunal comprises judges who are nationals of Bank Group member states and appointed by the Board of Directors. In 2008, 5 judges were in office: Prof. Maurice Glele Ahanhanzo (President); Justice Lombe Chibesakunda (Vice President); Prof. Christian Tomuschat (Member); Prof. Yadh Ben Achour (Member); and Justice Salihu Modibbo Alfa Belgore (Member). In its 10 years of existence, the Tribunal has held 16 judicial sessions and 8 plenary sessions, during which it has registered 58 cases and rendered 66 judgments. During 2008, it registered 4 cases and rendered 8 judgments.

